Banco Master S.A

Financial statements
June 30, 2023

(A free translation of the original report in Portuguese as published in Brazil containing financial statements prepared in accordance with accounting practices adopted in Brazil applicable to institutions authorized to operate by the Central Bank of Brazil)

Contents

Management Report

We hereby present the report of the Executive Board of Banco Master S/A ("Bank" or "Master"), in accordance with the applicable legal and statutory provisions, together with the financial statements as of June 30, 2023, together with the independent auditors' report on these financial statements.

Market Information

Over the last few years and in the first half of the year, Master has continued to show sustained growth in its results and capitalization. In the first half of the year we reached 1.85 billion in shareholders' equity and as of July/23 we were classified by BACEN as S3.

The growth in assets and consistent results are goals that were set out in our strategic plan. plan and were made possible by the commitment of all employees, managers and shareholders.

We highlight that the MASTER brand has turned two years old and continues to rise.

- Practice Areas and Portfolio of Products and Services

The Grupo Master operates in all lines of business, and offers full banking services to the market. We highlight as main areas credit products, providing payroll loans - credit card, corporate and financial services. Its subsidiaries, Master Corretora and Banco Master de Investimento, operate in capital market operations.

The Master maintains a position in the insurance market by holding a direct interest in subsidiary KOVRPAR, and is the controlling shareholder of its capital. KOVRPAR is the exclusive *holding company* for participation in this segment, operating in the fields of insurance, pension plan and capitalization through companies KOVR Seguradora S/A, KOVR Previdência S/A and KOVR Capitalização S/A.

For a better understanding of the results presented in our financial statements, we will initially explain in a summarized manner the behavior of the Master's products and services.

RETAIL

The loan portfolio continues to be expanded, particularly with a special focus on the expansion made in our payroll loan portfolio, originating from our payroll benefit card, called Credcesta. Currently, the product, which is federal (INSS) continues to grow. Regional expansion in states and municipalities is keeping pace with the same growth in which we have consolidated our presence in more than 20 states and more than 130 municipalities.

For this accelerated expansion, we continue with the digital distribution model, opening accounts and obtaining access to loan agreements and other products and services through our digital platforms of Credcesta and Banco Master. The treadmill, through a partnership with *fintechs* such as Jeitto, has granted credit in a totally digital manner, and has reached 4 million users.

The regional expansion model (states and municipalities) is initially in the North and Northeast regions, and currently in all Brazilian regions, puts the Master as a significant agent in the markets where it operates, focusing on helping people who have no credit access to the Bank in response to recent crises, offering fast and accessible credit facilities in the largest regions of Brazil.

CORPORATE AND STRUCTURED TRANSACTIONS

The Bank is growing in structured corporate transactions, a portfolio of products that are part of capital market transactions to boost revenues for the investment bank. As a result, we maintain our retail clothing, tourism, education, manufacturing and healthcare operations. These transactions have generated interest income on granted loans and mainly additional revenues from structuring and intermediation services.

In addition to the transactions found directly in the Bank's own loan portfolio, we have transactions with the same purpose carried out through FIDCs (Receivables Investment Funds), which are strategically used as vehicles for each transaction. These transactions through the Receivables Investment Fund (FIDCs) are consolidated in the Bank's prudential conglomerate.

In the six-month period we can highlight additional revenues in this segment, given that in addition to the portfolio of transactions, the Master earned some revenues from services provided to those clients, such as Metalfrio and Befly.

The business model has been proving successful when we focus our efforts on corporate loans that we have a significant focus on managing companies, which has generated more results for clients and the Bank.

Considering the recent crises and the potential of many companies of various segments in Brazil, we remain confident that this credit and business model will be expanded over the next years.

FINANCIAL SERVICES

We have increased our operations in financial services on several fronts, consistently increasing our revenues from those segments. The plan for integrating and starting the activities of DTVMs (Trustee DTVM and CM Capital DTVM), and Assets (MAM Asset and Macam Asset) are underway, highlighting the beginning of the activities of the Investment

Bank, which already has its operating activities. When the corporate inflow of the other companies below Banco de Investimento is completed, MASTER will include a strong increase in services in its balance sheet, transactions that already generate results.

After these activities are integrated, the plan is to hold under the Bank the managing and fiduciary management companies and others that are already active. We believe that in 2024 we will have the full consolidation process completed, with the revenues and results reported by those companies already reflected on the Bank's balance sheet.

Foreign exchange services continue to be at a strong pace of growth at the corporate and wholesale trading desks. In retail we are ramping *up* our partnership with new FINTECH (Blue Transfer), which replaced the previous online shipment company that generated a significant number of transactions for individuals. This decrease in volume and revenue will soon be recovered and exceeded, generating this new model with Blue Transfer, the most interesting margins for the Master.

Strategic and Capitalization Plan
Realizations and Expectations

The Bank maintained the growth reported over the past years in a consistent manner, as devised on the strategic plan prepared by Management. The plan's growth is based on the recurring results of its portfolios, asset services and capitalization of its shareholders. In the first half of the year, the Bank posted Net Profit of R$291 million (R$60 million - 2022) and equity of R$1.8 billion (R$1.5 billion - 2022). Gross profit increased by R$1.1 billion (R$326 million – 2022), which contributed significantly to the reporting profit.

Master has shown a performance consistent with the Master's strategic plan over the six-month period, arising from banking transactions, primarily due to credit activities, which reflect the growth in retail and *corporate activities*, which have significantly contributed to the increase in revenues.

The quality of the credit portfolio, which even with a strong expansion, has kept a impairment loss rate at levels below market averages. We have been able to keep this level given that the retail portfolio, which has a distribution and warranty profile, has a positive performance, even with the strong market impacts on it. Regarding the *corporate portfolio*, given that we have operational control and presence with the management of the companies that are clients, we are able to control transactions in a more accurate manner, avoiding jumps in the allowance for impairment loss on trade receivables.

The result for the six-month period shows that the Master is on the market to do something new and entrepreneurial, opening the door for 2023 to reward and to complete another winning cycle. Showing again consistent results and being able to generate new recurring revenues, in compliance with the strategic plan developed by Board of Directors.

As reported, the next cycles are from the point of view of revenues originating from all the services described above.

Capital increase and capitalization plan

In the six-month period, the Master got the proper capital approvals that were made in 2022, in the amount of R$400 million, and R$1.16 billion was recognized in the financial statements.

In compliance with the strategic plan to make Banco Master reach a significant level in Brazil's banks, shareholders intend to make efforts to capitalize their master by the end of 2023, aiming at capitalizing more R$500 million. Therefore, together with the results estimated in 2023, we will reach equity in excess of R$2.5 billion.

Corporate Governance and Risk Management

The Bank's management and operational management area is committed to excellence in risk control and governance processes, in line with the best market practices. The implementation and continuous improvement focus at the Bank were aimed at the processes of internal controls, compliance, risks, governance and technology.

Management's commitment to continue improving operations is directly related to governance and technology, regardless of what we have already achieved, so as to be ready for the sustained growth intended for the next years, even though there are major global economic challenges.

In order to ensure maximum market risk, credit risk, operational risk and liquidity risk, all transactions are monitored according to the limits set by the Risk Management Committee. This process is also reinforced by regular internal audits. The security framework is supplemented by *Compliance* and Operational Risk, whose purpose is to ensure compliance of all practices with the regulatory standards and requirements of Brazilian authorities and the alignment with the Basel Accord, in addition to compliance with the best corporate governance policies.

The Master has been developed according to best risk management practices, policies, systems and internal controls to mitigate and control possible losses arising from the exposure of the risks to which the Company is exposed, with a set of processes and routines adapted to its operational types.

In August 2023 Master set up a strategic advisory board made up of the Bank's shareholders and managers, and independent personalities that are relevant in the domestic market.

Economic Scenario

We started 2023 with a low growth scenario in Brazil and a possible economic recession in developed countries due to the continued monetary tightening to control inflation.

However, during the first half of 2020 the company reported good positive surprises and the global economic scenario also improved. Therefore, in the first half of 2015, the IPCA closed at 2.87%, SELIC (Central Bank overnight rate) at 13.75% in July at 13.25%, and with falling projections over the next months showing that it reached the level of 11.75%.

Despite the high interest rate, GDP growth was 1.90% in the first quarter, with strong influence on the crop and livestock farming industry, which grew by 21.6% and good contributions by the foreign sector. Consumption and domestic markets remain restricted by financial conditions, due to the effects of lower credit granting and higher household indebtedness.

The labor market has shown a certain slowdown, the unemployment rate rose to 8.8% in the quarter ended March, the lowest number for the period since 2015, but 0.9% above the previous quarter. The dynamics of inflation rates have been more favorable, both in retail and wholesale, and the main factors are the higher exchange rate, the fall in international commodities, lower domestic demand and an improvement in supply side.

Monetary policy has had a significant effect on financial conditions, increasing credit costs for both companies and families. However, the benign scenario for inflation, the new fiscal framework and advances in the proposed tax reform will help COPOM to pursue the cut in SELIC (Central Bank overnight rate), bringing interest rates to levels where companies have higher investments and higher household consumption, helping to boost economic growth in 2023 and in the following years. 2023 is expected to report GDP growth of 2.30%, IPCA (Consumer Price Index) at 4.84% and SELIC (Central Bank overnight rate) at 11.75%.

In the foreign scenario, tight labor markets and resilient inflation continue to increase interest rates in developed markets. The U.S. Central Bank had to increase the interest rate to 5.50% and the ECB to 4.25%. However, inflation and activity are expected to slow down, commodity prices have already been falling and should help with inflation data. Inflation cores on the margin have been improving, both in developed and emerging countries, and economic activity is expected to slow down and inflation. However, as the labor market continues to be heated up and economic slowdown slows, a recession or strong slowdown scenario is highly unlikely.

On the emerging countries side, as they were the first to start the interest rate increase cycle, leaving the monetary policy much more restrictive than in developed countries, the inflation cores are already slowing, allowing more monetary tightening and the beginning of the cuts in interest rates.

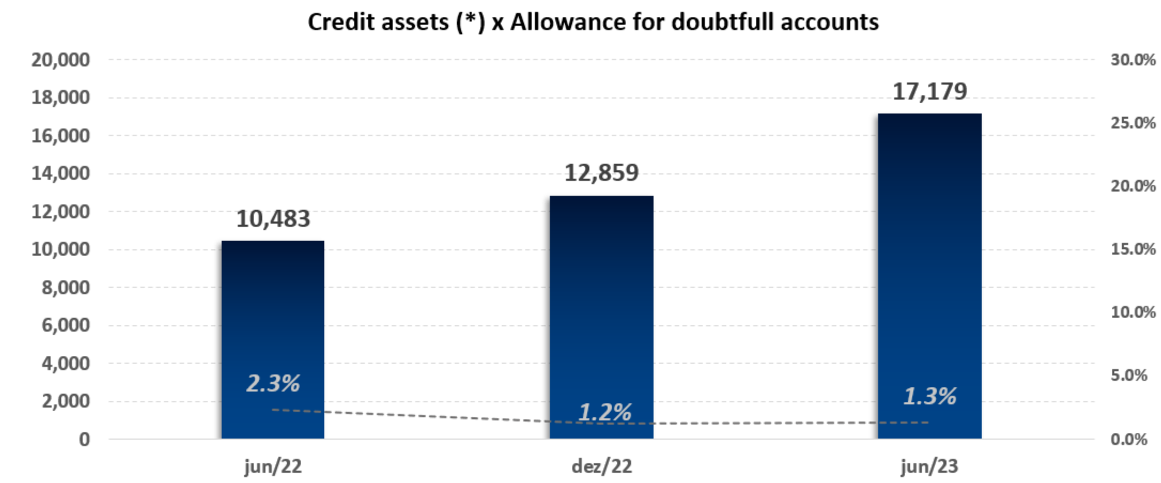
We expect an improvement scenario in the second half of 2023, with controlled inflation and lower exchange rates. The Central Bank of Brazil will continue cutting interest rates and making advances in tax and fiscal reforms. This will contribute to greater growth, more investments by companies and improvements in credit data.

Performance of Activities

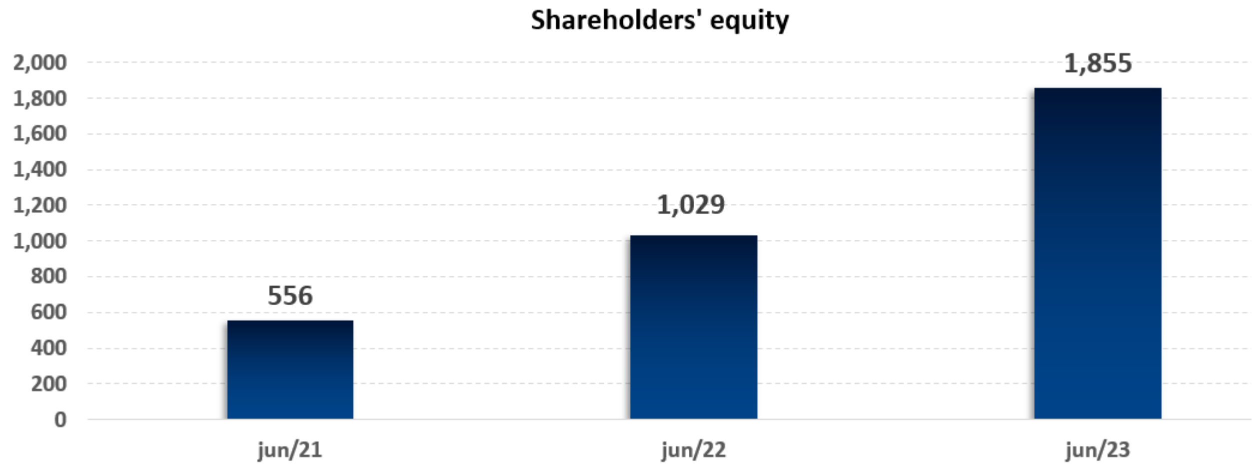
The Master has a positive and significant performance in the six-month period, and is the best performance in profit or loss in the first half of the last three years. The pillars of increased activities remain the same as those described before: 1) Capitalization; 2) To increase assets in a sustainable manner, generating progressive results; 3) Subsidiary's allowance for impairment loss on receivables; 4) Extending the length of the funding portfolio; 5) Growth in recurring financial intermediation; 6) Service revenue growth. We will have better numbers on this last pillar by the end of 2023.

