Management Report

2022

Dear reader,

In 2022, we reached a net income of R$29.8 billion, an evolution of 51.3%, renewing the record of growing and consistent results, based on the responsible increment of the credit portfolio, controlled defaults, strengthened diversification of financial income, discipline in managing expenses, and a solid capital structure.

In addition to a result that remunerates shareholders and sustains credit growth, we reached R$71.4 billion, a growth of 33.9% in one year, in society added value, when we consider taxes, wages, dividends and other components. Furthermore, we adopt initiatives that result in the generation of several positive social and environmental externalities through our businesses, through partnerships and through the Banco do Brasil Foundation's activities. With this, we generate value for all of our stakeholders and transform lives.

For the first time, our expanded portfolio, which considers securities and guarantees provided, surpassed the R$1 trillion mark, which is the result of the relationship we have with our customers and the quality of the solutions we offer in a customized manner to all segments. Our sustainable business portfolio reached R$327.3 billion, an increase of 12.3% compared to December/2022 and represents about 33% of our expanded portfolio. Of this total, R$67.7 billion are earmarked for low carbon agriculture and R$57.8 billion for Pronaf, which supports family farming.

In recognition of our contribution to a more sustainable economy, for the seventh consecutive year we were included in the ranking of the 100 Most Sustainable Corporations in the World 2023 - Global 100, and for the fourth time we were elected as the most sustainable Bank on the planet (2019, 2021, 2022 and 2023 editions), being the only Brazilian company ranked in this ranking.

We reaffirmed our commitment to micro and small businesses. We led the disbursements of the third tranche of Pronampe, reaching more than R$12 billion for about 128 thousand Micro and Small Companies (MSEs), more than 40% of which are led by women. Adding up the 2020, 2021 and 2022 editions, BB's disbursements were R$27.2 billion, supporting the maintenance of the activity and the preservation of jobs in 261 thousand companies.

In Agribusiness, we maintained our historical position as the main financial agent in the country, making a significant contribution to meeting the demand for credit in the segment and its chain, reaching an expanded credit portfolio, which includes agribusiness securities, of R$309.7 billion.

In July/2022 we announced the biggest Crop Plan in our history, allocating R$200 billion, of which R$114 billion have already been disbursed by the end of the year, an increase of 28.0% over the same period of the previous harvest. The highlight is the disbursements to the National Program to Strengthen Family Agriculture (Pronaf) and to the National Program to Support Average Rural Producers (Pronamp), which together represent 84.4% of the clients served in the 2022/2023 Crop Plan and the acceleration of Broto, our agrodigital platform.

In the personal segment, we highlight the 7.8% growth in the payroll loan portfolio, which reached R$115.1 billion, the largest figure ever, with a 19.6% market share, which is due to the proximity and expertise with the public of more than ten million people. In addition, aiming to rejuvenate the customer base, we announced several initiatives to bring us closer to the young public, including participation in fairs and e-sports and gaming events, the launch of BB Cash, our totally digital account for teenagers, among other financial education measures via social networks for this public.

Throughout the year we continued to improve the experience of our more than 81 million customers and invested in our digital acceleration to become a closer, more complete bank, available through our broad integrated platform of channels, offering solutions tailored to the profile and moment in life of our customers.

As a result, customer satisfaction increased, as reflected in a 10-point increase compared to December 2021 in our Net Promoter Score (NPS), and we had our best position in the Central Bank's complaint ranking. Furthermore, we increased engagement with our clients by 12.1%, increasing recurrence and business generation.

We continue to invest in cultural transformation and in preparing the Bank for the future. With the Evolution movement, we focused on upskilling and reskilling actions to develop the digital competencies of our teams. In addition, we advanced on the internal innovation fronts with experimentation labs for new technologies and the development of data and analytics solutions.

We are also continuously improving and developing new programs and initiatives related to talent attraction, career development, succession and retention. The application of People Analytics to identify talent allowed us to reduce the traditional internal selection process times by 75%. In December, we opened a selection process for new talents that includes four thousand vacancies and another two thousand for the reserve register, in all Brazilian states and in the Federal District, of which half of the opportunities are for technology agents.

We advanced in the performance in digital ecosystems - BB Store, Market Place, the Liga PJ and the Painel PJ - generating value for all those involved in our relationship chain and more than R$ 1 billion in sales volumes. We reformulated our application and the Banco do Brasil portal, providing a more modern, simplified, agile and intelligent experience. Furthermore, we pioneered the release of open banking consent via WhatsApp and the availability, through our digital channels, of payments or investments directly debiting the account of another financial institution.

In 2022, we reached 27.1 million active customers on digital platforms. Our App remained one of the best rated in the financial industry, with a rating of 4.6 in Google Play (rated by over 5.5 million users) and 4.7 in the Apple Store (with 2.6 million ratings), on a scale with a maximum score of five stars.

In the year 2023, we renew our commitment to continue delivering sustainable results for our shareholders and to be always relevant in people's lives, contributing to the development of Brazil. We want to be a company that provides the best experience in people's lives. That promotes the development of society, in an innovative and efficient way. And that supports people, companies, public administrations, and institutions to achieve their objectives, goals, and dreams.

We invite you to learn more about our deliverables in the following pages. Enjoy your reading!

Corporate Strategy

Our Corporate Strategy (ECBB) has a time horizon of five years and is reviewed annually, in the third quarter, by means of a structured, participative process based on consolidated methodologies. Its approval is carried out by the Board of Directors, which strengthens the decisions about the company's performance for the coming years.

In 2022, in the strategic planning review process, we evolved our purpose to "Be close and relevant in people's lives at all times".

Thus, we declare that we exist to always be together, to support and maintain close and personal relationships with everyone with whom we relate and, in the customer's, preferred channel. We are relevant, because we want, more than ever, to generate value and be indispensable in the lives of everyone with whom we live. In people's lives, because we want this purpose to be expressed in our relationships with everyone. At all times, because we have complete solutions so that our clients can count on us during all phases of their personal and professional life trajectories.

Aligned to the evolution of the purpose and reinforcing the Company's organizational identity, our values are Proximity, Innovation, Integrity, Efficiency, and Commitment to Society. They represent the basis of our culture, lived by all employees.

The Strategic Map and the Master Plan contemplate the strategic objectives and indicators defined for the five-year horizon, distributed in five perspectives: Customers, Financial, Sustainability, Processes and People.

We place the customer at the center of our actions and decisions, at all organizational levels, offering complete solutions to provide the best experience.

We are a competitive, profitable, efficient, innovative bank that is a reference in sustainability. To this end, we strive to optimize the allocation of capital, improve operational efficiency, optimize the organizational structure, and develop new businesses and sources of revenue.

We accelerated the digital transformation and innovation, evolving in the development of analytical intelligence, as well as maintaining the focus on operational efficiency and the improvement of processes, products, and channels, making them simpler, more agile, and integrated with the customer experience.

We seek to continue the transformation of our organizational culture, with an engaged performance by our professionals, focused on innovation, meritocracy, and sustainable results.

Macroeconomic Scenario

Throughout 2022, the international scenario was at the center of the economic debate marked, mainly, by high inflation levels, although the latest reports have signaled a falling trend in price levels in the USA and the euro area. The external risks linked to the pandemic and the war between Russia and Ukraine, in addition to the beginning of the monetary tightening process in the main central economies, have contributed to a slower pace of global economic activity.

In the last months of the year, data preceding the activity confirmed the continuity of the economic slowdown in Europe, however there was the perception of a less deep recession, in view of the increase in gas inventories at higher-than-expected levels. In the USA, consumption and the labor market continued to show some resilience, which should prevent a more severe recession, despite the Fed's signaling of additional interest rate hikes. In China, in turn, the move to dispense with mass testing and relax quarantine encouraged the markets, as it signaled a clear reorientation of the government's focus from a COVID-Zero policy to a program aimed at economic growth.

In Brazil, the performance of economic activity was surprisingly positive throughout 2022. The recovery of the services sector and the labor market, as well as the measures to increase income and stimulate consumption implemented over the course of 2022, contributed to the economic growth observed until the third quarter of last year. However, recent indicators have suggested a less favorable behavior for domestic demand in the face of rising interest rates and tighter financial conditions, which should be reflected in an economic slowdown. In relation to the national financial system, the year was marked by another significant expansion of credit operations to companies and families (14%), although decelerating in relation to that recorded in 2021 (16.3%) under the weight of the rise in the basic interest rate, the increase in family indebtedness and defaults.

Despite the strong movement of decompression of the IPCA, inflation in 2022 has exceeded the upper limit of the tolerance interval of the target. Despite the reduction in taxation on fuel, electricity and telecommunications that resulted in deflation in July, August and September, other factors, according to the Central Bank of Brazil, led inflation to reach 5.8%, namely: (i) inertia from the previous year's inflation; (ii) rising commodity prices; (iii) imbalances between demand and supply of inputs and bottlenecks in global production chains; (iv) shocks in food prices, resulting from climate issues; and (v) pickup in demand for services and employment, driven by the sharp decline in Covid-19 caseloads and consequent increase in mobility. Finally, throughout 2022, the uncertainties in the external environment, the electoral process, and the discussions regarding the future of the fiscal framework in Brazil brought volatility to asset prices, in particular to the exchange rate, which ended 2022 at the level of R$/U$S 5.22.

Shareholders and Holders of debt instruments

We have a base of more than 953 thousand shareholders, of which 98.4% are individuals and 1.4% are legal entities. Between January 2019 and December 2022, our individual's shareholder base grew from 430 thousand to 937 thousand. At the end of December, our shareholding structure was distributed between 50% of shares owned by the Federal Government, 49.6% in free float and 0.40% held in treasury. Local investors account for 77% of the outstanding shares, while foreign investors hold 23%. Our shares (BBAS3) represented 2.537% of Ibovespa in the last four months.

The equity value per share ended the period at R$53.81, a 14% variation in relation to December/21. The Closing Price for the month of December was R$34.73 for BBSA3 and US$6.58 for the ADRs that are part of a level I program, traded on the American OTC market.

In December 2022, we received the Apimec IBRI award as the company with the Best Investor Relations (IR) Practice and Initiative in the Large Cap category (Large Cap Companies on the Stock Exchange). The award, which is in its third edition, elects annually the best IR professionals and analysis houses, chosen by the members of the two promoting associations, being composed mostly by market analysts, publicly traded companies and investor relations professionals.

ESG Agenda (Environmental, Social and Governance)

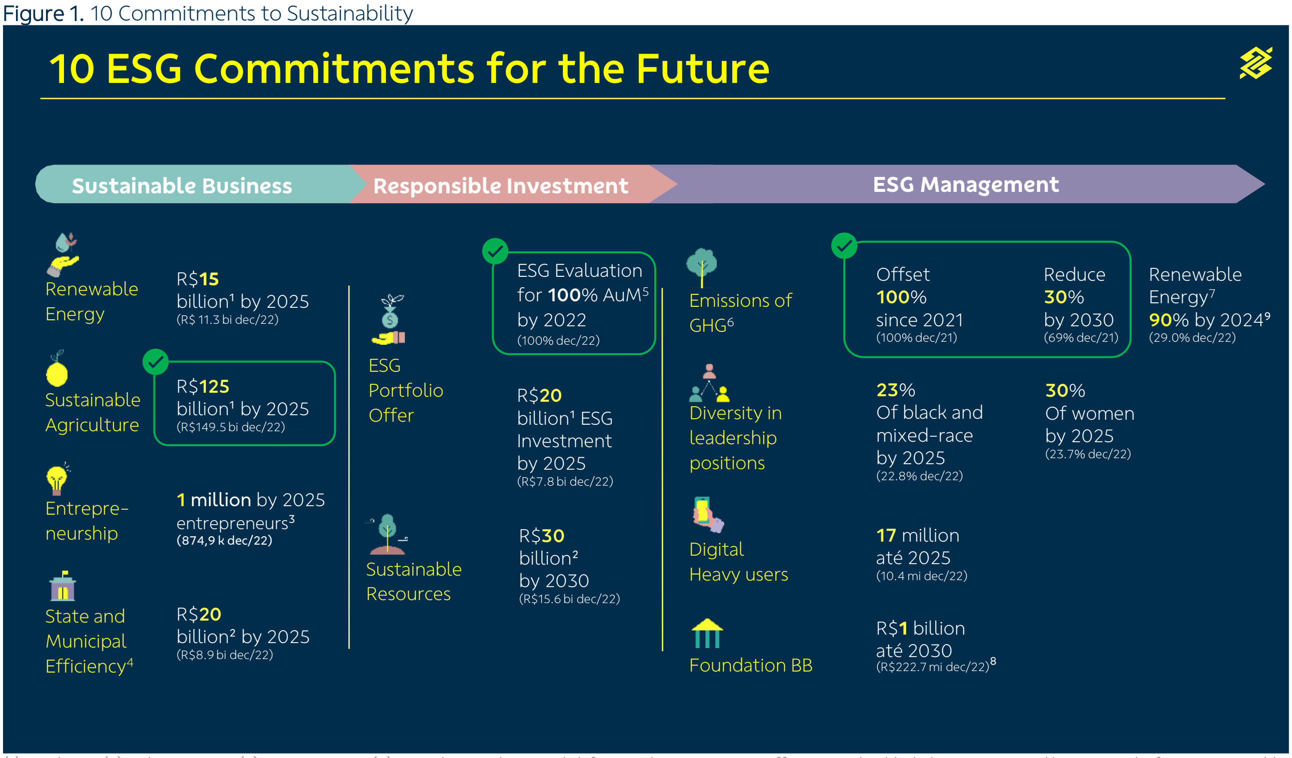
We adopt the best Environmental, Social and Governance practices that allow for actions to anticipate and manage risks and opportunities, in addition to translating into positive externalities for our stakeholders. These premises are materialized in the Sustainability Plan - Agenda 30 BB, which is our main instrument for promoting socio-environmental practices since 2005 and is aligned with the Sustainable Development Goals (SDG) of the United Nations (UN) and the Paris Agreement. The Plan, revised in 2021, has 40 actions and 110 indicators for the period 2021-2023.

The fulfillment of sustainability indicators and targets impacts the remuneration of the entire functional body, including top management, ensuring an alignment between business, people and social, environmental and climate issues.

Commitments to the future

To continue as protagonists in the search for an increasingly sustainable world, in 2021 we disclosed 10 Commitments with targets up to 2030, which involve the Sustainable Business, Responsible Investment, and ESG Management fronts. Of the 10 Commitments established, by December/22 they were already fulfilled: (i) reach R$125 billion balance in Sustainable Agriculture by 2025 (R$149.5 billion reached); (ii) carry out ESG assessment in 100% of applicable assets under BB Asset management by 2022 (100% of assets assessed); and (iii) Offset 100% of Direct GHG Emissions starting in 2021.

Figure 1. 10 Commitments to Sustainability



(1) In Balance; (2) Disbursements; (3) Entrepreneurs; (4) Agriculture, culture, civil defense, education, energy efficiency and public lighting, sports and leisure, road infrastructure, public cleaning, environment, urban mobility, health, safety and health surveillance; (5) Applicable AuM; (6) Scope 1 and 2. Scope 2 decreased to zero considering the market-based choice (purchase of i-REC's); (7) Renewable energy purchased on the free market (ACL) and own production at the end of the period; (8) According to Budget Execution Summary: (2021) R$114.1 + (2022) R$108.6 = R$222.7 million.

Eco-Efficiency

We invested in renewable sources to reach 2024 with 90% of our energy decarbonized. We migrated 61 administrative buildings to the Free Contracting Environment, ensuring clean energy consumption and accumulated savings of R$47 million from 2018 to November/2022. In 2023 we will migrate 19 more units. We are studying the expansion of another 1,600 units to be migrated to the Free Contracting Environment. Currently, we have seven operational photovoltaic plants that generated 30 GWh/year that brought savings of R$13.7 million from 2020 to 2022. Another 22 are under contracting/construction and by 2024 we will have 29 units in operation.

Our commitment to reduce Greenhouse Gas emissions by 30% by 2030 was achieved in 2020. Currently, we are offsetting 100% of direct emissions by purchasing I-Recs (International Renewable Energy Certificate) certificates.

Our #PlasticZero BB initiative, launched in 2020, announced the goal of zero consumption of disposable plastic cups by December 2022. The commitment extended to suppliers, where all our coffee and snack contracts had disposable plastic cups phased out by 2020. In 2021, a strategy was implemented to purchase other types of disposable cups to be used for customers excluding traditional plastic ones, with the option of paper cups and biodegradable cups. And at the end of November 2022, we will zero the supply of disposable plastic cups for our premises, replacing them with paper items.

In November, the Tancredo Neves Building, where CCBB Brasília is located, became the third building of Banco do Brasil whose Environmental Management System was certified by the ISO 14001 standard. In addition, the BB Torre Matarazzo SP building was also recertified in November/22, reaffirming our commitment to sustainability.

Sustainable Business Portfolio

In line with our long-term commitments and with the objective of assisting our clients in the transition to a more sustainable portfolio, we reached R$327.3 billion in sustainable credit operations at the end of December 2002, a growth of 12.3% in 12 months. This amount was contracted in credit lines with high environmental and/or social additionality or destined to finance activities and/or segments that have positive social and environmental impacts for the renewable energy, energy efficiency, construction, sustainable transport and tourism, water, fishing, forestry, sustainable agriculture, waste management, education, health and local and regional development sectors, reinforcing our transforming role in supporting the country's development and the construction of an increasingly more sustainable future for society.

BB's renewable energy portfolio exceeded R$11.3 billion in December, a growth of 33% in 12 months, serving all segments of BB's clients. Highlight for project finance, which reached R$2.8 billion, mainly financing wind and solar projects, and for the MSE segment, which reached R$984 million in financing mainly for solar energy. The incentive to renewable energies is one of BB's 10 long-term commitments and encourages the decarbonization of our clients' activities and our economy.

Our Sustainable Business Portfolio is submitted to independent evaluation, which considers the main international taxonomies for the classification of clients and credit lines that compose it. To incorporate the best practices and pioneering references of recent years and to add new products with ESG attributes, the methodology is continuously revised.

Banco do Brasil Foundation

For almost four decades, with the purpose of valuing lives to transform realities, the Banco do Brasil Foundation has invested in projects and actions to generate work and income. Through cross-cutting and structuring programs in Education, Environment, Social Assistance, Social Technology, Volunteering, and Health and Welfare, the BB Foundation fosters and multiplies solutions for the social and environmental transformation of the country, adopting the best governance and integrity practices.

In 2022, R$145.8 million were mobilized in social investment, adding resources from Banco do Brasil, companies of the conglomerate, and partners, which made it feasible to support 256 projects and social and environmental actions initiated in more than 900 Brazilian municipalities. In the last 10 years, R$2.6 billion were invested in social and environmental investments, benefiting more than 6.6 million families.

Carbon Market

In May 2022, we held the Global Carbon Market Congress - Decarbonization and Green Investments, which aimed to promote debates about the carbon credit market, besides presenting corporate strategies, projects and cases to boost green business, focusing on innovation and sustainability. It also sought to connect leaders from different segments and Brazilian publics around the theme, according to the results presented at the 26th Conference of the Parties of the United Nations Climate Convention (COP26).

At the same time, we launched a set of initiatives to support our clients in the origination, development, and negotiation of carbon credits. In this sense, we have structured partnerships to offer technical support for the elaboration of projects following internationally recognized and validated methodologies such as: avoided deforestation, forest recovery, low carbon agriculture, recovery of degraded areas, crop-livestock-forest integration and energy.

In September 2022, we signed the first carbon credit origination and commercialization contracts.

By the end of 2022, more than one million hectares of areas belonging to the Bank's customers with potential for the preparation of carbon projects were mapped. With this, we are contributing to the preservation and recovery of native forest areas in the Amazon and Cerrado biomes, in addition to providing new revenues to our customers, as well as benefits to the communities and families covered, encouraging environmental preservation and social development.

For 2023, we expect to expand our operations in the carbon market, with the development of new technologies for mapping potential projects in our customer base and the expansion of strategic partnerships.

Responsible Investment

We have been working to engage our clients to invest in sustainable assets, offering products that combine profitability with the best environmental, social and governance practices. Our responsible investment solutions reached R$ 7.8 billion in December/22. The highlight of the portfolio is the volume raised via Green LCA (Agribusiness Letter of Credit), which reached R$ 4.3 billion in December and fosters the expansion of BB's low carbon agriculture portfolio.

Sustainable Funding

In January 2022, we issued our first Social Bond in the capital market. The seven-year, US$ 500 million bond was allocated to micro and small enterprises. The fundraising is aligned with the Sustainable Finance framework and the Social Bond Principles and has been recognized internationally by The Banker.

Furthermore, in order to promote an increasingly greener and inclusive economy and to offer differentiated conditions to our clients, we have established several partnerships with multilateral organizations. The French Development Agency will make possible a loan of € 100 million, destined to finance projects in the renewable energy sector for the PF and PJ Retail publics, with a total term of 10 years. With the World Bank we have structured a US$ 500 million line to promote the reduction of emissions and the removal of greenhouse gases by encouraging greater private sector participation in carbon credit markets. Furthermore, we formalized an agreement with the BRICS Development Bank, which will provide US$200 million to expand our ASG portfolio and establish a cooperation plan for the selection of sustainable projects.

In November 2022, during the 27th UN Conference on Climate Change (COP27), a fund-raising contract was announced with the German development bank KfW Bankengruppe (KfW Bank Group), which was formalized in December 2022. Under the partnership, BB will distribute up to € 80 million to finance projects that involve environmental conservation measures, reforestation and restoration of degraded areas in the agricultural sector for forest conservation.

ASG in the Supply Chain

On November 8, 2022 the III BB Suppliers Meeting was held, with the participation of about 130 representatives of the 85 strategic and critical suppliers of the BB, whose goal was to continue the awareness and engagement of BB suppliers in the ASG - Climate Change theme, strengthening the sustainable practices in the Bank's supply chain, in order to prevent and mitigate risks and stimulate good socio-environmental practices.

Corporate governance

We adopt the best corporate governance practices, maintaining our commitment to the principles of transparency, accountability, equity and corporate responsibility. Since 2006, we have been the only bank listed on B3's Novo Mercado, the segment with the highest standards of corporate governance.

For the sixth consecutive time Banco do Brasil reached Level 1 in the Governance Indicator - IG-SEST of the Ministry of Economy. The IG-SEST is an instrument of continuous monitoring that aims to assess compliance with the requirements of legislation and the definitions established in the resolutions of the Interministerial Committee on Corporate Governance and the Administration of Government Holdings - CGPAR and the guidelines of the Organization for Economic Cooperation and Development - OECD, which seek to implement the best market practices and a higher level of excellence in corporate governance.

Decisions are made in a collegiate manner at all levels. In this context, the management uses a structure of committees, subcommittees, and strategic commissions that ensure agility, quality, and security in decision making.

Our governance structure consists of the General Shareholders' Meeting; the Board of Directors and its advisory committees - the Audit Committee; the Humans, Remuneration and Eligibility Committee; the Risks and Capital Committee, the Technology and Innovation Committee and the Corporate Sustainability Committee; the Executive Board, consisting of the Board of Directors (President and Vice-presidents) and other Officers; and the Supervisory Board.

The Board of Directors, an independent collegiate decision-making body, has strategic, guiding, elective, and supervisory attributions, as provided by law and the Bylaws. At least 30% of the members are independent, as defined in the legislation and in B3's Novo Mercado Regulations.

Currently, of the eight members, four are independent, a number higher than that established in the Bylaws, and two of these members are representatives of minority shareholders. In addition, our Board of Directors is diverse in terms of gender, race, and education, with 50% of its members being women.

The management's commitment to diversity occurs at all levels. In the beginning of 2023, we had the inauguration of the first woman president of BB. Besides her, we have vice-presidents, directors, and committee members. In recognition of the diversity policy, BB and some companies of the conglomerate received the WOB - Women on Board seal.

Acknowledgments and Participation in Indexes

Most Sustainable Corporations in the 2023 Global 100 ranking

We were recognized as the most sustainable bank on the planet by Corporate Knights' ranking of the 100 Most Sustainable Corporations in the World 2023 - Global 100. We were the only Brazilian company to be ranked 15th overall. In the last decade, we were listed in seven editions, being recognized as the most sustainable bank in the world in the 2019, 2021, 2022, and 2023 editions.

CFI.co - Capital Finance International - Most Sustainable Bank in South America 2022

We also received, for the second consecutive year, the award for the most sustainable bank in South America, from the British magazine Capital Finance International - CFI.co. The publication praised our commitments in sustainability that "consistently direct investments towards the sustainable development of the country" and highlighted our pioneering work in the carbon market and in building sustainable solutions for our clients. The award seeks to identify banking leaders that face demands of creating value for shareholders and that provide sustainable customer service, with products that offer opportunities for innovation and growth

BB is listed in the Dow Jones Sustainability Index (DJSI)

Once again, we have been selected for the New York Stock Exchange's Dow Jones Sustainability Index (DJSI), in the World and Emerging Markets portfolios. This is the eleventh consecutive year that the bank is part of the index, which is revised annually and covers the world's largest companies by market value based on free float, in other words, the percentage of shares that are free for trading for any interested investor. The DJSI's objective is to present to the investor market the best investment options in companies that adopt good sustainability practices.

Corporate Sustainability Index (ISE)

We are part, for the 18th consecutive year, of the Corporate Sustainability Index (ISE) of B3 - Brasil, Bolsa, Balcão, which brings together shares of publicly traded companies with the best sustainability practices. In the 2022/2023 edition, 69 companies from 27 sectors were listed. We have been part of the ISE portfolio since its inauguration in 2005.

Besides the DJSI and ISE, it is worth mentioning that we remain listed in other sustainability indices, such as the FTSE4 Good Index Series, of the London Stock Exchange.

Terra Carta Seal

We received the Terra Carta Seal, an initiative of the Sustainable Markets Initiative (SMI). The seal awarded by the then "Prince of Wales", now "His Majesty King Charles III", seeks to recognize private sector companies that are leading the global acceleration towards a sustainable transition. Only 19 companies in the world received the seal in 2022, and we were the only company recognized from Latin America in this edition.

Customer Experience

One bank for each customer

We look at the client in a complete way and make use of analytical intelligence applied to knowledge about the client, thus breaking traditional segmentation barriers and getting to know the client's interests.

This way, we personalize even more the relationship, providing good experiences with products, services, and advisory services tailored to their needs. Our tools frequently update and analyze information for more than 104 million customers and potential customers, resulting in more than two billion possibilities of offers and more than 480 million business indications adhering to the customer profile. This work is done monthly and made available on BB's service channels, providing the generation of more appropriate interactions with hyper-personalized communication. All the customer relationship actions go through the data protection system and aim to increasingly optimize the analytical processes generating value and sustainable results.

Where, how and when the customer wants

Our clients can count on customer service throughout Brazil, through the channel of their choice. We have advanced in the migration of the service structure to lighter, more efficient and specialized models, which results in an integral experience in the channels and expands the capillarity of the service, ensuring the best convenience for clients. We make business and innovation possible to be always close and available to customers, whether they are in the branches, on the App, on social networks or in the metaverse.

In recent years, there has been an evolution in the migration of transactions to digital channels. In December/22, we reached 92.4% of all transactions of all transactions carried out through these channels, while in December/19 this figure was 80.4%. The digital platforms represented 30.4% of the disbursements in personal credit and 12.7% of the disbursements in consigned credit. However, at the same at the same time, human contact, by physical or remote means, remains relevant for advising, conducting business, and making more complex demands. Complementarity is necessary for the experience to be fluid, both in digital self-service as well as in face-to-face or remote as in face-to-face or remote customer service.

Most satisfied customers

We improved customer experiences, which gave us positive results in terms of satisfaction. The NPS (Net Promoter Score) has been showing constant evolution and reached a historical result in December/22, closing the quarter with a 10-point increase compared to December/21. Active listening and understanding the needs of customers are at the center of our actions. After each service provided, we send an evaluation survey to the customer, and the score received is linked to the biannual performance evaluation of the employees, to ensure that the quality of the service and customer satisfaction are a common goal for everyone.

The consequence of the constant active listening to the needs and satisfaction of our customers is reflected in the Central Bank's ranking of complaints, where our performance stands out. In the fourth quarter, the employees' resolute action guaranteed us the best position among the five largest financial institutions in the country, as well as among the other banking and means of payment institutions. This was the first time that one of the five largest banks in the country reached a single-digit index in the survey. We registered an index of 8.22, which represents the number of complaints upheld by the regulator for each million clients.

In addition, we use other internal metrics to monitor and assess customer satisfaction, both with customer service interactions, products, applications, and overall experience, in qualitative surveys. These metrics help in decision making and in the eventual adjustment of route in any point where the Bank can improve.

Digital Transformation

With an increasingly digital Bank, BB consolidated its presence as a complement to the physical network and by offering innovative solutions and convenience to customers. The adoption of digital means to perform several daily services continued to strengthen as a new habit for millions of Brazilians and BB has anticipated this movement, promoting business origination and relationships through digital channels. Banco do Brasil's digital strategy is supported by a set of initiatives that unfold in optimization and digital transformation, some aimed at preparing and experimenting, such as our experimentation and new technology labs, Lentes BB, others to accelerate and scale, as in the case of the expansion of the BB Store, and others focused on expanding and diversifying as the new business models of Bank as a Platform.

We invest in cutting edge technological solutions with robust and constantly modernized IT architecture. We have expanded our cloud processing capacity by including solutions such as Open Finance, Pix, Chatbots, and Mappiá. This brought flexibility, capacity, and speed in delivering solutions, as well as greater availability of resources, without losing performance and providing a better customer experience. We enabled new businesses and innovations through Artificial Intelligence solutions such as Minhas Finanças Multibanco, BB in Metaverso and voice-activated transactions.

We were the first bank participating in Open Finance to be qualified to operate as a payment initiator, reinforcing our leading role in the implementation and generation of initiatives, including with non-account holders. This strategy reinforces the bank's efforts to improve the customer experience, the hyper-customization of relational and commercial offers and the support of the Bank as a Service - BaaS and Bank as a Platform - BaaP models. Another highlight was the implementation of the consent journey on WhatsApp, unprecedented in the world, bringing convenience, simplicity and maintaining regulatory compliance. This service is integrated with others offered by BB's virtual assistants.

We improve our work models, relationships and solutions offering, boosting the sharing of knowledge and resources in several platforms such as Mobile, Web, Low Code, Cloud, Mainframe, UX, AI and security. We monitor trends and emerging technologies, evaluating, testing and adopting the pertinent ones, such as Cryptocurrencies. We engaged in the Digital Acceleration Project thinking about the business continuity and sustainability of the institution.

We renewed the ISO 20000 international certification that attests to the quality of IT processes that adds to the ISO 45001 seal of the BB Building, in Brasilia, attesting that the company has a coherent and effective health and safety management system and the ISO 55001, in which the BB Data Center was the first in the world to be certified, stating that it develops a proactive approach to the management of the life cycle of assets.

Digital Acceleration

In continuity with our evolution on the innovation and digital transformation fronts, and in view of structural trends that are transforming the global financial market and opening doors to a new performance, we expanded our digital acceleration strategy and launched in the third quarter of 2022 a roadmap through short, medium, and long-term investments and actions.

We made key choices to guide the Bank's digital strategy, deciding to advance further in the evolution and digitalization of our core, strengthening the value offer through digital initiatives for relevant segments, capturing synergies and seeking growth beyond traditional sources of revenue (beyond banking, BaaS and BaaP) and leveraging external sources for skills acquisition. Our vision for the future is to scale the agile model within the organization by transforming the way we work.

Digital interfaces and channels

We recently updated and modernized our applications, internet banking, portal and our virtual assistants. We introduced the new BB App, the new Ourocard App and the new BB Website. The changes bring a lighter interface, new navigation and more security, among other improvements. In the App, we offer an even more personalized and intuitive experience, besides new features to help customers organize their finances wherever they are. The portal, meanwhile, is more modern, objective, and with simpler navigation to find what you need. Soon, we will also provide customer service through Alexa, Amazon's voice assistant.

Our App remained as one of the best rated in the financial industry, with a rating of 4.6 in Google Play (rated by over 5.5 million users) and 4.7 in the Apple Store (with 2.6 million ratings), in a scale with a maximum score of five stars.

In 2022, we achieved a 44.7% increase in bb.com.br organic traffic, which reflected an increase in the number of potentially qualified customers at the top of the funnel of the focus products we established. A project that consolidated 85% of user views in approximately 220 pages, reducing by 96.2% the portal's page volume and, consequently, generating more operational efficiency.

Regarding Virtual Assistants, in the last quarter we registered a 29.5% increase in unique users compared to 4Q21. We maintained the transfer rate to human assistants at 5.7%, the same level registered at the end of 2021, with an 8.8% improvement in the evaluation score, from 3.71 to 4.04.

We launched in our WhatsApp innovative solutions such as the renegotiation of overdue mortgages, transfer of funds from other banks to BB - Pix via open Finance –, the contracting of Consigned CDC covering more than 5,000 agreements, the transaction of contesting purchases by commercial disagreement, and the possibility for the client to request a change in his credit card mode.

New Business

Loja BB - Consolidating our SuperApp

Launched in 2021 in our mobile application, Loja BB centralizes the offer of non-banking products and services. It provides options for purchases at partner sellers, Gift cards and cell phone recharges, increasing the convenience and relevance of the channel. Approximately 5.3 million clients used the BB Store throughout 2022, performing more than 37 million transactions, representing a volume of more than R$1 billion. Among the developments made during the year, we highlight:

- expansion of partner sellers available to Banco do Brasil account holders, meeting their main needs, ending 2022 with more than 100 sellers;
- availability of new gift card content, with games, delivery, streaming, application stores, software, transportation services, sports stores, among others, totaling 188 products from 18 different brands;
- development of a new section in the store called Gamer Area, where we are segregating and specializing the offer of specific content for the gamer audience;
- cell phone recharges for the main carriers in Brazil.

PJ Panel and League

The PJ Panel has reached the mark of supporting the management of approximately 12 thousand MPE's that together invoices R$ 180 million. The solution brings, in an intuitive and consolidated way, all the information about payments and receipts from micro and small companies. The platform provides business owners with a more objective financial view of the present, contributing to the health and sustainability of the business, in addition to supporting the company's future decisions. The solution also has a specialized consulting and intelligent alerts in the BB channels.

Another important step in the expansion of operations in the micro and small business ecosystem is the Liga PJ platform. The solution, which has reached more than a million users and already counts more than 11 thousand views of the partners showcase, is a space to exchange information, experiences, and business connections between entrepreneurs and players in this market. This information hub brings solutions and opportunities, with content and partners to act on the entrepreneurs' main needs, regardless of the stage or level of their business journey. On the platform, it is possible to find content such as leadership tips, people management, best practices in financial management, and facilitators to create digital presence, including the main trends and news about entrepreneurship.

Broto

Broto, a digital platform focused on agribusiness, completed two years of existence and has been scaling its operation. In this period, R$2.5 billion in business was contracted, which demonstrates its importance in facilitating rural producers' access to banking and non-banking products and services.

Producers can simulate financing through the platform, which presents the credit conditions and, if the customer is interested in starting the contracting process, internalizes the proposal in the Bank's systems. In this environment it is also possible to access free content such as articles, reports, digital books, podcasts produced daily by agro specialists, videos, and lives with news and industry leaders.

The platform now includes climate information for the whole of Brazil. Now the rural producer has access to updated information about weather forecasting and water balance for his region based on official sources provided by the partnership with INMET.

Aiming to expand its scope of action, in October, the constitution of the company Broto S.A. was approved, jointly with Brasilseg, which will conduct the business of the Broto Digital Platform.

Citizen's Platform

We developed, during 2022, a Platform of services and public utilities to citizens. The environment is totally digital, available at www.bb.com.br/cidadao and contemplates, since November/22, the consultation and payment of taxes, fees and consumption bills, via BB Pay/Pix, the consultation of social benefits paid by the new system of management and payment of benefits, the redemption of salary bonuses, the consultation of labor information through a connection with Dataprev and the availability of the CNH image through an API with Senatran.

New solutions will be made available, focused on bringing convenience, in a digital and simple way to the citizen, reinforcing our protagonism and purpose.

Corporate Venture Capital

The Corporate Venture Capital program is fundamental to drive open innovation, helping in the development of new businesses, expanding markets in which we operate, while promoting a better experience for customers. Being close to startups is a way to exchange experiences, learnings, incorporate new technologies, and reduce time-to-market, increasing our competitiveness. Aligned to this, investing in impact startups generates even more value, not only for BB, but also for society and the entire ecosystem.

In addition to investments in funds with experienced managers such as Astella Investments, Indicator Capital, and SP Ventures, we have two exclusive funds, one under the management of MSW Capital specialized in the integration between corporations and startups, and the other with Vox Capital, specialized in impact investments, both focused on attaches, fintechs, govtechs, and startups that improve customer experience. Startups in Seed and Series A stages, with tested, validated products and active customers are in the scope, prioritizing startups that have clear goals, metrics, and targets for social and environmental impact and responsible governance.

In 2022 more than 360 startups were examined in a continuous process of searching for solutions that have synergy to generate value for clients, for BB, and for the startup, always in a win-win relationship. In this context, our exclusive funds closed the year with four investments: Aprova Digital, Bitfy, Pagaleve and Yours Bank.

For BB, these investments have the potential to generate value in relevant strategies such as, for example, efficiency gains for the public entity and improvement of the citizen experience, blockchain, tokenization of assets, convenience in means of payments, financial intelligence and solutions for young people, as well as new businesses based on data and analytical intelligence.

Open Finance

During the year Banco do Brasil consolidated its position as one of the most relevant institutions in the Open Finance market. Reinforcing its pioneering and leading role in the theme, it was the bank that launched the most solutions using shared data, the payment transaction initiator (ITP) and innovations in the consent journey. Highlights include recognition at the Open Summit Awards (1st place in five categories), the Qorus-Accenture Banking Innovation Awards (1st place in two categories), and the Banking Transformation 2022 Award (1st place in two categories). The solutions that use shared data are already generating better conditions for customers and new revenues for the Bank, especially in credit card business, loans, and funding.

Minhas Finanças

In 2022, the new version of Minhas Finanças, a multi-bank financial manager available in the BB App, was made available to all BB customers, which was integrated with the advantages and possibilities of Open Finance to offer the best management and financial education experience in the market.

The tool allows customers to centralize their entire financial life in BB, with an integrated view of their commitments, account and card entries, balances and consumption habits. The complete solution includes ATM Statement, Financial Agenda, Consumption Profile and Financial Planning tools.

Since its launch, the tool has already accumulated more than three million unique users and 1.2 million registered financial plans. With this centralized information, we were able to generate financial intelligence for users and with the integrated view of commitments and the solutions offered, there were more than R$ 3 billion in proposed savings. In addition, 13% of the data consents via Open Finance received from other banks were initiated in My ATM Finances.

As a result of these efforts, in November we achieved 1st place in the Open Summit Awards, considered the biggest event of the Open Finance ecosystem in Brazil. The award was for the Individual category with the case of My ATM Finances.

BB Developers Portal

Currently, eight APIs are available for hiring via Portal, they are: Collection, Pix, Pix Arrecadação, Batch Payments, Automatic Debit Authorization, Login BB, Account Validation and BB Pay.

For the first time in BB's history, we had a monetized API (charge per call): Account Validation, in December. In 2022, we almost tripled the number of integrated companies, with API in production, reaching more than 15 thousand in December. With the investment in continuous improvements in the experience, we reached 95 NPS in the Portal in December.

The BB API portfolio, which also includes those made available via the Developer Portal, closed the fourth quarter of 2022 with 22 integrated and callable business APIs, which represents a 5% increase over the previous quarter and 57% over the same period last year.

Digital development initiatives

We also work with crowndsourcing, through the BB Innovation Platform, which gathers ideas, notably to solve big internal issues and offer solutions to our customers. The ideas can be evaluated, commented and supported by other participants, stimulating interaction and debate.

The approved solutions can be developed, structured, monitored, tested and simulated in a Solutions Hub that, with the sponsorship of the managing units, can provide the conditions for the prototyping of the idea, which, if approved in the homologation and viability environment, is applied to achieve our purpose.

In this context, focusing on the development of new digital businesses, a contract was signed with the Centro de Estudos e Sistemas Avançados do Recife (CESAR), focused on accelerating the development of new business models. Modeling and acceleration of strategic initiatives built in partnership between the sponsoring Strategic Units and the internationally renowned Institute, linked to UFPE and Porto Digital do Recife, are planned. The framework supported initiatives in the Public Sector, Retail PF, Digital Business, Base Rejuvenation, and Investor segments.

We also advanced in a new open innovation program with LENTES BB (Banco do Brasil's Experimentation and New Technologies Lab), which unites entrepreneurship, training, and technology, always with the support of partners (startups, universities, and subject matter experts). Today, we already have the work of two of them in the verticals of blockchain; 5G| IoT; artificial intelligence; and smart field.

BB Digital Week (BBDW)

The BBDW was held in November, for BB employees and for the external public that follows digital innovations and solutions. There were 64 talks, 37 of which with the participation of BB experts, approximately 2.3 thousand participants in person, and more than 20 thousand accesses in the YouTube transmission. The event included five workshops on Artificial Intelligence, Data Analysis with Python for non-programmers, Digital Dexterity, Web 3.0, and Quantum Computing in Practice. The knowledge disseminated at BBDW was divided into tracks: Digital Future, Digital Culture, Analytics, Artificial Intelligence, Cloud + DevSecOps and UX.

Awards and Acknowledgments

March

We received the Notable 2022 Award, from CNN Brazil, in the category "Agribusiness and Food" with the initiative Mappiá-Intelligent solutions to support the life of the rural producer. It is a solution that applies artificial intelligence to identify patterns in satellite images for monitoring crops financed by BB in soybeans and corn.

We were recognized with the Brazil Ombudsman Award, conducted by the Brazilian Association of Business Customer Relations (Abrarec). At the occasion the best cases from public and private organizations in Brazil and abroad were selected.

Abril

We were recognized for the third consecutive year as one of the 100 most innovative companies in the world at one of the most important international IT events, the CIO 100 Awards, held by IDG Communications' CIO magazine.

May

We were recognized by The Banker magazine with the Deals of the Year 2022 award, in the "Americas - Financial Institutions Group Financing" category. The award highlighted BB's first social bond, a sustainable external debt security issued by the Bank in January. The award analyzes the best transactions in five regions: Africa, Asia-Pacific, Middle East, Americas, and Europe.

We were highlighted in the 24th edition of the Broadcast Analysts Award with recognition of three analysts who work in BB. The award is promoted by Agência Estado since 1998 and highlights professionals and brokerage houses that develop strategies with the best performance recognized in the investment sector.

June

The monthly Top 5 Ranking of the Central Bank (Bacen) referring to April, May and June (monthly results) and the second quarter of 2022 (accumulated result) awarded BB Conglomerate's projections among the best in the market. BB reached the third position among the institutions with the highest accuracy in the IPCA projections for April. As for the Selic Rate projections for May and June, Banco do Brasil, BB Asset, and Previ shared the first place of the indicator.

We won in two categories FIDInsiders. The Open Banking Payment Transaction Initiator was the winner in the "E-Commerce Payment Solution" category, while the Virtual Assistant for Debt Renegotiation was recognized in the "Innovation for Debt Renegotiation" category. The award is a partnership between Portal Finsiders, a content platform specialized in the Fintechs ecosystem, and Digital Finance for Society (FID), an event that debates the evolution of the financial system on behalf of society.

Banco do Brasil was recognized as one of the five most innovative financial institutions in the world, by The Innovators 2022 award. For three consecutive years the BB has won this award in different categories, including as the most innovative bank in Latin America, the latest being the unprecedented achievement of the global award.

For the second year in a row, Banco do Brasil was recognized as the best institution in Latin America in "Digital Portfolio Management" for clients in the Private segment. The award was announced during the PWM Wealth Tech Awards 2022, a global event organized by the specialized vehicle Professional Wealth Management (PWM) - a world reference in matters related to finance and private banking, and a member of the international Financial Times group.

We received the Latam Aloic 2022 award. SIM - Immediate Solution - won Gold as "Best Internal Operation". The category recognizes strategies that have an impact on different key management indicators.

September

The September Top 5 ranking, released by the Central Bank, showed Banco do Brasil, BrasilPrev and Previ in first place in the Selic Rate projections. The result shows the assertiveness of the BB Conglomerate's economists.

Banco do Brasil was recognized as the most innovative Private Bank institution in Brazil in the international award "Global Business Awards 2022", organized by Corporate Vision.

October

We have been the Bank most remembered by Brazilians for 32 years and we maintain our hegemony in the Top of Mind 2022 award. We were spontaneously remembered by 24% of

Brazilians in this edition of the Datafolha survey. In the market, the institution continues to be the leader in terms of assets and has the biggest branch network, according to statistics compiled by the Central Bank.

We were doubly recognized at the XXII PrêmioABT, the biggest customer relationship award in Brazil, whose purpose is to recognize the best practices, turning the winning cases into a reference for the market. We brought home two golds, winning in the Customer Service category with the case "SAC BB - Satisfaction, Value and Loyalty" and in the Social Responsibility category with the case "BB in Libras - Extensive service with interpreters.

We took first place in the Finance and Fintech category of the BandNews Most Admired Brands Award. The trophy recognizes the companies that stood out the most among consumers. The survey was conducted by Atlas Intel and audited by the Áquila Institute. A total of 3113 people were heard, between June and July, in addition to open voting to the public on Band's website, to define the winners.

We were the highlight of the Best Performance 2022 Award, we received the Gold Trophy in the category "Customer loyalty and retention - focus on resolution", we were indicated among the 39 finalists to present our work in a pitch to the judges, and we also won 1st place in this award.

November

Our press office was recognized for the 12th consecutive year. We won, in the Financial category, the 12th edition of the survey "Companies that Best Communicate with Journalists", conducted by the Platform Negócios da Comunicação and the Centro de Estudos da Comunicação (Cecom). This is the only initiative that recognizes the quality of the relationship that brands have with journalists, which highlights the level of treatment that companies give to newsroom professionals in terms of access, availability, and ease of investigating information.

We took first place in five categories of the Open Summit Awards, considered the biggest event of the Open Finance ecosystem in Brazil. In addition, we were among the three finalists in all the categories in which we competed.

December

We were recognized, for the tenth consecutive time, with the Top Employers certification, an award granted by the independent Dutch research foundation Top Employers Institute. We are the only Brazilian company certified in every edition and we were recognized as an employer that develops talent at all levels of the organization and strives to continuously implement and optimize people management policies and practices.

We were listed in the annual Global 500 ranking, which recognizes the 500 most valuable brands in the world. The evaluation is from the British consultancy Brand Finance and the result was released during the Economic Forum in Davos, Switzerland.

Highlights of the Results

Recurring Net Income of R$ 29,8 billion in 2022

Banco do Brasil reached a net income of R$ 29.8 billion in 2022, an increase of 51.3% compared to 2021. The result was positively influenced by the performance of credit with an adequate mix and of liquidity assets, interbank investments and operations with securities, which reflected in the increase of the result of financial intermediation, reinforced by the growth of income from services rendered, while administrative expenses remained under control. The result was also impacted by the provision for losses associated with credit risk, which totaled R$ 17.8 billion compared to R$ 13.3 billion in 2021, a growth of 33.8%.

We present below the main numbers related to our performance in the year.

Table 2. Financial Highlights

Result (R$million)	2022	2021
Net Income	29,849	19,723
Net Interest Income	74,347	59,674
Net commissions and fee income	24,645	22,669
Personnel and Admnistrative Expenses	(33,574)	(31,060)

Equity (R$million)	Dec/22	Dec/21
Assets	2,007,728	1,899,341
Clients' Funds	753,263	671,270
Shareholders' Equity	163,077	146,110

Loans to Customers

Loans to clients totaled R$ 832.9 billion, an increase of 13.4% compared to 2021. The performance was influenced mainly by the performance of the rural and agribusiness financing line (+22.4%) and the discounted loans and credit rights line (+13.7%).

Net commissions and fee income

The net revenue from fees and commissions totaled R$24.6 billion, an increase of 8.7% compared with 2021, influenced mainly by the performance of the customer service lines (+4.3%), management of third party resources (+10.6%) and commissions from the sale of insurance, capitalization and pension plans (+14.6%).

Personnel and Administrative Expenses

The personnel and administrative expenses reached R$33.6 billion, a growth of 8.1% in the annual comparison, influenced by the performance of personnel expenses (+8.0%) and administrative expenses (+8.4%).

Capital

We have a Capital Plan with a prospective horizon of three years, considering (a) the Risk Appetite and Tolerance Statement, (b) the Corporate Strategy and (c) the Corporate Budget.

We reached 12.01% of the Principal Capital Ratio (ICP) in June 2022, whereas the Basel Ratio (IB) reached 16.65%. The Capital Ratio Level I reached 14.74%.

Shareholders' Compensation

The Shareholders' Compensation Policy seeks to ensure the proper valuation of shareholders, combined with the continuity and financial sustainability in the short, medium and long term of the Bank, considering the need of flexibility and financial soundness for the sustainable maintenance of business.

For the fiscal year 2022, the percentage of 40% of net income was approved, adjusted according to letters “a” and “b” of item I of article 202 of Law 6,404/76, to be distributed as dividends and/or Interest on Capital (JCP), based on the result of the Bank, its financial position, cash requirements, Capital Plan and its goals and respective projections, the Risk Appetite and Tolerance Statement, outlook of the actual and potential markets of operation, investment opportunities and maintenance and expansion of the operational capacity.

The total allocated to shareholders in fiscal year 2022 was R$ 11.8 billion. The amount distributed per share was R$ 4.138.

People Management

We are a living organism. And our digital transformation will be consolidated by continuous training and by the protagonism of our employees. Our teams will be flexible enough to adapt to the dynamics of the market, ensuring operational efficiency and high performance.

To this end, we will encourage an organizational culture that promotes pride of belonging, protagonism, innovative capacity, and fair recognition for the results achieved.

Through the Evolution Movement we are moving forward in the transformation towards a culture of innovation. We offer incentives for undergraduate, graduate, master's and doctorate degrees focused on technology and innovation, as well as language scholarships and other training. We have expanded the options in corporate education with partners, especially Alura, the Massachusetts Institute of Technology (MIT), Gartner, Fundação Getúlio Vargas (FGV) and Instituto de Ensino Insper (Brazil), in addition to our renowned Corporate University, Unibb.

In order to continually renew opportunities to attract and retain talent, we resumed external selection at the end of 2021, with a public competition that had more than 1.6 million applicants and resulted in the summoning of more than 4,400 candidates starting in January 2022.

In continuity with this movement, we published the announcement of the opening announcement for the BB External Selection 2022/1, on 12/23/22, in the Diário Oficial da União (Official Federal Gazette). The selection seeks to fill two thousand vacancies for commercial agents, plus one thousand in a reserve list, to work in the branches and operational platforms. Another two thousand vacancies have been opened for technology agents, plus one thousand for a reserve register with a focus on IT knowledge.

We progressed in actions to develop talents and train successors. At the technical level, we completed the first stage of the Talent Management Program. More than 3,200 strategic unit advisors were evaluated in terms of potential in committees conducted by specialized consultants. Additionally, a new Internal Selection Process for talents in Technology – ProiTEC – was launched. The study opportunities of the Evolution Movement, the IT training tracks and the incentives for IT certifications contributed to the preparation of the candidates in this new edition.

For top executives, considering the succession process, an immersion journey in international innovation ecosystems was offered to 150 executives. Interviews and calibration committees were also held to update the succession risk matrix, with a focus on accelerating the development of potential successors and leaders of our conglomerate. We have a structured succession program, with a specialized company, which performs the assessment for the entire target public of the Directors Program.

To train our employees, we rely on our Corporate University (UniBB). There have been more than 9.8 million hours of training in 2022, resulting in average of 114.4 hours per employee. In addition, they were advances in technology have been implemented education in the Metaverse environment, which provided opportunities for all employees to experience an immersive and differentiated, aiming to boost processes of learning, with a focus on developing skills and attitudes.

In relation to the courses focused on technology, science of data, artificial intelligence among other related subjects, more than 85,000 employees were trained through the Alura, while 40 executives participated in Guided MIT Hackathon Bootcamp. We consider this training fundamental for the cultural transformation to a culture data driven.

In addition to qualification and training, investment constantly in the Compliance and safety culture. In December 2022 the 3rd CEI season (Compliance, Ethics and Integrity). There were six days dedicated to the dissemination of knowledge through internal subjects and lives. O The purpose of this edition was to demonstrate that current and emerging markets such as metaverse, artificial intelligence, startups and innovation are also part of the world of compliance, generating business and management opportunities, however with ethical implications and new risks to be mitigated.

In the theme Health, quality of life and well-being, we highlight the Move with BB Challenge - Around the World. this action associated physical activity with social action and mobilized more than 2.6 thousand employees who traveled, together, approximately 100 thousand kilometers. There were 42 straight days of exercises, encouragement, partnership and even competition.

Table 3. Employees' Profile

	Dec/22	Dec/21
Employees	85,953	84,597
Female	36,002	35,927
Male	49,951	48,670
Education		
High School	10,065	9,136
Graduation	26,261	26,946
Specialization, MA and PhD	49,546	48,431
Other	81	84
Geographic Distribution		
North	3,897	3,678
Northeast	14,025	13,919
Centre-West	16,719	16,090
Southeast	36,100	35,894
South	15,193	14,997
Abroad	19	19
Employees' Turnover (%)	**2.65**	**8.67**

Table 4. Compensation and Benefits

R$million	2022	2021
Payroll [1]	20,407	19,997
Supplementary Pension	904	881
Profit Sharing	3.969	2.538
Staff Training	69	55
Directors´ and officers´ remunaration	55	54

(1) Expenses related to proceeds, benefits, social charges and administrative provisions, as per Explanatory Note on Personnel Expenses

Risk Management and Internal Controls

Risk management

In 2022, we carried out the enhancement of the corporate risk identification process that aggregates information from both top management and risk-taking areas, as well as the view of emerging risks. In this sense, the assessment of the relevance of the risks, today improvements directed to Taxonomy and Risk Map. The adopted Model for Identification and Definition of Risk Relevance results in a relevance matrix, adjusted so as to weight the results of the quantitative and qualitative criteria.

The Model revision incorporated improvements in the criteria, considering the exposure level according to the factors that may cause the risks, the direct impacts as a function of the Core Capital and indirect impacts, such as on strategy and reputation. The criteria are applied to all risks assessed, including emerging ones.

The main innovations in risk management are related to the improvements in the customer risk analysis models; the update of the internal model and review of the normality and stress shocks for the IRRBB; the review of the Products creation flow, including guidelines for better identification and classification of Risks - Social, Environmental and Climate; the creation of indicators by the specific manager for IT and third-party risks; the development of an interface for the presentation of the linking of loss events from the management categories to the loss events from the regulatory categories, in the scope of operational risk management.

From the credit risk perspective, with the institution of a strategic project, in 2022 actions were started to meet the requirements foreseen in CMN Resolution 4,966, of November 25, 2021. Besides this, improvements were made in the Potential Future Exposure and Economic Capital models for Credit Concentration Risks. It is also worth noting that the risk models for individual customers, MSMEs and Agribusiness were revised, with the application of machine learning techniques, providing more effectiveness and innovation in the analytical solutions for credit concession. The entire process was built on BB's new analytical environment, taking important steps towards digital transformation and the Bank's data driven culture, in addition to allowing greater agility in the management and implementation of risk models.

The management of Social, Environmental and Climate Risks (SRAC) is a permanent guideline in business and risk processes, given its importance to the sustainability of the Banco do Brasil Conglomerate. In line with the evolution of the CSR agenda, resulting from the publication of new regulations by the Brazilian Central Bank (Agenda BC# Sustainability), we reviewed and implemented relevant actions in alignment with the new demands. In compliance with CMN Resolutions 4,943 and 4,945/2021, which deal, respectively, with improving the rules for managing the CSR management and the Social, Environmental and Climate Responsibility Policy (PRSAC), we evaluated our structure and defined an action plan for the 2021-2023 period, focusing on the review and adaptation of the CSR management and policy, in light of the new regulations and to meet the requirements of the Task Force Report on Climate-related Financial Disclosures (TCFD).

In this context, we developed a new assessment methodology for Social, Environmental and Climate Risk, increasing the amount of information - both from external and internal sources - integrating already consolidated tools, such as the Climate Sensitivity Ruler and the Economic Sector Classification. In addition, we develop comprehensive scenarios related to climate change and applied to the view of macro sectors based on scenarios developed by the IPCC for physical climate risk and by the NGFS for transitional climate risk. Finally, the processes related to the RSAC are constantly being improved, based on best practices and market developments.

During 2022, the Bank developed a set of actions to adapt to Phase I of the local implementation of the Fundamental Review of the Trading Book (FRTB). Among the actions, it is worth highlighting the review of the Specific Policy for Classification and Reclassification of Transactions in the Trading and Banking Portfolios, the review of the market risk management framework, the review of the process for reclassifying transactions between the Trading and Banking Portfolios, the institution of a process for periodic evaluation of the relevance of intraday activity and the institution of a process for measuring and reporting the risk based on market risk.

Liquidity risk management continued to improve its processes in line with the strategy of implementing big data and analytics technology throughout 2022. Improvements were made in the automation of the calculation of regulatory indicators, in addition to the improvement of governance related to models, manuals and contingency plans.

Regarding the management of non-financial risks, internal instruments and processes were improved, as well as several actions were developed and implemented to mitigate the operational risk, improving the preventive action, thus reflecting on the generation of effective results for the management of operational losses. Among these actions, we highlight the review of the management framework for

Legal, Conduct and Compliance risks, in line with the definition of the Model Referential Lines of Defense (MRLD) and the creation of new key risk indicators (KRI) for the management of Legal and Model risks, and the definition of KRIs for the projection of losses and loss by product.
The denomination of supplier risk was revised to third-party risk, in order to maintain alignment with the Basel Committee (BCBS) and with international peers. The risk now has a broader scope encompassing, for example, banking correspondents and partnerships, with the aim of avoiding operational losses arising from the Bank's relationship with third parties.
Improvement actions for cyber risk were completed, such as significant investment in cyber security solutions and approval of indicators for risk control and monitoring. For IT and third-party risks, indicators have been included in the ASR.
Furthermore, in the context of contagion risk, it is worth noting the creation of a quantitative measurement model, to be implemented in 2023, which will allow calculating the exposure represented by the BB conglomerate's equity stakes.
Further information on BB's risk management can be found in the Risk Management Report (Pillar III), in the Reference Form, and in the risk management and capital policy available on the Investor Relations website (bb.com.br/ir).

Internal Controls

We have a robust Internal Controls System (ICS), based on a Referential Model of Lines of Defense (MRLD) aligned with best market practices, which contributes to ensure the performance of all areas of the Bank in the improvement of controls and risk mitigation.

We develop indicators in Internal Controls and Compliance, seeking clarity, comprehensiveness and assertiveness in monitoring the effectiveness of the ICS. We use automated tools for the identification and timely compliance with external regulations that impact the Bank.

We maintain and periodically evaluate the maturity of the Compliance Program, approved by the Board of Directors, aligned with the Corporate Strategy and composed of integrated and complementary guidelines that guide the Bank's operational activities and business practices, and also include specific aspects, measures and controls to prevent and combat corruption.

In the context of customer centricity, we address actions that promote coordinated action in the Organization in managing the Customer and User Relationship Policy, in the sense of continuous improvement of processes, products, services and channels to ensure improvement in the customer journey.

We carry out independent validation of analytical and business models used in management, through automated processes, with gains in operational efficiency and risk mitigation. We use the "Simplify" channel to obtain and forward suggestions for process improvement, simplification, and optimization. We coordinate actions involving the main managers responsible for operational losses, in order to implement measures to mitigate risks and reduce losses.

From the standpoint of Sustainability (SGA), we assess the risks and controls related to operational and business activities and the procedures for reporting actions to Stakeholders.

For more information about the Internal Control System, Programs and Policies, see the Reference Form and the Compliance Program, available on the Investor Relations website (www.bb.com.br/ri).

Legal Information

General Law of Micro and Small Enterprise

According to criteria defined by the National Stature for Micro and Small Business (General Micro and Small Business Law - Complementary Law No. 123, 12.14.2006), 95% of our corporate clients in the retail segment are classified as micro and small businesses. The volume of resources used by these businesses reached R$ 50.8 billion in December/2022. The balance of working capital operations contracted by micro businesses totaled R$ 3,35 billion and R$ 41.2 billion for small businesses. Investment operations directed to micro businesses reached R$ 416.7 million and R$ 5.6 billion to small businesses.

Independent Audit - CVM Instruction No. 381

(Revoked by CVM Resolution 162, effective from 01/02/2023)

In the contracting of services not related to external audit, in order to avoid a conflict of interest, loss of independence or of the objectivity of independent auditors, we have adopted procedures based on applicable laws and standards and on the best internationally accepted principles related to the topic. These principles require the following: (i) the auditor must not audit its own work, (ii) the auditor must not exercise managerial functions at its customer and (iii) the auditor must not promote the customer interests. Furthermore, at Banco do Brasil, contracting of external audit services must be preceded by a favorable opinion from the Audit Committee.

Table 5. Non-Audit Contracts with the Independent Auditor

Contracting Company	Date of Contract	Term[1]	Description of services
Banco Patagonia S.A.	01/01/2022	1 months	Integrated Report Review Service
Banco Patagonia S.A.	09/01/2022	8 month	Tax Consulting

(1) Estimated duration in months based on the expected closing date of contracts.

We hired Deloitte Touche Tohmatsu Auditores Independentes Ltda. to provide services not related to external audit at a level lower than 5% of the total fees related to external audit services. For this evaluation, all agreements in force between January/2022 and December/2022 have been considered.

Justification of the Independent Auditors

In compliance with CVM Instruction 381/2003, we hereby inform that Deloitte Touche Tohmatsu Auditores Independentes Ltda. did not provide services that could affect its independence, ratified through the adherence of its professionals to the relevant ethical and independence standards, which meet or exceed the standards promulgated by International Federation of Accountants (IFAC), the Brazilian Federal Accounting Council (CFC), the Brazilian Securities and Exchange Commission (CVM), the Central Bank of Brazil (Bacen), the Private Insurance Superintendence (Susep), the Brazilian Supplementary Pension Superintendence (Previc) and other regulatory agencies. These policies and procedures covering areas such as personal independence, post-employment relations, turnover of professionals, as well as the approval of audit services and other services, are subject to constant monitoring.

Additional Information

Fixed investments totaled R$ 1.9 billion, highlighting the investment in points of service and improving the ambience of the branches (R$ 1,191.6 million), security and information systems (R$ 52.7 million) and in information technology (R$ 658.8 million).

We publish annually, in our Annual Letter of Public Policies and Corporate Governance, available on our website (ri.bb.com.br), the investments made as a result of the exercise of public policies.

We suggest reading the document "MD&A", which presents other information about BB's results and performance during the period.

Banco do Brasil, its shareholders, managers and members of the Fiscal Council undertake to resolve any and all disputes or controversies related to the Novo Mercado Listing Regulations through the B3 Market Arbitration Chamber, pursuant to the arbitration clause contained in the Bylaws of the Banco do Brasil.

Acting in the pandemic - We act in a way to provide support to customers, with seriousness, speed, and security, while strengthening our commitment to society, through actions aimed at supporting the country to overcome this moment of difficulties. We reinforced the commitment to maintain the necessary care for the health of our employees and maintained efforts to serve customers and the general population.

We value and monitor the potential impacts of the pandemic - COVID-19 on the credit portfolio, considering the peculiarities of the various segments and lines and have adopted proactive measures for risk and capital management. We work to preserve the continuity of our operations and the long-term sustainability of our company and the relationship with our customers.

Financial Statements IFRS

2022

Index

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INDEPENDENT AUDITOR'S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

To the Board of Directors, Management and Shareholders of
Banco do Brasil S.A.

Opinion

We have audited the accompanying consolidated financial statements of Banco do Brasil S.A. ("Banco do Brasil"), which comprise the consolidated balance sheet as at December 31, 2022 and the related consolidated statements of income, of comprehensive income, of changes in shareholders' equity and of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Banco do Brasil S.A. as at December 31, 2022, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards - IFRSs, issued by the International Accounting Standards Board - IASB.

Basis for opinion

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

Key audit matters

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

1. Allowance for loan losses

   The recognition of the allowance for expected loan losses involves judgment and the use of estimates by Banco do Brasil's Management. As disclosed in notes 3.j) and 24 to the consolidated financial statements, Banco do Brasil has designed internal models for estimating the allowance for expected loan losses, in accordance with requirements of IFRS 9, aiming at generating expected loan losses over a given time horizon, comprising the assessment of the PD (Probability of Default), LGD (Loss Given Default) and EAD (Exposure at Default). Accordingly, Banco do Brasil uses internal models to consider all available data history and weights possible loss scenarios, considering forward-looking estimates, and involving Management's assumptions and judgments, as well as an individual assessment of specific customers, in order to represent its best estimate of the expected loss risk of its loan portfolio.

   The allowance for expected loan losses was considered a KAM due to the relevance in the context of the consolidated financial statements, the use of estimates and judgment by Management in determining the allowances recognized.

   How was the matter addressed in our audit?

   Our audit procedures included, but were not limited to: (a) understanding the provisioning criteria adopted by Banco do Brasil for loan transactions and other credits with loan characteristics, with the involvement of our specialists, to assess the compliance with IFRS 9 requirements; (b) understanding and testing the design, implementation and effectiveness of the relevant internal controls over the process for measuring the estimated allowance for expected loan losses; (c) reviewing and challenging the models and data base used by Management to measure expected losses, including the allocation of the loan portfolio at the stages required by IFRS 9, on a sampling basis, with the involvement of senior members of our team and our specialists; (d) reviewing and challenging the reasonableness of the assumptions used by Management when individually assessing the expected loss of specific customers, on a sampling basis; (e) analyzing the level of the allowance for loan losses; and (f) analyzing the appropriateness of the disclosures in the consolidated financial statements.

