Financial Statements

June, 30 2023

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banco BV

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/ Management Report

June 30, 2023

We present the Management Report and the Individual and Consolidated Financial Statements of Banco Votorantim S.A. (BV Bank or Bank) for the period ended June 30, 2023, prepared in accordance with accounting practices adopted in Brazil, established by the Brazilian Corporate Law, in compliance with the rules and instructions of the National Monetary Council (CMN), of Central Bank of Brazil (Bacen), the Securities and Exchange Commission (CVM), when applicable, and presented in accordance with the Accounting Plan for Institutions of the National Financial System (COSIF).

/ Highlights 1H23

Resilience in the core business, advances in the diversification strategy and customer experience, with maintenance of a robust balance sheet and efficient risk management

Recurrent Net Income	Recurrent ROE	Efficiency Ratio[1]
R$ 566 mln	**9.0%**	**33.4%**
-29.2% *vs* 1H22	*vs* 13.6% no 1H22	-0.7 p.p. *vs* 1H22

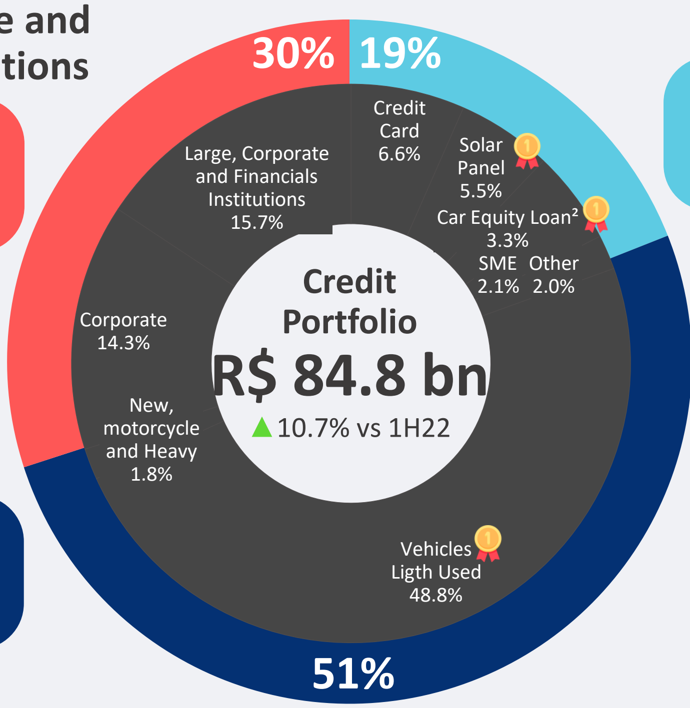
NPL 90 days	Coverage Ratio	Basel Ratio
5.4%	**154%**	**14.7%**
vs 4.3% no 1H22	*vs* 203% no 1H22	*vs* 17.1% no 1H22

Corporate, Large and Financial Institutions

1H23
R$ 25.5 bn
▲8.5% vs 1H22

Auto Finance

1H23
R$ 42.9 bn
▲6.7% vs 1H22



Growth

1H23
R$ 16.4 bn
▲26.9% vs 1H22

Credit Card
R$ 5.6 bn 1H23 ▲9.9% vs 1H22

Solar Panel
R$ 4.6 bn 1H23 ▲27.5% vs 1H22

Car Equity Loan
R$ 2.8 bn 1H23 ▲81.7% vs 1H22

SME
R$ 1.8 bn 1H23 ▲39.7% vs 1H22

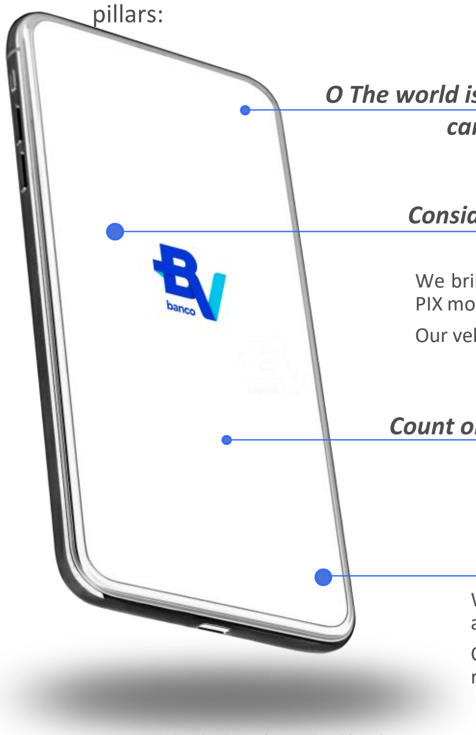
1 – Normalized Efficiency Ratio (excluding investments in the digital bank); 2 - Loan with vehicle as a collateral; 3 - Includes: personal credit, private payroll, student loans, medical procedures and FGTS credit. Segment in which BV is market leader

PÚBLICO

/ Strategy

Digital Bank

Our digital strategy is focused on ensuring our customers' principality, which is why our digital bank is becoming more and more complete every day, with products and services aimed at providing our customers with the best possible experience. Our value proposition supports our strategy of seeking principality and is based on four main pillars:



O The world is digital, your bank can be too

Our home has a friendly and easy look, where the customer has greater visibility of the products offered by BV.

We also have a highly specialized in-app chat for customer service.

Consider organizing your financial life with someone you already know and trust

We bring several features that generate recurrence in the use of the digital account (such as payments, PIX modalities).

Our vehicle ecosystem is more complete, with options for paying vehicle debts directly from the app.

Count on the BV account whenever the month seems too long

We expanded the credit offer for our core customers (personal loans).

We launched new credit products: Easy Loan, FGTS Birthday Withdrawal and Payment Initiator

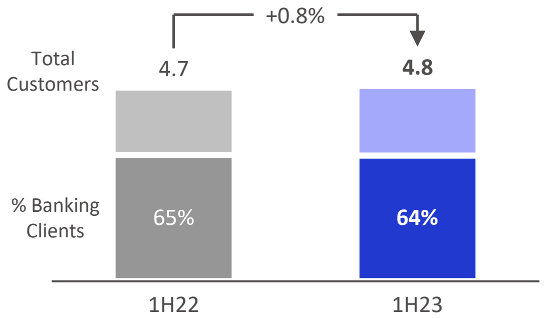
Ecosystem BV has a greater value proposition than any single product

We generate integrated offers for a better customer experience, having everything in one place: auto, account, card, insurance.

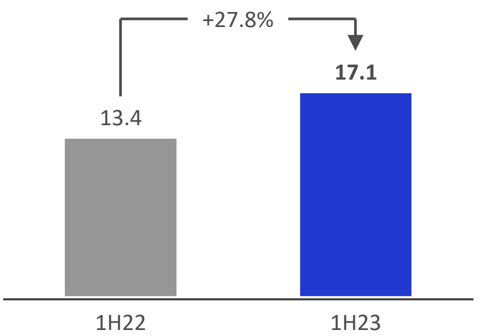
Our benefits are clear, and we offer one of the biggest cashbacks on the market with several redemption and use options

We ended the first half of 2023 with 4.8 million individual customers, 64% of which are digital bank customers (banking clients[1]). The stability observed in the growth of the customer base reflects our focus on seeking to engage and focus on core customers (BV consumer finance customers), expanding the offer of products and services in the app, together with the continuous improvement of the customer experience . One of the engagement metrics, the Total Payment Volume[2] ("TPV"), continues to evolve and reached R$ 17.1 billion in the first half of 2023, growing 27.8% over the same period last year.

Individual customers and % of banking clients[1]
(in mln and %)



Total payment volume[2] (TPV)
(in R$ bn)



PÚBLICO

1 - Customers who have the digital account and/or card; 2 – Includes spending on credit, debit, Ted/Doc, Pix, withdrawal and slip payment

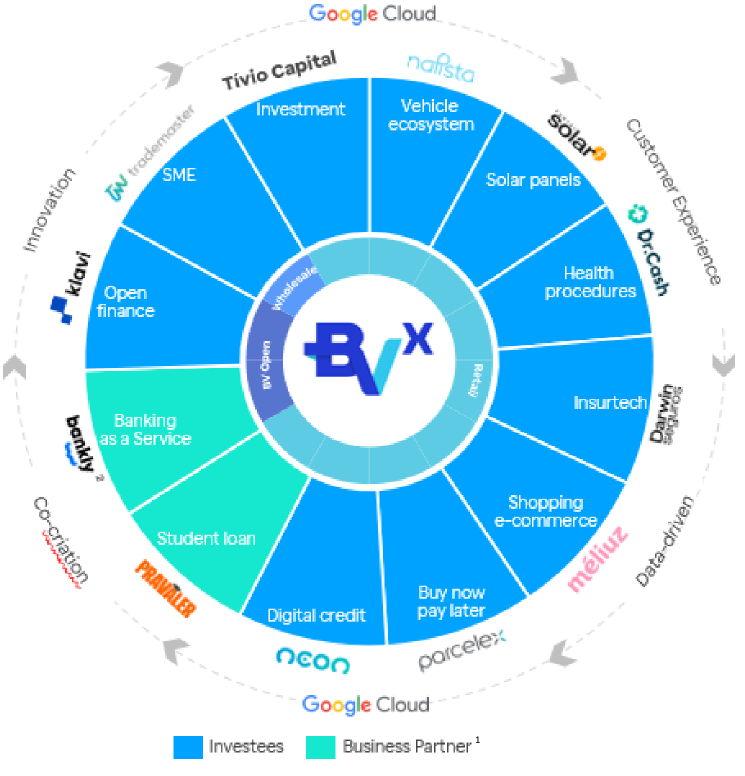
/ Strategy

BVx: BV's innovation ecosystem and digital partnerships

Our digital strategy involves the relentless pursuit of better services and experiences for our customers, always using innovation as a tool. BV consolidates and concentrates all innovation initiatives and digital partnerships in the **BVx ecosystem**, working on the following fronts: open innovation, connection with the ecosystem, future money, Artificial Intelligence, CVC (Corporate Venture Capital), BaaS (Banking as a Service) and Open Finance.

On the Corporate Venture Capital front, we have direct investments and partnerships for co-creation and lead/distribution of products. At the end of 1H23, we had around 30 innovative companies enriching our ecosystem. On the right, we present a non-exhaustive view of our ecosystem.

We remain strongly committed in the partnership with **Méliuz** announced in December 2022, which is focused on strengthening our skills in attracting and engaging customers. **During the 1H23, we had great advances in the integration plan of BV's account and credit card in the Méliuz app: currently, all the new accounts opened are already BV accounts and we reached over 8,000 credit cards issued.** The challenge for the 2H23 will be the integration of new products such as CDB and insurance in the Méliuz app and the start of the developments of shopping Méliuz white label within the BV digital banking experience.



BV Open Platform

BV Open Platform is the business that plays an important role in our revenue diversification strategy, acting as a distribution channel for our services. BV Open Platform is an important advancement of technology at BV and allows more companies to be part of the financial market from the open banking concept. We offer our partners and customers the following platform solutions via API: Banking as a Service (BaaS), Credit as a Service (CaaS) and Investment as a Service (IaaS). We ended the 1H23 with over 100 partners[3] from the most varied segments such as education, energy, health and e-commerce connected and using our platform solutions. Transactions[4] carried out on our Banking as a Service (BaaS) platform reached 112 million in the 1H23.

PÚBLICO

1 – Non-exhaustive list; 2 - The acquisition of Bankly depends on precedent conditions as per the Notice to the Market disclosed on 12/30/2022; 3 – The criteria for calculating the number of BV Open partners was updated in 2023; 4 – Includes payment of bank slips, Ted and Pix.

/ Strategy

BVx: BV's innovation ecosystem and digital partnerships

We believe that an innovation strategy must contain multiple simultaneous initiatives with the ecosystem, with the most varied focuses and formats. In addition to the innovation implemented through investments and/or strategic partnerships described above, our Innovation and Open Finance Lab uses technology, data and the power of the ecosystem to prototype and experiment with innovative new solutions in the finance industry.

During the first months of the year, we applied to be part of the Central Bank's Real Digital Pilot project and we are among the 14 institutions selected for the testing phase that will serve to evaluate the benefits of operations carried out with tokenized assets. This participation will help us to develop technological infrastructure, employee training and brand positioning as a relevant institution in the historical framework of the Brazilian financial system.

We are also recurrently present at the main events of the innovation ecosystem and in April 2023 we participated as sponsors of the Brazil edition of the South Summit, an event that brings together the global innovation ecosystem and this year took place in the city of Porto Alegre. At the event, we launched the Open Innovation Program (PIA), an initiative aimed at startups with the objective of catalyzing solutions that help BV solve the main day-to-day challenges of a bank and the priority themes of the program were: development of new products and services; improved customer experience and increased efficiency. PIA had 8 challenges launched to the market and generated a total of 147 startups enrolled in the program. Finally, we also participated as sponsors of the first edition of the Websummit event in Brazil, which took place in Rio de Janeiro, in which we had a BV box and around 300 people circulated a day to follow exclusive content panels, in addition to the participation of more than 30 BV employees.

And we can't talk about innovation without talking about data. To further encourage the use of data at BV, we launched to our card customers the possibility of increasing their credit limit by joining Open Finance. After analyzing their financial history, eligible customers receive an increase in their credit limit and so far, 34% of benefited customers have used this additional limit, which demonstrates the ability to customize products with Open Finance data.

The use of Open Finance data also opened an opportunity for us to innovate with the launch of the CO^2 emissions statement. We started to offer our card customers a communication by e-mail, with the total amount of CO^2 emissions, carbon dioxide, associated with the last month's purchase data. It is the first time in the Brazilian financial market that an institution has started to use Open Finance data to calculate the diffusion of gases that are harmful to the environment, reaffirming our commitment to the Innovation and ESG agenda. The sending of notices will be gradual, and the holders will be informed little by little about the balance.

We also innovated with the launch of the payment initiator, a functionality that allows our customers to make money transfers from another institution to Banco BV, directly through our app. The Payment Initiator is yet another technological tool full of benefits also brought by the Open Finance to improve the day-to-day financial transactions of Brazilians.

The bank's performance on these different fronts reinforces our DNA of establishing successful partnerships. We understand that the financial industry has undergone a profound transformation and will continue to be flooded with new technologies and solutions, and in this context our innovation platforms are essential to maintain BV's pace of growth and diversification.

/ Strategy

Client Centricity

In 2019, we started a journey to reposition our brand in which we seek to develop and increasingly strengthen an entrepreneurial culture, which emphasizes the commitment to take care of our customers and serve them with high quality support in such a way that the result of this positioning reinforce our purpose as an institution: to make the financial life of people and companies easier.

This strategy has provided us with results that go far beyond what we expected. We are proud to be able to share that for the first time, **Banco BV entered the ranking of the 100 most valuable brands in Brazil, occupying the 55th position**. This achievement is the result of our solid brand repositioning strategy, focus on product development and dedication to providing our customers with the best experience.

Our strong relationship with the innovation ecosystem contributes to us being a highly recognized bank in bringing innovation to clients. We have been trying to improve our relationship with customers by using technologies aimed at: (i) channel improvements; (ii) training of customer service teams and; (iii) offers of contextualized and personalized products and services. This positioning has contributed significantly to the increase in customer satisfaction.

The results did not take long to appear: BV continuously features as one of the **lowest rates of complaints** among the main banks in Brazil in the **Brazilian Central Bank ranking**.

On the **Consumidor.gov.br** platform, we ended the semester with the **best service score in the banking industry**. In addition, we occupy the 3rd position in terms of resolution of problems among large banks, with a solution rate above the average of the industry.

We also continued to improve the transactional NPS (Net Promoter Score) in the various channels of interaction with our clients. These advances reflect the improvements in the customer experience when using the BV app and in conducting customer service by a highly specialized team, which implemented continuous improvement actions in operations, increasing resolution and assertiveness in the customer service channels. At the customer service, we ended 2Q23 with an average NPS of 77, against 71 in 2Q22. In the collection department, the NPS average reached 76 in 2Q23, compared to 72 in 2Q22. Finally, our NPS as an ombudsman has performed within the zone of excellence in all months of 2023, ending 2Q23 at 85 (vs 76 in 2Q22).

77 | NPS **Customer Service** vs 71 in 2Q22

76 | NPS **Collection** vs 72 in 2Q22

85 | NPS **Ombudsman** vs 76 in 2Q22

/ Strategy

ESG Agenda

Our sustainability aspiration is "Fostering social development through sustainable action with our ecosystem". To strengthen our aspirational and sustainable commitment, in May 2021 we launched our "2030 Commitments for a lighter future". In it, we assume 5 public goals with the aim of getting closer to the UN Sustainable Development Goals and which are in line with the Global Compact, of which we are signatories. The 2030 commitments are aligned with our aspirations and based on 3 pillars of action (i) neutralizing our environmental impact; (ii) accelerate social inclusion and; (iii) mobilize resources to foster sustainable businesses. The goals assumed in the 2030 Commitments for a lighter future are:

NEUTRALIZE OUR ENVIRONMENTAL IMPACT	ACCELERATE SOCIAL INCLUSION	MOBILIZE RESOURCES FOR SUSTAINABLE BUSINESS
1. Carry out **100% of the CO2 offset of our main business**, the financing of used vehicles	3. A**chieve 50% of leadership** roles held by people who **identify as female**	5. Financing and distributing **R$ 80 billion in the capital market for ESG businesses**
2. Compensate 100% of **BV's direct GHG[1] emissions**	4. Ensure participation of **35% of black people** in BV's staff	

In 1H23, we highlight the following initiatives and achievements within our ESG agenda:

Donating Dreams: Drive Social Transformation Through Innovation!

Fostering social development through sustainable action with our ecosystem is our aspiration. For this reason, we have initiatives aimed at acquiring carbon credits, in addition to private social investment programs, encouraging those who support different cultural, social and sports projects as an inclusion tool.

One of the institutions that count on our support is the IPG (*Instituto Próxima Geração*), which focuses on promoting the training and development of citizens, providing a better future for children through the practice of tennis.

In an unprecedented initiative in the market, and in partnership with Betablocks, we are launching an innovative donation platform based on Blockchain: *Doar Sonhos ("Donating dreams")*. Through it, all our employees will be able to donate to our partner institute and acquire a Social NFT, which can be used to redeem exclusive experiences.

PÚBLICO 1 – Greenhouse Gases

/ Strategy

ESG Agenda

We offset 100% of the CO^2 emitted by the vehicles we finance

Since January 1st, 2021, all vehicles financed by BV have their CO2 emissions offset. Since then, it was over 2.9 million tons of CO^2 compensated from financed vehicles, until June 2023.

We grew 49% in the financing of hybrid and electric vehicles

We recorded a 49% growth in hybrid and electric vehicle financing in the 1H23 vs 1H22 comparison. The numbers reflect that we have more and more consumers and industries active in socio-environmental guidelines and reinforce BV's position in support of ESG causes.

We are in a prominent position in research that assesses the quality of ESG practices

We were featured in the survey *Melhores para o Brasil* ("Best for Brazil") carried out by *Humanizadas*, the first ESG assessment company. According to the survey, BV reached positive percentages above the market average in all indicators. The survey serves as an index of the quality of an institution's practices and can be used by different actors: investors and investment funds, employees, governance and management, business partners, customers, consumers and society.

We are part of the Business Coalition to End Violence against Women

We became a signatory to the Business Coalition to End Violence Against Women. The movement is a union of efforts and resources from the private sector, spontaneous and collaborative, to generate social impact through awareness and mobilization in favor of ending violence against women.

Sustainable Business

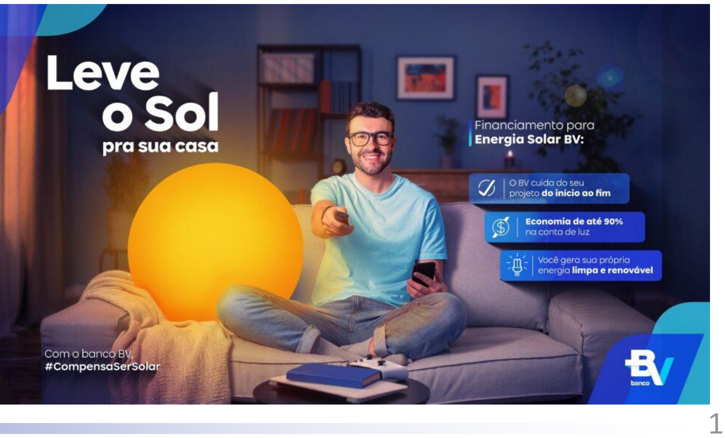
In line with our commitment to mobilize resources to foster sustainable businesses in Brazil, from the beginning of 2021 until the end of 1H23, we financed and distributed R$ 18.3 billion to ESG retail and wholesale businesses. Our goal is to reach R$ 80 billion by 2030.

"Take the sun home" campaign

What if you could save money and still support the nature? Solar energy is the answer and our new financing campaign for solar energy is here to clarify doubts and further promote this theme. The objective of this new campaign, which started in the first week of July, is to bring more knowledge about the benefits and advantages of the financing for solar panels.

After all, we are the leader in financing solar panels for homes and small businesses, in addition to encouraging social projects and fostering sustainable businesses, and now we are going to tell you that financing solar energy with BV, in addition to being simple and practical, is one of the best alternatives for environment.

To talk about our solar financing, we will have proprietary content available on UOL and InfoMoney websites, in addition to a group of influencers who will bring more details on the benefits of solar panels for cleaner and more sustainable energy generation on their social networks.



/ Strategy

ESG Agenda

June 21: Skate Day

June 21st was the day to celebrate Skate Day, after all we are the bank for Brazilian skateboarding. And we celebrated our partnership with the sport in the best possible style, welcoming Yndiara Asp and Murilo Peres, BV athletes from the skate park, to our main office. They helped us tell a little about BV's trajectory with this sport that has been evolving here and around the world.

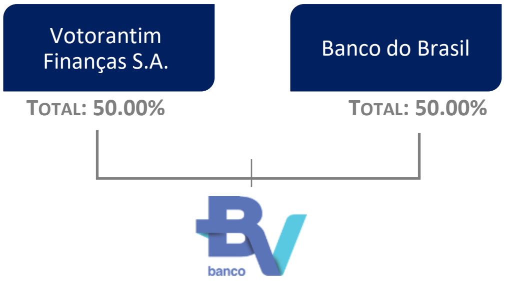
During these five years of hard work and impact, we supported championships, such as the PAM AM, by our star Pâmela Rosa, and the STU, we renovated tracks throughout Brazil and helped to take the sport to another level. And we didn't stop there: we launched the special card for skaters, which featured art chosen by the public for you and all our athletes to carry around the pride of being BV with a unique style.

Corporate Governance

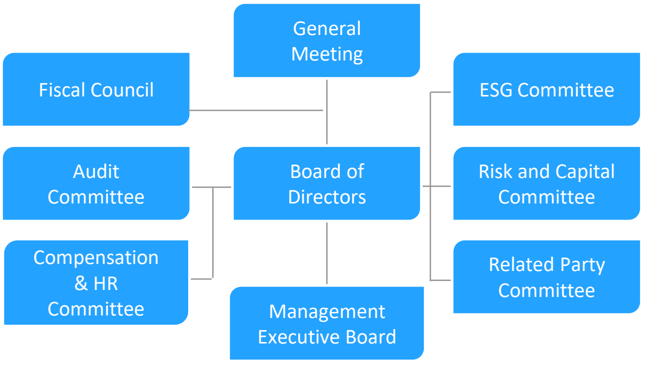
Banco BV has an organizational structure that follows the legislation and regulations in force in Brazil and is in line with the best market practices, committing itself to the principles of transparency, equity, accountability and corporate responsibility, as well as adopting standards of good practices in line with anti-corruption and social, environmental and climate responsibility laws.

We have a solid base of shareholders, formed by Votorantim Financeira S.A., the financial holding of Grupo Votorantim S.A., and Banco do Brasil S.A., one of the largest financial institutions in Brazil, with over 200 years of history. The following charts show BV's Shareholder Structure and Corporate Governance Bodies, respectively.

Shareholding Structure



Governance Bodies



The shareholding structure of banco BV is shared between Votorantim Finanças and Banco do Brasil, which have equal participation in the Board of Directors. The Board of Directors is composed by 7 members, 3 of which are appointed by each of the controlling shareholders and 1 independent member. The body's decisions are taken by absolute majority, with no casting vote. At the General Meeting held in April 2023, the members appointed by the shareholders were elected, with mandate until the 2025's General Meeting, with the position of independent member not being temporarily filled, which will be filled in due course.

/ Business

Diversified business portfolio

Auto Finance

- **Leadership** in light used vehicles
- **Capillarity:** +25,000 car dealers; digital partners
- **Innovation and digital transformation**
- **100% digital** hiring mat
- **97%** automatic analysis

Leadership in financing for light used vehicles

Growth

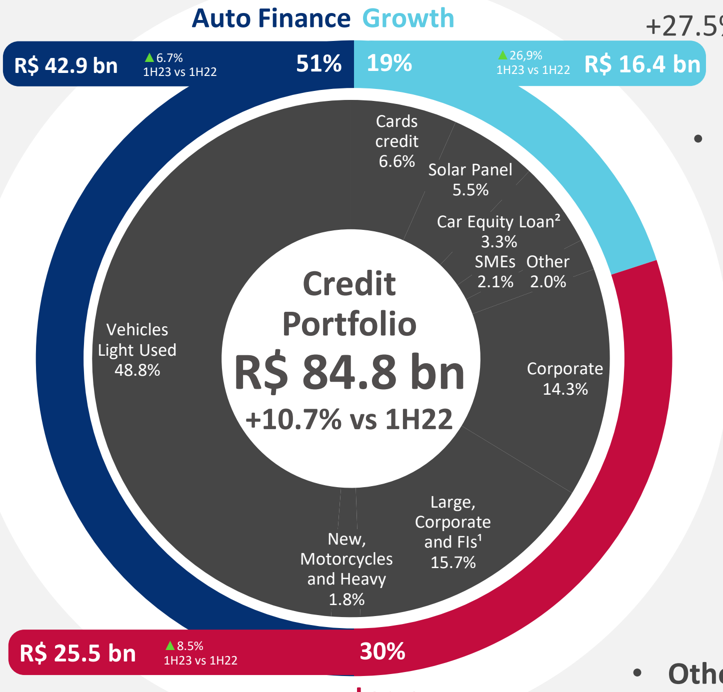
- **Credit card:** portfolio of cards: BV Livre, BV Mais and BV Único. Mastercard, Visa and Elo flags. +9.9% vs 1H22

Solar Panel: leadership in the segment. +27.5% vs 1H22

- **SME:** majority share in anticipation of receivables +39.7% vs 1H22

Car Equity Loan²: segment leadership 81.7% vs 1H22

- **Other Loans²**



Large, Corporate and FIs¹

Corporate Banking:

- Corporate (> R$ 300 million)
- Large Corporate (> R$ 1.5 bn)
- Financial Institutions

13% expansion in the Corporate segment

- **BV Open Platform**
  Includes our BaaS (Banking as a Service), CaaS (Credit as a Service) and IaaS (Investment as a Service) platform

BV consolidates and concentrates all innovation initiatives and digital partnerships in the BVx ecosystem, acting on the following fronts: open innovation, connection with the ecosystem, future money, Artificial Intelligence, CVC (Corporate Venture Capital), BaaS (Banking as a Service) and Open Finance.

1 – Financial Institutions; 2 – Loan with vehicle as collateral; 3 – Considering Large, Corporate and FIs

/ Results

Accounting versus Managerial Reconciliation

In order to better understand and analyze the Bank's financial performance, the explanations of this report are based on the Managerial Income Statement, which considers some managerial reallocations carried out in the audited Financial Statement. These reallocations refer to:

- Expenses related to provisions (civil, labor and tax) reallocated from "(Provision) / reversal for contingent liabilities" and from "Personnel Expenses" to "Other Income (Expenses)";
- Operational costs of subsidiary Promotiva S.A. reallocated from "Other income (Expenses)" to "Income from rendered Services". As of 2023, this adjustment ceased to exist due to the sale of all Promotiva shares carried out in Dec/2022;
- Discounts granted reallocated from "Gross Financial Margin" to "Cost of Risk"
- Costs directly related to business generation reallocated from "Administrative Expenses" to "Other Income (Expenses)"

In addition to the managerial adjustments described above, the numbers presented in this section of the Report follow the view of Managerial Recurring Results. For a detailed analysis of the figures presented in this section, we recommend reading this document together with the 2Q23 Earnings Release, available on our Investor Relations website (https://ri.bv.com.br/).

Income Statement (R$ mln)	1H23 Accounting	Non-recurring events	Managerial Adjustments	1H23 Managerial
Revenues – Total (i + ii)	**4,374**	**0**	**730**	**5,104**
Gross financial margin (i)	3,394	0	731	4,125
Income from services and brokerage fees (ii)	980	0	(0)	979
Cost of risk	**(1,455)**	**0**	**(763)**	**(2,218)**
Operating expenses	**(2,345)**	**1**	**32**	**(2,311)**
Personnel and administrative expenses	(1,824)	0	315	(1,509)
Tax expenses	(276)	0	0	(276)
Other expenses (income)	(245)	1	(283)	(527)
Result before taxes and contributions	**573**	**1**	**0**	**574**
Income tax and social contribution	85	0	0	85
Minority Interest	(93)	0	0	(93)
Recurring Net Income	**565**	**1**	**0**	**566**

/ Results

Main Indicators

Managerial Income Statement *(R$ mln)*	**1H22**	**1H23**	**Δ%**
Revenues – Total (i + ii)	4,898	5,104	4.2%
Gross financial margin (i)	4,017	4,125	2.7%
Income from services and brokerage (ii)	881	979	11.2%
Cost of Risk	(1,293)	(2,218)	71.6%
Personnel and administrative expenses	(1,533)	(1,509)	-1.5%
Recurring Net Income	800	566	-29.2%
Accounting Net Income	800	565	-29.4%

Balance Sheet *(R$ mln)*	**1H22**	**1H23**	**Δ%**
Total Assets	121,936	138,418	13.5%
Expanded loan portfolio	76,592	84,762	10.7%
Wholesale Segment	24,721	27,207	10.1%
Retail Segment	51,871	57,555	11.0%
Funding	82,852	87,873	6.1%
Shareholders' equity	14,774	13,773	-6.8%
Basel ratio (%)	17.1%	14.7%	-2.5 p.p.
Tier I Capital Ratio (%)	15.8%	13.5%	-2.3 p.p.
Common Equity Tier I (%)	13.7%	12.6%	-1.1 p.p.

Managerial Indicators *(%)*	**1H22**	**1H23**	**Δ%**
Return on Average Equity[1] (ROAE)	13.6%	9.0%	-4.7 p.p.
Return on Average Assets[2] (ROAA)	1.3%	0.9%	-0.5 p.p.
Net Interest Margin[3] (NIM) - Clients	10.2%	9.7%	-0.5 p.p.
Net Interest Margin[4] (NIM) - Clients + Market	7.6%	7.0%	-0.6 p.p.
Efficiency Ratio (ER) – Last 12 months[5]	38.0%	37.8%	-0.2 p.p.
Normalized ER - Last 12 months[6]	34.2%	33.4%	-0.7 p.p.
NPL 90-days	4.3%	5.4%	1.1 p.p.
Coverage Ratio (NPL 90-days)	203%	154%	-48.9 p.p.

Additional Information	**1H22**	**1H23**	**Δ%**
Employee[6] (quantity)	4,571	4,255	-6.9%

1. Ratio between net income and average equity for the period, annualized. It excludes other comprehensive income recorded in shareholders' equity; 2. Ratio between net income and average total assets for the period. Annualized; 3. Ratio between gross financial margin with clients and average assets sensitive to spreads in the period. Annualized; 4. Ratio between gross financial margin and average profitable assets for the period. Annualized; 5. ER = personnel (excluding labor claims) and administrative expenses / (gross financial margin + income from rendered services and banking fees + other operational income + other operational expenses – tax expenses – income from the real state activity); 6. Efficiency Ratio Adjusted, calculated excluding investments in the digital bank; 6. It does not consider interns and statutory employees

/ Results

1H23 Results

Recurring Net Income and Recurring ROE

Recurring net income reached R$566 million in 1H23, down 29.2% compared to the same period in 2022, equivalent to an annualized return on equity (recurring ROE) of 9.0% p.a., comparable to R$800 million and ROE of 13.6% p.a. in the first half of the previous year. The drop in profitability compared to 1H22 mainly reflects the increase in the cost of risk due to the higher provisioning in the retail portfolio, a segment that continues to be impacted by adverse economic conditions, mainly by the high commitment of families' income, in addition to interest rates which remains at high levels. It is worth mentioning the revisions and adjustments to the credit policy that we have implemented to face the current credit cycle, which is already reflected in the default levels of the new harvests.

Total Revenues

Total revenues (which is equivalent to the sum of the gross financial margin plus revenues from services and insurance brokerage) reached R$5.1 billion in 1H23, 4.2% higher than in 1H22, when it totaled R$4.9 billion. The gross financial margin grew 2.7% compared to the same period of the previous year and service and insurance brokerage revenues grew 11.2%, reflecting the improvement in origination in the vehicle financing market, with reflections in revenues from master file registration and appraisal of assets, in addition to higher revenues from insurance brokerage.

Gross Financial Margin

The gross financial margin grew 2.7% compared to 1H22, to R$ 4.1 billion. The financial margin with clients reached R$ 3.7 billion, 4.8% above the margin recorded in the same period last year. The growth in the clients' margin reflects the growth in the loan portfolio, in addition to the mix effect influenced by the greater conservatism in the credit policy and greater selectivity in granting with a greater focus on guaranteed products. NIM clients[1] dropped by 50 bps compared to 1H22, ending the semester at 9.7%. The financial margin with the market decreased by 13.7% against 1H22, from R$ 456 million to R$ 393 million. The decrease in the financial margin with the market is explained by the result of structural hedge positions, as well as the use of shareholders' equity. The performance of the margin with the market in the period reflects the adoption of conservative management focused on protecting the bank's balance sheet in scenarios of greater volatility.

Cost of Risk

The cost of risk grew 71.6% compared to 1H22, to R$ 2.2 billion. The cost of risk on the expanded loan portfolio increased from 3.4% in 1H22 to 5.3% in 1H23. The increase observed in 1H23 reflects: (i) higher expenses with provisions for loan losses in the Retail businesses, a segment that continues to be impacted by adverse economic conditions, mainly due to the high commitment of household income and; (ii) the continuous growth of the Retail credit portfolio, in addition to the mix effect with greater growth in cards, an unsecured product that generates higher revenues than the portfolio average, thus balancing the risk/return ratio.

Personnel and Administrative Expenses

Administrative and personnel expenses, excluding depreciation and amortization, fell 3.8% in the half-year comparison, to R$ 1.36 billion. In the period, there was a 7.4% drop in personnel expenses explained by: (i) a reduction in the headcount due to our efficiency program, in addition to the adjustments made to face the more challenging macro scenario, and; (ii) lower expenses with variable compensation due to the deterioration of the macro scenario, with repercussions on the bank's results. Administrative expenses (excluding depreciation and amortization), in turn, grew by 1.4% in 1H23, mainly reflecting the increase in expenses with specialized technical services.

PÚBLICO

1 -*Net Interest Margin*: Quotient between Client Gross Margin and Spread-sensitive Average Assets.

/ Results

1H23 Results

Efficiency Ratio

The Efficiency Ratio (“ER”) ended 1H23 at 37.8%, 0.2 p.p. below the ER of 1H22. The drop observed against the first half of 2022 reflects the bank's efficiency program, including structuring investments that BV has been making, mainly in technology and data. Higher revenues also contributed, both from the improvement in the financial margin and from revenues from services and insurance brokerage. Efficiency continues to be a fundamental pillar in Banco BV's strategy, evidenced by the healthy ER level of 33.4% when we exclude investments in the digital bank.

Credit Portfolio

The expanded loan portfolio ended the first half of 2023 at R$84.8 billion, growth of 10.7% when compared to the same period of 2022, with expansion of 11.0% in Retail and 10.1% in Wholesale.

Retail

The Retail portfolio grew 11.0% compared to 1H22, to R$ 57.6 billion, showing important advances in the diversification agenda, with emphasis on financing for solar panels (+27.5% vs 1H22), car equity loan (+81.7% vs 1H22) and credit cards (+9.9% vs 1H22). This portfolio ended the semester at R$ 14.7 billion, growth of 25.5% compared to 1H22. Our main business, auto finance, has registered an improvement in origination, despite the still challenging macro environment. The vehicle portfolio ended the semester at R$ 42.9 billion, growth of 6.7% vs 1H22.

Wholesale

In Wholesale, we also made important advances in the strategy of greater diversification and spread of portfolio risk and increased portfolio profitability. The expanded portfolio grew 10.1% vs 1H22, to R$ 27.2 billion. The observed expansion reflects opportunities identified in a scenario of low capital market activity in 2023, with emphasis on the 12.9% growth in the Corporate segment. In addition, the SME's portfolio grew 39.7% in the half-year comparison, in line with our expansion strategy in the segment, focusing on guaranteed products (discount of receivables.

NPL 90-days

NPL 90 days increased from 4.3% in 1H22 to 5.4% in 1H23. The increase of 1.1 p.p. in the period reflects the increase in defaults in the Retail portfolio, a segment that continues to be pressured by the macro scenario, especially by the high commitment of family income and high interest rates in the country. It is worth highlighting the revisions and adjustments in the credit policy that we implemented to face the adverse economic scenario, which is already reflected in the default levels of the new harvests.

Funding and Liquidity

Total funds raised reached R$ 87.9 billion at the end of 1H23, with stable funding instruments representing 55.8% of total funding. Banco BV has maintained its liquidity at very conservative levels. The liquidity indicator LCR (Liquidity Coverage Ratio), whose objective is to measure short-term liquidity in a stress scenario, ended the period at 182%, compared to 216% in the first half of 2022. It is worth noting that the regulatory minimum required by the Central Bank is 100% for this indicator.

Capital

The Basel Ratio ended 1H23 at 14.7%, compared to 17.1% in 1H22. The decrease observed is mainly explained by the exercise, in December/22, of the option to repurchase the perpetual subordinated debt instrument issued abroad, partially offset by the local issuance of supplementary capital carried out during 3Q22. Tier I Capital totaled 13.5% with 12.6% of Principal Capital and 0.9% of Complementary Capital.

/ Acknowledgment

We thank customers, partners, investors and shareholders for their trust and our employees for their continued commitment and dedication.

Board of Directors

Member	Position
João Schmidt	Chairman
Tarciana Medeiros	Vice Chairman
Felipe Prince	Director
Francisco Lassalvia	Director
Jairo Sampaio Saddi	Director
Mauro Ribeiro Neto	Director

Audit Committee

Member	Position
Rudinei dos Santos	Coordinator
José Danubio Rozo	Member
Rodrigo Nogueira	Member

Fiscal Council

Member	Position
Daniel Alves Maria	Chairman
Alexandre Ibrahim	Member
Patricia Tsukamoto	Member

Accountant

Rodrigo Morais	CRC SP: 1SP220814/o-6

Board of Executive Officers

Member	Position
Gabriel Ferreira	Chief Executive Officer
Ronaldo Helpe	Chief Financial Officer
Alberto Campos	Executive Officer
Ana Paula Tarcia	Executive Officer
Carlos Bonetti	Executive Officer
Flávio Suchek	Executive Officer
Ricardo Sanfelice	Executive Officer
Roberto Jábali	Executive Officer
Rogerio Monori	Executive Officer
Alexandre Zimath	Officer
Claudia Furini	Officer
Marcella Coimbra	Officer
Marcelo Kenji	Officer
Walter Batlouni Jr.	Officer
Daniel Monteiro[1]	Officer

1 - Directors of companies controlled by Banco BV.

I. INTRODUCTION

This report refers to the first half of 2023 and includes the events considered relevant to the purposes of the Audit Committee of Banco Votorantim S.A. ("Bank") occurred to date.

The Audit Committee ("Committee" or "COAUD") is a statutory body that is governed by Resolution 4,910/2021 of the National Monetary Council ("CMN"), Resolution BCB 130/21, by the Bylaws and by its Internal Regulations.

Over the first half of 2023, the Committee operated with three members, of whom one was appointed by the shareholder Banco do Brasil S.A. (Rodrigo Santos Nogueira), one was appointed by the shareholder Votorantim Finanças S.A. (José Danúbio Rozo) and one was appointed in common agreement among the shareholders (Rudinei dos Santos).

On June 15th, 2023, the Board of Directors approved the election of Patricia Siqueira Varela, replacing José Danúbio Rozo, who remained in office until Patricia took office.

As permitted by Article 9, paragraph 4º, I of CMN Resolution 4,910/2021, Banco opted to establish a single Audit Committee for Banco and its subsidiaries (Banco BV S.A., BV Corretora de Seguros S.A., BV Empreendimentos e Participações S.A. and BVIA – BV Investimentos Alternativos e Gestão de Recursos S.A.), , jointly referred to as "Conglomerate". Therefore, the activities reported here, the recommendations and the opinions issued by the Committee cover the scope of the Conglomerate.

In accordance with the Bylaws of Banco BV and its Internal Regulations, the Audit Committee's primary duties are to assess the effectiveness of the internal control system, to examine the financial statements prior to their publication, to evaluate the effectiveness of internal and independent audits, to exercise its duties and responsibilities with the Bank's subsidiaries that have joined the single Audit Committee, in addition to others stipulated in law or determined by the Board of Directors.

The management of the Banco and its subsidiaries is responsible for preparing and ensuring the integrity of financial statements, managing risks, maintaining an effective internal control system, and ensuring compliance with legal and regulatory standards.

The mission of the Internal Audit is to provide shareholders, the Board of Directors, and the Executive Board with independent, impartial, and prompt assessments of the effectiveness of risk management, the appropriateness of controls and compliance with the rules and regulations related to the Conglomerate's operations.

