Risk Management Report – Pillar 3

4Q24

bradesco

Historical Resubmission

Version	Reasons for resubmission	Date of change
V2	Chapter 23 update	March 31, 2025

Summary

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Presentation of the Report

1. Presentation of the Report

The Banco Bradesco Pillar 3 report complies with Basel Committee on Banking Supervision's recommendations (Pillar 3 – Market Discipline) and other Central Bank of Brazil's (BCB) rules, as required by Resolution No. 54/20. This report seeks to provide stakeholders with information access on Bradesco Organization (herein also referred to as "Organization") risk management, presenting a detailed picture of the procedures and controls of the main risks to which it is exposed, thus allowing market agents to appraise the Organization capital adequacy.

The Organization believes that risk management is essential to enable the long-term stability of financial institutions and that transparency in the information disclosure strengthens the Organization's Risk Culture, contributing to the solid health of the national financial system and society in general. As a consequence of the continuous risk management process and adoption of the best practices, the Organization was the first financial institution[1] in Brazil authorized by the BCB, since January 2013, to use its internal market risk models to calculate regulatory capital, which were already in use for managerial purposes.

It is recommended that this Report be read with other documents disclosed by the Organization, such as the Report on Economic and Financial Analysis, the Consolidated Financial Statements and the Appendix indicated in this document, which presents other information about the Organization's activities. For more information, access our Investor Relations website at bradescori.com.br.

[1] As per BIS document named "Regulatory Consistency Assessment Programme (RCAP) – Assessment of Basel III regulations in Brazil", of December 2013.

Presentation of the Report

1.1. Key Indicators

The Organization carries out the risk and capital management aligned to the strategic guidelines, involving the Control and Business areas, according to the Executive Board and the Board of Directors guidance, aiming to provide conditions to the Organization strategic targets achievement and support the inherent risk to its activities.

Below are presented the Organization key indicators, obtained under the viewpoint of the Prudential Conglomerate:

Total Capital Ratio	Tier I Ratio	Common Equity Tier Ratio	Leverage Ratio
14.8%	**12.4%**	**10.5%**	**6.7%**
-0.3 p.p. in the quarter	**-0.3 p.p.** in the quarter	**-0.7 p.p.** in the quarter	**-0.3 p.p.** in the quarter
3Q24: 15.1%	3Q24: 12.7%	3Q24: 11.2%	3Q24: 7.0%
Total RWA[1]	**Credit Risk RWA[1]**	**Market Risk RWA[1]**	**Operational Risk RWA[1]**
R$ 1,008,668	**R$ 887,255**	**R$ 28,188**	**R$ 93,225**
+0.8% in the quarter	**+0.8%** in the quarter	**+2.3%** in the quarter	Without changes in the quarter
3Q24: R$ 1,000,932	3Q24: R$ 880,159	3Q24: R$ 27,549	3Q24: R$ 93,225

LCR	NSFR
141.1%	**121.2%**
-15.3 p.p. in the quarter	**-0.4 p.p.** in the quarter
3Q24: 156.4%	3Q24: 121.6%

RWA' Quarterly Evolution[1]

The minimum regulatory requirements determined by Central Bank of Brazil are presented below:

Basel Ratio[2]	Tier I Ratio[2]	Common Equity Ratio[2]
11.50%	**9.50%**	**8.00%**
as of April/2022	as of April/2022	as of April/2022
Leverage Ratio[3]	**LCR[4]**	**NSFR[5]**
3.0%	**100%**	**100%**
as of January/2022	as of January/2019	as of October/2018

[1] Amount in million (BRL).
[2] The Total Capital Ratio, the Tier I Ratio and the Common Equity Tier I Ratio encompass the Additional CET1 buffer requirements of Conservation, Systemic and Countercyclical, as per the CMN Resolution 4,958/21 and BCB Circular 3,768/15 and 3,769/15, respectively.
[3] The minimum requirement for the Leverage Ratio was defined by CMN Resolution 4,615/17.
[4] The minimum requirement for the LCR was defined by CMN Resolution 4,401/15.
[5] The minimum requirement for the NSFR was defined by CMN Resolution 4,616/17.

Presentation of the Report

1.2. Key Prudential Metrics

Financial institutions based in Brazil calculate their capital requirements on a consolidated basis with the institutions that are part of their Prudential Conglomerate.

The following table shows the prudential key metrics related to regulatory capital, leverage ratio and liquidity.

Key Metrics (KM1)

		a	b	c	d	e
R$ million		Dec-24	Sep-24	Jun-24	Mar-24	Dec-23
\\ Available capital (amounts)						
1	Common Equity Tier I (CET1)	106,013	112,401	109,059	106,167	110,689
2	Tier I	124,633	127,211	123,542	120,727	125,412
3	Total Capital	149,109	151,190	149,119	145,621	149,969
3b	Excess of resources invested on permanent assets	-	-	-	-	-
3c	Total Capital Detachments	-	-	-	-	-
\\ Risk-weighted assets (amounts)						
4	Total risk-weighted assets (RWA)	1,008,668	1,000,932	978,879	947,047	947,738
\\ Risk-based capital ratios as a percentage of RWA						
5	CET1 ratio	10.5%	11.2%	11.1%	11.2%	11.7%
6	Tier I ratio	12.4%	12.7%	12.6%	12.7%	13.2%
7	Total Capital Ratio	14.8%	15.1%	15.2%	15.4%	15.8%
\\ Additional CET1 buffer requirements as a percentage of RWA						
8	Capital conservation buffer requirement	2.5%	2.5%	2.5%	2.5%	2.5%
9	Countercyclical capital buffer requirement	0.0%	0.0%	0.0%	0.0%	0.0%
10	Systemic capital buffer requirement	1.0%	1.0%	1.0%	1.0%	1.0%
11	Total of bank CET1 specific buffer requirements (1)	3.5%	3.5%	3.5%	3.5%	3.5%
12	CET1 available after meeting the bank's minimum capital requirements	2.5%	3.2%	3.1%	3.2%	3.7%
\\ Leverage Ratio (LR)						
13	Total exposure	1,860,789	1,815,707	1,807,551	1,740,974	1,714,043
14	LR	6.7%	7.0%	6.8%	6.9%	7.3%
\\ Liquidity Coverage Ratio (LCR)						
15	Total high-quality liquid assets (HQLA)	184,607	207,143	227,634	248,433	248,691
16	Total net cash outflow	130,795	132,422	130,258	128,556	129,798
17	LCR ratio	141.1%	156.4%	174.8%	193.2%	191.6%
\\ Net Stable Funding Ratio (NSFR)						
18	Total available stable funding (ASF)	991,712	952,933	954,447	924,550	934,325
19	Total required stable funding (RSF)	818,327	783,771	784,717	749,310	737,181
20	NSFR ratio	121.2%	121.6%	121.6%	123.4%	126.7%

(1) The no comply with Additional CET1 buffer rules causes restrictions on the dividends payment and interest on shareholders' equity, net surplus, share repurchase, reduction of capital, and variable compensatio to its administrators.

Comments

Our ratios remained above the regulatory limits, due to the capacity to generate capital (net income) and to the increase in prudential adjustments, which absorbed the growth of risk-weighted assets (RWA), the remuneration to shareholders and the adjustments of equity valuation. We also presented the pro-forma ratio on January 1, 2025, already considering the effects of Resolution No. 4,966 and the new approach to operational risk.

2. Risk Management

The activity of risk management is highly strategic due to the increasing complexity of products and services and the globalization of the Organization business. The dynamic nature of the market is conducive to the constant improvement of risk management activity.

The Organization conducts corporate risk control in an integrated and independent manner, preserving and valuing an environment of collective decision-making in which methodologies, models and tools to measure and control risks are developed. Promotes the dissemination of the risk culture to all employees, at all hierarchical levels, from business areas to the Board of Directors.

2.1. Bank Risk Management Approach

2.1.1. Scope of Risk Management

Risk management is one of the Organization's priorities and, for this, the established procedures are based on the best market practices and continuous acculturation, in order to keep risks at acceptable levels.

This management allows the achievement of strategic objectives, business continuity, timeliness and effectiveness in the decision of resource allocation, as well as preparing the Organization to face sudden changes in the economic, regulatory or technological scenario.

The scope of the Organization's risk management achieves a broadest view, allowing the risks of the Economic-Financial Consolidated[2] to be supported by the Risk Management Corporate Process (chapter 2.1.3). The main risks monitored by the Organization are solvency, liquidity, credit, market, social and environmental, climate, model, operational, strategy, step-in, cybersecurity, compliance and reputational, the details of which are provided in the specific sections.

Additionally, considering the business environment, the Organization constantly monitors macroeconomic risks that may bring adverse impacts to its exposures, as related below. These risks are assessed through consistent processes and a robust governance framework:

- **Geopolitical and climate risks:** the escalation regional conflicts, particularly in the Middle East or Eastern Europe, the adoption of protectionist trade policies by developed countries, and extreme weather events can lead to imbalances in the global supply and demand of goods and services and services and significant risk aversion in global markets. With relevant negative impacts on inflation, global economic growth, and the deterioration of asset prices;
- **Uncertainties regarding economic policy and the pace of the domestic slowdown:** political and fiscal noise, frustration with spending containment measures and revenue increases, friction between government and BCB, intensity of interest rate hikes, uncertainties in the management of state-owned companies, parafiscal policy and a potential response from the Federal Government to the loss of economic activity momentum are issues that can affect the confidence of economic agents;
- **Uncertainty about the extent and speed of the global interest rate cut cycle**: On one hand, the risk of resurgent inflationary pressures is likely to lead most central banks to adopt a cautious

[2] Includes the regulatory scope of the Prudential Conglomerate and other companies in the Consolidated.

stance. On the other hand, a sharper economic slowdown or risks to financial stability could prompt them to intensify interest rate cuts.

2.1.2. Risk Appetite Statement (RAS)

Risk appetite refers to the types and levels of risks that the Organization is willing to accept in the pursuit of its business and objectives. The Risk Appetite Statement (RAS) is an important tool for reinforcing the dissemination of the Organization's risk culture.

The Risk Appetite Statement is annually[3] reviewed or whenever it is necessary by the Board of Directors, besides being continuously monitored by Senior Management's forums, as well as by business and control functions.

Risk appetite is monitored is done through the monitoring of established indicators, through effective control processes, where managers are informed about risk exposures and the respective use of current limits. The report is carried out through an alert system, which facilitates communication and highlights any exceptions that require corrective measures, permeating all levels of the Organization, supporting Senior Management in assessing whether the results are consistent with the risk appetite.

Risk Appetite Dimensions

Solvency: the Organization seeks to maintain, on a permanent basis, a solid capital base to support the development of activities and to address the measurable incurred risks (in normal or stressful conditions), as well as to withstand any losses arising from risks that do not have capital allocation and to enable possible strategic acquisitions.

Liquidity: the Organization aims be able to honor efficiently its obligations through pulverized and low cost sources of funding, to ensure a cash structure compatible with the size of its obligations, assuring survival in adverse scenarios, without affecting its daily operations and without incurring significant losses.

Profitability: the Organization zeal for sustainable growth of its businesses and results and the adequate remuneration of its capital, seeking to meet the shareholder's remuneration expectation in relation to the risks incurred in its business.

Credit: the Organization focuses on domestic customers, in a diversified and pulverized manner, both in terms of products and segments, striving for the portfolio's quality and solidness, with guarantees consistent with the undertaken risks, considering the amounts, the purposes and terms of the granted loans and maintaining adequate levels of impairment allowances as well as portfolio concentration.

Market: the Organization aims to align exposures with strategic guidelines, with specific limits established, due to the possibility of financial loss as a result of fluctuation in the prices and rates of financial instruments, given that its asset and liability operations may have mismatches in terms of terms, currencies and indexing factors.

[3] The Risk Committee, related to the RAS, has the following attributions: a) assess the risk appetite levels stated in the Risk Appetite Statement and its management strategy, considering the risk individually and on an integrated basis; and b) supervise the fulfillment of the RAS terms by the Senior Management.

Risk Management

Operational: the Organization may incur operating losses resulted by failures, internal process deficiency or inadequacy, people and systems, or from external events, due to the wide range of products and services offered, as well as an expressive volume of activities and operations carried out.

Cybersecurity: the Organization works to ensure that its assets and critical IT infrastructure have their security protected and can withstand cyber incidents such as attacks, intrusions, and data leaks.

Social, Environmental and Climate: the Organization has sustainability as one of its strategic pillars, reinforcing our purpose of creating opportunities as an agent of positive transformation, generating shared value with society, customers, employees, investors, and partners. Social, environmental and climate aspects are integrated into our operating strategy, encompassing operations and business.

Reputation: the Organization reputation is monitored among clients, employees, regulators, investors, and the market in general, aiming to assure the timely identification and assessment of potential sources of this risk and to act preventively for its mitigation.

Model: the Organization uses models to support decision-making, prepare financial/regulatory reports and provide predictive information in various businesses' areas.

Qualitative Risks: in addition to the risks described above, the Organization is exposed to the risks of Step-in, Strategy, Insurance, and Compliance. These risks are managed through robust processes and a solid governance structure, made up of Commissions, Executive Committees and Senior Management.

2.1.3. Risk Management Corporate Process

The Corporate Risk and Control Management methodology is aligned with the main international risk management Frameworks, enabling proactive identification, measurement, mitigation, monitoring and reported of risks.

Given the complexity of the products and services offered and the nature of the Organization's activities, it is necessary to establish a robust risk management structure. In this context, operations are conducted through the Three Lines Model, ensuring that everyone contributes to providing reasonable assurance that the specified objectives will be achieved:

- **First line,** represented by businesses and support areas, responsible for identifying, responding to, reporting and managing inherent risks as part of daily activities, keep risks within acceptable levels;
- **Second line,** represented by oversight areas, responsible for establishing risk management policies and compliance procedures for development and/or monitoring of first line, as well as independent model validation;
- **Third line,** represented by Global Internal Audit area, which is responsible for independently assessing the effectiveness of risk management and internal controls, including how the first and second lines achieve their objectives, reporting the results of their work to the Board of Directors, Audit Committee, Fiscal Council and Senior Management.

The corporate process of managing current and emerging risks of the Organization consists of the following steps:

Risk Management

2.1.3.1. Internal Controls

The Internal Controls area, in support of the first line areas, challenges the identification and assessment of risks and controls, and the result of this activity is reflected in the Entities' risks maps. Additionally, the Internal Controls area also carries out thematic reviews, monitors the Agency Network and Anti-Money Laundering through indicators, as well as the SOX ("Sarbanes-Oxley") certification process, with the objective of deepening the control environment evaluation, whose results are presented through specific reports, and the identified risks and weaknesses are incorporated into the risk maps of the Areas.

In addition, an annual report is sent to the Board of Directors and the Audit Committee – COAUD, consolidating the assessments and conclusions of the work carried out by the Internal Controls area.

The activities in the Internal Controls area are carried out by trained professionals, through well-defined processes and technology compatible with the size and structure of the Organization, complexity of products and services negotiated, risk profile and business model, pursuant to CMN Resolution No. 4,968/2021.

2.1.3.2. Risk and Capital Management Policies

Regarding the risk culture dissemination, the Organization has policies, rules and procedures to manage risks and capital. These instruments establish the basic operational guidelines laid out by Senior Management in accordance with the institution's standards of integrity and ethics and cover all the activities performed by the Organization and associated companies.

Policies, standards and procedures ensure that the Organization is structured in accordance with the nature of its operations, the complexity of its products and services, activities, processes, systems and the dimension of its risk exposure.

The risk and capital management policies are in line with the Organization's strategic objectives, the best national and international practices and in compliance with laws and regulations issued by oversight bodies. They are reviewed at least once a year by the Board of Directors and disseminated to all employees and associated companies via the corporate portal.