   We consider that the criteria and assumptions adopted by Management to estimate the allowance for expected loan losses are acceptable in the context of the consolidated financial statements as a whole.

2. Provision for tax, civil, and labor claims

   As disclosed in notes 3.q) and 35 to the consolidated financial statements, Banco do Brasil recognizes a provision for tax, civil and labor claims, arising from past events, based on Management's assessment, supported by its legal counsel's opinion by measuring the amounts to be provisioned using the "Collective" and "Individualized" methods, depending on the type and amounts of the lawsuits. The "Collective" method is used for lawsuits considered to be similar and usual, whose individual amount is not relevant and which were developed internally by Management according to statistical parameters. The "Individualized" method is assessed periodically by the legal counsel in relation to the likelihood of loss and amounts to be provisioned.

   Due to the relevance in the context of the consolidated financial statements, the use of estimates and judgment by Management, we considered as a key audit matter.

How was the matter addressed in our audit?

Our audit procedures included, among others:: (a) assessing the design and implementation of the relevant internal controls involving the control of tax, civil and labor claims and the measurement of the amounts provisioned; (b) involving our specialists for understanding the statistical parameters used in the Collective method; (c) confirming the claims with the in-house and outside legal counsel; (d) analyzing on a sampling basis to inspect the documentation of the selected lawsuits provisioned under the individualized method; and (e) analyzing the appropriateness of the disclosures in the consolidated financial statements in accordance with applicable accounting pronouncements.

We considered that the criteria and assumptions adopted by Management to estimate the provision for tax, civil and labor claims are acceptable in the context of the consolidated financial statements as a whole.

3. Employee benefit plans

Banco do Brasil is the sponsor of private pension entities and supplementary healthcare plans, which ensure the supplementation of retirement and healthcare benefits to its employees. As disclosed in notes 3.p) and 44 to the consolidated financial statements, post-employment benefits sponsored by Banco do Brasil related to supplementary pension and healthcare are assessed in accordance with the criteria established in IAS 19 - Employee Benefits.

The estimated defined benefit plan obligations involve relevant actuarial assumptions, including discount rates, among others, which are sensitive and/or involve Management's judgment, and may cause material effects on the consolidated financial statements. Therefore, we considered as a key audit matter.

How was the matter addressed in our audit?

Our audit procedures included, among others: (a) assessing the design and implementation of the relevant internal controls involving the measurement of actuarial liabilities; (b) involving our actuarial specialists for understanding the databases utilized and challenging the main actuarial assumptions used by external actuaries engaged by Management in the calculation of actuarial liabilities; (c) analyzing on a sampling basis the reasonableness of databases and involving our actuarial specialists for recalculating the actuarial obligations; and (d) analyzing the appropriateness of the disclosures in the consolidated financial statements in accordance with the applicable accounting pronouncements.

We considered that the calculation methodology, databases and the main actuarial assumptions adopted by Management, together with its external actuaries, to estimate the employee benefit plan obligations are acceptable in the context of the consolidated financial statements taken as a whole.

4. Information Technology - IT environment

The transactions of Banco do Brasil depend on an IT and infrastructure environment capable of supporting a high volume of transactions processed daily in its legacy information systems that provide input to its accounting records. The IT-related processes, associated with its controls, may pose risks in the processing and generation of critical information, including those used in financial reporting, justifying our consideration as a key audit matter due to the relevance in the context of the consolidated financial statements.

How was the matter addressed in our audit?

Upon the involvement of our IT specialists, we identified the relevant systems that support the key business activities of Banco do Brasil, and assessed the design and implementation of the general IT controls and tested the operating effectiveness of these controls, including, when necessary, the tests of compensating controls, related to information security, the development and maintenance of the relevant systems and the operation of information technology environment related to the infrastructure that supports Banco do Brasil's business.

Considering the information technology environment's processes and controls, associated with the tests previously mentioned, we concluded that they reasonably allowed us to consider the information obtained from certain systems to define the nature, timing and extent of our audit procedures in the context of the consolidated financial statements taken as a whole.

Other matters

Statement of value added

The consolidated statement of value added ("DVA") for year ended December 31, 2022, prepared under the responsibility of Banco do Brasil's Management, whose presentation is not required by International Financial Reporting Standards - IFRSs, issued by the International Accounting Standards Board - IASB, was subject to audit procedures performed together with the audit of the consolidated financial statements of Banco do Brasil. In forming our opinion, we evaluated whether these statements are reconciled with the financial statements and accounting records, as applicable, and whether their form and content are in accordance with the criteria set out in technical pronouncement CPC 09 - Statement of Value Added. In our opinion, this statement of value added was appropriately prepared, in all material respects, in accordance with the criteria set out in such technical pronouncement and are consistent in relation to the consolidated financial statements taken as a whole.

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

The Management of Banco do Brasil is responsible for the other information that comprises the Management Report.

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

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

Responsibilities of Management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the IFRSs, issued by the IASB, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing Banco do Brasil's and its subsidiaries' financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of Banco do Brasil and its subsidiaries.

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

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

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

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

The accompanying consolidated financial statements have been translated into English for the convenience of readers outside Brazil.

Brasília, February 13, 2023

DELOITTE TOUCHE TOHMATSU
Auditores Independentes Ltda.

Luiz Carlos Oseliero Filho
Engagement Partner

In thousands of Reais, unless otherwise stated

CONSOLIDATED STATEMENTS OF INCOME

For the year ended December 31,	Note	2022	2021	2020
Interest income		236,549,051	125,947,217	98,659,704
Interest expense		(162,202,484)	(66,273,138)	(43,232,120)
Net interest income	**[8]**	**74,346,567**	**59,674,079**	**55,427,584**
Net (constitution)/reversal of expected credit losses with:		(18,038,862)	(12,863,436)	(19,687,420)
Loans to financial institutions	[18]	(43,333)	(5,437)	1,299,121
Loans to customers	[24]	(17,838,964)	(13,334,457)	(19,922,771)
Other financial assets	[19],[21],[22],[39]	(156,565)	476,458	(1,063,770)
Net interest income after allowance for losses		**56,307,705**	**46,810,643**	**35,740,164**
Non-interest income		**43,289,776**	**33,914,991**	**26,370,441**
Net commissions and fee income	[9]	24,644,715	22,668,819	22,666,341
Net gains/(losses) from financial instruments:	[10]	(1,258,040)	199,415	1,886,264
Fair value through profit or loss		(437,557)	1,781,000	3,621,737
Fair value through other comprehensive income		(820,483)	(1,581,585)	(1,735,473)
Net gains from equity method investments	[26]	5,111,151	3,086,744	2,321,921
Net income on foreign exchange and translation of foreign currency transactions	[11]	1,609,348	(1,286,536)	(7,082,412)
Other operating income	[12]	13,182,602	9,246,549	6,578,327
Non-interest expenses		**(61,295,764)**	**(56,735,843)**	**(50,533,602)**
Personnel expenses	[13]	(25,402,822)	(23,524,659)	(21,688,312)
Administrative expenses	[14]	(8,170,710)	(7,535,192)	(7,421,859)
Contributions, fees and other taxes		(6,992,470)	(5,722,627)	(5,168,082)
Amortization of intangible assets	[29]	(1,346,457)	(1,420,318)	(1,807,612)
Labor, tax and civil lawsuits	[35]	(7,252,224)	(7,515,682)	(5,742,025)
Depreciation	[28]	(2,627,659)	(2,574,102)	(2,406,382)
Other operating expenses	[12]	(9,503,422)	(8,443,263)	(6,299,330)
Income before taxes		**38,301,717**	**23,989,791**	**11,577,003**
Income taxes	**[36]**	**(8,452,382)**	**(4,266,920)**	**1,715,880**
Current		(6,788,039)	(3,544,398)	(3,591,017)
Deferred		(1,664,343)	(722,522)	5,306,897
Net income		**29,849,335**	**19,722,871**	**13,292,883**
Attributable to shareholders of the Bank		27,630,407	18,344,326	11,851,616
Attributable to non-controlling interests		2,218,928	1,378,545	1,441,267
Earnings per share				
Earnings per share (R$) – basic and diluted		9.68	6.43	4.16
Weighted average shares outstanding – basic		2,853,771,411	2,853,577,258	2,852,522,381
Weighted average shares outstanding – diluted		2,853,548,964	2,853,359,901	2,852,322,673

The accompanying notes are an integral part of the consolidated financial statements.

In thousands of Reais, unless otherwise stated

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the year ended December 31,	2022	2021	2020
Net income	**29,849,335**	**19,722,871**	**13,292,883**
Items that are or may be subsequently reclassified to profit or loss			
Financial assets at fair value through other comprehensive income	**(890,542)**	**(2,889,511)**	**842,116**
Unrealized gains/(losses) on financial assets at fair value through other comprehensive income	(814,369)	(5,543,864)	(1,104,547)
Realized (gains)/losses on financial assets at fair value through other comprehensive income – reclassified to profit or loss	820,483	1,581,585	1,735,473
Tax effect	(896,656)	1,072,768	211,190
Share in other comprehensive income of associates and joint ventures	**(130,237)**	**56,231**	**(113,342)**
Unrealized gains/(losses) on financial assets at fair value through other comprehensive income	(108,479)	(381,266)	(258,047)
Unrealized gains/(losses) on cash flow hedge	(240,599)	474,077	23,968
Unrealized gains/(losses) on other comprehensive income	58,989	(4,411)	10,608
Tax effect	159,852	(32,169)	110,129
Hedge of net investment in a foreign operation	**9,322**	**--**	**--**
Unrealized gains/(losses) on hedge of net investment in a foreign operation	17,776	--	--
Tax effect	(8,454)	--	--
Foreign currency translation differences	**(1,743,647)**	**(173,198)**	**99,848**
Items that will not be subsequently reclassified to profit or loss			
Defined benefit pension plans	**2,852,995**	**9,066,087**	**8,397,347**
Gains/(losses) remeasurement related to defined benefit pension plans	5,405,209	16,936,729	15,269,708
Tax effect	(2,552,214)	(7,870,642)	(6,872,361)
Total other comprehensive income net of tax effects	**97,891**	**6,059,609**	**9,225,969**
Total comprehensive income	**29,947,226**	**25,782,480**	**22,518,852**
Attributable to shareholders of the Bank	28,131,781	24,378,704	21,141,791
Attributable to non-controlling interests	1,815,445	1,403,776	1,377,061

The accompanying notes are an integral part of the consolidated financial statements.

In thousands of Reais, unless otherwise stated

CONSOLIDATED BALANCE SHEETS

	Note	Dec 31, 2022	Dec 31, 2021
Assets			
Cash and bank deposits	[16]	18,310,546	18,023,001
Compulsory deposits with Brazilian Central Bank	[17]	95,119,085	75,504,036
Financial assets at amortized cost, net		1,352,904,935	1,344,538,282
Loans to financial institutions	[18]	62,607,954	42,842,588
Securities purchased under resale agreements	[19]	360,620,474	487,472,927
Loans to customers	[23],[24]	832,938,557	734,290,606
Securities	[22]	47,996,424	33,107,809
Other financial assets	[30]	48,741,526	46,824,352
Financial assets at fair value through profit or loss	[20]	12,078,012	11,739,070
Debt and equity instruments		10,439,943	9,604,035
Derivatives		1,638,069	2,135,035
Financial assets at fair value through other comprehensive income	[21]	369,770,754	305,490,911
Non current assets held for sale	[25]	203,473	417,340
Investments in associates and joint ventures	[26]	19,773,432	19,446,188
Property and equipment	[28]	13,200,128	13,401,651
Use		9,194,568	8,982,146
Right of use		4,005,560	4,419,505
Intangible assets	[29]	11,030,985	7,035,270
Tax assets		67,241,980	65,009,496
Current		9,914,030	7,345,674
Deferred	[36]	57,327,950	57,663,822
Other assets	[30]	48,094,647	38,735,266
Total		**2,007,727,977**	**1,899,340,511**
Liabilities			
Financial liabilities at amortized cost		1,753,201,995	1,679,166,834
Deposits of clients	[31]	753,263,047	671,269,541
Amount payable to financial institutions	[32]	24,082,857	26,167,697
Securities sold under repurchase agreements	[33]	564,453,599	621,836,755
Liabilities from issuance of securities and other financial liabilities	[34]	328,608,124	292,677,975
Other financial liabilities	[30]	82,794,368	67,214,866
Financial liabilities at fair value through profit or loss	[20]	2,764,797	2,053,161
Provisions for labor, tax and civil lawsuits	[35]	18,372,705	16,726,539
Expected losses for guarantees provided and loan commitments	[39]	3,584,878	2,762,281
Tax liabilities		18,192,089	12,197,350
Current		4,625,471	2,617,588
Deferred	[36]	13,566,618	9,579,762
Other liabilities	[30]	48,534,390	40,324,113
Total		**1,844,650,854**	**1,753,230,278**
Shareholders' equity	[37]		
Share capital		90,000,023	90,000,023
Instruments qualifying as common equity tier 1 capital		7,100,000	8,100,000
Treasury shares		(272,570)	(276,913)
Capital reserves		6,630,709	6,627,633
Profit reserves		70,142,173	51,180,290
Accumulated other comprehensive income		(7,560,617)	(8,061,991)
Unallocated retained earnings		(7,083,363)	(4,817,560)
Shareholders' equity attributable to shareholders of the Bank		**158,956,355**	**142,751,482**
Shareholders' equity attributable to non-controlling interests		4,120,768	3,358,751
Total		**163,077,123**	**146,110,233**
Total liabilities and shareholders' equity		**2,007,727,977**	**1,899,340,511**

The accompanying notes are an integral part of the consolidated financial statements.

In thousands of Reais, unless otherwise stated

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

	Attributable to shareholders of the Bank												
						Other comprehensive income							
	Share capital	Instruments qualifying as common equity tier 1 capital	Treasury shares	Capital reserves	Profit reserves	Financial assets at fair value through other comprehensive income	Defined benefit plans remeasurement	Foreign currency translation	Gains/(losses) on hedge/ others	Unallocated retained earnings	Shareholders' equity attributable to shareholders of the Bank	Shareholders' equity attributable to non-controlling interests	Total shareholders' equity
Balance at December 31, 2020	**90,000,023**	**8,100,000**	**(280,642)**	**6,625,608**	**39,198,468**	**1,482,357**	**(13,761,172)**	**(1,732,795)**	**(84,759)**	**(4,447,316)**	**125,099,772**	**2,761,512**	**127,861,284**
Net income	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**18,344,326**	**18,344,326**	**1,378,545**	**19,722,871**
Other comprehensive income	--	--	--	--	--	(3,147,093)	9,061,520	(140,791)	260,742	--	6,034,378	25,231	6,059,609
Total comprehensive income	**--**	**--**	**--**	**--**	**--**	**(3,147,093)**	**9,061,520**	**(140,791)**	**260,742**	**18,344,326**	**24,378,704**	**1,403,776**	**25,782,480**
Share-based payments	--	--	3,720	2,025	--	--	--	--	--	--	5,745	--	5,745
Incorporation of associates and subsidiaries – cancellation of treasury shares	--	--	9	--	(9)	--	--	--	--	--	--	--	--
Other	--	--	--	--	--	--	--	--	--	(10,266)	(10,266)	(1,832)	(12,098)
Constitution of profit reserve	--	--	--	--	17,371,259	--	--	--	--	(17,371,259)	--	--	--
Interest on instruments qualifying as common equity (Note 37.c)	--	--	--	--	--	--	--	--	--	(121,748)	(121,748)	--	(121,748)
Distribution of interest on own capital and dividends	--	--	--	--	(5,389,428)	--	--	--	--	(2,137,048)	(7,526,476)	(1,057,071)	(8,583,547)
Hyperinflation adjustments in Argentina	--	--	--	--	--	--	--	--	--	925,751	925,751	252,366	1,178,117
Balance at December 31, 2021	**90,000,023**	**8,100,000**	**(276,913)**	**6,627,633**	**51,180,290**	**(1,664,736)**	**(4,699,652)**	**(1,873,586)**	**175,983**	**(4,817,560)**	**142,751,482**	**3,358,751**	**146,110,233**
Net income	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**27,630,407**	**27,630,407**	**2,218,928**	**29,849,335**
Other comprehensive income	--	--	--	--	--	(967,341)	2,853,949	(1,320,254)	(64,980)	--	501,374	(403,483)	97,891
Total comprehensive income	**--**	**--**	**--**	**--**	**--**	**(967,341)**	**2,853,949**	**(1,320,254)**	**(64,980)**	**27,630,407**	**28,131,781**	**1,815,445**	**29,947,226**
Partial return of the Instruments qualifying as common equity tier 1 capital	--	(1,000,000)	--	--	--	--	--	--	--	--	(1,000,000)	--	(1,000,000)
Share-based payments	--	--	4,343	3,076	--	--	--	--	--	--	7,419	350	7,769
Other	--	--	--	--	--	--	--	--	--	9,964	9,964	25,781	35,745
Constitution of profit reserve	--	--	--	--	27,888,331	--	--	--	--	(27,888,331)	--	--	--
Interest on instruments qualifying as common equity (Note 37.c)	--	--	--	--	--	--	--	--	--	(463,273)	(463,273)	--	(463,273)
Distribution of interest on own capital and dividends	--	--	--	--	(8,926,448)	--	--	--	--	(2,881,140)	(11,807,588)	(1,931,830)	(13,739,418)
Change in non-controlling interest	--	--	--	--	--	--	--	--	--	--	--	166,884	166,884
Hyperinflation adjustments in Argentina	--	--	--	--	--	--	--	--	--	1,326,570	1,326,570	685,387	2,011,957
Balance at December 31, 2022	**90,000,023**	**7,100,000**	**(272,570)**	**6,630,709**	**70,142,173**	**(2,632,077)**	**(1,845,703)**	**(3,193,840)**	**111,003**	**(7,083,363)**	**158,956,355**	**4,120,768**	**163,077,123**

The accompanying notes are an integral part of the consolidated financial statements.

In thousands of Reais, unless otherwise stated

CONSOLIDATED STATEMENTS OF CASH FLOWS

	2022	2021	2020
Operating activities			
Net income	**29,849,335**	**19,722,871**	**13,292,883**
Adjustments for:	**39,731,821**	**32,887,833**	**30,039,986**
Net expected loss on loans to customers	24,667,985	19,501,811	25,671,827
Income taxes	8,452,382	4,266,920	(1,715,880)
Provision for labor, tax and civil lawsuits	7,252,224	7,515,682	5,742,025
Effect of exchange rate changes on cash and cash equivalents	5,501,147	(1,553,477)	(10,320,668)
Depreciation	2,627,659	2,574,102	2,406,382
Amortization of intangible assets	1,346,457	1,420,318	1,807,612
Net losses from financial assets at fair value through other comprehensive income	820,483	1,581,585	1,735,473
Net losses of capital in other assets	80,323	66,024	12,017
Net expected loss/(reversal) on loans to financial institutions	43,333	5,437	(1,299,121)
Impairment of other assets	32,956	27,708	58,108
Net gains from disposal of property	(235,592)	(256,884)	(281,184)
Net gains from disposal of investments in associates and joint ventures	(337,844)	--	(10,995)
Impairment losses/(reversals) on payroll management rights	(520,482)	959,192	19,617
Net (gains)/losses on foreign exchange and translation of foreign currency transactions	(1,609,348)	1,286,536	7,082,412
Adjustment of actuarial assets/liabilities and surplus allocation funds	(2,762,476)	(1,754,070)	1,063,216
Net gains from equity method investments	(5,111,151)	(3,086,744)	(2,321,921)
Other	(516,235)	333,693	391,066
Adjustments for net change in operating assets and liabilities	**(3,523,819)**	**(97,369,846)**	**167,299,826**
Compulsory deposits with central banks	(19,615,049)	(15,195,494)	4,815,565
Loans to financial institutions	(4,442,805)	(2,518,070)	1,322,771
Securities purchased under resale agreements	125,530,613	(135,074,114)	14,286,094
Financial assets at fair value through profit or loss	(338,942)	3,931,752	(11,865,274)
Loans to customers	(123,222,981)	(120,381,990)	(79,828,845)
Non-current assets held for sale	306,544	182,363	88,695
Other assets	(54,468,499)	(26,034,002)	(17,553,581)
Deposits of clients	81,993,506	69,285,276	116,981,960
Amounts payable to financial institutions	(2,084,840)	222,315	(3,513,619)
Financial liabilities at fair value through profit or loss	711,636	(1,045,154)	2,136,679
Securities sold under repurchase agreements	(57,383,156)	118,113,933	99,367,495
Liabilities from issuance of securities and other financial liabilities	48,733,451	11,155,262	9,219,355
Other liabilities	6,593,194	3,677,212	35,102,830
Income taxes paid	(5,836,491)	(3,689,135)	(3,260,299)
Net cash provided by (used in) operating activities	**66,057,337**	**(44,759,142)**	**210,632,695**

In thousands of Reais, unless otherwise stated

Continued	2022	2021	2020
Investing activities			
Acquisition of financial assets at fair value through other comprehensive income	(232,613,868)	(262,770,205)	(213,784,964)
Disposal of financial assets at fair value through other comprehensive income	218,723,358	219,830,370	125,617,520
Acquisition of securities at amortized cost	(5,260,419)	(9,117,924)	(6,133,568)
Redemption of securities at amortized cost	2,763,317	2,011,536	346,477
Acquisition of property and equipment	(1,902,139)	(1,769,472)	(1,715,251)
Disposal of property and equipment	3,272	4,901	287
Acquisition of investments in associates and joint ventures	--	--	(35,018)
Disposal of investments in associates and joint ventures	--	--	2,625
Acquisition of intangible assets	(4,817,163)	(3,180,951)	(2,738,234)
Disposal of intangible assets	--	--	662,828
Dividends and interest on own capital received	4,216,912	2,031,955	2,265,323
Redemption of Cateno's shares	231,440	--	559,313
Disposal of interest in Banco Digio S.A.	645,060	--	--
Capital investment - Brasilprev Seguros e Previdência S.A.	--	(449,969)	(899,939)
Capital investment - Brasilcap Capitalização S.A.	--	(66,664)	--
Capital investment - Quod	--	(9,849)	--
Redemption of UBS BB's preferred shares	--	--	145,000
Net cash used in investing activities	**(18,010,230)**	**(53,486,272)**	**(95,707,601)**
Financing activities			
Settlement of long-term liabilities	(16,131,901)	(16,673,580)	(12,787,630)
Interest paid on additional equity instrument	(215,471)	(121,748)	(236,577)
Repayments and extinguishments of lease liabilities	(1,020,150)	(1,102,942)	(1,004,572)
Dividends and interest on own capital paid to Bank's shareholders	(11,810,305)	(6,454,965)	(4,199,577)
Dividends and interest on own capital paid to non-controlling interests	(1,365,135)	(669,655)	(1,871,080)
Issue of long-term liabilities	2,328,600	20,000	--
Net effect related to treasury stock disposal	--	--	15,268
Amount paid to non-controlling interests due to BB Seguridade's capital decrease	--	--	(908,109)
Net cash used in financing activities	**(28,214,362)**	**(25,002,890)**	**(20,992,277)**
Net increase or decrease in cash and cash equivalents	**19,832,745**	**(123,248,304)**	**93,932,817**
Cash and cash equivalents at the beginning of the year	54,494,681	176,189,508	71,936,023
Effect of exchange rate changes on cash and cash equivalents	(5,501,147)	1,553,477	10,320,668
Cash and cash equivalents at the end of the year	68,826,279	54,494,681	176,189,508
Increase/(decrease) in cash and cash equivalents	**19,832,745**	**(123,248,304)**	**93,932,817**
Complementary information about cash flow	**53,035,722**	**58,144,354**	**58,218,470**
Interest paid	(145,646,413)	(55,029,199)	(36,879,203)
Interest received	198,682,135	113,173,553	95,097,673

Accounting changes not involving cash and cash equivalents			
Assets reclassified as non-current assets held for sale	92,677	99,643	220,991
Loans to customers transferred to non-operating assets (other assets)	--	(7,944)	88,538
Unpaid dividends	2,308,617	2,311,334	1,239,823

The accompanying notes are an integral part of the consolidated financial statements.

In thousands of Reais, unless otherwise stated

CONSOLIDATED STATEMENTS OF VALUE ADDED

For the year ended December 31,	Note	2022	2021	2020
Income		**256,688,814**	**143,912,028**	**103,020,804**
Financial intermediation		236,900,359	124,860,096	93,463,556
Service rendering		37,827,317	31,915,368	29,244,668
Net (constitution)/reversal of expected credit losses with:		(18,038,862)	(12,863,436)	(19,687,420)
Loans to customers		(17,838,964)	(13,334,457)	(19,922,771)
Loans to financial institutions		(43,333)	(5,437)	1,299,121
Other financial assets		(156,565)	476,458	(1,063,770)
Financial intermediation expenses		**(162,202,484)**	**(66,273,138)**	**(43,232,120)**
Purchased inputs from third parties		**(24,224,546)**	**(22,926,309)**	**(19,084,576)**
Supplies, energy and others	[14]	(6,244,178)	(5,885,413)	(6,100,555)
Outsourced services	[14]	(1,224,722)	(1,081,951)	(942,666)
Other		(16,755,646)	(15,958,945)	(12,041,355)
Adjustment of actuarial liabilities	[12]	(1,211,318)	(1,172,648)	(1,707,594)
Performance bonus paid to customers for loyalty	[12]	(1,724,520)	(1,566,599)	(1,246,651)
Inflation adjustments of tax obligations under legal discussion	[12]	(829,385)	(340,040)	(212,623)
Operating losses	[12]	(280,251)	(442,386)	(186,351)
Liabilities for operations linked to assignments	[12]	(19,186)	(20,622)	(26,740)
Other		(12,690,986)	(12,416,650)	(8,661,396)
Gross Value Added		**70,261,784**	**54,712,581**	**40,704,108**
Depreciation, depletion and amortization		(3,974,116)	(3,994,420)	(4,213,994)
Net Value Added produced by the entity		**66,287,668**	**50,718,161**	**36,490,114**
Value Added received in transference		**5,111,151**	**3,086,744**	**2,321,921**
Net income/(loss) from equity method investments		5,111,151	3,086,744	2,321,921
Total Value Added created		**71,398,819**	**53,804,905**	**38,812,035**
Distribution of Value Added created		**71,398,819**	**53,804,905**	**38,812,035**
Personnel		**25,976,878**	**24,015,510**	**22,009,119**
Wages and salaries		17,235,185	15,795,568	13,775,505
Benefits		4,592,910	4,349,701	4,368,540
Social security cost - FGTS		821,660	799,559	755,015
Other charges		3,327,123	3,070,682	3,110,059
Taxes, fees and contributions		**15,444,852**	**9,989,547**	**3,452,202**
Federal		13,222,655	8,100,982	1,775,805
State		680	906	737
Municipal		2,221,517	1,887,659	1,675,660
Borrowed capital repayment		**127,754**	**76,977**	**57,831**
Rental	[14]	127,754	76,977	57,831
Own capital repayment		**29,849,335**	**19,722,871**	**13,292,883**
Interest on own capital - Brazilian Government	[37.h]	4,817,672	3,149,533	2,098,445
Interest on own capital - others	[37.h]	4,817,670	3,149,532	2,098,444
Dividends - Brazilian Government	[37.h]	1,086,124	613,706	--
Dividends - others	[37.h]	1,086,122	613,705	--
Non-controlling interest's dividends		1,931,830	1,057,071	1,031,874
Interest on instrument qualifying as common equity tier 1 capital		463,273	121,748	236,577
Profit retained/loss		15,359,546	10,696,102	7,418,150
Non-controlling interest on retained profit		287,098	321,474	409,393

The accompanying notes are an integral part of the consolidated financial statements.

1 – THE BANK AND ITS OPERATIONS

Banco do Brasil S.A. ("Banco do Brasil", the "Bank" or the "Group") is a publicly-traded company subject to the rules of Brazilian Corporate Law. The Brazilian Federal Government controls the Bank. Its headquarters are located at Setor de Autarquias Norte, Quadra 5, Lote B, Edifício Banco do Brasil, Brasília, Federal District, Brazil.

The Bank has its shares traded in the segment known as Novo Mercado of B3 S.A. - Brasil, Bolsa, Balcão (B3), under the ticker "BBAS3" and its ADRs (American Depositary Receipts) on the over-the-counter market in the United States under the ticker "BDORY". The Bank´s shareholders, managers and members of the Fiscal Council are subject to the provisions of B3's Novo Mercado Regulation. The provisions of Novo Mercado will prevail over the statutory provisions, in case of prejudice to the rights of the recipients of the public offers provided for in the Bylaws.

The Group's business activities include the following:

- all active, passive and ancillary banking operations;
- banking and financial services, including foreign exchange transactions and other services such as insurance, pension plans, capitalization bonds, securities brokerage, credit/debit card management, consortium management, investment funds and managed portfolios; and
- all other types of transactions available to banks within Brazil's National Financial System.

As an agent for execution of the Brazilian Federal Government's credit and financial policies, Brazilian Law requires the Bank to perform the following functions under the supervision of the National Monetary Council (CMN):

(i) act as financial agent for the National Treasury;
(ii) provide banking services on behalf of the Federal Government and other governmental agencies;
(iii) provide clearing services for checks and other documents;
(iv) buy and sell foreign currencies as determined by the CMN for the Bank's own account and for the account of the Brazilian Central Bank (Bacen);
(v) provide receipt and payment services for Bacen, in addition to other services;
(vi) finance the purchase and development of small and medium-sized farms; and
(vii) disseminate and provide credit.

The Bank finances the production and commercialization of agricultural products; fosters rural investments such as storage, processing, industrialization of agricultural products and the modernization of machinery and implements; and finances improvements in rural properties to comply with the environmental law. Accordingly, the Bank supports the Brazilian agribusiness in all stages of the production chain.

The Bank offers to micro and small companies: working capital, financings for investments, and foreign trade solutions, in addition to several other products related to cash flows, social security, pension plans, and services. The Bank provides financing alternatives and business models that promote the transition to an inclusive economy to many companies, including Individual Microentrepreneurs (Microempreendedores Individuais – MEI).

In its financing of foreign trade, the Bank puts into effect government policy instruments to stimulate productive development, entrepreneurship, social and financial inclusion, including the Income Generation Program (Programa de Geração e Renda – Proger) and the Export Financing Program (Programa de Financiamento às Exportações – Proex).

Internal policy statements outline the corporate structure governance. These policies provide a decision-making framework for the Bank's businesses and activities. They also outline procedures for complying with legal and regulatory requirements established by the Bank's regulators.

The Bank has a self-regulatory system for controlling trading in securities issued by the Bank and its subsidiaries, as well as in quotas of exclusive funds referenced in such securities. The system limits the amount of people who have information about relevant acts or facts prior to the disclosure of the information to the market. Parties subject to the self-regulatory system include:

- the controlling shareholder;
- the Bank's officers and directors;
- the Bank's Head of Audit and the Bank's Chief Ombudsman; and
- anyone with a business or professional relationship with the Bank, or in a relationship of trust, who has knowledge of accounting or strategic matters or other relevant acts or facts with respect to the Bank's business.

The Bank's public disclosures are designed to meet the needs of external users and to comply with the requirements of regulatory agencies such as Bacen, Brazil's Security and Exchange Commission (CVM) and the United States Securities and Exchange Commission (SEC). The Bank follows the highest standards of corporate governance, providing information that is transparent, accurate, complete, consistent, fair and timely.

The Group's Chief Financial Management and Investor Relations Officer (CFO) is responsible for the disclosure of relevant acts, facts, and other information to investors. Joint and several liability extends to the Bank's other officers and directors in cases of non-compliance with the information disclosure requirements.

More information about the subsidiaries is included in Note 5, while Note 7 contains a description of the Bank's business segments.

2 – PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

a) Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

The Bank's Board of Directors approved these consolidated financial statements and authorized for issuance on February 13, 2023.

b) Functional and presentation currency

The consolidated financial statements are presented in Brazilian Reais, which is the Bank's functional and presentation currency. The functional currency is the currency of the main economic environment in which an entity operates. For all the Group entities, the functional currency is the Real (except from Banco do Brasil Americas and Banco Patagonia). Financial information is presented in thousands of Brazilian Reais (R$ thousand), unless otherwise indicated.

c) Going concern

Management believes that the Bank has sufficient funds to continue its business in the future. Management is not aware of any material uncertainty that may generate significant doubts about the capacity to continue operating. Accordingly, these consolidated financial statements have been prepared based on a going concern basis.

Although the economic slowdown resulting from the adoption of social isolation measures to contain the Covid-19 pandemic has affected several companies in Brazil and worldwide, the Bank has sufficient capital and liquidity to support any projected losses for business in that period and in the following periods. Among other reasons, this is because a large part of its business operations continues to be conducted on digital platforms with remote access and service. The Bank also has qualified advisors and special credit conditions.

Despite the gravity and unprecedented nature of the current situation in recent history, considering the Bank's experience in managing and monitoring risks, capital, and liquidity, as well as the information existing at the time of this assessment, there was no evidence of any events that could interrupt operations soon. It should be added that the countercyclical economic policies adopted by all countries around the globe are helping to reduce uncertainty, as well as the adverse effects on companies and families.

d) Changes in accounting policies

These consolidated financial statements were prepared using the same policies and accounting methods used to prepare the consolidated financial statements for the year ended Dec 31, 2021, except by the adopting of the amendments to IAS 1 – Presentation of Financial Statements.

Amendments to IAS 1 – Presentation of Financial Statements – In February 2020, the IASB promoted amendments to IAS 1, focusing on clarify the definitions of current liabilities and non-current liabilities.

The Bank assessed the impacts of adopting the standard and did not identify significant impacts.

3 – SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been consistently applied by the Bank and its subsidiaries during all the periods presented in these consolidated financial statements.

a) Basis of consolidation

These consolidated financial statements include the financial statements of the Bank and entities controlled by the Bank.

Intra-group balances and transactions, and any unrealized income and expenses arising from transactions between the Bank and entities under its control, are eliminated from the consolidated financial statements. Unrealized gains or losses arising from transactions with equity-accounted investees are eliminated against the investment into the extent of the Bank's interest in the investee.

Non-controlling interests are presented within equity in the balance sheet, separately from the equity of the Bank’s shareholders. Net income attributable to non-controlling interest is presented separately in the statement of income and statement of comprehensive income.

Subsidiaries – Investees under the Bank’s control. The Bank controls an entity when it has power over the investee, is exposed to, or has rights to variable returns from its involvement with the investee and can use its power over the investee to affect its returns. The Bank consolidates subsidiaries beginning on the date it obtains control over the relevant activities up to the moment it loses control.

IAS 29 – Financial Reporting in Hyperinflationary Economies is applicable to entities whose functional currency is the Argentinian peso for periods ending on or after July 1, 2018. The Bank has adjusted the financial statements of its subsidiary Banco Patagonia to reflect the effects of hyperinflation.

Due to the devaluation of the Argentinian peso in recent months and the increase in the general price level observed, the inflation accumulated in the last three years exceeded 100%. The entity's financial statements have been adjusted to reflect changes in general purchasing power of the functional currency (expressed in the current unit of measurement) as of December 31, 2022, 2021 and 2020.

The index used in the inflation adjustments was the "Consumer Price Index with national coverage" published by INDEC (National Institute of Statistics and Censuses of Argentina), described below:

- 1,134.6 at December 31, 2022;
- 582.5 at December 31, 2021; and
- 385.9 at December 31, 2020.

Business combinations – The acquisition of a subsidiary through a business combination is recognized on the acquisition date (the date on which the Bank obtains control) using the acquisition method. Under this method, on the acquisition date, identifiable assets (including intangible assets not previously recognized), liabilities assumed, and contingent liabilities are recognized at their fair value. A positive difference between the acquisition cost and the fair value of the identifiable net assets is recognized as goodwill. Negative differences (gains on a bargain purchase) are recognized in statement of income in the line-item other operating income.

Transaction costs incurred by the Bank as part of a business combination, except for costs related to the issuance of debt or equity securities, are recognized in the statement of income. Contingent consideration is measured at fair value on the acquisition date.

The financial statements of subsidiaries acquired during the period are included in the consolidated financial statements from the acquisition date through the end of the year. Financial statements from subsidiaries disposed of during the year are included in the consolidated financial statements from the beginning of the year through the date of disposal, or the date on which the control ceases.

Business combinations under common control – A combination between entities or businesses under common control is one in which the Bank controls all the combining entities or businesses both before and after the business combination, and the control is not transitory.

Assets and liabilities are not restated to their fair values. Rather, the Bank recognizes assets and liabilities at their pre-combination carrying amounts.

No new goodwill is recorded. Any difference between the cost of the transaction and the carrying value of the net assets is recorded in equity.

Changes of ownership interests in subsidiaries – Changes that do not result in loss of control are accounted for as equity transactions (i.e., transactions among owners acting in their capacity as owners). As a result, these transactions do not give rise to goodwill.

Loss of control – Upon the Bank's loss of control of a subsidiary, the Bank derecognizes:

- the carrying amount of the subsidiary's assets (including goodwill) and liabilities; and
- the carrying amount of non-controlling interests in the former subsidiary, including any components of other comprehensive income attributed to these interests.

In addition, on the date control is lost, the Bank recognizes:

- the fair value of consideration received, if any, originating from the transaction, event or circumstances that gave rise to the loss of control;
- the distribution of the subsidiary's shares to the owners (if the transaction resulting in the loss of control involved a distribution of shares);
- any investment held in the former subsidiary at fair value; and
- any difference as a gain or loss attributable to the Bank's shareholders.

Structured entities (SE's) – The Bank sponsors the creation of SE's, including investment funds, consortium groups and securitization vehicles, and it may or may not control the SE. Before consolidating a SE, the Bank evaluates the criteria contained in IFRS 10 – Consolidated Financial Statements.

If facts and circumstances indicate that there have been changes in one or more elements of control, the Bank reassesses the need to consolidate the SE.

Joint ventures – Are joint arrangements whereby the parties that have joint control have rights to the net assets of the arrangements, rather than rights to the individual assets or obligations for the individual liabilities. The Bank has joint control over an arrangement when it shares control pursuant to a contract and when decisions about relevant activities require the unanimous consent of the parties sharing control.

The Bank's investments in joint ventures are initially recorded at cost, and subsequently, are accounted for using the equity method. The investment is increased (or decreased) to recognize the Bank's share of the investee's profit or loss after the acquisition date. The Bank's share of the investee's profit or loss is recognized on the reporting date in the statement of income. Adjustments to the carrying amount may be required to reflect changes in the Bank's proportionate interest in the investee due to gains or losses recognized in the investee's other comprehensive income. The Bank's share of these changes is recognized in accumulated other comprehensive income in shareholders' equity.

Upon investing in a joint venture, any positive difference between the cost of the investment and the Bank's share of the net fair value in the investee's identifiable assets and liabilities is accounted for as goodwill. This goodwill is included in the carrying amount of the investment. Amortization of that goodwill is not permitted. Any excess in the Bank's share of the net fair value of the investee's identifiable assets and liabilities over the cost of the investment is recognized as income in the statement of income.

If the Bank's share of losses of a joint venture equals or exceeds its investment in the joint venture, the Bank discontinues recognizing its share of future losses. If the Bank's interest is reduced to zero, it provides for additional losses and recognizes a liability to the extent that it has incurred a legal or constructive obligation or has made payments on behalf of the joint venture. Subsequently, if the joint venture reports profits, the Bank recognizes its share of the profits to the extent that they exceed the amount of previously unrecognized losses.

All the Bank's investments in joint ventures are structured using separate legal vehicles.

Associates – Entities over which the Bank has significant influence. It means that the Bank has power to participate in the financial and operating policy decisions of the investee, but does not have control or joint control over those policies. The Bank exerts significant influence by participating in the associate's management or committees.

The Bank's investments in associates are initially recorded at cost. Subsequently, they are accounted for using the equity method.

Non-monetary contributions to associates and joint ventures – When the Bank contributes non-monetary assets in exchange for an equity interest in an associate or jointly controlled entity, it recognizes a gain or loss on the transaction to the extent of the unrelated investors' interests in the associate or joint venture. No gain or loss is recognized if the contribution lacks commercial substance.

b) Offsetting assets and liabilities

The Bank only offsets assets and liabilities or income and expenses if there is a legally enforceable right to offset the amounts and offsetting better represents the substance of the transaction. In all other situations, assets and liabilities and income and expenses are separately presented.

Financial assets and liabilities – Financial assets and liabilities are only presented net if there is a legally enforceable right to offset the amounts and there is intent to settle on a net basis or to realize an asset and settle a liability simultaneously.

Tax assets and liabilities– The Bank offsets current tax assets and liabilities if:

- it has the legal right to offset the amounts; and
- it intends to settle on a net basis or simultaneously realize the asset and settle the liability:
    - it has the legal right to offset current tax assets and liabilities; and
    - the deferred tax assets and liabilities relate to income taxes owed to the same tax authority by the same taxable entity, or different taxable entities if they intend to settle a current tax liability and asset on a net basis or simultaneously realize the asset and settle the liability, in each future period in which significant deferred tax assets or liabilities are expected to be settled or recovered.

c) Translation of foreign currency transactions

Functional and presentation currency – These consolidated financial statements are presented in Brazilian Reais, which is the Bank's functional and presentation currency. The functional currency is the currency of the main economic environment in which an entity operates. For all the Group entities, the functional currency is the Real (except from BB Americas and Banco Patagonia).

Transactions and balances – Transactions in foreign currencies are translated into the respective functional currencies of the Group companies at the exchange rates at the dates of the transactions.

Assets and liabilities denominated in foreign currencies, most of which are monetary in nature, are translated into the functional currency at the exchange rate at the reporting date. All foreign exchange differences are recognized in profit or loss in the period in which they arise, in the line item "net income on foreign exchange and translation of foreign currency transactions".

Translation to the presentation currency – The financial statements of foreign subsidiaries (none of which operate in a hyperinflationary economy like Banco Patagonia) are translated into the Bank's presentation currency based on the following criteria:

- assets and liabilities are translated at the exchange rate at the reporting date; and
- income and expenses are translated at the average exchange rate for the period (except Banco Patagonia, which is the exchange rate at the reporting date).

Foreign exchange differences arising from the translation of financial statements of foreign entities whose functional currency is the Real are recognized in the consolidated statement of income as an integral part of net income on foreign exchange and translation of foreign currency transactions. For entities whose functional currency are not the Real, gains or losses on translation are recognized directly in other comprehensive income. Upon disposal or loss of control of the foreign subsidiary, accumulated foreign exchange differences are reclassified from other comprehensive income to profit or loss for the period. Foreign exchange differences attributable to non-controlling shareholders are recognized as part of the interests of non-controlling shareholders in the balance sheet.

d) Revenue and expense recognition

Revenue and expenses are recognized on an accrual basis in the period they are generated or incurred. Interest income and fee and commission income are recognized when the amount, related costs and stage of completion of the underlying transaction can be measured reliably, and it is probable that the economic benefits associated with the transaction will flow to the Bank. Considering the Bank's main revenue streams, these principles are applied as follows:

Net interest income – Interest income and expenses on interest-bearing assets and interest-bearing liabilities are recognized in profit or loss on an accrual basis. The Bank uses the effective interest rate method for its financial instruments.

The effective interest rate method is used to calculate the amortized cost of a financial asset or liability (or group of financial assets or liabilities) and to allocate interest income or expense over the instrument's life.

The effective interest rate discounts the estimated cash flows over the expected life of a financial asset or liability. It is calculated when a financial asset or liability is initially recognized. When calculating the effective interest rate, the Bank considers all the contractual terms of a financial instrument to estimate cash flows.

The calculation includes commissions, transaction costs, discounts or premiums that are an integral part of the effective interest rate. Transaction costs correspond to incremental costs directly associated with acquiring or issuing a financial asset or liability.

Interest income and expenses included in the statement of income consist mainly of:

- interest on financial assets and liabilities measured at amortized cost, based on the effective interest rate;
- interest on financial assets and liabilities at fair value through profit or loss; and
- interest on financial assets at fair value through other comprehensive income.

Fees and commissions – Recognition of fee and commission income considers the purpose of the fee and whether there is a financial instrument associated with the transaction. If there is a financial instrument and the fee is part of the effective interest rate calculation, revenue is recognized as interest income (except if the financial instrument is measured at fair value through profit or loss). Otherwise, these revenues are recognized as the respective performance obligations are fulfilled.

The recognition of these revenues must be for an amount that reflects the consideration expected to be entitled in exchange for the transfer of services to a customer. In line with the exit method and the intrinsic characteristics of the performance obligations involved, the fees for services provided during a specific period are recognized in that period according to the time elapsed. Fees for specific services or a significant event are recognized upon completion of the services or when the event occurs.

The Bank's main contract portfolios refer to the following services: checking account, cards, billing, management of third-party funds, brokerage commission and collections.

General performance obligations involve, respectively: enabling the movement of funds through deposits, checks, withdrawals, money orders and / or transfers; facilitate the purchase of goods and services in accredited establishments as well as withdrawals in national / foreign currency; receiving amounts through the settlement of payment slips that can be paid at any bank; manage resources invested in investment funds; carry out operations with securities on the stock exchange; collect taxes and other revenues in favor of public institutions.

Regarding the transaction price of these contracts, tariffs, annuities, fees, and commissions are expected to be received in up to twelve months.

The main practical expedient adopted refers to the existence of a significant financing component. The financial component was not considered significant when the period between the moment when the promised service is transferred to the customer and the moment when the customer pays for that service is one year or less.

Net gains from equity method investments – Income from equity-accounted investments (associates and joint ventures) is recognized in proportion to the Bank's interest in the results generated by the investees.

Dividends – Dividend income is recognized when the Bank has the right to receive the income. They are included in net interest income based on the classification of the underlying equity investment.

e) Cash and cash equivalents

Cash and cash equivalents include available funds and investments readily convertible into cash, with maximum maturities of three months from the acquisition date, to be used in short-term commitments, and subject to an insignificant change in value. In the balance sheet, cash and cash equivalents include highly liquid investments such as cash and bank deposits, interbank deposits and securities purchased under resale agreements, except for any balances that are restricted for use.

f) Compulsory deposits with Brazilian Central Bank

Compulsory deposits with Brazilian Central Bank refer to reserve requirements on demand, time and savings deposits the Bank must hold. The National Monetary Council determines the proportion of compulsory deposits that banks are required to hold and the associated interest rates.

g) Financial instruments

The Bank classifies its financial assets according to its contractual cash flow characteristics and the business model used for management. All financial assets and liabilities are initially recognized on the trading date, i.e., the date on which the Bank becomes a party to the contractual provisions of the instrument. Classification of financial assets and liabilities is determined upon initial recognition.

Classification and subsequent measurement

Business model – Refers to how the Bank manages its financial assets in order to generate cash flows. The Bank's Management evaluates, among other items:

- how the performance of the business model and the financial assets held within that business model are evaluated and reported to the key management personnel;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and, the way those risks are managed; and
- how managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).

The Bank evaluates the business model used to manage its financial assets, in order to determine if cash flows result from:

- collecting contractual cash flows;
- selling financial assets; or
- both.

Contractual cash flow characteristics - The Bank analyzes the contractual characteristics of the cash flows of its financial assets to verify if they represent solely payments of principal and interest (SPPI) on the principal amount outstanding. If contractual terms expose the Bank to risks or volatility in cash flows not related to a basic loan agreement, cash flow do not represent SPPI. If contractual cash flows are not SPPI the financial instrument is measured at fair value through profit or loss.

g.1) Financial assets

All financial instruments are measured at fair value, plus transaction costs (except for those measured at fair value through profit or loss) on the date of recognition and subsequently measured at fair value or amortized cost. The accounting policies applied to each class of financial instruments are as follows:

Amortized cost – An asset should be measured in this category when its contractual cash flows are SPPI and Management maintains it in a business model whose purpose is to collect only the contractual cash flows.

Assets measured in this category are initially recognized at fair value and subsequently measured at amortized cost using the effective interest rate. Interest is recorded on an accrual basis and added to the principal amount in each period. Asset value is reduced by principal repayments, as well as the allowance for credit losses and eventual write-offs. The financial revenues are recorded in interest income.

The main assets measured in this category are:

Loans to financial institutions – Interbank deposits with terms greater than three months and loan portfolios acquired by the Bank for which there is a guarantee from the transferor. Loans to financial institutions are recognized at their principal amount, plus accrued income, which includes interest, premiums and discounts. The related financial income is recognized in the line-item interest income on loans to financial institutions.

Loans to customers – Financial assets with fixed or determined payments.

Loans to customers accounting value is reduced through an expected credit for losses account, which value is realized in the income as "Net (constitution)/reversal of expected credit losses". It shows the Management estimate as for the portfolio expected losses.

Securities purchased under resale agreements – The Bank invests in securities subject to resale agreements, comprised mainly of securities issued by the Brazilian government. These transactions are treated as collateralized financial investments and are recognized at the amount of cash paid plus accrued interest. The amount paid for securities subject to resale agreements (reverse repo's), plus the interest recognized, is recorded as an asset under reverse repurchase agreements. This reflects the economic substance of the transaction as a collateralized loan granted by the Bank. The reverse repo assets are separated among those that are:

- guaranteed by securities that have not been repledged/re-sold; and
- guaranteed by securities that have been repledged/re-sold.

The Bank continuously monitors and evaluates the fair value of securities acquired under resale agreements and adjusts the amount of the collateral when appropriate.

Fair value through profit or loss – An asset should be measured in this category when its contractual cash flows are not SPPI or when Management maintains it in a business model whose objective does not include holding the assets to receive the contractual cash flow.

Financial instruments recorded in this category are initially recognized at fair value. Interest and dividends are recognized as interest income. Transaction costs, when incurred, are recognized in the statement of income.

Realized and unrealized gains and losses from changes in the fair value of these instruments are included in the line-item net gains/(losses) on financial instruments at fair value through profit or loss.

The main assets measured in this category are:

Debt instruments – Instruments that provide to the holder, the right to receive principal and interest, according to terms and rates contractually defined. They include foreign and brazilian federal government securities and investments in mutual funds, among others.

Equity instruments – Any contract that provides residual interest in the assets of an entity, after deduction of all its liabilities. They include common shares, instruments that obligate an entity to deliver to another party a proportional portion of the entity's net assets in liquidation and some types of preferred shares, among others.

Derivatives instruments – Derivatives such as:

- swaps, forwards, options, and other types of similar derivatives based on interest rates, exchange rates, stock and commodity prices and credit risk. Derivatives are recorded at fair value and disclosed as assets when the fair value is positive and as a liability when the fair value is negative;
- derivatives not qualified for hedge accounting, but which are used to manage exposure to market risks, mainly interest rates, currencies, and credit; and
- derivatives contracted at the request of its clients, with the sole purpose of protecting against risks inherent in its economic activities.

<u>Fair value through other comprehensive income</u> – An asset should be measured in this category when its contractual cash flows are SPPI and Management maintains it in a business model whose objective is both to obtain its contractual cash flows and for sale.

These assets are initially measured at fair value plus direct and incremental transaction costs. Subsequent measurement is at fair value, and changes are recognized in other comprehensive income. These assets are also subject to loss allowance for expected credit losses, with those losses recognized in the statement of income. The recognition of the allowance for expected credit losses does not impact the carrying amount of the asset.

The main assets measured in this category are:

Debt instruments – Instruments that provide to the holder, the right to receive principal and interest, according to terms and rates contractually defined. They include foreign and brazilian federal government securities, non-financial entities securities, and investments in mutual funds, among others.

g.2) Financial liabilities

An instrument is classified as a financial liability when there is a contractual obligation to settle it through the delivery of cash or other financial assets, regardless of its legal form. They include short and long-term debt issued. They are initially measured at fair value, which is the amount of consideration received, net of direct transaction costs. Subsequently, financial liabilities are measured at amortized cost or at fair value through profit or loss.

<u>Liabilities measured at fair value through profit or loss</u> – Measured and recorded in the balance sheet at fair value. They refer mainly to derivative financial instruments.

<u>Liabilities subsequently measured at amortized cost</u> – Initially measured at fair value, which is the amount received net of costs incurred in the transaction and, subsequently, at amortized cost.

The main liabilities measured in this category are:

Deposits of clients – Comprised of demand deposits, savings deposits, and time deposits, which are characterized for the most part in products with no defined maturity, representing an important source of funds from the Bank.

Securities lending and securities borrowing – Transactions generally backed by other securities or available funds. A transfer of a security to a third party is only reflected in the consolidated balance sheet if the risks and rewards of ownership are also transferred. Cash paid or received as collateral is recorded as an asset or liability.

Borrowed securities are not recognized in the consolidated balance sheet, unless they have been sold to a third party. In this case, the obligation to return the security is recognized as a financial liability and measured at fair value. Gains or losses are recorded in the line-item net gains/(losses) on financial assets/liabilities at fair value through profit or loss.

Repurchase agreements – The Bank raises funds by selling securities subject to repurchase agreements, comprised mainly of securities issued by the Brazilian government. These transactions are treated as collateralized financing and are recognized at the amount of cash received plus accrued interest.

Securities sold under repurchase agreements (repo's) are not derecognized, as the Bank retains substantially all the risks and rewards of ownership. The cash received, including recognized interest, is recorded as a liability for repurchase agreements. This reflects the economic substance of the transaction as collateralized financing. The repo liabilities are separated into:

- own portfolio, representing securities not subject to resale agreements; and
- third-party portfolio, consisting of securities purchased under reverse repurchase agreements and subsequently transferred.

Other financial assets and liabilities – Financial instruments that do not meet in any of the categories above. They are shown in Note 30. These assets and liabilities are measured at amortized cost.

h) Derecognition of financial assets and liabilities

Financial assets – A financial asset is derecognized when:

- there are no reasonable expectations of recovery, based on observed historical loss curves;
- the contractual rights to its cash flows expire;
- the Bank transfers substantially all the risks and rewards of ownership to a third party; or
- the Bank transfers control of the asset, even if it retains a portion of the risks and rewards associated with the transaction.

When appropriate, the Bank recognizes rights and obligations retained in a transfer as separate assets and liabilities. The Bank continues to recognize the asset if control is retained, to the extent of its continuing involvement. This is determined by the extent to which it remains exposed to changes in the value of the transferred asset.

Financial liabilities – A financial liability is derecognized when the underlying obligation is eliminated, cancelled, or expires. If an existing financial liability is exchanged for another liability with substantially different terms (or the terms of an existing financial liability are substantially modified), the transaction is treated as an extinguishment of the original liability and the recognition of a new financial liability. Any difference in the carrying amounts is recognized in profit or loss.

The Bank considers the terms substantially different if the discounted present value of cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different to the discounted present value of the remaining cash flows of the original financial liability. If an exchange of financial liabilities or change of terms is accounted for as an extinction, any costs or fees incurred are recognized as part of the gain or loss on termination. If the exchange or modification is not accounted for as an extinction, any costs or fees incurred adjust the carrying amount of the liability and are amortized over the remaining term of the modified liability.

i) Hedge

The Bank uses derivatives to manage exposures to interest rates, foreign exchange variation and credit risk, including exposures created by forecasted transactions and firm commitments. In managing these risks, the Bank applies hedge accounting to certain transactions if they meet specific criteria.

The Bank designates certain derivatives held for risk management purposes as hedging instruments in qualifying hedging relationships. On initial designation of the hedge, the Bank formally documents the relationship between the hedged item(s) and the hedging instrument(s). This includes the risk management objective and strategy of the hedge and the method that will be used to assess the effectiveness of the hedging relationship.

The Bank applies the IAS 39 hedge requirements with possibility of prospective adoption of the IFRS 9 at the discretion of the Management. IAS 39 issues three hedge strategies:

Fair value hedge: fluctuations in the value from the financial instruments as of its hedge components are realized in the financial income.

Cash flow hedge: For this class of financial instrument, the value fluctuations of the effective part are realized (net of taxes) in the shareholder’s equity. Effective part is the hedge component fluctuation related to its risk offset by the hedge financial instrument fluctuation. Other fluctuations are realized in the financial income.

Hedge of net investment in foreign operation: This class of financial instruments aims to offset exchange change rate risks in the foreign investments which the functional currency is another one than the local currency. They must be realized as the cash flow hedge.

Derivatives not qualifying for hedge accounting – Derivatives entered as economic hedges that do not qualify for hedge accounting are classified as derivative contracts at fair value through profit or loss (Note 3.g). Derivative financial instruments in this category are used mainly to protect against interest rate and foreign exchange risks and include futures, swaps, options, and forward contracts.

j) Impairment of financial assets

IFRS 9 requires that the impairment methodology calculation uses the expected credit loss. Thus, all financial assets at amortized cost or fair value through other comprehensive income may have impairment losses at origination which will increase if their risk situation deteriorates.

Financial assets subject to impairment are classified in three stages:

Stage 1 – Regular – The assets classified in this stage are not in arrears or with a delay of less than or equal to 30 days without indicative of significant risk increase. In this case, the expected loss is calculated for the next 12 months.

Stage 2 – Significant credit risk increase – The assets classified in this stage are more than 30 days in delay or present a significant risk increase. It also includes renegotiated credits. In this case, the expected loss is calculated up to the end of the asset's life.

Stage 3 – In default – The assets classified in this stage are in either qualitatively (characterized by indicators that the customer will not fully honor the credit operation) or quantitatively (with a delay of more than 90 days) in default. In this case, the expected loss is calculated up to the end of the asset's life.

The asset's stage classification is reviewed periodically, according to the Bank's risk monitoring processes, to capture possible changes in the client's financial capacity. Migrations of operations between stages may occur when analysis indicates an improvement or worsening of the credit risk of the loan.

The Bank uses internally developed econometric models, qualitative data, and prospective macroeconomic scenarios to the measuring of the expected credit loss estimate. The main macroeconomic variables are: Gross Domestic Product (GDP), basic interest tax (Selic), exchange rate, Credit Defaut Swap (CDS), and Bacen Economic Activity Index (IBC-Br).

The final amount of expected credit loss takes in account a set of assumptions, distinct econometric assessments, and qualitative analysis.

Determination of a significant increase in credit risk – The transfer from stage 1 to stage 2 occurs when there is a significant increase in the financial instrument's credit risk since the initial recognition. In general, the Bank judges that after 30 days of delay in the contractual payments, this condition is met and, qualitatively, for renegotiated credits.

Default on contractual payments – In general, the migration to Stage 3 occurs when the asset is delayed in its contractual payments for more than 90 days and this classification only changes when the asset is written off or after 12 months from the settlement of this delay, in which the operation is considered cured. In addition to the quantitative assessment, we use the qualitative concept of anticipating non-compliance through customer characteristics that indicate a high probability of its occurrence, as an example the indications of civil insolvency, bankruptcy, and judicial recovery.

Calculation of the expected credit losses – The calculation of expected credit losses is based on an estimate weighted by the probability of credit losses. A combination of three parameters is used:

- Probability of Default (PD);
- Loss Given Default (LGD); and
- Exposure at Default (EAD).

The calculation of the expected credit loss considers the weighting of prospective scenarios, to anticipate a potential increase in the level of losses in the worst moments of the economic cycle, providing the necessary inputs for a proactive management of risks and business. The expected credit loss estimate considers historical data available (obtained without cost or undue effort on the reporting date on past events, current conditions, and forecasts of future economic conditions), financial aspects (time value of money) and also considers the probability different macroeconomic scenarios.

PD – It is the probability that the instrument will not be honored by the counterparty (default) in the observed time horizon. For financial instruments that do not have a significant increase in credit risk, non-compliance is observed over 12 months (PD 12 months). For those who have a significant increase in credit risk, characterized by the allocation in stages 2 and 3, the PD is adjusted to consider the default behavior for the maximum contractual period of the asset (PD lifetime). In addition, PDs are adjusted, based on the weighting of economic scenarios, to better reflect the behavior of non-compliances in the period of the subsequent year.

LGD – Is an estimate based on the history of observed accounting losses weighted by the respective non-compliance rates of the different portfolios. It represents the proportion of the amount not recovered by the creditor compared to the amount exposed to the risk at the time of default.

In thousands of Reais, unless otherwise stated

EAD – It is the estimated exposure of the operation if the customer enters a situation of default. In the case of unilaterally non-cancelable limits, currently related to overdraft and credit card, the Bank uses the Credit Conversion Factor (FCC) methodology, which corresponds to an estimate based on historical observation of the use of the limits so far of possible non-compliance, as a way of obtaining a projection of the balance that will be used by the client at the time the non-compliance occurs.

The allowance for expected credit loss is determined based on the expected risk of contracts with similar characteristics (risk groupings and products, economic sector, and guarantees) and the estimated future loss. The Bank's view on current and future economic conditions is incorporated into the estimate of credit losses, by applying weighted macroeconomic scenarios.

The Bank punctually uses individual analyzes to assess credit risk in certain exposures monitored by Management, which consider relevant aspects of the knowledge of specialists, based on financial indicators and qualitative aspects of the companies, the business environment, and the financial instruments.

More information on credit policy, credit risk mitigation mechanisms, measurement systems, credit deterioration, economic scenarios, exposures, among others, can be found in Note 41.e.

Liabilities – The Bank calculates expected credit losses for off-balance sheet exposures, such as credit commitments, balances to be released, guarantees provided and other contingent exposures. In these cases, the Bank evaluates the borrower's expectation of using the amounts committed. A provision account is created as a liability, and the expense is recognized in profit or loss.

The Bank provides financial guarantees to third parties covering loan agreements with clients. Financial guarantee contract issuers are required to make payments to a creditor on behalf of the third-party debtor when the debtor misses payments under the terms of the debt instrument.

When a financial guarantee is granted, a liability is recognized for the fair value of the premium received under the contract. This amount is recorded as income over the life of the contract. After initial recognition, the liability is measured at the higher of the amount recognized initially, less amortization, and the Bank's best estimate of its financial obligation under the contract.

k) Property and equipment

Property and equipment (including leasehold improvements) is recognized at acquisition cost less accumulated depreciation and impairment.

Depreciation expense is calculated using the straight-line method, which systematically allocates the depreciable amount of property, plant, and equipment over its estimated useful life. Land is not depreciated. The Bank estimated the following useful lives (annually reviewed) for its property and equipment in 2022 and 2021:

	Estimated useful life
Buildings [1]	From 10 to 25 years
Furniture and equipment	10 years
Leasehold improvements	From 10 to 25 years
Data processing equipment	From 5 to 10 years
Vehicles	10 years
Other	10 years

(1) For depreciation of owned buildings, the Bank considers the useful life of the various components of a building.

The Bank derecognizes property and equipment when it no longer expects to realize future economic benefits from its continued use or through disposal. Gains or losses on disposal are recognized in other operating income in the period in which the asset is disposed of, impacting profit or loss for the period.

l) Goodwill and other intangible assets

Goodwill on the acquisition of equity investments is calculated based on the fair value of the acquired company's assets and liabilities on the acquisition date. Goodwill is not amortized. It is tested at least annually for impairment. After initial recognition, goodwill is measured at cost less accumulated impairment losses.

The Bank recognizes intangible assets separately from goodwill when they are separable or arise from contractual or other legal rights, the fair value can be reliably estimated, and it is probable that future economic benefits will flow to the Bank. The cost of an intangible asset acquired in a business combination is its fair value on the acquisition date. Separately acquired intangible assets are initially recognized at cost.

The useful life of an intangible asset is considered either finite or indefinite. Intangible assets with finite useful lives are amortized over their estimated economic lives and presented at cost, less accumulated amortization, and impairment. Intangible assets with indefinite useful lives are not amortized and are presented at cost, less impairment.

Costs related to the acquisition, production and development of software are capitalized and recognized as intangible assets. Costs incurred during the research phase are recognized as an expense. Capitalized personnel costs include salaries, social security costs and benefits paid to employees directly involved in the software development.

Amortization expense on intangible assets with finite useful lives is recognized in profit or loss for the period in the line-item amortization of intangible assets. Impairment losses are recorded as an adjustment to the recoverable amount under the line-item other expenses in the statement of income.

The Bank estimated the following useful lives for its intangible assets in 2022 and 2021:

Estimated useful life	Internally generated	Acquired
Software	10 years	10 years
Rights due to payroll management	--	From 5 to 10 years
Other (1)	--	From 2 to 10 years

(1) Includes mainly, brands acquired due to business combinations, related to customers portfolio and contracts.

m) Non-operating assets

Non-operating assets consist mainly of assets received by the Bank in settlement of loans to customers. They are recognized in the line-item other assets when the collateral is effectively realized or physical possession is obtained, regardless of the status of the foreclosure proceedings.

Non-operating assets are initially recognized at the lower of:

- fair value less estimated selling costs; or
- the carrying amount of the related loan.

Subsequently, they are recorded at the lower of cost or fair value minus selling costs. Non-operating assets are not depreciated.

When a non-operating asset meets the criteria for disposal, it is reclassified to the line-item non-current assets held for sale.

IFRS 13 – Fair Value Measurement treats the fair value measurement provided for by IFRS 5 as a non-recurring measurement, as it only occurs when the fair value of a non-current asset held for sale, less the costs to sell it, is lower to its net book value.

Note 25 includes more information about non-operating assets classified as held for sale.

Net gains or losses on the sale of non-operating assets are recognized in the line-item other operating income and other operating expenses.

n) Impairment of non-financial assets

At each reporting date, the Bank determines if there is any indication that a non-financial asset may be impaired. This evaluation is based on internal and external sources of information. If there are indications of impairment, the Bank estimates the asset's recoverable amount, which is the higher of its fair value minus selling costs or its value in use.

Regardless of whether there are indications of impairment, the Bank performs an annual impairment test for intangible assets with indefinite useful lives (including goodwill acquired in business combinations and intangible assets not yet available for use).

With respect to investments in associates and joint ventures, the Bank applies IAS 28 to determine if an additional impairment loss should be recognized on the net investment.

Since goodwill is included in the carrying amount of investments in associates and joint ventures, and not recognized separately, it is not separately tested for impairment under IAS 36 – Impairment of Assets. Rather, if there are any indicative that the investment may be impaired, the investment's entire carrying amount is tested for impairment as a single asset. This is done by comparing the investment's recoverable amount to its carrying amount.

