
Banco BOCOM

BBM S.A.

Financial statements

parent company at

**December 31, 2022 and independent
auditor´s report**

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

Management's Report

(In thousands of Reals)

Who We Are

With agility and transparency, we meet the need for credit and financial services of companies established in Brazil. For the management and consultancy of individual assets (Wealth Management), we use methods that have been successfully tested and improved over decades and the expertise of a highly qualified and certified team. The credit funds area provides private credit funds, in addition to global funds.

Through ethical and transparent procedures, we focus our efforts on sustainably offering our shareholders and clients the profitability of capital, as well as Brazil-China integration; ensuring that our employees have opportunities for professional, material and intellectual growth; and encouraging the search for cutting-edge knowledge, especially in the financial and technological areas.

Message from Management

A highlight in 2022 was the reversal of the expansionist tax and monetary policies practiced during the pandemic. The central banks of the main developed countries, such as the United States, Euro Zone and United Kingdom, began the interest rate hike cycle at the beginning of the year, but needed to accelerate the pace of adjustments to enter more restrictive territory more quickly and keep inflation expectations anchored. In response to monetary tightening and the normalization of fiscal policies, inflation decelerated, also favored by the regularization of production chains. The war between Russia and Ukraine did not materialize in new ruptures in the production and distribution of goods, and the price of several commodities, which had quickly increased at the beginning of the conflict, has receded. The global economy, which remained resilient for most of 2022, began to show signs of slowing down at the end of the year. The consumption reorientation from goods to services indicates that the economy is heading in the right direction, but other indicators, such as high demand for work, raise doubts as to whether the slowdown in activity is taking place at the necessary speed. In Brazil, the interest rate hike cycle, started in 2021, has come to an end, but the Central Bank remains vigilant so that the inflation convergence process is consolidated, considering the new direction of economic policy indicated by the government elected in 2022. The Brazilian economy, which is also expected to slow down in 2023, has favorable prospects for the agricultural sector. Demand for commodities, especially those we produce, remains high, especially with the reopening of the Chinese economy. For the coming years, structural reforms, such as tax and administrative reform, will continue to be crucial for a more robust growth trajectory.

At the end of 2021, we began the transition from the remote work to a hybrid system, which we kept for most of 2022, which was just interrupted with the emergence of Omicron. During the year, the hybrid system proved to be capable to provide flexibility to the work environment at the same time it kept our processes safe and effective.

During 2022, we strengthened our corporate commitment with the well-being of our employees, customers, suppliers and local communities where we operate. We continue directing resources and promoting initiatives that strengthen the formation of citizens capable of facing the current challenges of society, in line with the UN Sustainable Development Goals. In this sense, we support several projects aimed at training people, especially those in situation of greater social vulnerability, through donations and sponsorships. Among these projects, it is "Arte Tech" of the NGO Gamboa Ação, which offers English, Chess and robotics classes to children in need in the district of Gamboa in the city of Rio de Janeiro, and "Instituto 42 Rio", an innovative school that trains professionals to promote changes in an increasingly digital world. In addition, we keep on establishing partnerships with universities and courses that train professionals in strategic areas for the bank, such as São Paulo University Higher School of Agriculture ("Escola Superior de Agricultura da USP – ESALQ"), which gives us the opportunity to be a transformation agent in favor of a more sustainable agribusiness.

Furthermore, our Sustainability and Women Committees were able to promote important internal initiatives. Among them, we highlight the lecture cycle that counted with the participation of women with success paths in many activity fields, and the distribution of reusable cups in our offices, substituting the disposable ones that were previously used. For 2023, we advanced once more reinforcing our commitment in supporting the sustainable development, ensuring the engagement among the different society agents.

The resilience of the Brazilian economy in the first half of 2022, together with the efforts of our employees and our focus on identifying our customers' needs, helped us to keep the growth in our activities and profitability. The systematic pursuit of product diversification that we offer to our customers has brought about a change in the composition of our revenues, exploring the expansion of the Brazilian capital market and the use of derivatives in the financial protection of our customers. We readjusted our Wealth Management activity to the new market practices with the aim of having more focus on administrative and transaction settlement services. Consistently, the activity of distributing own and third-party products, aimed at individuals, began to be carried out on an exclusive basis through the investment advisory services Barra do Rio Grande.

Management's Report

(In thousands of Reals)

Message from Management (Continued)

We are an Asian bank, and the countries of this region, unlike other developed countries, have a quite different perspective for their economies. China, dynamo of the region, which remained for good part of the year with mobility restriction due to the Covid-Zero policy, relaxed rules related to testing and quarantine at the end of 2022. In the short-term, the resumption of activity, combined with more expansionary fiscal and monetary stimuli, brings excellent growth prospects for the country. In the long term, the deterioration of the real estate market and the recovery of the population's confidence in consumption and investment bring challenges. Government planning and actions towards stable growth, focusing on economic development, reducing inequalities and using technology for sustainable growth, become even more relevant to achieving these goals. Following this view, we pursue opportunities and mechanisms to integrate the Brazilian and the Asian markets, mainly the Chinese. Our pioneer participation for a Latin-American bank in the Bond Connect, main platform for the purchase of bonds in the Chinese local market by foreigners, as well as our short-term objective of integrating our foreign exchange settlement mechanisms to the system of the People's Bank of China, follow this direction.

Monetary tightening in the main developed countries brings the prospect of an economic slowdown in the near future. The speed of adjustment in the labor market and in the financial conditions of families will be crucial to determine whether these adjustments will be enough to guarantee the convergence of inflation to lower levels. Relevant changes like these, which occur simultaneously in several countries, present challenges for states, governments, companies and people. We must take this into account in our work during 2023.

Performance of Bocom BBM

Banco Bocom BBM recorded equity of R\$ 1,010 million and net income of R\$ 221 million on December 31, 2022, which corresponds to annual profitability of 23.85%, calculated based on the average equity for the period.

Total assets on December 31, 2022, amounted to R\$ 22,568 million. The amount raised in the domestic and foreign markets totaled R\$ 16,233 million at end of the year. The Bank's Basel Capital Adequacy Ratio was 14.66% at the end of the year.

Corporate Credit

Our expanded credit portfolio, which includes export-import finance and guarantees such as sureties, reached R\$ 13.5 billion in 2022. This corresponded to growth of 31.74% when compared to the previous year.

Wealth Management

Wealth Management Services area serves Brazilian and Foreigner customers, through diversified financial products and services, such as the distribution of funds, current account, custody, Legal Representation of Non-residents, foreign exchange, credit and other treasury products. Total assets in December 2022 amounted to R\$ 10.2 billion.

Asset Management

Asset Management offers investment funds aiming at the mid and long terms, focused on private credit assets, gaining scale with the expertise of Banco BOCOM BBM in the credit market. Our main differential is the robust management processes, using macro research, credit analysis and monitoring. In December 2022, the assets invested in the funds amounted to R\$ 1.5 billion.

People

We are recognized for identifying and developing talents, valuing the search for cutting-edge knowledge and encouraging people who want to achieve their material and intellectual goals with the support of practical and academic experience. We know the importance of teaching and motivating those who join us by offering opportunities for growth and full individual development to all. We are committed to maintaining a meritocratic, dynamic, transparent and diverse work environment, taking into account the dignity and well-being of all those with whom we interact.

Management's Report

(In thousands of Reais)

Credit Ratings

In our point of view, the classification of the rating agencies are an important source of transparent and independent assessment of the quality of our credit.

Moody's Investors Service assigned the ratings of Banco BOCOM BBM in April, 2022. On a global scale, "Ba1" rating was assigned to local and foreign currency deposits, with a notch above the Brazilian rating ("Ba2") and "Ba1" for deposits in foreign currency, and "stable perspective". In the national scale, the "Aaa.br" rating was assigned by the Moody's Local Brazil, on April 13, 2022, with "stable perspective", the best possible credit rating in this category.

In addition, on August 17, 2022, Fitch Ratings assigned the long-term national rating "AAA (bra)", the highest possible rating in this category. On a global scale, long-term issuer default ratings (IDR) "BB" and "BB+" were assigned in foreign currency and local currency, respectively, keeping above the sovereign rating ("BB-"). In addition, the outlook for long-term IDRs was reviewed from negative to stable, following the outlook for sovereign ratings.



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Independent auditor's report on the financial statements

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

To the Management and Shareholders of

Banco BOCOM BBM S.A.

Rio de Janeiro - RJ

Opinion

We have examined the individual financial statements of Banco BOCOM BBM S.A. ("Bank"), which comprise the balance sheet as of December 31, 2022 and the respective statements of income, comprehensive income, changes in shareholders' equity and cash flows for the semester and year ended on that date, as well as corresponding explanatory notes, including the summary of the main accounting policies.

In our opinion, the aforementioned financial statements present fairly, in all relevant respects, the equity and financial position of Banco BOCOM BBM S.A. as of December 31, 2022, the performance of its operations and its cash flows for the semester and year ended on that date, in accordance with the accounting practices adopted in Brazil applicable to institutions authorized to operate by the Central Bank of Brazil (BACEN).

Basis for opinion

Our audit was conducted in accordance with Brazilian and international auditing standards. Our responsibilities, in accordance with these standards, are described in the following section entitled "Auditors' responsibilities for auditing the financial statements." We are independent of the Bank, in accordance with the relevant ethical principles provided for in the Accountant's Code of Professional Ethics and professional standards issued by the Federal Accounting Council and comply with other ethical responsibilities in accordance with these standards. We believe that the audit evidence obtained is sufficient and appropriate to substantiate our opinion.

Main audit issues

Main audit issues are those that, in our professional judgment, were the most significant in our current fiscal year audit. These matters were addressed in the context of our audit of the financial statements as a whole and in summing up our opinion on these financial statements and therefore we do not express a separate opinion on these matters.

1 - Measurement of the provision for doubtful accounts - PCLD

According to Explanatory Notes No. 3 (I) and 7 of the financial statements.

Main audit subject	How our audit conducted this matter
<p>Banco BOCOM BBM S.A. classifies its credit operations for the purpose of measuring the provision for doubtful accounts, considering factors and assumptions such as delay, past experience, risk assessment of debtors and their guarantors, as well as specific characteristics of operations in accordance with CMN Resolution No. 2,682/99 of the Central Bank of Brazil.</p> <p>The Bank applies the loss percentages determined in CMN Resolution No. 2,682/99 to each level of risk for the purposes of calculating the provision for doubtful accounts.</p> <p>The classification of credit operations at risk levels involves bank assumptions and judgments, based on an internal risk classification methodology.</p> <p>Due to the relevance of credit operations and the amount of provision for doubtful accounts and the degree of judgment inherent in classifying credit transactions at risk levels, we consider this to be a significant issue for our audit.</p>	<p>Our audit procedures included, but were not limited to:</p> <ul style="list-style-type: none">- evaluation of the design of key internal controls related to the processes of approval, registration and updating of credit operations, including the methodology and controls related to the classification of credit operations at risk levels ("<i>ratings</i>");- evaluation, based on sampling, of information that supports the <i>definition and review of customer ratings</i> by the Bank, such as credit proposal, financial and registration information, operational and/or financial restructurings and guarantees, verifying the adherence of this <i>rating allocation in relation</i> to the Bank's internal methodology;- evaluation, based on sampling, whether the Bank met the requirements established by CMN Resolution No. 2,682/99, related to the calculation of the provision for doubtful accounts;- recalculation of the provision for doubtful accounts, according to the classification of transactions at risk levels ("<i>ratings</i>"); and- evaluation of disclosures made in the financial statements. <p>Based on the evidence obtained through the above procedures, we consider acceptable the amounts of provisions for doubtful accounts, as well as the respective related disclosures, in the context of the financial statements taken together, for the semester and year ended December 31, 2022.</p>

2 – Measurement of the market value of securities and derivative financial instruments without an active market

According to Explanatory Notes No. 6 and 22 of the financial statements.