Risk and Capital Management Governance

3. Risk and Capital Management Governance

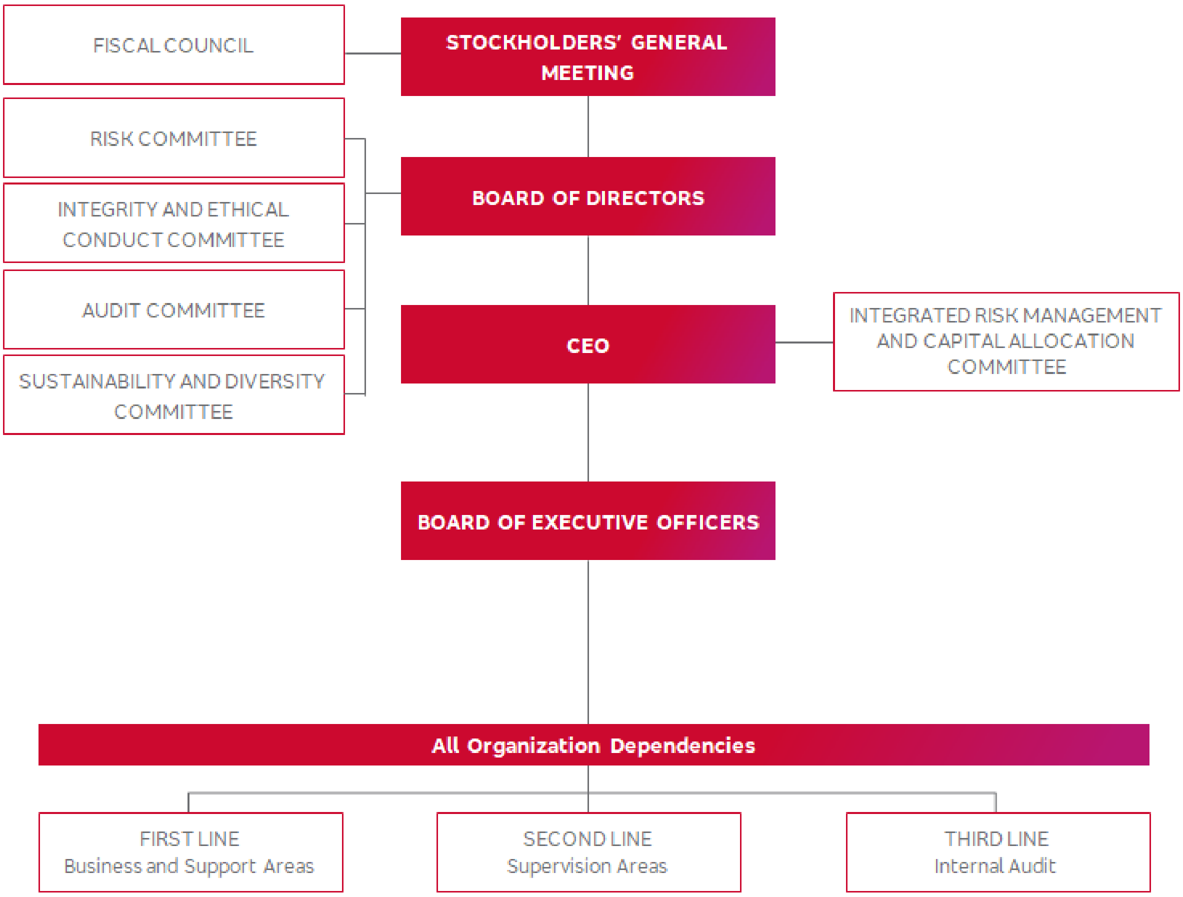
All the levels of the Organization participate in its corporate governance with the aim of optimizing the company's performance and safeguard stakeholders' interests, also facilitating access to capital, adding value to the Organization and contributing to its sustainability, mainly through transparency, equal treatment and accountability. This framework complies with guidelines laid out by the Board of Directors.

In this context, risk and capital are managed through collegiate decisions based on specific committees. This process relies on the participation of all corporate governance segments, ranging from Senior Management to the diverse business, operational, product and service areas.

3.1. Risk and Capital Management Structure

The risk and capital management structure is composed of various committees, commissions, and areas that support the Board of Directors, the CEO, the Chief Risk Officer (CRO), and the Executive Board of the Organization in strategic decision-making.

The **governance of risk and capital management** is illustrated in the following figure:



Among the governance forums related to the topic, the following stand out:

- **The Board of Directors** approves and reviews risk management strategies, policies, and structures for risk and capital management, including risk appetite and exposure limits by risk types, as well as the stress testing program, its results, and the scenarios and assumptions applied;
- **The Risk Committee** is responsible for evaluating the Organization's risk management framework and, if necessary, proposing improvements and challenging the risk structure in light of new trends

Risk and Capital Management Governance

and/or threats, as well as assisting the Board of Directors in performing its duties in risk and capital management and control;

- **The Integrity and Ethical Conduct Committee** objective is to propose actions regarding the dissemination and compliance with the Organization's Ethical Conduct Codes, both corporate and sectoral, and the conduct rules related to integrity, anti-corruption, and competition, in order to ensure their effectiveness and efficiency**;**
- **The Audit Committee** reviews the integrity of financial statements and recommends to the Executive Board corrections or improvements to policies, practices, and procedures identified within its scope of responsibilities.
- **The Integrated Risk Management and Capital Allocation Committee – COGIRAC,** aims to assist the CEO in performing their duties related to the management and control of all risks and the Organization's capital.

More details about Corporate Governance are available on the Investor Relations website (www.bradescori.com.br – Corporate Governance).

3.2. Stress Testing Program

The risk management framework relies on a stress-testing program, which is defined as a coordinated set of processes and routines, endowed with its own methodologies, documentation, and governance, with the main objective of identifying potential institution's vulnerabilities.

The stress tests are forward looking exercises of potential impacts of specific events and circumstances on the capital, liquidity or in value of portfolio within the Organization and are used as a tool for risk management.

The stress tests results are inputs for assessing the institution's capital and liquidity levels, for the preparation of respective contingency plans, for the capital adequacy assessment and for the recovery plan.

Likewise, the results are considered in the decisions related to strategic guidelines, in the definition of risk appetite levels and limits applied to risk and capital management, as well as in the definition of governance actions with the objective of mitigating identified risks, aligning them with the Organization's risk appetite.

In the stress test program, scenarios and results are validated by COGIRAC, evaluated by the Risk Committee, and deliberated of the Board of Directors, which is also responsible for approving the program and the guidelines to be followed.

3.3. Capital Management

The Organization manages capital involving the control and business areas, following the guidelines of the Board of Executive Officers and Board of Directors. Its governance structure composed by Commissions, Committees, with the Board of Directors as the highest authority.

The Organization has a dedicated structure to complying with the determinations of the Central Bank of Brazil to capital management. Additionally, it provides Senior Management with analyses and projections of capital requirements and availability, identifying threats and opportunities that help plan towards the sufficiency and optimization of capital levels.

Risk and Capital Management Governance

3.3.1. Capital Management Corporate Process

The Capital Management Corporate Process provides the conditions required to meet the Organization's strategic goals and support the risks inherent to its activities.

The Organization adopts a three year prospective approach when developing its capital plan, forecasting and setting procedures and contingency actions that might be considered in adverse scenarios. This takes into account possible changes in the regulatory, economic and business environment in which operates.

To ensure a solid capital composition that supports the development of its activities and ensure appropriate coverage of the risks incurred, the Organization periodically monitors capital projections considering a managerial capital margin (buffer), which is added to the minimum regulatory requirements.

The management buffer definition is aligned to the market practices and regulatory requirements, observing aspects such as additional impacts generated by stress scenarios, qualitative risks and risks not captured by the regulatory model.

The results of the Organization's capital projections are submitted to the Senior Management, pursuant to the governance established. In addition, the Organization's regulatory capital sufficiency is periodically demonstrated by calculating the Total Capital Ratio, Tier I Ratio and Common Equity Tier I Ratio.

3.4. Overview of Risk-Weighted Assets (RWA)

In Brazil, the Central Bank of Brazil determines through CMN Resolution 4,958/21 that institutions must permanently maintain minimum capital compatible with the risks of the operations carried out by them, which refers to the calculation of the capital requirement.

The financial institutions activities risk is represented by the calculation of RWA. The RWA amount is defined by the sum of the following installments:

$$\mathbf{RWA = RWA_{CPAD/CIRB} + RWA_{OPAD} + RWA_{MPAD/MINT}}$$

- $\mathbf{RWA_{CPAD/CIRB}}$ – Risk-weighted assets portion relating to credit risk, standard approach / internal approach;
- $\mathbf{RWA_{OPAD}}$ – Risk-weighted assets portion relating to operational risk, standard approach;
- $\mathbf{RWA_{MPAD/MINT}}$ – Risk-weighted assets portion relating to market risk, standard approach / internal approach.

The following table provides an overview of total RWA used to calculate minimum capital requirements, as established in art. 4 of CMN Resolution 4,958/21.

Risk and Capital Management Governance

Overview of Risk-Weighted Assets – RWA (OV1)

		RWA		Minimum capital requirements[2]
		a	b	c
	R$ million	Dec-24	Sep-24	Dec-24
1	**Credit risk (excluding counterparty credit risk)[1]**	**807,790**	**809,724**	**64,623**
2	Of which: standardised approach (SA)	807,790	809,724	64,623
3	Of which: foundation internal ratings-based (F-IRB) approach	-	-	-
5	Of which: advanced internal ratings-based (A-IRB) approach	-	-	-
6	**Counterparty credit risk (CCR)**	**34,946**	**24,102**	**2,796**
7	Of which: standardised approach for counterparty credit risk (SA-CCR)	26,501	17,810	2,120
7a	Of which: CEM approach	-	-	-
9	Of which: others	8,445	6,293	676
12	**Equity investments in funds – look-through approach**	**1,650**	**1,328**	**132**
13	**Equity investments in funds – mandate-based approach**	**-**	**-**	**-**
14	**Equity investments in funds – fall-back approach**	**939**	**918**	**75**
16	**Securitisation exposures in banking book**	**2,176**	**1,936**	**174**
20	**Market Risk[3]**	**28,188**	**27,549**	**2,255**
21	Of which: standardised approach (SA)[4]	30,563	31,343	2,445
22	Of which: internal model approach (IMA)[4]	27,949	24,987	2,236
24	**Operational Risk**	**93,225**	**93,225**	**7,458**
I	Payments Risk (RWASP)	NA	NA	NA
25	**Amounts for exposures not deducted from total capital calculation[2]**	**39,755**	**42,150**	**3,180**
29	**Total (1+6+12+13+14+16+20+24+I+25)**	**1,008,668**	**1,000,932**	**80,693**

(1) Does not include exposures reported in rows 6, 12, 13, 14, 16 and 25.
(2) As established in art. 4 of Resolution 4,958/21.
(3) Composed of a maximum between 80% of the standardised model (SA) and internal model (IMA), according to Circulars 3,646 and 3,674, plus the variation in credit valuation adjustment (CVA), from 3Q23, in accordance with BCB Resolution 229/22, and the credit risk of financial instruments (DRC) from 3Q24, in accordance with BCB Resolution 313/23.
(4) In accordance with Normative Instruction 532/24, the installments include RWAcva starting from 3Q23 and RWAdrc starting from 3Q24. For comparison purposes, the presented historical data has been adjusted.

Comments

The RWA variation in relation to the previous quarter is mainly due to the increased exposure to transactions involving derivative financial instruments and counterparty credit risk under the SA-CCR approach.

4. Linkages Between Financial Statements and Regulatory Exposures

The regulatory scope for assessing capital sufficiency, since January 2015, is the Prudential Conglomerate, according to the Central Bank of Brazil's regulations. It is worth mentioning, however, that the other companies that are part of the Economic-Financial Consolidated are also part of the Organization's risk management process. For these companies, all the risks inherent to their activities are evaluated, with emphasis on the companies that are part of the Grupo Bradesco Seguros, which also follow regulatory capital standards, either by the Superintendence of Private Insurance (Susep) rules or by the National Regulatory Agency for Private Health Insurance and Plans (ANS), depending on the activity field of each.

The following table allows to identify the differences between the scope published on the financial statements (column a) and the scope of regulatory consolidation (column b). Columns "c" to "g" details the amounts by risk categories.

Differences between accounting and regulatory scopes of consolidation and mapping of financial statement categories with regulatory risk categories (LI1)

	a	b	c	d	e	f	g
	Dec-24						
			Carrying values of items:				
R$ million	Carrying values as reported in published financial statements	Carrying values under scope of prudential consolidation	Subject to credit risk framework	Subject to counterparty credit risk framework	Subject to the securitisation framework	Subject to the market risk framework	Not subject to capital requirements or subject to deduction from capital
\\ Assets							
Cash and cash equivalents	19,528	19,200	19,200	-	-	420,100	-
Financial instruments	1,898,559	1,520,314	1,328,969	186,383	4,664	272,705	298
Leases	6,236	6,236	6,236	-	-	-	-
Provision for Expected Credit Loss Associated with Credit Risk	(48,275)	(48,274)	(48,274)	-	-	-	-
Deferred tax assets	110,097	104,320	82,169	-	-	-	22,151
Investments in associates and Jointly Controlled Entities	11,095	50,092	32,961	-	-	-	17,131
Premises and equipment	21,854	11,958	11,958	-	-	-	-
Intangible assets	50,162	43,023	-	-	-	-	43,023
Depreciation and amortization	(44,874)	(34,835)	(7,370)	-	-	-	(27,465)
Provisions for Impairment of Assets	(2,397)	(2,168)	(1,661)	-	-	-	(507)
Others Assets	31,141	45,932	(62,564)	-	-	-	108,496
Total assets (1)	**2,053,126**	**1,715,797**	**1,361,624**	**186,383**	**4,664**	**692,806**	**163,126**
\\ Liabilities							
Deposits and other financial instruments	1,417,508	1,495,440	16,556	328,897	-	76,870	1,149,988
Provisions	438,162	29,172	4,499	-	-	1,174	24,673
Deferred income tax assets	4,638	3,640	-	-	-	-	3,640
Others Liabilities	31,536	25,887	-	-	-	-	25,887
Total liabilities	**1,891,844**	**1,554,140**	**21,055**	**328,897**	**-**	**78,043**	**1,204,189**

(1) The sum of the values reported in columns "c" to "g" may differ from the value reported in column "b", since the values considered for the purposes of prudential regulation may be associated with more than one risk category.

Linkages Between Financial Statements and Regulatory Exposures

The amounts considered in the financial statements (column "a" of table LI1) are not reconciled with the values reported in the regulatory consolidation (column "b" of table LI1), mainly due to the non-consolidation of non-financial companies (with emphasis on the companies that are part of the Grupo Bradesco Seguros) in the regulatory consolidated.

The LI2 table provides information on the main sources of differences between the column "b" amounts of table LI1 and the exposure amounts.

Main sources of differences between regulatory exposure amounts and carrying values in financial statements (LI2)

	a	b	c	d	e
	Dec-24				
		Items subject to:			
R$ million	**Total**	**Credit risk framework**	**Counterparty credit risk framework**	**Securitisation framework**	**Market risk framework**
1 Asset carrying value amount under scope of regulatory consolidation	1,552,671	1,361,624	186,383	4,664	692,806
2 Liabilities carrying value amount under regulatory scope of consolidation	349,952	21,055	328,897	-	78,043
3 Total net amount under regulatory scope of consolidation	1,902,622	1,382,679	515,279	4,664	770,849
4 Off-balance sheet amounts	143,445	143,445	-	-	-
5 *Differences in valuations*	-	-	-	-	-
6 *Other differences*	60,043	-	60,043	-	-
7 Exposure amounts considered for regulatory purposes	**2,106,110**	**1,526,124**	**575,322**	**4,664**	**770,849**

In the line "Other Differences" of the table LI2 considers non-accounting exposures subject to counterparty credit risk (SA-CCR approach).

The following table presents information on the elements considered in the calculation of prudential adjustments, used in the financial instruments process pricing measured at market value, as provided in CMN Resolution 4,277/13.

Prudent Valuation Adjustments – PVA (PV1)

	a	b	c	d	e	f	g	h
	Dec-24							
R$ thousand	**Equity**	**Interest rates**	**Foreign exchange**	**Credit**	**Commodities**	**Total**	**Of which: In the trading book**	**Of which: In the banking book**
1 Closeout uncertainty, of which:	-	-	-	-	-	-	-	-
3 Closeout cost	-	-	-	-	-	-	-	-
4 Concentration	-	-	-	-	-	-	-	-
5 Early termination	-	-	-	-	-	-	-	-
6 Model risk	298	-	-	-	-	298	298	-
7 Operational risk	-	-	-	-	-	-	-	-
8 Investing and funding costs	-	-	-	-	-	-	-	-
9 Unearned credit spreads	-	-	-	-	-	-	-	-
10 Future administrative costs	-	-	-	-	-	-	-	-
11 Other	-	-	-	-	-	-	-	-
12 Total adjustment	**298**	**-**	**-**	**-**	**-**	**298**	**298**	**-**

Regarding to pricing, the Organization has a careful process and in line with the principles determined by CMN Resolution 4,389/14. The details of this process are described in item 12.3.7 Financial Instrument Pricing.

Capital Composition

5. Capital Composition

According to the rules established by CMN Resolution 4,955/21, the Total Capital of a financial institution is represented by the sum of Tier I and Tier II Capital and will be used in determining its operational limits.

Tier I Capital: seeks to ensure the financial institution solvency, ensuring the continuity of its operation. With the entry into Basel III force, Tier I Capital was divided into two new subgroups:

- **Common Equity Tier I (CET1):** basically composed of shares, reserves and deductions (according to Article 4 of CMN Resolution 4,955/21);
- **Additional Capital:** basically composed of instruments similar to hybrid capital instruments and debts, with perpetuity characteristic.

Tier II Capital: constitutes instruments similar to hybrid capital instruments and debt, with a minimum maturity of five years.

5.1. Capital Breakdown

The following are details on the required Total Capital of the Prudential Conglomerate, under the regulatory approach.

R$ million	Dec-24	Sep-24	Dec-23
\\ Tier I Capital	**124,633**	**127,211**	**125,412**
Common Equity Tier I	**106,013**	**112,401**	**110,689**
Shareholders' Equity	160,487	162,931	161,182
Non-controlling Interest	(72)	136	272
Prudential Adjustments [(1)]	(54,402)	(50,666)	(50,766)
Additional Capital	**18,620**	**14,810**	**14,723**
Subordinated Debt (according to CMN Resolution 4,955/21)	18,620	14,810	14,723
\\ Elegible Instruments for Tier II Capital	**24,476**	**23,979**	**24,557**
Subordinated Debt (according to CMN Resolution 4,955/21)	24,476	23,979	24,557
\\ Total Capital	**149,109**	**151,190**	**149,969**

(1) According to CMN Resolution 4,955/21.