PricewaterhouseCoopers Auditores Independentes ("PWC") is entrusted with providing the auditing services for the financial statements and is responsible for expressing its opinion on the suitability, with regards to the financial and equity position, in accordance with the accounting practices adopted in Brazil, as well as for evaluating the quality and appropriateness of the internal control system, including electronic data processing and risk management systems, and the compliance with legal and regulatory requirements.

II. Activities carried out during the period

In an effort to perform its duties and in compliance with the provisions of its Annual Work Plan – approved by the Board of Directors on 12/12/2022 , , the Audit Committee held 47 meetings, with a range of departments and areas, including the Board of Directors, Fiscal Council, Risk and Capital Committee e, Executive Committee , representatives from senior management, internal and independent audits, and with the key heads of the business and control areas .

At these meetings, there was particular attention paid to matters related to internal controls , technology , operations , fraud prevention, accounting reconciliation, unresolved audit points and recommendations for internal and independent auditing, and external inspection entities .

Meetings with the internal audit focused on the work performed during the period, key findings, and recommendations . A copy of the reports on the work performed was received and the results were examined . Through the independent audit, the work from the period was tracked and verified, in particular the review of the financial statements of first half of 2023 .

The financial statements related to the Corporate Consolidation were examined, as well as the Bank's individual financial statement, the main assets, liabilities, shareholder equity, earnings and explanatory notes in the BRGAAP standard , the consolidate financial statements according to IFRS standards, the accounting practices adopted and the content of the independent auditors' report . The Technical Study of consumption of the Tax Credit referring to the first half of 2023 .

In situations where the need for refinements was pointed out, improvements were recommended.

III. Conclusions

Based on the activities performed during the period and bearing in mind the duties and limitations inherent in the scope of its activities, the Audit Committee concludes that:

a) The Conglomerate's Internal Control System is effective and is appropriate for its size, type of operations, and risk appetite approved by the Board of Directors;

b) The Internal Auditor carried out its activities in a satisfactory, professional, and independent manner;

c) The Independent Auditor acted effectively and allocated the proper number of qualified professionals to examine the financial statements for the period; and

d) The Financial Statements from June 30, 2023, related to the Bank's Corporate Consolidation (BRGAAP and IFRS), as well as the individual one (BRGAAP), were prepared in accordance with legal norms and practices adopted in Brazil and reflect, in material respects, the financial position of the companies mentioned in that period.

São Paulo - SP, August 08th of 2023.

Rudinei dos Santos

Coordinator

José Danúbio Rozo

Member

Rodrigo Santos Nogueira

Member

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Independent auditor's report

To the Board of Directors and Shareholders
Banco Votorantim S.A.

Opinion

We have audited the accompanying parent company financial statements of Banco Votorantim S.A. ("Bank"), which comprise the statement of financial position as at June 30, 2023 and the income statement, statement of other comprehensive income, statement of changes in shareholders' equity and statement of cash flows for the six-month period then ended, as well as the accompanying consolidated financial statements of Banco Votorantim S.A. and its subsidiaries ("Consolidated"), which comprise the consolidated statement of financial position as at June 30, 2023 and the consolidated income statement, consolidated statement of other comprehensive income, consolidated statement of changes in shareholders' equity and consolidated statement of cash flows for the six-month period then ended, and the notes, including a summary of significant accounting policies and other elucidative information.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Banco Votorantim S.A. and of Banco Votorantim S.A. and its subsidiaries as at June 30, 2023, and the financial performance and cash flows, as well as the consolidated financial performance and consolidated cash flows, for the six-month period then ended, in accordance with accounting practices adopted in Brazil applicable to institutions authorized to operate by the Brazilian Central Bank.

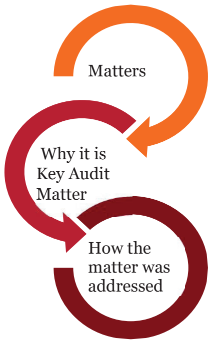
Basis for opinion

We conducted our audit in accordance with Brazilian and International Standards on Auditing. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Parent Company and Consolidated Financial Statements" section of our report. We are independent of the Bank and its subsidiaries in accordance with the ethical requirements stablished in the Accountant's Code of Professional Ethics and Professional Standards issued by the Brazilian Federal Accounting Council, and we have fulfilled 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.

Banco Votorantim S.A.

Key Audit Matters

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



Why it is a Key Audit Matter	How the matter was addressed in the audit
Allowance for losses associated with credit risk (Notes 4 (h), 5 (a) and 12 (e) and (f))	
The measurement of the amount of the allowance for losses associated with credit risk requires the determination of assumptions and judgment by management, which considers the default of payment, the current economic environment, economic situation, past experience and the risks specifically related to the respective operations, the counterparties, guarantees and the economic groups, in accordance with the rules of the National Monetary Council – CMN and Central Bank of Brazil – BACEN. Considering the relevance of the loan portfolio, the high degree of judgment related to the measurement of the allowance for losses associated with credit risk, we continue to determine this as a focus area in our audit.	We updated our understanding of the internal control environment and evaluated the relevant controls related to the measurement of the allowance for losses associated with credit risk. We performed tests, on a sample basis, on the assumptions and parameters adopted in the classification by risk levels, as well as the overdue position used as a basis for measuring the provision. We performed totalization tests on the data used for the calculation of the provision, in accordance with the criteria established by the CMN and BACEN regulations. We considered that the criteria and assumptions adopted by Management for the measurement of the allowance for losses associated with credit risk are consistent with the information analyzed in our audit.

Why it is a Key Audit Matter	How the matter was addressed in the audit
Measurement of the fair value of securities and financial instruments with low liquidity and/or without active market (Notes 4 (f) and (g), 5 (b) and (d), 9 (a), 10 (a) and 30 (b))	
The fair value measurement of securities and financial instruments with low liquidity and/or without an active market is an area that includes subjectivity, as it depends on valuation techniques based on internal models that involve management's assumptions for its measurement. This is an area of focus in our audit, since the use of different valuation techniques and assumptions could result in fair value estimates significantly different.	We updated our understanding of the design of internal controls related to internal models for measuring the fair value of securities and financial instruments with low liquidity and/or no active market. We performed tests on the effectiveness of relevant controls that measure the fair value of these assets, as well as management approval of the models adopted and required disclosures. With the support of our financial instrument pricing specialists, we analyze the main valuation methodologies used for these securities and financial instruments, as well as the most significant assumptions adopted by management by comparing them with market methodologies. We carried out independent calculations, on a sample basis, of the valuation of certain operations. We considered that the criteria and assumptions adopted by management in measuring the fair value of these financial instruments are consistent with the information analyzed in our audit.
Deferred tax assets – tax credit (Notes 4 (q), 5 (c) and 26 (a.2))	
The deferred tax assets, composed by tax credits based on temporary differences, income tax losses and negative basis of social contribution, and their registration in the financial statements is supported by the study of realization of future taxable profits. This referred study is based on projections arising from strategic planning, which considers assumptions of business plans, corporate strategies, macroeconomic scenario, historical performance, among others, which are approved by the governance bodies, as required by the CMN and	We updated our understanding of the processes established by management to determine the assumptions used in preparing the tax credit realization study, as well as its registration and disclosures in accordance with CMN and BACEN standards. We compared the critical assumptions used to project future results with information of macroeconomic projections available in the market, when applicable. Additionally, we compared the study data with the approved budgets and the

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Why it is a Key Audit Matter	How the matter was addressed in the audit
BACEN regulations. The projection of future taxable profits contains several assumptions, which are subjective in nature, established by management. In this way, we maintained this area as focus of our audit, as the amounts involved are relevant and the use of different assumptions in the projection of taxable profits could significantly change the amounts and periods for the realization of the tax credits.	compliance with CMN and BACEN rules. With the support of our tax specialists, we carried out tests on the nature and amounts of temporary differences, tax losses and negative basis of social contribution on income, which can be deducted from future tax bases. The assumptions adopted by management in the calculation and registration of tax credits are consistently applied and are in line with the information approved by the governance bodies.
Provisions and contingent liabilities (Notes 4 (r), 5 (e) and 29)	
The Bank registers provisions and contingent liabilities arising mainly from legal and administrative proceedings, inherent to the normal course of its business, issued by third parties, former employees and public bodies; in civil, labor and tax and social security natures. These processes are usually closed after a long period of time and involve not only discussions on the merits, but also complex procedural aspects, in accordance with current legislation. Management, based on its judgment and through the opinion of its legal advisors, estimates the provisions and contingent liabilities that are likely to be lost. For labor-related lawsuits, the provision volume is determined by means of legal assessments and statistical models, for tax lawsuits, the probable loss amount is estimated through the assessment of legal advisors (individualized method) and for civil cases considered similar and usual, and whose value is not considered relevant, the calculation of the provision is determined using a statistical model based on the loss observed in the history of closed suits of the same characteristics (mass method).	We updated our understanding of the main controls for evaluation, classification, monitoring, measurement, recording and disclosure of provisions and contingent liabilities. We carried out confirmation procedures with the external legal advisors responsible for the processes and confronted with the management's analytical controls. We carried out tests on the risks and values of causes used in the measurement methodologies of the amounts provisioned. For civil and labor lawsuits of the same nature, we compared, on a sample basis, the amounts paid in closed cases with the amounts provisioned. In our tests related to tax lawsuits on an individual basis, we analyzed the risk assessment with the support of our tax specialists. We considered that our audit procedures provided adequate and sufficient evidence regarding the criteria and assumptions adopted by management for the determination, constitution and disclosure of the provision for contingent liabilities.

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Why it is a Key Audit Matter	How the matter was addressed in the audit
Due to the relevance of the amounts and the uncertainties and judgments involved, as described above, for the determination and constitution of the provision and required disclosures for contingent liabilities, we considered this an area of focus for the audit.	
Information technology environment (Note 30 (d))	
The Bank has a highly technology-dependent business environment, requiring a complex infrastructure to support the high volume of transactions. Information technology represents a fundamental aspect in the evolution of the Bank's business. The risks involving information technology, associated with any eventual deficiencies in processes and controls that support the processing of technology systems, may eventually lead to incorrect processing of critical information, including those used in the preparation of the financial statements, as well as causing risks related to information security. Therefore, this was considered an area of focus in our audit.	As part of our audit procedures, with the assistance of our specialists we updated the assessment of the information technology environment, including the automated controls of the relevant application systems for the preparation of the financial statements. The procedures performed involved the combination of tests on the main controls, as well as the execution of tests related to information security, including management of access, segregation of functions and monitoring of the technology infrastructure's operational capacity. The audit procedures applied resulted in appropriate evidence that was considered in determining the nature, timing and extent of the audit procedures.

Other matters

Statements of added value

The parent company and consolidated statements of added value for the six-months period ended on June 30, 2023, prepared under the responsibility of the Bank's management and presented as supplementary information for purposes of the Brazilian Central Bank, were submitted to audit procedures performed in conjunction with the audit of the financial statements of the Bank and the Bank and its subsidiaries. For the purposes of forming our opinion, we evaluated whether these statements are reconciled with the financial statements and accounting records, as applicable, and if their form and content are in accordance with the criteria defined in Technical Pronouncement CPC 09, "Statement of Added Value". In our opinion, these statements of added value have been properly prepared, in all material respects, in accordance with the criteria established in the Technical Pronouncement and are consistent with the parent company and consolidated financial statements taken as a whole.

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

The Bank's management is responsible for the other information which comprise the Management Report.

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

In connection with the audit of the parent company and consolidated financial statements, our responsibility is to read the Management Report and, in doing so, consider whether these reports are materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appear 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 parent company and consolidated financial statements

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the parent company and 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 the audit conducted in accordance with the Brazilian and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

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

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

- Evaluate the overall presentation, structure and content of the parent company and consolidated financial statements, including the disclosures, and whether the 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 related entities or business activities to express an opinion on the parent company and consolidated financial statements. We are responsible for the direction, supervision and performance of the audit considering these investments and, consequently, for the audit opinion of the Bank.

We communicate with those charged with governance regarding, among other matters, the scope and timing of planned audit engagements and significant audit findings, including significant deficiencies in internal controls that may have been identified during our audit.

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Banco Votorantim S.A.

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

São Paulo, August 8 2023

PricewaterhouseCoopers
Auditores Independentes Ltda.
CRC 2SP000160/O-5

DocuSigned by:
Signed By: MARIA JOSE DE MULA CURY:10357176898
CPF: 10357176898
Signing Time: 10 de agosto de 2023 | 14:21 BRT

Maria José De Mula Cury
Accountant CRC 1SP192785/O-4

STATEMENT OF FINANCIAL POSITION

as of June 30, 2023 and December 31, 2022

((In thousands of Reais, unless otherwise stated)

	Note	Parent Company		Consolidated	
		06.30.2023	12.31.2022	06.30.2023	12.31.2022
Cash and cash equivalents	7	**1,615,574**	**631,403**	**1,662,894**	**681,091**
Cash and due from banks		241,205	242,163	288,525	291,851
Interbank funds applied		1,374,369	389,240	1,374,369	389,240
Financial assets		**122,765,891**	**110,553,665**	**125,452,608**	**112,686,453**
Interbank investments	8a	**2,661,791**	**3,619,800**	**1,496,263**	**1,349,913**
Securities	9a	**47,371,671**	**41,945,367**	**45,713,475**	**40,539,347**
Securities portfolio		48,260,545	42,899,828	46,602,349	41,495,561
(Provision for impairment of securities)		(888,874)	(954,461)	(888,874)	(956,214)
Derivative financial instruments	10a	**4,756,181**	**1,307,169**	**4,756,181**	**1,307,169**
Interbank accounts	11a	**2,034,233**	**1,924,717**	**2,279,498**	**1,961,377**
Loan portfolio	12a	**61,367,096**	**59,498,647**	**66,230,696**	**64,720,795**
Loans		61,393,460	59,352,481	64,258,105	62,008,362
Other receivables with loan characteristics		4,548,014	4,769,158	7,724,694	8,272,176
Lease portfolio		-	-	33,013	37,263
(Allowance for losses associated with credit risk)		(4,574,378)	(4,622,992)	(5,785,116)	(5,597,006)
Other financial assets	13a	**4,574,919**	**2,257,965**	**4,976,495**	**2,807,852**
Non-financial assets held for sale	14	**142,101**	**127,190**	**219,710**	**207,569**
Tax assets		**6,867,042**	**6,591,272**	**8,470,598**	**8,012,419**
Current tax assets	26a.1	556,784	493,837	664,124	559,544
Deferred tax assets	26a.2	6,310,258	6,097,435	7,806,474	7,452,875
Investments		**3,049,796**	**2,475,546**	**255,941**	**188,824**
Investments in subsidiaries, associates and joint ventures	15a	3,049,796	2,475,546	255,941	188,824
Property, plant and equipments, net of depreciation	16	**75,412**	**86,847**	**75,486**	**86,931**
Other property, plant and equipment		425,362	423,510	427,535	432,579
(Accumulated depreciation)		(349,950)	(336,663)	(352,049)	(345,648)
Intangible assets, net of depreciation		**1,035,654**	**982,606**	**1,179,820**	**1,074,484**
Intangible assets	17a	2,041,508	1,883,075	2,218,703	2,025,228
(Accumulated amortization)	17a	(842,448)	(732,142)	(875,477)	(772,588)
(Accumulated impairment)	17a	(163,406)	(168,327)	(163,406)	(178,156)
Other assets	13a	**1,051,232**	**1,230,836**	**1,101,286**	**881,864**
TOTAL ASSETS		**136,602,702**	**122,679,365**	**138,418,343**	**123,819,635**

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

banco

STATEMENT OF FINANCIAL POSITION

as of June 30, 2023 and December 31, 2022

((In thousands of Reais, unless otherwise stated)

	Note	Parent Company		Consolidated	
		06.30.2023	12.31.2022	06.30.2023	12.31.2022
Financial liabilities		**120,804,568**	**107,210,667**	**121,417,173**	**105,997,032**
Deposits	18a	23,762,998	24,253,851	23,737,898	23,425,325
Money market repurchase commitments	18c	24,830,001	18,876,810	24,810,302	18,277,811
Securities issued	20	38,450,495	39,957,617	38,450,495	39,957,617
Interbank accounts	11a	19,726	40,217	3,146,487	3,472,198
Borrowings and domestic onlendings	19a	7,441,505	6,641,007	7,441,505	6,641,007
Derivative financial instruments	10a	5,970,731	1,805,600	5,970,731	1,805,600
Subordinated debts and debt instruments eligible as capital	21a	2,523,187	2,667,634	2,523,187	2,667,634
Other financial liabilities	22a	17,805,925	12,967,931	15,336,568	9,749,840
Tax liabilities		**372,101**	**271,903**	**452,724**	**392,784**
Current tax liabilities	26b.1	141,317	156,793	221,617	277,075
Deferred tax liabilities	26b.2	230,784	115,110	231,107	115,709
Provision for tax, civil and labor lawsuits	**29e**	**542,181**	**559,089**	**567,335**	**595,192**
Other liabilities	**22a**	**2,008,652**	**1,779,900**	**2,208,094**	**2,044,880**
Shareholders' equity		**12,875,200**	**12,857,806**	**13,773,017**	**14,789,747**
Controlling shareholders' equity		**12,875,200**	**12,857,806**	**12,904,220**	**12,887,772**
Capital	25a	8,480,372	8,480,372	8,480,372	8,480,372
Capital reserves	25b	372,120	372,120	372,120	372,120
Profit reserves		3,893,288	3,948,867	3,852,729	3,908,308
Other comprehensive income	25g	(109,487)	56,447	(41,329)	126,972
Retained profits		238,907	-	240,328	-
Non-controlling interests	**25h**	**-**	**-**	**868,797**	**1,901,975**
TOTAL LIABILITIES AND EQUITY		**136,602,702**	**122,679,365**	**138,418,343**	**123,819,635**

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

FINANCIAL STATEMENTS

Semesters ended on June 30, 2023 and 2022

(amounts in thousands of Reais, unless otherwise indicated)

	Note	Parent Company		Consolidated	
		1st Semester/ 2023	1st Semester/ 2022	1st Semester/ 2023	1st Semester/ 2022
FINANCIAL INTERMEDIATION INCOME		**8,945,357**	**7,248,547**	**9,553,495**	**7,731,160**
Loan and leasing operations	12b	4,981,860	4,559,341	5,908,957	5,319,987
Income from securities	9c	2,844,253	2,166,669	2,518,774	1,888,636
Income from exchange foreign operations	13c	(122,244)	(119,300)	(122,244)	(119,300)
Income from compulsory deposits	11d	133,525	76,561	140,045	76,561
Liabilities associated with assigned financial assets	12h	1,107,963	565,276	1,107,963	565,276
DESPESAS DA INTERMEDIAÇÃO FINANCEIRA		**(6,154,777)**	**(4,227,641)**	**(6,159,497)**	**(4,134,042)**
Fundraising operations in the market	18d	(4,743,474)	(3,740,812)	(4,688,545)	(3,628,103)
Borrowings and onlendings	19d	365,895	147,331	365,895	147,331
Income from derivative financial instruments	10h	(679,340)	(194,094)	(679,340)	(60,337)
Liabilities associated with assigned financial assets	12h	(1,097,858)	(440,066)	(1,157,507)	(592,933)
INCOME (LOSS) FROM FINANCIAL INTERMEDIATION		**2,790,580**	**3,020,906**	**3,393,998**	**3,597,118**
RESULT OF PROVISION FOR LOSSES		**(792,096)**	**(490,744)**	**(1,455,466)**	**(824,570)**
(Provision) / reversal of provision for loan losses	12f.1	(815,042)	(528,559)	(1,478,412)	(862,385)
Other (provision) / reversal of provision associated with credit risk	12f.1	(42,641)	8,772	(42,641)	8,772
(Provision) / reversal of provision for securities impairment	9d	65,587	29,043	65,587	29,043
OPERATING INCOME/EXPENSES		**(1,502,808)**	**(1,339,974)**	**(1,428,118)**	**(1,466,831)**
Service income	23a	121,157	163,000	593,247	730,273
Income from banking fees	23b	344,159	245,459	389,244	310,496
Personnel expenses	23c	(614,103)	(622,835)	(761,429)	(778,856)
Other administrative expenses	23d	(740,044)	(685,066)	(947,208)	(920,434)
Tax expenses	26c	(193,590)	(178,079)	(275,655)	(260,699)
Share of profit (loss) in subsidiaries, associates and jointly controlled subsidiaries	15a	(21,689)	92,537	(2,237)	(5,843)
(Provision) / reversal of provision for contingent liabilities	29e.3	16,908	11,561	17,818	23,246
Other operating income	23e	50,336	44,654	78,496	70,477
Other operating expenses	23f	(465,942)	(411,205)	(520,394)	(635,491)
OPERATING INCOME		**495,676**	**1,190,188**	**510,414**	**1,305,717**
OTHER NON-OPERATING INCOME AND EXPENSES	**24**	**173,139**	**9,629**	**178,003**	**12,491**
INCOME BEFORE TAXES AND CONTRIBUTIONS AND PROFIT SHARING		**668,815**	**1,199,817**	**688,417**	**1,318,208**
INCOME TAX AND SOCIAL CONTRIBUTION	**26d.1**	**(18,796)**	**(267,934)**	**84,765**	**(260,681)**
PROFIT SHARING		**(86,691)**	**(99,211)**	**(115,289)**	**(128,529)**
NON-CONTROLLING SHARING	**25h**	-	-	(93,144)	(129,486)
NET PROFIT		**563,328**	**832,672**	**564,749**	**799,512**
NET INCOME ATTRIBUTABLE TO SHAREHOLDERS		**563,328**	**832,672**	**657,893**	**928,998**
Controllers		563,328	832,672	564,749	799,512
Non controllers	25h	-	-	93,144	129,486
EARNINGS PER SHARE	25e				
Earnings per share - R$		165.92	245.25		
Number of shares (thousand lot)		3,395,210	3,395,210		

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

STATEMENT OF OTHER COMPREHENSIVE INCOME

Semesters ended on June 30, 2023 and 2022
(In thousands of Reais, unless otherwise stated)

	Note	Parent Company		Consolidated	
		1st Semester/ 2023	1st Semester/ 2022	1st Semester/ 2023	1st Semester/ 2022
Net income for the period		**563,328**	**832,672**	**564,749**	**799,512**
Net income attributable to non-controlling shareholders		-	-	93,144	129,486
Net income attributable to controlling and non-controlling shareholders		**563,328**	**832,672**	**657,893**	**928,998**
Other comprehensive income that can be subsequently reclassified to profit or loss:					
Net variation in the fair value of financial assets available for sale	**25g**	**43,470**	**(54,032)**	**41,103**	**4,162**
Adjustment to fair value against shareholder's equity		20,516	(23,614)	18,149	(25,820)
Adjustment to fair value transferred to income [1]		58,514	(74,721)	58,514	(14,321)
Tax effect		(35,560)	44,303	(35,560)	44,303
Cash flow hedge	**25g**	**(209,404)**	**(209,806)**	**(209,404)**	**(209,806)**
Adjustment to fair value against shareholder's equity		(326,565)	(383,070)	(326,565)	(383,070)
Adjustment to fair value transferred to income		(54,170)	1,605	(54,170)	1,605
Tax effect		171,331	171,659	171,331	171,659
Other comprehensive income attributable to controlling shareholders in the period		**(165,934)**	**(263,838)**	**(168,301)**	**(205,644)**
Other comprehensive income attributable to non-controlling shareholders in the period		**-**	**-**	**(434)**	**807**
Total of other comprehensive income for the period		**(165,934)**	**(263,838)**	**(168,735)**	**(204,837)**
Total comprehensive income		**397,394**	**568,834**	**489,158**	**724,161**
Comprehensive income attributable to controlling shareholders		397,394	568,834	396,448	593,868
Comprehensive income attributable to non-controlling shareholders		-	-	92,710	130,293

[1] In the Consolidated, it includes the unrealized result arising from transactions among related parties.

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

(In thousands of Reais, unless otherwise stated)

Parent Company Events	Note	Capital Paid-up capital	Capital Increase in capital	Capital reserves	Profit reserves Legal	Profit reserves Other reserves	Other comprehensive income	Retained earnings	Total
Balance in 12.31.2021		**8,130,372**	**-**	**372,120**	**335,108**	**2,620,524**	**464,566**	**-**	**11,922,690**
Adjustments to fair value, net of taxes	25g	-	-	-	-	-	(263,838)	-	(263,838)
Increase in capital	25a	-	350,000	-	-	-	-	-	350,000
Net income for the period		-	-	-	-	-	-	832,672	832,672
Destinations:									
Legal reserve	25d		-	-	41,634	-	-	(41,634)	-
Interest on equity	25d	-	-	-	-	-	-	(169,491)	(169,491)
Balance in 06.30.2022		**8,130,372**	**350,000**	**372,120**	**376,742**	**2,620,524**	**200,728**	**621,547**	**12,672,033**
Changes in the period		**-**	**350,000**	**-**	**41,634**	**-**	**(263,838)**	**621,547**	**749,343**
Balance in 12.31.2022		**8,480,372**	**-**	**372,120**	**409,770**	**3,539,097**	**56,447**	**-**	**12,857,806**
Adjustments to fair value, net of taxes	25g	-	-	-	-	-	(165,934)	-	(165,934)
Interest on equity (1)	25d	-	-	-	-	(83,745)	-	-	(83,745)
Net income for the period		-	-	-	-	-	-	563,328	563,328
Destinations:									
Legal reserve	25d	-	-	-	28,166	-	-	(28,166)	-
Interest on equity (1)	25d	-	-	-	-	-	-	(296,255)	(296,255)
Balance in 06.30.2023		**8,480,372**	**-**	**372,120**	**437,936**	**3,455,352**	**(109,487)**	**238,907**	**12,875,200**
Changes in the period		**-**	**-**	**-**	**28,166**	**(83,745)**	**(165,934)**	**238,907**	**17,394**

Consolidated Events	Note	Capital Paid-up capital	Capital Increase in capital	Capital reserves	Profit reserves Legal	Profit reserves Other reserves	Other comprehensive income	Retained earnings	Non-controlling interests (1)	Total
Balances in 12.31.2021		**8,130,372**	**-**	**372,120**	**335,108**	**2,611,733**	**479,218**	**-**	**-**	**11,928,551**
Adjustments to fair value, net of taxes	25g	-	-	-	-	-	(205,644)	-	807	(204,837)
Increase in capital	25a	-	350,000	-	-	-	-	-	-	350,000
Non-controlling interests	25h	-	-	-	-	-	-	-	1,941,038	1,941,038
Net income for the period		-	-	-	-	-	-	799,512	129,486	928,998
Destinations:										
Legal reserve	25c	-	-	-	41,634	-	-	(41,634)	-	-
Interest on equity	25d	-	-	-	-	-	-	(169,491)	-	(169,491)
Balance in 06.30.2022		**8,130,372**	**350,000**	**372,120**	**376,742**	**2,611,733**	**273,574**	**588,387**	**2,071,331**	**14,774,259**
Changes in the period		**-**	**350,000**	**-**	**41,634**	**-**	**(205,644)**	**588,387**	**2,071,331**	**2,845,708**
Balances in 12.31.2022		**8,480,372**	**-**	**372,120**	**409,770**	**3,498,538**	**126,972**	**-**	**1,901,975**	**14,789,747**
Adjustments to fair value, net of taxes	25g	-	-	-	-	-	(168,301)	-	(434)	(168,735)
Non-controlling interests	25h	-	-	-	-	-	-	-	(1,125,888)	(1,125,888)
Interest on equity (1)	25d	-	-	-	-	(83,745)	-	-	-	(83,745)
Net income for the period		-	-	-	-	-	-	564,749	93,144	657,893
Destinations:			-							
Legal reserve	25c	-	-	-	28,166	-	-	(28,166)	-	-
Interest on equity (1)	25d	-	-	-	-	-	-	(296,255)	-	(296,255)
Balance in 06.30.2023		**8,480,372**	**-**	**372,120**	**437,936**	**3,414,793**	**(41,329)**	**240,328**	**868,797**	**13,773,017**
Changes in the period		**-**	**-**	**-**	**28,166**	**(83,745)**	**(168,301)**	**240,328**	**(1,033,178)**	**(1,016,730)**

(1) Interest on shareholders' equity computed based on retained earnings and profit reserves.

Earnings per share are disclosed in the Income Statement.

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

STATEMENT OF CASH FLOWS

Semesters ended on June 30, 2023 and 2022

(In thousands of Reais, unless otherwise stated)

	Note	Parent Company		Consolidated	
		1st Semester/ 2023	1st Semester/ 2022	1st Semester/ 2023	1st Semester/ 2022
Cash flows from operating activities					
Income (loss) before income and social contribution taxes		**668,815**	**1,199,817**	**688,417**	**1,318,208**
Adjustments to income (loss) before income and social contribution taxes		**980,632**	**405,810**	**1,679,958**	**878,444**
Provision / (reversal of provision) for loan losses	12f.1	1,093,829	930,214	1,778,122	1,294,843
Provision / (reversal of provision) for securities impairment	9.d	(65,587)	(29,043)	(65,587)	(29,043)
Other provision / (reversal of provision) associated with credit risk	12f.1	42,641	(8,772)	42,641	(8,772)
Depreciation and amortization (1)	23d	114,064	97,505	157,792	126,152
Income from investments in subsidiaries, associates and joint ventures	15a	136,811	(92,537)	136,811	5,843
Exchange variation of investments abroad	10h	-	107,830	-	107,830
Exchange variation of subordinated debts and debt instruments eligible for capital	32d	8,517	(102,750)	7,898	(102,750)
(Profit) / Loss on disposal of assets	24	1,315	(690)	1,170	(679)
Provision / (provision reversal) for devaluation of other assets	24	(4,921)	(6,848)	(4,921)	(13,512)
Expenses / (Reversal of expenses) with civil, labor and tax provisions	29e.3	(16,908)	(11,561)	(17,818)	(23,246)
Effect of changes in foreign exchange rates on cash and cash equivalents		16,311	26,493	16,311	26,493
Interest expense on subordinated debt obligations and debt instruments eligible for capita	32d	195,555	190,934	195,555	190,934
Interest income from securities held to maturity		(550,664)	(683,374)	(550,664)	(683,374)
Expenses with goodwill and impairment of subsidiaries	24	-	-	(3,257)	3,443
Other operating income and expenses		146	(11,598)	(2,925)	(15,725)
Other adjustments		2	7	2	7
Changes in operating assets and liabilities		**(3,470,276)**	**(873,201)**	**(4,342,023)**	**(1,774,733)**
(Increase) / decrease in interbank investments		958,009	(496,995)	(146,350)	(497,622)
(Increase) Decrease in trading securities and derivative financial instruments		(8,146,830)	358,595	(8,159,904)	1,148,762
(Increase) / decrease in interbank accounts		(130,007)	(105,992)	(643,832)	88,847
(Increase) / decrease in loans and leases		(2,962,278)	(632,483)	(3,288,046)	(1,593,828)
(Increase) / decrease in other assets		(2,532,956)	(730,053)	(2,379,129)	(933,965)
(Increase) / decrease in tax assets		7,407	(55,416)	26,849	(116,443)
(Increase) / decrease of non-financial assets held for sale		(24,743)	(18,684)	(21,209)	(7,339)
(Decrease) / increase in deposits		(490,853)	(839,538)	312,573	(625,371)
(Decrease) / increase in money market repurchase commitments		5,953,191	(1,686,103)	6,532,491	(746,509)
(Decrease) / increase in securities issued		(1,507,122)	2,618,100	(1,507,122)	2,618,100
(Decrease) / increase in liabilities from borrowings and onlendings		800,498	1,029,090	800,498	1,029,090
(Decrease) / increase in other obligations (2)		4,650,868	(69,176)	4,172,276	(1,912,962)
(Decrease) / increase in tax liabilities		(45,460)	(244,546)	(41,118)	(225,493)
Income tax and social contribution paid		**(20,544)**	**(33,057)**	**(163,434)**	**(306,450)**
CASH USED BY OPERATING ACTIVITIES		**(1,841,373)**	**699,369**	**(2,137,082)**	**115,469**
Cash flows from investing activities					
(Acquisition / increase) of securities available for sale		(4,151,491)	(4,874,575)	(3,575,015)	(4,108,347)
(Acquisition / increase) of securities held to maturity		-	(2,699,359)	-	(2,699,359)
(Acquisition) of property for use		(2,592)	(26,801)	(2,592)	(26,804)
(Acquisition / activation) of intangible		(243,958)	(262,918)	(316,268)	(292,974)
(Acquisition / increase) of investments in associates and joint ventures (2)		(1,303,074)	(657,106)	(202,908)	(220,654)
Disposal / decrease of securities available for sale		2,678,154	3,549,171	2,364,561	4,634,905
Maturity/interest received on held-to-maturity securities		5,224,528	2,422,058	5,224,528	2,422,058
Disposal / decrease of property for use		570,324		0	
Disposal / decrease of intangible (2)		131		136	
Disposal / decrease of investments in associates and joint ventures (2)		66,417	1,140,010	76,356	10,719
Dividends / interest on equity received (3)		437,018	549,161	-	-
NET CASH GENERATED BY INVESTING ACTIVITIES		**3,275,457**	**(860,359)**	**3,568,798**	**(280,456)**
Cash flows from financing activities					
Increase in share capital		-	350,000	-	350,000
Dividends / interest on own capital paid (3)	32d	(93,600)	(245,000)	(93,600)	(245,000)
Settlement of subordinated debts and debt instruments eligible for capital	32d	(486,502)	(249,277)	(486,502)	(249,277)
Fundraising of subordinated debt and capital-eligible debt instruments	32d	146,500	200,100	146,500	200,100
Other changes in subordinated debts and debt instruments eligible to capital	32d	-	11,159	-	11,159
CASH GENERATED BY FINANCING ACTIVITIES		**(433,602)**	**66,982**	**(433,602)**	**66,982**
Net variation in cash and cash equivalents		**1,000,482**	**(94,008)**	**998,114**	**(98,005)**
Beginning of the period		631,403	2,892,037	681,091	2,935,119
Effect of changes in foreign exchange rates on cash and cash equivalents		(16,311)	(26,493)	(16,311)	(26,493)
End of the period	7	1,615,574	2,771,536	1,662,894	2,810,621
Net increase (decrease) in cash and cash equivalents		**1,000,482**	**(94,008)**	**998,114**	**(98,005)**

(1) Includes offsetting carbon credits and green bonds.

(2) Refers to the amount receivable on the partial disposal of the Company, now controlled, as described in Note 2b.

(3) Includes impacts related to BV DTVM, as it ceased to be controlled and became an affiliate as of February 2023 (Note 2b).

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

STATEMENT OF ADDED VALUE

Semesters ended on June 30, 2023 and 2022

(In thousands of Reais, unless otherwise stated)

	Note	Parent Company				Consolidated			
		1st Semester/ 2023		1st Semester/ 2022		1st Semester/ 2023		1st Semester/ 2022	
Income / Expenses		**8,713,109**		**7,112,768**		**9,193,701**		**7,888,477**	
Financial intermediation income		8,945,357		7,248,547		9,553,495		7,731,160	
Service income and banking fees	23a / 23b	465,316		408,459		982,491		1,040,769	
Allowance for loan losses	9d / 12f.1	(792,096)		(490,744)		(1,455,466)		(824,570)	
(Provision) / reversal of provision for contingent liabilities	29e.3	16,908		11,561		17,818		23,246	
Other income/(expenses)		77,624		(65,055)		95,363		(82,128)	
Financial Intermediation expenses		**(6,154,777)**		**(4,227,641)**		**(6,159,497)**		**(4,134,042)**	
Inputs acquired from third parties		**(933,152)**		**(867,688)**		**(1,133,696)**		**(1,251,067)**	
Materials, water, electricity and gas	23d	(2,048)		(2,874)		(2,652)		(3,582)	
Outsourced services	23d	(4,267)		(5,893)		(5,645)		(7,302)	
Communications	23d	(7,163)		(11,064)		(10,657)		(15,390)	
Data processing	23d	(151,572)		(135,507)		(242,004)		(219,653)	
Transportation	23d	(4,992)		(2,974)		(5,200)		(3,111)	
Surveillance and security services	23d	(1,356)		(480)		(1,992)		(653)	
Specialized technical services	23d	(257,030)		(243,697)		(298,397)		(304,376)	
Financial system services	23d	(42,444)		(35,159)		(45,234)		(38,492)	
Advertising and publicity	23d	(46,790)		(38,921)		(53,603)		(81,114)	
Judicial and notary public fees	23d	(41,108)		(36,558)		(41,590)		(37,091)	
Costs associated with production - Business partners	23f	(315,695)		(291,867)		(324,396)		(459,962)	
Costs associated with production - Other expenses	23f	-		-		(30,466)		(10,433)	
Other	23d	(58,687)		(62,694)		(71,860)		(69,908)	
Gross value added		**1,625,180**		**2,017,439**		**1,900,508**		**2,503,368**	
Amortization/depreciation expenses		**(114,064)**		**(97,505)**		**(157,792)**		**(126,152)**	
Amortization/depreciation expenses	23d	(109,668)		(94,593)		(153,396)		(123,240)	
Amortization expenses - Carbon credits and green bonds (1) (2)		(4,396)		(2,912)		(4,396)		(2,912)	
Net value added produced by the entity		**1,511,116**		**1,919,934**		**1,742,716**		**2,377,216**	
Value added received as transfer		**(21,689)**		**92,537**		**(2,237)**		**(5,843)**	
Income from investments in associates and joint ventures	15a	(21,689)		92,537		(2,237)		(5,843)	
Value added payable		**1,489,427**	**100.00%**	**2,012,471**	**100.00%**	**1,740,479**	**100.00%**	**2,371,373**	**100.00%**
Distributed value added		**1,489,427**	**100.00%**	**2,012,471**	**100.00%**	**1,740,479**	**100.00%**	**2,371,373**	**100.00%**
Philanthropic Contributions (1)	**23d**	**240**	**0.02%**	**431**	**0.02%**	**240**	**0.01%**	**431**	**0.02%**
Personnel		**613,132**	**41.16%**	**636,542**	**31.63%**	**764,717**	**43.94%**	**798,223**	**33.65%**
Salaries, fees and labor demands		413,377		425,848		506,990		532,062	
Profit sharing - Employees and Management		86,691		99,211		115,289		128,529	
Benefits, training programs and other	23c	80,319		81,591		100,959		99,650	
FGTS		32,128		29,864		40,862		37,954	
Other charges		617		28		617		28	
Taxes, rates and contributions		**300,048**	**20.15%**	**531,517**	**26.41%**	**302,891**	**17.40%**	**630,542**	**26.59%**
Federal		275,750		510,077		267,843		594,685	
State		60		54		60		54	
Municipal		24,238		21,386		34,988		35,803	
Third-party capital remuneration		**12,679**	**0.85%**	**11,309**	**0.56%**	**14,738**	**0.85%**	**13,179**	**0.56%**
Rental	23d	12,679		11,309		14,738		13,179	
Remuneration of own capital		**563,328**	**37.82%**	**832,672**	**41.38%**	**657,893**	**37.80%**	**928,998**	**39.18%**
Interest on equity		296,255		169,491		296,255		169,491	
Controllers shares in retained earnings		267,073		663,181		268,494		630,021	
Non-controlling interests in retained earnings		-		-		93,144		129,486	

(1) It is part of the expenses arising from ESG practices. Additional information is described in explanatory note 31.

(2) With the effectiveness of BCB Normative Instruction No. 325, as of 2023, sustainable assets, now presented in intangible assets, are now presented in other assets, as well as the use of carbon credits.

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

Notes to the Individual and Consolidated Financial Statements

1. THE CONGLOMERATE AND ITS OPERATIONS

Banco Votorantim S.A. ("banco BV", "Bank", "Institution", "Company", "Conglomerate" or "Consolidated") is a private company with its headquarters located at Av. das Nações Unidas, nº 14,171, in the city of São Paulo – SP, Brazil. The bank operates as a Multiple Bank, develops banking activities in authorized modalities, through its commercial, investment and foreign exchange portfolios, connected with the fintechs and startups ecosystem together with other entities of the conglomerate, including Banco BV SA, our digital bank.

Through its subsidiaries, the Conglomerate also operates in several other modalities, with emphasis on consumer credit, leasing, investment fund and credit card management, brokerage and distribution of securities, insurance brokerage, provision of sales promotion and/or commercial representation services, participation in real estate developments or developments and the exercise of any activities provided to the institutions comprising the National Financial System. Other information about the companies that make up the Conglomerate is described in Note 3.

The Conglomerate's operations are conducted in the context of a set of institutions that operate in an integrated manner in the financial market, including in relation to risk management, and certain transactions have the joint participation or the intermediation of related parties, which are part of the financial system. The benefits of the services provided between these institutions and the costs of the operational and administrative structures, are absorbed based on the practicality and reasonableness of the allocation of the benefits and costs, jointly or individually.

2. ACQUISITIONS AND CORPORATE RESTRUCTURINGS

a) Acquisition of a stake in Portal Solar

In December 2021, the Central Bank of Brazil authorized BV to increase the percentage of equity interest in Portal Solar SA with an investment of R$ 45 million. The transaction was settled in January 2022, through the acquisition of interest by Banco BV SA (a subsidiary of Banco Votorantim SA). Additionally, in February 2022, the equity interest that was already held by an entity that is part of the Prudencial Conglomerate was acquired by Banco BV SA, consolidating its interest in Portal Solar SA.

b) Strategic partnership for the formation of an independent investment manager

In August 2022, Banco BV, now controlling shareholder of BV Distribuidora de Títulos e Valores Mobiliários (BV DTVM), entered into a strategic partnership with Banco Bradesco for the creation of an independent investment manager, which will have autonomy in the management of resources and brand itself to be defined. In the transaction, Banco Bradesco, through one of its subsidiaries, acquired 51% of the Company's capital. The operation was approved by the Central Bank of Brazil (Bacen) on February 15, 2023 and settled on February 28, 2023 (closing). As of this date, BV DTVM ceased to be controlled by the Bank, becoming an affiliate and, as a result, ceased to be consolidated until January 2023.