If the recoverable amount of an asset falls below the carrying amount, the asset's carrying amount is reduced to its recoverable amount. The impairment loss is recognized in profit or loss in the period in which it occurs, in the line-item other operating expenses.

At each reporting date, the Bank also determines if there is indication that an impairment loss recognized on an asset in a previous period may no longer exists or have decreased (except for goodwill). The Bank estimates the recoverable amount of assets for which there is indication of impairment. Reversal of an impairment loss is recognized in the statement of income for the period as a reduction of the line-item other operating expenses.

The primary categories of non-financial assets subject to impairment testing are described below:

Property and equipment

Land and buildings – The Bank relies on technical evaluations prepared in accordance with the standards of the ABNT (Brazilian Association of Technical Standards) to determine the recoverable amount of land and buildings. ABNT establishes general concepts, methods, and procedures for the valuation of urban properties.

Data processing equipment – When available, the Bank uses market values to determine the recoverable amount of data processing equipment. When market values are not readily available, the Bank considers the amount recoverable by using the asset in its operations. Recoverable amount is calculated based on cash flow projections for the asset over its useful life, discounted to present value using the CDI (interbank deposit certificate) rate.

Other items of property and equipment – These items are individually insignificant. Although subject to evaluation of impairment indicators, the Bank does not determine their recoverable amount on an individual basis due to cost benefit considerations. The Bank conducts annual inventory counts and writes off assets that are lost or showing signs of deterioration.

Investments in associates and joint ventures

The recoverable amount of investments in associates and joint ventures (including goodwill that forms part of the carrying amount of the investment), is calculated using a discounted cash flow model based on the investments' expected results. Assumptions used in estimating the results consist of:

- the company's operating projections, results and investment plans;
- macroeconomic scenarios developed by the Bank; and
- internal methodologies to determine cost of capital under Capital Asset Pricing Model (CAPM).

Goodwill arising from business combinations

The recoverable amount of goodwill arising from business combinations is calculated using a discounted cash flow model based on the investments' expected results. Assumptions used in estimating the results consist of:

- the company's operating projections, results and investment plans;
- macroeconomic scenarios developed by the Bank; and
- internal methodologies to determine cost of capital under CAPM.

Other intangible assets

Rights due to the acquisition of payrolls – The recoverability of acquired payroll contracts is determined based on the contribution margin of the client relationships generated under each contract. The objective is to determine if the projections that justified the initial acquisition correspond to actual performance. An impairment loss is recognized on underperforming contracts.

Software – The Bank continuously invests in the modernization and adequacy of its internally developed software to accompany new technologies and meet the demands of the business. Since there is no similar software in the market, and because of the significant cost associated with developing models to calculate value in use, the Bank evaluates the ongoing utility of its software to test for impairment. Any software not being used is written-off.

Acquired through business combinations – At each reporting date, the Bank evaluates intangible assets acquired in business combinations (mainly brands and rights related to clients and contracts) to determine if there are indicators of impairment. If there are indicators, the Bank estimates the recoverable amount of the assets. The recoverable amount is calculated by determining the present value of the intangible asset's estimated cash flows using a discount rate that reflects current market conditions and specific risks associated with the asset.

Other assets

Non-operating assets – These assets are tested for impairment semi-annually regardless of whether there are indicators of impairment. The Bank obtains market values from appraisal reports prepared in accordance with the standards of ABNT.

o) Leases

Bank as lessor – Assets leased to customers under agreements that transfer substantially all of the risks and rewards of ownership are classified as finance leases, regardless of whether or not legal title is transferred. In finance leases, the leased asset is not recognized. Rather, a loan to customers is recognized at an amount equal to the present value of the minimum lease payments, plus the residual value, discounted using the interest rate implicit in the lease. Income from finance leases is recognized over the lease term based on the return on the net investment.

Bank as lessee – The Bank's relevant operating lease commitments essentially relate to offices and branches rental agreements. Generally, these contracts are made under usual terms and conditions, including options to extend the lease term and annual price readjustments, based on Brazil's official inflation indexes. The lease agreements do not include any clauses that impose any restriction on the Bank's ability to pay dividends, engage in debt financing transactions or enter into further lease agreements.

In calculating the lease liability and the right of use asset, the relevant facts and circumstances were considered to exercise or not the options for renewal and / or early termination. The right to use the leased properties is recognized in the balance sheet as property and equipment – right of use and the obligation to pay the lease installments is shown in other liabilities – lease liabilities.

The installments contractually defined, are projected until the end of their contract term. Variable payments, linked to indexes will be remeasured on annual readjustments on the anniversary dates of the contracts. The average remaining term of the contracts is 29 months (34 months in Dec 31, 2021).

The discount rate is the interest rate that the lessee would have to pay when borrowing, for a similar term and guarantee, the resources necessary to obtain the asset with a similar value to the right of use asset in a similar economic environment. The Bank used the incremental rate that represents the cost of its institutional funding equivalent to a Subordinated Letter of Credit. The Bank used unified discount rates for a similar portfolio considering those terms. The average discount rate for the entered contracts in 2022 was 10.52% p.a. (10.43% p.a. for contracts recognized in 2021).

Note 8 disclosures the interest expense on lease liabilities while Note 28 contains changes on the right of use asset. Total cash outflows for lease payments are reported in the consolidated statements of cash flows.

The other leased items besides properties, are essentially equipment, whose lease terms have the duration up to 12 months. For these items, the Bank adopted a practical expedient, and its rental payments are recognized on a straight-line basis as an expense over the lease term. Note 14 disclosures the expenses arising from these short-term leases.

p) Employee benefits

Employee benefits related to short-term benefits for current employees are recognized on the accrual basis as the services are provided. Post-employment benefits, comprising supplementary retirement benefits and medical assistance for which the Bank is responsible, are assessed in accordance with criteria established by IAS 19 - Employee Benefits. The evaluations are performed semiannually, which may be applicable in a shorter period

In defined-contribution plans, the actuarial risk and the investment risk are borne by the plan participants. Accordingly, cost accounting is based on each period's contribution amount representing the Bank's obligation. Consequently, no actuarial calculation is required when measuring the obligation or expense, and there are neither actuarial gains nor losses.

In thousands of Reais, unless otherwise stated

In defined benefit plans, the actuarial risk and the investment risk value of plan assets fall either substantially on the sponsoring entity. Accordingly, cost accounting requires the measurement of plan obligations and expenses, with a possibility of actuarial gains and losses, leading to the register of a liability when the amount of the actuarial obligation exceeds the value of plan assets, or an asset when the amount of assets exceeds the value of plan obligations. In the latter instance, the asset should be recorded only when there is evidence that it can effectively reduce the contributions from the sponsor or will be refundable in the future.

The Bank recognizes the components of defined benefit cost in the period in which the actuarial valuation was performed, in accordance with criteria established by IAS 19, as follows:

- the current service cost and the net interest on the net defined benefit liability (asset) are recognized in profit or loss; and
- the remeasurements of the net defined benefit liability (asset) resulting from changes in actuarial assumptions are recognized in Accumulated other comprehensive income in Shareholders' equity, net of tax effects. And, according to the normative provision, these effects recognized directly in equity should not be reclassified to the result in subsequent periods.

Contributions to be paid by the Bank to medical assistance plans in some cases will continue after the employee's retirement. Therefore, the Bank's obligations are evaluated by the present actuarial value of the contributions to be paid over the expected period in which the plan participants and beneficiaries will be covered by the plan. Such obligations are evaluated and recognized under the same criteria used for defined benefit plans.

q) Provisions, contingent liabilities, contingent assets, and legal liabilities

The Bank recognizes a provision when:

- the Bank has a present obligation (legal or constructive) as a result of a past event;
- it is probable that an outflow of economic benefits will be required to settle the obligation; and
- the amount of the obligation can be reasonably estimated.

The Bank recognizes provisions based on its best estimate of the probable losses.

The Bank continually monitors lawsuits in progress to evaluate, among other factors:

- the nature and complexity;
- the progress of the proceedings;
- the opinion of the Bank's lawyers; and
- the Bank's experience with similar proceedings.

In determining whether a loss is probable, the Bank considers:

- the likelihood of loss resulting from claims that occurred prior to or on the reporting date that were identified after that date but prior to issuance of the financial statements; and
- the need to disclose claims or events occurring after the reporting date but prior to the issuance of the financial statements.

Contingent assets are not recognized in the financial statements. However, when there is evidence assuring their realization, usually represented by the final judgment of the lawsuit and by the confirmation of the capacity for its recovery by receipt or offsetting by another receivable, they are recognized as assets.

The Bank recognizes tax liabilities for taxes that are the object of legal discussions regarding their constitutionality. In these cases, the Bank recognizes an obligation to the government and a judicial deposit in the same amount, however, no payment is made until the Courts reach a final decision.

In thousands of Reais, unless otherwise stated

r) Income taxes

As a financial institution in Brazil, the Bank is subject to income and social contribution taxes (known as IRPJ and CSLL, both of which are income taxes as defined in IAS 12). Taxpayers owe income tax to the state when a tax-generating event occurs. Taxes are calculated by applying the applicable rate to the tax calculation basis.

Taxes are calculated based on the rates shown in the table below:

Taxes	Rate
Income tax (15.00% + additional 10.00%)	25.00%
Social Contribution on Net Income - CSLL (1)	21.00%

(1) Rate changed from 20% to 21% applied to Banco do Brasil and Banco de Investimentos in the period from Aug 1,2022 to Dec 31, 2022, in accordance with Brazilian Law. The Law also changes, in the same period, the rate from 15% to 16% in the Conglomerate's other financial companies and in the companies in the areas of insurance, private pension plans and capitalization. For other non-financial companies, the social contribution rate on net Income is 9%.

Income taxes (IRPJ and CSLL) consists of current and deferred taxes and are recognized in profit or loss, except when it relates to items recognized directly in shareholders' equity under accumulated other comprehensive income. Taxes initially recorded in shareholders' equity are recognized in the statement of income when the associated gains and losses are realized.

Current taxes – Current tax expense is the amount of income tax and social contribution payable or recoverable based on taxable income for the period.

Current tax assets represent income and social contribution taxes recoverable in the next 12 months. Unpaid taxes that relate to current and prior periods are recognized as current tax liabilities. If the amount of taxes paid for current and prior periods exceeds the amount owed for those periods, the excess is recognized as an asset.

Current tax assets and liabilities are measured at the amount expected to be recovered or paid. The amounts are calculated based on the tax rates and tax laws in effect on the reporting date.

Deferred taxes – These amounts represent tax assets to be recovered and tax liabilities payable in future periods. Deferred tax liabilities originate from taxable temporary differences. Deferred tax assets originate from deductible temporary differences and unused tax loss carryforwards.

Deferred tax assets from income tax and social contribution losses and temporary differences are only recognized to the extent that it is probable that future taxable income will be available against which temporary differences can be deducted.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period. If it becomes probable that sufficient taxable income will not be available for use of either a portion or all the deferred tax assets, the Bank reduces the amount of the asset. When it becomes probable that sufficient taxable income will be available, the reduction is reversed.

Deferred tax assets and liabilities are measured at the tax rates expected to apply in the year in which the asset will be realized or the liability settled. These rates are based on tax rates (or tax law) that are effective on the reporting date.

Deferred tax assets and deferred tax liabilities are recorded by applying the current rates of taxes on their respective bases. In view of the increase in the social contribution on net income required by Brazilian Law, the rate of 20% was considered for deferred tax assets and liabilities of this tax. For the recording, maintaining and writing-off of deferred tax assets, the Bank follows the IAS 12 criteria and are supported by a study of their realizing.

Temporary differences – Temporary differences impact or may impact the calculation of income tax and social contribution taxes arising from a difference between the tax basis of an asset or liability and its carrying amount in the balance sheet.

Temporary differences can be either taxable or deductible. Taxable temporary differences are temporary differences that will result in taxable amounts when determining the taxable income or tax losses of future periods, at the time the carrying amount of an asset is recovered or liability settled. Deductible temporary differences are temporary differences that will result in deductible amounts when determining the taxable income or tax losses of future periods, at the time the carrying amount of an asset is recovered or liability settled.

The tax basis of an asset is the amount that will be deductible for tax purposes against the taxable economic benefits that flow to the entity when it recovers the carrying amount of the asset. If no economic benefit is available, the tax basis of the asset equals its carrying amount.

The tax basis of a liability is its carrying amount less related deductible amounts for tax purposes in future periods. In the case of revenue received in advance, the tax basis of the liability is the carrying amount less revenue that will not be taxable in future periods.

s) Segment reporting

IFRS 8 – Operating Segments requires that financial information relating to operating segments to be consistent with the internal reports used by the Chief Operating Decision Maker for allocating resources and assessing the Bank's performance. Detailed disclosure of results by segment is presented in Note 7.

t) Earnings per share

Two different methods are used to calculate earnings per share:

- basic earnings per share: calculated by dividing net income attributable to the Bank's shareholders by the weighted average number of common shares outstanding during each of the periods presented;
- diluted earnings per share: calculated in a similar manner, except that the weighted average number of shares is adjusted to reflect potential common shares resulting from the conversion of outstanding convertible securities.

u) Dividends and interest on own capital

The Bank calculates dividends and interest on own capital based on net income determined in accordance with accounting practices adopted in Brazil for financial institutions. The dividends are adjusted for accrued interest using the SELIC rate (basic interest rate in Brazil) from the declaration date up to the date on which the dividends are paid.

In accordance with the Bank's Bylaws, at the beginning of each year, the Board of Directors determines the percentage of net income that will be distributed to shareholders in the form of dividends. The Bank's current policy is to distribute dividends and interest on own capital at 40% of net income on a quarterly basis. Dividends and interest on own capital are recognized as a liability and deducted from shareholders' equity upon approval by the Board of Directors.

v) Standards yet to be adopted

A summary of relevant amendments, interpretations and standards issued by the IASB, that will become effective after , are presented below:

IFRS 17 – Insurance Contracts – In May 2017, the IASB published a new standard to replace the IFRS 4. The new standard establishes recognizing, measuring, and disclosure principles to insurance contracts, which aims to assure that the entity issues material information that faithfully represents these contracts.

In addition, the new standard tries to resolve some inadequacies in the existing wide variety of accounting practices in the insurance market, which impaired the comparability of the insurers accounting information.

Although this standard is not applied to the Bank, the Bank take cares about the adoption in the BB Seguridade's operating entities, which ones issues the insurance contracts in this scope. Impacts in these entities will be recognized in the Bank's financial statements through equity method.

BB Seguridade's investees that transact insurance contracts are in the process of implementing regulations, whose impacts are being investigated by their respective administrations.

IFRS 17 is effective for annual periods beginning on or after January 1, 2023. The effective impacts with the standard adoption will be reflected in the 1st quarter/2023 financial statements.

Amendments to IFRS 10 – Consolidated Financial Statements and IAS 28 – Investments in Associates and Joint Ventures – In September 2014, the IASB issued amendments to IFRS 10 and to IAS 28 that address an acknowledged inconsistency between the requirements of these two standards, dealing with the sale or contribution of assets between an investor and its associate or joint venture.

The date these amendments will be effective was postponed and it will still be determined and issued by the IASB.

Amendment to IAS 1 – Presentation of Financial Statements – In February 2021, the IASB determined that only information about material accounting policies must be disclosed, rather than material accounting policy. The amendment aims to improve accounting policies disclosure so that entities provide more useful information to users of financial statements.

The Bank is evaluating its accounting policies issuing to confirm that it is consistent to the required changes.

This change is effective for annual periods beginning on or after January 1, 2023.

Amendment to IAS 1 – Presentation of Financial Statements – In October 2022, the IASB determined that the entities classify debts as non-current only if they can avoid its settlement before 12 months to the report date. Although sometimes this settlement is subject to the comply with covenants.

Covenants complying after the report date don't affect the debt classification as current or non-current, but the entity need to disclose information about that in the notes to provide the users the risk of a possible early settlement.

This change is effective for annual periods beginning on or after January 1, 2024.

Amendment to IAS 8 – Accounting Policies, Changes in Estimates and Errors – In February 2021, the IASB distinguished the differences between amendments in accounting policy and amendments in accounting estimates. Estimates amendments are prospective while policies are retrospective.

It is estimated that this amendment will not have a significant impact on its financial statements.

This change is effective for annual periods beginning on or after January 1, 2023.

Amendment to IAS 12 – Income Taxes – In May 2021, the IASB clarified that the exemption for accounting deferred taxes arising from temporary differences generated on the initial recognition of assets or liabilities does not apply to lease operations.

The Bank assessed that this amendment will not have a material impact on its financial statements.

This change is effective for annual periods beginning on or after January 1, 2023.

Amendment to IFRS 16 – Leases – In September 2022, the IASB issued amendments explaining how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.

This change is effective for annual periods beginning on or after January 1, 2024.

Other possible impacts from the adoption of these standards have been assessed and will be completed before they become effective.

4 – SIGNIFICANT JUDGMENTS AND ACCOUNTING ESTIMATES

The preparation of consolidated financial statements in accordance with IFRS requires the Bank's Management to make judgments and use estimates that affect the recognized amount of assets, liabilities, income, and expenses. These estimates and assumptions are reviewed on an ongoing basis. Changes in estimates are recognized prospectively in the period in which the estimates are revised. Actual results may differ from these estimates.

Given that there are certain alternatives to accounting treatments, the Bank's results may differ if alternative accounting principles had been used. Management believes its choice of accounting principles to be appropriate and that the consolidated financial statements present fairly, in all material respects, the consolidated financial position and results of the Bank's operations.

Significant classes of assets and liabilities subject to estimates and the use of assumptions are generally those measured at fair value. The following components of the consolidated financial statements require the highest degree of judgment and use of estimates:

a) Fair value of financial instruments (including derivatives)

When the fair values of financial assets and liabilities cannot be determined based on prices from an active market, they are measured using valuation techniques based on mathematical models. When possible, the inputs to these models are derived from observable market data. However, when market data is not available, the exercise of judgment is required to determine fair value. Note 38 describes the fair value measurement methodologies for certain financial instruments.

b) Expected credit losses of financial assets

The Bank periodically reviews its financial assets portfolio to determine the value of expected credit losses to be recognized which requires judgment and the use of estimates. The process involves reviewing factors that may indicate a change in the risk profile of the Bank's loan balances or customers and the quality of the guarantees, which could negatively impact the expected cash flows.

The internal model developed for the calculation of impairment is based on the concept of expected credit losses, thus, all loans have an allowance for expected credit loss immediately on recognition and are monitored as the credit risk situation changes. The calculation requires that assets are grouped into 3 stages based on a quantitative and qualitative analyses of the credit risk.

The expected credit loss seeks to identify the losses that will occur in the next 12 months or that will occur during the life of the operation, considering a prospective view, encompassing the assessment of financial instruments in 3 stages, being subject to quantitative and qualitative analyzes for the appropriate framework. Financial instruments classified in the first stage are identified from the perspective of losses in the next 12 months, for those classified in the other stages, during the life of the operation.

The qualification stage is systematically reviewed considering the Bank's risk sensing processes, to capture changes in the characteristics of the instruments and their guarantees and in the client's behavioral information, which result in the worsening or mitigation of credit risk, carried out through prospective economic scenarios. These estimates are based on assumptions. Accordingly, actual results may vary, generating future reinforcements or reversals of losses.

Other information on the calculation methodology and assumptions used by the Bank for the evaluation of impairment losses on financial assets are disclosed in Note 3.j. The amounts recorded as expected credit losses are disclosed in Notes 18, 19, 21, 22 and 24.

c) Impairment of non-financial assets

At each reporting date, based on internal and external sources of information, the Bank determines if there are any indicators that a non-financial asset may be impaired. If an indicator does exist, the Bank calculates the asset's recoverable value. Losses recognized are subject to reversal in further periods, except for goodwill.

Regardless of whether there is an indicator of impairment, the Bank performs an annual impairment test for intangible assets with indefinite useful lives, including goodwill acquired in business combinations, and intangible assets not yet ready for use.

Determining the recoverable amount of non-financial assets requires Management to exercise judgment and make assumptions. These estimates are based on market prices, present value calculations, other pricing techniques, or a combination of these methods.

See Notes 3.n and 29 for additional information on this topic.

d) Income taxes

Income and gains generated by the Bank are subject to income taxes in the jurisdictions in which the Bank operates. The determination of income taxes requires interpretation and the use of estimates. In the ordinary course of business, the final amount of income tax payable is uncertain for many different types of transactions and calculations. In these cases, the use of different interpretations and estimates may have resulted in different tax amounts being recorded.

Brazilian tax authorities can review the calculations made by the Bank and its subsidiaries for up to five years after the date on which a tax becomes due. During this process, the tax authorities may question the procedures adopted by the Bank, mainly with respect to the interpretation of tax legislation. However, Management does not believe that any significant adjustments will be required to the income tax balances contained in these consolidated financial statements.

e) Recognition and evaluation of deferred taxes

Deferred tax assets are calculated on temporary differences and tax loss carryforwards. They are only recognized when the Bank expects to generate sufficient taxable income in the future to offset the amounts. The expected realization of the Bank's deferred tax assets is based on projections of future income and technical analyses in line with prevailing tax legislation (Note 36).

The Bank reviews the estimates involved in the recognition and valuation of deferred tax assets based on current expectations and projections about future events and trends. The most important assumptions affecting these estimates pertain to:

(i) changes in the amounts deposited, delinquencies and customer base;
(ii) changes in tax law;
(iii) changes in interest rates;
(iv) changes in inflation rates;
(v) legal disputes with an adverse impact on the Bank;
(vi) credit, market and other risks associated with lending and investing activities;
(vii) changes in the fair value of Brazilian securities, especially Brazilian government securities; and
(viii) changes in domestic and global economic conditions.

f) Pension plans and other employee benefits

The Bank sponsors defined contribution and defined benefit pension plans. Actuarial valuations for defined benefit plans are based on a series of assumptions, including:

(i) interest rates;
(ii) mortality tables;
(iii) annual rate applied to the revision of retirement benefits;
(iv) inflation index;
(v) annual salary adjustment; and
(vi) the method used to calculate vested benefit obligations for active employees.

g) Provisions (for loan commitments, guarantees provided and lawsuits), contingent liabilities and contingent assets

The Bank establishes a provision for expected credit losses arising from possible needs to honor obligations related to guarantees provided (off-balance sheet agreements). The same is done for credit limits granted, not yet used by customers. These amounts are recognized as expenses, with the recognition of a provision.

The calculation methodology for expected credit losses on guarantees provided and loan commitments uses the same parameters as the expected credit loss on financial assets.

Contingent liabilities for lawsuits are recognized in the consolidated financial statements when the risk of loss of a legal or administrative proceeding is considered probable, an outflow of financial resources will be required to settle the obligation and the amount of the loss can be reasonably estimated. The loss probability is based on the nature and complexity of the lawsuit, the opinion of legal advisors, Management's opinion, and experience with similar cases. Lawsuits are evaluated when judicial notification is received and monthly reviewed, as follows:

<u>Individual assessment</u> – For cases considered unusual or whose value is considered significant, as determined by the Bank's legal counsel. The provision is based on the amount of the claim, probability of an unfavorable decision, evidence presented, legal precedents, other facts raised during the case, judicial decisions while the case is being heard and the classification and risk of losing legal motions.

Collective assessment – For cases that are similar and recurring in nature for which the amounts involved are not individually significant. Provisions are based on statistical data regarding the Bank's labor, tax and civil cases (except for labor claims filed by unions and cases considered strategic). In this category, the probable amount of the settlement may not exceed R$ 1 million, as determined by the Bank's legal advisors.

Contingent liabilities evaluated individually, for which the risk of loss is considered possible, are not recognized in the consolidated balance sheet. However, they must be disclosed in the notes to the financial statements. Claims for which the risk of loss is remote are neither provided for nor disclosed.

Contingent assets are not recognized in the financial statements. However, when it is virtually certain that they will be realized, usually when there has been a final judgment in a lawsuit and confirmation that the amount will be recoverable either through the receipt of funds or offset against a liability, they are recognized as assets.

5 – CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements include the Bank's branches and subsidiaries in Brazil and abroad. Significant account balances and transactions among the consolidated companies are eliminated. The following table demonstrates the Bank's ownership interest in the companies included in the consolidated financial statements by business segment.

In thousands of Reais, unless otherwise stated

	Activity	Country	% Total share	
			Dec 31, 2022	Dec 31, 2021
Banking segment				
Banco do Brasil AG	Banking	Austria	100.00%	100.00%
BB Leasing S.A. - Arrendamento Mercantil	Leasing	Brazil	100.00%	100.00%
BB Securities Asia Pte. Ltd. (1)	Broker	Singapore	--	100.00%
Banco do Brasil Securities LLC.	Broker	United States	100.00%	100.00%
BB Securities Ltd.	Broker	England	100.00%	100.00%
BB USA Holding Company, Inc.	Holding	United States	100.00%	100.00%
BB Cayman Islands Holding	Holding	Cayman Islands	100.00%	100.00%
Banco do Brasil Americas	Banking	United States	100.00%	100.00%
Banco Patagonia S.A.	Banking	Argentina	80.39%	80.39%
Investment segment				
BB Banco de Investimento S.A.	Investment bank	Brazil	100.00%	100.00%
Segment of fund management				
BB Gestão de Recursos - Distribuidora de Títulos e Valores Mobiliários S.A. - BB Asset	Asset management	Brazil	100.00%	100.00%
BB Asset Management Ireland Limited	Asset management	Ireland	100.00%	100.00%
Segment of insurance private pension fund and capitalization				
BB Seguridade Participações S.A. (2)	Holding	Brazil	66.36%	66.36%
BB Corretora de Seguros e Administradora de Bens S.A. (2)	Broker	Brazil	66.36%	66.36%
BB Seguros Participações S.A. (2)	Holding	Brazil	66.36%	66.36%
Segment of payment methods				
BB Administradora de Cartões de Crédito S.A.	Service rendering	Brazil	100.00%	100.00%
BB Elo Cartões Participações S.A.	Holding	Brazil	100.00%	100.00%
Other segments				
Ativos S.A. Securitizadora de Créditos Financeiros	Credits acquisition	Brazil	100.00%	100.00%
Ativos S.A. Gestão de Cobrança e Recuperação de Crédito	Collection Management	Brazil	100.00%	100.00%
BB Administradora de Consórcios S.A.	Consortium	Brazil	100.00%	100.00%
BB Tur Viagens e Turismo Ltda.	Tourism	Brazil	100.00%	100.00%
BB Impacto ASG I Fundo em Investimento em Multiestratégia Investimento no Exterior (3)	Investment funds	Brazil	100.00%	--
BB Ventures I Fundo de Investimento em Participações Multiestratégia – Investimento no Exterior (3)	Investment funds	Brazil	100.00%	--
BB Ações BRL Global Superdividendos Global X Superdividendos (4)	Investment funds	Brazil	100.00%	--
BB Fx MM Allspring Climate Transition FI IE (4)	Investment funds	Brazil	100.00%	--
BB Ações FX Pictet Global Environmental Opportunities (4)	Investment funds	Brazil	100.00%	--
BB MM Global Select Equity Value IE FIC FI (4)	Investment funds	Brazil	100.00%	--
BB Tecnologia e Serviços (2)	IT	Brazil	99.99%	99.99%
BB Asset Ações Agro Fundo de Investimento (4)	Investment funds	Brazil	--	99.99%
BB Multigestor Crédito Privado FIC FIM (4)	Investment funds	Brazil	99.78%	--
Fundo de Investimento em Direitos Creditórios – Bancos Emissores de Cartão de Crédito V (3)	Investment funds	Brazil	84.09%	--
BB Asset Renda Fixa Crédito Privado Longo Prazo (4)	Investment funds	Brazil	82.06%	--
BB Ações Seleção Fatorial Funci FI (4)	Investment funds	Brazil	72.10%	--
BB Multi Criptoativos Full IE LP FIC FI (4)	Investment funds	Brazil	63.96%	--
BB MM Multiestratégia LP Funci FIC FI (4)	Investment funds	Brazil	54.74%	--
FIP Agventures II Multiestratégias (3)	Investment funds	Brazil	54.45%	64.48%
BB Asset Renda Fixa Plus FICFI (4)	Investment funds	Brazil	52.99%	--
BB Asset Ações Nordea Global Disruption ESG IE FIC FI (4)	Investment funds	Brazil	--	95.95%
Compesa Fundo de Investimento em Direitos Creditórios Cia. Pernambucana de Saneamento (FI Compesa) (5)	Investment funds	Brazil	--	43.13%
Dollar Diversified Payment Rights Finance Company (EPE)	Securitization	Cayman Islands	--	--
Loans Finance Company Limited (EPE)	Securitization	Cayman Islands	--	--

(1) Broker closed on November 21, 2022.
(2) Refers to the percentage of the equity interest, considering the acquisition of shares by the invested entity held in treasury.
(3) Investment funds in which the Bank substantially assumes or retains risks and benefits.
(4) Non-exclusive and open funds from the initial application of BB Asset's own resources, destined for sale to external investors, the referred entity does not have the intention to substantially assume or retain risks and benefits in these investment funds, which the Bank consolidates only in the months when most of the shares are still held by BB Asset.
(5) Banco do Brasil controlled FI Compesa in accordance with an agreement among quota-holders until March/2022.

a) Involvement with consolidated structured entities

The securitization vehicles and investment funds controlled by the Bank, directly or indirectly, are classified as consolidated structured entities. The voting or similar rights are not significant in deciding who controls the entity.

The Bank consolidates structured entities when it has power and current ability to direct the relevant activities, i.e. the activities that significantly affect their returns.

SPE Dollar

Organized under the laws of the Cayman Islands, this SPE has the following objectives:

- to issue and sell securities in the international market;
- to use the resources obtained from issuing securities to purchase rights to USD payment orders from the Bank. These payment orders are issued by banking correspondents located in the U.S. and the Bank's New York Branch to one of the Bank's branches in Brazil ("Rights on Consignment"); and
- to pay principal and interest on the outstanding securities and make other payments required by the securities contracts.

The SPE pays the obligations under the securities with USD funds received from the payment orders. The SPE has no material assets or liabilities other than rights and obligations under the securities contracts. The SPE has no subsidiaries or employees.

The SPE's authorized share capital is US$ 1,000.00, consisting of 1,000 common shares with a par value of US$ 1.00. All 1,000 common shares were issued to BNP Paribas Private Bank & Trust Cayman Limited in its capacity as the Trustee of Cayman Islands Charitable Trust. BNP Paribas Private Bank & Trust Cayman Limited is the SPE's sole shareholder. The Bank holds the "Rights on Consignment" and is the sole beneficiary of the funds obtained by the SPE. The Bank provides the SPE with additional funds so that it can pay the principal and interest on the outstanding securities.

SPE Loans

Organized under the laws of the Cayman Islands, this SPE has the following objectives:

- to raise funds through the issuance of securities in the international market;
- to enter into repurchase agreements with the Bank's Grand Cayman Branch to repass funds raised in the market; and
- to obtain protection against the risk of default by the Bank through acquisition of a credit default swap covering the Bank's obligations under the repurchase agreements.

The amounts, terms, currencies, rates and cash flows of the repurchase agreements are identical to those of the securities. The rights and income created from the repurchase agreements cover and match the obligations and expenses created by the securities. As a result, the SPE does not generate profit or loss. The SPE does not hold any assets and liabilities other those from the repurchase agreements, credit default swap and outstanding securities.

The SPE's paid-in capital is US$ 250.00, consisting of 250 common shares with a par value of US$ 1.00. All 250 shares were issued to Maples Corporate Services, the initial subscriber. They were then transferred to MaplesFS Limited, an exempt limited liability company incorporated in the Cayman Islands. MapleFS Limited is an independent provider of specialized fiduciary and fund services and is the SPE's sole shareholder. The Bank's Grand Cayman Branch is the only counterparty to the repurchase agreements.

In thousands of Reais, unless otherwise stated

b) Summarized financial information of the subsidiaries with participation of non-controlling interests (NCI)

Dec 31, 2022	BB Seguridade Participações S.A.	Banco Patagonia S.A.	Other
Current assets	3,768,306	23,547,407	1,674,003
Non-current assets	7,694,531	5,335,397	199,586
Current liabilities	3,686,067	21,955,744	462,661
Non-current liabilities	28	173,450	--
Income	6,091,165	9,103,357	1,460,574
Net income	6,040,886	883,814	157,777
Comprehensive income	6,187,933	1,184,319	157,777
Dividends paid to NCI	1,931,830	--	--
Ownership interest held by NCI	33.64%	19.61%	--
Net income attributable to NCI	2,032,154	173,316	13,458
Accumulated shareholder NCI	2,616,096	1,324,383	180,289

Dec 31, 2021	BB Seguridade Participações S.A.	Banco Patagonia S.A.	BB Tecnologia e Serviços S.A.
Current assets	1,956,442	22,499,930	526,404
Non-current assets	7,352,434	2,114,286	167,363
Current liabilities	1,843,132	20,203,835	432,573
Non-current liabilities	28	89,886	--
Income	3,956,444	5,476,698	1,132,830
Net income	3,930,713	286,813	67,164
Comprehensive income	3,746,485	415,891	67,164
Dividends paid to NCI	965,855	91,216	--
Ownership interest held by NCI	33.64%	19.61%	0.01%
Net income attributable to NCI	1,322,292	56,244	9
Accumulated shareholder NCI	2,511,467	847,249	35

In thousands of Reais, unless otherwise stated

The Bank has also indirect ownership interest in BB Seguros Participações S.A. and BB Corretora de Seguros e Administradora de Bens S.A. These companies are subsidiaries of BB Seguridade Participações S.A., that owns all issued shares. The summarized financial information of these subsidiaries are presented below.

Dec 31, 2022	BB Seguros Participações S.A.	BB Corretora de Seg. e Adm. de Bens S.A.
Current assets	2,420,376	5,150,532
Non-current assets	7,780,852	942,498
Current liabilities	2,300,051	4,290,354
Non-current liabilities	310,321	1,796,338
Income	3,501,661	5,205,986
Net income	3,323,443	2,729,477
Comprehensive income	3,199,226	2,729,313

Dec 31, 2021	BB Seguros Participações S.A.	BB Corretora de Seg. e Adm. de Bens S.A.
Current assets	691,892	4,111,849
Non-current assets	7,434,520	962,467
Current liabilities	527,431	3,225,098
Non-current liabilities	339,980	1,843,210
Income	1,864,420	4,174,370
Net income	1,772,110	2,162,039
Comprehensive income	1,587,716	2,161,873

6 – ACQUISITIONS, DISPOSALS AND CORPORATE RESTRUCTURING

a) Disposal of indirect equity interest

On October 8, 2021, the Board of Directors approved the sale of the entire indirect equity interest held in Banco Digio S.A., by BB Elo Cartão Participações S.A., a wholly owned subsidiary of the Bank. The sale contract of 49.99% interest, for R$ 645 million, was signed on that date with Bradescard Elo Participações S.A., a company owned by Banco Bradesco S.A.

The transaction was approved by the Administrative Council for Economic Defense on November 24, 2021, and by the Central Bank of Brazil on February 4, 2022, being effective on February 25, 2022, after concluding the corporate movements and the consequent financial settlement of the operation, providing a net result of R$ 222,981 thousand, as shown below:

	2022
1) Capital gain of BB Elo Cartões Participações S.A. (1)	337,850
2) Taxes	(114,869)
3) Impact on net income, net of taxes (1+2)	222,981

(1) Recognized in the Statement of Income as Other operating income.

b) Sale of indirect equity interest - Merchant-E

On February 17, 2022, Cielo USA Inc., a wholly-owned subsidiary of Cielo S.A., entered into the agreement for the sale of all the shares of its wholly-owned subsidiary Merchant E-Solutions Inc. On April 8, 2022, the sale was concluded, after the compliance of the conditions precedent, with the payment to Cielo USA Inc. of US$ 137 million referring to the fixed installment (upfront), monetarily adjusted in conformity with the terms provided for in the documents of the transaction. The transaction also comprises a variable portion (earn-out) of US$ 25 million, in addition to the impact on the parent company Cielo, of costs related to the sale, of R$ 20.7 million.

In thousands of Reais, unless otherwise stated

The transaction generated a positive impact of R$ 84 million in the Bank in 2022.

c) Corporate Reorganization of the Interbank Payments Chamber – CIP Associação

On February 25, 2022, according to the Extraordinary General Meeting held on the same date by the members of the Interbank Payments Chamber (CIP Associação), the corporate reorganization ("demutualization") of CIP Associação was approved, through its partial spin-off and merger of the assets spun off by CIP S.A.

CIP Associação is a non-profit civil association that integrates the Brazilian Payments System (SPB) and acts as an infrastructure for the financial market, offering solutions and services that integrate technology, innovation and security to financial transactions carried out in the country. The Bank holds a 12.9062% interest in its capital stock, recognized at the historical cost of R$ 7,055 thousand.

CIP S.A. is a corporation that did not carry out its own activity and did not have liabilities or obligations of any nature, being a legal entity with a for-profit purpose that will incorporate the portion to be spun off from CIP Associação. The partial spin-off has the purpose of demutualizing CIP Associação, so that its economic activities are no longer carried out through an associative legal structure, being developed by CIP S.A., in the form of a corporation.

The equity of CIP Associação, based on the financial statements of December 31, 2021, was R$ 1,921,165 thousand, of which R$ 1,915,544 thousand (99.7073860%) was spun off and transferred to CIP S.A., as appraisal report prepared by a specialized company.

Due to the demutualization, with the spun-off portion being transferred to the entity resulting from the spin-off, the associates received common shares issued by CIP S.A. in proportion to their respective shares in CIP Associação, which in the case of the Bank is 12.9062%.

In this context, the Bank considered CIP S.A. as an associated equity interest, due to the existence of significant influence, characterized by the representation on the Board of Directors of this investee, recognizing the book value of the spun-off assets by equity method, whose effects on the result are shown below:

	2022
1) Book value of the spun-off assets, proportional to the interest held by the Bank of 12.9062% (1)	247,224
2) Cost value resulting from the spin-off (99.7073860% of the historical cost value recorded at the Bank)	7,035
3) Capital gain (1-2) (2)	240,189
4) Taxes	(108,085)
5) Impact on net income, net of taxes (3+4)	132,104

(1) According to the appraisal report prepared by a specialized company, considering the equity value of CIP Associação, calculated based on the financial statements of December 31, 2021.

(2) Recognized in the Statement of Income as Other operating income.

7 – OPERATING SEGMENTS

The segment information was prepared based on internal reports used by the Bank's Executive Board to assess performance and make decisions about the allocation of funds for investment and other purposes. The framework also takes into account the regulatory environment and similarities between goods and services.

The Bank's operations are divided into five segments: banking, investments, fund management, insurance (including insurance, private pension funds and capitalization) and electronic payments. The Bank also engages in other activities, including its consortium business and operational support services (aggregated in "Other").

Management (and the Chief Operating Decision Maker) use accounting information prepared in accordance with the laws, standards, and accounting practices (recognition and measurement) applicable to financial institutions in Brazil, as determined by Bacen, to evaluate performance and allocate resources. As a result, the Bank presents its segment results in accordance with these standards, which it refers to internally as the 'consolidated managerial' financial information.

The following accounting policies and estimates used to prepare the segment information represent the main differences with IFRS accounting principles:

- the recognition of impairment on loans to customers is based on an expected loss model, which considers regulatory guidelines defined by Bacen. Loans to customers are classified in buckets representing increased risk, ranging from AA (low risk) to H (high risk). The allowance amount is calculated each month based on minimum provisioning percentages defined by Bacen. These percentages range from 0% (AA loans) to 100% (H loans);
- fee and commission income from the origination of customer loans is recognized on a cash basis;
- goodwill and gains from bargain purchase are measured by the difference between the consideration paid and book value of the acquired shares. The amount is amortized when based on expected future profitability; and
- changes in proportion of non-controlling equity interests results in gains or losses upon a disposal of the equity interest of the Bank.

The segments operate through separate legal entities or groups of legal entities. The segment information includes all of the revenue and expenses as well as all assets and liabilities of companies included in the segment, as shown in Note 5 and Note 26. No revenue or expenses are allocated between the segments.

Inter-segment transactions are conducted at the same terms and conditions as those practiced with unrelated parties for similar transactions. These transactions do not involve any unusual payment risks.

None of the Bank's customers individually account for more than 10% of the Bank's interest income.

a) Banking

This segment is responsible for the most significant portion of the Bank's results, primarily from the operations in Brazil. It includes a wide array of products and services, including deposits, loans and other services provided to customers through different distribution channels.

The banking segment's activities include transactions in the retail, wholesale, and public sectors, which are carried out by its network and customer service teams. It also engages in business with micro-entrepreneurs and other activities through its banking correspondents.

In thousands of Reais, unless otherwise stated

b) Investments

This segment engages in the structuring and distribution of debt and equity instruments in Brazil's primary and secondary capital markets, in addition to providing other financial services.

Net interest income in this segment is based on accrued interest on investment securities less expenses from third party funding costs. Non-interest income is derived from economic/financial advisory services from underwriting fixed and variable income securities and the provision of services to associated companies.

c) Fund management

This segment is involved in the purchase, sale and custody of securities, portfolio management and the structuring, organization and management of investment funds and clubs. Income consists mainly of commissions and management fees charged to investors for services provided.

d) Insurance

This segment offers products and services related to life, property and automobile insurance, private pension and capitalization plans.

Income in this segment consists mostly of commissions and fees, insurance premium revenue, contributions to private pension plans and capitalization bonds, and investments in securities. These amounts are offset by selling costs, technical insurance provisions and expenses related to benefits and redemptions.

e) Electronic payments

This segment provides capture, transmission, processing, and financial settlement services for electronic payment transactions (credit and debit cards). Revenue comes from commissions and management fees charged to businesses and financial institutions in exchange for services provided.

f) Other

This segment consists of the operational support services and consortium business, neither of which is individually significant. Revenue is generated mainly from the provision of services not provided by the other segments, including: credit recovery; consortium management; development, manufacturing, sale, rental and integration of digital electronic systems, peripherals, programs, inputs and computing supplies.

In thousands of Reais, unless otherwise stated

g) Financial information by reportable segment reconciliated with the consolidated IFRS results

	2022									
	Banking	Investments	Fund management	Insurance and related	Electronic payments	Other	Intersegment transactions	Consolidated management statement	Adjustments	Consolidated IFRS
Interest income	236,562,516	467,669	328,712	509,282	689,281	1,284,027	(2,034,719)	237,806,768	(1,257,717)	236,549,051
Interest expense	(163,670,723)	(609,269)	--	--	--	(280,546)	2,033,242	(162,527,296)	324,812	(162,202,484)
Net interest income	**72,891,793**	**(141,600)**	**328,712**	**509,282**	**689,281**	**1,003,481**	**(1,477)**	**75,279,472**	**(932,905)**	**74,346,567**
Expected losses	(16,503,878)	--	--	--	--	--	--	(16,503,878)	(1,534,984)	(18,038,862)
Net interest income after expected losses	**56,387,915**	**(141,600)**	**328,712**	**509,282**	**689,281**	**1,003,481**	**(1,477)**	**58,775,594**	**(2,467,889)**	**56,307,705**
Non-interest income	**26,849,876**	**1,156,815**	**3,326,648**	**8,227,942**	**1,988,640**	**3,571,953**	**(1,952,235)**	**43,169,639**	**120,137**	**43,289,776**
Net commissions and fee income	13,196,110	477,786	3,312,833	4,715,135	53,752	3,294,928	(1,234,515)	23,816,029	828,686	24,644,715
Net gains/(losses) from financial instruments	(1,383,675)	584,626	--	--	(113)	(17,059)	--	(816,221)	(441,819)	(1,258,040)
Net gains from equity method investments	800,160	27,900	--	3,349,193	1,393,795	--	--	5,571,048	(459,897)	5,111,151
Other operating income	14,237,281	66,503	13,815	163,614	541,206	294,084	(717,720)	14,598,783	193,167	14,791,950
Non-interest expenses	**(56,360,225)**	**(165,809)**	**(526,959)**	**(1,178,195)**	**(94,579)**	**(2,547,260)**	**1,953,712**	**(58,919,315)**	**(2,376,449)**	**(61,295,764)**
Personnel expenses	(24,865,430)	(20,274)	(124,768)	(74,501)	(6,067)	(413,251)	5,363	(25,498,928)	96,106	(25,402,822)
Administrative expenses	(9,886,801)	(35,322)	(71,146)	(285,393)	(2,743)	(762,823)	1,522,799	(9,521,429)	1,350,719	(8,170,710)
Contributions, fees and other taxes	(5,637,020)	(65,348)	(236,345)	(579,517)	(66,500)	(478,084)	--	(7,062,814)	70,344	(6,992,470)
Amortization of intangible assets	(1,341,476)	--	--	(863)	--	(4,571)	--	(1,346,910)	453	(1,346,457)
Labor, tax and civil claims	(7,504,238)	(9)	(24,392)	1,505	7	(69,316)	--	(7,596,443)	344,219	(7,252,224)
Depreciation	(1,441,495)	--	--	(19)	--	(29,834)	--	(1,471,348)	(1,156,311)	(2,627,659)
Other operating expenses	(5,683,765)	(44,856)	(70,308)	(239,407)	(19,276)	(789,381)	425,550	(6,421,443)	(3,081,979)	(9,503,422)
Income before taxes	**26,877,566**	**849,406**	**3,128,401**	**7,559,029**	**2,583,342**	**2,028,174**	**--**	**43,025,918**	**(4,724,201)**	**38,301,717**
Income taxes	**(5,110,296)**	**(375,874)**	**(1,257,346)**	**(1,503,659)**	**(471,611)**	**(663,844)**	**--**	**(9,382,630)**	**930,248**	**(8,452,382)**
Current	(2,382,781)	(452,934)	(1,266,754)	(1,476,013)	(398,863)	(814,548)	--	(6,791,893)	3,854	(6,788,039)
Deferred	(2,727,515)	77,060	9,408	(27,646)	(72,748)	150,704	--	(2,590,737)	926,394	(1,664,343)
Net income	**21,767,270**	**473,532**	**1,871,055**	**6,055,370**	**2,111,731**	**1,364,330**	**--**	**33,643,288**	**(3,793,953)**	**29,849,335**
Attributable to shareholders of the Bank	21,185,812	473,532	1,871,055	4,018,484	2,111,731	1,350,873	--	31,011,487	(3,381,080)	27,630,407
Attributable to non-controlling interests	581,458	--	--	2,036,886	--	13,457	--	2,631,801	(412,873)	2,218,928
Total assets	**2,031,141,537**	**9,129,537**	**3,832,684**	**15,345,975**	**11,823,695**	**14,251,958**	**(56,567,250)**	**2,028,958,136**	**(21,230,159)**	**2,007,727,977**
Total liabilities	**1,869,368,715**	**8,276,298**	**2,447,215**	**8,380,407**	**2,360,458**	**11,121,042**	**(36,584,213)**	**1,865,369,922**	**(20,719,068)**	**1,844,650,854**
Total equity	**161,772,822**	**853,239**	**1,385,469**	**6,965,568**	**9,463,237**	**3,130,916**	**(19,983,037)**	**163,588,214**	**(511,091)**	**163,077,123**

In thousands of Reais, unless otherwise stated

	2021									
	Banking	Investments	Fund management	Insurance and related	Electronic payments	Other	Intersegment transactions	Consolidated management statement	Adjustments	Consolidated IFRS
Interest income	123,831,728	189,149	139,783	138,535	207,131	1,116,637	(556,933)	125,066,030	881,187	125,947,217
Interest expense	(63,338,423)	(92,893)	--	--	--	(196,508)	555,980	(63,071,844)	(3,201,294)	(66,273,138)
Net interest income	**60,493,305**	**96,256**	**139,783**	**138,535**	**207,131**	**920,129**	**(953)**	**61,994,186**	**(2,320,107)**	**59,674,079**
Expected losses	(11,571,098)	--	--	--	--	--	--	(11,571,098)	(1,292,338)	(12,863,436)
Net interest income after expected losses	**48,922,207**	**96,256**	**139,783**	**138,535**	**207,131**	**920,129**	**(953)**	**50,423,088**	**(3,612,445)**	**46,810,643**
Non-interest income	**18,718,356**	**743,079**	**3,052,862**	**5,933,375**	**807,630**	**3,047,169**	**(1,533,733)**	**30,768,738**	**3,146,253**	**33,914,991**
Net commissions and fee income	12,830,552	393,965	3,044,218	4,054,917	36,170	2,924,692	(995,202)	22,289,312	379,507	22,668,819
Net gains/(losses) from financial instruments	(471,863)	215,635	(64)	--	313	(3,613)	--	(259,592)	459,007	199,415
Net gains from equity method investments	803,328	44,352	--	1,840,910	556,915	--	--	3,245,505	(158,761)	3,086,744
Other operating income	5,556,339	89,127	8,708	37,548	214,232	126,090	(538,531)	5,493,513	2,466,500	7,960,013
Non-interest expenses	**(53,350,660)**	**(90,804)**	**(418,921)**	**(981,227)**	**(40,040)**	**(2,087,645)**	**1,534,686**	**(55,434,611)**	**(1,301,232)**	**(56,735,843)**
Personnel expenses	(22,921,586)	(23,734)	(111,760)	(63,102)	(5,675)	(380,501)	3,235	(23,503,123)	(21,536)	(23,524,659)
Administrative expenses	(8,912,577)	(32,923)	(53,203)	(303,037)	(2,294)	(655,268)	1,093,763	(8,865,539)	1,330,347	(7,535,192)
Contributions, fees and other taxes	(4,507,323)	(42,707)	(210,175)	(480,522)	(34,016)	(433,628)	--	(5,708,371)	(14,256)	(5,722,627)
Amortization of intangible assets	(1,415,839)	--	--	(414)	--	(3,926)	--	(1,420,179)	(139)	(1,420,318)
Labor, tax and civil claims	(8,496,399)	(73)	3,362	2,281	10	(6,641)	--	(8,497,460)	981,778	(7,515,682)
Depreciation	(1,360,921)	--	--	(10)	--	(26,314)	--	(1,387,245)	(1,186,857)	(2,574,102)
Other operating expenses	(5,736,015)	8,633	(47,145)	(136,423)	1,935	(581,367)	437,688	(6,052,694)	(2,390,569)	(8,443,263)
Income before taxes	**14,289,903**	**748,531**	**2,773,724**	**5,090,683**	**974,721**	**1,879,653**	**--**	**25,757,215**	**(1,767,424)**	**23,989,791**
Income taxes	**(938,547)**	**(336,040)**	**(1,182,261)**	**(1,146,208)**	**(197,233)**	**(641,011)**	**--**	**(4,441,300)**	**174,380**	**(4,266,920)**
Current	(123,517)	(371,190)	(1,180,917)	(1,165,220)	(110,833)	(592,238)	--	(3,543,915)	(483)	(3,544,398)
Deferred	(815,030)	35,150	(1,344)	19,012	(86,400)	(48,773)	--	(897,385)	174,863	(722,522)
Net income	**13,351,356**	**412,491**	**1,591,463**	**3,944,475**	**777,488**	**1,238,642**	**--**	**21,315,915**	**(1,593,044)**	**19,722,871**
Attributable to shareholders of the Bank	13,072,539	412,491	1,591,463	2,617,788	777,488	1,238,633	--	19,710,402	(1,366,076)	18,344,326
Attributable to non-controlling interests	278,817	--	--	1,326,687	--	9	--	1,605,513	(226,968)	1,378,545
Total assets	**1,932,885,980**	**5,743,056**	**3,710,787**	**12,499,665**	**10,138,878**	**10,525,362**	**(42,970,749)**	**1,932,532,979**	**(33,192,468)**	**1,899,340,511**
Total liabilities	**1,789,633,279**	**4,893,224**	**2,410,607**	**5,858,914**	**1,004,831**	**8,550,133**	**(24,675,195)**	**1,787,675,793**	**(34,445,515)**	**1,753,230,278**
Total equity	**143,252,701**	**849,832**	**1,300,180**	**6,640,751**	**9,134,047**	**1,975,229**	**(18,295,554)**	**144,857,186**	**1,253,047**	**146,110,233**

In thousands of Reais, unless otherwise stated

	2020									
	Banking	Investments	Fund management	Insurance and related	Electronic payments	Other	Intersegment transactions	Consolidated management statement	Adjustments	Consolidated IFRS
Interest income	96,115,799	61,230	33,551	124,293	113,602	1,116,950	(384,782)	97,180,643	1,479,061	98,659,704
Interest expense	(41,017,443)	(49,139)	--	--	--	(225,248)	384,125	(40,907,705)	(2,324,415)	(43,232,120)
Net interest income	**55,098,356**	**12,091**	**33,551**	**124,293**	**113,602**	**891,702**	**(657)**	**56,272,938**	**(845,354)**	**55,427,584**
Expected losses	(20,027,089)	--	--	--	--	--	(49)	(20,027,138)	339,718	(19,687,420)
Net interest income after expected losses	**35,071,267**	**12,091**	**33,551**	**124,293**	**113,602**	**891,702**	**(706)**	**36,245,800**	**(505,636)**	**35,740,164**
Non-interest income	**15,430,844**	**612,960**	**2,936,214**	**5,604,018**	**937,374**	**2,534,796**	**(1,351,581)**	**26,704,625**	**(334,184)**	**26,370,441**
Net commissions and fee income	13,908,197	326,304	2,971,891	3,692,039	38,129	2,421,886	(856,469)	22,501,977	164,364	22,666,341
Net gains/(losses) from financial assets/liabilities	3,437,677	249,112	(52,361)	--	131	(441)	--	3,634,118	(1,747,854)	1,886,264
Net income from equity method investments	518,734	16,729	--	1,889,634	685,304	--	--	3,110,401	(788,480)	2,321,921
Other operating income	(2,433,764)	20,815	16,684	22,345	213,810	113,351	(495,112)	(2,541,871)	2,037,786	(504,085)
Non-interest expenses	**(47,823,890)**	**(155,618)**	**(392,679)**	**(826,330)**	**(31,973)**	**(2,251,180)**	**1,352,287**	**(50,129,383)**	**(404,219)**	**(50,533,602)**
Personnel expenses	(21,339,110)	(47,441)	(110,357)	(63,871)	(5,039)	(356,862)	4,320	(21,918,360)	230,048	(21,688,312)
Administrative expenses	(8,909,289)	(35,080)	(29,941)	(245,915)	(1,550)	(547,566)	1,034,364	(8,734,977)	1,313,118	(7,421,859)
Contributions, fees and other taxes	(4,097,242)	(49,122)	(215,001)	(438,252)	(22,017)	(358,426)	--	(5,180,060)	11,978	(5,168,082)
Amortization of intangible assets	(1,804,604)	--	--	--	--	(3,168)	--	(1,807,772)	160	(1,807,612)
Labor, tax and civil claims	(5,777,823)	20	(963)	(361)	3	(268,342)	56,278	(5,991,188)	249,163	(5,742,025)
Depreciation	(1,300,602)	--	--	(8)	--	(19,096)	--	(1,319,706)	(1,086,676)	(2,406,382)
Other operating expenses	(4,595,220)	(23,995)	(36,417)	(77,923)	(3,370)	(697,720)	257,325	(5,177,320)	(1,122,010)	(6,299,330)
Income before taxes	**2,678,221**	**469,433**	**2,577,086**	**4,901,981**	**1,019,003**	**1,175,318**	**--**	**12,821,042**	**(1,244,039)**	**11,577,003**
Income taxes	**4,270,683**	**(201,791)**	**(1,032,409)**	**(1,041,867)**	**(137,439)**	**(404,312)**	**--**	**1,452,865**	**263,015**	**1,715,880**
Current	(695,497)	(264,036)	(1,031,644)	(1,044,161)	(51,973)	(526,404)	--	(3,613,715)	22,698	(3,591,017)
Deferred	4,966,180	62,245	(765)	2,294	(85,466)	122,092	--	5,066,580	240,317	5,306,897
Net income	**6,948,904**	**267,642**	**1,544,677**	**3,860,114**	**881,564**	**771,006**	**--**	**14,273,907**	**(981,024)**	**13,292,883**
Attributable to shareholders of the Bank	6,670,781	267,642	1,544,677	2,561,703	881,564	771,018	--	12,697,385	(845,769)	11,851,616
Attributable to non-controlling interests	278,123	--	--	1,298,411	--	(12)	--	1,576,522	(135,255)	1,441,267
Total assets	**1,724,278,700**	**3,320,400**	**2,690,311**	**10,046,867**	**10,046,244**	**9,744,402**	**(34,455,036)**	**1,725,671,888**	**(31,877,885)**	**1,693,794,003**
Total liabilities	**1,598,764,392**	**2,495,260**	**1,477,012**	**4,308,482**	**653,168**	**7,842,889**	**(16,840,424)**	**1,598,700,779**	**(32,768,060)**	**1,565,932,719**
Total shareholders' equity	**125,514,308**	**825,140**	**1,213,299**	**5,738,385**	**9,393,076**	**1,901,513**	**(17,614,612)**	**126,971,109**	**890,175**	**127,861,284**

In thousands of Reais, unless otherwise stated

h) Geographical information

	Brazil	Other countries			Total
	2022	Before eliminations	Eliminations	After eliminations	2022
Assets	1,871,055,831	324,174,827	(187,502,681)	136,672,146	2,007,727,977
Income	266,930,038	22,324,795	(9,416,006)	12,908,789	279,838,827
Expenses (including income tax)	(234,215,317)	(20,931,942)	5,157,767	(15,774,175)	(249,989,492)
Income/(loss) before taxes	41,027,947	1,532,009	(4,258,239)	(2,726,230)	38,301,717
Net income/(loss)	32,714,721	1,392,853	(4,258,239)	(2,865,386)	29,849,335

	Brazil	Other countries			Total
	2021	Before eliminations	Eliminations	After eliminations	2021
Assets	1,784,162,954	328,529,841	(213,352,284)	115,177,557	1,899,340,511
Income	150,753,930	19,608,244	(10,499,966)	9,108,278	159,862,208
Expenses (including income tax)	(128,401,158)	(17,333,198)	5,595,019	(11,738,179)	(140,139,337)
Income/(loss) before taxes	26,685,106	2,209,632	(4,904,947)	(2,695,315)	23,989,791
Net income/(loss)	22,352,772	2,275,046	(4,904,947)	(2,629,901)	19,722,871

	Brazil	Other countries			Total
	2020	Before eliminations	Eliminations	After eliminations	2020
Assets	1,574,577,762	321,544,464	(202,328,223)	119,216,241	1,693,794,003
Income	119,104,820	20,077,447	(14,152,122)	5,925,325	125,030,145
Expenses (including income tax)	(103,377,752)	(15,734,730)	7,375,220	(8,359,510)	(111,737,262)
Income/(loss) before taxes	15,411,214	2,942,691	(6,776,902)	(3,834,211)	11,577,003
Net income/(loss)	15,727,068	4,342,717	(6,776,902)	(2,434,185)	13,292,883

Income consists of both interest and non-interest income. Expenses consist of interest expense, expected for credit losses, non-interest expense and income taxes.

From the overseas operations, the branches and subsidiaries located in South America provided the majority of the income and most parts of the assets. Assets abroad are mainly monetary and derived from loans to customers and loans to other financial institutions.

In thousands of Reais, unless otherwise stated

i) Non-current assets and investments in associates and joint ventures

	Dec 31, 2022						
	Banking	Investments	Fund management	Insurance and related	Electronic payments	Other	Consolidated IFRS
Investments in associates and joint ventures	6,728,900	221,271	--	7,676,896	5,146,365	--	19,773,432
Non-current assets [1]	**24,022,602**	**--**	**--**	**4,067**	**--**	**204,444**	**24,231,113**
Property and equipment	13,011,819	--	--	46	--	188,263	13,200,128
Intangible	11,010,783	--	--	4,021	--	16,181	11,030,985

	Dec 31, 2021						
	Banking	Investments	Fund management	Insurance and related	Electronic payments	Other	Consolidated IFRS
Investments in associates and joint ventures	6,806,402	153,371	--	7,330,921	5,155,494	--	19,446,188
Non-current assets [1]	**20,261,571**	**--**	**--**	**4,998**	**--**	**170,352**	**20,436,921**
Property and equipment	13,245,410	--	--	39	--	156,202	13,401,651
Intangible	7,016,161	--	--	4,959	--	14,150	7,035,270

(1) Other than financial instruments, deferred tax assets, employee benefit assets and rights arising under insurance contracts.

In thousands of Reais, unless otherwise stated

j) Income by segments

	2022					
	Banking	Investments	Fund management	Insurance and related	Electronic payments	Other
Interest income	**236,562,516**	**467,669**	**328,712**	**509,282**	**689,281**	**1,284,027**
External customers income	235,934,323	463,772	56,458	11,667	440,584	899,964
Intersegments income	628,193	3,897	272,254	497,615	248,697	384,063
Non-interest income	**26,849,876**	**1,156,815**	**3,326,648**	**8,227,942**	**1,988,640**	**3,571,953**
External customers income	26,144,550	1,152,698	3,326,648	8,227,942	1,988,640	2,173,909
Intersegments income	705,326	4,117	--	--	--	1,398,044

	2021					
	Banking	Investments	Fund management	Insurance and related	Electronic payment	Other
Interest income	**123,831,728**	**189,149**	**139,783**	**138,535**	**207,131**	**1,116,637**
External customers income	123,732,075	187,669	50,221	13,486	158,438	924,141
Intersegments income	99,653	1,480	89,562	125,049	48,693	192,496
Non-interest income	**18,718,356**	**743,079**	**3,052,862**	**5,933,375**	**807,630**	**3,047,169**
External customers income	17,920,869	741,514	3,052,412	5,933,375	807,630	1,874,021
Intersegments income	797,487	1,565	450	--	--	1,173,148

	2020					
	Banking	Investments	Fund management	Insurance and related	Electronic payments	Other
Interest income	**96,115,799**	**61,230**	**33,551**	**124,293**	**113,602**	**1,116,950**
External customers income	96,066,218	60,546	371	20,985	101,450	931,025
Intersegments income	49,581	684	33,180	103,308	12,152	185,925
Non-interest income	**15,430,844**	**612,960**	**2,936,214**	**5,604,018**	**937,374**	**2,534,796**
External customers income	14,929,817	608,863	2,935,763	5,604,018	937,374	1,454,299
Intersegments income	501,027	4,097	451	--	--	1,080,497

8 – NET INTEREST INCOME

	2022	2021	2020
Interest income	**236,549,051**	**125,947,217**	**98,659,704**
Loans to customers	106,258,110	75,759,025	69,213,609
Securities purchased under resale agreements	63,012,505	25,389,564	13,248,440
Financial assets at fair value through other comprehensive income	42,801,719	15,515,637	8,541,053
Compulsory deposits with Brazilian Central Bank	6,343,128	1,966,214	1,324,262
Securities at amortized cost	5,794,258	1,765,262	1,402,845
Loans to financial institutions	1,243,695	267,346	737,090
Financial assets at fair value through profit or loss	780,729	446,102	507,818
Other interest income (1)	10,314,907	4,838,067	3,684,587
Interest expense	**(162,202,484)**	**(66,273,138)**	**(43,232,120)**
Securities sold under repurchase agreements	(81,170,730)	(27,495,682)	(13,847,742)
Deposits of clients	(54,244,953)	(22,221,794)	(13,785,459)
Liabilities from issuance of securities and other financial liabilities	(25,120,352)	(15,230,724)	(14,496,151)
Amount payable to financial institutions	(1,215,280)	(981,690)	(805,493)
Lease liabilities	(451,169)	(343,248)	(297,275)
Net interest income	**74,346,567**	**59,674,079**	**55,427,584**

(1) It includes interest income with equalization of rates, with guarantee deposits and with National Treasury bonds and credits.

In thousands of Reais, unless otherwise stated

9 – NET COMMISSIONS AND FEE INCOME

	2022	2021	2020
Commissions and fee income	**30,169,222**	**27,820,391**	**27,250,172**
Services rendered to customers	**12,567,556**	**12,053,879**	**13,200,559**
Account fee	5,882,038	5,811,828	7,208,387
Card income	2,376,747	2,146,757	2,021,661
Billing	1,503,596	1,459,551	1,392,807
Collection	1,018,927	988,052	967,107
Loans and customer information file	840,900	760,512	641,383
Capital market income	497,673	436,342	505,314
Interbank and funds transfer	150,144	135,230	127,586
Foreign exchange	87,118	117,468	157,167
Other	210,413	198,139	179,147
Asset management	**10,661,864**	**9,636,150**	**8,644,682**
Commissions	**5,056,072**	**4,411,996**	**3,985,103**
Insurance distribution	4,313,480	3,766,746	3,344,068
Capitalization distribution	530,063	403,330	428,922
Pension plans distribution	212,529	241,920	212,113
Guarantees provided	**103,857**	**89,927**	**93,933**
Other services	**1,779,873**	**1,628,439**	**1,325,895**
Commissions and fee expense	**(5,524,507)**	**(5,151,572)**	**(4,583,831)**
Service rendering	(4,984,198)	(4,815,555)	(4,310,466)
Commission expense	(2,558)	(391)	(1,765)
Other services	(537,751)	(335,626)	(271,600)
Net commissions and fee income	**24,644,715**	**22,668,819**	**22,666,341**

10 – NET GAINS/(LOSSES) FROM FINANCIAL INSTRUMENTS AT FAIR VALUE

	2022	2021	2020
Fair value through profit or loss	**(437,557)**	**1,781,000**	**3,621,737**
Derivative financial instruments	(357,456)	2,204,799	3,302,448
Other financial instruments	(80,101)	(423,799)	319,289
Fair value through other compreensive income	**(820,483)**	**(1,581,585)**	**(1,735,473)**
Debt instruments	(820,483)	(1,581,585)	(1,735,473)
Total	**(1,258,040)**	**199,415**	**1,886,264**

In thousands of Reais, unless otherwise stated

11 – NET INCOME ON FOREIGN EXCHANGE AND TRANSLATION OF FOREIGN CURRENCY TRANSACTIONS

	2022	2021	2020
Foreign exchange changes of financial assets recognized in income	**(3,334,857)**	**4,844,336**	**16,747,181**
Loans to financial institutions	(407,059)	1,689,040	6,042,209
Loans to customers	(2,927,798)	3,155,296	10,704,972
Foreign exchange changes of financial liabilities recognized in income	**6,539,393**	**(6,098,603)**	**(28,500,790)**
Deposits of clients	(100,764)	421,680	(222,889)
Liabilities from issuance of securities and other financial liabilities	6,640,157	(6,520,283)	(28,277,901)
Foreign exchange changes of credit cards operations	**17,290**	**25,341**	**193,857**
Foreign exchange changes from translation of investments	**(1,624,337)**	**692,338**	**4,317,851**
Foreign exchange changes transactions	**193,074**	**(608,150)**	**458,623**
Net gains/(losses) on foreign exchange transactions	**(181,215)**	**(141,798)**	**(299,134)**
Net income on foreign exchange and translation of foreign currency transactions	**1,609,348**	**(1,286,536)**	**(7,082,412)**

Net income on foreign exchange and translation of foreign currency transactions adjusted, to improve the disclousure of effective income

	2022	2021	2020
Net income on foreign exchange and translation of foreign currency transactions	**1,609,348**	**(1,286,536)**	**(7,082,412)**
Adjustments:			
Current tax (1)	17,779	530,723	3,851,359
Financial instruments fair value through profit or loss (2)	(892,623)	1,337,701	3,952,912
Net gains/(losses) on foreign exchange transactions	181,215	141,798	299,134
Net income on foreign exchange and translation of foreign currency transactions adjusted	**915,719**	**723,686**	**1,020,993**

(1) Refers to tax effects of hedge instruments for foreign currency translations adjustments of equity investments.
(2) Refers to foreign exchange on derivative financial instruments (swaps, forward operations and options of currency and commodities).

