BANCO SUMITOMO MITSUI BRASILEIRO S.A.

Financial statements as of 30 June 2023.

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Administration Report

Shareholders:

In compliance with the legal provisions, we submit for your appreciation the financial statements for the semester ending on June 30, 2023, whose net income in the year was R$ 76,556 thousand (R$ 108,182 thousand on June 30, 2022), total assets, R$ 9,354,798 thousand (R$ 9,533,514 thousand on December 31, 2022) and loans portfolio R$ 2,956,521 thousand (R$ 2,965,671 thousand on December 31, 2022).

Dividends:
Corporate legislation and the bylaws state a minimum of 25% of net income for the year shall be distributed to the shareholders in the form of dividends and/or interest on shareholders' equity. On June 30, 2023 it was decided not to form a provision of dividend/interest on shareholders' equity, where the profit for the year was allocated to the statutory reserve for future allocation.

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 head office.

São Paulo, August 28, 2023.

Summary of the Audit Committee Report

Introduction:
According to the Resolution CMN 4.910 from Central Bank of Brazil, it is for the Audit Committee (‘Committee’) to ensure the quality and integrity of the Financial Statements of the 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) members, full and independent, elected, having regard to 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, risk management, internal controls and compliance, the Bank's legal advisers and its own analyzes.

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 the assessment of internal control and risk management systems, providing the Committee with a critical view of the quality of the processes and the monitoring of risks.

Activities carried out during the period:
At a meeting held on 23 August 2023 with our internal and external auditors, the revision work of the financial statements for the year ending 30 June 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 as official disclosure appropriate. We always have the presence of the members of the Audit Committee, the Executive Manager of Accounting and the Executive Manager of Internal Audit.

Risk Management and internal control systems:
In the first half of 2023 the Bank continued to improve and update its rules and procedures and strengthen the corporate governance process. The reports required by the regulators and prepared by the Compliance Division concluded that the Internal Control System of the 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.

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

External Audit:
The Committee shall maintain, directly and/or indirectly through its Technical Member, a regular channel of communication with the 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 views on the integrity of the Financial Statements.

On the basis of the evaluation carried out and the information provided by KPMG Auditores Independentes Ltda, the Committee has not identified situations which could affect the objectivity and independence of the external audit.

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

Internal Audit:
The strategic and tactical planning of Internal Audit and the analysis of the structural, resource, professional development, responsibilities, independence, objectivity, implementation and completion aspects of the work have been examined by the Audit Committee. The outcome of this process did not give the Committee any concerns on 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, 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 on the basis of the activities it has carried out over the period, the Committee concludes that during the six months ending on 30 June 2023:

・internal control systems, compliance policy, and capital and risk management frameworks are appropriate for the proportion and complexity of the Banco Sumitomo Mitsui Brasileiro S.A. and the approved risk appetite, followed by compliance with the rules in force, with evidence of shortcomings;

・the coverage and quality of the Internal Audit work are satisfactory, including with regard to the verification of compliance with legal and regulatory provisions and internal regulations and codes, with the 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 the international accounting standards issued by the International Accounting Standards Board (IASB); and

- the information provided by KPMG Auditores Independentes Ltda is suitable, including the verification of compliance with legal and regulatory arrangements and internal regulations and codes, with evidence of the deficiencies identified, in which the Committee supports its recommendation on the accounts, and no situation is identified which could undermine the objectivity and independence of the Independent Auditor.

In the course of 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 control, accounting and audit errors which could jeopardize the continuity of the Bank.

On the basis of the export, 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 year ending on 30 June 2023.

São Paulo, August 23, 2023.

Audit Committee

Notes to the financial statements
(In Thousands of Reais)

1 Reporting entity

Banco Sumitomo Mitsui Brasileiro S.A. ('Bank') is constituted as a multiple service bank authorizes to operate commercial portfolios, including exchange operations and investment portifolios, by Resolution 2.099/94 of the National Monetary Council (CMN).

On January 18, 2012, the Bank received authorization from the Brazilian Central Bank to open a branch in the Cayman Islands. The documents approving the opening of this branch were issued on January 08, 2013. The Bank effectively initiated its operations at the branch in September 2013. The accounting balances of the foreign branches have been included in the financial statements.

2 Preparation and presentation of the financial statements

The financial statements comply with the regulations issued by the National Monetary Council and Brazilian Central Bank, as per CMN Resolution 4818/2020.

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

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

- Resolution CMN 3.566/08 – Asset impairment (CPC 01)
- Resolution CMN 3.604/08 – Statement of cash flow (CPC 03)
- Resolution CMN 3.823/09 – Provisions, contingent liabilities and contingent assets

  (CPC 25)
- Resolution CMN 3.973/11 – Subsequent events (CPC 24)
- Resolution CMN 3.989/11 – Share-based payments (CPC 10)
- Resolution CMN No 4.524/16 – Effects of changes in financial statement exchange and translate rates (CPC 02)
- Resolution CMN No 4.534/16 – Intangible Assets (CPC 04)
- Resolution CMN No 4.535/16 – Property, Plant and Equipment (CPC 27)
- Resolution CMN No 4.636/18 – Disclosure of Related-Party Transactions (CPC 05 R1)
- Resolution CMN No 4.818/20 – Earnings per Share (CPC 41)

- Resolution CMN 4.877/20 – Employee benefits (CPC 33 R1)

- Resolution CMN° 4.924/21 – Recognition, measurement, bookkeeping and accounting evidence (CPC 00 R2, CPC 01 R1, CPC 23, CPC 46 and CPC 47)

Implementation plan CMN Resolution 4.966/21:

In accordance with Article 76 of Resolution CMN No 4.966 of 25 November 2021, which sets out the accounting concepts and criteria for financial instruments, aligned with the accounting criteria of the chart of accounts established by the International Standard (IFRS 9) as of 1 January 2025, the Bank has drawn up the plan to implement the new accounting regulation, consedring the accounting scenario, industry, market strategy, and risk management framework. The Bank's management believes that changes in business models and the relationship with financial products will have an impact on all internal processes, and that policies, controls and systems need to be reviewed and readapted. We have established a macro implementation schedule that includes activities during the financial years 2023 and 2024, and still depends on complementary standards to be issued by the Central Bank of Brazil. The impacts on the Financial Statements will be measured after the full definition of regulatory regulations.

Basically, the implementation plan covers the following steps: (i) evaluation; (ii) design; (iii) development; (iv) tests and approvals; (v) transition activities and (vi) initial adoption.

Of the main challenges required by the resolution, we highlight: (a) investments for classification; (b) initial recognition and measurement requirements; (c) subsequent measurement; (d) recognition and measurement of foreign exchange products; (e) expected losses and (f) transition strategies.

The Executive Board authorized the issuance of the financial statements as of June 30, 2023 on 28 August 2023.

3 Description of significant accounting policies

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

a. Functional and presentation currency

The Bank's functional currency is the Brazilian Real.

The operations conducted by the overseas branch (Cayman) are denominated in the functional currency the US dollar. However, for the purpose of presentation and consolidation the Bank, the amount converted to Brazilian Reais at the sale exchange coupon informed by the Brazilian Central Bank.

The effect of exchange variance resulting from the translation of foreign currency transactions and financial statements of overseas investees are recorded in separate accounts in shareholders' equity in accordance with CMN Resolution 4524/16.

b. Statement of profit or loss

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

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

Transactions with pre-fixed rates are recorded at the redemption value and the receipts and expenses corresponding to the future period are recorded under the reducing account of the respective assets and liabilities. Transactions with post-fixed or indexed rates 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 money market investments, with a liquidity at the maturity date of 3 months or less and which pose a negligible risk of impairment, which the Bank uses to manage its short-term commitments.

d. Interfinancial liquidity applications

Interbank funds applied are stated at cost, plus income earned up to the reporting date.

e. Securities and securities

Under BACEN Circular 3068, 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 to the statement of income for the period.

