



Annual Report **2023**

Banco BOCOM BBM S.A.

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online report [here](#)

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Who We Are



BOCOM BBM: Banking management excellence bringing together Brazil and China to meet their financial needs with transparency and solidity.

BOCOM BBM represents the union of two cultures of excellence in Bank management with a centennial history of high performance and solidity in both Brazil and China.

With agility and transparency, we meet the credit needs of companies established in Brazil and abroad. We offer solutions in debt capital markets (DCM), derivatives, foreign exchange and treasury products for our corporate and institutional clients. In Asset Management, we offer fixed-income funds with various profiles for individual and corporate clients. In Wealth

Management Services, we provide customized financial products and services for high net worth individuals and family offices with which we enter into strategic partnerships.

Through ethical and transparent procedures, we focus our efforts on assuring a sustainable return on capital for our shareholders and clients, as well as Brazil-China integration, and on offering our employees opportunities for professional, material and intellectual growth, while encouraging them to seek cutting-edge knowledge, especially in the financial and technological areas.

Global presence

Bank of Communications

WHO WE ARE



The BOCOM BBM is part of the global network of the Bank of Communications, one of the top five commercial Banks in the People's Republic of China, present in Asia, Oceania, North America, South America, Africa, and Europe. A connection that links Brazil to important markets worldwide.

NORTH AMERICA

- New York Branch
- San Francisco Branch
- Toronto Representative Office

EUROPE

- Frankfurt Branch
- Bank of Communications (Luxembourg) S.A. Paris Branch
- Bank of Communications (Luxembourg) S.A. Rome Branch
- Bank of Communications (Luxembourg) S.A.
- Luxembourg Branch
- Bank of Communications (UK) Ltd.
- London Branch
- Prague Branch

ASIA

- Bank of Communications (Hong Kong) Ltd.
- Hong Kong Branch
- Macau Branch
- Seoul Branch
- Tokyo Branch
- Singapore Branch
- Taipei Branch
- Ho Chi Minh City Branch

AFRICA

- Johannesburg Branch

SOUTH AMERICA

- Banco BOCOM BBM S.A. (Brazil)

OCEANIA

- Brisbane Branch
- Melbourne Branch
- Sydney Branch

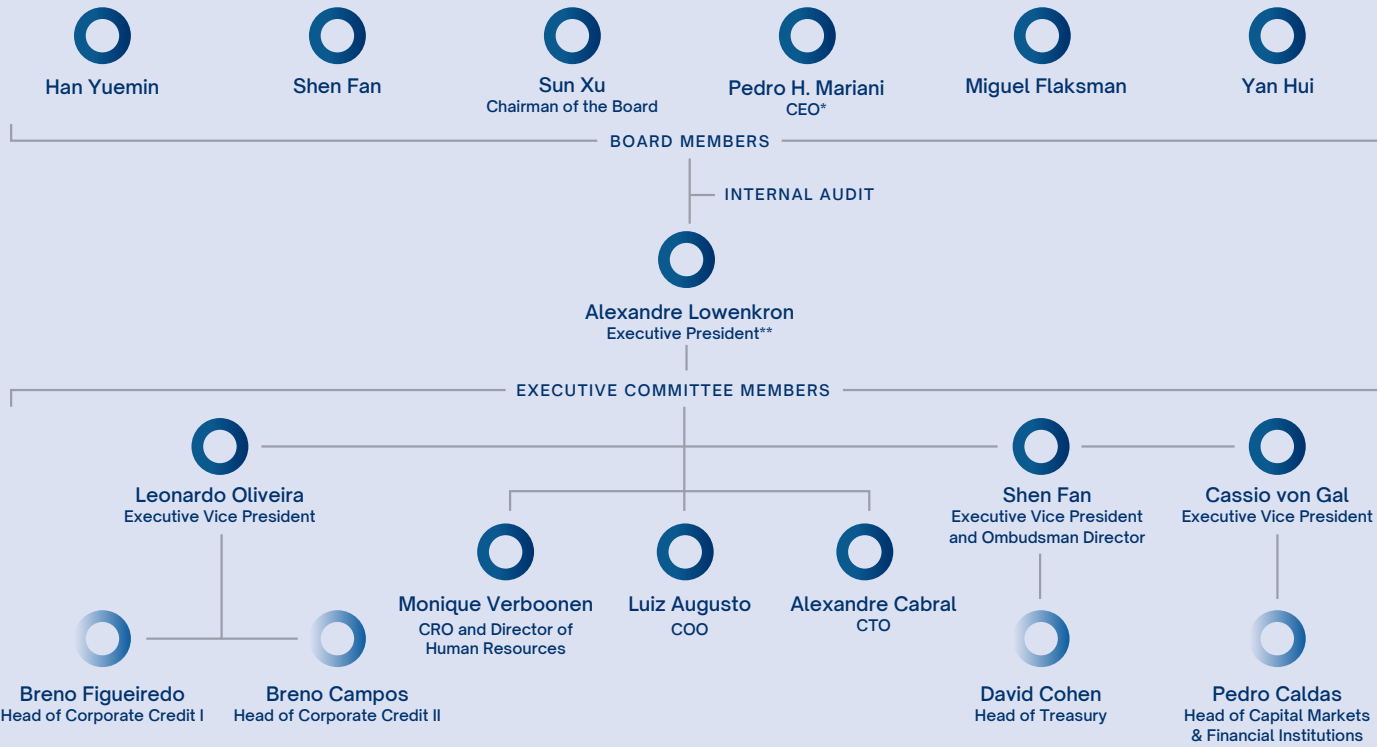
How we organize

Ownership structure



Participation of less than 0.001% were excluded from this organizational chart and the value was rounded to the controlling company. Percentages considered excluding shares held in treasury.

Organizational flowchart



*Credit, Risk and Sustainability Committee Coordinator.
**Executive Committee Coordinator.

Our senior executives

WHO WE ARE



Pedro Henrique Mariani
CEO

Pedro is an Economist with a specialization in Econometrics and Operations Research, graduated from the Pontifical Catholic University of Rio de Janeiro – PUC-Rio, Brazil. He joined the BBM Group in 1981 and after two years was elected to the Bank’s Executive Committee, becoming President and Chief Executive in 1991. He was President of ANBID (National Association of Investment Banks) from 1996 to 2000 and member of the Board of Resources of the National Financial System in the mandates from 1987 to 1991 and from 1993 to 1996. He is a Member of the Board of Directors of Ball Corporation and Director of Participações Industriais do Nordeste S.A. since 1982. Director of Bahia Holding S.A. since 2001 and board member since 2005. Director of Atena Participações S.A. since 2019. Member of the Board of Pró-Criança Cardíaca. Pedro is currently the CEO of BOCOM BBM.



Alexandre Lowenkron
Executive President

Economist with a degree, master's degree and doctorate in Economics from PUC-Rio. With more than 20 years of experience, Alexandre began his career in the Group in 2002 developing risk management models at Risk Control. He joined Banco BBM in 2005 to lead the Quantitative Research area. He later migrated to BBM Investimentos (currently Bahia Asset) of which he was Managing Partner in 2011. In 2015 he returned to the Bank as Executive Director, having over the years been responsible for several areas such as Risk, Research, Treasury, Operations, People and Controllershship. Appointed to the current position of Executive President in October 2021, he has since been responsible for coordinating the Executive Committee of Banco BOCOM BBM. He was a guest professor at the Department of Economics at PUC-Rio in the postgraduate course in Macroeconomics and Finance and in the postgraduate course at EPGE/FGV. He also served as Vice-President and Chief Financial Officer of the Brazilian Finance Society between 2015 and 2017.



Cassio von Gal
Executive Vice President

He has over 35 years of experience in the financial market and has been with the Group for over 10 years. After graduating in Civil Engineering from Mackenzie, he had outstanding performance in several financial institutions, such as Bank of Boston, Norchem, Chase Manhattan and Banco Fibra. He is currently Vice-Chairman of ABBC's Board of Directors, member of the Executive Board of Febraban and Executive Vice-President of ABBI. Since 2012 he has been Executive Director of Banco BOCOM BBM, in charge of Institutional Relations, Funding and DCM. Appointed Executive Vice President of BOCOM BBM in October 2021.



Leonardo Oliveira
Executive Vice President

With the Group for over 20 years, Leonardo has a degree in Civil Engineering from UFRJ. He joined the Bank in 2002 as an intern in Credit Analysis, becoming a manager in 2006. Since 2013, he has been Executive Director of Banco BOCOM BBM, in charge of Corporate Credit, Large Corporate, SME and Derivative Sales. Appointed Executive Vice President of BOCOM BBM in October 2021.



Shen Fan
Executive Vice President and Ombudsman Director

Shen Fan has been with the Group for over 20 years. He joined BoCom in the Accounting and Planning department, was Chairman of Sub-Branch Bank of Communications Anhui and Vice Chairman of Interbank Strategic Department. In 2019 he became Executive Director and CFO of BOCOM BBM, in charge of Treasury, Accounting and China Desk. He currently holds the positions of Executive Vice President and Ombudsman Director of BOCOM BBM. Graduated in International Finance from Donghua University, he holds a master's degree in Political Economy from Anhui University.



Monique Verboonen
CRO and Director of Human Resources

With over 15 years with the Group, Monique joined BBM as an intern during her graduation in Production Engineering at UFRJ. She started as an intern in 2007 at Risco, where she developed her career, becoming a Manager in 2015 and also taking over Management Control area. As of June 2020, was responsible for Internal Controls, Information Security, Risk and Management, where she remained until October 2021. She is currently CRO and Executive Director of Management Control and Human Resources and is part of the Executive Committee.

Our senior executives

WHO WE ARE



Luiz Augusto
COO

Economist from IBMEC with an MBA in Finance and Capital Markets from FGV, Luiz joined the Bank in February 1998 as an intern in Contracts, assuming its coordination in January 1999, and becoming Deputy Manager in 2005. In 2011 he started as Manager in Corporate Credit Control, there remaining until 2020. From June 2020 to October 2021 he was the director in charge of Credit Control, Credit Legal and Credit Compliance. In October 2021, he became Director of Products, Legal, Compliance and Credit Control. He is currently COO and is part of the Executive Committee.



Alexandre Cabral
CTO

Graduated in Information Technology from PUC-Rio, Alexandre Cabral has been part of the Group for over 20 years. He joined the Bank in 2001 as a Systems Developer, taking over IT coordination in 2005. In 2007, he became Deputy Manager, being promoted to Manager in 2010. As of 2014, he assumed as Manager of IT, Internal Controls and Administrative. In 2017, he also took over the Treasury Control and Settlement area. From October 2020 to February 2023 was Chief Digital Officer. Alexandre Cabral is currently CTO and is part of the Executive Committee.



Breno Campos
Head of Corporate Credit II

Production engineer, graduated from UFRJ and with a master's degree in Economics from INSPER. Upon joining BBM in 2009, he worked in Compliance and later in Risk and Pricing. Between March 2011 and July 2017, he was Commercial Manager in Corporate Credit. In August 2017, he took Corporate Credit management, where he still works today. He is a member of the Executive Committee.



Breno Figueiredo
Head of Corporate Credit I

Since 2008 in the Group, Breno held several positions before becoming Corporate Credit Manager in 2017, a position he holds until today. In addition to Corporate Credit, he worked in Settlement and Custody, Operational Control and Products. Graduated in Economics from PUC-Rio, he is a member of the Executive Committee.



Pedro Caldas
Head of Capital Markets & Financial Institutions

Graduated in Electronic and Computer Engineering from UFRJ and with CFA® (Chartered Financial Analyst) certification, Pedro joined the Group in 2015, in Credit Control, where he worked until 2016. Between 2016 and mid-2019, he joined the Credit Analysis team, and since 2019 he has been in charge of Distribution. In 2021 he took over Structuring as well, in addition to being part of the Executive Committee. He is currently Head of Capital Markets and, in 2023, he also became responsible for the Asset and Wealth Management Services and Financial Institutions areas.