Bank's Performance

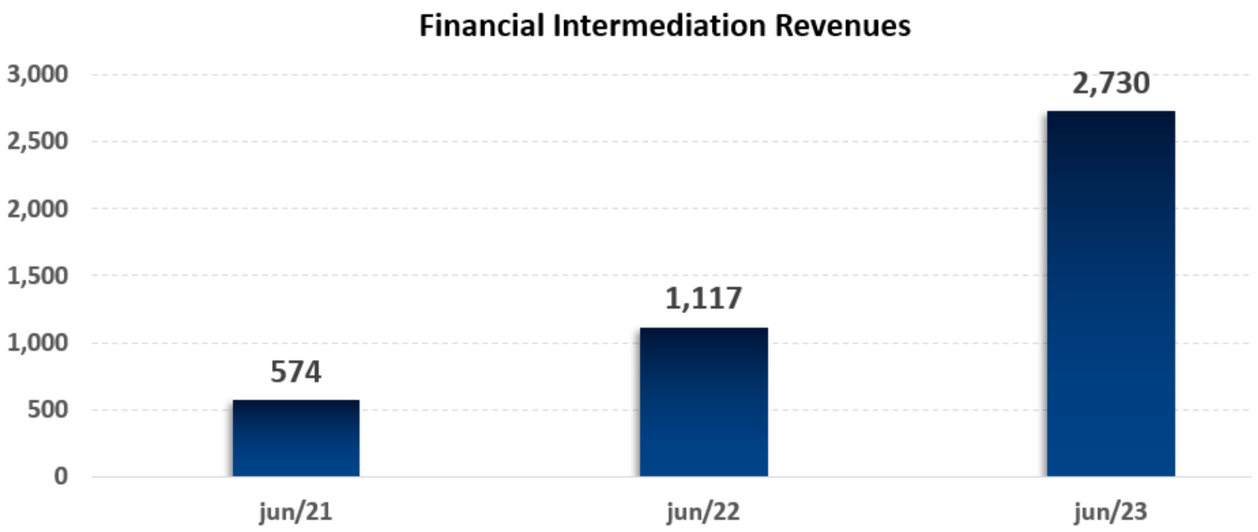
We present graphically and explain below the main indicators that demonstrate the Bank's Bank's positive performance. For a better presentation, in order to support the Bank's consistent growth, we decided to compare the three periods for a better presentation. The graphs show amounts in millions of real:



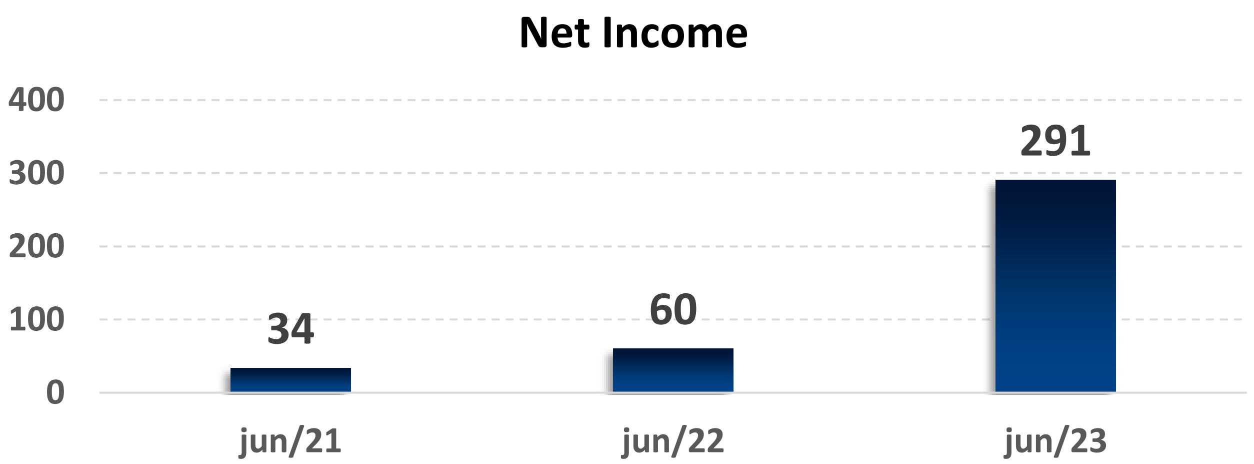
(*) Refers to the loan portfolio, FIDC, Debenture and CRT



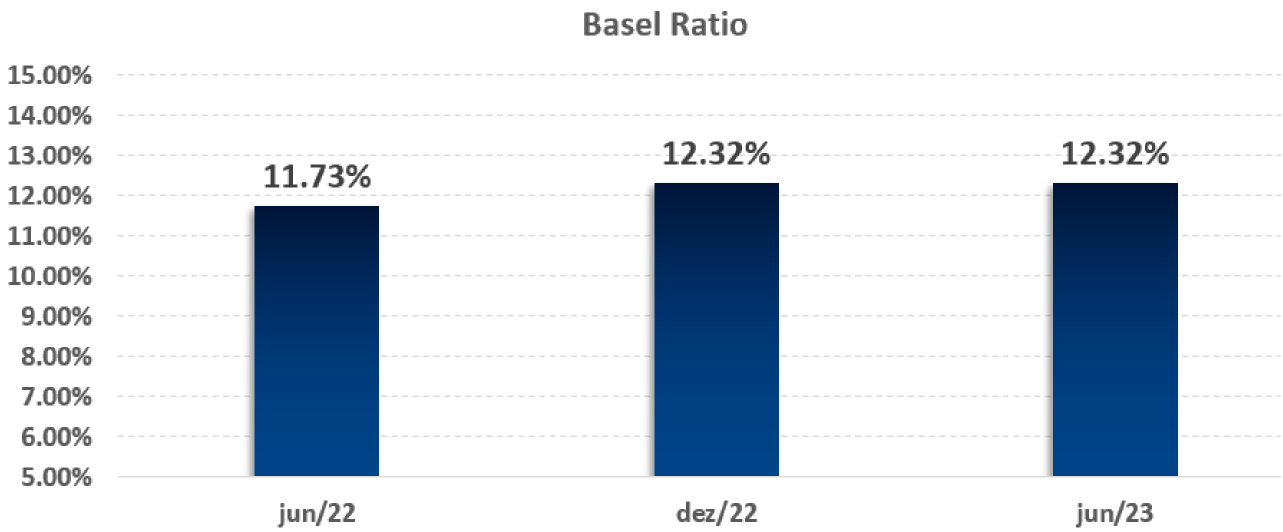
Shareholders' equity
2,000
1,800
1,600
1,400
1,200
1,000
800
600
400
200
0
556
1,029
1,855
jun/21
jun/22
jun/23



Financial Intermediation Revenues
3,000
2,500
2,000
1,500
1,000
500
0
574
1,117
2,730
jun/21
jun/22
jun/23



Net Income
400
300
200
100
0
34
60
291
jun/21
jun/22
jun/23



The Master shows its best six-month period of the past three years, and of this master shows the consistent growth that complies with the projections set on the Bank's business plan. Profit for the six-month period of R$ 291 million – 2023 (R$ 60 million – 2022) represents a significant growth higher than four times that reported in the previous year.

The result reported in the six-month period is related directly to the excellent performance of the lines of business that Master has been working in. We highlight the quality of the loan portfolios, whether they are directly at the bank or through FIDC vehicles. Therefore, revenues were increased in all lines of credit, retail, corporate credit and services.
As explained before, the foreign exchange department is undergoing restructuring of a business model that is well expected for the future, despite the fact that these transactions have been reduced.

Results from financial services on capital market transactions decreased this six-month period, but we are well expected for the next six-month period. These results are presented in the financial statements recorded in the equity method of accounting, because revenues from these services were recognized in the companies controlled by the Bank that are qualified to provide this financial activity.

We highlight below the main contributions in profit or loss for the six-month period. Increase in loan revenues by R$1,200 million – 2023 (R$ 498 million – 2022), up 140.86%, resulting from securities transactions of R$ 746 million – 2023 (R$523 million – 2022), a 42.61% increase, mainly impacted by receivables investment funds - FIDC and FIM, used as vehicles for *corporate* credits and structured transactions to make operational efficiency.

The graph on credit assets includes the Master Bank's consolidated credit position, including the RECEIVABLES Investment Fund portfolios, which are consolidated in our prudential balance sheet. Credit assets are divided into the retail, corporate, receivables and certificates of credit portfolio. Most of the latter are assets that pose risks to the Federal Government and represent an punctual strategy pursued by the Banco Master over the past years. Banco

Master does not expect this line of assets to grow over the next years.

The foreign exchange income reported in the six-month period of R$27 million – 2023 (R$65 million – 2022). The increase in the sales or transfer of assets is due to the sale of credit assets, through the transfer of risks and rewards, which led to a result of R$589 million – 2023 (R$1 million – 2022).

The funding costs have increased, directly linked to the natural evolution of the raised balance, to face the Bank's new businesses and to the increase in SELIC (Central Bank overnight rate), which increased that revenue by R$1,561 million – 2023 (R$734 million – 2022), up 112.45%. Although the absolute number of this line increases, the Master has been systematically reducing average funding costs and has been extending the portfolio's average term.

The increase in expenses on loan provisions of R$ 99 million - 2023 (R$55 million - 2022) and the 79.13% increase are directly related to the increase in credit assets, given that we have maintained the provision index with an index of 1.30% - 2023 (1.20% - 2022), and are in line with the indexes when compared with the market.

The increase in Master, which currently has about 1,000 direct service providers and collaborators at the Group, leads to increases in expenses. This fact has been shown to show an increase in personnel and administrative expenses of R$542 million – 2023 (R$369 million - 2022), up 66%. Growth is directly related to the implementation of new products, growth of employees, investments made in technology and service providers.

The gain reported in equity-accounted subsidiaries and associates is directly related to service revenues recognized in those companies, of R$ 42 million – 2023 (R$ 210 million - 2022), as well as the share of profit (loss) of the Bank's group of insurers.

The results reported in this six-month period show that Master has good expectations about results for 2023.

Basel

The Master duly falls into its operational limits according to the Basel Capital ratio (IB) of 12.32% - 2023 (11.73% - 2022) and with tier 1 capital + tier 2 capital (total capital) compatible with the capacity of its assets.

Conclusion

The Master Bank keeps its business growth curve in a sustainable manner. The figures for the last six-month periods clearly show that the entity has been right in its lines of business, promoting the growth of healthy and profitable assets. The strong growth is made in its four main lines of business (retail, corporate structured, services and subsidiaries, particularly Kovr Seguradora). Therefore, activities are expanded in an organic manner, maintaining impairment loss levels and applying results consistently. Banco Master has increasingly played an important role in the Brazilian market, taking credit to individuals and legal entities with differentiated structure and distribution methods, taking part in business restructuring, business recovery, restructuring of companies' capital structure, improvement in credit structure and financial health of people and companies. Therefore, the Company has reported sustainable results and good profitability, and reported a ROE rate of 34.80% (15.10% - 2022).

The Board

Angelo Antonio Ribeiro da Silva – Accountant

CRC-RJ-081.990/O-2

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Independent Auditor's report on the financial statements

To the Shareholders and Directors of the

Banco Master S.A.

São Paulo – SP

Opinion

We have audited the financial statements of Banco Master S.A. ("Bank"), which comprise the statement of financial position as at June 30, 2023, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six-month period June 30, 2023, as well as the related explanatory notes, including a summary of the significant accounting policies.

In our opinion, the financial statements referred to above, present fairly, in all material respects, the financial position of Banco Master S.A. as of June 30, 2023, and its financial performance and its cash flows for the six-month period June 30, 2023, in accordance with accounting practices adopted in Brazil applicable to institutions authorized to operate by the Central Bank of Brazil ("Bacen").

Basis for Opinion

We conducted our audit in accordance with Brazilian and International Standards on Auditing. Our responsibilities, under those standards are further described in the "Auditors' responsibilities for the audit of the financial statements" section of our report. We are independent of the Bank in accordance with the relevant ethical requirements included in the Accountant's Professional Ethic Code and the Professional Standards issued by the Federal Accounting Council and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other information accompanying the financial statements and the auditors' report

Bank's Management is responsible for the other information. the other information 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 thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management report and, in doing so, consider whether the other information is materially inconsistent with the financial statements and our knowledge obtained in the audit, or otherwise appears to be materially misstatement. If, based on the work we have performed, we conclude that there is a material misstatement of this

Management report, we are required to report that fact. We have nothing to report on this regard.