In thousands of Reais, unless otherwise stated

12 – OTHER OPERATING INCOME / EXPENSES

a) Other operating income

	2022	2021	2020
Gains from benefit plans – Surplus agreements	2,951,467	1,653,175	13,819
Receivables income	2,464,667	2,312,436	2,076,991
Recovery of charges and expenses	2,083,707	1,693,262	1,808,261
Gains from defined benefit plans – Plano 1 – Previ	1,182,683	1,481,564	961,847
Reversal of provisions for sundry payments	837,747	194,051	347,248
Card transactions	816,242	174,558	153,413
Clube de Benefícios	391,733	464,528	253,563
Gains/(losses) from permanent investments disposal (1)	337,844	83,249	10,995
Capital gains (2)	308,266	--	--
Gains/(losses) from the disposal of other assets	235,592	256,884	281,184
Other	1,572,654	932,842	671,006
Total	**13,182,602**	**9,246,549**	**6,578,327**

(1) Releted to the sale of the equity interest of BB Elo Cartões Participações S.A. at Banco Digio S.A., in the 1st quarter/2022 (Note 6).
(2) Includes the recognition of the amount of R$ 240,189 thousand of the investment in CIP S.A., in the 1st quarter/2022 (Note 6).

b) Other operating expenses

	2022	2021	2020
Loss on the monetary position (1)	(2,343,155)	(1,323,472)	(701,793)
Performance bonus paid to customers for loyalty	(1,724,520)	(1,566,599)	(1,246,651)
Adjustment of actuarial liabilities	(1,211,318)	(1,172,648)	(1,707,594)
Inflation adjustments of tax obligations under legal discussion	(829,385)	(340,040)	(212,623)
Compensation for transactions of banking correspondents and business partners	(577,108)	(385,594)	(373,591)
Life insurance premium – consumer credit	(294,194)	(222,062)	(189,176)
Operating losses	(280,251)	(442,386)	(186,351)
Capital losses	(135,769)	(55,663)	(41,326)
Commission for credit recovery	(93,108)	(96,366)	(120,545)
Inflation adjustment of amounts to be paid	(38,633)	(25,627)	(18,962)
Fees for the use of Sisbacen – Brazilian Central Bank System	(34,073)	(38,333)	(32,578)
Recognition of impairment for devaluation of other assets	(32,956)	(27,708)	(58,108)
Liabilities for operations linked to assignments	(19,186)	(20,622)	(26,740)
Impairment losses of rights to manage payroll	(16,618)	(959,192)	(19,617)
Inflation adjustments of payables to the National Treasury	(3,746)	(10,566)	(6,573)
Proagro expenses	(257)	(2,893)	(5,007)
Other	(1,869,145)	(1,753,492)	(1,352,095)
Total	**(9,503,422)**	**(8,443,263)**	**(6,299,330)**

(1) Refers to the inflation adjustments on Banco Patagonia's non-monetary and income items in accordance with IAS 29.

In thousands of Reais, unless otherwise stated

13 – PERSONNEL EXPENSES

	2022	2021	2020
Wages and salaries	(12,637,773)	(12,712,809)	(11,834,067)
Social security costs	(4,148,783)	(3,870,241)	(3,865,074)
Profit sharing (1)	(3,968,529)	(2,538,071)	(1,571,034)
Benefits	(3,620,571)	(3,414,132)	(3,431,400)
Private pension plans	(903,775)	(880,840)	(895,049)
Staff training	(68,564)	(54,729)	(42,091)
Directors' and officers' remuneration	(54,827)	(53,837)	(49,597)
Total	**(25,402,822)**	**(23,524,659)**	**(21,688,312)**

(1) It includes the amount of R$ 10,938 thousand in 2022 (R$ 10,938 thousand in 2021 and R$ 11,138 thousand in 2020) related to Share-based payment for the Executive Board (Note 37.l).

14 – ADMINISTRATIVE EXPENSES

	2022	2021	2020
Surveillance and security services	(1,230,029)	(1,166,173)	(1,162,311)
Outsourced services	(1,224,722)	(1,081,951)	(942,666)
Maintenance and preservation	(773,488)	(777,412)	(756,993)
Data processing	(719,244)	(601,746)	(488,433)
Transportation	(638,055)	(625,660)	(815,493)
Programa de Desempenho Gratificado - PDG	(574,056)	(490,851)	(320,807)
Specialized technical services	(497,861)	(479,575)	(472,692)
Water, energy and gas	(492,937)	(488,232)	(464,324)
Marketing expenses	(474,650)	(500,274)	(433,154)
Communication expenses	(463,609)	(465,407)	(652,257)
Promotion and public relations	(210,504)	(209,046)	(153,687)
Philanthropic contributions	(152,182)	(108,728)	(133,322)
Rental and operating leases expenses	(127,754)	(76,977)	(57,831)
Travel expenses	(87,865)	(38,221)	(45,812)
Office supplies	(39,584)	(58,730)	(86,485)
Other	(464,170)	(366,209)	(435,592)
Total	**(8,170,710)**	**(7,535,192)**	**(7,421,859)**

In thousands of Reais, unless otherwise stated

15 – CLASSIFICATION OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The table below provides reconciliation between line items in the consolidated balance sheet and categories of financial instruments.

Dec 31, 2022	Note	Fair value through profit or loss	Fair value through other comprehensive	Amortized cost	Total
Assets					
Cash and bank deposits	[16]	--	--	18,310,546	18,310,546
Compulsory deposits with Brazilian Central Bank	[17]	--	--	95,119,085	95,119,085
Loans to financial institutions net	[18]	--	--	62,607,954	62,607,954
Securities purchased under resale agreements net	[19]	--	--	360,620,474	360,620,474
Financial assets at fair value through profit or loss	[20]	12,078,012	--	--	12,078,012
Financial assets at fair value through other comprehensive income	[21]	--	369,770,754	--	369,770,754
Securities at amortized cost net	[22]	--	--	47,996,424	47,996,424
Loans to customers net	[23]	--	--	832,938,557	832,938,557
Other financial assets	[30]	--	--	48,741,526	48,741,526
Total		**12,078,012**	**369,770,754**	**1,466,334,566**	**1,848,183,332**
Liabilities					
Deposits of clients	[31]	--	--	753,263,047	753,263,047
Amount payable to financial institutions	[32]	--	--	24,082,857	24,082,857
Financial liabilities at fair value through profit or loss	[20]	2,764,797	--	--	2,764,797
Securities sold under repurchase agreements	[33]	--	--	564,453,599	564,453,599
Liabilities from issuance of securities and other financial liabilities	[34]	--	--	328,608,124	328,608,124
Other financial liabilities	[30]	--	--	82,794,368	82,794,368
Total		**2,764,797**	**--**	**1,753,201,995**	**1,755,966,792**

In thousands of Reais, unless otherwise stated

Dec 31, 2021	Note	Fair value through profit or loss	Fair value through other comprehensive	Amortized cost	Total
Assets					
Cash and bank deposits	[16]	--	--	18,023,001	18,023,001
Compulsory deposits with Brazilian Central Bank	[17]	--	--	75,504,036	75,504,036
Loans to financial institutions net	[18]	--	--	42,842,588	42,842,588
Securities purchased under resale agreements net	[19]	--	--	487,472,927	487,472,927
Financial assets at fair value through profit or loss	[20]	11,739,070	--	--	11,739,070
Financial assets at fair value through other comprehensive income	[21]	--	305,490,911	--	305,490,911
Securities at amortized cost net	[22]	--	--	33,107,809	33,107,809
Loans to customers net	[23]	--	--	734,290,606	734,290,606
Other financial assets	[30]	--	--	46,824,352	46,824,352
Total		**11,739,070**	**305,490,911**	**1,438,065,319**	**1,755,295,300**
Liabilities					
Deposits of clients	[31]	--	--	671,269,541	671,269,541
Amount payable to financial institutions	[32]	--	--	26,167,697	26,167,697
Financial liabilities at fair value through profit or loss	[20]	2,053,161	--	--	2,053,161
Securities sold under repurchase agreements	[33]	--	--	621,836,755	621,836,755
Liabilities from issuance of securities and other financial liabilities	[34]	--	--	292,677,975	292,677,975
Other financial liabilities	[30]	--	--	67,214,866	67,214,866
Total		**2,053,161**	**--**	**1,679,166,834**	**1,681,219,995**

In thousands of Reais, unless otherwise stated

16 – CASH AND CASH EQUIVALENTS

	Dec 31, 2022	Dec 31, 2021
Cash and bank deposits	**18,310,546**	**18,023,001**
Local currency	8,407,179	10,264,615
Foreign currency	9,903,367	7,758,386
Interbank investments [1]	**50,515,733**	**36,471,680**
Securities purchased under resale agreements	4,107,564	5,429,405
Interbank deposits	46,408,169	31,042,275
Total	**68,826,279**	**54,494,681**

(1) Investments whose original maturity is less than or equal to 90 days and with insignificant risk of change in fair value.

17 – COMPULSORY DEPOSITS WITH BRAZILIAN CENTRAL BANK

	Dec 31, 2022	Dec 31, 2021
Interest bearing deposits	74,915,079	57,886,611
Non-interest bearing deposits [1]	20,204,006	17,617,425
Total	**95,119,085**	**75,504,036**

(1) Reserve requirements on demand deposits in Brazil, corresponding to the amount of funds that a financial institution must hold in reserve with the Brazilian Central Bank, based on a percentage of deposit liabilities received from third parties, considered as resources of restricted use.

18 – LOANS TO FINANCIAL INSTITUTIONS

	Dec 31, 2022	Dec 31, 2021
Interbank deposits	55,253,031	36,236,003
Expected credit losses on intebank deposits	(53,208)	(3,806)
Loan portfolios acquired with guarantee from the transferor	7,411,448	6,619,777
Expected credit losses on loan portfolios acquired with guarantee from the transferor	(3,317)	(9,386)
Total	**62,607,954**	**42,842,588**

Changes in expected credit losses

	Dec 31, 2021	(Allowance)/ reversal	Dec 31, 2022
Expected credit losses on intebank deposits	(3,806)	(49,402)	(53,208)
Expected credit losses on loan portfolios acquired with guarantee from the transferor	(9,386)	6,069	(3,317)
Total	**(13,192)**	**(43,333)**	**(56,525)**

	Dec 31, 2020	(Allowance)/ reversal	Dec 31, 2021
Expected credit losses on intebank deposits	(4,017)	211	(3,806)
Expected credit losses on loan portfolios acquired with guarantee from the transferor	(3,738)	(5,648)	(9,386)
Total	**(7,755)**	**(5,437)**	**(13,192)**

In thousands of Reais, unless otherwise stated

19 – SECURITIES PURCHASED UNDER RESALE AGREEMENTS

	Dec 31, 2022	Dec 31, 2021
Reverse repos - own resources	**4,564,647**	**5,457,861**
National Treasury bills	368,662	372,300
Treasury Financial bills	13,635	52,750
National Treasury notes	--	396,296
Other securities	4,182,350	4,636,515
Reverse repos - financed position [1]	**356,055,827**	**482,015,066**
National Treasury notes	247,312,465	153,883,790
National Treasury bills	107,411,310	145,523,122
Treasury Financial bills	--	180,945,706
Other securities	1,332,246	1,662,610
Expected losses on other securities	(194)	(162)
Total	**360,620,474**	**487,472,927**

(1) Refers to securities purchased under resale agreements and resold to other borrowers, with an obligation to repurchase. Liabilities resulting from these operations are presented in Note 33, third-party portfolio sub-group.

Changes in expected losses

	Dec 31, 2021	(Constitution)/ Reversal	Dec 31, 2022
Expected losses on other securities	(162)	(32)	(194)

	Dec 31, 2020	(Constitution)/ Reversal	Dec 31, 2021
Expected losses on other securities	(899)	737	(162)

20 – FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

a) Securities

Financial assets at fair value

Dec 31, 2022	Cost value	Gains/(losses)	Fair value
Debt instruments	**10,294,899**	**(19,613)**	**10,275,286**
Securities issued by non-financial companies	5,304,112	(168,803)	5,135,309
Securities issued by financial companies	2,496,533	(57,881)	2,438,652
Brazilian federal government bonds	1,836,044	7,333	1,843,377
Investments in mutual funds	351,121	91,329	442,450
Federal government bonds	152,412	112,414	264,826
Brazilian government bonds issued abroad	154,677	(4,005)	150,672
Equity instruments	**193,343**	**(28,686)**	**164,657**
Marketable equity shares	193,343	(28,686)	164,657
Total	**10,488,242**	**(48,299)**	**10,439,943**

In thousands of Reais, unless otherwise stated

Dec 31, 2021	Cost value	Gains/(losses)	Fair value
Debt instruments	**9,452,901**	**(85,617)**	**9,367,284**
Securities issued by non-financial companies	3,782,003	(70,158)	3,711,845
Securities issued by financial companies	313,345	(2,416)	310,929
Brazilian federal government bonds	4,318,394	(6,448)	4,311,946
Investments in mutual funds	418,699	4,847	423,546
Federal government bonds	270,584	(79)	270,505
Brazilian government bonds issued abroad	349,876	(11,363)	338,513
Equity instruments	**280,506**	**(43,755)**	**236,751**
Marketable equity shares	280,506	(43,755)	236,751
Total	**9,733,407**	**(129,372)**	**9,604,035**

In the period of 2022, in order to reflect the business dynamics for the product involved, there was a reclassification of financial assets "at fair value through profit or loss" to "at fair value through other comprehensive income" in the amount of R$ 176,799 thousand in Brazilian government bonds issued abroad. There was no impact on income or equity.

No financial assets at fair value through profit or loss were reclassified during 2021.

b) Derivatives

Derivative financial instruments (assets)

Dec 31, 2022	Cost value	Gains/(losses)	Fair value
Swaps	1,001,538	133,241	1,134,779
Forwards	744,683	(349,658)	395,025
Options	272,076	(183,034)	89,042
Other (1)	39,087	(19,864)	19,223
Total	**2,057,384**	**(419,315)**	**1,638,069**

Dec 31, 2021	Cost value	Gains/(losses)	Fair value
Swaps	177,410	95,487	272,897
Forwards	1,394,366	228,804	1,623,170
Options	112,500	(18,445)	94,055
Other (1)	142,331	2,582	144,913
Total	**1,826,607**	**308,428**	**2,135,035**

(1) Other derivatives contracts are primarily related to Non Deliverable Forward (NDF) contracts which are traded in over-the-counter (OTC) market.

In thousands of Reais, unless otherwise stated

Derivative financial instruments (liabilities)

Dec 31, 2022	Cost value	Gains/(losses)	Fair value
Forwards	(1,972,065)	898,638	(1,073,427)
Swaps	(1,021,623)	(3,313)	(1,024,936)
Options	(289,378)	(236,198)	(525,576)
Other	(115,849)	(25,009)	(140,858)
Total	**(3,398,915)**	**634,118**	**(2,764,797)**

Dec 31, 2021	Cost value	Gains/(losses)	Fair value
Forwards	(1,993,185)	1,044,480	(948,705)
Swaps	(831,006)	112,413	(718,593)
Options	(125,952)	(214,372)	(340,324)
Other	(36,683)	(8,856)	(45,539)
Total	**(2,986,826)**	**933,665**	**(2,053,161)**

Derivatives are financial instruments with all of the following characteristics:

(i) their value changes due to changes in an underlying variable (exchange rate, interest rate, price index, price of a commodity, etc.);
(ii) they require no initial investment, or an initial investment that is less than what would be required for other contracts with similar responses to changes in markets factors; and
(iii) they will be settled on a future date.

The Bank's derivatives are mainly held for trading purposes to meet the needs of its clients. It may also take speculative positions for profit based on expected changes in prices, rates or indexes.

The Bank uses derivative financial instruments to manage, at the consolidated level, credit risk and to meet clients' needs, classifying its own positions as hedge (fair value and net investment in a foreign operation) and trading, both within limits approved by committees of the Bank. The hedge strategy of the equity positions is in line with macroeconomic analyses, and it is approved by the Executive Board of Directors.

The derivative financial instruments used by the Bank are compatible with the defined objectives, observing the best risk and return ratio and considering the economic scenario. The risk categories of derivative financial instruments are considered in the management of these instruments and the consolidated view of different risk factor are adopted.

The Bank assesses the liquidity of derivative financial instruments and identifies, in advance, means of reversing positions. Systems and processes that allow the recording, monitoring and controlling of operations with derivative financial instruments are used.

In the options market, long positions have the Bank as holder, while short positions have the Bank as writer.

The main risks inherent to derivative financial instruments resulting from the business of the Bank and its subsidiaries are credit, market, liquidity and operational, which management process is presented in note 41. Accounting hedge operations are intended to mitigate market risks, such as changes in interest rates and changes in exchange rates.

The models used to manage derivatives' risks are reviewed periodically and the decisions made follow the best risk/return relationship, estimating possible losses based on the analysis of macroeconomic scenarios.

The Bank uses appropriate tools and systems to manage the derivatives. New derivatives trades standardized or not, are subjected to a prior risk analysis.

Positioning strategies comply with established limits and risk exposure. Positions are reassessed daily and an evaluation of strategies and performances is done at the beginning of each day.

Strategies are developed based on:

- analysis of economic scenarios;
- technical analysis (graphical) and fundamental analysis;
- simulation of expected results; and
- Value-at-risk simulation (VaR, EVE, Stress).

The Bank uses credit derivatives in the proprietary management of its portfolios, positions and operations. For this purpose, branches abroad use the credit default swap modality in the over-the-counter market abroad. This modality refers to the agreement between two parties for the sale of credit protection in exchange for the payment of a periodic interest rate.

The Bank carries out transactions with derivative financial instruments to hedge its own positions to meet clients' needs and to take intentional positions, according to limits, accountability and previously established procedures.

The objectives to be achieved with hedge operations are defined on a consolidated basis, ensuring effectiveness of each operation and observing the regulations of each jurisdiction. Mechanisms for evaluating and monitoring the effectiveness of hedge operations are used in order to offset the effects of changes in the market value, cash flow or exchange rate changes of the hedged item.

The risk assessment of the subsidiaries is undertaken on an individual basis and its management is done on a consolidated basis.

The Bank uses statistical methods and simulations to measure the risks of its positions, including derivatives, using values at risk, sensibility and stress analysis models.

The VaR is used to estimate the potential loss, under routine market conditions, daily measured in monetary values, considering a confidence interval of 99.21%, a 10-day time horizon and a historical series of 252 business days.

In order to calculate the VaR, the Bank uses the Historical Simulation methodology, which assumes that the retrospective behavior of observed (historical) returns of risk factors constitutes relevant information to the measurement of market risks.

The following tables show the composition of the derivatives portfolio by risk exposure, notional amount, fair value and maturity.

In thousands of Reais, unless otherwise stated

c) Breakdown of the portfolio of derivatives for trading per type of risk

Futures contracts	Dec 31, 2022	Dec 31, 2021
	Notional amount	Notional amount
Purchase commitments	**12,495,923**	**24,758,387**
Interest rate risk	7,633,088	13,764,867
Currency risk	1,721,830	1,220,446
Other risks	3,141,005	9,773,074
Commitments to sell	**23,172,978**	**37,049,525**
Interest rate risk	15,134,142	14,027,060
Currency risk	3,247,949	9,766,187
Other risks	4,790,887	13,256,278

Futures are contractual arrangements between two parties who agree to buy or sell a financial instrument at a fixed price on a future date. These contracts are all standardized and are only traded on stock exchanges in accordance with specific rules, they are adjusted to fair value on a daily basis. The stock exchange requires daily adjusted margin deposits in cash which are considered to be settlements.

Forwards	Dec 31, 2022		Dec 31, 2021	
	Notional amount	Fair value	Notional amount	Fair value
Asset position	**15,281,186**	**395,025**	**29,227,919**	**1,623,170**
Interest rate risk	--	--	441,780	441,780
Currency risk	14,290,097	325,035	27,396,333	968,023
Other risks	991,089	69,990	1,389,806	213,367
Liability position	**23,681,976**	**(1,073,427)**	**20,983,009**	**(948,705)**
Interest rate risk	--	--	441,780	(441,780)
Currency risk	22,576,793	(824,972)	19,946,574	(471,755)
Other risks	1,105,183	(248,455)	594,655	(35,170)

Forwards are customizable contractual arrangements between two parties who agree to buy or sell a financial instrument at a fixed price on a future date. They are always fully settled on the maturity date and are traded in the OTC market.

Option contracts	Dec 31, 2022		Dec 31, 2021	
	Notional amount	Fair value	Notional amount	Fair value
Long position	**5,227,978**	**89,042**	**2,411,429**	**94,055**
Currency risk	5,227,978	89,042	2,411,429	94,055
Short position	**5,659,816**	**(525,576)**	**2,899,227**	**(340,324)**
Interest rate risk	7,302	--	6,498	(24)
Currency risk	5,195,388	(513,927)	2,613,125	(103,335)
Other risks	457,126	(11,649)	279,604	(236,965)

Options are contractual arrangements providing the buyer, who pays a premium to the seller, with the right to buy or sell a financial instrument at a fixed price on a future date or within a predetermined time period. The Bank only trades options in regulated markets.

In thousands of Reais, unless otherwise stated

Swaps	Dec 31, 2022		Dec 31, 2021	
	Notional amount	Fair value	Notional amount	Fair value
Asset position	**22,401,501**	**1,134,779**	**14,037,905**	**272,897**
Interest rate risk	14,101,975	845,581	10,776,292	117,030
Currency risk	8,299,526	289,198	3,261,613	155,867
Liability position	**8,869,326**	**(1,024,936)**	**8,463,302**	**(718,593)**
Interest rate risk	2,445,048	120,218	559,966	486,893
Currency risk	5,578,198	(1,053,142)	7,035,219	(1,132,351)
Other risks	846,080	(92,012)	868,117	(73,135)

Swaps are contractual arrangements between two parties who agree to exchange payment flows over a set period of time. The payment flows are based on the contract's notional value and variations in a specific index, such as an interest rate, foreign exchange rate or equity index.

The Bank enters into interest rate swaps with other financial institutions. The Bank either receives or pays a variable interest rate in exchange for the receipt or payment of a fixed interest rate.

In currency swaps, the Banks pays a specific amount in one currency and receives a specific amount in another currency.

Other derivative agreements	Dec 31, 2022		Dec 31, 2021	
	Notional amount	Fair value	Notional amount	Fair value
Asset position	**1,099,157**	**19,223**	**4,138,886**	**144,913**
Currency risk	1,099,157	19,223	4,138,886	144,913
Liability position	**6,130,599**	**(140,858)**	**2,942,642**	**(45,539)**
Currency risk	6,130,599	(140,858)	2,942,642	(45,539)

The Bank's other derivatives consist mainly of Non-Deliverable Forwards (NDFs), which are traded in the OTC market. The underlying variable in these contracts is an exchange rate for a specific currency.

In thousands of Reais, unless otherwise stated

d) Composition of the portfolio of derivatives for trading by maturity date

Notional amount - asset position	Maturity in days					
	0-30	31-180	181-360	Above 360	Dec 31, 2022	Dec 31, 2021
Swaps	1,513,858	5,518,740	9,861,254	5,507,649	**22,401,501**	**14,037,905**
Forwards	3,267,009	8,156,734	3,005,519	851,924	**15,281,186**	**29,227,919**
Futures	2,288,656	4,927,288	2,629,213	2,650,766	**12,495,923**	**24,758,387**
Options	30,741	2,188,485	2,658,797	349,955	**5,227,978**	**2,411,429**
Other derivative agreements	336,903	739,029	13,199	10,026	**1,099,157**	**4,138,886**

Notional amount - liability position	Maturity in days					
	0-30	31-180	181-360	Above 360	Dec 31, 2022	Dec 31, 2021
Swaps	680,253	1,387,890	777,877	6,023,306	**8,869,326**	**8,463,302**
Forwards	2,269,961	14,129,195	3,812,022	3,470,798	**23,681,976**	**20,983,009**
Futures	447,515	9,390,672	3,039,989	10,294,802	**23,172,978**	**37,049,525**
Options	162,224	2,448,480	2,697,795	351,317	**5,659,816**	**2,899,227**
Other derivative agreements	1,226,807	3,682,498	1,218,886	2,408	**6,130,599**	**2,942,642**

e) Hedge accounting

The Bank carries out fair value hedge and hedge of a net investment in a foreign operation in order to manage the interest rate risk and the exchange rate risk presented by its own operations. The Bank documents the identification of the hedged item, the hedging instrument and the methodology to be used to assess its effectiveness from the conception of the accounting hedge structure.

The structure of risk limits extends to the risk factor level, with specific limits aimed at improving the monitoring and understanding process, as well as avoiding the concentration of these risks.

The structures designated for the interest rate risk and exchange rate risk categories are carried out considering the risks in their entirety when there are compatible hedging instruments. In some cases, the risks are hedged by the term and risk factor limit of the hedging instrument, by Management decision.

In order to protect the fair value and exchange rate risk of the instruments designated as the hedge item, the Bank uses derivative financial instruments (Futures and Swap).

At the beginning of the hedging relationship and on an ongoing basis, the Bank evaluates and monitors the strategies to ensure that they are highly effective, that is, the hedging instruments offset the changes in fair value attributed to the respective hedged items during the period established for the hedging relationship.

The evaluation of the effectiveness of hedge structures is carried out prospectively and retrospectively (in the course of operations). For this, some methodologies are used, such as:

- Dollar Offset Method (or Ratio Analysis), based on comparing the variation in the fair value of the hedging instrument with the variation in the fair value of the hedge item;
- Correlation coefficient between the variation in the present value of the hedging instrument and the variations in the present value of the hedge item;

- Beta coefficient of the regression between the regressor (represented by the change in the present value of the hedging instrument) and the regression (represented by the change in the present value of the hedge item).

In risk management, hedging instruments and hedge items are expected to move in opposite directions and in the same proportions, with the objective of neutralizing risk factors. Currently, the designated coverage ratio is 100% of the risk factor that is eligible for coverage. The sources of ineffectiveness, in general, are related to the credit risk of the counterparty, the risk of early settlement of the hedge item and possible mismatches of terms between the hedging instrument and the hedge item.

e.1) Fair value hedge

The Bank's fair value hedging strategy consists of protecting exposure to changes in the fair value of interest payments and receipts relating to recognized assets and liabilities.

The fair value management methodology adopted by the Bank segregates transactions by risk factor (e.g. exchange rate risk, risk interest, inflation risk, etc.). Transactions generate exposures that are consolidated by risk factor and compared to pre-established internal limits.

To protect the fair value variation in the receipt and payment of interest, the Bank uses interest rate swap contracts related to fixed assets and liabilities.

The Bank applies the fair value hedge as follows:

- The Bank has pre-fixed interest rate risk generated by Federal Public Securities (LTN) classified at fair value through other comprehensive income. To manage this risk, the Bank contracts DI futures or interest rate swaps and designates them as a hedging instrument in an accounting hedge structure, changing the exposure from fixed to post-fixed interest rates.

- The Bank has loan to customers portfolio in the form of Fixed Consumer Direct Credit (CDC). To manage this risk, interest rate futures (DI) operations are contracted and designated as fair value hedge of the corresponding loans, changing the exposure from fixed to post-fixed interest rates.

- The Bank has interest rate risk and foreign currency exposure generated by liabilities from issuance of securities and loans to financial institutions carried out abroad. To manage this risk, it designates swap operations (cross currency interest rate swap) as a hedging instrument in accounting hedge structure, changing exposure between foreign currencies and interest rates.

In thousands of Reais, unless otherwise stated

Portfolio of derivatives designated fair value hedge

	Dec 31, 2022	Dec 31, 2021
Hedge instruments [1]		
Liabilities	**(5,962,490)**	**(6,130,160)**
Swap	(721,813)	(876,625)
Futures	(5,240,677)	(5,253,535)
Hedged items		
Assets	**7,807,059**	**7,605,392**
Loans to financial institutions	2,563,590	2,763,329
Securities	5,197,425	4,796,530
Loans to customers	46,044	45,533
Liabilities	**(1,816,981)**	**(2,178,314)**
Liabilities from issuance of securities and other financial liabilities	(1,816,981)	(2,178,314)

(1) It refers to the notional amount of derivative financial instruments.

In fair value protection structures, gains or losses, both on hedging instruments and on hedge items (attributable to the type of risk being protected) are recognized directly in profit or loss.

Gains and losses on hedging instruments and hedge items (fair value hedge)

	2022	2021	2020
Gains/(losses) from hedged items	389,155	414,994	848,539
(Losses)/gains from hedge intruments	(379,859)	(357,014)	(682,430)
Net effect	**9,296**	**57,980**	**166,109**

e.2) Hedge of net investment in a foreign operation

The hedging strategy for net investment in a foreign operation consists of protecting exposure to the exchange variation of the US dollar against the real due to the Bank's investment in BB Américas, whose functional currency is different from the real. The hedging instrument used is US dollar futures contracts. These operations are renewed monthly and the designated amount is updated every six months in view of changes in the investment amount considered in the hedge structure.

Portfolio of derivatives designated for hedge of net investment in a foreign operation

	Dec 31, 2022	Dec 31, 2021
Hedge instruments		
Liabilities	**(702.764)**	**(403.014)**
Futures	(702.764)	(403.014)
Hedged items		
Asset	**701.011**	**399.936**
Investment abroad	701.011	399.936

In structures for hedge of net investment in a foreign operation, the effective portion of the variation in the value of the hedging instrument is recognized in a separate account in shareholders' equity – “Other Comprehensive Income – Hedge of net investment in a foreign operation” (Note 37.h). The ineffective portion is recognized directly in profit or loss.

In thousands of Reais, unless otherwise stated

Gains and losses on hedging instruments and hedge item (hedge of investment in a foreign operation)

	2022	2021	2020
(Losses)/gains of hedged items	(23,659)	--	--
Gains/(losses) of hedge instruments	17,777	--	--
Net effect (1)	**(5,882)**	**--**	**--**

(1) Net investment protection structure abroad started on December 31, 2021.

21 – FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Dec 31, 2022	Cost value	Gains/(losses)	Expected credit losses	Fair value
Debt instruments				
Brazilian federal government bonds	295,303,088	(1,794,890)	--	293,508,198
Securities issued by non-financial companies	51,501,802	(925,369)	(26,908)	50,549,525
Federal government bonds	13,761,396	(278,769)	(50,314)	13,432,313
Brazilian government bonds issued abroad	9,878,395	(1,439,449)	(50,112)	8,388,834
Investments in mutual funds	2,294,090	1,578,221	(1,608)	3,870,703
Securities issued by financial companies	21,585	(404)	--	21,181
Total	**372,760,356**	**(2,860,660)**	**(128,942)**	**369,770,754**

Dec 31, 2021	Cost value	Gains/(losses)	Expected credit losses	Fair value
Debt instruments				
Brazilian federal government bonds	234,725,975	(2,318,880)	--	232,407,095
Securities issued by non-financial companies	48,575,174	(1,681,956)	(288,601)	46,604,617
Federal government bonds	10,025,144	801,597	(247,410)	10,579,331
Brazilian government bonds issued abroad	10,954,836	(111,545)	(3,604)	10,839,687
Investments in mutual funds	2,717,053	1,389,245	(54)	4,106,244
Securities issued by financial companies	941,712	12,424	(199)	953,937
Total	**307,939,894**	**(1,909,115)**	**(539,868)**	**305,490,911**

Reconciliation of changes concerning expected credit losses

	Dec 31, 2021	(Allowance) / reversal	Dec 31, 2022
Expected credit losses			
Federal government bonds	(247,410)	197,096	(50,314)
Brazilian government bonds issued abroad	(3,604)	(46,508)	(50,112)
Securities issued by non-financial companies	(288,601)	261,693	(26,908)
Investments in mutual funds	(54)	(1,554)	(1,608)
Securities issued by financial companies	(199)	199	--
Total	**(539,868)**	**410,926**	**(128,942)**

In thousands of Reais, unless otherwise stated

	Dec 31, 2020	(Allowance) / reversal	Dec 31, 2021
Expected credit losses			
Federal government bonds	(133,058)	(114,352)	(247,410)
Brazilian government bonds issued abroad	(3,163)	(441)	(3,604)
Securities issued by non-financial companies	(396,877)	108,276	(288,601)
Investments in mutual funds	(461)	407	(54)
Securities issued by financial companies	(2,050)	1,851	(199)
Total	**(535,609)**	**(4,259)**	**(539,868)**

Fair value of the financial assets that are pledged as collateral

	Dec 31, 2022	Dec 31, 2021
Repurchase agreements	205,713,059	139,598,111
Guarantees provided	4,004,104	9,123,148
Total	**209,717,163**	**148,721,259**

Financial assets at fair value through other comprehensive income pledged as collateral represent government bonds pledged in derivatives transactions and the trading of securities and currencies on the B3 Stock Exchange. They also include collateral for equities transactions through the Câmara Brasileira de Liquidação e Custódia (CBLC – Brazilian Clearing & Depositary Corp.).

In order to reflect the business dynamics for the products involved, the following reclassifications were carried out in the period of 2022:

I – from assets "at fair value through profit or loss" to "at fair value through other comprehensive income" in the amount of R$ 176,799 thousand in Brazilian government bonds issued abroad. There was no impact on income or equity.

II - financial assets "at fair value through other comprehensive income" to "securities at amortized cost" in the amount of R$ 10,953,163 thousand in securities issued by non-financial companies (Certificates of agribusiness credit rights). There was no impact on income or equity. The accumulated effect of mark-to-market on equity for this security, up to the reclassification date, is negative by R$ 15,415 thousand, net of taxes.

No financial assets at fair value through other comprehensive income were reclassified during 2021.

Breakdown of expected credit losses between stages

	Stage 1	Stage 2	Stage 3	Total
Dec 31, 2021	**(286,162)**	**(253,281)**	**(425)**	**(539,868)**
Transfer to stage 2	--	--	--	--
Transfer to stage 3	9,261	--	--	9,261
Transfer from stage 1	--	--	(9,261)	(9,261)
Purchased securities/ disposed securities/ allowance/ reversal	161,767	253,281	(4,121)	410,927
Dec 31, 2022	**(115,134)**	**--**	**(13,807)**	**(128,941)**

In thousands of Reais, unless otherwise stated

	Stage 1	Stage 2	Stage 3	Total
Dec 31, 2020	**(83,202)**	**(18,119)**	**(434,288)**	**(535,609)**
Transfer to stage 2	6,866	--	--	**6,866**
Transfer to stage 3	--	--	--	**--**
Transfer from stage 1	--	(6,866)	--	**(6,866)**
Purchased securities/ disposed securities/ allowance/ reversal	(209,826)	(228,296)	433,863	**(4,259)**
Dec 31, 2021	**(286,162)**	**(253,281)**	**(425)**	**(539,868)**

For breakdown of portfolio between stages, see Note 41.e.

22 – SECURITIES AT AMORTIZED COST

	Up to 1 year	1 to 5 years	5 to 10 years	Over 10 years	Dec 30, 2022
Debt instruments					
Securities issued by non-financial companies	10,139,533	12,999,221	5,934,388	1,166,518	30,239,660
Brazilian federal government bonds	7,382,193	5,449,886	--	--	12,832,079
Brazilian government bonds issued abroad	--	1,281,039	1,361,842	--	2,642,881
Federal government bonds	1,384,299	1,116,551	--	--	2,500,850
Securities issued by financial companies	20,927	--	--	3	20,930
Subtotal	**18,926,952**	**20,846,697**	**7,296,230**	**1,166,521**	**48,236,400**
Expected losses on securities	(93,717)	(104,835)	(35,323)	(6,101)	(239,976)
Total	**18,833,235**	**20,741,862**	**7,260,907**	**1,160,420**	**47,996,424**

	Up to 1 year	1 to 5 years	5 to 10 years	Over 10 years	Dec 31, 2021
Debt instruments					
Securities issued by non-financial companies	9,489,041	5,432,667	2,393,776	--	17,315,484
Brazilian federal government bonds	--	12,011,257	--	--	12,011,257
Brazilian government bonds issued abroad	--	1,414,272	1,440,654	--	2,854,926
Federal government bonds	--	582,122	--	--	582,122
Securities issued by financial companies	837,403	--	--	3	837,406
Subtotal	**10,326,444**	**19,440,318**	**3,834,430**	**3**	**33,601,195**
Expected losses on securities	(267,272)	(155,828)	(70,286)	--	(493,386)
Total	**10,059,172**	**19,284,490**	**3,764,144**	**3**	**33,107,809**

In thousands of Reais, unless otherwise stated

Reconciliation of changes concerning expected credit losses

	Dec 31, 2021	(Allowance) / reversal	Dec 30, 2022
Expected credit losses			
Securities issued by non-financial companies	(487,715)	329,561	(158,154)
Federal government bonds	--	(73,504)	(73,504)
Brazilian government bonds issued abroad	(5,671)	(2,647)	(8,318)
Total	**(493,386)**	**253,410**	**(239,976)**

	Dec 31, 2020	(Allowance) / reversal	Dec 31, 2021
Expected credit losses			
Securities issued by non-financial companies	(1,197,259)	709,544	(487,715)
Brazilian government bonds issued abroad	(4,534)	(1,137)	(5,671)
Securities issued by financial companies	(165,283)	165,283	--
Total	**(1,367,076)**	**873,690**	**(493,386)**

In 2022, in order to reflect the business dynamics for the products involved, the amount of R$ 10,953,163 thousand in securities issued by non-financial companies (Certificates of agribusiness credit rights) was reclassified from financial assets "at fair value through other comprehensive income" to "securities at amortized cost". There was no impact on income or equity. The accumulated effect of mark-to-market on equity for these securities, up to the reclassification date, is negative by R$ 15,415 thousand, net of taxes.

No securities at amortized cost were reclassified during 2021.

	Stage 1	Stage 2	Stage 3	Total
Dec 31, 2021	**(70,172)**	**(340,020)**	**(83,194)**	**(493,386)**
Transfer to stage 2	--	--	--	--
Transfer to stage 3	--	--	--	--
Transfer from stage 1	--	--	--	--
Transfer from stage 2	--	--	--	--
Purchased securities/ disposed securities/ allowance/ reversal	(8,746)	338,100	(75,944)	253,410
Dec 30, 2022	**(78,918)**	**(1,920)**	**(159,138)**	**(239,976)**

	Stage 1	Stage 2	Stage 3	Total
Dec 31, 2020	**(239,788)**	**(210,863)**	**(916,425)**	**(1,367,076)**
Transfer to stage 2	104,597	--	--	104,597
Transfer to stage 3	20,258	60,474	--	80,732
Transfer from stage 1	--	(104,597)	(20,258)	(124,855)
Transfer from stage 2	--	--	(60,474)	(60,474)
Purchased securities/ disposed securities/ allowance/ reversal	44,761	(85,034)	913,963	873,690
Dec 31, 2021	**(70,172)**	**(340,020)**	**(83,194)**	**(493,386)**

For breakdown of portfolio between stages, see Note 41.e.

In thousands of Reais, unless otherwise stated

23 – LOANS TO CUSTOMERS

a) Loan portfolio by type

	Avarage maturity (months)	Dec 31, 2022	Dec 31, 2021
Loans		**796,326,140**	**703,226,465**
Loans and discounted credits rights [1]	41	332,280,880	292,282,764
- Corporations		148,481,510	128,898,965
- Individuals		183,799,370	163,383,799
Financing [2]	56	124,277,536	125,477,838
- Corporations		118,754,528	120,198,985
- Individuals		5,523,008	5,278,853
Rural and agribusiness financing	85	288,354,433	235,574,358
- Corporations		13,612,531	16,687,561
- Individuals		274,741,902	218,886,797
Real estate financing	348	51,251,488	49,692,392
- Corporations		1,878,527	1,560,197
- Individuals		49,372,961	48,132,195
Loan portfolio transferred with substantial retention of risks	265	161,803	199,113
- Individuals		161,803	199,113
Others receivables with loan characteristics		**86,385,440**	**73,873,583**
Credit card operations	4	49,502,383	45,882,572
- Corporations		2,972,431	2,655,114
- Individuals		46,529,952	43,227,458
Advances on foreign exchange contracts	12	23,910,738	17,716,604
- Corporations		23,784,268	17,574,527
- Individuals		126,470	142,077
Receivables acquisition	8	10,160,141	8,581,879
- Corporations		10,160,141	8,581,879
Guarantees honored	7	31,023	87,256
- Corporations		28,180	85,174
- Individuals		2,843	2,082
Others	262	2,781,155	1,605,272
- Corporations		2,780,755	1,604,815
- Individuals		400	457
Leasing portfolio	45	**414,726**	**280,971**
- Corporations		407,774	271,275
- Individuals		6,952	9,696
Total loans to customers portfolio		**883,126,306**	**777,381,019**
Expected credit losses for loans to customers		**(50,187,749)**	**(43,090,413)**
Expected credit losses for loans		(46,910,808)	(40,707,832)
Expected credit losses for other receivables		(3,270,844)	(2,378,163)
Expected credit losses for leasing portfolio		(6,097)	(4,418)
Total loans to customers, net		**832,938,557**	**734,290,606**

(1) The balance of "loans and discounted credits rights" to corporations is mainly composed of working capital loans and discounted receivables. The balance of "loans and discounted credits rights" to individuals is mainly composed of personal loans (mostly consumer credit and overdrafts accounts) and credit card balances (revolving credit).

(2) The balance of "financing" to corporations is mainly composed of export, pre-export and import financing and other medium-term financing funded with onlending resources. The balance of "financing" to individuals is mainly composed of vehicle financing.

In thousands of Reais, unless otherwise stated

b) Loan portfolio by economic sectors

	Dec 31, 2022	%	Dec 31, 2021	%
Public sector	**57,543,027**	**6.5**	**65,440,127**	**8.3**
Public administration	52,816,209	5.9	58,029,671	7.4
Oil sector	2,625,600	0.3	2,785,512	0.4
Electricity	846,818	0.1	3,751,654	0.5
Services	539,490	0.1	342,436	--
Other activities	714,910	0.1	530,854	--
Private sector	**825,583,279**	**93.5**	**711,940,892**	**91.7**
Individuals	**560,265,661**	**63.4**	**479,262,527**	**61.7**
Corporations	**265,317,618**	**30.1**	**232,678,365**	**30.0**
Agribusiness of plant origin	39,441,363	4.6	36,341,500	4.6
Services	32,044,525	3.7	28,572,295	3.7
Mining and metallurgy	19,739,757	2.2	14,097,821	1.8
Retail commerce	16,260,340	1.8	13,795,842	1.8
Transportation	14,795,926	1.7	14,591,773	1.9
Agribusiness of animal origin	14,291,895	1.6	13,137,982	1.7
Electricity	13,563,642	1.5	7,867,503	1.0
Automotive sector	12,955,178	1.5	13,394,912	1.7
Financial services	11,765,975	1.3	11,337,137	1.5
Agricultural inputs	11,716,655	1.3	10,237,059	1.3
Fuel	10,829,193	1.2	8,279,490	1.1
Specific activities of construction	9,857,040	1.1	7,848,492	1.0
Electronics	9,842,819	1.1	8,237,309	1.1
Chemical	9,234,899	1.0	8,170,306	1.1
Wholesale and various industries	8,583,571	1.0	8,666,861	1.1
Real estate agents	7,136,047	0.8	5,877,849	0.8
Textile and clothing	7,101,570	0.8	6,816,772	0.9
Woodworking and furniture market	5,220,448	0.6	4,424,540	0.6
Pulp and paper	3,984,616	0.5	3,458,752	0.4
Heavy construction	2,986,726	0.3	2,370,675	0.3
Telecommunications	2,248,711	0.3	3,151,109	0.4
Other activities	1,716,722	0.2	2,002,386	0.2
Total loans to customers portfolio	**883,126,306**	**100.0**	**777,381,019**	**100.0**

In thousands of Reais, unless otherwise stated

c) Loans to customers by maturity

The majority of our loans require principal and interest payments on a monthly, quarterly, semi-annual or annual basis. The table below shows the book value of the Bank's loan installments according to their contractual maturities. For loans with a single installment, the entire loan balance is presented according to the final maturity date.

	Dec 31, 2022	Dec 31, 2021
Installments falling due		
1 to 30 days	71,144,420	59,166,474
31 to 60 days	33,134,830	29,768,556
61 to 90 days	28,363,524	27,360,332
91 to 180 days	90,678,011	74,971,994
181 to 360 days	145,510,865	127,201,774
361 to 1080 days	218,763,096	192,742,531
1081 to 1800 days	119,412,573	103,430,954
More than 1800 days	162,146,527	154,406,756
Subtotal	**869,153,846**	**769,049,371**
Installments overdue		
1 to 14 days	1,576,508	901,296
15 to 30 days	1,011,515	674,779
31 to 60 days	1,313,804	1,061,331
61 to 90 days	1,133,203	872,919
91 to 180 days	3,210,068	2,013,489
181 to 360 days	5,272,431	2,319,852
More than 360 days	454,931	487,982
Subtotal	**13,972,460**	**8,331,648**
Total	**883,126,306**	**777,381,019**

d) Leasing portfolio by maturity

	Dec 31, 2022			Dec 31, 2021		
	Minimum lease payments	Unearned finance income	Present value	Minimum lease payments	Unearned finance income	Present value
Up to one year [1]	183,639	(43,984)	139,655	135,265	(28,480)	106,785
Over one year to five years	359,182	(86,030)	273,152	220,435	(46,412)	174,023
Over five years	2,523	(604)	1,919	206	(43)	163
Total	**545,344**	**(130,618)**	**414,726**	**355,906**	**(74,935)**	**280,971**

(1) Includes amounts related to installments overdue

In thousands of Reais, unless otherwise stated

e) Loans to customers by stages

	Dec 31, 2022			
	Stage 1	Stage 2	Stage 3	Total
Loans	**682,143,177**	**59,812,793**	**54,370,170**	**796,326,140**
Loans and discounted credits rights	258,732,796	36,675,548	36,872,536	332,280,880
Financing	114,567,195	5,472,028	4,238,313	124,277,536
Rural and agribusiness financing	268,907,304	11,292,151	8,154,978	288,354,433
Real estate financing	39,789,730	6,359,720	5,102,038	51,251,488
Loans sold under assignment	146,152	13,346	2,305	161,803
Others receivables with loan characteristics	**80,800,009**	**3,847,392**	**1,738,039**	**86,385,440**
Credit card operations	45,041,235	3,740,618	720,530	49,502,383
Advances on foreign exchange contracts	23,124,774	103,100	682,864	23,910,738
Receivables acquisition	9,852,394	3,167	304,580	10,160,141
Guarantees honored	604	406	30,013	31,023
Other	2,781,002	101	52	2,781,155
Leasing portfolio	**407,614**	**6,792**	**320**	**414,726**
Total loans to customers portfolio	**763,350,800**	**63,666,977**	**56,108,529**	**883,126,306**
Expected credit losses for loans to customers	(10,291,599)	(6,312,679)	(33,583,471)	(50,187,749)
Total loans to customers, net	**753,059,201**	**57,354,298**	**22,525,058**	**832,938,557**

	Dec 31, 2021			
	Stage 1	Stage 2	Stage 3	Total
Loans	**612,113,210**	**48,269,730**	**42,843,525**	**703,226,465**
Loans and discounted credits rights	242,359,312	24,361,629	25,561,823	292,282,764
Financing	113,488,995	7,792,822	4,196,021	125,477,838
Rural and agribusiness financing	216,162,150	11,026,263	8,385,945	235,574,358
Real estate financing	39,918,258	5,077,130	4,697,004	49,692,392
Loans sold under assignment	184,495	11,886	2,732	199,113
Others receivables with loan characteristics	**70,997,783**	**2,006,426**	**869,374**	**73,873,583**
Credit card operations	43,655,217	1,884,101	343,254	45,882,572
Advances on foreign exchange contracts	17,157,352	116,737	442,515	17,716,604
Receivables acquisition	8,577,426	4,453	--	8,581,879
Guarantees honored	2,742	978	83,536	87,256
Other	1,605,046	157	69	1,605,272
Leasing portfolio	**272,688**	**7,763**	**520**	**280,971**
Total loans to customers portfolio	**683,383,681**	**50,283,919**	**43,713,419**	**777,381,019**
Expected credit losses for loans to customers	(10,890,791)	(5,418,447)	(26,781,175)	(43,090,413)
Total loans to customers, net	**672,492,890**	**44,865,472**	**16,932,244**	**734,290,606**

In thousands of Reais, unless otherwise stated

f) Renegotiated credit transactions

	2022	2021	2020
Credits renegotiated during the period	**83,302,618**	**100,958,096**	**100,068,113**
Renegotiated for delay (1)	**14,650,551**	**13,315,425**	**20,382,492**
- Corporations	6,376,525	7,434,295	11,935,366
- Individuals	8,274,026	5,881,130	8,447,126
Renewed (2)	**68,652,067**	**87,642,671**	**79,685,621**
- Corporations	14,626,677	17,385,395	8,236,180
- Individuals	54,025,390	70,257,276	71,449,441
Changes in renegotiated credit transactions for delay			
Opening balance	**28,512,842**	**29,641,629**	**23,657,317**
Contracts (1)	14,650,551	13,315,425	20,382,492
Interest or principal payment net of interest accrual	(7,149,259)	(8,492,695)	(9,686,123)
Write-off	(3,324,308)	(5,951,517)	(4,712,057)
Closing balance (3)	**32,689,826**	**28,512,842**	**29,641,629**
Loans 90 days or more past due	3,459,127	2,125,771	2,663,242
(%) Portfolio which is 90 days or more past due	10.6%	7.5%	9.0%

(1) Renegotiated credit transactions due to payment delay by clients.

(2) Renegotiated credit transactions of loans prior to maturity for the extension, renewal, granting of new credit for partial or full settlement of previous loans or any other type of agreement that changes the maturity or the originally agreed payment terms.

(3) Includes the amount of R$ 1,958 thousand (R$ 8,682 thousand on Dec 31, 2021 and R$ 18,903 thousand on Dec 31, 2020) related to renegotiated rural credits. The amount of R$ 13,604,589 thousand (R$ 10,201,297 thousand on Dec 31, 2020 and R$ 8,905,430 thousand on Dec 31, 2020) related to deferred credits from rural portfolio governed by specific legislation, is not included.

In thousands of Reais, unless otherwise stated

g) Breakdown of loans to customers between stages

Stage 1

	Dec 31, 2021	Acquisition/ (settlement)/ changes	Transfer from/ (to) stage 2	Transfer from/ (to) stage 3	Write-offs	Dec 31, 2022
Loans	**612,113,210**	**89,229,627**	**(10,085,401)**	**(9,114,259)**	**--**	**682,143,177**
Loans and discounted credits rights	242,359,312	31,792,202	(7,586,420)	(7,832,298)	--	258,732,796
Financing	113,488,995	84,969	1,310,039	(316,808)	--	114,567,195
Rural and agribusiness financing	216,162,150	55,860,033	(2,287,704)	(827,175)	--	268,907,304
Real estate financing	39,918,258	1,526,877	(1,517,419)	(137,986)	--	39,789,730
Loan portfolio transferred with substantial retention of risks	184,495	(34,454)	(3,897)	8	--	146,152
Others receivables with loan characteristics	**70,997,783**	**12,229,911**	**(1,978,648)**	**(449,037)**	**--**	**80,800,009**
Credit card operations	43,655,217	3,718,906	(1,951,194)	(381,694)	--	45,041,235
Advances on foreign exchange contracts	17,157,352	6,062,219	(27,454)	(67,343)	--	23,124,774
Receivables acquisition	8,577,426	1,274,968	--	--	--	9,852,394
Guarantees honored	2,742	(2,138)	--	--	--	604
Others	1,605,046	1,175,956	--	--	--	2,781,002
Leasing portfolio	**272,688**	**135,543**	**(297)**	**(320)**	**--**	**407,614**
Total loans to customers portfolio	**683,383,681**	**101,595,081**	**(12,064,346)**	**(9,563,616)**	**--**	**763,350,800**

	Dec 31, 2020	Acquisition/ (settlement)/ changes	Transfer from/ (to) stage 2	Transfer from/ (to) stage 3	Write-offs	Dec 31, 2021
Loans	**488,478,384**	**106,807,884**	**20,521,345**	**(3,694,403)**	**--**	**612,113,210**
Loans and discounted credits rights	189,938,212	48,418,169	7,204,295	(3,201,364)	--	242,359,312
Financing	95,002,925	8,314,528	10,239,559	(68,017)	--	113,488,995
Rural and agribusiness financing	168,478,157	49,150,352	(989,151)	(477,208)	--	216,162,150
Real estate financing	34,817,009	981,438	4,067,625	52,186	--	39,918,258
Loan portfolio transferred with substantial retention of risks	242,081	(56,603)	(983)	--	--	184,495
Others receivables with loan characteristics	**47,874,573**	**23,242,590**	**(70,603)**	**(48,777)**	**--**	**70,997,783**
Credit card operations	31,236,272	12,535,802	(77,035)	(39,822)	--	43,655,217
Advances on foreign exchange contracts	11,694,217	5,465,658	6,432	(8,955)	--	17,157,352
Receivables acquisition	4,186,422	4,391,004	--	--	--	8,577,426
Guarantees honored	79	2,663	--	--	--	2,742
Others	757,583	847,463	--	--	--	1,605,046
Leasing portfolio	**158,894**	**112,086**	**1,949**	**(241)**	**--**	**272,688**
Total loans to customers portfolio	**536,511,851**	**130,162,560**	**20,452,691**	**(3,743,421)**	**--**	**683,383,681**

In thousands of Reais, unless otherwise stated

Stage 2

	Dec 31, 2021	Acquisition/ (settlement)/ changes	Transfer from/ (to) stage 1	Transfer from/ (to) stage 3	Write-offs	Dec 31, 2022
Loans	**48,269,730**	**5,956,458**	**10,085,401**	**(4,498,796)**	**--**	**59,812,793**
Loans and discounted credits rights	24,361,629	7,793,871	7,586,420	(3,066,372)	--	36,675,548
Financing	7,792,822	(899,805)	(1,310,039)	(110,950)	--	5,472,028
Rural and agribusiness financing	11,026,263	(1,017,378)	2,287,704	(1,004,438)	--	11,292,151
Real estate financing	5,077,130	82,207	1,517,419	(317,036)	--	6,359,720
Loan portfolio transferred with substantial retention of risks	11,886	(2,437)	3,897	--	--	13,346
Others receivables with loan characteristics	**2,006,426**	**(108,379)**	**1,978,648**	**(29,303)**	**--**	**3,847,392**
Credit card operations	1,884,101	(67,664)	1,951,194	(27,013)	--	3,740,618
Advances on foreign exchange contracts	116,737	(38,801)	27,454	(2,290)	--	103,100
Receivables acquisition	4,453	(1,286)	--	--	--	3,167
Guarantees honored	978	(572)	--	--	--	406
Others	157	(56)	--	--	--	101
Leasing portfolio	**7,763**	**(1,268)**	**297**	**--**	**--**	**6,792**
Total loans to customers portfolio	**50,283,919**	**5,846,811**	**12,064,346**	**(4,528,099)**	**--**	**63,666,977**

	Dec 31, 2020	Acquisition/ (settlement)/ changes	Transfer from/ (to) stage 1	Transfer from/ (to) stage 3	Write-offs	Dec 31, 2021
Loans	**90,704,720**	**(18,312,888)**	**(20,521,345)**	**(3,600,757)**	**--**	**48,269,730**
Loans and discounted credits rights	45,690,460	(11,778,633)	(7,204,295)	(2,345,903)	--	24,361,629
Financing	22,360,239	(4,170,925)	(10,239,559)	(156,933)	--	7,792,822
Rural and agribusiness financing	11,884,826	(1,298,326)	989,151	(549,388)	--	11,026,263
Real estate financing	10,755,746	(1,062,458)	(4,067,625)	(548,533)	--	5,077,130
Loan portfolio transferred with substantial retention of risks	13,449	(2,546)	983	--	--	11,886
Others receivables with loan characteristics	**2,633,103**	**(687,075)**	**70,603**	**(10,205)**	**--**	**2,006,426**
Credit card operations	1,499,593	316,522	77,035	(9,049)	--	1,884,101
Advances on foreign exchange contracts	1,050,632	(926,307)	(6,432)	(1,156)	--	116,737
Receivables acquisition	82,627	(78,174)	--	--	--	4,453
Guarantees honored	48	930	--	--	--	978
Others	203	(46)	--	--	--	157
Leasing portfolio	**12,531**	**(2,819)**	**(1,949)**	**--**	**--**	**7,763**
Total loans to customers portfolio	**93,350,354**	**(19,002,782)**	**(20,452,691)**	**(3,610,962)**	**--**	**50,283,919**

In thousands of Reais, unless otherwise stated

Stage 3

	Dec 31, 2021	Acquisition/ (settlement)/ changes	Transfer from/ (to) stage 1	Transfer from/ (to) stage 2	Write-offs	Dec 31, 2022
Loans	**42,843,525**	**15,293,808**	**9,114,259**	**4,498,796**	**(17,380,218)**	**54,370,170**
Loans and discounted credits rights	25,561,823	14,427,336	7,832,298	3,066,372	(14,015,293)	36,872,536
Financing	4,196,021	119,573	316,808	110,950	(505,039)	4,238,313
Rural and agribusiness financing	8,385,945	68,599	827,175	1,004,438	(2,131,179)	8,154,978
Real estate financing	4,697,004	678,719	137,986	317,036	(728,707)	5,102,038
Loan portfolio transferred with substantial retention of risks	2,732	(419)	(8)	--	--	2,305
Others receivables with loan characteristics	**869,374**	**487,329**	**449,037**	**29,303**	**(97,004)**	**1,738,039**
Credit card operations	343,254	(22,546)	381,694	27,013	(8,885)	720,530
Advances on foreign exchange contracts	442,515	170,716	67,343	2,290	--	682,864
Receivables acquisition	--	304,580	--	--	--	304,580
Guarantees honored	83,536	34,031	--	--	(87,554)	30,013
Others	69	548	--	--	(565)	52
Leasing portfolio	**520**	**(49)**	**320**	**--**	**(471)**	**320**
Total loans to customers portfolio	**43,713,419**	**15,781,088**	**9,563,616**	**4,528,099**	**(17,477,693)**	**56,108,529**

	Dec 31, 2020	Acquisition/ (settlement)/ changes	Transfer from/ (to) stage 1	Transfer from/ (to) stage 2	Write-offs	Dec 31, 2021
Loans	**44,474,645**	**9,230,495**	**3,694,403**	**3,600,757**	**(18,156,775)**	**42,843,525**
Loans and discounted credits rights	24,475,628	7,490,220	3,201,364	2,345,903	(11,951,292)	25,561,823
Financing	4,570,339	891,734	68,017	156,933	(1,491,002)	4,196,021
Rural and agribusiness financing	9,776,259	540,655	477,208	549,388	(2,957,565)	8,385,945
Real estate financing	5,649,227	308,346	(52,186)	548,533	(1,756,916)	4,697,004
Loan portfolio transferred with substantial retention of risks	3,192	(460)	--	--	--	2,732
Others receivables with loan characteristics	**1,117,717**	**(269)**	**48,777**	**10,205**	**(307,056)**	**869,374**
Credit card operations	200,525	110,235	39,822	9,049	(16,377)	343,254
Advances on foreign exchange contracts	693,764	(244,986)	8,955	1,156	(16,374)	442,515
Receivables acquisition	--	10,141	--	--	(10,141)	--
Guarantees honored	223,180	111,689	--	--	(251,333)	83,536
Others	248	12,652	--	--	(12,831)	69
Leasing portfolio	**1,053**	**(70)**	**241**	**--**	**(704)**	**520**
Total loans to customers portfolio	**45,593,415**	**9,230,156**	**3,743,421**	**3,610,962**	**(18,464,535)**	**43,713,419**

In thousands of Reais, unless otherwise stated

24 – EXPECTED CREDIT LOSSES ON LOANS TO CUSTOMERS

a) Expected credit losses on loans to customers, net

	2022	2021	2020
Constitution	(24,667,985)	(19,501,811)	(25,671,827)
Recovery [1]	6,829,021	6,167,354	5,749,056
Expected credit losses for loans to customers, net	**(17,838,964)**	**(13,334,457)**	**(19,922,771)**

(1) Refers to recovery of principal.

b) Reconciliation of changes

	2022				
	Opening balance	Constitution/ (reversal) for losses	Write-offs	Exchange rate changes	Closing balance
Loans	**40,707,832**	**23,683,852**	**(17,380,218)**	**(100,658)**	**46,910,808**
Loans and discounted credits rights	24,884,437	22,896,015	(14,015,293)	(85,729)	33,679,430
Financing	4,867,012	(737,934)	(505,039)	(14,929)	3,609,110
Rural and agribusiness financing	8,372,262	637,592	(2,131,179)	--	6,878,675
Real estate financing	2,581,180	888,422	(728,707)	--	2,740,895
Loans sold under assignment	2,941	(243)	--	--	2,698
Other receivables with loan characteristics	**2,378,163**	**982,126**	**(97,004)**	**7,559**	**3,270,844**
Credit card operations	2,089,382	588,212	(8,885)	7,559	2,676,268
Advances on foreign exchange contracts	254,469	189,548	--	--	444,017
Receivables acquisition	9,182	125,106	--	--	134,288
Guarantees honored	22,480	80,284	(87,554)	--	15,210
Other	2,650	(1,024)	(565)	--	1,061
Leasing portfolio	**4,418**	**2,007**	**(471)**	**143**	**6,097**
Total	**43,090,413**	**24,667,985**	**(17,477,693)**	**(92,956)**	**50,187,749**

In thousands of Reais, unless otherwise stated

	2021				
	Opening balance	Constitution/ (reversal) for losses	Write-offs	Exchange rate changes	Closing balance
Loans	**40,184,607**	**18,673,007**	**(18,156,775)**	**6,993**	**40,707,832**
Loans and discounted credits rights	24,023,233	12,811,928	(11,951,292)	568	24,884,437
Financing	4,055,232	2,296,357	(1,491,002)	6,425	4,867,012
Rural and agribusiness financing	9,086,390	2,243,437	(2,957,565)	--	8,372,262
Real estate financing	3,015,913	1,322,183	(1,756,916)	--	2,581,180
Loans sold under assignment	3,839	(898)	--	--	2,941
Other receivables with loan characteristics	**1,864,228**	**828,000**	**(307,056)**	**(7,009)**	**2,378,163**
Credit card operations	1,315,676	797,092	(16,377)	(7,009)	2,089,382
Advances on foreign exchange contracts	400,862	(130,019)	(16,374)	--	254,469
Receivables acquisition	47,253	(27,930)	(10,141)	--	9,182
Guarantees honored	99,211	174,602	(251,333)	--	22,480
Other	1,226	14,255	(12,831)	--	2,650
Leasing portfolio	**4,435**	**804**	**(704)**	**(117)**	**4,418**
Total	**42,053,270**	**19,501,811**	**(18,464,535)**	**(133)**	**43,090,413**

In thousands of Reais, unless otherwise stated

c) Breakdown of expected credit losses on loans to customers classified by product and stages

	Dec 31, 2022							
	Stage 1		Stage 2		Stage 3		Total	
	Credit amount	Expected credit losses	Credit amount	Expected credit losses	Credit amount	Expected credit losses	Credit amount	Expected credit losses
Loans	**682,143,177**	**(8,295,792)**	**59,812,793**	**(6,023,624)**	**54,370,170**	**(32,591,392)**	**796,326,140**	**(46,910,808)**
Loans and discounted credits rights	258,732,796	(5,291,955)	36,675,548	(4,603,168)	36,872,536	(23,784,307)	332,280,880	(33,679,430)
Financing	114,567,195	(691,585)	5,472,028	(150,273)	4,238,313	(2,767,252)	124,277,536	(3,609,110)
Rural and agribusiness financing	268,907,304	(1,896,190)	11,292,151	(812,003)	8,154,978	(4,170,482)	288,354,433	(6,878,675)
Real estate financing	39,789,730	(414,471)	6,359,720	(457,925)	5,102,038	(1,868,499)	51,251,488	(2,740,895)
Loans sold under assignment	146,152	(1,591)	13,346	(255)	2,305	(852)	161,803	(2,698)
Other receivables with loan characteristics	**80,800,009**	**(1,990,091)**	**3,847,392**	**(288,874)**	**1,738,039**	**(991,879)**	**86,385,440**	**(3,270,844)**
Credit card operations	45,041,235	(1,907,780)	3,740,618	(286,530)	720,530	(481,958)	49,502,383	(2,676,268)
Advances on foreign exchange contracts	23,124,774	(75,135)	103,100	(2,042)	682,864	(366,840)	23,910,738	(444,017)
Receivables acquisition	9,852,394	(6,144)	3,167	(77)	304,580	(128,067)	10,160,141	(134,288)
Guarantees honored	604	(7)	406	(224)	30,013	(14,979)	31,023	(15,210)
Other	2,781,002	(1,025)	101	(1)	52	(35)	2,781,155	(1,061)
Leasing portfolio	**407,614**	**(5,716)**	**6,792**	**(181)**	**320**	**(200)**	**414,726**	**(6,097)**
Total	**763,350,800**	**(10,291,599)**	**63,666,977**	**(6,312,679)**	**56,108,529**	**(33,583,471)**	**883,126,306**	**(50,187,749)**

