

BANCO SUMITOMO MITSUI BRASILEIRO S.A.

Financial statements as of December 31, 2023.

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Management report

Shareholders:

In compliance with legal provisions, we submit for your appreciation the financial statements for the semester and year ended December 31, 2023, where net income for the year was R\$236,447 thousand (R\$137,223 thousand on December 31, 2022), total assets, R\$9,533,238 thousand (R\$ 9,533,514 thousand on December 31, 2022) and the loans portfolio, R\$1,493,759 thousand (R\$2,071,403 thousand on December 31, 2022).

Dividends:

Corporate legislation and the bylaws state that a minimum of 25% of net income for the year shall be distributed to shareholders in the form of dividends and/or interest on shareholders' equity. On December 31, 2023, a decision was made not to set up a provision for dividends, and income for the year was allocated to the statutory reserve for future distribution.

The fees paid to the external audit for audit and non-audit services will be disclosed in the *Annual Report* of Sumitomo Mitsui Financial Group, Inc. 31 December 2023.

We remain at your disposal should you need any further clarifications, and we inform you that all accounting documents supporting these financial statements are at the Bank's headquarters.

São Paulo, March 26, 2024.

KPMG Auditores Independentes Ltda.
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Independent auditors' report on the financial statements

To the Shareholders of
Banco Sumitomo Mitsui Brasileiro S.A.
Sao Paulo-SP

Opinion

We have examined the financial statements of Banco Sumitomo Mitsui Brasileiro S.A. ("Bank"), which comprise the balance sheet as of December 31, 2023 and the respective statements of income, comprehensive income, changes in equity and cash flows for the semester and year then ended, as well as the corresponding notes, including a summary of the significant accounting policies.

In our opinion, the financial statements referred to above adequately present, in all material respects, the equity and financial position of Banco Sumitomo Mitsui Brasileiro SA as of December 31, 2023, the performance of its operations and its cash flows for the semester and fiscal year then ended, in accordance with the accounting practices adopted in Brazil applicable to institutions authorized to operate by the Central Bank of Brazil - Bacen.

Basis for opinion

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

Key audit matters

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

Provisions for expected losses associated with credit risk

See notes 3g and 9 to the financial statements.

Key audit matter

As mentioned in notes No. 3g and 9, for the purposes of measuring the provision for expected losses associated with credit risk, loan and foreign exchange transactions are classified according to management's judgment regarding the level of risk, in accordance with the policy of the Bank that takes into account the economic situation, past experience and specific risks in relation to each transaction, its debtors and guarantors, observing the parameters established by CMN Resolution No. 2.682/99, which requires periodic analysis of the portfolio and its classification in nine levels, from "AA" (minimum risk) to "H" (loss).

The Bank applies the loss percentages determined by said Resolution to each risk level for the purpose of calculating the provision for expected losses associated with credit risk and, in addition to the parameters established in said Resolution, the Bank recognizes an additional provision, based on internal methodology.

The classification of loan transactions into risk levels and the measurement of the provision for losses associated with credit risk involve the Bank's assumptions and judgments based on its internal methodologies.

Due to the relevance of loan transactions and the uncertainties inherent in determining the estimate of the provision for expected losses associated with credit risk and the complexity of the methods and assumptions used, as well as the judgment involved in its determination, we consider this to be a key audit matter.

How our audit addressed this issue

Our audit procedures included, but are not limited to:

- We assessed the design and effectiveness of key internal controls related to the processes of approval, registration and updating of loan transactions, as well as to the internal methodologies for assessing customers' risk levels ("ratings") that support the classification of transactions and the main assumptions used in determining the provision for expected losses associated with credit risk.
- We assessed, based on sampling, the information that supports the definition and review of customers' ratings by the Bank, such as the loan application, financial and registration information and the amounts given in formal guarantees, including the methodologies and assumptions used for the provision.
- We analyzed the arithmetic calculation of the provision, and included in our assessment compliance with the requirements established by CMN Resolution No. 2.682/99 related to the calculation of the provision for expected losses associated with credit risk.
- We also assessed whether the disclosures made in the financial statements are appropriate in relation to current standards.

Based on the evidence obtained through the procedures summarized above, we consider that the assumptions used in measuring the provisions for expected losses associated with credit risk are acceptable, as well as the respective disclosures, in the context of the financial statements taken as a whole for the semester and fiscal year ended December 31, 2023.

Measurement of the fair value of derivative financial instruments, including assessment of accounting hedge structures

See notes 3f and 7 (item 4) of the financial statements.

Key audit matter	How our audit addressed this issue
<p>As disclosed in notes No. 3f and 7 (item 4), the Bank carries out transactions with derivative financial instruments aimed at protecting market price variations and mitigating foreign currency and interest rate risks of its assets and liabilities and contracted cash flows. These derivative financial instruments comprise Swaps, Non-Deliverable Forwards (NDF) and Futures transactions.</p> <p>The mark-to-market methodology for these derivative financial instruments was established based on consistent and verifiable criteria that take into account the closing price, or adjustment price, when applicable, on the day of calculation or, failing that, through pricing models that reflect the probable net realization value, or even the price of a similar financial instrument, taking into account, at least, the payment and maturity terms, the currency or index, and the credit risk associated with the counterparty.</p> <p>Additionally, the Bank has Futures contracts, which were entered into with the purpose of mitigating the effect of exchange rate variations on funding carried out in foreign currency and loan transactions prefixed in reais. These transactions were designated as hedging derivatives and classified as Market Risk Hedge or Cash Flow Hedge transactions.</p> <p>Transactions as hedge are measured at market value. The fair value measurement of both derivatives and the hedged item must meet the criteria determined by BACEN Circular No. 3.082/02, a standard that establishes and consolidates criteria for recording and accounting valuation of derivative financial instruments, in addition to policies and controls to ensure their effectiveness.</p> <p>Due to the uncertainty regarding the assumptions and estimates involved in pricing derivative financial instruments and measuring the market value of the hedged item, we consider this to be a key audit matter.</p>	<p>Our audit procedures included, but are not limited to:</p> <ul style="list-style-type: none"> • We assessed the design and operational effectiveness of the key internal controls adopted by the Bank to measure the market value of derivative financial instruments, including derivatives intended for hedging, and the hedged items. • With the help of our experts in financial instruments, we tested the models developed by the Bank's professionals to determine fair values and the reasonableness of the criteria for defining the parameters and information included in the pricing models used, we recalculated the fair value of the transactions and compared the assumptions used to determine fair value with similar transactions in the market. • Furthermore, with the help of our experts in financial instruments, we gained an understanding of the hedging strategies adopted by the Bank, including those related to hedge accounting to preserve the spread of investments, interbank deposits and onlending transactions. We assessed the sufficiency of the documentation prepared by the Bank that supports the designation as hedge accounting, specifically the formal designations containing descriptions of all strategies and methodologies used to measure effectiveness. • We also recalculated the prospective and retrospective coverage effectiveness test prepared by the Bank. • Additionally, we analyzed whether the information presented in the notes meets all disclosure requirements determined by current regulations.

Based on the evidence obtained through the procedures summarized above, we consider the fair value measurement of derivative financial instruments to be acceptable, including derivatives intended for hedging, and the hedged items, in the context of the financial statements taken as a whole referring to the semester and year ended December 31, 2023.

Other information accompanying the financial statements and auditors' report

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

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

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

Responsibilities of management and governance for the financial statements

Management is responsible for the preparation and adequate presentation of the financial statements in accordance with the accounting practices adopted in Brazil applicable to institutions authorized to operate by the Central Bank of Brazil - Bacen and for the internal controls that it determined as necessary to allow the preparation of financial statements that are free from material misstatement, whether caused by fraud or error.

In preparing the financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, when applicable, matters related to its operational continuity and the use of this accounting basis in preparing the financial statements, unless the management intends to liquidate the Bank or cease its operations, or has no realistic alternative but to do so. Those responsible for the Bank's governance are those responsible for supervising the process of preparing the financial statements.

Auditors' responsibilities for auditing the financial statements

Our objectives are to obtain reasonable assurance that the financial statements, taken as a whole, are free from material misstatement, whether caused by fraud or error, and to issue an audit report containing our opinion. Reasonable assurance is a high level of assurance, but not a guarantee that the audit carried out in accordance with Brazilian and international auditing standards will always detect any existing relevant distortions. Misstatements may arise from fraud or error and are considered material when, individually or collectively, they may influence, within a reasonable perspective, users' economic decisions made based on said financial statements.

As part of the audit performed in accordance with Brazilian and international auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. Furthermore:

- We identify and assess the risks of material misstatement in the financial statements, regardless of whether caused by fraud or error, plan and perform audit procedures in response to such risks and obtain sufficient appropriate audit evidence to support our opinion. The risk of not detecting a material misstatement resulting from fraud is greater than that arising from error, as fraud may involve the act of circumventing internal controls, collusion, forgery, omission or intentional misrepresentations.
- We obtain an understanding of the internal controls relevant to the audit to plan audit procedures appropriate to the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal controls.
- We assess the adequacy of the accounting policies used and the reasonableness of the accounting estimates and respective disclosures made by management.
- We conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether there is material uncertainty regarding events or conditions that may raise significant doubt regarding the Bank's ability to continue as a going concern.

concern. If we conclude that material uncertainty exists, we should draw attention in our audit report to the related disclosures in the financial statements or include a modification of our opinion if the disclosures are inadequate. Our conclusions are based on audit evidence obtained up to the date of our report. However, future events or conditions may lead the Bank to no longer continue as a going concern.

- We assess the overall presentation, structure and content of the financial statements, including disclosures, and whether the financial statements represent the corresponding transactions and events in a manner consistent with the objective of fair presentation.

We communicate with those responsible for governance regarding, among other things, the planned scope, timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our work.

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

São Paulo, March 26, 2024.

KPMG Auditores Independentes Ltda.

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(sgd)

Mark Suda Yamashita

CRC SP Counter - 1SP271754/O-9

Banco Sumitomo Mitsui Brasileiro SA
Financial statements
on December 31, 2023



Banco Sumitomo Mitsui Brasileiro S.A.
Statements of Financial Position
December 31, 2023 and 2022
(In Thousands of Reals)

ASSETS	Note	December/2023	December/2022
Cash and cash equivalents	4	96.008	80.261
FINANCIAL ASSETS		9.221.704	9.301.636
Interbank funds applied	5	2.989.718	3.292.408
Money market		1.695.719	2.041.055
Interbank deposits		1.047.015	1.126.112
Foreign currency		246.984	125.241
Securities	6	2.499.456	1.816.302
Own portfolio		1.081.455	1.249.619
Subjected to guarantees		1.418.001	566.683
Derivative financial instruments	7	539.102	237.733
Interbank accounts		257.967	404.298
Deposits at the Central Bank of Brazil - BACEN		2.513	2.525
Interbank on-lending	8	255.510	401.872
Provision for expected credit losses	8	(56)	(99)
Lending		1.491.427	2.067.603
Loans	9.a	1.493.759	2.071.403
Provision for expected credit losses	9.e	(2.332)	(3.800)
Exchange operations		1.444.034	1.483.292
Foreing exchange portfolio	10	1.445.882	1.484.752
Provision for expected credit losses	9.e	(1.848)	(1.460)
OTHER ASSETS	12	106.148	66.964
TAX ASSETS	11	102.081	78.802
Current tax assets		32.077	21.990
Tax Credit		70.004	56.812
INVESTMENTS		98	123
FIXED ASSETS	13.a	3.265	2.967
Other fixed assets		16.695	16.541
Accumulated depreciation		(13.430)	(13.574)
INTANGIBLE ASSETS	13.b	3.934	2.761
Intangible Assets		16.840	14.727
Accumulated depreciation		(12.906)	(11.966)
TOTAL ASSETS		9.533.238	9.533.514

*See the accompanying notes to the financial statements.