Main audit subject	How our audit conducted this matter
<p>The Bank has securities and derivative financial instruments, classified as securities available for sale and trading, registered at market value, according to Circulars No. 3,068/2001 and No. 3,082/2002 of the Central Bank of Brazil, which includes securities and derivative financial instruments measured at market value, which are not actively traded and for which market prices and data are not observable.</p> <p>The measurement of the market value of these securities and derivative financial instruments is carried out according to the price valuation model elaborated by the Bank that considers certain assumptions for the valuation of these instruments. This measurement is subject to a higher level of uncertainty, as the Bank makes significant judgments in determining these assumptions used to estimate these values.</p> <p>Due to the fact that the determination of the market value of these financial assets is subject to a higher level of uncertainty, as it involves relevant assumptions and judgments, we consider the measurement of the market value of these securities and derivative financial instruments as a significant subject for our audit.</p>	<p>Our audit procedures included, but were not limited to:</p> <ul style="list-style-type: none"> - evaluation of the design of the key internal controls implemented by the Bank on the measurement of the market value of securities; - involvement of our financial instruments specialists who helped us: <ul style="list-style-type: none"> (i) in the evaluation, by sampling, of the models developed by the Bank to determine the market values and the reasonableness of the assumptions, parameters and information included in the pricing models used; (ii) in the recalculation, by sampling, of the market value of securities and derivative financial instruments which are not actively traded and for which market prices and parameters are not observable; - evaluation of the disclosures made by the Bank in the financial statements; <p>Based on the evidence obtained through the above procedures, we consider acceptable the measurement of the market values of derivative financial instruments and securities, as well as the respective disclosures in the context of the financial statements, for the semester and year ended December 31, 2022.</p>

3 - Hedge Accounting Structure

According to Explanatory Note No. 22.d of the financial statements.

Main audit subject	How our audit conducted this matter
<p>The Bank has <i>Hedge Accounting structures</i> to hedge risks arising from exchange rate changes in cash flows from investments abroad, subordinated debts, fair value of credit and <i>bond operations</i> and foreign transfers bonds.</p> <p>Due to the relevance, complexity of the criteria required for accounting and by involving assumptions and judgments made by the Bank in the registration of <i>items of hedge objects and related</i> derivative financial instruments, we consider it as a significant subject in our audit.</p>	<p>Our audit procedures included, but were not limited to:</p> <ul style="list-style-type: none"> - evaluation of sufficiency in the documentation prepared by the Bank to meet the criteria of Circular No. 3,082/02 of the Central Bank of Brazil, which include, among others, pricing assumptions, effectiveness of operations and models of operations, for the designation of <i>hedge operations</i>; - we tested, based on sampling and with the help of our financial instruments' specialists, <i>hedge accounting structures</i>, considering tests of the existence of transactions and evaluation of the premises and models of operations used;

	<ul style="list-style-type: none"> - evaluation of the results of the effectiveness tests of the <i>Hedge Accounting structure</i> documented by the Bank. - evaluation of the disclosures made by the Bank in the financial statements; <p>Based on the evidence obtained through the above procedures, we consider acceptable the <i>hedge accounting structure</i> and its disclosures in the context of the financial statements, for the semester and year ended December 31, 2022.</p>
Other matters	

Audit of the amounts corresponding to the previous year

The balance sheet as of December 31, 2021 and the statements of income, comprehensive income, changes in shareholders' equity and cash flows and their explanatory notes for the year ended on this date, presented as corresponding amounts in the financial statements for the year, were previously audited by other independent auditors, who issued a report dated February 21, 2022, without change of opinion.

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

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

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

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

Management's and governance's responsibilities for financial statements

The Bank's Management is responsible for the preparation and proper presentation of the financial statements in accordance with the accounting practices adopted in Brazil applicable to institutions authorized to operate by the Central Bank of Brazil (BACEN), and for the internal controls it has determined as necessary to allow the preparation of financial statements free of material distortion, regardless of whether caused by fraud or error.

In the preparation of the financial statements, management is responsible for evaluating the Bank's ability to continue operating, disclosing, where applicable, matters related to its operational continuity and the use of this accounting base in the preparation of the financial statements, unless the Management intends to liquidate the Bank or cease its operations, or has no realistic alternative to avoid the closure of operations.

Those responsible for the Bank's governance are those responsible for supervising the financial statements process.

Responsibilities of auditors for auditing the financial statements

Our objectives are to obtain reasonable security that the financial statements, taken together, are free from material distortion, regardless of whether caused by fraud or error, and issue an audit report containing our opinion. Reasonable safety is a high level of security, but not a guarantee that the audit performed in accordance with Brazilian and international audit standards always detect any relevant distortions existing. Distortions may be due to fraud or error and are considered relevant when, individually or jointly, they may influence, within a reasonable perspective, the economic decisions of users made on the basis of such financial statements.

As part of the audit carried out in accordance with Brazilian and international auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. In addition:

- We identify and assess the risks of material distortion in the financial statements, regardless of whether caused by fraud or error, we plan and execute audit procedures in response to such risks, as well as obtain appropriate and sufficient audit evidence to support our opinion. The risk of non-detection of relevant distortion resulting from fraud is greater than that arising from error, since fraud may involve the act of circumventing internal controls, collusion, forgery, omission or intentional false representations.
- We obtained an understanding of the internal controls relevant to the audit to plan audit procedures appropriate to the circumstances, but not, in order to express an opinion on the effectiveness of the Bank's internal controls.
- We evaluate the adequacy of the accounting policies used and the reasonableness of the accounting estimates and respective disclosures made by management.
- We conclude on the adequacy of the use by the executive board of the accounting base of operational continuity and, based on the audit evidence obtained, whether there is relevant uncertainty regarding events or conditions that may raise significant doubt regarding the Bank's operational continuity capacity. If we conclude that there is relevant uncertainty, we should draw attention in our audit report to the respective disclosures in the financial statements or include modification in our opinion if disclosures are inappropriate. Our findings are based on audit evidence obtained as of the date of our report. However, future events or conditions may lead the Bank to no longer remain in operational continuity.
- We evaluate the overall presentation, structure and content of the financial statements, including disclosures and whether the financial statements represent the corresponding transactions and events in a manner compatible with the appropriate presentation objective.
- We obtain appropriate and sufficient audit evidence regarding the financial information of the group's entities or business activities to express an opinion about the financial statements. We are responsible for the direction, supervision and performance of the audit of the group and, consequently, for the audit opinion.

We communicate with governance officials about, among other aspects, the scope and time of planned audit work and significant audit findings, including any significant deficiencies in the internal controls we have identified during our work.

Of the issues that have been the subject of communication with those responsible for governance, we determine those that were considered the most significant in the audit of the financial statements of the current financial year and, in this way, constitute the main audit issues. We describe these matters in our audit report unless law or regulation has prohibited public disclosure of the matter, or when, in extremely rare circumstances, we determine that the matter should not be communicated in our report because the adverse consequences of such communication may, within a reasonable perspective, outweigh the benefits of communication to the public interest.

Rio de Janeiro, February 17, 2023

KPMG Independent Auditors
CRC SP-014428/O-6 F-RJ

Original in Portuguese signed by:

Bruno Vergasta de Oliveira
CRC Counter 1RJ093416/O-0 T-SP

Balance Sheet

(In thousands of Reais)

Assets	Note	Bank	
		12/31/2022	12/31/2021
Current and long-term assets		22,015,886	15,163,645
Cash	4	166,541	872,723
Cash		4	4
Free reserves		156	2,110
Bank deposits in foreign currencies		166,381	870,609
Short-term interbank investments	5	2,864,717	1,789,667
Open market investments	4	33,261	14,333
Interbank deposits		1,339,193	257,236
Investments in foreign currencies	4	1,492,263	1,518,098
Marketable securities and derivative financial instruments	6	6,928,819	4,869,141
Bank portfolio		2,725,901	1,880,257
Subject to repurchase agreements		3,158,165	1,786,946
Linked to guarantees given		762,451	1,007,170
Derivative financial instruments	22	283,004	194,949
Allowance for marketable securities		(702)	(181)
Interbank accounts		6,726	7,110
Correspondent banks		279	274
Deposits – Central Bank of Brazil		6,447	6,836
Loan transactions	7	10,895,963	6,831,040
Discounted securities and loans		5,586,237	5,014,932
Financing		2,587,046	1,285,963
Rural and agroindustrial financing		2,793,276	575,327
Allowance for loans		(70,596)	(45,182)
Other receivables		1,136,370	782,950
Foreign exchange portfolio	8	757,439	520,573
Unearned income		20,767	19,703
Trading and brokerage		35,528	-
Credit assignment	7	13,035	20,887
Sundry	14	128,341	109,642
Tax credits	25	186,680	116,791
Allowance for other receivables	7	(5,420)	(4,646)
Other assets	15	16,750	11,014
Permanent assets		551,645	485,538
Investments		502,567	441,999
Income from interest in subsidiaries			
In Brazil	9	18,187	14,697
Abroad	9	482,100	426,221
Other investments		4,102	2,891
Provision for losses		(1,822)	(1,810)
Property and equipment in use		12,283	11,117
Intangible assets		36,795	32,422
Total assets		22,567,531	15,649,183

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

Balance Sheet

(In thousands of Reais)

Liabilities	Note	Bank	
		12/31/2022	12/31/2021
Current and long-term liabilities		21,557,425	14,808,375
Deposits	10	2,384,102	3,334,404
Demand deposits		441,460	1,422,299
Time deposits		1,903,438	1,146,662
Interbank deposits		39,204	765,443
Repurchase agreements	11	2,929,892	1,733,897
Bank portfolio		2,929,892	1,733,897
Funds from acceptance and issue of securities	12	9,529,885	4,115,737
Liabilities – marketable securities abroad		1,177,450	341,329
Liabilities from issue of agribusiness credit bills - LCA		5,651,106	2,087,510
Liabilities from issue of housing credit bills - LCI		17,880	47,910
Liabilities from issue of financial bills - LF		1,960,797	1,432,992
Liabilities from issue of financial bills - LF - Subordinated Debts		722,652	205,996
Interbranch accounts		30,471	31,831
Third-party funds in transit		30,471	31,831
Borrowings	13	5,970,785	4,663,429
Loans abroad		5,970,785	4,663,429
Derivative financial instruments	6 and 22	127,165	339,909
Derivative financial instruments		127,165	339,909
Other liabilities		585,125	589,168
Collection of similar taxes		361	613
Foreign exchange portfolio	8	46,918	1,272
Social		7,714	35,008
Statutory		78,355	60,569
Tax and social security		332,048	183,865
Securities trading		10	50,619
Allowance for financial guarantees	7 and 27	8,159	14,208
Sundry	14	111,560	243,014
Equity	17	1,010,106	840,808
Capital		469,300	469,300
Domiciled in Brazil		469,300	469,300
Income reserves		721,516	556,936
Other comprehensive income		1,129	(3,589)
Treasury stock		(181,839)	(181,839)
Total liabilities and equity		22,567,531	15,649,183

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

Statement of Operations

(In thousands of Reals, except the net income per share)

	Note	Bank		
		Second half of 2022	12/31/2022	12/31/2021
Financial income		1,236,704	1,900,304	691,176
Loan transactions		707,423	1,157,407	501,875
Income from marketable securities transactions	5 and 6	450,922	687,968	211,282
Result of exchange operations	18	78,359	54,929	(21,981)
Financial expenses		(943,339)	(1,410,082)	(310,036)
Market funding operations	18	(679,826)	(1,051,586)	(295,753)
Loss on derivative financial instruments	22	65,975	(183,348)	138,253
Loans, assignments and onlending operations	18	(316,178)	(150,903)	(137,686)
Provisions of allowance doubtful accounts	7	(13,113)	(23,673)	(14,891)
(Provisions)/Reversals for marketable securities	6	(197)	(572)	41
Gross financial income		293,365	490,222	381,140
Other operating income (expenses)		(35,805)	(30,001)	(45,102)
Service revenues	19	72,937	147,074	128,152
Personnel expenses		(67,378)	(122,585)	(104,983)
Other administrative expenses	20	(54,566)	(92,609)	(67,049)
Tax expenses		(23,474)	(36,375)	(26,659)
Income from interest in subsidiaries	9	31,340	60,534	25,501
Other operating income	7	6,774	17,685	1,645
Other operating expenses		(1,438)	(3,725)	(1,709)
Operating income		257,560	460,221	336,038
Non-operating expenses		121	550	1,110
Income before income taxes and profit sharing		257,681	460,771	337,148
Income and social contributions taxes	25	(75,755)	(153,179)	(112,386)
Provision for income tax		(80,215)	(126,409)	(60,861)
Provision for social contribution tax		(66,757)	(100,206)	(51,810)
Deferred tax asset		71,217	73,436	285
Profit sharing – management and employees		(48,553)	(86,960)	(77,363)
Net income for the six-month period/year		133,373	220,632	147,399
Earnings per outstanding share		0.65	1.07	0.72

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

Statement of Comprehensive Income

(In thousands of Reais)

	Bank		
	Second half of 2022	12/31/2022	31/12/2021
Net income	133,373	220,632	147,399
Market adjustment variation of the securities	17,679	4,724	(30,604)
Securities available for sale	31,927	8,276	(36,785)
Tax effects	(14,248)	(3,552)	6,181
Exchange variation of investments abroad	(600)	(10,749)	8,371
Derivative financial instruments used for hedging	602	10,751	(8,371)
Derivative financial instruments	602	10,751	(12,942)
Tax effects	-	-	4,571
Cumulative translation adjustment	46	(8)	-
Comprehensive income for the six-month period/year	151,100	225,350	116,795

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

*According to BCB Resolution No. 4,817/20

Statement of changes in equity of Banco BOCOM BBM S.A.