- **Available-for-sale securities** - Securities that are neither classified as marketable or held to maturity, adjusted to market value and charged to the relevant item in the shareholders' equity, net of tax.

- **Held-to-maturity securities** - Securities acquired for which the has the intention and financial ability to hold as part of its portfolio until maturity date. These securities are measured at acquisition cost, plus income earned. Interest income is recognized in profit or loss for the period.

f. Derivative financial instruments

The Bank conducts derivative financial instrument transactions 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 agreed on by contract for proper terms, rates and amounts.

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

In order to manage the ensuing risks, internal limits to global and portfolio exposures were set. These limits are monitored daily. Considering the possibility of exceeding the limits as a result of unexpected situations, Management established internal policies which entail the immediate definition of conditions for realignment. These risks are monitored by an area independent from operational areas and reported daily to senior management.

The mark-to-market methodology of the derivative financial instruments was established based on consistent and verifiable criteria that take into account the closing price, or adjustment, when applicable, on the calculation day, or if this does not exist, through pricing models that translate the probable net realization value or the price of a similar financial instrument, taking into account the payment terms and maturity, currency or index and the credit risk associated with the counterparty, at the very least.

Under BACEN Circular 3.082, issued January 31, 2002 and BACEN Circular Letter 3.026, issued July 5, 2002 derivative financial instruments are composed of swap and Non Deliverable Forward ("NDF") transactions and futures, accounted for according to the following criteria:

- Transactions involving futures:

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

- Swap and Non Deliverable Forward:

Difference receivable or payable recorded in assets or liabilities, respectively, and recognized as income or expense on a pro rata die basis through the reporting date.

Derivative transactions conducted at the request of clients or on one's own, 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 3150/2002 issued by BACEN (Brazilian Central Bank), are stated at market value, and valuations and devaluations are recognized as follows:

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

- Financial instruments considered as hedging instruments:

– Against market risks: are used to offset the risks arising from exposure to the variation in the market value of the hedged item. Their valuations or devaluations are accounted for as an offsetting entry to revenue or expense accounts in the profit or loss for the period.

– For cash flows: have the purpose of offsetting the changes in estimated future cash flows. Their valuations or devaluations are accounted for as an offsetting entry to a separate item in shareholders' equity.

– On 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 a range from 80% to 125%.

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

Loans and forex operations are classified according to the Management's assessment of risk, in accordance with the Bank's policy taking into account economic conditions, past experience and the specific risks of each operation, its debtors and guarantors, according to the parameters established by the CMN Resolution 2682/99, procedure which 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.

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 evaluation of customer data to define the "Obligor Grade" - "grading" of the client, 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 actually received.

Loans classified as level "H" (100% of allowance) 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 factors justify a change in the level of risk, the transaction may be reclassified to the lower-risk category.

The Bank records provision for guarantees provided and guarantee operations which used these policies as a criteria, whilst observing at least, the assumptions established in CMN Resolution 2682/99, taking into account the economic situation, past experience and specific risks posed by each operation and the debtors, as mentioned above.

h. Other assets

Other current and long-term assets are stated at cost plus, when applicable, income and monetary variations earned, less allowance for losses at realization value adjustments.

i. Fixed assets

Property and equipment are stated at acquisition cost, less accumulated depreciation, calculated through the period reporting date. Depreciation is calculated under 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 4535 of the National Monetary Council (CMN), of November 24, 2016, new property, plant and equipment will be recognized at cost, which comprises the 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 site 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 as a contra entry to the 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 the systems, which are 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-end date, amortized over the lease term.

In compliance with Resolution 4534 of the National Monetary Council (CMN), of November 24, 2016, new intangible assets will be recognized at cost, which comprises the acquisition price or the development cost in cash, plus any import taxes and non-recoverable taxes, and other directly attributable costs, required for the preparation of the asset for the proposed purpose. Amortization will be recognized monthly over the estimated useful life of the asset, as a contra entry to the specific operating expense account. Useful life is the period during 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 3,566, approving the adoption of Technical Pronouncement CPC 01, which provides for the procedures applicable to the recognition, measurement and disclosure of losses in relation to the recoverable value of an asset (impairment), 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 generate cash flows with substantial independence from 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

Receivables and payables legally or contractually subject to exchange coupon or index variations are adjusted for inflation through the date of the statement of financial position. Offsetting entries for these monetary restatements are recognized directly in the profit or loss for the period.

m. Deposits

Deposits are stated at the enforceable amounts and consists of charges incurred up to the reporting date, recognized on a pro rata dia basis.

n. Contingent assets and liabilities and legal obligations

The recognition, measurement and disclosure of contingent assets and liabilities and of legal obligations (tax and social security) are performed in accordance with criteria set by the National Monetary Council (CMN) Resolution 3823/09, which approved CPC 25 issued by the Accounting Pronouncements Committee (CPC). The criteria applied by the Management for the measurement and disclosure of contingent assets and liabilities are:

- **Contingent assets** - Are only recognized in the financial statements when evidence exists that the decision will be favorable.

- **Contingent liabilities** - Are recognized in the financial statements when a present obligation exists as a result of a past event, and according to the legal advisors' and the Management's opinion it is probable that an outflow of economic benefits will be required 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 decisions based on legal opinions, given the chance of defeat in the case.

- **Legal obligations - Tax and social security** - Consist of legal claims, whereby the legality and constitutionality of some taxes and contributions have been challenged. The amounts disputed are fully recorded in the financial statements and corrected in accordance with the legislation in force.

Contingent liabilities are disclosed in 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 corrected based on their bank statements, without deducting them from provisions for contingent liabilities and legal obligations, in compliance with the BACEN rules.

o. Income tax and social contribution

The provision for income and social contribution taxes is calculated according to the rate of 15% plus a surtax of 10% on taxable income in excess of R$ 240 thousand for the year, adjusted by additions and deductions established by law.

The rate of social contribution established on net profit is 20% according to Law No. 7 689/1988

Tax credits are recognized according to the provisions included in Resolution 4.842 of 30 July 2020 issued by the National Monetary Council. Under those resolutions, in order to recognize and keep in the accounting tax credits arising from income and social contribution tax losses and from temporary differences, the entity must fulfill all of 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, as the case may be, in subsequent periods, according to technical studies which allow the realization of tax credit over a maximum period of ten years.

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

p. Employee Benefit Plan

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

Defined Benefit Plan

For this plan modality, Sponsor's obligation is to provide employee benefits, assuming the potential actuarial risk that 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 the International Accounting Standard IAS 19. CPC Technical Pronouncement CPC 33 (R1) established essential changes in the accounting for and disclosure of employee benefits such as the 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 aforementioned Pronouncement applies to years started as from January 01, 2015, and the effects are recorded retrospectively in the accounting, as changes in accounting practices.