LIABILITIES	Note	December/2023	December/2022
FINANCIAL LIABILITIES		6.758.127	7.140.819
Deposits	14.a	2.080.890	2.139.016
Demand deposits		75.264	90.076
Interbank deposits		-	204.208
Time deposits		2.005.626	1.844.732
Moeny market funding	14.c	15.009	31.006
Securities Issued	15	114.495	100.128
Interbranch accounts		31.835	45.733
Derivative financial instruments	7	159.941	94.155
Obligations for loans abroad	16.a	545.297	830.006
Foreing on-lendings	16.b	2.880.745	3.308.293
Foreing exchange portfolio	10	929.915	592.482
OTHER LIABILITIES	17	289.288	57.344
PROVISIONS		75.415	64.193
Tax, civil and labor	18	19.317	20.739
Other	17.b	56.098	43.454
TAX LIABILITIES		185.025	156.841
Current tax liabilities		90.480	81.216
Deferred tax obligations	20.c	94.545	75.625
EQUITY		2.225.383	2.114.317
Capital:		1.559.699	1.559.699
Domestic		2	2
Foreign		1.559.697	1.559.697
Profit Reserves		651.612	564.865
Mark-to-market of securities	6.a	(606)	(902)
Cash flow hedge		19.039	(14.062)
Adjustments to actuarial liabilities - CVM 600		(21.636)	(16.116)
Foreing exchange adjustments to investments		17.275	20.833
TOTAL LIABILITIES		9.533.238	9.533.514

Banco Sumitomo Mitsui Brasileiro SA
Financial statements
on December 31, 2023



Banco Sumitomo Mitsui Brasileiro S.A.
Statements of profit or loss
December 31, 2023 and 2022
(In thousands of Reals, except income per lot of a thousand shares)

	Note	2nd Semester	December/2023	December/2022
Financial operations revenue		<u>456.825</u>	<u>587.228</u>	<u>497.414</u>
Loans	21.a	137.285	289.366	243.874
Income from securities income	21.b	313.494	605.837	554.411
Income from derivative financial instruments	21.c	(63.657)	(345.899)	(358.815)
Foreign exchange transactions	21.d	69.703	37.924	57.944
Financial operations expenses		<u>(190.440)</u>	<u>(367.716)</u>	<u>(296.395)</u>
Deposits, money market and interbank funds	21.e	(131.757)	(248.993)	(234.047)
Borrowings and on-lendings	21.f	(58.683)	(118.723)	(62.348)
Gross income on financial operations		<u>266.385</u>	<u>219.512</u>	<u>201.019</u>
(-) Provision for expected credit losses	9.e	2.216	1.080	(489)
Other operating revenue (expenses)		<u>(103.478)</u>	<u>102.966</u>	<u>44.753</u>
Service fee income	21.g	54.999	101.919	93.044
Personnel expenses	21.h	(65.780)	(122.314)	(92.031)
Other administrative expenses	21.i	(31.281)	(60.402)	(63.032)
Tax expenses	21.j	(15.812)	(31.263)	(20.648)
Other operating revenues / (expenses)	21.k	(48.001)	213.605	115.815
(Provision for) / Reversal of provision for contingent liabilities	21.l	2.397	1.421	11.605
Operating income		<u>165.123</u>	<u>323.558</u>	<u>245.283</u>
Non-operating income		<u>23</u>	<u>240</u>	<u>29</u>
Income before taxation		<u>165.146</u>	<u>323.798</u>	<u>245.312</u>
Income tax and social contribution	20	<u>(1.884)</u>	<u>(80.547)</u>	<u>(103.084)</u>
Income Tax		(11.390)	(55.337)	(44.252)
Social contribution		(8.620)	(42.290)	(36.964)
Deferred assets		18.126	17.080	(21.868)
Statutory profit-sharing		<u>(3.371)</u>	<u>(6.804)</u>	<u>(5.005)</u>
Net income for the period		<u>159.891</u>	<u>236.447</u>	<u>137.223</u>
Number of shares		<u>1.559.699</u>	<u>1.559.699</u>	<u>1.559.699</u>
Net income per lot of a thousand shares - R\$		<u>102,51</u>	<u>151,60</u>	<u>87,98</u>

*See the accompanying notes to the financial statements.

Banco Sumitomo Mitsui Brasileiro SA
Financial statements
on December 31, 2023



Banco Sumitomo Mitsui Brasileiro S.A.

Statements of Comprehensive Income

December 31, 2023 and 2022

(In Thousands of Reais)

	<u>2nd Semester</u>	<u>December/2023</u>	<u>December/2022</u>
Net income for the period	159.891	236.447	137.223
Comprehensive income that may be subsequently reclassified to net income:	<u>38.480</u>	<u>29.839</u>	<u>33.778</u>
Available-for-sale financial assets			
Change in fair value	407	538	165
Tax Effect	(183)	(242)	(74)
Foreing exchange adjustments to investments abroad			
Change in fair value	378	(6.469)	(6.207)
Tax Effect	(170)	2.911	2.793
Cash flow hedges			
Change in fair value	69.178	60.184	67.456
Tax Effect	(31.130)	(27.083)	(30.355)
Comprehensive income that might not be subsequently reclassified to net income:	<u>(2.460)</u>	<u>(5.520)</u>	<u>(6.513)</u>
Adjustment to actuarial liabilities			
Change in fair value	(4.473)	(10.036)	(11.842)
Tax Effect	2.013	4.516	5.329
Total other comprehensive income for the period	36.020	24.319	27.265
Total comprehensive income	<u>195.911</u>	<u>260.766</u>	<u>164.488</u>

*See the accompanying notes to the financial statements.

Banco Sumitomo Mitsui Brasileiro SA
Financial statements
on December 31, 2023



Banco Sumitomo Mitsui Brasileiro S.A.
Statement of changes in net worth
December 31, 2023 and 2022
(In Thousands of Reais)

Note	Profit Reserve			Other Comprehensive Income				Retained	Total
	Realized capital	Legal	Statutory	Own	Hedge gains and losses	Adjustment to Actuarial Liabilities	Foreing exchange adjustments to investments		
Balances at December 31, 2021	1.559.699	23.334	404.308	(993)	(51.163)	(9.603)	24.247	-	1.949.829
Mark-to-market of securities and derivatives				91	37.101				37.192
Adjustments to actuarial liabilities						(6.513)			(6.513)
Foreing exchange adjustments to investments abroad							(3.414)		(3.414)
Resolution 4.524									
Net income for the year								137.223	137.223
Legal reserve	19.c	6.861						(6.861)	-
Statutory reserve	19.d		130.362					(130.362)	-
Balances at December 31, 2022	1.559.699	30.195	534.670	(902)	(14.062)	(16.116)	20.833	-	2.114.317
Balances at December 31, 2022	1.559.699	30.195	534.670	(902)	(14.062)	(16.116)	20.833	-	2.114.317
Mark-to-market of securities and derivatives				296	33.101				33.397
Adjustments to actuarial liabilities						(5.520)			(5.520)
Foreing exchange adjustments to investments abroad							(3.558)		(3.558)
Resolution 4.524									
Net income for the year								236.447	236.447
Legal reserve		11.822						(11.822)	-
Statutory reserve			74.925					(74.925)	-
Interest on equity								(149.700)	(149.700)
Balances at December 31, 2023	1.559.699	42.017	609.595	(606)	19.039	(21.636)	17.275	-	2.225.383
Balances at June 30, 2023	1.559.699	34.023	607.398	(830)	(19.009)	(19.176)	17.067	-	2.179.172
Mark-to-market of securities and derivatives				224	38.048				38.272
Adjustments to actuarial liabilities						(2.460)			(2.460)
Foreing exchange adjustments to investments abroad							208		208
Resolution 4.524									
Net income for the semester								159.891	159.891
Legal reserve	19.c	7.994						(7.994)	-
Statutory reserve	19.d		2.197					(2.197)	-
Interest on equity								(149.700)	(149.700)
Balances at December 31, 2023	1.559.699	42.017	609.595	(606)	19.039	(21.636)	17.275	-	2.225.383

*See the accompanying notes to the financial statements.

Banco Sumitomo Mitsui Brasileiro SA
Financial statements
on December 31, 2023



Banco Sumitomo Mitsui Brasileiro S.A .
Statement of Cash Flow
December 31, 2023 and 2022
(In Thousands of Reais)

	2nd Semester	December/2023	December/2022
Operating activities			
Adjusted net income	233.130	211.832	10.677
Income for the period	159.891	236.447	137.223
Adjustments to net income	73.239	(24.615)	(126.546)
Adjustment to market value of securities and derivative financial instruments (assets/liabilities)	81.047	(13.379)	(125.490)
Income in financial assets measured at fair value through OCI	(407)	(537)	(166)
Adjustment to the provision for expected credit losses	(2.217)	(1.080)	488
Adjustment to provision for (reversal of) interbank operations	(7)	(43)	(50)
Adjustment to provision for (reversal of) financial guarantees submitted	(1.202)	(857)	3.727
Depreciation and amortization	41	778	2.070
Adjustment to provision for tax risks	(43)	5	10.690
Adjustment to provision for contingent liabilities	(2.354)	(1.426)	(915)
Deferred Taxes	(18.126)	(17.080)	(21.868)
Monetary (restatement) / Reversal of judicial deposits	(54)	(54)	(223)
Provisions for / Reversals of personnel bonuses	16.561	9.058	6.290
Other	0	0	(1.099)
Change in assets and liabilities	(456.873)	540.838	(1.250.786)
(Increase) Decrease in Interbank funds applied	(581.628)	262.488	(1.311.234)
(Increase) Decrease in securities and derivative financial instruments (assets/liabilities)	(747.123)	(904.820)	334.370
(Increase) Decrease in interbank accounts (asset/liabilities)	(13.405)	132.433	124.201
(Increase) Decrease in loans	508.619	576.393	(383.084)
(Increase) Decrease in foreign exchange portfolio	376.322	376.303	(11.585)
(Increase) Decrease in securities trading and intermediation (assets/liabilities)	(80.727)	25.229	(115.074)
(Increase) Decrease in other assets	(543)	(70.907)	55.419
Provision for income and social contribution taxes	20.010	9.264	19.227
Income tax and social contribution paid	(18.464)	(9.908)	(3.202)
(Decrease) Increase In Other Liabilities	80.066	144.363	40.176
Net cash provided by or used in operating activities	(223.743)	752.670	(1.240.109)
Investment Activities			
(Acquisition) sale of PP&E intangible assets	(1.512)	(1.173)	1.111
(Acquisition) sale of PP&E in use	501	(316)	437
(Acquisition) sale of investments	0	25	0
Net cash provided by or used in investment activities	(1.011)	(1.464)	1.548
Financing Activities			
Increase (Decrease) in deposits	307.519	(58.126)	467.221
Increase (Decrease) in money market funding	15.009	(15.996)	31.006
Increase (Decrease) in securities issued	7.274	14.367	100.128
Increase (Decrease) in onlending and loan obligations	(202.828)	(715.906)	403.702
Net cash provided by or used in financing activities	126.974	(775.661)	1.002.057
Increase / (Decrease) in cash and cash equivalents	(97.780)	(24.455)	(236.504)
Cash at beginning of period	73.613	80.261	567.751
Cash equivalents at beginning of period	367.159	287.186	36.199
Total cash and cash equivalents at beginning of period	440.772	367.447	603.950
Cash at end of period	96.008	96.008	80.261
Cash equivalents at end of period	246.984	246.984	287.186
Total cash and cash equivalents at end of period	342.992	342.992	367.447
Changes in cash and cash equivalents in the period	(97.780)	(24.455)	(236.504)
	-0	0	

*See the accompanying notes to the financial statements.

Summary of the Audit Committee Report

Introduction:

According to CMN Resolution 4.910 from Central Bank of Brazil, it is incumbent on the Audit Committee ("Committee") to ensure the quality and integrity of the Financial Statements of Banco Sumitomo Mitsui Brasileiro S.A. ("Bank"), for compliance with legal and regulatory requirements, for the performance, independence and quality of the work of the external audit and internal audit and for the quality and effectiveness of the Bank's internal control and risk management systems. The Committee shall consist of four (4) full and independent members, elected in accordance with the criteria laid down in the rules of the National Monetary Council ("CMN").

The Committee's assessments are based on information received from the Bank's Management, external auditors, internal audit, for those in charge of risk management, internal controls and compliance, the Bank's legal advisors and its own analyses.

KPMG Auditores Independentes Ltda. is the independent audit firm contracted to review the Bank's Financial Statements, prepared in accordance with Brazil's accounting practices and in compliance with the standards published by the Central Bank of Brazil.

Internal Audit focuses on issues that represent higher risk potential and on the assessment of internal control and risk management systems, providing the Committee with critical view of the quality of processes and monitoring of risks.

Activities carried out during the period:

At a meeting held on March 21, 2024 with our internal and external auditors, the revision work on the financial statements for the semester and year ended December 31, 2023 carried out by the KPMG Auditores Independentes Ltda team was presented. At its conclusion, the approval of the financial statements by our external auditors was recommended and the Audit Committee considered their quality appropriate for official disclosure. We always count on the presence of the members of the Audit Committee, as well as the Executive Manager of Accounting and the Executive Manager of Internal Audit.

Risk Management and internal control systems:

In 2023, the Bank continued to improve and update its rules and procedures and strengthen the corporate governance process. The reports required by regulators and prepared by the Compliance Division concluded that the Internal Control System of Banco Sumitomo Mitsui Brasileiro S.A. is adequately structured to ensure effective management of risk and capital, internal controls, operations and systems that generate the financial reports.

The points raised by the Internal Audit and the reports produced by the external audit and the compliance division did not indicate any breach of the domestic laws, regulations and rules that could put the continuity of the operations of Banco Sumitomo Mitsui Brasileiro S.A. at risk. The Bank's internal control system has been continuously improved and the procedures already implemented, as well as those still under deployment, are compatible with the size and complexity of the operations.

External audit:

The Committee shall maintain, directly and/or indirectly through its Technical Member, a regular channel of communication with external auditors for a broad discussion of the results of its work and of relevant accounting aspects, so as to enable its members to substantiate their view on the integrity of the Financial Statements.

Based on the assessment carried out and the information provided by KPMG Auditores Independentes Ltda, the Committee did not identify situations which could affect the objectivity and independence of the external audit.

The Committee shall assess the volume and quality of information provided by the external audit as fully satisfactory and supportive of its view on the integrity of the financial statements.

Internal Audit:

The strategic and tactical planning of the Internal Audit and the analysis of the structure, resources, professional development, responsibilities, independence, objectivity, performance and completion of the work were examined by the Audit Committee. The outcome of this process did not give the Committee any concerns about the points examined.

The Internal Audit, through its reports, did not bring to the attention of the Committee the existence of residual risks that could affect the degree of soundness and continuity of the Bank's operations.

Financial statements:

The Committee reviewed the procedures involving the preparation of the individual and consolidated balance sheets and interim balance sheets, explanatory notes and financial reports published together with the individual and consolidated financial statements.

The relevant accounting practices used by the Bank in drawing up the Financial Statements were also examined and found to be in line with Brazilian practices and in compliance with the standards published by the Central Bank of Brazil.