For more information and details, see "CC1 – Composition of regulatory capital", "CCA – Main features of regulatory capital instruments" and "CC2 – Reconciliation of regulatory capital to balance sheet", available on the Investor Relations website (bradescori.com.br – Market Information – Reports and Spreadsheets - Risk Management – Exhibits Pillar 3).

Macroprudential Indicators

6. Macroprudential Indicators

As defined by BCB Resolution No. 171/21, the Organization discloses the calculation of information for the assessment of global systemic importance (IAISG), calculated on a consolidated basis, which establishes an additional capital requirement for financial institutions classified as systemically important.

Indicators used to characterize a financial institution as globally systemically important – GSIBs (GSIB1)

For more information and details, refer to "GSIB1: Indicators used to characterize a financial institution as globally systemically important – GSIBs," which will be available on the Investor Relations website (bradescori.com.br – Market Information – Reports and Spreadsheets - Risk Management – Exhibits Pillar 3) within 90 (ninety) days from the base date of December 31, as defined by BCB Resolutions No. 54/20 and No. 171/21.

The table CCyB1 provides an overview of the geographic distribution of credit risk exposures to the private non-banking sector for the purpose of calculating the countercyclical buffer, with the calculation methodology applied according to the rules of BCB Circular 3,769/15.

Geographical distribution of credit exposures used in the countercyclical buffer (CCyB1)

	a	b	c	d	e
	Dec-24				
	Countercyclical capital buffer rate	Exposure values and/or risk-weighted assets used in the computation of the countercyclical capital buffer		Bank-specific countercyclical capital buffer rate	Countercyclical buffer amount
R$ Million		Exposure values	Risk-weighted assets		
Geographical breakdown					
BRAZIL (BR)	0.0%	1,637,201	751,692		-
LUXEMBOURG (LU)	0.5%	1,624	611		3
NETHERLANDS (NL)	2.0%	1,664	544		11
UNITED KINGDOM (GB)	2.0%	5,510	946		19
SWEDEN (SE)	2.0%	1,106	520		10
FRANCE (FR)	1.0%	615	374		4
GERMANY (DE)	0.8%	2,545	660		5
CHILE (CL)	0.5%	3	2		0
AUSTRALIA (AU)	1.0%	0	0		0
OTHER COUNTRIES	0.0%	32,464	14,733		-
Sum		**1,682,733**	**770,083**		
\\ Total		**1,682,733**	**770,083**	**-**	**52**

Comments

The Organization (prudential consolidated) has in its portfolio exposures to 24 jurisdictions, 8 of which have Countercyclical Capital buffer (CCyB). Regarding the RWA quarter variation, there was an increase of 0.7%, with Brazil concentrating 97.6% of the Credit RWA.

Leverage Ratio

7. Leverage Ratio (LR)

The Leverage Ratio (LR) is an index that works in conjunction with Basel Index to limit the level of risk exposure assumed by financial institutions. This index evaluates leverage using only exposure values without any risk weighting.

The following table details the adjustments made on the total asset value to obtain the Total Exposure used in calculating the Leverage Ratio, as defined in the current regulations (Circular No. 3,748/2015 and CMN Resolution No. 4,615/2017).

Summary comparison of accounting assets vs Leverage Ratio exposure measure (LR1)

R$ million		Dec-24
1	Total consolidated assets as per published financial statements	2,053,126
2	Adjustment arising from accounting consolidation differences	(337,329)
1+2	Total assets of individual balance sheet or of the prudential conglomerate, in the case of LR calculation on consolidated bases	1,715,797
4	Adjustments for derivative financial instruments	1,121
5	Adjustment for repurchase transactions and asset loans	24,465
6	Adjustment for off-balance sheet items	167,343
7	Other adjustments	(47,936)
8	**Total Exposure**	**1,860,789**

Comments

Total Exposure increased by 2.48% in the quarter.

Leverage Ratio

The LR2 table provides a detailed breakdown of the components of the leverage ratio denominator, as detailed in Circular No. 3,748/2015.

Leverage Ratio common disclosure template (LR2)

		a	b	
	R$ million	Dec-24	Sep-24	Dec-23
	\\\\ On-balance sheet exposures			
1	Balance sheet items other than derivative financial instruments, securities received on loan and resales for settlement under repurchase transactions	1,530,417	1,489,851	1,399,552
2	Adjustments for equity items deducted in calculating Tier I	(57,972)	(54,938)	(55,361)
3	**Total on-balance sheet exposures**	**1,472,445**	**1,434,913**	**1,344,191**
	\\\\ Transactions using Derivative Financial Instruments			
4	Replacement value for derivatives transactions	17,326	9,077	10,267
5	Potential future gains from derivatives transactions	6,923	7,261	6,636
7	Adjustment for daily margin held as collateral	-	-	-
8	Adjustment related to the deduction of the exposure related to qualified central counterparty (QCCP) in derivative transactions on behalf of clients in which there is no contractual obligation to reimburse due to bankruptcy or default of the entities responsible for the settlement and compensation of transactions	(7,533)	(10,892)	(9,120)
9	Reference value of credit derivatives	1,121	1,585	1,297
10	Adjustment of reference value calculated for credit derivatives	-	-	-
11	**Total exposure for derivative financial instruments**	**17,837**	**7,032**	**9,081**
	\\\\ Repurchase Transactions and Securities Lending			
12	Investments in repurchase transactions and securities lending	176,817	188,761	184,912
13	Adjustment for repurchases for settlement and creditors of securities lending	-	-	-
14	Amount of counterparty credit risk	8,274	5,681	7,888
15	Amount of counterparty credit risk in transactions as intermediary	-	-	-
16	**Total Exposure on Repurchase Transactions and Securities Lending**	**185,091**	**194,443**	**192,800**
	\\\\ Off-balance sheet items			
17	Reference value of off-balance sheet transactions	479,235	458,325	422,811
18	Adjustment for application of FCC specific to off-balance sheet transactions	(293,818)	(279,005)	(254,840)
19	**Total off-balance sheet exposure**	**185,417**	**179,320**	**167,971**
	\\\\ Capital and Total Exposure			
20	Tier 1 capital	124,633	127,211	125,412
21	Total exposure	1,860,789	1,815,707	1,714,043
	\\\\ Leverage ratio			
22	**Leverage Ratio**	**6.7%**	**7.0%**	**7.3%**

Comments

The leverage ratio decreased 0.31 p.p. compared to previous quarter, mainly due to the reduction in Tier 1 capital.

Liquidity Risk

8. Liquidity Risk

The Liquidity Risk is represented by the possibility of the institution not being able to efficiently meet its obligations, without affecting its daily operations and incurring significant losses, as well as the possibility of the institution not being able to trade a position at market price due to its high value when compared to the usually traded volume or due to some market discontinuity.

Knowledge and monitoring of this risk is crucial to enable the Organization to settle operations in a timely and safe manner.

8.1. Liquidity Risk Management Process

Liquidity risk management is carried out by the Organization in a corporate manner and permeates all governance layers. The following are the areas attributions that stand out in the liquidity risk management and control:

Treasury	■ Performs daily cash and liquidity management; ■ Proposes limits for liquidity risk control indicators, as well as levels for alert flags; ■ Complies with the strategic and operational limits established; ■ Reports matters related to the liquidity management of the Executive Committee for Asset and Liability and Treasury Management.
Liquid Risk Area	■ Proposes the liquidity and concentration control metrics, paying attention to their due approval in the established governance process; ■ Calculates and disseminate the liquidity monitoring and control indicators in the established periodicities; ■ Provides simulation tools for the main indicators implemented; ■ Reports matters related to the control and monitoring of liquidity risk in commissions and executive committees where the topic is addressed.
Support Areas	■ Perform cash flow projection for liquidity monitoring, including intraday; ■ Prepare the expected cash flows up to the 12-month horizon and refer to the areas of interest; ■ Check and ensure the consistency, integrity and completeness of the database made available daily to liquidity risk managers and controllers; ■ Provide cash management information to Treasury, as well as any significant changes in the Conglomerate Banks reserves levels; ■ Provide management information about mismatch maps to the Treasury.

Liquidity Risk

Policies and Standards

The liquidity risk management process is comprised of policies and standards that establish diversification criteria related to Organization's financing sources.

The Liquidity Risk Management Policy ensures that there are standards, procedures and controls that guarantee the Organization an adequate liquidity level and diversification of its funding.

In turn, the Liquidity Risk Standard for the Prudential Conglomerate describes the Organization's procedures and controls for liquidity risk, including controlling the concentration of funding by product and counterparty.

On the Organization's executive committees are reported product funding concentrations, counterparty and terms.

8.1.1. Control and Monitoring

The Organization's liquidity risk management is carried out through tools developed on robust platforms and validated by the independent areas of the Organization. Among the main metrics and indicators considered in the liquidity risk framework, it is highlight:

- **Liquidity Coverage Ratio (LCR):** consists of verifying the liquid instruments sufficiency to honor the Organization's net cash outflows in the next thirty days in a stress scenario;
- **Net Stable Funding Ratio (NSFR):** consists of verifying the structural funding sufficiency to finance the long-term assets of the Organization's balance sheet;
- Deposit losses for different time horizons;
- Funding concentration maps in different views (product, term and counterparty);
- Integrated stress exercises which different risk dimensions are addressed.

For the main metrics, limits were established, which can be strategic (approved up to the level of the Board of Directors) or operational (approved by the Executive Committee), based on flags, which trigger different levels of governance according to the percentage of use (consumption) of their respective limits.

8.1.2. Liquidity Risk Mitigation

The governance established for the liquidity risk management includes a series of recommendations for mitigating liquidity risk, among the main strategies, the following stand out:

- Financing diversification in counterparty, product and term;
- Adoption of managerial liquidity limits, in addition to those required by the regulator;
- Prior products analysis that may affect liquidity before implementation;
- Portfolio liquidity stress simulations.

Liquidity Risk

8.1.3. Stress Tests

Due to the dynamics and criticality of this topic, the management and liquidity risk control must take place on a daily basis and be based on stress scenarios. Thus, the main metric used to monitor the liquidity risk of the Prudential Conglomerate is the Liquidity Coverage Ratio (LCR), which measures the liquid resources sufficiency to honor commitments in the next thirty days considering a stress scenario. Therefore, daily management is already carried out through stress testing.

Anyway, in addition to LCR and other monitoring metrics, simulations of long-term stress scenarios are carried out, within the integrated stress test program (ICAAP for example), to also assess a possible liquidity indicators deterioration for different time horizons.

8.1.4. Contingency Plan

The Organization's liquidity contingency plan covers the following points, as stipulated in Resolution No. 4,557/2017:

- Crisis management group;
- Main responsibilities of the crisis management group;
- Monitoring indicators;
- Crisis mitigation actions;
- Plan review frequency.

8.1.5. Internal Reporting

Internal communication about liquidity risk, both between areas and between the different layers of internal governance are through internal reports, committees and the Organization's Senior Management.

Additionally, reports are distributed daily to the areas involved in management and control, as well as to Senior Management. This process comprises several analytical instruments used to monitor liquidity, such as:

- Daily distribution of liquidity control instruments;
- Automatic intra-day update of the liquidity reports for appropriate management by the Treasury Department;
- Preparation of reports with past behavior and future simulations based on scenarios;
- Daily verification of compliance with minimum liquidity levels;
- Preparation of further reports where the funding concentrations by sort of product, maturity and counterparty are presented;
- Weekly reports to the Senior Management, showing the behavior and expectations related to the liquidity situation.

The liquidity risk management process also has an alert system that selects the appropriate reporting level according to the percentage of use of the established limits. Thus, the lower the liquidity ratio, the higher Organization levels who receive the reports.

Liquidity Risk

8.2. Liquidity Coverage Ratio (LCR)

The Liquidity Coverage Ratio (LCR) aims to ensure that the Organization maintains a sufficient level of liquid assets to cover liquidity needs on an eventual stress scenario. The LCR is the ratio between the stock of High Quality Liquid Assets (HQLA) and total net cash outflow, calculated based on a generic stress scenario.

The following formula shows the main components of the indicator:

$$\mathrm{LCR} = \frac{\mathrm{HQLA}}{\mathrm{Cash\ Outflows} - \mathrm{Cash\ Inflows}^{*}} \geq 100\%$$

*Limited to 75% of outflows

The stress scenarios parameterization was conducted by the Regulator to capture idiosyncratic and market shocks, considering the period of thirty days. The items below show some of the shocks included in the methodology:

- The partial loss of retail and uncollateralized wholesale funding, as well as short-term funding capacity;
- The additional outflow of funds, contractually foreseen, due to the downgrading of the institution's credit rating by up to three levels, including eventual additional collateral requirements;
- An increase in the factors' volatility that impact collateral quality or the potential future exposure of derivative positions, resulting in the application of larger collateral discounts or a call for additional collateral or in other liquidity requirements;
- Higher withdrawals amounts than expected from credit/liquidity lines granted; and
- The potential need to repurchase debt or honor non-contractual obligations in order to mitigate reputational risk.

High Quality Liquid Assets (HQLA)

HQLA are assets that maintain their market liquidity in periods of stress and that meet the minimum requirements established by the Central Bank of Brazil, such as, among others, being free of any legal impediment or restriction; suffering little or no loss in market value when converted into cash; having a low credit risk; easy and accurate pricing; and being traded in an active and important market, with little difference between the purchase and sale price, high traded volume and a large number of participants, among other criteria. These assets are subject to weighting factors, which may reduce their value, for example in accordance with the risk rating of their issuer or the historic variation in their market price, among other requirements.

Cash Outflows and Inflows

Cash outflows are the result of a reduction in deposits and funding; the maturity of securities issued; scheduled contractual obligations for the next thirty days; margin adjustments and calls in derivative operations; the utilization/withdrawal of credit and liquidity lines granted by the Bank; and contingent cash outflows.

Cash inflows for the next thirty days correspond to the expected receipt of loans and financings; deposits; securities; and margin adjustments and easing in derivative operations.

Liquidity Risk

The LIQ1 table presents the information of Liquidity Coverage Ratio – LCR indicator, regarding cash outflows and cash inflows, as well as its available high-quality liquid assets (HQLA), as measured and defined according to Circular No. 3,749/2015.

Liquidity Coverage Ratio – LCR (LIQ1)

		a	b				
		Dec-24[1]		Sep-24[2]		Dec-23[3]	
	R$ thousand	Unweighted Amount[4]	Weighted Amount[5]	Unweighted Amount[4]	Weighted Amount[5]	Unweighted Amount[4]	Weighted Amount[5]
	\\ High Quality Liquid Assets (HQLA)						
1	**Total High Quality Liquid Assets (HQLA)**		**184,606,844**		**207,142,998**		**248,691,252**
	\\ Cash outflows						
2	**Retail funding, of which:**	**393,369,458**	**40,695,301**	**397,259,522**	**41,128,328**	**359,983,979**	**35,533,070**
3	Stable funding	175,872,907	8,793,645	178,704,568	8,935,228	168,817,334	8,440,867
4	Less stable funding	217,496,551	31,901,656	218,554,954	32,193,100	191,166,646	27,092,203
5	**Non-collateralized wholesale funding, of which:**	**274,521,462**	**110,154,973**	**270,112,799**	**108,165,502**	**293,421,825**	**116,321,421**
6	Operating deposits (all counterparties) and affiliated cooperative deposits	11,863,577	593,179	11,828,055	591,403	12,540,470	627,023
7	Non-operational deposits (all counterparties)	262,227,032	109,130,943	258,251,084	107,540,440	280,514,992	115,328,034
8	Non-collateralized obligations	430,852	430,852	33,659	33,659	366,363	366,363
9	**Collateralized wholesale funding**		**19,180,889**		**15,796,347**		**7,723,123**
10	**Additional requirements, of which:**	**149,090,020**	**21,380,684**	**144,467,195**	**19,972,294**	**126,215,733**	**16,214,852**
11	Related to exposure to derivatives and other collateral requirements	19,786,218	10,338,552	20,353,265	9,848,654	14,990,310	7,799,793
12	Related to funding losses through the issue of debt instruments	1298,990	1298,990	706,591	706,591	99,063	99,063
13	Related to lines of credit and liquidity	128,004,812	9,743,142	123,407,339	9,417,049	111,126,360	8,315,996
14	**Other contractual obligations**	**42,332,108**	**39,931,381**	**41,076,321**	**38,675,211**	**37,194,512**	**34,771,363**
15	**Other contingent obligations**	**170,193,455**	**8,152,364**	**166,169,581**	**7,914,717**	**152,259,676**	**5,802,649**
16	**Total Cash Outflows**		**239,495,593**		**231,652,400**		**216,366,477**
	\\ Cash inflows						
17	Collateralized loans	199,138,201	1,252,555	201,976,399	945,402	195,163,944	458,388
18	Outstanding loans whose payments are fully up-to-date	49,735,358	34,227,834	48,234,231	33,242,089	40,193,984	28,155,969
19	Other cash inflows	83,951,475	73,219,847	77,382,302	65,043,359	74,327,360	57,954,558
20	**Total Cash Inflows**	**332,825,034**	**108,700,237**	**327,592,931**	**99,230,850**	**309,685,288**	**86,568,914**
			Total Adjust. Amount[6]		Total Adjust. Amount[6]		Total Adjust. Amount[6]
21	Total HQLA		184,606,844		207,142,998		248,691,252
22	Total net cash outflows		130,795,356		132,421,550		129,797,562
23	**Liquidity Coverage Ratio (LCR)**		**141.1%**		**156.4%**		**191.6%**

(1) Calculated based on the simple daily average of the quarters (63 observations).
(2) Calculated based on the simple daily average of the quarters (66 observations).
(3) Calculated based on the simple daily average of the quarters (61 observations).
(4) Total balance of cash inflow/outflow item.
(5) Total balance of cash inflow/outflow item after application of weighting factors.
(6) Total balance of cash inflow/outflow item after application of weighting factors and limits.