(In thousands of Reals, except for the values per share)

	Capital	Income reserves		Other comprehensive income			Treasury stock	Retained earnings	Total
		Legal	Statutory	Market value adjustment of securities and derivatives	Hedge of Investments Abroad	Cumulative translation adjustment *			
Year Ended December 31, 2021									
Balances at January 1, 2021	469,300	41,927	407,925	27,286	(271)		(181,839)	-	764,328
Market value adjustments - marketable securities				(30,604)					(30,604)
Exchange variation of investments abroad					8,371				8,371
Derivative financial instruments used for hedging					(8,371)				(8,371)
Net income for the semester								147,399	147,399
Allocations:									
- Reserves		7,370	99,714					(107,084)	-
- Dividends payable								(4,940)	(4,940)
- Interest on equity (R\$ 0.17 per share)								(35,375)	(35,375)
Balances at December, 2021	469,300	49,297	507,639	(3,318)	(271)		(181,839)	-	840,808
Changes in the year	-	7,370	99,714	(30,604)	-		-	-	76,480
Year 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
Cumulative translation adjustment						(8)			
Net income for the semester								220,632	220,632
Allocations:									
- Proposed dividends								(3,708)	(3,708)
- Reserves		11,032	148,609					(159,641)	-
- Interest on equity (R\$ 0.28 per share)								(57,283)	(57,283)
- Reversal of proposed dividends			4,939						
Balances at December 31, 2021	469,300	60,329	661,187	1,406	(269)	(181,839)	-	-	1,010,106
Changes in the year	-	11,032	153,548	4,724	2	-	-	-	169,298
Balances at July 1, 2022	469,300	53,660	595,474	(16,273)	(271)	(54)	(181,839)	-	919,997
Market value adjustments - marketable securities				17,679					17,679
Exchange variation of investments abroad					(600)				(600)
Derivatives financial instruments used for hedging					602				602
Cumulative translation adjustment						46			
Net income for the semester								133,373	133,373
Allocations:									
- Proposed dividends								(3,708)	(3,708)
- Reserves		6,669	65,713					(72,382)	-
- Interest on equity (R\$ 0.28 per share)								(57,283)	(57,283)
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	-	6,669	65,713	17,679	2	46	-	-	90,109

See accompanying notes.

*According to BCB Resolution No. 4,817/20

Notes to the financial statements as at December 31, 2022

(In thousands of Reals, otherwise indicated)

	Bank		
	Second half of 2022	12/31/2022	12/31/2021
Cash flow statements			
Net income	133,373	220,632	147,399
Adjustments to net income:	(66,599)	(173,801)	(72,393)
Allowance/Reversion for doubtful accounts	13,113	23,673	14,891
(Provisions)/Reversals for marketable securities	197	572	(41)
Depreciation and amortization	6,795	12,847	9,902
Expenses/Reversion from civil, labor and tax allowances	(4)	(4)	1,351
Income from interest in subsidiaries	(31,340)	(60,534)	(25,501)
Deferred income and social contribution taxes	(71,217)	(73,436)	(285)
(Gain)/losses on fair value adjustment on marketable securities and derivatives	15,811	(76,911)	(72,710)
Equity adjustments*	46	(8)	-
Adjusted net income	66,774	46,831	75,006
(Increase) in short-term interbank investments	(87,971)	(1,077,823)	(34,733)
(Increase) in marketable securities and derivative financial instruments	(1,481,855)	(2,196,083)	(1,033,512)
(Increase)/Decrease in interbank and interbranch accounts	(29,637)	(976)	28,308
(Increase) in loan and lease transactions	(2,051,565)	(4,088,596)	(672,542)
(Decrease) Increase in deposits	(738,031)	(950,302)	(425,657)
(Decrease)/Increase in open market funding	1,280,961	1,195,995	1,437,136
Increase in borrowings and onlending	185,646	1,307,355	1,200,613
Increase/Decrease in other assets	160,342	(285,720)	(292,553)
Increase in other liabilities	89,310	14,660	127,899
(Decrease)/Increase in market value adjustments - marketable securities	17,727	4,772	(30,604)
Net cash flow from (used in) operating activities	(2,655,073)	(6,076,718)	304,355
Cash flow from investing activities:			
(Increase)/Decrease in investments	615	(80)	335
Property and equipment for use and leased (acquisition)	(10,842)	(18,386)	(17,535)
Net cash provided by (used in) investing activities	(10,227)	(18,466)	(17,200)
Cash flow from financing activities:			
(Decrease)/Increase in securities issue resources	2,468,636	5,414,148	(56,114)
Dividends and interest on equity paid	(44,682)	(74,750)	(27,023)
Net cash used in financing activities	2,423,954	5,339,398	(83,137)
Net increase in cash and cash equivalents	(174,572)	(708,955)	279,024
At the beginning of the six-month period/year	1,866,637	2,401,020	2,121,996
Changes for the six-month period/year	(302,135)	578,120	332,918
Exchange variation for the six-month period/year	127,563	(1,287,075)	(53,894)
At the end of the six-month period/year	1,692,065	1,692,065	2,401,020
Net increase in cash and cash equivalents	(174,572)	(708,955)	279,024
Non-monetary transaction			
Interest on equity	57,283	57,283	35,375
Reversal of proposed dividends	-	(4,939)	-
Unpaid dividends	3,708	3,708	4,940

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

*According to BCB Resolution No. 4,817/20

Notes to the financial statements as at December 31, 2022*(In thousands of Reais, otherwise indicated)***1. Operations**

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

- Commercial;
- Investment;
- Loan, Financing and Investment;
- Foreign Exchange;
- Energy trading.

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 norms and instructions of the National Monetary Council (CMN) and the Federal Accounting Council (CFC), and show all the relevant information proper of the financial statements, and only them, which are consistent with those 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 sheets items are exposed in liquidity and enforceability order.

According to the provisions of BCB Resolution No. 92/2021, Group 5 – Revenues from Future Years – was extinct, consequently, all its balances are transferred to the line of Sundry under Other Liabilities. Due to the prospective adoption, the balances of the items of Group 5 before the enforcement date of the new rules 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"). In this sense, the parent company financial statements is stated in reais.

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

2.2 CMN Resolution 4,966/21 – Financial Instruments

The CMN Resolution 4,966/2021 establishes new 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.

Notes to the financial statements as at December 31, 2022

(In thousands of Reais, otherwise indicated)

3. Significant Accounting Practices

(a) Results of Operations

Recorded on an accrual basis.

According to BACEN Resolution No. 2/20, recurring and non-recurring results were presented separately.

	Bank		
	Second Half of 2022	12/31/2022	12/31/2021
Recurring Net Income	133,904	220,947	146,933
Non-recurring Events	(531)	(315)	466
Fines	(1,125)	(1,136)	(185)
(Provisions)/Reversals for contingencies	142	546	(144)
Result from sale of assets held for sale (AMV)	-	-	1,261
Income tax and social contribution	452	275	(466)
Net Income	133,373	220,632	147,399

(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 restated monthly 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.

The amounts not provided for in the "Other investments" line refer to the shares of CERTA (Central de Registro de Títulos e Ativos S.A.) and Swift.

Notes to the financial statements as at December 31, 2022*(In thousands of Reals, otherwise indicated)***3. Significant Accounting Practices (Continued)****(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 income tax of 25% and social contribution rates of 15% and 20%, since used while the rate is effective.

In 2021, the Law 14,183, resulting from Provisional Measure (MP) 1,034/2021, increased the rate of the Social Contribution on Net 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 CCVM from 15% to 20%, for the period between 07/01/2021 and 12/31/2021.

As of January 2022, the CSLL rate returned to 20% for BOCOM BBM Bank and 15% for BOCOM BBM CCVM. On April 28, 2022, Provisional Measure 1,115/22 was issued, increasing the CSLL rate for these legal entities by 1%, in accordance with the changes proposed in Law 7,689/88. The CSLL rate of BOCOM BBM Bank increased from 20% to 21%, and of BOCOM BBM CCVM, from 15% to 16%, effective from August 1, 2022 to December 31, 2022.

(g) Swaps, futures, forwards and options

The nominal amounts of contracts are recorded in offsetting accounts. Daily adjustments of transactions conducted in the future market are recorded as effective income or expense as they are incurred. Premiums paid or received upon the realization of operations in the options market are recorded in the respective equity accounts at cost, adjusted to market value as a counterparty to the result. The market value of swap and term operations are individually recorded in asset and liability equity accounts, as a counterparty to the respective income and expense accounts.

(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. 3,566/08 of May 29, 2008, and based on management analysis, if the carrying amount of the assets of the Bank 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.

Notes to the financial statements as at December 31, 2022

(In thousands of Reals, otherwise indicated)

3. Significant Accounting Practices (Continued)

(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) Loan 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 offsetting 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, unlinked balances held with the Central Bank of Brazil and financial assets of high liquidity 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 loan guarantees, which are initially valued at the remaining balance of the debt, and which are valued at fair value based on valuation reports prepared by professional entities with recognized qualifications, using evaluation techniques, limited to the debt value.

(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.

Notes to the financial statements as at December 31, 2022*(In thousands of Reais, otherwise indicated)***3. Significant Accounting Practices (Continued)****(o) Hedge Accounting**

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.

Notes to the financial statements as at December 31, 2022

(In thousands of Reals, otherwise indicated)

4. Cash

	Bank	
	12/31/2022	12/31/2021
Investments in foreign currencies (b)	1,492,263	1,518,098
Bank deposits in foreign currencies	166,381	870,609
Open market investments (a)	33,261	10,199
Free reserves	156	2,110
Cash	4	4
Total	1,692,065	2,401,020

(a) Committed transactions maturing within 90 days, on the date of application.

(b) In the year ended December 31, 2022, the item investments in foreign currency presents operations mostly in U.S. dollar

5. Short-term interbank investments

Short-term interbank investments are as follows:

	Bank	
	12/31/2022	12/31/2021
Open market investments	33,261	14,333
Self-funded position	33,261	14,333
Debentures	20,590	-
Financial treasury bills	12,169	14,333
Certificado de recebíveis do agronegócio	502	-
Interbank deposits (*)	1,339,193	257,236
Investments in foreign currencies	1,492,263	1,518,098
	2,864,717	1,789,667
Current assets	2,863,812	1,723,867
Long-term receivables	905	65,800
	2,864,717	1,789,667

(*) The interbank deposits in the Bank and in the Bank on December 2022 basically refer to Time Deposits. In the year ended December 31, 2022, their maturities are between January 2023 and December 2026. The rates used in these operations are indexed to CDI, presenting a percentage between 100% and 108% of CDI, besides the operations indexed to CDI with fixed rate, which vary between 100%CDI+0.4 and 100%CDI+1.95.

(**) Investments in foreign currencies are operations mostly in US dollars and with immediate liquidity.

At December 31, 2022 and December 31, 2021, the collateral received through repurchase agreements amounted to R\$ 12,359 thousand and R\$ 14,752 thousand, respectively, in the Bank. The provided collateral amounted to R\$ 1,375,399 thousand and R\$ 3,428,117 thousand during the same periods.