In thousands of Reais, unless otherwise stated

	Dec 31, 2021							
	Stage 1		Stage 2		Stage 3		Total	
	Credit amount	Expected credit losses	Credit amount	Expected credit losses	Credit amount	Expected credit losses	Credit amount	Expected credit losses
Loans	**612,113,210**	**(9,127,242)**	**48,269,730**	**(5,194,107)**	**42,843,525**	**(26,386,483)**	**703,226,465**	**(40,707,832)**
Loans and discounted credits rights	242,359,312	(4,947,870)	24,361,629	(2,847,064)	25,561,823	(17,089,503)	292,282,764	(24,884,437)
Financing	113,488,995	(752,625)	7,792,822	(1,058,158)	4,196,021	(3,056,229)	125,477,838	(4,867,012)
Rural and agribusiness financing	216,162,150	(3,048,028)	11,026,263	(910,454)	8,385,945	(4,413,780)	235,574,358	(8,372,262)
Real estate financing	39,918,258	(377,033)	5,077,130	(378,246)	4,697,004	(1,825,901)	49,692,392	(2,581,180)
Loans sold under assignment	184,495	(1,686)	11,886	(185)	2,732	(1,070)	199,113	(2,941)
Other receivables with loan characteristics	**70,997,783**	**(1,759,776)**	**2,006,426**	**(224,008)**	**869,374**	**(394,379)**	**73,873,583**	**(2,378,163)**
Credit card operations	43,655,217	(1,638,497)	1,884,101	(222,177)	343,254	(228,708)	45,882,572	(2,089,382)
Advances on foreign exchange contracts	17,157,352	(109,411)	116,737	(1,468)	442,515	(143,590)	17,716,604	(254,469)
Receivables acquisition	8,577,426	(9,108)	4,453	(74)	--	--	8,581,879	(9,182)
Guarantees honored	2,742	(164)	978	(288)	83,536	(22,028)	87,256	(22,480)
Other	1,605,046	(2,596)	157	(1)	69	(53)	1,605,272	(2,650)
Leasing portfolio	**272,688**	**(3,773)**	**7,763**	**(332)**	**520**	**(313)**	**280,971**	**(4,418)**
Total	**683,383,681**	**(10,890,791)**	**50,283,919**	**(5,418,447)**	**43,713,419**	**(26,781,175)**	**777,381,019**	**(43,090,413)**

In thousands of Reais, unless otherwise stated

d) Breakdown of expected credit losses on loans to customers classified by product and type of customer

	Dec 31, 2022	Dec 31, 2021
Loans	**46,910,808**	**40,707,832**
Loans and discounted credits rights	**33,679,430**	**24,884,437**
- Corporations	16,055,354	13,078,888
- Individuals	17,624,076	11,805,549
Financing	**3,609,110**	**4,867,012**
- Corporations	3,319,953	4,629,044
- Individuals	289,157	237,968
Rural and agribusiness financing	**6,878,675**	**8,372,262**
- Corporations	221,505	74,647
- Individuals	6,657,170	8,297,615
Real estate financing	**2,740,895**	**2,581,180**
- Corporations	14,406	17,160
- Individuals	2,726,489	2,564,020
Loans sold under assignment	**2,698**	**2,941**
- Individuals	2,698	2,941
Others receivables with loan characteristics	**3,270,844**	**2,378,163**
Credit card operations	**2,676,268**	**2,089,382**
- Corporations	174,138	110,936
- Individuals	2,502,130	1,978,446
Advances on foreign exchange contracts	**444,017**	**254,469**
- Corporations	443,757	234,986
- Individuals	260	19,483
Receivables acquisition	**134,288**	**9,182**
- Corporations	134,288	9,182
Guarantees honored	**15,210**	**22,480**
- Corporations	14,024	21,764
- Individuals	1,186	716
Other	**1,061**	**2,650**
- Corporations	1,060	2,649
- Individuals	1	1
Leasing portfolio	**6,097**	**4,418**
- Corporations	5,938	4,164
- Individuals	159	254
Total	**50,187,749**	**43,090,413**

In thousands of Reais, unless otherwise stated

e) Breakdown of expected credit losses between stages

Stage 1

	Dec 31, 2021	Constitution/ (reversal)	Transfer from/ (to) stage 2	Transfer from/ (to) stage 3	Write-offs	Exchange rate changes	Dec 31, 2022
Loans	**9,127,242**	**6,231,447**	**(1,231,885)**	**(5,814,681)**	**--**	**(16,331)**	**8,295,792**
Loans and discounted credits rights	4,947,870	6,051,284	(824,857)	(4,868,872)	--	(13,470)	5,291,955
Financing	752,625	172,810	(48,832)	(182,157)	--	(2,861)	691,585
Rural and agribusiness financing	3,048,028	(334,174)	(179,747)	(637,917)	--	--	1,896,190
Real estate financing	377,033	341,522	(178,349)	(125,735)	--	--	414,471
Loans sold under assignment	1,686	5	(100)	--	--	--	1,591
Others receivables with loan characteristics	**1,759,776**	**717,550**	**(150,204)**	**(342,418)**	**--**	**5,387**	**1,990,091**
Credit card operations	1,638,497	704,897	(150,082)	(290,919)	--	5,387	1,907,780
Advances on foreign exchange contracts	109,411	17,345	(122)	(51,499)	--	--	75,135
Receivables acquisition	9,108	(2,964)	--	--	--	--	6,144
Guarantees honored	164	(157)	--	--	--	--	7
Other	2,596	(1,571)	--	--	--	--	1,025
Leasing portfolio	**3,773**	**2,015**	**(6)**	**(201)**	**--**	**135**	**5,716**
Total	**10,890,791**	**6,951,012**	**(1,382,095)**	**(6,157,300)**	**--**	**(10,809)**	**10,291,599**

	Dec 31, 2020	Constitution/ (reversal)	Transfer from/ (to) stage 2	Transfer from/ (to) stage 3	Write-offs	Exchange rate changes	Dec 31, 2021
Loans	**8,030,491**	**4,967,502**	**(1,060,758)**	**(2,811,100)**	**--**	**1,107**	**9,127,242**
Loans and discounted credits rights	4,275,748	2,791,029	(10,913)	(2,108,107)	--	113	4,947,870
Financing	742,256	1,045,918	(920,880)	(115,663)	--	994	752,625
Rural and agribusiness financing	2,663,148	1,018,564	(125,477)	(508,207)	--	--	3,048,028
Real estate financing	346,855	112,767	(3,466)	(79,123)	--	--	377,033
Loans sold under assignment	2,484	(776)	(22)	--	--	--	1,686
Others receivables with loan characteristics	**1,164,106**	**708,456**	**(32,165)**	**(75,124)**	**--**	**(5,497)**	**1,759,776**
Credit card operations	1,064,539	680,532	(32,203)	(68,874)	--	(5,497)	1,638,497
Advances on foreign exchange contracts	51,805	63,818	38	(6,250)	--	--	109,411
Receivables acquisition	46,755	(37,647)	--	--	--	--	9,108
Guarantees honored	--	164	--	--	--	--	164
Other	1,007	1,589	--	--	--	--	2,596
Leasing portfolio	**3,284**	**751**	**(39)**	**(124)**	**--**	**(99)**	**3,773**
Total	**9,197,881**	**5,676,709**	**(1,092,962)**	**(2,886,348)**	**--**	**(4,489)**	**10,890,791**

In thousands of Reais, unless otherwise stated

Stage 2

	Dec 31, 2021	Constitution/ (reversal)	Transfer from/ (to) stage 1	Transfer from/ (to) stage 3	Write-offs	Exchange rate changes	Dec 31, 2022
Loans	**5,194,107**	**2,542,132**	**1,231,885**	**(2,932,161)**	**--**	**(12,339)**	**6,023,624**
Loans and discounted credits rights	2,847,064	2,916,604	824,857	(1,973,640)	--	(11,717)	4,603,168
Financing	1,058,158	(892,461)	48,832	(63,634)	--	(622)	150,273
Rural and agribusiness financing	910,454	379,257	179,747	(657,455)	--	--	812,003
Real estate financing	378,246	138,762	178,349	(237,432)	--	--	457,925
Loans sold under assignment	185	(30)	100	--	--	--	255
Others receivables with loan characteristics	**224,008**	**(62,556)**	**150,204**	**(23,591)**	**--**	**809**	**288,874**
Credit card operations	222,177	(64,786)	150,082	(21,752)	--	809	286,530
Advances on foreign exchange contracts	1,468	2,291	122	(1,839)	--	--	2,042
Receivables acquisition	74	3	--	--	--	--	77
Guarantees honored	288	(64)	--	--	--	--	224
Other	1	--	--	--	--	--	1
Leasing portfolio	**332**	**(160)**	**6**	**--**	**--**	**3**	**181**
Total	**5,418,447**	**2,479,416**	**1,382,095**	**(2,955,752)**	**--**	**(11,527)**	**6,312,679**

	Dec 31, 2020	Constitution/ (reversal)	Transfer from/ (to) stage 1	Transfer from/ (to) stage 3	Write-offs	Exchange rate changes	Dec 31, 2021
Loans	**5,184,773**	**1,419,740**	**1,060,758**	**(2,472,626)**	**--**	**1,462**	**5,194,107**
Loans and discounted credits rights	3,380,157	1,018,665	10,913	(1,562,736)	--	65	2,847,064
Financing	247,703	(21,321)	920,880	(90,501)	--	1,397	1,058,158
Rural and agribusiness financing	1,087,996	189,703	125,477	(492,722)	--	--	910,454
Real estate financing	468,666	232,781	3,466	(326,667)	--	--	378,246
Loans sold under assignment	251	(88)	22	--	--	--	185
Others receivables with loan characteristics	**125,108**	**78,559**	**32,165**	**(11,079)**	**--**	**(745)**	**224,008**
Credit card operations	115,025	86,204	32,203	(10,510)	--	(745)	222,177
Advances on foreign exchange contracts	9,561	(7,486)	(38)	(569)	--	--	1,468
Receivables acquisition	498	(424)	--	--	--	--	74
Guarantees honored	22	266	--	--	--	--	288
Other	2	(1)	--	--	--	--	1
Leasing portfolio	**602**	**(299)**	**39**	**--**	**--**	**(10)**	**332**
Total	**5,310,483**	**1,498,000**	**1,092,962**	**(2,483,705)**	**--**	**707**	**5,418,447**

In thousands of Reais, unless otherwise stated

Stage 3

	Dec 31, 2021	Constitution/ (reversal)	Transfer from/ (to) stage 1	Transfer from/ (to) stage 2	Write-offs	Exchange rate changes	Dec 31, 2022
Loans	**26,386,483**	**14,910,273**	**5,814,681**	**2,932,161**	**(17,380,218)**	**(71,988)**	**32,591,392**
Loans and discounted credits rights	17,089,503	13,928,127	4,868,872	1,973,640	(14,015,293)	(60,542)	23,784,307
Financing	3,056,229	(18,283)	182,157	63,634	(505,039)	(11,446)	2,767,252
Rural and agribusiness financing	4,413,780	592,509	637,917	657,455	(2,131,179)	--	4,170,482
Real estate financing	1,825,901	408,138	125,735	237,432	(728,707)	--	1,868,499
Loans sold under assignment	1,070	(218)	--	--	--	--	852
Others receivables with loan characteristics	**394,379**	**327,132**	**342,418**	**23,591**	**(97,004)**	**1,363**	**991,879**
Credit card operations	228,708	(51,899)	290,919	21,752	(8,885)	1,363	481,958
Advances on foreign exchange contracts	143,590	169,912	51,499	1,839	--	--	366,840
Receivables acquisition	--	128,067	--	--	--	--	128,067
Guarantees honored	22,028	80,505	--	--	(87,554)	--	14,979
Other	53	547	--	--	(565)	--	35
Leasing portfolio	**313**	**152**	**201**	**--**	**(471)**	**5**	**200**
Total	**26,781,175**	**15,237,557**	**6,157,300**	**2,955,752**	**(17,477,693)**	**(70,620)**	**33,583,471**

	Dec 31, 2020	Constitution/ (reversal)	Transfer from/ (to) stage 1	Transfer from/ (to) stage 2	Write-offs	Exchange rate changes	Dec 31, 2021
Loans	**26,969,343**	**12,285,765**	**2,811,100**	**2,472,626**	**(18,156,775)**	**4,424**	**26,386,483**
Loans and discounted credits rights	16,367,328	9,002,234	2,108,107	1,562,736	(11,951,292)	390	17,089,503
Financing	3,065,273	1,271,760	115,663	90,501	(1,491,002)	4,034	3,056,229
Rural and agribusiness financing	5,335,246	1,035,170	508,207	492,722	(2,957,565)	--	4,413,780
Real estate financing	2,200,392	976,635	79,123	326,667	(1,756,916)	--	1,825,901
Loans sold under assignment	1,104	(34)	--	--	--	--	1,070
Others receivables with loan characteristics	**575,014**	**40,985**	**75,124**	**11,079**	**(307,056)**	**(767)**	**394,379**
Credit card operations	136,112	30,356	68,874	10,510	(16,377)	(767)	228,708
Advances on foreign exchange contracts	339,496	(186,351)	6,250	569	(16,374)	--	143,590
Receivables acquisition	--	10,141	--	--	(10,141)	--	--
Guarantees honored	99,189	174,172	--	--	(251,333)	--	22,028
Other	217	12,667	--	--	(12,831)	--	53
Leasing portfolio	**549**	**352**	**124**	**--**	**(704)**	**(8)**	**313**
Total	**27,544,906**	**12,327,102**	**2,886,348**	**2,483,705**	**(18,464,535)**	**3,649**	**26,781,175**

In thousands of Reais, unless otherwise stated

25 – NON-CURRENT ASSETS HELD FOR SALE

These assets consist of non-operating assets (received in settlement of non-performing loans to customers) and items of property, plant and equipment not in use that will be sold at auction.

As required, the fair value of these assets is determined based on methodologies established by the ABNT. Qualified professionals registered in the Federal Council of Engineering & Agronomy (Confea) and Regional Council of Engineering & Agronomy (Crea) prepare the evaluations. These measurements are classified as Level 2.

In accordance with the recommendations of the ABNT, the most common methodologies used are the Market Data Direct Comparison Method (MCDDM) and Evolution Method.

The MCDDM consists of analyzing a sample of assets in the market with very similar characteristics to the evaluated asset and assigning a value. The assessment considers the economic, physical and geographic characteristics of the item under analysis. Examples of these elements: negotiations actually carried out, prices of goods on offer, construction standard, state of conservation, age of the building, relief, soil consistency, utilization, situation in the urban context, urban infrastructure, existing activities in the area - commerce, industry and services etc.

Under the Evolution Method, the asset's fair value is based on the value of the land plus the cost of the improvements (properly depreciated), i.e., the value of the individual components is multiplied by a sales factor. This method is used when there are not enough similar assets in the market to use the MCDDM. Generally, the value of the land is determined using the MCDDM, and the improvements value are based on a sample of properties with similar projects or unit cost of construction or its budget.

Duly assessed and without impeditive judicial pendencies, the non-operating assets are destined for disposal in the shortest possible time, through sales processes (auction and direct sale), whose rites and formalization are subject to current legislation (in particular, the State-Owned Companies Law - No. 13,303/2016 and Law No. 9,514/1997), in addition to internal regulations applied - Banco do Brasil Bidding Regulations - RLBB.

	Dec 31, 2022	Dec 31, 2021
Non-operating properties	203,473	417,340

In 2022, the Bank realized a gain on the disposal of non-current assets of R$ 32,761 thousand (R$ 44,572 thousand in 2021).

In thousands of Reais, unless otherwise stated

26 – INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

a) Equity method investments

Company	Equity interest percentage				Adjusted shareholders' equity of investee		Carrying amount of investment		Net gains/(losses) from equity method investments			Dividends	
	Dec 31, 2022		Dec 31, 2021										
	Total	Common stock	Total	Common stock	Dec 31, 2022	Dec 31, 2021	Dec 31, 2022	Dec 31, 2021	2022	2021	2020	2022	2021
Associates (1) and joint ventures (2)													
Banco Votorantim S.A. (3)	50.00	49.99	50.00	49.99	12,565,823	13,424,866	6,281,244	6,710,035	584,342	815,628	716,710	250,000	350,000
Brasilprev Seguros e Previdência S.A. (4)	74.99	49.99	74.99	49.99	6,140,820	5,972,510	4,605,308	4,479,084	883,772	597,249	635,557	724,706	31,404
Cielo S.A. (5)	28.89	28.89	28.81	28.81	10,950,835	10,098,340	3,527,700	3,273,341	407,731	(70,434)	(796,652)	195,652	132,369
Cateno Gestão de Contas de Pagamentos S.A. (6)	30.00	22.22	30.00	22.22	9,553,126	10,317,548	2,865,938	3,095,264	303,212	188,036	139,305	301,099	193,519
BB Mapfre Participações S.A. (7)	74.99	49.99	74.99	49.99	2,421,103	2,290,487	2,504,008	2,406,059	2,080,241	1,066,073	1,085,320	1,986,848	897,034
Elo Participações Ltda.	49.99	49.99	49.99	49.99	2,640,061	2,940,057	1,319,766	1,469,734	636,980	427,926	430,440	536,636	548,616
UBS BB Serviços Assessoria Financeira e Participações S.A. (8)	49.99	49.99	49.99	49.99	1,468,858	1,438,178	734,280	718,943	22,231	31,493	4,556	5,280	--
Brasilcap Capitalização S.A. (9)	66.77	49.99	66.66	49.99	650,829	475,687	544,591	427,842	120,478	2,341	105,781	14,076	19,998
Others (10)							539,653	176,397	72,164	28,432	904	16,591	19,556
Unrealized profit (11)							(3,149,056)	(3,310,511)					
Total							**19,773,432**	**19,446,188**	**5,111,151**	**3,086,744**	**2,321,921**	**4,030,888**	**2,192,496**

(1) The Bank has significant influence over the investee through board seats or other measures.
(2) The Bank has joint control over the investees' relevant activities through contractual arrangements.
(3) Investment is reduced on the amount of R$ 1,668 thousand due to the unrealized profit with Ativos S.A. Securitizadora de Creditos Financeiros referring to the assignment of credit rights (R$ 2,398 thousand on Dec 31, 2021).
(4) Ownership interest held by BB Seguros Participações S.A. The percentage of effective equity interest of shareholders of the Bank is 49.77%.
(5) Includes the amount of R$ 364,332 thousand related to goodwill on acquisition of the investment. The investment's value considering the quoted market price is R$ 4,078,397 thousand (R$ 1,774,570 thousand on Dec 31, 2021).
(6) Indirect ownership interest held by the Bank in Cateno, through its wholly-owned subsidiary BB Elo Cartões Participações S.A. The total interest held by the Bank is 50.x%, considering that Cielo S.A. holds 70% of direct participation in Cateno.
(7) Ownership interest held by BB Seguros Participações S.A. The percentage of effective equity interest of shareholders of the Bank is 49.77%. Includes the amount of R$ 688,423 thousand related to goodwill on acquisition of the investment.
(8) Company arising from the strategic partnership between BB-Banco de Investimentos S.A. and UBS A.G. to operate in investment banking and securities brokerage activities.
(9) Ownership interest held by BB Seguros Participações S.A. The percentage of effective equity interest of shareholders of the Bank is 44.31%. Includes the amount of R$ 110,749 thousand related to goodwill on acquisition of the investment.
(10) Refers to investments in the following companies: Brasildental Operadora de Planos Odontológicos S.A., Cadam S.A., Ciclic Corretora de Seguros S.A., Gestora de Inteligência de Crédito S.A. – QUOD, Estruturadora Brasileira de Projetos – EBP, Galgo Sistemas de Informações S.A. and Tecnologia Bancária S.A. – Tecban and Câmara Interbancária de Pgamentos – CIP. Investment value is reduced by impairment losses of R$ 3,145 thousand (R$ 3,657 thousand on Dec 31, 2021).
(11) Unrealized profit arising from the strategic partnership between BB Elo Cartões Participações S.A. and Cielo S.A., forming Cateno Gestão de Contas de Pagamento S.A. and unrealized profit arising from the strategic partnership between BB-BI and UBS A.G.

In thousands of Reais, unless otherwise stated

b) Qualitative information of associates and joint ventures

Company	Place of incorporation		Description	Segment	Strategic participation [1]
	Country	Headquarter location			
Banco Votorantim S.A.	Brazil	São Paulo (SP)	Performs various types of bank activities, such as consumer lending, leasing and investment fund management.	Banking	Yes
Brasilprev Seguros e Previdência S.A.	Brazil	São Paulo (SP)	Commercializes life insurance with survivor coverage and with private retirement and benefit plans.	Insurance	Yes
Cielo S.A.	Brazil	Barueri (SP)	Provides services related to credit and debit cards and payments services.	Electronic payments	Yes
Cateno Gestão de Contas de Pagamentos S.A.	Brazil	Barueri (SP)	Provides services related to the management of transactions arisen from credit and debit card operations.	Electronic payments	Yes
BB Mapfre Participações S.A.	Brazil	São Paulo (SP)	Acts as a holding company for other companies which deal with life, real estate and agricultural insurance.	Insurance	Yes
Elo Participações Ltda	Brazil	Barueri (SP)	Acts as a holding company which consolidates the joint business related to electronic payment services.	Electronic payments	Yes
UBS BB Serviços Assessoria Financeira e Participações S.A.	Brazil	São Paulo (SP)	Operates in investment banking and securities brokerage activities in the institutional segment in Brazil and in certain South American countries.	Investments	Yes
Brasilcap Capitalização S.A.	Brazil	Rio de Janeiro (RJ)	Commercializes capitalization plans and other products and services that capitalization companies are allowed to provide.	Insurance	Yes

(1) Strategic investments are made in companies with activities that complement or support those of the Bank and its subsidiaries.

In thousands of Reais, unless otherwise stated

c) Summarized financial information of associates and joint ventures, not adjusted for the equity interest percentage held by the Bank

	Dec 31, 2022								
	Banco Votorantim S.A.	Brasilprev Seguros e Previdência S.A.	Cielo S.A.	Cateno Gestão de Contas de Pagamentos S.A.	BB Mapfre Participações S.A.	Elo Participações Ltda.	UBS BB S.A.	Brasilcap S.A.	Others
Current assets	**53,928,054**	**331,930,478**	**103,872,667**	**1,975,380**	**14,565,156**	**1,030,474**	**274,734**	**7,412,209**	**2,076,715**
Cash and cash equivalents	681,091	278,271	11,015,001	660,868	11,216	333,466	16,882	12	490,307
Other current assets	53,246,963	331,652,207	92,857,666	1,314,512	14,553,940	697,008	257,852	7,412,197	1,586,408
Non-current assets	**69,977,532**	**19,629,683**	**11,194,780**	**8,754,921**	**2,824,296**	**2,235,890**	**2,082,662**	**4,080,147**	**4,914,400**
Current liabilities	**73,068,490**	**39,623,895**	**98,950,349**	**1,164,317**	**12,676,878**	**461,727**	**184,127**	**9,698,778**	**1,350,401**
Financial liabilities	70,398,903	678,252	3,626,321	21,766	--	1,155	--	--	658,425
Other current liabilities	2,669,587	38,945,643	95,327,028	1,142,551	12,676,878	460,572	184,127	9,698,778	691,976
Non-current liabilities	**38,271,273**	**305,795,446**	**5,166,263**	**12,858**	**2,291,471**	**164,576**	**704,411**	**1,142,749**	**1,811,928**
Financial liabilities	37,937,652	575,426	3,019,750	--	--	2,284	--	11,071	1,515,918
Other non-current liabilities	333,621	305,220,020	2,146,513	12,858	2,291,471	162,292	704,411	1,131,678	296,010
Income	16,392,315	2,633,112	6,227,289	3,921,585	5,269,535	1,363,373	417,938	(39,308)	4,586,403
Interest income	16,392,315	30,229,939	135,785	127,559	988,874	67,838	--	1,175,195	12,389
Interest expense	(10,095,834)	(29,900,354)	1,731,559	(10,115)	--	(3,708)	(2,525)	(847,180)	(190,020)
Net allowance for loan losses	(1,817,795)	--	--	--	--	--	--	--	--
Depreciation and amortization	(277,527)	(40,410)	(529,606)	(388,567)	(62,197)	(984)	(74,156)	(907)	(308,839)
Income taxes	135,550	(763,227)	(25,240)	(523,569)	(1,058,694)	(12,535)	16,205	(122,157)	(179,739)
Net income/(loss) for the period	**1,168,683**	**1,178,442**	**1,411,467**	**603,756**	**2,774,025**	**1,274,214**	**44,472**	**180,438**	**470,558**
Other comprehensive income	(190,564)	--	--	--	4,555	--	--	--	--
Total comprehensive income	826,549	1,178,442	1,411,467	603,756	2,778,580	1,274,214	44,472	180,438	470,558
Adjusted shareholders' equity	**12,565,823**	**6,140,820**	**10,950,835**	**9,553,126**	**2,421,103**	**2,640,061**	**1,468,858**	**650,829**	**3,828,786**
Ownership percentage	50.00%	74.99%	28.89%	30.00%	74.99%	49.99%	49.99%	66.77%	--
Carrying amount of the investment (1)	**6,281,244**	**4,605,308**	**3,163,368**	**2,865,938**	**1,815,585**	**1,319,766**	**734,280**	**433,842**	**539,653**
Goodwill	--	--	364,332	--	688,423	--	--	110,749	--
Unrealized profit	(1,668)	--	--	(2,567,039)	--	--	(582,017)	--	--

(1) Excludes goodwill on acquisition of the investment.

In thousands of Reais, unless otherwise stated

	Dec 31, 2021								
	Banco Votorantim S.A.	Brasilprev Seguros e Previdência S.A.	Cielo S.A.	Cateno Gestão de Contas de Pagamentos S.A.	BB Mapfre Participações S.A.	Elo Participações Ltda.	UBS BB S.A.	Brasilcap S.A.	Others
Current assets	**54,196,533**	**302,399,384**	**86,947,285**	**2,395,709**	**10,835,734**	**744,678**	**253,432**	**6,130,957**	**987,084**
Cash and cash equivalents	2,935,119	601,280	1,824,713	90	1,975	334,610	1,546	37	337,973
Other current assets	51,261,414	301,798,104	85,122,572	2,395,619	10,833,759	410,068	251,886	6,130,920	649,111
Non-current assets	**65,594,183**	**18,325,141**	**11,752,257**	**8,944,125**	**7,315,139**	**2,720,033**	**2,039,570**	**3,541,228**	**3,275,565**
Current liabilities	**72,340,627**	**35,631,094**	**81,160,003**	**1,022,286**	**10,003,179**	**313,386**	**195,862**	**8,107,689**	**1,024,999**
Financial liabilities	70,546,425	397,864	109,993	--	293,541	--	--	205,599	567,791
Other current liabilities	1,794,202	35,233,230	81,050,010	1,022,286	9,709,638	313,386	195,862	7,902,090	457,208
Non-current liabilities	**34,025,223**	**279,120,921**	**7,441,200**	**--**	**5,857,207**	**211,268**	**658,962**	**1,088,809**	**2,058,839**
Financial liabilities	33,586,150	--	3,924,453	--	--	7,773	--	--	1,775,658
Other non-current liabilities	439,073	279,120,921	3,516,747	--	5,857,207	203,495	658,962	1,088,809	283,181
Income	12,340,828	8,516,731	4,992,009	3,810,414	2,664,740	1,049,949	412,985	1,089,700	3,221,572
Interest income	12,340,828	5,381,791	123,630	--	21,719	--	--	620,178	4,987
Interest expense	(5,944,779)	(2,231,100)	(615,742)	--	(42,161)	(3,739)	(2,926)	(408,323)	(85,401)
Net allowance for loan losses	(1,033,786)	--	--	--	--	--	--	--	--
Depreciation and amortization	(230,927)	(45,453)	(497,831)	(387,557)	(36,826)	--	(71,689)	(576)	(270,128)
Income taxes	(655,087)	(578,677)	(41,068)	(326,588)	(455,915)	(138,354)	9,274	(5,124)	(60,315)
Net income/(loss) for the period	**1,631,257**	**796,385**	**(244,502)**	**626,785**	**1,421,621**	**856,023**	**62,999**	**3,512**	**195,759**
Other comprehensive income	178,367	(447)	--	--	(78,613)	--	147	(90,927)	--
Total comprehensive income	1,809,624	795,938	(244,502)	626,785	1,343,008	856,023	63,146	(87,415)	195,759
Adjusted shareholders' equity	**13,424,866**	**5,972,510**	**10,098,339**	**10,317,548**	**2,290,487**	**2,940,057**	**1,438,178**	**475,687**	**1,178,811**
Ownership percentage	50.00%	74.99%	28.81%	30.00%	74.99%	49.99%	49.99%	66.66%	--
Carrying amount of the investment [(1)]	**6,710,035**	**4,479,084**	**2,909,009**	**3,095,264**	**1,717,636**	**1,469,734**	**718,943**	**317,093**	**176,397**
Goodwill	--	--	364,332	--	688,423	--	--	110,749	--
Unrealized profit	(2,398)	--	--	(2,682,846)	--	--	(627,665)	--	--

(1) Excludes goodwill on acquisition of the investment.

In thousands of Reais, unless otherwise stated

d) Reconciliation of changes

Company	Opening balance	Changes			Closing balance
	Dec 31, 2021	Net gains / (losses) from equity method investments	Dividends	Other changes (1)	Dec 31, 2022
Banco Votorantim S.A.	6,710,035	584,342	(250,000)	(763,133)	6,281,244
Brasilprev Seguros e Previdência S.A.	4,479,084	883,772	(724,706)	(32,842)	4,605,308
Cielo S.A.	3,273,341	407,731	(195,652)	42,280	3,527,700
Cateno Gestão de Contas de Pagamentos S.A.	3,095,264	303,212	(301,099)	(231,439)	2,865,938
BB Mapfre Participações S.A.	2,406,059	2,080,241	(1,986,848)	4,556	2,504,008
Elo Participações Ltda.	1,469,734	636,980	(536,636)	(250,312)	1,319,766
UBS BB Serviços Assessoria Financeira e Participações S.A.	718,943	22,231	(5,280)	(1,614)	734,280
Brasilcap Capitalização S.A.	427,842	120,478	(14,076)	10,347	544,591
Others	176,397	72,164	(16,591)	307,683	539,653
Subtotal	**22,756,699**	**5,111,151**	**(4,030,888)**	**(914,474)**	**22,922,488**
Unrealized profit	(3,310,511)	--	--	161,455	(3,149,056)
Total	**19,446,188**	**5,111,151**	**(4,030,888)**	**(753,019)**	**19,773,432**

(1) Refers mainly to unrealized gains/(losses) on financial assets at fair value through other comprehensive income, foreign exchange changes on investments abroad and adjustments from previous years made by the investees.

e) Other information

The associates and joint ventures do not expose the Bank to any significant contingent liabilities.

None of the Bank's associates or joint ventures presented significant restrictions on the transfer of resources in the form of cash dividends or the repayment of loans or advances.

None of the associates or joint ventures had discontinued operations.

The Bank does not have any unrecognized losses with respect to its associates or joint ventures in the periods presented or carried-forward from previous years.

27 – INVOLVEMENT WITH UNCONSOLIDATED STRUCTURED ENTITIES

A structured entity is one that has been set up such that voting or similar rights are not significant in deciding who controls the entity. An example is when any voting rights relate only to administrative tasks and the relevant activities are directed by means of contractual arrangements.

A structured entity often has some or all the following features or attributes:

- restricted activities;
- a narrow and well-defined objective;
- insufficient equity to permit the structured entity to finance its activities without subordinated financial support; and
- financing in the form of multiple contractually linked instruments issued to investors that create concentrations of credit or other risks (tranches).

A structured entity usually does not carry out a business or trade and typically have no employees. The main purposes of SE are to provide clients with access to specific portfolios of assets and to provide market liquidity for clients through securitizing financial assets.

Interests to unconsolidated SE have been considered as contractual and non-contractual involvement that exposes the Bank to variability of returns from the performance of the other entity. These interests usually take the form of equity or debt instruments, as well as other forms of involvement, such as the receipt of fees from the other entity and the provision of funding, liquidity support, credit enhancement and/or guarantees. The extent of the Bank's interests to unconsolidated SE will vary depending on the purpose for which the entity was established.

Structured entities generally finance the purchase of assets by issuing debt and/or equity securities that are collateralized by and/or indexed to the assets held by the SE. The debt and/or equity securities issued by SE may include tranches with varying levels of subordination.

Investment funds

The Bank manages several investment funds, which are unconsolidated structured entities. The Bank holds interests in these funds through the receipt of management and other fees and an equity holding in certain of these funds.

The investment funds have various investment objectives and policies, but all funds invest capital received from investors in a portfolio of assets in order to provide returns to those investors from capital appreciation of those assets, income from those assets or both. The investment funds have been financed through equity capital provided by investors and, in some circumstances, temporarily by the Bank (seed capital).

The Bank does not consolidate investment funds when it acts as agent or when another third-party investor has the ability to direct the relevant activities of the fund.

Consortium groups

The Bank organizes and manages consortium groups to facilitate access to durable movable property, real estate, and services to its clients. The Bank maintains interests in these groups through the receipt of management fees for consortium quotas.

Off-balance assets, which represent consortium resources, refer mainly to:

(i) financial investments in funds, which represent available resources not yet used by the groups;
(ii) rights with contemplated consortium members, which represent the receivables of them;
(iii) monthly forecast of resources receivable from consortium members;
(iv) contributions due to the groups; and
(v) assets to be contemplated.

In thousands of Reais, unless otherwise stated

Management of unconsolidated SE's assets

The table below describes the types of SE that the Bank does not consolidate but in which it holds interest and the total amount of assets held by unconsolidated SE.

Type of structured entity	Nature and purpose	Interest held	Total assets	
			Dec 31, 2022	Dec 31, 2021
Investment funds	• generate fees from managing assets on behalf of third party investors. • these vehicles are financed through the issue of units to investors.	• investments in units issued by the funds. • management and other fees.	1,498,863,157	1,460,958,463
Consortium groups	• management of consortium groups to facilitate access of goods and services.	• management of consortium quotas and other fees.	115,262,695	79,599,460
Total			**1,614,125,852**	**1,540,557,923**

Maximum exposure to loss

The table below sets out the carrying amounts of interests held by the Bank in unconsolidated structured entities. The Bank's maximum exposure to loss is limited to the amounts shown in the table.

	Dec 31, 2022	Dec 31, 2021
Investment funds	3,344,649	3,598,935

In thousands of Reais, unless otherwise stated

28 – PROPERTY AND EQUIPMENT

	Use								Right of use
	Buildings	Furniture and equipment	Data processing equipment	Leasehold improvements	Land	Vehicles	Other	Total	
Acquisition cost									
Balance at Dec 31, 2020	**6,264,354**	**4,068,008**	**4,780,054**	**4,132,849**	**391,869**	**11,867**	**692,985**	**20,341,986**	**4,877,573**
Acquisitions	261,848	570,368	658,344	185,580	--	4	93,328	1,769,472	503,820
Disposals	(3,932)	(291,185)	(648,657)	(79,949)	--	(553)	(53,704)	(1,077,980)	(376,188)
Exchange rate changes	(5,495)	(4,141)	(757)	5,450	(718)	(254)	(874)	(6,789)	--
Other changes (1)	29,307	44,936	2,145	6,678	17,852	(110)	50	100,858	2,463,287
Balance at Dec 31, 2021	**6,546,082**	**4,387,986**	**4,791,129**	**4,250,608**	**409,003**	**10,954**	**731,785**	**21,127,547**	**7,468,492**
Acquisitions	393,447	592,063	572,319	281,143	8,965	2,918	51,284	1,902,139	460,111
Disposals	(6,862)	(200,709)	(191,655)	(152,970)	(6)	(252)	(50,065)	(602,519)	(360,337)
Exchange rate changes	(20,086)	(41,597)	(16,410)	(15,908)	(2,369)	(1,375)	(12,489)	(110,234)	--
Other changes (1)	(146,532)	457,170	(115)	82,170	(31,863)	8,298	10,372	379,500	895,658
Balance at Dec 31, 2022	**6,766,049**	**5,194,913**	**5,155,268**	**4,445,043**	**383,730**	**20,543**	**730,887**	**22,696,433**	**8,463,924**
Accumulated depreciation									
Balance at Dec 31, 2020	**(3,271,880)**	**(2,261,667)**	**(3,182,436)**	**(2,561,743)**	**--**	**(8,285)**	**(466,999)**	**(11,753,010)**	**(2,147,181)**
Depreciation	(177,560)	(330,223)	(549,933)	(278,335)	--	(1,016)	(53,339)	(1,390,406)	(1,183,696)
Disposals	2,342	268,931	648,320	63,185	--	539	41,389	1,024,706	281,890
Exchange rate changes	1,413	931	(1,592)	(4,594)	--	124	324	(3,394)	--
Other changes (1)	29,211	(26,382)	(8,705)	(5,725)	--	(50)	140	(11,511)	--
Balance at Dec 31, 2021	**(3,416,474)**	**(2,348,410)**	**(3,094,346)**	**(2,787,212)**	**--**	**(8,688)**	**(478,485)**	**(12,133,615)**	**(3,048,987)**
Depreciation	(179,107)	(353,740)	(613,273)	(272,709)	--	(1,007)	(50,947)	(1,470,783)	(1,156,876)
Disposals	3,604	169,329	188,597	116,792	--	(55)	31,126	509,393	229,756
Exchange rate changes	1,243	3,506	3,688	8,198	--	(63)	275	16,847	--
Other changes (1)	2,166	(346,320)	13,290	(79,186)	--	(3,824)	6,778	(407,096)	(482,257)
Balance at Dec 31, 2022	**(3,588,568)**	**(2,875,635)**	**(3,502,044)**	**(3,014,117)**	**--**	**(13,637)**	**(491,253)**	**(13,485,254)**	**(4,458,364)**
Accumulated impairment loss									
Balance at Dec 31, 2020	**(43,502)**	**(221)**	**(36)**	**--**	**--**	**--**	**(4)**	**(43,763)**	**--**
Losses	(128)	--	--	--	--	--	--	(128)	--
Reversal	31,921	154	30	--	--	--	--	32,105	--
Balance at Dec 31, 2021	**(11,709)**	**(67)**	**(6)**	**--**	**--**	**--**	**(4)**	**(11,786)**	**--**
Losses	(31)	(5,148)	--	--	--	--	--	(5,179)	--
Reversal	340	4	6	--	--	--	4	354	--
Balance at Dec 31, 2022	**(11,400)**	**(5,211)**	**--**	**--**	**--**	**--**	**--**	**(16,611)**	**--**
Carrying amount									
Balance at Dec 31, 2021	**3,117,899**	**2,039,509**	**1,696,777**	**1,463,396**	**409,003**	**2,266**	**253,296**	**8,982,146**	**4,419,505**
Balance at Dec 31, 2022	**3,166,081**	**2,314,067**	**1,653,224**	**1,430,926**	**383,730**	**6,906**	**239,634**	**9,194,568**	**4,005,560**

(1) PPE for use includes R$ 226,450 thousand in Buildings and Leasehold improvements of Banco Patagonia related to the hyperinflation in Argentina (R$ 232,851 thousand as of Dec 31, 2021).

In thousands of Reais, unless otherwise stated

Property and equipment for use pledged as collateral totaled R$ 191,666 thousand as of Dec 31, 2022 (R$ 135,316 thousand as of Dec 31, 2021).

Impairment losses are included in the line-item other operating expenses. Reversals of impairment losses are recorded in the line-item other operating income.

The estimated depreciation rates on property and equipment for use are presented in Note 3.k. The average useful life of right of use property and equipment is presented in Note 3.o.

IFRS 16

As lessee, the Bank holds operational leases. It mainly refers to offices and branches rentals used in its banking and administrative activities. In general, these leases have clauses of renewal and annual rental adjustment.

These assets are recognized in the Balance Sheet as Property and equipment – Right of use. The value of the remaining lease payments is recognized as Other liabilities – Lease liabilities.

Further clarifications on leases may be found in Note 3.o.

Right of use assets – Right to use assets arising from the Bank's operating lease agreements that refer essentially to properties used in the practice of its administrative and banking operations.

Lease liabilities – Liabilities arising from the right to use the assets mentioned above. The clauses do not impose any restrictions on the Bank for the payment of dividends, contracting debts or entering into additional lease agreements.

Maturity analysis of lease liabilities – The table below shows the contractual undiscounted cash flows from lease liabilities by maturity:

	Dec 31, 2022	Dec 31, 2021
Up to one year	1,323,945	1,331,536
Over one year to five years	3,415,098	3,242,460
Over five years	1,260,236	1,497,891
Total (1)	**5,999,279**	**6,071,887**

(1) Values not discounted to present value.

In thousands of Reais, unless otherwise stated

29 – INTANGIBLE ASSETS

	Internally generated software	Software acquired	Rights due to payroll management	Other (1)	Total
Acquisition cost					
Balance at Dec 31, 2020	**2,911,747**	**2,706,644**	**7,877,070**	**3,917,076**	**17,412,537**
Internally generated	718,123	--	--	--	718,123
Acquisitions	--	261,977	2,378,586	--	2,640,563
Write-offs	(72,959)	(135,039)	(470,647)	--	(678,645)
Foreign currency translations adjustments	--	10,837	--	--	10,837
Other changes (2)	--	6,398	--	--	6,398
Balance at Dec 31, 2021	**3,556,911**	**2,850,817**	**9,785,009**	**3,917,076**	**20,109,813**
Internally generated	838,790	--	--	--	838,790
Acquisitions	--	114,086	3,942,364	--	4,056,450
Write-offs	(60,147)	(23,423)	(4,066,795)	--	(4,150,365)
Foreign currency translations adjustments	--	(32,050)	--	--	(32,050)
Other changes (2)	--	75,153	--	--	75,153
Balance at Dec 31, 2022	**4,335,554**	**2,984,583**	**9,660,578**	**3,917,076**	**20,897,791**
Accumulated amortization					
Balance at Dec 31, 2020	**(919,500)**	**(1,675,196)**	**(3,654,034)**	**(3,917,076)**	**(10,165,806)**
Amortization	(193,673)	(221,848)	(1,004,797)	--	(1,420,318)
Write-offs	--	33,744	467,166	--	500,910
Foreign currency translations adjustments	--	(1,291)	--	--	(1,291)
Other changes (2)	--	(7,182)	--	--	(7,182)
Balance at Dec 31, 2021	**(1,113,173)**	**(1,871,773)**	**(4,191,665)**	**(3,917,076)**	**(11,093,687)**
Amortization	(219,681)	(204,283)	(922,493)	--	(1,346,457)
Write-offs	--	5,493	3,112,105	--	3,117,598
Foreign currency translations adjustments	--	16,789	--	--	16,789
Other changes (2)	--	(55,365)	--	--	(55,365)
Balance at Dec 31, 2022	**(1,332,854)**	**(2,109,139)**	**(2,002,053)**	**(3,917,076)**	**(9,361,122)**
Impairment loss (3)					
Balance at Dec 31, 2020	**--**	**(2)**	**(1,021,662)**	**--**	**(1,021,664)**
Impairment loss	--	--	(959,194)	--	(959,194)
Reversal	--	2	--	--	2
Balance at Dec 31, 2021	**--**	**--**	**(1,980,856)**	**--**	**(1,980,856)**
Impairment loss	--	(16,618)	--	--	(16,618)
Reversal	--	--	537,100	--	537,100
Write-offs (4)	--	--	954,690	--	954,690
Balance at Dec 31, 2022	**--**	**(16,618)**	**(489,066)**	**--**	**(505,684)**
Book value					
Balance at Dec 31, 2021	2,443,738	979,044	3,612,488	--	7,035,270
Balance at Dec 31, 2022	3,002,700	858,826	7,169,459	--	11,030,985

(1) Includes mainly, brands acquired due to business combinations, related to customers portfolio and contracts.
(2) Includes the amount related to the hyperinflation adjustments in Argentina.
(3) Impairment and reversal for losses are recognized in other operating income/expenses (Note 12).
(4) Impairment loss write-offs due to contract ending.

Intangible assets of finite useful life are amortized according with the estimates set out in Note 3.l.

In thousands of Reais, unless otherwise stated

Estimated expenses with amortization of intangible assets for the following years

	2023	2024	2025	2026	After 2026	Total
Amounts to be amortized	2,271,386	2,200,230	1,739,343	1,640,823	3,179,203	11,030,985

30 – OTHER ASSETS AND OTHER LIABILITIES

a) Financial

Other assets	Dec 31, 2022	Dec 31, 2021
Judicial deposits for tax, labor and civil lawsuits	35,626,007	34,953,612
Receivable income	5,062,637	4,249,513
Compensation fund for salary changes – merged companies	3,129,805	2,736,020
Securities and credits receivable from the National Treasury (1)	2,473,813	2,077,072
Securities distribution	2,368,343	2,636,320
Interbank/interdepartmental accounts	64,220	37,847
Securities and credits receivable	16,701	25,244
Royalties and government credits	--	108,724
Total	**48,741,526**	**46,824,352**

(1) It includes the amount as of R$ 1,358,911 thousand (R$ 938,107 thousand as of Dec 31, 2021) related to interest rate equalization – agricultural crop.

Other liabilities	Dec 31, 2022	Dec 31, 2021
Credit card operations	45,731,161	40,740,801
Advances received on foreign exchange contract	25,857,021	15,820,533
Interbranch accounts – third-party funds in transit	5,394,740	4,113,405
Lease liabilities	4,178,283	4,635,666
Securities distribution	1,252,129	1,374,870
Collateral deposits	295,316	188,454
Net foreign exchange portfolio	85,718	341,137
Total	**82,794,368**	**67,214,866**

b) Non financial

Other assets	Dec 31, 2022	Dec 31, 2021
Post-employment benefit plans (Note 44.e)	28,830,246	20,584,754
Previ's surplus – Fundos Previdenciais (Note 44.f)	11,315,371	10,795,343
Sundry debtors – domestic	3,774,549	3,508,302
Prepaid taxes	1,633,680	1,493,207
Prepaid expenses	633,522	416,246
Non-operating assets, net of impairment losses	499,882	342,972
Advances to employees	176,020	180,652
Other	1,231,377	1,413,790
Total	**48,094,647**	**38,735,266**

In thousands of Reais, unless otherwise stated

Other liabilities	Dec 31, 2022	Dec 31, 2021
Post-employment benefit plans (Note 44.e)	10,895,695	11,609,890
Labor costs	5,911,703	4,891,455
Sundry creditors – domestic	5,483,052	5,481,078
Sundry creditors – overseas	3,858,492	1,159,702
Dividends and pending bonuses	3,698,898	3,119,925
Taxes	2,373,896	1,102,492
Provision for sundry pending payments	1,966,108	1,872,997
Liabilities for official agreements and payment services	1,273,167	1,049,788
Deferred income (1)	554,044	192,174
Other	12,519,335	9,844,612
Total	**48,534,390**	**40,324,113**

(1) Mainly related to premiums received in guarantee contracts, which are being gradually recognized as income.

31 – DEPOSITS OF CLIENTS

	Dec 31, 2022	Dec 31, 2021
Domestic	**701,588,908**	**624,716,498**
Demand deposits	93,739,078	105,072,759
Non-interest bearing deposits	93,504,697	104,747,800
Interest bearing deposits (1)	234,381	324,959
Savings deposits	213,435,806	225,452,750
Time deposits	394,414,024	294,190,989
Abroad	**51,674,139**	**46,553,043**
Demand deposits	14,537,779	14,103,943
Non-interest bearing deposits	14,537,779	14,103,943
Time deposits	37,136,360	32,449,100
Total	**753,263,047**	**671,269,541**

(1) Refers to "special accounts", whose purpose is to record the movement of foreign currency accounts opened in the country on behalf of embassies, legations abroad, international organizations, as well as public entities beneficiaries for credit or borrowers of loans granted by international financial bodies or foreign government agencies.

32 – AMOUNT PAYABLE TO FINANCIAL INSTITUTIONS

	Dec 31, 2022	Dec 31, 2021
Financial institutions deposits	23,921,286	25,968,818
Loan portfolios assigned with guarantee of the Bank	161,571	198,879
Total	**24,082,857**	**26,167,697**

In thousands of Reais, unless otherwise stated

33 – SECURITIES SOLD UNDER REPURCHASE AGREEMENTS

	Dec 31, 2022	Dec 31, 2021
Own portfolio	**209,729,852**	**141,484,140**
Treasury Financial bills	194,439,807	125,961,113
Private securities	10,524,493	13,608,117
Securities abroad	4,765,545	1,914,910
National Treasury bills	7	--
Third-party portfolio	**354,723,747**	**480,352,615**
National Treasury notes	247,312,446	153,883,790
National Treasury bills	107,411,301	145,523,122
Treasury Financial bills	--	180,945,703
Total	**564,453,599**	**621,836,755**

34 – LIABILITIES FROM ISSUANCE OF SECURITIES AND OTHER FINANCIAL LIABILITIES

	Dec 31, 2022	Dec 31, 2021
Liabilities from issuance of securities	174,913,838	132,169,463
On-lendings	43,991,197	50,844,697
Financial and development funds	34,475,895	27,029,673
Subordinated debts	54,832,126	67,746,490
Other	20,395,068	14,887,652
Total	**328,608,124**	**292,677,975**

In thousands of Reais, unless otherwise stated

a) Liabilities from issuance of securities

Funding	Currency	Issued amount	Interest p.a.	Funding year	Maturity	Dec 31, 2022	Dec 31, 2021
"Global medium-term notes" program						**21,530,405**	**20,380,835**
	USD	750,000	4.88%	2018	2023	3,951,059	4,224,448
	BRL	293,085	10.15%	2017	2027	279,647	294,411
	USD	750,000	3.25%	2021	2026	3,826,343	4,058,333
	USD	500,000	4.87%	2022	2029	2,654,327	--
	USD	750,000	4.75%	2019	2024	3,963,523	4,237,444
	BRL	398,000	9.50%	2019	2026	373,471	404,455
	COP	520,000,000	6.50%	2019	2027	486,600	720,189
	USD	1,000,000	4.63%	2017	2025	5,318,171	5,682,296
	COP	160,000,000	8.51%	2018	2025	160,824	221,039
	MXN	1,900,000	8.50%	2019	2026	516,440	538,220
"Senior notes"						**--**	**6,097,753**
	USD	1,085,033 (1)	3.88%	2012	2022	--	6,097,753
Deposit certificate(2)						**5,967,236**	**5,210,122**
Short term			0,00% a 6,48%			5,826,764	5,073,202
Long term			1,50% a 6,50%		2024	140,472	136,920
Certificates of structured operations						**38,486**	**9,694**
Short term			4,08% a 13,99% do DI		2023	38,156	8,063
Long term			10,67% a 12,75% do DI		2024	330	1,631
Letters of credit - real estate			75,00% a 100,00% do DI TR + 7,7151%			**12,197,438**	**12,547,846**
Short term					2023	2,167,110	3,632,368
Long term					2026	10,030,328	8,915,478
Letters of credit - agribusiness			80,00% a 103,50% do DI Pré 3,73% a 13,72%			**122,248,775**	**81,396,088**
Short term					2023	55,703,522	37,489,728
Long term					2025	66,545,253	43,906,360
Financial letters			98,25% do DI 100,00% do DI + 0,65%			**4,486,508**	**1,047**
Short term					2023	--	1,047
Long term					2024	4,486,508	--
Banco Patagonia			Badlar			**31,910**	**33,903**
Short term	ARS					31,910	33,903
Special purpose entities - SPE abroad						**8,434,779**	**6,522,534**
Securitization of future flow of payment orders from abroad(3)							
	USD	200,000	Libor 3m + 1.20%	2019	2024	520,283	925,372
	USD	200,000	3.70%	2019	2026	727,813	1,005,851
	USD	400,000	Sofr 3m + 2,75%	2022	2029	2,867,277	--
	USD	150,000	6.65%	2022	2032	2,344	--
Structured notes(3)							
	USD	500,000	Libor 6m + 2.50%	12/2014 e 03/2015	2034	2,641,160	2,802,777
	USD	320,000	Libor 6m + 3.20%	2015	2030	1,675,902	1,788,534
Liabilities from issuance of securities, in possession of subsidiary abroad						(21,699)	(30,359)
Total						**174,913,838**	**132,169,463**

(1) In September 2021, there was an exchange of securities with repurchase of "Senior Notes" and an issue included in the "Global Medium - Term Notes" Program. The issues are presented by their outstanding value since partial repurchase occurred.

(2) Securities issued abroad in USD.

(3) Information about the consolidated special purpose entities may be found in Note 5.

Notes:
Libor - London interbank rate.
Badlar - Buenos Aires interbank rate.

In thousands of Reais, unless otherwise stated

b) On-lendings

On-lendings are primarily long-term sources of funding obtained from other financial institutions or national government agencies to encourage domestic production. The main sources of these funds are the National Treasury, Brazilian Development Bank (BNDES) and Caixa Econômica Federal (CEF).

The Bank acts as a financial agent to support government programs designed to stimulate certain economic sectors. In the agricultural sector, the Bank supports a variety of government on-lending programs, including:

- National Program for Sustainable Family Agriculture (Pronaf);
- Cocoa Farming Recovery Program (Cocoa);
- Revitalization Program of Agricultural Production Cooperatives (Recoop);
- Coffee Economy Protection Fund (Funcafé); and
- Rural Savings.

The Bank also supports government on-lending programs for the industrial sector, most of which are BNDES and the Special Agency for Industrial Financing (Finame).

	Dec 31, 2022	Dec 31, 2021
On-lendings		
Domestic on-lendings - offical institutions	43,991,197	50,844,697
Total	**43,991,197**	**50,844,697**

In thousands of Reais, unless otherwise stated

Domestic on-lendings –official institutions

Programs	Financial charges	Dec 31, 2022	Dec 31, 2021
Nacional Treasury - rural credit		**132,828**	**142,969**
Pronaf	TMS (if available) or Fixed 0.50% p.a. a 4.00% p.a. (if applied)	6,900	10,698
Cacau	IGP-M + 8.00% p.a. or TJLP + 0.60% p.a. or Fixed 6.35% p.a.	111,388	116,963
Recoop	Fixed 5.75% p.a. to 8.25% p.a. or IGP-DI + 1.00% p.a. or IGP-DI + 2.00% p.a.	9,842	10,770
Other		4,698	4,538
BNDES (1)	**Fixed 0.00% p.a. to 8.00% p.a. TJLP + 0.50% p.a. to 4.00% p.a. IPCA + 4.20% p.a. to 9.41% p.a. Selic + 2.08% p.a. Exch. Var. + 1.40% p.a. to 3.00% p.a. TLP + 1.30% p.a. to 2.10% p.a.**	**13,318,066**	**16,638,212**
Caixa Econômica Federal (2)	**Fixed 4.87% p.a. (average)**	**27,332,771**	**28,303,957**
Finame (3)	**Fixed 0.00% p.a. to 8.00% p.a. TJLP + 0.90% p.a. to 4.00% p.a. Selic + 2.08% p.a. to 2.45% p.a. Exch. Var. + 4.20% p.a. TLP + 1.42% p.a. to 2.25% p.a.**	**2,933,975**	**5,558,800**
Other official institutions		**273,557**	**200,759**
Funcafé	TMS (if available) Fixed 7.00% p.a.	273,530	200,731
Other		27	28
Total		**43,991,197**	**50,844,697**

(1) The average maturity of BNDES obligations is 66 months.
(2) The average maturity of Caixa Econômica Federal obligations is 346 months.
(3) The average maturity of Finame obligations is 16 months.

Notes:
TMS - Average selic rate disclosed by the Brazilian Central Bank.
TJLP - Long-term interest rate fixed by the National Monetary Council.
TR - Referential interest rate disclosed by the Brazilian Central Bank.
IGP-DI - General price index - internal availability.
IGP-M - General market price index.

In thousands of Reais, unless otherwise stated

c) Subordinated debts

Funding	Issued amount	Interest p.a.	Funding year	Maturity	Dec 31, 2022	Dec 31, 2021
FCO - resources from the constitutional fund for developing the center-west					**20,535,828**	**23,469,518**
Subordinated debt abroad					**3,968,953**	**12,765,196**
USD	1,490,000	5.88%	2011	2022	--	8,524,497
USD	741,115	5.88%	2012	2023	3,968,953	4,240,699
Subordinated letters of credit					**2,453,282**	**1,138,973**
	934,630	8,08% + IPCA	2014	2022	--	1,118,233
	20,000	100,0% do CDI + 2,75%	2021	Perpétuo	21,250	20,740
	2,328,600	100,00% do CDI + 2,60%	2022	Perpétuo	2,432,032	--
Perpetual Bonds					**27,652,628**	**30,412,923**
USD	1,285,950	9.25%	2012	Perpétuo	6,853,656	7,378,278
USD	1,950,000	6.25%	2013	Perpétuo	9,709,989	11,012,865
USD	2,150,000	9.00%	2014	Perpétuo	11,088,983	12,021,780
Debts issued by the Bank, in possession of subsidiary abroad					(30,545)	(40,120)
Total (1)					**54,580,146**	**67,746,490**

(1) The amount of R$ 20,535,828 thousand (R$ 23,469,518 thousand as of Dec 31,.2020) comprise the tierl II of the Referential Equity Amount (RE), according to the rules applied to the financial institutions in Brazil. It does not include the interest on additional equity instrument in the amount of R$ 251,980 thousand.

Notes:
CDI - Average rate of the interbank deposits.
IPCA - Broad consumer price index.

This section should be read in conjunction with Note 40 – Regulatory Capital.

The amount of R$ 29,350,198 thousand of the perpetual bonds and subordinated letters of credit perpetual is included in the Referential Equity (R$ 30,015,187 thousand as of December 31, 2021).

The bonds issued in January 2012 and March 2012 (reopening) of USD 1,750,000 thousand (outstanding value USD 1,285,950 thousand), and the bonds issued in January 2013 of USD 2,000,000 thousand (outstanding value USD 1,950,000 thousand), had their terms and conditions modified on September 27, 2013, in order to adjust them to the rules of Bacen through CMN Resolution 4,192, which regulates the implementation of Basel III in Brazil. The changes were effective from October 1, 2013, when the instruments were submitted to Bacen to obtain authorization to be included in the Supplementary Capital (Tier I) of the Bank. The authorization was granted on October 30, 2013.

The bonds issued in June 2014 of USD 2,500,000 thousand (outstanding value USD 2,150,000 thousand), have the option of redemption at the discretion of the Bank from June 18, 2024 or on each subsequent, semi-annual interest payment date, as long as it has been previously authorized by the Central Bank of Brazil. If the Bank does not exercise the option to redeem in June 2024, the interest on the bonds will be adjusted to 6.362% plus the traded rate on 10-year North American Treasury bonds.

If the Bank does not exercise the redemption option in April 2023 for the bonds issued in 2012, in April 2024 for the bonds issued in 2013, and in June 2024 for the bonds issued in 2014, the rate of bond interest is adjusted on that date and every 10 years according to the 10-year North American Treasury bonds at the time plus the initial credit spread. The bonds have the following options of redemption, subject to prior authorization of Bacen:

In thousands of Reais, unless otherwise stated

(i) the Bank may, at its option, redeem the bonds in whole but not in part in April 2023 for the bonds issued in 2012, in April 2024 for the bonds issued in 2013, and in June 2024 for the bonds issued in 2014, and on each subsequent, semi-annual interest payment date, at the base redemption price;
(ii) the Bank may, at its option, redeem the bonds in whole, but not in part, after five years from the date of issue, as long as it is before April 2023, for the bonds issued in 2012, before April 2024 for the bonds issued in 2013, and before April 2024 for the bonds issued in 2014, as a result of a tax event, at the base redemption price;
(iii) the Bank may, at its option, redeem the bonds in whole but not in part, after five years from the date of issue, as long as it is before April 2023, for the bonds issued in 2012, and in April 2024 for the bonds issued in 2013, on the occurrence of a regulatory event, at the higher value between the base redemption price and the Make-whole amount;
(iv) the Bank may, at its option, redeem the bonds in whole but not in part, after five years from the date of issue as long as it is before June 2024 for the bonds issued in 2014, on the occurrence of a regulatory event at the base redemption price.

The bonds issued in January and March 2012, in January 2013 and in June 2014 determine that the Bank suspend the semi-annual payments of interest and/or accessories on those securities issued (which will not be due or accrued) if:

(i) distributable income for the period are not sufficient for making the payment (discretionary condition of the Bank);
(ii) the Bank does not comply or the payment of such charges does not allow the Bank to comply with the levels of capital adequacy, operating limits, or its financial indicators are under the minimum level required by Brazilian regulations applicable to banks;
(iii) Bacen or the regulatory authorities determine the suspension of payment of such charges;
(iv) any event of insolvency or bankruptcy occurs; or
(v) a default occurs.

According to Basel III rules, the bonds issued in January 2012, March 2012, in January 2013 and in June 2014 have mechanisms of loss absorption. Moreover, if the item (i) occurs, the payment of dividends by Bank to its shareholders will be limited to the minimum required determined by applicable law until the semi-annual interest payments and / or accessories on those titles have been resumed in full. Finally, these bonds will expire permanently and at the minimum value corresponding to the balance recorded in the Tier I capital of the Bank if:

(i) the main capital of the Bank is less than 5.125% of the amount of risk-weighted assets (RWA);
(ii) the decision to make a capital injection from the public sector or an equivalent capital contribution to the Bank is taken, in order to maintain the bank's viability;
(iii) the Central Bank, on a discretionary assessment regulated by the CMN, sets out, in writing, the expiration of the bonds to enable the continuity of the Bank.

d) Financial and development funds

	Dec 31, 2022	Dec 31, 2021
Fundo Constitucional do Centro Oeste - FCO [1]	24,151,159	16,344,785
Marine Merchant Fund (FMM)	5,895,208	7,317,190
Northeast Development Fund (FDNE)	2,898,220	2,010,777
Center-West Development Fund (FDCO)	150,672	204,780
Funds from the São Paulo's State Government	106,752	165,704
Public Service Employee Savings Program (Pasep)	191,804	28
Other	1,082,080	986,409
Total	**34,475,895**	**27,029,673**

(1) Brazilian Central Bank (Bacen) limited the use of FCO resources which are considered Tier II of Referentiall Equity - RE (Note 40). The amount disclosed refers to what exceed this value. R$ 23,703,437 thousand are funds applied (interest expenses consider contractual charges less the fees owned to the Bank) and R$ 447,722 thousand are resoucers available (remunerated based on extra-rate announced by Bacen).

The FMM supports the renovation, expansion and recovery of the national merchant fleet and development of the country's shipbuilding industry. If not used in lending, the funds are remunerated based on the average SELIC rate. When used to finance purchases domestically, the funds are remunerated a rate of 0.1% to 0.5% p.a. plus the TJLP. When used to finance imports, the remuneration also includes foreign exchange variation (USD). The Bank assumes the credit risk in these transactions. The agreement with the provider of the funds does not include a provision for the cancellation of resources or prepayment of the funding. Any changes to the agreement must be made through an amendment.

In thousands of Reais, unless otherwise stated

The Pasep is a Brazilian government program aiming to promote income distribution among the population. In addition, resources can be applied in favor of economic and social development. Funds provided are remunerated based on the rate of return on investments made in the BACEN if they are not applied in loans. Otherwise, funds are remunerated based on the TR plus interest of 6% per annum. The credit risk of loans granted is integrally assumed by the Bank. In our agreement with the fund provider there is no applicable clause for cancellation of resources as well as to the Bank's right to prepay the funding. Any changes should be promoted through an amendment to the agreement signed.