Conclusions:

Given its responsibilities and the natural constraints that arise from the scope of its activities, and based on the activities it carried out during the period, the Committee concludes that during the six months and year ended December 31, 2023:

- internal controls systems, compliance policy, and capital and risk management frameworks are appropriate for the proportion and complexity of Banco Sumitomo Mitsui Brasileiro S.A. and the approved risk appetite. Compliance with the rules in force was monitored, and shortcomings, evidenced;
- the coverage and quality of Internal Audit work are satisfactory, including with regard to verification of compliance with legal and regulatory provisions and internal regulations and codes, with evidence of deficiencies identified and acting with appropriate

independence;

- the relevant accounting practices adopted by the Bank are aligned with those adopted in Brazil, including compliance with standards emanating from the National Monetary Council and the Central Bank of Brazil, as well as with international accounting standards issued by the International Accounting Standards Board (IASB); and
- the information provided by KPMG Auditores Independentes Ltda is suitable, including verification of compliance with legal and regulatory arrangements and internal regulations and codes, with evidence of deficiencies identified, where the Committee supports its recommendation on the financial statements, and no situation was identified which could undermine the objectivity and independence of the Independent Auditor.

During the other activities carried out, the Committee did not become aware of the occurrence of fraud or non-compliance with legal and regulatory standards or internal controls, accounting and audit errors which could jeopardize the continuity of the Bank.

In view of the foregoing, this Committee, basing its judgment on the actions carried out and considering its responsibilities and the natural limitations arising from the scope of its activities, recommends the approval of the audited financial statements of Banco Sumitomo Mitsui Brasileiro S.A., for the semester and year ended December 31, 2023.

São Paulo, March 21, 2024.

Audit Committee

Notes to the financial statements

(In Thousands of Reais)

1 Operations

Banco Sumitomo Mitsui Brasileiro S.A. ("Bank") is established as a multiple bank, operating commercial portfolios, including foreign exchange and investment operations, pursuant to Resolution No. 2.099/94 of the National Monetary Council - CMN.

On January 18, 2012, the Bank received authorization from the Central Bank of Brazil to open a branch on the *Cayman Islands*. The documents approving the opening of this branch were issued on January 8, 2013. The Bank effectively initiated its operations at

the branch in September 2013. The accounting balances of the foreign branches are included in the financial statements.

2 Preparation and presentation of financial statements

The financial statements comply with the regulations issued by the National Monetary Council and Central Bank of Brazil, as per CMN Resolution No. 4.818/2020.

Price assumptions and estimates were used in the preparation of these financial statements for purposes of recording and determining the amounts of assets and liabilities. Accordingly, upon the actual financial settlement of these assets and liabilities, the results earned could be different from the estimates.

The accounting pronouncements which have already been approved by the Central Bank of Brazil are:

CMN Resolution No. 3.823/09 - Provisions, contingent liabilities and contingent assets (CPC 25)

CMN Resolution No. 3.989/11 - Share-based payments (CPC 10 R1)

CMN Resolution No. 4.524/16 - Effects of changes in foreign exchange rates and translation of financial statements (CPC 02)

CMN Resolution No. 4.534/16 - Intangible Assets (CPC 04 R1)

CMN Resolution No. 4.535/16 – Property, Plant and Equipment (CPC 27)

CMN Resolution No. 4.818/20 - Individual and Consolidated Financial Statements, Cash Flow Statements, Disclosure about related parties, Subsequent events and Earnings per Share (CPC 03 R2, CPC 05 R1, CPC 24 and CPC 41)

CMN Resolution No. 4.877/20 - Employee benefits (CPC 33 R1)

CMN Resolution No. 4.924/21 – Accounting recognition, measurement, bookkeeping and evidencing (CPC 00 R2, CPC 01 R1, CPC 23, CPC 46 and CPC 47)

CMN Resolution No. 4.966 (1) – Financial instruments (CPC 48)

(1) CMN Resolution No. 4966/2021 establishes the right for financial institutions to prepare and disclose Prudential Financial Statements in accordance with Bacen rules and instructions until the year ending December 31, 2024, that is, until the new applicable accounting criteria becomes effective. SMBCB chose to adopt this prerogative.

Implementation plan for CMN Resolution No. 4.966/21:

In accordance with Article 76 of CMN Resolution No. 4.966 of November 25, 2021, which sets out the accounting concepts and criteria for financial instruments, aligned with the accounting criteria of COSIF established by International Standard - IFRS 9, as of January 1, 2025. The Bank has drawn up a plan to implement the new accounting regulation, considering the accounting scenario, industry, market strategy and risk management framework. The Bank Management believes that changes in business

models and the relationship with financial products will have an impact on all workflow and internal processes, and that policies, controls and systems will need to be reviewed and adapted. We have established a macro implementation schedule that includes activities until the standard comes into force.

The Bank established a working group, aiming to cover the main challenges posed by the standard: (a) classification requirements; (b) initial recognition and measurement requirements; (c) subsequent measurement; (d) recognition and measurement of exchange products; (e) expected losses and (f) transition strategies.

To date, the following has been completed:

- 1) mapping of regulatory changes;
- 2) definition of working groups to adjust the Bank to changes;
- 3) regular weekly presentation meetings of work progress with the Bank's executive management;
- 4) budget approval for initiatives that aim to fully comply with new requirements;
- 5) determination of technical requirements that impact the Bank's systems;

During 2023, the Bank made available to Bacen the Implementation Plan for Res 4.966, which covers the following steps: (i) evaluation; (ii) design; (iii) development; (iv) tests and approvals; (v) transition activities and (vi) initial adoption.

The regulations released throughout 2023 (BCB Resolution No. 352/2023 and CMN Resolution No. 5.100/2023) have already been analyzed for their impacts on implementation of the resolution as a whole and incorporated into the adjustment work.

The Executive Board authorized the issuance of the financial statements as of December 31, 2023 on March 26, 2024.

3 Significant accounting policies

The Bank adopts the following key accounting policies in drawing up its financial statements:

a. Functional currency and presentation currency

The Bank's functional and presentation currency is the Brazilian *Real*.

The functional currency of the operations conducted by the overseas branch (*Cayman*) is the Dollar, but for the purpose of presentation at the Bank, the amount is translated to Brazilian *Reais* at the exchange rate for sale informed by the Central Bank of Brazil.

The effect of exchange variation resulting from translation of foreign currency and from financial statements from investees overseas are recorded in separate shareholders' equity accounts in accordance with CMN Resolution No. 4.524/16.

b. Statement of profit or loss

Revenues and expenses are recognized according to the accrual basis, on a daily *pro rata* basis for financial income and expenses.

Financial income and expenses are calculated based on the exponential method, except those relating to discounted securities, or to transactions abroad, which are calculated using the straight-line method.

Transactions with fixed rates are recorded at redemption amount and revenues and expenses corresponding to the future period are recorded in a reducing account of the respective assets and liabilities. Transactions with variable rates or rates indexed to foreign currencies are updated until the balance sheet date.

c. Cash and cash equivalents

Cash and cash equivalents consist of local currency funds, foreign-currency funds and open market investments maturing in 3 months or less counting from the investment date and posing insignificant risk a change in fair value. They are used by the Bank to manage its short-term commitments.

d. Interbank liquidity investments

Interbank liquidity investments are stated at the amount of investment, plus income earned up to the balance sheet date.

e. Securities

Under BACEN Circular No. 3.068, of November 8, 2001, securities are classified according to Management's intent, into the following categories:

- **Trading Securities** - Securities acquired for active and frequent trading, adjusted to market value and charged against profit or loss for the period.
- **Available-for-sale securities** - Securities that are neither classified as marketable or held to maturity, adjusted to market value and charged against the relevant item in shareholders' equity, net of tax.
- **Held-to-maturity securities** - Securities acquired for which there is the intention and financial capacity to hold them as part of the portfolio until maturity date. These securities are measured at acquisition cost, plus income earned, against profit or loss for the period.

f. Derivative financial instruments

The Bank carries out transactions with derivative financial instruments to hedge its operations against variations in market prices and to mitigate currency and interest rate risks posed to its assets and liabilities and cash flows contracted for compatible terms, rates and amounts.

Derivative financial instruments are used as a risk-transfer tool to protect the positions of the banking book and the trading book. In addition, highly liquid derivatives traded on the stock exchange are used, within the strict and periodically reviewed limits, with the purpose of managing trading book exposures.

To manage the ensuing risks, internal limits to global exposures and exposures by portfolios were set. These limits are monitored daily. Considering the possibility of exceeding the limits because of unexpected situations, Management established internal policies which imply immediate definition of conditions for realignment. These risks are monitored by an area independent of the operating areas and are reported daily to senior management.

The mark-to-market methodology of derivative financial instruments was established based on consistent and verifiable criteria that take into account the closing price, or adjustment price, when applicable, on the calculation day or, in its absence, through pricing models that translate the probable net realization value, or the price of a similar financial instrument, taking into account the payment and maturity, currency or index, and the credit risk associated with the counterparty, at the very least.

Under BACEN Circular No. 3.082, issued on January 31, 2002 and BACEN Circular Letter No. 3.026, issued on July 5, 2002, derivative financial instruments are composed of Swap and Non Deliverable Forward ("NDF") transactions and also transactions with futures, accounted for according to the following criteria:

- Futures:

The daily adjustments are recorded in assets and liabilities and recognized daily as revenue or expenses.

- Swaps and Non-Deliverable Forwards:

Difference receivable or payable recorded in assets or liabilities, respectively, and recognized as revenue or expense on a pro-rata die basis through to the balance sheet date.

Derivative transactions carried out at the request of clients or on one's own account, which meet or do not meet the hedging criteria applied to global exposure to risks and which are not considered as related transactions according to the assumptions disclosed by circular No. 3.150/ 2002 issued by BACEN (Central Bank of Brazil), are stated at market value, and appreciations and devaluations are recognized as follows:

Derivative financial instruments not classified as hedge should be recorded in the revenue or expense account in the statement of income for the period.

Financial instruments considered as hedging instruments:

- Against market risks: are used to offset the risks arising from exposure to variation in the market value of the hedged item. Their appreciations or devaluations is accounted for against revenue or expense accounts in profit or loss for the period.
- Cash flows: intended to offset changes in estimated future cash flows. Their appreciations or devaluations are accounted for against a separate shareholding's equity account.
- Upon initial designation of the derivative as hedging instrument, the Bank formally documents the relationship between the hedging instruments and the items subject to

hedge, including the risk management objectives and strategy in undertaking the hedge transaction, together with the methods that will be used to assess the effectiveness of the hedging relationship, considering traditional calculation methods. The Bank makes an assessment, both at the inception of the hedge relationship as well as on an ongoing basis, of whether the hedging instruments are expected to be “highly effective” in offsetting the changes in the market value of the respective hedged items during the period for which the hedged risk is attributable, and whether the actual results of each hedge are within the range of 80% and 125%.

g. Loans, foreign exchange and provision for credit risk losses

Loan and forex operations are classified according to Management's assessment of risk level, in accordance with the Bank's policy, which considers economic conditions, past experience and specific risks of each operation, its debtors and guarantors, according to the parameters established by CMN Resolution No. 2.682/99. This procedure requires a periodic analysis of the portfolio and its classification into nine levels, from “AA” (minimum risk) to “H” (loss). In addition, to the parameters established in said Resolution, the Bank also makes an additional provision based on an internal methodology prepared by its parent company, Sumitomo Mitsui Banking Corporation.

The Bank has established policies and procedures for granting credit, approved by the Credit Committee and incorporated into the Bank's internal control systems. These policies and procedures determine the need for assessing clients' data to define the client's “Obligor Grade” - “grading”, considering qualitative and quantitative aspects.

Regardless of their level of risk, income from loans more than 60 days overdue is only recorded as revenue when received.

Loans classified as level “H” (100% of provision for expected credit risk losses) remain in this classification for six months, whereupon they are written off against the existing provision, and controlled for five years in memorandum accounts, no longer appearing in the statement of financial position.

Renegotiated loans are held at the level they were classified in or higher. Renegotiations of loans which had already been written off against the provision and were held in memorandum accounts are classified as level H and any gains deriving from the renegotiation shall only be recognized as revenue when effectively received. When there is significant amortization of the transaction, or when new significant facts justify a change in the level of risk, the transaction may be reclassified to the lowest-risk category.

The Bank records a provision for collateral provided and guarantee operations, using these same policies as criteria, whilst observing at least the assumptions established in CMN Resolution No. 2.682/99, considering the economic situation, experience and specific risks posed by each operation and its debtors, as mentioned above.

h. Other assets

These are stated at cost plus, when applicable, income and monetary variations earned, less the corresponding provisions for losses or adjustments to realization value.

i. Fixed assets

Property and equipment are stated at acquisition cost, less accumulated depreciation, calculated through to the period closing date. Depreciation is calculated using the straight-line method at annual rates which reflect the estimated useful lives of the assets. The main annual depreciation rates are 20% for vehicles and data processing equipment, and 10% for other assets.

In compliance with Resolution No. 4.535 of the National Monetary Council (CMN), of November 24, 2016, new property and equipment will be recognized at cost, which comprises acquisition or construction price in cash, plus any import taxes and non-recoverable taxes on the purchase, other directly attributable costs required to bring the asset to its operating location and condition, and an initial estimate of the costs of dismantling and removing the asset and restoring the location in which it is located. Furthermore, depreciation will correspond to the depreciable amount divided by the asset's useful life, calculated on a straight-line basis as of the moment the asset is available for use and recognized monthly against a specific operating expense account. Useful life is the period during which the Bank expects to use the asset.

j. Intangible asset

Intangible assets consist of expenses incurred with the acquisition and development of systems, being amortized on a straight-line basis at an annual rate of 20%, and leasehold improvements are stated at the cost of acquisition or formation, less accumulated amortization calculated up to the period-closing date, amortized over the lease term.