Responsibilities of Management for the financial statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

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

São Paulo, August 31, 2023

KPMG Auditores Independentes Ltda.
CRC 2SP027685/O-6 'F' SP

(Original report in Portuguese signed by)

Fernando Antonio Rodrigues Alfredo
Contador CRC 1SP252419/O-0

In thousands of real - R$

ASSETS	Note	6/30/2023	12/31/2022
CASH	5.	**89,986**	**178,141**
FINANCIAL INSTRUMENTS		**23,555,763**	**17,534,085**
INTERBANK INVESTMENTS	6.	**601,331**	**823,190**
Money market reverse repurchase agreements		100,000	450,669
Interbank deposits		498,922	372,521
Foreign-currency investments		2,409	-
SECURITIES AND DERIVATIVE FINANCIAL INSTRUMENTS		**10,678,512**	**7,053,883**
Securities	7. a	10,506,283	6,996,526
Derivative financial instruments	7. c	172,229	57,357
INTERBANK ACCOUNTS		**883,796**	**6,940**
Payments and receipts to be settled		21,471	2,558
Deposits with the Central Bank of Brazil		862,325	4,382
LOAN OPERATIONS		**11,392,124**	**9,650,072**
Loan	8. a	5,162,676	3,680,392
Assigned Loans subject to assignment	8. a	991	1,078
Other receivables	8. a	6,456,179	6,126,508
(-) Provisions for expected losses associated with credit risk	8. c	(227,722)	(157,906)
TAX ASSETS		**313,676**	**246,941**
Current tax assets	14. a	34,602	23,268
Deferred tax assets	14. a	279,074	223,673
OTHER ASSETS		**2,925,164**	**2,178,479**
OTHER RECEIVABLES		**2,414,195**	**1,676,748**
Foreign exchange portfolio	9. a	4,553	21,270
Other receivables	10.	3,273	135,380
Trading account		8,430	-
Securities clearing accounts	21.c	5,861	4,471
Others	11. a	2,392,078	1,515,627
OTHER ASSETS		**510,969**	**501,731**
Non-financial assets held for sale	12.	428,237	396,504
(-) Provisions for impairment of non-financial assets		(6,240)	(3,483)
Prepaid expenses	13.	88,972	108,710
LONG TERM ASSETS		**447,255**	**404,013**
INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES	15. A/B	**441,587**	**397,669**
PROPERTY, PLANT AND EQUIPMENT	16.	**5,668**	**6,344**
Property		10,845	10,845
Plant and Equipment		7,382	6,600
(Accumulated depreciation)		(12,559)	(11,101)
TOTAL ASSETS		**27,331,844**	**20,541,659**

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

In thousands of real - R$

LIABILITIES	Note	6/30/2023	12/31/2022
FINANCIAL INSTRUMENTS		**24,801,384**	**18,642,845**
DEPOSITS	17.	**23,636,606**	**17,673,689**
Demand deposits		424,662	77,864
Interbank deposits		462,352	143,767
Time deposits		22,749,592	17,452,058
MONEY MARKET BORROWINGS	18. a	**563,685**	**507,794**
SECURITIES ISSUED	19.	**355,827**	**188,521**
Funds from housing bonds, mortgage notes, letters of credit and similar		355,827	188,521
INTERBANK ACCOUNTS		**37,792**	**35,135**
INTERBRANCH ACCOUNTS		**107,450**	**181,263**
Foreign exchange portfolio		107,450	181,263
DERIVATIVE FINANCIAL INSTRUMENTS	7. c	**100,024**	**56,443**
TAX LIABILITIES		**320,602**	**103,007**
Current tax liabilities	14. b	300,171	82,576
Deferred tax liabilities	14. b	20,431	20,431
PROVISION FOR CONTINGENT LIABILITIES	21. c	**4,822**	**7,441**
OTHER LIABILITIES		**349,691**	**222,080**
Securities clearing accounts		-	6,033
Collection and levy of taxes and similar		18,729	2,340
Foreign exchange portfolio	9. a	4,604	22,502
Others		**326,358**	**186,992**
Obligations from sale and transfer of financial assets		2,974	3,061
Others	11. b	306,599	171,907
Debt instruments eligible for capital	20.	16,785	16,237
SHAREHOLDERS' EQUITY	22.	**1,855,345**	**1,566,286**
Capital		1,160,885	1,135,885
Profit reserves		492,830	446,547
Other comprehensive income		(34,476)	(16,146)
Retained earnings		236,106	-
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**27,331,844**	**20,541,659**

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

In thousands of real* - R$

	Note	6/30/2023	6/30/2022
FINANCIAL INTERMEDIATION INCOME		**2,730,166**	**1,116,560**
Income from loans and advances	24.	1,200,368	498,375
Income (loss) from securities	7. b	746,090	523,179
Net gains / (losses) from derivatives	7. d	168,254	29,509
Foreign exchange income	9. b	26,752	64,714
Sale or transfer of financial assets	23.	588,702	783
FINANCIAL INTERMEDIATION EXPENSES		**(1,560,664)**	**(734,606)**
Deposits, repurchase agreements and securities issued	18. b	(1,560,664)	(734,606)
EXPENSES FOR EXPECTED CREDIT LOSS ASSOCIATED WITH CREDIT RISK		**(99,386)**	**(55,482)**
(-) Expenses for expected credit loss associated with credit risk	8. g	(99,386)	(55,482)
NET INCOME (LOSS) FROM FINANCIAL INTERMEDIATION		**1,070,116**	**326,472**
OTHER OPERATING INCOME (EXPENSES), NET		**(590,290)**	**(384,477)**
Service revenues		30,888	689
Revenues from bank fees		3,998	350
Personnel expenses	25.	(66,055)	(42,764)
Other administrative expenses	26.	(476,178)	(326,642)
Tax expenses	27.	(63,401)	(33,154)
Share of profit of equity-accounted associates and subsidiaries	15. a	41,954	210,206
Other operating income	28.	96,733	16,195
Other operating expenses	28.	(158,229)	(209,357)
OPERATING INCOME (LOSS)		**479,826**	**(58,005)**
NON-OPERATING PROFIT (LOSS)		**1,078**	**5,553**
INCOME (LOSS) BEFORE INCOME TAX AND PROFIT SHARING		**480,904**	**(52,452)**
INCOME TAX AND SOCIAL CONTRIBUTION	29.	**(162,996)**	**120,602**
Current income tax		(118,136)	-
Current social contribution		(94,518)	-
Deferred income tax and social contribution		49,658	120,602
PROFIT SHARING		**(27,352)**	**(8,144)**
NET INCOME		**290,556**	**60,006**

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

In thousands of real* - R$

	6/30/2023	6/30/2022
NET INCOME	**290,556**	**60,006**
OTHER COMPREHENSIVE INCOME FOR THE PERIOD	**(18,330)**	**(1,793)**
Items that are subsequently reclassified to income (loss)		
Changes in the fair value of financial assets available for sale	(12,761)	4,236
Tax effect	5,742	(1,906)
Comprehensive income from investments	(11,311)	(4,123)
COMPREHENSIVE INCOME	**272,226**	**58,213**

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

In thousands of real - R$

	Capital social		Profit reserve				
	Capital social	Capital social to be paid-up	Legal Reserve	Special profit Reserve	Other comprehensive income	Retained earnings	Total
Balances on December 31, 2021	**415,425**	**-**	**42,974**	**192,746**	**(3,660)**	**-**	**647,485**
Capital increase	403,158	(80,000)	-	-	-	-	323,158
Other comprehensive income	-	-	-	-	(1,793)	-	(1,793)
Net income	-	-	-	-	-	60,006	60,006
		-					
Balances on June 30, 2022	**818,583**	**(80,000)**	**42,974**	**192,746**	**(5,453)**	**60,006**	**1,028,856**
Changes in the period	403,158	(80,000)	-	-	(1,793)	60,006	381,371
Balances as of December 31, 2022	**1,160,885**	**(25,000)**	**53,515**	**393,032**	**(16,146)**	**-**	**1,566,286**
Capital increase	-	25,000	-	-	-	-	25,000
Other comprehensive income	-	-	-	-	(18,330)	-	(18,330)
Net income	-	-	-	-	-	290,556	290,556
Destinations:							
Interest on shareholders' equity	-	-	-	46,283	-	(54,450)	(8,167)
Balances on June 30, 2023	**1,160,885**	**-**	**53,515**	**439,315**	**(34,476)**	**236,106**	**1,855,345**
Changes in the period	-	25,000	-	46,283	(18,330)	236,106	289,059

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

In thousands of real - R$

	6/30/2023	6/30/2022
OPERATING ACTIVITIES		
Net Income	**290,556**	**60,006**
Adjustments to net income	**72,131**	**67,229**
Provisions for expected losses associated with credit r	99,386	55,482
Provisions for expected losses associated with credit risk -FIDC	44,607	152,966
Depreciation	1,458	1,445
Fair value gains / losses - Securities	(13,492)	(11,744)
Share of profit from associates and subsidiaries	(41,954)	(210,206)
Deferred income tax and social contribution	(49,658)	(120,602)
Profit sharing	27,352	8,144
Other provisions	3,327	-
(Gains)/Losses on the disposal of non-current assets held for sale	(1,030)	4,372
Formation (reversal) of provision for contingent liabilities	(2,619)	(1,865)
Effect of changes in exchange rates on cash and cash equivalents	4,754	189,237
Adjusted income	**362,687**	**127,235**
Changes in assets and liabilities	**(739,936)**	**(777,600)**
Securities	(3,569,973)	(728,613)
Derivative financial instruments	(13,801)	5,495
Interbank investments	(126,402)	-
Loans and advances	(1,841,438)	(4,228,674)
Other assets	(1,625,838)	517,836
Deposits	5,921,767	3,672,233
Money market borrowings	55,891	97,335
Funds from housing bonds, mortgage notes, letters of credit and similar	167,306	(13,348)
Tax and social security liabilities	263,448	3,518
Other liabilities	29,104	(103,382)
Net cash used in operating activities	**(377,249)**	**(650,365)**
Taxes paid	(10,905)	(24,819)
INVESTING ACTIVITIES		
Acquisition of property and equipment in use	(782)	(189)
Acquisitions of associates and/or investments	-	(25,205)
Capital increase in subsidiaries	(1,981)	(7,300)
Dividends receivable	(15,340)	203,130
Change in ownership interest	4,045	-
Capital gains	-	(9,390)
Net cash from / (used in) from investing activities	**(14,058)**	**161,046**
FINANCING ACTIVITIES		
Capital increase	25,000	323,158
Interest on shareholders' equity	(54,450)	-
Net cash from / (used in) from financing activities	**(29,450)**	**323,158**
NET CHANGES IN CASH AND CASH EQUIVALENTS	**(431,662)**	**(190,980)**
Cash and cash equivalents at beginning of period	628,811	670,398
Effect of changes in exchange rates on cash and cash equivalents	(4,754)	(189,237)
Cash and cash equivalents at end of period	192,395	290,181

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

1. OPERATIONS

Banco Master S.A. ("Banco Master", "Bank" or "Master") is a financial institution authorized to operate by the Central Bank of Brazil (Bacen) and engaged in commercial banking activities through commercial and foreign exchange portfolios authorized by the Central Bank of Brazil. Its subsidiaries operate in several market segments, with emphasis on the asset management, foreign exchange and brokerage market operations in the Stock and Commodities and Futures Exchanges. The Bank is incorporated as a closed corporation and is headquartered at Pr. Botafogo, 228, Botafogo, Rio de Janeiro - RJ.

2. CAPITALIZATION PLAN

In the semester, the Master got the proper capital approvals that were made in 2022, in the amount of R$ 400 million, and R$ 1.16 billion was recognized in the financial statements.

In compliance with the strategic plan to make the Banco Master reach a significant level in Brazil's banks, shareholders intend to make efforts to capitalize their master by the end of 2023. The purpose is to capitalize more R$ 500 million by the end of 2023. Therefore, together with the results estimated in 2023, we will reach equity in excess of R$ 2.5 billion.

3. PRESENTATION OF THE FINANCIAL STATEMENTS

Banco Master's financial statements are the responsibility of its Management. They were prepared in compliance with the accounting practices adopted in Brazil, applicable to institutions authorized to operate by Bacen as a result of CMN Resolution No. 4,818/20, and in accordance with the accounting guidelines established by the Corporation Law, in compliance with the rules and instructions of the National Monetary Council (CMN), evidencing all relevant information specific to the financial statements, and only such information, which is consistent with that used by the Administration in its management.

Authorization for the conclusion of these financial statements was granted by the Executive Board on August 31, 2023.

4. SIGNIFICANT ACCOUNTING POLICIES

The main accounting practices adopted are:

a) Functional currency

The financial statements are being presented in reais (R$), the functional currency of the Bank.

b) Statement of income

Revenues and expenses are recorded on an accrual basis, which establishes that revenues and expenses should be included in the statement of income for the periods in which they occur, always simultaneously when they are correlated, regardless of their receipt or payment.

Financial revenues and expenses are recognized on a pro rata timely basis.

Operations with floating rates or pegged to foreign currencies are updated to the balance sheet dates.

c) Cash and cash equivalents

Cash and cash equivalents comprise local and foreign currencies y and interbank funds applied, whose maturity on the date of the effective investment is equal to or less than 90 days and present insignificant risk of change in fair value, which are used by Master for managing its short-term commitments.

d) Interbank investments

Interbank investments are measured at cost, plus income earned through the balance sheet dates.

e) Securities

In accordance with Circular Letter 3.068/01, the Bank's securities are classified into three specific categories "Held for trading securities", "Securities available for sale" and "securities held to maturity".