The present value of the defined-benefit obligation is the present value without adopting any of the plan's assets, the 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 4.877/ 2020 stating that financial institutions should comply with CPC Technical Pronouncement 33 (R1) from January 01, 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 precision inherent to the process of their determination. Estimates and assumptions are reviewed at least quarterly.

r. Nonrecurrent income

Nonrecurrent 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

Cash and cash equivalents presented in the statement of cash flows are broken down as follows:

	June/2023	December/2022
Cash equivalents	**73,613**	**80,261**
(*)Interfinacial deposits	**367,159**	**287,186**
Interfinancial deposits	150,322	161,945
Foreign currency investments	216,837	125,241
Total cash and cash equivalents	**440,772**	**367,447**

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

5 Interfinancial liquidity applications

Money market, as of 30 June 2023 and 31 December 2022 are composed as follows:

	June/2023			
	Up to 3 months	**3 to 12 months**	**Over 12 months**	**Total**
Money market	**-**	**-**	**661,986**	**661,986**
Own funds	**-**	**-**	**661,986**	**661,986**
National Treasury Bills	-	-	211,999	211,999
Financial Treasury Bills	-	-	449,987	449,987
(*) Interfinancial deposits	**150,322**	**301,366**	**1,197,754**	**1,649,442**
Not related	150,322	301,366	1,193,420	1,645,108
Hedge Object Mark-to-market	-	-	4,334	4,334
Foreign currency applications	**216,837**	**-**	**-**	**216,837**
Total	**367,159**	**301,366**	**1,859,740**	**2,528,265**

	December/2022			
	Up to 3 months	**3 to 12 months**	**Over 12 months**	**Total**
Money market	**-**	**-**	**2,041,055**	**2,041,055**
Own funds	**-**	**-**	**2,041,055**	**2,041,055**
National Treasury Bills	-	-	2,041,055	2,041,055
Financial Treasury Bills	-	-	-	-
(*) Interfinancial 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 applications	**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 30 June 2023 and 31 December 2022:

	June/2023		December/2022	
	Curve Value	**Market Value**	**Curve Value**	**Market Value**
Marketable securities				
Multimarket fund shares - SMBCB Onshore Fundo de Investimento	260,329	260,329	245,740	245,740
Total - Trading securities	**260,329**	**260,329**	**245,740**	**245,740**
(*)Available-for-sale securities				
Own portfolio				
Treasury Financial Letters	783,631	784,303	508,785	508,910
Debentures	495,758	493,970	495,971	494,632
Equity fund shares - FIP Brazil Sustainability	641	209	641	337
	1,280,030	**1,278,482**	**1,005,397**	**1,003,879**
Linked to the provision of guarantees				
Treasury Financial Bills	246,025	246,064	566,804	566,683
	246,025	**246,064**	**566,804**	**566,683**
Total — Available for sale	**1,526,055**	**1,524,546**	**1,572,201**	**1,570,562**
Grand Total	**1,786,384**	**1,784,875**	**1,817,941**	**1,816,302**

(*) Securities classified as available for sale have their adjustment to market value recorded in equity account, net of tax.

The market value of securities is calculated according to market price quotations or quotations from market agents and pricing models developed by the management, which 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** - The market value is obtained by applying a discount rate to the future flow of payments on the security. The rate is calculated according to the fixed-rate curve of B3 S.A. - Brasil, Bolsa, Balcao and the counterparty's risk is factored in for private securities.

- **Investment fund quotas** - The investment fund is valued according to the last value of the quota disclosed as of the fund's reporting date by the manager.

- **Debentures** - The market values obtained from the curve using the credit spread obtained by internal methodologies that use the issue's internal rating.

Government securities are book-entry and registered with the Special System for Settlement and Custody - SELIC).

The fund shares and debentures are registered and held in custody at B3 S.A. - Brasil, Bolsa, Balcao in the stock exchange and over-the-counter sections.

7 Derivative financial instruments

Derivative financial instruments consist of Swap and Non Deliverable Forwards - NDF and futures which are held in custody at B3 S.A. – Brasil, Bolsa, Balcão in the stock and over-the-counter markets.

See below the derivative financial instruments explained above recorded in equity and offsetting accounts as of 30 June 2023 and 31 December 2022:

	June/2023		
ACTIVE POSITION	**Cost Value**	**Market Value**	**Referential value of the contract**
SWAP			
CDI x Fixed rate	228	-	110,000
Fixed rate x CDI	12	27,145	9,100
Fixed rate x USD	54,038	6,168	352,746
CDI x USD	241,456	454,948	3,072,834
	295,734	**548,261**	**3,544,680**
NDF			
Fixed rate x USD	67,059	79,889	197,864
USD x Fixed rate	825	72	25,529
Fixed rate x EURO	110	163	657
Fixed rate x Yen	9,926	10,883	1,361,890
EURO x Fixed rate	199	-	4,000
	78,119	**91,007**	**1,589,940**
Credit value adjustment (CVA)			
CVA	-	(1 689)	-
	-	**(1 689)**	**-**
Total	**373 853**	**637 579**	**5 134 620**

	December/2022		
	Cost Value	**Market Value**	**Referential value of the contract**
SWAP			
Fixed rate x CDI	21	36	19,000
Fixed rate x USD	27,959	23,819	452,208
CDI x USD	81,272	199,002	1 639,250
	109,252	**222,857**	**2,110,458**
NDF			
Fixed rate x DOLAR	17,230	7,829	174,110
USD 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**

	June/2023		
POSITION	**Cost Value**	**Market Value**	**Referential value of the contract**
SWAP			
CDI x Fixed rate	-	1,217	-
Fixed rate x CDI	9,310	1,401	934,421
	9,310	**2,618**	**934,421**
NDF			
Fixed rate x USD	2,389	32	38,273
USD x Fixed rate	175,658	207,257	437,438
EURO x Fixed rate	171	413	3,000
	178,218	**207,702**	**478,711**
Total	**187,528**	**210,320**	**1,413,132**

	December/2022		
	Cost Value	**Market Value**	**Referential value of the contract**
SWAP			
Fixed rate x CDI	3,579	11,091	534,649
Fixed rate x USD	2,207	2,583	18,616
CDI x USD	54,369	12,712	1,430,158
	60,155	**26,386**	**1,983,423**
NDF			
Fixed rate x USD	2,208	10,493	71 856
USD x Fixed rate	67,706	53,621	299.104
Fixed rate x EURO	82	273	1,679
Fixed rate x IENE	1,431	3,382	2,013,186
	71,427	**67,769**	**2,385,825**
Total	**131,582**	**94,155**	**4,369,248**

1- Composition of nominal value by maturity

	June/2023			
	Up to 3 months	**From 3 months up to 12 months**	**Over 12 months**	**Total**
SWAP				
CDI x Fixed rate	-	-	110,000	110,000
Fixed rate x CDI	5,300	15,336	822,885	943,521
Fixed rate x USD	87,878	67,217	197,651	352,746
CDI x USD	40,000	569,426	2,463,408	3,072,834
	133,178	**751,979**	**3,593,944**	**4,479,101**
NDF				
Fixed rate x USD	148,077	88,060	-	236,137
USD x Fixed rate	250,129	174,863	37,976	462,968
EUR	507	150	-	657
Fixed rate x Yen	379	1,361,510	-	1,361,889

EURO x Fixed rate	7,000	-	-	7,000
	406,092	**1,624,583**	**37,976**	**2,068,651**
Total	**539,270**	**2,376,562**	**3,631,920**	**6,547,752**

	December/2022			
	Up to 3 months	**From 3 months up to 12 months**	**Over 12 months**	**Total**
SWAP				
Fixed rate x CDI	2,200	16,800	534,649	553,649
Fixed rate x USD	70,257	241,567	159,000	470,824
CDI x USD	72,000	40,000	2,957,408	3,069,408
	144,457	**298,367**	**3,651,057**	**4,093,881**
NDF				
Fixed rate x USD	180,291	65,675	-	245,966
USD x Fixed rate	77,722	212,640	39,921	330,283
EUR	1,022	657	-	1,679
Fixed rate 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

	June/2023		
	Stock market	**Over the counter**	**Nominal value**
SWAP	-	4,479,101	4,479,099
NDF	-	2,068,653	2,068,653
Total	**-**	**6,547,754**	**6,547,752**

	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 future 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.

Future B3 S.A. - Brazil, Bolsa, Balcão

	June/2023			
	Reference value (accounting)			
	Up to 3 months	**3 to 12 months**	**Over 12 months**	**Total**
FUTURES - Reference value				
Purchase				
Currency coupon	482,081	1,810,923	2,867,319	5,160,323
Foreign Currency	1,466,243	-	-	1,466,243
Interest Rate	246,966	382,799	55,597	685,362
	2,195,290	**2,193,722**	**2,922,916**	**7,311,928**

Sale				
Currency coupon	2,544,654	141,338	161,356	2,847,348
Foreign Currency	86,705	-	-	86,705
Interest Rate	353,820	690,950	1,363,001	2,407,771
Currency coupon	104,945	-	-	104,945
	3,090,124	**832,288**	**1,524,357**	**5,446,769**
Total	**5,285,414**	**3,026,010**	**4,447,273**	**12,758,697**

	December/2022			
	Reference value (accounting)			
	Up to 3 months	**From 3 months up 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	
	562,914	**749,336**	**1,831,192**	**1,584,165**
Total	**1,598,050**	**2,465,256**	**6,534,061**	**9,038,090**

The market value of derivative financial instruments is determined by discounting the future values at present value according to the interest rate curves obtained by employing the market method, which is mostly based on data disclosed by B3 S.A - Brasil, Bolsa, Balcao.