In compliance with Resolution No. 4.534 of the National Monetary Council (CMN), of November 24, 2016, new intangible assets will be recognized at cost, which comprises acquisition price or development cost in cash, plus any import taxes and non-recoverable taxes, and other directly attributable costs required for preparing the asset for the proposed purpose. Amortization will be recognized monthly over the estimated useful life of the asset, against a specific operating expense account. Useful life is the period which the Bank expects to use the asset. Intangible assets characterized as having an indefinite useful life are not amortizable.

k. Impairment of non-monetary assets

Pursuant to CMN Resolution No. 3.566, approving the adoption of Technical Pronouncement CPC 01, which provides for the procedures applicable to the recognition, measurement and disclosure of impairment losses, establishing the following criteria: An impairment loss is recognized if the carrying value of an asset or its cash generating unit exceeds its recoverable value. A cash generating unit is the smallest identifiable group of assets that generates cash flows with substantial independence from the other assets and groups. Impairment losses are recognized in the statement of income for the period in which they were observed. Non-financial assets, except tax credits, are reviewed at least annually to check for any signs of impairment.

l. Monetary restatement of rights and liabilities

Rights and obligations legally or contractually subject to exchange rate or index variations are monetarily restated through to the balance sheet date. Contra-entries for these monetary restatements are recognized directly in profit or loss for the period.

m. Deposits

Deposits are stated at the amounts of liabilities and consists of charges incurred up to the balance sheet date, recognized on a pro rata die basis.

n. Contingent assets and liabilities and legal obligations

The recognition, measurement and disclosure of contingent assets and liabilities and legal obligations (tax and social security) are performed in accordance with the criteria set by National Monetary Council (CMN) Resolution No. 3.823/09, which approved CPC 25 issued by the Accounting Pronouncements Committee (CPC). The criteria used by Management for the measurement and disclosure of contingent assets and liabilities are:

- **Contingent assets** – Not recognized in the financial statements unless evidence exists that provides a guarantee of their realization.
- **Contingent liabilities** - Recognized in the financial statements when a present obligation exists as a result of a past event, and according to the legal advisors' and Management's opinion it is probable that an outflow of funds incorporating the economic benefits to settle the obligation and whenever the amounts involved can be reliably estimated.

Provisions for labor, civil and tax contingencies are recognized according to Management's decisions based on legal opinions, given the chances of loss in the case.

- **Legal obligations - Tax and social security** – Consist of legal claims challenging the legality and constitutionality of some taxes and contributions. The amounts disputed are fully recorded in the financial statements and updated in accordance with legislation in force.

Contingent liabilities are disclosed in the notes to the financial statements unless the likelihood of any disbursement to settle them is remote.

Court deposits are held in an asset account, and updated based on their bank statements, without deducting the provisions for contingent liabilities and legal obligations, in compliance with BACEN rules.

o. Income tax and social contribution

The provision for income tax and social contribution is calculated according to the rate of 15%, plus 10% on taxable income more than R\$240 thousand for the year, adjusted by the additions and exclusions established by law.

The current rate of social contribution on net income is 20% according to Law No. 7.689/1988.

Tax credits are recognized according to the provisions included in Resolution No. 4.842 of July 30, 2020 issued by the National Monetary Council. Under those resolutions, to record and maintain in the books the tax credits arising from income and social contribution tax losses, negative social contribution base and those arising from temporary differences, the entity must cumulatively fulfill the following conditions:

Report a history of taxable income or revenues for income and social contribution tax purposes in at least three of the last five fiscal years, including the current year;

Future taxable income is expected to be generated for income and social contribution tax purposes in subsequent periods, according to technical studies which allow the realization of the tax credit over a maximum period of ten years.

Tax credits on temporary differences were calculated at the rate of 25% for income tax and 20% for social contribution.

p. Employee Benefit Plan

The post-employment benefit plan comprises the commitment made by the Bank to supplement the benefits of private pension plan system.

Defined Benefit Plan

For this type of plan, the Sponsor's obligation is to provide employee benefits, assuming the potential actuarial risk that the benefits will cost more than expected.

CVM Resolution No. 695, of December 13, 2012, approved CPC Technical Pronouncement No. 33 (R1), which addresses the matter of employee benefits, in accordance with the amendments to International Accounting Standards IAS 19. CPC Technical Pronouncement 33 (R1) established essential changes in recording and disclosure of employee benefits, such as removal of the corridor mechanism for recognizing the plan's liabilities, and changes in the criterion for recognizing the plans' assets (appreciations and devaluations). The adoption of the Pronouncement applies to years started as from January 1, 2015, and the effects are recorded retrospectively in the books, as changes in accounting practices.

The present value of a defined-benefit obligation is the present value without deducing any of the plan's assets from future expected payments necessary to settle the obligation resulting from the employee's service in current and past periods.

On December 25, 2015, the Central Bank issued CMN Resolution No. 4.877/2020 stating that financial institutions should comply with CPC Technical Pronouncement 33 (R1) as from January 1, 2016.

The Bank has adopted the assumptions and effects of CPC 33 (R1) since 2013.

q. Accounting estimates

The preparation of individual and consolidated financial statements in accordance with accounting practices adopted in Brazil that apply to financial institutions licensed to operate by Bacen requires that Management use its judgment in determining and recording accounting estimates. Significant assets and liabilities subject to these estimates and assumptions include the provision for credit risk losses, deferred income tax assets, provision for contingencies and valuation of derivative financial instruments and hedging structure. The settlement of transactions involving these estimates may result in significantly different amounts due to the lack of accuracy inherent to the process of their determination. Estimates and assumptions are reviewed at least quarterly.

r. Non-recurring income

Non-recurring income embraces revenue and expenses from administrative acts and facts that are unusual or unlikely to occur in consecutive years.

4 Cash and cash equivalents

The cash and cash equivalents presented in the statement of cash flow are broken down as follows:

	December/2023	December/2022
Cash equivalents	96,008	80,261
(*) Interbank deposits	246,984	287,186
Interbank deposits	-	161,945
Investments in foreign currencies	246,984	125,241
Total cash and cash equivalents	342,992	367,447

(*) Denote operations with an original term lower than 90 days with an insignificant risk of fair value impairment.

5 Interbank liquidity investments

Investments in the open market, as of December 31, 2023 and December 31, 2022, are composed as follows:

	December/2023			
	Up to 3 months	3 to 12 months	Over 12 months	Total
Open market	-	-	1,695,719	1,695,719
Own funds	-	-	1,695,719	1,695,719
National Treasury Bills	-	-	1,695,719	1,695,719
(*) Interbank deposits	-	314,489	732,526	1,047,015
Not related	-	314,489	728,443	1,042,932
Hedge Object Mark-to-market	-	-	4,083	4,083
Foreign currency investments	246,984	-	-	246,984
Total	246,984	314,489	2,428,245	2,989,718

	December/2022			
	Up to 3 months	3 to 12 months	Over 12 months	Total
Open market	-	-	2,041,055	2,041,055
Own funds	-	-	2,041,055	2,041,055
National Treasury Bills	-	-	2,041,055	2,041,055
(*) Interbank deposits	161,945	555,709	408,458	1,126,112
Not related	161,945	555,716	408,235	1,125,896
Hedge Object Mark-to-market	-	(7)	223	216
Foreign currency investments	125,241	-	-	125,241
Total	287,186	555,709	2,449,513	3,292,408

6 Securities

It is not the Bank's strategy to acquire securities for the purpose of actively and frequently trading them. The amount presented in multi-market fund shares consists of the Bank's investments in the exclusive investment fund SMBCB Onshore Fundo de Investimento Multimercado Investimento no Exterior ("SMBCB Onshore"). See below further details of the securities portfolio as of December 31, 2023 and December 31, 2022:

	December/2023		December/2022	
	Curve Value	Market value	Curve Value	Market value
<u>Marketable securities</u>				
Multimarket fund shares - SMBCB Onshore Fundo de Investimento	275,301	275,301	245,740	245,740
Total – Trading securities	275,301	275,301	245,740	245,740
<u>(*) Available-for-sale securities</u>				
Own portfolio				
National Treasury Bills	249,853	249,888	-	-
Financial Treasury Bills	266,108	266,180	508,785	508,910
Debentures	291,002	289,869	495,971	494,632
Private equity fund shares – FIP Brasil Sustentabilidade	641	217	641	337
	807,604	806,154	1,005,397	1,003,879
Linked to the provision of guarantees				
Financial Treasury Bills	1,417,654	1,418,001	566,804	566,683
	1,417,654	1,418,001	566,804	566,683
Total - Available for sale	2,225,258	2,224,155	1,572,201	1,570,562
Grand total	2,500,559	2,499,456	1,817,941	1,816,302

(*) Securities classified as available have their adjustment to market value recorded in shareholders' equity accounts, net of taxes, in the amount of R\$(606) on December 31, 2023 (R\$(902) on December 31, 2022).

The market value of securities is calculated according to market price quotes or quotes from market agents, and pricing models developed by management. Such models use rate interpolation mathematical models for intermediate terms.

The market value of marketable securities is calculated in the following manner:

- **Securities bearing interest at SELIC (Central Bank Overnight Rate) and DI (Interbank Deposit) rates** – The market value is calculated by applying the SELIC rate accrued over the period to the issue price per unit, considering the market premium or discount. The premium or discount is obtained daily according to the expectations of ANBIMA – Brazilian Financial and Capital Markets Association for each maturity on the day before the calculation.
- **Securities bearing interest at fixed rates** – The market value is obtained by applying a discount rate to the securities' future flow of payments. The rate is calculated according to the fixed rate curve of B3 S.A. – Brasil, Bolsa, Balcão, plus the counterparty risk for private securities.

- **Investment fund shares** – The investment fund is valued according to the last value of the share disclosed as of the fund's balance sheet date by the manager.
- **Debentures:** The market value is obtained from the curve using the credit spread obtained by internal methodologies that use the issuer's internal rating.

Government securities are book-entry and registered with the Special Settlement and Custody System of the Central Bank of Brazil (SELIC).

The fund shares and debentures are registered and held in custody at B3 S.A. – Brasil, Bolsa, Balcão on the stock and over-the-counter markets.

7 Derivative financial instruments

Derivative financial instruments consist of Swap and Non-Deliverable Forward – NDF transactions and transactions with futures, being held in custody at B3 SA – Brasil, Bolsa, Balcão on the stock and over-the-counter markets.

Below are the derivative financial instruments explained above, recorded in shareholders' equity and memorandum accounts as of December 31, 2023 and December 31, 2022:

ASSET POSITION	December/2023		
	Curve Value	Market value	Referential value of the contract
SWAP			
Fixed rate x CDI	10,251	27,166	810,584
Fixed rate x DOLLAR	34,558	39,603	197,651
CDI x DOLLAR	241,047	344,724	3,027,234
Fixed rate x YEN	717	1,870	60,000
CDI x IEN	1,194	163	89,891
IEN x CDI	29,417	28,722	685,642
Fixed rate x SOFR	438	55,257	1,130,005
	317,622	497,505	6,001,007
NDF			
Fixed rate x DOLLAR	43,039	43,038	1,483,697
DOLLAR x Fixed rate	13	18	3,326
Fixed rate x EURO	64	104	4,314
Fixed rate x YEN	162	305	3,590
	43,278	43,465	1,494,927
Credit value adjustment (CVA)			
CVA	-	(1,868)	-
	-	(1,868)	-
Total	360,900	539,102	7,495,934
	December/2022		
	Curve Value	Market value	Referential value of the contract
SWAP			
Fixed rate x CDI	21	36	19,000
Fixed rate x DOLLAR	27,959	23,819	452,208
CDI x DOLLAR	81,272	199,002	1,639,250
	109,252	222,857	2,110,458

NDF			
Fixed rate x DOLLAR	17,230	7,829	174,110
DOLLAR x Fixed rate	2,310	8,006	31,179
	19,540	15,835	205,289

Credit value adjustment (CVA)

CVA	-	(959)	-
	-	(959)	-

Total	128,792	237,733	2,315,747
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December/2023

LIABILITY POSITION	Curve Value	Market value	Referential value of the contract
SWAP			
CDI x Fixed rate	1,138	1,082	110,000
Fixed rate x CDI	1,970	1,515	121,935
Fixed rate x YEN	24,230	10,976	487,191
YEN x CDI	29,787	32,114	962,238
Fixed rate x SOFR	498	49,197	1,130,005
	57,623	94,884	2,811,369

NDF			
DOLLAR x Fixed rate	62,185	63,626	1,781,552
PRE x YEN	1,057	551	43,303
YEN x Fixed rate	167	880	37,374
	63,409	65,057	1,862,229

Total	121.032	159,941	4,673,598
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December/2022

	Curve Value	Market value	Referential value of the contract
SWAP			
Fixed rate x CDI	3,579	11,091	534,649
Fixed rate x DOLLAR	2,207	2,583	18,616
CDI x DOLLAR	54,369	12,712	1,430,158
	60,155	26,386	1,983,423

NDF			
Fixed rate x DOLLAR	2,208	10,493	71,856
DOLLAR x Fixed rate	67,706	53,621	299,104
Fixed rate x EURO	82	273	1,679
Fixed rate x YEN	1,431	3,382	2,013,186
	71,427	67,769	2,385,825