Held for trading: securities acquired for the purpose of being actively and frequently negotiated. These securities are measured at fair value, with related gains or losses recognized in the income statement. Such securities are recorded in current assets, irrespective of their maturity dates.

Available for sale: securities classified in this category are those that may be traded but not acquired for the sole purpose of being frequently traded or held to maturity. Accrual are recognized in the statement of income and unrealized changes in market value, when realized, are recognized with a counter-entry to equity, net of taxes; and

Held to maturity: within this category, those securities for which the Institution has the intent and financial capacity to maintain in its portfolio up to maturity. They are accounted for at the cost of acquisition, plus intrinsic income. The reassessment regarding the classification of securities is carried out during the preparation of the half-yearly balance sheets, taking into consideration the intention and financial capacity, pursuant to the procedures established by Circular Letter 3.068/01.

f) Measurement of fair values

The Methodology applied to measure fair value (probable realization value) of securities is based on economic scenarios and pricing models developed by The Executive Board, which include capturing applicable average prices in the market on the balance sheet base date. Therefore, upon effective financial settlement of these items, results may differ from estimates. According to Circular Letter 3.082/02 and further regulations, derivative financial instruments must be classified at the date of their acquisition according to the intention of the Executive Board for hedge purposes or not and recorded at market value, with gains and losses recognized directly in the income statement for the period.

When measuring the fair value of an asset or liability, they are classified at different levels according to a hierarchy based on information used in valuation techniques, as follows:

Level 1: prices quoted (not adjusted) in active markets for identical assets and liabilities.

Level 2: inputs, except for quoted prices, included in Level 1 which are observable for assets or liabilities, directly (prices) or indirectly (derived from prices).

Level 3: inputs, for assets or liabilities, which are not based on observable market data (non-observable inputs).

g) Derivative financial instruments

Derivative financial instruments are classified on the date of their acquisition according to the intention of Management for hedge purposes or not, pursuant to BACEN Circular Letter 3.082/02.

Operations that utilize financial instruments carried out at the request of customers on the Bank´s own account, or that do not fulfill the protection criteria (mainly derivatives utilized to manage global risk exposure), are recorded at market value, with realized and unrealized gains and losses, recorded directly in the statement of income.

***Market* risk hedge**

In 2022, the Master initiated market risk hedge strategies. At inception of the hedging transaction, the Company documents the relationship between the hedging instrument and hedged item, and its objective e risk management strategy.

The hedge is assessed on an ongoing basis and is determined to be highly effective during all periods of the financial statements for which it has been designated.

The following practices are applied to these transactions:

- The gain or loss resulting from the re-measurement of the hedging instrument at fair value should be recognized in profit or loss.
- The gain or loss resulting from the covered item attributable to the effective portion of the designated risk should adjust the carrying amount of the covered item to be recognized in profit or loss.

When the derivative expires or is sold and the hedge criteria are no longer met or the designation is revoked, the hedge should be discontinued prospectively. Moreover, any adjustment in the book value of the covered item should be amortized in profit or loss.

h) Minimum requirements for pricing financial instruments (securities and derivative financial instruments)

CMN Resolution 4.277/13 provides for minimum requirements to be followed in the process of pricing financial instruments valued at market value and regarding the adoption of prudential adjustments by financial institutions. The financial instruments addressed by the Resolution include:

- Securities classified in the categories "held for trading" and "available for sale", pursuant to Bacen Circular Letter 3.068/01;
- Derivative financial instruments addressed by Bacen Circular Letter 3.082/02; and
- Other financial instruments valued at market value, regardless of their classification in the trading portfolio, provided for in CMN Resolution 3.464/07.

Pursuant to this resolution, the Bank started to establish procedures to assess the need for adjustments in the value of the financial instruments mentioned above, following the prudence, relevance and reliability criteria. This assessment includes, among other factors, the credit risk spread in the recording of the market value of these instruments.

i) Loan operations and provisions for expected losses associated with credit risk

Provision for losses associated with credit risk relating to loan operations, advances on foreign exchange contracts and other credits with credit concession characteristics, including Sureties and guarantees provided, is determined in conformity with the precepts of Resolution 2.682/99, of the National Monetary Council - CMN, considering the classification of the loan operations and other financial assets at nine levels of risk that, in turn, are directly related to the percentage of allowance to be recorded.

The classification of operations is backed by the periodic analysis of the debtor and of the operation, taking into account items such as the economic and financial situation, degree of indebtedness, capacity to generate income, cash flow, administration and quality of controls, punctuality and delays in payments, contingencies, sector of activity, credit limit and the general characteristics of the operation, as well as guarantees involved.

Write-offs of credit operations against losses are performed 6 months after being classified with an H rating, provided that they exhibit delinquency of more than 180 days.

With regard to the period of delay seen in operations with a term of more than 36 months, double counting is allowed on the delay intervals defined for the nine risk levels.

Income from loans overdue for more than 59 days, regardless of their level of risk, are only recognized as revenue when effectively received.

Operations classified at level H (100% of provision) continue in this status for six months, when they are written off against the existing provision and controlled, for five years, in a memorandum account, no longer appearing on the balance sheet, as established by CMN Resolution 2.682/99.

The renegotiations recorded as losses and subsidiaries in clearing accounts are classified as level H risk. Any gains earned upon the renegotiation are appropriated to income (loss) when actually received. The reclassification for the lower risk category is carried out when there is a significant operation of amortization or when new relevant events justify the change in risk level.

j) Court-ordered debt payments

Court-ordered debt payments are requests for payments issued by the Brazilian Judiciary Branch to collect the payment of amounts due from municipalities, states or the Federal Government and foundations after a final and unappealable judicial decision. The court-ordered debt payments are acquired by the Bank after an assessment of the current regulations, debt stock and payment performance of each debtor. At the same time, the asset is subject to an analysis that mainly includes procedural issues and risk assessment of the assignor.

The pricing of court-ordered debt payments considers the predictability of receipt linked to the relative discount for the intended income during the expected flow for settlement. The flow may possibly differ from the forecast, as a result of the consolidation of the debtor entities' budget targets. The present book value is calculated based on the acquisition price, plus the monthly appropriation of income related to the term and discount, as well as the indexes of inflation adjustment and other legal charges, in accordance with the current legislation applicable to the case.

k) Write-off of financial assets

As provided by Bacen Resolution 3.533/08, a financial asset is written-off when the contractual rights to the cash flow of the financial asset expire or when the sale or transfer of this financial asset occurs.

The sale or transfer of a financial asset should be classified into the following categories:

- **Operations with substantial transfer of risks and rewards:** assignor substantially transfers all property risks and rewards of the asset that is the object of the transactions, such as: (i) unconditional sale of financial asset; (ii) sale of the financial asset together with a repurchase option at the fair value of that asset upon repurchase; and (iii) sale of financial asset together with call or put option whose exercise seems is improbable;

- **Transactions with substantial retention of the risks and rewards:** assignor substantially retains all property risks and rewards of the asset that is the object of the transactions, such as: (i) sale of financial asset together with commitment to repurchase the same asset at a fixed price or at sales price plus earnings; (ii) loan agreements for securities; (iii) sale of financial asset together with total return rate swap contract that transfers exposure to market risk back to the assignor; (iv) sale of financial asset together with call or put option whose exercise is probable; and (v) sale of receivables for which the seller or assignor guarantees that will use any way to compensate buyer or assignee for credit losses that may occur, or whose sale occurred together with acquisition of subordinated quotas of the buyer's Credit Right Investment Fund (FIDC); and

- **Operations without transfer or substantial retention of risks and rewards:** transactions in which the assignor does not transfer nor substantially retains all the risks and rewards of ownership of the financial asset which is the object of the transaction.

Provisions for loan operations follow the parameters established by Bacen Resolution 2.682/99.

As of January 1, 2012, CMN Resolution 3.533/08, became effective, altering the accounting of credit assignment transactions carried out beginning as from this date, establishing procedures for the classification and disclosure of sales transactions or transfer of financial assets. In accordance with this new regulation, the maintenance or write-off of the financial asset is related to substantial retention of risks and rewards in sale or transfer operations. Credit assignment transactions classified as "substantial retention of risks and rewards" remain fully recorded in assets. Amounts received in the ambit of the transaction are recorded in assets with a contra entry to liabilities, referring to the assumed obligation. Revenues and expenses are recognized separately in income for the period, over the remaining transaction period. Credits granted without "substantial retention of risks and rewards" are written-off from assets and gains or losses recognized on the assignment date.

l) Prepaid expenses

They are controlled by contract and accounted for under "Prepaid expenses". The allocation of said expense to income (loss) for the period is carried out in accordance with the term of the contracts and recorded under "Other administrative expenses".

m) Other assets

Other current and long-term assets are stated at cost, including, when applicable, earnings and monetary fluctuations earned until the balance sheet date, less the related provisions for losses or adjustments to the realizable value.

- **Foreign exchange operations -** Monetary assets and liabilities denominated in foreign currencies were translated into reais at the foreign exchange rate ruling on the balance sheet date and the foreign exchange differences arising on translation are recognized as income (loss) for the period.

- **Security clearing accounts -** The balances are stated at the purchase or sale prices of financial instruments carried out in stock exchanges or commodities and futures exchanges for the Company's own account or for clients, pending settlement within the term provided by the current law.

n) Long term assets

Are recorded at cost, combined with the following aspects:

Investments in subsidiaries and associated companies

The interest in subsidiaries is accounted for under the equity method;

Interest in non-subsidiaries is accounted for under the cost method.

Property, plant and equipment

Items of property and equipment are measured at the historical cost of acquisition, less accumulated depreciation and any accumulated impairment losses, when applicable. Depreciation is calculated on a straight-line basis, at the following annual rates: buildings, 4%, furniture, equipment for use and communication system, 10% and data processing system, 20%.

o) Impairment of non-financial assets

An impairment loss is recognized if the carrying amount 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 inflows from other assets or groups of assets. Impairment losses are recognized in profit or loss for the period. Non-financial assets, except tax credits, are reviewed at least annually to check for any signs of *impairment*.

p) Money market borrowings

Purchase (sale) of financial assets based on fixed price resale (repurchase) agreement are recognized in the balance sheet as financing awarded (received), based on debtor's (creditor's) nature, under the account “Money market funding”.

q) Borrowings and on-lendings

Borrowings and on-lendings are stated at known amounts or estimated, including, when applicable, the charges calculated on a “pro rata” daily basis and the inflation adjustments and exchange-rate changes incurred.

r) Other liabilities

Stated at known amounts or estimated, including, when applicable, the charges calculated on a “pro rata” daily basis and the inflation adjustments and exchange-rate changes incurred up to the balance sheet dates.

s) Contingent assets and liabilities and legal obligations – tax and social security

The recognition, measuring and disclosure of contingent assets, contingent liabilities and legal obligations are carried out according to CMN Resolution 3.823/09, which approved the Accounting Pronouncement (CPC 25) and Circular Letter 3.429/10, as follows:

Contingent assets - these are not recognized, except when there is evidence that realization thereof is virtually certain, usually represented by the final lawsuit judgment and confirmation of their recovery through receipt or offset against another payable.

Contingent liabilities - are recognized in the financial statements when, based on the opinion of the legal advisors and Executive Board, the risk of loss of a lawsuit or administrative proceeding is considered probable, with a probable outflow of financial funds for the settlement of obligations and when the sums involved are measurable with sufficient assurance, whereas those classified as remote losses require neither provision nor disclosure. Causes classified as possible loss are only disclosed.

Legal obligations (tax and social security) - refer to lawsuits challenging the legality and constitutionality of federal taxes and contributions. Disputed amounts are quantified, adjusted on a monthly basis and a provision is fully recorded for it.

t) Provision for income tax and social contribution

There are two components to the provision for income and social contribution taxes: current and deferred. The current component approximates the taxes that will be paid or recovered in the applicable period. The deferred component, which consists of deferred tax assets and deferred tax liabilities, is obtained based on the differences between the accounting and tax bases of assets and liabilities at the end of each reporting period.

Amounts in thousands of Brazilian real - R$, except when indicated

Income and social contribution tax expenses are recognized in the profit or loss as income and social contribution taxes, except when they pertain to items recognized directly in equity, such as tax on the fair value measurement of available-for-sale securities. Subsequently, these items are recognized in the profit or loss when the instruments are realized.

Changes in tax law and tax rates are recognized in the profit or loss in the period they come into effect. Interest and fines are recognized in the profit or loss as other administrative expenses.

The tax rates and their calculation bases are detailed in note 29.

u) Use of estimates

The preparation of the financial statements requires Management to make estimates and assumptions to determine the values of assets, liabilities, revenues, expenses and other transactions, such as impairment loss on loans, deferred income tax assets, provision for contingencies and market valuation of certain securities and derivative financial instruments. The settlement of transactions may result in amounts different from estimates, due to the inherent inaccuracy of the process. Estimates and underlying assumptions are reviewed on an ongoing basis.

v) Non-recurring profit (loss)

BCB Resolution 2/20, in its article 34 started to determine the segregated disclosure of recurring and non-recurring results. According to the internal evaluation criteria, a non-current income (loss) for the period is defined as the result that is related to atypical activities of the institution and is not expected to occur frequently in future periods. Recurring income, in turn, corresponds to the typical activities of the Institution and is expected to occur frequently in future periods. The nature and financial effect of events considered non-recurring are presented in Note 32.

w) Interpretations of standards applicable in future periods

CMN Resolution No. 4.966

With a prospective effect as from January 1, 2025, CMN Resolution No. 4.966/21 changes the classification, measurement and disclosure of financial instruments and hedge accounting.