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

	Bank		
	Second half of 2022	12/31/2022	12/31/2021
Investments in interbank deposits	76,566	100,473	16,923
Open market investments	3,571	9,754	20,065
Investments in foreign currencies	1,272	1,479	320
Total	81,409	111,706	37,308

Notes to the financial statements as at December 31, 2022

(In thousands of Reais, otherwise indicated)

6. Marketable securities and derivative financial instruments

	Bank			
	Cost	Market	Cost	Market
	12/31/2022		12/31/2021	
I- Marketable securities	6,755,585	6,645,815	4,720,761	4,674,192
Securities for trading (*)	2,038,169	1,971,507	1,312,900	1,280,179
Bank portfolio	1,223,971	1,198,607	566,953	560,641
Fixed-income securities	1,139,570	1,114,206	416,718	410,406
Financial Treasury Bills	119,583	119,672	148,072	148,360
National Treasury Bills	-	-	301	301
National Treasury Notes - B series	1,019,987	994,534	268,345	261,745
Investment funds quotas	84,401	84,401	150,235	150,235
Multimarket fund quotas	84,401	84,401	150,235	150,235
Subject to repurchase agreements	783,849	742,551	694,498	669,520
Financial Treasury Bills	3,255	3,255	35,017	35,086
National Treasury Notes - B series	780,594	739,296	659,481	634,434
Linked to guarantees given	30,349	30,349	51,449	50,018
National Treasury Notes - B series	-	-	26,208	24,777
Fund quotas given as guarantee	30,349	30,349	25,241	25,241
Securities available for sale (*)	1,987,230	1,944,122	2,182,483	2,168,635
Bank portfolio	1,208,125	1,206,234	1,170,429	1,167,052
Fixed-income securities	1,207,783	1,205,936	568,496	570,443
Financial Treasury Bills	586,779	587,462	285,062	285,837
Agribusiness Certificate of Credit Rights	300,419	300,417	-	-
National Treasury Bills	96,733	93,827	24,099	23,186
National Treasury Notes - B series	-	-	8	8
Promissory notes	108,778	108,778	103,584	103,584
Debentures	3,502	3,677	25,052	26,145
Agribusiness Receivables Certificates	69,432	69,514	32,653	32,653
Rural product note	34,003	34,003	67,541	67,541
Private Financial Bills	8,137	8,258	30,497	31,489
Marketable securities abroad	342	298	601,933	596,609
Eurobonds	342	298	601,933	596,609
Subject to repurchase agreements	779,105	737,888	916,924	910,938
Financial Treasury Bills	29,416	29,447	211,918	212,349
National Treasury Bills	229,718	220,702	206,160	197,600
Private Financial Bills	26,737	27,134	-	-
Debentures	192,339	195,667	356,168	364,196
Eurobonds	300,895	264,938	142,678	136,793
Linked to guarantees given	-	-	95,130	90,645
Financial Treasury Bills	-	-	20,217	20,217
National Treasury Bills	-	-	72,400	67,925
Debentures	-	-	2,513	2,503

Notes to the financial statements as at December 31, 2022

(In thousands of Reals, otherwise indicated)

6. Marketable Securities and Derivative Financial Instruments (Continued)

	Bank			
	Cost	Market	Cost	Market
	12/31/2022		12/31/2021	
Securities held up to maturity	2,730,186	2,730,186	1,225,378	1,225,378
Bank portfolio	321,060	321,060	152,564	152,564
Fixed-income securities	318,368	318,368	25,045	25,045
National Treasury Bills	318,368	318,368	25,045	25,045
Marketable securities abroad	2,692	2,692	127,519	127,519
Eurobonds	2,692	2,692	127,519	127,519
Subject to repurchase agreements	1,677,726	1,677,726	206,488	206,488
Eurobonds	715,670	715,670	130,311	130,311
National Treasury Bills	962,056	962,056	76,177	76,177
Linked to guarantees given	732,102	732,102	866,507	866,507
National Treasury Notes - F series	616,190	616,190	630,654	630,654
National Treasury Bills	115,912	115,912	235,853	235,853
Provision for marketable securities	(702)	(702)	(181)	(181)
Eurobonds	(702)	(702)	(181)	(181)
II-Derivative financial instruments	187,434	283,004	116,824	194,949
Swap operations	78,237	216,778	48,187	125,484
Term	93,500	50,870	64,915	66,101
Options premium	13,907	13,566	1,659	1,301
Futures	1,790	1,790	2,063	2,063
Total marketable securities and				
Derivative financial instruments	6,943,019	6,928,819	4,837,585	4,869,141
Segregation of portfolio by maturity range:				
Up to 3 months	2,181,775	2,059,563	1,543,837	1,507,350
From 3 to 12 months	409,979	396,398	280,192	274,686
More than 12 months	4,351,265	4,472,858	3,013,556	3,087,105
Total	6,943,019	6,928,819	4,837,585	4,869,141

(*) Securities classified as "Securities for trading" maturing in more than 12 months and which, on December 31, 2022, amount to R\$ 1,847,031 thousand in the Bank (December 31, 2021 - R\$ R\$ 1,078,630 thousand), are classified and segregated according to BACEN Circular Letter No. 3,068/01. Securities classified as "Available for sale", maturing in more than 12 months, in the amount of R\$ 1,677,210 thousand on December 31, 2022 (December 31, 2021 - R\$ 1,738,655 thousand) are classified and segregated according to BACEN Circular Letter No. 3,068/01, regardless its liquidity level. The effect of this determination in net current capital is shown in Note 23 - Liquidity risk.

There were no transfers in the bond category in the year ended December 31, 2022 and December 31, 2021.

Notes to the financial statements as at December 31, 2022

(In thousands of Reais, otherwise indicated)

6. Marketable Securities and Derivative Financial Instruments (Continued)

The details about interest rate of Eurobonds and Private Securities in the Bank are as follows:

	Index	%	12/31/2022			12/31/2021		
			Principal	Interest	Total	Principal	Interest	Total
Agribusiness Certificate of Credit Rights (CDCA)			300,000	419	300,419	-	-	-
Private			300,000	419	300,419	-	-	-
Private Entities	CDI	100% - 103%	300,000	419	300,419	-	-	-
Rural Product Note (CPR)			33,333	670	34,003	66,666	875	67,541
Private			33,333	670	34,003	66,666	875	67,541
Private Entities	CDI	135%	33,333	670	34,003	66,666	875	67,541
Agribusiness Receivables Certificates (CRA)			65,748	3,684	69,432	30,796	1,857	32,653
Private			65,748	3,684	69,432	30,796	1,857	32,653
Private Entities	CDI	102% - 104%	40,000	624	40,624	-	-	-
	IPCA	105% - 109%	25,748	3,060	28,808	30,796	1,857	32,653
Debentures			186,529	9,312	195,841	375,035	8,698	383,733
Private			122,209	8,652	130,860	375,035	8,698	383,733
Private Entities	CDI	102% - 105%	120,493	8,524	129,017	375,035	8,698	383,733
	IPCA	110%	1,716	128	1,844	-	-	-
Public			64,320	660	64,980	-	-	-
Public Entities	CDI	106%	64,320	660	64,980	-	-	-
Eurobond			1,006,408	13,191	1,019,599	995,632	6,810	1,002,441
Private			-	-	-	501,853	1,094	502,947
Others	Fixed	-	-	-	-	501,853	1,094	502,947
Public			1,006,408	13,191	1,019,599	493,779	5,715	499,494
Public Entities	Fixed	3% - 7%	1,006,408	13,191	1,019,599	493,779	5,715	499,494
Promissory Note (NP)			90,000	18,778	108,778	100,000	3,584	103,584
Private			90,000	18,778	108,778	100,000	3,584	103,584
Private Entities	CDI	104%	90,000	18,778	108,778	100,000	3,584	103,584
Total			1,682,018	46,054	1,728,071	1,568,128	21,824	1,589,952

	Bank			
	Cost	Market	Cost	Market
	12/31/2022	12/31/2021	12/31/2022	12/31/2021
I-Derivative financial instruments	238,959	127,165	319,517	339,909
Swap operations	98,612	47,013	178,706	183,131
Term	74,765	25,044	130,360	146,401
Futures	667	667	6,464	6,463
Options	64,915	54,441	3,987	3,914
Liability position	238,959	127,165	319,517	339,909
Segregatio by maturity range:				
Up to 3 months	55,115	24,678	92,729	97,197
From 3 to 12 months	75,224	49,764	89,683	109,766
More than 12 months	108,620	52,723	137,105	132,946
Total	238,959	127,165	319,517	339,909

Notes to the financial statements as at December 31, 2022

(In thousands of Reais, otherwise indicated)

6. Marketable Securities and Derivative Financial Instruments (Continued)

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

	Bank		
	Second half of 2022	12/31/2022	12/31/2021
Private securities	38,727	76,994	85,704
Government bonds	185,163	344,433	113,466
Investment funds quotas	10,123	19,266	6,225
Exchange Variation	135,500	135,569	(31,421)
Income from marketable securities	369,513	576,262	173,974

	Bank		
	Second half of 2022	12/31/2022	12/31/2021
(Provision)/Reversal of provision for Marketable Securities	(197)	(572)	41
Result of (provision)/reversal of provision for Marketable Securities	(197)	(572)	41

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 without liquidity and no active market and/or observable market data.

Notes to the financial statements as at December 31, 2022

(In thousands of Reais, otherwise indicated)

7. Loan Transactions

At December 31, 2022 and December 31, 2021, loans and guarantees provided through sureties or guarantee agreements in the Bank, classified according to the clients' economic activities and representativeness, are as follow:

	Bank			
	12/31/2022		12/31/2021	
Agriculture	3.076.213	24,00%	1.229.633	13,21%
Sugar and Ethanol	2.568.656	20,04%	1.391.855	14,95%
Banks and Insurers	675.958	5,27%	773.251	8,31%
Chemical and Petrochemical	647.238	5,05%	296.933	3,19%
Utilities (energy)	545.626	4,26%	546.200	5,87%
Vehicles and Parts	447.136	3,49%	371.038	3,99%
Building and Real Estate	435.011	3,39%	609.250	6,55%
Foods - Sundry	392.665	3,06%	320.966	3,45%
Specialized Services	388.503	3,03%	293.413	3,15%
Retail market	387.066	3,02%	566.882	6,09%
Transportation and Logistics	363.257	2,83%	254.369	2,73%
Meat Industry	319.863	2,50%	186.361	2,00%
Diversified Holdings	305.440	2,38%	122.718	1,32%
Metallurgy	231.474	1,81%	165.193	1,77%
Health	210.369	1,64%	216.863	2,33%
Pharmaceutics	194.031	1,51%	242.324	2,60%
Individuals	164.864	1,29%	57.408	0,62%
Heavy Construction	153.854	1,20%	194.559	2,09%
Textile and Leathers	149.794	1,17%	113.093	1,22%
Telecommunication	136.611	1,07%	155.039	1,67%
Others (*)	703.161	5,49%	514.776	5,53%
Private sector	12.496.790	97%	8.947.500	96%
Utilities (energy)	252.605	1,97%	262.002	2,81%
Others (*)	67.918	0,53%	98.146	1,05%
Public Sector	320.523	3%	360.148	4%
Total	12.817.313	100%	9.307.648	100%

(*) The activities classified as Others include all economic sectors that individually represent less than 1% of the total active loan portfolio at the base dates December 31, 2022, and December 31, 2021.

Notes to the financial statements as at December 31, 2022

(In thousands of Reais, otherwise indicated)

7. Loan Transactions (Continued)

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

	Bank	
	12/31/2022	12/31/2021
Current Assets		
Loan Transactions	5,626,556	2,640,619
Private Sector	5,605,681	2,622,826
Public Sector	20,875	17,793
Other Receivables	27,866	19,682
Foreign Exchange Portfolio - Receivables (a)	17,353	10,017
Securities and Credits Receivable (b)	10,513	9,665
Noncurrent Assets		
Loan Transactions	5,340,003	4,235,603
Private Sector	5,340,003	4,217,076
Public Sector	-	18,527
Other Receivables	2,522	11,222
Securities and Credits Receivable (b)	2,522	11,222
Current Liabilities		
Other Liabilities	680,232	492,443
Foreign Exchange Portfolio - Advances on exchange contracts (a)	680,232	492,443
Subtotal	11,677,179	7,399,569
Co-obligations and risks in guarantees provided (c)	1,140,134	1,908,079
Current	930,073	1,566,241
Noncurrent	210,061	341,838
Total	12,817,313	9,307,648

(a) 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.

(b) Refers to credit assignment. recorded in "Other credits" accounts.

(c) These refer to guarantees granted through sureties, letters of credit and firm guarantees. The granted guarantees are recorded in clearing accounts and the respective yields are classified as other liabilities - see Note 13 - and appropriated to income according to the contractual terms of the guarantees. These also include, in the Bank, guarantees granted for credit operations of BBM Bank Limited and Nassau Branch, which are eliminated in the Prudential Conglomerate.