The adjustment at market value determined in derivative financial instruments for the year ended June 30, 2023, was R$ 95,156 (R$ 108,531 on June 30, 2022), and registered in profit and loss accounts.

Profit or loss from derivative financial instruments for the halves ended 30 June 2023 and 2022 rates prevailing at the time of the transaction, and by the Dollar rate variation. They are presented below:

	Result	
Derivative financial instruments	**1st Sem 2023**	**1st Sem 2022**
Swap	531,032	315,346
NDF	(142,140)	(1,470)
Future	(671,134)	(430,390)
Total	**(282,242)**	**(116,514)**

4- Hedge accounting

On 30 June 2023 and 31 December 2022, the Bank only had transactions with derivative financial instruments to mitigate the effect of exchange coupon fluctuations on foreign currency funding and loan transactions in Brazilian real. These operations were allocated as accounting hedges and segregated into:

- **Market Risk Hedge** - are used to offset the risks arising from exposure to the variation in the market value of the hedged item. Their valuations or devaluations are accounted for as an offsetting entry to revenue or expense accounts in the profit or loss for the period.

- **Cash Flow Hedge** - have the purpose of offsetting the changes in estimated future cash flows. Their valuations or devaluations are accounted for as an offsetting entry to a separate item in equity, less tax effects. the portion identified as having no effect should be reflected in profit or loss. The respective hedged items are marked to market at the reporting date.

Foreign currency futures contracts, called hedging instruments, were valued at market value, in accordance with the Circular Letter No. 3,082/02.

4.1 Market value assessment of derivative financial instruments by maturity and indexer - Market risk Hedge

		Maturity Market Value			
Description	**Indexer**	**1 year**	**1 to 3 years**	**3 to 5 years**	**Total**
Future	Currency Coupon	(217,505)	(393,326)	-	(610,831)
Total		**(217,505)**	**(393,326)**	**-**	**(610,831)**

	June/2023	**December/2022**
Hedge Items		
Assets		
Interfinancial deposits		
Value updated by agreed conditions	439,026	258,891
Adjustment value	(4,334)	(200)
Market value	443,360	259,106
Working Capital		
Value updated by agreed conditions	125,275	154,208
Adjustment value	1,291	222
Market value	126,566	153,986
Export Credit Notes		
Value updated by agreed conditions	52,150	52,150
Adjustment value	(828)	(26)
Market value	52,978	52,176
Total Market value Hedge object	**622,904**	**465,268**
Hedge instruments		
Liabilities		
Future	(610,831)	(451,548)
Total Market value Hedge instrument	**(610,831)**	**(451,548)**

4.2 Market value assessment of derivative financial instruments by maturity and indexer - Cash Flow Hedge

		Maturity Market Value			
Description	**Indexer**	**Up to 12 months**	**1 to 3 years**	**3 to 5 years**	**Total**
Future	Exchange Rate	1,592,483	586,252	47,868	2,226,603
Total		**1,592,483**	**586,252**	**47,868**	**2,226,603**

	June/2023	**December/2022**
Hedge Items		
Liabilities		
Pass-through transactions		
Amount restated by agreed conditions	(2,349,624)	(2,721,989)
Hedge instruments		
Assets		
Future	2,226,603	2,665,003
Cash flow hedge reserve	(19,009)	(14,062)

The value of R$ (19,009) on June 30, 2023 and R$ (14,062) on December 31, 2022 in the Cash Flow Hedge Reserve will be recognized as the result by the maturity of the hedge object.

8 Interbank accounts

They refer to repass loan operations from abroad, to the Financial Institution in the country and abroad (branch in Cayman). The amounts provisioned are based on the assumptions of Resolution CMN 2,682/99 and total the amount of R$63 (R$99 as of December 31, 2022):

	June/2023		
	Interfinancial on-lendings	**Provision**	**Net**
Maturity:			
Up to 30 days	118	-	118
31 to 60 days	24,643	5	24,638
91 to 180 days	58,504	16	58,488
Over 360 days	187,839	42	187,797
Total	**271,104**	**63**	**271,041**

	December/2022		
	Interfinancial on-lendings	**Provision**	**Net**
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 30 June 2023 and 31 December 2022, information on the loan portfolio is summarized as follows:

a. By operation

	June/2023	December/2022
Resolution 3.844 (formerly Resolution 63)	166,784	175,355
Working capital	1,386,466	1,560,691
Export Credit Notes - NCE	451,226	335,357
Total loans	**2,004,476**	**2,071,403**
Advance on foreign exchange contracts (Note 10)	934,218	881,985
Income receivable from advances (Note 10)	17,827	12,283
Total loan portfolio	**2,956,521**	**2,965,671**
Financial Guarantees Submitted	3,210,739	3,236,655
Total with Financial Guarantees Provided	**6,167,260**	**6,202,326**

b. By maturity

	June/2023	December/2022
Maturity		
Up to 30 days	298,794	298,074
31 to 60 days	555,019	547,804
61 to 90 days	309,731	171,082
91 to 180 days	752,072	412,841
181 to 360 days	347,194	986,847
Over 360 days	693,711	549,023
Total	**2,956,521**	**2,965,671**

The loans operations of the 20 largest debtors on June 30, 2023 represent 29.24% of the credit portfolio (90.20% on December 31, 2022), in the amount of R$ 864,589 (R$ 2,675,076 on 31 December 2022).

c. By risk rating

		June/2023				
Risk rating	**% provision 2,682**	**Total transactions**	**% of portfolio**	**Regular provision**	**Additional provision**	**Total provision**
AA	-	2,246,862	76.0	-	2,649	2,649
A	0.50	704,289	23.8	3,521	151	3,672
B	1.00	5,370	0.2	54	20	74
Total		**2,956,521**	**100**	**3,575**	**2,820**	**6,395**

		December/2022				
Risk rating	**% provision 2,682**	**Total transactions**	**% of portfolio**	**Regular provision**	**Additional 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	1	165	33	198
C	3.00	1,323	0	40	11	51
Total		**2 965 671**	**100**	**1,919**	**3 341**	**5 260**

d. By business sector

	June/2023	December/2022
Private sector		
Industry	1,602,900	1,283,941
Trade	514,214	810,917
Other services	568,059	572,886
Public		
Federal	271,348	297,927
Total	**2,956,521**	**2,965,671**

e. Changes in provision for expected credit risk losses

	June/2023	December/2022
Opening balance	**5,260**	**4,772**
Reversal of provision	(428)	(1,375)
Marking of provision	1,563	1,863
Closing balance	**6,395**	**5,260**

On 30 June 2023 and 31 December 2022, there were no transactions recovered, renegotiated and no transactions lowered for loss.

f. Guarantees provided

The Bank recorded an allowance for credit risk losses for these guarantees in accordance with CMN Resolution 4512/16 and Circular 3782/16 (note 17b). The provisioned-for amounts are based on Resolution 2.682 and amount to R$ 12,947 in the semester, which ended on June 30, 2023 (R$ 12,602 on December 31, 2022):