The Master prepared a formal plan, approved internally, including the necessary and detailed actions for adopting the new standard. The implementation plan was structured with the purpose of assessing regulatory and process impacts, defining governance issues and identifying system aspects.

The Master has been evaluating the application of that standard and the possible impacts arising from adoption are being evaluated. It will be completed by the effective date.

5. CASH AND CASH EQUIVALENTS

As of June 30, 2023 and December 31, 2022, the bank defines "Cash and cash equivalents" as amounts maintained for the purpose of meeting short-term cash commitments. Investments are readily convertible into known amounts of cash and are not subject to a significant risk of change of value. They are stated at cost, plus income earned through the balance sheet dates, not exceeding their market or realizable value.

	6/30/2023	12/31/2022
Cash	**89,986**	**178,141**
Cash	104	196
Bank reserve	5,638	4,992
Foreign currency (i)	84,244	172,953
Interbank cash investments	102,409	450,670
Total	**192,395**	**628,811**

(i) Amounts deposited abroad primarily in US dollar and euro currencies.

Amounts in thousands of Brazilian real - R$, except when indicated

6. INTERBANK INVESTMENTS

Security/Maturity	Up to 3 months	1 – 3 years	3 – 5 years	6/30/2023 Fair value (book value)	Up to 3 months	3 – 5 years	12/31/2022 Fair value (book value)
Money market reverse repurchase agreements	**100,000**	**-**	**-**	**100,000**	**450,670**	**-**	**450,670**
Own portfolio position							
National Treasury Notes - NTN	57,883	-	-	57,883	383,710	-	383,710
National Treasury Bills - LTN	-	-	-	-	60,010	-	60,010
Funded position							
National Treasury Notes - NTN	42,117	-	-	42,117	6,950	-	6,950
Interbank deposits	**-**	**102,260**	**396,662**	**498,922**	**-**	**372,520**	**372,520**
Foreign-currency investments	**2,409**	**-**	**-**	**2,409**	**-**	**-**	**-**
Total	**102,409**	**102,260**	**396,662**	**601,331**	**450,670**	**372,520**	**823,190**
Current				102,409			450,670
Non-current				498,922			372,520

7. SECURITIES AND DERIVATIVE FINANCIAL INSTRUMENTS

Private securities are recorded and held in custody at B3 – Brasil, Bolsa e Balcão and government securities are recorded and held in custody at Special System for Settlement and Custody (SELIC).

a) Breakdown of securities portfolio by category, type of security and maturity

Security/Maturity	Level	Up to 3 months	3 - 12 months	1 -3 years	3 – 12 years	> 5 years	Fair value (book value)	6/30/2023 Value of curve
Securities available for sale								
Debentures	2	-	-	34,285	-	-	34,285	34,767
Total securities available for sale		**-**	**-**	**34,285**	**-**	**-**	**34,285**	**34,767**
Trading securities								
Investment fund quotas – FIDCs (i)	2	978,520	918,527	1,133,210	126,567	604,052	3,760,876	3,760,876
Investment fund quotas – Other	2	1,772,698	702,763	10,096	1,820,816	-	4,306,373	4,306,373
Financial Treasury Bills – LFT	1	-	17,193	491,274	652,272	191,294	1,352,033	1,350,960
Investments in bonds and securities abroad	2	810,970	-	-	-	-	810,970	810,970
National Treasury Notes – NTN	1	-	-	83,481	4,055	69,020	156,556	156,553
National Treasury Bills – LTN	1	3,329	10,061	71,800	-	-	85,190	86,858
Total trading securities		**3,565,517**	**1,648,544**	**1,789,861**	**2,603,710**	**864,366**	**10,471,998**	**10,472,590**
Total securities		**3,565,517**	**1,648,544**	**1,824,146**	**2,603,710**	**864,366**	**10,506,283**	**10,507,357**
Current							10,471,998	
Non-current							34,285	

Amounts in thousands of Brazilian real - R$, except when indicated

								12/31/2022
Security/Maturity	Level	Up to 3 months	3 - 12 months	1 -3 years	3 – 12 years	> 5 years	Fair value (book value)	Value of curve
Securities available for sale								
Debentures	2	-	-	32,181	-	-	32,181	32,651
Certificate of real estate receivables	2	-	12,644	-	-	-	12,644	10,792
Total securities available for sale		**-**	**12,644**	**32,181**	**-**	**-**	**44,825**	**43,443**
Trading securities								
Investment fund quotas – FIDCs (i)	2	735,886	597,031	1,282,708	349,651	214,355	3,179,631	3,179,631
Investment fund quotas – Other	2	1,466,879	-	-	20,770	-	1,487,649	1,487,649
Financial Treasury Bills – LFT	1	38,019	145,095	362,930	705,423	257,240	1,508,707	1,509,448
Investments in bonds and securities abroad	2	625,009	-	-	-	-	625,009	625,009
National Treasury Bills - LTN	1	-	3,125	76,155	-	-	79,280	82,955
National Treasury Notes - NTN	1	-	-	61,510	6,134	3,781	71,425	72,621
Total trading securities		**2,865,793**	**745,251**	**1,783,303**	**1,081,978**	**475,376**	**6,951,701**	**6,957,313**
Total securities		**2,865,793**	**757,895**	**1,815,484**	**1,081,978**	**475,376**	**6,996,526**	**7,000,756**
Current							6,964,345	
Non-current							32,181	

(i) As of June 30, 2023 they include loss allowances in the amount of R$103,341 (R$112,397 as of December 31, 2022).

The market value of securities is based on prices quoted on the reporting date. If there is no market price quotation, then values are estimated based on quotations of distributors or future cash flows discounted to present value using discount rates obtained from observable market data. Investments in investment fund shares are recognized at acquisition value and adjusted for inflation at the amounts of shares disclosed by fund managers.

b) Income from operations with bonds and securities

Net gains and losses on securities recognized in profit or loss are as follows:

	6/30/2023	6/30/2022
Investment fund quotas	653,119	480,311
Foreign securities	105,687	11,153
Purchase and sale commitments	34,641	10,271
Fixed income securities	(47,373)	21,480
Variable income securities	16	(36)
Total	**746,090**	**523,179**

c) Breakdown of the portfolio of derivative financial instruments

I. Risk Management

The risk management control of the portfolios is performed using methodologies such as: Value at risk (VAR), sensitivity, liquidity risk and stress scenarios. Based on this information, the Treasury Department provides the necessary derivative financial instruments in accordance with the market and liquidity risk policy previously defined by Management.

Derivative financial instruments represent contracts agreed with various counterparties to manage our global exposure, especially the management of foreign exchange exposure.

Amounts in thousands of Brazilian real - R$, except when indicated

II. Valuation and measurement criteria, methods and assumptions used to determine the fair value

For calculating the market value of derivative financial instruments, Master uses the referential market rates disclosed mainly by specialized exchanges. For derivatives that do not have prices directly published by exchanges, fair values are obtained through pricing models that use market information, inferred from published prices of more liquid assets. Yield curves and market volatilities are extracted from these prices, which serve as input data for the models. Over-the-counter derivatives and low-liquid securities are classified in this situation.

III. Breakdown of portfolio by maturity

								6/30/2023
	Level	Up to 3 months	3 – 12 months	1 – 3 years	3 – 5 years	> 5 years	Fair value	Notional value
Assets								
Swap	2	-	20,435	35,370	66,654	5,598	128,057	1,951,439
Options	2	-	35,697	-	-	-	35,697	905,168
NDF	2	8,475	-	-	-	-	8,475	251,750
Total		**8,475**	**56,132**	**35,370**	**66,654**	**5,598**	**172,229**	**3,108,357**
Current							64,607	
Non-current							107,622	
Liabilities								
Swap	2	854	4,397	25,395	44,675	-	75,321	576,518
Options	2	23,312	1,391	-	-	-	24,703	905,168
Total		**24,166**	**5,788**	**25,395**	**44,675**	**-**	**100,024**	**1,481,686**
Current							29,954	
Non-current							70,070	

							12/31/2022
	Level	Up to 3 months	3 – 12 months	1 – 3 years	3 – 5 years	> 5 years	Fair value
Assets							
Swap	2	14,257	-	133	-	14,390	400,531
Options	2	-	42,967	-	-	42,967	905,169
Total		**14,257**	**42,967**	**133**	**-**	**57,357**	**1,305,700**
Current						57,224	
Non-current						133	
Liabilities							
Swap	2	3,563	-	-	4,006	7,569	1,177,069
Options	2	-	48,874	-	-	48,874	905,169
Total		**3,563**	**48,874**	**-**	**4,006**	**56,443**	**2,082,238**
Current						52,437	
Non-current						4,006	

Amounts in thousands of Brazilian real - R$, except when indicated

IV. Composition of the portfolio by index

	6/30/2023		12/31/2022	
	Notional value	Fair value	Notional value	Fair value
Swap - Market risk				
Assets				
IPCA x CDI	330,952	51,020	400,531	14,390
Shares	400,118	29,845	-	-
Fixed-rate x CDI	1,020,266	26,757	-	-
CDI	200,103	20,435	-	-
Liabilities				
IPCA x CDI	112,722	45,905	1,177,069	7,569
Shares	400,531	28,562	-	-
Euro x CDI	63,265	854	-	-
Options				
Assets				
CDI	905,168	35,697	905,169	42,967
Liabilities				
Index - DOL*	905,168	24,703	905,169	48,874
NDF				
Assets				
Index - DOL*	251,750	8,475	-	-
Total assets	**3,108,357**	**172,229**	**1,305,700**	**57,357**
Total liabilities	**1,481,686**	**100,024**	**2,082,238**	**56,443**

* * Agreement in dollar (US$)

V. Hedge accounting

Market risk hedge

Hedge of the funding portfolio - CDB

As of June 30, 2023, Master has market risk hedge structures. These positions are hedge structures of fund-raising exposures pegged to fixed interest rates and to the IPCA to convert these positions to the CDI.

The purpose of the financial instruments classified into this category is to offset the risks arising from exposure to the fluctuation in the market value of the hedged item, and the gain or loss is recognized in profit or loss. The hedged item is adjusted to market value, and the effective portion of the gain or loss is recognized in profit or loss. When the hedging instrument expires or is traded or if the hedge is discontinued, any adjustment to the hedged item is accounted for directly in profit or loss.

The effectiveness determined for the hedging portfolio is in accordance with the provisions of Circular Letter No. 3082/02, given that Master chose to keep its hedging structure following the requirements set by this standard.

				6/30/2023
	Notional value	Nominal value	Fair value	Market to Market
Hedge instrument				
Swap contracts - fixed rates x interbank deposit	1,020,266	(3,450)	26,757	30,207
Swap contracts - IPCA x interbank deposit	443,674	(5,683)	1,791	7,474
Total	**1,463,940**	**(9,133)**	**28,548**	**37,681**

Amounts in thousands of Brazilian real - R$, except when indicated

Hedge object			
Demand deposits	(1,523,568)	(1,560,540)	(36,972)
Total	**(1,523,568)**	**(1,560,540)**	**(36,972)**

				12/31/2022
	Notional value	Nominal value	Fair value	Market to Market
Hedge instrument				
Swap contracts - fixed rates x interbank deposit	186,572	(242)	2,264	2,506
Swap contracts - IPCA x interbank deposit	525,015	(3,776)	(10,496)	(6,720)
Total	**711,587**	**(4,018)**	**(8,232)**	**(4,214)**
Hedge object				
Demand deposits		(723,317)	(719,138)	4,179
Total		**(723,317)**	**(719,138)**	**4,179**

d) Income from derivative financial instruments

	6/30/2023	6/30/2022
Future	62,628	18,524
Swap	60,545	9,902
Options	16,900	1,083
NDF	28,181	-
Total	**168,254**	**29,509**

8. LOAN OPERATIONS, GUARANTEES PROVIDED AND SECURITIES WITH CREDIT RISK

a) Breakdown of portfolio by type of transaction

	6/30/2023	12/31/2022
Securities and loans receivable (1)	6,313,619	6,004,227
Payroll-deductible loan (2)	2,346,484	2,206,627
Loans (Corporate)	1,872,554	880,950
Secured account	473,781	319,148
Credit card	420,281	264,848
Personal loan	115,760	48,676
Home Equity	30,099	29,977
Housing loans	22,516	25,964
Assets not for use finance	14,998	14,487
Real estate financing	8,763	11,996
Assignment of FIDC portfolio	991	1,078
Total	**11,619,846**	**9,807,978**
Current	2,486,736	2,146,825
Non-current	9,133,110	7,661,153

Amounts in thousands of Brazilian real - R$, except when indicated

a.1) Securities and other receivables

	6/30/2023	12/31/2022
Receivables	**6,153,753**	**5,853,170**
Federal	6,153,753	5,853,170
Court-ordered debt payments	**140,561**	**131,752**
State	88,176	82,983
Municipal	52,385	48,769
Total	**6,294,314**	**5,984,922**

1. Securities and credits receivable are mainly composed of amounts receivable arising from court-ordered debt payments and credit rights acquired by the Bank. Acquired securities have legal and accounting expert reports that support accounting records and make up the internal analysis linked, particularly to procedural issues and the ceding company's risk assessment for the acquisition and pricing.