Notes to the financial statements as at December 31, 2022

(In thousands of Reals, otherwise indicated)

7. Loan Transactions (Continued)

The provision for loan 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 loan transactions in the Bank is as follows:

Risk Level	12/31/2022										12/31/2021	
	Overdue - days					Falling due - days					Total	Allowanc
	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			
AA	10	-	-	-	-	1,312,069	593,785	1,455,063	2,329,303	5,690,230	-	4,241,080
A	1,001	-	-	-	-	574,249	836,044	1,008,691	2,650,655	5,070,640	25,353	3,375,773
B	-	422	-	-	-	148,038	218,330	417,671	676,619	1,461,080	14,611	1,182,947
C	185	3	-	-	-	108,621	95,105	179,595	121,153	504,662	21,191	475,111
D	832	3,292	-	-	-	3,723	18,529	7,110	22,442	65,909	6,591	6,695
E	-	-	1,529	1,529	-	-	-	-	-	1,529	459	16,806
F	-	-	-	14,586	-	-	-	-	-	14,586	7,293	-
G	-	-	-	-	-	-	-	-	-	-	-	7,518
H	-	-	-	-	8,677	-	-	-	-	8,677	8,677	1,718
	2,028	3,717	9,981	16,115	8,677	2,146,700	1,761,793	3,068,130	5,800,172	12,817,313	84,175	9,307,648

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

	Bank	
	12/31/2022	12/31/2021
Allowance for loan losses	70,596	45,182
Current Assets	50,345	21,998
Noncurrent Assets	20,251	23,184
Provision for Other Credits	5,420	4,646
Securities and Credits Receivable	5,420	4,646
Current Assets	3,463	2,891
Noncurrent Assets	1,957	1,755
Provision for Co-obligations and Risks in Guarantees Provided	8,159	14,208
Current Liability	5,579	12,253
Noncurrent Liability	2,580	1,955
Total	84,175	64,036

Changes in allowances are as follows:

	12/31/2022	12/31/2021
Balance at January 1	64,036	53,749
Increase / (reversal)	23,673	14,891
Write-offs to loss	(3,534)	(4,604)
Total	84,175	64,036

In the year ended December 31, 2022, there were loan transactions renegotiated in the Bank in amount of R\$ 67,564 thousand (December 31, 2021 - R\$ 0).

In the year ended December 31, 2022, there was a recovery of losses on loan transactions in the amount of R\$ 9,515 thousand (December 31, 2021 - R\$ 5,482 thousand). This amount is impacting Other Operating Income in the Statements of Operations for the year.

Notes to the financial statements as at December 31, 2022
(In thousands of Reals, otherwise indicated)
7. Loan Transactions (Continued)

The credit risk concentration in the Bank is as follows:

	12/31/2022	%	12/31/2021	%
Top debtor	252,605	2.0%	262,002	2.8%
Top 10 debtors	1,940,420	15.1%	1,443,077	15.5%
Top 20 debtors	3,197,524	24.9%	2,337,617	25.1%
Top 50 debtors	5,795,019	45.2%	4,076,071	43.8%
Top 100 debtors	8,347,316	65.1%	5,909,530	63.5%

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

	12/31/2022	12/31/2021
Working Capital	7,931,432	5,660,819
Export Credit Bills	2,560,714	1,525,405
Co-obligations and Risk in Guarantees Provided	1,140,134	1,257,842
Trade Finance	1,040,842	786,416
Others	144,191	77,166
Total	12,817,313	9,307,648

8. Foreign exchange portfolio

	Bank	
	12/31/2022	12/31/2021
Other receivables – Foreign exchange portfolio		
Foreign exchange purchases pending settlement	694,961	509,334
Rights on foreign exchange sales	46,111	1,265
Income receivable from advances granted (a)	17,353	10,017
(-) Advances in national currency received	(986)	(43)
Total	757,439	520,573
Other payables – Foreign exchange portfolio		
Exchange purchase obligations	680,287	492,443
Foreign exchange sales pending settlement	46,863	1,272
Advances on foreign exchange contracts granted (a)	(680,232)	(492,443)
Total	46,918	1,272

(a) See Note 7.

On December 31, 2022, there were federal government securities deposited securing foreign exchange transactions with B3 in the amount of R\$ 74,345 thousand (December 31, 2021 – R\$ 311,944 thousand).

Notes to the financial statements as at December 31, 2022

(In thousands of Reais, otherwise indicated)

9. Investments – Interest in Subsidiaries

	BOCOM BBM CCVM S.A.	The Southern Atlantic Investments Ltd.	Total
At December 31, 2022:			
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	18.187	482.100	500.287
Net income for the semester – R\$ thousand	2.720	28.620	31.340
Dividends, Interest on Equity or Capital reduction	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 half of 2022	2.720	28.620	31.340
Year ended 2022	4.577	55.957	60.534
At December 31, 2021			
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	14.697	426.221	440.918
Net income for the semester – R\$ thousand	2.049	15.132	17.181
Dividends, Interest on Equity or Capital reduction – R\$ thousand	770	-	770
Book value of investments – R\$ thousand			
December 31, 2021	14.697	426.221	440.918
Income from interest in subsidiaries – R\$ thousand			
Second half of 2021	2.049	15.132	17.181
Year ended 2021	3.241	22.260	25.501

Notes to the financial statements as at December 31, 2022

(In thousands of Reais, otherwise indicated)

10. Deposits

Maturity range	Bank			
	Time deposits	Interbank deposits	Total 12/31/2022	Total 12/31/2021
Within 1 month	762,866	20,797	783,663	214,079
From 1 to 3 months	184,226	112	184,338	242,409
From 3 to 6 months	251,769	438	252,207	92,127
From 6 to 12 months	269,198	17,857	287,055	706,989
More than 12 months	435,379	-	435,379	656,501
Subtotal	1,903,438	39,204	1,942,642	1,912,105
Demand Deposits			441,460	1,422,299
Total			2,384,102	3,334,404

The average term of interbank and time deposits, for outstanding transactions at December 31, 2022, in the Bank, is 186 and 485 days (December 31, 2021 - 558 and 822 days), respectively.

Maturities upon issuance	Bank			
	Time deposits	Interbank deposits	Total 12/31/2022	Total 12/31/2021
Within 1 month	27,542	-	27,542	196,772
From 1 to 3 months	676,596	20,797	697,393	161,857
From 3 to 6 months	234,865	-	234,865	46,458
From 6 to 12 months	98,507	15,649	114,156	53,934
More than 12 months	865,928	2,758	868,686	1,453,082
Subtotal	1,903,438	39,204	1,942,642	1,912,105
Demand deposits			441,460	1,422,299
Total			2,384,102	3,334,404

The breakdown per segment of the Bank is as follows:

	Bank									
	Demand deposits		Time deposits		Interbank deposits		Total			
	12/31/2022	12/31/2021	12/31/2022	12/31/2021	12/31/2022	12/31/2021	12/31/2022	12/31/2021		
Legal entities	371,863	285,064	752,452	810,402	-	-	1,124,315	69.86%	1,095,466	32.85%
Institutional customers	113	4	1,505	113,699	-	159,039	1,618	0.09%	272,743	8.18%
Group	51,334	1,115,517	901,526	139,919	18,407	3,976	971,267	14.50%	1,259,412	37.77%
Financial institutions	-	-	239,180	24,484	20,797	602,428	259,977	14.10%	626,912	18.80%
Individuals	18,150	21,714	8,775	58,157	-	-	26,925	1.46%	79,871	2.40%
Total	441,460	1,422,299	1,903,438	1,146,662	39,204	765,443	2,384,102	100%	3,334,404	100%

Notes to the financial statements as at December 31, 2022

(In thousands of Reals, otherwise indicated)

10. Deposits (Continued)

The concentration of our main customers of the Bank is as follows:

	Bank			
	12/31/2022		12/31/2021	
Top depositor	635,901	26.67%	971,765	29.14%
Top 10 depositors	1,489,210	62.46%	1,995,418	59.84%
Top 20 depositors	1,725,934	72.39%	2,319,484	69.56%
Top 50 depositors	1,998,131	83.81%	2,782,635	83.45%
Top 100 depositors	2,168,126	90.94%	3,040,882	91.20%

11. Repurchase Agreements

The obligations from repurchase agreements in the Bank are as follows:

	Bank	
	12/31/2022	12/31/2021
Own portfolio		
Financial Treasury Bills	1,173,357	270,445
Eurobonds	766,938	215,529
National treasury notes – B series	727,402	625,686
Debentures	195,103	362,990
Financial treasury Bills	40,361	259,247
Financial Bill	26,731	-
Total	2,929,892	1,733,897
Current liabilities	2,909,498	1,722,127
Noncurrent liabilities	20,394	11,770
Total	2,929,892	1,733,897

12. Funds from Acceptance and Issue of Securities and Real Estate Bills

BOCOM BBM has in December 2022 an amount of R\$ 1,17,450 thousand in Eurobonds (December 2021 R\$ 341,329 thousand), with maturities between January 02, 2023 and July 14, 2032, acquired by The Southern Atlantic Investments Ltd, a company not consolidated in BOCOM BBM.

On December 31, 2022 and December 31, 2021, fundraising through Agribusiness Credit Bills (LCA), Housing Credit Bills (LCI), Financial Bills (LF) and Financial Bills – Subordinated Debt were segregated by maturity range as follows:

Notes to the financial statements as at December 31, 2022

(In thousands of Reals, otherwise indicated)

Maturity	Bank									
	LCA (a)		LCI (b)		LF (c)		LFSC - Subordinated debt I (d)		LFSN - Subordinated debt II (e)	
	12/31/2022	12/31/2021	12/31/2022	12/31/2021	12/31/2022	12/31/2021	12/31/2022	12/31/2021	12/31/2022	12/31/2021
Within 1 month	340,294	118,883	17	-	176,383	122,915	-	-	-	-
From 1 to 3 months	808,389	55,157	-	-	59,034	135,857	12,186	5,996	-	5,996
From 3 to 6 months	528,995	124,543	55	598	338	42,297	-	-	-	-
From 6 to 12 months	1,968,418	803,660	15,925	16,660	251,556	486,249	-	-	-	-
More than 12 months	2,005,010	985,267	1,883	30,652	1,473,486	645,674	200,000	200,000	510,466	200,000
Total	5,651,106	2,087,510	17,880	47,910	1,960,797	1,432,992	212,186	205,996	510,466	205,996

- (a) 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. The range between rates used for this operation is from 87% to 123% DI, 100% of pre-set from 4.64% to 13.37% and 100% of IPCA + 4.30% to 6.50%.
- (b) Housing Credit Bills (LCI) are nominative securities created by Provisional Measure No. 2,223 on September 4, 2001, which resulted in Law No. 10,931 of August 2, 2004. The range between rates used for this operation is from 92% to 103% of DI.
- (c) Financial Bills (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). The range between rates used for this operation are from 100% to 125% of DI, 100% of pre-set from 6.77% to 12.80% and 100% of IPCA + 3.60% to 5.75%.
- (d) 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. The rates used for this operation are 110% of SELIC.
- (e) 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. The rate was CDI+2.64% and the private and bilateral issue was directed to institutional investors.

13. Borrowings and onlendings

a) Borrowings abroad

Borrowings abroad in the Bank as follows:

	Bank	
	12/31/2022	12/31/2021
Obligations with borrowings abroad (*)	5,675,051	4,568,886
Export credit facility	269,401	66,422
Import credit facility	26,333	28,121
	5,970,785	4,663,429
Current liabilities	5,273,005	3,448,121
Long-term payables	697,780	1,215,308
	5,970,785	4,663,429

Notes to the financial statements as at December 31, 2022

(In thousands of Reals, otherwise indicated)

(*) The amount of R\$ 5,675,051 thousand on December 31, 2022 (December 31, 2021 – R\$ 4,568,886 thousand), classified as Borrowings Abroad, refers to:

1 - The principal of the funding operations in dollars taken with the Bank of Communications Shanghai with maturities of less than 365 days, which represent the amount of R\$1,124,444 and more than 365 days, which represent R\$1,230,274. It also refers to interest, with maturities of less than 365 days, in the amount of R\$21,908. The range between the remuneration rates practiced for these operations is 2.38% - 5.52%. The principal of the funding in dollars with the Bank of Communications New York with maturities of less than 365 days which represent R\$1,934,043 and the interest also with maturities of less than 365 days, in the amount of R\$15,289. The principal of the funding in dollars with the Bank of Communications Hong Kong with maturities of less than 365 days which represent R\$264,575 and the interest, also with maturities of less than 365 days, in the amount of R\$3,246. The range between the remuneration rates practiced for these operations are 3.30% - 5.80%; and

2 - The principal of working capital operations with maturities of less than 365 days, which represent R\$862,514 and with maturities up to January 2024, which represent R\$211,660. It also refers to interest, with maturities of less than 365 days, in the amount of R\$ 15,003. The range between the remuneration rates practiced for these operations is 2.14% - 6.15%.

14. Sundry

	Bank	
	12/31/2022	12/31/2021
Sundry		
Debtors deposits on warranty	54,166	52,412
Taxes and contributions to offset	53,773	41,898
Sundry debtors – domestic	12,420	10,473
Sundry debtors – foreign	5,716	4,342
Securities and credits receivable	1,722	-
Advances – Salaries and constructions	531	463
Receivables from related parties	13	54
Total	128,341	109,642
Current asset	111,621	93,247
Long-term asset	16,720	16,395
Total	128,341	109,642

Notes to the financial statements as at December 31, 2022

(In thousands of Reals, otherwise indicated)

	Bank	
	12/31/2022	12/31/2021
Other payables - Sundry		
Sundry Debtors – Abroad (a)	48,943	190,054
Allowance for contingent liabilities	19,238	7,596
Income on Guarantees for Credit Operations (b)	17,983	19,916
Sundry debtors – Local	12,371	12,163
Allowance for payments to be made	11,998	12,436
Administrative checks	1,027	849
	111,560	243,014
Current liabilities	95,672	203,578
Noncurrent liabilities	15,888	39,436
	111,560	243,014

(a) – It mainly refers to the prepayment of letters of credit. The original maturity date of this contract was from August, 2022.