David Cohen
Head of Treasury

David Cohen is currently the head of Treasury at Banco BOCOM BBM. Prior to joining the Group, he worked for more than a decade as a senior partner and portfolio manager at the Paineiras Investimentos hedge fund. He also served as Fixed Income and Proprietary Exchange Portfolio Manager at Banco CR2 SA. David is CFA® certified. He holds a bachelor's degree in Electrical and Production Engineering from PUC-Rio, and is part of the Executive Committee.

Vision

WHO WE ARE

We aim to be the best financial institution in Brazil and meet the objectives of our stakeholders.

By means of transparent procedures, reciprocity, accuracy and agility in our relationships with clients, employees, shareholders and suppliers.



By sustainably increasing the profitability of our shareholders' capital and Brazil-China integration.



By assuming an ethical position that takes into account the dignity and well-being of the social groups with which we interact.



By creating opportunities and guiding the professional, material and intellectual development of our employees, always encouraging the search for cutting-edge knowledge, especially in the financial and technological areas.



Values



Our team is our main asset

Identifying new talent and offering a workplace climate that allows our people to fully develop as professionals.



Productivity and innovation

Researching and implementing the best practices, models, innovations and opportunities in all areas related to our business.



Outstanding and sustainable performance orientation

Pursuing new business opportunities and considering the needs of each client, always with the support of rigorous analysis.



Respect for others

Valorizing diversity and the unique contributions of each person in our internal and external relationships.



Reciprocity and loyalty

Always bearing in mind the importance of reciprocity and loyalty in our relationships with individuals and institutions.



Conceptualizing, planning, executing and controlling

Designing, planning and rigorously executing our programs and processes, and monitoring their progress with careful control.

About 2023

Despite more cautious initial expectations, associated with financial risks of the sharp rise in interest rates in the context of elevated global indebtedness, 2023 was marked by a notable economic performance: inflation fell, even though activity remained resilient in the main emerging-market and developed economies. Restrictive monetary policies and more moderate fiscal impulses contributed to this result, which was also bolstered by supply chain regularization and a huge shock to prices of tradables, with indirect (secondary) effects on prices of items with a relatively inertial trajectory, such as core inflation and services. With disinflation under way, several countries embarked on a cycle of interest-rate cuts in 2022 and 2023, and those that did not do so, such as the United States, signaled that they would begin in 2024.

The labor market, which adjusts gradually, proved capable of shoring up household income for consumption, but this may slow the pace of the disinflation process. Strong growth of agricultural output in Brazil and its effects on other economic sectors were also drivers of GDP growth in 2023.

In the credit market, BOCOM BBM performed outstandingly in terms of very low loan delinquency rates, despite daunting challenges faced during the year, including bankruptcy filings that sparked heightened public interest and media coverage. We ended the year with non-performing loans at only 0.3% (E-H/expanded credit portfolio), thanks to systematic credit selection based on in-depth qualitative analysis and rigorous quantitative credit modeling developed and perfected over decades.

The year 2023 exceeded expectations, with remarkable economic performance and controlled inflation.

In 2023, we became the first financial institution in Latin America to participate directly in the Cross-Border Interbank Payment System. In line with our corporate mission, we joined CIPS to strengthen Brazil's connection with China's financial infrastructures, facilitating and lowering the transaction costs of bilateral foreign-exchange operations. As a result, already in 2023 we saw foreign-exchange settlement by our clients (BRL-CNY) jump to more than CNY 10 billion, up from less than CNY 0.3 billion in 2022.

For 2024, the ongoing cycle of interest-rate cuts in Brazil and favorable external conditions suggest that the economy will continue to grow, albeit at a slower pace. In the agribusiness sector, despite challenges here or there in 2024 such as a projected fall in the annual grain crop due to climate shocks affecting particularly Mato Grosso in late 2023, global demand for commodities remains stable. Moreover, important structural reforms passed by Congress in 2023, such as a tax reform, alongside several others passed in recent years, improve the long-term growth outlook for the Brazilian economy. Conjunctural and structural conditions place Brazil in an economically favorable position for the years ahead.

In 2023, we strengthened our corporate commitment to the well-being of our staff, clients and suppliers, as well as the local communities in which we operate. We continued to invest in and promote capacity building initiatives that foster the formation of citizens capable of surmounting the challenges currently faced

by society, in line with the UN's Sustainable Development Goals. We supported several projects of this kind through donations and sponsorships, particularly for the education and training of socially vulnerable people. Among these are Arte Tech, a project run by the non-governmental organization Gamboa Ação for poor children in Gamboa, a neighborhood of Rio de Janeiro; and Instituto 42 Rio, an innovative school that trains professionals for an increasingly digital world. We also continued to partner with universities and courses that prepare professionals in strategic areas for the Bank, such as FGV's Center for the Development of Mathematics and Science, which recruits talented youngsters from public schools across Brazil to take undergraduate and graduate courses at the institution, and the departments of economics at PUC-Rio and FGV, two centers of excellence in the area. We also supported the Global Hybrid Classroom, an online program of education developed by Tsinghua University to promote collaboration and an exchange of knowledge among educational institutions worldwide. In Brazil, the program is being implemented by the Federal University of Rio de Janeiro in courses on environment, governance and sustainable (ESG).

Finally, our Sustainability and Women's Committees promoted important in-house initiatives during the year. We continued the series of lectures begun in 2022 and extended it to include discussions of sustainability and the economic impacts of climate change.

Our Numbers

ROAE

2022 23.8%

2023 24.7%

Total Assets BRL Billion

2022 20.7

2023 27.3

Total Expanded Credit Portfolio

BRL Billion

2022 13.5

2023 16.7

Assets under Management

BRL Billion

2022 1.5

2023 2.3

Derivatives Volume

BRL Billion

2022 3.7

2023 5.5

DCM BRL Billion

2022 1.5

2023 2.3

Financial highlights BRL Million

	4Q20	4Q21	4Q22	4Q23
Total Assets	12,215	14,184	20,738	27,328
Liquid Assets	2,705	2,154	3,712	5,008
Total Expanded Credit Portfolio ¹	9,383	10,327	13,542	16,691
E-H / Expanded Credit Portfolio	0.3%	0.3%	0.2%	0.3%
Allowances for Loan Losses / E-H	199.3%	245.9%	339.5%	200.5%
Total Funding	10,549	11,008	16,233	19,429
Shareholders' Equity	764	841	1,010	1,210
Tier I	936	1,013	1,185	1,379
Basel Ratio	14.4%	12.6%	14.7%	14.8%
Return on Average Equity (p.a.)	16.4%	18.4%	23.8%	24.7%
Return on Average Assets (p.a.)	1.1%	1.1%	1.3%	1.1%
Net Income	117	147	221	274
Net Income before Tax	196	265	382	464
Expanded NIM (Before Allowances for loan losses) ²³ (p.a.)	4.7%	4.6%	4.8%	4.1%
Efficiency Ratio (ER)	46.5%	48.3%	43.5%	41.9%
Service Revenues	105	139	158	147
Service Revenues (% of the Total Revenues) ⁴	23.3%	24.6%	21.3%	16.8%

¹ Includes guarantees, letters of credit and credit risk bonds.

² Includes the result of equity pickup.

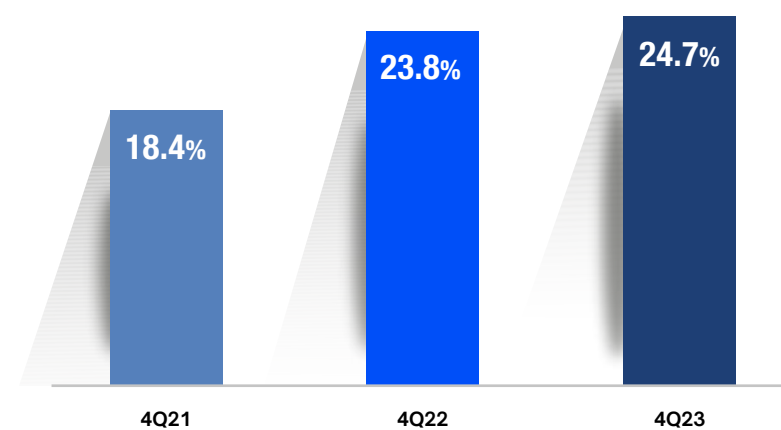
³ Including services fees and adjusting for open market operations.

⁴ Gross Financial Income before Allowances for Loan Losses + Service Revenue + Result if Equity Pickup.

Ratings

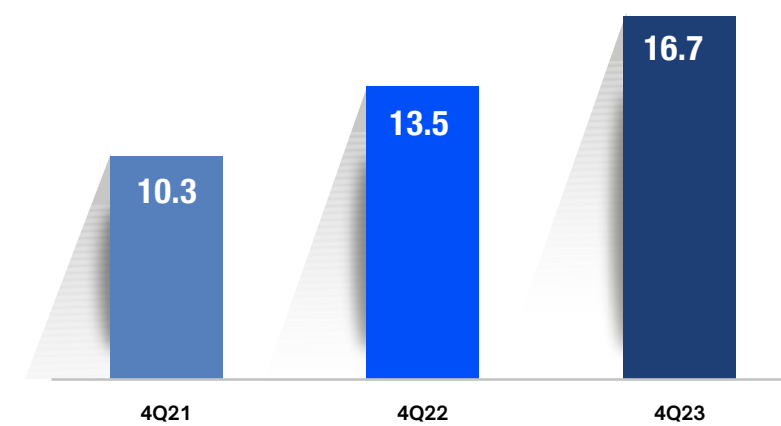
	Domestic	Global	
	Local Currency	Local Currency	Foreign Currency
Moody's	AAA.br	Ba1	Ba1
Fitch	AAA(bra)	BBB-	BB+