	June/2023		December/2022	
	Guarantees Provided	Provision	Guarantees Provided	Provision
Indexed to International Trading of Goods	15,093	-	15,473	-
Indexed to Bids, Auctions, Provision of Services or Delivery of Works	12,245	(72)	22,499	(73)
Indexed to the Provision of Goods	91,679	(18)	126,384	(156)
Linked to the distribution of securities – Public Offering	635,392	(3,177)	593,432	(2,967)
Endorsement or guarantee in judicial	535,010	(1,739)	561,103	(1,158)
Other Bank guarantee	1,116,422	(3,917)	921,379	(3,273)
Other Financial Guarantees Submitted	804,898	(4,024)	996,385	(4,975)
Total	**3,210,739**	**(12,947)**	**3,236,655**	**(12,602)**

10 Foreign exchange portfolio

Exchange operations are recorded in statement of financial position accounts, as follows:

	June/2023	December/2022
Assets		
Unsettled purchased exchange	1,290,927	1,202,277
Receivables on exchange sale	507,355	270,328
Advances received in local currency	(4,234)	(137)
Income receivable from advances awarded (note 9a)	17,827	12,283
Total	**1,811,875**	**1,484,752**
Liabilities		
Unsettled sold exchange	502,831	272,292
Obligations on exchange purchases	1,350,972	1,202,175
Advance on foreign exchange contracts (explanatory note 9a)	(934,218)	(881,985)
Total	**919,585**	**592,482**

11 Tax Assets

They are represented by the following values:

	June/2023	December/2022
Tax credit — temporary differences (MTM)	87,642	32,828
Tax credit – provisions for temporary differences	22,567	23,985
Prepaid income tax and social contributions	12,519	21,266
Other tax advances	444	723
Total	**123,172**	**78,802**

12 Other assets

They are represented by the following values:

	June/2023	December/2022
Due in connection with securities dealing	32,681	52,461
Incoming receivable	72,964	3,108
Prepaid expenses	2,138	2,644
Collateral deposit receivables (note 17)	1.204	1,160
Others	8,695	7,591
Total	**117,682**	**66,964**

13 PP&E in use and Intangible assets

On 30 June 2023 and 31 December 2022, it is represented as follows:

a. Fixed assets

		June/2023			December/2022
Description	**Annual depreciation rate %**	**Cost**	**Accumulated depreciation**	**Net Value**	**Net Value**
Facilities	10	5,503	(4,261)	1,242	355
Data processing system	20	8,586	(6,576)	2,010	2,228
Furniture and equipment	10	1,721	(1,461)	260	247
Communication system	10	472	(272)	200	117
Security system	10	356	(302)	54	4
Transport system	20	867	(867)	-	16
Total		**17,505**	**(13,739)**	**3,766**	**2,967**

b. Intangible

Description	Annual depreciation rate %	June/2023 Cost	Accumulated depreciation	Net Value	December/2022 Net Value
Software	20	13,862	(11,777)	2,085	2,454
Right of use	20	1,110	(773)	337	307
Total		**14,972**	**(12,550)**	**2,422**	**2,761**

14 Deposits

a. Deposits

	June/2023	December/2022
Demand deposits	81,425	90,076
Time deposits	1,691,947	1,844,732
Interfinancial deposits	-	204,208
	1,773,372	**2,139,016**

b. Breakdown by maturity

	June/2023				
	No maturity	Up to 3 months	3 to 12 months	Over 12 months	Total
Demand deposits	81,425	-	-	-	81,425
Term deposits	-	651,678	555,111	485,158	1,691,947
	81,425	**651,678**	**555,111**	**485,158**	**1,773,372**

	December/2022				
	No maturity	Up to 3 months	3 to 12 months	Over 12 months	Total
Demand deposits	90,076	-	-	-	90,076
Term deposits	-	38, 062	707,650	757,020	1,844,732
Interfinancial deposits	-	204,208	-	-	204,208
	90,076	**584,270**	**707,650**	**757,020**	**2,139,016**

c. Money market funding

	June/2023	December/2022
Third-party portfolio		
National Treasury bills	-	31,006
	-	**31,006**

15 Acceptance and issue of securities

The Financial Letters, captured in 2022 and due in 2025, are represented as follows:

	Value Issued	June/2023	December/2022
Financial Letters	100,000	107,221	100,128
		107,221	**100,128**

16 Borrowings and pass-throughs

Foreign funding is basically performed through the use of credit lines granted by the shareholder Sumitomo Mitsui Banking Corporation, as follows:

a. Obligations on overseas loans

The balance on June 30, 2023 of US$ 171,413 (US$ 159,093 on December 31, 2022) is made up of financing for exports and imports, with maturities until June 2, 2025, subject to interest rates of up to 5.54% a.a. plus exchange rate changes for these transactions. The balance at 30 June 2023 is R$822,862 (R$830,006 at 31 December 2022).

b. Foreign on-lendings

Foreign on-lendings, on June 30, 2023, correspond to US$ 570,700 (US$634,125 as at December 31, 2022). Such bonds, converted at the official purchase rate at the end of the period, are governed by Resolution BCB No 278 and are subject to interest rates ranging from 0,47 % a.m. up to 5,89 % a.s., plus exchange rate changes, with maturities up to 04 january 2027. The balance at 30 June 2023 is R$2,802,359 (R$3,308,293 at 31 December 2022):

	June/2023		
	Up to 12 months	**Over 12 months**	**Total**
Obligations on overseas loans	533,017	289,845	822,862
Foreign on-lendings	1,070,024	1,732,335	2,802,359
Total	**1,603,041**	**2,022,180**	**3,625,221**

	December/2022		
	Up to 12 months	**12-month made**	**Total**
Obligations on overseas loans	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	**June/2023**	**December/2022**
Actuarial liabilities	95,647	9,471
Due in connection with securities dealing	72,261	2,387
Corporate and Statutory	36 807	30,357
Payroll taxes and contributions	4,662	8,350
Deferred Income	2,497	729
Withholding Income Tax - IRRF on fixed income transactions	2,083	2,569
Services Tax - ISS	1,896	366
Contribution to Social Security Funding - COFINS	1,216	517
Collection of federal taxes	622	748
Government Severance Indemnity Fund for Employees - FGTS	406	118
Contribution to the Credit Guarantee Fund — FGC	342	408
Others	315	467

Social Integration Program	276	833
Taxes and contributions — third party services	23	24
Total	**219,053**	**57,344**
(*) Rolling liabilities	219,053	57,344

(*) The Bank considers all obligations as current liabilities, as there is no date determined to deliver the obligations, which could occur in a period of either less than or more than one year.

b. Provisions

	June/2023		
	Current	**Non-current**	**Total**
Provision for tax, civil and labor risk (note 17)	21,714	-	21,714
Provision for personnel expenses	28,643	-	28,643
Provision for general expenses	2,853	-	2,853
Financial guarantees provided (note 9)	6,881	6,066	12,948
Total	**60,091**	**6,066**	**66,158**

	December/2022		
	Current	**Non-current**	**Total**
Provision for tax, civil and labor risk (note 17)	20,738	20,738	20,738
Provision for personnel expenses	27,703	27,703	27,703
Provision for general expenses	3,149	3,149	3,149
Financial guarantees provided (note 9)	4,160	4,160	4,160
Total	**55,750**	**55,750**	**55,750**

18 Provisions for tax, civil and labor risks

The Bank is involved in tax, civil and labor proceedings. The provision amounts and related court deposits are as follows:

	Provision		**Judicial deposits**	
Description	**June/ 2023**	**December/ 2022**	**June/ 2023**	**December/ 2022**
Legal obligations:				
Desmutualization CETIP (a)	112	109	-	-
BSMB Consultoria Process - RFB (b)	45	-	-	-
Total	**157**	**109**	**-**	**-**
Provision for risks:				
Civil (c)	15,379	14,311	-	-
Labor (d)	6,178	6,319	1,204	1,160
Total	**21,557**	**20,630**	**1,204**	**1,160**
Total provisions and court deposits	**21,714**	**20,739**	**1,204**	**1,160**

(a) The Bank, following the guidance of the external office, accounted for the part of the ongoing process which it considers as a probable loss on the demutualization of Cetip's shares, of which the The amount for June 30, 2023 is R$ 112 (R$ 109 in 2022). There is also part of this process considered to be a possible loss and for this there is no provision, the amount being R$ 201 in 2023 (R$ 195 in 2022).