Total	131,582	94,155	4,369,248
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1- Composition of nominal value by maturity

December/2023

	Up to 3 months	From 3 months to 12 months	Over 12 months	Total
SWAP				
CDI x Fixed Rates	-	-	110,000	110,000
Fixed Rates x CDI	107.336	74.416	750.769	932,521
Fixed Rates x DOLLAR	-	159.000	38.651	197,651

CDI x DOLLAR	659.426	528.250	1.839.558	3,027,234
Fixed Rates x YEN	-	-	547,191	547,191
CDI x YEN	-	-	89,891	89,891
IEN x CDI	-	710.200	937.679	1,647,879
Fixed Rates x SOFR	-	-	2,260,009	2,260,009
	766.762	1.471.866	6.573.748	8,812,376

NDF

Fixed Rates x DOLLAR	1.192.608	291.088	-	1,483,697
DOLLAR x Fixed Rates	947.917	316.284	520.676	1,784,877
Fixed Rates x EUR	4.314	-	-	4,314
Fixed Rates x YEN	639	46.256	-	46,894
YEN x Fixed Rates	3.364	10.899	23.111	37,374
	2.148.842	664.527	543.787	3,357,156

Total	2.915.604	2.136.393	7.117.535	12,169,532
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December/2022

	Up to 3 months	From 3 months to 12 months	Over 12 months	Total
SWAP				
PRE x CDI	2,200	16,800	534,649	553,649
PRE x DOLLAR	70,257	241,567	159,000	470,824
CDI x DOLLAR	72,000	40,000	2,957,408	3,069,408
	144,457	298,367	3,651,057	4,093,881
NDF				
PRE x DOLLAR	180,291	65,675	-	245,966
DOLLAR x PRE	77,722	212,640	39,921	330,283
PRE x EUR	1,022	657	-	1,679
PRE x YEN	713,186	1,300,000	-	2,013,186
	972,221	1,578,972	39,921	2,591,114
Total	1,116,678	1,877,339	3,690,978	6,684,995

2- Composition of nominal value by trading venue

	December/2023		
	Stock market	Over the counter	Nominal value
SWAP	1,647,879	7,164,497	8,812,376
NDF	526,704	2,830,452	3,357,156
Total	2,174,583	9,994,949	12,169,532

	December/2022		
	Stock market	Over the counter	Nominal value
SWAP	-	4,093,881	4,093,881
NDF	-	2,591,114	2,591,114
Total	-	6,684,995	6,684,995

3- Comparison between curve value and market value

Daily adjustments to futures market transactions, as well as the result of SWAP and NDF

contracts, are recorded in revenue or expense when earned and represent their current market value.

Futures - B3 S.A. – Brasil, Bolsa, Balcão

	December/2023			
	Reference value (accounting)			
	Up to 3 months	3 to 12 months	Over 12 months	Total
FUTURES - Reference value				
Purchase				
Currency Coupon	920,842	1,212,870	2,109,478	4,243,190
Foreign currency	561,708	-	-	561,708
Interest rate	74,435	243,403	486,250	804,088
Exchange rate	302,000	-	-	302,000
	1,858,985	1,456,273	2,595,728	5,910,985
Sale				
Currency Coupon	833,794	71,135	332,531	1,237,460
Foreign currency	-	-	-	-
Interest rate	521,073	863,218	1,829,834	3,214,125
Exchange rate	3,895	-	-	3,895
	1,358,762	934,353	2,162,365	4,455,480
Total	3,217,748	2,390,626	4,758,093	10,366,466

	December/2022			
	Reference value (accounting)			
	Up to 3 months	From 3 months to 12 months	Over 12 months	Total
FUTURES - Reference value				
Purchase				
Currency Coupon	499,377	1,281,991	4,654,364	6,435,732
Foreign currency	461,650	-	-	461,650
Interest rate	74,109	433,929	48,505	556,543
	1,035,136	1,715,920	4,702,869	7,453,925
Sale				
Currency Coupon	470,242	381,937	731,986	1,584,165
Interest rate	92,672	367,399	1,099,206	1,559,277
	562,914	749,336	1,831,192	3,143,442
Total	1,598,050	2,465,256	6,534,061	10,597,367

The valuation at market value of derivative financial instruments is determined by discounting futures values at present value according to the interest rate curves obtained by applying a market method mostly based on data disclosed by B3 S.A. – Brasil, Bolsa, Balcão.

The adjustment to market value determined with derivative financial instruments for the year ended December 31, 2023 was R\$80,868 (R\$26,472 on December 31, 2022), and registered in profit and loss accounts.

Profit or loss from derivative financial instruments for the years ended December 31, 2023 and 2022 are directly influenced by the market interest rates prevailing at the time of the transaction, and by the Dollar rate variation. They are presented below:

Derivative financial instruments	Result		
	2nd Sem. 2023	December/2023	December/2022
Swap	50,138	581,170	530,199
NDF	(6,360)	(148,500)	(5,774)
Futures	(107,435)	(778,569)	(883,240)
Total	(63,657)	(345,899)	(358,815)

4- Hedge accounting

On December 31, 2023 and December 31, 2022, the Bank only carried out transactions with derivative financial instruments to mitigate the effect of exchange variations on foreign currency funding and fixed loan transactions in Brazilian *Reais*. These operations were designated as hedge accounting and were segregated into:

- **Market Risk Hedge** – intended to offset the risks arising from exposure to the variation in the market value of the hedged item. Its appreciations or devaluations are accounted for against revenue or expense accounts in profit or loss for the period.
- **Cash Flow Hedge** – intended to offset changes in estimated future cash flows. Its appreciations or devaluations are accounted for against a separate item in shareholders' equity, less tax effects. The portion identified as no effect must be reflected in profit or loss. The respective hedged items are marked to market at the balance sheet date.

Foreign currency futures contracts, designated as hedging instruments, were valued at market value, in accordance with BACEN Circular Letter No. 3.082/02.

4.1 Valuation at market value of derivative financial instruments by maturity and index – Market risk Hedge

Description	Index	Maturity - Market Value			Total
		Up to 12 months	1 to 3 years	3 to 5 years	
Futures	Currency Coupon	521,110	292,163	5,910	819,183
Total		521,110	292,163	5,910	819,183

	December/2023	December/2022
Hedged Items		
Assets		
Investments in interfinancial deposits		
Value updated by agreed conditions	556,499	258,891
Adjustment value	(4,082)	(215)
Market value	560,581	259,106
Working capital		
Value updated by agreed conditions	229,628	154,208
Adjustment value	(1,974)	222

Market value	231,602	153,986
Export Credit Notes		
Value updated by agreed conditions	56,633	52,150
Adjustment value	(1,223)	(26)
Market value	57,856	52,176
Total market value - Hedged assets	850,039	465,268
Hedging instruments		
Liabilities		
DI1 Futures	(819,183)	(451,548)
Total Market value of hedging instruments	(819,183)	(451,548)

		Maturity - Market Value			
Description	Index	Up to 12 months	1 to 3 years	3 to 5 years	Total
Futures	Exchange Coupon	(621,427)	(448,493)	-	(1,069,920)
Total		(621,427)	(448,493)	-	(1,069,920)

	December/2023	December/2022
Hedged Items		
Liabilities		
On-lending transactions		
Value updated by agreed conditions	(1,066,272)	-
Adjustment value	(3,649)	-
Market value	(1,069,921)	-
Total market value – Hedged liabilities	(1,069,921)	-
Hedge instruments		
Assets		
Swap	1,069,921	-
Total Market value – Hedge instruments	1,069,921	-

4.2 Valuation at market value of derivative financial instruments by maturity and index – Cash Flow Hedge

		Maturity - Market Value			
Description	Index	Up to 12 months	1 to 3 years	3 to 5 years	Total
Futures	Exchange Coupon	1,234,567	486,759	50,285	1,771,611
Total		1,234,567	486,759	50,285	1,771,611

	December/2023	December/2022
Hedged Items		
Liabilities		
On-lending transactions		
Amount restated by agreed conditions	(2,509,325)	(2,721,989)
Hedge instruments		
Assets		
Futures	1,771,611	2,665,003

Cash flow hedge reserve 19,039 (14,062)

The amount of R\$19,039 on December 31, 2023 and R\$(14,062) on December 31, 2022 in the Cash Flow Hedge Reserve will be recognized in profit or loss over the term of maturity of the hedged item.

8 Interbank accounts

They refer to on lending of loans from abroad to the Financial Institution in the country and abroad (branch in Cayman). The amounts provisioned are based on the assumptions of CMN Resolution CMN No. 2.682/99 and total the amount of R\$56 (R\$99 as of December 31, 2022):

	December/2023		
	Interbank on-lendings	Provision	Net balance
Maturity:			
181 to 360 days	155,946	(31)	155,915
Over 360 days	99,564	(25)	99,539
Total	255,510	(56)	255,454

	December/2022		
	Interbank on-lendings	Provision	Net balance
Maturity:			
Up to 30 days	25,117	(10)	25,107
31 to 60 days	23,712	(9)	23,703
61 to 90 days	20,894	(8)	20,886
91 to 180 days	83,474	(17)	83,457
181 to 360 days	89,637	(23)	89,614
Over 360 days	159,038	(32)	159,006
Total	401,872	(99)	401,773

9 Loans

As of December 31, 2023 and December 31, 2022, information on the loan portfolio is summarized as follows:

a. By operation

	December/2023	December/2022
Resolution No. 3.844 (formerly Resolution No. 63)	104,083	175,355
Working capital	1,047,451	1,560,691
Export Credit Notes - NCE	342,225	335,357
Total loans	1,493,759	2,071,403
Advance on foreign exchange contracts (note 10)	511,650	881,985
Income receivable from advances (note 10)	16,037	12,283
Total loan portfolio	2,021,446	2,965,671
Financial Guarantees Provided	3,148,967	3,236,655
Total with Financial Guarantees Provided	5,170,413	6,202,326

b. By maturity

	December/2023	December/2022
Maturity		
Up to 30 days	105,505	298,074
31 to 60 days	344,381	547,804
61 to 90 days	147,256	171,082
91 to 180 days	338,759	412,841
181 to 360 days	413,259	986,847
Over 360 days	672,286	549,023
Total	2,021,446	2,965,671

The loan operations of the 20 largest debtors on December 31, 2023 represent 94.04% of the credit portfolio (90.20% on December 31, 2022), in the amount of R\$1,900,957 (R\$2,675,076 on 31 December 2022).

c. By risk rating

Risk rating	%provision 2,682	December/2023				
		Total transac tions	% of portfolio	Regular provision	Additional provision	Total provision
AA	-	1,468,872	72.7	-	1,246	1,246
A	0.50	546,518	27.0	2,733	117	2,850
B	1.00	6,056	0.3	61	23	84
Total		2,021,446	100	2,794	1,386	4,180

Risk rating	% provision 2,682	December/2022				
		Total transactions	% of portfolio	Regular provision	Supplementary provision	Total provision
AA	-	2,604,977	87.8	-	3,159	3,159
A	0.50	342,883	11.6	1,714	138	1,852
B	1.00	16,488	0.6	165	33	198
C	3.00	1,323	0	40	11	51
Total		2,965,671	100	1,919	3,341	5,260

The provision for expected losses associated with credit risk is calculated based on CMN Resolution 2682/99. SMBCB follows the minimum provision and delay criteria informed in the rule. The amounts presented as supplementary provision refer to an analysis of the bank, in accordance with the guideline of the head office.

d. By business sector

	December/2023	December/2022
Private sector		
Industry	1,016,937	1,283,941
Trade	236,877	810,917
Other services	534,019	572,886
Public sector		
Federal	233,613	297,927
Total	2,021,446	2,965,671

e. Changes in provision for expected credit risk losses

	2nd sem. 2023	December/2023	December/2022
Opening balance	6,395	5,260	4,772
Reversal of provision	(2,221)	(2,649)	(1,375)
Setting up of provision	6	1,569	1,863
Closing balance	4,180	4,180	5,260

On December 31, 2023 and December 31, 2022, there were no transactions recovered, renegotiated or written off as losses.

f. Guarantees provided

The Bank recorded a provision for credit risk losses on these guarantees in accordance with CMN Resolution No. 4.512/16 (note 17b). The provisioned amounts are based on the assumptions of CMN Resolution No. 2.682/99 and total the amount of R\$11,745 for the year ended December 31, 2023 (R\$12,602 on December 31, 2022):

Related:	December/2023		December/2022	
	Guarantees Provided	Provision	Guarantees Provided	Provision
International Trade in Goods	25,291	(123)	15,473	-
Bids, Auctions, Provision of Services or Delivery of Works	236	-	22,499	(73)
Provision of Goods	87,307	(156)	126,384	(156)
Distribution of securities - Public Offering	657,641	(3,288)	593,432	(2,967)
Judicial and Administrative Proceedings of a Tax Nature	539,779	(1,556)	561,103	(1,158)
Other Bank Guarantees	1,066,971	(2,830)	921,379	(3,273)
Other Financial Guarantees Provided	771,742	(3,792)	996,385	(4,975)
Total	3,148,967	(11,745)	3,236,655	(12,602)

10 Foreign exchange portfolio

Exchange operations are recorded in equity accounts, as follows:

	December/2023	December/2022
Assets		
Foreign exchange receivable	854,902	1,202,277
Rights to exchange sales	578,989	270,328
Advances received in local currency	(4,046)	(137)
Income receivable from advances granted (note 9a)	16,037	12,283
Total	1,445,882	1,484,752
Liabilities		
Foreign exchange payable	579,696	272,292
Obligations for foreign exchange purchases	861,869	1,202,175
Advance on foreign exchange contracts (note 9a)	(511,650)	(881,985)
Total	929,915	592,482

11 Tax Assets

They are represented by the following amounts:

	December/2023	December/2022
Tax credit - temporary differences (MTM)	44,122	32,828
Tax credit - provisions for temporary differences	25,882	23,985
Advance income tax and social contribution	31,247	21,266
Other tax advances	830	723
Total	102,081	78,802

12 Other assets

They are represented by the following amounts:

	December/2023	December/2022
Income receivable (*)	74,580	3,108
Securities trading and intermediation	21,762	52,461
Prepaid expenses	926	2,644
Escrow debtors (see note 17)	580	1,160
Other	8,300	7,591
Total	106,148	66,964

(*) The increase in the balance is due to the change in the criteria for recognizing income receivable from financial guarantees provided.