ROAE



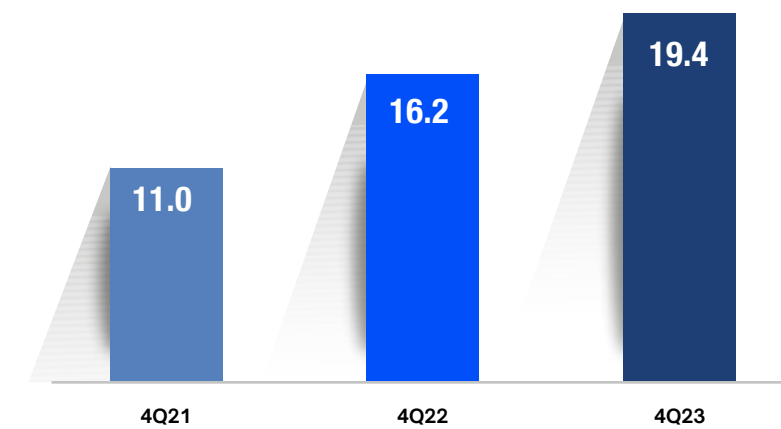
Total Expanded Credit Portfolio

BRL Billion

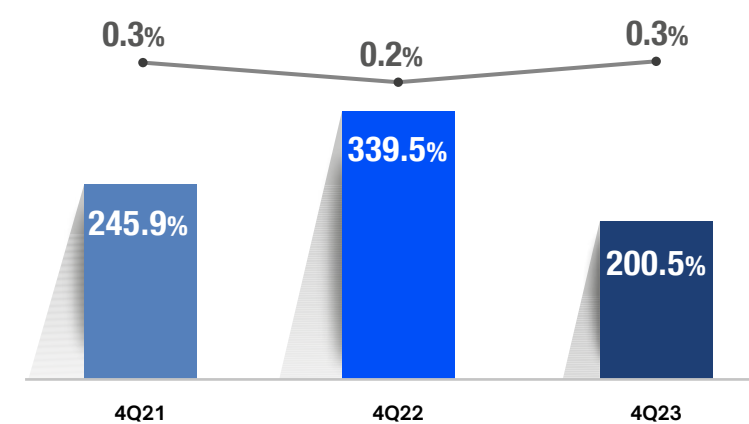


Total Funding

BRL Billion

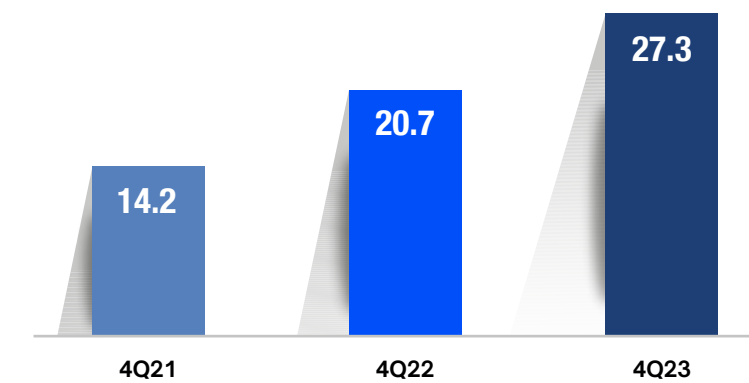


Delinquency Rate + Allowance for Loan Losses / Loans Rated E-H



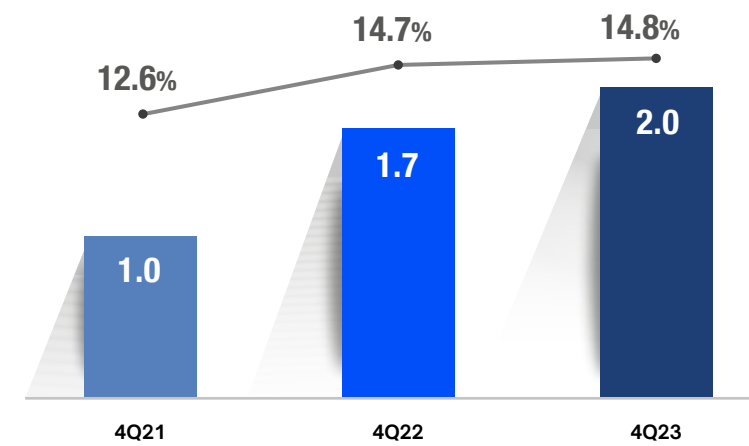
Total Assets

BRL Billion



Basel Ratio (%) + Capital Tier 1

BRL Billion



Highlights 2023

Our Business



First major loan transaction in renminbi in Brazil

BOCOM BBM and SPIC Brasil announced the first major loan transaction directly carried out in renminbi in Brazil. The operation in the amount of RMB 1 billion, without exchange rate risk and direct settlement in BRL, was carried out by the Bank of Communications (BoCom), with BOCOM BBM providing the swap for CDI+ and closing the exchange rate via CIPS (Cross-Border Interbank Payment System China).

BRL 2.3 billion
under management

Almost four years after its creation, BOCOM BBM Asset Management passed the milestone of having BRL 2.3 billion under management.

BOCOM BBM becomes the first direct member in China's payment system

Banco BOCOM BBM is the first financial institution in Latin America to become a full member of the Cross-Border Interbank Payment System (CIPS), which allows us to conduct messaging and settlement of transactions directly within the Chinese banking system.

Following this agreement, remittances in CNY can be made around the clock, as well as derivatives trading to hedge against exchange-rate fluctuation.



2023 ANNUAL REPORT

New investment funds

In 2023, we launched two investment funds managed by the Bank's assets: BOCOM BBM Cash, and BOCOM BBM Cash Enhanced.

Cash Fund

It has immediate liquidity and permits allocation only to government bonds and securities issued by top-tier Banks. It targets a return equivalent to 100%-104% of the interbank rate (CDI), in line with the main investment products offered by Banks, such as certificates of deposit (CDs) and repos.

Cash Enhanced Fund

It has two-week liquidity and, besides the same allocations as BOCOM BBM Cash, also permits limited allocation to high-grade corporate risk when supported by the Bank's credit research analysts. It targets 104%-107% of the CDI, which is slightly better than the return on the main investment products available from most Banks.

Global network



Bank of Communications is the world's ninth-largest Bank

The Banker, published by the Financial Times Group, has drawn up a ranking of the world's 1,000 top financial institutions. Presenting a significant position in the sector, Bank of Communications (BoCom) figures as the ninth-largest Bank by Tier 1 capital.

Bank of Communications joins G-SIBs

In 2023, Bank of Communications (BoCom) joined the list of globally systemically important Banks, or G-SIBs. Twenty-nine Banks are included in the list, which is drawn up by the Financial Stability Board (FSB). All are large institutions with complex operations and activities that directly impact the world economy. Bank of Communications was the only institution to be added to the list in 2023.

Integration actions



Meia de Sampa and Circuito das Estações

Team BOCOM BBM took part in two running events: Meia de Sampa, a half marathon held in São Paulo City, and Station Circuit – Spring Stage, held in Rio de Janeiro. Thousands of people participated in the events, with street running routes ranging from 5 km to 21 km.

Panda Cup | The eighth edition of the Panda Cup assembled members of our staff from São Paulo and Rio de Janeiro for games of soccer, beach tennis and volleyball. Our traditional contest provides integration between teams outside work environment.



Team BOCOM BBM accelerating together at Circuito das Estações in Rio de Janeiro

Participation in events



Bahia Farm Show | We took part in the largest trade fair for agricultural technology and agribusiness in North and Northeast Brazil, the Bahia Farm Show. Agribusiness specialists from our credit team presented BOCOM BBM's financial products and solutions at the event. More than 100,000 people visit the show every year.

33rd edition of Integration Workshop (WI33)

We attended the fair created by Poli Júnior, a student enterprise based at the University of São Paulo's Engineering School (POLI-USP). Known as The Integration Workshop, this is an opportunity for university students to meet representatives of companies in various segments and to expand their contact networks. On this occasion, we received enrollments for the 2024 Summer Job program.

FELABAN Annual Assembly

The 57th edition of the Annual Assembly of the Latin America Federation of Banks (FELABAN) was held in Miami, and attended by BOCOM BBM. The meeting brought together executives and leaders of the financial services industry to discuss business opportunities in trade finance and funding. Speakers at the event also talked about the global economy and issues that affect Latin America.

USP Innovation Week

BOCOM BBM was present at the career fair held by the student association of the University of São Paulo's Engineering School (POLI-USP). The event is attended by Brazilian and foreign corporations. Its aim is to enable students to network with prospective employers and find out about career opportunities in technology- and engineering-related areas.

China-Brazil integration



Chairman of BoCom visits Brazil

At the end of the year, we were visited by Mr. Ren Deqi, Chairman of BoCom, and his delegation for meetings with leaders in Rio de Janeiro and São Paulo. They took the opportunity to tour our offices in both cities, accompanied by members of BOCOM BBM's Executive Committee.

Our History Room is unveiled

Our History Room, where objects and documents that tell the history of BOCOM BBM are exhibited, was unveiled in our Rio de Janeiro building during the visit by the Chairman of BoCom.

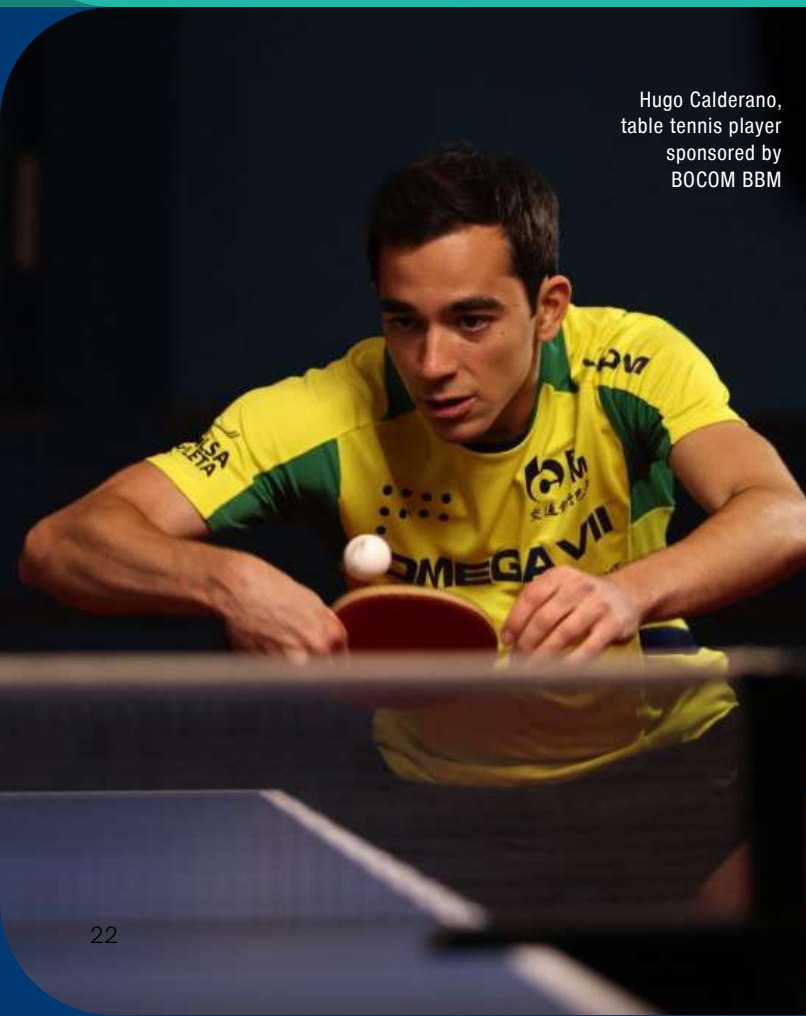


Support for sports



We sponsor and support Hugo Calderano, one of the best table tennis players in the world. In 2023, Calderano ranked number four in the world, and also became the first three-time Pan-American singles table tennis champion. In 2024 he will represent Brazil at the Paris Olympics.

BOCOM BBM believes sport is a powerful tool to promote and disseminate values such as discipline, excellence and dedication. In August, we were visited by Hugo at our office in Rio de Janeiro. During the event, the athlete spoke about his trajectory, career and future plans.



Hugo Calderano, table tennis player sponsored by BOCOM BBM

Sustainability



In line with the UN's Sustainable Development Goals (SDGs), we believe we can contribute to capacity building in the communities where we operate by strengthening their people and helping them realize their productive potential.

Our sponsorship and donation policy supports educational, cultural, sporting, and environmental initiatives.

Total sponsorships and donation:

BRL 2,279,819.03

Sponsorship

7

projects
(6 via tax incentives and
1 direct investment)

Donations

4

projects and
actions

Social actions

Christmas of Emotions | In 2023, the initiative benefited 8 social institutions, distributing food and personal hygiene products.

Natal de Emoções is a project promoted by Viver Solidário, an NGO founded by a former member of our staff. This non-governmental organization helps residents of Rio de Janeiro with various actions throughout the year.

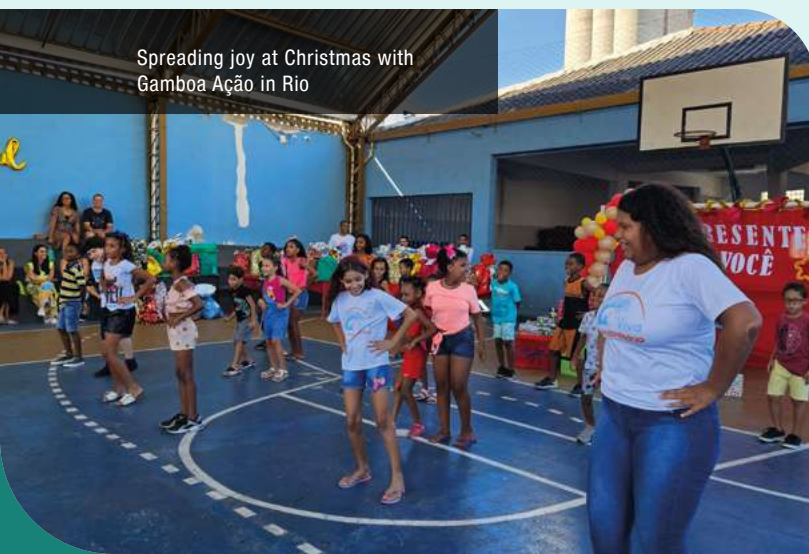
Gamboa Ação | Also during Christmas, we supported the year-end celebration of Gamboa Ação, an NGO located near our head office in Rio, which develops educational projects with children from Morro da Providência throughout the year.



Support for families affected by the rains on the north coast of SP: Instituto Verdescola in action

Rainstorm victims | Intense rainstorms hit the north coast of São Paulo State in February 2023. Through Instituto Verdescola, we supported social initiatives to assist affected families, including distribution of food, water and personal hygiene products.