(b) This provision refers to the federal tax value not approved by the Federal Tax Office of Brazil, in administrative proceedings brought against the consultancy company belonging to the Bank, and whose activities were closed in 2015. The amount for June 30, 2023 is R$ 45 (R$ 0 in 2022).

(c) The provision refers primarily to inflationary purges on time deposits where there is a likelihood of financial disbursement.
The amount updated on June 30, 2023 is R$15,379 (R$14,311 in 2022).

(d) The provision refers to actions brought by former employees and outsourced by labor rights that they consider to be due. The shares are controlled individually and the provisions are made on the basis of a decision previously laid down by the Board or at first instance in a labor force. The Administration, which is based on the opinion of its legal advisers, believes that the amounts currently provided are adequate. The amount updated on June 30, 2023 is R$6,178 (R$6,319 in 2022).

Changes in provisions and legal obligations

	2023			
	Tax	**Worker**	**Capable**	**Total**
Balance at 31 December 2022	**109**	**6,319**	**14,310**	**20,738**
Making of provision	45	-	-	**45**
Monetary restatement	3	713	1,069	**1,785**
Operating reversals	-	(854)	-	**(854)**
Balance at 30 June 2023	**157**	**6,178**	**15,379**	**21,714**

	2022			
	Tax	**Worker**	**Capable**	**Total**
Balance at 31 December 2021	**10,799**	**9,141**	**12,403**	**32,343**
Making of Provision	-	2,282	-	**2,282**
Monetary restatement	189	809	1,575	**2,573**
Operating reversals	(9,784)	(1,748)	-	**(11,532)**
Write-offs due to payment	-	(273)	-	**(273)**
Balance at 30 June 2022	**1,204**	**10,211**	**13,978**	**25,393**

19 Equity

a. Share capital

The share capital as at June 30, 2023 is represented by common shares, worth R$ 1.00 each, thus distributed:

	June/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 a minimum of 25% of net income for the year shall be distributed to the shareholders in the form of dividends and/or interest on shareholders' equity. On 30 June 2023, it was decided not to form a provision of dividend/interest on shareholders' equity, where the profit for the year was allocated to the statutory reserve for future allocation.

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, subsequent to the mandatory distributions. The remaining balance of R$ 607,398 (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 30 June 2023 and 2022, the income tax and social contribution expenditure was thus established:

	June/2023		**June/2022**	
	Income tax	**Social contribution**	**Income tax**	**Social contribution**
Income before taxes on income less profit sharing	155,219	155,219	200,377	200,377
Reversal of provisions for contingent liabilities	(854)	(854)	(11,805)	(11,805)
Provision for contingent liabilities	1,839	1,839	4,855	4,855
Allowance for doubtful accounts	1,555	1,555	1,803	1,803
Temporary provisions	(4,649)	(4,649)	(4,759)	(4,759)
Market value adjustment of derivative financial instruments	(95,156)	(95,156)	(108,531)	(108,531)
Adjust to market value of hedge accounting	(6,434)	(6,434)	(12,384)	(12,384)
Non-deductible expenses	4,518	1,085	3,038	799
BM&F	102,424	102,424	18,435	18,435
Other additions/exclusions	(45)	(45)	(178)	(178)
Taxable profit	**158,417**	**154,984**	**90,851**	**88,611**
Income tax - 15 % (Note 3)	23,763	-	13,628	-
Income tax surcharge - 10% (Note 3)	15,830	-	9,073	-
Empresa Cidada Law	(120)	-	(10)	-
Social contribution - 20 % (Note 3)	-	30,997	-	17 722
Total	**39,473**	**30,997**	**22,691**	**17 722**

b. Tax credits

Deferred tax credits on temporary provisions, based on the technical study drawn up, will be realizable within 10 years. The figures are set out in the following explanatory notes:

c. Breakdown of deferred tax liability

Breakdown of tax liability	**June/2023**	**December/2022**
Adjusting Available-for-Sale Securities	528	654
Swap Market Marking	116,649	67,525
NDF Market Marking	-	1,940
Actuarial adjustment plan	757	557
Temporary adjustment B3	1,874	1,760
Hedge accounting	857	3,063
Bottom quota market marking	-	126
Hedge Object Market Marking	2,911	-
Total	**123,576**	**75,625**

1. Breakdown of the tax credit assets at 30 June 2023

Composition of the tax asset	**June/2023**	**December/2022**
Temporary adjustments on judicial provisions	71	49
Temporary adjustments on allowance for credit losses	8 728	8,079
Temporary adjustments other provisions	13 761	15,853
Mark-to-market hedged item	7	117
Swap Market Marking	-	1,344
Mark-to-market of NDF	7 468	1,760
Adjustment Available-for-Sale Securities	1,206	1,392
Health plan actuarial adjustment	12,389	10,485
Actuarial adjustment pension plan	3,926	3,128
Hedge accounting	16 410	14,567
Temporary adjustment B3	46 243	38
Total	**110,209**	**56,812**

2. Project realization of tax credits as of 30 June 2023

Financial year	**Deferred Income Tax**	**Deferred Social Contributions**	**Total**
2023	5,394	4 315	**9,709**
2024	13,802	20,172	**33,974**
2025	13,500	10,800	**24,300**
2026	7,317	5 853	**13,170**
From 2027	16,142	12,914	**29,056**
Total	**56,155**	**54,054**	**110,209**

3. Change in tax credit

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

	Balance at Dec/2022	Achievements / Constitutions	Balance at June/2023
Temporary adjustments on judicial provisions	49	22	71
Temporary adjustments on allowance for credit losses	8,079	649	8,728
Temporary adjustments other provisions	15,853	(2,092)	13,761
Mark-to-market hedged item	117	(10)	7
Mark-to-market SWAP	1,344	(1,344)	-
Mark-to-market NDF	1,760	5,708	7,468
Adjustment to Available-for-Sale Securities	1,392	(186)	1,206
Actuarial adjustment health care plan	10,485	1,904	12,389
Actuarial adjustment pension plan	3,128	798	3,926
Hedge accounting adjustment	14,567	1,843	16,410
Temporary adjustment B3	38	46,205	46,243
Total	**56,812**	**53,397**	**110,209**

Composition of the result with deferred tax assets:

	June/2023	December/2022
Temporary adjustment B3	(46,091)	37,468
Mark-to-market of swap	50,467	(68,529)
Mark-to-market of NDF	(7,648)	7,778
Mark-to-market of fund shares	-	3,890
Other temporary adjustments in allowance for credit losses	(648)	1,878
Temporary adjustments other provisions	2,092	963
Adjustment to CDI Hedge	1,854	(97)
Mark-to-market hedged item	1,042	(407)
Temporary adjustments on judicial provisions	(22)	(4,811)
	1,046	**(21,867)**

4. Present value of tax credit

Financial year	Deferred Income Tax	Contribution deferred social	Total
2023	5,080	4,063	**9,143**
2024	11,833	17,294	**29,127**
2025	10,601	8,481	**19,082**
2026	5,217	4,174	**9,391**
From 2027	10,253	8,202	**18,455**
Total	**42,984**	**42,214**	**85,198**

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

d. Other tax credits

There are also unactivated tax credits on provisions for civil contingencies of the amount of R$ 6,920, which were not constituted due to the uncertainty of their realization in a period of less than 10 years. (R$ 6,290 in 2022).