The Funds from the São Paulo's State Government aims to promote economic and social development of the State of São Paulo, by generating funding for loans or onlendings, grants, subsidies and interest rate equalization. Funds provided are remunerated based on the rate of an specific fixed income investment fund (BB Nossa Caixa Renda Fixa Governos) if they are not applied in loans. Otherwise funds are remunerated based on granted loans' interest rate, except for onlendings, grants, subsidies and interest rates equalization, because they are not refundable. The Bank manages the fund as financial agent of the State treasury. The credit risk of loans granted is integrally assumed by the fund provider. If the funds are not granted as loans, the redemption is done randomly by a formal request from the provider, or when it is terminated. If the funds are granted as loans, the redemption is done on the next business day after the payment made by the borrowers.

e) Other liabilities

	Dec 31, 2022	Dec 31, 2021
Borrowings	20,009,370	14,486,166
Import financing	382,412	401,486
Export financing	3,286	--
Total	**20,395,068**	**14,887,652**

As of December 31, 2022, the weighted average interest rate applicable to borrowings abroad was 4.45% p.a. (1.56% p.a. as of December 31, 2021).

f) Contractual maturity of liabilities from issuance of securities and other financial liabilities

	2023	2024	2025	2026	2027	After 2026	Without maturity	Total
Liabilities from issuance of securities	68,540,766	78,888,437	5,640,247	11,203,101	760,289	9,880,998	--	174,913,838
On-lendings	32,158,951	2,184,463	1,333,537	1,173,993	1,013,427	6,126,826	--	43,991,197
Subordinated debts	4,323,920	--	--	--	--	--	50,508,206	54,832,126
Financial and development funds	6,361,626	5,584,493	5,584,493	5,584,493	5,584,493	5,776,297	--	34,475,895
Other	14,445,188	2,174,647	2,174,647	800,293	800,293	--	--	20,395,068
Total	**125,830,451**	**88,832,040**	**14,732,924**	**18,761,880**	**8,158,502**	**21,784,121**	**50,508,206**	**328,608,124**

In thousands of Reais, unless otherwise stated

g) Reconciliation of liabilities arising from financing activities

	Dec 31, 2021	Cash changes		Non-cash changes		Dec 31, 2022
		Funding	Settlement / Payment	Changes in exchange rates	Other	
Debt instruments	**72,382,155**	**2,328,600**	**(16,152,051)**	**(2,847,475)**	**3,299,180**	**59,010,409**
Subordinated debts	67,746,490	2,328,600	(15,131,901)	(2,847,475)	2,736,412	54,832,126
Lease liabilities	4,635,665	--	(1,020,150)	--	562,768	4,178,283
Shareholder's equity instruments	**4,926,959**	**--**	**(13,390,911)**	**(423,393)**	**12,282,889**	**3,395,544**
Treasury shares/Capital reserve	6,350,720	--	--	--	7,419	6,358,139
Unallocated retained earnings (1)	(4,673,744)	--	(12,025,776)	--	9,616,157	(7,083,363)
Shareholder's equity attributable to non-controlling interests (2)	3,249,983	--	(1,365,135)	(423,393)	2,659,313	4,120,768
Changes - Total		**2,328,600**	**(29,542,962)**	**(3,270,868)**	**15,582,069**	
Changes - Net			**(27,214,362)**		**12,311,201**	

	Dec 31, 2020	Cash changes		Non-cash changes		Dec 31, 2021
		Funding	Settlement / Payment	Changes in exchange rates	Other	
Debt instruments	**81,209,341**	20,740	**(17,756,522)**	**3,094,951**	**5,813,645**	**72,382,155**
Subordinated debts	78,301,961	20,740	(16,653,580)	3,094,951	2,982,418	67,746,490
Lease liabilities	2,907,380	--	(1,102,942)	--	2,831,227	4,635,665
Shareholder's equity instruments	**4,659,162**	**--**	**(7,246,368)**	**(32,407)**	**7,546,572**	**4,926,959**
Treasury shares / capital reserve	6,344,966	--	--	--	5,754	6,350,720
Unallocated retained earnings (1)	(4,447,316)	--	(6,576,713)	--	6,350,285	(4,673,744)
Shareholder's equity attributable to non-controlling interests (2)	2,761,512	--	(669,655)	(32,407)	1,190,533	3,249,983
Changes - Total		**20,740**	**(25,002,890)**	**3,062,544**	**13,360,217**	
Changes - Net			**(24,982,150)**		**16,422,761**	

(1) It includes interest on additional equity instrument and dividends or interest on own capital of controlling shareholders.
(2) It includes dividends or interest on shareholders' equity of non-controlling shareholders, as well as the variation of equity in non-contolling interests.

35 – PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

Civil lawsuits

Civil lawsuits relate mainly to claims from customers and users of the Bank's network. In most cases, they are requesting indemnification for material or moral damages arising from banking products or services, inflationary deductions from Economic Plans about financial investments, judicial deposits and rural credit, return of payment due to revision of contractual clauses on financial responsabilities and actions of demanding accounts proposed by customers to explain entries made in checking accounts.

Indemnifications for material and moral damages are ordinarily based on consumer protection laws and generally settled in specific civil courts. The awards are limited to forty times the minimum wage (R$ 1,212.00 on December 31, 2022).

The Bank is a defendant in claims seeking the payment and refunding the overpayment of the difference between the actual inflation rate and the inflation rate used for the adjustment of financial investments and rural credit when Economic Plans (Bresser Plan, Verão Plans and Collor Plans I and II) were implemented in the late 1980's and early 1990's.

Although it complied with prevailing laws and regulations at the time, the Bank set-up provisions for these lawsuits. The provisions consider claims brought against the Bank and the loss risk. Loss probabilities are determined after an analysis of each claim considering the most recent decisions in the Superior Courts of Justice (STJ) in the Federal Supreme Court (STF).

With respect to cases involving the financial investments related to Economic Plans, the Federal Supreme Court (STF) suspended prosecution of all cases in the knowledge phase. This will be the case until the court issues a definitive ruling. In the end of 2017, Febraban and the entities representing the savers signed an agreement about the demands involving the economic plans in savings accounts. This agreement has already been approved by the Federal Supreme Court. Since May 2018, savers could join the agreement, through a tool made available by Febraban. On March 12, 2020, the contract was extended for another 30 months, extendable for another 30 months, according to the Amendment signed by the entities representing financial institutions and consumers, according to the ratification ruling rendered by the STF Plenary on May 29, 2020, published on June 18, 2020.

Regarding lawsuits related to inflationary purges in judicial deposits, Minister Edson Fachin of the Federal Supreme Court, after acknowledging the general repercussion of the constitutional matter dealt with in the Extraordinary Appeal interposed by the Bank, the Caixa Econômica Federal, the Federal Government and the Febraban (RE no. 1,141,156/RJ), has ordered the suspension of the processes that deal with the matter and that process in the national territory, wich was confirmed by STF on September 11, 2019.

The Bank is a defendant on civil lawsuits moved by rural credit borrowers linked to Collor Plan I. The plaintiffs motioned that the Bank indexed their loans incorrectly and is liable to pay the difference. In 2015, Superior Courts of Justice (STJ) decided on the Special Appeal RESP 1,319,232-DF in the Public Civil Lawsuit ACP 94,008514-1, that the Federal Government, the Brazilian Central Bank and the Bank are jointly and severally liable for the indexation differences between the Customer Price Index (IPC - 84.32%) and the National Treasure Bonus (BTN - 41.28%), as found in March 1990, monetarily correcting the amounts from the overpayment, by the index applicable to judicial debts, plus interest for late payment. The defendants appealed and the litigation has yet to be resolved. A suspensive effect was attributed to the Extraordinary Appeal interposed by Banco do Brasil until the STF judges Extraordinary Appeal 1,101,937/SP, wich deals about the territorial extension of the collective sentence. Considering the conclusion of the judgment of RE 1,101,937/SP with the establishment of the thesis of unconstitutionality of art. 16, of Law 7,347/1985, and the consequent possibility of national coverage of the collective judgment, on March 24, 2021, the Vice President of the STJ revoked the suspensive effect previously attributed to the Extraordinary Appeal filed by the Bank and dismissed it on June 22, 2021, the appropriate appeals await judgment.

Labor lawsuits

The Bank is a party to labor claims involving mainly former employees, banking industry unions or former employees of companies that provide services (outsourced). These claims cover requests of compensation, overtime, incorrect working hours, and additional functions bonus, subsidiary liability, among others.

Tax lawsuits

The Bank may receive questions about taxes and tax conduct related to its position as a taxpayer or responsible for tax, in inspection procedures, which may lead to the issuance of tax notices. Most claims arising from the notices relate to service tax (ISSQN), income tax, social contribution (CSLL), the Social Integration Program (PIS), Contribution to Social Security Financing (Cofins), Tax on Financial Transactions (IOF), and Employer Social

Security Contributions (INSS). To guarantee the disputed tax credit, the Bank has judicial deposits, pledged collateral in the form of cash, government bonds or real estate pledges when necessary.

a) Provisions

In accordance with IAS 37, the Bank recorded a provision for civil, labor and tax demands with risk of loss probable, quantified using individual or aggregated methodology, according to the nature and/or process value.

The estimates of outcome and financial effect are determined by the nature of the claims, the management's judgment, by the opinion of legal counsel on the basis of process elements, complemented by the complexity and the experience of similar demands.

The Management considers to be sufficient the provision for losses of civil, labor and tax claims.

In thousands of Reais, unless otherwise stated

Changes in the provisions for civil, labor and tax claims classified as probable

	2022	2021	2020
Civil lawsuits			
Opening balance	**11,409,264**	**9,579,206**	**8,851,582**
Addition	4,208,206	5,339,495	3,547,535
Reversal of the provision	(401,229)	(475,140)	(326,014)
Write-off	(3,706,444)	(3,372,074)	(2,714,146)
Inflation adjustment and exchange fluctuation	505,667	337,777	220,249
Closing balance	**12,015,464**	**11,409,264**	**9,579,206**
Labor lawsuits			
Opening balance	**4,746,919**	**4,499,477**	**3,663,769**
Addition	2,396,072	1,987,572	2,410,796
Reversal of the provision	(379,921)	(241,631)	(440,413)
Write-off	(1,768,070)	(1,812,577)	(1,382,776)
Inflation adjustment and exchange fluctuation	436,614	314,078	248,101
Closing balance	**5,431,614**	**4,746,919**	**4,499,477**
Tax lawsuits			
Opening balance	**570,356**	**440,539**	**415,396**
Addition	695,482	295,824	211,523
Reversal of the provision	(272,787)	(54,141)	(136,246)
Write-off	(131,544)	(123,714)	(56,628)
Inflation adjustment and exchange fluctuation	64,120	11,848	6,494
Closing balance	**925,627**	**570,356**	**440,539**
Total civil, labor and tax	**18,372,705**	**16,726,539**	**14,519,222**

Civil, labor and tax claims expenses

	2022	2021	2020
Civil lawsuits	(4,312,644)	(5,202,132)	(3,441,770)
Labor lawsuits	(2,452,765)	(2,060,019)	(2,218,484)
Tax lawsuits	(486,815)	(253,531)	(81,771)
Total	**(7,252,224)**	**(7,515,682)**	**(5,742,025)**

Expected outflows of economic benefits

	Civil	Labor	Tax
Up to 5 years	10,814,142	4,964,288	557,428
Over 5 years	1,201,322	467,326	368,199
Total	**12,015,464**	**5,431,614**	**925,627**

The scenario of unpredictability of the duration of proceedings, and the possibility of changes in the case law of the courts, make values and the expected outflows of economic benefits uncertain.

In thousands of Reais, unless otherwise stated

b) Contingent liabilities - possible loss

The civil, labor and tax lawsuits for which the risk of loss is considered possible do not require provisions when the final outcome of the process is unclear and when the probability of losing is less than probable and higher than the remote, in accordance with IAS 37.

The balances of contingent liabilities classified as possible loss

	Dec 31, 2022	Dec 31, 2021
Tax lawsuits [1]	16,441,899	13,021,018
Civil lawsuits	2,359,110	2,530,401
Labor lawsuits	124,079	124,622
Total	**18,925,088**	**15,676,041**

(1) The main contingencies originate from (i) notices of labor infraction from the National Social Security Institute (INSS) or from the Federal Revenue of Brazil aiming at the payment of employee profit sharing in the amount of R$ 2,127,184 thousand; and meal tickets in the amount of R$ 2,642,506 thousand; and (ii) notices of tax assessment drawn by the Treasuries of the Municipalities, which amounts R$ 2,093,747 thousand.

c) Contingent assets

Contingent assets are not recognized in the financial statements according to IAS 37.

d) Deposits in guarantee

This line-item represents cash held in the Bank or with another official financial institution as payment, or guarantee of payment, for condemnations, claims, agreements and other expenses arising from lawsuits. Deposits in guarantee are recorded in “other financial assets” in the consolidated balance sheet.

Deposits given in guarantee of contingencies

	Dec 31, 2022	Dec 31, 2021
Civil lawsuits	19,399,827	18,621,596
Tax lawsuits	8,804,854	9,566,584
Labor lawsuits	7,421,326	6,765,433
Total	**35,626,007**	**34,953,613**

In thousands of Reais, unless otherwise stated

36 – TAXES

a) Breakdown of income tax (IR) and social contribution expenses (CSLL) recognized in profit or loss

	2022	2021	2020
Current			
Current year	(6,773,108)	(3,512,020)	(3,585,727)
Prior year adjustments	(14,931)	(32,378)	(5,290)
Total current	**(6,788,039)**	**(3,544,398)**	**(3,591,017)**
Deferred			
Positive adjustments of benefit plans	(1,518,131)	(845,363)	--
Income taxes carryforwards	(646,790)	1,337,926	(61,533)
Inflation adjustments of judicial deposits	(373,223)	(153,018)	(95,680)
Unrealized profit on transactions with equity – accounted investees (Cateno)	(77,543)	(77,543)	(77,543)
Adjustments from leasing portfolio	(11,629)	(6,016)	(3,486)
Business combination adjustments	(3,892)	(3,627)	(14,713)
Adjustments from expected loss for other financial assets	39,708	(389,303)	(829,325)
Fair value adjustments of financial assets	377,439	(77,276)	(136,032)
Adjustments from expected loss on loans to customers	573,900	754,804	(1,130,986)
Other temporary differences/deferred expenses	(24,182)	(1,263,106)	7,656,195
Total deferred	**(1,664,343)**	**(722,522)**	**5,306,897**
Total income taxes	**(8,452,382)**	**(4,266,920)**	**1,715,880**

b) Reconciliation of income taxes expense

	2022	2021	2020
Income before taxes	38,301,717	23,989,791	11,577,003
Total charges of IR (25%) and CSLL (21%) (1)	**(17,235,773)**	**(11,584,161)**	**(5,209,651)**
Interest on own capital	4,335,904	3,006,873	1,888,600
Revenues from the Center-West Financing Fund – FCO	2,248,410	2,277,123	1,897,563
Net gains from equity method investments	2,300,018	1,468,510	1,044,865
Income from subsidiaries with different income tax rates	833,140	754,908	510,791
Non-taxable revenues/non-deductible expenses	(934,081)	(190,173)	1,583,712
Income taxes benefit (expense)	**(8,452,382)**	**(4,266,920)**	**1,715,880**
Effective rate	**22.07%**	**17.79%**	**--**

(1) The CSLL had different rates during the periods evidenced, as follows: 20% for the period from Jan 1 to Jun 30, 2021; 25% from July 1 to Dec 31, 2021; 20% for the period from Jan 1 to July 31, 2022 and 21% for the period from August to December, 2022 (Article 3 of Law 7,689/1988). The consolidated companies observed the determinations expressed in Law 7,689, of December 15, 1988, Art. 3, items I, II-A and III, amended by Laws 14,183, of July 14, 2021 and 14,446, of September 2, 2022.

c) Income taxes recognized in shareholders' equity

	2022	2021	2020
Income taxes recognized in profit or loss	(8,452,382)	(4,266,920)	1,715,880
Income taxes recognized in other comprehensive income	(3,363,737)	(6,830,043)	(6,551,042)
Total	**(11,816,119)**	**(11,096,963)**	**(4,835,162)**

In thousands of Reais, unless otherwise stated

d) Deferred income taxes recognized in the consolidated balance sheet

Assets

	Dec 31, 2021	Constitutions	Write-offs	Dec 31, 2022
Deferred tax assets				
Expected loss on loans to customers	28,947,981	13,142,129	(11,479,985)	30,610,125
Provisions – others	13,675,806	4,509,247	(3,420,640)	14,764,413
Income taxes carryforwards	3,663,784	831,072	(1,503,658)	2,991,198
Business combination	2,384,315	--	(3,891)	2,380,424
Negative fair value adjustments of financial assets	2,344,014	945,837	(1,500,281)	1,789,570
Expected loss on guarantees provided and loan commitments	905,007	518,287	--	1,423,294
Negative adjustments of benefits plans	1,282,296	366,698	(689,894)	959,100
Recoverable social contribution	636,538	--	--	636,538
Provisions – taxes and social security	1,001,835	185,053	(575,781)	611,107
Deferral of fees and commissions for adjustment based on the effective interest rate method	357,652	--	(26,907)	330,745
Other provisions	2,464,594	1,547,225	(3,180,383)	831,436
Total	**57,663,822**	**22,045,548**	**(22,381,420)**	**57,327,950**

Liabilities

	Dec 31, 2022	Dec 31, 2021
Deferred tax liabilities		
From actuarial gains	(9,438,940)	(5,622,516)
Arising from recovered term credits	(1,592,516)	(762,298)
Positive fair value adjustments of financial assets	(1,459,045)	(1,666,342)
Bargain purchase gains	(337,712)	(895,841)
Inflation adjustments of judicial deposits	(134,144)	(134,144)
Adjustments from leasing portfolio	(36,487)	(24,858)
Other	(567,774)	(473,763)
Total	**(13,566,618)**	**(9,579,762)**

The foreign subsidiaries do not recognize some deferred tax assets due to the low probability of realization, according to Management's evaluation. Unrecognized deferred tax assets total R$ 1,165,599 thousand, consisting of R$ 1,057,202 thousand related to tax losses carry forwards and R$ 108,397 thousand related to temporary differences. In Brazil, unrecognized deferred tax assets total R$ 26,608 thousand, consisting of R$ 22,744 thousand related to tax losses carry forwards and R$ 3,864 thousand related to temporary differences.

In thousands of Reais, unless otherwise stated

e) Expected realization of deferred tax assets

	Deferred tax assets
In 2023	16,822,575
In 2024	20,116,056
In 2025	10,734,862
In 2026	2,728,779
In 2027	2,907,468
In 2028	2,814,765
In 2029	807,865
In 2030	21,305
In 2031	22,213
In 2032	332,074
In 2033	19,988
Total	**57,327,950**

The expected realization of deferred tax assets is supported by a technical study prepared as of December 31, 2022.

During 2022, deferred tax assets were realized in the amount of R$ 22,381,420 thousand, which corresponded to 163.40% of the amount calculated in the technical study prepared on December 31, 2021.

37 – SHAREHOLDERS' EQUITY

a) Book value and market value per common share

	Dec 31, 2022	Dec 31, 2021
Shareholders' equity	158,956,355	142,751,482
Book value per share (R$) [(1)]	55.70	50.03
Fair value per share (R$)	34.73	28.85

(1) The book value per share calculation is made by dividing the shareholders' equity by the total number of common shares, excluding treasury shares.

b) Share capital

Banco do Brasil's share capital of R$ 90,000,023 thousand (R$ 90,000,023 thousand on December 31, 2021) is fully subscribed and paid-in and consists of 2,865,417,020 common shares with no par value. The Federal Government is the largest shareholder and holds a majority of the Bank's voting shares.

The Bank may, even without amending its by-laws, if approved by the Meeting of Shareholders, and in the conditions established therein, increase its capital up to the limit of R$ 120,000,000 thousand by issuing common shares, for which shareholders should be granted preference in the subscription in proportion to the number of shares held.

c) Instruments qualifying as common equity tier 1 capital

The Bank signed a loan agreement with the federal government on September 26, 2012, as hybrid capital and debt instrument, in the amount up to R$ 8,100,000 thousand, whose resources were designated to finance agribusiness.

In thousands of Reais, unless otherwise stated

As result of the amendment, in 08.28.2014, the interest rate was changed to variable rate, and the interest period was changed to match the Bank's fiscal year (January 1 to December 31). Each years' interest is paid in a single annual installment, adjusted by the Selic rate up to the effective payment date. Payment must be made within 30 calendar days after the dividend payment for the fiscal year.

The interest payment must be made from profits or profit reserves available for distribution at the end of the fiscal year preceding the calculation date. Payment is at Management's discretion. Unpaid interest does not accumulate. If the payment or dividend distribution is not made (including in the form of interest on own capital) prior to the end of the subsequent fiscal year, the accrued interest is no longer owed.

If the Bank's retained earnings, profit reserves (including the legal reserve) and capital reserve cannot fully absorb losses calculated at the end of a fiscal year, the Bank will no longer be obligated to the interest. The Bank will apply the accrued interest and principal balance, in this order, to offset any remaining losses. This will be considered a pay-down of the instrument.

The instrument does not have a maturity date. It is only payable if the Bank is dissolved or Bacen authorizes the repurchase of the instrument. If the Bank is dissolved, the payment of principal and interest is subordinated to payment of the Bank's other liabilities. There will be no preferred interest on the loan under any circumstances, including in relation to other equity instruments included in Reference Equity.

According to the Information to the Market, dated April 8, 2021, the Bank presented a proposal to return the referred instrument in seven annual installments of R$ 1 billion and a final installment of R$ 1.1 billion, based on a schedule between July/2022 and July/2029. On July 28, 2022, the Bank returned to the National Treasury the amount of R$ 1 billion referring to the first installment, which early settlement has been authorized by Bacen on July 19, 2022.

d) Capital reserves

The capital reserves, totaling R$ 6,630,709 thousand (R$ 6,627,633 thousand on December 31, 2021), relates mainly to changes in the Bank's ownership interest in BB Seguridade after the IPO, increased ownership interest in Banco Patagonia resulting from the exercise of a put option, by minority shareholders, as provided for in a Shareholders Agreement entered into on 04.12.2011 between the Bank and the minority shareholders, as well as the sale of treasury shares, ocurred on 10.23.2019.

e) Profit reserves

	Dec 31, 2022	Dec 31, 2021
Profit reserves	**70,142,173**	**51,180,290**
Legal reserve	11,777,636	10,237,793
Statutory reserves	58,364,537	40,942,497
Operating margin	51,047,561	32,636,497
Capital payout equalization	7,316,976	8,306,000

The legal reserve ensures the adequacy of the Bank's capital structure and can only be used to offset losses or increase capital. Five percent of net income calculated in accordance with accounting practices applicable for financial institutions in Brazil, before any other allocations, is transferred to the legal reserve. The amount of the reserve cannot exceed 20% of the share capital.

The operating margin statutory reserve ensures the adequacy of the Bank's operating margins in accordance with its business activities. The reserve consists of up to 100% of net income calculated in accordance with accounting practices applicable for financial institutions in Brazil after allocation to legal reserve (including dividends) and is limited to 80% of the share capital.

The reserve for capital payout equalization provides funds for the capital payout. The reserve consists of up to

In thousands of Reais, unless otherwise stated

50% of net income calculated in accordance with accounting practices applicable for financial institutions in Brazil after allocation to legal reserve (including dividends) and is limited to 20% of the share capital.

f) Accumulated other comprehensive income/(loss)

Accumulated other comprehensive income/(loss) includes fair value adjustments for financial assets as fair value through other comprehensive income, translation adjustments on foreign operations, net effects of hedges and remeasurements of defined benefit plans. The Bank recognized in other comprehensive income/(loss) all translation adjustments on foreign operations whose functional currency is not the Brazilian Real.

	Dec 31, 2022	Dec 31, 2021
Financial assets at fair value through other comprehensive income	(2,632,077)	(1,664,736)
Hedge of investment in a foreign operation	9,323	--
Foreign exchange variation in investments abroad	(3,193,840)	(1,873,586)
Actuarial gains/(losses) on pension plans	(1,845,703)	(4,699,652)
Cash flow hedge	43,654	175,983
Change in participation in the capital of associates/subsidiaries	58,026	--
Total	**(7,560,617)**	**(8,061,991)**

g) Unallocated retained earnings

The amount included in this account represents the effect of differences between accounting practices applicable for financial institutions in Brazil and IFRS. Net income calculated in accordance with accounting practices applicable for financial institutions in Brazil is fully distributed semiannually in the form of dividends/interest on own capital or allocated to the profit reserve.

h) Interest on own capital/dividends

In accordance with Laws 9,249/1995, 9,430/1996 and the Bank's Bylaws, Management decided on the payment of Interest on own capital to its shareholders.

In compliance with the income tax as well as social contribution legislation, the interest on own capital is calculated based on adjusted net equity value. It is limited, on a pro rata die basis, to the variation of long-term interest rate, as long as there is profit (before the deduction of interest on own capital) or reserves for retained earnings and profit reserves of at least twice its value, being deductible in the calculation of the taxable income.

In thousands of Reais, unless otherwise stated

Payment schedule of interest on own capital and dividends:

2022	Amount	Amount per share (R$)	Base date of payment	Payment date
1st quarter				
Dividends	443,296	0.155	May 23, 2022	May 31, 2022
Interest on own capital (1)	601,008	0.211	Mar 14, 2022	Mar 31, 2022
Complementary interest on own capital (1)	1,477,370	0.518	May 23, 2022	May 31, 2022
2nd quarter				
Dividends	571,257	0.200	Aug 22, 2022	Aug 31, 2022
Interest on own capital (1)	714,210	0.250	Jun 13, 2022	Jun 30, 2022
Complementary interest on own capital (1)	1,628,481	0.571	Aug 22, 2022	Aug 31, 2022
3rd quarter				
Dividends	485,698	0.170	Nov 21, 2022	Nov 30, 2022
Interest on own capital (1)	781,128	0.274	Sep 12, 2022	Sep 30, 2022
Complementary interest on own capital (1)	1,810,537	0.634	Nov 21, 2022	Nov 30, 2022
4th quarter				
Dividends	671,995	0.235	Feb 23, 2023	Mar 03, 2023
Interest on own capital (1)	985,986	0.346	Dec 12, 2022	Dec 29, 2022
Complementary interest on own capital (1)	1,636,622	0.574	Feb 23, 2023	Mar 03, 2023
Total allocated to the shareholders	**11,807,588**	**4.138**		
Dividends	2,172,246	0.760		
Interest on own capital (1)	9,635,342	3.378		

(1) Amounts subject to withholding tax, with the exception of shareholders who are exempted or immune.

2021	Amount	Amount per share (R$)	Base date of payment	Payment date
1st quarter				
Dividends	212,107	0.074	May 21, 2021	May 28, 2021
Interest on own capital (1)	415,758	0.146	Mar 11, 2021	Mar 31, 2021
Complementary interest on own capital (1)	970,473	0.340	May 21, 2021	May 28, 2021
2nd quarter				
Interest on own capital (1)	480,852	0.169	Jun 11, 2021	Jun 30, 2021
Complementary interest on own capital (1)	986,104	0.346	Aug 23, 2021	Aug 31, 2021
3rd quarter				
Interest on own capital (1)	527,136	0.185	Sep 13, 2021	Sep 30, 2021
Complementary interest on own capital (1)	1,123,392	0.394	Nov 22, 2021	Nov 30, 2021
4th quarter				
Dividends	1,015,304	0.356	Mar 02, 2022	Mar 11, 2022
Interest on own capital (1)	499,320	0.175	Dec 13, 2021	Dec 30, 2021
Complementary interest on own capital (1)	1,296,030	0.454	Mar 02, 2022	Mar 11, 2022
Total allocated to the shareholders	**7,526,476**	**2.639**		
Dividends	1,227,411	0.430		
Interest on own capital (1)	6,299,065	2.209		

(1) Amounts subject to withholding tax, with the exception of shareholders who are exempted or immune.

In thousands of Reais, unless otherwise stated

i) Shareholders (number of shares)

Number of shares issued by the Bank to shareholders which, directly or indirectly, hold more than 5% of the shares. It also includes members of the Bank's Board of Directors, Executive Committee, Fiscal Council and Audit Committee as follows:

Shareholders	Dec 31, 2022		Dec 31, 2021	
	Shares	% Total	Shares	% Total
Federal Government - Tesouro Nacional	1,432,708,542	50.0	1,432,708,542	50.0
Caixa de Previdência dos Funcionários do Banco do Brasil – Previ	131,948,214	4.6	133,689,414	4.7
Treasury shares [1]	11,830,375	0.4	12,017,619	0.4
Other shareholders	1,288,929,889	45.0	1,287,001,445	44.9
Total	**2,865,417,020**	**100.0**	**2,865,417,020**	**100.0**

(1) It includes, on December 31, 2022, 49,614 shares of the Bank held by BB Asset (42,983 on December 31, 2021).

	Common shares (ON) [1]	
	Dec 31, 2022	Dec 31, 2021
Board of Directors (except for the Bank's CEO)	3,988	3,599
Executive Committee (includes the Bank's CEO)	128,355	95,341
Fiscal Council	1,000	1,000
Audit Committee	2,012	2,015

(1) The shareholding interest of the Board of Directors, Executive Committee, Fiscal Council and Audit Committee represents approximately 0.005% of the Bank's capital stock.

j) Quantity of issued shares and quantity of shares in the market (free float)

	Quantity of shares	
	Common shares	Treasury shares
Balance on Dec 31, 2021	**2,865,417,020**	**12,017,619**
Movements	--	(187,244)
Balance on Dec 31, 2022	**2,865,417,020**	**11,830,375**

	Dec 31, 2022		Dec 31, 2021	
	Amount	%	Amount	%
Free float at the beginning of period	**1,420,591,910**	**49.6**	**1,420,413,540**	**49.6**
Other changes [1]	153,841		178,370	
Free float at the end of period [2]	**1,420,745,751**	**49.6**	**1,420,591,910**	**49.6**

(1) It includes changes coming from Technical and Advisory Bodies.

(2) It does not include any shares held by the Board of Directors and Executive committee. The shares held by the Caixa de Previdência dos Funcionários do Banco do Brasil – Previ compose the free float shares.

In thousands of Reais, unless otherwise stated

k) Treasury shares

The composition of the treasury shares is shown below:

	Dec 31, 2022		Dec 31, 2021	
	Shares	% Total	Shares	% Total
Treasury shares	**11,830,375**	**100.0**	**12,017,619**	**100.0**
Received in order to comply with operations secured by the FGCN – Fundo de Garantia para a construção Naval	8,075,350	68.3	8,075,350	67.2
Repurchase programs (2012 and 2015)	3,348,867	28.3	3,570,196	29.7
Share-based payment	406,095	3.4	372,010	3.1
Mergers	63	--	63	--
Book value	**(272,570)**		**(276,913)**	

l) Share-based payments

The program of variable remuneration

The program of variable remuneration was based on the CMN Resolution 3,921 of November 25, 2010, which governs compensation policies for executives of financial institution.

The program has a yearly basis period. It is established according to the risks and the activity overseen by the executive and has as pre requirements: the activation of the participation in profit and results program and the achievement of accounting profit by the Bank.

The calculation of variable remuneration is based on indicators that measure the achievement of corporate and individual goals, based on the Corporate Strategy of Banco do Brasil – ECBB for the period. The program also determines that 50% of the remuneration should be paid in cash and the remaining 50% should be paid in shares.

The number of Banco do Brasil shares to be allocated to each participant is calculated by dividing the net amount equivalent to 50% of variable remuneration to which one is entitled, to the average price of the share in the week prior to the payment. The average price is the simple arithmetic mean of the daily average prices of the week prior to the payment. At the time of calculation of deferred installments, if fractions occur, they are accumulated in the first installment to be made available.

The distribution of compensation in shares occurs in a way that 20% is immediately transferred for the beneficiary's ownership and 80% is deferred for a period of four years, in which: 20% within one year, 20% within two years, 20% within three years and 20% within four years.

The effects of the Program of Variable Remuneration on the income of Banco were R$ 21,875 thousand in 2022 (R$ 21,875 thousand in 2021).

BB Asset, in accordance to the resolution mentioned above, also adopted variable remuneration policy for its directors, directly acquiring treasury shares of the Banco do Brasil. All shares acquired are BBAS3 and its fair value is the quoted market price on the date of grant.

In thousands of Reais, unless otherwise stated

We present the statement of acquired shares, its distribution and its transfer schedule:

	Total program shares	Average cost	Shares distributed	Shares to distribute (1)	Estimated schedule transfers
2018 Program					
Banco do Brasil	127,860	53.44	100,698	25,556	Mar 2023
Total shares to be distributed				**25,556**	
BB Asset	14,218	53.44	11,376	2,842	Mar 2023
Total shares to be distributed				**2,842**	
2019 Program					
Banco do Brasil	162,641	46.05	90,300	32,509	Mar 2023
				32,509	Mar 2024
Total shares to be distributed				**65,018**	
BB Asset	15,998	46.07	9,604	3,197	Mar 2023
				3,197	Mar 2024
Total shares to be distributed				**6,394**	
2020 Program					
Banco do Brasil	164,146	29.65	64,287	32,809	Mar 2023
				32,809	Mar 2024
				32,809	Mar 2025
Total shares to be distributed				**98,427**	
BB Asset	29,585	29.65	11,843	5,914	Mar 2023
				5,914	Mar 2024
				5,914	Mar 2025
Total shares to be distributed				**17,742**	
2021 Program					
Banco do Brasil	193,027	33.52	38,687	38,585	Mar 2023
				38,585	Mar 2024
				38,585	Mar 2025
				38,585	Mar 2026
Total shares to be distributed				**154,340**	
BB Asset	28,302	33.52	5,666	5,659	Mar 2023
				5,659	Mar 2024
				5,659	Mar 2025
				5,659	Mar 2026
Total shares to be distributed				**22,636**	

(1) Any difference between the total number of shares to be distributed and the transfer schedule results from specific cases of shares pending transfer/reversal.

In thousands of Reais, unless otherwise stated

38 – FAIR VALUE OF FINANCIAL INSTRUMENTS

	Dec 31, 2022		Dec 31, 2021	
	Carrying amount	Fair Value	Carrying amount	Fair Value
Assets				
Cash and bank deposits	18,310,546	18,310,546	18,023,001	18,023,001
Compulsory deposits with Brazilian Central Bank	95,119,085	95,119,085	75,504,036	75,504,036
Financial assets at amortized cost, net	1,352,904,935	1,327,888,759	1,344,538,282	1,374,507,849
Loans to financial institutions	62,607,954	63,066,978	42,842,588	42,909,565
Securities purchased under resale agreements	360,620,474	360,557,861	487,472,927	487,473,230
Loans to customers	832,938,557	808,100,015	734,290,606	766,183,670
Securities	47,996,424	47,422,379	33,107,809	31,117,032
Other financial assets	48,741,526	48,741,526	46,824,352	46,824,352
Financial assets at fair value through profit or loss	12,078,012	12,078,012	11,739,070	11,739,070
Financial assets at fair value through other comprehensive income	369,770,754	369,770,754	305,490,911	305,490,911
Liabilities				
Financial liabilities at amortized cost	1,753,201,995	1,755,011,768	1,679,166,834	1,681,905,704
Deposits of clients	753,263,047	753,309,420	671,269,541	671,319,029
Amount payable to financial institutions	24,082,857	24,278,125	26,167,697	26,575,930
Securities sold under repurchase agreements	564,453,599	565,851,849	621,836,755	623,953,354
Liabilities from issuance of securities and other financial liabilities	328,608,124	328,778,006	292,677,975	292,842,525
Other financial liabilities	82,794,368	82,794,368	67,214,866	67,214,866
Financial liabilities at fair value through profit or loss	2,764,797	2,764,797	2,053,161	2,053,161

The fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. When quoted prices in an active market are available, fair value of financial instruments is based on those prices. In the absence of an active market for a financial instrument, fair value is estimated to arrive at a fair and equitable valuation for the instrument.

The methods used to estimate fair value for the different categories of financial instruments are as follows:

a) Cash and bank deposits

Amounts included in this line-item of the consolidated balance sheet represent highly liquid assets. Therefore, the carrying amount is considered to be the same as fair value.

b) Compulsory deposits with Brazilian Central Bank

For this line-item, the carrying amount in the consolidated balance sheet is considered to be the same as fair value.

c) Loans to financial institutions and securities purchased under resale agreements

The fair value of loans to financial institutions and repurchase agreements with fixed rates is determined by discounting estimated future cash flows using current rates on similar instruments (in these cases, similar assets can always be identified).

The inputs used to calculate fair value (funding rates) are compared to rates on similar transactions carried out by other institutions in the financial market. The carrying amount of variable rate instruments is considered to be the same as fair value. Being transactions backed by securities, the pricing of repurchase agreements does not consider any credit risk measurement in its fair value.

Since repurchase agreements are guaranteed by securities, the fair value measurement does not consider credit risk.

d) Financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income and securities

These line-items consist mainly of debt and equity instruments and derivatives. Considering the definition of fair value mentioned previously, if there is no price quotation from an active market available or recent transactions with a similar financial instruments, the Bank estimates fair value based on methodologies commonly used in the market. These methodologies include the present value of discounted cash flows (swaps, futures and currency forwards) and the Black-Scholes model for options.

Under the present value method, expected future cash flows are based on the instruments' return. The cash flows are then discounted to present value considering the term and yield curve.

The yield curve depends on the type of asset. For example, for securities in which the yield is linked to the IPCA index, the Bank uses the IPCA curve plus the spread on the measurement date.

The Bank uses a Black-Scholes model to price European options. The option price is measured as a closed-form solution to the Black-Scholes equation. The inputs to the model are directly observable in the market.

The Bank uses this model (without considering dividends) to calculate option premiums and volatility because it is widely used in the market and by stock exchanges to determine daily settlements for European options. In calculating volatility for call options, American and European models produce the same results. This allows for the use of the European model for all American call options.

The main sources for the inputs by category of financial asset are as follows:

- government securities – Anbima/Bacen;
- private securities (B3, SND – National Debentures System, Anbima and Cetip); and
- derivatives (B3, Broadcast and Reuters).

Alternative sources of information (secondary sources) are used when information from primary sources is unavailable, in a situation of a systemic crisis, when there is a lack of liquidity for certain assets or classes of assets, and in case of significant differences among information given by market providers. As an alternative source, the Bank uses Bloomberg. Additionally, in situations of critical missing information, estimates are made using prior day information from primary sources.

e) Loans to customers

The fair value of loans to customers, for post-fixed operations, was mostly considered as the book value itself, due to the equivalence between them. For transactions remunerated at fixed interest rates, future cash flows from loans to customers are calculated based on contractual interest rates and payment dates. Fair value is determined by discounting these estimated cash flows at rates being practiced on the valuation date for operations of similar types.

The credit risk spread is calculated using a methodology based on the expected loss index weighted by the maturity of the operation. This methodology considers loss rates and severities for a variety of different credit lines. It also considers customer data from when the loan was originated, including the business segment and credit risk assigned to the counterparty.

There are always similar assets in the market, so inputs used to calculate fair value (interest rates) can be compared to similar transactions carried out by other financial institutions. The interest rates reflect all applicable costs and risks, including credit risk. They also incorporate funding costs, administrative costs, taxes, credit losses and the Bank's spread.

The Bank has a group of short-term revolving loans (i.e. overdrafts and revolving credit cards) in which the carrying amount approximates fair value. The maturity of these transactions does not exceed one month.

f) Deposits of clients

The fair value of fixed rate deposits with fixed maturities is calculated by discounting the contractual cash flows by the current market rate for transactions with similar maturities.

There are always similar liabilities in the market, so inputs used to calculate fair value (funding rates) can be compared to similar transactions carried out by other financial institutions. These rates reflect all applicable costs and risks, including opportunity costs, administrative costs, taxes and the Bank's spread.

The carrying amount of variable rate deposits with maturities up to 30 days is considered to be the same as fair value.

g) Securities sold under repurchase agreements

The fair value of securities sold under repurchase agreements with fixed interest rates is calculated by discounting the cash flows by the current market rate for similar transactions.

There are always similar liabilities in the market, so inputs used to calculate fair value (funding rates) can be compared to similar transactions carried out by other financial institutions.

The carrying amount of variable rate transactions is considered to be the same as fair value.

Since the transactions are guaranteed by securities, the fair value measurement for repurchase agreements does not consider credit risk.

h) Liabilities from issuance of securities and other financial liabilities

Fair value is determined by discounting the cash flows using market rates for liabilities with similar contractual terms, maturities and risks.

i) Other financial assets and liabilities

For this line-item, the carrying amount in the consolidated balance sheet is considered to be the same as fair value.

j) Fair value input levels for financial assets and liabilities

The Bank's fair value measurements consider the following input levels:

Level 1 – Price quotations are derived from active markets for identical financial instruments. Financial instruments are considered to be quoted in an active market if prices are readily available and are based on regularly occurring arm's length transactions.

Level 2 – Requires the use of information obtained from the market that is not Level 1. This includes prices quoted in non-active markets for similar assets and liabilities and information that can be corroborated in the market.

Level 3 – Requires the use of information not obtained from the market to measure fair value. When there is not an active market for an instrument, the Bank uses valuation techniques that incorporate internal data. The Bank's methodologies are consistent with commonly used techniques for pricing financial instruments.

Most of the Bank's fair value measurements consider data obtained directly from active markets. If direct information is not available, it uses references available in the market. As a final option, the Bank considers similar assets. The fair value measurement process is monitored on a daily basis to determine the extent to which market prices are available for the Bank's assets.

The Bank's policy for transferring financial instruments between levels considers liquidity in the market. Depending on the level of liquidity, the Bank defines the type of fair value measurement to be used (mark-to-market or mark-to-model). The transfer policy provides consistent recognition principles for transfers between levels.

For private securities, the mark-to-market and mark-to-model methodologies are based on a market data hierarchy. The Bank monitors the valuation methods for all of these instruments on a daily basis.

When private securities are traded during the day, the mark-to-market calculation is based on the closing price. If there are no trades registered, but an indicative price is released by Anbima, this price will be used.

If there were no trades and there is no indicative price, the Bank determines if the security was negotiated within the past 30 days. If it was, the pricing model considers the relationship between the last negotiated price and the security's accrual value on the first day market volumes becomes available. If there were no trades within the past 30 days, the Bank uses one of two rating criteria (in the following order):

1st criterion – If Anbima releases the security's credit curve rating, the Bank uses the spread of this curve to calculate present value.

2nd criterion – If Anbima does not release the instrument's credit curve rating, the Bank uses a linear regression based on 30 days of indicative prices and interest rates provided by Anbima. The variables used to calculate the regression are the rating, maturity and indicative interest rate.

The Bank takes a conservative approach to mark-to-market values. Figures obtained through market prices and mathematical models are compared to prices calculated by the Risk Department based on credit spreads. The lower of the two prices is used.

As a result, the methodologies discussed above (market prices, indicative prices, historical mathematical relationships and rating aggregation models), which all use market-based data, could result in higher prices compared to figures based credit spreads.

As a result of the periodic review of the classification criteria, the swap contracts started to be classified in level 2 of the fair value hierarchy as of the 3rd quarter/2022.

In thousands of Reais, unless otherwise stated

	Dec 31, 2022	Distribution by level		
		Level 1	Level 2	Level 3
Financial assets and liabilities measured at fair value in the balance sheet on a recurring basis				
Assets	**381,848,766**	**321,952,749**	**57,182,317**	**2,713,700**
Financial assets at fair value through profit or loss	**12,078,012**	**2,554,362**	**9,419,109**	**104,541**
Debt and equity instruments	**10,439,943**	**2,554,362**	**7,781,040**	**104,541**
Government bonds	2,258,875	2,258,875	--	--
Corporate bonds	8,181,068	295,487	7,781,040	104,541
Derivatives	**1,638,069**	**--**	**1,638,069**	**--**
Swaps	1,134,779	--	1,134,779	--
Forward operations	395,025	--	395,025	--
Options	89,042	--	89,042	--
Other derivative financial instruments	19,223	--	19,223	--
Financial assets at fair value through other comprehensive income	**369,770,754**	**319,398,387**	**47,763,208**	**2,609,159**
Government bonds	315,329,345	315,277,702	51,643	--
Corporate bonds	54,441,409	4,120,685	47,711,565	2,609,159
Liabilities	**2,764,797**	**--**	**2,764,797**	**--**
Financial liabilities at fair value through profit or loss	**2,764,797**	**--**	**2,764,797**	**--**
Derivatives	**2,764,797**	**--**	**2,764,797**	**--**
Forward operations	1,073,427	--	1,073,427	--
Swaps	1,024,936	--	1,024,936	--
Options	525,576	--	525,576	--
Other derivative financial instruments	140,858	--	140,858	--
Financial assets and liabilities not measured at fair value in the balance sheet				
Assets	**1,327,888,759**	**17,317,473**	**27,332,705**	**1,283,238,581**
Financial assets at amortized cost, net	1,327,888,759	17,317,473	27,332,705	1,283,238,581
Loans to financial institutions	63,066,978	--	--	63,066,978
Securities purchased under resale agreements	360,557,861	--	--	360,557,861
Loans to customers	808,100,015	--	--	808,100,015
Securities	47,422,379	17,317,473	27,332,705	2,772,201
Other financial assets	48,741,526	--	--	48,741,526
Liabilities	**1,755,011,768**	**--**	**--**	**1,755,011,768**
Financial liabilities at amortized cost	1,755,011,768	--	--	1,755,011,768
Deposits of clients	753,309,420	--	--	753,309,420
Amount payable to financial institutions	24,278,125	--	--	24,278,125
Securities sold under repurchase agreements	565,851,849	--	--	565,851,849
Liabilities from issuance of securities and other financial liabilities	328,778,006	--	--	328,778,006
Other financial liabilities	82,794,368	--	--	82,794,368

In thousands of Reais, unless otherwise stated

	Dec 31, 2021	Distribution by level		
		Level 1	Level 2	Level 3
Financial assets and liabilities measured at fair value in the balance sheet on a recurring basis				
Assets	**317,229,981**	**262,983,098**	**51,783,334**	**2,463,549**
Financial assets at fair value through profit or loss	**11,739,070**	**5,284,237**	**6,102,645**	**352,188**
Debt and equity instruments	**9,604,035**	**5,284,237**	**4,240,507**	**79,291**
Government bonds	4,920,964	4,920,964	--	--
Corporate bonds	4,683,071	363,273	4,240,507	79,291
Derivatives	**2,135,035**	**--**	**1,862,138**	**272,897**
Forward operations	1,623,170	--	1,623,170	--
Swaps	272,897	--	--	272,897
Options	94,055	--	94,055	--
Other derivative financial instruments	144,913	--	144,913	--
Financial assets at fair value through other comprehensive income	**305,490,911**	**257,698,861**	**45,680,689**	**2,111,361**
Government bonds	253,826,113	253,762,223	63,890	--
Corporate bonds	51,664,798	3,936,638	45,616,799	2,111,361
Liabilities	**2,053,161**	**--**	**1,334,568**	**718,593**
Financial liabilities at fair value through profit or loss	**2,053,161**	**--**	**1,334,568**	**718,593**
Derivatives	**2,053,161**	**--**	**1,334,568**	**718,593**
Forward operations	948,705	--	948,705	--
Swaps	718,593	--	--	718,593
Options	340,324	--	340,324	--
Other derivative financial instruments	45,539	--	45,539	--
Financial assets and liabilities not measured at fair value in the balance sheet				
Assets	**1,374,507,849**	**19,878,183**	**11,238,849**	**1,343,390,817**
Financial assets at amortized cost, net	1,374,507,849	19,878,183	11,238,849	1,343,390,817
Loans to financial institutions	42,909,565	--	--	42,909,565
Securities purchased under resale agreements	487,473,230	--	--	487,473,230
Loans to customers	766,183,670	--	--	766,183,670
Securities	31,117,032	19,878,183	11,238,849	--
Other financial assets	46,824,352	--	--	46,824,352
Liabilities	**1,681,905,704**	**--**	**--**	**1,681,905,704**
Financial liabilities at amortized cost	1,681,905,704	--	--	1,681,905,704
Deposits of clients	671,319,029	--	--	671,319,029
Amount payable to financial institutions	26,575,930	--	--	26,575,930
Securities sold under repurchase agreements	623,953,354	--	--	623,953,354
Liabilities from issuance of securities and other financial liabilities	292,842,525	--	--	292,842,525
Other financial liabilities	67,214,866	--	--	67,214,866

In thousands of Reais, unless otherwise stated

39 – FINANCIAL GUARANTEES AND OTHER OFF-BALANCE SHEET COMMITMENTS

	Dec 31, 2022	Dec 31, 2021
Credit commitments	188,489,507	170,148,951
Guarantees provided	11,775,904	11,256,217
Contracted credit opened for import	1,047,202	705,686
Confirmed export credit	621,031	598,396

Credit commitments represent overdrafts, revolving credit lines and similar instruments. Guarantees provided by the Bank, including standby letters of credit which represent conditional commitments. They generally guarantee a customer's performance to a third party under a loan. The information regarding the practices of risk management and maximum exposure are described in Note 41.

In these types of contracts, the contractual amount represents the maximum credit risk exposure if the counterparty fails to fulfill its obligations under the contract. However, a majority of these instruments mature without being drawn upon, so the contractual amount is not usually representative of future credit risk exposures or liquidity needs. To mitigate credit risk, the Bank requires the counterparty to provide cash, securities or other assets as collateral (similar to collateral required on loans to customers).

The Bank recognized a provision for estimated losses on guarantees and other commitments.

a) Breakdown of expected credit losses by stages

	Dec 31, 2022			
	Stage 1	Stage 2	Stage 3	Total
Expected losses for				
Guarantees provided	(158,677)	(17,167)	(138,334)	(314,178)
Loan commitments	(2,987,401)	(283,299)	--	(3,270,700)
Total	**(3,146,078)**	**(300,466)**	**(138,334)**	**(3,584,878)**

	Dec 31, 2021			
	Stage 1	Stage 2	Stage 3	Total
Expected losses for				
Guarantees provided	(214,422)	(77,456)	(225,245)	(517,123)
Loan commitments	(2,162,721)	(82,437)	--	(2,245,158)
Total	**(2,377,143)**	**(159,893)**	**(225,245)**	**(2,762,281)**

b) Reconciliation of changes

The expected losses from the financial guarantee provided and loan commitments are recorded in the Consolidated Statement of Income in the line item "Net (constitution)/reversal of expected credit losses with other financial assets".

In thousands of Reais, unless otherwise stated

	Dec 31, 2022			
	Open Balance	(Constitution)/ reversal	Others	Closing balance
Expected losses for				
Guarantees provided	(517,123)	204,673	(1,728)	(314,178)
Loan commitments	(2,245,158)	(1,025,542)	--	(3,270,700)
Total	**(2,762,281)**	**(820,869)**	**(1,728)**	**(3,584,878)**

	Dec 31, 2021			
	Open Balance	(Constitution)/ reversal	Others	Closing balance
Expected losses for				
Guarantees provided	(567,255)	43,305	6,827	(517,123)
Loan commitments	(1,808,143)	(437,015)	--	(2,245,158)
Total	**(2,375,398)**	**(393,710)**	**6,827**	**(2,762,281)**

40 – REGULATORY CAPITAL AND FIXED ASSET LIMIT

Capital management

Objectives and policies

Bacen issued CMN Resolution 4,557/2017, which defines the scope and requirements of the risk management structure and the capital management structure for financial institutions.

In compliance with the Resolution, the Board of Directors has established Coris and has appointed as the Chief Risk Officer (CRO), responsible for risk and capital management, the Vice President of Internal Controls and Risk Management.

Capital management aims to ensure the Institution's future solvency concurrent with the implementation of business strategies.

Capital management is carried out through an organizational structure appropriate to the nature of its operations, the complexity of its business and the extent of exposure to relevant risks.

There are defined and documented capital management strategies that establish mechanisms and procedures to keep capital compatible with the Risk Appetite and Tolerance Statement (RAS).

In addition, the Bank has specific policies, approved by the Board, which aim to guide the development of functions or behaviors, through strategic drivers that guide capital management actions. These specific policies apply to all businesses that involve risk and capital at the Bank.

Elements comprised by capital management

Strategic plans, business goals and budgets respect the risk appetite and tolerance and indicators of capital adequacy and risk-adjusted return.

The Capital Plan is prepared in consistency with the business strategy, seeking to maintain capital indicators at appropriate levels. This Plan highlights the capital planning of Banco do Brasil and the prospective assessment of any need for capital contribution.

The Capital Plan preparation is referenced in the guidelines and limits contained in RAS and the Bank's Corporate Budget (BB Budget), considering that this represents the materialization of the guidelines of ECBB, the Master Plan (PD), the Fixed Investment Plan and the Strategic Information Technology Plan.

The budgeted amounts must correspond to the goals and objectives defined by the Board of Directors for the Banco do Brasil Conglomerate. Thus, premises such as business growth, credit growth in operations with higher profitability, restrictions on operations in segments with lower profitability, among others, are contained in the BB Budget.

In addition, the BB Budget considers the macroeconomic scenario prepared by the Global Treasury Unit (Tesou) and the legislation applied to the Brazilian Banking Industry (SFN).

The review of the ECBB and the PD results from the application of a set of strategic planning methodologies, observing the best market practices. It is noteworthy that the review of the ECBB and the PD takes place in an integrated manner with the budgeting process, with the RAS and with the other documents of the strategic architecture, which ensures the alignment between such documents, giving greater internal consistency to the strategic planning process.

The BB Budget follows the guidelines defined in the ECBB, respects the RAS and aims to meet the floors and ceilings defined in the indicators approved in the PD. The BB Budget allows the quantification in financial values of the strategic objectives defined in the ECBB.

The RAS is the strategic document that guides the planning of the business strategy, directing budget and capital towards a sustainable and optimized allocation, according to the Institution's capacity to assume risks and its strategic objectives, in addition to promoting understanding and dissemination of the risk culture.

This statement is applied to the Bank and considers potential impacts on the capital of the Banco do Brasil Prudential Conglomerate. It is expected that the Subsidiaries, Affiliates and Investment companies (ELBB) define their drivers based on these guidelines considering specific needs and legal and regulatory aspects to which they are subject.

As defined in the RAS, risk appetite is the maximum level of risk that the Institution accepts to incur in order to achieve its objectives, materialized by indicators that define an aggregate view of risk exposure. Tolerance, in turn, induces risk management in a more granular way, considering the defined appetite.

RAS defines prudential minimum limits that aim to perpetuate the strategy of strengthening the Bank's capital structure. These limits are established above the regulatory minimum, represent the Bank's Risk Appetite and are effective as of January of each year.

The capital target is the level of capital desired by the Bank, which is why its management actions must be guided by this driver. The goals are distinguished from tolerance and risk appetite because the latter defines the level at which the Institution does not accept to operate, and must take timely measures for readjustment, which may trigger contingency measures.

In thousands of Reais, unless otherwise stated

Integration

Adopting a prospective stance, the Bank assesses the capital status, including the leverage ratio, classified as Critical, Alert or Surveillance, according to the time horizon that precedes the projected deadline for the breach of the prudential minimum capital limits defined by Senior Management and detailed in the RAS, as the figure below:

Capital and Leverage Ratio		Period of noncompliance (months)					
		0 to 6	7 to 12	13 to 18	19 to 24	25 to 30	above 31
Target[1]	ICP	ALERT	ALERT	ALERT	SURVEILLANCE	SURVEILLANCE	SURVEILLANCE
Appetite[2]	Common Equity Tier 1 Ratio	CRITICAL	CRITICAL	CRITICAL	ALERT	ALERT	SURVEILLANCE
	Tier 1 Ratio	CRITICAL	CRITICAL	ALERT	ALERT	SURVEILLANCE	SURVEILLANCE
	Basel Prudential Ratio	CRITICAL	ALERT	ALERT	SURVEILLANCE	SURVEILLANCE	SURVEILLANCE
	Leverage Prudential Ratio	CRITICAL	CRITICAL	ALERT	ALERT	SURVEILLANCE	SURVEILLANCE

[1] level of capital desired by the institution
[2] maximum level of risk that institution agrees to incur in order to achieve its goals

The Capital Forum has the responsibility of identify the capital and leverage ratio status of the Bank and occurs through the control of Common Equity Tier 1 Capital Ratio (ICP), Tier I Ratio, Capital Adequacy Ratio and Leverage Ratio projected for a time horizon of at least 36 months. When the projections indicate a potential breach of the prudential minimum limits (risk appetite), the Institution will have enough time to promote strategic changes that avoid extrapolation, according to the deadlines defined for each indicator.

The assessment of the sufficiency of capital maintained by the Bank contemplates a 3-year time horizon and considers: i) the types of risks and respective levels to which the Institution is exposed and willing to assume; ii) the Institution's ability to manage risks effectively and prudently; iii) the Institution's strategic objectives; and iv) the conditions of competitiveness and the regulatory environment in which it operates.

In compliance with the provisions of Bacen Circular 3,846/2017, this analysis is also part of the Internal Capital Adequacy Assessment Process (Icaap) and must cover, at least:

I – the assessment and measurement of the need for capital to cover credit risks (includes concentration and credit risk of the counterparty), market risk, interest rate variations for instruments classified in the bank portfolio (IRRBB) and operational;

II – the assessment of the capital need to cover the other relevant risks to which the Institution is exposed, considering, at least, the strategy, reputation and socio-environmental risks;

III – the assessment of capital requirements based on the results of the stress test program; and

IV – the description of the methodologies and assumptions used in the evaluation and measurement of capital requirements.

The Icaap, implemented by the Bank on June 30, 2013, follows the disposed on CMN Resolution 4,557/2017. At the Bank, the responsibility for coordinating Icaap was assigned to the Risk Management Directorship. In turn, the Internal Controls Directorship is the responsible for validating the Icaap. Finally, Internal Audit is responsible for performing an annual evaluation of the overall capital management process.

Procedures

Capital management is an ongoing process of planning, evaluating, controlling and monitoring capital. It supports the Board in the decision process that will lead the Institution to adopt a posture capable of absorbing eventual losses arising from business risks or changes in the financial environment.

Capital simulations are carried out, integrating the results of risk and business stress tests, based on macroeconomic and / or idiosyncratic scenarios. Stress tests are carried out periodically and their impacts are assessed from the perspective of capital.

It is conducted monthly monitoring of the variables used in the preparation of the Capital Plan due to the review of the behavior projected in the preparation of the BB Budget, based on the observed numbers, market expectations and business dynamics. The relevant deviations are presented and discussed, by the Boards participating in the process, in the monthly meetings of the Capital Forum.

Management reports on capital adequacy are disclosed to the areas and strategic intervening committees, supporting the decision-making process by the Board of Directors.

The adoption of a prospective stance, by conducting continuous assessments of the capital need, makes it possible to proactively identify events with a non-zero probability of occurrence or changes in market conditions that may have an adverse effect on capital adequacy, including in stress scenarios.

Capital adequacy ratio

The Bank has calculated the Capital Adequacy Ratio in accordance with the requirements established by CMN Resolutions 4,955/2021 and 4,958/2021. Those requirements are related to the calculation of Referential Equity (RE) and Minimum Referential Equity Required (MRER) as a percentage of Risk Weighted Assets (RWA).

The Basel Committee recommendations, related to the set of regulations governing the capital structure of financial institutions, are known as Basel III.

The regulatory capital is divided into Tier I and Tier II. Tier I consists of Common Equity Tier I Capital – CET1 (net of regulatory adjustments) and Additional Tier I Capital.

For calculating the regulatory capital, minimum requirements for RE, Tier I and CET1, and Additional CET1 are requested.

Regulatory adjustments listed below are considered for calculating CET1 ratio:

- goodwill;
- intangible assets;
- actuarial assets related to defined benefit pension plans, net of deferred tax liabilities;
- significant investments (greater than 10% of the share capital) in: non-consolidated entities similar to financial institutions, insurance companies, reinsurance companies, capitalization companies and open-ended pension funds; and institutions authorized by Bacen that are not part of the Prudential Conglomerate.
- non-controlling interests;
- deferred tax assets on temporary differences that rely on the generation of future taxable profits or income to be realized;
- deferred tax assets resulting from tax losses carry forward; and
- value between the provisioned amount and the amount of the adjustments resulting from the evaluation provided by CMN Resolution 4,277/2013.

In thousands of Reais, unless otherwise stated

On August 28, 2014, Bacen authorized the R$ 7,100,000 thousand (R$ 8,100,000 thousand until July/2022) perpetual bond included in Additional Tier I Capital to be considered as Common Equity Tier I Capital.

According to the CMN Resolutions 4,955/2021 and 4,958/2021, the calculation of the RE and the amount of RWA should be based on Prudential Conglomerate.

	Dec 31, 2022	Dec 31, 2021
RE - Referential Equity	**178,688,546**	**165,648,211**
Tier I	**158,152,718**	**141,352,779**
Common equity Tier 1 capital (CET1)	**128,802,520**	**111,337,592**
Shareholders' equity	153,962,689	134,523,198
Instrument qualifying as CET1	7,100,000	8,100,000
Regulatory adjustments	(32,260,169)	(31,285,606)
Additional Tier 1 capital (AT1)	**29,350,198**	**30,015,187**
Perpetual Bonds	27,001,598	29,995,187
Perpetual subordinated notes	2,348,600	20,000
Tier II	**20,535,828**	**24,295,432**
Subordinated debt qualifying as capital	20,535,828	24,295,432
Subordinated debt authorized in accordance with regulations preceding Basel III	20,535,828	24,295,432
Funds obtained from the FCO (1)	20,535,828	23,469,518
Funds raised in financial bills and CD	--	825,914
Risk weighted assets (RWA)	**1,072,894,044**	**932,460,697**
Credit risk (RWA_{CPAD})	917,091,564	789,739,180
Market risk (RWA_{MPAD})	26,975,097	36,079,847
Operational risk (RWA_{OPAD})	128,827,383	106,641,670
Minimum referential equity requirements (2)	**85,831,524**	**74,596,856**
Margin on the minimum referential equity required (3)	**92,857,022**	**91,051,355**
Tier I ratio (Tier I / RWA) (3)	**14.74%**	**15.16%**
Common equity Tier 1 capital ratio (CET1 / RWA) (3)	12.01%	11.94%
Capital adequacy ratio (RE / RWA) (3)	**16.65%**	**17.76%**

(1) The Bank returned to the National Treasury the first installment of the instrument qualifying as CET1, in accordance to the stablished schedule.
(2) In 2022, according to CMN Resolution 4,955/2021, art. 31, the balance of FCO is limited to 70% (80% in 2021) of the amount that composed the Tier II of the RE on June 30, 2018.
(3) According to CMN Resolution 4,958/2021, corresponds to the application of the "F" factor to the amount of RWA, where "F" equals 8%.
(4) Values from DLO (Operational Threshold Statement).

In thousands of Reais, unless otherwise stated

Regulatory adjustments deducted from CET1:

	Dec 31, 2022	Dec 31, 2021
Actuarial assets related to defined benefit pension funds net of deferred tax liabilities	(15,548,609)	(11,184,840)
Significant investments and tax assets resulting from temporary differences that rely on the generation of future taxable profits or revenues for their realization (amount exceeding the 15% threshold)	(116,376)	(7,558,089)
Intangible assets	(11,066,608)	(7,021,479)
Tax assets resulting from tax losses carry forward (1) (2)	(3,598,043)	(2,911,502)
Significant investments (excess of 10%) (3)	(1,692,539)	(1,748,071)
Tax assets resulting from temporary differences that rely on the generation of future taxable profits or revenues for their realization (amount exceeding the 10% threshold)	--	(649,886)
Non-controlling interests (4)	(223,666)	(160,215)
Goodwill	(12,360)	(26,756)
Tax assets resulting from tax loss of excess depreciation (2)	--	(21,560)
Shortfall of the value between the provisioned amount and the amount of the adjustments resulting from the evaluation provided by CMN Resolution 4,277/2013	(1,968)	(3,208)
Total	**(32,260,169)**	**(31,285,606)**

(1) In 2021, it was applied the CMN Resolution 4,955/2021, paragraph 10 of the 5th article, which determines the non-deduction of the tax assets resulting from tax losses, recognized from January 1, 2018 to December 31, 2020, arising from short position in foreign currency for the purpose of providing hedge of investments in foreign operations, in accordance to the stablished schedule.
(2) From January 1, 2022 deferred tax assets resulting from tax losses on excess depreciation are included into deferred tax assets resulting from tax losses carry forward.
(3) It refers, mainly, to significant investments in non-consolidated entities similar to financial institutions, non-consolidated financial institutions and insurance companies, reinsurance companies, capitalization companies and open-ended pension funds.
(4) The adjustment of non-controlling interests was calculated according to CMN Resolution 4,955/2021, 1st paragraph of the article 10.

Fixed asset ratio and margin

	Dec 31, 2022	Dec 31, 2021
Fixed asset ratio	15.88%	14.09%
Margin in relation to the fixed asset	60,960,991	59,476,255

Bacen defines the fixed asset ratio as the percentage of fixed assets to Referential Equity. The maximum rate allowed is 50%, according to CMN Resolution 4,957/2021.

Margin refers to the difference between the 50% limit of Referential Equity and total fixed assets.

Regulatory indicators vs. observed indicators

The minimum regulatory requirement for capital indicators in accordance to CMN Resolution 4,958/2021, as well as the achieved values at the Bank, are shown in the table below:

	Regulatory	Dec 31, 2022
Common Equity Tier 1 Capital Ratio (1)	8.00%	12.01%
Tier I Ratio (1)	9.50%	14.74%
Capital Adequacy Ratio (1)	11.50%	16.65%
Fixed asset ratio	Up to 50%	15.88%

(1) It includes additional main conservation, countercyclical and systemic capital.

On December 31, 2022, the compliance with the regulatory indicators is observed. The Bank, through the capital management strategies already listed, aims to surpass the minimum regulatory indicators, keeping them at levels capable of perpetuating the strategy of reinforcing the structure of capital of the Bank. In this way, the Bank defines the minimum prudential limits of capital indicators and the main capital target to be reached in each period.

Instruments eligible as capital

The instruments eligible as capital are described in the Notes 34 and 37.

For subordinated financial bills issued up to the present date, there are the possibilities described in the emission instrument, as listed below:

(i) For the perpetual instruments, there is a repurchase or redemption option, observing the following requirements:

- minimum of five years interval between the issue date and the first exercise date of the repurchase or redemption option;
- the exercise of the repurchase or redemption option is subject, on the exercise date, to the authorization of the Central Bank of Brazil;
- lack of characteristics that lead to the expectation that the repurchase or redemption option will be exercised, constituting an attribution of the Issuer;
- the interval between the repurchase or redemption option must be, at least, 180 days.

For securities issued abroad, there is, until now, no possibility for the holder of the security to request repurchase or redemption, total or partial. The expected cash flows will occur when the coupon is paid, upon maturity or when exercising the repurchase by the Bank, as applicable.

The Instrument qualifying as Common Equity Tier I Capital does not have a maturity date and can only be settled in situations of dissolution of the issuing institution or of repurchases authorized by the Central Bank of Brazil. The expected cash flows occur only through the payment of annual remuneration interest.

According to the Information to the Market, dated April 8, 2021 and December 16, 2021, the schedule for returning the Hybrid Instrument established seven annual installments of R$ 1 billion and one final installment of R$ 1.1 billion, between July/2022 and July/2029. Thus, in compliance with the schedule and based on authorization from Bacen and deliberation of Secretaria Especial do Tesouro e Orçamento, The Bank returned R$ 1 billion to the National Treasury, remaining the balance of 7.1 billion.