   The book present value is stated at amortized cost and is calculated according to the acquisition price, plus the monthly recognition of income for the adjustment that is the subject matter of the lawsuit, discounting discount, as well as inflation adjustment indexes (SELIC - Central Bank overnight rate index according to Law No. 14.375/22), and other legal charges, in accordance with current legislation applicable to the case.

2. A significant increase in credit lines is mainly due to an increase in the production of payroll loans, given that the Bank obtained authorization to raise credits at the municipal, state and federal levels. We highlight the opening of these new agreements in Rio de Janeiro, Minas Gerais and São Paulo.

b) Composition of the portfolio by maturity

						6/30/2023
	Falling due		Overdue		Total	
Term	Amount	%	Amount	%	Amount	%
Up to 3 months	986,420	8.6	65,342	55.9	1,051,762	9.1
3 - 12 months	1,386,176	12.1	48,798	41.7	1,434,974	12.3
1–3 years	977,069	8.5	2,852	2.4	979,921	8.4
3–5 years	1,055,236	9.2	-	-	1,055,236	9.1
5-15 years (i)	7,097,953	61.6	-	-	7,097,953	61.1
Total	**11,502,854**	**100.0**	**116,992**	**100.0**	**11,619,846**	**100.0**

						12/31/2022
	Falling due		Overdue		Total	
Term	Amount	%	Amount	%	Amount	%
Up to 3 months	829,896	8.5	36,947	51.3	866,843	8.8
3 - 12 months	1,246,210	12.8	33,772	46.9	1,279,982	13.1
1–3 years	684,116	7.0	1,277	1.8	685,393	7.0
3–5 years	467,592	4.8	-	-	467,592	4.8
5-15 years (i)	6,508,168	66.9	-	-	6,508,168	66.3
Total	**9,735,982**	**100.0**	**71,996**	**100.0**	**9,807,978**	**100.0**

(i) Mainly consisting of court-ordered debt payments and credit receivables represented in a.1.

Amounts in thousands of Brazilian real - R$, except when indicated

c) Breakdown of the loan portfolio by risk level

					6/30/2023
Risk level	% of provision	Falling due	Overdue	Total	Provision
AA	0.0%	6,173,057	-	6,173,057	-
A	0.5%	2,626,678	2,968	2,629,646	13,143
B	1.0%	1,168,168	28,667	1,196,835	11,968
C	3.0%	1,341,605	11,404	1,353,009	40,590
D	10.0%	41,592	6,691	48,283	4,828
E	30.0%	32,526	6,403	38,929	11,679
F	50.0%	40,400	11,901	52,301	26,150
G	70.0%	20,955	7,118	28,073	19,651
H	100.0%	57,873	41,840	99,713	99,713
Total		**11,502,854**	**116,992**	**11,619,846**	**227,722**

					12/31/2022
Risk level	% of provision	Falling due	Overdue	Total	Provision
AA	0.0%	5,872,474	-	5,872,474	-
A	0.5%	2,511,341	3,249	2,514,590	12,569
B	1.0%	1,066,231	4,566	1,070,797	10,708
C	3.0%	126,210	8,570	134,780	4,043
D	10.0%	36,541	8,797	45,338	4,534
E	30.0%	29,408	7,428	36,836	11,051
F	50.0%	11,555	4,511	16,066	8,033
G	70.0%	22,522	11,241	33,763	23,634
H	100.0%	59,700	23,634	83,334	83,334
Total		**9,735,982**	**71,996**	**9,807,978**	**157,906**

d) Breakdown of the credit portfolio by economic sector

	6/30/2023	12/31/2022
Public	6,294,314	5,984,922
Individual	2,969,065	2,586,137
Financial	1,068,875	520,060
Construction	718,334	224,273
Services	440,805	326,263
Communication	118,675	153,556
Industry	7,578	9,860
Other	2,200	2,907
Total	**11,619,846**	**9,807,978**

(i) They consist of certificates of deposit and receivables, as detailed in note a.1.

e) Composition of the loan portfolio by index

	6/30/2023	12/31/2022
Floating rate	6,311,933	7,161,449
Fixed rate	2,931,417	2,582,150
Fixed rate + floating rate	2,376,496	64,379
Total	**11,619,846**	**9,807,978**

Amounts in thousands of Brazilian real - R$, except when indicated

f) Breakdown of the portfolio by concentration - except portfolio of court-ordered debt payments

	6/30/2023		12/31/2022	
	Balance	% of Portfolio	Balance	% of Portfolio
10 largest debtors	1,747,015	32.8	944,653	24.7
11 - 20 largest debtors	494,145	9.3	210,797	5.5
21 - 50 largest debtors	183,316	3.4	122,296	3.2
51 -100 largest debtors	39,798	0.7	33,378	0.9
Other clients	2,861,258	53.8	2,511,932	65.7
Total	**5,325,532**	**100.0**	**3,823,056**	**100.0**

g) Changes in the allowances for impairment loss on loans and other receivables, according to Resolution No. 2.682/99

	6/30/2023	6/30/2022
Opening balance	**157,906**	**91,656**
Formation/reversal	99,386	55,482
Write-off	(29,570)	(19,678)
Closing balance	**227,722**	**127,460**

h) Credit recovery

In the semester ended June 30, 2022 receivables previously written off as loss were recovered in the amount of R$3,247 (R$1,532 in the six-month period ended June 30, 2022).

i) Renegotiated of contracts

As of June 30, 2023 there were renegotiated agreements in the amount of R$212,255 (R$592,806 as of December 31, 2022). The same ratings of the transactions carried out before renegotiation were granted to these agreements. The balance considered as renegotiation any agreement or change in maturity dates and payment terms originally agreed on.

9. FOREIGN EXCHANGE PORTFOLIO

a) Portfolio breakdown

	Other assets		Other liabilities	
	6/30/2023	12/31/2022	6/30/2023	12/31/2022
Purchased foreign exchange to be settled	3,110	20,969	-	-
Receivables from foreign exchange sales	1,469	1,261	-	-
Advances in local currency received	(26)	(960)	-	-
Liabilities due to purchase of foreign exchange	-	-	3,126	21,235
Sold foreign exchange to be settled	-	-	1,467	1,254
Amounts in foreign currencies payable	-	-	11	13
Total	**4,553**	**21,270**	**4,604**	**22,502**
Current	4,553	21,270	4,604	22,502
Non-current	-	-	-	-

b) Foreign exchange operations

The net foreign exchange gains and losses recognized in profit or loss are as follows:

	6/30/2023	6/30/2022
Income from cash and cash equivalents in foreign currencies	41,312	134,606
Variations and differences in rates	(15,253)	(73,511)
Financial	660	3,506
Import	27	102
Export	6	11
Total	**26,752**	**64,714**

Amounts in thousands of Brazilian real - R$, except when indicated

10. OTHERS RECEIVABLES

	6/30/2023	12/31/2022
Dividends receivable	3,273	135,380
Total	**3,273**	**135,380**
Current	3,273	135,380
Non-current	-	-

11. OTHER ASSETS AND OTHER LIABILITIES - OTHERS

a) Other assets – others

	6/30/2023	12/31/2022
Amounts receivable from sales of assets (i)	2,030,142	1,395,935
Other receivables – domestic and foreign	265,951	44,296
Acquisition of interest (ii)	82,958	66,598
Advances for payment on our behalf	10,453	8,436
Advances for payment on our account	2,574	362
Total	**2,392,078**	**1,515,627**
Current	2,392,078	1,515,627
Non-current	-	-

(i) Consists primarily of the sale of loan assets, namely payroll loan and other receivables, and certificates of judgment debt owed to the Company. Proceeds are ongoing in 2023. The reported balances are net of loss allowances in the amount of R$115,235. (R$61,572 as of December 31, 2022).

(ii) Consists of the initial payment for the acquisition of BANIF – BANCO INTERNACIONAL DO (BRASIL) S.A. and BNI – BANCO DE NEGÓCIOS INTERNACIONAL, S.A. The amount is recognized under this caption because it depends on authorizations from BACEN and Banco de Portugal, respectively.

On August 22, 2023, Banco Master sent a communication to Banco de Portugal informing banco de Portugal that it had no intention of acquiring an interest in BNI, and will continue with the related correspondence with the Central Bank of Brazil.

b) Other liabilities - others

	6/30/2023	12/31/2022
On-lendings	120,546	21,549
Other payables – domestic	45,355	23,720
Provision for card installment payments	44,993	42,144
Court-ordered debt payments payable	31,473	55,744
Provision for personnel expenses	19,363	9,390
Deferral of surety bond commission	10,262	-
Amounts to be passed on – loan protection	8,075	6,216
Other provisions	26,532	13,144
Total	**306,599**	**171,907**
Current	306,599	171,907
Non-current	-	-

Amounts in thousands of Brazilian real - R$, except when indicated

12. NON-FINANCIAL ASSETS HELD FOR SALE

Assets not for use	6/30/2023	12/31/2022
Residential property	160,600	162,217
Rural land	149,146	148,366
Commercial property	116,842	84,272
Urban land	1,649	1,649
Total	**428,237**	**396,504**
Current	428,237	396,504
Non-current	-	-

13. PREPAID EXPENSES

	6/30/2023	12/31/2022
Funding commissions	47,087	55,054
Commissions on the placement of loans	41,885	53,656
Total	**88,972**	**108,710**
Current	7,644	5,723
Non-current	81,328	102,987

14. TAX ASSETS AND LIABILITIES

In accordance with accounting policies and regulations of the National Monetary Council (CMN), the Bank's Management recognized deferred tax assets arising from temporary differences as of June 30, 2023 and December 31, 2022. That recognition complied with the Bank's profitability estimates, the expected realization of those tax credits and the history of tax profits over the past five years.

a) Tax assets

	6/30/2023	12/31/2022
Current tax assets	**34,602**	**23,268**
Recoverable income tax	19,286	12,479
Social contribution tax to offset	13,921	9,825
Other taxes recoverable	1,395	964
Deferred tax assets	**279,074**	**223,673**
Provision for expected losses associated with credit risk	271,260	199,696
Tax losses carried forward	-	11,486
Market value adjustment	1,294	7,860
Profit sharing	4,350	1,283
Provision for contingencies	2,170	3,348
Total	**313,676**	**246,941**
Current	143,369	80,321
Non-current	170,307	166,620

Amounts in thousands of Brazilian real - R$, except when indicated

b) Tax liabilities

	6/30/2023	12/31/2022
Current tax liabilities	**300,171**	**82,576**
Income and social contribution taxes	252,974	47,439
PIS (Contribution to the Social Integration Program) and COFINS (Contribution for Social Security Contribution) payable	24,274	18,241
Taxes and contributions on third-party services	7,956	9,003
Taxes and contributions on salaries	6,847	7,176
Other	8,120	717
Deferred tax liabilities	**20,431**	**20,431**
Mark to market	20,431	20,431
Total	**320,602**	**103,007**
Current	320,602	94,642
Non-current	-	8,365

c) Changes in deferred tax assets and liabilities

		6/30/2023
	Deferred assets	Deferred liabilities
Opening balance as of December 31	**223,673**	**20,431**
Constitution	145,485	-
Reversal	(90,084)	-
Final balance as of June 30	**279,074**	**20,431**

d) Expected realization of deferred assets

		6/30/2023
	Deferred assets	Present value (i)
Up to 1 year	108,767	93,613
1 - 2 years	45,936	34,028
2 - 3 years	36,317	23,154
3 - 4 years	34,970	19,189
4 - 5 years	22,507	10,630
5 - 10 years	30,577	9,992
Total	**279,074**	**190,606**

(i) The present value of tax credits was calculated considering Banco Master's average funding rate.

Amounts in thousands of Brazilian real - R$, except when indicated

15. INVESTMENTS IN ASSOCIATES AND SUBSIDIARIES

a) Controlled

	Banco Master de Investimento S.A.	Master Corretora de Câmbio, Títulos e Valores Mobiliários S.A.	Master Patrimonial Ltda. (i)	Maximainvest Securitizadora de Créditos Financeiros S.A.	Kovr Participações S.A.	6/30/2023 Total
Interest - %	100.0	100.0	99.99	99.5	77.87	
Number of quotas held	5,919,842	1,755,147	37,205,043	26,550,000	20,678,455	
Capital	47,000	43,588	37,205	26,550	150,949	
Shareholders' Equity	18,358	29,521	260,961	85	158,339	
Income / (loss) for the six-month period	(5,345)	(2,327)	38,213	(648)	15,756	
Amount of the investment	18,358	29,521	260,935	85	123,299	**432,197**
Equity income for the semester	(5,345)	(2,327)	38,209	(645)	12,062	**41,954**

	Banco Master de Investimento S.A.	Master Corretora de Câmbio, Títulos e Valores Mobiliários S.A.	Master Patrimonial Ltda. (i)	Maximainvest Securitizadora de Créditos Financeiros S.A.	Kovr Participações S.A.	12/31/2022 Total
Interest - %	100.0	100.0	99.99	100.0	82.35	
Number of quotas held	5,919,842	1,755,147	34,950,000	26,550,000	20,211,616	
Capital	47,000	43,588	37,205	26,550	137,277	
Equity	23,703	31,848	222,748	733	132,690	
Income / (loss) for the year	(11,003)	7,256	366,722	(3,338)	40,911	
Amount of the investment	23,703	31,847	222,726	733	109,270	**388,279**
Equity income for the year	(2,503)	7,256	366,705	(3,338)	28,782	**396,902**

(i) Grupo Master company qualified to provide financial advisory and advisory services. In 2023, revenues from rendered services totaled R$75,000 (R$530,000 in 2022).

b) Related

In March 2022, the Interbank Payment Chamber (CIP) was demutualized. The non-profit association underwent a spin-off whose part of the equity was merged into a new for-profit institution named CIP S.A. Master has an interest of 0.4902% and the investment according to the valuation report is R$9,390 (R$9,390 as of December 31, 2022).