Sports Incentive | We maintained our support for the Destemidas project, which serves girls and young women from Complexo da Maré in Rio de Janeiro. The program uses running as a personal development tool and promotes awareness against sexual harassment and domestic violence through campaigns.



Spreading joy at Christmas with Gamboa Ação in Rio

Support for education

Training for developers | We took part in the first edition of Conecta42!, an event held in Rio de Janeiro for students of the 42 | Rio tuition-free coding school to explore career opportunities for developers. BOCOM BBM has partnered with the school since its inception. The methodology is unique: students learn by exchanging ideas with former students, and there are no teachers as such.

Educandário Nossa Senhora do Rosário

This institution cares for socially vulnerable children aged 6 or less and received our support via the Municipal Fund for Children and Adolescents.

Exchange between universities | BOCOM BBM supports the Global Hybrid Classroom, a program developed by Beijing's Tsinghua University to promote an exchange of knowledge and collaboration between educational institutions around the world. In 2023, the Federal University of Rio de Janeiro (UFRJ) participated in the program, offering an online course on environment, governance and sustainability.

Classes for children and adolescents

BOCOM BBM sponsors Arte Tech, a project that develops sociocultural perception, creativity and logical reasoning among children and adolescents cared for by the non-governmental organization Gamboa Ação. In 2023, the participants took weekly classes in digital creation, English and chess.

Talks on sustainability | Our Sustainability Committee organized a series of lectures on various topics, such as climate policies focused on agribusiness, the presence of women in Brazilian art, and macroeconomic outlook. The lectures, open to all our employees, were conducted by external guests with extensive knowledge in the topics covered.

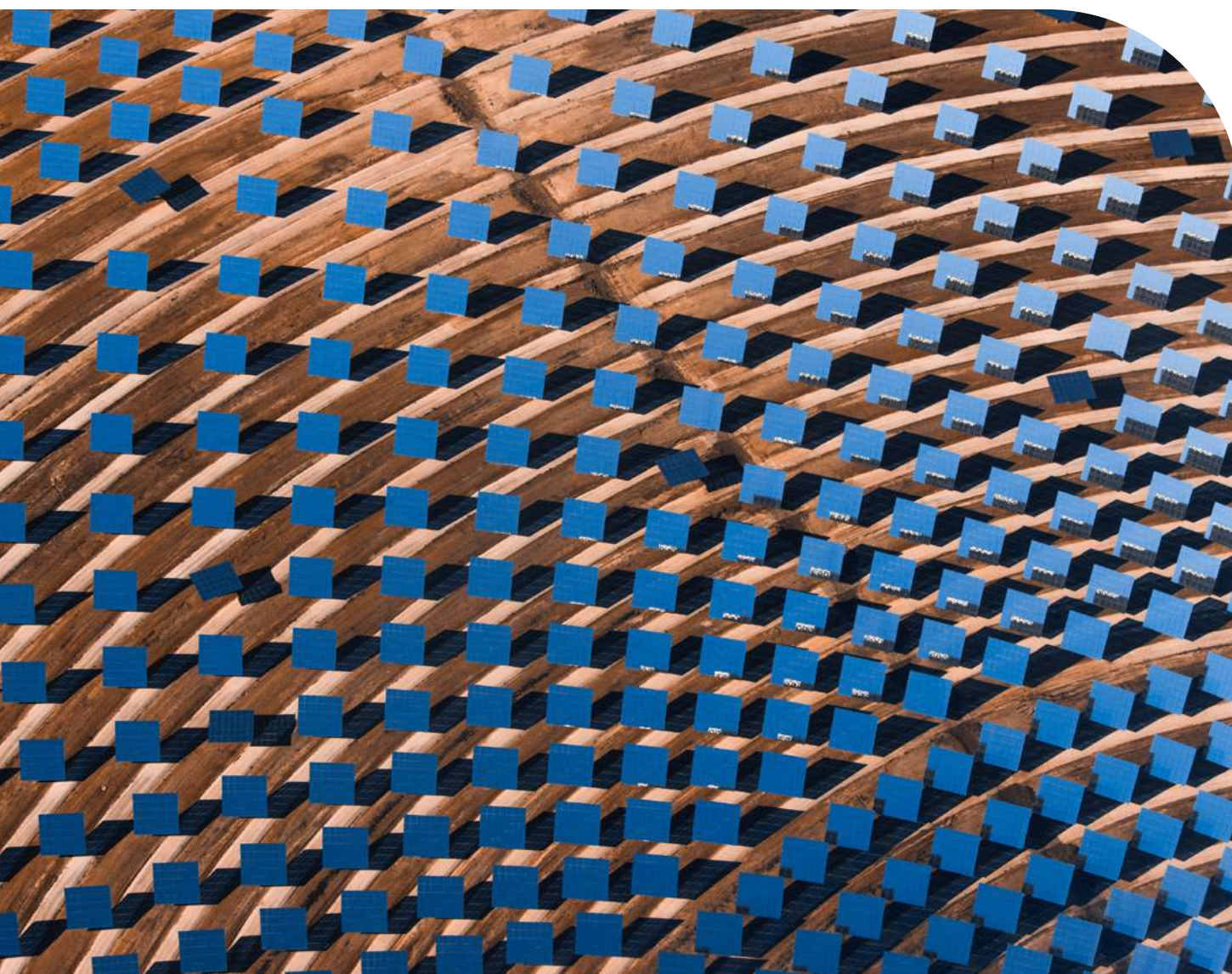
New metrics for women's mentoring program

The Women's Engagement (WE) Committee continued in 2023 to provide mentoring for prospective female leaders. One of the initiatives was the start of monitoring of new metrics suggested by the UN Women's Empowerment Principles.



From left to right, Carolina Wang, Fernanda Mendonça, Aline Gomes, Isabella Segre, Cecília Machado, Nicole Bentes, Melanie Leão, Giuliana Marconi, Mary Caminha and Monique Verboonen, members of WE

What We Do



1. Corporate credit

Our expanded credit portfolio grew steadily in 2023, reaching BRL 16,7 billion, including Guarantees Issued.

The Brazilian economy grew above the global average in the year, boosting financial activities and the profitability of operations. BOCOM BBM contributed to this expansion via its credit operations, especially for agribusiness companies, resulting in net income of BRL 274 million at year-end.

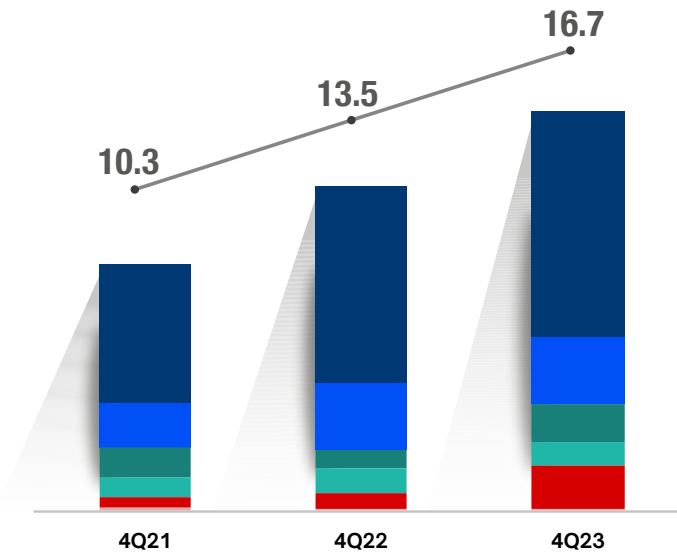
Our business focuses on small and medium enterprises (SME), companies in the Corporate and Large Corporate segments and also Chinese companies in Brazil, offering loans with a range of collateral types, in local and foreign currencies.

We are ready to meet our clients' needs, be they in credit, financial services, or derivatives. We want to build connections and help drive business volume growth.



Ready to meet the needs of customers in credit, financial services, and derivatives, we seek to build connections and drive business.

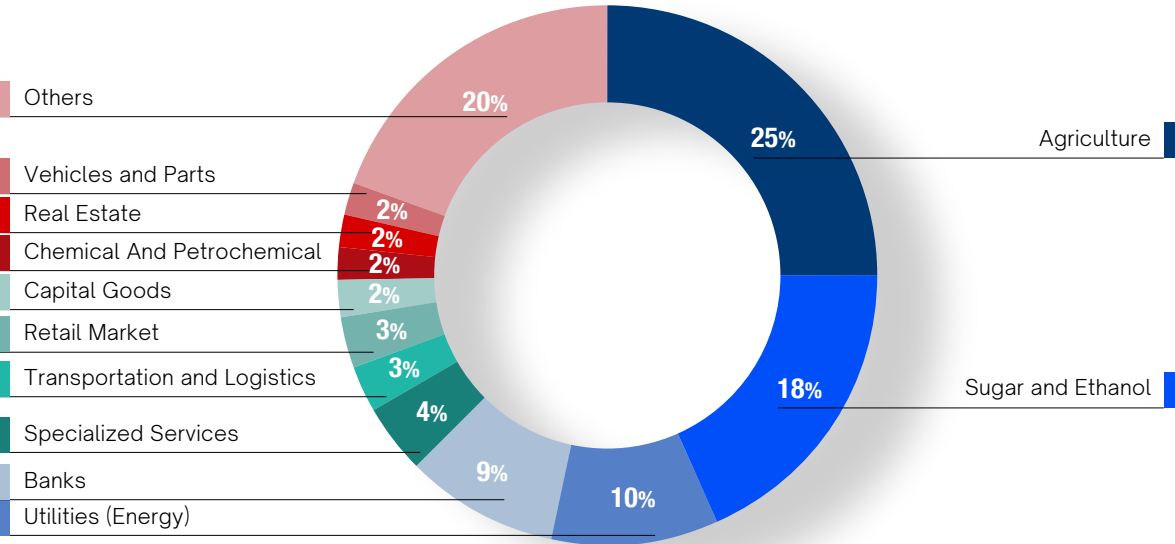
Total Expanded Credit Portfolio
BRL Billion



(BRL Million)	4Q21	4Q22	4Q23
Corporate	5,883	8,272	9,450
Large Corporate	1,840	2,771	2,809
FI	1,228	779	1,584
SME	845	1,008	980
China Desk	432	674	1,811
Others	98	37	57
Total	10,327	13,542	16,691

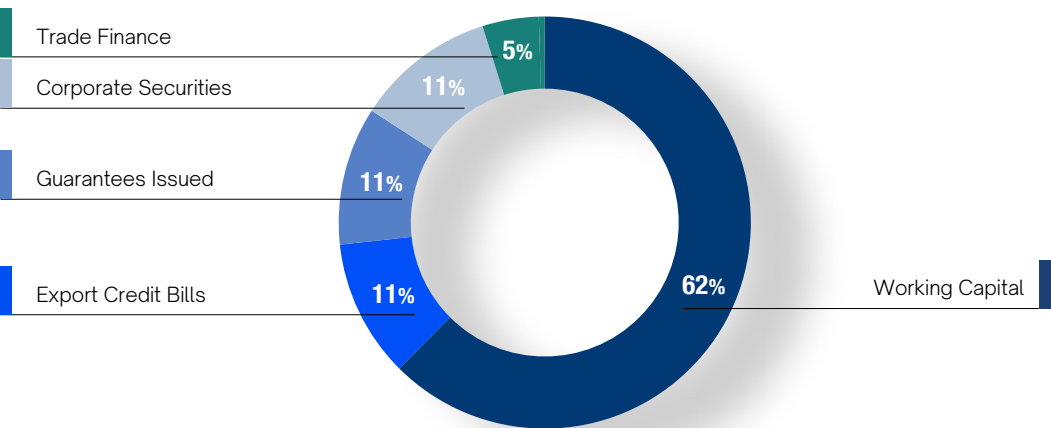
Credit transactions such as working capital, trade finance, guarantees and corporate securities.