(b) – Based on the BCB resolution Nº 92/2021, the accounting line income from future years was discontinued, and its balances reclassified to the other liabilities group for comparison purposes.

15. Other assets

	Bank	
	12/31/2022	12/31/2021
Other Values and Goods		
Properties	12,166	8,323
Others	4,584	2,691
	16,750	11,014
Current asset (a)	16,471	10,187
Long-term assets	279	827
	16,750	11,014

(a) On December 31, 2022, the amount of R\$ 12,166 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 value of debt. In December 2022, the bank executed a warranty, the property was valued at R\$ 3,843 thousand.

Notes to the financial statements as at December 31, 2022
(In thousands of Reals, otherwise indicated)
16. Intangible assets

	12/31/2021	Acquisitions	Write Off	Amortization in the period	12/31/2022
Intangible assets					
Data processing systems					
Cost	49,093	18,478	(3,308)		64,263
Accrued Amortization	(19,143)		-	(9,900)	(29,043)
Communication and security systems					
Cost	922				922
Accrued Amortization	(605)			(154)	(759)
Licenses and copyright and use rights					
Cost	4,405				4,405
Accrued Amortization	(2,250)			(743)	(2,993)
Total	32,422	18,478	(3,308)	(10,797)	36,795

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 balance of net income at each reporting date, after the legal allocations.

(d) Treasury shares

On December 31, 2022, 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 Equity

According to article 9 of Law No. 9.249/95 and its subsequent amendments, Banco BOCOM BBM S.A., at the end of 2022, declared interest on equity of R\$ 57,283 thousand (2021 - R\$ 35,375 thousand), with withholding income tax of R\$ 8,592 thousand (2021 - R\$ 5,306 thousand), calculated at a 15% rate. The amount of interest on equity 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, BOCOM BBM S.A., recognized as other obligations, as a counterpart for the appropriate equity account, the declared capital remuneration was set by the obligation at balance sheet date.

Interest on equity proposed at the end of 2022 reduced tax burden by R\$ 26,349 thousand (2021 - R\$ 17,688 thousand).

In the year ended December 31, 2022, R\$ 74,750 thousand was paid as interest on equity.

Notes to the financial statements as at December 31, 2022

(In thousands of Reais, otherwise indicated)

17. Equity (Continued)

(f) Dividends

	Bank	
	12/31/2022	12/31/2021
Net income - Banco BBM S.A.	220,632	147,399
(-) Legal reserve	(11,032)	(7,370)
Calculation basis	209,600	140,029
Minimum mandatory dividends (a)	25%	25%
	52,400	35,008
Interest on own capital	48,691	30,068
Dividends	3,708	4,940
Total	52,399	35,008

- (a) Based on BCB Resolution No. 4,885/20, Banco Bocom BBM allocated minimum mandatory dividends, part of which was declared as interest on own capital and part through dividends.

*Interest on capital declared for the year usually tend to be enough to reach the limit of 25% (twenty-five per cent). However, because the Company's income for 2021 exceeded the expected, the interest on capital was not enough to reach the minimum mandatory profit sharing — which would have to be complemented by dividends in the amount of R\$ 4,939,604.40 (four million, nine hundred and thirty-nine thousand, six hundred and four reais and forty cents) to reach the statutory limit. Considering the need for capital for the Company to continue to grow, and in compliance with the Company's Board of Directors' proposal at the meeting that took place on February 24, 2022, the Ordinary General Meeting approved the non-distribution of supplementary dividends (as permitted by Article 202, paragraph 3, item II, of the Corporate Law).

(g) Expansion Reserves (Retention Profit)

In Accordance with BOCOM BBM Strategic Planning presented and the regulatory capital limits, will be submitted to Board of directors the retention of profit in the amount of R\$ 70,368,404. After its approval at the Minutes the amount will be registered in the "Expansion Reserves" account, so that it is possible to maintain the growth of the Bank's activities.

Notes to the financial statements as at December 31, 2022
(In thousands of Reals, otherwise indicated)
18. Financial Intermediation Expenses, Result of Foreign Exchange Operations, Borrowings, Assignments and Transfers

	Bank		
	Second half of 2022	12/31/2022	12/31/2021
Open market funding			
Agriculture credit bills	(287,792)	(438,527)	(82,119)
Financial bills	(148,911)	(249,837)	(84,533)
Repurchase agreements	(119,607)	(156,019)	(23,564)
Time deposits	(65,172)	(118,444)	(50,559)
Interbank deposits	(28,155)	(64,790)	(32,378)
Credit guarantee fund	(4,243)	(7,473)	(5,055)
Real estate credit bills	(1,825)	(4,019)	(2,319)
Deposits previous notice	(1,062)	(1,430)	(307)
Expenses with securities abroad	(23,059)	(11,047)	(14,919)
	(679,826)	(1,051,586)	(295,753)
Borrowings, assignments and onlending operations			
Borrowings expenses abroad	(316,178)	(150,903)	(137,642)
Other expenses	-	-	(44)
	(316,178)	(150,903)	(137,686)
Foreign exchange transactions			
Revenue from Advances on Exchange Contracts (ACC)	30,828	44,245	19,571
Other expenses	(206)	(430)	(549)
Foreign exchange variations and interest differences	47,737	11,114	(41,003)
	78,359	54,929	(21,981)

19. Services Revenues

	Bank		
	Second half of 2022	12/31/2022	12/31/2021
Service Revenue			
Coordination and Structuring commission	23,877	49,483	21,535
Bank fee income	26,590	48,963	41,176
Guarantees commission and letter of credit (a)	12,744	23,832	26,288
Management fees of investment funds	6,419	20,660	32,717
Other services	3,307	4,136	6,436
Total	72,937	147,074	128,152

(a) In December 2022, total income refers mainly to surety transactions, which represent a significant portion of the amount of co-obligations and risks in financial guarantees provided – see note 7 (c). Furthermore, its provision balances can be seen in note 14 (b).

Notes to the financial statements as at December 31, 2022

(In thousands of Reals, otherwise indicated)

20. Other Administrative Expenses

		Bank	
	Second half of 2022	12/31/2022	12/31/2021
Data processing	(16,042)	(23,218)	(11,054)
Amortization and depreciation	(6,795)	(12,847)	(9,902)
Financial system services	(5,713)	(10,523)	(5,847)
Rentals	(5,212)	(9,983)	(8,937)
Specialized technical services	(4,767)	(8,465)	(8,337)
Communications	(1,977)	(4,606)	(4,707)
Travel	(2,616)	(4,372)	(1,261)
Third-party services	(1,410)	(2,704)	(2,780)
Condominium	(1,024)	(2,051)	(1,983)
Property maintenance and upkeep	(1,017)	(1,931)	(1,884)
Promotion/ Advertising/ Publications	(1,341)	(1,749)	(1,705)
Registry	(950)	(1,332)	(1,248)
Fines	(1,125)	(1,136)	(182)
Transportation	(616)	(1,052)	(642)
Water, energy and gas	(429)	(952)	(782)
Insurance	(314)	(315)	(21)
Material	(73)	(123)	(78)
Surveillance and security services	(2)	(18)	-
Other administrative expenses	(3,143)	(5,232)	(5,699)
	(54,566)	(92,609)	(67,049)

Notes to the financial statements as at December 31, 2022

(In thousands of Reals, otherwise indicated)

21. Related-parties Significant Transactions

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

	Rate	Bank	
		12/31/2022	12/31/2021
Asset			
Cash and cash equivalents		3,064	3,278
Bocom Shanghai		121	11
Bocom Hong Kong		349	47
Bocom Macau		388	441
BBM Bank Limited		2,206	2,779
Investments in foreign currencies		1,486,706	1,378,585
BBM Bank Limited		1,486,706	1,378,585
Dividends and bonuses receivables		1,087	770
BOCOM BBM CCVM S.A.		1,087	770
Other Receivables		4,809	2,342
BOCOM BBM CCVM S.A.		13	54
Tai Yang Fund		37	39
Haitan		4,759	2,249
Loan Operations		2,496	52,985
Bank of Communications Co., Ltd	4.92%	2,237	52,659
Other related individuals/legal entities	100% DI + 1.1	259	326
Marketable Securities		-	35,242
Bocom Macau		-	35,242
Derivative Financial Instruments		114,116	94,915
BBM Bank Limited		37,212	6,801
Bocom Brazil Holding Company Ltda		30,182	73,581
Jiang Fundo De Investimento Multimercado CPIE		29,371	2,323
Haitan Fund		14,283	12,210
The Southern Atlantic Investments Ltd		3,068	-

Notes to the financial statements as at December 31, 2022

(In thousands of Reals, otherwise indicated)

21. Related-parties Significant Transactions (Continued)

	Rate	Bank	
		12/31/2022	12/31/2021
Liability			
Demand deposits		51,334	1,115,518
Haitan Fund		45,824	120,319
BBM Bank Limited		2,027	971,943
Tai Yang Fund		1,671	1,971
BOCOM BBM CCVM S.A.		58	507
Bahia Holding S.A.		19	1
Évora S.A.		10	10
Bocom Brazil Holding Company Ltda		8	24
Aleutas S.A.		6	-
Bahia AM Renda Fixa Ltda		5	5
Bahia AM Renda Variável Ltda		5	5
PIN Petroquímica S.A.		1	-
Colares Participações S.A		1	-
Outras pessoas físicas/jurídicas ligadas		1,701	20,733
Interbank deposits		18,406	3,976
BOCOM BBM CCVM S.A.	100% DI	18,406	3,976
Time deposits		901,527	139,919
BBM Nassau Branch	0,05%+SOFR Compounded	635,901	-
Bocom Brazil Holding Company Ltda	97% DI	203,842	68,549
Aleutas S.A.	97.5% DI	46,090	54,122
Bahia Holding S.A.	97% - 97.2% DI	9,096	11,516
Évora S.A.	97.5% DI	3,954	3,592
Colares Participações S/A	97.2% DI	2,309	2,105
Other related individuals/legal entities	99% - 115% DI	335	35
Repurchase agreements - Debentures		33,503	79,065
Other related individuals/legal entities	100% DI	33,503	79,065
Government Bonds Agreements		40,001	25,367
Jiang Fundo de Investimento Multimercado C PIE		-	2,298
Other related individuals/legal entities		40,001	23,069
Financial Bills		643	290
Other related individuals/legal entities	106% - 111% DI	643	290
Agriculture Credit Bills		232,092	173,674
Other related individuals/legal entities	92% - 123% DI	232,092	173,674
Real Estate Credit Bills		519	46,180
Other related individuals/legal entities	97% DI	519	46,180
Obligations for securities abroad		-	341,329
The Southern Atlantic Investments Ltd		-	341,329
Derivative Financial Instruments		48,008	183,522
Jiang Fundo De Investimento Multimercado C PIE		26,935	32,919
Haitan Fund		19,690	1,835
BBM Bank Limited		747	2,183
The Southern Atlantic Investments Ltd		636	185
Bocom Brazil Holding Company Ltda		-	146,400
Subordinated Debt		212,186	205,996
Bocom Brazil Holding Company Ltda	110% SELIC	170,412	165,441
Other related individuals/legal entities	110% SELIC	41,774	40,555
Liabilities on Loans abroad		4,585,873	3,895,561
Bocom Shanghai	2.38% - 5.52%	2,678,301	3,021,848
Bocom New York	3.3% - 5.80%	1,639,751	558,458
Bocom Hong Kong	4.46%	267,821	279,775
Bocom Macau		-	35,480
Dividends and bonuses payable		7,716	30,068
Interest on capital credited to shareholders		4,008	30,068
Proposed dividends		3,708	-
Sundry		26,284	2,182
The Southern Atlantic Investments Ltd		4,679	2,182
Haitan		21,605	-

Notes to the financial statements as at December 31, 2022
(In thousands of Reais, otherwise indicated)
21. Related-parties Significant Transactions (Continued)