According to a material fact published on June 22, 2023, the new investment manager will have its corporate name changed from BV DISTRIBUIDORA DE TÍTULOS E VALORES MOBILIÁRIOS SA to TIVIO CAPITAL DISTRIBUIDORA DE TÍTULOS E VALORES MOBILIÁRIOS SA (Tivio Capital). The respective corporate changes will be submitted and registered with the responsible bodies, according to the applicable deadlines.

c) Sale of Promotiva SA

In December 2022, Banco BV, now controlling shareholder of Promotiva SA, sold all the shares of the respective subsidiary to Wiz Soluções de Corretagem de Seguros SA The forward amounts received and receivable follow established contractual conditions and the respective operation was approved by the competent authorities. As of December 2022, Promotiva ceased to be consolidated, therefore the revenues and expenses of its operations are presented in the different lines of the consolidated result until November 2022.

d) Opening of the branch in Luxembourg

In May 2022, Banco BV obtained authorization from Bacen to set up a branch in Luxembourg, with a share capital contribution in the amount of R$ 5,294 (US$ 1,000). The start of activities is subject to authorization by the authority of the financial system of Luxembourg (Commission de Surveillance du Secteur Financier - CSSF).

3. PRESENTATION OF INDIVIDUAL AND CONSOLIDATED FINANCIAL STATEMENTS

a) Base of preparation

The consolidated Financial Statements contemplates operations realized between their financial and nonfinancial companies that integrates the Conglomerate and were prepared based on the accounting guidelines derived from Brazilian Corporation Law and the rules and instructions of the National Monetary Council (CMN), the Central Bank of Brazil (Bacen), Securities and Exchange Commission (CVM), when applicable, and are presented in accordance with the Accounting Plan for Institutions in the National Financial System (COSIF).

The Bank's individual Financial Statements include those of its branch abroad, adapted to the accounting criteria in force in Brazil and converted into Real currency at current rates, in accordance with current legislation and its effects are recognized in the income statement for the period.

b) Use of judgment

The preparation of the financial statement in accordance with accounting practices adopted in Brazil, applicable to financial institutions authorized to operate by the Central Bank of Brazil, requires that Management use its judgment in determining and recording accounting estimates, when applicable. The main accounting judgments and estimates applied to assets and liabilities are described in note 5.

c) Presentation of the consolidated financial statement

In the preparation of the consolidated Financial Statement, the amounts arising from transactions between the companies, including the equity interests of one company in another, the balances of equity accounts, income and expenses, as well as the unrealized results, net of tax effects were eliminated. The consolidation process does not include equity investment funds with characteristics of a venture capital entity.

Non-controlling interests in funds qualified as structured entities are presented in shareholders' equity, in accordance with BCB Normative Instruction No. 272/2022 and in compliance with the provisions of CMN Resolution No. 4,950/2021.

Leasing operations were considered under the financial method point of view, and the amounts were reclassified from the leased property, plant and equipment item including excess and/or insufficiency of depreciation to the heading of leasing operations, less residual values received in advance.

d) Conversion of transactions in foreign currency

The accounting balances of Banco BV's branch abroad were converted into Reais, using the foreign currency exchange rate at the end of the period, and were adjusted in accordance with the accounting practices described in Note 4. The exchange rate variation of operations in the country was distributed in the lines of the Income Statement, according to the respective assets and liabilities that gave rise to them. The result with exchange variation on investments abroad, as well as the adjustments to the fair value of the financial instruments designated as hedges, are presented in the group of “Income from derivative financial instruments”, with the objective of canceling the effect of the protection for the fluctuations exchange rates and other fluctuations that are the object of hedge of these investments and these financial instruments.

As CMN Resolution No. 4,924/2021 together with BCB Resolution No. 120/2021 establish the option, by financial institutions and other institutions authorized to operate by the Central Bank, to use the spot exchange rate ("reference rate") different from the informed by Bacen (PTAX) for the conversion of transactions and statements in foreign currency into national currency, subject to certain conditions. The Conglomerate did not adopt this option for both 2022 and 2023.

e) Convergence of the Central Bank's accounting standard to international accounting standards

In compliance with the process of convergence with international accounting standards, some guidelines and their interpretations were issued by the Accounting Pronouncements Committee (CPC), which are applicable to financial institutions when approved by CMN.

(Amounts in thousand of Reais, unless otherwise indicated)

Accordingly, the accounting pronouncements already approved by CMN and applicable to these financial statements are:

e.1) CMN Resolutions that fully incorporated the pronouncements issued by the CPC and are applicable to the Financial Statement:

Subject matter	CMN Resolution	CPC
Provisions, contingent liabilities and contingent assets	3,823/2009	CPC 25
Share-based payment	3,989/2011	CPC 10 (R1)
Employee benefits	4,877/2020	CPC 33 (R1)
Individual and consolidated financial statements; Statement of cash flows; Disclosure about related parties; Subsequent events; Earnings per share.	4,818/2020	CPC 03 (R2) CPC 05 (R1) CPC 24 CPC 41
Accounting recognition, measurement, bookkeeping and disclosure	4,924/2021	CPC 00 (R2) CPC 01 (R1) CPC 23 CPC 46 CPC 47

The Conglomerate also applied the following pronouncement, which does not conflict with Bacen rules, as determined by article 22, § 2, of Law No. 6,385/1976: CPC 09 - Statement of added value (DVA).

e.2) Resolutions that partially incorporated the pronouncements issued by the CPC and are applicable to the Interim Financial Statement:

Subject matter	CMN Resolution	CPC
Effects of changes in exchange rates and translation of financial statements	4,524/2016	CPC 02 (R2)
Intangible asset	4,534/2016	CPC 04 (R1)
Permanent assets	4,535/2016	CPC 27
Non-current assets held for sale	4,747/2019	CPC 31
Investment in Affiliate, Subsidiary and Jointly Controlled Venture Business Combination	4,817/2019	CPC 18 (R2) CPC 15 (R1)
Consolidated statements [(1)]	4,818/2020	CPC 36 (R3)
Financial instruments [(2)]	4,966/2021	CPC 48

(1) CMN Resolution No. 4,818/2020 requires that the consolidated financial statements of entities registered as a publicly-held company or that are leaders of a prudential conglomerate classified in Segment 1 (S1), in Segment 2 (S2) or in Segment 3 (S3), as specific regulation, are disclosed exclusively in the international accounting standard (IFRS), as of January 1, 2022.

(2) CMN Resolution No. 4,966/2021 establishes the power of financial institutions to prepare and disclose Consolidated Financial Statement in accordance with Bacen rules and instructions, allowing them to be presented in accordance with COSIF until the year ended December 31, 2024, or that is, until the entry into force of the new accounting policies applicable to financial instruments. Banco BV will adopt this prerogative, continuing to disclose consolidated Financial Statement in accordance with the COSIF standard.

e.3) Other CMN Resolutions that will come into force in future periods, which partially incorporate the pronouncements issued by the CPC and are applicable to the Financial Statement:

- CMN Resolution No. 4,966/2021 - effective on January 1, 2025, provides for the accounting criteria applicable to financial instruments, as well as for the designation and recognition of hedging relationships (hedge accounting), incorporating CPC concepts 48 - Financial Instruments.

- CMN Resolution No. 4,975/2021 - effective on January 1, 2025, approves the adoption of CPC 06 (R2) which provides for the recognition, measurement, presentation and disclosure of leasing operations by a financial institution, either in the condition lessor and lessee.

e.4) CPC regulations, fully or partially incorporated by the CMN and/or for future adoption that may generate relevant impacts on the Financial Statement in their application:

CPC 48 - Financial instruments:
The classification of financial assets is carried out in accordance with the entity's intention on these assets, different from the provisions of CPC 48, in which there is the introduction of the concept of business model evaluation and evaluation of contractual cash flow characteristics.

Regarding the impairment of financial assets, CPC 48 brings a new model of expected credit loss instead of an incurred loss model, to be measured depending on the classification of financial assets in three stages according to changes in credit risk, in addition to the use of forward looking information, such as macroeconomic expectations, to reflect the impacts of future events on the expected loss.

(Amounts in thousand of Reais, unless otherwise indicated)

In the case of cash flow hedge discontinuance, the accumulated value in shareholders' equity is transferred to the income of the period, different from the provisions of CPC 48, which provides for the deferral of this item according to the same maturity period of the operations that were hedged. For hedge accounting purposes, the IASB continues to work on the macro hedge accounting project and, for this reason, the standard corresponding to the theme (CPC 48) brings the express option of maintaining the same requirements presented by the predecessor standard, CPC 38 - Financial Instruments.

The aforementioned provisions, as well as other differences between the Central Bank's regulation and the international accounting standards relating to financial instruments, were addressed by the Central Bank with the issuance of CMN Resolution No. 2025. Accounting adjustments resulting from the first-time adoption will be recorded against retained earnings or accumulated losses, in equity.

CMN Resolution No. 4,966/2021 brings substantial changes to financial institutions and the Conglomerate will continue to work to adapt to the new rule throughout the years 2023 and 2024, making its application possible on January 1, 2025.

Implementation plan:

During the 2022 financial year, the Conglomerate carried out: (i) the mapping of regulatory changes, impacted areas and systems, (ii) the definition of focal points, roles and responsibilities for each work front, (iii) the installation of governance and reporting of planned actions and (iv) budget approval for initiatives aimed at adhering to the new requirements.

The Conglomerate plans to adhere to the new criteria through the execution of an internal project that aims, in addition to adapting to the technical requirements, to train and acculturate the professionals involved in the various areas through training, policies and internal procedures, in addition to mapping, monitoring and enabling the adequacy of the technology environment throughout the entire accounting, managerial and business track.

The execution of the project will take place according to the following macro schedule:

Theme	Current rule	CMN Resolution 4,966/2021
Stop accrual	Interruption of the recognition of interest on operations overdue for more than 59 days.	90 days past due or sooner if the asset is considered a 'distressed asset' (stage 3).
Allowance for losses	9 ratings and overdue rollover based on CMN Resolution No. 2,682/1999.	Expected losses in 3 stages with minimum floors defined by the Central Bank.
Write-off for loss	After 180 days in H rating (360 days late in total)	When the entity has no expectation of recovery.
Effective interest rate	Origination income and expenses are recognized immediately.	They should be deferred and controlled as part of the effective interest rate.
Hedge accounting	Prospective and retrospective effectiveness tests, evaluating the range from 80% to 125%. Possibility of voluntary discontinuation.	Qualitative and prospective tests (forward-looking). Effectiveness is defined by the institution itself in its risk policy. Discontinuing prospectively and only when the hedging relationship no longer meets the qualifying criteria, except for fair value hedge of portfolio interest rate exposure.

Finally, we emphasize that the implementation plan can be readjusted due to complementary rules to CMN Resolution 4,966/2021 that may substantially impact the ongoing requirements.

With the issuance of BCB Resolution No. 309/2023, the Central Bank established accounting procedures on the definition of financial asset cash flows as payment of principal and interest only; the application of the methodology for calculating the effective interest rate of financial instruments; constitution of a provision for losses associated with credit risk; and disclosure of information related to financial instruments in explanatory notes.

The impacts of these procedures are being reflected in the implementation plan and are the subject of wide discussion in the financial market, especially for clarifying normative points and submitting suggestions to the respective regulator, via entities representing the banks.

(Amounts in thousand of Reais, unless otherwise indicated)

CPC 47 - Customer contract revenue:

Remuneration to correspondents in the country referring to the origination of credit operations is recognized as an expense on the date of contracting, renegotiation or renewal of these operations, as provided for in Bacen Circular No. 3,693/2013. This procedure differs from the provisions of CPC 47, which establishes that expenses are incurred on a deferred basis for the term of the operation. On the other hand, CMN Resolution No. 4,966/2021 establishes procedures for the application of the effective interest method, therefore, this issue will be pacified until the effectiveness of said Resolution, on January 1, 2025.

CPC 18 (R2) - Investment in associates, subsidiaries and joint ventures:

The cost or equity method is applied, according to rules, for investment in an associate, subsidiary or joint venture. This procedure, established in Bacen's current rules, differs from CPC 18, which provides for the possibility of adopting the measurement at fair value through profit or loss, in line with CPC 48, for a portion of the interest in an investment in an associate, subsidiary or enterprise jointly controlled, qualified as a venture capital organization, regardless of whether it exerts significant influence over this portion of the interest. CMN Resolution No. 4,817/2019, effective as of January 1, 2022, which incorporates concepts from CPC 18, does not specifically mention the treatment of venture capital organization. On the other hand, as the accounting treatment of this type of investment is addressed in CPC 48, this issue will be pacified until January 1, 2025 with the entry into force of CMN Resolution No. 4,966/2021.

Unconsolidated investments due to non-adoption of CPC 18	Activity	% of Participation
Fundo de Invest. em Participações BV - Multistrategy Investment Abroad	Equity investment fund	100.00%
Fundo de Invest. em Participações BV Tech I - Multistrategy Investment Abroad	Equity investment fund	100.00%

The recognition of goodwill amortization expense whose economic basis is based on the expectation of future results (goodwill) identified in the acquisitions, differs from the provisions of CPC 18, which does not allow the amortization of goodwill of this nature, and this intangible asset is only subject to periodic tests of impairment. CMN Resolution No. 4,817/2019 maintained the existing goodwill amortization accounting procedure.

The issuance of these Financial Statements was authorized by Board of Directors on August 8, 2023.

(Amounts in thousand of Reais, unless otherwise indicated)

f) Equity interests in subsidiaries and investment funds included in the consolidated financial statement, segregated by activities:

	Activity	% of Participation	
		06.30.2023	12.31.2022
Financial institutions - domestic			
Banco BV S.A.	Multiple Bank	100.00%	100.00%
BV Distribuidora de Títulos e Valores Mobiliários S.A. (BV DTVM) (1)	Third party resource management	-	100.00%
Insurance market institutions			
BV Corretora de Seguros S.A. (BV Corretora)	Broker	100.00%	100.00%
Non-financial institutions (2)			
BV Investimentos Altern. e Gestão de Recursos S.A. (BVIA)	Asset management	100.00%	100.00%
BV Empreendimentos e Participações S.A. (BVEP)	Holding	100.00%	100.00%
Atenas SP 02 - Empreendimento Imobiliário (Atenas) (3)	SPE	100.00%	100.00%
Consolidated investment funds			
Votorantim Expertise Multimercado Fundo de Investimento (Expertise)	Fund	100.00%	100.00%
Crédito Universitário III Fundo de Investimento em Direitos Creditórios (FIDC Universitário) (4)	Fund	-	88.61%
Fundo de Investimento em Direitos Creditórios BV - Crédito de Veículos (FIDC BV) (5)	Fund	42.49%	42.49%
Fundo de Investimento em Direitos Creditórios TM II (FIDC TM)	Fund	100.00%	100.00%
Votorantim Securities Master Fundo de Investimento Imobiliário (Master)	Fund	88.43%	88.43%
Fundo de Investimento Imobiliário Votorantim Patrimonial (Patrimonial)	Fund	99.62%	99.62%
BVIA subsidiaries			
Marques de Monte Santo Empreend. Imobiliário SPE Ltda. (Monte Santo)	SPE	100.00%	100.00%
Parque Valença Empreendimento Imobiliário SPE Ltda. (Parque Valença)	SPE	100.00%	100.00%
BVEP subsidiaries			
IRE República Empreendimento Imobiliário S.A. (IRE República) (3)	SPE	100.00%	100.00%
Senador Dantas Empreendimento Imobiliário SPE S.A. (Senador Dantas) (3)	SPE	100.00%	100.00%
Henri Dunant Empreend. Imobiliário S.A. (Henri Dunant) (3)	SPE	100.00%	100.00%
Arena XI Incorporações SPE Ltda. (Arena XI) (3)	SPE	100.00%	100.00%
D'oro XVIII Incorporações Ltda. (D'oro XVIII) (3)	SPE	100.00%	100.00%
BVEP Vila Parque Empreendimentos Imobiliários SPE Ltda. (Vila Parque) (3)	SPE	100.00%	100.00%
Atenas subsidiaries			
Atenas Sp 02 – Empreendimento Imobiliário Ltda. – Lote 1 (3)	SPE	100.00%	100.00%
Atenas Sp 02 – Empreendimento Imobiliário Ltda. – Lote 3 (3)	SPE	100.00%	100.00%

(1) In August 2022, Banco BV signed a strategic partnership with Banco Bradesco, which, through one of its subsidiaries, acquired 51% of the capital of BV DTVM. In February 2023, the Company ceased to be a subsidiary, becoming an associate and, as a result, ceased to be consolidated (note 2b).
(2) In December 2022, Banco BV, which controls Promotiva SA, sold all the shares in the respective subsidiary (Note 2c).
(3) For consolidation purposes, it contemplates a delay up to 2 months in the respective balance sheet.
(4) In March 2023, Banco BV sold all of its stake in the subordinated quotas of the FIDC Universitário, excluding the substantial retention of risks and benefits, therefore it ceased to be consolidated as of the aforementioned base date.
(5) Investment fund in which the Bank substantially assumes or retains risks and benefits, through subordinate shares.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted by banco BV were consistently applied to all periods presented in these individual and consolidated Financial Statement and have been applied consistently by all entities of the Conglomerate.

a) Income Statement

In accordance with the accrual basis, revenues and expenses are recognized in the statement of income for the period to which they belong and, when they correlate, simultaneously, regardless of receipt or payment. Formalized operations with post-fixed financial charges are updated on a pro rata die basis, based on the variation of the respective agreed indexes, and operations with fixed-rate financial charges are recorded at the redemption value, corrected for unearned or unearned income expenses to be recognized corresponding to the future period. Transactions indexed to foreign currencies are restated up to the balance sheet date using the current rate criteria.

b) Functional and presentation currency

The functional currency, which is the currency of the main economic environment in which an entity operates, is the Real for all entities in the Conglomerate. The presentation currency in these Interim Financial Statement is also the Real.

c) Measurement at present value

Financial assets and liabilities are presented at present value as a result of application of accrual regime for recognition of respective interest revenues and expenses.

Non-contractual obligations, mainly represented by provisions for lawsuits and legal obligations whose disbursement date is unknown and not under control of the Conglomerate, are measured at present value, as they are initially recognized at estimated disbursement value on evaluation date and are adjusted on a monthly basis.

d) Cash and cash equivalents

Cash and cash equivalents are represented by available funds in domestic currency, foreign currency, money market repurchase commitments - own portfolio, interbank deposit investments and foreign currency investments with high liquidity and insignificant risk of changes in value, whose maturity of the operations on the date of the investment is equal to or shorter than 90 days.

e) Interbank investments

Interbank investments are shown at cost of investment or acquisition, plus income accrued up to the reporting date and adjusted for reserve for losses, as applicable.

Interbank investments that are subject to market risk hedging are valued at their fair value using consistent and verifiable criteria. The fair value adjustments of these operations are recorded in the same line as the financial asset, contra entry to income from derivative financial instruments.

f) Securities

Bonds and securities acquired to form a proprietary portfolio are recorded at the amount actually paid less the provision for loss, when deemed necessary, and classified according to Management's intention into three different categories, in accordance with current regulations:

Trading securities: Securities acquired for the purpose of being actively and frequently negotiated. Subsequent to initial recognition, trading securities are measured at fair value with changes therein recognized in profit or loss;

Securities available for sale: Securities that may be traded at any time, though are not acquired for the purpose of being actively and frequently negotiated. Subsequent to initial recognition, securities available for sale are measured at fair value with changes therein recognized in a separate account in shareholders' equity, net of taxes; and

Securities held to maturity: Securities acquired with the positive intent and financial capacity to hold to maturity. Held-to maturity securities are initially recognized at cost plus any directly attributable transaction costs. Subsequent to initial recognition, held-to-maturity financial assets are measured at amortized cost using the effective interest method, less any impairment losses. For securities reclassified to this category, the fair value adjustment is recognized. For securities reclassified to this category, the fair value adjustment is incorporated to cost, and is recorded prospectively at amortized cost using the effective interest rate method.

The methodology of adjustment to fair value was established in compliance with consistent and verifiable criteria, which take into consideration the average price of trading on the date of calculation, or, in the absence thereof, the daily basis adjustment of forward market transactions disclosed by external sources, or the probable net realizable value determined by pricing models, using interest rate future value curves, exchange rates, price and currency indexes. The determination of fair value takes unto consideration the credit risk of the issuer (credit spread adjustment).

Income on securities, regardless of the category, is accrued pro rata die, based on the variation of the index and on the agreed-upon interest rates, by the compounding or straight-line method, up to the date of maturity or of the final sale of the security, and is recognized directly in profit or loss.

Losses on securities classified as available for sale and as held to maturity that are not temporary losses are directly recognized in profit or loss and now comprise the new asset cost basis.

Upon disposal, difference determined between sales value and acquisition cost adjusted by earnings and other than temporary impairment losses, are considered as the transaction result and is accounted for on transaction date as income or loss of securities.

Following guidelines of the Central Bank of Brazil, the Conglomerate adopts the change in unit price as an adjustment to fair value recognized directly in equity for funds with the following characteristics:

- Funds in which the updated balance of the units is not available for redemption (realization) in the short term, that is, when the redemption of units occurs only at the liquidation or closure of the fund; and
- Funds in which there is a forecast of payment of dividends, as a form of remuneration of its unitholders in the course of the fund's business.

Investments in shares held by the Conglomerate, of investment funds that present these characteristics are equity investment funds (FIPs) and real estate investment funds (FIIs).

g) Derivative financial instruments

Derivative financial instruments are valued at fair value at the reporting date. Changes in value are recorded in the income or expense accounts of the respective financial instruments.

The fair value adjustment methodology of derivative financial instruments was established based on consistent and verifiable criteria, considering the average price of trading on the date of calculation, or, in the absence thereof, conventional and proven methodologies and pricing models that reflect the net realizable value. The fair value considers the credit risk of the counterparty (credit valuation adjustment).

Derivative financial instruments used to offset, in whole or in part, the risks arising from exposure to variations in the fair value of financial assets or liabilities are considered hedging instruments and are classified according to their nature as either:

Market risk hedge: The financial instruments thus classified, as well as the item hedged, have their valuations or devaluations recognized in income accounts for the period.

For hedged items that were discontinued from the fair value hedge relationship and remain recorded in the statement of financial position, as in the case of credit contracts assigned with substantial retention of risks and benefits, when applicable, the fair value adjustment is recognized in the income statement for the remaining term of the operations.

Cash flow hedge: the derivative financial instruments intended to offset the variation of the institution's estimated future cash flow are classified in the cash flow hedge category. These derivative financial instruments are adjusted to fair value, and the effective portion of the appreciations or devaluations, net of tax effects, is recorded in the separate shareholders' equity account. Effective portion is that in which the variation in the hedged item, directly related to the corresponding risk, is offset by the variation in the financial instrument used for hedge, considering the accumulated effect of the operation. Other variations in these instruments are recognized directly in income statement of the period.

For the hedged items that were discontinued from the cash flow hedge ratio and remain recorded in the statement of financial position, the accumulated reserve in shareholders' equity is recognized in the income statement remaining term of the operations.

The Bank performs hedge operations that include provisions for the liquidation of rights and contractual obligations related to the risk of own credit, of third parties or of parties related to the Bank that may result, under certain conditions of eventual occurrence, in the anticipated maturity of the derivative without any amount being due to the Bank or that the amount due to the Bank may be settled with debt securities issued by the Bank itself, as established in the contract.

h) Loan portfolio - Loans, leases, other receivables with loan characteristics and allowance for losses associated with credit risk

The loan portfolio, comprising loan operations, leasing and other loans with characteristics of granting credit, are classified according to Management's judgment as to the level of risk, taking into account the economic situation, past experience and the specific risks in relation to the operation, debtors and guarantors, delay periods and the economic group, observing the parameters established by the CMN, which requires the analysis of the portfolio and its classification into nine levels, being AA (minimum risk) and H (maximum risk), as well as the classification of operations overdue for more than 14 days as operations in an abnormal course. For operations contracted with clients whose total liability exceeds R$ 50,000.00, an assessment is carried out by client of the probable losses associated with credit risk.

These criteria also apply for credit transactions resulting from the consolidation of investment funds into credit rights (FIDCs).

Income from credit transactions are no longer appropriated as income as long as operations are over 59 days past.

Operations with a risk level H continue in this status for 180 days, at which time they are written off against the existing provision and controlled in off-balance sheet accounts.

Renegotiated operations are maintained at least at the same level at which they were classified. Renegotiations of credit operations already written off against the provision are classified as level H. Any gains arising from the renegotiation of a contract overdue for more than 59 days or at a loss are recognized as revenue when actually received.

Problematic assets are financial assets overdue for more than ninety days or when there are indications that the asset will not be realized without resorting to guarantees and collateral. They constitute indications that the asset will not be realized (i) when the Conglomerate considers that the debtor no longer has the financial capacity to honor its obligation, (ii) if the Conglomerate recognizes significant deterioration in the debtor's credit quality in the accounts, (iii) if the operation is subject to renegotiation that implies granting advantages to the debtor as a result of the deterioration of its credit quality or its mitigators (debt restructuring), (iv) if the Conglomerate files for bankruptcy or takes another similar measure in relation to the debtor, or (v) if the debtor requests any type of judicial measure that limits, delays or prevents the fulfillment of its obligations under the agreed conditions.

Loans classified as troubled assets may be reverted to the condition of assets in normal course provided there is evidence that the debtor has regained its ability to honor its obligations under the agreed conditions. Management assesses whether the debtor (i) does not have any overdue items for more than ninety days, (ii) whether the asset no longer meets the criteria for characterizing problematic assets, (iii) whether there have been continuous and effective payments in a period not less than 3 months and (iv) whether the debtor's financial situation has improved in such a way that realization of the asset is probable.

The allowance for losses associated with credit risk, considered sufficient by Management, complies with the requirement established by CMN Resolution no. 2,682 / 1999 (note 12e).

Loans that are hedged against market risk are stated at fair value using consistent and verifiable criterion. Adjustments to these transactions from fair value adjustment valuations are recorded in loans, also considering the classification percentage of allowance for losses associated with credit risk as a contra-entry to income from derivative financial instruments.

Financial assets assigned consider the transfer level of risks and benefits of assets transferred to other entity:

- When financial assets are transferred to another entity, but there is no substantial transfer of the risks and benefits related to the transferred assets, the assets remain recognized in the Conglomerate's Balance Sheet. Income and expenses arising from these operations are separately recognized in income for the period for the remaining term of these operations; and
- When substantially all the risks and rewards related to the assets transferred to an entity are transferred, the assets are written off from the Conglomerate's balance sheet.

i) Non-financial assets held for sale

Assets not for the institution's own use are recorded as assets awarded, received in payment or in any other way received for the settlement or amortization of debts, which are not intended for the Conglomerate's own use, based on the following recognition criteria:

- They are recognized on the date they are received by the institution and are valued at the lower of the gross book value of the respective financial instrument of difficult or doubtful solution that gave rise to it or the fair value of the asset, net of selling expenses. The date of receipt is considered to be the date on which the institution obtained possession, domain and control of the asset, observing the legal particularities and characteristics of each type of asset.
- The Conglomerate periodically evaluates if there is any indication that these assets may have undergone devaluation. If there is any indication, the entity estimates its recoverable value. If the recoverable value is less than its book value, the asset is reduced to its recoverable value through a provision for loss by parity, which is recognized in the Income Statement in "Other non-operating expenses".

j) Investments

Investments in subsidiaries and associates with significant influence or interest of 20% or more in the voting capital are accounted for by the equity method based on the shareholders' equity in the subsidiary.

In the financial statements, goodwill for expected future profitability (goodwill) paid on the acquisition of investments, corresponding to disbursed amounts that exceed the fair value of identifiable assets less the fair value of liabilities assumed ("fair value"), are amortized based on in the effective realization of the expectation of profitability that justified its origin or by other forms of its revaluation.

The balances corresponding to the difference between the fair value and the book value of the investee's shareholders' equity (“additional value”) are amortized according to the period for realization of the assets and the enforceability of the liabilities that gave rise to them. The positive difference between the acquisition price and the fair value that has no economic basis in future benefits is recognized in income for the period as Other non-operating income and expenses.

k) Property, plant and equipment

Property, plant and equipment is valued at acquisition cost, less the respective depreciation account, whose value is calculated over the useful life of the asset using the straight-line method. As a result of this practice, the following annual depreciation rates are used on the depreciable amount (corresponding to the acquisition cost minus the residual value, if any):

- Vehicles – 20%;
- Data processing systems – 20%;
- Facilities, furniture and equipment in use - 10%;
- Improvements in third-party property – term of the lease – 10%.

The software acquired as an integral part of the functionality of an item of equipment is capitalized as part of that equipment.

The Conglomerate carries out an inventory of these assets and assesses their residual value periodically or when there are significant changes in the assumptions used.

l) Intangibles assets

Intangible assets correspond to rights that have as their object intangible assets intended for the maintenance of the Conglomerate or exercised for this purpose. Intangible assets that have a finite useful life and basically refer to software and licenses or usage rights (note 17a). Amortization of these intangibles is carried out using the straight-line method based on the period in which the benefit is generated and is levied on the amortizable value (corresponding to the acquisition cost less residual value, when applicable), from the date the intangible asset is made available to use and recorded in Other administrative expenses – Amortization (explanatory note 23d). The useful lives and residual value of these assets, when applicable, are reviewed annually or when there are significant changes in the assumptions used. Intangible assets with indefinite useful lives are not subject to amortization and are tested annually for their recoverable value.

In the consolidated financial statements, intangibles include goodwill for expected future profitability (goodwill) paid on the acquisition of investments, as described in note 4j.

m) Earnings per Share

Earnings per share are disclosed in accordance with the criteria defined in CPC 41 - Earnings per share. The Bank's basic and diluted earnings per share were calculated by dividing the net profit attributable to shareholders by the weighted average number of their shares. There is no distinction in the method of calculating both indices, since the Bank does not hold treasury shares and there are currently no equity instruments or any associated instrument that produce a potential dilution.

When the number of common shares or total potential common shares decreases as a result of grouping of shares, the calculation of basic and diluted earnings per share for all periods presented is adjusted for comparability purposes.

n) Impairment of non-financial assets - Impairment and write-off

The Conglomerate assesses periodically, if there is any sign that an asset may be impaired. If so, the Institution estimates the asset's recoverable value, which is the greater of: I) the asset’s fair value less costs to sell; and ii) the asset’s value in use.

If the asset’s recoverable value is lower than its carrying value, the asset’s carrying value is reduced to its recoverable value through a provision for impairment losses that is recognized in Statement of Income, in Other administrative expenses or Other operating expenses, according to the nature of the asset.

Methodologies applied to the evaluation of the recoverable value of the main non-financial assets:

Investments: The methodology of recoverable value of investments accounted for by the equity method, is based on the evaluation of the results of the investees, their business plans and ability to return the amounts invested. A provision for impairment losses is recognized in profit or loss for the period, when the carrying amount of an investment, including goodwill, exceeds its recoverable amount. Impairment tests are carried out at least annually.

Intangible assets: Software acquired, developed internally and use licenses - software's developed internally according to the Conglomerate's needs are part of the Bank investment policy which aims the modernization and adequacy to new technologies and business requirements. As there are no similar items in the market and also because of the high cost to implement metrics that permit determining the value in use, testing of software recoverability and use license recoverability are comprised of the evaluation of its utility for the Institution such that when the software no longer has future economic benefits, the recoverable value of the intangible asset is adjusted. Management performs impairment tests every six months for software under development and annually for completed software.

Assets not for use: Real Estate – provision made based on annual appraisal reports carried out by a specialized consultancy.

Furniture - For vehicles, the provision for devaluation is constituted monthly based on the term of permanence of BINDU - assets not for use (obsolescence of the asset). For registrations longer than 720 days, a provision of 100% of the book value is recorded. Physical inventories are carried out annually in the yards.

Machinery and equipment - a provision for devaluation is set up based on the survey of Annual Valuation Reports carried out by specialized consultants and the total provision is set up if the asset has been classified in BINDU (assets not for use) for more than 720 days.

Impairment loss recognized to adjust these assets' recoverable value is stated in the respective notes.

Carbon credits and Green bonds: As these acquired credits are used exclusively to meet the commitment to offset CO_2 missions by vehicles financed by BV bank, i.e. the institution is not exposed to a change in the fair value of this asset in the balance sheet, the possible reduction for a long period in the fair value of these credits by market conditions does not expose the institution to losses by reduction to the recoverable value of that asset.

Write-off of assets: Once the provision for impairment – impairment reaches 100% of the cost of the asset and the absence of future economic benefits is verified, whether due to obsolescence, discontinuation of use or when there is not, under any circumstances, the ability to reliably measure such economic benefits, the asset is derecognized.

o) Employee benefits

The recognition, measurement and disclosure of short- and long-term employee benefits are carried out in accordance with the criteria defined by CPC 33 (R1) – Employee Benefits, in accordance with the provisions of CMN Resolution No. 4,877/2020. In line with the accrual basis, the pronouncement requires the entity to recognize a liability in return for the result of the period when the employee provides services in exchange for benefits to be paid in the future.

The Conglomerate has a variable compensation program eligible for its officers and employees. Amounts to be paid that are adjusted according to the grace period (from one to a maximum of four years) and to the characteristics of each benefit are recorded under "Other liabilities - Provision for personnel expenses" as a contra entry to caption "Personnel expenses - Proceeds". Program details are disclosed in Note 28.

The amounts referring to profit sharing (PLR), established by Law No. 10,101/2000, are recognized in "Other liabilities - Provision for profit sharing" in contra-entry to the result, in "Profit and profit sharing".

p) Deposits, money market repurchase commitments, securities issued, borrowings and nonlending's and subordinated debts

Deposits and money market repurchase commitments are stated at the amounts of the liabilities and consider, when applicable, the charges enforceable up to the reporting date, recognized on a "pro rata die".

Costs incurred in issuing securities or other forms of funding that are included as transaction costs are recognized in the income statement on an accrual basis for the term of the original operations and are stated as reducers of the corresponding liability.

Funding that is subject to market risk hedge is valued at fair value, using consistent and verifiable criteria. The fair value valuation adjustments of these operations are recorded in the same line as the financial instrument, with a contra entry to "Income from derivative financial instruments".

(Amounts in thousand of Reais, unless otherwise indicated)

q) Taxes

The bank taxes, including revenues taxes, are calculated based on rates shown in the chart below:

	Current rates
Income Taxes	
Income Tax (15% + 10% surcharge)	25%
Social Contribution on Net Income (CSLL) - Banco Votorantim S.A. and Banco BV S.A.[1]	20%
Social Contribution on Net Income (CSLL) - Other financial and non-financial institutions [1]	from 9% to 15%
Other taxes	
PIS / PASEP [2]	from 0,65% to 1,65%
Contribution to Social Security Financing – COFINS [2]	from 3% to 7,6%
Tax on Services of Any Nature - ISSQN [3]	from 2% to 5%

(1) Law No. 14,446, of September 2, 2022, raised the CSLL rate for banks from 20% to 21% and from 15% to 16% for other entities in the financial sector from August 1, 2022 to December 31 2022, returning to the previous rates as of January 1, 2023, being 20% for banks and 15% for other financial sector entities.

(2) For non-financial companies opting for the non-cumulative calculation system, the PIS / Pasep rate is 1.65% and the Cofins rate is 7.6%.

(3) Taxes levied on revenue from services rendered.

Deferred tax assets (tax credits) and deferred tax liabilities are constituted by applying the prevailing tax rates on their respective bases. In case of a change in tax legislation that modifies criteria and rates to be adopted in future periods, the effects are recognized immediately based on the criteria and rates applicable to the period in which each portion of the asset will be realized or of the liability settled. For the constitution, maintenance and write-off of deferred tax assets, the criteria established by CMN Resolution No. 4,842/2020 are observed and are supported by a realization capacity study.

Deferred Income Tax is recognized, calculated at the rate of 25% on the adjustment for supervening depreciation of the leasing portfolio of subsidiary Banco BV SA.

r) Provisions, contingent liabilities, legal obligations and contingent assets

Recognition, measurement and disclosure of provisions, contingent assets and liabilities and of legal obligations are conducted in accordance with criteria defined in CPC 25 - Provisions, contingent liabilities and contingent assets, approved by the CMN Resolution 3,823/2009 (Note 29).

Contingent liabilities are recognized in the Financial Statement when, based on the opinion of legal advisors and Management, the risk of losing a legal or administrative claim is considered probable, with a probable outflow of funds for the settlement of obligations and when the amounts involved measurable with sufficient security. Contingent liabilities classified as possible losses are not recognized in the accounts, and should only be disclosed in the explanatory notes, and those classified as remote do not require provision or disclosure.

Based on loss prognoses evaluated by Management, the Conglomerate recognizes provisions for labor, tax and civil claims. For labor-related lawsuits, the provision volume is determined by means of legal assessments and statistical models. For tax lawsuits, the probable loss amount is estimated through the assessment of legal professionals (individualized method). For civil cases considered similar and usual, and whose value is not considered relevant, the provision volume is determined using a statistical model based on the loss observed in the history of closed suits of the same characteristics (mass method).

For unusual civil cases, or whose value is considered relevant, the probable loss is estimated through the assessment of legal professionals (individualized method).

Legal obligations are lawsuits related to tax obligations, the object of which is their legality or constitutionality, which, regardless of the probability of success of the lawsuits in progress, have their amounts recognized in full in the Financial Statement.

Compensation for CO_2 emission by vehicles financed by BV bank - The Institution's commitment to offset CO_2 emissions from vehicles financed from 2021 onwards and from financing prior to 2021 whose customers have opted to adhere to the compensation program constitutes a present obligation of the Institution, in accordance with the criteria defined by CPC 25 – Provisions, contingent liabilities and contingent assets. The Institution monthly estimates the amount of emissions of these gases produced by vehicles and accrues the corresponding cost of acquiring the credits that are necessary to offset such emission. The provision is reversed when the amortization of these credits is determined and recognized.

Contingent assets generally arise from unplanned or other unexpected events that give rise to the possibility of an inflow of economic benefits to the entity.

Contingent assets are not recognized in the Financial Statement, as they may be income that will never be realized. However, when the realization of the gain is practically certain, then the related asset is not a contingent asset and its recognition is carried out in the Financial Statement.

s) Guarantees and sureties

Financial guarantees provided, which require contractually defined payments, as a result of non-payment of the obligation by the debtor on the scheduled date, such as surety, surety, co-obligation, or other obligation that represents a guarantee of the fulfillment of a third-party financial obligation, are recognized in clearing accounts, subject to the expected developments for the control.

When the amount of the liability is subject to exchange variation or any other form of adjustment, the balances of these accounts are updated on the closing of the monthly trial balances and balance sheets.

Income for the period from provided guarantee and sureties commissions not yet received, are accounted for on a monthly basis in "Other financial assets - Other credits and income receivable", with a corresponding entry to "Service Income - Income from guarantees provided".

Commissions received in advance are recorded in "Commissions for intermediation of operations payable", in the group "Other financial liabilities", appropriated monthly, on an accrual basis.

In line with the requirements of CMN Resolutions 2,682/1999 and 4,512/2016, the constitution of a provision for losses in the provision for financial guarantees to customers, takes into account:

- The sector of performance, competitive and regulatory environment, stock control and management, as well as financial solidity, being these variables captured through the qualitative and quantitative rating models, as well as; and
- The probability of unsuccessful judicial or administrative proceedings, leading to the withdrawal of funds necessary to settle the obligation in financial guarantees provided in contingent liabilities of third-parties.

With the application of CMN Resolution 4512/2016, provisions for losses on financial guarantees provided are presented in "Other liabilities" (explanatory note 22.a and 30.1.a.ii).

t) Other assets and liabilities

Carbon credits and green bonds

Other assets also include carbon credits and green bonds that were acquired with the purpose of offsetting CO_2 emissions from vehicles financed by the BV bank. CO_2 is one of the gases that cause the greenhouse effect. The CO_2 emissions compensation mechanism that was adopted by the Conglomerate includes the effective declaration of use (retirement), in the shortest possible time, of the carbon credits and green bonds acquired. There is no provision for the allocation of these credits for any purpose other than compensation, such as trading them on the market. For this reason, as there was no exposure of the institution to the fair value of the acquired credits, these were recognized at the price paid and form a stock of tons of CO_2, controlled by the average cost, consumed based on the monthly volume of CO_2 produced by the financed vehicles.

Regardless of the moment of acquisition and retirement of carbon credits and green bonds, the commitment assumed by the Institution to offset the CO_2 emission of vehicles financed from 2021 and financing prior to 2021 whose customers have opted to adhere to the compensation program, constitutes a present obligation of the Institution, following provisions described in explanatory note 4r.

Prepaid expenses

Prepaid expenses are accounted for, including transaction costs incurred in obtaining contracts with customers, whose benefits or provision of services will occur in future periods. Prepaid expenses are recorded at cost and amortized as they are incurred.

Other property items

Other assets are stated at realizable values, including, when applicable, earnings, monetary and exchange variations earned on a pro rata die basis and provision for losses, when deemed necessary. Other liabilities are stated at known and measurable amounts, plus, when applicable, charges and monetary and exchange variations incurred on a pro rata die basis.

u) Subsequent events

Between the end of the fiscal year and the date of authorization for the issuance of the financial statements, there may be events that, under certain conditions, require or not adjustments to the financial statements.

Events that show conditions that already existed at the end of the period to which the financial statements refer require adjustments in these statements, while events that are indicators of conditions that arose subsequently to the accounting period to which the financial statements refer, do not require adjustments.

When the subsequent event requires adjustments to the financial statements for the year ended, for example, loss due to impairment of credit in the event of bankruptcy or other relevant facts of credit deterioration evaluated on a case-by-case basis, Management updates its accounting disclosures by recognizing impacts on the balance sheet and income, whichever is applicable. For events that do not give rise to adjustments, Management discloses the nature of the event and the estimated financial effect for each significant category, when applicable, in the explanatory note to subsequent events.