The liquid assets (HQLA) amounted R$ 184.6 billion on average in the 4Q24, versus R$ 207.1 billion, on average, in the 3Q24. Related to the cash outflows, based on the regulatory stress scenario (item 16), about 63.0% are redemptions and non-renewal retail and wholesale funding without collateral (unsecured), as shown in items 2 and 5 in the table. Another relevant group refers to the item "Other contractual obligations" (item 14), which mainly includes the output streams of on lending operations, credit cards and trade finance. Regarding to cash inflows, corresponding to R$ 108.7 billion on average in the 4Q24, the highlights are the receiving of credit operations (partial renewal) stand out, the inflows of Trade Finance operations, cash and redemptions of securities, besides the inflow of transfer and credit card operations.

Liquidity Risk

8.3. Net Stable Funding Ratio (NSFR)

The Net Stable Funding Ratio (NSFR) aims to assess whether the Organization is financing its activities (assets) with sources of funding more stable (liabilities). NSFR corresponds to the ratio between Available Stable Funding (ASF) and the Required Stable Funding (RSF), which are defined according to the assets and liabilities structures of the institution that are weighted as per the Regulator definitions.

The following formula shows the main components of the indicator:

$$\text{NSFR} = \frac{\textbf{Available}\ \text{Stable Funding}\ (\textbf{ASF})}{\textbf{Required}\ \text{Stable Funding}\ (\textbf{RSF})} \geq 100\%$$

Available Stable Funding (ASF)

The available stable funding are represented by Liabilities and Net Equity, which are weighted as per its stability, and the resources considered more stable are determined mainly by the behavioral aspects of the clients, considering also its relationship with the institution, legal aspects and other implicit variables.

Required Stable Funding (RSF)

The required stable funding are determined according to the Balance Sheet assets and the other financial instruments, for example, credit limits and guarantees provided, which are weighted by aspects, related to the operation, maturity, counterparty, among others.

The following table provides details of a bank's NSFR and selected details of its NSFR components, according to Circular No. 3,869/2017.

Liquidity Risk

Net Stable Funding Ratio – NSFR (LIQ2)

		a	b	c	d	e	
				Dec-24			Sep-24
		Unweighted value by residual maturity[1]					
	R$ thousand	No maturity	Less than six months	More or equal to six months and less than one year	More or equal to one year	Weighted value[2]	Weighted value[2]
	\\ Available Stable Funding (ASF)						
1	**Capital**	**203,510,824**	**-**	**-**	**14,287,120**	**217,797,944**	**215,489,103**
2	Total Capital, gross of regulatory deductions	203,510,824	-	-	-	203,510,824	201,856,339
3	Other capital instruments not included on line 2	-	-	-	14,287,120	14,287,120	13,632,764
4	**Retail funding, of which:**	**154,748,195**	**261,070,566**	**8,762,210**	**11,304,854**	**402,676,785**	**387,118,121**
5	Stable funding	84,335,361	97,764,053	2,881,730	3,366,104	179,098,191	175,024,026
6	Less stable funding	70,412,835	163,306,513	5,880,479	7,938,750	223,578,594	212,094,096
7	**Wholesale funding, of which:**	**49,611,350**	**652,251,916**	**61,743,434**	**136,551,719**	**367,702,892**	**347,072,716**
8	Operating deposits and affiliated cooperative deposits	12,295,138	-	-	-	6,147,569	5,983,460
9	Other wholesale funding	37,316,211	652,251,916	61,743,434	136,551,719	361,555,323	341,089,257
10	**Operations that the institution acts exclusively as an intermediary, assuming no rights or obligations, even if contingent:**	**-**	**49,269,130**	**5,527,511**	**330,604**	**-**	**-**
11	**Other liabilities, of which:**	**68,448,942**	**48,866,399**	**-**	**-**	**3,533,925**	**3,252,671**
12	Derivatives in which replacement value is less than zero			15,201,333			
13	Other liabilities elements or shareholders' equity not included in the previous lines	68,448,942	33,665,066	-	-	3,533,925	3,252,671
14	**Total Available Stable Funding (ASF)**					**991,711,546**	**952,932,612**
	\\ Required Stable Funding (RSF)						
15	**Total High Quality Liquid Assets (HQLA)**					**11,295,357**	**12,374,483**
16	**Deposits held at other financial institutions for operational purposes**	**-**	**-**	**-**	**-**	**-**	**-**
17	**Bonds, securities and operations with financial institutions, non-financial institutions and central banks, of which:**	**16,962,481**	**409,366,110**	**109,706,175**	**419,755,429**	**522,704,667**	**493,062,714**
18	Operations with financial institutions collateralized by Level 1 HQLA	-	4,614,245	-	-	461,424	26,754
19	Operations with financial institutions collateralized by Level 2A, 2B HQLA or non-collateralized	-	204,663,936	2,859,870	5,513,958	12,026,058	9,798,102
20	Loans and financing granted for retail and wholesale customers, central government and central banks operations, of which:	-	169,225,917	82,496,562	219,835,155	317,349,550	300,071,611
21	The Risk Weighting Factor, referred by Central Bank Circular 3,644, from 2013, is less than or equal to 35% (thirty five percent)	-	-	-	114,936	74,753	279,890
22	Performing residential mortgages, of which:	-	8,777,538	8,730,186	112,024,477	93,559,152	88,427,011
23	Referred by BCB Resolution 229/22, art. 50, items I, II and III, and art. 51, items I and II	-	8,777,538	8,730,186	112,024,477	93,559,152	88,427,011
24	Bonds and securities non eligible to HQLA, including shares traded in the Stock Market	16,962,481	22,084,475	15,619,557	82,381,839	99,233,729	94,459,346
25	**Operations that the institution acts exclusively as an intermediary, assuming no rights or obligations, even if contingent**	**-**	**54,756,111**	**5,465,533**	**420,088**	**-**	**-**
26	**Other assets, of which:**	**278,337,574**	**56,709,869**	**2,310,821**	**18,241,949**	**267,029,786**	**261,981,879**
27	Gold and commodities transaction, including ones with physical settlement	-				-	-
28	Assets provided, due to initial margin deposit as collateral for derivatives operation and participation in mutualized guarantee funds of clearing house or service providers of clearing and settlement that may arbitrate as central counterparty			7,911,216		6,724,533	8,528,300
29	Derivatives in which replacement value is more than or equal to zero			19,238,645		-	-
30	Derivatives in which replacement value is less than zero, gross of any collateral deduction due to deposit for variation margin			-		5,958,028	1,145,173
31	Other assets not included in the previous lines	278,337,574	37,471,224	2,310,821	10,330,734	254,347,225	252,308,407
32	**Off-balance sheet operations**		**459,249,934**	**-**	**-**	**17,296,878**	**16,351,882**
33	**Total Required Stable Funding (RSF)**					**818,326,687**	**783,770,959**
34	**NSFR (%)**					**121.2%**	**121.6%**

(1) Corresponding to the total of the balance sheet.
(2) Corresponding to the value after applying the weighting factors.

The long-term indicator NSFR, presented weighted volume of available stable funding, higher than the required stable funding, exceeding the weighted balance around R$ 173.4 billion, resulting the indicator in 121.2%. The amount of available stable funding (ASF) is largely composed by customer funding, considering the level of stability as the main factor supporting the ASF. The verification of the ASF in December/2024, presented a sharing of 41%, originated from Retail funding and 37% of Wholesale funding. The required stable funding (RSF) are composed by assets and items off-balance sheet. These balance are weighted according to the respective liquidity profile, so the items related to lending and other assets in low or non-liquidity are highlighted in the RSF (high weight), while high liquidity operations, e.g. free federal government bonds, receive low weight. For December/2024, the lending operations (item 20) represented 39% out of the total of RSF, while other assets (Item 31) shared 31% of the RSF.

9. Credit Risk

Credit risk refers to the possibility of losses associated with the borrower's or counterparty's failure to comply with their financial obligations under the agreed upon terms; as well as the depreciation of loan agreements resulting from deterioration, in the borrower's risk rating; the reduction in gains or remunerations and also with benefits granted in renegotiations; recovery costs and other amounts related to the counterparty's default with their financial obligations. Also includes concentration and transfer (country) risk.

Credit risk management in the Organization is a continuous and evolving process of mapping, development, assessment and diagnosis through models, instruments and procedures that require a high degree of discipline and control during the evaluation of credit proposals in order to preserve the integrity and autonomy of the processes.

The Organization controls its exposure to credit risk, which mainly results from credit operations, credit commitments, financial guarantees provided, securities and derivative financial instruments.

In order to ensure the quality expected from the portfolio, special attention to all aspects of the lending process, credit concentration, guarantee requirements, maturities, amongst others has been given.

The Organization continuously maps all the activities that could possibly generate exposure to credit risk, classifying them by their probability and magnitude, identifying their managers, as well as their measurement and mitigation plans.

9.1. Lending Process

The diversified business model allows support several audiences, in direct and convenient channels in the different regions of Brazil. Segmentation strategies, both for Individuals and Legal Entities, also support a good relationship with customers and to accurate offers of products and services.

This positioning has a positive impact on the Organization's credit profile, being translated into a diversified and dispersed portfolio, both in terms of products and segments. This is consistent with the risks assumed and with adequate provisioning and concentration levels.

In the Credit Area, the lending process is based on the Organization's Credit Policy, which lays emphasis on safety, quality and liquidity while investing in credit assets. The risk management governance permeates the entire process, which fully complies with Central Bank of Brazil rules.

The methodologies adopted value business agility and profitability, with targeted and appropriate procedures, oriented to the granting of credit transactions and establishment of operating limits.

The assessment and classification of the total risk of customers and economic groups, the Organization considers the quantitative (economic and financial indicators) and qualitative (registration, behavioral and transactional data) aspects of the customers' capacity to pay their debts.

All business proposals are subject to operational limits, which are included in the Loan Guidelines and Procedures. At branches, the delegation of power for proposals submission depends on its amount, the customer's total exposure to the Organization, the collaterals and guarantees posted the level of restriction and their credit risk rating. All business proposals are submitted to technical analysis and approval by the Credit Area.

Credit Risk

The Credit Committees was created to decide, within its authority, on queries about assignment of limits or operations proposed by business areas, previously analyzed and reviewed by the Credit Area. Depending on the financial amount, operations/limits proposed, from this Committee, may be submitted for approval by the Board of Directors.

Loan proposals pass through an automated system with parameters to provide indispensable information for analysis and granting of loans, in addition to the follow-up of the loans granted, minimizing the risks inherent to the operations.

There are exclusive Credit and Behavior Scoring systems for the assignment of mass loans in the Retail segment, intended to provide speed and reliability, while standardizing the procedures for loan analysis and approval.

Business is diversified, widespread and aimed at individuals and companies with a proven payment capacity and solvency, seeking to support them with collaterals and guarantees that are adequate to the risk assumed, considering the credit lines, amounts and the maturities of the granted loans.

9.2. Credit Risk Rating

The Organization has a robust governance, practices and follow-up process. Among these practices, we can mention the Governance of Concessions and Credit Recovery Levels, which, depending on the size of the operation or the total exposure of the counterparty, require approval at the of the Board of Directors level. In addition, frequent portfolio monitoring is evaluated, with assessments of its evolution, defaults, provisions, vintage studies, capital, among others.

In addition to the process and governance levels of approval for credit and recovery operations, the risk appetite defined by the Organization is followed by concentration limits of operations for Economic Group, Sector and Transfer (concentration by countries). Besides concentration indicators, a specific indicator was established for delinquency level over 90 days for Individuals, indicator for Defaulted Loans and an indicator of Credit Risk Economic Capital Margin, in order to monitor and control capital from an economic and regulatory point of view.

The credit risk assessment methodology, in addition to providing data to establish the minimum parameters for lending and risk management, also enables the definition of special Credit Rules and Procedures according to customer characteristics and size. Thus, the methodology provides the basis not only for the correct pricing of operations, but also for defining the appropriate guarantees.

The methodology used also follows the requirements established by National Monetary Council (CMN) Resolution 4,945 and includes analysis of social and environmental risks in projects, aimed at evaluating customers' compliance with related laws and the Equator Principles, a set of rules that establish the minimum social and environmental criteria, which must be met for lending.

In accordance with its commitment to the continuous improvement of methodologies, the credit risk rating of operations contracted by the Organization's economic groups/customers is distributes on a graded level scale, ensuring greater compliance with the requirements of the Basel Capital Accord, preserving the criteria set forth by National Monetary Council Resolution 2,682 for recording the necessary impairment allowances.

In a simplified way, the operations risk ratings are determined according to the credit quality of the economic groups/customers defined by the customer risk rating, contract guarantees, credit product modality, late due behavior, notes/restrictions and the contracted credit face value.

Credit Risk

The customer risk ratings for economic groups are based on parameterized statistical procedures, using quantitative and qualitative information and judgments. Classifications are made by economic group and periodically monitored to preserve loan portfolio quality.

With respect to individuals, customer risk ratings are generally defined based also in statistical procedures and analysis of variables that discriminate risk behavior. This is made by applying statistical models for credit assessment.

The customer risk rating is used, in sets with several decision variables, for concession and/or renewal analysis of operations and credit limits, as well as for monitoring the customers' risk profile deterioration.

9.3. Credit Risk Management Process

The credit risk management process is conducted in a corporation-wide approach. This process involves several areas with specific duties, ensuring structural efficiency. Credit risk measurement and control are conducted in a centralized and independent manner.

Both the governance process and existing limits are sanctioned by the Integrated Risk Management and Capital Allocation Committee, which are submitted for the approval of the Board of Directors and are revised at least once a year.

The credit risk management structure performs a fundamental role in the Organization's second line, actively participating in the process of improving customer risk classification models, periodically monitoring major risks by main default events, level of provisioning in view of expected and unexpected losses.

This structure continuously reviews the internal processes, including the roles and responsibilities, Information Technology training and requirements, as well as conducts periodically reviews of risk evaluation processes to incorporate new practices and methodologies.

The attributions of the credit risk management structure faithfully follow the compliance precepts defined by the Organization. Integration with other lines occurs continuously and frequently, enabling assertiveness in the identification, measurement and control of credit risk.

9.4. Credit Risk Mitigation

Potential credit losses are mitigated by the use of a series of collaterals formally stipulated through legal instruments, such as conditional sales, mortgages, by guarantees such as third-party sureties or guarantees and also by financial instruments such as credit derivatives, or netting arrangements. The efficiency of these instruments is evaluated considering the time to recover and realize an asset given as collateral, its market value, the guarantors' counterparty risk and the legal safety of the agreements. The main types of collaterals include, term deposits; financial investments and securities; residential and commercial properties; movable properties such as vehicles, aircrafts; furthermore, security interest also include commercial bonds such as invoices, checks and credit card bills. Securities and guarantees may also include bank guarantees.

Credit derivatives are bilateral agreements where one of the counterparties buys hedge against credit risk of a specific financial instrument and its risk is transferred to the selling counterparty. Usually, the later receives a linear remuneration during transaction's effectiveness. In the event of default, the counterparty who bought the hedge will be paid, the purpose of which is to mitigate the financial instrument impairment. In this case, the selling counterparty receives the underlying asset in exchange for referred payment.

Credit Risk

9.5. Control and Monitoring

The Organization's credit risk is controlled and monitored by and independent Credit Risk area.

This area holds monthly meetings with all product and segment executives and officers, with a view to informing them about the evolution of the loan portfolio, delinquency, defaulted loans, restructurings, adequacy of allowance for loan losses, loan recoveries, losses, portfolio limits and concentrations, regulatory and economic capital allocation, among others.

It also monitors any internal or external event that may cause a significant impact on the Organization's credit risk, such as mergers, bankruptcies, and crop failures, in addition to monitoring industries in which the company is exposed to significant risks.

9.6. Internal Reporting

Credit risk is monitored on a timely basis in order to maintain the risk levels within the limits established by the Organization. Risk control management reports are provided to all levels of business, from branches up to Senior Management.

Pointing out the risk situations that would impact the liquidity of loans granted to customers, the credit risk monitoring area provides daily reports, through a corporate system, to the branches, national management, business segments, as well as the lending and loan recovery areas. This system provides dynamic information about the loan portfolios and credit bureau information of customers, in addition to enabling comparison of past and current information, highlighting points requiring a more in-depth analysis by managers such as: assets information by segment, product, region, risk rating, delinquency and expected and unexpected losses, amongst others, allowing both a macro-level and detailed view of the information, and also enables a specific loan operation to be viewed.

The information is viewed and delivered via reports, allowing queries at several levels such as business segment, divisions, managers, regions, products, employees and customers, and under several aspects (asset, delinquency, provision, write-off (loss), restriction levels, use of collaterals and portfolio quality by rating, among others).

9.7. Details of Credit Risk Exposures

The quality of exposures subject to credit risk related to credit operations, debt securities and operations off-balance sheet are detailed below.