Total Expanded Credit Portfolio
Breakdown by Sector | DEC 23

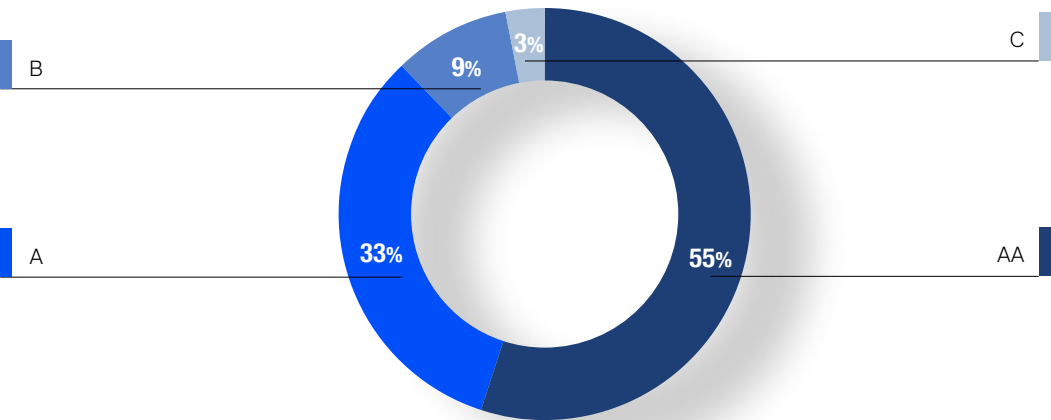


The total value of the exposure to agribusiness (sugar and ethanol, food and agriculture) accounted for 43% of the loan portfolio.

Total Expanded Credit Portfolio
Breakdown by Transaction | DEC 23

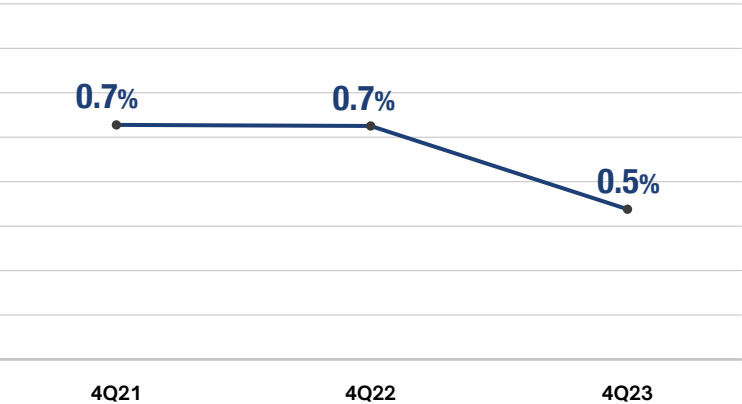


Loans and Guarantees Portfolio*
Risk Rates | DEC 23



*Credit operations, classified according to BACEN Resolution No. 2,682/1999.

Allowances for Loan Losses
Loans and Guarantees Portfolio



2. Asset Management

In 2023, our Asset Management unit ended the fourth year since its inception with BRL 2.3 billion in assets under management.

The unit’s main activity is the management of investment funds focusing on corporate debt, in pursuit of positive results in the medium to long term. Its differentiators include BOCOM BBM’s excellence in investment management, macroeconomic research, and credit analysis and monitoring.

Our portfolio comprises five investment funds for all levels of risk appetite, from the general public to highly qualified investors: BOCOM BBM Corporate

Credit High Yield, BOCOM BBM Corporate Credit, BOCOM BBM Icatu Previdência, BOCOM BBM Cash, and BOCOM BBM Cash Enhanced. Recently, BOCOM BBM Corporate Credit had its redemption time reduced from 60 days (T+60) to 30 days (T+30), reflecting the growth of this market since the funds were created in 2019.

Many events that affected the financial services industry occurred in 2023, yet our Asset Management business achieved consistent returns and maintained capital protection, evidencing its experience in fund management and analysis, as well as its sound governance.

At end-2023, assets under management totaled BRL 2.3 billion.



Our investment funds:

BOCOM BBM Cash

Focus on sovereign bonds and banking assets

BOCOM BBM Cash Enhanced

Focus on banking assets and high-grade high liquidity

BOCOM BBM Corporate Credit

Focus on high-grade assets with diversified portfolio

BOCOM BBM Previdência

Focus on high-grade assets with diversified portfolio

BOCOM BBM Corporate Credit High Yield

Broad mandate with diversified portfolio

3. Wealth Management Services

High net worth individuals and families resident in Brazil and abroad rely on our strategic partners to preserve and expand their wealth.

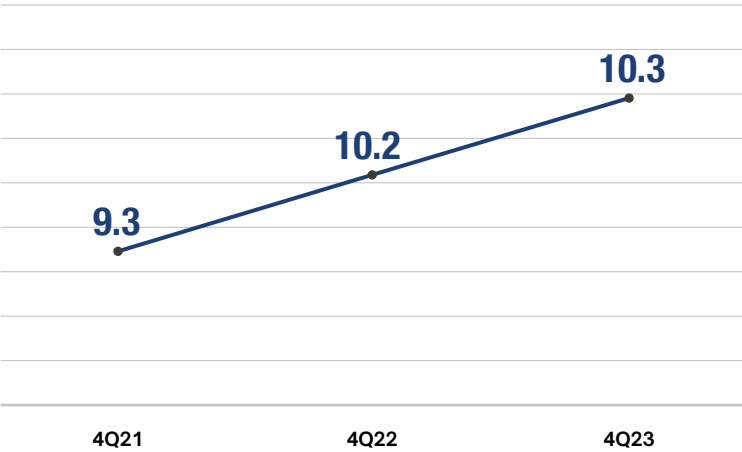
In Wealth Management Services we offer an open-platform model that provides access to the best financial products and services on the market. This approach enables our clients to choose freely from a wider variety of solutions, including both local and foreign assets.

Looking for the scalability and flexibility of our partners, we offer a range of personalized private banking products and services, such as credit, treasury instruments and representation of non-residents, among others.

Looking for the scalability and flexibility of our partners, we offer a range of personalized private banking products and services.

Wealth Management Services

Total Resources Distributed and Customed by Wealth Clients
BRL Billion



4. Financial Services

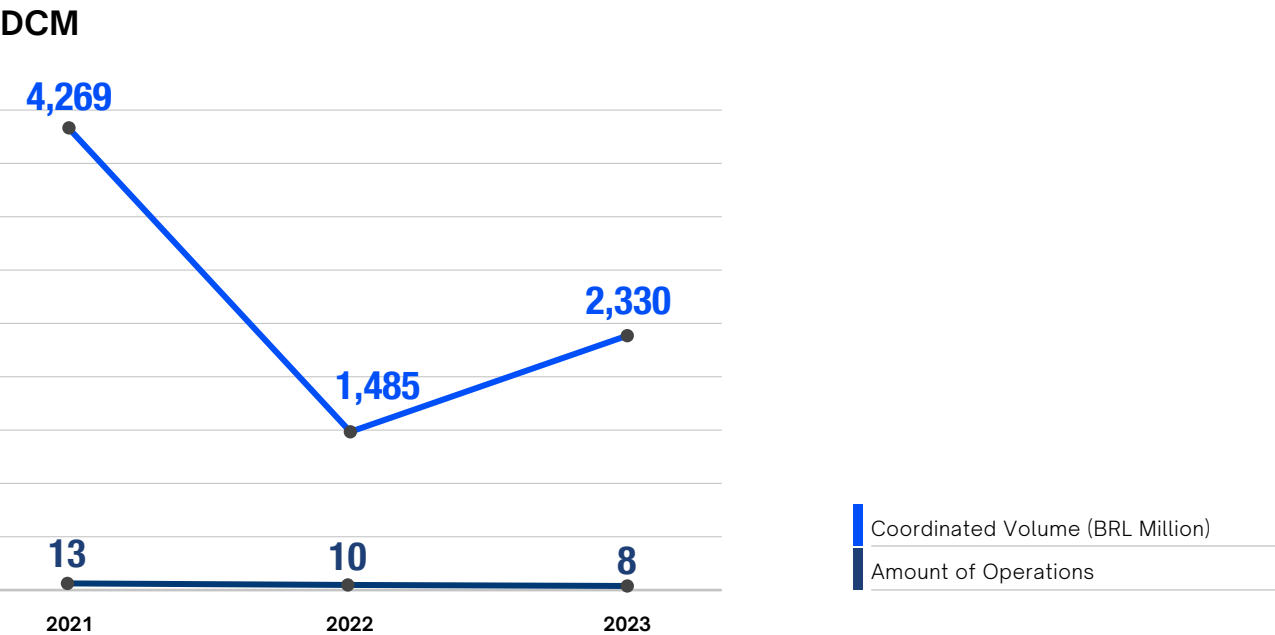
Capital markets

We offer a wide array of financial products and services for Debt Capital Markets. Working with Corporate Credit, we identify clients who are qualified to engage in market issuance in order to provide new options for them to raise capital. Combining our credit expertise and diligence with our market knowledge, we offer a complete solution in capital market products and structures for first issuers, as well as recurring issuers.

We coordinated issues of agribusiness receivables certificates (CRAs), mortgage-backed securities (CRIs), debentures and commercial paper, comprising 8 offerings worth a total of BRL 2.3 billion.

Considering only CRAs, we coordinated issues worth BRL 700 million in 2023, a growth of 24% compared to 2022.

In 2023, we continued our trajectory of consolidation in agribusiness.



Treasury

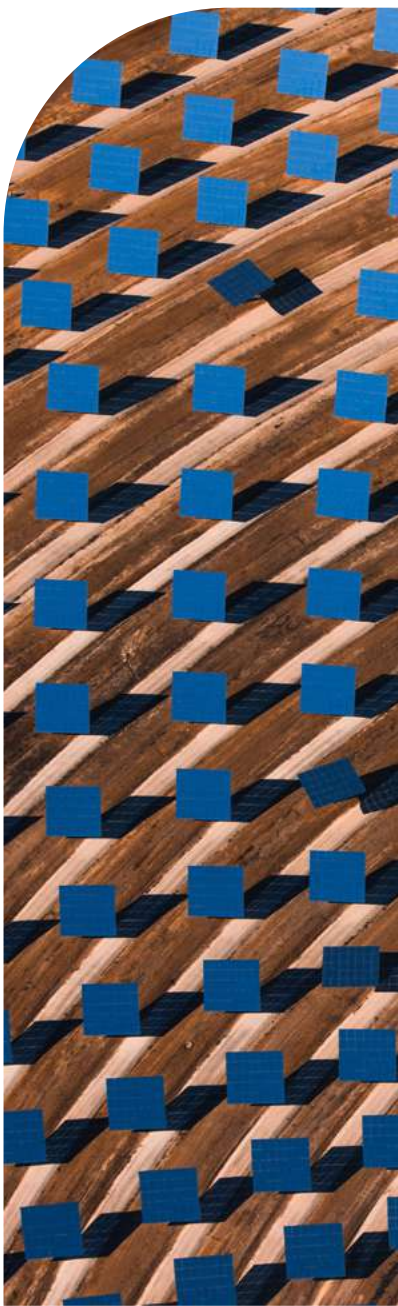
Treasury is responsible for ensuring that the Bank remains liquid and for laying the basis for prices and volumes of the conglomerate's assets and liabilities.

The department structures and prices derivatives and other products in conjunction with Corporate Credit. Its remit is to present alternatives for companies to address the market risks to which their balance sheets are exposed.

It offers derivatives for hedging against the risks associated with exchange-rate fluctuation, interest-rate variation, and swings in commodity prices and price indices, as well as various types of foreign-exchange service and management of a range of market risks.

The notional value of the portfolio of derivatives with clients rise 48% in 2023, ending the year on BRL 5.5 billion.

Treasury presents alternatives for companies to address the market risks to which their balance sheets are exposed.



How We Operate



1. How we fund our activities

Throughout a qualified management in asset origination, structuring and identification of competitive funding sources, we've been able to secure favorable funding financial conditions in terms of cost and tenor.