5. MAIN JUDGMENTS AND ACCOUNTING ESTIMATES

1) Main accounting estimates and judgments made in the use of these estimates, as well as in the application of accounting policies

The preparation of consolidated Financial Statement requires the application of certain relevant assumptions and judgments that involve a high degree of uncertainty and that may have a material impact on these statements. Management applies estimates that can significantly change the amounts presented in the Financial Statement, and the amounts may differ in scenarios where such propositions are not used. The following are described accounting policies adopted that have high complexity and guide relevant aspects in the calculation of our operations.

a) Allowance for losses associated with credit risk of loans, leases e other credits with loan characteristics

In addition to observing the requirements for setting up a provision due to the delay in the payment of a portion of the principal or charges for operations, the provision is calculated based on management's judgment of the level of risk, considering the economic situation, the specific risks in relation to operation, debtors and guarantors, delay periods and the economic group, following the provisions of CMN Resolution No. 2,682/1999.

Further details on the criteria used to measure losses associated with credit risk are presented in note 12.

b) Provisions for impairment of securities

Management applies judgments to identify and provision transactions that have impairment losses and considers the following situations, not limited to them, as indicative:

(I) Significant financial difficulty for the issuer or bond;

(ii) Breach of contract, such as non-compliance or delay in payment of interest or principal;

(iii) Concession of benefit to the issuer or obligated, for economic or legal reasons related to its financial difficulties, carried out by the Bank or its related companies, which would not otherwise consider;

(iv) It is likely that the debtor will enter bankruptcy or other financial reorganization;

(v) Disappearance of an active market for this financial asset due to financial difficulties; among others

The general application of the provision for impairment losses on securities is described in Note 9d.

c) Projection of future results for the realization of deferred tax assets

The realization of deferred tax assets is supported by the Conglomerate budget projections, properly approved by the governance bodies. These projections are based on current strategic planning, which considers business plan assumptions, corporate strategies, macroeconomic scenarios such as inflation and interest rates, historical performance and expectations for future growth expectations, among others.

This item is highlighted especially because of the representativeness of the balances of activated tax credits, the use of estimates of future profitability that incur a high degree of judgment and the relevant impacts that changes in assumptions can bring to the Interim Financial Statement.

Details on the projection of future results for the realization of tax credits are presented in Note 26.

d) Fair value of financial instruments

The Conglomerate uses specific techniques for the determination of fair value of financial instruments that are not negotiated in active markets and for which market prices and parameters are not available. These valuations require assumptions using Management judgment, which takes into account the assessment of information and market circumstances.

Methodologies used to evaluate the fair value of certain financial instruments is described in Notes 4f and 4g.

e) Provisions for contingent liabilities - tax, civil and labor

Based on the likelihood of loss and the estimated loss amount, both forecasts determined by management, the Conglomerate recognizes a provision for labor, tax and civil claims through legal assessments and statistical models.

The assessment of loss forecasts takes into account the probability of disbursements by the Conglomerate for each claim, considering the procedural stages, decisions and prevailing jurisprudence, and may incur a high degree of judgment.

Details of the policy for provisions and contingent liabilities are presented in Note 29.

f) Amortization and impairment of goodwill due to expected future profitability

According to the rules of Banco Central, the goodwill recorded in the investor or parent company, which is based on the forecast of future results of the affiliate or subsidiary, must be amortized in accordance with the deadlines of the projections that justified it. This treatment also applies to the balances corresponding to the capital gain calculated on the acquisition of real estate projects, when attributed to the inventory of completed properties or land, which are amortized as a result of the realization (sale) of the investee's assets that gave rise to it, or carried out in case of impairment of the corresponding assets. Estimating the periods for generating future results from investments in an associate, subsidiary or joint venture for which goodwill has been recognized involves significant judgments by Management.

Additionally, goodwill is periodically tested for its recoverable amount, which also involves a considerable degree of assumption and judgment in estimating future cash flows to discount it to present value.

g) Impairment on the cost of investments in subsidiaries, associates and jointly controlled companies, intangible assets and other assets

The impairment test of these assets is carried out, at least annually, in order to determine whether there is any indication that an asset may have suffered a devaluation.

When the recoverable value of these assets cannot be obtained through external sources, the valuation of the recoverable value of these assets may incur considerable judgments, mainly in the measurement of the potential associated future economic benefits.

The general application of the criteria for recognizing the provision for impairment losses on non-financial assets is described in Note 4n.

h) Investment in equity investment funds (FIps)

For investments in quotas of investment funds qualified as a venture capital organization, regardless of having significant influence, the classification of these assets as marketable securities is maintained, measured at fair value in equity.

The measurement of the fair value of these assets incurs a significant degree of judgment in the adoption of assumptions, as described in Note 4f.

(Amounts in thousand of Reais, unless otherwise indicated)

6. RECURRING AND NON-RECURRING INCOME

For classification of income between recurring and non-recurring, Banco BV considers as recurring, the income obtained from its regular and customary activities, such as revenue and expenses related to asset (investments) and liability (funding) operations, services rendered and other expenses related to the maintenance of the Organization's activities.

Non-recurring results include income and expenses arising from unusual administrative acts and facts or that have a low probability of occurring in consecutive years, in line with the criteria established in BCB Resolution No. 2/2020.

	Parent Company		Consolidated	
	1st Semester/ 2023	1st Semester/ 2022	1st Semester/ 2023	1st Semester/ 2022
Net profit	**563,328**	**832,672**	**657,893**	**928,998**
(-) Net income attributable to non-controlling shareholders	-	-	(93,144)	(129,486)
Net income attributable to controlling shareholders	**563,328**	**832,672**	**564,749**	**799,512**
(-) Non-recurring events attributable to controlling shareholders - BCB Resolution No. 2/2020	**96,372**	**-**	**96,372**	**-**
Income on disposal of investments, net of tax [1]	96,372	-	96,372	-
Recurring net profit	**466,956**	**832,672**	**468,377**	**799,512**

(1) Refers to the profit on the partial disposal of one of its subsidiaries (the gross amount is R$ 175,222), as detailed in note 2b.

7. CASH AND CASH EQUIVALENTS

	Parent Company		Consolidated	
	06.30.2023	12.31.2022	06.30.2023	12.31.2022
Cash and due from banks	**241,205**	**242,163**	**288,525**	**291,851**
Cash and due from banks in national currency	1,573	791	37,572	45,551
Cash and due from banks in foreign currency	239,632	241,372	250,953	246,300
Interbank funds applied [1]	**1,374,369**	**389,240**	**1,374,369**	**389,240**
Interbank accounts or relations	545,528	267,727	545,528	267,727
Investments in foreign currency [2]	828,841	121,513	828,841	121,513
Total	**1,615,574**	**631,403**	**1,662,894**	**681,091**

(1) Refer to transactions with original maturities of 90 days or less from the acquisition date and are subject to an insignificant risk change in fair value.
(2) The balances of these investments may vary substantially in comparative periods, due to the strategies adopted for operations in foreign currency, including the hedging mechanisms employed by the institution.

(Amounts in thousand of Reais, unless otherwise indicated)

8. INTERBANK INVESTMENTS

a) Breakdown

	Parent Company		Consolidated	
	06.30.2023	12.31.2022	06.30.2023	12.31.2022
Reverse repurchase agreements [(1)]	**590,498**	**1,016,925**	**590,498**	**1,017,454**
Reverse repurchase agreements - Held	**253,173**	**50,589**	**253,173**	**301,330**
National Treasury Bill - LON	-	-	-	529
National Treasury Notes - NTN	-	41,718	-	291,930
Securities of Brazilian Foreign Debt	253,173	8,871	253,173	8,871
Reverse repurchase agreements - Repledged	**333,686**	**461,087**	**333,686**	**210,875**
National Treasury Bill - LON	150,000	-	150,000	-
National Treasury Notes - NTN	183,686	461,087	183,686	210,875
Reverse repurchase agreements - Short position	**3,639**	**505,249**	**3,639**	**505,249**
National Treasury Notes - NTN	3,639	403,233	3,639	403,233
Securities of Brazilian Foreign Debt	-	102,016	-	102,016
Interbank deposit investments	**2,071,293**	**2,602,875**	**905,765**	**332,459**
Total	**2,661,791**	**3,619,800**	**1,496,263**	**1,349,913**
Current assets	2,068,185	3,353,709	902,657	1,083,822
Non-current assets	593,606	266,091	593,606	266,091

(1) The balances of these investments may vary substantially in comparative periods, due to the strategies adopted for interbank liquidity operations.

b) Income from interbank investments

	Parent Company		Consolidated	
	1st Semester/ 2023	1st Semester/ 2022	1st Semester/ 2023	1st Semester/ 2022
Income from securities purchased under resale agreements	**82,273**	**311,911**	**82,273**	**301,263**
Own portfolio	27,603	78,741	27,603	74,255
Financed operations	22,629	205,406	22,629	199,244
Short position	32,041	27,764	32,041	27,764
Income from investments in interbank deposits [(1)]	**184,764**	**102,839**	**54,488**	**16,245**
Total [(2)]	**267,037**	**414,750**	**136,761**	**317,508**

(1) Includes the effects of exchange rate changes on the corresponding assets.

(2) The amounts comprise the balance of income from securities (Note 9c).

(In thousands of Reais, unless otherwise started)

9. SECURITIES

a) Portfolio summary by category

By category	06.30.2023				12.31.2022			
	Current	Not Current	Total	% Portfolio	Current	Not Current	Total	% Portfolio
Parent Company								
1 – Trading title [1]	15,730,136	-	15,730,136	33%	7,247,922	-	7,247,922	17%
2 – Securities available for sale	4,221,711	15,009,255	19,230,966	41%	3,735,306	13,877,706	17,613,012	42%
3 - Securities held to maturity	2,918,740	9,491,829	12,410,569	26%	5,428,230	11,656,203	17,084,433	41%
Book value of the portfolio	**22,870,587**	**24,501,084**	**47,371,671**	**100%**	**16,411,458**	**25,533,909**	**41,945,367**	**100%**
Category three mark-to-market (Note 30.1.b.vi)	(68,526)	(205,772)	(274,298)		(12,303)	(678,779)	(691,082)	
fair value of the portfolio	**22,802,061**	**24,295,312**	**47,097,373**		**16,399,155**	**24,855,130**	**41,254,285**	
Consolidated								
1 – Trading title [1]	15,871,067	-	15,871,067	35%	7,375,779	-	7,375,779	18%
2 – Securities available for sale	4,861,967	12,569,872	17,431,839	38%	4,269,754	11,809,381	16,079,135	40%
3 - Securities held to maturity	2,918,740	9,491,829	12,410,569	27%	5,428,230	11,656,203	17,084,433	42%
Book value of the portfolio	**23,651,774**	**22,061,701**	**45,713,475**	**100%**	**17,073,763**	**23,465,584**	**40,539,347**	**100%**
Category three mark-to-market (Note 30.1.b.vi)	(68,526)	(205,772)	(274,298)		(12,303)	(678,779)	(691,082)	
fair value of the portfolio	**23,583,248**	**21,855,929**	**45,439,177**		**17,061,460**	**22,786,805**	**39,848,265**	

(1) Bonds and securities classified in the "trading securities" category are presented as current assets, regardless of the maturity dates, pursuant to Bacen Circular nº 3068/2001.

Pursuant to the provisions of Article 8 of Circular Letter 3068/2001 of the Central Bank of Brazil, Banco BV declares that it has the financial capacity and intention to hold to maturity the securities classified in the category "Securities held to maturity" in the amount of R$ 12,410,569 in the Bank and Consolidated (R$ 17,084,433 in the Bank and in the Consolidated on December 31, 2022), representing 26% in the Bank and 27% in the Consolidated of total securities (41% in the Bank and 42% in the Consolidated on December 31, 2022).

(In thousands of Reais, unless otherwise started)

b) Breakdown of the portfolio by category, type of paper and maturity term

Parent company	06.30.2023								12.31.2022		
	Fair value					Total			Total		
Maturity in days	Without maturity	From 0 to 90 days	From 90 to 360 days	From 1 to 5 years	Over 5 years	Cost	Fair value	Fair value adjustment	Cost	Fair value	Fair value adjustment
1 – Trading securities	**129,388**	**5,305,228**	**428,587**	**8,900,036**	**966,897**	**15,593,679**	**15,730,136**	**136,457**	**7,234,670**	**7,247,922**	**13,252**
Government bonds	**-**	**5,305,228**	**428,587**	**8,900,036**	**956,259**	**15,507,237**	**15,590,110**	**82,873**	**6,748,501**	**6,771,780**	**23,279**
Financial Treasury Bills	-	1,216,542	53,691	635,364	726,476	2,631,058	2,632,073	1,015	768,829	768,533	(296)
National Treasury Bills	-	4,088,686	374,896	7,942,545	-	12,327,496	12,406,127	78,631	3,721,806	3,749,249	27,443
National Treasury Notes	-	-	-	322,127	229,783	548,683	551,910	3,227	2,168,521	2,164,614	(3,907)
Government notes from other countries	-	-	-	-	-	-	-	-	89,345	89,384	39
Private securities	**129,388**	**-**	**-**	**-**	**10,638**	**86,442**	**140,026**	**53,584**	**486,169**	**476,142**	**(10,027)**
Shares	129,388	-	-	-	-	76,064	129,388	53,324	-	-	-
Certificate of Agribusiness Receivables	-	-	-	-	10,638	10,378	10,638	260	486,169	476,142	(10,027)
2 – Securities available for sale	**139,614**	**1,364,476**	**2,717,621**	**8,785,922**	**6,223,333**	**19,153,376**	**19,230,966**	**77,590**	**17,647,541**	**17,613,012**	**(34,529)**
Government bonds	**-**	**776,926**	**1,881,605**	**3,918,183**	**2,212,597**	**8,834,908**	**8,789,311**	**(45,597)**	**9,068,851**	**8,839,050**	**(229,801)**
Financial Treasury Bills	-	3,952	-	10,682	270,147	284,409	284,781	372	975,743	974,952	(791)
National Treasury Bills	-	-	-	910,625	-	906,210	910,625	4,415	1,065,504	1,029,842	(35,662)
National Treasury Notes	-	-	823,134	1,090,633	949,020	2,871,400	2,862,787	(8,613)	2,722,755	2,610,888	(111,867)
Brazilian Foreign Debt Securities	-	-	-	1,368,999	993,430	2,408,141	2,362,429	(45,712)	2,289,315	2,221,105	(68,210)
Government notes from other countries	-	772,974	1,058,471	537,244	-	2,364,748	2,368,689	3,941	2,015,534	2,002,263	(13,271)
Private securities	**139,614**	**587,550**	**836,016**	**4,867,739**	**4,010,736**	**10,318,468**	**10,441,655**	**123,187**	**8,578,690**	**8,773,962**	**195,272**
Debentures [1]	-	280,935	181,589	2,496,817	246,664	3,235,433	3,206,005	(29,428)	2,170,045	2,170,472	427
Promissory Notes [2]	-	-	10,968	-	-	11,004	10,968	(36)	16,295	16,290	(5)
Shares [3]	10,077	-	-	-	-	10,077	10,077	-	10,070	10,070	-
Quotas of investment funds [4]	129,537	-	58,671	569,995	3,685,459	4,135,114	4,443,662	308,548	3,616,571	3,946,039	329,468
Rural Product Notes -Commodities [5]	-	18,591	222,610	346,886	-	595,375	588,087	(7,288)	399,269	397,652	(1,617)
Eurobonds	-	-	-	1	-	26	1	(25)	26	1	(25)
Floating Rate Notes	-	115,762	62,227	344,914	-	530,594	522,903	(7,691)	696,774	682,465	(14,309)
Certificated of Real Estate Receivables [6]	-	11,685	5,773	301,556	78,613	525,605	397,627	(127,978)	843,686	723,295	(120,391)
Agribusiness Receivables Certificate	-	-	6,130	139,949	-	147,720	146,079	(1,641)	177,134	177,555	421
Commercial notes [7]	-	160,577	288,048	667,621	-	1,127,520	1,116,246	(11,274)	648,820	650,123	1,303
3 – Securities held to maturity [8]	**-**	**249,954**	**2,668,786**	**8,638,312**	**853,517**	**12,410,569**	**12,410,569**	**-**	**17,084,433**	**17,084,433**	**-**
Government bonds	**-**	**249,954**	**2,668,786**	**8,638,312**	**853,517**	**12,410,569**	**12,410,569**	**-**	**17,084,433**	**17,084,433**	**-**
National Treasury Bills	-	249,954	2,668,786	3,614,443	-	6,533,183	6,533,183	-	6,891,257	6,891,257	-
National Treasury Notes	-	-	-	5,023,869	853,517	5,877,386	5,877,386	-	10,193,176	10,193,176	-
Total (1 + 2 + 3)	**269,002**	**6,919,658**	**5,814,994**	**26,324,270**	**8,043,747**	**47,157,624**	**47,371,671**	**214,047**	**41,966,644**	**41,945,367**	**(21,277)**

(In thousands of Reais, unless otherwise started)

Consolidated	06.30.2023								12.31.2022		
	Fair value					Total			Total		
Maturity in days	Without maturity	From 0 to 90 days	From 90 to 360 days	From 1 to 5 years	Over 5 years	Cost	Fair value	Fair value adjustment	Cost	Fair value	Fair value adjustment
1 – Trading securities	**129,388**	**5,313,228**	**481,337**	**8,980,217**	**966,897**	**15,734,600**	**15,871,067**	**136,467**	**7,362,527**	**7,375,779**	**13,252**
Government bonds	**-**	**5,305,228**	**481,337**	**8,980,217**	**956,259**	**15,640,158**	**15,723,041**	**82,883**	**6,868,358**	**6,891,637**	**23,279**
Financial Treasury Bills	-	1,216,542	106,441	715,545	726,476	2,763,979	2,765,004	1,025	888,686	888,390	(296)
National Treasury Bills	-	4,088,686	374,896	7,942,545	-	12,327,496	12,406,127	78,631	3,721,806	3,749,249	27,443
National Treasury Notes	-	-	-	322,127	229,783	548,683	551,910	3,227	2,168,521	2,164,614	(3,907)
Government notes from other countries	-	-	-	-	-	-	-	-	89,345	89,384	39
Private securities	**129,388**	**8,000**	**-**	**-**	**10,638**	**94,442**	**148,026**	**53,584**	**494,169**	**484,142**	**(10,027)**
Debentures	-	8,000	-	-	-	8,000	8,000	-	8,000	8,000	-
Shares	129,388	-	-	-	-	76,064	129,388	53,324	-	-	-
Certificate of Agribusiness Receivables	-	-	-	-	10,638	10,378	10,638	260	486,169	476,142	(10,027)
2 – Securities available for sale	**766,624**	**1,364,476**	**2,730,867**	**9,263,704**	**3,306,168**	**17,357,680**	**17,431,839**	**74,159**	**16,125,281**	**16,079,135**	**(46,146)**
Government bonds	**-**	**776,926**	**1,881,605**	**4,357,656**	**2,218,033**	**9,283,248**	**9,234,220**	**(49,028)**	**9,502,212**	**9,260,792**	**(241,420)**
Financial Treasury Bills	-	3,952	-	194,527	275,583	473,594	474,062	468	1,149,568	1,148,939	(629)
National Treasury Bills	-	-	-	910,625	-	906,210	910,625	4,415	1,065,504	1,029,842	(35,662)
National Treasury Notes	-	-	823,134	1,346,261	949,020	3,130,555	3,118,415	(12,140)	2,982,291	2,858,643	(123,648)
Brazilian Foreign Debt Securities	-	-	-	1,368,999	993,430	2,408,141	2,362,429	(45,712)	2,289,315	2,221,105	(68,210)
Government notes from other countries	-	772,974	1,058,471	537,244	-	2,364,748	2,368,689	3,941	2,015,534	2,002,263	(13,271)
Private securities	**766,624**	**587,550**	**849,262**	**4,906,048**	**1,088,135**	**8,074,432**	**8,197,619**	**123,187**	**6,623,069**	**6,818,343**	**195,274**
Debentures [(1)]	-	280,935	181,589	2,496,817	246,664	3,235,433	3,206,005	(29,428)	2,170,045	2,170,472	427
Promissory Notes [(2)]	-	-	10,968	-	-	11,004	10,968	(36)	16,295	16,290	(5)
Shares [(3)]	10,077	-	-	-	-	10,077	10,077	-	10,070	10,070	-
Quotas of investment funds [(4)]	756,547	-	71,917	569,995	728,011	1,809,953	2,126,470	316,517	1,581,457	1,922,622	341,165
Rural Product Notes -Commodities [(5)]	-	18,591	222,610	346,886	-	595,375	588,087	(7,288)	399,269	397,652	(1,617)
Eurobonds	-	-	-	1	-	26	1	(25)	26	1	(25)
Floating Rate Notes	-	115,762	62,227	344,914	-	530,594	522,903	(7,691)	696,774	682,465	(14,309)
Certificated of Real Estate Receivables [(6)]	-	11,685	5,773	339,865	113,460	606,730	470,783	(135,947)	923,179	791,093	(132,086)
Agribusiness Receivables Certificate	-	-	6,130	139,949	-	147,720	146,079	(1,641)	177,134	177,555	421
Commercial notes [(7)]	-	160,577	288,048	667,621	-	1,127,520	1,116,246	(11,274)	648,820	650,123	1,303
3 – Securities held to maturity [(8)]	**-**	**249,954**	**2,668,786**	**8,638,312**	**853,517**	**12,410,569**	**12,410,569**	**-**	**17,084,433**	**17,084,433**	**-**
Government bonds	**-**	**249,954**	**2,668,786**	**8,638,312**	**853,517**	**12,410,569**	**12,410,569**	**-**	**17,084,433**	**17,084,433**	**-**
National Treasury Bills	-	249,954	2,668,786	3,614,443	-	6,533,183	6,533,183	-	6,891,257	6,891,257	-
National Treasury Notes	-	-	-	5,023,869	853,517	5,877,386	5,877,386	-	10,193,176	10,193,176	-
Total (1 + 2 + 3)	**896,012**	**6,927,658**	**5,880,990**	**26,882,233**	**5,126,582**	**45,502,849**	**45,713,475**	**210,626**	**40,572,241**	**40,539,347**	**(32,894)**

The fair value considers the prudential adjustment of credit risk spread, fulfilling the provision in Article 8 of the CMN Resolution No. 4,277/2013.

(1) The cost value of the Debentures includes provision for impairment in the amount of R$ 739,425 (R$ 818,374 on December 31, 2022) as a contra entry to (Provision) / reversal of provision for impairment of bonds and securities.

(2) The cost value of the Promissory Notes includes provision for impairment in the amount of R$ 26,126 (R$ 26,126 on December 31, 2022) as a contra entry to (Provision) / reversal of provision for impairment of securities furniture.

(3) The cost value of the Shares includes a provision for impairment in the amount of R$ 3,157 in Bank and Consolidated (R$ 3,171 in Bank and R$ 4,924 in Consolidated on December 31, 2022) as a contra entry to (Provision) / reversal of provision for impairment of bonds and securities.

(4) The cost value of investment fund Shares also considers the provision for impairment in the amount of R$ 92,035 (R$ 81,869 on December 31, 2022) as a contra entry to (Provision) / reversal of provision for impairment recoverable from bonds and securities. Includes the effect of adjusting the fair value of equity funds (FIP) and real estate investment funds (FII) that are not consolidated.

(5) The cost value of the Rural Product Certificates also considers the provision for impairment in the amount of R$ 24,160 (R$ 24,160 on December 31, 2022) as a contra entry to (Provision) / reversal of provision for impairment of bonds and securities.

(6) The cost value of Real Estate Receivables Certificates also considers the provision for impairment in the amount of R$ 761 (R$ 761 on December 31, 2022) as a contra entry to (Provision) / reversal of provision for impairment of bonds and securities.

(7) The cost value of the Commercial Notes also considers the provision for impairment in the amount of R$ 3,210 against (Provision) / reversal of provision for impairment of bonds and securities (on December 31, 2022 no there was constitution of a provision for these securities).

(8) Securities classified in the “Securities held to maturity” category are accounted for pursuant to Bacen Circular No. 3068/2001 at cost. As of June 30, 2023, the fair value of securities held to maturity is R$ 12,136,271 in Bank and Consolidated (R$ 16,393,351 as of December 31, 2022 in Bank and Consolidated).

(In thousands of Reais, unless otherwise started)

c) Income from securities

	Parent Company		Consolidated	
	1st Semester/ 2023	1st Semester/ 2022	1st Semester/ 2023	1st Semester/ 2022
Interbank investments (note 8b)	267,037	414,750	136,761	317,508
Fixed income securities	2,111,149	1,399,717	2,147,502	1,317,999
Securities abroad [(1)]	94,260	124,001	94,260	124,001
Variable income securities	52,532	2,433	52,532	2,167
Investments in investment funds [(1) (2)]	315,766	207,774	84,210	108,967
Investments in foreign currency [(1)]	3,509	17,994	3,509	17,994
Total	**2,844,253**	**2,166,669**	**2,518,774**	**1,888,636**

(1) Includes exchange rate variation on assets.

(2) It includes effects arising from transactions with third parties and entities of the conglomerate, including the realization of gains and distribution of income through the amortization of shares in equity investment funds (FIPs).

d) (Provision) / reversal of provision for impairment of securities

	Parent Company and Consolidated	
	1st Semester/ 2023	1st Semester/ 2022
Shares	14	28
Debentures	78,949	27,801
Quotas of investment funds	(10,166)	60
Rural Product Bills	-	1,154
Commercial Notes	(3,210)	-
Total	**65,587**	**29,043**

e) Reclassifications of securities

There was no reclassification of securities between categories on June 30, 2023 and December 31, 2022.

10. DERIVATIVE FINANCIAL INSTRUMENTS

The Conglomerate uses derivative financial instruments to manage its positions on a consolidated basis and to fulfill the needs of it's client's, classifying its own positions as necessary for hedging (of market risk and cash flow) and trading, both with approval limits in the Company. The hedge strategy for asset protection, which is approved by Management, is in line with the macroeconomic scenario analysis.

In the options market, assets or long positions have the Conglomerate as the holder, while liability or short positions have the Conglomerate as the seller.

The models used in the management of risks with derivatives are periodically reviewed and the decisions taken observe the best risk/return ratio, estimating possible losses based on the analysis of macroeconomic scenarios.

The Conglomerate has tools and systems that are adequate to manage derivative financial instruments. Negotiation of new derivatives, standardized or not, depends on prior risk analysis. Subsidiaries' risk evaluation is carried out on an individual basis and its management is carried out on a consolidated basis.

The Conglomerate uses statistical methodologies and simulations to measure the risk of its positions, including with derivatives, using value at risk and sensitivity models and stress analysis.

Risks

The main risks, inherent in derivative financial instruments deriving from the Bank and its subsidiaries' businesses are credit risk, market risk, liquidity risk and operational risk.

Credit risk is defined as the possibility of losses associated with: (a) Non-compliance by the counterparty (the borrower, the guarantor or the issuer of securities or securities acquired), of its obligations under the terms agreed upon; (b) Devaluation, reduction of income and expected gains on financial instruments arising from the deterioration of the credit quality of the counterparty, the intervening party or the mitigating instrument; (c) Restructuring of financial instruments; or (d) Costs of recovery of exposures of problematic assets.

Exposure to credit risk in futures contracts is minimized due to the daily financial settlement. Swap contracts registered with CETIP are subject to credit risk in case that the counterparty is not able or willing to comply with its contractual obligations, while swap contracts registered with B3 S.A. - Brasil, Bolsa, Balcão are not subject to the same risk, considering that B3 S.A. guarantees these transactions.

Market risk is defined as the possibility of financial losses arising from variations in the fair value of exposures held by a Financial Institution. These financial losses may be incurred due to the impact produced by the variation of risk factors, such as interest rates, exchange rates, share and commodity prices, among others.

Liquidity risk is defined as:

- The possibility of the Bank not being able to effectively honor expected and unexpected current and future obligations, including those deriving from binding guarantees, without affecting its daily operations and without incurring significant losses; and
- The possibility that the Bank may not be able to trade a position at the market price due to its large size in relation to the usually traded volume, or due to market discontinuity.

Operational risk is defined as the possibility of occurrence of losses resulting from external events or from failure, deficiency or inadequacy of internal processes, people or systems.

(In thousands of Reais, unless otherwise started)

a) Breakdown of derivative financial instruments portfolio by index

By index	Parent Company and Consolidated					
	06.30.2023			12.31.2022		
	Reference	Cost	Fair value	Reference value	Cost	Fair value
1 - Futures contracts						
Purchase commitments	**10,988,463**	**-**	**-**	**11,034,309**	**-**	**-**
Interbank deposits	2,836,257	-	-	5,742,911	-	-
Currencies	2,819,217	-	-	1,627,701	-	-
Index	255,053	-	-	362,480	-	-
Foreign currency coupon	4,991,587	-	-	3,301,217	-	-
Other	86,349	-	-	-	-	-
Sales commitments	**49,439,502**	**-**	**-**	**39,750,285**	**-**	**-**
DI	39,305,116	-	-	32,755,324	-	-
Currencies	1,230,233	-	-	59,951	-	-
Index	2,464,238	-	-	637,881	-	-
Libor	-	-	-	422,631	-	-
Foreign currency coupon	6,439,915	-	-	4,693,467	-	-
Other	-	-	-	1,181,031	-	-
2 - Term operations						
Asset position	**3,324,171**	**3,324,171**	**3,323,532**	**271,783**	**271,783**	**272,734**
Currency term	249,207	249,207	248,893	271,783	271,783	272,734
Government bonds term	3,074,964	3,074,964	3,074,639	-	-	-
Liability position	**3,324,171**	**(3,324,171)**	**(3,319,214)**	**271,783**	**(271,783)**	**(278,476)**
Currency term	249,207	(249,207)	(245,171)	271,783	(271,783)	(278,476)
Government bonds term	3,074,964	(3,074,964)	(3,074,043)	-	-	-
3 - Option contracts [1]						
Call option - Long position	**1,905,886**	**73,584**	**5,298**	**2,772,253**	**117,650**	**49,095**
Foreign currency	48,750	170	-	106,500	1,519	1,067
Flexible options	1,856,636	73,139	5,248	2,640,940	114,679	46,525
Other	500	275	50	24,813	1,452	1,503
Put option - Long position	**7,885,500**	**26,586**	**58,262**	**934,000**	**33,712**	**46,253**
Foreign currency	709,500	26,221	58,262	934,000	33,712	46,253
DI Index	7,176,000	365	-	-	-	-
Call option - Short position	**920,471**	**(29,039)**	**(481)**	**1,416,898**	**(40,949)**	**(19,273)**
Foreign currency	913,500	(26,846)	(325)	1,387,500	(36,099)	(15,245)
Flexible options	6,971	(2,193)	(156)	6,971	(2,193)	(700)
Other	-	-	-	22,427	(2,657)	(3,328)

(In thousands of Reais, unless otherwise started)

By index	Parent Company and Consolidated					
	06.30.2023			12.31.2022		
	Reference	Cost	Fair value	Reference value	Cost	Fair value
Put option - Short position	**8,830,617**	**(73,727)**	**(146,757)**	**2,321,967**	**(114,679)**	**(131,094)**
DI Index	7,174,000	(155)	-	-	-	-
Flexible options	1,656,617	(73,572)	(146,757)	2,321,967	(114,679)	(131,094)
4 - Swap contracts (1) (2)						
Asset position	**15,523,138**	**1,109,014**	**1,190,838**	**12,852,219**	**950,171**	**881,182**
DI	9,480,835	622,013	782,483	8,992,751	337,681	558,613
Foreign currency	448,484	269,540	16,387	1,680,185	403,376	93,948
Fixed rate	5,516,002	189,095	367,788	2,039,969	158,079	181,743
IPCA	11,817	250	187	51,560	8,597	7,991
IGP-M	66,000	28,116	23,993	78,000	41,512	37,680
Libor	-	-	-	9,754	926	1,207
Liability position	**12,778,793**	**(2,055,019)**	**(2,183,541)**	**13,233,879**	**(1,439,398)**	**(1,191,138)**
DI	3,757,455	(240,850)	(322,366)	4,836,847	(104,405)	(264,694)
Foreign currency	426,033	(266,008)	(6,991)	1,566,089	(415,563)	(82,411)
Prefixed	7,987,450	(1,400,112)	(1,705,763)	6,351,483	(831,240)	(776,589)
IPCA	440,173	(89,309)	(89,656)	365,833	(65,765)	(47,340)
IGP-M	81,567	(9,592)	(7,618)	96,719	(20,768)	(19,125)
Libor	-	-	-	16,908	(1,657)	(979)
Other	86,115	(49,148)	(51,147)	-	-	-
5 - Other derivative financial instruments						
Asset position	**15,792,625**	**152,150**	**178,251**	**13,405,437**	**59,943**	**57,905**
Non Deliverable Forward - Foreign currency (1)	15,792,625	152,150	178,251	13,384,566	58,554	56,533
Credit derivatives	-	-	-	20,871	1,389	1,372
Liability position	**3,054,160**	**(525,692)**	**(320,738)**	**2,320,604**	**(407,528)**	**(185,619)**
Non Deliverable Forward - Foreign currency (1)	2,837,296	(521,907)	(317,007)	2,164,073	(405,379)	(183,729)
Credit derivatives	216,864	(3,785)	(3,731)	156,531	(2,149)	(1,890)
Total assets (1 + 2 + 3 + 4 + 5)	**55,419,783**	**4,685,505**	**4,756,181**	**41,270,001**	**1,433,259**	**1,307,169**
Total liabilities (1 + 2 + 3 + 4 + 5)	**75,023,543**	**(6,007,648)**	**(5,970,731)**	**59,043,633**	**(2,274,337)**	**(1,805,600)**

(1) The fair value for swaps, options and non deliverable forwards considers the credit risk of the counterparty (credit valuation adjustment).

(2) The presentation of credit derivatives by position (asset or liability) takes into account the respective fair value of each contract.

(In thousands of Reais, unless otherwise started)

b) Breakdown of derivative financial instruments by maturity date (reference value)

	Parent Company and Consolidated					
Maturity in days	0 to 30	31 to 180	181 to 360	Over 360	06.30.2023	12.31.2022
Futures contracts	5,846,040	14,704,549	11,427,132	28,450,244	60,427,965	50,784,594
Forward contracts	-	-	486,660	2,837,511	3,324,171	271,783
Option contracts	15,322,300	1,689,604	2,136,323	394,247	19,542,474	7,445,118
Swap contracts	3,251,812	2,924,843	5,120,160	17,005,116	28,301,931	26,086,098
Non Deliverable Forward - Foreign Currency	6,280,361	3,774,469	8,402,372	172,719	18,629,921	15,548,639
Credit derivatives	-	-	-	216,864	216,864	177,402
Total	**30,700,513**	**23,093,465**	**27,572,647**	**49,076,701**	**130,443,326**	**100,313,634**

c) Breakdown of derivative financial instruments Portfolio by market and counterparty (reference value)

	06.30.2023							
Parent Company and Consolidated	Future	Term	Options	Swaps	Non Deliverable Forward	Credit derivatives	Total	12.31.2022
Stock exchange market	**60,427,965**	**-**	**16,022,250**	**-**	**-**	**-**	**76,450,215**	**53,212,594**
Over-the-counter market	**-**	**3,324,171**	**3,520,224**	**28,301,931**	**18,629,921**	**216,864**	**53,993,111**	**47,101,040**
Financial institutions	-	3,324,171	6,971	22,472,244	10,721,897	216,864	36,742,147	30,206,230
Client	-	-	3,513,253	5,829,687	7,908,024	-	17,250,964	16,894,810

d) Breakdown of the credit derivatives portfolio

	06.30.2023			12.31.2022		
Parent Company and Consolidated	Reference value	Cost value	Fair value	Reference value	Cost value	Fair value
Credit swap						
Transferred risk	192,768	(2,020)	(2,043)	177,402	(760)	(518)
Risk received	24,096	(1,765)	(1,688)	-	-	-
By indexer						
Active position – Pre-fixed	-	-	-	20,871	1,389	1,372
Liabilities Position – Prefixed	216,864	(3,785)	(3,731)	156,531	(2,149)	(1,890)

For the sale of protection, a credit limit is approved, both for the "risk customer" and for the counterparty, in accordance with the authority and forums of the credit committees. A credit limit is allocated to the "risk customer" at the reference value (notional) of the derivative, considering the amounts deposited as collateral.

To purchase protection, operate in a trading portfolio with a sovereign risk client. In this case, the potential future exposure is considered to allocate the counterparty limit. The portfolio of credit derivatives generated impacts on the Portion Referring to Exposures Weighted by Risk Factor (PRMR), for calculating the Basel Ratio in the amount of R$ 1.253 on June 30, 2023 (R$ 819 on December 31, 2022).

(In thousands of Reais, unless otherwise started)

e) Breakdown of margin given in guarantee of operations with derivative financial instruments and other transactions settled in clearing or providers of clearing and settlement services

	Parent Company		Consolidated	
	06.30.2023	12.31.2022	06.30.2023	12.31.2022
Financial Treasury Bills - LFT	378,650	716,997	386,745	717,628
National Treasury Bills - LTN	2,093,077	909,215	2,093,077	909,215
Shares of the investment fund liquidity of board B3	44,008	41,274	44,008	58,561
Others	60,238	56,329	60,238	56,329
Total	**2,575,973**	**1,723,815**	**2,584,068**	**1,741,733**

f) Derivative financial instruments breakdown into current and non-current

	Parent Company and Consolidated					
	06.30.2023			12.31.2022		
	Current	Non-current	Total	Current	Non-current	Total
Assets						
Term operations	486,021	2,837,511	3,323,532	258,805	13,929	272,734
Options market	61,096	2,464	63,560	65,719	29,629	95,348
Swap contracts	508,096	682,742	1,190,838	828,494	52,688	881,182
Non Deliverable Forward - Foreign currency	175,572	2,679	178,251	52,778	3,755	56,533
Credit derivatives	-	-	-	-	1,372	1,372
Total	**1,230,785**	**3,525,396**	**4,756,181**	**1,205,796**	**101,373**	**1,307,169**
Liabilities						
Term operations	(482,207)	(2,837,007)	(3,319,214)	(263,940)	(14,536)	(278,476)
Options market	(127,172)	(20,066)	(147,238)	(16,500)	(133,867)	(150,367)
Swap contracts	(744,179)	(1,439,362)	(2,183,541)	(670,967)	(520,171)	(1,191,138)
Non Deliverable Forward - Foreign currency	(298,237)	(18,770)	(317,007)	(177,046)	(6,683)	(183,729)
Credit derivatives	-	(3,731)	(3,731)	-	(1,890)	(1,890)
Total	**(1,651,795)**	**(4,318,936)**	**(5,970,731)**	**(1,128,453)**	**(677,147)**	**(1,805,600)**

g) Breakdown of the derivatives portfolio for hedge accounting

The Conglomerate uses two types of Hedge strategies: Fair Value Hedge and Cash Flow Hedge.

These strategies are carried out in the following risk categories:

- Interest rate risk; and
- Exchange rate risk.

The protected risks and their limits are defined in a committee. The Conglomerate determines the relationship between hedge instruments and hedged items so that the fair value of these instruments is expected to move in opposite directions and in the same proportions.

The hedge index established is always 100% of the protected risk. The sources of ineffectiveness are due to mismatches of terms between the instruments and hedged items.

For loans the effectiveness tests are adjusted for the respective allowance for losses in order to exclude the effects arising from these provisions, given that credit risk is not the risk being hedged.

The hedge operations were evaluated as effective, in accordance with the Bacen Circular no. 3,082/2002, with the hedge effectiveness falling between 80% to 125%. The Conglomerate does not use the qualitative method to evaluate the effectiveness of the strategies.

(In thousands of Reais, unless otherwise started)

Fair value hedge

The Conglomerate, in order to protect itself from possible fluctuations in the interest and exchange rates of its financial instruments, contracted derivative operations to offset the risks arising from exposures to changes in fair value, as follows:

- Hedge of credit operations with risk in pre-fixed rate/exchange rate are protected with DI futures contracts.

Hedged items		06.30.2023		
		Fair value of hedged items	Fair value adjustment of hedged items	Base value for calculating hedge ineffectiveness [1]
Parent Company and Consolidated	Statement of Financial Position line item	Assets	Assets	
Interest rate risk				
Hedge of loan contracts	Loans and leases	16,934,348	248,500	1,656,252
Total		**16,934,348**	**248,500**	**1,656,252**
		12.31.2022		
Interest rate risk				
Hedge of loan contracts	Loans and leases	16,936,827	(447,760)	1,786,143
Total		**16,936,827**	**(447,760)**	**1,786,143**

(1) Changes in the fair value of the hedge instrument that are not offset by changes in the value of the hedged item result in the amount of hedge ineffectiveness

For the strategies of purchase and sale commitment and loans and leases, the Conglomerate reestablishes the hedging relationship since both the hedged item and the instruments are re-evaluated throughout the life of the hedged portfolio. This is because they are portfolio strategies, reflecting the risk management strategy guidelines approved by the competent authority.

Hedge instruments	06.30.2023		
	Reference value	Base amount to calculate the ineffectiveness of hedge [1]	Hedge ineffectiveness recorded in income [2]
Parent Company and Consolidated	Liabilities		
Interest rate risk			
Future DI	19,730,998	(1,655,055)	1,197
Total	**19,730,998**	**(1,655,055)**	**1,197**
Parent Company and Consolidated	12.31.2022		
Interest rate risk			
Future DI	19,915,037	(1,817,175)	(31,032)
Total	**19,915,037**	**(1,817,175)**	**(31,032)**

(1) Changes in the fair value of the hedge instrument that are not offset by changes in the value of the hedged item result in the amount of hedge ineffectiveness.

(2) Balances presented on an annual basis so that it is possible to compare with changes in the fair value of the instrument and the hedged object.

In the semesters ended on June 30, 2023 and 2022, there were no dismantling of operations and no effect on the result was produced, as the amortization of previous dismantling had already been completed.

Cash flow hedge

To protect the future cash flows of payments against exposure to variable interest rate (CDI), the Conglomerate traded DI Future contracts at B3 (Stock exchange market).