Credit Risk

Credit quality of assets (CR1)

		a	b	c	d	f	g
		Dec-24					
		Gross values of		Allowances, advances and unearned income	Allowances, advances and unearned income Of which: RWACPAD	Allowances, advances and unearned income Of which: RWACIRB	Net Values (a+b-c)
R$ million		Defaulted exposures	Non-defaulted exposures				
1	**Loans**	**60,662**	**676,495**	**48,283**	**48,283**	**-**	**688,874**
2	**Debt Securities**	**12,156**	**342,830**	**5,263**	**5,263**	**-**	**349,723**
2a	of which: national sovereign bonds	-	216,180	-	-	-	216,180
2b	of which: other bonds	12,156	126,650	5,263	5,263	-	133,543
3	**Off-balance sheet exposures**	**9,133**	**442,733**	**1,263**	**1,263**	**-**	**450,603**
4	**Total (1+2+3)**	**81,951**	**1,462,058**	**54,808**	**54,808**	**-**	**1,489,201**

Note: According to instructions for filling Circular Letter 3,936, loans, financing, leasing operations, interbank liquidity operations and other similar operations were considered as Credit Concessions.

Comments

There was an increase of 4.0% in total net value compared to 3Q24, mainly in loans (4.4%).

Gross exposures are exposures before the application of the Credit Conversion Factors (CCF) and before the deduction of their provision, with exposures classified as such being characterized as default loans as established on CMN Resolution 4,557/17.

Changes in the stock of defaulted loans and debt securities operations in progress between two consecutive periods, considering the operations reported in table CR1, are detailed in table CR2.

Changes in stock of defaulted loans and debt securities (CR2)

R$ million		Dec-24 a Total
1	**Defaulted loans and debt securities at end of the previous reporting period**	**82,786**
2	Loans and debt securities that have defaulted since the last reporting period	15,621
3	Returned to non-defaulted status	(873)
4	Amounts written off	(8,547)
5	Other adjustments	(7,035)
6	**Defaulted loans and debt securities at end of the reporting period (1+2+3+4+5)**	**81,951**

Comments

Default Loans and debt securities decreased by 1.0% compared to the 3Q24.

Additionally, information on the credit quality of assets reported in table CR1, is shown in the CRB tables from “e” to “i”.

Credit Risk

Breakdown of exposures by geographical areas, industry and residual maturity (CRBe)

R$ million Economic Sector	Dec-24 Contracts with Remaining Maturity Up to 6 months	Between 6 months and 1 year	Between 1 year and 5 years	Above 5 years	Total
Retail	30,446	9,586	24,141	1,475	65,647
Real Estate and Construction Activities	8,042	4,432	18,067	9,330	39,870
Transportation and Concession	8,131	4,152	30,173	6,882	49,337
Miscellaneous Services	12,921	8,169	23,296	6,104	50,490
Holding	3,936	2,835	5,622	4,409	16,802
Automotive industry	7,076	1,487	5,412	129	14,104
Financial	102,880	27,385	138,899	36,024	305,187
Wholesale	16,183	5,362	13,971	1,249	36,765
Electrical energy	6,939	6,091	16,236	3,089	32,355
Oil and Petrochemical	3,957	494	4,383	4,132	12,966
Steel and Metallurgy	6,055	1,338	7,153	126	14,672
Food Industry	10,849	5,590	9,623	168	26,230
Smoke and drinks	12,795	275	478	1,013	14,560
Paper and Pulp	562	368	4,666	311	5,906
Extraction	7,859	739	2,459	300	11,357
Telecommunications	11,236	223	1,178	1	12,638
Health	4,530	837	4,035	1,926	11,329
Sugar and ethanol	8,249	811	4,049	508	13,617
Chemistry	6,061	1,759	4,204	690	12,713
Construction Material	1,649	615	1,963	13	4,240
Leisure and tourism	2,531	919	1,797	44	5,291
Capital goods	4,490	810	3,217	18	8,535
Cooperative	1,854	2,431	2,018	92	6,395
Education	1,410	622	2,228	463	4,724
Hygiene and Cleaning Products	1,293	215	1,308	1	2,816
Textile	1,497	521	1,421	14	3,452
Appliances and electronics	3,519	715	938	9	5,181
General Industry	2,263	586	1,521	42	4,412
Trading	3,286	560	1,640	1	5,487
Information Technology	2,549	1,083	1,634	54	5,320
Agriculture	1,241	1,282	2,887	277	5,687
Packaging	1,834	846	1,203	63	3,946
Furniture and wood	882	374	1,047	33	2,337
Other sectors	16,614	10,300	38,960	3,013	68,887
Individual	212,207	87,970	120,437	185,330	605,944
\\ Total Exposure	**527,824**	**191,781**	**502,263**	**267,332**	**1,489,201**
Geographic Region					
\\ Domestic Market	**485,536**	**184,011**	**464,913**	**262,054**	**1,396,514**
Southeast	291,384	107,859	237,722	143,568	780,533
South	49,933	23,175	44,354	24,707	142,169
North	13,847	6,550	12,845	9,669	42,910
Northeast	44,676	19,864	36,199	32,905	133,644
Mid-West	85,695	26,565	133,793	51,206	297,258
\\ Foreign Market	**34,477**	**8,937**	**31,975**	**17,298**	**92,687**
\\ Total Exposure	**520,013**	**192,948**	**496,888**	**279,353**	**1,489,201**

Credit Risk

Total defaulted loans operations segregated by geographical areas and industry (CRBf)

R$ million	Dec-24		
	Defaulted Loans		
Economic Sector	Total	Provision	Write-offs
Retail	10,607	4,457	1,053
Real Estate and Construction Activities	4,794	2,899	650
Transportation and Concession	6,021	2,160	237
Miscellaneous Services	2,512	1,884	477
Holding	6,008	2,428	136
Automotive industry	104	78	25
Financial	100	76	50
Wholesale	1,304	880	358
Electrical energy	402	123	6
Oil and Petrochemical	17	4	2
Steel and Metallurgy	619	443	89
Food Industry	394	277	87
Smoke and drinks	33	25	9
Paper and Pulp	29	15	7
Extraction	688	256	26
Telecommunications	4,019	773	9
Health	322	213	28
Sugar and ethanol	328	321	78
Chemistry	209	166	42
Construction Material	1,208	441	23
Leisure and tourism	443	300	144
Capital goods	491	443	30
Cooperative		0	2
Education	254	190	36
Hygiene and Cleaning Products	16	11	9
Textile	457	285	100
Appliances and electronics	82	47	28
General Industry	222	183	65
Trading	170	128	25
Information Technology	102	69	19
Agriculture	208	150	20
Packaging	24	16	15
Furniture and wood	111	79	48
Other sectors	82	63	423
Individual	39,571	25,005	4,193
\\ Total Exposure	**81,951**	**44,890**	**8,547**
Geographic Region			
\\ Domestic Market	**81,951**	**44,890**	**8,279**
Southeast	60,357	30,863	5,396
South	7,011	4,674	918
North	3,085	1,998	390
Northeast	6,787	4,413	1,030
Mid-West	4,711	2,941	545
\\ Foreign Market	**79**	**24**	**268**
\\ Total Exposure	**81,951**	**44,890**	**8,547**

Credit Risk

Total past due loans exposures segmented by past due loans band (CRBg)

R$ million	Dec-24 Past due operations: Less than 30 days	Past due 31 to 90 days	Past due 91 to 180 days	Past due 181 to 365 days	Past due more than 365 days	Total
Past due operations total	25,658	14,597	13,054	15,704	4,208	73,220

Segregation of total restructured exposures (CRBh)

	Dec-24	
	a	b
R$ million	Defaulted Loans	Others
Total restructured exposures	30,734	4,021

Concentration (CRBi)

% From the total book	Dec-24
10 largest	4.3%
100 largest	13.4%

9.8. Details of Credit Risk Mitigation Exposures

Information regarding the amounts considered for prudential regulation purposes before and after the use of credit risk mitigation instruments are detailed in table CR3, in which the exposures are mitigated essentially by Fiduciary Assignment of Financial Investments, Fiduciary Assignment of Credit Bills, Pledge of Financial Investments, Credit Bills and Treasury Bills.

Credit risk mitigation techniques – overview (CR3)

		a	b	c	d	e
		Dec-24				
R$ million		Exposures unsecured	Exposures secured	Exposures secured by collateral, of which: secured amount	Exposures secured by financial guarantees	Exposures secured by credit derivatives
1	Loans	634,715	54,159	7,587	46,573	-
2	Debt securities	346,529	3,194	3,194	-	-
I	Off Balance sheet	142,813	632	632	-	-
II	Others	345,251	3,371	3,371	-	-
3	**Total**	**1,469,308**	**61,355**	**14,783**	**46,573**	**-**
4	of which: defaulted loans	29,306	6,866	6,512	354	-

Comments

The exposure considers the Credit Conversion Factor (CCF) and mitigation, with 75.9% covered by financial guarantees and 24.1% by collaterals.

The effects of credit risk mitigation in the capital requirements calculation, according to Circular 3,809/16, segregated by asset classes, are detailed in table CR4.

Credit Risk

Standardised approach – credit risk exposure and Credit Risk Mitigation (CRM) effects (CR4)

		a	b	c	d	e	f
		Dec-24					
R$ million		Exposures before CCF and CRM		Exposures post-CCF and CRM		RWA and RWA density	
Asset Classes		On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density [e/(c+d)]
1	Sovereigns and their central banks	410,195	-	410,195	-	3,216	0
2	Non-central government public sector entities (PSEs)	6,649	4,349	6,649	3,218	6,626	0.7
3	Multilateral development banks	-	-	-	-	-	-
4	Banks and other institutions authorized by the Central Bank of Brazil	58,405	13,975	58,405	6,698	26,623	0.4
5	Covered bonds	-	-	-	-	-	-
6	Non-financial Corporates	184,899	117,814	184,899	63,861	172,504	0.7
6.1	Of which: specialised lending	-	-	-	-	-	-
6.2	Of which: others	184,899	117,814	184,899	63,861	172,504	0.7
7	Equity interests and subordinated debt instruments	33,995	-	33,995	-	44,193	1.3
8	Retail	317,555	247,180	317,555	27,812	219,969	0.6
9	Exposures guaranteed by real estate	122,848	10,423	122,848	10,423	61,240	0.5
9.1	Of which: secured by residential real estate, in which compliance with the financial obligations associated with the exposures is not dependent on cash flows generated by the properties	115,436	15	115,436	15	44,193	0.4
9.2	Of which: secured by residential real estate, in which compliance with the financial obligations associated with the exposures is dependent on cash flows generated by the properties	-	-	-	-	-	-
9.3	Of which: secured by non-residential real estate, in which compliance with the financial obligations associated with the exposures is not dependent on cash flows generated by the properties	-	-	-	-	-	-
9.4	Of which: secured by non-residential real estate in which compliance with the financial obligations associated with the exposures is dependent on cash flows generated by the properties	7,412	5,440	7,412	5,440	14,563	1.1
9.5	Of which: relating to real estate developments	-	4,968	-	4,968	2,484	0.5
10	Defaulted exposures	32,348	7,919	32,348	3,825	32,896	0.9
11	Other assets	227,265	48,942	227,265	27,608	240,523	0.9
12	**Total**	**1,394,158**	**450,603**	**1,394,158**	**143,445**	**807,790**	**0.5**

Comments

There was an decreased of 0.2% in RWA in relation to 3Q24.

The exposures reported in table CR4 are detailed by counterparty and risk weighting factor in table CR5. Both adopt the rules and procedures of BCB Resolution 229/2022

Standardised approach – exposures by asset classes and risk weights (CR5)

R$ million — Dec-24

Asset Classes — **Risk weight**

	Asset Classes	0%	20%	50%	100%	150%	Others	Total credit exposures amount (post CCF and post-CRM)
1	Sovereigns and their central banks	398,770	10,838	-	124	-	462	410,195

	Asset Classes	20%	50%	100%	150%	Others	Total credit exposures amount (post CCF and post-CRM)
2	Non-central government public sector entities (PSEs)	-	-	-	-	9,866	9,866

	Asset Classes	0%	20%	30%	50%	100%	150%	Others	Total credit exposures amount (post CCF and post-CRM)
3	Multilateral development banks (MDBs)	-	-	-	-	-	-	-	-

	Asset Classes	20%	30%	40%	50%	75%	100%	150%	Others	Total credit exposures amount (post CCF and post-CRM)
4	Banks	8,908	16,224	18,998	6,572	11,711	-	334	2,356	65,102

	Asset Classes	10%	15%	20%	25%	35%	50%	100%	Others	Total credit exposures amount (post CCF and post-CRM)
5	Covered bonds	-	-	-	-	-	-	-	-	-

	Asset Classes	20%	50%	65%	75%	80%	85%	100%	130%	150%	Others	Total credit exposures amount (post CCF and post-CRM)
6	Corporates	-	10,318	163,320	-	-	73,274	-	-	-	1,849	248,761
I	Of which: specialised lending	-	-		-	-		-	-	-	-	-
II	Of which: others	-	10,318	163,320	-		73,274	-		-	1,849	248,761

	Asset Classes	100%	150%	250%	400%	Others	Total credit exposures amount (post CCF and post-CRM)
7	Subordinated debt, equity and other capital	4,739	-	-	-	29,256	33,995

	Asset Classes	45%	75%	100%	Others	Total credit exposures amount (post CCF and post-CRM)
8	Regulatory retail portfolios	46,457	223,604	-	75,306	345,367

Credit Risk

R$ million		Dec-24																			
Asset Classes		**Risk weight**																			
		0%	20%	25%	30%	35%	40%	45%	50%	60%	65%	70%	75%	85%	90%	100%	105%	110%	150%	Others	Total credit exposures amount (post CCF and post-CRM)
9	Real estate	11	22,559	13,236	41,612	-	8,775	-	510	-	-	30,674	-	-	1,534	-	-	3,937	-	-	122,848
III	Of which: secured by residential real estate, that compliance with the financial obligations associated with the exposures is not dependent on cash flows generated by the properties	11	22,559	13,236	41,612		8,775		510		-	28,733	-	-		-			-	-	115,436
III.a	Of which: calculated directly from the values of loans and financing without interference and use of average risk weight factors, each of them obtained from the combination of the risk weight factor associated with the real estate given as collateral and the risk weight factor of borrower	11	22,559	13,236	41,612		8,775		510		-	28,733	-	-		-			-	-	115,436
III.b	Of which: others	-	-	-	-		-		-		-	-	-	-		-			-	-	-
IV	Of which: secured by residential real estate, that compliance with the financial obligations associated with the exposures is dependent on cash flows generated by the properties				-	-		-		-			-				-		-	-	-
V	Of which: secured by commercial real estate, that compliance with the financial obligations associated with the exposures is not dependent on cash flows generated by the properties	-	-		-		-		-	-	-		-	-		-			-	-	-
V.a	Of which: calculated directly from the values of loans and financing without interference and use of average risk weight factors, each of them obtained from the combination of the risk weight factor associated with the real estate given as collateral and the risk weight factor of borrower	-	-		-		-		-	-									-	-	-
V.b	Of which: others	-	-		-		-		-	-	-		-	-		-			-	-	-
VI	Of which: secured by commercial real estate, that compliance with the financial obligations associated with the exposures is dependent on cash flows generated by the properties											1,941			1,534			3,937	-	-	7,412
VII	Of which: relating to real estate developments															-			-	-	-

Credit Risk

R$ million	Dec-24					
Asset Classes	**Risk weight**					
	50%	**100%**	**150%**	**Others**	**Total credit exposures amount (post CCF and post-CRM)**	
10 Defaulted exposures	3,109	15,555	10,862	6,647	36,172	
	0%	**20%**	**100%**	**1250%**	**Others**	**Total credit exposures amount (post CCF and post-CRM)**
11 Other assets	11,082	-	229,957	-	24,257	265,296

Exposure amounts and CCFs applied to off-balance sheet exposures, categorised based on risk bucket of converted exposures

		a	b	c	d
R$ million		Dec-24			
Risk weight		**On-balance sheet exposure**	**Off-balance sheet exposure (pre-CCF)**	**Weighted average CCF***	**Exposure (post-CCF and post-CRM)**
1	Less than 40%	521,277	2,073	37%	522,044
2	40 - 70%	234,081	220,278	31%	302,380
3	75%	296,363	122,010	14%	313,266
4	80 - 85%	64,989	44,585	48%	86,275
5	90 - 100%	226,275	49,285	57%	254,225
6	105 - 130%	28,455	-	0%	28,455
7	150%	17,369	12,372	67%	25,609
8	250%	-	-	0%	-
9	400%	-	-	0%	-
10	1,250%	-	-	0%	-
	Others	5,349	-	0%	5,349
11	**Total exposures**	**1,394,158**	**450,603**	**32%**	**1,537,603**

* Weighting is based on off-balance sheet exposure (pre-CCF).

Comments

Total credit exposures post CCF and mitigation increased by 2.3% compared to 3Q24.

10. Counterparty Credit Risk

The counterparty credit risk, to which the Organization is exposed, is represented by the possibility of loss due to the counterparty default of their obligations relating to the settlement of operations involving bilateral flows, including the financial asset trading or derivatives.

The Organization exercises complete control over the replacement cost and the potential future exposure of operations involving counterparty risk. Thus, all exposure related to this risk is part of the general credit limits set for the Organization's customers.