Regarding the dynamics of the FCO, the monthly flows contemplate the inflows/origins, such as the transfers from the National Treasury resulting from the collection of taxes (made every ten days of the month), returns originating from payments of credit operations and remuneration on the available resources and the exits, such as the reimbursement of payment / rebate bonuses, the audit, del credere and provision. The use of FCO resources as an instrument eligible as capital is limited by CMN Resolution 4,955/2021 (Art. 31).

41 – RISK MANAGEMENT

a) Risk governance and capital governance

The risk and capital governance model adopted by the Bank involves an strategic committee structure, comprised by Vice Presidents, addressing the following issues:

(i) segregation of functions: business versus risk;
(ii) specific structure for risk management and capital;
(iii) defined management process;
(iv) decisions at multiple hierarchial levels;
(v) clear standards and structure of skills and responsabilities; and
(vi) incorporation of best practices.

All decisions related to risk management are taken collectively in accordance with the Bank's internal policies and procedures.

The bank continuously promotes the evaluation of the structure, governance, processes, systems and methodologies applied to risk and capital management. This evaluation, which aims to identify opportunities for improvement, may result in changes in the present governance structure, with a view to improving management.

Risk and capital management is guided by the Lines of Defense Referential Model – MRLD. In it, the management of risks and necessary controls for its mitigation is carried out based on three lines of defense. The model allows the processes integration of corporate risks and control management, with well-defined roles, providing greater assertiveness in risk and capital management.

The risk management area reports to the vice president for internal control & risk management (VICRI) and is responsible for corporate regulation and supervision of all relevant risks in the 2nd line of defense, including those that become defined as relevant in the future. The Internal Controls Directorship (Dicoi) is responsible for the regulation and supervision of the internal controls system and compliance.

The Internal Audit (Audit) carries out periodic assessments in the risk management processes in order to verify if they are in agreement with the strategic guidelines, the specific policies and the internal and regulatory norms.

The bank's capital management consists of a continuous process of planning, assessment, control and monitoring of the capital that is necessary to cover the company relevant risks, to support the capital requirements required by the regulator, and achieve the internally defined strategic and budget objectives, aiming to optimize its capital allocation.

b) Risk and capital management and process

Banco do Brasil considers integrated risk and capital management a fundamental instrument for the sustainability of the banking system. Risk identification, measurement, assessment, monitoring, reporting, control, enhancement, mitigation and improve methods safeguard financial institutions in adverse times and provide support for the generation of positive and recurring results over time.

The risk and capital management integrated process meets the aspects and standards set forth in the rules issued by the National Monetary Council (CMN) and the Central Bank of Brazil (Bacen). It is done based on the risk appetite, capital plan and policies and strategies of the Bank's senior management and permeates several areas at different levels of governance of the Institution, including the Board of Directors (CA) and its Advisory Committees, Board of Officers (CD), Strategic Committee, Directorships and the Forums.

The bank's risk and capital management is based on an assessment process capable of identifying the risks that represent opportunities or threats to the achievement of the Bank's strategic objectives, comprising, under a comprehensive view, the identification and management of relevant risks, the definition of risk appetite and tolerance and the assessment of capital sufficiency.

Identification and management of relevant risks

The Bank has a process of risk identification that results in the risk inventory and in the definition of the corporate set of relevant risks. That process is quite important for the risk and capital management, as well as for the business management.

The risk relevance assessment considers quantitative (direct losses) and qualitative criteria (indirect losses and risk factors or causes) that result in the relevance matrix of the risks.

Appetite and risk tolerance definition

The Risk Appetite Statement (RAS) is the strategic document, revised and approved by the Board of Directors (CA), on an ordinary basis, and at any time, on an extraordinary basis, through which is defined the maximum level of risk that the bank accepts to incur in order to achieve its strategic objectives. The RAS acts as an important prospective induction instrument in the search for the organic generation of results and strengthening of the Bank's capital structure, since the levels of appetite and defined metrics guide the business strategy, budget and capital, aiming at a sustainable allocation, in addition to promoting the dissemination of the risk culture.

The bank's defines risk appetite as the maximum level of risk that the institution accepts to incur in order to achieve its objectives. To define these levels, management indicators are used, which enable an aggregated view of the exposure to risks. Tolerance, in turn, induces risk management in a more granular way, considering the defined appetite.

For the establishment of limits, relevant information is considered, for example, internal premises, possible internal, external and idiosyncratic scenarios, with their probabilities of occurrence, in addition to the strategic objectives of the Bank, performance of the same size competitors, guidelines of the controller, expected results, corporate scenarios (including stress), interrelation between Banco do Brasil's relevant risks and the risk x return ratio of portfolios.

Risk and capital management policies

Risk management policies guide risk and capital management at the Prudential Conglomerate of Banco do Brasil S.A. They are intended to establish guidelines related to the continuous and integrated management of risks and capital and the disclosure of information on these topics.

The policies that are specific for capital and risk management are applied to all the businesses that involve risks and capital in the Bank, aim to lead the development of functions or behaviors, by means of strategic directives that guide the risk and capital management actions.

c) Market risk and interest rate risk in the banking portfolio (IRRBB)

Market risk reflects the possibility of losses caused by changes in interest rates, foreign exchange rates, equity prices and commodity prices.

The interest rate risk in the bank portfolio is conceptualized as the risk, current or prospective, of the impact of adverse movements in interest rates on capital and on the results of the financial institution, for instruments classified in the bank portfolio.

Policies

The policies of market risk, interest rate risk of the banking portfolio, use of derivative financial instruments and the classification and reclassification of transactions in the trading portfolio, approved by the Board of Directors, comprise the strategic documents related to the management of market risk and the Bank's IRRBB.

These documents establish strategies and guidelines to be observed in the Bank's decision-making. They involve market risk assessment, dealing with quantitative aspects, such as metrics used, and also qualitative aspects such as the scope of management, and segregation of duties.

Within the sphere of the market risk management policies and strategies of Banco do Brasil, there is a management model intended to identify, measure, evaluate, monitor, report, control, mitigate and improve the market risk of the Prudential Conglomerate and its respective member institutions, as well as identify and monitor the market risk of other companies controlled by Prudential Conglomerate.

The Bank has policies and strategies in place regarding the use of financial derivative instruments to govern the performance of operations for its clients as well as to govern the management of its own positions, considering the various risk categories and adopting a consolidated view of the different risk factors.

It is importante to note that the trading of derivative financial instruments is dependent upon prior evaluation of the nature and the dimension of the risks involved.

Measurement systems and methodologies for risk assessment

The Bank uses statistical and simulation methods to measure the market risks of its exposures. Among the metrics resulting from the application of these methods, the following stand out: sensitivity, value at risk (VaR) and stress.

Using the sensitivity metrics, the effects on the exposure value resulting from variations in the level of market risk factors are simulated.

The performance of the VaR metric is evaluated periodically through the application of adherence tests (backtests).

The interest rate risk in the banking book (IRRBB) comprises all transactions not classified in the trading book. The scope of coverage of the IRRBB is mainly comprised of credit operations, retail funding and bonds and securities and its main characteristic is the intention to maintain the respective operations until maturity, except for some securities that, even composing the bank portfolio, they can present trading opportunities.

The IRRBB management shares the curve-building and mark-to-market methodologies used in the management of market risk.

The main components of the IRRBB management are the active positions in fixed-rate instruments, which, added to the set of other exposures, form the amount subject to interest rate risk.

An important aspect in the management of the IRRBB is the incorporation of the risk of optionalities in the calculation of risk metrics. The options present in an instrument can be classified as explicit or embedded and are subdivided into:

a) automatic options: over-the-counter, over-the-counter or explicit on products, allow the Bank to change the rate offered for products; and
b) behavioral options: allow the customer the right to make early redemptions and prepayments.

The Bank uses statistical and simulation methods to measure the market risks of its exposures. Among the metrics resulting from the application of these methods, the following stand out:

(i) Sensitivity analysis;
(ii) Value at Risk (VaR); and
(iii)Stress test.

In thousands of Reais, unless otherwise stated

(i) Sensitivity analysis

Analysis method and objective

The Bank conducts a quarterly sensitivity analysis of exposure to the interest rate risk of its owned positions, using as a method the application of parallel shocks on the market yield curves relating to the most relevant risk factors. The method is intended to simulate the impacts on the Bank's income vis-à-vis potential scenarios, which consider possible fluctuations in the market interest rates.

Method assumptions and limitations

The application of parallel shocks on the market yield curves assumes that uptrends or downtrends in the interest rates occur in an identical way, both for short terms and for longer terms. As market movements do not usually present such behavior, this method can present deviations from actual results.

Scope, method application scenarios and implications for income

The sensitivity analysis process is carried out considering the following scope:

(i) operations classified in the trading portfolio, basically composed of trading government bonds and derivative financial instruments, have positive or negative effects as a result from the possible movements of interest rates in the market. These changes generate a direct impact on the Bank's results or shareholders' equity; and

(ii) operations classified in the banking portfolio, mainly composed of operations contracted with the intention of being held until their maturities – loans to customers, funding in the retail market and held to maturity securities - and which are accounted for at rates based on the contractual rates. The positive or negative effects resulting from changes in the interest rates in the market do not directly affect the Bank's income.

The following scenarios are considered for the performance of the sensitivity analysis:

Scenario I: 100 basis points (+/- 1%) changes, considering the worst loss by risk factor.

Scenario II: +25% and -25% changes, considering the worst loss by risk factor.

Scenario III: +50% and -50% changes, considering the worst loss by risk factor.

Results of the sensitivity analysis

Results obtained for the sensitivity analysis of the trading portfolio and for the set of operations included in the trading and banking portfolios are presented in the following tables charts:

Sensitivity analysis for trading portfolio

Risk factors / Exposures	Dec 31, 2022			Dec 31, 2021		
	Scenarios I	**Scenarios II**	**Scenarios III**	**Scenarios I**	**Scenarios II**	**Scenarios III**
Pre fixed rate	(4)	(16)	(50)	(20,520)	(53,162)	(103,254)
Interest rate coupons	(2,321)	(455)	(910)	(30)	(123)	(246)
Price index coupons	(418,639)	(604,520)	(1,134,951)	(266,841)	(336,470)	(634,338)
Foreign currency coupons	(13,819)	(15,175)	(29,809)	(21,142)	(7,449)	(14,789)
Total	**(434,783)**	**(620,166)**	**(1,165,720)**	**(308,533)**	**(397,204)**	**(752,627)**

In thousands of Reais, unless otherwise stated

Sensitivity analysis for the set of operations recorded in the trading and non-trading portfolios

Risk factors / Exposures	Dec 31, 2022			Dec 31, 2021		
	Scenarios I	**Scenarios II**	**Scenarios III**	**Scenarios I**	**Scenarios II**	**Scenarios III**
Pre fixed rate	(8,159,424)	(25,235,622)	(47,994,780)	(7,078,783)	(17,805,353)	(34,146,163)
Interest rate coupons	(6,412,350)	(22,980,508)	(49,931,838)	(6,405,700)	(22,681,324)	(49,000,962)
Price index coupons	(545,442)	(719,616)	(1,364,325)	(439,075)	(488,053)	(934,259)
Foreign currency coupons	(2,909,671)	(679,352)	(1,385,770)	(4,215,239)	(415,294)	(837,572)
Total	**(18,026,887)**	**(49,615,098)**	**(100,676,713)**	**(18,138,797)**	**(41,390,024)**	**(84,918,956)**

(ii) Value-at-Risk

Methodology

To measure VaR, The Bank's uses the historical simulation method and the following parameters:

a) Total VaR: (VaR + Stressed VaR) x Multiplier, where:

i. VaR: the expected potential loss using a historical series of shocks with 252 business days, a 99% confidence level and a 10-day holding period (according with Central Bank of Brazil instruction 3,646/2013);

ii. Stressed VaR (SVaR): the potential loss expected using the historical series of daily shocks contained in 12 months of portfolio stress, as of 01.02.2004, 99% confidence level and 10-day holding period (according with Central Bank of Brazil instruction 3,646/2013); and

iii. Multiplier: M = 3, as provided by Central Bank of Brazil instruction 3,646/2013.

The historical simulation method assumes that historical events have a direct correlation with possible future events and this method uses generalized historical events as possible future events (retrospective scenarios), hence each retrospective scenario corresponds to a possible "market state" under the simulation time horizon. One of the major advantages of using the VaR by historical simulation method is that the modeling risk is mitigated, since the use of the empirical distribution of returns renders the assumption of the hypothesis of normality unnecessary for the time series of returns, commonly assumed by other methods such as the parametric method.

The risk factors employed to measure Value-at-Risk for exposures subject to market risks are categorized in the following classes: (i) interest rates: risk of changes in the coupon interest rates in the market. Example: fixed, dollar, IPCA (Amplified Consumer Price Index), TR (Referential Rate); (ii) exchange rates: risk of changes in the exchange rates in the market. Example: Reais versus Dollar, Reais versus Euro, Reais versus Yen; (iii) stock prices: risk of changes in quoted stock prices. Example: PETR4 (Petrobras-PN), VALE5 (Vale-PNA); and (iv) prices of commodities: risk of changes in the prices of commodities in the market. Example: cattle, soya, corn.

Continuous Monitoring Process (PMC)

For model risk management purposes, the models used in the Bank's risk management must have, as a first line of defense, a process for periodically monitoring its performance, in order to assess its level of achievement of the objective for which it was developed, aiding the decision-making process.

It is up to the model manager to continuously monitor it so as to guarantee the quality of the estimates made. As a second line of defense, independent validation of the models in use by the Bank is carried out, including backtesting when applicable.

Due to the nature and form of VaR model, the Basel Test (Traffic Lights) is applied to the PMC methodology, also due to its direct implementation and intuitive understanding. The PMC prerogative is to determine the number of observed extrapolations and, according to this value, the level of accuracy of the model is attested.

Considering the specificities and volatility of the VaR model portions, the calculation of continuous monitoring is performed quarterly, using a time horizon of 250 historical business days for analysis. The VaR model proved to be consistent, given that the tests performed indicated that the adverse results (number of times that negative returns exceed the losses estimated by VaR model) were within the limits established by the statistical tests and the confidence level (99%).

Process of independent backtesting

In addition to the continuous monitoring process, backtesting is carried out annually, independently, by a segregated unit, in compliance with the article 9 of CMN Resolution 4,557/17. This process seeks to assess the calibration of the VaR model used to verify the adequacy of capital to cover Market Risk.

The methodology consists of verifying whether the number of extrapolations (number of times the negative returns exceeded the losses estimated by Value-at-Risk) is compatible with that provided by the model (from the statistical viewpoint). For this purpose, the Basel, Kupiec's Unconditional Coverage, Cristoffersen's and Conditional Coverage tests were applied.

The accuracy of the model proved consistent, since the tests indicated that adverse outcomes (amount of extrapolations) fell within the limits established by the statistical tests.

(iii) Stress test

The Bank uses stress metrics resulting from simulations of its exposures to market risk under extreme conditions, such as financial crises and economic shocks. These tests aim to simulate the size of the impacts on regulatory, economic, MtM and Net Equity requirements of plausible events, unlikely to occur.

The Bank uses the stress testing program has the following objectives:

(i) be integrated with the institution's risk management structure;
(ii) to associate potential losses with plausible events;
(iii) be considered in the development of the risk mitigation strategies and contingency plans of the Bank;
(iv) performed individually by risk factor and jointly; and
(v) consider the concentration in certain risk factors the non-linear instruments and the breakdown of the assumptions of the VaR model.

For capital requirement, the market risk stress testing program makes use of:

(i) retrospective tests - trading portfolio, for the RWAjurs (1, 2, 3 and 4) and RWAacs, as well as for foreign exchange risk and commodities risk in the Prudential Conglomerate's trading and banking portfolio;
(ii) prospective tests - carried out having as scope the Securities, Categories 1 and 2 and Derivatives, within the scope of the Integrated Stress Test; and
(iii) sensitivity analysis tests – same scope of the retrospective tests.

Retrospective tests – trading portfolio

The retrospective stress test method estimates the percentage of the market value of exposures by applying shocks compatible with specific scenarios capable of reproducing historical periods of market stress or higher losses of the Bank, considering the following parameters:

(i) metrics: minimum (worst loss) and maximum (highest gain) of the historical series of daily returns of the trading portfolio;
(ii) extension of the historical series: de April 1, 2000 until the base date;
(iii) holding period: one month (21 working days); and
(iv) test periodicity: monthly.

The control, monitoring and daily monitoring of stress limits for the Banco do Brasil's trading portfolio and for its groups and books are performed based on the retrospective stress test metrics.

In thousands of Reais, unless otherwise stated

The results of the retrospective stress tests aim to evaluate the capacity to absorb large losses and to identify possible measures to reduce the risks of the Bank. They follow the results of the retrospective stress tests of the trading book in accordance with the Banco do Brasil market risk stress test program.

Retrospective stress test loss estimates

Risk factors	Dec 31, 2022	
	Net exposure	Stress
Pre fixed rate	1,444,592	(5,208,152)
Foreign currency	6,766,871	(11,860,280)
Commodities	(58,153)	(322,744)
Total	**8,153,310**	**(17,391,176)**

Risk factors	Dec 31, 2021	
	Net exposure	Stress
Pre fixed rate	4,921,785	(15,671,201)
Foreign currency	6,525,047	(7,863,386)
Commodities	(60,299)	(299,008)
Total	**11,386,533**	**(23,833,595)**

Retrospective stress test gains estimates

Risk factors	Dec 31, 2022	
	Net exposure	Stress
Pre fixed rate	1,444,592	4,848,798
Foreign currency	6,766,871	15,334,111
Commodities	(58,153)	120,287
Total	**8,153,310**	**20,303,196**

Risk factors	Dec 31, 2021	
	Net exposure	Stress
Pre fixed rate	4,921,785	16,097,598
Foreign currency	6,525,047	10,063,785
Commodities	(60,299)	228,075
Total	**11,386,533**	**26,389,458**

Conclusions– worst losses:

(i) RWACAM: In ARS currency exposures: R$ (10,443.2) million and USD: R$ (775,6) million, referring to the historical scenarios of 10.28.2008 and 08.01.2002, respectively, and RWAJUR: risk factors USD Coupon: R$ (568.1) million and IPCA Coupon: R$ (3,853.1) million, referring to the historical scenarios of 10.08.2008 and 02.05.2010, respectively; and
(ii) Impact on Core Capital: (13.71%).

Conclusions– highest gains:

(i) RWACAM: In ARS currency exposures: R$ 13,992.4 million and USD: R$ 760.6 million, referring to the

In thousands of Reais, unless otherwise stated

historical scenarios of 04.22.2003 and 05.18.2017, respectively, and RWAJUR: risk factors USD Coupon: R$ 552.2 million and IPCA Coupon: R$ 3,410.8 million, referring to the historical scenarios of 08.02.2002 and 07.07.2010, respectively; and

(ii) Impact on Core Capital: 16.01%.

The column "Net exposure" is the net result of the present and present exposures in present value, considered in the calculation of the requirement of market risk capital, presented in the tables below by risk factor:

Detail of the net exposures for the retrospective stress test:

Risk factors	Net exposure	
	Dec 31, 2022	Dec 31, 2021
Foreign currency	**6,766,871**	**6,525,047**
Swiss Franc	(114,097)	6,120
Canadian Dollar	3,656	10,945
Euro	326,130	538,514
Pound Sterling	159,319	143,925
Yen	932,812	239,196
USA Dollar	3,171,053	2,883,842
Xau	30,220	31,189
Other currencies	2,257,778	2,671,316
Commodities	**(58,153)**	**(60,299)**
Commodities	(58,153)	(60,299)
Interest Rates	**1,444,592**	**4,921,785**
Pre fixed rate	1,036,520	1,122,707
Price index coupom	92,310	3,378,710
Foreign currency coupom	315,762	420,368
Total	**8,153,310**	**11,386,533**

Among the instruments that make up the net exposure amounts above, are securities issued by the Brazilian government, securities issued by private companies and derivative financial instruments. The stress tests are applied to all instruments of the trading portfolio, as required by the Central Bank of Brazil. Therefore, all the market risk sensitive instruments included in our trading portfolio are within the scope of the market risk stress test.

The worst losses and the highest gains calculated by retrospective methodology refer to losses and gains calculated by historical simulations. In this type of methodology, we obtain the results for each risk factor (short or long positions) according to the historical changes positive or negative in the corporate curves used for stress tests.

Consequently, in the worst case scenario, we calculated the worst losses obtained with the historical simulation for each risk factor, regardless of their short or long net exposure, and similarly for the largest gains. There is the impact of a 21-day holding period on the results in the stress scenario, which represents the multiplication of daily gain or loss per square root of 21, as defined by our senior management. The tables below show the gains and losses by risk factor, computed by historical simulation with data from February 1, 2000 and observing the holding period of 21 days.

In thousands of Reais, unless otherwise stated

Detail of the losses and gains for the retrospective stress test:

Risk factors	Dec 31, 2022		Dec 31, 2021	
	Loss	Gain	Loss	Gain
Foreign currency	**(11,860,280)**	**15,334,111**	**(7,863,385)**	**10,063,784**
Swiss Franc	(73,208)	52,626	(2,785)	3,876
Canadian Dollar	(965)	874	(2,701)	2,446
Euro	(84,814)	70,579	(131,737)	109,019
Pound Sterling	(70,630)	62,485	(56,881)	50,488
Yen	(357,702)	309,851	(81,220)	71,519
USA Dollar	(775,638)	760,599	(659,528)	646,740
Other currencies	(10,497,323)	14,077,097	(6,928,533)	9,179,696
Commodities	**(322,744)**	**120,287**	**(299,008)**	**228,075**
Commodity options	(322,744)	120,287	(299,008)	228,075
Interest Rates	**(5,208,152)**	**4,848,798**	**(15,671,201)**	**16,097,598**
Pre fixed rate	(770,904)	870,432	(2,677,923)	3,227,906
Price index coupom	(3,853,057)	3,410,808	(12,616,506)	12,467,342
Foreign currency coupom	(584,191)	567,558	(376,772)	402,350
Total	**(17,391,176)**	**20,303,196**	**(23,833,594)**	**26,389,457**

From the analysis of the previous table, we concluded that the calculation of gains and losses under stress conditions, obtained through the historical simulation of short and long exposures that compose the net exposure, can generate values higher than the real net exposure.

Prospective testing – trading portfolio

The prospective stress test method estimates the percentage change in market value resulting from the application of shocks corresponding to market risk factors linked to Securities (financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income) and Derivatives. These shocks are estimated based on stress scenarios generated by our strategy and organization and finance departments.

Prospective stress testing seeks to simulate adversity based on the characteristics of our portfolio and the macroeconomic environment under severe and plausible conditions. There are two macroeconomic scenarios that consider the following assumptions:

- Scenario 1: " Hard landing" of the chinese economy and brazilian fiscal deterioration; and
- Scenario 2: " Hard landing " of the chinese economy and increases in the interest rate in the US economy.

Foreign exchange and gold exposure

Banco do Brasil adopts policy for managing its foreign exchange risk to reduce its effects on the Bank's results.

Net foreign exchange exposure, December 31, 2022, was an asset in the amount of US$ 947.4 million, and on December 31, 2021, was a liability in the amount of US$ 393.6 million.

In thousands of Reais, unless otherwise stated

Foreign currencies and gold balance

Currency	Balance sheet accounts			
	Dec 31, 2022		Dec 31, 2021	
	Assets	Liabilities	Assets	Liabilities
USA Dollar	209,136,236	214,507,601	199,197,527	221,070,724
Euro	17,035,552	11,072,786	15,259,508	9,097,907
Pound Sterling	192,082	206,134	321,235	456,908
Yen	4,079,189	4,734,647	2,568,416	2,523,335
Swiss Franc	4,233	118,601	24,039	17,918
Canadian Dollar	8,475	4,809	48,983	40,971
Gold	30,220	--	31,189	--
Other currencies	11,265,403	10,173,213	21,763,829	20,615,670
Total	**241,751,390**	**240,817,791**	**239,214,726**	**253,823,433**
Net position – balance sheet accounts	**933,599**			**(14,608,707)**

Currency	Derivatives			
	Dec 31, 2022		Dec 31, 2021	
	Long position	Short position	Long position	Short position
USA Dollar	43,920,024	35,895,791	60,015,597	41,332,772
Euro	2,964,228	8,681,191	1,707,511	8,427,585
Pound Sterling	293,126	181,670	274,423	976,796
Yen	877,933	456,249	314,446	688,755
Swiss Franc	--	--	--	--
Canadian Dollar	140,702	140,712	2,933	--
Other currencies	1,169,369	--	1,523,169	--
Total	**49,365,382**	**45,355,613**	**63,838,079**	**51,425,908**
Net position – derivatives	**4,009,769**		**12,412,171**	

Currency	Dec 31, 2022	Dec 31, 2021
	Net position	Net position
USA Dollar	2,652,868	(3,190,372)
Euro	245,803	(558,473)
Pound Sterling	97,404	(838,046)
Yen	(233,774)	(329,228)
Swiss Franc	(114,368)	6,121
Canadian Dollar	3,656	10,945
Gold	30,220	31,189
Other currencies	2,261,559	2,671,328
Net position total	**4,943,368**	**(2,196,536)**

In thousands of Reais, unless otherwise stated

Summary	Dec 31, 2022		Dec 31, 2021	
	Assets	Liabilities	Assets	Liabilities
Balance sheet accounts and derivatives	291,116,772	286,173,404	303,052,805	305,249,341
Net position total	**4,943,368**			**(2,196,536)**
Net position total – US$ (1)	**947,423**			**(393,609)**

(1) US Dollar Exchange rate December 31, 2022 – 1 US$ = R$ 5.2177. US Dollar Exchange rate December 31, 2021 – 1 US$ = R$ 5.5805.

d) Liquidity risk

Liquidity risk is the possibility that the institution will not be able to efficiently honor its expected and unexpected, current and future obligations, without affecting its daily operations and without incurring significant losses. For risk management purposes, liquidity is evaluated in monetary values according to the composition of assets and liabilities established by the liquidity manager.

This risk takes two forms: market liquidity risk and cash flow liquidity risk. The first is the possibility of loss resulting from the incapacity to perform a transaction in a reasonable period of time and without significant loss of value. The second is associated with the possibility of a shortage of funds to honor commitments assumed on account of the mismatching between payments and receipts.

Liquidity risk management

Liquidity risk management segregates liquidity in national currency and liquidity in foreign currencies. The managerial views for liquidity risk management contribute to the adequate management of risk in the jurisdictions where the Bank operates and in the currencies for which there is exposure. For this, the following instruments are used:

a) Liquidity projections: liquidity projections in a base and stress scenario allow for a prospective assessment, within a 90-day time horizon, of the mismatch between funding and investments, in order to identify situations that could compromise the Bank's liquidity. Additionally, it is worth mentioning that the projection of liquidity in the base scenario is used as an indicator in the Bank's Recovery Plan;

b) Stress test: the stress test is performed monthly from the liquidity projection, in a base and stress scenario, against the Liquidity Reserve, assessing whether the potential volume of liquidity contingency measures (MCL) meets the needs liquidity, when the projection in any scenario is below the liquidity reserve;

c) Indicator of Maximum Intraday Liquidity Requirement – EMLI (only for liquidity in national currency): EMLI is the biggest difference, occurring during a business day, between the value of payments and receipts at any time of the day; and

d) Risk limits: used to guarantee the maintenance of the level of exposure to liquidity risk at the levels desired by the Bank. The indicators used in the liquidity risk management process are:

- Short-term Liquidity Indicator (LCR);
- Medium and Long Term Liquidity Indicator (NSFR);
- Liquidity Reserve;
- Liquidity Buffer;
- Commercial Funding Availability Indicator (DRL); and
- Funding concentration indicator.

Banco do Brasil has a Liquidity Contingency Plan (PCL), which consists of a set of procedures, strategies and responsibilities to identify, manage and report Banco do Brasil's liquidity stress status, in order to ensure the maintenance of cash flow and restore the liquidity level to the desired level.

In thousands of Reais, unless otherwise stated

The liquidity stress states are used as a parameter for triggering the PCL and can occur when the observed liquidity falls below the liquidity reserve or when the LCR indicator falls below the limit established by the current RAS (Risk Appettite Statement).

The strategy to face the state of liquidity stress consists of activating the Liquidity Contingency Measures (MCL), aiming at re-establishing the liquidity reserve or the limit of the LCR indicator.

The instruments used in the management of liquidity risk are periodically reported to the Executive Committee for Risk Management, Internal Controls, Assets, Liabilities, Liquidity and Capital (CEGRC) and to the Bank's Management Committee.

Liquidity risk analysis

The liquidity risk limits are used to monitor the liquidity risk exposure level of the Bank. The control of these limits, that act in a complementary manner in the management of the short, medium and long-term liquidity risk of the Bank, ensured a favorable liquidity situation throughout the period, avoiding the activation of the liquidity contingency plan or the implementation of emergency actions in the budget planning to address the structural liquidity adequacy concerns.

Funding management

The funding composition and a wide and diversified customer base constitute an important element of the liquidity risk management of Banco do Brasil. The main funding is represented by client deposits which are composed of demand deposits, savings deposits and voluntary time deposits characterized by being products without defined maturity, with due dates defined by internal models adopted for market and liquidity risks management purposes.

Other representative funding sources are: judicial deposits, which are also characterized by high stability and undefined maturity; the external market funding designed to finance exports and imports; and other retail funding represented by other demand funds, such as collection, payment order, payments and receptions on behalf of third parties. The Agribusiness Letters of Credit and Mortgage Bonds issued, which has daily liquidity for the investor after a grace period of 90 days, is also a significant component of other retail funding.

Funding under repurchase agreements that are backed by securities and funding operations within the Bank's treasury are held for the short-term management of operational liquidity and for implementation of strategies on capital market funding in the medium and long term.

In order to present the funding maturity profile according to the criteria of IFRS 7, retail funding and deposits with no defined maturity (SMD) – demand deposits, savings deposits, time deposits with daily liquidity and judicial deposits – will have their maturities allocated in the column "Up to 1 month". The remaining fundings are presented by future flow on their respective maturity bands.

In thousands of Reais, unless otherwise stated

Funding Breakdown

Liabilities	Dec 31, 2022						
	Up to 1 month	1 to 6 months	6 to 12 months	1 to 5 years	> 5 years	Total gross	Part %
Term deposits	4,001,350	734,227	1,188,566	7,018,977	55,717	12,998,837	0.8%
Treasury funding	18,751,753	87,766	363,702	5,106,552	8,711,375	33,021,148	2.0%
Judicial deposits	213,485,758	--	--	--	--	213,485,758	13.0%
Funding in the foreign market	4,871,164	12,656,552	6,137,530	18,355,387	38,105,583	80,126,216	4.9%
Other retail funding	17,508,274	71,010	39,730	199,921	851,570	18,670,505	1.1%
Retail funding - no defined maturity (NDM)	448,973,907	--	--	--	--	448,973,907	27.6%
Other retail funding (NDM)	134,446,214	--	--	--	--	134,446,214	8.3%
Funds and onlendings	6,150,009	10,333,732	8,651,478	32,893,126	62,730,568	120,758,913	7.4%
Repurchase agreement	510,600,241	28,779,683	10,750,885	14,322,790	--	564,453,599	34.7%
Total gross	**1,358,788,670**	**52,662,970**	**27,131,891**	**77,896,753**	**110,454,813**	**1,626,935,097**	**100.0%**

Liabilities	Dec 31, 2021						
	Up to 1 month	1 to 6 months	6 to 12 months	1 to 5 years	> 5 years	Total gross	Part %
Term deposits	6,821,669	1,281,755	1,066,163	3,173,008	--	12,342,595	0.8%
Treasury funding	14,755,110	1,191,349	8,954	1,791	8,291,570	24,248,774	1.5%
Judicial deposits	182,994,208	--	--	--	--	182,994,208	11.6%
Funding in the foreign market	5,129,541	11,773,709	8,398,193	23,947,748	52,188,031	101,437,222	6.4%
Other retail funding	15,525,888	36,903	--	--	--	15,562,791	1.0%
Retail funding - no defined maturity (NDM)	399,238,275	--	--	--	--	399,238,275	25.3%
Other retail funding (NDM)	93,943,934	--	--	--	--	93,943,934	5.9%
Funds and onlendings	6,080,984	10,913,041	9,479,304	42,043,247	59,288,058	127,804,634	8.1%
Repurchase agreement	571,084,740	31,242,967	8,667,906	10,841,142	--	621,836,755	39.4%
Total gross	**1,295,574,349**	**56,439,724**	**27,620,520**	**80,006,936**	**119,767,659**	**1,579,409,188**	**100.0%**

Financial guarantee contracts

Financial guarantee contracts are credit conditional commitments issued by the Bank to guarantee performance of individual and corporate clients and other financial institutions to third parties.

The contingent nature of these liabilities is considered for the Bank's liquidity risk management in the definition of scenarios used in the liquidity stress test, carried out on a monthly basis.

In thousands of Reais, unless otherwise stated

The following tables presents a summary of the commitment value of the financial guarantee contracts realized by the Bank as December 31, 2022 and December 31, 2021:

Liabilities	Dec 31, 2022				
	1 to 6 months	6 to 12 months	1 to 5 years	Above 5 years	Total
Bank guarantee	4,129,729	2,857,444	4,214,480	172,929	11,374,582
Credit assignments and co-obligations	--	--	902	--	902
Others co-obligations	400,420	--	--	--	400,420
Total	**4,530,149**	**2,857,444**	**4,215,382**	**172,929**	**11,775,904**

Liabilities	Dec 31, 2021				
	1 to 6 months	6 to 12 months	1 to 5 years	Above 5 years	Total
Bank guarantee	4,913,260	1,926,048	4,087,153	225,735	11,152,196
Credit assignments and co-obligations	1	--	1,393	--	1,394
Others co-obligations	483,672	--	--	--	483,672
Total	**5,396,933**	**1,926,048**	**4,088,546**	**225,735**	**11,637,262**

Loan commitments

Banco do Brasil offers lines of credit that impact the measurement of liquidity risk, overdraft and credit card limits.

In these lines, the Bank maintains an approved credit limit for current account customers and can be used whenever necessary.

In thousands of Reais, unless otherwise stated

The following tables represent the distribution of the contractual maturities of the Bank's loan commitments, position of December 31, 2022 and December 31, 2021:

Liabilities		Dec 31, 2022			
		1 to 6 months	6 to 12 months	Above 1 year	Total
	Withdraw	1,339,466	1,283,218	--	2,622,684
Overdraft	Available	11,059,364	13,483,946	--	24,543,310
	Withdraw	36,709,946	27,377,137	--	64,087,083
Credit card	Available	65,463,154	31,773,276	--	97,236,430
Total		**114,571,930**	**73,917,577**	**--**	**188,489,507**

Liabilities		Dec 31, 2021			
		1 to 6 months	6 to 12 months	Above 1 year	Total
	Withdraw	1,103,519	924,539	--	2,028,058
Overdraft	Available	11,439,087	10,756,599	--	22,195,686
	Withdraw	27,008,931	24,745,728	--	51,754,659
Credit card	Available	57,127,586	28,650,521	--	85,778,107
Total		**96,679,123**	**65,077,387**	**--**	**161,756,510**

Derivative financial instruments

Banco do Brasil is a counterparty to financial derivative operations to hedge its own positions to meet the needs of our customers and to take proprietary positions. The hedging strategy is in line with the market and liquidity risk policy and with the derivative financial instruments use policy approved by the Board of Directors.

The Bank has a range of tools and systems for the management of the derivative financial instruments and uses statistical and simulation methodologies to measure the risks of its positions, by means of Value-at-Risk, sensitivity analysis and stress test models.

Operations with financial derivatives, with special emphasis on those subject to margin calls and daily adjustments, are considered in the measurement of the liquidity risk limits adopted by the Bank and in the composition of the scenarios used in the liquidity stress tests, conducted monthly.

e) Credit risk

Credit risk is the risk of loss due to non-performance by a borrower under the contractual terms of a loan, devaluation of a loan due to deterioration in the borrower's risk rating, reduced expectations of earnings or interest under a loan contract, concession of benefits as part of a renegotiation or the incurrence of additional costs to recover a loan.

The credit risk management includes counterparty credit risk (RCC), coutry risk, sovereign risk, transfer risk, credit concentration risk and the effectiveness of mitigation or transfer instruments used exposures that generate the designated risks.

The Bank's credit risk management process is based on best practices and complies with the requirements of BACEN. The process is designed to identify, measure, evaluate, monitor, report, control and mitigate exposures to credit risk. This contributes to the ongoing financial strength and solvency of the Bank and the protection of shareholders' interests.

In accordance to Bacen Resolution 54/2020, the bank discloses the risk management information aligned with the guidelines of Pillar 3 of Basel II. The report can be viewed at www.bb.com.br/ir.

Credit policy

Banco do Brasil´s specific credit policy contains strategic guidelines to direct credit-risk management actions in the conglomerate. It is approved by the Boad of Directors and reviewed every year. It applies to all business that involve credit risk and is available to all employees. It is expected that the Subsidiries, Affiliates and Investment companies define their paths from these guidelines, taking into account the specific needs and legal and regulatory issues to wich they are subject.

The specific credit policy guides the continuous, integrated and prospective management of credit risk, comprising all stagesos the credit process, the management of the assets subject to this risk as well as the process of credit collections and recovery, including those incurred at the risk and expanse of third parties.

Credit risk mitigation mechanisms

The Bank's credit policy addresses the use of risk mitigating instruments, which forms part of the strategic decision-making process. These polices are communicated throughout the Bank and cover every phase of the credit risk management process.

In conducting any business subject to credit risk, the bank's general rule is to tie it to a mechanism that provides partial or complete hedging of risk incurred. In managing credit risk on the aggregate level, to keep exposure within the risk levels established by the senior management, the Bank has the prerogative to transfe or to share credit risk.

Credit rules provide clear, comprehensive guidelines for the operational units. Among other aspects, the rules address ratings, requirements, choices, assessments, formalization, control and reinforcement of guarantees, ensuring the adequacy and sufficiency of the mitigator throughout the transaction cycle.

Measurement

Due to the nature and volume of the transactions, the diversity and complexity of its products and services and the significant amounts involved, the Bank's credit risk measurement process is performed systematically. The architecture of databases and corporate systems allows the Bank to perform comprehensive measurements of credit risk, evatuating prospectively the behavior of the portfolio subjecte to credit risk considered in several scenarios, corporately defined, including stress.

At the Bank, estimates of Expected Loss (EL) associated with credit risk consider the macroeconomic environment, the likelihood that the exposure will be characterized as a problematic asset and the recovery of credit, including concessions, execution costs and terms. Banco do Brasil periodically reviews the composition of the financial assets portfolio in order to assess whether expected impairment losses should be recognized. The portfolio evaluation process involves several estimates and judgments, observing factors that show a change in the risk profile of the client, the credit instrument and the quality of the guarantees that result in a reduction in the estimate of the receipt of future cash flows.

In thousands of Reais, unless otherwise stated

The model adopted for the calculation of the impairment of financial assets is based on the concept of expected credit loss, thus, all operations have an expected loss since their origin and are monitored as the credit risk situation changes.

Credit deterioration

The expected loss models aim to identify the losses that will occur in the next 12 months or that will occur during the life of the operation on a forward-looking basis. Financial instruments are evaluated in 3 stages and are subject to quantitative and qualitative analysis.

The stage in which each asset is classified is systematically reviewed and considers the Bank's risk monitoring processes in order to capture changes in the characteristics of the instruments and their guarantees that impact the financial capacity of the client.

The migration of financial assets between stages is sensitized after analyzes that result in aggravation or mitigation of credit risk. These estimates are based on assumptions of a number of factors, and for this reason, actual results may vary, generating future constitutions or reversals of allowances.

Other information on the calculation methodology and assumptions used by the Bank for the evaluation of impairment losses on loans to customers, as well as the quantitative amounts recorded as expected loss for doubtful accounts, can be obtained in Notes 3.j, 18, 19, 21, 22, 23, 24 and 39.

Economic scenarios

For accounting purposes, the expected loss models aim to identify credit losses, over a given time horizon, that influence the assets value, on a foward-looking basis. In order to calculate the expected loss provisions for financial instruments, the Bank associates systemic risk variables (macroeconomic variables). These variables relation makes the expected loss estimation more dynamic, especially when considering current macroeconomic conditions.

Maximum credit risk exposure

The following table shows the maximum exposure on December 31, 2022 and December 31, 2021:

	Dec 31, 2022	Dec 31, 2021
Financial assets at amortized cost, net	**1,352,904,935**	**1,344,538,282**
Loans to financial institutions	62,607,954	42,842,588
Securities purchased under resale agreements	360,620,474	487,472,927
Loans to customers	832,938,557	734,290,606
Securities	47,996,424	33,107,809
Other financial assets	48,741,526	46,824,352
Financial assets at fair value through profit or loss	**12,078,012**	**11,739,070**
Debt and equity instruments	10,439,943	9,604,035
Derivatives	1,638,069	2,135,035
Financial assets at fair value through other comprehensive income	**369,770,754**	**305,490,911**
Off-balance sheet Items	**201,933,644**	**182,709,250**

The Bank's other exposures are described below:

Loans to financial institutions

Loans to financial institutions refer to interbank deposits and to loan portfolios acquired with recourse to the assigning institution.

These loans follow the Bank's risk analysis, being classified by internal rating and these exposures exhibit low credit risk.

Repurchase agreements

Repurchase agreements are mainly with the Brazilian Central Bank and other financial institutions. Securities used to back these transactions are normally federal government bonds. These transactions do not present non-performing credits.

Securities

Securities valued at amortized cost are those in which their contractual cash flows have a characteristic of payment of principal and interest only and management maintains it in a business model whose purpose is to obtain the contractual cash flows.

Securities measured in this category are initially recognized at fair value and subsequently measured at amortized cost using the effective interest rate. Financial charges are recorded on an accrual basis and added to the principal amount in each period. The asset value is reduced by principal repayments, as well as impairment losses (expected losses).

Financial assets at fair value through profit or loss

An asset will be measured in this category when its contractual cash flows do not have the characteristic of only payment of principal and interest or when Management maintains it in a business model whose objective is to sell it.

Financial instruments in this category are initially measured at fair value, and their income (interest and dividends) is recognized as interest income. Gains and losses realized and not realized as a result of the fair value variations of these instruments are recognized in the income statement.

Financial assets at fair value through other comprehensive income

Financial assets classified at fair value through other comprehensive income are managed within the business model whose purpose is to generate returns both for recognition of contractual cash flows and for trading with substantial transfer of risks and benefits.

Off-balance sheet items

The same risk classification criteria used for regular loans is also used for off-balance sheet items. These arrangements impact clients' credit limits and generally refer to pre-approved credit, credit pending disbursement and guarantees.

Pre-approved credit includes credit cards and overdraft limits. Credit pending disbursement represents future cash outflows under existing loan commitments (following a release of funds schedule), including project finance and real estate loans. These clients present low credit risk.

Guarantees provided represent various types of guarantees offered to low risk clients. Payment is only required under these agreements if the client defaults on its obligation to a third-party creditor. When payment is required, the exposure is transformed into a loan.

In thousands of Reais, unless otherwise stated

Loans to customers

The following table represents the maximum exposure of financial assets segregated by portfolio type and by credit risk classification.

	Dec 31, 2022															
	Stage 1				Stage 2				Stage 3				Total			
	Loans	Loans to concede	Financial guarantees	Total	Loans	Loans to concede	Financial guarantees	Total	Loans	Loans to concede	Financial guarantees	Total	Loans	Loans to concede	Financial guarantees	Total
Individuals	**481,271,236**	**101,487,603**	**819,914**	**583,578,753**	**47,359,614**	**8,575,693**	**2,246**	**55,937,553**	**31,634,811**	**221,103**	**1,002**	**31,856,916**	**560,265,661**	**110,284,399**	**823,162**	**671,373,222**
Retail Individuals	219,523,182	90,830,732	799,206	311,153,120	37,306,991	8,445,372	2,246	45,754,609	25,869,240	196,775	897	26,066,912	282,699,413	99,472,879	802,349	382,974,641
Retail rural producer	261,748,054	10,656,871	20,708	272,425,633	10,052,623	130,321	--	10,182,944	5,765,571	24,328	105	5,790,004	277,566,248	10,811,520	20,813	288,398,581
Corporations	**282,079,564**	**73,447,487**	**9,660,519**	**365,187,570**	**16,307,363**	**1,434,478**	**363,617**	**18,105,458**	**24,473,718**	**3,323,143**	**928,606**	**28,725,467**	**322,860,645**	**78,205,108**	**10,952,742**	**412,018,495**
Wholesale	220,185,077	52,530,154	9,582,243	282,297,474	9,044,568	441,194	360,771	9,846,533	17,564,671	2,611,301	504,999	20,680,971	246,794,316	55,582,649	10,448,013	312,824,978
Retail MPE	61,884,789	20,916,614	78,276	82,879,679	7,259,207	993,186	2,846	8,255,239	6,901,837	711,769	423,607	8,037,213	76,045,833	22,621,569	504,729	99,172,131
Retail rural producer	9,698	719	--	10,417	3,588	98	--	3,686	7,210	73	--	7,283	20,496	890	--	21,386
Total	**763,350,800**	**174,935,090**	**10,480,433**	**948,766,323**	**63,666,977**	**10,010,171**	**365,863**	**74,043,011**	**56,108,529**	**3,544,246**	**929,608**	**60,582,383**	**883,126,306**	**188,489,507**	**11,775,904**	**1,083,391,717**
%	**80.46%**	**18.44%**	**1.10%**	**100.00%**	**85.99%**	**13.52%**	**0.49%**	**100.00%**	**92.62%**	**5.85%**	**1.53%**	**100.00%**	**81.51%**	**17.40%**	**1.09%**	**100.00%**

In thousands of Reais, unless otherwise stated

	Dec 31, 2021															
	Stage 1				Stage 2				Stage 3				Total			
	Loans	Loans to concede	Financial guarantees	Total	Loans	Loans to concede	Financial guarantees	Total	Loans	Loans to concede	Financial guarantees	Total	Loans	Loans to concede	Financial guarantees	Total
Individuals	**420,487,340**	**97,451,232**	**789,140**	**518,727,712**	**34,945,433**	**3,330,540**	**3,263**	**38,279,236**	**23,829,754**	**174,367**	**80,173**	**24,084,294**	**479,262,527**	**100,956,139**	**872,576**	**581,091,242**
Retail Individuals	216,271,089	88,182,651	687,480	305,141,220	25,869,116	3,218,140	3,263	29,090,519	18,248,899	138,951	74,771	18,462,621	260,389,104	91,539,742	765,514	352,694,360
Retail rural producer	204,216,251	9,268,581	101,660	213,586,492	9,076,317	112,400	--	9,188,717	5,580,855	35,416	5,402	5,621,673	218,873,423	9,416,397	107,062	228,396,882
Corporations	**262,896,341**	**66,983,901**	**9,577,679**	**339,457,921**	**15,338,486**	**1,415,701**	**234,213**	**16,988,400**	**19,883,665**	**793,210**	**571,749**	**21,248,624**	**298,118,492**	**69,192,812**	**10,383,641**	**377,694,945**
Wholesale	208,751,529	46,587,524	9,269,212	264,608,265	11,265,763	640,329	231,438	12,137,530	14,686,001	231,169	118,688	15,035,858	234,703,293	47,459,022	9,619,338	291,781,653
Retail MPE	54,129,135	20,395,254	308,467	74,832,856	4,067,864	775,337	2,775	4,845,976	5,171,561	561,956	453,061	6,186,578	63,368,560	21,732,547	764,303	85,865,410
Retail rural producer	15,677	1,123	--	16,800	4,859	35	--	4,894	26,103	85	--	26,188	46,639	1,243	--	47,882
Total	**683,383,681**	**164,435,133**	**10,366,819**	**858,185,633**	**50,283,919**	**4,746,241**	**237,476**	**55,267,636**	**43,713,419**	**967,577**	**651,922**	**45,332,918**	**777,381,019**	**170,148,951**	**11,256,217**	**958,786,187**
%	**79.63%**	**19.16%**	**1.21%**	**100.00%**	**90.98%**	**8.59%**	**0.43%**	**100.00%**	**96.43%**	**2.13%**	**1.44%**	**100.00%**	**81.08%**	**17.75%**	**1.17%**	**100.00%**

In thousands of Reais, unless otherwise stated

Other financial assets

Financial assets at fair value through other comprehensive income

Dec 31, 2022	Stage 1	Stage 2	Stage 3	Total
Debt instruments				
Brazilian federal government bonds	293,508,198	--	--	293,508,198
Securities issued by non-financial companies	47,984,976	528,038	2,036,511	50,549,525
Federal government bonds	13,432,313	--	--	13,432,313
Brazilian government bonds issued abroad	8,388,834	--	--	8,388,834
Investments in mutual funds	3,870,703	--	--	3,870,703
Securities issued by financial companies	21,181	--	--	21,181
Total	**367,206,205**	**528,038**	**2,036,511**	**369,770,754**

Dec 31, 2021	Stage 1	Stage 2	Stage 3	Total
Debt instruments				
Brazilian federal government bonds	232,407,095	--	--	232,407,095
Securities issued by non-financial companies	44,744,418	568,648	1,291,551	46,604,617
Brazilian government bonds issued abroad	10,839,687	--	--	10,839,687
Federal government bonds	10,579,331	--	--	10,579,331
Investments in mutual funds	4,106,244	--	--	4,106,244
Securities issued by financial companies	953,937	--	--	953,937
Total	**303,630,712**	**568,648**	**1,291,551**	**305,490,911**

Securities at amortized cost

Dec 31, 2022	Stage 1	Stage 2	Stage 3	Total
Debt instruments				
Securities issued by non-financial companies	27,223,118	869,063	2,147,479	30,239,660
Brazilian federal government bonds	12,832,079	--	--	12,832,079
Brazilian government bonds issued abroad	2,642,881	--	--	2,642,881
Foreign government bonds	2,500,850	--	--	2,500,850
Securities issued by financial companies	20,930	--	--	20,930
Subtotal	**45,219,858**	**869,063**	**2,147,479**	**48,236,400**
Expect losses on securities	(78,918)	(1,920)	(159,138)	(239,976)
Total	**45,140,940**	**867,143**	**1,988,341**	**47,996,424**

In thousands of Reais, unless otherwise stated

Dec 31, 2021	Stage 1	Stage 2	Stage 3	Total
Debt instruments				
Securities issued by non-financial companies	13,836,790	2,693,828	784,866	17,315,484
Brazilian federal government bonds	12,011,257	--	--	12,011,257
Brazilian government bonds issued abroad	2,854,926	--	--	2,854,926
Securities issued by financial companies	837,406	--	--	837,406
Foreign government bonds	582,122	--	--	582,122
Subtotal	**30,122,501**	**2,693,828**	**784,866**	**33,601,195**
Expect losses on securities	(70,172)	(340,021)	(83,193)	(493,386)
Total	**30,052,329**	**2,353,807**	**701,673**	**33,107,809**

Assets received as collateral

Operation type	Dec 31, 2022		Dec 31, 2021	
	Asset value	Collateral Fair Value	Asset value	Collateral Fair Value
Collateralised loans	**574,782,961**	**418,644,837**	**512,335,083**	**374,769,466**
Rural producer	**278,947,533**	**219,299,736**	**227,439,890**	**185,319,191**
Individuals	**52,516,891**	**51,393,563**	**53,174,464**	**52,179,363**
Vehicle Financing	3,393,344	3,301,607	3,984,085	3,890,257
Real estate financing	45,515,588	45,276,177	45,792,272	45,564,174
Others	3,607,959	2,815,779	3,398,107	2,724,932
Corporations	**243,318,537**	**147,951,538**	**231,720,729**	**137,270,912**
Wholesale	110,325,613	50,957,669	114,252,415	48,150,815
Retail MPE	132,992,924	96,993,869	117,468,314	89,120,097
Uncollateralised loans	**164,590,802**	**not applicable**	**137,673,565**	**not applicable**
Loans with other mitigators	**143,752,543**	**not applicable**	**127,372,371**	**not applicable**
Total	**883,126,306**		**777,381,019**	

The different types of loan collateral received by the Bank are listed below:

(i) rural properties (land and buildings);
(ii) urban properties – real estate located in urban areas (houses, apartments, warehouses, sheds, commercial or industrial buildings, urban lots, shops, etc.);
(iii) crops – representing the harvest of the financed products (avocado, rice, beans, etc.). Perishable goods (vegetables, fruit, flowers, etc.) require additional collateral;
(iv) furniture and equipment – only assets that can be easily moved or removed (machinery, equipment, vehicles, etc.);
(v) resources internalized at Banco do Brasil – financial investments with the Bank – savings accounts, certificates of deposit, fixed income funds, etc.;
(vi) personal guarantees – including personal endorsements and surety funds such as FGO, FAMPE, FUNPROGER, etc.;
(vii) extractive agricultural products – pineapple, acai, rice, coffee, cocoa, grapes, etc.;
(viii) industrial products – raw materials, goods or industrial products (steel coil, footwear, stainless steel plates, etc.);
(ix) receivables – including credit cards, future billings and checks;
(x) livestock – cattle, pigs, sheep, goats, horses, etc.;
(xi) securities and other rights – credit securities and other collateral rights (Commercial Credit Notes – CCC, Industrial Credit Notes – CCI, Credit Notes Export – CCE, Rural Product Notes – CPR, rural notes, resources held by the Bank, receivables or other credit notes arising from services provided or goods delivered); and
(xii) credit insurance – provided by the Brazilian Insurer for Export Credits – SBCE, Brazilian Credit Insurer – SECREB, etc.

In thousands of Reais, unless otherwise stated

The Bank prioritizes collateral with high liquidity on its loans to customer balances. The Bank does not recognize expected credit losses for operations with municipalities that have a Union guarantee.

The fair value of the guarantees corresponds to the value effectively considered for the purpose of covering the outstanding balance of the operation, after applying a certain percentage of advance on the value of referred asset or right, as per the table below:

Percentage of coverage on assets received as collateral

Asset	% Coverage
Credit rights	
Receipt for bank deposit	100%
Certificate of bank deposit (1)	100%
Savings deposits	100%
Fixed income investment funds	100%
Pledge agreement – cash collateral (2)	100%
Standby letter of credit	100%
Others	80%
Guarantee funds	
Guarantee Fund for Generation of Employment and Income	100%
Guarantee Fund for Micro and Small Business	100%
Guarantee Fund for Operations	100%
Guarantee Fund for Investment	100%
Other	100%
Guarantee (3)	**100%**
Credit insurance	**100%**
Pledge agreement – securities (4)	**77%**
Offshore funds – BB Fund (5)	**77%**
Livestock (6)	**70%**
Pledge agreement - cash collateral (7)	**70%**
Other (8)	**50%**

(1) Except certificates that have swap contracts.
(2) In the same currency of the loan.
(3) Provided by a banking institution that has a credit limit at the Bank, with sufficient margin to support the co-obligation.
(4) Contract of deposit/transfer of customer funds.
(5) Exclusive or retail.
(6) Except in Rural Product Notes (CPR) transactions.
(7) Cash collateral celebrated in a distinct currency of the supported operations that have no foreign exchange hedge mechanism.
(8) Include properties, vehicles, machines, equipment, among others.

Collateral in the form of financial investments with the Bank may not be used by the client for other purposes until the loan is fully settled. Without having to notify the borrower, when the financial investments mature, the Bank may apply the funds to any past-due loan installments.

In addition to the credit assignment and credit rights assignment clauses, loans to customers also contain a collateral reinforcement clause. This ensures that the collateral coverage percentage agreed to at inception of the loan is maintained over the entire life of the transaction.

Concentration

The credit risk management strategies guide the Bank's activities at the operational level. Strategic decisions include, among other aspects, determination of the Bank's risk appetite and credit risk and concentration limits.

In thousands of Reais, unless otherwise stated

The Bank also follows the concentration limits established by Bacen.

The Bank has a systematic risk management approach to the concentration of the credit portfolio. In addition to monitoring the concentration levels of different segments of the portfolio, based on the Herfindahl-Hirshman Index, the impact of the concentration on capital allocation for credit risk is evaluated.

Exposures by geographic region

	Dec 31, 2022	Dec 31, 2021
Banco do Brasil		
Domestic market	**845,605,208**	**742,141,827**
Southeast	338,528,795	306,586,459
South	161,020,600	139,276,680
Midwest	168,130,285	143,964,522
Northeast	120,350,530	104,281,946
North	57,574,998	48,032,220
Foreign market	**37,521,098**	**35,239,192**
Total	**883,126,306**	**777,381,019**

Loans to customers – concentration of credit operations

The following table sets forth the concentration level of the portfolio with customers and business groups with wich Banco do Brasil has relations.

	Dec 31, 2022	Dec 31, 2021
1st Customer	1.1%	1.5%
2nd to 20th	6.9%	7.9%
21st to 100th	6.2%	6.5%
Top 100 largest	14.2%	15.9%

Additional information about credit exposure by economic activity is contained in Note 23 – Loans to customers.

Renegotiated loans due to delay

Renegotiated loans are those with evidences of credit recoverability problems, due to significant financial difficulty of the debtor, that have been renegotiated with changes in the conditions originally agreed upon.

These operations aim to provide the client with a situation of financial viability over time, adapting the repayment of the loan with the Bank to the client's new situation of generating funds.

Renegotiations are carried out according to the viability of the operations based on the client's willingness and capacity to pay, for which purpose an updated analysis of its economic and financial situation and capacity to generate revenues is performed.

In thousands of Reais, unless otherwise stated

Assets that the Bank acquired in the settlement of loans

	Dec 31, 2022	Dec 31, 2021
Real estate	516,771	353,809
Machines and equipment	249	260
Vehicles and related	336	365
Other	800	1,000
Total	**518,156**	**355,434**

Other real estate owned received as settlement for non-performing loans is periodically offered in the market through auctions. The Bank does not use these assets to obtain financial income or in the performance of its own activities.

bf) Operational risk

Operational risk is the possibility of a loss due to failures, deficiencies or inadequacies in internal processes and systems, a human error and external events. It also includes legal risk arising from errors or deficiencies in contracts, sanctions for non-compliance with laws and indemnification for damages caused to third parties.

In order to improve efficiency in the management of non-financial risks, operational risk is made up of the following management categories: third-party risk, legal risk, compliance risk, security risk, model risk, conduct risk, cyber risk and IT risk. This composition allows the convergence of management instruments such as taxonomy and losses base, among others.

The regulatory categories of operational risk (inappropriate practices, labor practices, fraud and external theft, process failures, interruption of activities, damage to assets and people, fraud and internal theft, failures of systems and technology) are constantly monitored and their results reported to the Bank's Senior Management.

Specific risk and capital management policy

Banco do Brasil defines the specific risk and capital management policy, covering guidelines applicable to Operational Risk, with the objective of establishing the guidelines related to the continuous and integrated management of risks and capital and the disclosure of information on these topics to the Prudential Conglomerate, safeguarding those of a confidential and proprietary nature. The definition of the policy complies with applicable legislation and regulations and is based on best governance practices.

In accordance with CMN Resolution 4,557/2017, the policy permeates all of the activities related to operational risk and is designed to identify, measure, evaluate, mitigate, control, monitor, disclose and improve the risks in the Prudential Conglomerate and in each individual institution. It also aims to identify and monitor the risks associated to the investees of the institutions that compose the Prudential Conglomerate.

Management instruments and Monitoring

Banco do Brasil's operational risk management seeks to maintain a structured approach for the functioning of all the activities that are necessary for the risk to remain at levels adequate to the expected profitability of the businesses. This requires processes to be regularly reviewed and updated, which means continuously improving management.

Regarding the operational risk management instruments, the SIM - Immediate Complaint Solution stands out, which has streamlined the solution of customer complaints, since the analysis and dispute procedure is carried

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out on a single environment, with the automated issuance of the Term of Commitment completed, and credit made to the customer's account immediately after dispatch for certain amounts. This agile flow has reduced complaints to external bodies, such as Bacen, and helps to reduce the number of lawsuits filed.

In addition, the systematic monitoring of operational loss events is carried out through the analysis of the information contained in the Risk Dashboard, among them the monitoring of the global and specific limits and decisions of the Executive Committee for Risk Management, Internal Controls, Assets, Liabilities, Liquidity and Capital – CEGRC. Based on the monitoring of the established limits, the managers that are responsible for the process, products or services may be called to clarify the reasons for the extrapolation of limits and propose risk mitigation actions.

The monitoring of operational losses, in order to produce the appropriate reports, takes place through the Operational Risk Dashboard, which is also monitored by the areas managing processes, systems, products or services, with monthly calculation of the amounts of losses according to the global operating loss limit and specific operating loss limits.

42 – TRANSFERS OF FINANCIAL ASSETS

The Bank transfers financial assets during the normal course of business. The most common assets transferred are debt and equity instruments and loans to customers. To determine the appropriate accounting treatment, the Bank evaluates the level of continuing involvement with the transferred asset. This analysis allows the Bank to determine if the asset should continue to be recognized in full, recognized to the extent of its continuing involvement or derecognized.

The most common transfers are:

- sales of securities under repurchase agreements (with a corresponding liability recognized in securities sold under repurchase agreements); and
- transfers of loan portfolios with retention of substantially all of the risks and rewards of ownership (with a corresponding liability recognized in amounts payable to financial institutions).

Financial assets transferred and still recognized in the consolidated balance sheet and their associated liabilities

	Dec 31, 2022		Dec 31, 2021	
	Financial assets transferred	Associated liabilities	Financial assets transferred	Associated liabilities
Financial assets related to repurchase agreements				
Financial assets at amortized cost – securities	3,354,740	3,838,204	5,141,660	5,420,304
Financial assets at fair value through other comprehensive income	205,713,059	205,891,648	139,598,111	136,063,836
Total	**209,067,799**	**209,729,852**	**144,739,771**	**141,484,140**

In thousands of Reais, unless otherwise stated

Financial assets transferred and still recognized in the consolidated balance sheet which the associated liabilities are resources only to the transferred assets

	Dec 31, 2022		Dec 31, 2021	
	Carrying amount	Fair value	Carrying amount	Fair value
Credit assignment with substantial retention of risks (1)				
Financial assets transferred	161,803	161,803	199,113	276,063
Associated liabilities	161,571	161,571	198,879	198,879
Net position	**232**	**232**	**234**	**77,184**

(1) Financial assets transferred and associated liabilities are recognized in the consolidated balance sheet in the line items "Loans to customers" and "Amount payable to financial institutions", respectively.

Sales with repurchase agreement

These are transactions in which the Bank sells a security and simultaneously agrees to buy it back on for a fixed price on a future date. The Bank continues to recognize the security in full on the balance sheet, since it retains substantially all of the risks and rewards of ownership. Consequently, the Bank continues to participate in changes in fair value and income generated by the security.

The Bank recognizes the cash received as an asset. A liability is recognized for the obligation to repurchase the security. During the life of the transaction, the Bank does not have the right to negotiate the transferred asset, since it effectively sells the contractual rights to the security's cash flows.

Credit assignment with substantial retention of risks and rewards

In these transactions, the Bank transfers the rights to the future cash flows of loans and receivables in exchange for cash. The Bank continues to recognize the assets on the balance sheet, since it retains substantially all of the risks and rewards associated with the loans. Consequently, the Bank has responsibility for any defaults on the receivables it transfers.

The Bank recognizes the cash received as an asset. A liability is recognized for the obligation to the counterparty financial institution. During the life of the transaction, the Bank does not have the right to negotiate the transferred asset, since it effectively sells the contractual rights to the loan's cash flows.

43 – OFFSETTING OF FINANCIAL ASSETS AND LIABILITIES

These rules apply to financial assets and liabilities presented on a net basis in the consolidated balance sheet or subject to master netting or similar agreements, regardless of whether they are presented on a net basis.

IAS 32 requires financial assets and liabilities to be offset and presented on a net basis when there is a legally enforceable right to offset the amounts and the Bank intends to settle them on a net basis, or to realize the asset and liability simultaneously.

IFRS 7 requires the Bank to present financial instruments subject to master netting or similar agreements, even if they do not meet some or all of the requirements for offsetting under IAS 32. Agreements of this nature include the Global Derivative Agreements (known as CGD in Brazil), International Swaps and Derivatives Agreement (ISDA) and Global Master Repurchase Agreements (GMRA).

Some of the Bank's derivatives are contracted under CGD agreements in Brazil and ISDA contracts overseas. These contracts include the following conditions for offsetting:

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- netting of payments: provides for offsetting in the ordinary course of business when there are amounts to be paid by the parties in the same currency for the same transaction;
- multiple transaction payment netting: provides for offsetting in the ordinary course of business when there are amounts to be paid by the parties in the same currency on the same date;
- set off: provides for offsetting transactions subject to early termination if the party not in default exercises its right to offset.

Some of the Bank's repurchase agreements involve overseas master netting agreements (GMRA contracts). These agreements contain offsetting rules similar to those of the CGD / ISDA agreements.

Offsetting under master netting agreements are permissible in the ordinary course of business (Netting of payments or Multiple Transaction Payment Netting) and in the event of default, insolvency or bankruptcy by either of the parties (Set off).

Financial instruments received and pledged as collateral include cash deposits and / or highly liquid financial instruments. These instruments are subject to normal market variations and include an ISDA Credit Support Annex, as applicable. This allows the securities received as collateral to be sold or pledged as collateral in a different transaction over the life of the agreement. However, the collateral must be returned at maturity. The guarantee may be sold and the proceeds used to pay-down the outstanding balance in the event of default, insolvency or bankruptcy of one of the counterparties.

For both repo and derivative contracts, collaterals (given and received) may be in the form of cash or trading securities.