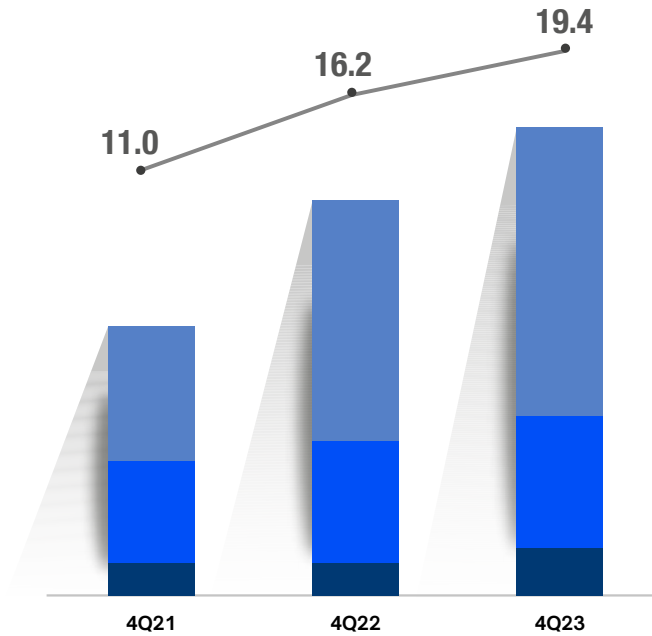
Fixed-income securities for institutional clients (Banks, asset managers and insurers) are offered by our Funding & Institutional Relationships and Wealth Management Services teams, assuring the integrity and security of our financial processes in the Brazilian and international markets. We operate in the local market via

instruments such as Financial Letters(LFs), Real Estate Credit Letters(LCIs), Agribusiness Credit Letters(LCAs) and Certificates of Deposit (CDs). Complementing this activity are funding operations in the global market, diversified across geographic regions such as Asia, North America and Europe, among others.

Our solidity is attested by two of the world's leading rating agencies. Fitch awards BOCOM BBM its highest national scale rating, AAA(bra), and Moody's rating is AAA.br, also the highest on its local scale.

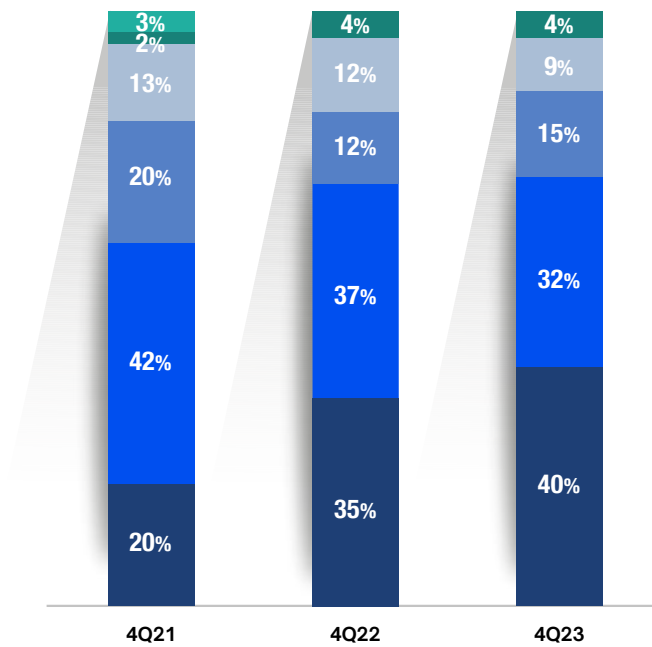
Fitch and Moody's, two of the world's leading rating agencies, award BOCOM BBM the highest rating on their local scales.

Funding
Type of Investor
BRL Billion



	4Q21	4Q22	4Q23
Institutional	5,542	9,972	11,914
Institutional Onshore	2,562	2,643	2,463
Institutional Offshore	740	1,571	1,524
Individuals	2,240	5,758	7,927
BoCom	4,129	4,960	5,487
Corporate	1,337	1,301	2,028
Total	11,008	16,233	19,429

Funding
Sources



	4Q21	4Q22	4Q23
DPGE	369	–	–
Subordinated Debt	206	723	803
Banknotes	1,433	1,961	1,745
Local Deposits and Others	2,230	2,039	2,892
Funds in Foreign Currency	4,635	5,944	6,153
Agribusiness & Real Estate Credit Bills	2,135	5,669	7,837
Total	11,008	16,336	19,430

2. How we control risk

Risk control is fundamental to our decision-making processes. For decades we have refined our proprietary models and applied risk management methodologies that are better suited to the business environment in Brazil, prioritizing transparency and security in our activities.

Tools and guidelines integrated with our corporate governance structure, in conjunction with our long and qualified experience in capital protection and allocation, enable us to extend credit securely and achieve transparent and competent liquidity management.

Our history is distinguished by continuous improvement, and we have always been at the cutting edge of the Brazilian financial service industry.

We prioritize
transparency
and security in
our activities.



Integrated decision-making processes

Risk monitoring, assessment and control are part of Banco BOCOM BBM’s governance and decision-making processes in all areas. All our teams use risk models and parameters in such activities as calculations of economic capital, funding policy, origination, and credit portfolio management.

Our risk management guidelines, responsibilities and models are instated by the Board of Directors, which also approves the Risk Appetite Statement (RAS), the document that serves as a basis for our risk control policies and practices. This strategy enables us to manage our capital prudently and efficiently, in conformity with the institution’s risk appetite.

Credit risk

Definition

Credit risk is the possibility of losses associated with failure by borrowers or counterparties to honor their financial commitments on time and in accordance with their contractual obligations.

Our actions

The Credit Committee, the Board of Directors and five other areas of the Bank – Credit Risk, Credit Analysis, Legal, Contract Management and Internal Auditing – constitute our framework for managing credit risk, which functions as outlined below:

• Credit Committee

Sets credit limits for business groups; tracks and assesses the portfolio and levels of concentration and risk; executes the Bank’s credit policies; and establishes deadlines for solutions to issues relating to past-due loans or to deteriorating loan guarantees. If debt collection via the courts is necessary, for example, it decides when to file suit.

• Board of Directors

Approves risk management policies and limits at least once a year.

• Credit Risk

Responsible for monitoring, identifying, measuring, controlling and reporting credit risk, and assuring compliance with the limits set by the Bank. Subordinated to the Chief Risk Officer, it centralizes and analyzes information relating to the management of individual risk per transaction and consolidated credit portfolio risk. It produces reports that are used by the Credit Committee as a basis for its decisions.

• Credit Analysis

Analyzes the credit risk of business groups with which the Bank has or plans to have credit relationships.

• Legal

Draws up or analyzes all contracts signed by the Bank with clients; organizes and coordinates action to collect debts and protect the Bank’s rights.

• Contract Management

Ensures that transactions comply with the terms and conditions stipulated in the Credit Limit Proposal (CLP), and that loan security is in order. Also responsible for issuing the contracts signed by the Bank with clients.

• Internal Auditing

Assesses and continuously monitors all business units and credit facility extension processes to ensure they are implemented in accordance with the Bank’s governance and risk management policies.

Market risk

Definition

Market risk is the possibility of losses in the market value of portfolios, instruments or investments due to variations in prices, interest rates or exchange rates. Inflation and fluctuations in stock and commodity prices are some of the key market risk factors.

Our actions

Back in 1997, we created an advanced proprietary system that became an industry benchmark. Using specialized tools and personnel, we identify, measure and monitor the Bank’s exposure to market risk. The Market Risk unit reports to the Chief Risk Officer (CRO) and shares its analyses with the Risk Committee and the Executive Committee. The unit comprises the following:

• Risk Committee

Meets every quarter to analyze and review risk management policies, sets operational limits for market risk, and presents these to the Board of Directors for approval.

• Market Risk

Calculates and manages risk metrics.

• Pricing

Responsible, among other things, for the pricing models and sources used to mark products to market. It does so independently of management areas.

• Internal auditing

Ensures that our market risk management policies are consistent and adequate to procedures.



Risk is monitored by daily calculation of Value at Risk (VaR). VaR is a statistical tool used to measure the institution’s potential loss under normal market conditions for a given confidence level and timeframe. The model for calculating VaR is regularly backtested.

The limit we set for VaR can be allocated among the many risk factors by the Chief Treasury Officer. Stress scenarios are established every quarter by the Risk Committee, with autonomy from the management areas, and these scenarios are analyzed on a daily basis by the Bank’s team.

Liquidity risk

Definition

Liquidity risk is the possibility of mismatched maturities, indexation mechanisms, currencies and/or values of possible payments and receivables. In practice, it is the risk that the institution is unable to honor its financial obligations, expected and unexpected, without affecting day-to-day operations and without incurring significant losses.

Our actions

In accordance with the guidelines pre-defined by the Risk Committee and approved by the Board of Directors, the liquidity risk management strategy is oriented by the Bank's liquidity goal, which is to guarantee sufficient funds to honor all liabilities and commitments at any time. The aim is to ensure that free cash flow will always be sufficient to support business continuity even in a situation of severe stress.

Our team analyzes the information needed for liquidity risk management and performs calculations considering a number of variables to analyze potential liquidity risks, such as

projections for cash flow in expected scenarios and situations of financial stress, implicit risk for each client, additional funds required to settle debts, operating losses, marking to market of derivatives, and other obligations.

The main remit of Liquidity Risk, which reports to the Chief Risk Officer, is to assure compliance with operating limits and issue internal reports designed to contribute to decision making. As part of the process, Internal Auditing acts to guarantee the adequacy of procedures and consistency across policies and the actually implemented framework.

Operational risk

Definition

Operational risk is the possibility of losses resulting from failure, deficiency or inadequacy of internal processes, systems or people, as well as from fraud and external events. It includes legal risk, which is the possibility of problems relating to legislation or court orders that may hamper the Bank's business activities.

Our actions

Our Operational Risk Management Policy is a document made available throughout the Bank to formalize the methodology, processes, roles and responsibilities in procedures for document registration and storage of the information used to manage operational risk. Segregated from Internal

Auditing and reporting to the Chief Risk Officer, it is also responsible for publishing data to ensure that risk management activities are transparent. In accordance with this policy, all decision making follows best practices and complies with the applicable rules and regulations.



Compliance

Our Compliance team works with top management on a day-to-day basis to disseminate standards of integrity and information on responsible conduct to our staff, and to ensure that the Bank's activities are conducted in conformity with the applicable laws and regulations. The compliance framework includes the Compliance Committee, which reports to the Board of Directors via the Executive Committee.

The four principles that guide our activities, established by our Code of Ethics and Conduct, are

transparency, integrity, responsibility and excellence. Our decisions and activities are always oriented by a set of policies and internal procedures, and our rules are transparent and consistent.

This compliance culture is disseminated to staff by means of periodic training sessions, monitoring, and the production of internal normative documents.