In conclusion, the Counterparty Credit Risk management encompasses modeling and monitoring (i) of counterparties credit limits consumption, (ii) of the adjustment of parcel to the credit fair value of derivatives portfolio (CVA, Credit Value Adjustment), segregated by counterparty, and (iii) of the respective regulatory and economic capital. The methodology adopted by the Organization, establishes that, exposition of the credit portfolio to a given counterparty, can be calculated from the Reposition Cost (RC) of its operations in different scenarios of the financial market, what is possible through the process of Monte Carlo simulation.

In risk management context, the Organization conducts studies of capital projection, such as the Stress Test of the ICAAP (Internal Capital Adequacy Assessment Process) and TEBU (Bottom-Up Stress Test). These multidisciplinary programs minimally involve the Business areas and the Economic, Budget / Result and Risk departments.

Regarding the mitigation manners of the counterparty credit risk that the Organization is exposed, the most usual is the composition of guarantees like, deposits of margin and disposal of Government bonds, which are, performed by the counterparty in the Organization or in other custodian institution, which has its counterparties risks duly assessed.

From June/19, the exposure value calculation related to counterparty credit risk arising from operations with derivatives financial instruments subject to the calculation of the capital requirement through a standardised approach (RWA_{CPAD}) was updated to Standardized Approach for Counterparty Credit Risk, according the Annex I of BCB Resolution No. 229/2022.

10.1. Details of Counterparty Credit Risk Exposure

Table CCR1 presents an overview of the approach used to calculate the capital requirement for counterparty credit risk in derivative transactions, repurchase agreements (repo) and asset loan transactions, and provide the main parameters employed, as established in Circulars No. 3,809/2016, and in BCB Resolution No. 229/2022.

Counterparty Credit Risk

Analysis of Counterparty Credit Risk (CCR) exposure by approach (CCR1)

		a	b	d	e	f
		Dec-24				
R$ million		Replacement cost	Potential future exposure	Alpha used for computing regulatory EAD	EAD post-CRM	RWA
1	SA-CCR Approach	18,119	7,139	1.4	35,361	26,382
1.1	CEM (Current Exposure Method) Approach	-	-		-	-
3	Simple Approach for credit risk mitigation (for SFTs)				-	-
4	Comprehensive Approach for credit risk mitigation (for SFTs)				526,799	8,428
6	**Total**					**34,811**

Comments

In relation to the previous quarter, there was an increase in exposure in operations with derivative financial instruments and a decrease in repo operations.

Table CCR3 details the counterparty credit risk exposures in derivative transactions, repurchase transactions (repo) and asset lending transactions subject to the standardised approach, as established in BCB Resolution No. 229/2022, by type of counterparty and risk weight factor.

Standardised approach of CCR exposures by regulatory portfolio and risk weights (CCR3)

	Dec-24									
	Risk weight									i
R$ million	a	b	c	d	d1	e1	f	g	h	
Regulatory portfolio	**0%**	**10%**	**20%**	**50%**	**65%**	**85%**	**100%**	**150%**	**Others**	**Total credit exposure**
Sovereigns	171,745	-	-	-	-	-	261	-	-	172,006
Non-central government public sector entities (PSEs)	-	-	-	-	-	-	3	-	361	364
Multilateral development banks (MDBs)	-	-	-	-	-	-	-	-	-	-
Financial and other institutions authorized by the Central Bank of Brazil	45,641	-	952	751	-	-	-	46	2,462	49,851
Non-financial Corporates	299,327	-	-	-	23,134	-	17,838	-	-361	339,938
Other	-	-	-	-	-	-	-	-	-	-
\\ Total	**516,713**	**-**	**952**	**751**	**23,134**	**-**	**18,102**	**46**	**2,462**	**562,160**

Comments

In relation to the previous quarter, there was an increase in exposure in operations with derivative financial instruments and a reduction in repo operations.

Counterparty Credit Risk

Table CCR5 details the types of collateral received or delivered in derivative transactions, repurchase transactions (repo) and asset lending, as established on Circular No. 3,809/2016, including transactions carried out through central counterparties.

Composition of collateral for CCR exposure (CCR5)

	a	b	c	d	e	f
	Dec-24					
	Collateral used in derivative transactions				Collateral used in SFTs	
	Fair value of collateral received		Fair value of posted collateral		Fair value of collateral received	Fair value of posted collateral
R$ million	Segregated	Unsegregated	Segregated	Unsegregated		
Cash – domestic currency	-	-	-	-	-	-
Cash – other currencies	-	53	-	32	-	-
Domestic sovereign debt	1,357	-	14,798	-	11,897	132,044
Government agency debt	-	-	-	-	-	-
Corporate bonds	-	-	-	-	1,455	25,064
Equity securities	-	-	-	-	-	-
Other collateral	-	-	-	-	-	-
\\ Total	**1,357**	**53**	**14,798**	**32**	**13,352**	**157,108**

Comments

In relation to the previous quarter, there was a reduction in collateral received and an increase in collateral delivered in repo operations.

Table CCR6 presents information on the notional and fair value of credit derivatives (transferred risk and received risk), before offsetting short and long positions.

CCR information regarding credit derivatives exposures (CCR6)

	a	b
	Dec-24	
R$ million	Protection bought	Protection sold
\\ Notionals	**1,121**	**6,884**
Single-name credit default swaps	1,121	1,954
Index credit default swaps	-	-
Total return swaps	-	4,930
\\ Total notionals	**-**	**-**
\\ Fair values	**2,382**	**9**
Positive fair value (asset)	2,382	-
Negative fair value (liability)	-	9

Comments

In relation to the previous quarter, there was a reduction in exposures associated with derivatives with transferred risk and a reduction in risk received.

Counterparty Credit Risk

Table CCR8 presents an overview of exposures to central counterparties.

CCR information regarding exposures to central counterparties (CCR8)

		a	b
		Dec-24	
R$ million		EAD (post-CRM)	RWA
1	**Exposures to QCCPs (total)**		**135**
2	Exposures for trades at QCCPs (excluding initial margin and default fund contributions), of which:	5,954	119
3	(i) OTC derivatives	1,453	29
4	(ii) Exchange-traded derivatives	4,501	90
5	(iii) Securities financing transactions	-	-
I	(iv) Netting sets where cross-product netting has been approved	-	-
7	Segregated initial margin	14,212	
8	Non-segregated initial margin	-	-
9	Pre-funded default fund contributions	105	16
10	Unfunded default fund contributions	-	-
11	**Exposures to non-QCCPs (total)**		**-**
12	Exposures for trades at non-QCCPs (excluding initial margin and default fund contributions); of which	-	-
13	(i) OTC derivatives	-	-
14	(ii) Exchange-traded derivatives	-	-
15	(iii) Securities financing transactions	-	-
II	(iv) Netting sets where cross-product netting has been approved	-	-
17	Segregated initial margin	-	
18	Non-segregated initial margin	-	-
19	Pre-funded default fund contributions	-	-
20	Unfunded default fund contributions	-	-

Comments

In relation to the previous quarter, there was a decrease in exposures for trades at QCCPs and an increase in the collateral in favor of the da QCCPs.

11. Securitisation Exposures

Securitisation is the process in which the cash flows associated with a set of underlying assets is used for the securities remuneration in accordance with the established governance process, using as a form of Balance Sheet composition.

The portfolio comprises CRA - Agribusiness Receivables Certificate, CRI - Real Estate Receivables Certificate and FIDC - Credit Rights Investment Funds, as shown below:

- **CRA - Agribusiness Receivables Certificate:** Instructed by Law 11,076/2004, constitute a registered credit security, issued exclusively by securitisation companies and backed by Agribusiness Credit Rights;
- **CRI - Real Estate Receivables Certificate:** Instructed by Law 9,154/1997, constitute a nominative credit title, freely negotiated, backed by real estate activities, covering transaction financing or improvements;
- **FIDC - Credit Rights Investment Funds:** Complies with CVM instructions, with the pooling of resources allocating a preponderant portion of the respective shareholders' equity for investment in credit rights (sundry receivables).

Such transactions are consolidated in the Organization's Prudential Balance, according to the following categories:

- **Trading Securities:** Securities acquired for the purpose of being actively and frequently traded;
- **Securities available for sale:** Securities that do not fall under the categories of securities for trading and securities held to maturity;
- **Securities held to maturity:** securities that have the intention and financial capacity of the institution to hold them in portfolio until maturity.

Securitised operations with risk retention follow the criteria established by BCB Resolution No. 3,533/2008, in which the seller or assignor retains substantially all the risks and benefits of ownership of the financial asset object of the operation.

The exposures are part of the securitization traditional type, which is the process in which the flow of receipts associated with a set of underlying assets is used for the remuneration of securitisation bonds.

The Bradesco Organization does not operate as a sponsor of Special Purpose Entities (SPE), as well as does not it manage or advise entities on the acquisition of securitization securities issued by itself.

In addition, in the past few years there has been no sale or transfer of assets without substantial risk retention. Since all the assigned operations were subject to substantial risk retention.

Securitisation Exposures

11.1. Details of Securitisation Exposures

The total of exposures assigned with substantial risk retention in the last 12 months, which have been honored, repurchase, or written off for losses, broken down by quarter, is detailed below:

Total exposures assigned with substantial risk retention, in the last 12 months (SECAe)

R$ million		Oct-24 to Dec-24	Jul-24 to Sep-24	Apr-24 to Jun-24	Jan-24 to Mar-24
1	**Total exposures assigned with substantial risk retention**	**4**	**3**	**4**	**4**
2	Total honored exposures	-	-	-	-
3	Total repurchased exposures	4	3	4	4
4	Total write-off	-	-	-	-

Securitisation exposures in the banking book (SEC1)

The following table provides information on securitisation exposures classified in the banking book.

		a	c	d	e	g	h	i	k	l
		Dec-24								
		Bank acts as originator			Bank acts as sponsor			Banks acts as investor		
R$ million		Traditional	Synthetic	Sub-total	Traditional	Synthetic	Sub-total	Traditional	Synthetic	Sub-total
1	**Retail (total), of which:**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
2	residential mortgage	-	-	-	-	-	-	-	-	-
3	credit card	-	-	-	-	-	-	-	-	-
4	other	-	-	-	-	-	-	-	-	-
5	re-securitisation	-	-	-	-	-	-	-	-	-
6	**Wholesale (total), of which:**	**-**	**-**	**-**	**-**	**-**	**-**	**4,664**	**-**	**4,664**
7	loans to non-financial corporates	-	-	-	-	-	-	4,625	-	4,625
8	commercial mortgage	-	-	-	-	-	-	39	-	39
9	lease and receivables	-	-	-	-	-	-	-	-	-
10	other	-	-	-	-	-	-	-	-	-
11	re-securitisation	-	-	-	-	-	-	-	-	-

Comments

In relation to the previous quarter, there was an increase in Credit Rights Funds.

Securitisation exposures in the trading book (SEC2)

Information on securitisation exposures classified in the trading book, which the Organization does not have exposures for this database.

Securitisation Exposures

Securitisation exposures in the banking book and associated regulatory capital requirements – bank acting as originator or as sponsor (SEC3)

Information on securitisation exposures classified in the banking book and the associated regulatory capital requirements when the bank is acting as originator or as sponsor, which the Organization does not have exposures for this database.

Securitisation exposures in the banking book and associated capital requirements – bank acting as investor (SEC4)

Information on securitisation exposures classified in the trading book and the associated regulatory capital requirements when the bank is acting as originator or as sponsor.

		a	b	c	d	e	h	i	l	m	p	q
		Dec-24										
		Exposure values (by RW bands)					Exposure values (by regulatory approach)		RWA (by regulatory approach)		Capital charge after cap	
R$ million		≤20%	20% < RW ≤ 50%	50% < RW ≤ 100%	100% < RW < 1,250%	1,250%	SA	1,250%	SA	1,250%	SA	1,250%
1	**Total exposures**	-	3,727	168	770	-	4,664	-	2,176	-	174	-
2	**Traditional securitisation:**	-	3,727	168	770	-	4,664	-	2,176	-	174	-
3	Of which: securitisation	-	3,727	168	770	-	4,664	-	2,176	-	174	-
4	Of which: retail underlying assets	-	-	-	-	-	-	-	-	-	-	-
6	Of which: non-retail underlying assets	-	3,727	168	770	-	4,664	-	2,176	-	174	-
8	Of which: re-securisation	-	-	-	-	-	-	-	-	-	-	-
9	**Synthetic securitisation:**	-	-	-	-	-	-	-	-	-	-	-
10	Of which: securitisation	-	-	-	-	-	-	-	-	-	-	-
11	Of which: retail underlying assets	-	-	-	-	-	-	-	-	-	-	-
12	Of which: non-retail underlying assets	-	-	-	-	-	-	-	-	-	-	-
13	Of which: re-securisation	-	-	-	-	-	-	-	-	-	-	-

Comments

In relation to the previous quarter, there was an increase in Credit Rights Funds.

12. Market Risk

Market risk is represented by the possibility of financial loss due to fluctuating prices and market interest rates of financial instruments held by the Organization, as its asset and liability transactions may show mismatched amounts, maturities, currencies and indexes.

Market risk is identified, measured, mitigated, controlled and reported. The Organization's exposure profile to market risk is in line with the guidelines established by the governance process, with limits timely monitored on an independently way from the businesses areas.

All transactions that expose the Organization to market risk are mapped, measured and classified according to probability and magnitude, and the whole process is approved by the governance structure.

In line with the best Corporate Governance practices, to preserve and strengthen the management of market risk in the Organization, as well as to meet the requirements of CMN Resolution 4,557, the Board of Directors approved the Market Risk Management Policy, reviewed at least once a year by the competent committees and the Board of Directors itself, providing the main operational guidelines for accepting, controlling and managing market risk. In addition to this policy, the Organization has several specific rules that regulate the market risk management process, as follows:

- Classification of Operations;
- Reclassification of Operations;
- Trading of Government and Private Bonds;
- Use of Derivatives; and
- Hedge.

12.1. Strategies used in Market Risk Management

12.1.1. Limit Definition

The trading book market risk limit proposals are validated by specific committees, ratified by the Integrated Risk Management and Capital Allocation Committee and submitted for approval by the Board of Directors.

Trading Book: it comprises all operations involving financial instruments, including derivatives, held-for-trading or used to hedge other instruments in the Trading Book, which have no trading restrictions. Held-for-trading operations are those destined for resale, to obtain benefits from actual or expected price variations, or for arbitrage. The risks of this portfolio are monitored through of:

- Value at Risk (VaR);
- Stress (negative impact measure of extreme events, based on historical and prospective scenarios);
- P&L (profit and loss); and
- Financial Exposure / Concentration.

Market Risk

12.1.2. Market Risk Measurement Models

Market risk is measured and controlled using the Stress, Value at Risk (VaR) and Sensitivity Analysis methodologies, as well as limits for the Management of P&L and Financial Exposure. Using several methodologies to measure and evaluate risks is of great importance, because they can complement each other and their combination allows the analysis of different scenarios and situations.

Trading and Regulatory Books

Trading Book risks are controlled, principally, using Stress and Value at Risk (VaR) methodologies. The Stress methodology quantifies the negative impact of economic shocks and extreme economic events that are financially unfavorable to the Organization's positions, the analysis uses stress scenarios prepared by the Market Risk area and the Organization's Economic area based on historical and forward looking data for the risk factors in which the Organization holds a position.

The methodology adopted to calculate VaR is the Delta-Normal, with a confidence level of 99% and considering the number of days necessary to unwind the existing exposures. The methodology is applied to the Trading and Regulatory Books (Trading Book positions plus Banking Book foreign currency and commodities exposures). It is worth noting that the historical simulation and the Delta–Gama–Vega models are applied to measure all risk factors to an options portfolio, whichever is the most conservative. A minimum 252-business-day period is adopted to calculate volatilities, correlations and historical returns.

For regulatory purposes, the capital requirements relating to shares of the Banking Book Prudential Conglomerate are determined through the credit risk evaluation, as per Central Bank of Brazil resolution, i.e., they are not considered in assessing market risk.

12.1.3. Hedge and Use of Derivatives

In order to standardize the use of financial instruments used to hedge the operations and use of derivatives by the Treasury Department, the Organization created specific rules that were approved by the competent Committees.

The hedge operations executed by Organization's Treasury Department must necessarily cancel or mitigate risks related to mismatches quantities, terms, currencies or indexes of the positions in Treasury's books, for which they must use assets and derivatives authorized to be traded in each of their books to:

- Control and classify the operations, respecting the exposure and risk limits in effect;
- Alter, modify or revert positions due to changes in market and operating strategies; and
- Reduce or mitigate exposure of operations in idle markets, under stress or low liquidity conditions.

Market Risk

12.1.3.1. Hedge Accounting

Implemented in order to reduce the volatility of the accounting result, hedge accounting ensures that a gain or loss on a hedge instrument is recognized in the result in the same period in which the hedged item affects the result.

Transactions with derivative financial instruments for hedging are classified in one of the following categories:

- **Market risk hedge:** financial instruments classified in this category, as well as their related financial assets and liabilities, hedged, have their gains and losses, realized or unrealized, recorded in the income statement;
- **Cash flow hedge**: financial instruments classified in this category have an effective portion of the recorded valuations or devaluations, net of tax effects, in an account detach in shareholders' equity. The non-effective portion of the respective hedge is recognized directly in the income statement; and
- **Net investment hedge abroad:** the financial instruments classified in this category are intended to protect the foreign exchange variation of investments abroad, whose functional currency is different from the national currency, being accounted for in accordance with the accounting procedures applicable to the cash flow hedge category cash, that is, with the effective portion recognized in equity, net of tax effects, and the non-effective portion recognized in income for the period.