In thousands of Reais, unless otherwise stated

Financial assets subject to offsetting, enforceable master offsetting agreements or similar agreements

Dec 31, 2022	Effects of offsetting on balance sheet			Related amounts not offset				Amounts not subject to enforceable netting arrangements [2]	Balance sheet total
	Gross amounts [1]	Gross amounts offset	Net amounts offset	Impact of master netting agreements	Financial collateral received		Net amounts		
					Cash	Securities			
Derivatives	694,343	(276,811)	417,532	(55,363)	--	--	362,169	1,220,537	1,638,069
Reverse repurchase agreement	1,476,068	--	1,476,068	--	--	(1,331,896)	144,172	359,144,406	360,620,474
Total	**2,170,411**	**(276,811)**	**1,893,600**	**(55,363)**	**--**	**(1,331,896)**	**506,341**	**360,364,943**	**362,258,543**

Dec 31, 2021	Effects of offsetting on balance sheet			Related amounts not offset				Amounts not subject to enforceable netting arrangements [2]	Balance sheet total
	Gross amounts [1]	Gross amounts offset	Net amounts offset	Impact of master netting agreements	Financial collateral received		Net amounts		
					Cash	Securities			
Derivatives	6,075,751	(4,938,841)	1,136,910	(119,545)	--	--	1,017,365	998,125	2,135,035
Reverse repurchase agreement	1,862,231	--	1,862,231	--	--	(1,662,595)	199,636	485,610,696	487,472,927
Total	**7,937,982**	**(4,938,841)**	**2,999,141**	**(119,545)**	**--**	**(1,662,595)**	**1,217,001**	**486,608,821**	**489,607,962**

(1) Includes the amount of operations subject to enforceable master netting arrangements and similar agreements.
(2) Includes the total amount of operations without master netting agreements.

In thousands of Reais, unless otherwise stated

Financial liabilities subject to offsetting, enforceable master offsetting agreements or similar agreements

Dec 31, 2022	Effects of offsetting on balance sheet			Related amounts not offset				Amounts not subject to enforceable netting arrangements (2)	Balance sheet total
	Gross amounts (1)	Gross amounts offset	Net amounts offset	Impact of master netting agreements	Financial collateral given		Net amounts		
					Cash	Securities			
Derivatives	(1,898,345)	276,811	(1,621,534)	59,317	--	--	(1,562,217)	(1,143,263)	(2,764,797)
Repurchase agreement	(5,615,437)	--	(5,615,437)	--	--	4,825,097	(790,340)	(558,838,162)	(564,453,599)
Total	**(7,513,782)**	**276,811**	**(7,236,971)**	**59,317**	**--**	**4,825,097**	**(2,352,557)**	**(559,981,425)**	**(567,218,396)**

Dec 31, 2021	Effects of offsetting on balance sheet			Related amounts not offset				Amounts not subject to enforceable netting arrangements (2)	Balance sheet total
	Gross amounts (1)	Gross amounts offset	Net amounts offset	Impact of master netting agreements	Financial collateral given		Net amounts		
					Cash	Securities			
Derivatives	(6,518,746)	4,938,841	(1,579,905)	393,670	--	--	(1,186,235)	(473,256)	(2,053,161)
Repurchase agreement	(2,099,173)	--	(2,099,173)	--	--	1,909,391	(189,782)	(619,737,582)	(621,836,755)
Total	**(8,617,919)**	**4,938,841**	**(3,679,078)**	**393,670**	**--**	**1,909,391**	**(1,376,017)**	**(620,210,838)**	**(623,889,916)**

(1) Includes the amount of operations subject to enforceable master netting arrangements and similar agreements.
(2) Includes the total amount of operations without master netting agreements.

In thousands of Reais, unless otherwise stated

44 – EMPLOYEE BENEFITS

Banco do Brasil sponsors the following pension and health insurance plans for its employees, that ensure the complementation of retirement benefits and medical assistance:

	Plans	Benefits	Classification
Previ – Caixa de Previdência dos Funcionários do Banco do Brasil	Previ Futuro	Retirement and pension	Defined contribution
	Benefit Plan 1	Retirement and pension	Defined benefit
	Informal Plan	Retirement and pension	Defined benefit
Cassi – Caixa de Assistência dos Funcionários do Banco do Brasil	Associates Plan	Health care	Defined benefit
Economus – Instituto de Seguridade Social	Prevmais	Retirement and pension	Variable contribution
	General Regulation	Retirement and pension	Defined benefit
	Complementary Regulation 1	Retirement and pension	Defined benefit
	B' Group	Retirement and pension	Defined benefit
	Unified Health Plan – PLUS	Health care	Defined benefit
	Unified Health Pla – PLUS II	Health care	Defined benefit
	Complementary Health Care – PAMC	Health care	Defined benefit
Fusesc – Fundação Codesc de Seguridade Social	Multifuturo Plan I	Retirement and pension	Variable contribution
	Benefit Plan I	Retirement and pension	Defined benefit
SIM – Caixa de Assistência dos Empregados dos Sistemas Besc e Codesc, do Badesc e da Fusesc	Health Plan	Health care	Defined contribution
Prevbep – Caixa de Previdência Social	BEP Plan	Retirement and pension	Defined benefit

Number of participants covered by benefit plans sponsored by the Bank

	Dec 31, 2022			Dec 31, 2021		
	Number of participants			Number of participants		
	Active	Retired/users	Total	Active	Retired/users	Total
Retirement and pension plans	**87,342**	**123,024**	**210,366**	**86,620**	**123,411**	**210,031**
Benefit Plan 1 – Previ	3,500	100,458	103,958	4,124	101,186	105,310
Previ Futuro	73,413	3,680	77,093	71,765	3,447	75,212
Informal Plan	--	2,045	2,045	--	2,231	2,231
Other plans	10,429	16,841	27,270	10,731	16,547	27,278
Health care plans	**89,007**	**107,329**	**196,336**	**87,785**	**108,307**	**196,092**
Cassi	80,236	101,619	181,855	78,880	102,327	181,207
Other plans	8,771	5,710	14,481	8,905	5,980	14,885

In thousands of Reais, unless otherwise stated

Bank's contributions to benefit plans

	2022	2021	2020
Retirement and pension plans	**1,968,892**	**1,813,181**	**1,791,030**
Benefit Plan 1 – Previ (1)	638,270	598,607	621,846
Previ Futuro	914,262	807,075	762,023
Informal Plan	140,985	144,088	150,480
Other plans	275,375	263,411	256,681
Health care plans	**2,001,926**	**1,840,605**	**2,625,470**
Cassi (2)	1,804,709	1,663,483	2,461,292
Other plans	197,217	177,122	164,178
Total	**3,970,818**	**3,653,786**	**4,416,500**

(1) Refers to the contributions relating to participants subject to Agreement 97 and Plan 1, whereby these contributions occur by the realization of Fundo Paridade until 2018 and Fundo de Utilização (Note 44.f). Agreement 97 aims to regulate the funding required to constitute a portion equivalent to 53.7% of guaranteed amount relating to the supplementary pension due to the participants who joined the Bank up to April 14, 1967 and who have retired or will retire after the aforementioned date, except for those participants who are part of the Informal Plan.

(2) In 2020, it includes contributions retroactive to January/2019, referring to the temporary administration fee and employer contribution on dependents, as well as the early settlement of the Bank to the group of indirect dependents (GDI).

The Bank's contributions to defined benefit plans (post-employment) are estimated at R$ 942,841 thousand for the next 6 months and R$ 2,009,721 thousand for the next 12 months.

Amounts recognized in profit or loss

	2022	2021	2020
Retirement and pension plans	**1,757,884**	**490,556**	**(1,735,210)**
Benefit Plan 1 – Previ	2,869,928	1,541,705	(664,008)
Previ Futuro	(914,262)	(807,075)	(762,023)
Informal Plan	(104,157)	(96,630)	(105,788)
Other plans	(93,625)	(147,444)	(203,391)
Health care plans	**(2,176,829)**	**(2,075,588)**	**(2,087,397)**
Cassi	(1,989,431)	(1,882,428)	(1,914,613)
Other plans	(187,398)	(193,160)	(172,784)
Total	**(418,945)**	**(1,585,032)**	**(3,822,607)**

Detailed information regarding defined benefit plans is provided in Note 44.d.4.

a) Retirement and pension plans

Previ Futuro (Previ)

Participants in this plan include Bank employees hired after December 24, 1997. Depending on time of service and salary, active participants may contribute between 7% and 17% of their salary. Retired participants do not contribute. The plan sponsor matches participants' contributions up to 14% of their salaries.

Benefit Plan 1 (Previ)

Participants in this plan include Bank employees hired prior to December 23, 1997. Active and retired participants may contribute between 1.8% and 7.8% of their salary or pension.

Informal Plan (Previ)

Banco do Brasil is fully responsible for this plan. The Bank's contractual obligations include to:

- providing retirement benefits to the initial group of participants and pension payments to the beneficiaries of participants who died prior to April 14, 1967;
- paying additional retirement benefits to plan participants who retired prior to April 14, 1967, or had the right to retire based on time of service and at least 20 years of service with the Bank; and
- increasing retirement and pension benefits above the amount provided for in Previ's benefit plan due to judicial and administrative decisions related to changes in the Bank's job, salary and incentive plans.

The Bank and Previ formalized an agreement on December 31, 2012. Under the agreement, Banco do Brasil paid 100% of the mathematical reserves of the Special Group (for which it was fully liable) using funds from the Parity Fund. As a result, this group migrated from the Informal Plan to Benefit Plan 1. The Special Group includes participants from Benefit Plan 1 (Previ) listed in the first paragraph of first clause of the contract signed on December 24, 1997. These participants received additional retirement benefits due to administrative and/or judicial decisions.

Prevmais (Economus)

Participants in this plan include employees of Banco Nossa Caixa (a bank acquired by Banco do Brasil on November 30, 2009) who enrolled after August 01, 2006, or were part of the General Regulation benefit plan and opted to receive their vested account balances. The sponsor and participants make equal contributions, which may not exceed 8% of participants' salaries. The plan provides additional risk coverage, including supplemental health, work-related accident, disability and death benefits.

General Regulation (Economus)

Participants in this plan include employees of Banco Nossa Caixa who enrolled prior to July 31, 2006. This plan is closed to new members. The sponsor and participants contribute equally.

Complementary Regulation 1 (Economus)

Participants in this plan include employees of Banco Nossa Caixa. This plan offers supplemental health benefits and annuities upon death or disability. The sponsor, participants and retired/other beneficiaries fund the plan.

B' Group (Economus)

Group of employees and retirees of Banco Nossa Caixa admitted between January 22, 1974, and May 13, 1974, and their beneficiaries. Benefit levels are based on the fulfillment of certain conditions outlined in the plan regulation.

Multifuturo Plan I (Fusesc)

Participants in this plan include employees of the State Bank of Santa Catarina – Besc (acquired by Banco do Brasil on September 30, 2008) who enrolled after January 12, 2003 or were part of the Plano de Benefícios I (Fusesc) and chose to participate in this plan. Participants and sponsor contribute equally limited to 7% of the participation salary, according to the contributory decision of each participant.

Benefit Plan I (Fusesc)

Participants in this plan include employees of Besc who enrolled prior to January 11, 2003. This plan is closed to new members. The sponsor and participants contribute equally.

BEP Plan (Prevbep)

Participants in this plan include employees of the Banco do Estado do Piauí – BEP (acquired by Banco do Brasil on November 30, 2008). The sponsor and participants contribute equally.

b) Health care plans

Associates Plan (Cassi)

The Bank sponsors a health care plan managed by Cassi. The plan covers health care services related to prevention, protection, recovery and rehabilitation for participants and their beneficiaries. Each month, the Bank contributes 4.5% of participants' salaries or pension benefits, in addition to 3% per dependent of active employee (up to three dependents), plus a temporary administration fee, corresponding to 10% on the sum of employers' and personal contributions (active holders), until 2021.

Monthly contributions by participants and pensioners total 4% of their salary or pension, copayments for certain hospital procedures, in addition to the contribution per dependent, following the rules provided for in the Cassi Statute and in the plan's regulations.

Unified Health Plan – PLUS (Economus)

Participants in this plan include employees from Banco Nossa Caixa, who enrolled prior to December 12, 2000. Participation in this plan requires a direct payroll deduction of 1.5%, providing coverage for employees and certain preferred dependents. An additional 10% copayment is required for each medical visit and low-cost exam performed by employees and their dependents (both preferred and non-preferred).

Unified Health Plan - PLUS II (Economus)

Participants in this plan include employees from Banco Nossa Caixa, who enrolled after January 01, 2001. Participation in this plan requires a direct payroll deduction of 1.5%, providing coverage for employees and certain preferred dependents. An additional 10% copayment is required for each medical visit and low-cost exam performed by employees and their dependents and adult children. This plan does not cover non-preferred dependents.

Complementary Health Care Plan – PAMC (Economus)

Participants in this plan include employees of Banco Nossa Caixa located in the state of São Paulo. The plan serves disabled employees under the Complementary and General Regulations and their dependents. Participant costs vary based on usage and in accordance with a progressive salary table.

Health Plan (SIM)

Participants in this plan include employees of Besc and other sponsors of the plan (including Badesc, Codesc, Bescor, Fusesc and SIM). The monthly contribution of the active beneficiaries is variable according to the beneficiary's age, owed by themselves and their dependents, and the contribution's sponsors, in relation to the actives beneficiaries and their respective dependents, is also variable according to its age group. The plan also provides copayment in medical appointments, exams and home care, following the rules set out in the plan's regulations.

c) Risk factors

The Bank may be required to make extraordinary contributions to sponsored entities, which may adversely affect the Bank's operating income and shareholders' equity.

In one hand, from an asset point of view, actuarial risk is associated with the possibility of losses resulting from fluctuation (decrease) in the fair value of plan assets. On the other hand, from the point of view of actuarial liabilities, the risk is associated with the possibility of losses arising from the fluctuation (increase) in the present value of the actuarial obligations of the plans of the Defined Benefit category.

Determination of the Bank's obligations to these entities is based on long-term actuarial and financial estimates and the application and interpretation of current regulatory standards. Inaccuracies inherent to the estimation process could result in differences between recorded amounts and the actual obligations in the future. This could have a negative impact on the Bank's operating results.

In thousands of Reais, unless otherwise stated

d) Actuarial valuations

Actuarial evaluations are performed every six months. The information contained in the below tables refers to the calculations at December 31, 2022 and December 31, 2021.

d.1) Changes in present value of defined benefit actuarial obligations

	Benefit Plan 1 – Previ		Informal Plan – Previ		Associates Plan – Cassi		Other plans	
	2022	2021	2022	2021	2022	2021	2022	2021
Opening balance	**(152,404,722)**	**(197,181,895)**	**(846,025)**	**(1,058,846)**	**(9,212,441)**	**(12,359,453)**	**(8,975,214)**	**(11,411,961)**
Interest cost	(15,969,282)	(14,713,266)	(84,665)	(71,830)	(989,853)	(931,048)	(948,961)	(855,549)
Current service cost	(68,644)	(171,048)	--	--	(79,866)	(94,349)	(4,578)	(6,698)
Past service cost	--	--	(19,492)	(24,800)	--	--	--	--
Benefits paid using plan assets	15,311,473	14,054,028	140,986	144,088	884,995	806,452	865,173	773,089
Remeasurements of actuarial gain/(losses)	12,404,472	45,607,459	57,025	165,363	588,273	3,365,957	710,971	2,525,905
Experience adjustment	(4,970,461)	(12,926,137)	(7,543)	(52,900)	(335,656)	(68,299)	(268,829)	(566,119)
Changes to biometric/demographic assumptions	--	25,031	--	--	--	(10,078)	17,932	(78,445)
Changes to financial assumptions	17,374,933	58,508,565	64,568	218,263	923,929	3,444,334	961,868	3,170,469
Closing balance	**(140,726,703)**	**(152,404,722)**	**(752,171)**	**(846,025)**	**(8,808,892)**	**(9,212,441)**	**(8,352,609)**	**(8,975,214)**
Present value of actuarial liabilities with surplus	(140,726,703)	(152,404,722)	--	--	--	--	(7,476,638)	(7,590,710)
Present value of actuarial liabilities without surplus	--	--	(752,171)	(846,025)	(8,808,892)	(9,212,441)	(875,971)	(1,384,504)

In thousands of Reais, unless otherwise stated

d.2) Changes in fair value of plan assets

	Benefit Plan 1 – Previ		Informal Plan – Previ		Associates Plan – Cassi		Other plans [1]	
	2022	2021	2022	2021	2022	2021	2022	2021
Opening balance	**192,870,833**	**208,906,421**	**--**	**--**	**--**	**80,750**	**7,590,710**	**7,922,125**
Interest income	21,777,783	17,967,725	--	--	--	--	873,990	673,786
Advance of consideration [2]	--	--	--	--	--	(80,750)	--	--
Contributions received	1,276,540	1,195,417	140,986	144,088	884,995	806,452	459,151	409,667
Participants	638,270	596,810	--	--	--	--	173,101	159,412
Sponsor	638,270	598,607	140,986	144,088	884,995	806,452	286,050	250,255
Benefits paid using plan assets	(15,311,473)	(14,054,028)	(140,986)	(144,088)	(884,995)	(806,452)	(865,173)	(773,090)
Actuarial gain/(loss) on plan assets	(3,074,650)	(21,144,702)	--	--	--	--	(582,040)	(641,778)
Closing balance	**197,539,033**	**192,870,833**	**--**	**--**	**--**	**--**	**7,476,638**	**7,590,710**

(1) Refers to the following plans: General Regulation (Economus), Prevmais (Economus), Complementary Regulation 1 (Economus), Multifuturo I (Fusesc), Benefit Plan I (Fusesc) and BEP Plan (Prevbep).
(2) Refers to the advance of employer contributions on Christmas bonus (13th salary) corresponding to the period from 2018 to 2021.

d.3) Amounts recognized in the consolidated balance sheet

	Benefit Plan 1 – Previ		Informal Plan – Previ		Associates Plan – Cassi		Other plans	
	Dec 31, 2022	Dec 31, 2021	Dec 31, 2022	Dec 31, 2021	Dec 31, 2022	Dec 31, 2021	Dec 31, 2022	Dec 31, 2021
1) Fair value of the plan assets	197,539,033	192,870,833	--	--	--	--	7,476,638	7,590,710
2) Present value of actuarial liabilities	(140,726,703)	(152,404,722)	(752,171)	(846,025)	(8,808,892)	(9,212,441)	(8,352,609)	(8,975,214)
3) Surplus/(deficit) (1+2)	56,812,330	40,466,111	(752,171)	(846,025)	(8,808,892)	(9,212,441)	(875,971)	(1,384,504)
4) Net actuarial asset/(liability) [1]	**28,406,165**	**20,233,055**	**(752,171)**	**(846,025)**	**(8,808,892)**	**(9,212,441)**	**(910,551)**	**(1,199,726)**

(1) Refers to the portion of the surplus/(deficit) due from the sponsor.

In thousands of Reais, unless otherwise stated

d.4) Breakdown of the amounts recognized in the consolidated statement of income relating to defined benefit plans

	Benefit Plan 1 – Previ			Informal Plan – Previ			Associates Plan – Cassi			Other plans		
	2022	2021	2020	2022	2021	2020	2022	2021	2020	2022	2021	2020
Current service cost	(34,322)	(85,524)	(137,795)	--	--	--	(79,865)	(94,349)	(94,355)	(2,290)	(3,349)	(4,956)
Interest cost	(7,984,642)	(7,356,633)	(7,144,832)	(84,665)	(71,830)	(68,305)	(989,853)	(931,048)	(907,096)	(525,258)	(479,799)	(456,141)
Expected yield on plan assets	10,888,892	8,983,862	6,618,619	--	--	--	--	--	--	435,673	335,976	263,981
Unrecognized past service cost	--	--	--	(19,492)	(24,800)	(37,483)	--	--	(56,700)	--	--	--
Expense with active employees	--	--	--	--	--	--	(919,713)	(857,031)	(856,462)	(191,800)	(196,620)	(182,682)
Other adjustments/reversals	--	--	--	--	--	--	--	--	--	2,652	3,188	3,623
(Expense)/income recognized in profit or loss	**2,869,928**	**1,541,705**	**(664,008)**	**(104,157)**	**(96,630)**	**(105,788)**	**(1,989,431)**	**(1,882,428)**	**(1,914,613)**	**(281,023)**	**(340,604)**	**(376,175)**

d.5) Amounts recognized in the shareholders' equity

	Benefit Plan 1 – Previ		Informal Plan – Previ		Associates Plan – Cassi		Other plans	
	Dec 31, 2022	Dec 31, 2021	Dec 31, 2022	Dec 31, 2021	Dec 31, 2022	Dec 31, 2021	Dec 31, 2022	Dec 31, 2021
Opening balance	**(3,235,552)**	**(9,715,783)**	**(136,659)**	**(227,609)**	**(962,540)**	**(2,813,815)**	**(364,321)**	**(1,007,952)**
Accumulated other comprehensive income	4,664,911	12,230,480	57,026	165,363	588,273	3,365,956	94,999	1,174,930
Tax effects	(2,218,515)	(5,750,249)	(25,662)	(74,413)	(264,722)	(1,514,681)	(43,315)	(531,299)
Closing balance	**(789,156)**	**(3,235,552)**	**(105,295)**	**(136,659)**	**(638,989)**	**(962,540)**	**(312,637)**	**(364,321)**

d.6) Maturity profile of defined benefit actuarial obligations

	Duration [1]	Expected benefit payments [2]				
		Up to 1 year	1 to 2 years	2 to 3 years	Over 3 years	Total
Benefit Plan 1 (Previ)	7.78	15,656,792	15,453,143	15,274,256	320,031,549	366,415,740
Informal Plan (Previ)	5.16	136,316	122,262	109,566	957,671	1,325,815
Associates Plan (Cassi)	8.77	961,254	943,837	930,191	27,427,235	30,262,517
General Regulation (Economus)	7.75	677,697	676,703	675,582	13,788,349	15,818,331
Complementary Regulation 1 (Economus)	9.82	3,304	3,471	3,635	136,112	146,522
Plus I and II (Economus)	10.35	40,545	42,224	43,878	2,189,626	2,316,273
B' Group (Economus)	7.15	23,588	23,335	23,056	390,860	460,839
Prevmais (Economus)	9.05	26,446	26,775	27,074	841,459	921,754
Multifuturo Plan I (Fusesc)	8.26	8,551	8,596	8,640	214,285	240,072
Benefit Plan I (Fusesc)	6.63	52,477	51,340	50,236	729,013	883,066
BEP Plan (Prevbep)	7.77	7,409	7,456	7,399	152,361	174,625

(1) Weighted average duration, in years, of the defined benefit actuarial obligation.
(2) Amounts considered without discounting at present value.

d.7) Composition of the plan assets

	Benefit Plan 1 – Previ		Other plans	
	Dec 31, 2022	Dec 31, 2021	Dec 31, 2022	Dec 31, 2021
Fixed income	115,877,631	111,151,461	6,582,918	6,434,495
Equity and funds [1]	64,138,045	63,685,949	389,605	589,127
Real estate investments	10,765,877	10,627,183	221,068	240,632
Loans and financing	5,215,030	5,168,938	151,513	162,835
Other	1,542,450	2,237,302	131,534	163,621
Total	**197,539,033**	**192,870,833**	**7,476,638**	**7,590,710**
Amounts listed in fair value of plan assets				
In the sponsor's own financial instruments	6,894,112	9,952,135	43,050	--
In properties or other assets used by the sponsor	1,264,250	1,215,086	31,239	34,606

(1) Includes, in Plano 1 – Previ, the amount of R$ 6,432,248 thousand (R$ 5,641,967 thousand on 31.12.2021), related to the assets that are not quoted in active markets.

d.8) Main actuarial assumptions adopted

	Benefit Plan 1 – Previ		Informal Plan – Previ		Associates Plan – Cassi		Other plans	
	Dec 31, 2022	Dec 31, 2021	Dec 31, 2022	Dec 31, 2021	Dec 31, 2022	Dec 31, 2021	Dec 31, 2022	Dec 31, 2021
Inflation rate (p.a.)	3.45%	3.29%	3.58%	3.43%	3.42%	3.27%	3.45%	3.28%
Real discount rate (p.a.)	8.94%	7.53%	8.79%	7.25%	8.98%	7.59%	8.94%	7.54%
Nominal rate of return on investments (p.a.)	12.70%	11.07%	--	--	--	--	12.69%	11.07%
Real rate of expected salary growth (p.a.)	0.67%	0.67%	--	--	--	--	0.91%	0.92%
Actuarial life table	BR-EMSsb-2015		BR-EMSsb-2015		BR-EMSsb-2015		AT-2000/ AT-83/ RP-2000	AT-2000/ AT-83
Capitalization method	Projected credit unit		Projected credit unit		Projected credit unit		Projected credit unit	

d.9) Sensitivity analysis

The sensitivity analysis is performed for changes in a single assumption while maintaining all others constant.

This is unlikely in reality, since some of the assumptions are correlated.

The same methodology was used to perform the sensitivity analysis in each of the periods presented. However, the discount rate was updated to reflect market conditions.

The table below presents the sensitivity analysis of the most relevant actuarial assumptions, showing the increase/(decrease) in defined benefit obligations, with variations reasonably possible for December 31, 2022.

	Discount rate		Life expectancy		Salary increase	
	+0.25%	-0.25%	+1 age	-1 age	+0.25%	-0.25%
Benefit Plan 1 (Previ)	(2,547,876)	2,639,554	2,070,201	(2,124,799)	9,328	(9,282)
Informal Plan (Previ)	(8,972)	9,207	21,254	(21,121)	--	--
Associates Plan (Cassi)	(145,016)	150,302	97,121	(99,126)	522	(511)
General Regulation (Economus)	(117,568)	121,647	91,413	(94,949)	--	--
Complementary Regulation 1 (Economus)	(1,150)	1,194	(1,835)	1,900	--	--
Plus I and II (Economus)	(13,917)	14,564	15,982	(15,684)	--	--
B' Group (Economus)	(3,423)	3,531	3,805	(3,976)	--	--
Prevmais (Economus)	(6,295)	6,539	1,185	(1,169)	930	(921)
Multifuturo I (Fusesc)	(1,759)	1,857	743	(770)	259	(236)
Benefit Plan I (Fusesc)	(6,408)	6,601	7,481	(7,652)	--	--
BEP Plan (Prevbep)	(1,355)	1,405	821	(859)	2	(2)

e) Overview of actuarial asset/(liability) recorded by the Bank

	Actuarial assets		Actuarial liabilities	
	Dec 31, 2022	Dec 31, 2021	Dec 31, 2022	Dec 31, 2021
Benefit Plan 1 (Previ)	28,406,165	20,233,055	--	--
Informal Plan (Previ)	--	--	(752,171)	(846,025)
Associates Plan (Cassi)	--	--	(8,808,892)	(9,212,441)
General Regulation (Economus)	--	--	(565,077)	(702,369)
Complementary Regulation 1 (Economus)	9,576	6,197	--	--
Plus I and II (Economus)	--	--	(563,390)	(623,285)
B' Group (Economus)	--	--	(206,165)	(225,770)
Prevmais (Economus)	147,230	117,373	--	--
Multifuturo I (Fusesc)	119,869	97,879	--	--
Benefit Plan I (Fusesc)	115,868	103,332	--	--
BEP Plan (Prevbep)	31,538	26,917	--	--
Total	**28,830,246**	**20,584,753**	**(10,895,695)**	**(11,609,890)**

f) Allocations of the surplus – Benefit Plan 1

	2022	2021
Surplus Fund [1]		
Opening balance	**10,795,343**	**9,912,387**
Contributions to Plan 1	(638,270)	(598,607)
Interest and inflation adjustment	1,158,298	1,481,563
Closing balance	**11,315,371**	**10,795,343**

(1) Contains resources transferred from the Allocation Fund (because of the plan's surplus).The Bank can use for repayments or to reduce future contributions (after first meeting all applicable legal requirements). The fund is recalculated based on the actuarial target (INPC + 4.75% p.a.).

45 – RELATED PARTY TRANSACTIONS

a) Bank's key management personnel

Salaries and other benefits paid the Bank's key management personnel (Executive Board and Board of Directors) are as follows:

	2022	2021	2020
Short-term benefits	**52,004**	**47,005**	**51,521**
Compensation and social charges	30,754	31,533	32,259
Executive Board	30,666	31,181	31,868
Board of Directors	88	352	391
Variable remuneration (cash) and social charges	14,093	11,844	14,955
Other [1]	7,157	3,628	4,307
Termination benefits	**52**	**2,268**	**834**
Share-based payment benefits	**7,523**	**5,719**	**10,801**
Total	**59,579**	**54,992**	**63,156**

(1) Includes compensation for the members of the Audit Committee and Risks and Capital Committee that are part of the Board of Directors, as well as employer contributions to pension plan and complementary healthy plan, housing assistance, removal benefits, group insurance, among others.

The Bank's variable compensation policy (developed in accordance with CMN Resolution 3,921/2010) requires variable compensation for the Executive Directors to be paid partially in shares (Note 37.l).

The Bank does not offer post-employment benefits to its key management personnel, except for those who are part of the staff of the Bank.

b) Details of related party transactions

The Bank has the policy of related party transactions approved by the Board of Directors and disclosed to the market. The policy aims to establish rules to assure that all decisions, especially those involving related party and other situations potentially conflicted, are made observing the interests of the Bank and its shareholders. It is applicable to all staff and directors of the company.

The policy forbids related party transactions under conditions other than those of the market or that may adversely affect the Bank's interest. Therefore, the transactions are conducted under normal market conditions. The terms and conditions reflect comparable transactions with unrelated parties (including interest rates and collateral requirements). These transactions do not involve unusual payment risks, as disclosed in other notes.

The transactions between the consolidated companies are eliminated in the consolidated financial statements.

The main transactions carried out by the Bank with related parties are:

- intercompany transactions, such as: interbank deposits, securities, loans, interest bearing and non-interest bearing deposits, securities sold under repurchase agreements, borrowings and onlendings, guarantees given and others;
- receivables from the National Treasury for interest rate equalization under Federal Government programs (Law 8,427/1992). Interest rate equalization represents an economic subsidy for rural credit, which provides borrowers with discounted interest rates compared to the Bank's normal funding costs (including administrative and tax expenses). The equalization payment is updated by the Selic rate in accordance with the National Treasury's budgeting process (as defined by law) and is designed to preserve the Bank's earnings;
- Previ uses the Bank's internal systems for voting, selective processes and access to common internal standards, which generates cost savings for both parties involved;
- related parties loan physical space to the Bank free of charge with the Bank, using the spaces mainly for the installation of self-service terminals, banking service offices and branches. These free of charge loans with related parties do not represent significant value, because the most of them are carried out with third parties;
- provision of business support services for controlled and sponsored entities for which the Bank is reimbursed for its costs with employees, technology and materials. Sharing of structure aims to gain efficiency for the Conglomerate. In 2022, the Bank was reimbursed a total of R$ 551,499 thousand (R$ 528,860 thousand in 2021), related to employees assigned;
- contracts in which the Bank rents property owned by the entities sponsored to carry out its activities;
- acquisition of portfolio of loans transferred by Banco Votorantim;
- assignment of credits arising from loans written off as losses to Ativos S.A;
- hiring specialized services from BB Tecnologia S.A (BBTS) for specialized technical assistance, digitization and copy of documents, telemarketing, extrajudicial collection, support and backing for financial and non- financial business processes, monitoring, supervision and execution of activities inherent to equipment and environments, software development, support and testing, data center support and operation, management of cell phone electronic messages, outsourcing and monitoring of physical security systems and telephony outsourcing; and
- amounts receivable arising from the honors requested by the Bank to the Guarantee Funds (in which the Federal Government holds participation), according to the terms and conditions established by the regulation of each guarantee program. The Guarantee Funds are public or private nature instruments intended to guarantee projects and credit operations, aiming to, among others, enable structured enterprises of the Federal Government and support the inclusion of individuals and companies in the credit market.

The Bank and Caixa Econômica Federal (CEF) signed a credit opening agreement for real estate loans, in the amount up to R$ 1,176,794 thousand, in 2022 (up to R$ 457,193 thousand in 2021).

The balances arising from the transactions above mentioned are disclosed in the "Summary of related party transactions" segregated by nature and category of related parties.

Some transactions are disclosed in other notes: the resources applied in federal government securities are listed in Notes 20, 21 and 22; information about the government funds are related in Note 34; and additional information about the Bank's contributions and other transactions with sponsored entities are listed in Note 44.

Fundação Banco do Brasil (FBB) promotes, encourages and sponsors actions in the areas of education, culture, health, social welfare, recreation and sports, science, technology and community development. In 2022, the Bank's contributions to FBB totaled R$ 118,849 thousand (R$ 72,632 thousand in 2021).

c) Acquisition of portfolio of loans transferred by Banco Votorantim

	2022	2021
Assignment with substantial retention of risks and rewards (with co-obligation)	4,881,162	5,852,020

d) Summary of related party transactions

	Dec 31, 2022				
	Controlling shareholder (1)	Associates and joint ventures (2)	Key management personnel (3)	Other related parties (4)	Total
Assets					
Loans to financial institutions	--	8,410,124	--	2,901,626	11,311,750
Financial assets	--	3,694,921	--	498,019	4,192,940
Loans to customers (5)	--	1,211	6,147	2,587,860	2,595,218
Other assets (6)	2,580,362	795,997	--	312,146	3,688,505
Total	**2,580,362**	**12,902,253**	**6,147**	**6,299,651**	**21,788,413**
Guarantees received	--	20	--	--	20
Liabilities					
Deposits of clients	2,747,266	570,117	1,741	11,074,351	14,393,475
Securities sold under repurchase agreements	--	100,043	--	1,831,017	1,931,060
Liabilities from issuance of securities and other financial liabilities	132,828	--	--	43,858,369	43,991,197
Other liabilities (7)	1,762,815	17,103,288	24,134	1,167,948	20,058,185
Total	**4,642,909**	**17,773,448**	**25,875**	**57,931,685**	**80,373,917**
Guarantees given and other coobligations (8)	344,592	5,004,909	--	33,985	5,383,486
Consolidated statement of income					
			2022		
Interest income	5,744,487	1,141,864	810	541,636	7,428,797
Interest expense	(152,927)	(47,406)	(2,192)	(4,080,080)	(4,282,605)
Commissions and fee income	165,872	6,011,385	14	750,321	6,927,592
Other operating income (9)	113,535	881,363	--	17,229	1,012,127
Other operating expenses	(973,196)	(1,384,821)	--	(797,182)	(3,155,199)
Total	**4,897,771**	**6,602,385**	**(1,368)**	**(3,568,076)**	**7,930,712**

(1) Union (National Treasury and agencies of the direct administration of the Federal Government).
(2) Comprised of the companies listed in Note 26.
(3) Board of Directors and Executive Board.
(4) Includes the most significant transactions with state-owned companies and public companies controlled by the Federal Government, such as: Petrobras, CEF and BNDES. Government funds such as: Fundo de Amparo ao Trabalhador – FAT, Fundo de Aval para Geração de Emprego e Renda – Funproger. In addition, entities linked to employees and sponsored entities: Cassi, Previ and others.
(5) The Bank constituted the amount of R$ 39 thousand as allowance for losses on loans on transactions with related parties. The reversal of expense was R$ 8 thousand in 2022.
(6) The transactions with the Controller refer mainly to interest rate equalization – agricultural crop and receivables – National Treasury.
(7) Mainly include other financial instruments and financial bills. The associates and joint ventures' and balance mainly refers to amounts payable to Cielo relating to transactions carried out with credit and debit cards issued by the Bank to be transferred by the Cielo to the accredited establishments.
(8) Includes contract of opening of a revolving interbank credit line with Banco Votorantim.
(9) Includes the amount of R$ 384,294 thousand in 2022 related recoveries of costs and expenses from the structure sharing.

	Dec 31, 2021				
	Controlling shareholder [1]	Associates and joint ventures [2]	Key management personnel [3]	Other related parties [4]	Total
Assets					
Loans to financial institutions	--	8,045,572	--	1,999,640	10,045,212
Financial assets	--	3,603,062	--	523,136	4,126,198
Loans to customers [5]	--	233,275	7,017	5,360,190	5,600,482
Other assets [6]	2,209,638	997,946	--	290,978	3,498,562
Total	**2,209,638**	**12,879,855**	**7,017**	**8,173,944**	**23,270,454**
Guarantees received [7]	--	3,701	--	555,596	559,297
Liabilities					
Deposits of clients	2,371,910	711,292	1,775	9,912,592	12,997,569
Securities sold under repurchase agreements	--	--	--	4,361,701	4,361,701
Liabilities from issuance of securities and other financial liabilities	142,969	--	--	50,701,728	50,844,697
Other liabilities [8]	1,489,903	15,087,882	15,586	2,063,979	18,657,350
Total	**4,004,782**	**15,799,174**	**17,361**	**67,040,000**	**86,861,317**
Guarantees given and other coobligations [9]	--	5,009,367	--	183,706	5,193,073
Consolidated statement of income					
	2021				
Interest income	2,416,957	617,739	725	559,169	3,594,590
Interest expense	(136,654)	(30,159)	(795)	(3,217,911)	(3,385,519)
Commissions and fee income	129,844	5,335,633	--	768,293	6,233,770
Other operating income [10]	69,813	764,638	--	9,340	843,791
Other operating expenses	(964,326)	(766,240)	--	(785,778)	(2,516,344)
Total	**1,515,634**	**5,921,611**	**(70)**	**(2,666,887)**	**4,770,288**

(1) Union (National Treasury and agencies of the direct administration of the Federal Government).
(2) Comprised of the companies listed in Note 26.
(3) Board of Directors and Executive Board.
(4) Includes the most significant transactions with state-owned companies and public companies controlled by the Federal Government, such as: Petrobras, CEF, BNDES and Eletrobras. Government funds such as: Fundo de Amparo ao Trabalhador – FAT, Fundo de Aval para Geração de Emprego e Renda – Funproger. In addition, entities linked to employees and sponsored entities: Cassi, Previ and others.
(5) The Bank constituted the amount of R$ 47 thousand as allowance for losses on loans on transactions with related parties. The reversal of expense was R$ 128 thousand in 2021.
(6) The transactions with the Controller refer mainly to interest rate equalization – agricultural crop and receivables – National Treasury.
(7) Mainly include National Treasury guarantees, billing with registration, among others.
(8) Mainly include other financial instruments and financial bills. The associates and joint ventures' and balance mainly refers to amounts payable to Cielo relating to transactions carried out with credit and debit cards issued by the Bank to be transferred by the Cielo to the accredited establishments.
(9) Includes contract of opening of a revolving interbank credit line with Banco Votorantim.
(10) Includes the amount of R$ 378,706 thousand in 2021 related recoveries of costs and expenses from the structure sharing.

46 – CURRENT AND NON CURRENT ASSETS AND LIABILITIES

	Dec 31, 2022		
	Up to 1 year	After 1 year	Total
Assets			
Cash and bank deposits	18,310,546	--	18,310,546
Compulsory deposits with Brazilian Central Bank	95,119,085	--	95,119,085
Financial assets at amortized cost, net	825,013,347	527,891,588	1,352,904,935
Loans to financial institutions	56,456,430	6,151,524	62,607,954
Securities purchased under resale agreements	359,203,442	1,417,032	360,620,474
Loans to customers	372,512,511	460,426,046	832,938,557
Securities	18,833,235	29,163,189	47,996,424
Other financial assets	18,007,729	30,733,797	48,741,526
Financial assets at fair value through profit or loss	12,078,012	--	12,078,012
Debt and equity instruments	10,439,943	--	10,439,943
Derivatives	1,638,069	--	1,638,069
Financial assets at fair value through other comprehensive income	44,800,309	324,970,445	369,770,754
Non current assets held for sale	203,473	--	203,473
Investments in associates and joint ventures	--	19,773,432	19,773,432
Property and equipment	--	13,200,128	13,200,128
Use	--	9,194,568	9,194,568
Right of use	--	4,005,560	4,005,560
Intangible assets	--	11,030,985	11,030,985
Tax assets	9,914,030	57,327,950	67,241,980
Current	9,914,030	--	9,914,030
Deferred	--	57,327,950	57,327,950
Other assets	17,768,738	30,325,909	48,094,647
Total	**1,023,207,540**	**984,520,437**	**2,007,727,977**
Liabilities			
Financial liabilities at amortized cost	1,366,681,217	386,520,778	1,753,201,995
Deposits of clients	593,072,021	160,191,026	753,263,047
Amount payable to financial institutions	21,373,628	2,709,229	24,082,857
Securities sold under repurchase agreements	548,630,323	15,823,276	564,453,599
Liabilities from issuance of securities and other financial liabilities	125,830,451	202,777,673	328,608,124
Other financial liabilities	77,774,794	5,019,574	82,794,368
Financial liabilities at fair value through profit or loss	2,764,797	--	2,764,797
Provisions for labor, tax and civil lawsuits	6,363,934	12,008,771	18,372,705
Expected losses for guarantees provided and loan commitments	3,146,078	438,800	3,584,878
Tax liabilities	4,625,471	13,566,618	18,192,089
Current	4,625,471	--	4,625,471
Deferred	--	13,566,618	13,566,618
Other liabilities	45,591,895	2,942,495	48,534,390
Shareholders' equity	**--**	**163,077,123**	**163,077,123**
Total	**1,429,173,392**	**578,554,585**	**2,007,727,977**

	Dec 31, 2021		
	Up to 1 year	After 1 year	Total
Assets			
Cash and bank deposits	18,023,001	--	18,023,001
Compulsory deposits with Brazilian Central Bank	75,504,036	--	75,504,036
Financial assets at amortized cost, net	858,439,797	486,098,485	1,344,538,282
Loans to financial institutions	37,278,227	5,564,361	42,842,588
Securities purchased under resale agreements	487,444,472	28,455	487,472,927
Loans to customers	315,909,987	418,380,619	734,290,606
Securities	10,059,172	23,048,637	33,107,809
Other financial assets	7,747,939	39,076,413	46,824,352
Financial assets at fair value through profit or loss	11,739,070	--	11,739,070
Debt and equity instruments	9,604,035	--	9,604,035
Derivatives	2,135,035	--	2,135,035
Financial assets at fair value through other comprehensive income	59,842,305	245,648,606	305,490,911
Non current assets held for sale	417,340	--	417,340
Investments in associates and joint ventures	--	19,446,188	19,446,188
Property and equipment	--	13,401,651	13,401,651
Use	--	8,982,146	8,982,146
Right of use	--	4,419,505	4,419,505
Intangible assets	--	7,035,270	7,035,270
Tax assets	7,345,674	57,663,822	65,009,496
Current	7,345,674	--	7,345,674
Deferred	--	57,663,822	57,663,822
Other assets	6,409,452	32,325,814	38,735,266
Total	**1,037,720,675**	**861,619,836**	**1,899,340,511**
Liabilities			
Financial liabilities at amortized cost	1,393,582,575	285,584,259	1,679,166,834
Deposits of clients	590,316,047	80,953,494	671,269,541
Amount payable to financial institutions	19,140,052	7,027,645	26,167,697
Securities sold under repurchase agreements	611,762,362	10,074,393	621,836,755
Liabilities from issuance of securities and other financial liabilities	111,556,347	181,121,628	292,677,975
Other financial liabilities	60,807,767	6,407,099	67,214,866
Financial liabilities at fair value through profit or loss	2,053,161	--	2,053,161
Provisions for labor, tax and civil lawsuits	5,618,405	11,108,134	16,726,539
Expected losses for guarantees provided and loan commitments	2,377,143	385,138	2,762,281
Tax liabilities	2,617,588	9,579,762	12,197,350
Current	2,617,588	--	2,617,588
Deferred	--	9,579,762	9,579,762
Other liabilities	36,480,311	3,843,802	40,324,113
Shareholders' equity	**--**	**146,110,233**	**146,110,233**
Total	**1,442,729,183**	**456,611,328**	**1,899,340,511**

47 – OTHER INFORMATION

a) Review and resizing of the organizational structure and incentive termination

As disclosed in the Relevant Fact to the market on Jan 11, 2021, the Bank approved a set of measures related to the revision and resizing of its organizational structure, in line with the strategic objectives of centrality in the client and increase of operational efficiency.

The full implementation of the measures occurred since the 1st half/2021, providing efficiency and optimization gains in 870 service points in the country, including:

i) deactivation of units;
ii) conversion of branches into service stations and service stations transformed into branches;
iii) transformation of business units into Banco do Brasil Stores, without cashier counters, with a greater vocation for advisory and relationship;
iv) shared relocation of business units; and
v) creation of specialized branches for agribusiness customers and Leve Digital Offices (specialized services to customers with digital maturity).

The reorganization of the service network is being adapted driven by the new profile and behavior of customers and includes, in addition to the structure optimization measures described above, other revision and resizing measures in the directorships, support areas and service network, favoring the specialization of service and expanding the offer of digital solutions.

Furthermore, with the measures, the Bank expands its capacity of serving customers with managed advisory, expanding relationship and businesses, and enhancing satisfaction and loyalty.

At the same time, two modalities of voluntary termination incentive program were approved: the Staff Adequacy Program (PAQ), in order to optimize the distribution of the workforce, addressing the situations of vacancies and excesses in the Bank units, and the Extraordinary Dismissal Program (PDE), available to all employees that meet the prerequisites. These Programs have specific regulations that define the rules for adhesion.

After completing the phase of voluntary expression of interest in the incentive termination programs, the terminations of 5,533 employees in the PAQ and PDE were validated, whose financial impacts are estimated at R$ 795 million in 2021.

b) Coronavirus Pandemic (Covid-19)

Faced with the Covid-19 pandemic, since the beginning of 2020, the Banco do Brasil Conglomerate adopted several measures recommended by specialists, the Ministério da Saúde and the authorities of the countries where it operates, reaffirming its commitment to the health and safety of employees, customers and society.

Among the measures taken, the Bank signed the Collective Bargaining Agreement (CBA) with Union Entities, as well as the disclosure of the main accounting and capital implications related to the effects of Covid-19, which can be consulted in full in the annual individual and consolidated financial statements for the 2021 fiscal year.

In 2022, important fluctuations were identified in the assumptions used in the actuarial calculations, especially on changes in the discount rate and fair value of certain assets guaranteeing the benefit plans. These effects jointly generate net adjustments to actuarial assets and liabilities, with an impact of R$ 2,9 billions in 2022 (R$ 9,1 billions in 2021) in shareholders' equity, net of taxes (Statement of Comprehensive Income). However, given the situation of uncertainty at the present economic moment, we observe that these two premises have presented important fluctuations to follow-up, which are continuously monitored.

c) Social bond issue

On Jan 11, 2022, the Bank informed that, through its Grand Cayman Branch, priced, on Jan 6, 2022, a sustainable international funding of senior debt, of the social bond type, in the amount of US$ 500 million, maturing on Jan 11, 2029, and coupon of 4.875% p.a. The financial settlement took place on January 11, 2022. This is the first social bond issued by the Bank.

The issuance took place within the scope of the Bank's Sustainable Finance Framework, which is in line with international standards and taxonomies, such as the International Capital Maket Association (ICMA) Social Bond Principles 2021, and best global practices such as the Sustainable Development Goals (SDG) of the United Nation (UN).

d) Russia-Ukraine Conflict

After a few weeks of intensifying tensions in Eastern Europe, on Feb 24, 2022, Russian troops advanced into Ukrainian territory. In response to this action, governments of several countries imposed economic sanctions on Russia and some private companies spontaneously announced the discontinuation of their activities in the country and the cessation of operations with companies and the Russian government.

Straight away, the conflict promoted the dislocation of a large part of the Ukrainian population who took refuge in other areas and part of the country's structure was damaged. Sectors such as oil and agriculture have been affected worldwide given the relevance of Russia in the supply of oil and fertilizers, and of both countries in the production of cereals.

Banco do Brasil and its subsidiaries, in Brazil and abroad, do not have direct exposure to the conflict, as the region is not an area of activity and there are no relevant operations with governments and companies from both countries. Inevitably, the impact of the war on the world economy brings systemic effects to the financial industry in Brazil, which for the moment are not reflected in our Financial Statements. The Bank continues to closely monitor the development of events to mitigate potential financial impacts on its operations.

e) Related company capital increase

As announced to the market on April 29, 2022, the capital increase in Banco Votorantim S.A. (BV) was approved through the capitalization of part of the Interest on Own Capital (IOC) declared and not yet paid, referring to the Year/2021. Thus, the transaction was carried out without financial transactions, with the issuance of new BV shares, in the amount of R$ 175 million for each partner, maintaining the respective equity interests. There was no impact on results and there was residual impact on capital.

On July 18, 2022, the transaction was approved by Bacen.

f) Increase in CSLL tax rate

On Sep 02, 2022, the Provisional Measure 1,115, from April 28, 2022, was converted into Law No. 14,446/2022, that increased the CSLL rate from August to December/2022, as follows: (i) from 20% to 21% for banks of any kind; and (ii) from 15% to 16% for securities distributors, exchange and securities brokers, credit, financing and investment companies, credit card administrators, leasing companies, credit cooperatives and savings and loans associations. The CSLL rate remains at 9% for other legal entities.

g) Change in tax treatment applicable to losses incurred

On Nov 16, 2022, the Provisional Measure 1,128 of May 07,2022, was converted into Law No. 14,467/2022, promotes changes in the tax treatment applicable to losses incurred in the receipts of credits arising from the activities of financial institutions and other institutions authorized to operate by the Bacen, except consortium administrators and payment institutions.

The Bank is evaluating the possible impacts arising from the standard, which will take effect from January 1st, 2025.

h) Memorandum of Understanding – BB Mapfre

On Jun 27, 2022, the Bank hereby informed the market that it has signed a Memorandum of Understanding (MoU) of a non-binding nature with BB Mapfre Participações S.A. (BB Mapfre), through BB Seguridade Participações S.A. (Seguridade), to jointly constitute a new company to be called Broto S.A. (Broto).

On Oct 13, 2022, the Bank informed that its Board of Directors approved the signature of the corporate documents necessary for the incorporation, jointly with Brasilseg Companhia de Seguros S.A. (Brasilseg), an indirect affiliated company, through Seguridade. Broto will conduct the business of the Broto Digital Platform (Broto Platform), which operates as a marketplace focused on the agribusiness production chain, and is currently managed by Brasilseg, a company wholly owned by BB Mapfre.

The central guidelines established in the non-binding MoU and disclosed in the Information to the market were maintained. In the agreement, the Bank will have 100% of the preferred shares without voting rights, which are equivalent to 50% of Broto's total capital, and BB Mapfre, 100% of the common shares, completing 100% of the capital of that share.

Due to the 50% interest in the total capital of the new company, Brasilseg will be responsible for the contribution of a portion in cash and another part through the transfer of assets and rights that are associated with Broto Plataform, currently held by the Insurer, totaling an investment of R$ 31.2 million. This same amount will be paid by the Bank to subscribe the shares corresponding to the other 50% of the total capital of the new company.

The corporate documents provide for the granting, by Brasilseg, of a call option to BB on the totality of the shares held by it in Broto, exercisable upon payment of the entire amount contributed by the Insurer to Broto, adjusted by the CDI accumulated in the period, within a period of up to 12 months from the date of signature of the shareholders' agreement, renewable for an equal period.

On January 04,2023, according to the Assembleia Geral held on the same date by the Bank and the Brasilseg, the incorporation of Broto S.A. was approved, after obtaining regulatory authorizations from Bacen, Sest and Cade.

i) Instrument qualifying as tier 1 capital installment settlement

On Jul 19, 2022, the Brazilian Central Bank authorized the first installment settlement of the instrument qualifying as tier 1 capital described in Note 37 – Shareholders' Equity, item "c".

On Jul 28, 2022, the Bank transferred to the National Treasury the amount of R$ 1 billion referring to the installment.

48 – SUBSEQUENT EVENTS

a) Worsening of credit risk level - deterioration signs in payment capacity

The Bank continuously tracks its customer portfolio in order to identify signs of deterioration in payment capacity, such as delays in operations, implying the adoption of timely actions, including the worsening of the risk classification, in order to minimize adverse effects on the credit risk.

Due to information to the market disclosed in January/2023 by a company in the Large Corporate segment, relating to accounting entries inconsistencies and the request for judicial recovery, the Bank reassessed it expected credit losses in exposures to financial assets at fair value through other comprehensive income (Note 21) and loans (Notes 23 and 24) and made the relevant adjustments in the financial statements for the year ended on December 31, 2022 so that they reflect the existing conditions up to that date.

49 – RECONCILIATION OF SHAREHOLDERS' EQUITY AND INCOME

	Reference	Dec 31, 2022	Dec 31, 2021
Shareholders' equity attributable to shareholders of the Bank – BRGAAP		**160,278,681**	**141,995,018**
IFRS's adjustments		**(1,322,326)**	**756,464**
Deferral of fees and commissions for adjustment based on the effective interest rate method	(a)	(743,174)	(794,784)
Business combinations and corporate restructuring	(b)	1,571,298	1,576,834
Expected losses on financial instruments	(c)	(2,967,816)	(1,077,499)
Other adjustments		195,226	1,281,622
Income and social contribution taxes on IFRS's adjustments	(d)	622,140	(229,709)
Shareholders' equity attributable to shareholders of the Bank – IFRS		**158,956,355**	**142,751,482**
Attributable to non-controlling interests		4,120,768	3,358,751
Shareholders' equity in accordance with IFRS		**163,077,123**	**146,110,233**

	Reference	2022	2021
Net income attributable to shareholders of the Bank – BRGAAP		**31,011,487**	**19,710,402**
IFRS's adjustments		**(3,381,080)**	**(1,366,076)**
Deferral of fees and commissions for adjustment based on the effective interest rate method	(a)	51,610	(36,785)
Business combinations and corporate restructuring	(b)	(5,536)	(16,733)
Expected losses on financial instruments	(c)	(1,890,317)	(1,141,272)
Other adjustments (1)		(2,388,686)	(657,598)
Income and social contribution taxes on IFRS's adjustments	(d)	851,849	486,312
Net income attributable to shareholders of the Bank – IFRS		**27,630,407**	**18,344,326**
Attributable to non-controlling interests		2,218,928	1,378,545
Net income in accordance with IFRS		**29,849,335**	**19,722,871**

(1) Refers mainly to hyperinflation adjustments in Argentina, in accordance with IAS 29.

a) Deferral of fees and commissions for adjustment based on the effective interest rate method

According to accounting practices adopted by financial institutions in Brazil, fees and commissions charged for the origination of loans to customers are recognized in the consolidated statement in the inception moment.

According to IFRS 9, fees and commissions that are part of the effective interest rate calculation, directly attributable to financial instruments classified at amortized cost, must be amortized over the expected life of the contracts.

The adjustments presented in these consolidated financial statements reflect the straight-line deferral of these revenues and expenses based on the term determined for each instrument subject to the effective interest rate method.

b) Business combinations and corporate restructuring

According to accounting practices adopted by financial institutions in Brazil, the amount of goodwill or negative goodwill resulting from the acquisition of control of a company derives from the difference between the amount of consideration paid and the equity value of the shares, which is amortized, if it is based on in expectation of future profitability.

In accordance with IFRS 3, the goodwill paid for expected future profitability is the positive difference between the value of the consideration and the proportional net amount acquired from the fair value of the acquiree's assets and liabilities. The amount recorded as goodwill is not amortized, but is assessed at least annually to determine whether it is impaired.

The adjustments classified as "Business Combinations" refer to the reversal of goodwill amortization carried out in accordance with accounting practices adopted by financial institutions in Brazil, the amortization of the fair value portion of the assets and liabilities acquired/assumed, the amortization of intangible assets of defined useful life identified in the acquisition of the equity interest and the negative goodwill determined in the acquisition of the equity interest, carried out in accordance with IFRS 3.

c) Expected losses on loans to customers, guarantees provided, loan commitments and other financial assets at amortized cost

According to accounting practices adopted by financial institutions in Brazil, loans to customers must be classified in ascending order of risk levels, from risk AA to risk H. The credit holding institution is responsible for the classification of the loan in the corresponding risk level and it must be carried out based on consistent and verifiable criteria, supported by internal and external information.

The main criteria observed by financial institutions when classifying loans to customers in risk levels are related to:

(i) the debtor's economic and financial situation;
(ii) degree of indebtedness;
(iii) ability to generate results;
(iv) cash flow;
(v) punctuality and delays in payments;
(vi) credit limit;
(vii) nature and purpose of the transaction; characteristics of guarantees, particularly in terms of sufficiency and liquidity; and
(viii) transaction value.

The classification of loans to customers in risk levels is reviewed monthly, due to delays in the payment of principal or charges.

The allowance to cover losses on loans to customers, in accordance with the accounting practices adopted by financial institutions in Brazil, must be constituted monthly, and cannot be less than the sum resulting from the application of minimum percentages, which vary from 0% for loans at level AA at 100% for loans classified as level H. Although the model used determines a minimum percentage of allowance for each level of risk, an entity may, at its own discretion, determine an additional allowance.

This practice of constitution of allowance for losses associated with credit risk is based on an expected loss model, using regulatory limits, in accordance with CMN Resolution 2,682/1999.

Although both international and Brazilian accounting practices use the concept of expected loss, the international model differs from the Brazilian standard. The model adopted by the bank, based on IFRS 9, considers default and significant changes in the level of credit risk, with a periodic review of the classification of these assets, through the projection of economic scenarios. The bank evaluates its operations in three stages: Stage 1 – Regular, Stage 2 – Significant credit risk increase, and Stage 3 – In default. Operations may migrate between stages according to the improvement or worsening of the operation's credit risk.

Also in accordance with IFRS 9, the bank recognizes an allowance for expected losses on securities at amortized cost, loans to financial institutions, securities purchased under resale agreements, as well as for off-balance exposures, such as loan commitments and guarantees provided, based on internal models (the provision for losses on guarantees provided, according to the practices applicable to financial institutions in Brazil, follows specific rules, using regulatory limits defined by the Central Bank of Brazil, as well as the allowance for losses on loans to customers).

d) Income and social contribution taxes on IFRS's adjustments

This adjustment results from the application of income tax and social contribution rates on the adjustments of the consolidated financial statements prepared in accordance with the accounting practices adopted by financial institutions in Brazil and the consolidated financial statements in accordance with IFRS.

AUDIT COMMITTEE SUMMARY REPORT

BB's consolidated financial statements in IFRS

Second semester of 2022

Presentation

The Audit Committee (Coaud), a statutory advisory board, has its attributions set by Law nº 13.303/2016 (State-Owned Entities Law), Decree nº 8.945/2016, CMN Resolution nº 4.910/2021, Banco do Brasil S.A. (BB) Bylaws and its Internal Regulations. It advises the Board of Directors (CA) permanently and with independence in the exercise of its attributions.

Coaud evaluates and monitors risk exposure through interaction and joint efforts with the Risks and Capital Committee (Coris), in line with the CMN Resolution nº 4.557/2017.

The Administrators of Banco do Brasil and its subsidiaries are responsible for elaborating and ensuring the integrity of financial statements, managing risks, keeping an effective internal control system and ensuring that activities are conducted in compliance with laws and regulations.

Internal Audit (Audit) is responsible for conducting periodic work focused on the main risks that the Conglomerate is exposed, by assessing in an independent way the risk management actions and the adequacy of governance and internal controls.

Deloitte Touche Tohmatsu Independent Auditors Ltda. (Deloitte) is responsible for auditing the financial statements of Banco do Brasil and the subsidiaries covered by the Coaud. It also evaluates, in the context of this work, the quality and sufficiency of internal controls to the preparation and appropriate presentation of the financial statements.

Period Activities

The activities carried out by Coaud, according to its Annual Work Plan of 2022, approved by the Board of Directors, on 12/16/2021, are recorded in minutes of meetings and have covered the set of responsibilities attributed to the Committee. Those documents were submitted to the Board of Directors, made available to the Supervisory Board and Independent Auditors, and its extracts are published on the website www.bb.com.br/ri.

During the period, the Coaud held meetings with representatives of Banco do Brasil's management and companies of the Conglomerate, as well as their respective Boards of Directors and Supervisory Boards, Coris, Board of Officers, internal audit, independent audit company and Central Bank of Brazil, in addition to internal meetings.

At the meetings, it addressed the topics monitored by Coaud, synthesized on the following thematic areas: internal controls system, internal audit, independent audit, transactions with related parties, actuarial, risk exposure and accountancy.

The Committee presented periodic informs of its activities and opinions related to its field of work to the CA. It addressed recommendations to management and to Internal Audit involving the main topics related to its field of work. These recommendations, after analysis, have been implemented with accompaniment of Coaud.

It did not come to Coaud's knowledge the existence and/or evidence of fraud or non-compliance with legal and regulatory rules that could endanger the continuity of the Institution.

It was not reported to Coaud any divergence between independent audit and the administration related to the financial statements.

Conclusions

Based on the activities developed and bearing in mind the attributions and limitations inherent to the scope of its activities, the Coaud concluded that:

a) the internal control system is appropriate to the size and complexity of the Conglomerate's businesses and requires ongoing attention by Administration;

b) the Internal Audit is effective, has sufficient structure and budget to perform its functions and acts with independence, objectivity and quality;

c) Deloitte acts effectively and independently;

d) the related-party transactions comply with BB’s specific policy and current legislation;

e) the main parameters of the calculations and the actuarial results are adequately reflected in the financial statements;

f) the main risk exposures have been adequately managed by administration;

g) the 12/31/2022 BB’s consolidated financial statements were prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and reflect, in their relevant aspects, the equity and financial situation on the referred date.

Brasília-DF, February 13th, 2023.

(electronically signed)
Egidio Otmar Ames
(coordinator)

(electronically signed)
Aramis Sá de Andrade

(electronically signed)
Rachel de Oliveira Maia

(electronically signed)
Vera Lucia de Almeida Pereira Elias

(electronically signed)
Walter Eustáquio Ribeiro

DECLARATION OF THE EXECUTIVE BOARD MEMBERS ABOUT THE FINANCIAL STATEMENTS

According to the article 27, § 1, item VI, of CVM Instruction No. 80 of March 29, 2022, we declare that the Financial Statements of the Banco do Brasil S.A. related to the period ended December 31, 2022 were reviewed and, based on subsequent discussions, we agree that such statement fairly reflects, in all material facts, the financial position for the periods presented.

Brasília (DF), February 09, 2023.

Tarciana Paula Gomes Medeiros
CHIEF EXECUTIVE OFFICER (CEO)

Felipe Guimarães Geissler Prince
CHIEF INTERNAL CONTROLS AND RISK MANAGEMENT OFFICER (CRO)

José Ricardo Sasseron
CHIEF GOVERNMENT AFFAIRS AND SUSTAINABILITY OFFICER

Carla Nesi
CHIEF RETAIL BUSINESS OFFICER

Ana Cristina Rosa Garcia
CHIEF CORPORATE OFFICER

Francisco Augusto Lassalvia
CHIEF WHOLESALE OFFICER

José Ricardo Fagonde Forni
CHIEF FINANCIAL MANAGEMENT AND INVESTOR RELATIONS OFFICER (CFO)

Marisa Reghini Ferreira Mattos
CHIEF BUSINESS DEVELOPMENT OFFICER (CTO)

Renato Luiz Bellinetti Naegele
CHIEF AGRIBUSINESS AND FINANCING SOLUTIONS OFFICER

DECLARATION OF THE EXECUTIVE BOARD MEMBERS ABOUT THE REPORT OF INDEPENDENT AUDITORS

According to the article 27, §1, item V, of CVM Instruction No. 80 of March 29, 2022, we affirm based on our knowledge, on auditor's plan and on discussions about the audit results, that we agree, with no dissent, to the opinions expressed in the Report of Independent Auditors for Financial Statements.

Brasília (DF), February 09, 2023.

Tarciana Paula Gomes Medeiros
CHIEF EXECUTIVE OFFICER (CEO)

Felipe Guimarães Geissler Prince
CHIEF INTERNAL CONTROLS AND RISK MANAGEMENT OFFICER (CRO)

José Ricardo Sasseron
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Marisa Reghini Ferreira Mattos
CHIEF BUSINESS DEVELOPMENT OFFICER (CTO)

Renato Luiz Bellinetti Naegele
CHIEF AGRIBUSINESS AND FINANCING SOLUTIONS OFFICER

MEMBERS OF MANAGEMENT

CHIEF EXECUTIVE OFFICER (CEO)

Tarciana Paula Gomes Medeiros

VICE-PRESIDENTS

Ana Cristina Rosa Garcia
Carla Nesi
Felipe Guimarães Geissler Prince
Francisco Augusto Lassalvia
José Ricardo Fagonde Forni
José Ricardo Sasseron
Marisa Reghini Ferreira Mattos
Renato Luiz Bellinetti Naegele

DIRECTORS

Adelar Valentim Dias
Antonio Carlos Wagner Chiarello
Daniel Alves Maria
Daniela de Avelar Gonçalves
Eduardo Cesar Pasa
Guilherme Alexandre Rossi
Gustavo Garcia Lellis
Jayme Pinto Junior
João Leocir Dal Rosso Frescura
João Vagnes de Moura Silva
Lucinéia Possar
Marco Túlio de Oliveira Mendonça
Neudson Peres de Freitas
Paula Sayão Carvalho Araujo
Paulo Augusto Ferreira Bouças
Paulo Eduardo da Silva Guimarães
Pedro Bramont
Rodrigo Felippe Afonso
Rodrigo Mulinari
Thiago Affonso Borsari
Thompson Soares Pereira César

BOARD OF DIRECTORS

Aramis Sá de Andrade
Ariosto Antunes Culau
Débora Cristina Fonseca
Iêda Aparecida de Moura Cagni
Paulo Roberto Evangelista de Lima
Rachel de Oliveira Maia
Tarciana Paula Gomes Medeiros
Walter Eustáquio Ribeiro

SUPERVISORY BOARD

Aloisio Macário Ferreira de Souza
Carlos Alberto Rechelo Neto
Lincoln Moreira Jorge Junior
Lucas Pedreira do Couto Ferraz
Renato da Motta Andrade Neto

AUDIT COMMITTEE

Aramis Sá de Andrade
Egídio Otmar Ames
Rachel de Oliveira Maia
Vera Lucia de Almeida Pereira Elias
Walter Eustáquio Ribeiro

ACCOUNTING DEPT.

Eduardo Cesar Pasa
General Accountant
Accountant CRC-DF 017601/O-5
CPF 541.035.920-87

Pedro Henrique Duarte Oliveira
Accountant CRC-DF 023407/O-3
CPF 955.476.143-00