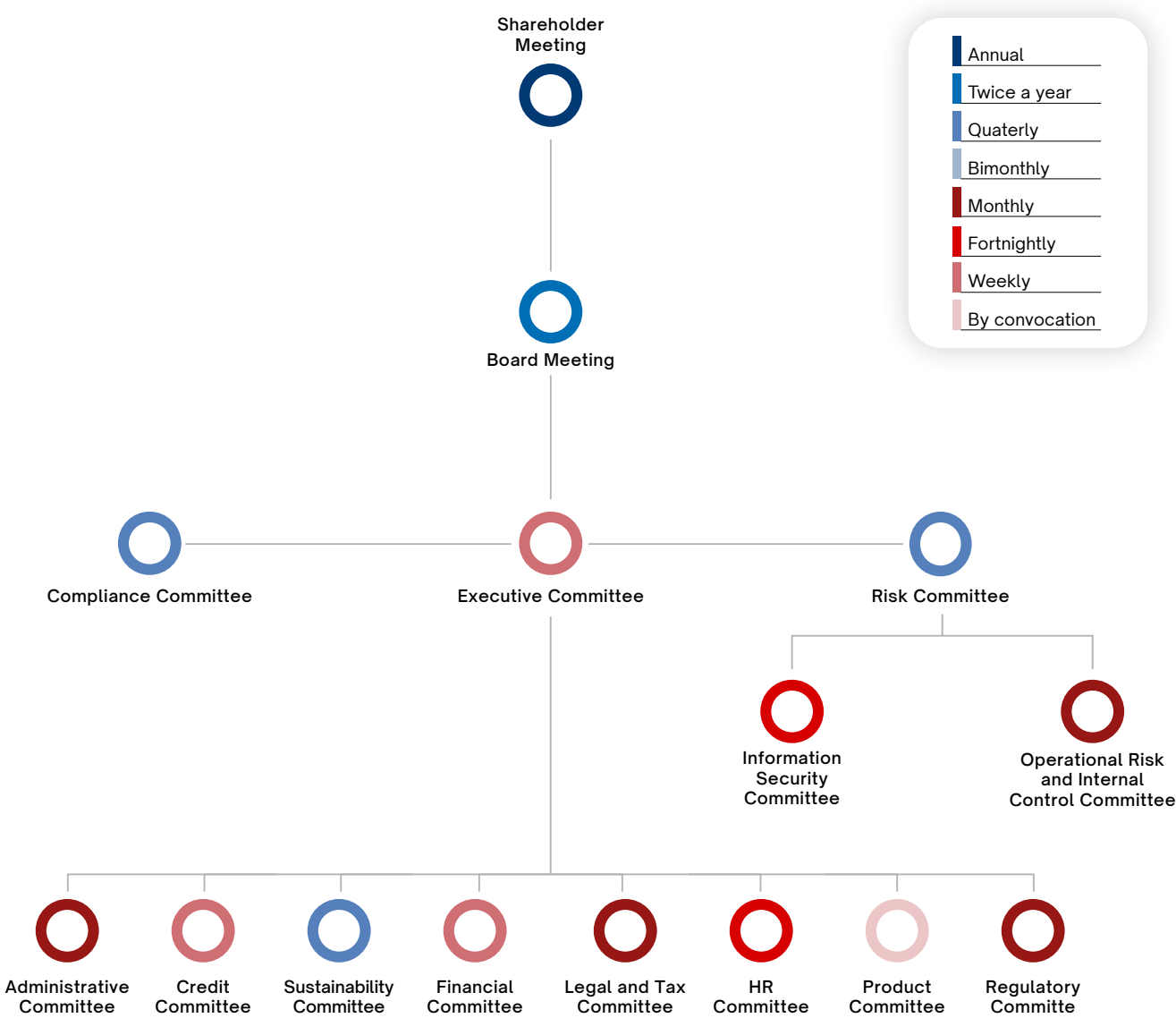
This is how we act to prevent money laundering, and to combat terrorism financing and corruption.

3. How we decide

Corporate governance

Fifteen bodies make up our governance structure: Shareholder Meeting, the Board of Directors, the Executive Committee, and 13 specialized committees.

Banco BOCOM BBM’s guidelines are constantly updated so as to be always in accordance with best practices in the industry, and our actions reflect our values: transparency, agility, efficacy, and security.



Shareholder Meeting

This is Banco BOCOM BBM’s highest decision-making body. Its members are our shareholders. It meets regularly once a year and can be convened on an extraordinary basis when necessary.

Executive Committee

The Executive Committee is responsible for implementing the guidelines established by the Board of Directors throughout the Bank, coordinating its activities and monitoring its performance. It is comprised by the Chair of Board, the executive directors, and the heads of Corporate Credit I and II, Capital Markets and Treasury. It meets once a week to analyze and decide on proposals for the specialized committees, which are described below.

Specialized committees

BOCOM BBM has 13 specialized committees responsible for specific matters or operational activities. The Risk Committee and Compliance Committee report to the Board of Directors via the Executive Committee. The other committees report directly to the Executive Committee, except for the Information Security Committee and the Operational Risk and Internal Control Committee, which report to the Risk Committee.

Our committees act autonomously, with transparency and agility, in accordance with best governance practices. Their members include at least two directors, and in some cases Board members and the Bank’s CEO.

Risk Committee

The Risk Committee monitors the main sources of market, credit, liquidity and operational risk, and discusses possible adjustments. It also defines and analyzes stress scenarios to protect the Bank from unforeseen fluctuations; tests and validates the quantitative models used to calculate risk factors and metrics; and decides on matters forwarded by the Operational Risk and Internal Control Committee and the Information Security Committee.

Regular meetings are held every quarter, but the committee can be convened in situations when there are significant changes in the economic outlook that affect the Bank and its clients.

Board of Directors

The Board of Directors plays a key role in establishing general guidelines for our business and strategies, as well as overseeing the activities of senior executives. It also analyzes and decides on proposals submitted by the Executive Committee, referring them to the Shareholder Meeting if necessary.

Comprising five representatives of the Bank’s controlling shareholders and one representative of the minority shareholders, the Board meets at least twice a year, and can be convened more often if necessary.

Compliance Committee

The Compliance Committee evaluates and monitors the annual compliance program, assures the correct application of the Code of Ethics and Conduct, and analyzes the compliance risks associated with our activities.

It also processes and oversees the responses to requirements from the Central Bank of Brazil, the Securities and Exchange Commission of Brazil (CVM), and self-regulatory agencies, and establishes Anti-Money Laundering and Countering the Financing of Terrorism (AML/CFT) guidelines. It meets every quarter or on demand.

Information Security Committee

The Information Security Committee is responsible for managing the risks associated with information and communication technology (ICT). It analyzes possible operational incident scenarios, and proposes prevention measures. It also handles relations with data processing and cloud computing contractors. It reports to the Risk Committee and meets once a fortnight.

Operational Risk and Internal Control Committee

The Operational Risk and Internal Control Committee monitors and analyzes matters relating to operational events, and manages the risks associated with these events. It meets once a month, reporting to the Risk Committee and executing the action plans established by its directors.

Administrative Committee

In monthly meetings, the Administrative Committee manages Banco BOCOM BBM’s budget and administrative costs.

Credit Committee

Establishes credit policies and approves credit limits on the basis of its analysis of the financial capacity of potential borrowers and the security to be provided for such loans. Responsible for the risk-return ratio on the credit portfolio and for checking this indicator regularly to keep it positive. Uses qualitative and quantitative methods, and has recourse to a database containing information accumulated in our long experience on the credit market. Meets weekly. A specific meeting is held every six months with the Bank’s financial counterparties to define the maximum exposures allowed.

Sustainability Committee

The Sustainability Committee defines and oversees our socioenvironmental initiatives. It meets quarterly to review strategies, policies, goals and external donations, and reports to the Executive Committee.

Financial Committee

The Financial Committee meets weekly to analyze and discuss the economic and financial outlook, and to monitor cash flow operations and allocation of the Bank’s assets and liabilities.

Legal and Tax Committee

The Legal and Tax Committee meets monthly with a legal focus to track changes on the legislation, regulation and case law, so as to keep us up to date, assess the impact of these changes on our business, and anticipate discussions on the conglomerate’s compliance with new scenarios.

People Committee

The People Committee meets fortnightly to define, revise and enhance our people management policies. It is also involved in establishing processes of selection, recruitment, training and compensation, as well as topics relating to the well-being of our staff.

Product Committee

The Product Committee analyzes and approves new products, reviews existing products, and identifies new business opportunities. It also examines all the risks associated with each product, and proposes solutions and mitigators. It meets on demand.

Regulatory Committee

The Regulatory Committee meets monthly with a multidisciplinary focus to track changes on the legislation, regulation, case law and industry best practices, so as to keep us up to date, assess the impact of these changes on our business, and anticipate discussions on the conglomerate’s compliance with new scenarios.

Women’s Engagement Committee

We strive to increase participation by women in all areas of the Bank. The Women’s Engagement Committee is responsible for proposing, implementing and refining policies designed to promote gender equity, including initiatives to increase the number of women in leadership roles. It meets every three months and reports to the Sustainability Committee.

4. Our people

Valuing all members of our staff is part of our culture. We believe that by acting in this manner we build a solid pathway for our business.

We work continuously to identify professionals with high potential and strive to support the fullest possible development of their skills via interaction with a highly qualified team who are ready to contribute.

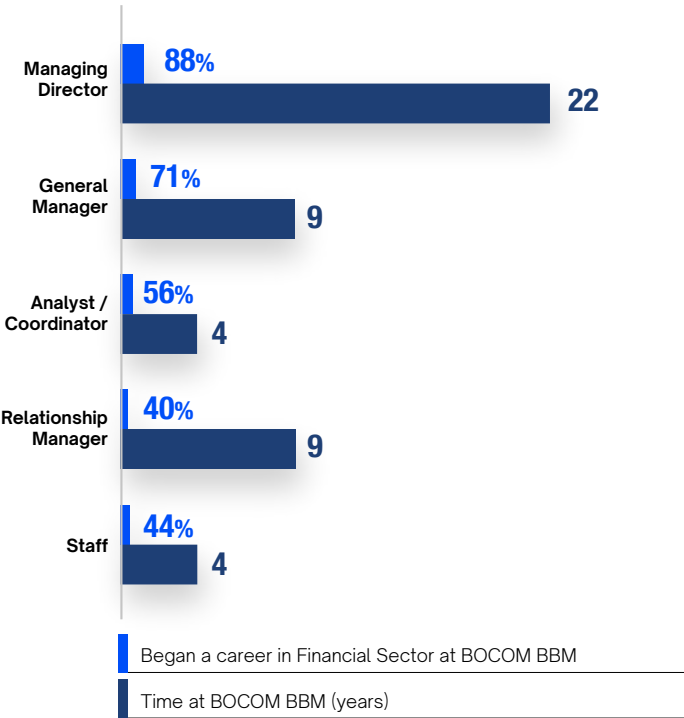
Professional development

Our investment in the professional development of our staff is also evidenced by the fact that around 80% of our senior executives and 70% of our managers began their careers in the industry at BOCOM BBM.

We believe that by maintaining a transparent, dynamic and meritocratic workplace we are contributing to the future of our people and our business.

Managers keep a close eye on the progress of each individual member of their teams. A semiannual variable bonus is awarded on the basis of an

Professional Growth



assessment process that balances individual and collective performance, ensuring that personal growth keeps pace with the Bank’s long-term results.

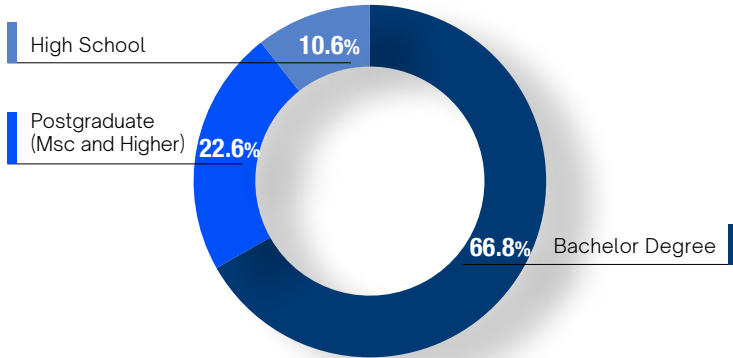
In addition to providing a workplace climate that offers real growth opportunities for all, we work to ensure that our actions are always transparent, fair, and aligned with our Code of Ethics and Conduct.

Investing in talent

As part of our talent attraction strategy, we partner with renowned centers of higher education and research to offer scholarships for graduates and undergraduates at the best Brazilian universities. We also invest in the continuous education of our staff, encouraging them to develop academically by enrolling in MBA courses and other graduate programs.

In addition, we sponsor conferences, career fairs and hackathons because we believe in the benefits of interaction between students and professionals.

Academic Profile



Glossary

Active Management

Active management of an investment fund aims to assure a return higher than a specified benchmark. To achieve this objective the fund manager analyzes assets and selects those considered suitable for investment by the fund.

Agribusiness Credit Bills (LCA)

Fixed-income debt instruments issued by financial Institutions to fund loans to agribusiness.

Allocation

Distribution of resources available for investment in different assets in order to obtain the highest possible return with the lowest possible risk.

Allowance for Loan Losses

Allowance for Loan Losses is a balance sheet account that represents a Bank’s best estimate of future loan losses due to client delinquency and default.

Backtesting

Procedure to validate financial models based on their past performance. In this manner it is possible to determine how well a given model would have performed in the past as a basis for predicting its future performance.

Bank Bonds (LF)

LFs are designed to extend the maturity of financial institutions' funding profiles. They can be Issued for at least two years by universal Banks, commercial Banks, development Banks, investment Banks, credit and investment societies, savings Banks, mortgage companies, home loan societies, and BNDES, the national development Bank. They can be linked to inflation or pay a fixed interest rate at least semiannually.