For derivatives classified in the hedge accounting category, there is the following: (i) effectiveness of the strategy, through prospective and retrospective effectiveness tests, and (ii) mark-to-market of hedge instruments.

12.1.3.2. Standardized Derivatives and Continued Use Derivatives

The Organization’s Treasury Department may use standardized derivatives (traded in stock exchanges) and continued use derivatives (traded in over-the-counter markets) to obtain results and create hedges. The derivatives classified as continuous use, ordinarily traded in over-the-counter markets, such as vanilla swaps (interest rates, currencies, Credit Default Swap, among others), forward contracts (i.e., currencies), vanilla options (currency, Bovespa Index), among others. Non-standardized derivatives not classified as continued use or structured operations depend upon the authorization of the competent Committee.

12.2. Market Risk Management Process

The market risk management process is conducted in a corporate manner, comprising from business areas to the Board of Directors. It involves diverse areas, with specific duties in the process, thereby ensuring an efficient structure, and the measurement and control of market risk is conducted in a centralized and independent manner. This process allowed the Organization to be the first financial institution in Brazil authorized by Central Bank of Brazil to use, since January 2013, its internal market risk models to calculate regulatory capital requirements. This process, approved by the Board of Directors, is also revised at least once a year by the Committees and the Board itself.

Market Risk

12.2.1. Control and Monitoring

Market risk is controlled and monitored by an independent area, which, on a daily basis, measures the risk of outstanding positions, consolidates results and prepares reports required by the existing governance process.

In addition to daily reports, Trading Book positions are discussed on a fortnightly basis by the Treasury Executive Committee, in this meeting, results and risks are assessed, and strategies are discussed. Both the governance process and existing thresholds are ratified by the Integrated Risk Management and Capital Allocation Committee – COGIRAC and submitted to approval of the Board of Directors, and they are revised at least once a year.

In the event of any these limits being breached, the management of the area responsible for the position and COGIRAC are informed promptly about the limit consumption for decision-making. If there is a need to increase the limit and change or maintain positions, the Board of Directors is convened to deliberate on the new limit or review the position strategy.

12.2.2. Internal Reporting

The Market Risk area provides daily managerial control reports on the positions to the business areas and Senior Management, in addition to weekly reports and periodic presentations to the Board of Directors.

Reporting is conducted through an alert system, which determines the addressees of risk reports as a previously determined risk threshold percentage is reached; therefore, the higher the risk threshold consumption, more Senior Management members receive the reports.

12.3. Main Features of Models Used

12.3.1. Value at Risk – VaR

The methodology adopted to calculate VaR is the Delta-Normal, with a confidence level of 99%, and for the managerial model, the horizon applied takes into account the number of days necessary to dispose of existing exposures. The methodology is applied to the Trading and Regulatory Books (Trading Book positions plus Banking Book foreign currency and commodities exposures). In additional, the historical simulation and the Delta–Gama–Vega models are applied to measure all risk factors to an options portfolio, whichever is the most conservative, with this option risk added to the Portfolio's VaR. It is worth noting that this calculation is carried out daily and, for the regulatory model, the value at risk is extrapolated to the regulatory time horizon (greater between 10 days and the portfolio horizon), through the root of time method.

Market Risk

12.3.2. Stressed VaR – sVaR

The Stressed VaR (sVaR) is calculated daily in order to replicate the VaR calculation that would be obtained in a given historical period of stress, but using the Organization's current portfolio. The volatilities and correlations are calculated as of January 2005 for the risk factors present in the current portfolio, and the model for calculating the volatilities and correlations adopted by the Organization, specifically for the Stressed VaR, does not use decay. Once the history of volatilities and correlations is found, the current position VaR is calculated considering the historical parameters, making it possible to determine the date on which the highest VaR for the portfolio was obtained. The selected stress date will also be applied to the Stressed VaR of the options portfolio. The verification of the stress period to be used in the sVaR calculations is carried out monthly. Besides that, similarly to the daily VaR, the Stressed VaR is also extrapolated to the regulatory time horizon (greater between 10 days and the portfolio horizon) through the root of time method and its pricing approach detailed in item 12.3.7 Financial Instrument Pricing.

12.3.3. VaR Internal Model – Backtesting

The risk methodology applied is continuously assessed using backtesting techniques, which compare the one-day period VaR with the hypothetic and effective results.

In the hypothetical view, the result is calculated through the revaluation of positions at new market prices, assuming the maintenance of the portfolio from one day to the next. In the effective view, the impacts of positions reevaluation, the results of new operations carried out during the day, day trades and other items not related to market price variations, for example, fees, commissions and brokerage costs, are considered.

The main purpose is to monitor, validate and assess the adherence of the VaR model, and the number of disruptions occurred must be compatible with the number of disruptions accepted by the statistical tests conducted for the certain confidence level. Another objective is to improve the models used by the Organization through analyses carried out for different periods and VaR confidence levels, both for Portfolio Total VaR and risk factor.

12.3.4. Models – Utilization in the Prudential Conglomerate

The measurement and control of risks associated with the Trading and Regulatory portfolios is carried out in an analogous and joint manner for all companies that comprise the Organization's Prudential Conglomerate.

12.3.5. Differences between Management Model and Regulatory Model

Of a managerial nature, the stress analysis seeks to quantify the negative impact of shocks and extreme economic events that are significantly unfavorable to the Organization and that are not captured by other market risk measures, such as VaR Delta-Normal, for example. On the other hand, the regulatory model used for stress scenarios is the sVaR, whose objective is to replicate the VaR calculation that would be done in a given historical period of stress, but using the institution's current portfolio.

Also, due to the size of some positions, the Organization, in its management model, seeks to quantify the number of days necessary for a given position to be liquidated or hedged, this assessment being made by risk factor. In light of this, its management model makes use of liquidity factors, calculated daily, to calculate VaR. Such methodology differs from that addressed in the regulatory model, since in the latter, a window corresponding to the highest value between 10 working days and the portfolio horizon is adopted, with this window being fixed and the same for all instruments in the portfolio.

Market Risk

12.3.6. Volatility, Correlation and Return

The model adopted by the Organization to estimate volatility is the Exponentially Weighted Moving Averages (EWMA), with daily update, considering in its calculations the continuous return of 1 working day. To estimate the volatility for the reference date, a 252 working days window is used, starting on the working date immediately before the reference date. The parameter related to the weight given to each return is the exponential decay factor, which determines the rate at which past returns lose importance in volatility calculation. To estimate the most appropriate portfolio' decay factor, at least a biweekly study is carried out, based on the main risk factors that make up the Trading Portfolio plus currency and commodity exposures. Regarding the sample size, a minimum 252 working days window is adopted for the determination of volatilities and correlations.

As for the volatility, the model adopted by the Organization to calculate the correlation is the EWMA, with daily update, emphasizing that the daily returns, the sample size (252 working days) and the decay factor are the same adopted for the calculation volatility. As determined by BCB Circular No. 3,674/2013, and in accordance with governance approved by the Committee, the highest value between VaR calculated with a decay factor (assigns greater weight to the most recent returns) and VaR without a decay factor (returns have equal weights).

12.3.7. Financial Instrument Pricing

To adopt the best market prices related to the assessment of financial instruments' market value, was established the Mark-to-Market Commission (CMM), which is responsible for approving or submitting mark-to-market models to the Market and Liquidity Risk Commission. The CMM is composed of business, back-office and risk representatives, and the risks area responsible for the coordination of the Commission and for the submission of the matters evaluated for approval in accordance with the established governance, whichever is the case.

Whenever possible, the Bank adopts prices and rates practiced by the Securities, Commodities and Futures Exchanges and the Secondary Markets. Should these market references not be found, prices made available by other sources (such as Bloomberg, Reuters and Brokerage Firms) are used. As a last option, proprietary models are adopted to price instruments, which also follow the Mark-to-Market Commission (CMM) approval procedure and are submitted to the Organization's validation and assessment processes.

Mark-to-market criteria are periodically reviewed, according to the governance process, and may vary due to changes in market conditions, creation of new classes of instruments, establishment of new sources of data or the development of models considered more appropriate.

The financial instruments to be included in the Trading Book must be approved by the Treasury Executive Committee or the Products, Services and Partnerships Executive Committee and their pricing criteria must be defined by the CMM.

Market Risk

The following principles for the mark-to-market process are adopted by the Organization:

- **Commitment:** The Organization is engaged in guaranteeing that the prices used reflect the market value of the operations. Should information not be found, the Organization will use its best efforts to estimate the market value of the financial instruments;
- **Frequency:** the formalized mark-to-market criteria are applied on a daily basis;
- **Formality:** the CMM is responsible for ensuring the methodological quality and the formalization of the mark-to-market criteria;
- **Consistency:** the process to gather and apply prices is carried out consistently, to guarantee equal price to a type of instrument within the Organization;
- **Transparency:** the methodology must be accessible by the Internal and External Audit and Independent Model Validation areas and by Regulatory Agencies.

The resolutions No. 4,227 and 4,389 set forth the basic procedures that entities must follow in pricing financial instruments to market value and the guidelines to apply prudential adjustments to these instruments. According to the abovementioned procedures, the Organization is already aligned with these resolutions' guidelines, including applying due prudential adjustments required by regulations.

12.4. Details of Market Risk Exposures

The MR1 table provides the components of the capital requirement under the standardised approach – SA (RWA_{MPAD}) for market risk.

Market risk under the standardised approach (MR1)

		a		
		Dec-24	Sep-24	Dec-23
	R$ million	RWA_{MPAD}	RWA_{MPAD}	RWA_{MPAD}
1	**Interest rate**	**5,887**	**13,827**	**10,715**
1a	Fixed Rate in Reais (RWAJUR1)	1,088	2,372	2,292
1b	Foreign Currency Coupon (RWAJUR2)	3,364	6,662	2,680
1c	Price Index Coupon (RWAJUR3)	1,436	4,793	5,743
1d	Interest Rate Coupon (RWAJUR4)	-	-	-
2	**Shares (RWAACS)**	**3,496**	**1,862**	**438**
3	**Foreign exchange (RWACAM)**	**1,613**	**2,830**	**1,090**
4	**Commodity (RWACOM)**	**877**	**456**	**788**
5	**RWADRC**	**2,550**	**2,555**	**-**
6	**RWACVA**	**16,140**	**9,813**	**7,864**
9	**Total**	**30,563**	**31,343**	**20,895**

Comments

In relation to the previous period, the RWA remained stable, despite a reduction in Interest Rate RWA and an increase in RWACVA. The allocation continues to follow the standardized model.

In compliance with the BCB Resolution No. 111/2021, the Organization informs that no instruments reclassifications for the trading book or for the banking in the fourth quarter of 2024.

Market Risk

The MR2 table provides the components of the capital requirement under the internal model approaches – IMA (RWA_{MINT}) for market risk, according to Circular No. 3,646/2013, for calculating the capital requirement.

RWA_{MINT} flow statements of market risk exposures under an IMA (MR2)

		a	b	e	f
		Dec-24			
R$ million		VaR	Stressed VaR	Other	Total RWA_{MINT}
1	**RWAmint at previous data base (Sep-24)**	**4,536**	**8,083**	**12,369**	**24,987**
2	Movement in risk levels	(462)	(709)	-	(1,170)
3	Updates/changes to the internal model	-	-	-	-
4	Methodology and regulation	-	-	-	-
5	Acquisitions and disposals	-	-	-	-
6	Foreign exchange movements	58	(0)	-	58
7	Other	(32)	(3)	-	(35)
	Regulatory Adjustment	(153)	(2,060)	-	(2,213)
8	RWADRC			(6)	(6)
9	RWACVA			6,327	6,327
10	**RWAmint at end of reporting period (Dec-24)**	**3,948**	**5,310**	**18,690**	**27,949**

Comments

In relation to the previous period, the main factor that contributed to the increase in the RWA from Market Risk to internal model approach (RWAMINT), was the inclusion of the RWADRC and RWACVA portions.

MR3 table, display the values (maximum, average, minimum and end of quarter) resulting from the IMA.

IMA values for trading portfolios (MR3)

		a		
R$ million		Dec-24	Sep-24	Dec-23
\\ VaR (10 day 99%)				
1	Maximum value	83.0	97.6	60.8
2	Average value	57.8	64.2	43.6
3	Minimum value	41.0	38.7	27.8
4	Quarter end	49.3	74.0	55.3
\\ Stressed VaR (10 day 99%)				
5	Maximum value	119.5	272.5	158.3
6	Average value	77.3	112.8	115.8
7	Minimum value	33.1	64.3	69.4
8	Quarter end	48.9	69.6	85.3

Comments

The reduction in the exposure in coupons of Price Indices influenced the average value of the VaR observed in the quarter, in relation to the previous period.

The MR4 table presents a comparison of the results of estimates from the regulatory VaR model with both hypothetical and actual trading outcomes, in market risk RWA determined under the IMA, according to Circular No. 3,646/2013.

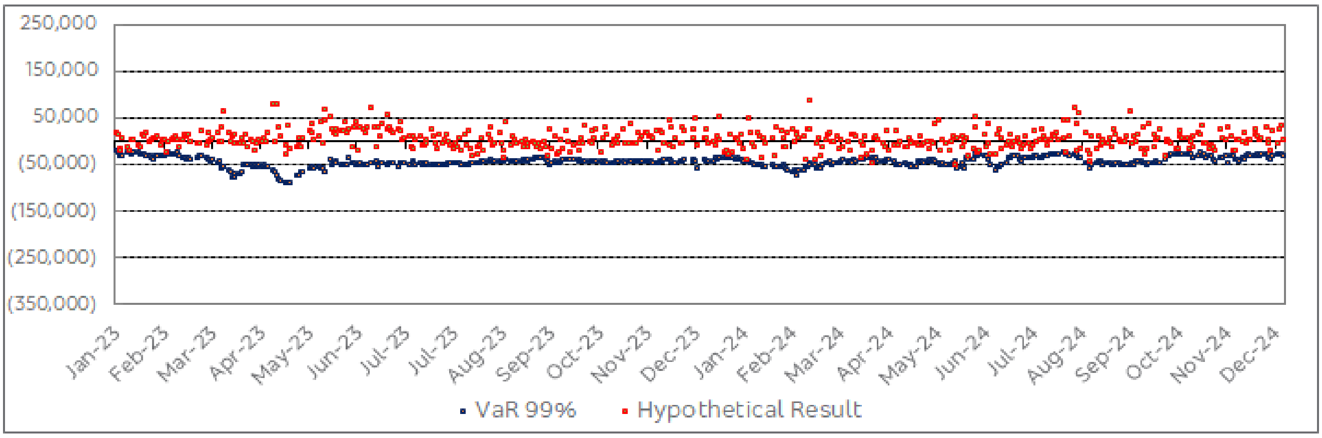
Market Risk

Comparison of VaR estimates with gains/losses (MR4)

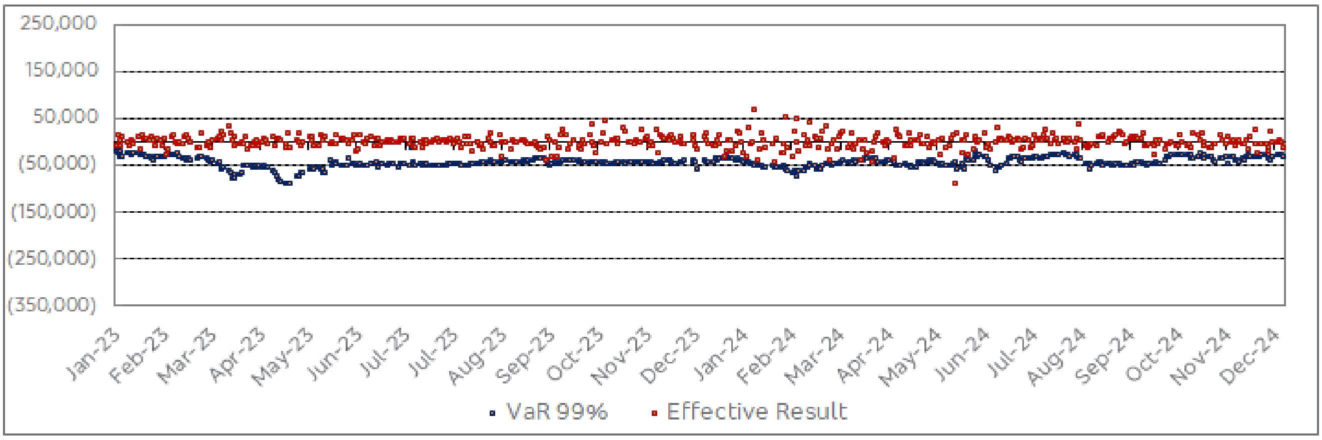
The following two graphs show the VaR of the Regulatory Portfolio for 1 day and the hypothetical and effective results, calculated daily. The actual result includes fees, brokerage, emoluments and commissions.

The Organization uses an internal market risk model, so the capital requirement associated with the model is 100%.

Daily VaR and Hypothetical Regulatory Result



Daily VaR and Regulatory Effective Result



	R$ thousand			
Opening date	**1-day VaR**	**Effective Result**	**Hypothetical Result**	**Reasons**
04/10/24	37,231	43,517	35,133	Dollar rises to its highest level since October/23, on a stress day with inflation in the USA that was higher than expected.
04/16/24	37,963	56,333	46,276	On a stress day, driven by uncertainties about the local fiscal trajectory and US interest rates, the dollar has a strong rise and the stock market falls.
06/07/24	43,245	86,651	50,399	Future interest rates soars pressured by uncertainty in Brazilian fiscal policy.