21 Statement od profit and loss

a. Loans

	June/2023	June/2022
Loan income	142,680	98,780
Income from financing and onlendings	7,086	4,166
Hedge Adjustment - Loans and Funding	2,315	-
Total	**152,081**	**102,946**

b. Securities income

	June/2023	June/2022
Interbank funding	173,430	102,916
Securities income	18,912	126,363
Total	**292,342**	**229,279**

c. Income on dinancial derivatives

	June/2023	June/2022
Revenue from SWAP, Future and NDF operations	3,878,089	4,052,185
Expenses on SWAP, Future and NDF operations	(4,160,331)	(4,168,699)
Total	**(282,242)**	**(116,514)**

d. Foreign exchange funding expenses

	June/2023	June/2022
Revenue from exchange operations	32,526	22,000
Exchange operation's expenses	(64,305)	(4,886)
Total	**(31,779)**	**17,114**

e. Deposits, money market and interbank funds

	June/2023	June/2022
Expenses on time deposits	(103,513)	(87,671)
Expenses on interbank deposits	(4,512)	(815)
Expenses incurred on securities held under Repurchase agreements	(1,066)	(657)
Expenses on contributions to the Credit Guarantee Fund	(1,052)	(1,108)
Expenses for raising funds from accepting and issuing securities	(7,093)	-
Total	**(17,236)**	**(90,251)**

f. Borrowings and pass-throughs

	June/2023	June/2022
Expenditure on BNDES transfers	-	(15,506)
Expenses on foreign loans and pass-throughs	(60,040)	-

Rediscount expenses	-	(31)
Hedge Adjustment - Pass-throughs and loans	-	1,099
TOTAL	**(60,040)**	**(14,438)**

g. Service fee income

	June/2023	June/2022
Income from fees and services	1,618	8,971
Income from business (see NE 21a)	12,925	10,429
Intermediation Income from guarantees granted	32,377	20,322
Total	**46,920**	**39,722**

h. Personnel expenses

	June/2023	June/2022
Proceeds	(27,933)	(21,777)
Payroll taxes	(17,356)	(13,211)
Benefits	(7,774)	(4,652)
Manegement fees	(3,325)	(2,552)
Training	(147)	(138)
Total	**(56,535)**	**(42,330)**

i. Other administrative expenditure

	June/2023	June/2022
Data processing expenses	(10,796)	(10,958)
Expenses on outsourced technical services	(3,713)	(5,929)
Communication expenses	(4,216)	(3,833)
Rental expenses	(3,032)	(3,023)
Financial system service expenses	(2,475)	(1,475)
Travel expenses	(1,272)	(627)
Amortization and depreciation	(1,143)	(1,056)
Asset maintenance and upkeep expenses	(385)	(367)
Security and surveillance services	(160)	(87)
Transport expenses	(109)	(76)
Material expenses	(103)	(155)
Water, energy and gas expenses	(202)	(157)
Expenses on outsourced services	(269)	(321)
Advertising and marketing expenses	(106)	(134)
Insurance costs	(181)	(251)
Promotion and public relations	(77)	(34)
Charitable contributions	(2)	(3)
Other administrative expenses	(2,152)	(2,056)
Total	**(30,393)**	**(30,542)**

j. Tax expenses

	June/2023	June/2022
COFINS	(9,983)	(12,723)
ISS	(2,394)	(4,747)
PIS	(1,622)	(2,067)
Others	(1,451)	(1,111)
Total	**(15,450)**	**(20,648)**

k. Other operating revenue / (expenses)

	June/2023	June/2022
Reversal of operating provisions	2,751	3,845
Reversal of provisions for guarantees provided	(2,043)	(1,673)
Exchange variance	260,206	109,998
Recovery of charges and expenses	729	691
Restatement of judicial deposits	45	178
Indemnification fines	-	13
Other expenses	(82)	(560)
Total	**261,606**	**112,492**

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

	June/2023	June/2022
Reversal of operating provisions —contingent liabilities	854	11,805
Restatement of contingent liabilities	(1,784)	(2,573)
Expense of provisions for contingent liabilities	(45)	(2,282)
Total	**(975)**	**6,950**

22 Related-party transactions and balances

a. Transactions with parent comapnies (direct and indirect)

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

	Assets / (liabilities)		Revenue / (expense)	
	June/2023	December/2022	June/2023	December/2022
Cash and cash equivalents - foreign currency deposits	58,857	68,270	-	-
Investments in foreign currency abroad (note 5)	216,837	125,241	(666)	22,766
Amounts receivable - sales commission	6,588	6,178	12,926	23,036
Obligations on overseas loans	(822,862)	(830,006)	42,638	4,298
Foreign on-lendings	(2,802,359)	(3,308,293)	193,972	11,051
Total	**(3,342,939)**	**(3,938,610)**	**248,870**	**161,151**

b. Compensation of key management personnel

Pursuant to Resolution 4818/20 and Technical Pronouncement CPC 05 — Disclosure of Related Parties, all management members have been defined as key personnel of the entity.
The global compensation is paid to executive officers in conformity with the by-laws of Banco Sumitomo Mitsui Brasileiro S.A.

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

Short-term benefits to directors

	June/2023	December/2022
Proceeds	3,325	5,493
Variable remuneration	4,189	3,382
Contributions to INSS (Social Security Contribution) /FGTS (Severance Pay Fund)	2,134	2,443
Total	**9,648**	**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 of the other employees of the Bank (note 22).

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

c. Other information

Resolution 4693/18 states that financial institutions can carry out loan operations with related parties providing they meet the conditions established in the items, below:

- Except for the cases established in the legislation or specific regulations, related-party loans can only be performed on an arm's-length basis, including in respect of limits, interest rates, grace period, terms, security required and risk rating criteria in order to make the provision for probable losses and write-offs as loss, without additional or special benefits in comparison to loans awarded to clients with similar profiles of the respective institutions.

- The balances of direct or indirect loan operations with related parties should not exceed 10% (ten percent) of the equity adjusted by accumulated revenue and expenses less interests held in institutions authorized to operate by the Brazilian Central Bank and overseas financial institutions, subject to the following maximum individual limits:

1. 1% (one per cent) for transactions with individuals; and
2. 5% (five per cent) for transactions with companies.

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

I - does not have a qualified interest as either controlling shareholder, member of the control group or the group with a qualified interest, nor are they a spouse, companion or relative, blood or otherwise, to the second degree of them;

II - not related via a shareholders agreement; and

III - is not or has not been in the last three years:

a) a director or member of statutory boards or contractual boards, including at related companies;
b) employee, including at related companies;
c) spouse, companion or relative, blood or otherwise, to the second degree of the parties mentioned in sections "a" and "b"; and
d) recipient of compensation except that for their work as an independent director or on account of any equity interests.

On 30 June 2023, the Bank had not granted: loans, financing or any other advance to its executive officers or to any member of their families.

Management members did 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 shall be 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 the International Accounting Standard IAS 19. CPC Technical Pronouncement CPC 33 established essential changes in the accounting for and disclosure of employee benefits such as the 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 aforementioned Pronouncement applies to years started as from January 01, 2015, and the effects are recorded retrospectively in the accounting, as changes in accounting practices. Adopting this practice will basically lead to the full recognition as liabilities of actuarial losses (actuarial deficit) not recognized to date as an offsetting entry to an equity account.

a. Retirement Plan

The Bank sponsors Banco Sumitomo Mitsui Brasileiro Sociedade de Previdencia 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 directors 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.

	Retirement Plan	
	June/2023	**December/2022**
Description		
Present value of actuarial obligations	39,962	36,731
Fair value of plan's assets	(31,184)	(29,727)
Deficit/ (Surplus) for covered plans	8,778	7,004
Ajustments for permitted deferrals		
Net actuarial liability/(asset)	8,778	7,004
Actuarial assumptions:		
Nominal discount rate for actuarial obligation	10.18% a.s.	10.91% a.s.
Estimated nominal salary increase	4.50% a.s.	4.50% a.s.
Estimated rate of nominal benefit increase	5.02% a.s.	5.02% a.s.
Estimated inflation rate	4.50% a.s.	4.50% a.s.
Biometric table of general mortality	AT-2000 10% smoothly and segregated by sex	AT-2000 10% smoothly and segregated by sex
Biometric table for classification as disabled	Mercer tablet	Mercer tablet
Expected turnover rate	0,31/ (service time+1)	0,31/ (service time+1)
Chance of entering retirement	10% on the first date of eligibility for early retirement; 3% between first eligibility for early and normal retirement; 100% on the date of eligibility to the normal retirement.	