13 PP&E in use and intangible assets

On December 31, 2023 and December 31, 2022, this is represented as follows:

a. Property and equipment

Description	Annual depreciation rate %	December/2023		
		Cost	Accumulated depreciation	Net value
Data processing system	20	7,884	(6,083)	1,801
Facilities	10	5,503	(4,520)	983
Furniture and equipment	10	1,669	(1,434)	235
Communication system	10	433	(233)	200
Security system	10	339	(293)	46
Transport system	20	867	(867)	-
Total		16,695	(13,430)	3,265

Description	Annual depreciation rate %	December/2022		
		Cost	Accumulated depreciation	Net value
Data processing system	20	8,561	(6,333)	2,228
Facilities	10	4,394	(4,039)	355
Furniture and equipment for use	10	1,660	(1,413)	247
Communication system	10	363	(246)	117
Security system	10	302	(298)	4
Transport system	20	1,261	(1,245)	16
Total		16,541	(13,574)	2,967

b. Intangible assets

December/2023	December/2022
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Description	Annual depreciation rate %	Cost	Accumulated depreciation	Net value	Net value
Software	20	15,730	(12,041)	3,689	2,454
Right of use	20	1,110	(865)	245	307
Total		16,840	(12,906)	3,934	2,761

14 Deposits

a. Deposits

	December/2023	December/2022
Demand deposits	75,264	90,076
Time deposits	2,005,626	1,844,732
Interbank deposits	-	204,208
	2,080,890	2,139,016

b. Breakdown by maturity

	December/2023				
	No maturity	Up to 3 months	3 to 12 months	Over 12 months	Total
Demand deposits	75,264	-	-	-	75,264
Time deposits	-	836.379	687.396	481.851	2,005,626
	75,264	836.379	687.396	481.851	2,080,890

	December/2022				
	No maturity	Up to 3 months	3 to 12 months	Over 12 months	Total
Demand deposits	90,076	-	-	-	90,076
Time deposits	-	380,062	707,650	757,020	1,844,732
Interbank deposits	-	204,208	-	-	204,208
	90,076	584,270	707,650	757,020	2,139,016

c. Funding in the open market

	December/2023	December/2022
Third-party portfolio		
National Treasury Bills	15,009	31,006
	15,009	31,006

15 Acceptance and issue of securities

Financial Bills, raised in 2022 and due in 2025, are represented as follows:

	Amount issued	December/2023	December/2022
Financial Bills	100,000	114,495	100,128
		114,495	100,128

16 Borrowings and on-lendings

Foreign funding is basically performed using credit facilities granted by shareholder Sumitomo Mitsui Banking Corporation, as follows:

a. Obligations for loans abroad

The balance on December 31, 2023 of US\$272,012 (US\$159,093 on December 31, 2022) is made up of financing for exports and imports, with maturities until July 1, 2025, subject to interest rates of up to 6.06 % p.a., plus exchange variation on these transactions. The balance on December 31, 2023 is R\$545,297 (R\$830,006 on December 31, 2022).

b. Obligations for foreign on-lendings

Foreign on-lendings, on December 31, 2023, correspond to US\$360,271 and JPY29,818,457 (US\$634,125 as of December 31, 2022). Such obligations, translated at the official purchase rate at the end of the period, are governed by BCB Resolution No. 278 and are subject to interest rates ranging from 0.19% p.a. to 6.69% p.a., plus exchange rate variation, with maturities up to January 4, 2027. The balance on December 31, 2023 is R\$2,880,745 (R\$3,308,293 on December 31, 2022):

	December/2023		
	Up to 12 months	Over 12 months	Total
Obligations for loans abroad	246,195	299,102	545,297
Foreign on-lendings	1,890,085	990,660	2,880,745
Total	2,136,280	1,289,762	3,426,042

	December/2022		
	Up to 12 months	Over 12 months	Total
Obligations for loans abroad	830,006	-	830,006
Foreign on-lendings	1,750,920	1,557,373	3,308,293
Total	2,580,926	1,557,373	4,138,299

17 Other Liabilities and Provisions

a. Other Liabilities

Description	December/2023	December/2022
Corporate and Statutory (*)	139,744	8,350
Commission to defer	73,541	2,387
Actuarial liabilities	41,353	30,357
Withholding income tax – fixed income transactions	20,363	833
Securities trading and intermediation	4,000	9,471
Payroll taxes and contributions	3,352	2,569
Contribution to Social Security Financing - COFINS	2,683	729
Service Tax – ISS	885	748
Other	3,367	1,900
Total	289,288	57,344
(*) Current Liabilities	289,288	57,344

(*) The Bank considers all obligations as current liabilities, as there is no date determined to fulfill them. This may occur in a period of either less or more than one year.

(1) The increase in the balance of corporate and statutory liabilities is due to the provision for interest on equity to be remitted to the Headquarters in Tokyo.

b. Provisions

	December/2023		
	Current	Non-current	Total
Provision for tax, civil and labor risk (note 18)	19,317	-	19,317
Provision for personnel expenses	40,734	-	40,734
Provision for general expenses	3,619	-	3,619
Financial guarantees provided (note 9.f)	8,525	3,220	11,745
Total	72,195	3,220	75,415

	December/2022		
	Current	Non-current	Total
Provision for tax, civil and labor risk (note 18)	20,738	-	20,738
Provision for personnel expenses	27,703	-	27,703
Provision for general expenses	3,149	-	3,149
Financial guarantees provided (note 9.f)	4,160	8,442	12,602
Total	55,750	8,442	64,192

18 Provisions for tax, civil and labor risks

The Bank is a party to tax, civil and labor proceedings. The provision amounts and related court deposits are shown below:

Description	Provision		Court deposits	
	December/2023	December/2022	December/2023	December/2022
Legal obligations:				
Demutualization Cetip (a)	114	109	-	-
Total	114	109	-	-
Provision for risks:				
Civil (b)	15,773	14,311	-	-
Labor (c)	3,430	6,319	580	1,160
Total	19,203	20,630	580	1,160
Total provisions and court deposits	19,317	20,739	580	1,160

(a) The Bank, following guidance of the external office, accounted for the amount referring to the portion of the proceeding in progress, which it considers as a probable loss on the demutualization of Cetip shares. The amount as of December 31, 2023 is R\$114 (R\$109 in 2022). There is also a portion of this proceeding considered to be a possible loss and, in this case, there is no provision, the amount being R\$204 in 2023 (R\$195 in 2022).

(b) The provision refers primarily to understated inflation on time deposits, where financial disbursement is probable.

The updated amount on December 31, 2023 is R\$15,773 (R\$14,311 in 2022).

(c) The provision basically refers to actions filed by former employees and outsourced

workers claiming labor rights that they consider to be due. The actions are controlled individually and the provisions are made on the basis of a decision previously laid down by the Board or a lower labor court. Management, based on the opinion of its legal advisors, believes that the amounts currently provisioned are adequate. The updated amount on December 31, 2023 is R\$3,430 (R\$6,319 in 2022).

Changes in provisions and legal obligations

	2023			
	Tax	Labor	Civil	Total
Balance on December 31, 2022	109	6,320	14,310	20,739
Setting up of provision	45	-	-	45
Monetary restatement	6	920	1,463	2,389
Operating reversals	(46)	(3,809)	-	(3,855)
Balance on December 31, 2023	114	3,431	15,773	19,318

	2022			
	Tax	Labor	Civil	Total
Balance on December 31, 2021	10,799	9,141	12,403	32,343
Setting up of provision	-	2,281	-	2,281
Monetary restatement	97	1,861	1,907	3,865
Operating reversals	(10,787)	(6,091)	-	(16,878)
Write-offs due to payment	-	(872)	-	(872)
Balance on December 30, 2022	109	6,320	14,310	20,739

19 Equity

a. Share capital

The share capital on December 31, 2023 is represented by common shares, worth R\$1.00 each, distributed as follows:

	December/2023	December/2022
	Number of shares (thousand)	Number of shares (thousand)
Sumitomo Mitsui Banking Corporation (Japan)	1,559,697	1,559,697
Shareholders domiciled in Brazil	2	2
Total	1,559,699	1,559,699

b. Dividends

Corporate legislation and the bylaws state that a minimum of 25% of net income for the year shall be distributed to shareholders as dividends.

On December 31, 2023, a decision was made not to set up a provision for dividends, and income for the year was allocated to the statutory reserve for future distribution.

c. Legal reserve

The legal reserve was recorded as established by Corporate Law and may be used for offsetting losses or increasing the Company's share capital.

d. Statutory reserve

The statutory reserve corresponds to the transfer of the balance of retained earnings, after the mandatory distributions. The remaining balance of R\$609,595 (R\$534,670 on December 31, 2022) will be transferred to the following year or will be allocated as proposed by the Executive Board, and approved at the General Meeting.

20 Income tax and social contribution

- a. On December 31, 2023 and 2022, income tax and social contribution expenses was as follows:

	December/2023		December/2022	
	Income tax	Social contribution	Income tax	Social contribution
Income before income taxes after profit sharing	316,994	316,994	484,214	484,214
Reversal of provisions for contingent liabilities	(3,855)	(3,855)	(17,856)	(17,856)
Provision for contingent liabilities	2,455	2,455	6,260	6,260
Provision for expected credit risk losses	1,555	1,555	1,848	1,848
Temporary provisions	3,962	3,962	8,572	8,572
Adjustment to market value of derivative financial instruments	(10,639)	(10,639)	(135,003)	(135,003)
Adjustment to market value of hedge accounting transactions	(7,259)	(7,259)	(12,404)	(12,404)
Non-deductible expenses	8,469	1,666	2,880	1,257
Interest on equity	(149,700)	(149,700)	-	-
B3 Operations	43,122	43,122	(160,646)	(160,646)
Other additions/(exclusions)	(216)	(216)	(223)	(223)
Taxable income	204,888	198,085	177,643	176,020
Income tax - 15% (note 3.o)	30,733	-	26,646	-
Additional income tax - 10% (note 3.o)	20,465	-	17,740	-
Empresa Cidadã Law	(135)	-	(135)	-
Children and Adolescents Fund	(200)	-	-	-
Social contribution – 20% (note 3.o)	-	39,617	-	36,964
Tax for the period	50,863	39,617	44,252	36,964
Adjustment from previous years	4,474	2,673	-	-
Total	55,337	42,290	44,252	36,964

The social contribution on net income for December 31, 2022, was calculated at a rate of 21%, the rate in force at the time.

b. Tax credits

Deferred tax credits on temporary provisions, based on the technical study drawn up,

may be realizable within 10 years. The amounts are presented in the following notes:

c. Breakdown of deferred tax liability

Breakdown of tax liabilities	December/2023	December/2022
Mark-to-market – Swap	73,413	67,525
Hedge accounting adjustment	16,002	3,063
Mark-to-market – Hedged item	3,276	-
Mark-to-market - NDF	615	1,940
Pension plan actuarial adjustment	990	557
Adjustment to Available-for-Sale Securities	202	654
Temporary adjustment B3	47	1,760
Mark-to-market – Fund Shares	-	126
Total	94,545	75,625

1. Breakdown of tax credit assets on December 31, 2023

Breakdown of the tax asset	December/2023	December/2022
Temporary adjustment B3	21,558	38
Temporary adjustments to other provisions	18,642	15,853
Health plan actuarial adjustment	15,342	10,485
Temporary adjustments to provision for expected credit risk losses	7,188	8,079
Pension plan actuarial adjustment	3,219	3,128
Mark-to-market - Hedged item	1,642	117
Mark-to-market - NDF	1,238	1,760
Adjustment to Available-for-Sale Securities	698	1,392
Hedge accounting adjustment	425	14,567
Temporary adjustments to judicial provisions	52	49
Mark-to-market - Swap	-	1,344
Total	70,004	56,812

2. Expected realization of tax credits as of December 31, 2023

Year	Deferred Income Tax	Deferred social contribution	Total
2024	18,326	11,605	29,931
2025	6,060	4,850	10,909
2026	2,858	2,287	5,145
2027	12,185	10,377	22,563
From 2028	809	647	1,456
Total	40,238	29,765	70,004

3. Variation in tax credit

The realization of tax credits is occurring in accordance with the amounts estimated in the corresponding study and its assumptions.