To protect future cash flows of sovereign bonds issued by the Federative Republic of Brazil abroad and other bonds issued abroad against exposure to exchange rate risk (USD and EUR), the Conglomerate negotiated swap contracts in the over-the-counter market, registered at B3.

(In thousands of Reais, unless otherwise started)

Hedged items	06.30.2023				
		Book/reference amount			
Parent Company and Consolidated	Statement of Financial Position line item	Assets	Liabilities	Base amount for calculating hedge ineffectiveness (1)	Cash flow hedge reserve
Interest rate risk					
Hedge of Financial Bills	Securities issued	-	4,010,468	(32,833)	(1,005)
Hedge of subordinated financial bills - Debt instruments eligible for capital	Debt instruments eligible for capital	-	3,369	(45)	9
Exchange rate risk					
Hedge of Brazilian external debt securities	Marketable securities	993,430	-	34,922	46,141
Hedge of bonds with TVM abroad	Features of acceptance and issuance of bonds	-	5,159,505	1,085,574	(229,159)
Hedge of obligations for loans abroad	Obligations for loans and onlendings	-	953,053	(66,855)	(28,768)
Total		**993,430**	**10,126,395**	**1,020,763**	**(212,782)**
Parent Company and Consolidated	**12.31.2022**				
Interest rate risk					
Hedge of Financial Bills	Securities issued	-	4,447,448	(69,994)	24,048
Hedge of subordinated financial bills - Debt instruments eligible for capital	Debt instruments eligible for capital	-	78,354	(4,346)	35
Exchange rate risk					
Hedge of Brazilian external debt securities	Marketable securities	445,028	-	(19,018)	29,140
Hedge of bonds with TVM abroad	Features of acceptance and issuance of bonds	-	5,587,770	257,241	91,721
Hedge of foreign loan obligations	Borrowing and onlending	-	1,014,704	(25,869)	23,009
Total		**445,028**	**11,128,276**	**138,014**	**167,953**

(1) Changes in the amount of the hedged item that compared to changes in the fair value of the hedge instrument result in the ineffective amount of the hedge.

Hedge instruments	06.30.2023				
	Book/reference amount				
Parent Company and Consolidated	Assets	Liabilities	Base amount for calculating hedge ineffectiveness (1)	Changes in the amount of the recorded hedge instrument in OCI	Hedge Ineffectiveness recorded in net profit (loss) (2)
Interest rate risk					
Future DI	-	3,855,871	32,550	(25,079)	-
Exchange rate risk					
Swap (3) (4) (5)	6,001,947	1,066,470	(1,053,425)	(355,656)	(51)
Total	**6,001,947**	**4,922,341**	**(1,020,875)**	**(380,735)**	**(51)**
Parent Company and Consolidated	**12.31.2022**				
Interest rate risk					
Future DI	-	4,385,438	76,004	(222,686)	979
Exchange rate risk					
Swap (3)	6,664,911	495,479	(208,511)	(270,462)	3,008
Total	**6,664,911**	**4,880,917**	**(132,507)**	**(493,148)**	**3,987**

(1) Changes in the fair value of the hedge instrument that are not offset by changes in the value of the hedged item result in the amount of hedge ineffectiveness.
(2) Balances presented on an accumulated basis so that it is possible to confront changes in the fair value of the instrument and the hedged item.
(3) The reference amount of swap contracts to hedge obligations with securities abroad is R$ 5,711,855 on June 30, 2023 and December 31, 2022.
(4) The reference amount of swap contracts for hedging Brazilian external debt securities is R$ 1,197,046 on June 30, 2023 (R$ 561,334 on December 31, 2022).
(5) The reference amount of the swap contracts to hedge foreign borrowing obligations is R$ 974,371 on June 30, 2023 and December 31, 2022.

The effective portion is recognized in Shareholders' Equity in Other Comprehensive Income and the ineffective portion is recognized in the Income Statement in "Income (losses) from derivative financial instruments".

In the semester ended June 30, 2023, the adjustment to the fair value of the effective portion, in the amount of R$ (384,731) (R$ (380,859) in the semester ended June 30, 2022), was recognized in shareholders' equity and the ineffective portion, in the amount of R$ (4,038) (R$ (1,605) in the semester ended June 30, 2022) was recognized in income under “Income from derivative financial instruments”.

Net losses from tax effects related to the cash flow hedge that the Conglomerate expects to recognize in income over the next 12 months, total R$ (97,545) (net gains of R$ 85,112 in the semester ended June 30, 2022).

In the semester ended June 30, 2023, some operations were no longer classified as cash flow hedges, which generated a result of R$ 58,208 in the period, net of tax effects, presented under "Results from derivative financial instruments". In the six-month period ended June 30, 2022, there were no operations that ceased to be classified as cash flow hedges.

(In thousands of Reais, unless otherwise started)

h) Income from derivative financial instruments

	Parent Company		Consolidated	
	1st Semester/ 2023	1st Semester/ 2022	1st Semester/ 2023	1st Semester/ 2022
Swap contracts	(150,553)	557,472	(150,553)	691,648
Term operations	4,702	14,220	4,702	14,220
Options market	(110,140)	42,168	(110,140)	(72,421)
Futures contracts	(512,876)	(386,166)	(512,876)	(386,166)
Credit derivatives	7,523	-	7,523	-
Fair value adjustments of hedged financial instruments	734,948	(37,132)	734,948	(37,132)
Non Deliverable Forward - Foreign currency	(516,133)	(276,826)	(516,133)	(162,656)
Income from exchange variation on investments abroad	(136,811)	(107,830)	(136,811)	(107,830)
Total	**(679,340)**	**(194,094)**	**(679,340)**	**(60,337)**

11. INTERBANK ACCOUNTS

a) Breakdown

	Parent Company		Consolidated	
	06.30.2023	12.31.2022	06.30.2023	12.31.2022
Assets	**2,034,233**	**1,924,717**	**2,279,498**	**1,961,377**
Linked credits (Note 11b)	2,034,233	1,924,717	2,279,498	1,961,377
Liabilities	**19,726**	**40,217**	**3,146,487**	**3,472,198**
Payments and receivables to be settled (Note 11c)	19,726	40,217	3,146,487	3,472,198

b) Reserve requirements

	Parent Company		Consolidated	
	06.30.2023	12.31.2022	06.30.2023	12.31.2022
Assets				
Compulsory deposits at the Central Bank of Brazil	**2,034,233**	**1,924,717**	**2,279,498**	**1,961,377**
Demand deposits	1,762,918	1,619,271	1,762,918	1,619,271
Microfinance transactions	7,521	41,216	9,455	42,598
Instant payments	263,794	264,230	507,125	299,508
Total	**2,034,233**	**1,924,717**	**2,279,498**	**1,961,377**
Current Assets	2,034,233	1,924,717	2,279,498	1,961,377

c) Payments and receivables to be settled

	Parent Company		Consolidated	
	06.30.2023	12.31.2022	06.30.2023	12.31.2022
Liabilities				
Obligations to settlement system participants	**18,333**	**-**	**28,492**	**-**
Other papers sent	18,333	-	28,492	-
Payment transactions	**1,393**	**40,217**	**3,117,995**	**3,472,198**
Credit card	1,393	40,217	3,117,995	3,472,198
Total	**19,726**	**40,217**	**3,146,487**	**3,472,198**
Current Liabilities	19,726	40,217	3,146,487	3,472,198

d) Income from compulsory deposits

	Parent Company		Consolidated	
	1st Semester/ 2023	1st Semester/ 2022	1st Semester/ 2023	1st Semester/ 2022
Credits linked to Central Bank of Brazil	**133,525**	**76,561**	**140,045**	**76,561**
Requirement on time deposits	122,633	76,561	122,633	76,561
Instant payments	10,892	-	17,412	-
Total	**133,525**	**76,561**	**140,045**	**76,561**

(In thousands of Reais, unless otherwise started)

12. LOANS

a) Portfolio by modality

	Parent company		Consolidated	
	06.30.2023	12.31.2022	06.30.2023	12.31.2022
Loans	**61,393,460**	**59,352,481**	**64,258,105**	**62,008,362**
Loans and discounted notes	7,767,443	7,136,422	10,632,088	9,764,690
Financings	40,066,650	40,855,702	42,679,327	44,266,896
Rural and agribusiness financing	1,560,055	1,353,722	1,560,055	1,353,722
Real estate financing agreements	55,818	96,579	55,818	96,579
Loans linked to assignments (Note 12h.1) (1)	11,943,494	9,910,056	9,330,817	6,526,475
Other receivables with loan characteristics	**4,548,014**	**4,769,158**	**7,724,694**	**8,272,176**
Credit card operations	-	-	3,176,680	3,503,018
Advance on exchange contract e Others related credits	992,898	731,983	992,898	731,983
Other credits linked to payment transactions (2)	851,111	322,730	851,111	322,730
Securities and receivables	2,704,005	3,714,445	2,704,005	3,714,445
Leasing portfolio	**-**	**-**	**33,013**	**37,263**
Total loan portfolio	**65,941,474**	**64,121,639**	**72,015,812**	**70,317,801**
Allowance for losses associated with credit risk	**(4,574,378)**	**(4,622,992)**	**(5,785,116)**	**(5,597,006)**
(Allowance for loan losses)	(3,953,325)	(3,940,497)	(5,110,976)	(4,850,968)
(Allowance for other credits with credit grant characteristics) (3)	(621,053)	(682,495)	(673,905)	(745,880)
(Allowance for lease losses)	-	-	(235)	(158)
Total loan portfolio, net of provisions	**61,367,096**	**59,498,647**	**66,230,696**	**64,720,795**
Current Assets	29,532,896	28,254,214	33,803,808	32,877,128
Non-current assets	31,834,200	31,244,433	32,426,888	31,843,667

(1) Loans transferred with substantial retention of risks and benefits of the financial assets subject to the operation.
(2) Credit rights on payment transactions acquired by assignment with retention of risks and benefits by the transferor.
(3) Includes provision for losses from operations in approved judicial recovery and provision for losses linked to payment transactions.

b) Income from loans and leases

	Parent company		Consolidated	
	1st Semester/ 2023	1st Semester/ 2022	1st Semester/ 2023	1st Semester/ 2022
Income from Loans	**4,981,860**	**4,559,341**	**5,904,670**	**5,317,489**
Loans and discounted notes	1,024,689	769,399	1,662,619	1,367,565
Financing	3,918,689	3,726,854	4,202,563	3,888,543
Rural and agribusiness financing	14,892	18,649	14,892	18,649
Real estate financing agreements	5,895	2,593	5,895	2,593
Financing in foreign currency	7,181	161	7,181	161
Other	10,514	41,685	11,520	39,978
Income from Leases	**-**	**-**	**4,287**	**2,498**
Total (1)	**4,981,860**	**4,559,341**	**5,908,957**	**5,319,987**

(1) Does not include credit operations linked to assignments. Considering such assets, the Bank's income from credit operations in the semester ended June 30, 2023 would total R$ 6,089,823 (R$ 5,124,617 in the semester ended June 30, 2022) and in the Consolidated would total R$ 7,016,920 (R$ 5,885,263 in the semester ended June 30, 2022).

(In thousands of Reais, unless otherwise started)

c) Loan portfolio by sector of economic activity

Parent Company	06.30.2023	%	12.31.2022	%
Private sector	**65,941,474**	**100.00%**	**64,121,639**	**100.00%**
Individual	**52,098,853**	**79.04%**	**49,767,288**	**77.61%**
Legal entities	**13,842,621**	**20.96%**	**14,354,351**	**22.39%**
Sugar and alcohol	1,374,206	2.08%	1,331,567	2.08%
Agribusiness	1,324,501	2.01%	1,389,314	2.17%
Specific construction activities	727,782	1.10%	751,632	1.17%
Automotive	494,843	0.75%	450,900	0.70%
Wholesale commerce and sundry industries	2,789,496	4.23%	2,652,246	4.14%
Retail business	1,034,491	1.57%	1,360,597	2.12%
Heavy construction	67,955	0.10%	83,460	0.13%
Cooperatives	1,267,753	1.92%	1,110,323	1.73%
Electric power	391,938	0.59%	278,512	0.43%
Financial institutions and services	921,664	1.40%	492,426	0.77%
Wood and furniture	16,429	0.02%	6,651	0.01%
Mining and Metallurgy	176,584	0.27%	84,296	0.13%
Paper and pulp	101,441	0.15%	27,395	0.04%
Small and medium enterprises (1)	450,475	0.68%	1,044,433	1.63%
Chemical	780,992	1.18%	784,221	1.22%
Services	1,298,933	1.97%	1,770,926	2.76%
Telecommunications	17,508	0.03%	55,132	0.09%
Textile and apparel	141,726	0.21%	159,618	0.25%
Transportation	357,275	0.54%	434,020	0.68%
Other activities	106,629	0.16%	86,682	0.14%
Total loan portfolio (2)	**65,941,474**	**100.00%**	**64,121,639**	**100.00%**

Consolidated	06.30.2023	%	12.31.2022	%
Private sector	**72,015,812**	**100.00%**	**70,317,801**	**100.00%**
Individual	**58,140,200**	**80.78%**	**55,587,553**	**79.05%**
Legal entities	**13,875,612**	**19.22%**	**14,730,248**	**20.95%**
Sugar and alcohol	1,374,206	1.91%	1,331,567	1.89%
Agribusiness	1,324,501	1.84%	1,293,270	1.84%
Specific construction activities	727,782	1.01%	758,203	1.08%
Automotive	498,718	0.69%	455,739	0.65%
Wholesale commerce and sundry industries	2,793,325	3.88%	3,037,664	4.32%
Retail business	1,043,075	1.45%	1,420,453	2.02%
Heavy construction	69,082	0.10%	83,460	0.12%
Cooperatives	1,267,753	1.76%	1,110,323	1.58%
Electric power	391,938	0.54%	278,512	0.40%
Financial institutions and services	921,664	1.28%	492,426	0.70%
Wood and furniture	16,429	0.02%	6,651	0.01%
Mining and Metallurgy	178,969	0.25%	88,570	0.12%
Paper and pulp	101,441	0.14%	27,395	0.04%
Small and medium enterprises (1)	450,475	0.63%	1,044,433	1.49%
Chemical	781,223	1.08%	784,522	1.12%
Services	1,307,304	1.82%	1,775,646	2.53%
Telecommunications	17,508	0.02%	55,132	0.08%
Textile and apparel	141,726	0.20%	159,618	0.23%
Transportation	361,864	0.50%	439,982	0.63%
Other activities	106,629	0.10%	86,682	0.10%
Total loan portfolio (2)	**72,015,812**	**100.00%**	**70,317,801**	**100.00%**

(1) Includes loans operations with the agribusiness sectors and other sectors of economic activity carried out with small and medium-sized companies.

(2) Includes adjustment to the fair value of credit operations that are subject to market risk hedge in the amount of R$ 248,500 on June 30, 2023 (R$ (447,760) on December 31, 2022).

(In thousands of Reais, unless otherwise started)

d) Loan portfolio by risk level and maturity

Parent Company	AA	A	B	C	D	E	F	G	H	06.30.2023	12.31.2022
Performing loans											
Falling due installments	**4,074,721**	**31,627,279**	**11,441,174**	**8,009,460**	**1,247,640**	**397,975**	**137,844**	**778,470**	**259,318**	**57,973,880**	**57,350,452**
From 01 to 30	722,817	3,302,014	322,510	72,250	39,712	13,036	13,934	40,668	64,392	4,591,333	4,385,570
From 31 to 60	506,156	1,697,224	471,338	315,087	50,479	14,013	4,996	7,264	8,707	3,075,264	2,939,887
From 61 to 90	202,353	1,486,370	497,629	313,285	49,646	14,038	8,626	7,269	8,812	2,588,028	2,917,583
From 91 to 180	708,010	3,738,102	1,183,430	840,777	143,976	42,303	14,114	21,339	25,468	6,717,519	6,928,610
From 181 to 360	609,929	6,328,193	2,039,035	1,457,135	236,226	76,153	26,063	38,755	45,794	10,857,283	10,179,493
Over 360	1,325,456	15,075,376	6,927,232	5,010,926	727,601	238,432	70,111	663,175	106,145	30,144,453	29,999,309
Installments overdue	**13,331**	**99,446**	**26,582**	**45,000**	**21,704**	**3,866**	**1,334**	**2,203**	**4,865**	**218,331**	**172,346**
Up to 14 days	13,331	99,446	26,582	45,000	21,704	3,866	1,334	2,203	4,865	218,331	172,346
Subtotal	**4,088,052**	**31,726,725**	**11,467,756**	**8,054,460**	**1,269,344**	**401,841**	**139,178**	**780,673**	**264,183**	**58,192,211**	**57,522,798**
Non-performing loans [(1)]											
Falling due installments	**-**	**-**	**914,752**	**1,309,164**	**1,112,425**	**872,616**	**453,618**	**665,673**	**988,369**	**6,316,617**	**5,886,760**
From 01 to 30	-	-	44,218	65,160	53,674	39,667	21,122	29,016	51,061	303,918	274,768
From 31 to 60	-	-	42,726	58,511	48,143	36,079	19,875	25,945	45,130	276,409	277,192
From 61 to 90	-	-	41,170	56,998	46,897	35,201	20,332	25,504	43,694	269,796	257,559
From 91 to 180	-	-	114,480	162,341	134,236	101,146	53,490	73,206	122,683	761,582	704,653
From 181 to 360	-	-	188,863	269,418	227,151	172,999	92,671	125,073	199,097	1,275,272	1,199,626
Over 360 days	-	-	483,295	696,736	602,324	487,524	246,128	386,929	526,704	3,429,640	3,172,962
Installments overdue [(2)]	**-**	**-**	**50,753**	**150,321**	**134,758**	**124,114**	**98,347**	**135,332**	**490,522**	**1,184,147**	**1,159,841**
From 01 to 14	-	-	-	24,389	21,710	16,197	9,034	11,904	20,933	104,167	98,060
From 15 to 30	-	-	50,753	42,124	29,036	21,433	12,292	15,220	26,501	197,359	187,182
From 31 to 60	-	-	-	83,808	47,883	36,399	19,981	27,104	48,904	264,079	223,557
From 61 to 90	-	-	-	-	36,129	29,406	17,722	23,951	52,130	159,338	146,768
From 91 to 180	-	-	-	-	-	20,679	39,318	57,153	156,502	273,652	256,898
From 181 to 360	-	-	-	-	-	-	-	-	185,552	185,552	247,376
Subtotal	**-**	**-**	**965,505**	**1,459,485**	**1,247,183**	**996,730**	**551,965**	**801,005**	**1,478,891**	**7,500,764**	**7,046,601**
Total	**4,088,052**	**31,726,725**	**12,433,261**	**9,513,945**	**2,516,527**	**1,398,570**	**691,142**	**1,581,678**	**1,743,074**	**65,692,974**	**64,569,399**
(+/-) Adjustment to fair value [(3)]										**248,500**	**(447,760)**
Total of loan portfolio adjusted to fair value										**65,941,474**	**64,121,639**

(In thousands of Reais, unless otherwise started)

Consolidated	AA	A	B	C	D	E	F	G	H	06.30.2023	12.31.2022
					Performing loans						
Falling due installments	**4,077,721**	**34,922,180**	**11,732,387**	**8,392,447**	**1,441,833**	**465,587**	**169,755**	**819,266**	**289,691**	**62,310,867**	**61,952,709**
From 01 to 30	723,043	4,430,962	422,300	200,187	82,062	28,229	20,743	50,538	74,551	6,032,615	6,040,921
From 31 to 60	506,220	2,205,762	521,601	377,997	72,305	21,892	8,560	12,167	13,928	3,740,432	3,581,886
From 61 to 90	202,578	1,849,752	535,117	360,528	66,800	20,436	11,565	11,271	12,735	3,070,782	3,387,380
From 91 to 180	708,677	4,342,753	1,238,274	926,438	178,879	56,246	20,686	30,195	29,133	7,531,281	7,760,237
From 181 to 360	610,962	6,660,314	2,070,307	1,515,978	269,496	91,820	33,745	49,232	49,627	11,351,481	10,692,482
Over 360	1,326,241	15,432,637	6,944,788	5,011,319	772,291	246,964	74,456	665,863	109,717	30,584,276	30,489,803
Installments overdue	**13,329**	**152,765**	**35,448**	**53,025**	**34,704**	**10,906**	**3,935**	**6,055**	**17,948**	**328,115**	**322,204**
Up to 14 days	13,329	152,765	35,448	53,025	34,704	10,906	3,935	6,055	17,948	328,115	322,204
Subtotal	**4,091,050**	**35,074,945**	**11,767,835**	**8,445,472**	**1,476,537**	**476,493**	**173,690**	**825,321**	**307,639**	**62,638,982**	**62,274,913**
					Non-performing loans [1]						
Falling due installments	**-**	**-**	**966,442**	**1,381,116**	**1,145,443**	**884,235**	**459,729**	**680,121**	**1,007,044**	**6,524,130**	**6,084,511**
From 01 to 30	-	-	47,101	70,676	54,522	40,278	21,445	29,551	51,417	314,990	326,131
From 31 to 60	-	-	42,734	58,511	48,278	36,173	19,920	25,981	45,292	276,889	302,791
From 61 to 90	-	-	41,178	56,998	47,017	35,288	20,372	25,536	43,824	270,213	277,484
From 91 to 180	-	-	114,505	162,341	134,498	101,354	53,575	73,275	122,948	762,496	744,022
From 181 to 360	-	-	188,912	269,418	227,447	173,223	92,763	125,145	199,334	1,276,242	1,231,267
Over 360 days	-	-	532,012	763,172	633,681	497,919	251,654	400,633	544,229	3,623,300	3,202,816
Installments overdue [2]	**-**	**-**	**85,720**	**221,967**	**248,518**	**235,066**	**235,825**	**349,568**	**1,227,536**	**2,604,200**	**2,406,137**
From 01 to 14	-	-	-	24,389	21,717	16,197	9,036	11,905	20,933	104,177	123,806
From 15 to 30	-	-	85,720	46,290	33,057	24,818	13,767	17,558	28,640	249,850	247,255
From 31 to 60	-	-	-	151,288	57,206	43,673	23,928	32,241	54,053	362,389	337,756
From 61 to 90	-	-	-	-	136,538	34,882	21,170	45,290	57,789	295,669	293,201
From 91 to 180	-	-	-	-	-	115,496	167,924	242,574	178,941	704,935	684,372
From 181 to 360	-	-	-	-	-	-	-	-	887,180	887,180	719,747
Subtotal	**-**	**-**	**1,052,162**	**1,603,083**	**1,393,961**	**1,119,301**	**695,554**	**1,029,689**	**2,234,580**	**9,128,330**	**8,490,648**
Total	**4,091,050**	**35,074,945**	**12,819,997**	**10,048,555**	**2,870,498**	**1,595,794**	**869,244**	**1,855,010**	**2,542,219**	**71,767,312**	**70,765,561**
(+/-) Adjustment to fair value [3]										**248,500**	**(447,760)**
Total of loan portfolio adjusted to fair value										**72,015,812**	**70,317,801**

(1) Includes only operations with at least one installment overdue for more than 14 days.

(2) The Conglomerate does not adopt double counting for credit operations.

(3) Refers to fair value adjustment of loan operations that are the object of market risk hedge.

(In thousands of Reais, unless otherwise started)

e) Constitution of the provision for losses associated with the credit portfolio by risk levels

Risk Level	% Provision	06.30.2023 Transaction value	06.30.2023 Minimum provision required	06.30.2023 Additional provision [1]	06.30.2023 Existing provision	12.31.2022 Transaction value	12.31.2022 Minimum provision required	12.31.2022 Additional provision [1]	12.31.2022 Existing provision
Parent Company									
AA	0.00%	4,088,052	-	-	-	3,734,190	-	-	-
A	0.50%	31,726,725	(158,634)	-	(158,634)	33,043,739	(165,219)	-	(165,219)
B	1.00%	12,433,261	(124,333)	-	(124,333)	13,142,368	(131,424)	-	(131,424)
C	3.00%	9,513,945	(285,418)	(255)	(285,673)	7,000,085	(210,003)	-	(210,003)
D	10.00%	2,516,527	(251,653)	-	(251,653)	2,057,099	(205,710)	-	(205,710)
E	30.00%	1,398,570	(419,571)	-	(419,571)	1,569,075	(470,723)	-	(470,723)
F	50.00%	691,142	(345,571)	-	(345,571)	386,625	(193,313)	-	(193,313)
G	70.00%	1,581,678	(1,107,175)	(138,694)	(1,245,869)	1,758,899	(1,231,229)	(138,052)	(1,369,281)
H	100.00%	1,743,074	(1,743,074)	-	(1,743,074)	1,877,319	(1,877,319)	-	(1,877,319)
Total		**65,692,974**	**(4,435,429)**	**(138,949)**	**(4,574,378)**	**64,569,399**	**(4,484,940)**	**(138,052)**	**(4,622,992)**
(+/-) Adjustment to fair value [2]		**248,500**				**(447,760)**			
Total of loan portfolio adjusted to fair value		**65,941,474**				**64,121,639**			
Consolidated									
AA	0.00%	4,091,050	-	-	-	3,739,453	-	-	-
A	0.50%	35,074,945	(175,374)	-	(175,374)	36,700,870	(183,504)	-	(183,504)
B	1.00%	12,819,997	(128,200)	-	(128,200)	13,545,763	(135,458)	-	(135,458)
C	3.00%	10,048,555	(301,457)	(255)	(301,712)	7,559,119	(226,774)	-	(226,774)
D	10.00%	2,870,498	(287,050)	-	(287,050)	2,406,561	(240,656)	-	(240,656)
E	30.00%	1,595,794	(478,738)	-	(478,738)	1,794,164	(538,250)	-	(538,250)
F	50.00%	869,244	(434,622)	-	(434,622)	554,362	(277,181)	-	(277,181)
G	70.00%	1,855,010	(1,298,507)	(138,694)	(1,437,201)	2,027,128	(1,418,990)	(138,052)	(1,557,042)
H	100.00%	2,542,219	(2,542,219)	-	(2,542,219)	2,438,141	(2,438,141)	-	(2,438,141)
Total		**71,767,312**	**(5,646,167)**	**(138,949)**	**(5,785,116)**	**70,765,561**	**(5,458,954)**	**(138,052)**	**(5,597,006)**
(+/-) Adjustment to fair value [2]		**248,500**				**(447,760)**			
Total of loan portfolio adjusted to fair value		**72,015,812**				**70,317,801**			

(1) New additional provisions were constituted, when increase in risk level is not applicable.
(2) Refers to fair value adjustment of loan operations that are the object of market risk hedge.

(In thousands of Reais, unless otherwise started)

f) Allowance for losses associated with credit risk

f.1) Income (loss) from allowance for losses associated with credit risk

	Parent Company		Consolidated	
	1st Semester/ 2023	1st Semester/ 2022	1st Semester/ 2023	1st Semester/ 2022
(Provision) / reversal of provision for losses associated with the loan portfolio (Note 12f.2)	**(1,093,829)**	**(930,214)**	**(1,778,122)**	**(1,294,843)**
Loans	(1,121,400)	(998,428)	(1,828,974)	(1,374,456)
Other receivables with loan characteristics	27,571	68,214	50,929	79,595
Leasing operations	-	-	(77)	18
Income from recovery of loans previously written off as losses	**278,787**	**401,655**	**299,710**	**432,458**
Loans	263,287	400,536	284,161	431,012
Other receivables with loan characteristics	15,500	1,119	15,500	1,119
Leasing operations	-	-	49	327
Total (provision) / reversal of provision for losses associated with the loan portfolio	**(815,042)**	**(528,559)**	**(1,478,412)**	**(862,385)**
Other (provisions) / reversals of provisions for losses associated with credit risk [(1)]	**(42,641)**	**8,772**	**(42,641)**	**8,772**
Financial guarantees provided	18,598	5,727	18,598	5,727
Other risks	(61,239)	3,045	(61,239)	3,045
Total other (provisions) / reversals of provisions associated with credit risk	**(42,641)**	**8,772**	**(42,641)**	**8,772**
Total	**(857,683)**	**(519,787)**	**(1,521,053)**	**(853,613)**

(1) The respective provisions are presented in Other Liabilities - "Provision for loss with financial guarantees provided" and "Provision for loss - other risks" (Note 22a).

f.2) Changes

Comprise loans, leases and other receivables with loan characteristics.

	Parent Company		Consolidated	
	1st Semester/ 2023	1st Semester/ 2022	1st Semester/ 2023	1st Semester/ 2022
Opening balance	**4,622,992**	**4,933,006**	**5,597,006**	**5,545,020**
Reinforcement / (reversal) [(1)]	**1,093,829**	**930,214**	**1,778,122**	**1,294,843**
Minimum allowance for loan losses required	1,092,932	951,849	1,777,225	1,316,478
Incremental allowance for loan losses	897	(21,635)	897	(21,635)
Write-offs to losses	**(1,142,443)**	**(984,022)**	**(1,590,012)**	**(1,264,343)**
Closing balance	**4,574,378**	**4,879,198**	**5,785,116**	**5,575,520**

(1) It does not include income from the recovery of credits previously written off.

g) Concentration of Loans

	06.30.2023	% of portfolio	12.31.2022	% of portfolio
Parent Company				
Largest debtor	536,800	0.82%	552,209	0.86%
10 largest debtors	2,584,480	3.93%	2,501,897	3.87%
20 largest debtors	3,995,470	6.08%	3,763,032	5.83%
50 largest debtors	6,664,347	10.14%	6,193,472	9.59%
100 largest debtors	9,162,885	13.95%	8,621,172	13.35%
Consolidated				
Largest debtor	536,800	0.75%	552,209	0.78%
10 largest debtors	2,584,480	3.60%	2,501,897	3.54%
20 largest debtors	3,995,470	5.57%	3,763,032	5.32%
50 largest debtors	6,667,194	9.29%	6,196,700	8.76%
100 largest debtors	9,167,753	12.77%	8,624,400	12.19%

h) Information on loan assignments

h.1) Assignments with recourse

Transfers of financial assets (consumer loans) to related parties were undertaken, with a substantial retention of the risks and benefits.

	06.30.2023		12.31.2022	
	Financial assets subject to sale	Liability related to recourse assumed [(1)]	Financial assets subject to sale	Liability related to recourse assumed [(1)]
Parent Company	**11,943,494**	**13,194,836**	**9,910,056**	**10,794,946**
With co-obligation	**9,330,817**	**10,582,159**	**6,526,475**	**7,411,365**
Financial institutions - related parties	9,330,817	10,582,159	6,526,475	7,411,365
Without co-obligation	**2,612,677**	**2,612,677**	**3,383,581**	**3,383,581**
Credit Rights Investment Fund - Subsidiary	2,612,677	2,612,677	3,383,581	3,383,581
Consolidated	**9,330,817**	**10,582,159**	**6,526,475**	**7,411,365**
With co-obligation	**9,330,817**	**10,582,159**	**6,526,475**	**7,411,365**
Financial institutions - related parties	9,330,817	10,582,159	6,526,475	7,411,365

(1) Recorded in caption “Other liabilities - Bond transactions linked to disposals (Note 22a).

(In thousands of Reais, unless otherwise started)

In the semester ended June 30, 2023, income from the sale or transfer of financial assets totaled R$ 1,104,363 in the Bank and Consolidated (R$ 565,276 in the Bank and Consolidated in the semester ended June 30, 2022). Expenses with liabilities for operations with these same characteristics totaled R$ 820,507 in Bank and Consolidated (R$ 370,320 in the Bank and in Consolidated in the six-month period ended June 30, 2022).

h.2) Sales without recourse of credits previously written off as loss

In the semester ended June 30, 2023, income from the sale or transfer of financial assets totaled R$ 3,600 in the Bank and Consolidated and expenses with obligations with the same characteristic totaled R$ 277,351 in the Bank and R$ 337,000 in the Consolidated (R$ 69,746 in Bank and R$ 222,613 in Consolidated in the semester ended June 30, 2022). Before the recognition of the loss, the respective provisions for losses associated with the credit risk existing for the assigned operations were reversed and the impacts are presented in the result in the line "(Provision) / reversal of provision for losses associated with the loan portfolio" in the amount of R$ 399,665 in Bank and Consolidated.

h.3) Assignments without co-obligation of credits previously written off as loss

In the semester ended June 30, 2023, income from assignments without co-obligation of credits previously written off as losses totaled R$ 26,580 in the Bank and R$ 28,865 in the Consolidated (R$ 57,604 in the Bank and R$ 71,408 in the Consolidated in the semester ended in June 30, 2022), which were recognized in income for the period under "Income from loan operations".

i) Changes in renegotiated credit

	Parent Company		Consolidated	
	1st Semester/ 2023	1st Semester/ 2022	1st Semester/ 2023	1st Semester/ 2022
Amount of renegotiated credits in the period (1)	**1,940,036**	**3,293,212**	**2,294,778**	**3,513,226**
Renegotiated for past due contracts (2)	329,569	238,473	378,024	270,141
Renewed contracts (3)	1,610,467	3,054,739	1,916,754	3,243,085
Changes in portfolio of renegotiated past due contracts				
Opening balance	**747,490**	**839,584**	**775,786**	**876,493**
Signings	329,569	238,473	378,024	270,141
(Receipt) and appropriation of interest	(350,855)	(167,896)	(362,537)	(196,850)
Written off as losses	(43,547)	(155,578)	(62,005)	(173,981)
Closing balance	**682,657**	**754,583**	**729,268**	**775,803**
Allowance for losses of the portfolio of renegotiated past due	267,058	377,074	304,494	395,408
(%) Allowance for losses on the portfolio of renegotiated past due contracts	39.12%	49.97%	41.75%	50.97%
90-day delinquency of portfolio of renegotiated past due contracts	298,985	347,648	343,948	368,868
(%) Delinquency on the portfolio of renegotiated past due	43.80%	46.07%	47.16%	47.55%

(1) Represents the amount renegotiated in the period of credit operations, falling due or overdue.

(2) Credits renegotiated in the period due to delayed payment by customers.

(3) Credits renegotiated from operations not yet due for extension, novation, concession of a new operation for partial or full settlement of a previous operation or any other type of agreement that implies changes in the maturity terms or in the payment terms originally agreed.

j) Other information

	Parent Company		Consolidated	
	06.30.2023	12.31.2022	06.30.2023	12.31.2022
Contracted credits to be released	681,660	701,562	6,710,810	7,716,077
Financial Guarantees Provided (Note 30.1.a.ii)	7,164,946	7,630,198	7,164,946	7,630,198

(In thousands of Reais, unless otherwise started)

13. OTHER ASSETS

a) Breakdown

	Parent Company		Consolidated	
	06.30.2023	12.31.2022	06.30.2023	12.31.2022
Other financial assets	**4,574,919**	**2,257,965**	**4,976,495**	**2,807,852**
Relations with correspondents	5,361	33,117	6,874	34,406
Other credits and receivables	34,324	42,223	128,149	163,961
Credit card transactions	-	-	272,197	192,467
Receivables from securities settlements abroad	17,263	15,234	17,263	15,234
Other credits for trading and intermediation of securities	76,394	59,106	76,394	62,533
Foreign exchange portfolio (Note 13b)	4,440,086	2,106,484	4,440,086	2,106,484
Other	1,491	1,801	35,532	232,767
Other assets	**1,051,232**	**1,230,836**	**1,101,286**	**881,864**
Prepaid expenses (1)	212,702	119,868	215,140	124,292
Sundry domestic debtors	226,193	144,540	277,576	170,583
Salary advances and prepayments	3,184	6,000	3,292	6,331
Advances to suppliers	9,107	418	22,687	756
Deposits in guarantee - Contingencies (Note 29g)	446,667	468,605	484,618	518,401
Deposits in guarantee - Other	808	581	808	581
Amounts to be received by related parties	61,020	142,107	-	-
Dividends receivable / Interest on equity receivable (2)	-	304,552	177	151
Sustainability assets (3) (4)	65,833	-	65,833	-
Other	25,718	44,165	31,155	60,769
Total	**5,626,151**	**3,488,801**	**6,077,781**	**3,689,716**
Current assets	5,026,199	2,824,352	5,394,778	2,989,584
Non-current assets	599,952	664,449	683,003	700,132

(1) In the semester ended June 30, 2023, it includes origination costs for credit operations that are deferred over the life of the respective operation.
(2) For interest on equity, it refers to the net amount of tax effects.
(3) These refer to carbon credits and green bonds that, with the effectiveness of BCB Normative Instruction No. 325, as of 2023, are now presented in Other assets (until 2022 they were presented in Intangible assets).
(4) It includes the net value, considering the compensation of carbon credits and green bonds.

b) Foreign exchange portfolio

Parent Company and Consolidated	06.30.2023	12.31.2022
Assets - Other receivables (1)		
Purchased foreign exchange contracts to be settled	2,116,355	1,216,812
Rights on foreign exchange sales	2,323,731	889,672
Total	**4,440,086**	**2,106,484**
Current assets	4,440,086	2,106,484
Liabilities - Other liabilities (2)		
Sold foreign exchange to be settled	(2,310,643)	(902,714)
Liabilities for foreign exchange purchases	(2,169,721)	(1,204,779)
Total	**(4,480,364)**	**(2,107,493)**
Current liabilities	(4,480,364)	(2,107,493)
Off-balance accounts		
Credits opened for imports	18,073	52,785

(1) The income receivable from advances granted in foreign exchange contracts are presented in "Loans - Other credits with credit granting characteristics" (Note 12a).
(2) Advances granted in foreign exchange contracts are presented in "Loans - Other credits with credit granting characteristics" (Note 12a).

c) Income from foreign exchange transactions

	Parent Company and Consolidated	
	1st Semester/ 2023	1st Semester/ 2022
Foreign exchange income	1,337,801	1,165,818
Foreign exchange expenses	(1,460,045)	(1,285,118)
Income from foreign exchange transactions	**(122,244)**	**(119,300)**

(In thousands of Reais, unless otherwise started)

14. NON-FINANCIAL ASSETS HELD FOR SALE

Non-financial assets held for sale refer mainly to properties and vehicles not for use (i) awarded, received as payment in lieu of payment or otherwise received for the settlement or amortization of debts; (ii) properties built by investee companies for specific purposes and intended for sale; and (iii) interests in real estate projects held for sale.

	Parent Company		Consolidated	
	06.30.2023	12.31.2022	06.30.2023	12.31.2022
Real state	30,286	32,513	139,268	144,390
Vehicles and alike	143,933	125,480	144,317	125,884
Impairment	(32,118)	(30,803)	(63,875)	(62,705)
Total	**142,101**	**127,190**	**219,710**	**207,569**
Current assets	142,101	127,190	145,833	138,002
Non-current assets	-	-	73,877	69,567

15. INVESTMENTS

a) Changes in associates, subsidiaries and joint ventures

	12.31.2022	1st Semester changes/2023		06.30.2023	1st Semester/ 2022
	Investment value	Dividends/ Other events [7]	Share of profit (loss)	Investment value	Share of profit (loss)
Domestic - Parent Company Ventures	**2,399,302**	**528,040**	**(22,336)**	**2,905,006**	**98,762**
Banco BV S.A. [1]	1,267,191	1,204,611	(237,325)	2,234,477	(79,500)
BV DTVM [2]	281,449	(283,933)	2,484	-	(14,585)
BV Corretora de Seguros	1,198	(61,427)	176,622	116,393	129,047
BVIA [3]	210,783	(111,219)	20,396	119,960	20,940
Promotiva [4]	-	-	-	-	17,289
Atenas	60,864	-	1,130	61,994	6,447
BVEP [5]	577,817	(219,992)	14,357	372,182	19,124
Domestic - Parent Company Associates	**-**	**67,899**	**(1,465)**	**66,434**	**(2,899)**
Associates [2] [6]	-	67,899	(1,465)	66,434	(2,899)
Goodwill on acquisition and impairment (Note 15c)	**76,244**	**-**	**2,112**	**78,356**	**(3,326)**
Total - Parent Company	**2,475,546**	**595,939**	**(21,689)**	**3,049,796**	**92,537**
Domestic - Parent Company Associates	**-**	**67,899**	**(1,465)**	**66,434**	**(2,899)**
Associates [2] [6]	-	67,899	(1,465)	66,434	(2,899)
Domestic - Banco BV S.A. Associates	**1,424**	**1,688**	**(3,112)**	**-**	**(2,526)**
Associates [6]	1,424	1,688	(3,112)	-	(2,526)
Domestic - BVEP Associates and joint ventures	**3,767**	**(233)**	**3,727**	**7,261**	**(418)**
Associates	3,341	-	3,462	6,803	(28)
Joint Ventures	426	(233)	265	458	(390)
Goodwill on acquisition and impairment (Note 15c)	**183,633**	**-**	**(1,387)**	**182,246**	**-**
Total - Consolidated	**188,824**	**69,354**	**(2,237)**	**255,941**	**(5,843)**

(1) In April 2023, the Management of Banco BV SA approved a capital increase in the amount of R$ 1,200,000, through the issue of 779,143 new common shares.
(2) In August 2022, Banco BV signed a strategic partnership with Banco Bradesco, which, through one of its subsidiaries, acquired 51% of the capital of BV DTVM. In February 2023, this interest was reclassified to "non-financial assets held for sale" and with the completion of the transaction in the same month, it ceased to be controlled, becoming an associate (note 2b).
(3) It mainly includes the capital reduction of BVIA in the amount of R$ 40,179, without cancellation of shares in the respective Company, and also the distribution of prepaid dividends in the amount of R$ 44,820, approved on May 24, 2023.
(4) In December 2022, Banco BV sold all the shares in the subsidiary Promotiva SA (Note 2c).
(5) In April 2023, a capital reduction of R$ 246,017 was approved, including the absorption of accumulated losses. There was no cancellation of shares of the respective Company.
(6) Investment with unsecured liabilities presented in Other liabilities (Note 22a).
(7) Includes movement in other comprehensive income.

b) Breakdown of capital remuneration of companies controlled by Banco BV

	1º Semester/ 2023	1º Semester/ 2022
	Dividends	
	Distributions through profit for the period	
Domestic - Parent Company Ventures		
BV Corretora de Seguros	61,427	473,842
BVIA	44,820	-
Total - Parent Company	**106,247**	**473,842**

c) Equity position of goodwill and adjustment to recoverable value (Impairment)

	Goodwill		Impairment (1)	
	06.30.2023	12.31.2022	06.30.2023	12.31.2022
Parent Company				
Parent Company Associates	86,826	88,084	-	-
Atenas	-	-	(8,470)	(11,840)
Total - Parent Company	**86,826**	**88,084**	**(8,470)**	**(11,840)**
Consolidated				
Parent Company Associates	86,826	88,084	-	-
Banco BV S.A. Associates	96,396	96,525	-	-
BVEP Associates	-	-	(453)	(453)
BVEP Joint Ventures	-	-	(523)	(523)
Total - Consolidated	**183,222**	**184,609**	**(976)**	**(976)**

(1) Applied on the investment amount, not only on the goodwill.

d) Summary financial information of subsidiaries in the Financial Statements

	06.30.2023		1st Semester/ 2023	Number of Shares (in thousands)	Share of Capital Stock %
	Share capital	Adjusted shareholders equity	Net Profit/(Loss)	Ordinary	
Domestic - Bank Subsidiaries					
Banco BV S.A. (1)	2,500,131	2,234,477	(237,325)	1,602	100%
BV Corretora de Seguros	1,000	116,393	176,622	200	100%
BVIA (2)	99,564	119,960	20,396	75,758	100%
Atenas (3)	51,610	61,994	1,130	51,610	100%
BVEP (3) (4)	352,383	372,182	14,357	598,400	100%

(1) In April 2023, the Management of Banco BV SA approved a capital increase in the amount of R$ 1,200,000, through the issue of 779,143 new common shares.