Sensitivity Analysis

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

	Sensitivity Analysis	
Present Value of the obligations	**June/2023**	**December/2022**
Discount Rate: 0.25% decrease	855	756
Discount Rate: 0.25% increase	(822)	(728)

b. Health Plan

The health care plan offered by Banco Sumitomo Mitsui to its employees was contribution-based until November 2017, generating the obligation to extend the coverage in exchange for payment of the respective premiums to former employees and retired employees of the company, in accordance with Art. 31 and 31 of Law 9656/98. Contributions of the plan were interrupted in December 2017, although there remains a group of employees who are entitled to this coverage, presenting the following actuarial liability:
[

Description	**Health Plan**	
	June/2023	**December/2022**
Net actuarial liability/(asset)	27,584	23,352
Total	27,584	23,352
Actuarial assumptions/Actuarial hypotheses		
Nominal discount rate for actuarial obligation	10.34% a.s.	10.96% a.s.
Estimated inflation rate	4.50% a.s.	4.50% a.s.
Biometric Turnover Rate	Until 9 years SVC: 0.5/(Service Time +1) From 10 years SVC: 0.075/(Service Time) +1)	Until 9 years SVC: 0.5/(Service Time +1) From 10 years SVC: 0.075/(Service Time) +1)
Biometric retirement entry table	55 years	55 years
Biometric table of general mortality	AT-2000 segregated by gender and 10% reduced	AT-2000 segregated by gender and 10% reduced
Health Care Cost Trend Rate (HCCTR)	7.63% a.s. 3.00% a.s. actual rate	7.63% a.s. 3.00% a.s. 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% Shutdown: 100%	Retirement: 100% Shutdown: 100%
Aging Factor	3.00% (per year - age)	3.00% (per year - age)
Family members - Active	90% Married	90% Married
Age difference between holder and spouse	4 years	4 years
Family members - Retired	Real Family	Real Family

24 Operational market, credit and capital management risk management framework

Operational risk

Operational risk is defined as the risk of loss arising from deficiencies, failures or inadequacy of internal processes, human conduct or systems or that arising from external causes. This definition includes the legal risk.

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 4557/17, which is 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 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 Operational Risk Management practice of Banco Sumitomo Mitsui Brasileiro S.A. adopts a management method shared with the Bank's business areas, therefore leading to a clear view of the respective tactical and strategic roles and responsibilities of the business and Operational Risk Management departments, allowing all collaborators to coordinate and cooperate to reduce operational losses and further improve the bank's processes and activities.

Under this management method, the Operational Risk Management department is in charge of:

i. Establishing the structure, policies and tools for managing operational risks;
ii. Preparing periodical reports;
iii. Coordinating the operational risk management committees set up by the Bank;
iv. Consolidating and monitoring the losses incurred by the Bank.

Management, aligned with its Corporate Governance Policy, recognizes, participates in and shares responsibility for continuous improvements 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.

Banco Sumitomo Mitsui Brasileiro S.A. adopted the Basic Indicator Approach, "BIA", to calculate the capital requirement for Operational Risks.

Information related to the Bank's Operational Risk Management framework, and Management's responsibility for published information, are included in the 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 from mismatches of terms, currencies and indexes for 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 that the Bank is 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 the volume which is usually traded or due to some market discontinuity.

The Market and Liquidity Risk Management structure is a specific unit of the Bank, independent from the business and audit areas, and reports 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 and Liquidity 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 coupon, as well as Limits/Guidelines for "Stop Loss". In addition, stress test reports and regulatory capital information (IRRBB - regulatory capital for interest rate in the Banking portfolio and regulatory capital for the Trading portfolio) are produced, in accordance with the requirements of the Central Bank of Brazil (Bacen).

The Liquidity Risk Management policy is guided by the daily control of Money Gap (the need for funding within a certain period of time), liquidity indicators and additional emergency resources for liquidity.
In addition, stress test reports are produced and regulatory information, Liquidity Statement, 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 4557/17 and is approved and reviewed at least annually by the Bank's management. In order to ensure the implementation of the guidelines and policies in force, Banco Sumitomo Mitsui Brasileiro S.A. has a Committee of Assets and Liabilities (ALCO), which usually meets once a month with the of 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 keeps proper and sufficient liquidity levels and to check procedures in the treatment of new products and their risk management structure.

Information related to the Bank's Market and Liquidity Risk 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.

Credit risk

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

The Credit Risk Management structure was implemented in accordance with the requirements of CMN Resolution 4557/17 and is approved and reviewed at least annually by the Bank's Management. The Credit Risk Management structure is a specific unit of the Bank, independent from the business and audit areas, and reports 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 structure is implemented to maintain the policies, procedures and systems for monitoring and controlling credit risk according to prevailing laws, therefore ensuring that the credit risk is identified, measured, monitored, controlled and reported to Management, so as to allow a proper treatment of risk as one of the factors 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, are 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 entity 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 4557/17 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. The size of the framework is proportional to the risks related to the complexity of the products offered by the Bank, nature of transactions and risk exposure guidelines of the Bank and the companies whose accounts are included in the consolidated financial statements. The capital management framework aims to identify and assess all the entity's significant risks according to policies and strategies, in order to keep the level of 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.

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

➢ RWA = RWAcpad + RWAmpad + RWAopad

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

Basel Index

The Bank falls within the National Monetary Council (CMN) Resolution 2.099/94, as amended by the CMN Resolutions 4193/13 and 4192/13, which presents the Equity index in relation to the Weighted Assets, as follows:

	June/2023	December/2022
Credit Risk (RWAcpad)	8,634,136	8,455,765
Market Risk (RWAmpad)	651,271	1,006,166
Operational Risk (RWAopad)	607,676	591,696

Risk-weighted assets (RWAs)	**9,893,084**	**10,053,628**
Reference Assets Levels I and II (PR)	**2,186,890**	**2,114,506**
Required reference equity (RWA 8%)	**791,447**	**804,290**
Margin on the Required Reference Heritage	**1,395,444**	**1,310,215**
Basel Index (IB) - PR/RWA	**22.11%**	**21.03%**

If the bank needs additional capital, the contingency plan is to raise capital through a capital injection by the parent SMBC Tokyo.

Any relevant incident or problem shall be addressed immediately to the Bank's governance committee, which is the group designated to centralize decisions and definitions of measures to remedy any capital adequacy problems.

In order to adopt a prospective approach and foresee the need for capital, the Bank has set up a 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 on the Bank.

The Bank does not follow an Internal Capital Adequacy Assessment Process (ICAAP), pursuant to article 6 of CMN Resolution 4557/2017.

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

If the scenarios change materially, the finance division will convene the IRM (Integrated Risk Management) 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.

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Fair Value Measurement

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

- **Level 1** - Securities acquired for active and frequent trading, marked-to-market, with high liquidity, and prices available in the market. This category includes available-for-sale securities and stock futures.

- **Level 2** - When the 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. This category included swaps, NDFs and Debentures, in which the methodology used is the mark to model, where inputs are collected from the market.

- **Level 3** - Pricing assets where the data is not available in the market pricing assets where the data is not available in the market. In accordance with the best market practices, the fair value of certain products such as Financial Bills is calculated by the Credit Spread to incorporate the issuer's credit risk into the asset's price.

25 Recurring and non-recurring results

To classify results between recurrent and nonrecurrent, Banco Sumitomo classifies as recurrent results obtained from its regular and everyday activities.

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

For the six-month period ending 30 June 2023, the Bank did not show outstanding amounts classified as non-recurring.