	Balance in Dec/2022	(Realizations)/ Set-ups	Balance in Dec/2023
Temporary adjustment B3	38	21,520	21,558
Temporary adjustments to other provisions	15,853	2,789	18,642
Actuarial adjustment to health care plan	10,485	4,857	15,342
Temporary adjustments on provisions for expected credit risk losses	8,079	(891)	7,188

Actuarial adjustment to pension plan	3,128	91	3,219
Mark to market - Hedged item	117	1,525	1,642
Mark-to-market - NDF	1,760	(522)	1,238
Adjustment to Available-for-sale securities	1,392	(694)	698
Hedge accounting adjustment	14,567	(14,142)	425
Temporary adjustments to judicial provisions	49	3	52
Mark-to-Market - Swap	1,344	(1,344)	-
	56,812	13,192	70,004

Breakdown of result with deferred tax assets:

	December/2023	December/2022
Temporary adjustment B3	(23,234)	37,468
Mark-to-market - Swap	7,232	(68,529)
Mark-to-market - NDF	(802)	7,778
Mark-to-market - fund shares	-	3,890
Temporary adjustments to provision for expected credit risk losses	1,655	1,878
Temporary adjustments to other provisions	(3,553)	963
Adjustment to CDI hedge	1,739	(97)
Mark-to-market - hedged item	(115)	(407)
Temporary adjustments to judicial provisions	(2)	(4,811)
	(17,080)	(21,867)

4. Present value of tax credit

Year	Deferred Income Tax	Deferred social contribution	Total
2024	16,650	10,543	27,193
2025	5,044	4,037	9,081
2026	2,167	1,733	3,900
2027	8,356	7,116	15,472
From 2028	395	316	711
Total	32,612	23,745	56,357

The tax credit amounts were brought to present value by the fixed curve.

d. Other tax credits

There are also unrecorded tax credits on provisions for civil contingencies in the amount of R\$7,098, which were not set up due to the uncertainty of their realization in a period of less than 10 years.

21 Statement of profit and loss

a. Loans

	2nd sem. 2023	December/2023	December/2022
Income from loans	119,337	262,017	234,095
Income from financing and on lendings	16,870	23,956	9,975
Hedged Item Adjustment - Loans and Financing	1,078	3,393	(196)
Total	137,285	289,366	243,874

b. Income from securities income

	2nd sem. 2023	December/2023	December/2022
Income from interbank liquidity investments	196,348	369,778	303,554
Income from securities transactions	117,146	236,059	250,857
Total	313,494	605,837	554,411

c. Income from derivative financial instruments

	2nd sem. 2023	December/2023	December/2022
Revenue from SWAP, Futures and NDFs transactions	2,532,487	6,410,576	9,130,339
Expenses for SWAP, Futures and NDFs transactions	(2,596,144)	(6,756,475)	(9,489,154)
Total	(63,657)	(345,899)	(358,815)

d. Foreign exchange transactions

	2nd sem. 2023	December/2023	December/2022
Revenue from foreign exchange transactions	76,085	108,611	107,068
Expenses for foreign exchange transactions	(6,382)	(70,687)	(49,124)
Total	69,703	37,924	57,944

e. Deposits, money market and interbank funds

	2nd sem. 2023	December/2023	December/2022
Expenses for Time deposits	(122,111)	(225,624)	(221,436)
Expenses for interbank deposits	(228)	(4,740)	(8,327)
Expenses for repo transactions	(857)	(1,923)	(1,719)
Expenses for contributions to the Credit Guarantee Fund	(1,287)	(2,339)	(2,437)
Expenses for funding from acceptance and issue of securities	(7,274)	(14,367)	(128)
Total	(131,757)	(248,993)	(234,047)

f. Borrowings and on-lending

	2nd sem. 2023	December/2023	December/2022
Expenses for foreign loans and on-lending	(55,034)	(115,074)	(63,417)
Rediscount expenses	-	-	(30)
Hedged item adjustment – On-lending and loans	(3,649)	(3,649)	1,099
Total	(58,683)	(118,723)	(62,348)

g. Service fee income

	2nd sem. 2023	December/2023	December/2022
Revenues from fees and services	3,651	5,269	22,194
Revenues from business intermediation (see note 21a)	15,366	28,291	23,035
Revenue from guarantees provided	35,982	68,359	47,815
Total	54,999	101,919	93,044

h. Personnel expenses

	2nd sem. 2023	December/2023	December/2022
Salaries	(40,319)	(68,251)	(53,029)
Social charges	(12,550)	(29,906)	(23,570)
Benefits	(9,830)	(17,604)	(9,585)
Management Fees	(2,859)	(6,184)	(5,493)
Training	(222)	(369)	(354)
Total	(65,780)	(122,314)	(92,031)

i. Other administrative expenses

	2nd sem. 2023	December/2023	December/2022
Data processing expenses	(14,524)	(25,320)	(25,559)
Expenses for specialized technical services	(2,753)	(6,466)	(10,527)
Communication expenses	(4,228)	(8,444)	(7,802)
Lease expenses	(3,026)	(6,058)	(5,833)
Financial system service expenses	(2,553)	(5,028)	(3,172)
Travel expenses	(664)	(1,936)	(2014)
Amortization and depreciation expenses	(957)	(2,100)	(2,265)
Asset maintenance and upkeep expenses	(282)	(667)	(654)
Security and surveillance services	(162)	(322)	(215)
Transport expenses	(67)	(176)	(162)
Material expenses	(96)	(199)	(296)
Water, energy and gas expenses	(118)	(320)	(325)
Expenses for outsourced services	(313)	(582)	(631)
Advertising and marketing expenses	(3)	(109)	(146)
Insurance expenses	(131)	(312)	(1,006)
Promotions and public relations expenses	(68)	(145)	(83)
Charitable contribution expenses	(204)	(206)	(3)
Other administrative expenses	(1,132)	(2,012)	(2,339)
Total	(31,281)	(60,402)	(63,032)

j. Tax expenses

	2nd sem. 2023	December/2023	December/2022
COFINS	(11,108)	(21,091)	(12,723)
ISS	(2,813)	(5,207)	(4,747)
PIS	(1,805)	(3,427)	(2,067)
Other	(86)	(1,538)	(1,111)
Total	(15,812)	(31,263)	(20,648)

k. Other operating revenues/(expenses)

	2nd sem. 2023	December/2023	December/2022
Reversal of operating provisions	3,422	6,173	8,896
Reversal of provisions for guarantees provided	1,202	(841)	(3,727)
Exchange variation	(53,080)	207,126	110,342

Recovery of charges and expenses	328	1,057	1,403
Restatement of judicial deposits	10	55	223
Indemnification fines	12	12	13
Other expenses	105	23	(1,335)
Total	(48,001)	213,605	115,815

I. (Provision for) / Reversal of provision for contingent liabilities

	2 nd sem. 2023	December/2023	December/2022
Reversal of operating provisions – contingent liabilities	3,001	3,855	17,856
Restatement of contingent liabilities	(604)	(2,389)	(3,969)
Provisions for Contingent Liabilities Expenses	-	(45)	(2,282)
Total	2,397	1,421	11,605

22 Related-party transactions and balances

a. Transactions with controlling shareholders (direct and indirect)

Balances for transactions with parties related to Sumitomo Mitsui Banking Corporation are as follows:

	Assets / (liabilities)		Revenue / (expense)	
	December/2023	December/2022	December/2023	December/2022
Cash and cash equivalents - foreign currency deposits	71,232	68,270	-	-
Investments in foreign currency abroad (note 5)	246,984	125,241	(4,911)	22,766
Amounts receivable – commission for business intermediation	7,952	6,178	28,291	23,036
Obligations for loans abroad	(545,297)	(830,006)	14,359	4,298
Obligations for foreign lendings	(2,880,745)	(3,308,293)	110,488	111,051
Total	(3,099,874)	(3,938,610)	148,227	161,151

b. Compensation of key management personnel

To comply with Resolution No. 4.818/20 and also Technical Pronouncement CPC 05 - Disclosure of Related Parties, all members of the Executive Board have been defined as key personnel of this institution.

The global compensation paid to executive officers distributed in accordance with the Bylaws of Banco Sumitomo Mitsui Brasileiro S.A.

In the most recent statutory reform in April 2019, the maximum global monthly compensation of the executive officers was maintained at R\$600 (salaries).

Short-term benefits to executive officers

	December /2023	December /2022
Salaries	6,184	5,493
Variable compensation	4,189	3,382
Contributions to INSS (Social Security Contribution)/FGTS (Unemployment Fund)	2,849	2,443
Total	13,222	11,318

Post-employment benefits

In accordance with the Pension Fund regulations, executive officers may opt to participate in the supplementary defined-benefit Pension Plan, fully sponsored by Banco Sumitomo Mitsui Brasileiro S.A., under the same conditions as other employees of the Bank (note 22).

The Bank does not grant long-term benefits or share-based compensation to its key Management personnel.

c. Other information

According to CMN Resolution No. 4.693/18, financial institutions can carry out loan operations with related parties, provided they cumulatively meet the conditions established in the items below:

- Except for the cases established in the legislation or specific regulations, loans to related parties can only be made on an arm's-length basis, including in respect of limits, interest rates, grace period, terms, collateral required and risk rating criteria in order to set up a provision for probable losses and write-offs as loss, without additional or special benefits in comparison to loans granted to clients with similar profiles of the respective institutions.
- The balances of direct or indirect loan to related parties should not exceed 10% (ten percent) of shareholders' equity adjusted for accumulated revenues and expenses less equity interests held in institutions authorized to operate by the Central Bank of Brazil and financial institutions abroad, subject to the following maximum individual limits:
 1. 1% (one percent) for transactions with individuals; and
 2. 5% (five percent) for transactions with legal entities.

Directors or officers meeting, at least the following conditions in both counterparties, are considered independent:

I – not having a qualified equity interest as either controlling shareholder, member of the control group or other group with a qualified equity interest and not being a spouse, companion or relative, by blood or otherwise, up to the second degree, of such persons;
II – not being bound by a shareholders' agreement; and

III - not being or having been, in the last three years:

- a) an officer director or member of statutory or contractual bodies, including at affiliates;
- b) an employee, including at affiliates;
- c) a spouse, companion or relative, by blood or otherwise, up to the second degree of the parties mentioned in sections “a” and “b”; and
- d) a recipient of compensation except that for their work as an independent director or on account of any equity interests.

On December 31, 2023, the Bank had not granted: loans, financing or any other advance to its executive officers or to any of their family members.

Members of the Executive Board do not hold any interest in the capital of the Bank.

23 Post-employment benefits sponsored by the bank

The Bank's actuarial liabilities were determined in accordance with the model established in the respective plan and represent the amount of commitments made and to be made.

The actuarial calculation is updated every six months.

CVM Resolution 695 of December 13, 2015, approved CPC Technical Pronouncement 33 (R1), which addresses the matter of employee benefits, in accordance with International Accounting Standard IAS 19. CPC Technical Pronouncement 33 established essential changes in accounting for and disclosing employee benefits, such as the removal of the corridor mechanism for recognizing the plan's liabilities, and changes in the criterion for recognizing the plan's assets (appreciations and devaluations). The adoption of the Pronouncement applies to years started as from January 1, 2015, and the effects are recorded retrospectively in the books, as changes in accounting practices. Adopting this practice will basically lead to the full recognition in a liability account of actuarial losses (actuarial deficit) not recognized to date, against a shareholders' equity account.

a. Retirement Plan

The Bank sponsors Banco Sumitomo Mitsui Brasileiro Sociedade de Previdência Privada (“Entity”), established on April 20, 1992, and primarily engaged in granting lump sum benefits and/or supplemental income to the Bank's employees and officers by means of a defined benefit plan. Participants (employees) are entitled to a benefit upon termination of the employment relationship, calculated according to regulatory provisions, whose amount will depend on the participant's salary and length of service at termination date.

Description	Retirement Plan	
	December/2023	December/2022
Present value of actuarial obligations	40,152	36,731
Fair value of plan's assets	(32,945)	(29,727)
Deficit/ (Surplus) for covered plans	7,207	7,004
Adjustments for permitted deferrals		

Net actuarial liabilities (assets)	7,207	7,004
Actuarial assumptions:		
Nominal discount rate for actuarial obligation	9.56% pa	10.91% pa
Estimated nominal salary increase	4.00% pa	4.50% pa
Estimated rate of nominal benefit increase	4.52% pa	5.02% pa
Estimated inflation rate	4.00% pa	4.50% pa
Biometric table of general mortality	AT-2000 reduced by 10% and segregated by gender	AT-2000 reduced by 10% and segregated by gender
Biometric table for classification as disables	Mercer table	Mercer table
Expected turnover rate	0.31/ (length of service +1)	0.31/ (length of service +1)
Chance of entering retirement	10% on the first date of eligibility for early retirement; 3% between the 1st eligibility for early and normal retirement; 100% on the date of eligibility for the normal retirement.	