Amounts in thousands of Brazilian real - R$, except when indicated

16. PROPERTY, PLANT AND EQUIPMENT

	Annual depreciation - %	6/30/2023			12/31/2022		
		Cost	Accumulated depreciation	Net value	Cost	Accumulated depreciation	Net Value
Facilities	10	3,079	(1,216)	1,863	2,957	(1,065)	1,892
Furniture and equipment in use	10	2,879	(1,089)	1,790	2,358	(955)	1,403
Right of use	10	10,845	(9,404)	1,441	10,845	(8,352)	2,493
Data processing system	10	961	(722)	239	840	(636)	204
Communication system	10	277	(71)	206	259	(45)	214
Leasehold improvements	20	186	(57)	129	186	(48)	138
Total		**18,227**	**(12,559)**	**5,668**	**17,445**	**(11,101)**	**6,344**

17. DEPOSITS

	6/30/2023			
	Demand deposits	Time deposits (i)	Interbank deposits	Total
Without maturity	424,662	-	-	424,662
Up to 30 days	-	112,936	-	112,936
31-60 days	-	251,006	51,375	302,381
61-90 days	-	117,225	-	117,225
91 to 180 days	-	402,565	11,442	414,007
181-360 days	-	1,799,331	19,542	1,818,873
Over 360 days	-	20,066,529	379,993	20,446,522
Total	**424,662**	**22,749,592**	**462,352**	**23,636,606**
Current				3,190,084
Non-current				20,446,522

	12/31/2022			
	Demand deposits	Time deposits (i)	Interbank deposits	Total
Without maturity	77,864	-	-	77,864
Up to 30 days	-	240,884	12,000	252,884
31-60 days	-	241,168	-	241,168
61-90 days	-	82,164	-	82,164
91 to 180 days	-	404,024	-	404,024
181-360 days	-	771,546	-	771,546
Over 360 days	-	15,712,272	131,767	15,844,039
Total	**77,864**	**17,452,058**	**143,767**	**17,673,689**
Current				1,829,650
Non-current				15,844,039

Amounts in thousands of Brazilian real - R$, except when indicated

(i) Bank Deposit Certificates (CDBs) were issued at: for floating rate CDBs between 80% to 140% of the interbank deposit rate - DI, (80% and 140% as of December 31, 2022), in fixed-rate CDBs between 3.5% and 16.9% (3.5% and 16.9% as of December 31, 2021) and in hybrid transactions, 100% of the IPCA plus fixed rate between 1.3% and 9.5% (1.2% and 8.6% as of December 31, 2022).

18. MONEY MARKET BORROWINGS

a) Breakdown of portfolio

		6/30/2023		12/31/2022
	Up to 3 months	Total	Up to 3 months	Total
Own portfolio				
Financial Treasury Bills - LFTs	362,989	362,989	371,728	371,728
National Treasury Notes - NTN	108,601	108,601	62,974	62,974
National Treasury Bills - LTN	49,978	49,978	66,142	66,142
Third-party portfolio				
National Treasury Notes - NTN	42,117	42,117	6,950	6,950
Total	**563,685**	**563,685**	**507,794**	**507,794**
Current		563,685		507,794
Non-current		-		-

b) Expenses on deposits, repurchase agreements and securities issued

Expenses from deposits, repurchase agreements and securities issued were as follows:

	6/30/2023	6/30/2022
Time deposit expenses	(1,431,786)	(684,233)
Expenses on contributions to the credit guarantor fund	(52,334)	(19,935)
Expenses from money market repurchase agreements	(37,732)	(17,667)
Expenses from Interbank deposits	(29,210)	(213)
Real estate credit bill expenses	(8,779)	(12,558)
Expenses on financial bills	(823)	-
Total	**(1,560,664)**	**(734,606)**

19. SECURITIES ISSUED

				6/30/2023
	Up to 3 months	3 to 12 months	1 to 3 years	Total
Real estate credit bills - LCI	83,305	197,368	54,332	335,005
Financial bills - LF	-	-	20,822	20,822
Total	**83,305**	**197,368**	**75,154**	**355,827**
Current				280,673
Non-current				75,154

Amounts in thousands of Brazilian real - R$, except when indicated

				12/31/2022
	Up to 3 months	3 to 12 months	1 to 3 years	Total
Real estate credit bills - LCI	62,970	110,864	14,687	188,521
Total	**62,970**	**110,864**	**14,687**	**188,521**
Current				173,834
Non-current				14,687

Real estate credit bills (LCIs) were issued at rates, for floating rate LCIs, between 92% to 115% of the interbank deposit rate (91% and 120% as of December 31, 2022) and, for fixed rate LCIs, between 8.0% and 12.7% (4.3% and 12.7% as of December 31, 2022). Financial treasury notes are issued at floating interbank deposit certificate rates (CDI) at 115%.

20. DEBT INSTRUMENTS ELIGIBLE FOR CAPITAL

		6/30/2023		12/31/2022
	Over 5 years	Total	Over 5 years	Total
Subordinated financial bills	16,785	16,785	16,237	16,237
Total	**16,785**	**16,785**	**16,237**	**16,237**
Current		-		-
Non-current		16,785		16,237

21. CONTINGENT ASSETS AND LIABILITIES AND LEGAL OBLIGATIONS

a) Contingent assets

As of June 30 and December 31, 2022 there were no contingent assets.

b) Legal obligations - tax and social security

As of June 30 and December 31, 2022 there were no legal obligations.

c) Contingencies classified as probable are regularly provided for and total:

		Provision		Judicial deposits
	6/30/2023	12/31/2022	6/30/2023	12/31/2022
Labor contingencies	1,532	1,887	562	1,018
Tax contingencies	-	-	1,235	843
Civil contingencies	3,290	2,610	4,064	2,601
Administrative contingencies (i)	-	2,944	-	9
Total	**4,822**	**7,441**	**5,861**	**4,471**
Current	-	-	-	-
Non-current	4,822	7,441	5,861	4,471

(i) Its refers to the consent decree without assuming responsibilities with the Brazilian Securities and Exchange Commission duly provided for and paid in 2023.

Amounts in thousands of Brazilian real - R$, except when indicated

d) Changes in provisions for liabilities

				6/30/2023			6/30/2022
	Labor	Civil	Administrative	Total	Labor	Civil	Total
Open balance as of December 31	**1,887**	**2,610**	**2,944**	**7,441**	**1,519**	**2,176**	**3,695**
Constitutions	952	1,792	-	2,744	2	123	125
Write-off	(1,361)	(1,210)	(2,944)	(5,515)	(419)	(1,638)	(2,057)
Adjustment for inflation	54	98	-	152	54	13	67
Final balance as of June 30	**1,532**	**3,290**	**-**	**4,822**	**1,156**	**674**	**1,830**

e) Principal lawsuits and proceedings whose losses were considered as possible

	6/30/2023	12/31/2022
Labor	12,120	1,913
Tax	78,375	74,786
Civil	90,616	48,218
Administrative	304	294
Total	**181,415**	**125,211**

The main civil lawsuits (possible) are as follows:

- Lawsuit seeking the annulment of the procedure for extrajudicial execution of the fiduciary guarantee consolidated by the Bank for settlement of debtor debt;

- Lawsuit seeking the revocation of the attachment order falling under the Bank's guarantee.

The main tax lawsuits (possible) are as follows:

- Tax execution referring to the delay in the delivery of the Temporary Contribution on Financial Transactions (CPMF) Statement;

- Administrative procedure filed by the Brazilian Federal Revenue Service to control corporate income tax (IRPJ) and social contribution (CSLL) debts supposedly levied on the indemnity to be paid by CEEE;

- Alleged PIS and COFINS debts (BM&F Demutualization);

- Tax assessment notices drawn up from the requirement the withholding income Tax (IRRF) related to Financial Transactions Exchange.

22. SHAREHOLDERS' EQUITY

a) Capital

According to the Bylaws, as of June 30, 2023, subscribed capital is R$1,160,885 thousand, consisting of a total of 128,676,103 nominative shares, divided into 96,582,413 common shares and 32,093,690 preferred shares, all with no par value. Additional information about the capital under approval and other capitalizations disclosed in note 2.

As of December 31, 2022, subscribed capital is R$1,160,885 thousand, consisting of a total of 128,676,103 nominative shares, divided into 96,582,413 ordinary shares and 32,093,690 preference shares, all with no par value. On that date, the total paid-in capital is R$1,135,885 thousand, divided into 90,985,039 common shares and 32,093,690 preference shares.

b) Profit reserves

Banco Master's profit reserve consists of legal and special revenue reserve. Profit reserve balance may not exceed Banco Master's capital, and any surplus shall be capitalized or distributed as dividends. Banco Master does not have other income reserves as of June 30, 2023 and December 31, 2022.

Legal reserve - Pursuant Law 11.638/07, Banco Master must allocate 5% of net income for each year to the legal reserve. The legal reserve may not exceed 20% of Banco Master's paid-in capital.

Special revenue reserve - Pursuant to Law 11.638/07, the bylaws may establish reserves, provided that it determines its purpose, the percentage of net income to be allocated to these reserves and the maximum amount to be maintained in each reserve. Funds allocated to such reserves cannot be approved at the expense of the mandatory dividend.

Amounts in thousands of Brazilian real - R$, except when indicated

c) Dividends and interest on own capital

Shareholders are entitled to minimum mandatory dividends, which can also be distributed as interest on own capital corresponding to 25% of the period's income, net of the portion allocated to the legal reserve. In the periods ended June 30, 2023 and December 31, 2022 no dividends or interest on own capital were released.

23. INCOME FROM SALE OR TRANSFER OF FINANCIAL ASSETS

Consists of proceeds from the sale of credit assets on the transfer of risks and definitive benefits as of June 30, 2023, R$311,514 of the payroll loan portfolio (R$783 as of June 30, 2022) and R$277,188 of the certificate of judgment debt owed by the company to the government.

24. INCOME FROM LOANS AND ADVANCES

	6/30/2023	6/30/2022
Income from loans	719,019	302,462
Income from discounted credit rights	476,257	184,340
Recovery of loans written off as loss	3,248	1,532
Income from housing financing	935	6,727
Income from financing of real estate projects	398	2,529
Income from other financing	511	728
Income from advances to depositors	-	57
Total	**1,200,368**	**498,375**

25. PERSONNEL EXPENSES

	6/30/2023	6/30/2022
Salaries	(37,897)	(23,202)
Social charges	(13,816)	(8,731)
Benefits	(9,977)	(6,863)
Director’s fees expenses	(3,594)	(3,461)
Other personnel expenses	(771)	(507)
Total	**(66,055)**	**(42,764)**

26. OTHER ADMINISTRATIVE EXPENSES

	6/30/2023	6/30/2022
Specialized technical services	(159,285)	(100,863)
Financial system services	(145,108)	(119,953)
Data processing	(60,344)	(19,075)
Outsourced services	(41,647)	(42,024)
Traveling	(20,171)	(12,671)
Advertising and publicity	(16,999)	(11,561)
Insurance	(11,319)	(3,461)
Rentals	(2,527)	(3,169)
Communications	(1,813)	(553)
Depreciation	(1,458)	(1,445)
Other administrative expenses	(15,507)	(11,867)
Total	**(476,178)**	**(326,642)**

Information on the fees of our independent auditors is available on our corporate website.

Amounts in thousands of Brazilian real - R$, except when indicated

27. TAX EXPENSES

	6/30/2023	6/30/2022
COFINS	(46,573)	(19,745)
PIS	(7,568)	(3,209)
ISS	(1,779)	(234)
Federal taxes	(520)	(5,508)
Other tax expenses	(6,961)	(4,458)
Total	**(63,401)**	**(33,154)**

28. OTHER OPERATING INCOME AND EXPENSES

	6/30/2023	6/30/2022
Other operating revenues		
Reversal of expected losses associated with credit risk under amounts receivable - surtax (i)	28,500	-
Reversal of expected losses associated with credit risk under receivables funds - surtax (ii)	41,016	-
Income from loans linked to BACEN	19,158	-
Reversal of provision for profit sharing	-	12,008
Reversal of contingencies	4,721	3,086
Devaluation of non-financial assets held for sale - received	190	294
Other operating revenues	3,148	807
Total	**96,733**	**16,195**
Other operating expenses		
Expected losses on credit risk on amounts receivable - additional (ii)	(61,590)	(114,602)
Expected losses on credit risk under receivables funds - surtax (ii)	(52,533)	(71,305)
Provision for share agreement - Kovr Participações	(9,889)	-
Costing expenses	(6,794)	(2,022)
Fines (iii)	(6,089)	(13,895)
Provision for employers - Payroll deductible loan	(3,327)	(7,295)
Contingency expenses	(2,102)	(1,220)
Expenses on the assignment of receivables	(1,053)	-
Other operating expenses	(14,852)	982
Total	**(158,229)**	**(209,357)**

(i) Reversals of the provisioning accrued for the settlement of amounts receivables.
(ii) Recognition of a credit allowance according to the likelihood of expected loss on transactions.
(iii) Fines paid in 2022 basically consist of administrative taxes and contribution taxes in installments.