	Bank		
	Second half of 2022	12/31/2022	12/31/2021
Result			
Investment Income Abroad	8,465	8,465	-
BBM Bank Limited	8,465	8,465	-
Result with Derivative Financial Instruments	(1,551)	(23,064)	9,433
Haitan Fund	(17,389)	(47,879)	(9,642)
The Southern Atlantic Investments Ltd	(7,085)	(26,923)	7,661
Tai Yang Fund		(755)	-
BBM Bank Limited	2,418	4,189	1,531
Jiang Fundo de Investimento Multimercado C PIE	11,312	10,509	21,783
Bocom Brazil Holding Company Ltda	9,193	37,795	(11,900)
Other related individuals/legal entities	-	-	-
Loans operations Income	475	667	293
Bank of Communications Co., Ltd.	457	634	277
Other related individuals/legal entities	18	33	16
Open market funding	(39,719)	(55,596)	(46,937)
Expenses from investments funds	8,377	18,603	(14,919)
The Southern Atlantic Investments Ltd	8,377	18,603	(14,919)
BBM Nassau Branch	2,110	2,110	-
Repurchase agreements - Debentures expenses	(1,043)	(3,107)	(1,647)
Other related individuals/legal entities	(1,043)	(3,107)	(1,647)
Repurchase agreements - Securities	(8,272)	(12,444)	(6,027)
Jiang Fundo de Investimento Multimercado C PIE	(239)	(293)	(158)
Outras pessoas físicas/jurídicas ligadas	(8,033)	(12,151)	(5,869)
Interbank deposits expenses	(475)	(740)	(497)
BOCOM BBM CCVM S.A.	(475)	(740)	(497)
Time deposits expenses	(14,183)	(18,520)	(5,382)
Bocom Brazil Holding Company Ltda	(10,343)	(13,042)	(2,094)
Aleutas S.A.	(2,904)	(4,183)	(2,271)
Bahia Holding S.A.	(553)	(796)	(590)
Évora S.A.	(227)	(311)	(146)
Colares Participações S/A	(138)	(169)	(280)
Outras pessoas físicas/jurídicas ligadas	(18)	(19)	(1)
Agriculture credit bills expenses	(9,220)	(13,505)	(6,857)
Other related individuals/legal entities	(9,220)	(13,505)	(6,857)
Real estate credit bills expenses	(277)	(1,263)	(2,032)
Other related individuals/legal entities	(277)	(1,263)	(2,032)
Subordinated Debt	(14,626)	(24,620)	(9,576)
Bocom Brazil Holding Company Ltda	(11,802)	(21,344)	(7,694)
Other related individuals/legal entities	(2,824)	(3,276)	(1,882)
Loans expenses abroad	(1,446,012)	(1,462,205)	(31,830)
Bocom Shanghai	(1,419,485)	(1,430,407)	(27,667)
Bocom New York	(22,520)	(26,106)	(819)
Bocom Hong Kong	(3,876)	(5,180)	(2,753)
Bocom Macau	(131)	(512)	(591)

Notes to the financial statements as at December 31, 2022

(In thousands of Reais, otherwise indicated)

21. Related-parties Significant Transactions (Continued)

	Bank		
	Second half of 2022	12/31/2022	12/31/2021
Foreign Exchange Variation with Loans Abroad	1,242,885	1,276,616	26,476
Bocom Macau	1,264,018	1,265,178	90,669
Bocom Shanghai	(21,133)	11,438	(64,193)
Expenses with banks abroad	(157,973)	(413,092)	(297,200)
BBM Bank Limited	(157,973)	(413,092)	(297,200)
Other administrative expenses	(52)	(102)	(108)
Services provisions	(52)	(102)	(108)
BBM Bank Limited	(52)	(102)	(108)
Other operating income	769	1,517	1,566
BBM Bank Limited	472	923	972
BOCOM BBM CCVM S.A.	75	150	150
Haitan Fund	111	222	222
Tai Yang	111	222	222
Key management compensation	-	-	-
Expenses with dividends and bonuses	(57,283)	(57,283)	(35,374)
Interest on capital credited to shareholders	(57,283)	(57,283)	(35,374)
Total	(441,671)	(707,888)	(367,986)

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:

- 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
- 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 Administrative Council of Banco Bocom BBM.

Notes to the financial statements as at December 31, 2022

(In thousands of Reals, otherwise indicated)

21. Related-parties Significant Transactions (Continued)

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	
	12/31/2022	12/31/2021
Liabilities		
Statutory	18.121	17.108
Management Variable Compensation - Short Term	6.416	5.876
Deferred Management Variable Compensation - Long Term	11.705	11.232

	Bank		
	Second half of 2022	12/31/2022	12/31/2021
Result	(30.698)	(55.996)	(54.196)
Fixed compensation	(12.577)	(24.358)	(20.195)
Variable compensation	(18.121)	(31.638)	(34.001)

22. Derivative financial instruments

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

Derivative financial instruments are classified according to management's intent at the inception of the transaction, taking into consideration whether or not 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, 2022, the guarantees for the transactions involving derivative financial instruments onshore are represented mainly by government securities in the total amount of R\$ 635,649 thousand (December 31, 2021 - R\$ 578,159 thousand) and fund quotas in the total amount of R\$ 30,348 thousand (December 31, 2021 - R\$ 27,582 thousand). Additionally, the amount of margin received on transactions of financial instruments and derivatives was higher than that given on offshore transactions.

Notes to the financial statements as at December 31, 2022

(In thousands of Reais, otherwise indicated)

22. Derivative Financial Instruments (Continued)

a.) Notional value per asset, maturity and indexer

	In R\$ thousand					
	Bank					
	12/31/2022					12/31/2021
	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	492,572	975,469	775,278	317,643	2,560,962	4,305,243
Interest rate	477,015	332,125	1,208,735	1,255,337	3,273,212	858,032
Foreign currency	4,368,677	10,532	13,072	-	4,392,281	875,455
IPCA	7,224	41,029	-	19,624	67,877	64,178
Sold position						
Foreign exchange coupon	1,414,783	33,533	62,960	273,466	1,784,742	436,778
Interest rate	21,199	-	-	1,020,406	1,041,605	488,852
Foreign currency	1,045,165	-	-	-	1,045,165	2,192,801
IPCA	-	100,205	-	58,755	158,960	184,713
Forward Market						
Asset position						
Currency	1,054,545	42,806	29,977	23,892	1,151,220	1,764,906
Commodities	49,830	123,992	-	-	173,822	-
Others	-	283,095	-	-	283,095	278,990
Liability position						
Currency	892,140	29,826	40,800	-	962,766	1,606,411
Commodities	50,866	121,884	-	-	172,750	-
Swaps						
Asset position						
Interest rate	1,920,530	250,124	488,390	4,224,333	6,883,377	5,236,639
Currency	13,114	-	-	-	13,114	-
Liability position						
Interest rate	804,388	335,545	358,000	1,408,413	2,906,346	3,457,796
Options market						
Asset position						
Currency	750	20,759	62,672	79,787	163,968	4,110
Liability position						
Currency	50,827	137,741	197,827	230,931	617,326	54,750

Notes to the financial statements as at December 31, 2022

(In thousands of Reais, otherwise indicated)

22. Derivative Financial Instruments (Continued)

b.) At cost and market value

	Bank						
	12/31/2022						12/31/2021
	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	1,790	1,790	788	495	507	-	2,063
Sold position	667	667	667	-	-	-	6,463
Swaps							
Asset position	78,237	216,778	8,189	5,397	16,278	186,914	125,484
Liability position	98,612	47,013	2,911	10,102	6,926	27,074	183,131
Term							
Asset position	93,500	50,870	42,558	7,129	244	939	66,101
Liability position	74,765	25,044	18,819	5,808	417	-	146,401
Options market							
Asset position	13,907	13,566	-	889	4,760	7,917	1,301
Liability position	64,915	54,441	2,281	6,578	19,933	25,649	3,914

Notes to the financial statements as at December 31, 2022
(In thousands of Reals, otherwise indicated)
22. Derivative Financial Instruments (Continued)
c.) Notional value per counterparty

	In R\$ thousand						
	Bank						
	12/31/2022						12/31/2021
	Financial Institutions	Related-parties	Legal entities	Settlement Chamber/Stock exchanges	Individuals	Total	Total
Future market							
Purchased position	41,515	-	-	10,252,817	-	10,294,332	6,102,908
Sold position	126,657	-	-	3,903,815	-	4,030,472	3,303,144
Swaps							
Asset position	656,569	1,912,184	3,160,185	1,075,576	91,977	6,896,491	5,236,639
Liability position	483,008	1,129,364	1,263,707	-	30,267	2,906,346	3,457,796
Forward Market							
Asset position	408,666	1,111,065	88,406	-	-	1,608,137	2,043,896
Liability position	44,895	877,951	212,670	-	-	1,135,516	1,606,411
Options market							
Asset position	24,750	139,218	-	-	-	163,968	4,110
Liability position	602,510	14,816	-	-	-	617,326	54,750

Notes to the financial statements as at December 31, 2022

(In thousands of Reals, otherwise indicated)

22. Derivative financial instruments (Continued)

The futures market includes the following positions maturing on the first business day of the subsequent month:

- Purchased foreign exchange coupon contracts (DDI) of R\$ 2,560,961 thousand (December 31, 2021 – R\$ 4,305,243 thousand);
- Sold foreign exchange coupon contracts (DDI) of R\$ 1,784,741 thousand (December 31, 2021 – R\$ 436,778 thousand);
- Purchased interest contracts (DI1) of R\$ 3,273,211 thousand; (December 31, 2021 – R\$ 858,032 thousand);
- Sold interest contracts (DI1) of R\$ 1,041,605 thousand; (December 31, 2021 – R\$ 488,852 thousand);
- Purchased currency contracts (DOL) of R\$ 4,224,350 thousand; (December 31, 2021 – R\$ 365,725 thousand);
- Sold currency contracts (DOL) of R\$ 918,508 thousand (December 31, 2021 – R\$ 1,725,701 thousand);
- Purchased currency contracts (DAP) of R\$ 67,878 thousand; (December 31, 2021 – R\$ 64,178 thousand);
- Sold currency contracts (DAP) of R\$ 158,961 thousand (December 31, 2021 – R\$ 184,713 thousand);
- Purchased currency contracts (EUP) of R\$ 126,417 thousand (December 31, 2021 – R\$ 0 thousand);

Net gains (losses) on derivative financial instruments are as follows:

	Bank		
	Second half of 2022	12/31/2022	12/31/2021
Future contracts	(102,780)	(616,337)	99,712
Options contracts	13,210	12,955	18,076
Swap and term contracts	155,545	420,034	20,465
Total	65,975	(183,348)	138,253

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.

Notes to the financial statements as at December 31, 2022

(In thousands of Reals, otherwise indicated)

22. Derivative Financial Instruments (Continued)

d.) Hedge Accounting

Fundraising fair value hedge (I)

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

- On September 6, 2017 in the amount of USD 35,000 thousand with payment of pre-fixed interest of 0.90% p.a..
- On September 18, 2017 in the amount of USD 30,000 thousand with payment of fixed interest of 0.90% p.a..
- On September 11, 2017 in the amount of USD 35,000 thousand with payment of fixed interest of 0.90% p.a..
- On December 11, 2021 in the amount of USD 10,000 thousand with payment of fixed interest of 0.75% p.a..
- On March 31, 2022 in the amount of USD 32,500 thousand with payment of fixed interest of 2,38% 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 hedge 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 98.89%.

Hedge object	Bank			
	12/31/2022		12/31/2021	
	Result of the object	Result of the hedge instrument	Effectiveness	Effectiveness
Fundraising (I)	48,964	(49,515)	98.89%	100.57%

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 99.97% to LF PRÉ

Hedge object	Bank			
	12/31/2022		12/31/2021	
	Result of the object	Result of the hedge instrument	Effectiveness	Effectiveness
Fundraising (II) - LF FIXED	6,570	(6,572)	99.97%	99.44%

Notes to the financial statements as at December 31, 2022

(In thousands of Reals, otherwise indicated)

22. Derivative Financial Instruments (Continued)

Investment cash flow hedge abroad

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 derivative financial instruments portfolio constituted by 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%.

Hedge object	Bank			
	12/31/2022		12/31/2021	
	Result of the object	Result of the hedge instrument	Effectiveness	Effectiveness
Investment Abroad	10,751	(10,751)	100.00%	100.00%

Bonds held to maturity fair value 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 matching between the flows of the hedge object and the results of the derivatives intended for hedge, the effectiveness of the operation was of 99.25% for Libor and 106.75% for SOFR.