Basel Ratio

Index that measures the degree of leverage of a financial Institution.

CAGR

Compound Annual Growth Rate, an indicator used to estimate the average return on an investmeft in a specific period.

Cash and Cash Equivalents

Cash equivalents/Investments that can be readily converted to cash such as commercial paper, marketable securities, money market holdings and other highly liquid assets.

CEO

Chief Executive Officer, the person with the highest authority at the top of the organization's hierarchy.

Certificates of Deposit (CD)

Short-term negotiable debt instruments issued by financial institutions that promise to pay the bearer or registered owner a fixed or floating rate of interest.

Compliance

Being in compliance means acting in conformity with laws, regulations, policies and guidelines, thus guaranteeing ethical and transparent conduct.

Debentures

Medium- to long-term debt instruments that pay a fixed rate of interest and make the holder a creditor of the issuing company.

Derivatives

Financial instruments whose value derives from an underlying asset, reference rate or market index.

Derivativo

Instrumento financeiro que tem o preço derivado do preço de um ativo, de uma taxa de referência ou até de um índice de mercado.

Type 1 | Forwards: over-the-counter contracts between two parties to buy or sell a specified quantity of a commodity or financial asset at a price agreed in the present but for settlement on a future date. May entail periodic adjustments.

Type 2 | Futures: exchange-traded contracts that obligate the parties to transact an asset at a future date and price. Settlement may be by physical delivery or in cash. Both parties must post margin throughout the life of the contract as the price varies.

Type 3 | Options: exchange-traded contracts giving the buyer the right but not the obligation to

buy or sell an asset or instrument at a fixed price prior to or on a specified date. The option buyer pays the writer (seller) a premium.

Type 4 | Swaps: over-the-counter contracts between two parties to exchange financial instruments, yields, rates or payments for a certain time.

DPGE

The Portuguese-Language acronym for Time Deposit with Special Collateral, a type of CD (certificate of deposit) issued by financial institutions for funding purposes. Commercial Banks, full-service Banks, development Banks, investment Banks, credit associations (SCFIs) and savings and loan associations are authorized by law to issue DPGEs, which are guaranteed by the FGC deposit insurance fund.

Expanded Credit Portfolio

Loans and securities with credit risk such as debentures, promissory notes or farm produce bonds (CPRs).

Interbank Deposit Certificate (CDI)

CDIs are fixed-income securities issued by financial institutions for mutual lending purposes, usually overnight.

Liabilities

Debts and obligations of the business recorded on the right side of the balance sheet, including accounts payable, deferred revenues and accrued expenses, for example.

Liquid Assets

Cash and cash equivalents, repos, interbank deposits, foreign exchange and marketable government bonds.

Multilateral Organizations

Also known as multilateral institutions, these are entities established by the world's leading nations to work together for the full development of political and economic activities, health, security and infrastructure. Examples include the UN, WHO, IDB, IFC, Proparco, and DEG.

Operational Limits

All limits to which the institution is subject in order to comply with regulatory requirements and internal policies.

Real Estate Credit Bills (LCI)

Fixed-income debt instruments issued by financial institutions to fund loans to the real estate, housing and construction industry.

Repos

Repurchasing agreements structured as bond sales, with an agreement to repurchase the debt security in a future date at a higher price to factor in the dealer's interest expense. Equivalent to a secured deposit.

Return on Average Equity (ROAE)

This is an indicator that measures a firm's capacity to add value from its own resources and investor funds, based on net income as a percentage of average shareholders' equity over a period (typically two years).

Risk Appetite Statement (RAS)

The RAS formalizes the types of risk to which the institution is exposed in the course of conducting its business activities and its appetite for each of these risks. Its purpose is to establish an effective governance process that aligns the interests of the institution with the risks effectively practiced.

Subordinated Debt

A debt instrument with a subordination clause, meaning that in the event of the issuing institution's liquidation or bankruptcy the holder will be paid only after all other creditors have been paid.

Suitability Control

Control of investors' profiles to ensure that requested investments in financial assets are compatible with their objectives and risk tolerance.

Total Funding

Demand and time deposits, interbank deposits, Bank bonds (LFs), agribusiness credit bills (LCAs), real estate credit bills (LCIs), foreign borrowings, and pre-export finance.

Financial Statements



Credit ratings

For Banco BOCOM BBM, the classifications awarded by the foremost rating agencies are an important source of transparent and independent assessment of the quality of our credit.

Moody’s Investors Service reaffirmed its ratings of Banco BOCOM BBM on December 1, 2023. On its global scale, it awarded a rating of “Ba1” to local and foreign currency deposits, a notch above the Brazilian rating (“Ba2”), assigning a “stable outlook” to both.

On the national scale, on May 2, 2023, Moody’s Local Brazil reaffirmed its rating of “AAA.br” with

a “stable outlook”, the best possible credit rating in this category.

On August 2, 2023, Fitch Ratings raised its global-scale long-term issuer default ratings (IDR) for Banco BOCOM BBM to “BBB-” and “BB+” in local currency and foreign currency respectively, keeping us above the sovereign rating (“BB”). In addition, the outlook for long-term IDRs remained stable, in line with the outlook for sovereign ratings.

The long-term national-scale rating remained unchanged on “AAA (bra)”, the highest possible rating in this category.



AAA.br

National scale rating awarded to Banco BOCOM BBM in 2023 by Moody’s.

AAA(bra)

Long-term national scale rating awarded to Banco BOCOM BBM in 2023 by Fitch Ratings.

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

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

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

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

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

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

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

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

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(In thousands of reais, except for the values per share)

FINANCIAL STATEMENTS

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

See accompanying notes.

STATEMENTS OF CASH FLOW (In thousands of reais)

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

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

1. Operations

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

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

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

2. Presentation of the financial statements

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

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

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

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

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

2.1 Functional currency

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

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

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

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

3. Significant accounting practices

(a) Results of operations

Recorded on an accrual basis.

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

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

(b) Marketable securities and derivative financial instruments

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

- I – Trading securities;
- II – Securities available for sale;
- III – Securities held up to maturity.

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

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

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

(c) Current and non-current assets

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

(d) Permanent assets

These are stated at cost, plus the following aspects:

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

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

(e) Current liabilities and long-term liabilities

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

(f) Income tax and social contribution

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

The deferred tax assets and liabilities arising from temporary differences were recognized in accordance with CMN Resolutions No. 3,059, of December 20, 2002, and No. 3,355, of March 31, 2006, and they take

into account the history of profitability and the expected generation of future taxable income supported by technical feasibility studies. The deferred taxes were constituted based on the expected rate of 25% for income tax and 15% and 20% for social contribution, according to the rate effectiveness.

In 2021, the Law 14,183, resulting from Provisional Measure (MP) 1,034/2021, increased the rate of the Social Contribution 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 Bank from 15% to 20%, for the period between 07/01/2021 and 12/31/2021. As of January 2022, the CSLL rate decreased to 20% for BOCOM BBM Bank and 15% for BOCOM BBM Bank. 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 No. 7,689/88. The CSLL rate of BOCOM BBM Bank increased from 20% to 21% between August 1, 2022 and December 31, 2022.

(g) Swaps, futures, forwards and options

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

(h) Earnings per share

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

(i) Impairment of assets

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

(j) Contingent assets and liabilities and legal obligations

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

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

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

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

(k) Short-term interbank investments

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

(l) Loans transactions

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

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

(m) Cash and cash equivalents

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

(n) Other values and assets

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

(o) Hedge accounting

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

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

- (a) Market risk hedge:** the financial instruments classified under this category, as well as their related financial assets and liabilities, which are the hedge objects, are recorded at fair value and have their gains/losses, whether realized or not, reflected in the result; and
- (b) Cash flow hedge:** the financial instruments classified in this category are marked at fair value, being the effective installment of appreciation or depreciation recorded, net of tax effects, in a specific account on equity. The ineffective portion of the respective hedge is recognized directly in the result.

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

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

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

(p) Deposits and funding in the open market

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

(q) Intangible assets

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

4. Cash

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

(*) Repurchase transactions maturing within 90 days, on the investment date.

(**) December 31, 2023 and December 31, 2022, investments in foreign currency present operations mostly in U.S. dollars.

5. Short-term interbank investments

Short-term interbank investments are as follows:

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

(*) The amount invested in interbank deposits in the Bank in December 2023 basically refers to interbank deposits' certificates. In the year ended December 31, 2023, their maturities are between January 2024 and November 2029.

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

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

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

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

6. Marketable securities and derivative financial instruments

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

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

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

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

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

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

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

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

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

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

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

7. Loans transactions

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

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

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

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

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

(*) The Advances on exchange contracts are classified as reduction accounts of Other liabilities – exchange portfolio and as Other receivables – foreign exchange portfolio, respectively, as shown in Note 8.

(**) Refers to credit assignment, recorded in “Other credits” accounts.

(***) These refer to guarantees granted through sureties, letters of credit and firm assurance. The granted guarantees are recorded in clearing accounts and the respective yields are classified as other liabilities – see Note 14 – and appropriated to income according to the contractual terms of the guarantees. These also include, in the Bank, guarantees granted for credit operations of Nassau Branch and BBM Bank Ltd. Nassau Branch is eliminated in the individual reports.

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

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

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

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

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

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

Changes in allowances are as follows:

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

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

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

The credit risk concentration in the Bank is as follows:

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

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

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

8. Foreign exchange portfolio

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

(*) See Note 7.

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

9. Investments | Interest in subsidiaries

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

10. Deposits

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

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

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

The Bank's breakdown per segment is as follows:

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

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

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

11. Repurchase agreements

The repurchase agreements obligations in the Bank are as follows:

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

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

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

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

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

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

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

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

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

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

13. Loans and onlendings

a) Loans abroad

Loans abroad in the Bank are as follows:

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

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

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

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

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

14. Sundry

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

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

15. Other assets

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

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

16. Intangible assets

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

17. Equity

(a) Capital – Banco BOCOM BBM S.A.

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

(b) Legal reserve

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

(c) Statutory reserve

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

(d) Treasury shares

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

(e) Interest on capital and dividends

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

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

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

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

(f) Reserves for expansion (retained earnings)

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

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

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

19. Service revenue

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

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

20. Other administrative expenses

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

21. Related-parties significant transactions

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

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

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

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

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

b) Key management compensation

The total compensation will be calculated as follows:

I) Fixed and variable compensation

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

- (a) The amount equivalent to at most 50% (fifty percent) of the variable compensation will be paid in cash, immediately available for the Participant (“Short-term compensation”); and
- (b) The amount equivalent to at least 50% (fifty percent) of the variable compensation will be deferred for payment within 3 (three) years, considering the provisions below (“Deferred Compensation” together with “Short-term Compensation” and “Variable Compensation”).

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

II) Deferred compensation

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

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

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

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

22. Derivative financial instruments

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

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

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

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

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

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

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

a) Notional value per asset, maturity and indexer

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

b) At cost and market value

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

c) Notional value per counterparty

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

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

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

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

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

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

d) Hedge accounting

Fundraising fair value hedge (I)

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

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

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

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

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

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

Fundraising fair value – hedge (II)

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

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

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

Investment cash flow abroad – hedge

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

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

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

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

Fair value of the bonds held to maturity – hedge

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

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

Cash flow of the bonds available for sale abroad – hedge

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

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

23. Risks management

Market risk

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

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

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

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

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

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

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

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

Liquidity risk

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

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

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

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

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

Credit risk

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

Operational risk

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

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

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

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

Capital management

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

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

24. Operating limits

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

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

25. Income tax and social contribution

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

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

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

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

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

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

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

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

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

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

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

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

26. Provisions and liabilities for legal obligation

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

Breakdown of provision

a) Labor provisions

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

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

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

b) Tax and social security provisions

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

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

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

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

c) Civil provisions

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

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

d) Liabilities for legal obligations

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

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

e) Others

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

27. Allowance for financial guarantees

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

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

28. Other information

(a) Agreement for the compensation and settlement of obligations

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

(b) Marketable securities portfolio

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

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

(c) Corporate change

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



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