(2) It mainly includes the capital reduction of BVIA in the amount of R$ 40,179, without cancellation of shares in the respective Company, and also the distribution of dividends in the amount of R$ 44,820, approved on May 24, 2023.

(3) Includes impairment of subsidiaries.

(4) In April 2023, a capital reduction of R$ 246,017 was approved, without cancellation of the respective Company's shares.

e) Summary financial information of associates and joint ventures

	06.30.2023				12.31.2022			
	Parent Company Associates (1)	Banco BV S.A. Associates	BVEP Associates	BVEP Joint Ventures	Parent Company Associates	Banco BV S.A. Associates	BVEP Associates	BVEP Joint Ventures
Total Assets (2)	**196,629**	**17,528**	**12,661**	**3,081**	**102**	**21,117**	**5,861**	**3,148**
Total Liabilities (2)	**196,629**	**17,528**	**12,661**	**3,081**	**102**	**21,117**	**5,861**	**3,148**
Liabilities	72,762	23,029	6,337	2,096	5,156	16,477	3,513	1,994
Shareholder's equity	123,867	(5,501)	6,324	985	(5,054)	4,640	2,348	1,154
	1st Semester/2023				1st Semester/2022			
Period result (2)	**(1,623)**	**(8,019)**	**4,721**	**(560)**	**(8,632)**	**(8,233)**	**(99)**	**(757)**

(1) It includes the Company that became an affiliate in February 2022, as described in note 2b.

(2) The information on assets, liabilities and results are not adjusted by the percentages held directly or indirectly by Banco Votorantim. The equity position of the companies does not consider the start date of the investment by the BV bank.

16. PROPERTY, PLANT AND EQUIPMENT

	12.31.2022	1st Semester/2023			06.30.2023		
	Book value	Acquisitions (1)	Depreciation (3)	Cost value	Accumulated depreciation	Book value	Book value
Parent Company							
Facilities	26,895	102	-	(3,721)	141,334	(118,058)	23,276
Furniture and equipment in use	6,210	36	-	(609)	42,551	(36,914)	5,637
Communication system	2,695	231	-	(499)	18,634	(16,207)	2,427
System data processing	50,471	2,221	-	(8,979)	219,316	(175,603)	43,713
Security system	84	-	-	(21)	2,619	(2,556)	63
Transportation system	492	-	(131)	(65)	908	(612)	296
Total	**86,847**	**2,590**	**(131)**	**(13,894)**	**425,362**	**(349,950)**	**75,412**
Consolidated							
Facilities	26,968	102	-	(3,726)	142,595	(119,251)	23,344
Furniture and equipment in use	6,221	36	(5)	(609)	43,464	(37,821)	5,643
Communication system	2,695	231	-	(499)	18,634	(16,207)	2,427
System data processing	50,471	2,221	-	(8,979)	219,315	(175,602)	43,713
Security system	84	-	-	(21)	2,619	(2,556)	63
Transportation system	492	-	(131)	(65)	908	(612)	296
Total	**86,931**	**2,590**	**(136)**	**(13,899)**	**427,535**	**(352,049)**	**75,486**

(In thousands of Reais, unless otherwise started)

	12.31.2021	2022			12.31.2022		
	Book value	Acquisitions (1) (2)	Depreciation (4)	Cost value	Accumulated depreciation	Book value	Book value
Parent Company							
Facilities	34,732	607	-	(8,444)	141,417	(114,522)	26,895
Furniture and equipment in use	7,744	233	-	(1,767)	42,555	(36,345)	6,210
Communication system	2,991	711	-	(1,007)	18,404	(15,709)	2,695
System data processing	35,152	32,187	-	(16,868)	217,218	(166,747)	50,471
Security system	122	6	-	(44)	2,639	(2,555)	84
Transportation system	351	318	-	(177)	1,277	(785)	492
Total	**81,092**	**34,062**	**-**	**(28,307)**	**423,510**	**(336,663)**	**86,847**
Consolidated							
Facilities	34,961	607	(118)	(8,482)	142,941	(115,973)	26,968
Furniture and equipment in use	7,832	233	(12)	(1,832)	45,316	(39,095)	6,221
Communication system	2,991	711	-	(1,007)	19,773	(17,078)	2,695
System data processing	35,152	32,187	-	(16,868)	220,538	(170,067)	50,471
Security system	121	7	-	(44)	2,734	(2,650)	84
Transportation system	351	318	-	(177)	1,277	(785)	492
Total	**81,408**	**34,063**	**(130)**	**(28,410)**	**432,579**	**(345,648)**	**86,931**

(1) Includes exchange variation on the agency's assets abroad.
(2) In the year ended December 31, 2022, there was no write-off of property, plant and equipment.
(3) In the consolidated, it includes the effect of the amounts that are no longer presented related to the operations of BV DTVM, since it ceased to be controlled and became an affiliate in February 2023 (Note 2b).
(4) In the consolidated, it includes changes related to the total sale of Promotiva, which ceased to be consolidated as of December 2022 (Note 2c).

17. INTANGIBLE ASSETS AND GOODWILL

	Parent Company		Consolidated	
	06.30.2023	12.31.2022	06.30.2023	12.31.2022
Intangible Assets	2,041,508	1,883,075	2,218,703	2,025,228
(Accumulated amortization)	(842,448)	(732,142)	(875,477)	(772,588)
(Provisions for impairment - Accumulated impairment)	(163,406)	(168,327)	(163,406)	(178,156)
Total	**1,035,654**	**982,606**	**1,179,820**	**1,074,484**

a) Breakdown

	06.30.2023				12.31.2022			
	Cost value (2)	Accumulated amortization	Accumulated impairment (1) (2)	Book value	Cost value	Accumulated amortization	Accumulated impairment (1)	Book value
Parent Company								
Software acquired	42,532	(42,309)	-	223	42,532	(42,129)	-	403
Licenses	599,598	(482,927)	-	116,671	486,446	(416,208)	-	70,238
Sales rights agreements	44,999	(44,999)	-	-	44,999	(44,999)	-	-
Internally developed software	1,341,009	(261,760)	(162,406)	916,843	1,218,461	(208,003)	(167,327)	843,131
Trademark and patents	6,000	(3,083)	(1,000)	1,917	6,000	(2,583)	(1,000)	2,417
Carbon credits and green bonds (3)	-	-	-	-	77,267	(10,850)	-	66,417
Others	7,370	(7,370)	-	-	7,370	(7,370)	-	-
Total	**2,041,508**	**(842,448)**	**(163,406)**	**1,035,654**	**1,883,075**	**(732,142)**	**(168,327)**	**982,606**
Consolidated								
Software acquired	66,995	(42,495)	-	24,500	67,000	(42,320)	-	24,680
Licenses	599,681	(483,010)	-	116,671	497,268	(425,883)	-	71,385
Sales rights agreements	44,999	(44,999)	-	-	44,999	(44,999)	-	-
Internally developed software	1,493,658	(294,520)	(162,406)	1,036,732	1,325,324	(238,583)	(177,156)	909,585
Trademark and patents	6,000	(3,083)	(1,000)	1,917	6,000	(2,583)	(1,000)	2,417
Carbon credits and green bonds (3)	-	-	-	-	77,267	(10,850)	-	66,417
Others	7,370	(7,370)	-	-	7,370	(7,370)	-	-
Total	**2,218,703**	**(875,477)**	**(163,406)**	**1,179,820**	**2,025,228**	**(772,588)**	**(178,156)**	**1,074,484**

(1) Includes effects of tactical redefinitions of projects.
(2) In the consolidated, it includes the effect of the amounts that are no longer presented related to the operations of BV DTVM, since it ceased to be controlled and became an affiliate in February 2023 (Note 2b).
(3) With the effectiveness of BCB Normative Instruction No. 325, as of 2023, sustainability assets, such as carbon credits and green bonds, are now presented in Other assets.

(In thousands of Reais, unless otherwise started)

b) Changes

	12.31.2022	1st Semester/2023				06.30.2023
	Book value	Acquisitions[(1) (2)]	Other events [(3) (4)]	Amortization	Impairment	Book value
Parent Company						
Software acquired	403	-	-	(180)	-	223
Licenses	70,238	113,187	-	(66,754)	-	116,671
In-house developed software	843,131	130,771	-	(61,980)	4,921	916,843
Trademark and patents	2,417	-	-	(500)	-	1,917
Carbon credits and green bonds	66,417	-	(66,417)	-	-	-
Total	**982,606**	**243,958**	**(66,417)**	**(129,414)**	**4,921**	**1,035,654**
Parent Company						
Software acquired	24,680	-	-	(180)	-	24,500
Licenses	71,385	113,386	(1,145)	(66,955)	-	116,671
In-house developed software	909,585	202,882	(8,794)	(71,862)	4,921	1,036,732
Trademark and patents	2,417	-	-	(500)	-	1,917
Carbon credits and green bonds	66,417	-	(66,417)	-	-	-
Total	**1,074,484**	**316,268**	**(76,356)**	**(139,497)**	**4,921**	**1,179,820**

	12.31.2021	2022		12.31.2022
	Book value	Acquisitions [(1) (2)]	Amortization [(5)]	Book value
Parent Company				
Software acquired	2,146	-	(1,743)	403
Licenses	69,144	120,448	(119,354)	70,238
Sales rights agreements	1,123	5,488	(6,611)	-
Internally developed	495,502	424,961	(77,332)	843,131
Trademark and patents	3,417	-	(1,000)	2,417
Carbon credits and green bonds	23,187	49,694	(6,464)	66,417
Total	**594,519**	**600,591**	**(212,504)**	**982,606**
Consolidated				
Software acquired	26,423	-	(1,743)	24,680
Licenses	69,146	123,790	(121,551)	71,385
Sales rights agreements	1,123	5,488	(6,611)	-
Internally developed software	551,362	453,293	(95,070)	909,585
Trademark and patents	3,417	-	(1,000)	2,417
Carbon credits and green bonds	23,187	49,694	(6,464)	66,417
Total	**674,658**	**632,265**	**(232,439)**	**1,074,484**

(1) Includes exchange variation on the agency's assets abroad.
(2) In the semester ended June 30, 2023 and in the year ended December 31, 2022 there was no write-off of intangible assets.
(3) With the effectiveness of BCB Normative Instruction No. 325, as of 2023, sustainable assets, such as carbon credits and green bonds, are now presented in Other assets.
(4) In the Consolidated, it includes the effect of the amounts that are no longer presented related to the operations of BV DTVM, since it ceased to be controlled and became an affiliate in February 2023 (Note 2b).
(5) In the consolidated, it includes changes related to the total sale of Promotiva, which ceased to be consolidated as of December 2022 (Note 2c).

c) Amortization estimate on June 30, 2023

	2023	2024	2025	2026	2027	From 2028	Not amortizable [(1)]	Total
Parent company								
Amounts to be amortized	172,816	250,951	210,685	172,476	144,725	84,001	-	**1,035,654**
Consolidated								
Amounts to be amortized and other amounts	183,270	271,742	231,403	187,969	154,557	126,600	24,279	**1,179,820**

(1) It includes intangible assets with indefinite useful lives.

(In thousands of Reais, unless otherwise started)

18. DEPOSITS AND REPURCHASE COMMITMENTS

a) Deposits

	Parent Company		Consolidated	
	06.30.2023	12.31.2022	06.30.2023	12.31.2022
Demand deposits	**637,302**	**784,058**	**741,851**	**895,168**
Individuals [(1)]	126,857	137,918	250,910	263,885
Legal entities [(1)]	507,227	642,504	490,935	631,277
Related companies	3,212	3,630	-	-
Linked	6	6	6	6
Interbank deposits	**510,323**	**1,005,548**	**510,323**	**749,199**
Time deposits [(2)]	**22,615,373**	**22,464,245**	**22,485,724**	**21,780,958**
Local currency	21,784,679	21,389,997	21,655,030	20,706,710
Foreign currency	830,694	1,074,248	830,694	1,074,248
Total	**23,762,998**	**24,253,851**	**23,737,898**	**23,425,325**
Current liabilities	21,992,184	22,457,453	21,887,731	21,883,841
Non-current liabilities	1,770,814	1,796,398	1,850,167	1,541,484

(1) As of 2022, it includes amounts to be returned to customers, within the scope of the values receivable system (SVR).
(2) Includes issuance of green bonds (CDB green), further details are described in note 31.

b) Segregation of deposits by maturity date on June 30, 2023

	Without maturity	Up to 3 months	From 3 to 12 months	From 1 to 3 years	From 3 to 5 years	Over 5 years	06.30.2023	12.31.2022
Parent Company								
Demand deposits	637,302	-	-	-	-	-	637,302	784,058
Interbank accounts or	-	341,892	168,431	-	-	-	510,323	1,005,548
Time deposits	-	11,166,312	9,678,247	1,593,288	177,196	330	22,615,373	22,464,245
Total	**637,302**	**11,508,204**	**9,846,678**	**1,593,288**	**177,196**	**330**	**23,762,998**	**24,253,851**
Consolidated								
Demand deposits	741,851	-	-	-	-	-	741,851	895,168
Interbank accounts or	-	341,892	168,431	-	-	-	510,323	749,199
Time deposits	-	11,117,250	9,518,307	1,672,111	177,726	330	22,485,724	21,780,958
Total	**741,851**	**11,459,142**	**9,686,738**	**1,672,111**	**177,726**	**330**	**23,737,898**	**23,425,325**

c) Liabilities with repurchase agreement

	Parent Company		Consolidated	
	06.30.2023	12.31.2022	06.30.2023	12.31.2022
Own portfolio	**24,495,882**	**17,929,671**	**24,476,183**	**17,580,715**
Private securities - Debentures	2,525,352	1,469,437	2,525,352	1,469,437
Financial Treasury Bills	2,407,422	-	2,407,422	-
National Treasury Bills	12,721,563	6,767,451	12,721,563	6,764,250
National Treasury Notes	4,780,452	7,486,747	4,760,753	7,140,992
Private securities - Other	2,061,093	2,206,036	2,061,093	2,206,036
Third-party portfolio	**330,440**	**450,151**	**330,440**	**200,108**
National Treasury Bills	150,000	-	150,000	-
National Treasury Notes	180,440	450,151	180,440	200,108
Free portfolio	**3,679**	**496,988**	**3,679**	**496,988**
National Treasury Notes	3,679	394,632	3,679	394,632
Brazilian Foreign Debt Securities	-	102,356	-	102,356
Total	**24,830,001**	**18,876,810**	**24,810,302**	**18,277,811**
Current liabilities	22,081,217	16,733,288	22,061,518	16,134,289
Non-current liabilities	2,748,784	2,143,522	2,748,784	2,143,522

(In thousands of Reais, unless otherwise started)

d) Expenses from deposits and securities sold under repurchase agreements

	Parent Company		Consolidated	
	1st Semester/ 2023	1st Semester/ 2022	1st Semester/ 2023	1st Semester/ 2022
Funding expenses with deposits	**(1,500,879)**	**(1,240,940)**	**(1,465,203)**	**(1,181,785)**
Time deposits	(1,454,234)	(1,144,104)	(1,418,558)	(1,092,920)
Interbank deposits	(46,645)	(96,836)	(46,645)	(88,865)
Expenses with repurchase commitments	**(1,180,259)**	**(862,118)**	**(1,160,816)**	**(808,503)**
Own portfolio	(1,117,245)	(619,591)	(1,097,802)	(565,976)
Third-party portfolio	(22,426)	(202,591)	(22,426)	(202,591)
Free portfolio [1]	(40,588)	(39,936)	(40,588)	(39,936)
Expenses with fund raising from securities issued	**(2,047,775)**	**(1,671,707)**	**(2,047,836)**	**(1,671,768)**
Mortgage Bonds	(25,420)	(16,750)	(25,420)	(16,750)
Agribusiness Letters of Credit	(266,424)	(155,065)	(266,424)	(155,065)
Financial bills	(2,026,534)	(1,649,952)	(2,026,534)	(1,649,952)
Financial Guaranteed Bills	-	(190,914)	-	(190,914)
Issue of securities abroad [2]	276,323	360,839	276,323	360,839
Structured Operations Certificates	(910)	(226)	(910)	(226)
Others	(4,810)	(19,639)	(4,871)	(19,700)
Expenses with subordinated debts abroad [2]	**2,010**	**33,953**	**2,010**	**33,953**
Total	**(4,726,903)**	**(3,740,812)**	**(4,671,845)**	**(3,628,103)**

(1) Includes effects of changes in the fair value of the corresponding liability.
(2) Includes the foreign exchange movements effects of the corresponding liabilities.

19. BORROWINGS AND DOMESTIC ONLENDINGS

a) Breakdown

	Parent Company and Consolidated	
	06.30.2023	12.31.2022
Loan Obligations (Nota 19b)	6,459,650	5,496,487
Obligations for transfers (Nota 19c)	981,855	1,144,520
Total	**7,441,505**	**6,641,007**

b) Loan Obligations

	Up to 3 months	From 3 to 12 months	From 1 to 3 years	From 3 to 5 years	Parent Company and Consolidated	
					06.30.2023	12.31.2022
Abroad	**1,631,350**	**4,095,711**	**3,188**	**729,401**	**6,459,650**	**5,496,487**
Raised from foreign banks [1]	1,607,608	4,082,614	3,188	729,401	6,422,811	5,374,186
Imports	20,122	13,097	-	-	33,219	122,301
Other obligations	3,620	-	-	-	3,620	-
Total	**1,631,350**	**4,095,711**	**3,188**	**729,401**	**6,459,650**	**5,496,487**
Current liabilities					5,727,061	4,712,250
Non-current liabilities					732,589	784,237

(1) Includes green bond issuance, further details are described in Note 31.

c) Onlendings

Domestic - Official institutions

Programs	Interest rates p.a. [1]	Parent Company and Consolidated	
		06.30.2023	12.31.2022
National Treasury		**117,585**	**245,918**
Fixed rate	from 5,75% p.a. to 10,50% p.a.	111,998	217,245
Variable rate	100,00% da Selic	5,587	28,673
BNDES		**137,305**	**152,563**
Fixed	from 2,70% p.a. to 9,22% p.a.	43,517	45,452
Variable rate	from 1,42% p.a. to 1,45% p.a. + IPCA 1,80% p.a. + TJLP	93,788	107,111
FINAME		**726,965**	**746,039**
Fixed rate	from 1,30% p.a. to 8,00% p.a.	87,930	119,981
Variable rate	from 1,00% p.a. to 2,25% p.a. + IPCA from 1,15% p.a. to 2,40% p.a. + Selic	639,035	626,058
Total		**981,855**	**1,144,520**
Current liabilities		250,850	337,831
Non-current liabilities		731,005	806,689

(1) The remuneration rates refer to existing operations on June 30, 2023.

(In thousands of Reais, unless otherwise started)

d) Expenses with liabilities from borrowings and transfer from Brazilian government

	Parent Company and Consolidated	
	1st Semester/ 2023	1st Semester/ 2022
Borrowing expenses [1]	**217,860**	**30,286**
Expenses with transfer from Brazilian government	**(51,824)**	**(41,488)**
National treasure	(6,282)	(9,528)
BNDES	(5,827)	(7,323)
FINAME	(39,715)	(24,637)
Expenses with Obligations to foreign bankers [1]	**199,859**	**158,533**
Total	**365,895**	**147,331**

(1) Includes foreign exchange movements on loans and onlendings abroad

20. SECURITIES ISSUED

Funding	Currency	Amount issued	Interest p.a. [1]	Issuance year	Maturity year	Parent Company and Consolidated 06.30.2023	12.31.2022
Real estate credit note funds						**467,195**	**334,418**
Fixed rate	R$	121,674	from 5,91% p.a. to 13,79% p.a.	2020	2024	130,666	88,473
Variable rate	R$	302,079	from 90,50% to 117,00% of DI from 0,04% p.a. to 0,39% p.a. + DI	2021	2025	321,919	211,353
Variable rate	R$	11,723	from 1,94% p.a. to 6,58% p.a. + IPCA	2021	2024	14,610	34,592
Agribusiness credit bills						**4,677,772**	**4,050,383**
Fixed rate	R$	911,180	from 5,94% p.a. to 14,30% p.a.	2020	2028	992,468	963,848
Variable rate	R$	2,659,776	from 92,00% to 116,00% of DI from 0,03% p.a. to 0,79% p.a. + DI	2020	2026	2,855,165	2,028,937
Variable rate	R$	731,324	from 1,96% p.a. to 7,63% p.a. + IPCA	2020	2027	830,139	1,057,598
Financial bills						**27,188,680**	**29,159,302**
Fixed rate	R$	1,475,805	from 5,67% p.a. to 14,77% p.a.	2014	2031	1,791,603	2,125,239
Variable rate [2]	R$	19,838,898	from 100,00% to 125,00% of DI from 0,78% p.a. to 1,77% p.a. + DI	2019	2028	22,930,602	24,684,737
Variable rate [2]	R$	1,870,075	from 2,46% p.a. to 7,64% p.a.+ IPCA	2018	2032	2,466,475	2,349,326
Securities issued abroad						**6,116,848**	**6,391,996**
Fixed rate	R$	42,923	from 11,75% p.a. to 14,52% p.a.	2022	2023	44,255	77,967
Foreign exchange [2]	USD	1,212,434	from 3,35% p.a. to 8,12% p.a. + exchange variation	2019	2025	6,072,593	6,314,029
Structured Operations Certificates						**-**	**21,518**
Fixed rate	R$	-	-	2022	-	-	21,518
Total						**38,450,495**	**39,957,617**
Current liabilities						17,410,936	14,782,770
Non-current liabilities						21,039,559	25,174,847

(1) The remuneration rates refer to existing operations on June 30, 2023.
(2) Includes green bond issuance, further details are described in note 31.

21. SUBORDINATED DEBTS AND DEBT INSTRUMENTS ELIGIBLE AS CAPITAL

a) Breakdown

	Parent Company and Consolidated	
	06.30.2023	12.31.2022
Subordinated debts (Note 21b)	-	53,864
Debt instruments eligible as capital (Note 21c)	2,523,187	2,613,770
Total	**2,523,187**	**2,667,634**

b) Subordinated debts

Funding		Amount issued	Interest rates p.a.	Issuance year	Maturity year	Parent Company and Consolidated 06.30.2023	12.31.2022
Subordinated financial bills						**-**	**53,864**
Variable rate	R$	-	-	2016	-	-	53,864
Total						**-**	**53,864**
Non-current liabilities						-	53,864

(In thousands of Reais, unless otherwise started)

c) Debt instruments eligible as capital

Funding		Amount issued	Interest rates p.a. (1)	Issuance year	Maturity year	Parent Company and Consolidated	
						06.30.2023	12.31.2022
Subordinated financial bills						**1,794,035**	**2,076,390**
Variable rate	R$	974,361	from 100,00% to 116,50% of DI from 0,95% p.a. to 2,36% p.a. + DI	2016	2032	1,324,503	1,513,288
Variable rate	R$	144,500	from 5,72% p.a. to 8,14% p.a. + IPCA	2013	2030	419,296	458,293
Fixed rate	R$	25,504	from 11,03% p.a. to 12,33% p.a.	2017	2024	50,236	55,657
Variable rate	R$	-	-	2016	-	-	49,152

Funding		Amount issued (4)	Interest rates p.a. (1)	Issuance year	Parent Company and Consolidated	
					06.30.2023	12.31.2022
Perpetual bond					**729,152**	**537,380**
Fixed rate (2)	R$	146,500	from 14,48% to 15,00% p.a.	2023	144,516	-
Variable rate (3)	R$	500,100	4,50% p.a. + CDI	2022	584,636	537,380
Total					**2,523,187**	**2,613,770**
Current liabilities					722,347	878,202
Non-current liabilities					1,800,840	1,735,568

(1) The remuneration rates refer to existing operations on June 30, 2023.

(2) In June 2023, the issue of R$ 146,500 was carried out with annual interest payments starting in Jun/2025. Perpetual Financial Bills have an option to be redeemed at the initiative of the Bank as of Jun/2028 or in each subsequent annual interest payment, as long as previously authorized by Bacen.

(3) In August 2022, R$ 500,100 was issued with annual interest payments starting in Aug/2024. Perpetual Financial Bills have an option to be redeemed at the initiative of the Bank as of Aug/2027 or in each subsequent annual interest payment, as long as previously authorized by Bacen.

(4) It does not include any discount on the respective issuance.

22. OTHER LIABILITIES

a) Breakdown

	Parent Company		Consolidated	
	06.30.2023	12.31.2022	06.30.2023	12.31.2022
Other financial liabilities	**17,805,925**	**12,967,931**	**15,336,567**	**9,749,840**
Obligations of operations linked to assignments (Nota 12h.1) (1)	13,194,836	10,794,946	10,582,159	7,411,365
Commissions for operations payable	19,101	23,862	19,415	24,031
Credit card operations	-	-	142,611	154,589
Trading and intermediation of securities	111,624	41,537	111,642	51,978
Foreign exchange portfolio (Note 13b)	4,480,364	2,107,493	4,480,364	2,107,493
Other	-	93	376	384
Other liabilities	**2,008,652**	**1,779,900**	**2,208,195**	**2,044,880**
Third-party transit resources	138,877	123,144	147,559	131,103
Provision for profit sharing and results	96,342	216,826	123,306	260,555
Provision for personnel expenses	346,952	348,560	371,661	405,021
Provision for administrative expenses	262,471	235,304	294,274	283,624
Provision for financial guarantees provided (Note 30.1.a.ii)	171,260	189,858	171,260	189,858
Provision for losses - other risks	68,158	6,919	68,158	6,919
Legal obligations (Note 29h)	60,964	57,147	69,607	66,099
Sundry creditors - domestic	322,734	300,933	426,327	393,153
Amounts payable to associated companies	48	133	-	-
Dividends payable / Interest on own capital (2)	501,100	271,700	501,100	271,700
Compensation of CO_2 emissions by vehicles financed by Bank BV (Note 31)	818	672	818	672
Other	38,928	28,704	34,125	36,176
Total	**19,814,577**	**14,747,831**	**17,544,762**	**11,794,720**
Current liabilities	11,408,424	8,219,801	10,684,271	7,167,597
Non-current liabilities	8,406,153	6,528,030	6,860,491	4,627,123

(1) Refers to obligations for Liabilities associated with assigned financial assets with substantial retention of risks and benefits.

(2) For interest on shareholders' equity, it refers to the net amount of tax effects.

(In thousands of Reais, unless otherwise started)

23. OPERATING INCOME/EXPENSES

a) Service income

	Parent Company		Consolidated	
	1st Semester/ 2023	1st Semester/ 2022	1st Semester/ 2023	1st Semester/ 2022
Third-party resource management [(1)]	-	-	6,878	49,321
Collection	4,885	8,833	4,885	6,032
Commissions on placing of securities	31,533	64,772	31,547	65,386
Stock exchange transaction brokerages [(1)]	-	-	134	1,241
Income from custody services [(1)]	37	38	1,544	8,813
Income from guarantees provided	45,952	50,749	45,952	50,749
Credit card transactions	-	-	117,349	116,118
Insurance commissions	15,467	8,327	340,488	186,546
Financial advisory services [(1)]	720	7,576	720	7,576
Correspondent banking [(2)]	-	-	-	202,557
Income from bank settlement services with partners [(3)]	17,128	16,766	5,821	5,105
Others services	5,435	5,939	37,929	30,829
Total	**121,157**	**163,000**	**593,247**	**730,273**

(1) In the Consolidated, the amounts related to the operations of BV DTVM are no longer presented, as it ceased to be controlled and became an affiliate, in February 2023 (Note 2b).
(2) In the Consolidated, the amounts related to Promotiva's operations in the semester ended June 30, 2023, with the total disposal of the now controlled company (Note 2c).
(3) In the Consolidated, they are presented by the net amount determined in each period. Includes the result with partnerships involving the financial settlement business.

b) Income from banking fees

	Parent Company		Consolidated	
	1st Semester/ 2023	1st Semester/ 2022	1st Semester/ 2023	1st Semester/ 2022
Master file registration	234,613	181,109	236,680	181,109
Transfer of resources	349	718	349	718
Asset valuation	109,022	63,501	109,022	63,501
Credit card income	-	-	42,982	64,857
Others	175	131	211	311
Total	**344,159**	**245,459**	**389,244**	**310,496**

c) Personnel expenses

	Parent Company		Consolidated	
	1st Semester/ 2023	1st Semester/ 2022	1st Semester/ 2023	1st Semester/ 2022
Administrator's remuneration and other (Note 27)	(11,301)	(11,137)	(15,454)	(15,140)
Benefits	(69,684)	(70,547)	(87,085)	(85,593)
Social charges	(103,463)	(98,709)	(133,776)	(124,474)
Salary [(1)]	(316,474)	(366,982)	(406,259)	(465,346)
Labor claims	(102,546)	(64,416)	(104,981)	(74,246)
Training	(4,238)	(4,913)	(5,581)	(6,112)
Supplementary private pension	(6,397)	(6,131)	(8,293)	(7,945)
Total [(2) (3)]	**(614,103)**	**(622,835)**	**(761,429)**	**(778,856)**

(1) Includes expenses and related charges levied on variable compensation programs.
(2) In the consolidated, it includes the effect of the amounts that are no longer presented related to the operations of BV DTVM, since it ceased to be controlled and became an affiliate in February 2023 (Note 2b).
(3) Includes changes related to the total sale of Promotiva, which ceased to be consolidated as of December 2022 (Note 2c).

(In thousands of Reais, unless otherwise started)

d) Other administrative expenses

	Parent Company		Consolidated	
	1st Semester/ 2023	1st Semester/ 2022	1st Semester/ 2023	1st Semester/ 2022
Water, energy and gas	(756)	(629)	(1,135)	(770)
Rentals	(12,679)	(11,309)	(14,738)	(13,179)
Communications	(7,163)	(11,064)	(10,657)	(15,390)
Philanthropic Contributions (1)	(240)	(431)	(240)	(431)
Maintenance and conservation of assets	(3,845)	(4,681)	(10,801)	(5,706)
Material	(1,292)	(2,245)	(1,517)	(2,812)
Data processing	(151,572)	(135,507)	(242,004)	(219,653)
Promotions and public relations	(16,754)	(13,176)	(17,616)	(15,621)
Advertising and publicity	(46,790)	(38,921)	(53,603)	(81,114)
Insurance	(4,288)	(3,558)	(4,736)	(4,132)
Financial system services	(42,444)	(35,159)	(45,234)	(38,492)
Outsourced services	(4,267)	(5,893)	(5,645)	(7,302)
Surveillance and security services	(1,356)	(480)	(1,992)	(653)
Specialized technical services	(257,030)	(243,697)	(298,397)	(304,376)
Transportation	(4,992)	(2,974)	(5,200)	(3,111)
Traveling	(3,774)	(2,393)	(4,236)	(2,769)
Judicial and notary public fees	(41,108)	(36,558)	(41,590)	(37,091)
Amortization (2) (3)	(99,856)	(85,978)	(139,497)	(111,880)
Depreciation (2)	(9,812)	(11,527)	(13,899)	(14,272)
Other	(30,026)	(38,886)	(34,471)	(41,680)
Total	**(740,044)**	**(685,066)**	**(947,208)**	**(920,434)**

(1) The respective philanthropic contributions are detailed in note 31.

(2) It includes the effects of the agreement for apportionment/reimbursement of direct and indirect expenses and costs entered into between Banco Votorantim and its subsidiaries.

(3) In the semester ended June 30, 2022, it includes the amount of R$ 2,912 in Bank and Consolidated, referring to amortization expenses of carbon credits and green bonds consumed to offset CO_2 emissions by vehicles financed by the BV bank. As of 2023, with the entry into force of BCB Normative Instruction No. 325, the compensation expense for these assets began to be presented in other operating expenses (Note 31).

e) Other operating income

	Parent Company		Consolidated	
	1st Semester/ 2023	1st Semester/ 2022	1st Semester/ 2023	1st Semester/ 2022
Recovery of charges and expenses (1)	5,957	8,495	10,794	9,454
Restatement of judicial deposits (2)	12,168	11,705	13,409	12,539
Reimbursement of overpaid tax fines	28,274	18,906	34,147	20,037
Reimbursement of operation costs	88	126	88	126
Reversal of provision for insurance cancellation	-	-	3,071	3,293
Banking and exclusivity and preference rights (3)	-	-	-	3,901
Real state activity result	-	-	11,185	10,015
Others (4)	3,849	5,422	5,802	11,112
Total (5)	**50,336**	**44,654**	**78,496**	**70,477**

(1) Includes monetary restatement effects on recoverable and offset taxes.

(2) Includes the effects arising from the change in the index of updating of judicial deposits (increase).

(3) In the consolidated, the amounts related to Promotiva's operations in the semester ended June 30, 2023 are no longer presented, with the total sale of the controlled company (Note 2c).

(4) Includes reversal of provision for restructuring and consolidation effects of consolidated funds.

(5) Revenues and expenses of the same nature are presented at the net amount calculated in each period. The representation in the respective income or expenses line takes into account the most recent period.

f) Other operating expenses

	Parent Company		Consolidated	
	1st Semester/ 2023	1st Semester/ 2022	1st Semester/ 2023	1st Semester/ 2022
Costs associated with the origination - Business partners (1) (2)	(315,695)	(291,867)	(324,396)	(459,962)
Costs associated with production - Other expenses	-	-	(30,466)	(10,433)
Civil claims	(57,253)	(48,806)	(62,153)	(51,251)
Tax claims	(3,816)	(4,238)	(4,966)	(5,534)
Operating losses	(39,885)	(29,399)	(40,476)	(35,383)
Bank preference (2)	(23,447)	(17,627)	(23,447)	-
Provision for CO_2 offset expenses for vehicles financed by Bank BV	(146)	(107)	(146)	(107)
Consumption of sustainable assets (3)	(4,396)	-	(4,396)	-
Others	(21,304)	(19,161)	(29,948)	(72,821)
Total (4)	**(465,942)**	**(411,205)**	**(520,394)**	**(635,491)**

(1) Mainly refer to commissions on loans originated by partners and trade agreements with tenants and freelancers, including maintenance expenses.

(2) In the consolidated, the amounts related to Promotiva's operations in the semester ended June 30, 2023, with the total disposal of the now controlled company (Note 2c).

(3) As of 2023, with the effectiveness of BCB Normative Instruction No. 325, the compensation expense for sustainability assets is now included in other operating expenses (Note 31).

(4) Income and expenses of the same type are presented at the net amount determined in each period. The presentation in the respective line of income or expense takes into account the most recent period.

(In thousands of Reais, unless otherwise started)

24. OTHER INCOME AND EXPENSES

	Parent Company		Consolidated	
	1st Semester/ 2023	1st Semester/ 2022	1st Semester/ 2023	1st Semester/ 2022
Other income	**186,747**	**11,244**	**190,862**	**17,903**
Profit on the disposal of assets [1]	175,222	-	175,222	-
Reversal of impairment in subsidiaries	-	-	3,257	-
Profit on disposal of non-financial assets held for sale	-	690	-	679
Reversal of provision for devaluation of other issues and assets	-	6,848	-	13,512
Reversal of provision for losses to recoverable value (impairment) of investments due to tax	4,921	-	4,921	-
Other income not directly associated with operating activity	6,604	3,706	7,462	3,712
Other expenses	**(13,608)**	**(1,615)**	**(12,859)**	**(5,412)**
Expenses with goodwill and impairment of subsidiaries	-	-	-	(3,443)
Capital losses	(481)	(304)	(481)	(306)
Provision for devaluation of non-financial assets held for sale	(1,315)	-	(1,170)	-
Expenses with non-use properties	(3,059)	(790)	(3,059)	(790)
Loss on disposal of non-financial assets held for sale	(8,517)	-	(7,898)	-
Other expenses not directly associated with operating activity	(236)	(521)	(251)	(873)
Total [2]	**173,139**	**9,629**	**178,003**	**12,491**

(1) Refers to the partial sale of the Company, now controlled, as described in note 2b.
(2) Income and expenses of the same type are presented at the net amount calculated in each period. The presentation in the respective income or expense line takes into account the most recent period

25. SHAREHOLDER'S EQUITY

a) Capital social

The capital stock of Banco Votorantim SA, fully subscribed and paid in, in the amount of R$ 8,480,372 (R$ 8,480,372 on December 31, 2022) is represented by 3,395,210,052 shares, of which 2,193,305,693 are registered common shares, book-entry and no par value and 1,201,904,359 nominative, book-entry and no par value preferred shares (3,395,210,052 shares, of which 2,193,305,693 nominative, book-entry and no par value preferred shares and 1,201,904,359 nominative, book-entry and no par value preferred shares on December 31, 2022).

In April 2022, the Annual and Extraordinary Shareholders' Meeting approved the capital increase of Banco Votorantim SA in the amount of R$ 350,000, through the recapitalization of interest on equity payable calculated based on the year ended December 31 of 2021. Capital Stock increased from R$ 8,130,372 to R$ 8,480,372, through the issuance of 95,539,646 new shares, of which 61,718,612 are common shares and 33,821,034 are preferred shares, all registered, book-entry and worthless nominal, at the issue price of R$ 3.663400624 per share, ratified by the Central Bank of Brazil on July 18, 2022.

b) Capital reserve

On June 30, 2023 and December 31, 2022, the Capital reserve is constituted by goodwill on the subscription of shares, in the amount of R$ 372,120.

c) Profit reserve

Legal reserve

Composed mandatorily of 5% of the period's net profit, up to the limit of 20% of Capital. The Legal Reserve may cease to be funded when jointly with Capital Reserves it exceeds 30% of Capital. The Legal Reserve may be employed only in a capital increase or to offset losses.

Statutory reserve for expansion

The law and the Bylaws allow management, at the end of the period, making a proposal to allocate to "Statutory reserve for expansion" the portion of the profit not allocate to the Legal reserve and not distributed, if any, in order to meet the investments for business expansion. In addition, the reserve balance may also be used to pay dividends.

d) Interest on Equity

Shareholders are guaranteed a minimum mandatory dividend, both in the form of dividends and interest on equity, corresponding to 25% of net income for the period, deducted from the legal reserve (Adjusted net income).

Pursuant to Laws No. 9,249/1995 and No. 12,973/2014 and the Company's Bylaws, Management decided to resolve to its shareholders interest on equity for the semesters ended June 30, 2023 and 2022.

Interest on equity is calculated on the adjusted shareholders' equity accounts and limited to the variation, pro rata die, of the long-term interest rate (TJLP), conditioned to the existence of computed profits before its deduction or of retained earnings and profit reserves, in an amount equal to or greater than twice its value.

(In thousands of Reais, unless otherwise started)

For the semesters ended June 30, 2023 and 2022, the Company made the following allocation:

	1st Semester/2023			
	Value (R$ thousand)	Value per lot of one thousand shares - R$	Base date of the share position	Payday
Interest on equity [1] [2] [3]	312,000	91.89	03.31.2023	Until 12.31.2024
Interest on equity [1] [4]	68,000	20.03	06.30.2023	Until 12.31.2024
Total for shareholders	**380,000**	**111.92**		

	1st Semester/2022			
	Value (R$ thousand)	Value per lot of one thousand shares - R$	Base date of the share position	Payday
Interest on equity [1]	169,491	49.92	03.31.2022	10.24.2022
Total for shareholders	**169,491**	**49.92**		

(1) Amounts subject to 15% withholding income tax.
(2) The amount of R$ 83,745 was used from the profit reserve and from retained earnings in the amount of R$ 228,255.
(3) Banco Votorantim made the partial payment to shareholders on April 18, 2023 in the net amount of R$ 93,600.
(4) Banco Votorantim made the partial payment to shareholders on July 17, 2023 in the net amount of R$ 20,400.
(5) The amount per thousand shares is calculated based on the weighted average number per thousand shares for the semester ended June 30, 2023 (Note 25e). The amounts for the semester ended June 30, 2022 were restated for comparison purposes.