Hedge object	Bank			
	12/31/2022		12/31/2021	
	Result of the object	Result of the hedge instrument	Effectiveness	Effectiveness
Bonds Held to Maturity Abroad - LIBOR	(6,780)	6,831	99.25%	103.78%
Bonds Held to Maturity Abroad - SOFR	(8,126)	7,612	106.75%	0.00%

Bonds available for sale cash flow hedge

In January 2021, Banco BOCOM BBM designated a portfolio of derivative financial instruments consisting of Libor flat swap contracts vs. fixed rate in USD and in December 2021 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 matching between the flows of the hedge object and the results of the derivatives intended for hedge, the effectiveness of the operation was of LIBOR 99.39% and SOFR 110.23%.

Hedge object	Bank			
	12/31/2022		12/31/2021	
	Result of the object	Result of the hedge instrument	Effectiveness	Effectiveness
Bonds Available for Sale Abroad - LIBOR	(7,040)	7,083	99.39%	99.24%
Bonds Available for Sale Abroad - SOFR	(4,836)	4,387	110.23%	88.04%

Notes to the financial statements as at December 31, 2022

(In thousands of Reals, otherwise indicated)

23. Risks Management

Market Risk

Bank 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 risk, given the level of reliability and the investment scenario. For Banco BBM, the limit is established based on a 95% likelihood of loss at a maximum of 2% of equity in 1 day.

Reference Date	VaR (in R\$ Millions)
12/31/2022	4.7
06/30/2022	7.5
12/31/2021	3.7
06/30/2021	3.6

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

Reference Date	B3 Stress (in R\$ Millions)
12/31/2022	-93.0
06/30/2022	-143.1
12/31/2021	-111.5
06/30/2021	-57.5

Notes to the financial statements as at December 31, 2022

(In thousands of Reals, otherwise indicated)

23. Risks Management (Continued)

Liquidity Risk

Bank 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, loan 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.

Bank 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	
	12/31/2022	12/31/2021
Current assets	11,764,847	7,448,779
Current liabilities	(15,279,957)	(10,480,875)
Working capital, net	(3,515,110)	(3,032,096)
Securities available for sale presented in long-term receivables	1,677,210	1,738,655
Loans abroad	3,847,651	2,121,045
	2,009,751	827,604

Bank 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\$ 3,847,651 thousands which, despite having a maturity of less than 1 year, are systematically renewed.

Notes to the financial statements as at December 31, 2022*(In thousands of Reais, otherwise indicated)***23. Risks Management (Continued)****Credit Risk**

Bank 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 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 itself 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 na Internet (www.bocombbm.com.br).

Capital Management

Bank 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).

Notes to the financial statements as at December 31, 2022
(In thousands of Reals, otherwise indicated)
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 rules and instructions. The Prudential Conglomerate of Banco BOCOM BBM is within this operational limit on December 31, 2022.

	Prudential Conglomerate	
	12/31/2022	12/31/2021
Reference Equity Level I	1,185,088	1,013,478
Level I + Equity Adjustments Except Non-consolidated Interest and Tax Credit	1,222,291	1,046,804
Decrease in intangible / deferred assets according to CMN Resolution No. 4,955	37,203	33,326
Reference Equity Level II	510,467	-
Reference Equity (PR)	1,695,555	1,013,478
Risk-Weighted Assets (RWA)	925,515	641,542
Portion referring to:		
Credit risk (RWACPAD)	832,077	554,456
Market risk (RWAMPAD)	8,033	16,675
Operating risk (RWAOPAD)	85,405	70,411
Margin or Insufficiency Value (PR - RWA)	770,040	371,936
Risk Factor – 8.00% of PR	135,644	81,078
Basel Rate (Risk Factor / RWA)	14.66%	12.64%
RBAN	66,852	89,265
ACP required	289,223	160,386
Reference Equity Margin + RBAN and ACP	413,965	122,285

Notes to the financial statements as at December 31, 2022

(In thousands of Reals, otherwise indicated)

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	
	31/12/2022	31/12/2021
Asset credit tax:		
Balance at January 1	116,791	105,754
Constitution (Reversal)		
- With effects in the result	73,436	285
- With effects in equity		
(Securities held for sale)	(3,547)	10,752
Balance at December 31	186,680	116,791
Provision for deferred taxes: (*)		
Balance at January 1	88,827	58,892
Constitution (Reversal)		
- With effects in the result	88,069	29,934
Balance at December 31	176,896	88,826

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

Notes to the financial statements as at December 31, 2022
(In thousands of Reals, otherwise indicated)
25. Income Tax and Social Contribution (Continued)

Attending the BCB Resolution No. 15/2020, in its 13th article, the constitutions and realizations in asset credit taxes and provision for deferred taxes were highlighted, just like their nature and origins, as follows:

	In R\$ Thousand			
	Bank			
	12/31/2022	Constitution	Reversal	12/31/2021
Asset credit tax:				
Temporary differences (a)				
- Provision for loan transactions	39,259	11,367	2,845	30,737
- Market value adjustment - marketable securities and de	91,341	62,924	38,263	66,680
- Provisions for Contingencies (Note 25)	5,399	66	263	5,596
- Others	50,267	52,410	15,511	13,369
- CTA Tax Effects	5	-	5	-
Social Contribution Negative Basis	182	2,850	2,850	182
Tax loss	227	754	754	227
Total	186,680	130,371	60,491	116,791
Provision for deferred taxes				
Temporary differences (a)				
- Adjustment to Market of TVM and Derivatives	176,859	164,849	76,779	88,789
- Others	37	-	-	37
Total	176,896	164,849	76,779	88,826

(a) It is expected that the realization of these tax credits occurs up to the end of 2025 for Income Tax and Social Contribution, being its present value of R\$ 3.8 million. The Social Contribution on tax credits was calculated considering the 20% rate, according to the PEC publication No. 6, 2019, for the additions and exclusions 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:

Description	In R\$ thousand	
	Bank	
	Tax credits on temporary differences	Loss and negative basis
2023	(29,664)	409
2024	26,709	
2025	12,331	
Total	9,785	
Present value	3,723	

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.

Notes to the financial statements as at December 31, 2022
(In thousands of Reals, otherwise indicated)
25. Income Tax and Social Contribution (Continued)

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			
	12/31/2022		12/31/2021	
	IRPJ	CSLL	IRPJ	CSLL
Income before taxes	361,914	304,632	220,626	220,626
Bank's net profit	220,632	220,632	147,401	147,401
(-) Interest on own capital	(57,283)	(57,283)	(35,374)	(35,374)
(-/+) Income tax and social contribution	(141,282)	(141,282)	(108,599)	(108,599)
Tax rate	25%	20%	25%	25%
Income tax and social contribution				
At tax rate	(76,158)	(63,973)	(55,157)	(55,157)
Permanent additions	133,305	101,668	108,578	74,577
Non-deductible expenses	33,447	1,810	41,645	7,644
Addition on profit abroad	99,858	99,858	66,933	66,933
Permanent exclusions	75,415	75,415	73,349	73,349
Tax-free revenues	(10,751)	(10,751)	4,190	4,190
Equity in the result of investees (Bank)	86,166	86,166	69,159	69,159
Temporary additions / exclusions	(36,851)	(36,370)	(59,392)	(55,337)
Tax basis	325,671	294,515	196,463	166,518
Tax basis with use of tax loss and negative basis	325,671	294,515	196,463	166,518
Income tax and social contribution (a)	(81,394)	(61,063)	(49,092)	(38,506)
Use of tax incentives and taxes of subsidiaries abroad	792	-	1,834	-
Income tax and social contribution in the result for the period	(80,602)	(61,063)	(47,258)	(38,506)
DIPJ adjustment	(2,012)	-	354	-
Provision for Deferred Tax Liabilities	(48,930)	(39,143)	(16,630)	(13,304)
Income tax and social contribution in the result for the period - Banco BOCOM BBM	(131,544)	(100,206)	(63,534)	(51,810)

- a) In 2021, the Law No. 14,183, arising from the Provisional Measure (MP) No. 1,034/2021, increases the Social Contribution on Net Income (CSLL) rate due by financial institutions. The impact for Banco BOCOM BBM was the increase of the CSLL rate from 20% to 25%, between 7/1/2021 and 12/31/2021, as from 1/1/2022, the rate will be of 20%, according to the amendment proposed by the MP No. 1,034/2021, article 3, item III of the Law No. 7,689/1988. BOCOM BBM CCVM had the CSLL rate increased from 15% to 20%, between 7/1/2021 and 12/31/2021, and as from 1/1/2022, the rate will be of 15%, according to amendments proposed by MP No. 1,034/2021, article 3, item I, of the Law No. 7,689/1988. On April 28, 2022, Provisional Measure 1,115/22 was issued, increasing by 1% the CSLL rate for these legal entities, according to the changes proposed in Law 7,689/88. The CSLL rate of BOCOM BBM Bank increased from 20% to 21%, and of BOCOM BBM CCVM, from 15% to 16%, effective from August 1, 2022 to December 31, 2022.

Notes to the financial statements as at December 31, 2022

(In thousands of Reals, otherwise indicated)

26. Provisions and liabilities for legal obligation

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

Breakdown of provision

a) Labor Provisions

Based on information from its legal counsels 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	
	12/31/2022	12/31/2021
Labor	11,049	11,787
Total - Provisions for contingencies	11,049	11,787

These provisions are recorded as "Other liabilities - sundry" under Long-term liabilities. During the year ended December 31, 2022, R\$ 192 thousand were written-off and R\$ 546 thousand were reverted into contingent liabilities in the Prudential Conglomerate.

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 9 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\$ 6.3 million and (ii) social security contributions allegedly due on food in the amount of R\$ 1.3 million, both correspond to payments made in 2015. The Bank discusses the assessments at the administrative level. In the opinion of our legal advisors, the chances of loss in these cases are possible.

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

c) Civil Provisions

Bocom BBM is a party to other lawsuits 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 16 proceedings in which the 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, case law, case history and the procedural stage.

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

Notes to the financial statements as at December 31, 2022

(In thousands of Reals, otherwise indicated)

26. Provisions and Liabilities for Legal Obligation (Continued)

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 incidence of Service Tax (ISS) in their calculation bases, as well as their respective bookkeeping for timely and future compensation, 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 2022, recorded as "Other Sundry Liabilities" in Long-Term Liabilities, as follows:

	Bank	
	12/31/2022	12/31/2021
PIS and COFINS	948	648
Total - Liabilities for legal obligations	948	648

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	
	12/31/2022	12/31/2021
Guarantee		
Surety Guarantee in lawsuits and administrative procedures	379,045	369,085
Other Sureties	323,137	572,605
Linked to bids, auctions, service render or construction	223,182	267,340
Linked to international trade	37,821	28,829
Total	963,185	1,237,859
Changes in allowances for financial guarantees		
Beginning balance	14,208	17,021
Constitution / (Reversal)	(6,049)	(2,813)
Ending balance	8,159	14,208

Notes to the financial statements as at December 31, 2022*(In thousands of Reais, otherwise indicated)***28. Other information****(a) Compensatory and settlement of obligations arrangement**

Banco BOCOM BBM has a compensatory and settlement of obligations arrangement within the scope of the National Financial System, according to CMN Resolution No. 3,263/05, resulting in more guarantee to settle its debts with financial institutions with which it has this kind of arrangement. On December 31, 2022, the total assets mitigated by compensatory arrangement was of R\$ 1,419,510 thousand (December 31, 2021 - R\$ 1,928,401 thousand).

(b) Marketable Securities Portfolio

In the year ended December 31, 2022, based on Resolution 3,181 of the Central Bank of Brazil, considering the trend of positive effect on the nominal rates and liquidity of the Eurobonds offered by the national treasury and that for the budget and business plan of the coming years, it is important to have predictability and avoid revenue reductions, the Bank's Executive Committee unanimously approved to continue the process of stretching the portfolio of nominal securities held to maturity selling R\$ 21,326 thousand in bonds maturing in 2027 and 2031 and buying R\$ 24,882 thousand maturing in 2030 and 2031, which generated an effect on the result of R\$ 68 thousand.

At the end of year, Banco BOCOM BBM had R\$ 2,730,186 thousand in marketable securities classified as "held to maturity", according to Circular Letter No. 3,068/01 of Central Bank of Brazil. Banco BOCOM BBM has financial capacity and intention to hold them to maturity.

29. Events after the reporting period**(a) Corporate change**

In 2021, Banco BOCOM BBM announced the beginning of the process of transfer of 20% of the shares it issues to Bank of Communications, current holder of the other 80%. The change will make the former individual controllers to exit the share capital of Banco BOCOM BBM, and it is the continuity of the shareholders agreement signed in 2016 by the former controllers and the Bank of Communications (when the initial 80% were acquired). The consumption of the operation is subject to the approval of the regulation authorities of Brazil, Bahamas and China, with probable conclusion in 2023.

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Aline Gomes – Controller
CRC 087.989/0-9 "S"- BA