Sensitivity Analysis

The present value of the actuarial obligation is sensitive to changes in the main hypotheses: discount rate, salary growth and life expectancy. The impacts on the present value of the actuarial obligation are shown, considering the basic discount rate adopted for this Actuarial Appraisal:

Present Value of the Obligations	Sensitivity Analysis	
	December/2023	December/2022
Discount Rate: 0.25% decrease	851	756
Discount Rate: 0.25% increase	(819)	(728)

b. Health Plan

The Health Plan offered by Banco Sumitomo Mitsui to its employees was contribution-based until November 2017, generating the obligation to extend coverage in exchange for payment of the respective premiums to the Company's former employees and retired employees, in accordance with Articles 31 and 31 of the Law No. 9.656/98. Contributions to the plan were interrupted in December 2017, although there remains a group of employees who are entitled to this coverage, presenting the following actuarial liabilities:

Description	Health Plan	
	December/2023	December/2022
Net actuarial liabilities (assets)	34,146	23,352
Total	34,146	23,352
Actuarial assumptions/Actuarial hypotheses		
Nominal discount rate for actuarial obligation	9.71% p.a.	10.96% p.a.
Estimated inflation rate	4.00% p.a.	4.50% p.a.
Biometric Turnover Rate	Until 9 years SVC: 0.5/(Length of Service +1) From 10 years SVC:	Until 9 years SVC: 0.5/(Length of Service +1) From 10 years SVC:

	0.075/(Length of Service) +1)	0.075/(Length of Service) +1)
Biometric retirement entry table	55 years	55 years
Biometric table of general mortality	AT-2000 segregated by gender and reduced by 10%	AT-2000 segregated by gender and reduced by 10%
Health Care Cost Trend Rate (HCCTR)	7.12% p.a. 3.00% p.a. actual rate	7.63% p.a. 3.00% p.a. actual rate
Restatement of the Participant's Contribution	Inflation (HCCTR)	Inflation (HCCTR)
Restatement of the plan's cost	Inflation (HCCTR) + Aging Factor	Inflation (HCCTR) + Aging Factor
Percentage of people opting to remain in the plan	Retirement: 100%	Retirement: 100%
Aging Factor	Termination: 100%	Termination: 100%
Family members - Active	3.00% (per year - age)	3.00% (per year - age)
Age difference between holder and spouse	90% Married	90% Married
Family members - Retired	4 years	4 years
	Real family	Real family

24 Operational, market, credit risk management and capital management framework

Operational risk

Operational Risk is defined as the risk of loss arising from deficiencies, failures or inadequacy of internal processes involving people, systems or unexpected external and unexpected events.

The Operational Risk Management framework is considered a strategic and competitive factor for Banco Sumitomo Mitsui Brasileiro S.A. and is defined in the Bank's Operational Risk Management Policy established and approved by the Bank's Executive Board, at least annually, pursuant to CMN Resolution No. 4.557/17, being directly subordinate to the Chief Risk Officer in Brazil (CRO).

Operational Risk is an important tool for the effective management of the Bank's economic and regulatory capital. The size of the framework is proportional to the risks relating to the complexity of the products offered by the institution, nature of transactions and risk exposure guidelines of the Bank and the companies whose accounts are included in the consolidated financial statements.

The Operational Risk Management of Banco Sumitomo Mitsui Brasileiro S.A. adopts a management method in partnership with the Bank's business areas, therefore leading to a clear view of the respective tactical and strategic roles and responsibilities of the business areas and the Operational Risk Management department, allowing all employees to coordinate and cooperate to reduce operational losses and further improve the Bank's processes and activities.

Under this management model, the Operational Risk Management department is in charge for:

- i. Establishing the structure, policies and tools for managing operational risks;
- ii. Preparing periodic reports;
- iii. Coordinating the operational risk management committees set up by the Bank;

- iv. Consolidating and monitoring operational losses incurred by the Bank;
- v. Establishing strategies aligned with the risk appetite levels established in the RAS;
- vi. Implementing protection mechanisms for information security in order to prevent, detect and reduce vulnerability to cyber-attacks;
- vii. Defining business continuity plans that establish procedures and estimated deadlines for the availability and recovery of activities in the event of interruption of critical business processes;
- viii. Implementing training for employees to foster the organizational risk culture within SMBC.

Management, in line with its Corporate Governance Policy, recognizes, participates in and shares responsibility for the continuous improvement in this structure, to ensure compliance with the established objectives and goals and security and quality for the Bank's clients, shareholders and related parties.

Regarding the calculation of capital requirements for Operational Risk, Banco Sumitomo Mitsui Brasileiro S.A. adopted the calculation model based on the Basic Indicator Approach, also known as "BIA".

Information related to the Bank's Operational Risk Management Framework, and Management's responsibility for the published information, is included in a publicly disclosed report available at www.smbcgroup.com.br (unaudited).

Market Risk and Liquidity

Market Risk is the possibility of losses being incurred due to variations in prices, indexes and rates on mismatches of terms, currencies and indexes of the asset and liability portfolios. Banco Sumitomo Mitsui Brasileiro S.A. adopts a highly conservative policy and exposure to market risk factors.

Liquidity Risk is the possibility of the Bank being unable to meet its expected and unexpected obligations, whether current or future, including those resulting from guarantees, without affecting its daily transactions and without sustaining significant losses; and the possibility of the Bank being unable to trade a position at market price, due to its high size in relation to usually traded volume or due to some market discontinuity.

The Market and Liquidity Risk Management framework is a specific unit of the Bank, independent from the business and audit areas, reporting directly to the Bank's Executive Board. It is responsible for managing market, liquidity and credit risks, and ensuring prudent practices and effective techniques of risk control. The size of the framework is proportional to the risks related to the complexity of the products offered by the institution, nature of transactions and risk exposure guidelines of the Bank and the companies whose accounts are included in the consolidated financial statements.

The Market Risk Management policy is based on the daily control of the Bank's market risk positions, on the control of limits for positions, divided into limits for exposure to interest rate and exposure to exchange rates, as well as to Limits/Guidelines for Stop Loss. In addition, stress test reports and regulatory capital information (IRRBB – Regulatory Capital for Interest Rate Risk in the Banking Book and Regulatory Capital for

the Trading Book) are produced in accordance with the requirements of the Central Bank of Brazil (Bacen).

The Liquidity Risk Management policy is based on the daily control of Money Gap (the need for funding within a certain period), liquidity indicators and additional emergency funds for liquidity.

In addition, stress test and regulatory information reports and Liquidity Statements are produced, according to the requirements of the Central Bank of Brazil (Bacen).

The Market and Liquidity Risk Management framework was implemented in accordance with the requirements of CMN Resolution No. 4.557/17, and is approved and reviewed at least annually by the Bank's Management. In order to ensure the implementation of guidelines and policies in force, Banco Sumitomo Mitsui Brasileiro S.A. has an Asset and Liability Committee (ALCO), which usually meets once a month with the Management members, and extraordinarily whenever necessary. The purposes of said Committee are, among others, to decide on the market and liquidity risk management policy, asset and liability management policy, to ensure compliance with the limits/guidelines for market and liquidity risk, to ensure that the Bank keep proper and sufficient liquidity levels and to check procedures in the treatment of new products and their risk management framework.

Information related to the Bank's Market and Liquidity Risk Management Framework is included in a publicly disclosed report available at www.smbcgroup.com.br (unaudited).

The Management of Banco Sumitomo Mitsui Brasileiro S.A. is responsible for all disclosed information.

Credit risk

Credit Risk is defined as the possibility of the occurrence of losses related to non-compliance by the borrower or counterparty with their respective obligations under the terms agreed on, the devaluation of credit assets, deriving from the deterioration in the risk rating of the borrower, a decrease in gains or remunerations, the advantages granted in the renegotiation and recovery costs.

Credit Risk is strongly related to other types of risk, such as market and liquidity risks. These types of risks derive, many times, from Credit Risk and may occur concurrently.

The Credit Risk Management framework was implemented in accordance with the requirements of CMN Resolution No. 4.557/17 and is approved and reviewed at least annually by the Bank's Management. The Credit Risk Management framework is a specific unit of the Bank, independent from the business and audit areas, reporting directly to the Bank's Executive Board. The size of the framework is proportional to the risks related to the complexity of the products offered by the institution, nature of transactions and risk exposure guidelines of the Bank and the companies whose accounts are included in the consolidated financial statements.

The Bank's Credit Risk Management framework is implemented to maintain the policies, procedures and systems for monitoring and controlling credit risk according to prevailing laws, therefore ensuring that credit risk be identified, measured, monitored, controlled

and reported to Management, so as to allow a proper treatment of risk as one of the vectors of growth and profitability.

The Credit Risk Management framework has policies and strategies which are clearly defined and duly documented and reviewed, establishing operational limits, risk mitigation mechanisms and procedures to keep exposure to credit risk at levels considered acceptable by the Bank's Management.

Information related to the Bank's Credit Risk Management Framework, and Management's responsibility for published information, is included in the publicly disclosed report available at www.smbcgroup.com.br (unaudited).

Capital Management

Capital management is defined as a continuous process of monitoring and controlling the capital held by the Bank; assessing capital needs to face the risks the Bank is subject to; and planning goals and capital needs, considering the Bank's strategic purposes.

The capital management framework was implemented in accordance with the requirements of CMN Resolution No. 4.557/17 and is approved and reviewed at least annually by the Bank's Management. The capital management framework is under the responsibility of the Risk Management Department, independent from the business and audit areas and reports directly to the Bank's Vice-Presidency. The size of the framework is proportional to the risks related to the complexity of the products offered by the Bank, the nature of transactions and risk exposure guidelines of the Bank and the companies forming part of the Prudential Conglomerate. Its objective is to identify and assess all the Bank's significant risks according to policies and strategies to keep the level of the capital compatible with incurred risks.

The main source of information to calculate the regulatory capital is the document CADOC 2061 – DLO Operational Limits Statements, submitted monthly to BACEN, which details all the components of the Regulatory Equity, which is the basis for complying with the minimum regulatory capital required by Basel III pronouncements.

To determine the minimum capital required, the total RWA is calculated by summing the assets weighted by credit, market and operational risks:

$$> RWA = RWA_{cpad} + RWA_{mpad} + RWA_{opad}$$

The total RWA consists of the sum of these duly weighted assets.

In July/2023, BCB Resolution 229 came into force (replacing Circular Letter No. 3.644), in which the Central Bank changed the calculation of assets weighted by credit risk.

Basel Ratio

The Bank complies with the limits established in CMN Resolution No. 2099/94, as amended by CMN Resolutions No. 4.193/13 and 4.192/13, presenting the Equity to Weighted Assets ratio, as follows:

	<u>December/2023</u>	<u>December/2022</u>
Credit risk	6,344,399	8,455,765

Market Risk	1,029,448	1,006,166
Operational Risk	704,633	591,696
Risk Weighted Assets (RWA)	8,078,480	10,053,628
 Reference Heritage Levels I and II (PR)	 2,193,756	 2,114,506
Required Reference Equity (RWA 8%)	646,278	804,290
Margin on the Required Reference Equity	1,547,478	1,310,215
 Basel Ratio (IB) - PR/RWA	 27.16%	 21.03%

If the Bank needs additional capital, the contingency plan is to increase capital through capital injection by Sumitomo Mitsui Banking Corporation (parent company).

Any relevant incident or problem must be directed immediately to the Bank's Governance Committee, which is the group designated to centralize decisions and define measures to remedy any capital adequacy problems.

To adopt a prospective stance and foresee the need for capital, the Bank set up the New Product and Service Committee, with the permanent participation of the Risk Management Department, where the product and/or service is analyzed before being implemented in the Bank.

The Bank does not follow an Internal Capital Adequacy Assessment Process (ICAAP) pursuant to Article 6 of CMN Resolution No. 4,557/2017 as it is not required according to the segment classification.

The Risk Management Department tracks the portfolio's performance daily and, if there are any differences, communicates them immediately to Senior Management so that the capital adequacy is adequately addressed.

If the scenarios change materially, the Finance division will call on the IRM (Integrated Risk Management) team and instruct it to carry out stress tests under extreme market and economic conditions.

Information related to the Bank's Capital Management Framework is included in the publicly disclosed report available at www.smbcgroup.com.br (unaudited).

The Management of Banco Sumitomo Mitsui Brasileiro S.A. is responsible for all disclosed information.

Fair Value Measurement

The fair values of financial assets and liabilities are determined based on market prices or prices quoted by market agents for financial instruments traded in active markets. For other financial instruments, the fair value is determined by valuation methods. Valuation methods include net present value methods, discounted cash flow methods, comparison with similar instruments for which there are observable prices and valuation models in the market. The Bank uses widely recognized valuation models in most of its products to determine the fair value of financial instruments, relying on observable market data.

- Level 1 - Securities acquired for active and frequently trading. They are marked-to-market, have high liquidity and their prices are available in the market. This category includes available-for-sale securities and stock futures.
- Level 2 - Pricing information is not available for an active market, but is priced by using prices quoted for similar instruments or by pricing techniques using observable data in the market. The category includes SWAPs, NDFs and Debentures, in which the methodology used is the mark to model, where inputs are collected from the market.
- Level 3 - Pricing of assets where data is not available on the market. In accordance with best market practices, the fair value of certain products such as Financial Bills is calculated through Credit Spread to incorporate the issuer's credit risk in the asset's price.

25 Recurring and non-recurring income

To classify income between recurring and non-recurring, Banco Sumitomo considers as recurring any income obtained from its regular and everyday activities.

Non-recurring income include revenue and expenses arising from administrative acts and facts that are unusual or unlikely to occur in consecutive years.

For the year ended December 31, 2023, the Bank did not show outstanding amounts classified as non-recurring. On December 31, 2022, the Bank recorded the amount of R\$886 related to the impact of the current Social Contribution on the bank's income, due to the increase in the rate from 20% to 21% as from August 2022.

26 Subsequent events

On March 14, 2024, the Bank sent the amount of R\$149,700 (R\$130,987 net of taxes), related to interest on equity, to the controlling shareholder SMBC Japan, as previously resolved at the Extraordinary General Meeting of December 29, 2023.

On March 15, 2024, at the Extraordinary General Meeting, the capital increase in the amount of R\$116,000 was approved through the recapitalization of interest on equity. This amount was received on March 14, 2024 and until the closing of these financial statements, the approval process with the Central Bank of Brazil is still under evaluation. The amount is registered in a separate account in Shareholders' Equity and will be fully paid on the date of approval.