	1st Semester/ 2023	1st Semester/ 2022
	Value (R$ Thousand)	Value (R$ Thousand)
Net income for the period - Banco Votorantim SA	**563,328**	**832,672**
Legal reserve	(28,166)	(41,634)
Calculation basis	**535,162**	**791,038**
Interest on equity (gross)	296,255	169,491
IRRF related to interest on equity	(44,438)	(25,424)
Proposed value [1]	**251,817**	**144,067**
% on the calculation basis	**47%**	**18%**

(1) Does not consider distribution through profit reserve.

e) Earnings per share

	1st Semester/ 2023	1st Semester/ 2022
Net profit - Banco Votorantim S.A (R$ thousand)	563,328	832,672
Weighted average number by thousand shares (basic and diluted) [1] [2]	3,395,210	3,395,210
Earnings per share (basic and diluted) (R$)	165.92	245.25

(1) The weighted average number of shares is calculated based on the average number of shares for each month of the semester ended June 30, 2023.
(2) The weighted average number of shares was restated for the semester ended June 30, 2022 due to the capital increase, described in note 25a, in accordance with CPC 41.

f) Reconciliation of shareholders' equity and net profit

	Net profit		Shareholders' Equity	
	1st Semester/ 2023	1st Semester/ 2022	06.30.2023	12.31.2022
Banco Votorantim S.A.	**563,328**	**832,672**	**12,875,200**	**12,857,806**
Result not realized - (RNR) [1]	1,421	(33,160)	29,020	29,966
Non-controlling interests	93,144	129,486	868,797	1,901,975
Consolidated	**657,893**	**928,998**	**13,773,017**	**14,789,747**

(1) It refers to the unrealized result arising from transactions between affiliates, net of taxes.

g) Other comprehensive income

Parent Company and Consolidated	1st Semester/2023				1st Semester/2022			
	Opening balance	Changes	Tax effect	Closing balance	Opening balance	Changes	Tax effect	Closing balance
Securities available to sale	**(35,928)**	**79,030**	**(35,560)**	**7,542**	**100,960**	**(98,335)**	**44,303**	**46,928**
Banco Votorantim [1]	(28,890)	70,639	(31,787)	9,962	107,990	(91,722)	41,275	57,543
Subsidiaries	(7,038)	8,391	(3,773)	(2,420)	(7,030)	(6,613)	3,028	(10,615)
Cash flow hedge	**92,375**	**(380,735)**	**171,331**	**(117,029)**	**363,606**	**(381,465)**	**171,659**	**153,800**
Banco Votorantim [1]	92,375	(380,735)	171,331	(117,029)	363,606	(381,465)	171,659	153,800
Total - Parent Company	**56,447**	**(301,705)**	**135,771**	**(109,487)**	**464,566**	**(479,800)**	**215,962**	**200,728**
RNR effect [2]	**70,525**	**(2,367)**	**-**	**68,158**	**14,652**	**58,194**	**-**	**72,846**
Total - Consolidated [3]	**126,972**	**(304,072)**	**135,771**	**(41,329)**	**479,218**	**(421,606)**	**215,962**	**273,574**

(1) Includes agency abroad.
(2) Tax effect is presented in "Other credits - Sundry".
(3) Refers to other comprehensive income attributable to controlling shareholders.

(In thousands of Reais, unless otherwise started)

h) Non-controlling interests

Consolidated	Net profit		Shareholders' Equity	
	1st Semester/ 2023	1st Semester/ 2022	06.30.2023	12.31.2022
Fundo de Investimento em Direitos Creditórios BV - Crédito de Veículos (FIDC BV)	87,925	124,748	859,401	1,893,506
Other funds	5,219	4,738	9,396	8,469
Participation of non-controllers	**93,144**	**129,486**	**868,797**	**1,901,975**

i) Shareholders interest (quantity of shares)

Breakdown of the class of shares issued by Banco Votorantim SA in which the shareholders directly hold on June 30, 2023 and December 31, 2022:

	Ordinaries	% Ordinaries	Preferred	% Preferred	Total	% Total
Votorantim Finanças S.A.	1,096,653	50.00%	600,952	50.00%	1,697,605	50.00%
Banco do Brasil S.A.	1,096,653	50.00%	600,952	50.00%	1,697,605	50.00%
Total	**2,193,306**	**100.00%**	**1,201,904**	**100.00%**	**3,395,210**	**100.00%**
Country residents	2,193,306	100.00%	1,201,904	100.00%	3,395,210	100.00%

26. TAXES

a) Tax assets

Total tax assets recognized

	Parent company		Consolidated	
	06.30.2023	12.31.2022	06.30.2023	12.31.2022
Current tax assets (Note 26 a.1)	556,784	493,837	664,124	559,544
Deferred tax assets (Note 26 a.2)	6,310,258	6,097,435	7,806,474	7,452,875
Total	**6,867,042**	**6,591,272**	**8,470,598**	**8,012,419**
Current assets	22,690	500	68,474	49,699
Non-current assets	6,844,352	6,590,772	8,402,124	7,962,720

a.1) Current tax assets

	Parent company		Consolidated	
	06.30.2023	12.31.2022	06.30.2023	12.31.2022
Taxes and contributions to be offset	408,019	345,072	508,912	401,584
Recoverable income tax	-	-	6,447	9,195
Presumed credit - Law no. 12,838/13	148,765	148,765	148,765	148,765
Total [(1)]	**556,784**	**493,837**	**664,124**	**559,544**

(1) Includes taxes and current contributions to be offset whose expected offset time is more than 12 months.

(In thousands of Reais, unless otherwise started)

a.2) Deferred tax assets (Recognized)

Parent Company	12.31.2022	1st Semester/2023		06.30.2023
	Balance	Net changes in the period		Balance [1]
		Constitution	Write-off	
Temporary differences	**5,480,236**	**1,051,726**	**(1,050,819)**	**5,481,143**
Provision for losses associated with credit risk	4,101,279	787,183	(732,491)	4,155,971
Provisions	576,815	31,263	(84,684)	523,394
Fair value adjustments [2]	225,144	233,214	(200,862)	257,496
Other provisions [3]	576,998	66	(32,782)	544,282
Tax loss / CSLL negative base	**617,199**	**211,936**	**(20)**	**829,115**
Total activated tax credits	**6,097,435**	**1,263,662**	**(1,050,839)**	**6,310,258**
Income tax	3,356,848	696,800	(580,496)	3,473,152
Social contribution	2,740,587	566,862	(470,343)	2,837,106

Consolidated	12.31.2022	1st Semester/2023		06.30.2023
	Balance	Net changes in the period		Balance [1]
		Constitution	Write-off	
Temporary differences	**6,379,258**	**1,368,809**	**(1,191,206)**	**6,556,861**
Provision for losses associated with credit risk	4,903,961	1,101,497	(840,223)	5,165,235
Provisions	657,700	34,032	(109,604)	582,128
Fair value adjustments [2]	230,033	233,214	(204,636)	258,611
Other provisions [3]	587,564	66	(36,743)	550,887
Tax loss / CSLL negative base	**1,073,617**	**212,906**	**(36,910)**	**1,249,613**
Total activated tax credits	**7,452,875**	**1,581,715**	**(1,228,116)**	**7,806,474**
Income tax	4,280,441	875,160	(680,082)	4,475,519
Social contribution	3,172,434	706,555	(548,034)	3,330,955

(1) In the semester ended June 30, 2023, the portion of R$ 95,752 (of the total of R$ 257,496), in the Bank, and of R$ 96,869 (of the total of R$ 258,611), in the Consolidated, corresponds to the tax credit arising of fair value adjustments of marketable securities classified as available for sale, recorded in an equity account. On December 31, 2022, the portion was R$ 30,335 (out of a total of R$ 225,144), in the Bank, and R$ 35,223 (out of a total of R$ 230,033), in the Consolidated.

(2) The amounts corresponding to the movement of the tax credit resulting from fair value adjustments of securities classified as available for sale, recorded in a shareholders' equity account, in the semester ended June 30, 2023, are R$ 65,417 (of the total of R$ 32,352), in the Bank, and R$ 61,645 (out of the total of R$ 28,578) in the Consolidated. The values, in the semester ended June 30, 2022, were R$ (3,028) (out of the total of R$ (5,641)), in the Bank and in the Consolidated.

(3) Includes tax credits arising from constitution expenses of provisions for reduction to recoverable value of securities.

(4) It includes the effect of the amounts that are no longer presented related to the operations of BV DTVM, since it ceased to be controlled and became an affiliate as of February 2023 (Note 2b).

Realization estimate

The expected realization of deferred tax assets (tax credits) is based on a technical study prepared on June 30, 2023.

	Parent Company		Consolidated	
	Nominal value	Present value	Nominal value	Present value
In 2023	1,263,251	1,189,708	1,526,294	1,437,438
In 2024	1,538,127	1,306,595	1,849,500	1,571,098
In 2025	1,293,696	997,597	1,720,383	1,326,625
In 2026	1,288,977	903,103	1,470,384	1,030,202
In 2027	22,519	14,309	29,231	18,573
From 2028 to 2029	255,940	136,866	341,116	182,839
From 2030 to 2032	647,748	252,439	869,566	343,121
Total deferred tax assets	**6,310,258**	**4,800,617**	**7,806,474**	**5,909,896**

Realization of nominal values for deferred tax assets

	Parent Company		Consolidated	
	Tax losses/Social contribution on net profit to offset [1]	Intertemporal differences [2]	Tax losses/Social contribution on net profit to offset [1]	Intertemporal differences [2]
In 2023	27%	19%	19%	20%
In 2024	9%	27%	12%	26%
In 2025	6%	23%	6%	25%
In 2026	0%	24%	0%	22%
In 2027	0%	0%	0%	0%
From 2028 to 2029	30%	0%	26%	0%
From 2030 to 2032	28%	7%	37%	7%

(1) Projected consumption linked to the capacity to generate IRPJ and CSLL taxable amounts in subsequent periods.

(2) The consumption capacity arises from movements in provisions expectation of reversals, write-offs and uses.

a.3) Unrecognized deferred tax assets

	Parent company		Consolidated	
	06.30.2023	12.31.2022	06.30.2023	12.31.2022
Social contribution on net profit tax loss/negative basis portions of CSLL	94,088	94,088	150,684	150,977
Portion of passive provisions	-	-	198	530
Portion of other provisions	2,084	1,517	41,644	41,024
Total of deferred tax assets not recorded in assets	**96,172**	**95,605**	**192,526**	**192,531**
Income tax	53,428	53,114	137,043	137,159
Social contribution	42,744	42,491	55,483	55,372

The balance not constituted of tax assets will only be recognized in the accounting books when it meets the regulatory aspects for its activation and presents effective prospect of realization.

(In thousands of Reais, unless otherwise started)

b) Tax liabilities

Total tax liabilities recognized

	Parent company		Consolidated	
	06.30.2023	12.31.2022	06.30.2023	12.31.2022
Current tax liabilities (Note 26 b.1)	141,317	156,793	221,617	277,075
Deferred tax liabilities - (Note 26 b.2)	230,784	115,110	231,107	115,709
Total	**372,101**	**271,903**	**452,724**	**392,784**
Current liabilities	139,264	154,631	218,954	268,906
Non-current liabilities	232,837	117,272	233,770	123,878

b.1) Current tax liabilities

	Parent company		Consolidated	
	06.30.2023	12.31.2022	06.30.2023	12.31.2022
Financial transaction tax payable	33,322	30,531	34,929	32,409
Income tax and social contribution payable	-	-	-	6,533
Provision for taxes and contributions on income	-	1,004	57,474	83,166
Taxes and contributions payable	107,995	125,258	129,214	154,967
Total (1)	**141,317**	**156,793**	**221,617**	**277,075**

(1) Includes taxes and current contributions, the settlement period of which is more than 12 months.

b.2) Deferred tax liabilities

	Parent company		Consolidated	
	06.30.2023	12.31.2022	06.30.2023	12.31.2022
Fair value adjustments (1) (2)	177,915	100,035	177,947	100,063
Presumed credit - Law no. 12,838/13	15,075	15,075	15,075	15,075
Other liabilities	37,794	-	38,085	571
Total deferred tax liabilities	**230,784**	**115,110**	**231,107**	**115,709**
Income tax	128,486	64,223	128,799	64,813
Social contribution	102,298	50,887	102,308	50,896

(1) In the semester ended June 30, 2023, the portion of R$ 5,286 (out of the total of R$ 177,915), in the Bank, and R$ 5,350 (of the total of R$ 177,947), in the Consolidated, corresponds to the deferred tax liability resulting from adjustments to the fair value of the effective portion of cash flow hedge instruments and marketable securities classified as available for sale, recorded in an equity account. On December 31, 2022, the installment was R$ 79,512 (out of the total of R$ 100,035), in the Bank, and R$ 79,477 (out of the total of R$ 100,063), in the Consolidated.

(2) The amounts corresponding to changes in the deferred tax liability resulting from adjustments to the fair value of the effective portion of cash flow hedge instruments and adjustments to the fair value of marketable securities classified as available for sale, recorded in an equity account, in the six-month period ended June 30, 2023, they amount to R$ (74,126) (out of the total of R$ 77,880), in the Bank and Consolidated. The amounts, in the semester ended June 30, 2022, were R$ 212,934 of the total of R$ (7,716) in the Consolidated.

c) Tax expenses

	Parent company		Consolidated	
	1st Semester/ 2023	1st Semester/ 2022	1st Semester/ 2023	1st Semester/ 2022
Cofins	(140,449)	(128,312)	(199,878)	(184,728)
ISSQN	(23,124)	(19,548)	(33,192)	(33,289)
PIS	(22,823)	(20,851)	(33,855)	(30,976)
Others	(7,194)	(9,368)	(8,730)	(11,706)
Total	**(193,590)**	**(178,079)**	**(275,655)**	**(260,699)**

d) Income tax and contribution expenses

d.1) Expenses of taxes and contributions on profit - Income tax and social contribution

	Parent company		Consolidated	
	1st Semester/ 2023	1st Semester/ 2022	1st Semester/ 2023	1st Semester/ 2022
Current amounts	**23,599**	**58,720**	**(74,720)**	**(36,287)**
Domestic IR and CSLL - Current	-	-	(110,215)	(95,334)
Domestic IR and CSLL- Previous years	23,599	58,720	35,495	59,047
Deferred amounts	**(42,395)**	**(326,654)**	**159,485**	**(224,394)**
Deferred tax liabilities	**(189,801)**	**(244,816)**	**(189,772)**	**(244,632)**
Fair value adjustments	(152,006)	(205,218)	(152,006)	(205,218)
Other liabilities	(37,795)	(39,598)	(37,766)	(39,414)
Deferred tax assets	**147,406**	**(81,838)**	**349,257**	**20,238**
Tax loss carryforwards and negative basis of social contribution on net profit	211,916	236,818	207,488	273,636
Temporary differences	(31,445)	(310,001)	174,836	(244,729)
Fair value adjustments	(33,065)	(8,655)	(33,067)	(8,669)
Total	**(18,796)**	**(267,934)**	**84,765**	**(260,681)**

(In thousands of Reais, unless otherwise started)

d.2) Reconciliation of IR and CSLL charges

	Parent company		Consolidated	
	1st Semester/ 2023	1st Semester/ 2022	1st Semester/ 2023	1st Semester/ 2022
Income (loss) before taxes and contributions	**668,815**	**1,199,817**	**688,417**	**1,318,208**
Total IR charges (25%) and CSLL (20%)	(300,967)	(539,918)	(309,788)	(593,193)
Charges on JCP	171,000	76,271	171,000	76,271
Income from interests in subsidiaries, associates and joint ventures	(9,760)	41,642	4,150	(2,629)
Participation in profits and results	39,011	44,645	51,880	57,838
Income from abroad	(37,007)	2,499	(37,007)	2,499
Other values	118,927	106,927	204,530	198,533
Income tax and social contribution for the period	**(18,796)**	**(267,934)**	**84,765**	**(260,681)**

27. RELATED PARTIES

Costs of salaries and other benefits granted to key management personnel of banco BV, comprising the Board, Audit Committee, Board of Directors and Fiscal Council:

	Parent Company [1]		Consolidated [1]	
	1st Semester/ 2023	1st Semester/ 2022	1st Semester/ 2023	1st Semester/ 2022
Administrators'	11,301	11,137	15,454	15,140
Bonuses	19,533	50,408	19,910	55,123
Social charges	9,745	19,028	10,116	20,860
Total	**40,579**	**80,573**	**45,480**	**91,123**

(1) It includes members of the Audit Committee, Compensation and HR Committee, Risk and Capital Committee and Related Party Transactions Committee.

The Conglomerate offers a defined contribution private pension plan to key management personnel.

The balances of accounts relating to transactions between consolidated companies of the Bank are eliminated in the consolidated interim Financial Statements and also take into consideration risk free basis. The shareholders of the Company are Banco do Brasil Conglomerate and Votorantim S.A.

The Conglomerate carries out banking transactions with related parties, such as current account deposits (not remunerated), remunerated deposits, money market repurchase commitments, derivative financial instruments and assignment of Loan portfolios. There are also service agreements, which include the agreement for apportionment / reimbursement of expenses and direct and indirect costs entered into with the companies of the Conglomerate.

These transactions are carried out under terms and conditions similar to those performed with third parties where applicable. These transactions do not involve abnormal default risks.

Banco BV performs credit assignments (assignments with co-obligation) with substantial retention of risks and benefits with a related party. In the semester ended June 30, 2023, the sum of present values totaled R$ 4,746,192 (no assignments were made in the semester ended June 30, 2022). Banco BV also makes credit assignments without co-obligation, but with substantial retention of risks and benefits with subsidiary and in the semester ended June 30, 2023, the sum of the present values totaled R$ 894,530 (R$ 2,493,418 in the semester ended on June 30, 2022). The net income from credit assignments, considering income and expenses from assignments with substantial retention of risks and benefits, is shown in the table below under “Income from interest, services rendered and other income”.

(In thousands of Reais, unless otherwise started)

	Parent Company						
	06.30.2023						
	Conglom. Banco do Brasil	Votorantim S.A.	Financial Institution subsidiaries [1]	Non-financial Institution subsidiaries [2]	Key management personnel [3]	Others [4]	Total
Assets							
Interbank deposit investments [5]	-	-	1,165,528	-	-	-	**1,165,528**
Securities and derivative financial instruments	-	19,440	-	-	-	3,587,701	**3,607,141**
Loans and leases	154	1,022	-	-	478	40,142	**41,796**
Other assets	583	-	55,165	14,073	-	7,003	**76,824**
Liabilities							
Demand deposits	(4)	(3,088)	(3,212)	(1,652)	(46)	(16,615)	**(24,617)**
Time deposits	(398,322)	(436,674)	-	(236,113)	(509)	(43,553)	**(1,115,171)**
Interbank deposits	-	-	-	-	-	(58,720)	**(58,720)**
Money market repurchase	(6,673)	(8,957)	(19,699)	-	-	(27,599)	**(62,928)**
Funds for accepting and issuing bonds	(118,709)	(601,060)	-	-	(16,968)	-	**(736,737)**
Derivative financial instruments	-	(55,226)	-	-	-	-	**(55,226)**
Other liabilities	(11,074,389)	(284,550)	(11,529)	(42)	-	(2,612,677)	**(13,983,187)**
	1st Semester/2023						
Income (loss)							
Income from interest, provision of services and other income	285,120	84	160,390	-	-	664,013	**1,109,607**
Income (losses) from derivative financial instruments	(5,544)	(61,324)	-	-	-	-	**(66,868)**
Fund raising, administrative expenses and other	(76,318)	(86,588)	(19,544)	(33,752)	(1,069)	(21,192)	**(238,463)**

	Parent Company						
	12.31.2022						
	Conglom. Banco do Brasil	Votorantim S.A.	Financial Institution subsidiaries [1]	Non-financial Institution subsidiaries [2]	Key management personnel [3]	Others [4]	Total
Assets							
Interbank deposit investments [5]	-	-	2,270,398	-	-	-	**2,270,398**
Securities and derivative financial instruments	3,081	36,818	-	-	-	3,200,546	**3,240,445**
Loans and leases	52,106	949	-	-	381	45,810	**99,246**
Other assets	26,656	-	66,041	11,498	-	113,771	**217,966**
Liabilities							
Demand deposits	(638)	(730)	(2,107)	(1,319)	(9)	(11,430)	**(16,233)**
Time deposits	(852,289)	(875,176)	-	(732,413)	(156)	(41,394)	**(2,501,428)**
Interbank deposits	-	-	(256,330)	-	-	-	**(256,330)**
Money market repurchase	(28,541)	(60,032)	(598,999)	-	-	-	**(687,572)**
Funds for accepting and issuing bonds	(114,908)	(560,197)	-	-	(9,961)	-	**(685,066)**
Derivative financial instruments	(8,928)	(41,339)	-	-	-	-	**(50,267)**
Other liabilities	(7,828,789)	(135,850)	(11,615)	-	-	(3,400,021)	**(11,376,275)**
	1st Semester/2022						
Income (loss)							
Income from interest, provision of services and other income	215,585	129	103,846	-	-	127,524	**447,084**
Income (losses) from derivative financial instruments	(2,086)	(99,993)	-	-	-	(133,757)	**(235,836)**
Fund raising, administrative expenses and other	(64,552)	(71,596)	(31,547)	(78,431)	(558)	(5,111)	**(251,795)**

(In thousands of Reais, unless otherwise started)

	Consolidated				
	06.30.2023				
	Conglom. Banco do Brasil	Votorantim S.A.	Key management personnel (3)	Others (6)	Total
Assets					
Funds available	49	-	-	-	**49**
Securities and derivative financial	-	19,440	-	562,666	**582,106**
Loans and leases	67,297	1,022	478	45,409	**114,206**
Other assets	583	11,099	1,036	21,408	**34,126**
Liabilities					
Demand deposits	(4)	(3,088)	(46)	(219)	**(3,357)**
Time deposits	(523,844)	(436,674)	(509)	(5,640)	**(966,667)**
Money market repurchase	(6,673)	(8,957)	-	(27,599)	**(43,229)**
Funds for accepting and issuing bonds	(118,709)	(601,060)	(16,968)	-	**(736,737)**
Derivative financial instruments	-	(55,226)	-	-	**(55,226)**
Other liabilities	(11,074,389)	(250,550)	-	-	**(11,324,939)**
	1st Semester/2023				
Income (loss)					
Income from interest, provision of services and other income	285,120	84	-	4,472	**289,676**
Income (losses) from derivative	(5,544)	(61,324)	-	-	**(66,868)**
Fund raising, administrative expenses	(76,318)	(86,588)	(1,069)	(12,064)	**(176,039)**

	Consolidated				
	12.31.2022				
	Conglom. Banco do Brasil	Votorantim S.A.	Key management personnel (3)	Others (6)	Total
Assets					
Funds available	80	-	-	-	**80**
Securities and derivative financial	3,081	36,818	-	541,274	**581,173**
Loans and leases	52,106	949	426	45,810	**99,291**
Other assets	26,656	11,624	1,100	20,781	**60,161**
Liabilities					
Demand deposits	(638)	(730)	(9)	-	**(1,377)**
Time deposits	(852,289)	(875,176)	(156)	(24,760)	**(1,752,381)**
Money market repurchase	(28,541)	(60,032)	-	-	**(88,573)**
Funds for accepting and issuing bonds	(114,908)	(560,197)	(9,961)	-	**(685,066)**
Derivative financial instruments	(8,928)	(41,339)	-	-	**(50,267)**
Other liabilities	(7,828,789)	(135,850)	-	-	**(7,964,639)**
	1st Semester/2022				
Income (loss)					
Income from interest, provision of services and other income	441,350	129	-	5,134	**446,613**
Income (losses) from derivative	(2,086)	(99,993)	-	-	**(102,079)**
Fund raising, administrative expenses	(64,552)	(71,596)	(558)	(1,273)	**(137,979)**

(1) Companies related in note no. 3. Does not include transactions between ventures.

(2) Includes BVIA – BV Investimentos e Participações de Gestão de Recursos SA, BV Corretora de Seguros SA, BV Empreendimentos e Participações SA and Atenas SP 02 – Empreendimento Imobiliário Ltda and Promotiva SA until the end of the repective disposal (Note 2c). Does not include transactions between ventures.

(3) Board of Directors and their respective advisory committees, Executive Board, Fiscal Council and family members (spouse, children and stepchildren) of key management personnel.

(4) Includes consolidated investment funds, subsidiaries of BVIA - BV Investimentos e Participações de Gestão de Recursos S.A. and subsidiaries of BV Empreendimentos e Participações S.A., as well as all companies in which key personnel hold an interest or in which they hold a statutory position. The list of funds is described in Note 3.

(5) Includes operations with an original maturity of 90 days or less classified as Cash and cash equivalents.

(6) It includes unconsolidated investment funds due to the non-adoption of CPC 18, as well as all companies in which key personnel have a stake or in which they hold a statutory position. The list of funds is described in Note 3e.4.

28. EMPLOYEES BENEFITS

The main benefits offered to the employees of the Conglomerate, provided for in the category collective agreement are health insurance, life insurance, dental care, meal and food vouchers, variable compensation programs and profit sharing. Among the mentioned benefits, we highlight the variable remuneration programs.

In the first half of 2017, the Conglomerate implemented a new variable compensation program. Conglomerate directors and employees are eligible for the program. This program was approved by the Board of Directors on March 9, 2017 and ended in the 2018 fiscal year, with effect until February 2023.

ILP Plan: In 2021, the Conglomerate implemented a long-term incentive plan for executives, which consists of an expectation of the right to receive virtual shares, conditioned to the organization's performance over time, with the objective of (i) attracting, motivating and retaining talent; (ii) alignment of executives' interests with shareholders' objectives and interests; (iii) generation of results and sustainable creation of value (in relation to ESG practices - Environment, Social and Governance, in this year the executives have a specific indicator linked to ESG and its result will impact the variable compensation calculated at the end of the cycle, the higher details in explanatory note 31a); and (iv) creating a long-term vision. This plan lasts for up to 4 years.

Expenses expected to be realized exclusively from the provision of services to the Conglomerate by beneficiaries of variable compensation programs: in the semester ended June 30, 2023, R$ 40,625 (R$ 92,540 in the semester ended June 30, 2022) in relation to long-term incentive transactions. Incentives generally become a right between 1 and a maximum of 4 years from the grant date.

(In thousands of Reais, unless otherwise started)

The following payments were made to employees referring to variable and long-term compensation programs that have already ended:

Year of the program	1st Semester/ 2023	1st Semester/ 2022
2017	-	5,534
2018	565	778
Total	**565**	**6,312**

On June 30, 2023, the Conglomerate recorded under heading Other liabilities - Provision for personnel expenses the amount of R$ 185,488 (R$ 228,544 on December 31, 2022).

Changes in phantom shares

ILP Plan	Parent company		Consolidated	
	1st Semester/ 2023	1st Semester/ 2022	1st Semester/ 2023	1st Semester/ 2022
Opening quantity	**45,658,643**	**47,243,051**	**50,888,938**	**52,034,956**
News / Updates	22,910,638	19,683,000	24,487,711	22,265,000
Paid / Canceled	(15,994,334)	(19,482,615)	(20,327,890)	(20,973,726)
Closing quantity [(1)]	**52,574,947**	**47,443,436**	**55,048,759**	**53,326,230**

(1) The ILP Plan for executives came into force in 2021.

In addition to the benefits provided for in the category's collective agreement, the Conglomerate also offers other benefits, among which we highlight the defined contribution private pension plan, in the PGBL (Free Benefit Generator Plan) and VGBL (Free Benefit Generator Plan) types, where the Conglomerate, as sponsor, contributes to the formation of the amount to be reversed in supplementary post-employment retirement income. This plan was approved by the Board of Directors on December 6, 2018.

The private pension program aims to (i) strengthen the long-term bond; (ii) awareness of financial planning; and (iii) supplement the retirement income.

29. CONTINGENT ASSETS AND LIABILITIES AND LEGAL, TAX AND SOCIAL SECURITY OBLIGATIONS

a) Contingents Assets

Contingent assets are not recognized in the Interim Financial Statements in accordance with CMN Resolution 3,823/2009.

b) Labor lawsuits

The Conglomerate is the defendant in labor lawsuits mostly filed by former employees. Provisions for probable losses represent several claim types, such as: Indemnities, overtime, working time exemption, supplement per function and representation, among other matters.

c) Tax lawsuits

The Conglomerate is subject, to inspections made by tax authorities which may eventually generate assessments, for example: composition of the IRPJ/CSLL tax basis (deductibility); and discussion related to the levy of taxes, upon occurrence of certain economic facts. Most lawsuits deriving from tax assessments refer to Services tax, Income tax, Social contribution on net profit, PIS/Contribution for Social Security Funding and Employer Social Security Contributions. Some of them are guaranteed, when necessary, by escrow deposits made to suspend payment of taxes under discussion.

d) Civil lawsuits

Basically refer to indemnity actions whose nature is as follows: challenge on contracts' total effective cost; review on contract conditions and charges; and fees.

e) Provision for tax, civil and labor lawsuits - Probable loss

The Conglomerate recognized a provision for tax, civil and labor lawsuits with "probable" risk of loss, classified on an individual or collective basis, according to the nature and/or value of the process.

For civil actions classified as mass, the estimated outcome and financial value are calculated using a statistical model. For the other cases, the estimates of the outcome and the financial effect are determined by the nature of the actions, by the judgment of the entity's Management, through the opinion of legal advisors and accountants based on the elements and decisions of the process, complemented by the complexity and experience of similar demands.

The provision for tax, civil and labor lawsuits that was set up to cover the losses estimated, is considered sufficient by the Conglomerate's Management.

(In thousands of Reais, unless otherwise started)

Contingent liability balances classified as probable

	Parent company		Consolidated	
	06.30.2023	12.31.2022	06.30.2023	12.31.2022
Tax claims	46,502	46,538	59,847	60,511
Civil claims	220,263	231,454	231,358	242,978
Labor claims	275,416	281,097	276,130	291,703
Total	**542,181**	**559,089**	**567,335**	**595,192**

e.1) Movements in provisions for tax, civil and labor demands classified as probable

	Parent company		Consolidated	
	1st Semester/ 2023	1st Semester/ 2022	1st Semester/ 2023	1st Semester/ 2022
Tax claims				
Opening balance	**46,538**	**53,398**	**60,511**	**73,819**
Constitutions	1,928	1,401	2,450	3,306
Reversal of provision	(4,367)	(1,623)	(5,227)	(5,947)
Write-off due to payment (1)	(6)	(7,059)	(626)	(7,511)
Updates	2,409	2,828	2,805	2,983
Other (3)	-	-	(66)	-
Final balance	**46,502**	**48,945**	**59,847**	**66,650**
Civil claims				
Opening balance	**231,454**	**253,641**	**242,978**	**266,316**
Constitutions	21,911	21,337	24,517	24,396
Reversal of provision	(27,020)	(22,673)	(29,325)	(25,145)
Write-off due to payment (1)	(17,016)	(15,355)	(19,111)	(18,323)
Updates (2)	10,934	12,277	12,311	12,630
Other (3)	-	-	(12)	-
Final balance	**220,263**	**249,227**	**231,358**	**259,874**
Labor claims				
Opening balance	**281,097**	**372,520**	**291,703**	**391,956**
Constitutions	76,862	63,273	77,274	65,797
Reversal of provision	(36,339)	(28,142)	(36,939)	(29,106)
Write-off due to payment (1)	(57,737)	(53,213)	(57,737)	(62,520)
Updates (2)	11,533	15,388	11,790	16,194
Other (3)	-	-	(9,961)	-
Final balance	**275,416**	**369,826**	**276,130**	**382,321**
Total tax, civil and labor claims	**542,181**	**667,998**	**567,335**	**708,845**

(1) Refers to write-off for payment by judicial decision or agreement between the parties. The amount effectively paid is presented in note 23c and 23f.

(2) It includes inflation indexation and the effects of remeasurement of "unit prices", which compose the methodology for calculating losses.

(3) It includes the effect of the amounts that are no longer presented related to the operations of BV DTVM, since it ceased to be controlled and became an affiliate as of February 2023 (Note 2b).

e.2) Expected schedule of disbursements on June 30, 2023

	Parent company			Consolidated		
	Tax	Civil	Labor	Tax	Civil	Labor
Up to 5 years	2,086	220,263	275,416	2,086	231,358	276,130
From to 10 years	44,416	-	-	57,761	-	-
Total	**46,502**	**220,263**	**275,416**	**59,847**	**231,358**	**276,130**

Uncertain lawsuit duration and the possibility of changes in prior court judgments make disbursement schedule and values uncertain.

e.3) (Provision) / reversal of provision for contingent liabilities

	Parent company		Consolidated	
	1st Semester/ 2023	1st Semester/ 2022	1st Semester/ 2023	1st Semester/ 2022
Tax claims	36	4,453	598	7,169
Civil claims	11,191	4,414	11,608	6,442
Labor claims	5,681	2,694	5,612	9,635
Total	**16,908**	**11,561**	**17,818**	**23,246**

f) Contingent liabilities - Possible loss

The amounts shown in the table below represent the estimate of the amount that will possibly be disbursed in case of condemnation of the Conglomerate. Claims are classified as possible when there are no sure elements that allow concluding the final result of the process and when the probability of loss is lower than probable and higher than remote.

(In thousands of Reais, unless otherwise started)

f.1) Balances of contingent liabilities classified as possible

	Parent Company		Consolidated	
	06.30.2023	12.31.2022	06.30.2023	12.31.2022
Tax claims (Note 29.f.1.1)	1,955,598	2,060,157	2,269,628	2,445,438
Civil claims [(1)]	145,451	134,081	156,825	145,938
Labor claims [(2)]	180,750	226,586	181,145	233,902
Total	**2,281,799**	**2,420,824**	**2,607,598**	**2,825,278**

(1) Refer, basically, to collection actions.

(2) Refer to lawsuits filed, mostly, by former employees, whose nature of the claims involves indemnification, overtime, mischaracterization of working hours, additional function and representation and others.

f.1.1) Main lawsuits of tax nature classified as possible loss

	Parent Company		Consolidated	
Possible causes description - Tax	06.30.2023	12.31.2022	06.30.2023	12.31.2022
INSS without profit sharing [(1)]	790,923	762,184	790,923	785,574
IRPJ/CSLL - PDD Deduction 2014/2016 [(2)]	501,681	479,015	612,273	584,326
IRPJ/CSLL - Deduction PDD 2008	182,603	177,016	182,603	177,016
IIRPJ/CSLL on JCP cumulatively distributed of previous periods [(3)]	27,889	143,508	27,889	172,068
ISS VRG [(4)]	-	-	173,744	160,803
PF and BNCSLL: excess of compensation AB 2012	103,691	99,838	103,691	99,838
Others causes	348,811	398,596	378,505	465,813
Total	**1,955,598**	**2,060,157**	**2,269,628**	**2,445,438**

(1) Refer to assessments drawn up by the Brazilian Internal Revenue Service that deal with the collection of Social Security Contribution calculated on the amounts paid by companies as PLR supposedly in disagreement with the rules established by Law nº. 10,101/2000.

(2) Refer to assessments drawn up on the Brazilian Internal Revenue Service alleging the improper deduction of losses in Loans for allegedly not meeting legal requirements.

(3) These refer to the possibility of distributing the accumulated JCP based on profits earned in previous years, among other discussions related to the deductibility of JCP. The discussion regarding the possibility of distribution of JCP accumulated based on profits earned in previous years had its prognosis changed to remote on June 30, 2023, in view of the recent decisions handed down by the Superior Courts.

(4) Refer to the discussion on the incidence of ISS on the Guaranteed Residual Value - VRG charged by the company in leases held in the period from 2014 to 2017.

g) Deposits as collateral

Balances of escrow deposits recognized for contingencies

	Parent company		Consolidated	
	06.30.2023	12.31.2022	06.30.2023	12.31.2022
Tax claims	230,196	223,643	259,908	260,809
Civil claims	107,977	126,059	116,083	137,487
Labor claims	108,494	118,903	108,627	120,105
Total	**446,667**	**468,605**	**484,618**	**518,401**

h) Legal obligations

The Consolidated maintains the legal obligation in the amount of R$ 69,607 (R$ 66,099 on December 31, 2022) recorded under Other liabilities, with the Bank recording the amount of R$ 60,964 (R$ 57,147 on December 31, 2022), whose main discussion lies in a declaratory action in which the aim is to remove the incidence of ISS on revenues arising from surety, surety and other guarantees provided, as well as to obtain the refund of the amounts paid in this capacity in the last five years, whose provisioned amount at the Bank is R$ 37,970 (R$ 36,230 on December 31, 2022).

The other actions refer to PIS LC 07/70, ISS Deduction in the PIS and COFINS calculation basis and APF - Accident Protection Factor.

i) Public civil lawsuits

Conglomerate has contingent liabilities involving public civil actions in which, based on the analysis of the legal advisors and/or assessment of internal lawyers, the risk of loss is considered possible. Depending of their current stage of completion, measurement of amounts involved in these lawsuits could not be determined with accuracy, while the possibility of loss depends on the qualification of the clients interested in the lawsuit.

Main themes discussed in these lawsuits, which we can highlight are lawsuits of collection of tariffs and issues involving payroll credit to INSS retirees and pensioners, and CDC (direct credit to consumers).

30. RISK AND CAPITAL MANAGEMENT

1) Risk management process

The integrated risk-management approach includes adopting instruments to ensure that material risks incurred by the Conglomerate. This approach aims to organize the decision process and define the mechanisms that establish risk appetite and risk level that is acceptable and compatible with the volume of capital available, in line with the business strategy adopted.

The Institution has a group of risks considered to be material, whose approving is done periodically by the Board of Directors. For each listed risk an assessment the most appropriate treatment is done (Management, Hedge / Insurances or Capitalization) with the goal to address the best monitoring and controlling way of each exposure. Risks considered to be material in the reference date are:

- Credit risk
- Counterparty credit risk
- Credit concentration risk
- Market risk
- Banking book interest rate variation risk (IRRBB);
- Liquidity risk
- Operational risk
- Reputation risk
- Strategy risk
- Social, environmental and Climate risks
- Model risk
- Compliance risk
- Underwriting risk;
- Collateral risk;
- Technology risk;
- Cyber security risk; and
- Contagion risk;

The levels of risk exposure are monitored through a risk limit framework, incorporated into the Conglomerate's daily activities. Senior Management is involved by following through and performing actions that are necessary for risk management.

Compliance framework for capital and risks management comprise the entire Prudential Conglomerate and is composed, besides the respectives teams and directors responsible for risks and ALM (Asset Liability Management), also for collegiate forums, domestic and corporative, formally organized and with ranges representatives. Each compliance board have role, scope and composition determined by normative, that orientates about the rules, responsibilities and limits according to business strategies and market scenarios. Main forums are:

- Board of Controls and Risks and Board of ALM and taxes are the main internal management forums of risk and capital. In addition, the Executive Board (ComEx) has by assignment the general supervision of such matters.
- Board of Risks and Capital (CRC) is in charge of assist the Board of Directors, in accordance with Resolution no. 4,557/2017 from BACEN, in the creation of a capital allocation strategy for the Conglomerate, in note to the risk appetite statement (RAS) and in the risk and capital monitoring, besides coordinate its activities with the Audit Board (COAUD), in order to turn the exchange of information easy, the necessary adjustments to the risks and capital compliance framework and guarantee the effective treatment to the risks the Conglomerate is exposed.

Risk appetite consists in risk statement that the Institution is inclined to accept to reach its goals, and is tracked through the indicators and its respective limits. Risks appetite statement is approved by the Board of Directors and reflects the expectation of the Senior Management and orientates the strategic planning and budget, permeating the Institution. As of this certificate, its monitoring happens through a dashboard composed by indicators and limits that are monthly followed-up in the competent ranges, besides shares, complementary monitoring and specific projects.

The Conglomerate has general and specific structures and policies for risk and capital management, in accordance with CMN Resolution No. 4,557/2017, approved by the Board of Directors and the basic principles observed in the management and control of risks and capital were established in accordance with current regulations and market practices.

In addition emphasize that the Institution realizes the Internal Capital Adequacy Assessment Process (ICAAP), in line with CMN Resolution No. 4,557/2017, Bacen Circular No. 3,911/2018 and Bacen Circular-letter No. 3,907/2018, and the respective report is annually disclosed to Bacen, comprising the plan of capital, stress test, plan of capital and management contingencies and the assessment of capital need before the relevant risks the Institution is exposed, among other subjects.

Detailed information on the risk and capital management process can be observed in the document "Risk and Capital Management Report", prepared based on compliance with BCB Resolution No. 54/2020, available on the Investor Relations website at www.bancobv.com.br/ri. Below are the definitions of the main risks of the Conglomerate.

(In thousands of Reais, unless otherwise started)

a) Credit risk

(i) Definition

Credit Risk is defined as the possibility of occurrence of losses associated to:

- Non-compliance by the counterparty (the borrower, the guarantor or the issuer of securities or securities acquired), from its obligations under the terms agreed upon;
- Devaluation, reduction of remuneration and expected gains in financial instruments arising from the deterioration of the credit quality of the counterparty, the intervening party or the mitigating instrument;
- Restructuring of financial instruments; and
- Costs of recovery of exposures of problematic assets.

(ii) Financial guarantees provided

	Parent company and Consolidated			
	06.30.2023		12.31.2022	
	Guaranteed values	Provision	Guaranteed values	Provision
Linked to bids, auctions, provision of services or execution of works	1,306,788	6,417	1,297,443	6,198
Guarantee or surety in judicial and administrative tax proceedings	3,376,885	146,639	3,366,601	163,906
Linked to the distribution of securities by public offering	361,949	100	518,806	94
Other bank guarantees	2,012,915	18,090	2,274,695	19,649
Other financial guarantees provided	106,409	14	172,653	11
Total	**7,164,946**	**171,260**	**7,630,198**	**189,858**

b) Market risk

(i) Definition

Market risk is defined as the possibility of financial losses arising from the variation in the fair value of exposures held by a financial institution. These financial losses may be incurred due to the impact produced by the variation of risk factors, such changes in interest rates, exchange rates, and stock or commodity prices.

(ii) Sensitivity analysis

Conglomerate uses two methodologies for sensitivity analysis of its exposures:

Sensitivity analysis 1

Initially, it uses the application of parallel shocks on most relevant risk factor curves. The purpose of this method is to simulate effects on the fair value of the Conglomerate portfolio in view of possible scenarios, which consider possible fluctuations in market interest rates. Two possible scenarios are simulated in which analyzed risk would be increased or reduced by 100 base points.