29. STATEMENT OF CALCULATION BASIS FOR INCOME TAX AND SOCIAL CONTRIBUTION

	6/30/2023	6/30/2022
Income before taxes	453,552	(60,596)
Interest on equity capital	(54,450)	-
Profit (loss) for the period before the effects of IRPJ and CSLL	399,102	(60,596)
Current rate - corporate income tax	25%	25%
Current rate - social contribution	20%	20%
Estimate of corporate income tax expense	(99,776)	15,149
Estimate of CSLL expense	(79,820)	12,119
Permanent differences	**16,600**	**93,334**
Share of profit (loss) from associates and subsidiaries	18,879	94,593
Other adjustments	(2,279)	(1,259)
Income tax and social contribution	**(162,996)**	**120,602**

Amounts in thousands of Brazilian real - R$, except when indicated

30. RELATED PARTY TRANSACTIONS

Related parties are its associates and controlled entities, their shareholders, companies related to them, their managers, board members and other key management personnel and their family members, according to the definitions established by CPC Technical Pronouncement 05, approved by the CMN through Resolution No. 4.636/18, consolidated by Resolution No. 4,818/20.

During the six-month period ended June 30, 2023, management compensation amounted to R$3,594 (R$3,461 in the six-month period ended June 30, 2022). Banco Master does not remunerate its management with post-employment benefits, long-term benefits and share-based payments.

Related party transactions are represented by:

	6/30/2023		12/31/2022	
	Associates and controlled entities	Key management personnel	Associates and controlled entities	Key management personnel
ASSETS	**3,273**	**16,252**	**135,380**	**49,624**
Loan operation	-	2,484	-	1,934
Prepaid expenses	-	39,834	-	47,690
Other receivables - dividends	3,273	-	135,380	-
LIABILITIES	**447,983**	**80,284**	**116,152**	**306,381**
Demand deposits	103,328	23,864	13,007	7,154
Interbank deposits	316,880	-	12,000	-
Time deposits	27,775	39,635	91,145	282,990
Debt instruments eligible as capital	-	16,785	-	16,237
		6/30/2023		6/30/2022
RESULT	**(19,630)**	**(46,155)**	**(365)**	**(36,965)**
Money market transactions	(17,361)	-	(213)	-
Income from securities transactions - CDB	(2,269)	(4,309)	(152)	(3,549)
Income from securities transactions - LF	-	(1,610)	-	(2,330)
Other administrative expenses	-	(40,236)	-	(31,086)

31. RISK AND CAPITAL MANAGEMENT

a) Introduction and overview

The Master Prudential Conglomerate (a leading institution, Banco Master) is exposed to credit, market, liquidity and operational risks, which are continuously monitored and managed by the risk department and by the lead institution's management.

As of June 30, 2023 the Master Prudential Conglomerate consists of Banco Master S.A., Master Corretora de Câmbio, Títulos e Valores Mobiliários S.A., Banco Master de Investimento S.A., Maximainvest Securitizadora de Créditos Financeiros S.A. and City 02 - Fundo de Investimento em Direitos Creditórios Não Padronizados, MN Fundo de Investimento em Direitos Creditórios Não Padronizados, Máxima Fundo de Investimento Multimercado Crédito Privado 2, Montenegro Fundo de Investimento Multimercado Crédito Privado, Jeitto Fundo de Investimento em Direitos Creditórios, Amazonita Fundo de Investimento em Direitos Creditórios Não Padronizados, C3E Créditos Judicial Fundo de Investimento em Direitos Creditórios Não Padronizados, Orion Fundo de Investimento em Participações Multiestratégia, Vanguard Fundo de Investimento em Direitos Creditórios Não Padronizado, Iron Capital Special Opportunities Fundo de Investimento em Participações Multiestratégia, CMX Realty III Fundo de Investimento Imobiliário, Centercob II Fundo de Investimento em Direitos, Esmeralda Fundo de Investimento em Direitos Creditórios, CM Advanced XXXII Fundo de Investimento Multimercado Crédito Privado, Búzios Fundo de Investimento Multimercado Crédito Privado Investimento no Exterior, Reag Recebíveis Imobiliários Fundo de Investimento Imobiliário, Fundo de Investimento em Direitos Creditórios Não Padronizados Alvarinho, Siracusa Fundo de Investimento Multimercado Crédito Privado, Vaticano Fundo de Investimento Multimercado Crédito Privado, Metalfrio Solutions Fundo de Investimento em Direitos Creditórios.

Risk management structure

The Master Conglomerate's risk management framework is in accordance with Brazilian regulations and is in line with the best market practices. Credit, market, liquidity, operational and underwriting risks are controlled centrally to ensure that risks are managed according to the risk appetite, policies and procedures established by the bank.

The purpose of centralized control is to provide managers and the executive committee with a global view of Banco Master's exposures to optimize and speed up corporate decisions.

b) Operational risk

Operational risk is the possibility of losses arising from failed, deficient or inadequate internal processes, personnel, systems or external factors.

The Operational Risk Department is in charge of creating and maintaining a risk management process in an integrated manner in the companies belonging to the prudential conglomerate. It also performs, among other duties, controls such as policies, processes and training to track risks associated with the conglomerate's companies. The Operational Risk Department is established by an independent department and is engaged in implementing committees, processes and ensuring the use of robust controls according to the complexity of each department. The operational risk area relies on the losses incurred to identify failures and points of vulnerability. Therefore, it acts in accordance with CMN Resolution No. 4.557/17 and its updates.

c) Credit risk

Definition

Credit risk is the exposure to losses in the event of total or partial default by the counterparties in the fulfillment of their financial obligations with the Master Prudential Conglomerate. Credit risk management seeks to provide subsidies for the definition of strategies, in addition to the establishment of limits, covering the analysis of exposures and trends, as well as the effectiveness of the credit policy.

Credit risk management

Duties:

• Develop and maintain the Banco Master’s credit risk to categorize exposures depending on the level of risk of financial loss involved and focus management on inherent risks. The risk rating system is used to determine credit exposures. The current risk rating structure includes degrees of credit risk and the availability of collateral or other tools to mitigate credit risk.

• Provide advice, guidance and specialized technical expertise for the business units to promote best practices across Banco Master in terms of managing credit risk.

Credit analysis and concession:

• Assess the risks involved in operations and the ability of clients to settle their obligations under the contracted conditions.

• Formulating credit policies in conjunction with all business units, including collateral required, credit assessment, risk rating and submission of reports, legal procedures and documentation, as well as compliance with regulatory and statutory requirements.

• Establish the framework for approval and renewal of credit facilities. Limits are defined and approved by the Credit Committee.

• Review and assess credit risk. Credit area assesses all credit exposure in excess of established limits, before credit lines are released to customers by the business unit concerned. Renewals and revisions of credit lines are subject to the same review process.

• Limiting exposure concentration by counterparty, geographical areas and sectors of the economy and credit rating score, market liquidity and country.

Credit risk control and management:

• Act preventively in monitoring active clients to anticipate default movements in the portfolio of operations that involve credit risk, support commercial decisions and strategies and provide data that allow the Credit and Executive Committees to monitor compliance with Master’s Strategic Planning.

• Within its policies for credit risk monitoring and management, the Bank found and entered into credit risk protections within its investment fund structure in a period subsequent to that of the reporting date. These protections seek to mitigate the possible impacts of certain credit risks/exposures held by the Bank.

d) Liquidity risk

Definition

The liquidity risk is assessed according to the difference between the supply and purchase prices of assets.

Amounts in thousands of Brazilian real - R$, except when indicated

Liquidity risk management

Liquidity management is performed by the Financial Risks area in an independent manner and aims to protect Banco Master from possible market changes that generate negative impacts on the liquidity flow. Accordingly, Banco Master monitors its portfolios with a focus on terms, volumes and liquidity of its assets.

On a daily basis reports are prepared in which the following items are monitored:

• Maturity mismatch between payments flow and receipts of all conglomerate;

• Concentration of depositors and deposits with daily liquidity.

The area prepares daily cash flows under the effect of stress scenarios with the default variables of its active portfolio and renewal of its funding.

e) Market risk
Definition

Market risks are linked to possible monetary losses due to fluctuations in rates having an impact on prices of financial assets. Oscillations in financial rates, such as prices of raw materials and final products, inflation, interest rates and foreign exchange rates, generate a potential loss for almost all companies.

The management of Market Risks to which the conglomerate is exposed is centrally monitored by the Financial Risk area, which considers the complexity and nature of the financial instruments. The Financial Risk Area operates fully independently and is responsible for controlling the limits contained in the Risk Appetite Statement (RAS). The Market Risks' Area is responsible for the elaboration, review and control of the limits established in the policies, which in turn are approved by the Bank's Executive Board. Market Risk Control is carried out with the preparation of ratios based on technical methodologies following international calculation standards.

Market risks can be classified into different types, such as interest rate, foreign exchange, commodities price and share price risk. The modalities have specific volatilities which are determined by their primary risk factors, which linked to the exposures assumed generate potential risks of financial losses. Among the Market Risk Management processes are sensitivity analyzes and stress tests. Such tests indicate the potential for loss in the event of market fluctuations.

The potential values and scenarios used are presented in the table below:

				6/30/2023
Risk Factors	Description	Scenario 1	Scenario 2	Scenario 3
Foreign currency	Exposures subject to exchange rate fluctuations	(613)	(1,532)	(3,063)
IPCA coupon rate	Exposures subject to fluctuations in the rates of IPCA price index coupons	4,576	457,584	915,168
IGPM coupon rate	Exposures subject to fluctuations in the rates of IGPM price index coupons	863	86,321	172,643
Total		**4,826**	**542,373**	**1,084,748**

				12/31/2022
Risk Factors	Description	Scenario 1	Scenario 2	Scenario 3
Foreign currency	Exposures subject to exchange rate fluctuations	(241)	(603)	(1,206)
Interest rate in brazilian real	Exposures subject to fluctuations in fixed interest rates	2,766	276,603	553,206
IPCA coupon rate	Exposures subject to fluctuations in the rates of IPCA price index coupons	871	87,095	174,189
IGPM coupon rate	Exposures subject to fluctuations in the rates of IGPM price index coupons	98	9,817	19,635
Total		**3,494**	**372,912**	**745,824**

Assumptions for risk factors:

Scenario	Interest curve and coupon exchange rate	Exchange
1	Parallel shock of 0.01% (1 bp) in the market curve	10% increase in exchange rates
2	Parallel shock of 1.00% (100 bps) in the market curve	25% increase in exchange rates
3	Parallel shock of 2.00% (200 bps) in the market curve	50% increase in exchange rates

f) Operating limits - Basel index

In compliance with current regulations and the concepts of the Basel Committee, the Master Group (Prudential) relies on a Capital Management structure carried out by the financial risk area. The area operates in a integrated manner to maintain the compatibility of capital with the business model, complexity and nature of operations. Capital management provides for the preparation of capital projection according to the plans and targets defined in the Business Plan to verify the possible impacts and the adequacy of the capital levels established by the regulator and by the internal policies of the institution.

Amounts in thousands of Brazilian real - R$, except when indicated

As of June 30, 2023, Banco Master reached 12.32% (12.32% as of December 31, 2022), calculated according to the "Prudential Conglomerate", exceeding the minimum Basel ratio required (10.5%).

	6/30/2023	12/31/2022
REFERENCE EQUITY (PR)	**1,858,579**	**1,187,911**
Common Equity	**1,841,794**	**1,171,674**
Capital	1,160,885	760,885
Capital, revaluation and income reserves	492,830	446,547
Retained earnings less core capital except prudential adjustments	201,630	(16,146)
Additional capital	16,785	16,237
Prudential adjustments	(13,550)	(19,612)
RWA (*Risk weighted assets*)	**15,088,939**	**9,639,324**
RWA - Credit Risk	10,945,466	7,344,368
RWA - Market Risk	2,811,634	1,256,416
RWA - Operational Risk	1,331,840	1,038,540
Basel ratio	**12.32%**	**12.32%**
Basel ratio (minimum requirement)	10.50%	10.50%
Common equity ratio	**12.21%**	**12.16%**
Principal Capital Ratio (Minimum Required)	**4.50%**	**4.50%**

The Conglomerate discloses every six months information about the management of risks and minimum tier 1 capital + tier II capital requirements. The report with details about assumptions, structure and methodologies is at its electronic address www.bancomaster.com.br/ri.

g) Social and environmental risk and climate risk

The management of Socio-environmental and Climate Risk is established through evaluation mechanisms based on the regulatory framework, whose procedures adopted enable the identification and mitigation of risks associated with the environment, slave-like labor, child labor, among others.

The action to mitigate and identify Socio-environmental and Climate Risks is carried out jointly and in an integrated manner with the three lines of defense in actions that aim to monitor the alignment with the precepts of the anti- corruption law and specific regulation under the context of social responsibility, with emphasis on ethical standards in labor relations.

h) Fixed rate

According to BACEN Resolution No. 4.957/21, the limit on the fixed rate is 50.0%. As of June 30, 2023, the fixed rate was 21.55% (29.34% as of December 31, 2022).

32. NON-RECURRING INCOME

	6/30/2023	6/30/2022
Net income	-	**60,006**
Non-recurring events		
Demutualization of the Câmara Interbancária de Pagamentos (CIP) (note 12)	-	9,390
Recurring net income	-	**50,616**

33. SUBSEQUENT EVENTS

On August 1, 2023, according to the publication on the Federal Gazette, the transfer of the controlling interest in BANIF – Banco Internacional do Funchal (Brasil), S.A. to Banco Master S.A. was approved by the Central Bank of Brazil's. Information about the transaction is in note 11 a).