Trading portfolio

Risk Factor	Concept	Exposure	Basic interest rate shock			
			06.30.2023		12.31.2022	
			+ 100 bps	- 100 bps	+ 100 bps	- 100 bps
Fixed rate	Fixed interest rate variation risk	(664,873)	5,210	(5,107)	6,148	(6,026)
Foreign currency coupons	Foreign currency coupon exchange movements	13,395	(5,130)	5,029	(345)	338
Price indexes	Price indexes coupons variation risk	(2,547)	10	(9)	886	(868)

Trading and banking portfolio

Risk Factor	Concept	Exposure	Basic interest rate shock			
			06.30.2023		12.31.2022	
			+ 100 bps	- 100 bps	+ 100 bps	- 100 bps
Fixed rate	Fixed interest rate variation risk	7,114,408	(253,504)	248,484	(206,083)	202,002
Foreign currency coupons	Foreign currency coupon exchange movements	(1,250,272)	(27,960)	27,406	(24,956)	24,462
Price indexes	Price indexes coupons variation risk	(1,914,525)	797	(781)	(3,520)	3,450
TR/TBF	Risk of TR (reference rate) and TBF (basic financial rate)	14,091	(305)	298	(377)	370

(In thousands of Reais, unless otherwise started)

Sensitivity analysis 2

Simulations that measure the effect of changes in market and price curves on Conglomerate exposures for the purpose of simulating effects on income of three specific scenarios, as follows:

• **Scenario 1 -** In the construction of this scenario, the currencies suffer shocks of 1% on the closing value. The stressed value of the US dollar (DOL-CL of BM&F) would be R$ 4.8399 (101% of R$ 4.79) (R$ 5.3444 on December 31, 2022). The shocked BOVESPA index is 119,268 points, equivalent to 101% of the closing value on June 30, 2023 (110,832 points on December 31, 2022). Pre-fixed interest curves, price index coupons, foreign currency coupons and other interest rate coupons suffer parallel shocks of 10 basis points, that is, all values, regardless of the term, increase or decrease in 0.10%.

• **Scenario 2 -** Scenario where currencies and the BOVESPA index suffer shocks of 25% and interest rates suffer parallel shocks of 25% on the closing value. The pre rate, on June 30, 2023, for a one-year term is 11.68% (13.41% on December 31, 2022). Thus, the entire curve is shocked by 2.92%, more or less, depending on the hypothetical result generated (3.35% on December 31, 2022).

• **Scenario 3** - Scenario where currencies and the BOVESPA index suffer shocks of 50% and interest rates suffer parallel shocks of 50% on the closing value.

In the analysis made for operations classified in the banking portfolio, the valuation or devaluation due to changes in interest rates and market prices do not represent a significant financial and accounting impact on the results of the Conglomerate. This is because this portfolio is mainly composed of credit operations, borrowings and securities, whose accounting record is carried out mainly at the rates agreed upon when the operations were contracted. In addition, the main characteristic of these portfolios is the accounting classification of financial assets measured at fair value through other comprehensive income and, therefore, the effects of interest rate or price fluctuations are reflected in shareholders' equity and not in results. There are also operations naturally linked to other instruments (natural hedge), thus minimizing the impacts in a stress scenario.

The tables below summarize the results for the trading portfolio, composed of public and private securities, derivative financial instruments and funds raised through repurchase agreement operations, and banking, presenting the amounts observed on each reference date:

Trading portfolio

Risk Factor / Concept	Exposure	Scenario I		Scenario II		Scenario III	
		Movements of rates	Income (loss)	Movements of rates	Income (loss)	Variation of taxes	Result
	06.30.2023						
Fixed rate / Fixed interest rate variation risk	664,873	Increase	(516)	Decrease	14,908	Decrease	29,816
Foreign currency coupons / Foreign currency coupon exchange movements risk	(13,395)	Increase	508	Increase	8,476	Increase	16,952
Foreign exchange movements / Exchange rate movements risk	(701,189)	Increase	(7,012)	Decrease	175,297	Decrease	350,595
Price index / Price indexes coupons variation risk	2,547	Increase	(1)	Decrease	18	Decrease	36
	31.12.2022						
Fixed rate / Fixed interest rate variation risk	200,629	Increase	609	Decrease	(20,208)	Decrease	(40,416)
Foreign currency coupons / Foreign currency coupon exchange movements risk	(2,821)	Increase	(34)	Increase	(526)	Increase	(1,052)
Foreign exchange movements / Exchange rate movements risk	1,064,036	Increase	10,640	Decrease	(266,009)	Decrease	(532,018)
Price index / Price indexes coupons variation risk	(47,734)	Increase	88	Decrease	(1,433)	Decrease	(2,866)

(In thousands of Reais, unless otherwise started)

Trading and Banking Portfolio

Risk Factor / Concept	Exposure	Scenario I		Scenario II		Scenario III	
		Movements of rates	Income (loss)	Movements of rates	Income (loss)	Variation of taxes	Result
	06.30.2023						
Fixed rate / Fixed interest rate variation risk	7,114,408	Increase	(25,099)	Increase	(739,979)	Increase	(1,479,957)
Foreign currency coupons / Foreign currency coupon exchange movements risk	(1,250,272)	Increase	(2,768)	Increase	(46,193)	Increase	(92,387)
Foreign exchange movements / Exchange rate movements risk	(6,531)	Increase	(65)	Increase	(1,633)	Increase	(3,265)
TJLP / TJLP coupon movements risk	3,372	Increase	(4)	Increase	(33)	Increase	(66)
TR/TBF / TR (reference rate) and TBF (basic financial rate) coupon variation risk	14,091	Increase	(30)	Increase	(164)	Increase	(327)
Price index / Price indexes coupons variation risk	(1,914,525)	Increase	79	Decrease	(1,473)	Decrease	(2,946)
	31.12.2022						
Fixed rate / Fixed interest rate variation risk	18,787,258	Increase	(20,404)	Increase	(691,050)	Increase	(1,382,099)
Foreign currency coupons / Foreign currency coupon exchange movements risk	(1,442,672)	Increase	(2,471)	Increase	(38,051)	Increase	(76,103)
Foreign exchange movements / Exchange rate movements risk	71,420	Increase	714	Decrease	(17,855)	Decrease	(35,710)
TJLP / TJLP coupon movements risk	3,818	Increase	(5)	Increase	(111)	Increase	(222)
TR/TBF / TR (reference rate) and TBF (basic financial rate) coupon variation risk	14,981	Increase	(37)	Increase	(246)	Increase	(491)
Price index / Price indexes coupons variation risk	75,773	Increase	(348)	Increase	(5,809)	Increase	(11,618)

(iii) Stress tests

The Conglomerate uses stress measures resulting from simulations of their exposures subject to market risks under extreme conditions, such as financial crises and economic shocks. These tests aim at measuring impacts of events that are plausible but not likely to occur. The Conglomerate test program on market risk stress uses evaluation methods based on retrospective tests.

Retrospective tests

The retrospective test on stress estimates Bank's consolidated portfolio exposure variation by applying shocks to risk factors that are equivalent to those recorded in historic market stress periods, considering the following parameters:

• Extension of the historical series for determining the scenarios is 5 years from the base date of the stress scenario;
• Maintenance period: 10-business-day accumulated returns;
• Test frequency: daily

Results of retrospective stress tests intent to assess the capacity to absorb great losses and identify possible measures to reduce institution's risks.

For the estimates of gains and losses of the retrospective stress test in the Consolidated Portfolio, on June 30, 2023 and based on the perception of senior Management regarding the behavior of stocks, commodities, foreign currencies and interest rates, two scenarios were used:

Scenario I - In this scenario, the yield curves suffer positive parallel shocks; the exchange rate (reais/dollar) considered is R$ 5.4222 (R$ 5.9874 on December 31, 2022); commodities suffer positive shocks of 10% on the closing value on June 30, 2023; and a negative variation of -15.28% is applied to the BOVESPA Index (the same rates were used on December 31, 2022).

Scenario II - In this scenario, yield curves suffer parallel negative shocks; the exchange rate (reais/dollar) considered is R$ 4.2734 (R$ 4.7188 on December 31, 2022); commodities suffer negative shocks of 10% on the closing value on June 30, 2023; and a positive variation of 24.49% of the BOVESPA Index is applied (the same rates were used on December 31, 2022).

Chart amounts represent greatest losses and gains of the Consolidated Portfolio considering scenarios of the historic series used for the simulation.

Results of the retrospective stress test on consolidated portfolio, in accordance with the Conglomerate's market risk stress test program, are as follows.

(In thousands of Reais, unless otherwise started)

Estimates of retrospective stress test greatest losses - Consolidated portfolio

Risk Factor	06.30.2023		12.31.2022	
	Exposure	Stress [1]	Exposure	Stress [1]
Foreign currencies	(6,531)	(15,284)	71,420	(25,631)
Interest rate	3,967,074	(460,896)	17,439,158	(339,873)
Total	**3,960,543**	**(476,180)**	**17,510,578**	**(365,504)**

Estimates of retrospective stress test greatest gains - Consolidated portfolio

Risk Factor	06.30.2023		12.31.2022	
	Exposure	Stress [1]	Exposure	Stress [1]
Foreign currencies	(6,531)	4,582	71,420	8,276
Interest rate	3,967,074	377,774	17,439,158	290,341
Total	**3,960,543**	**382,356**	**17,510,578**	**298,617**

(1) The optimistic and pessimistic stress tests for the group of stocks are done only under the BOVESPA index.

(iv) Fair value hierarchy

Calculation of fair value is subject to a control structure defined to assure that the calculated amounts are determined by a department that is independent from the risk taker.

Fair value is determined according to the following hierarchy:

- **Level 1:** prices quoted (not adjusted) in active market;
- **Level 2:** inputs which are observable for assets or liabilities, directly (prices) or indirectly (derived from prices); and
- **Level 3:** assumptions which are not based on observable market data (unobservable inputs). Involve the use of quantitative methods that use market references and unobservable data in the market in producing its estimates.

The following table presents financial instruments recorded at fair value on June 30, 2023 and December 31, 2022, classified in the different hierarchical levels of measurement at fair value:

Consolidated	06.30.2023				12.31.2022			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Asset								
Securities (Note 9a)	22,792,456	9,436,144	1,074,306	33,302,906	13,914,039	8,456,959	1,083,916	23,454,914
Trading securities	15,862,751	316	8,000	15,871,067	7,147,112	220,667	8,000	7,375,779
Securities available to sale	6,929,705	9,435,828	1,066,306	17,431,839	6,766,927	8,236,292	1,075,916	16,079,135
Derivatives financial instruments (Note 10a)	58,262	4,697,919	-	4,756,181	47,321	1,259,848	-	1,307,169
Hedged loan portfolio (Note 10g)	-	16,934,348	-	16,934,348	-	16,936,827	-	16,936,827
Total	**22,850,718**	**31,068,411**	**1,074,306**	**54,993,435**	**13,961,360**	**26,653,634**	**1,083,916**	**41,698,910**
Liability								
Money market repurchase commitments - Free portfolio (Note 18c)	-	(3,679)	-	(3,679)	-	(496,988)	-	(496,988)
Derivatives financial instruments (Note 10a)	(325)	(5,970,406)	-	(5,970,731)	(15,245)	(1,790,355)	-	(1,805,600)
Total	**(325)**	**(5,974,085)**	**-**	**(5,974,410)**	**(15,245)**	**(2,287,343)**	**-**	**(2,302,588)**

The fair value of financial instruments traded in active markets (such as securities held for trading and available for sale) is based on market prices quoted on the balance sheet date. A market is seen as active if quoted prices are readily and regularly available from an exchange, distributor, broker, industry group, pricing service or regulatory agency, and those prices that represent actual market transactions and occur regularly on a purely commercial.

The best evidence of fair value is the price quoted in an active market. Most valuation techniques use observable market inputs, characterizing a high degree of confidence in the estimated fair value.

(In thousands of Reais, unless otherwise started)

According to the levels of information in the measurement of fair value, the following evaluation techniques are applied:

The fair value determined for financial instruments classified as level 1 assumes the pricing, at the daily minimum, through price quotes, indices and rates immediately available for non-forced transactions and originating from independent sources.

In cases where quoted market prices are not available, fair values are obtained by using quoted prices for similar assets and liabilities in active markets, or through future cash flows discounted to present value at discount rates obtained through observable market inputs or other valuation techniques based on mathematical methods that use market references.

In this context, the fair value of financial instruments that are not negotiated on active markets (for example, over the counter derivatives) is determined based on evaluation techniques. These valuation techniques maximize the use of the data adopted by the market where it is available and rely as little as possible on entity-specific estimates. If all relevant information required for the fair value of an instrument is adopted by the market, the instrument is included in level 2.

For the fair value of financial instruments classified as level 3, there is no pricing information observable in active markets. The Conglomerate uses pricing criteria based on mathematical models known in the academic environment and/or use specific governance with the participation of experts and structured internal processes.

The quality of and adherence to the models used are guaranteed through a structured governance process. The areas responsible for defining and implementing the pricing models are segregated from the business areas. The models used are documented and submitted to validation of an independent area and approved by the Market Risk Committee.

(v) Transfers of level 3

Consolidated	Balance as of 12.31.2022	1st Semester/2023			Balance as of 06.30.2023
		Transfers between levels [1]	Additions / (settlements)	Income (loss) / Other changes	
Assets					
Securities					
Securities for trading	8,000	-	-	-	8,000
Securities available to sale	1,075,916	72,809	442	(82,861)	1,066,306
Total	**1,083,916**	**72,809**	**442**	**(82,861)**	**1,074,306**

Consolidated	Balance as of 12.31.2021	2022			Balance as of 12.31.2022
		Transfers between levels [1]	Additions / (settlements)	Income (loss) / Other changes	
Assets					
Securities					
Securities for trading	-	12,432	-	(4,432)	8,000
Securities available to sale	712,763	294,911	9,514	58,728	1,075,916
Total	**712,763**	**307,343**	**9,514**	**54,296**	**1,083,916**

[1] These assets were reclassified between levels 1, 2 and 3 due to periodic review of the hierarchy.

(vi) Fair value of financial instruments measured at adjusted cost

Financial instruments registered in equity accounts, compared to fair value:

Consolidated	06.30.2023		12.31.2022	
	Book value	Fair value	Book value	Fair value
Assets	**70,622,541**	**70,348,533**	**65,642,271**	**64,950,746**
Compulsory deposits at the Central Bank of Brazil (Note 11b)	2,279,498	2,279,498	1,961,377	1,961,377
Liquidity interbank investments (Notes 7 / 8a)	2,870,632	2,870,632	1,739,153	1,739,153
Securities - Held to Maturity (Note 9a)	12,410,569	12,136,271	17,084,433	16,393,351
Loan portfolio (Notes 12a / 30.1.b.iv)	48,085,347	48,085,637	42,049,456	42,049,013
Other financial assets (Note 13a)	4,976,495	4,976,495	2,807,852	2,807,852
Liabilities	**(112,296,276)**	**(111,277,580)**	**(100,222,246)**	**(98,923,239)**
Money market repurchase commitments (Notes 18c / 30.1.b.iv)	(24,806,623)	(24,543,016)	(17,780,823)	(16,907,990)
Deposits (Note 18a)	(23,737,898)	(23,503,475)	(23,425,325)	(23,249,413)
Borrowings and transfers from Brazilian government (Onlendings) (Note 19)	(7,441,505)	(7,348,489)	(6,641,007)	(6,609,937)
Securities issued (Note 20)	(38,450,495)	(37,882,340)	(39,957,617)	(39,593,096)
Subordinated debts and debt instruments eligible for capital (Note 21)	(2,523,187)	(2,663,692)	(2,667,634)	(2,812,963)
Other financial liabilities (Note 22a)	(15,336,568)	(15,336,568)	(9,749,840)	(9,749,840)
Total	**(41,673,735)**	**(40,929,047)**	**(34,579,975)**	**(33,972,493)**

Metrics used to determine the fair value of the main financial instruments

Interbank investments: For operations in this group, the book value was considered as an approximation equivalent to fair value, as they are mostly short-term operations.

Securities: Securities classified in the “trading” and “available for sale” categories are accounted by their fair value, based on the collection of market information and the use of standardized mark-to-market methodologies, generally based on the discounted cash flow method. For the calculation of fair value, the aforementioned techniques are also applied to securities classified in the “held to maturity” category

Loan and lease operations: Loan operations allocated to Hedge Accounting programs, of the market risk hedge type, are accounted by their fair value. For leasing operations, the fair value was calculated based on discounted future flow values considering current market rates and for other operations, the book value was considered an equivalent approximation of the fair value.

Deposits: For time deposit operations, discounted future flow amounts were used for the calculation of fair value considering current market rates. For demand deposits, the book value was considered as fair value.

Borrowings and onlendings: It was taken into account the fair value of this group operations equals to its book value.

Money market purchase commitment: For variable rate commitments, it was considered the book value as an equivalent approach to fair value. For fixed rate commitments, it was used the values of discounted future flow to calculate fair value, considering present market rates.

Securities issued: For the operations of this group, the book value was considered as an approximation equivalent to the fair value. For fixed-rate transactions, the discounted future flows values were used to calculate the fair value considering current market rates.

Subordinated debt and debt instruments eligible for equity: For the operations of this group, the discounted future flow values were used to calculate the fair value, considering the prevailing market rates.

c) Liquidity risk

(i) Definition

Liquidity risk is defined as:

- Possibility of the Conglomerate not being able to effectively honor expected and unexpected current and future obligations, including those deriving from guarantee binding, without affecting its daily operations and without incurring significant losses; and
- Possibility that the Conglomerate not be able to trade a position at market price due to its large size in relation to the usually traded volume, or due to market discontinuity

d) Operational risk

(i) Definition

Operational risk is defined as the possibility of losses resulting from external events or from failure, deficiency or inadequacy of internal processes, people or systems. This definition includes the legal risk associated with inadequacies or deficiencies in contracts signed by the Conglomerate, sanctions due to non-compliance with legal provisions and indemnities for damages to third parties arising from the activities carried out by the Conglomerate. Operational risk events include:

- Internal and external fraud;
- Labor claims and poor workplace safety;
- Inadequate practices regarding customers, products and services;
- Damage to physical assets owned or in use by the Conglomerate;
- Situations that lead to the disruption of the activities of the Conglomerate;
- Failures in information technology systems, processes or infrastructure; and
- Failure to execute, comply with deadlines or manage the activities of the Conglomerate.

e) Social, environmental and climatic risk

(i) Definition

Social and environmental risk are defined, under the terms of CMN Resolution No. 4,943/2021, as the possibility of losses occurring for the Institution caused, respectively, by events associated with (i) practices that violate fundamental rights and guarantees or common interests, and (ii) acts of degradation of the environment. Climate risk is defined, in its aspects, as transition risk, related to the transition process to a low-carbon economy, and physical risk, related to the occurrence of frequent and severe weather or by long-term environmental changes, which may be associated with changes in weather patterns.

(ii) Management of social, environmental and climate risk

The Conglomerate's social, environmental and climate risk management (GRSAC) complies with the requirements of CMN Resolution No. 4,943/2021 and 4,945/2021, which established, respectively, new rules for the structure of the integrated management of social, environmental and climate risks and the implementation of the Social, Environmental and Climate Responsibility Policy (PRSAC). Observing compliance with the relevant legislation and normative provisions, the Institution assesses the socio-environmental and climate aspects, in accordance with the principles of relevance and proportionality dealt with in CMN Resolution No. 4,557/2017, with which the customer, supplier or investee is involved, in order to subsidize the decision-making of the competent areas during the processes of granting credit, evaluation of real estate guarantees, homologation of suppliers, sources of funding, new investments, products and services.

Making tangible the importance of the theme for the Institution, the risk appetite (RAS) of Banco BV includes an exclusive dimension on social, environmental and climate risk, being monitored monthly and reported to the Controls and Risks Committee (CCR), Risks Committee and Capital (CRC) and Board of Directors (CA). Additionally, the Institution listed sectors and activities whose financial operations are prohibited or restricted, in addition to considering a maximum concentration limit for some of these economic sectors.

Within the scope of granting credit, management of social, environmental and climate risk is carried out through specific analysis methodologies that determine the ESG rating, included in the credit rating attribution process. On the other hand, the analysis of socio-environmental risk in projects complies with the guidelines established by the Equator Principles (EP).

Complementing the structure of the GRSAC, the Institution assesses the exposure of the credit portfolio to climate risks in its two aspects (physical and transition risk) and in the exercise of the climate stress test.

Additional information on SAC risk management is available on the website: https://ri.bv.com.br/relatorio-grsac/.

2) Capital management

Capital management in the Conglomerate is carried out with the objective of ensuring compliance with regulatory limits and establishing a solid capital base that enables the development of business and operations in accordance with the Conglomerate's strategic plan.

In accordance with Resolutions no. 4,557/2017, of National Monetary Council (CMN), and Bacen Circular no. 3,846/2017, the Conglomerate has structure and policies for capital management approved by the Board of Directors, in compliance with Internal Capital Adequacy Assessment Process (ICAAP), contemplating the following items:

- Capital management through a continuous process of planning, evaluating, controlling and monitoring the capital needed to deal with the relevant risks;
- Documented policies and strategies;
- Specific forums to compose strategies and manage the use of capital;
- Capital Plan for three years, including Capital targets and projections, main funding sources and Capital contingency plan;
- Stress tests and their impacts on Capital;
- Managerial reports to the Senior Management (Executive Board and Board of Directors);
- Evaluation of Capital Adequacy in the Regulatory and Economic View; and
- Report to the regulator regarding capital management, through the Statement of Operational Limits and Annual Report of ICAAP.

In addition, analyzes of the feasibility of repurchasing instruments eligible for capital with redemption clauses are performed, whenever pertinent.

(i) Capital ratios

The capital ratios are calculated according to the criteria established by CMN Resolutions 4955/2021 and 4958/2021, which deal with the calculation of the Reference Equity (PR) and the Minimum Required Reference Equity (PRMR) in relation to the Assets Weighted by the Risk (RWA), respectively, as follows:

- Basel Index (PR / RWA);
- Principal Capital Index (Principal Capital / RWA);
- Level I Index (Level I / RWA).

The Leverage Ratio (RA), as established by BACEN Circular No. 3,748/2015, is defined by the Tier I ratio over the Conglomerate's Total Exposure. The minimum limit of the Leverage Ratio (RA) is 3%, according to Resolution No. 4,615 of the National Monetary Council.

CMN Resolution No. 4,955/2021 defines the items referring to prudential adjustments deducted in full from the Reference Equity:

(i) goodwill paid on the acquisition of investments based on expected future profitability, net of deferred tax liabilities associated therewith;

(ii) intangible assets;

(iii) actuarial assets related to defined benefit pension plans net of related deferred tax liabilities associated to them;

(iv) Investments in a) entity similar to unconsolidated financial institution, insurance company, reinsurer, capitalization company and open entity of supplementary pension; and b) an institution authorized to operate by The Central Bank of Brazil or in an institution located abroad that has an activity equivalent to that of a financial institution in Brazil, which does not compose the conglomerate;

(v) participation of non-controlling shareholders in the capital of a) subsidiary that is an institution authorized to operate by Bank Central do Brasil; and b) subsidiary abroad that has an activity equivalent to that of a financial institution in Brazil;

(vi) tax credits arising from temporary differences that depend on the generation of profits or future tax revenues for their realization;

(vii) Tax credits arising from tax losses and negative basis of social contribution on net income. The Conglomerate considers the effects of applying § 10 of article 5 of CMN Resolution No. 4,955/2021, which authorizes financial institutions to stop deducting from Principal Capital, tax credits for tax losses arising from a short position in foreign currency held with the objective of providing hedge for its participation in investments abroad, in the following schedule: I - at least 50% (fifty percent), until June 30, 2022; II - 100% (one hundred percent), until December 31, 2022 and III - 100% (one hundred percent), remains from January 2023;

(viii) Non-controlling interest in the capital of: a) subsidiary in the country that is not an institution authorized to operate by the Central Bank of Brazil; and b) subsidiary abroad that does not carry out an activity equivalent to that of a financial institution in Brazil;

(ix) Among others.

(ii) Capital sufficiency (regulatory view)

The analysis of capital sufficiency in the regulatory view aims to assess whether the Company has Reference Equity (Available Capital) at a level higher than the capital required to cover Pillar I risks, plus the additional requirement to cover the risk of variation in rates interest on operations not classified in the trading book (IRRBB) according to BCB Resolution No. 48/2020.

Monthly after the calculation of the Referential Equity (PR, in Portuguese) and Required Capital, management reports for monitoring the capital allocated to risks and capital ratios (Basel, Level I and Principal) are published for the areas involved.

(In thousands of Reais, unless otherwise started)

The information on the Basel Ratio of the Prudential Conglomerate is presented below:

Basel ratio	06.30.2023	12.31.2022
PR - Reference Equity	**11,640,154**	**11,361,496**
Level I	**10,729,179**	**10,445,533**
Complementary Capital	**729,152**	**537,380**
Common Equity	**10,000,027**	**9,908,153**
Shareholders' equity (1)	12,870,742	12,656,845
Prudential adjustments (2)	(2,870,715)	(2,748,692)
Others	(2,869,105)	(2,746,908)
Adjustment to fair value	(1,610)	(1,784)
Level II	**910,975**	**915,963**
Subordinated debts eligible as capital	910,975	915,963
Subordinated debts authorized in accordance with CMN Resolution No. 4,955/2021 (3)	910,975	915,963
Risk-weighted assets (RWA)	**79,443,094**	**79,548,776**
Credit risk (RWACPAD)	72,867,868	71,566,189
Market risk (RWAMPAD)	471,783	687,289
Operational risk (RWAOPAD)	6,103,443	7,295,298
Minimum Required Regulatory Capital (4)	**6,355,447**	**6,363,902**
Minimum Required Capital (5)	**3,574,939**	**3,579,695**
Tier I Minimum Required Reference Equity (6)	**4,766,586**	**4,772,927**
Regulatory Capital determined to cover interest rate risk of transactions not classified in trading portfolio (RBAN)	**852,201**	**726,774**
Margin on Minimum Required Regulatory Capital	**5,284,706**	**4,997,593**
Margin on Minimum Required Capital	**6,425,088**	**6,328,458**
Margin on Minimum Required Tier I Regulatory Capital	**5,962,593**	**5,672,606**
Margin on Minimum Required Regulatory Capital including RBAN and ACP (7)	**2,446,428**	**2,282,101**
Common Equity Index (CP / RWA)	**12.59%**	**12.46%**
Tier I Capital Index (Tier I / RWA)	**13.51%**	**13.13%**
Basel ratio (PR / RWA)	**14.65%**	**14.28%**
Leverage ratio	**6.48%**	**7.20%**

(1) According to article art. 4, § 2 of CMN Resolution No. 4,955/2021, the amounts related to adjustments to the fair value of derivative financial instruments used to hedge the cash flow of hedged items that do not have their fair value adjustments recorded in the books do not make up the basis of calculation for purposes of calculating the Reference Equity. The amounts reported include these adjustments.

(2) Consider the effects of applying § 10 of article 5 of CMN Resolution No. 4,955/2021, which authorizes financial institutions to stop deducting from Principal Capital, tax credits for tax losses arising from a short position in foreign currency carried out with the objective of to provide hedge for its participation in investments abroad in the following schedule: I - at least 50% (fifty percent), until June 30, 2022; II - 100% (one hundred percent), until December 31, 2022 and III - 100% (one hundred percent), remains from January 2023.

(3) The balance of Subordinated Debt instruments issued prior to CMN Resolution No. 4,955/2021 was considered with the application of the reducers established in art. 27 of the aforementioned Resolution.

(4) Corresponds to the application of the factor “F” to the amount of RWA, with “F” being equal to 8% of the RWA.

(5) It represents at least 4.5% of RWA.

(6) It represents at least 6% of RWA.

(7) Additional Principal Capital (ACP) which corresponds to the Conservation Additional and Countercyclical Additional.

Prudential Adjustments deducted from Common Equity:

	06.30.2023	12.31.2022
Prudential Adjustments I - Goodwill paid	(204,400)	(184,611)
Prudential Adjustments II - Intangible assets	(1,154,591)	(1,049,187)
Prudential Adjustments VII - Deferred tax assets from Intertemporal differences	(270,886)	(451,864)
Prudential Adjustments VIII - Deferred tax assets of Tax losses/negative basis of CSLL	(1,239,228)	(1,061,246)
Prudential Adjustments XV – Understatement - Resolution No. 4,277/13 Adjustments	(1,610)	(1,784)
Total	**(2,870,715)**	**(2,748,692)**

Fixed asset index

The fixed asset ratio of the Prudential Conglomerate totaled 8.00% (12.17% on December 31, 2022), being calculated in accordance with CMN Resolutions No. 4,957/2021, which came into effect on January 1, 2022. There were no relevant impacts on the determination of the Prudential Conglomerate's fixed assets ratio with this normative change.

	06.30.2023	12.31.2022
Fixed assets limit	**5,871,307**	**5,680,747**
Value of fixed assets limit position	939,115	1,382,286
Value of margin or insufficiency	4,932,192	4,298,461

In accordance with BCB Resolution nº 54/2020, the Conglomerate holds additional information of its procedure of capital and risks management in the website: www.bancobv.com.br/ri.

(In thousands of Reais, unless otherwise started)

31. ENVIRONMENT, SOCIAL AND GOVERNANCE - ESG PRACTICES

a) Governance and regulation

The Parent Company established its long-term ESG commitments, until 2030, called the “Pact for a lighter future”, which defines 5 public goals that will guide the Conglomerate's actions, divided into 3 pillars: climate change, sustainable business and diversity. In addition, the bank included sustainability targets in the variable compensation of executives and in the strategic planning, as described in explanatory note 28. In June 2022, the Board of Directors approved the creation of the ESG Committee to advise on socio-environmental aspects.

The Central Bank of Brazil published Resolution No. 139 and Normative Instruction No. 153, which came into force in December 2022, which provide for the disclosure of the Social, Environmental and Climate Risks and Opportunities Report (GRSAC), as well as establishing the information that must be included in their standardized tables. It also published CMN Resolution No. 4945/2021, which provides for the Social, Environmental and Climate Responsibility Policy (PRSAC), which came into force in July 2022 for institutions classified as S2, which is the case of Banco BV. PRSAC consists of a set of principles of a social, environmental and climate nature to be observed in the conduct of the Institution's business, as well as its relationship with interested parties. The Sustainability and Socio-environmental Responsibility Policy and the Bank's Sustainability Report can be consulted at www.bancobv.com.br/ir.

The socio-environmental risk management guidelines and definitions established by CMN Resolution No. 4,943/2021, which to include a specific section with definitions and requirements for managing social, environmental and climate risks applicable to Financial Institutions, coming into force in July 2022 for an institution classified under S2, which is the case of Banco BV. Additional information on social, environmental and climate risk and its management by the Conglomerate is described in note 30.1.e.

In June 2022, the Federal Accounting Council created, through CFC Resolution n°1.670/22, the Brazilian Sustainability Pronouncements Committee, which aims to study and prepare technical documents on sustainability disclosure standards and the disclosure of information of this nature.

b) Environment

Banco BV is one of the main banks that finance photovoltaic panels for solar energy for residential use and on June 30, 2023 this portfolio is R$ 4,637,108 (R$ 4,640,703 on December 31, 2022).

In the year ended December 31, 2022, Banco BV issued green bonds (CDB green) in the amount of R$ 593,255. In 2022, the bank also raised R$ 786,960 (USD 150,000) from the International Finance Corporation (IFC), whose resources are used to expand access to financing sustainable vehicles in Brazil, including electric, hybrid and multi-fuel vehicles , contributing to the reduction of greenhouse gas emissions in the country.

Funding	Currency	issued amount	Interest rates p.a.	Issuance year	Maturity year	arent Company and Consolidate	
						06.30.2023	12.31.2022
Deposits (Note 18a)						**298,627**	**317,315**
term deposits						**298,627**	**317,315**
Variable rate	R$	137,000	from 104,60% to 107,30% of DI	2022	2024	140,188	10,913
Foreign exchange	USD	29,028	from 98,10% to 102,86% of DI + exchange variation	2022	2023	158,439	306,402
Resources for acceptance and issuance of securities (Note 20)						**1,213,358**	**1,173,233**
Obligations for TVM abroad						**242,701**	**262,770**
Foreign exchange	USD	50,000	3,35% p.a. + exchange variation	2020	2024	242,701	262,770
Financial bills						**970,657**	**910,463**
Variable rate	R$	298,150	from 1,03% p.a. to 1,37% p.a. + DI	2021	2025	376,705	351,249
Variable rate	R$	466,700	from 5,26% p.a. to 5,84% p.a. + IPCA	2021	2027	593,952	559,214
Borrowings and onlendings (Note 19b)						**731,324**	**790,148**
Borrowing obligations						**731,324**	**790,148**
Taken from bankers abroad	USD	150,000	from 5,05% p.a. to 5,54% p.a. + exchange variation	2022	2027	731,324	790,148
Total						**2,243,309**	**2,280,696**

The BV bank has made a public commitment to offset all CO_2 emissions from the cars it finances. In the semester ended June 30, 2023, Banco BV recognized in income (in Other operating expenses) the provision for CO_2 expenses, in contra entry to the corresponding liability, recorded in Other liabilities - Compensation of CO_2 emissions by vehicles financed by the bank BV. The bank acquired carbon credits and green bonds, representing a total of 9.595 million tons of CO_2, recorded under Other assets and their consumption is carried out based on the volume of CO_2 produced by financed vehicles, recorded under Other operating expenses (until December 31, 2022, prior to the effectiveness of BCB Normative Instruction No. 325, these assets were recorded under Intangible assets and their compensation under Other administrative expenses). The accounting practices adopted by the Institution for the recognition and measurement of carbon credits and green bonds that are acquired and the liability corresponding to the commitment to offset carbon emissions are described in explanatory notes 4t and 4r, respectively.

(In thousands of Reais, unless otherwise started)

The table below shows the accounting effects of the equity record and income:

	Parent company and Consolidated	
	06.30.2023	31.12.2022
Asset	**65,833**	**66,417**
Other assets (Note 13)	**65,833**	**-**
Sustainability assets	81,078	-
Consumption of sustainability assets	(15,245)	-
Intangible assets (note 17a)	**-**	**66,417**
Carbon credits - Cost value	-	77,267
Carbon Credits - Accumulated amortization	-	(10,850)
Liabilities		
Other liabilities (note 22a)	**818**	**672**
Compensation of CO_2 emissions by vehicles financed by BV bank	818	672

	1st Semester/ 2023	1st Semester/ 2022
Income		
Other administrative expenses (note 23d)	**-**	**(2,912)**
Amortization	-	(2,912)
Other operating expenses (note 23f)	**(4,542)**	**(107)**
Provision for offsetting CO_2 emissions by vehicles financed by BV bank	(146)	(107)
Consumption of sustainability assets	(4,396)	-
Total expenses recognized in income	**(4,542)**	**(3,019)**

The Bank also offsets its Greenhouse Gas (GHG) emissions, the commitment is the annual compensation of 100% of direct GHG emissions.

c) Social

The BV bank supports several social projects that are encouraged. Detailed disclosure on social responsibility is presented in the Sustainability Report available on the website www.bancobv.com.br/ir.

32. OTHER INFORMATION

a) Information about branches abroad

	06.30.2023		12.31.2022	
	Luxemburgo Branch [1]	Nassau Branch	Luxemburgo Branch [1]	Nassau Branch
Total assets	**2,673**	**7,064,239**	**4,625**	**7,109,571**
Total liabilities	**2,673**	**7,064,239**	**4,625**	**7,109,571**
Liabilities	198	5,381,106	-	5,386,651
Net worth [2]	2,475	1,683,133	4,625	1,722,920
	1º Semester/2023		1º Semester/2022	
Income (loss)	**(1,797)**	**83,988**	**-**	**86,731**

(1) In May 2022, Banco BV obtained authorization from Bacen to set up a branch in Luxembourg (Note 2d).

(2) Include exchange variation.

b) Insurance coverage

The Conglomerate contracts insurance coverage for assets subject to risks for amounts considered to be sufficient to cover eventual claims, considering the nature of its activity.

Insurance coverage

	06.30.2023		31.12.2022	
Covered risk	Covered values	Insurance premium	Covered values	Insurance premium
Parent Company				
Insurance Guarantee - Guarantee for legal proceedings	1,129,433	8,026	1,318,648	8,200
Real estate insurance for properties in use of relevant third parties	117,300	36	117,300	36
Cybersecurity insurance	100,000	2,986	100,000	2,986
Consolidated				
Insurance Guarantee - Guarantee for legal proceedings	1,335,724	9,351	1,834,684	10,052
Real estate insurance for properties in use of relevant third parties	117,300	36	117,300	36
Cybersecurity insurance	100,000	2,986	100,000	2,986

(In thousands of Reais, unless otherwise started)

c) Agreements for offset and settlement of liabilities in the scope of the National Financial System

Agreements were executed for the offset and settlement of receivables and payables pursuant to CMN Resolution No. 3,263/2005, the purpose of which is to enable the offsetting of credits and debits maintained with the same counterparty, and in which the maturity dates of receivables and payables can be advanced to the date in event of default by one of the parties occurs or in case of the bankruptcy of the debtor.

d) Reconciliation of equity transactions with cash flows arising from financing activities

Parent Company and Consolidated	Liabilities			Shareholder's equity		Total
	Subordinated debts	Debt instruments eligible for capital	Dividends and interest over capital	Capital	Capital and income reserves [1]	
Balance in 12.31.2022	**53,864**	**2,613,770**	**271,700**	**8,480,372**	**4,320,987**	**15,740,693**
Resources from the allocation of income	-	-	-	-	28,166	28,166
Changes with cash effect	**(60,076)**	**(279,926)**	**(93,600)**	**-**	**-**	**(433,602)**
Interest on equity paid [2]	-	-	(93,600)	-	-	(93,600)
Liquidation	(60,076)	(426,426)	-	-	-	(486,502)
Resources from new funding	-	146,500	-	-	-	146,500
Changes with no cash effect	**6,212**	**189,343**	**323,000**	**-**	**(83,745)**	**434,810**
Interest expenses	6,212	189,343	-	-	-	195,555
Interest on equity not paid [2]	-	-	323,000	-	(83,745)	239,255
Balance on 06.30.2023	**-**	**2,523,187**	**501,100**	**8,480,372**	**4,265,408**	**15,770,067**

Parent Company and Consolidated	Liabilities			Shareholder's equity		Total
	Subordinated debts	Debt instruments eligible for capital	Dividends and interest over capital	Capital	Capital and income reserves [1]	
Balance in 12.31.2021	**93,651**	**3,494,796**	**595,000**	**8,130,372**	**3,327,752**	**15,641,571**
Resources from the allocation of income	-	-	-	-	41,634	41,634
Changes with cash effect	**(50,373)**	**12,355**	**(245,000)**	**-**	**-**	**(283,018)**
Interest on equity paid [2]	-	-	(245,000)	-	-	(245,000)
Liquidation	-	(249,277)	-	-	-	(249,277)
Transfers	(250,473)	250,473	-	-	-	-
Resources from new funding	200,100	-	-	-	-	200,100
Taxes	-	11,159	-	-	-	11,159
Changes with no cash effect	**6,779**	**81,405**	**(205,933)**	**350,000**	**-**	**232,251**
Transfers	-	-	(350,000)	350,000	-	-
Interest expenses	6,779	184,155	-	-	-	190,934
Exchange rate variation	-	(102,750)	-	-	-	(102,750)
Interest on equity not paid [2]	-	-	144,067	-	-	144,067
Balance on 06.30.2022	**50,057**	**3,588,556**	**144,067**	**8,480,372**	**3,369,386**	**15,632,438**

(1) Refers to the balance of Banco Votorantim's capital and profit reserves. Does not include profit for the period recorded in retained earnings.
(2) Net value of taxes.

e) Administration and management of third-party resources

Position of investment funds managed and/or managed by BV Distribuidora de Títulos e Valores Mobiliários SA [1]:

	Quantity of funds/portfolios		Balance	
	06.30.2023	31.12.2022	06.30.2023	31.12.2022
Investment funds and portfolios managed accounts	-	192	-	47,821,997

(1) In August 2022, Banco BV entered into a strategic partnership with Banco Bradesco, which, through one of its subsidiaries, acquires 51% of the capital of BV DTVM. In February 2023, with the completion of the transaction, the Company ceased to be a subsidiary, becoming an affiliate and, as a result, ceased to be consolidated. As a result, the amounts of third-party funds managed by BV DTVM are now part of Banco Bradesco's position (note 2d).

f) Strategic alliance and signing of a memorandum of understanding with Méliuz

On March 8, 2023, after fulfilling all applicable conditions precedent and closing acts provided for in the Purchase and Sale Agreement, BV and Méliuz concluded the strategic alliance announced on December 30, 2022, comprising:

- Commercial agreement to offer BV financial products and services to Méliuz customers; It is
- Acquisition of a 3.85% stake in Méliuz and an option to purchase all the shares held by certain shareholders.

Regarding the acquisition of control of Bankly, on June 2, 2023, within the scope of the strategic alliance signed with Méliuz SA, the definitive Investment Agreement was signed for the acquisition of 100% of the shares of Acesso Soluções de Pagamento SA (Bankly) and up to 100% of the shares of Acessopar Investimentos e Participações SA (Acessopar, Bankly's holding), through its subsidiary, Banco BV S.A. The execution of this operation and the respective accounting effects are subject to certain conditions precedent (including approval of regulatory bodies).

33. SUBSEQUENT EVENTS

a) Credit assignments

Credit assignments without co-obligation of active operations

In July 2023, Banco BV carried out credit assignments without co-obligation with substantial retention of risks and benefits with a controlled entity in the amount of R$ 94,987.

Credit assignments without co-obligation previously written off as loss

In July 2023, Banco BV carried out credit assignments without co-obligation of credits previously written off as losses with third parties in the amount of R$ 716,672.

THE BOARD **Rodrigo Morais - Accountant - CRC 1SP-220814/O-6**

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