Market Risk

Total exposure associated with derivatives is presented in the table below.

Total exposure associated with derivatives (OPD)

	a	b	c	d	e	f	g	h
R$ million	Dec-24							
Position	**Long**				**Short**			
Risk Factor	Central Counterparty		Non Central Counterparty		Central Counterparty		Non Central Counterparty	
	Brazil	Abroad	Brazil	Abroad	Brazil	Exterior	Brazil	Abroad
1 Interest Rate	162,313	3,962	131,910	51,957	(94,957)	(8,246)	(136,461)	(57,051)
2 Exchange Rate	12,178	1.580	93,140	42,707	(46,540)	(1,522)	(55,824)	(55,789)
3 Stock Prices	432	4,196	152		(5,400)	(523)	(1,308)	(2,003)
4 Commodities Prices	5	147	939	-	-	(951)	(132)	-

Comments

Trading Book and Banking Book Derivatives.

Interest Rate Risk in the Banking Book

13. Interest Rate Risk in the Banking Book (IRRBB)

The interest rate risk in the banking book (IRRBB) can be understood as the possibility of an institution being negatively impacted in its results and in its capital, due to eventual variations in the level of interest rates and their respective impacts on the bank portfolio.

Banking Book: it comprises operations not classified in the Trading Book, arising from Organization's other businesses and their respective hedges.

13.1. IRRBB Management Process

The interest rate risk in the Banking Book is measured and controlled, mainly, using the Economic Value of Equity (EVE) variation methodologies, and the Net Interest Income (NII), which respectively measure, the economic impact on the positions and the impact on the result of the Organization, according to scenarios developed by the specialist areas and evaluated by the Organization's Stress Testing Technical Commission - COTES. These scenarios determine the positive and negative movements of interest rate curves that may affect Organization's investments and capital raising.

The EVE methodology consists of re-pricing the portfolio subject to interest rate variation based on increases or decreases in the rates used to calculate the present value and the total term of assets and liabilities. Thus, the economic value of the portfolio is calculated both based on the market interest rates on the analysis date as well as on scenarios projected. Thus, the difference between the amounts obtained for the portfolio will be ΔEVE.

For NII, the methodology aims to determine the variation in the net interest income of the Organization (gross margin), due to eventual variations in the level of interest rate, in other words, the difference between the NII calculated in the base scenario and the NII calculated in the increase or decrease of the interest rate scenario, will be ΔNII.

To measure the interest rate risk in the Banking Book, assumptions related to the customer behavior are used when necessary. As a reference, for demand and savings deposits with undetermined maturity, it is studied their historical behaviors and the possibility of maintaining them. Through these studies, are defined the stable amount (core portion), as well as, its criteria for the long-term allocation.

13.1.1. Calculation Metrics

All the mentioned metrics are calculated to meet the Governance of the Executive Committee for Asset and Liability and Treasury Management, which provides for a fortnightly measurement. The reassessment of the shock scenarios occurs after each meeting of the Monetary Policy Committee (COPOM). If necessary, due to some specific demand, it is also possible to update the calculation in other periods.

Interest Rate Risk in the Banking Book

13.1.2. Shock and Stress Scenarios

In addition to the standardized scenarios defined by the Regulator, the Organization's shock scenario generation process, used by the internal model in IRRBB calculating, includes quantitative approaches, based on statistical studies and simulations, as well as a prospective approach, which is under the direct responsibility of Studies and Economic Research Area, with review by the Stress Testing Technical Commission – COTES.

The analysis period is between January 2008 and the end of the month prior to the revaluation of the scenario. This cut-off date was chosen so that, simultaneously: (i) capturing the most recent period of Brazilian economy, considering the various structural changes that occurred and the consequent downward trend of variables under analysis; and (ii) to capture the 2008 global crisis, which, by characterizing a period of stress per se, includes most of the maximum fluctuations observed in the risk factors in question.

13.1.3. IRRBB Measurement

Internal Model

The Organization has, in addition to the standardized methodology defined by the regulator, its own internal models that consider assumptions similar to the regulatory model. Among these assumptions, the following stand out:

- The Non Maturity Deposits (NMDs) are based on statistical studies that take into account evolution and behavior historical;
- The shocks defined by the Stress Testing Technical Commission – COTES and validated by the for Executive Committee for Asset and Liability and Treasury Management are based on historical data, statistical studies and prospective analyzes;
- Shareholders' equity is used to calculate metrics.

Modeling and Standardization

We chose to consider the average spread of each product in the discount rate used in the calculation of its present value, that is, the discount rate includes the risk-free rate with the addition of the respective product spread.

The prepayment and early redemption models were based on statistical studies considering harvests and historical evolution of each product.

It is also important to mention that the internal shock scenarios consider consistencies between the risk factors, so that all the results or sensitivities generated can be added up.

Non Maturity Deposits (NMD)

Regarding NMD, both the internal model and the regulatory model have a similar maturity profile according to statistical studies based on aggregate balances. However, the regulatory model respects the average term defined by Circular No. 3,876.

Interest Rate Risk in the Banking Book

13.1.4. Hedge and Use of Derivatives

The assets and liabilities mismatches management generated by the Organization's business in Brazil and abroad, in addition to hedging external assets, is carried out based on the analysis of the political-economic, national and international scenarios.

The results, strategies, behaviors and risks of mismatches and indexes maintained by the Organization are monitored and endorsed by the Executive Committee for Asset and Liability and Treasury Management.

Asset and Liability management seeks to adjust the accounting treatment of the operations used for hedging with the behavior of the underlying assets and liabilities, in addition to aligning the strategic objective of maintaining the hedge.

13.2. IRRBB Details

The following table provides the variation metrics of Economic Value (ΔEVE) and variation of the result of financial intermediation (ΔNII), as established in Circular No. 3,876/2018, under each of the prescribed interest rate standardized scenarios.

Quantitative information on IRRBB (IRRBB1)

R$ million	ΔEVE		ΔNII	
Period	**Dec-24**	**Dec-23**	**Dec-24**	**Dec-23**
Parallel up	10,803	8,168	5,662	4,456
Parallel down	(10,913)	(12,818)	(5,628)	(6,233)
Short rate up	9,947	9,030		
Short rate down	(10,707)	(11,649)		
Steepener	(4,693)	(5,816)		
Flattener	6,972	7,161		
Maximum	10,803	9,030	5,662	4,456

Period	**Dec-24**	**Dec-23**
\\ Tier 1 capital	**124,633**	**125,412**

Comments

The increase observed in the Outlier Test (maximum), from R$ 9.0 billion in the 4Q23 to R$ 10.8 billion in the 4Q24 is mainly due to the fluctuation in interest rate curves during the period.

Social, Environmental and Climate Risks

14. Social, Environmental and Climate Risks

Social, environmental, and climate risks (SAC) represent the possibility of financial losses for the Organization due to potential impacts arising from climate change and the damages that economic activities can cause to society and the environment.

These risks, when associated with financial institutions, are mostly indirect and result from business relations, including those with the supply chain and customers through financings and investments activities. As defined in Article 38-C of CMN Resolution No. 4,557, social risks include the violation of rights, fundamental guarantees, or acts harmful to the common interest, such as practices akin to slave labor and child labor.

Environmental risks encompass environmental degradation and excessive use of natural resources. Climate Risks refer to the possibility of losses for the institution caused by events associated with frequent and severe weather conditions or long-term environmental changes that may be related to shifts in climate patterns (physical risks). In response to the increase in these risks, socioeconomic changes need to occur, increasing the possibility of losses for the institution due to events associated with the transition process to a low-carbon economy, where greenhouse gas emissions are reduced or offset, and natural mechanisms for capturing these gases are preserved (transition risks).

Social, Environmental, and Climate Risks Management Process

The risks management process relies on a governance structure composed of committees, policies, rules and procedures, which proactively ensure proper identification, measurement, mitigation, monitoring and reporting of these risks in various processes. The following are the responsibilities of the areas that manage and control social, environmental, and climate risks:

SAC Risk Assessment	▪ Analyze and issue risk opinions on credit operations, project financing, and real estate guarantees that fall within the scope; ▪ Monitor the credit portfolio's exposure to potential SAC impacts by sector; ▪ Evaluate scenarios associated with changes in climate patterns and the transition to a low-carbon economy.
SAC Risk Methodology and Governance	▪ Propose RSAC control metrics, ensuring their proper approval within the established governance process; ▪ Develop specific clauses and action plans for financed projects when relevant risks that need monitoring are identified; ▪ Report matters related to SAC risk control and monitoring in commissions and executive committees where the topic is addressed, and ensure that relevant issues are reported to the Board of Directors.

Initiatives and Commitments

The Organization takes on various commitments and participates in initiatives related to social, environmental, and climate aspects, such as the Equator Principles, the Principles for Responsible Investment (PRI), the Business Charter for Human Rights and Promotion of Decent Work (Ethos), the United Nations Environment Program (UNEP-FI) and the Net Zero Banking Alliance (NZBA), in addition to being a signatory to the Global Compact and participating in the United Nations Environment Programme Financial Initiative (UNEP- FI), since 2019, Bradesco has participated in sectoral initiatives focused on the development of methodologies and tools for managing climate risks for the banking industry, in line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

Matters relating to the analysis and monitoring of social, environmental and climate risks are reported periodically to the Executive Board and Board of Directors, as well as to the forums and areas involved in the process of managing these risks.

Model Risk

15. Model Risk

Model risk is defined as information that supports decision-making processes, derived from any method, hypotheses, techniques, system or quantitative approach, among others, that apply statistical, economic, financial, or mathematical theories to transform data into estimates.

Model Risk Management Process

The use of models to support business decision-making is an increasingly widespread practice in financial institutions. These tools enable the synthesis of complex issues, the standardization and automation of decision-making, and the possibility of reusing internal and external information, resulting in improved efficiency by reducing costs associated with manual analysis and decision-making.

The Organization uses models to support decision-making, prepare financial and regulatory reports, and provide predictive information in various business areas, such as risk management, capital calculation, stress testing, and other estimates derived from models to assess financial or reputational impacts. Thus, the Organization recognizes the existence of risks associated with the use of models and the importance of the process of managing this risk. The coordination of this process involves Independent Model Assessment - AVIM.

AVIM is responsible for evaluating whether the models are performing as expected, according to their development and usage objectives, and for identifying potential limitations by assessing possible impacts. Additionally, it establishes standards aimed at standardizing procedures related to the Organization's Corporate Model Inventory and the measurement and control of Model Risk.

Model Risk Methodology

The model risk methodology comprises the classification into Tiers, which represent its relevance for the Organization and determine the prioritization, latency, and level of depth of the analyzes used in its assessment.

The assessment approach of the model risk includes qualitative and quantitative aspects, the analysis of which results in a score that leads to five rating levels: Minimal Risk, Low Risk, Moderate Risk, High Risk, and Very High Risk.

AVIM prepares the model validation and verification schedule based on prioritization criteria (Tier) and submits it for evaluation by the Integrated Risk Management and Capital Allocation Committee.

Additionally, the report of model risk monitoring is carried out in the Model Risk Commission and the Integrated Risk Management and Capital Allocation Committee, the last one responsible for discussing and formalizing the methodologies for controlling and evaluating of model risk.

Operational Risk

16. Operational Risk

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

Operational Risk Management Process

Operational risk management is carried out corporately and involves various areas with specific assignments to ensure an efficient structure, which allows for adequate risk assessment and supports managers and Senior Management in decision-making.

The process includes steps such as identification, evaluation, and continuous monitoring of the operational risks inherent to the Organization's activities, including new products, services, and partners aiming at their compliance with legislation and procedures and controls, as well as the regulatory environment, whose the result and its main aspects are periodically reported to Senior Management and the regulator.

These procedures are supported by an internal controls system, independently certified as to their efficacy and execution, to achieve risk appetite limits established by the Organization.

Matters related to operational loss events, as well as the controls and actions taken to mitigate them, are presented and discussed periodically with the areas involved in the operational risk management process, including the involvement of Senior Management.

Operational Risk Methodology Measure

Pursuant to Central Bank of Brazil Circular No. 3,640/2013, the Organization adopted the Alternative Standardised Approach to calculate the risk-weighted assets corresponding to the Operational Risk (RWA_{OPAD}).

Moreover, the Organization uses the operational losses internal data, which are used to measure the operational risk economic capital based on internal models. In this context, the Organization classifies the operational risk events as follows:

Operational Risk Events

■ Internal Fraud	■ Damage to physical assets owned or in use by the institution
■ External Fraud	■ Failures in information technology (IT) systems, processes or infrastructure
■ Labor demands and poor workplace safety	■ Failures in the execution, in meeting deadlines or in the management of the institution's activities
■ Inappropriate practices regarding customers, products and services	■ Situations that lead to the institution's activities interruption or the discontinuance of the services provided

Business Continuity Management

17. Business Continuity Management (BCM)

The Organization establish the Business Continuity program according to ABNT NBR ISO 22,301, which defines as "the ability of the Organization to keep on delivering goods or services according to previously defined and acceptable levels after disruption incidents".

The procedures adopted after a disruption, which must ensure an acceptable operational level for critical business processes – whether internal or outsourced –, are included into a Business Continuity Plan (BCP) whose purpose is to recovery the activities reducing potential impacts for our customers.

The organizational and the governance structures established regarding Business Continuity include policies and standards that define the roles and responsibilities aimed at ensuring that the plans and strategies employed are up to date. The PCN effectiveness is guaranteed by through the application of tests and exercises in business units on a regular basis. The Organization's Continuity Management Program also takes into account the critical processes carried out by service providers.

Policies and standards are in line with the Central Bank of Brazil regulations and the recommendations of the Basel Committee on Banking Supervision. Business Continuity Management process is under the responsibility of the Business Continuity Management area, part of Integrated Risk Control Department (DCIR).

Business Continuity Management Process

The business continuity management process is carried out in a corporate and integrated manner, in order to accomplish the annual cycle in the Organization. According to this process, the units must:

- Review business processes based on the Business Impact Assessment (BIA) on a timely basis;
- Assess Business Continuity strategies;
- Keep all plans duly reviewed and updated in a corporate tool;
- Promote awareness on Business Continuity to the persons involved in the activities;
- Test all plans and strategies according to the annual planning;
- Analyze the outcomes and make adjustments and improvements, when necessary;
- Identify, assess and handle all continuity procedures that involve providers and systems that are deemed material for the unit's activities.

The business continuity actions are developed internally, based on the best practices issued by the key international entities in the sector: DRII – Disaster Recovery Institute International (USA) and BCI – Business Continuity Institute (UK). It also takes into account national rulings and frameworks, such as ABNT NBR ISO 22301 and ABNT NBR ISO 22313 standards.

Control and Monitoring

All stages of the continuity management process are controlled by the Business Continuity Management (GCN) area through monitoring tests and exercises of PCN in the business areas, as well as Disaster Recovery (DRPs) exercises with the Technology Departments of the Organization with its results being assessed and provided to the respective departments and to forums of the Organization and making available to the Regulatory Agencies, and Internal and External Audits. Additionally, the GCN area is also responsible for ensuring the physical infrastructure assets maintenance of the Corporate Business Continuity site.

Internal Reporting

All communication actions are accessible to employees of Departments and Related Companies through: Policies and Standards on Business Continuity and Material Providers, available at the Normative system; On-line training programs offered in the corporate intranet system; Meetings held with BCM Representatives; and awareness trainings.

Corporate Crisis Management

18. Corporate Crisis Management

The Organization defines incident and crisis as follows:

Incident: momentary event, of small complexity and with possible repercussions for stakeholders. The incident, depending on the severity, is classified as relevant or critical.

Crisis: the occurrence of an adverse event (or combination of events) extremely rare, unstable and complex that may result in a relationship deterioration with stakeholders and also, represent a potential threat to strategic objectives, reputation or even the Organization existence.

Corporate Crisis Management Process

The corporate crisis management process contributes so that any signs of incident and crisis are timely identified, evaluated, classified according to their severity, in order to actions are promptly taken to reestablish the normal activities course and strengthen the Organization's operational resilience.

The corporate crisis management process comprises the following stages:

- **Prevention:** Identify vulnerabilities and develop scenarios that could result in incident and/or crisis;
- **Preparation:** Develop incident and/or crisis response plans and conduct training;
- **Response:** Trigger incident and crisis management and execute response plans;
- **Recovery:** Identify opportunities to improve incident and crisis management process and plans.

In order to harmonize the severity of an incident and/or crisis perception, the Organization established impacts levels that support the resources optimization and dimensioning of the necessary efforts in light of the event that is presented, being relevant incident, critical incident and crisis.

Internal communication for corporate incident and crisis management is carried out in a timely manner through the issuance of bulletins and reports in accordance with established governance.

Corporate Crisis Management Structure

The corporate incident and crisis management structure comprises a robust control process, composed by forums that support decision-making, provide information, propose necessary actions and report on the effectiveness of executed actions.

Strategy Risk

19. Strategy Risk

The strategy risk is represented by the deterioration possibility in results, capital and/or strategic indicators (in relation to plan) due to business decisions not according with the strategy, inadequate decisions in the process of implementation, as well as lack and/or insufficient reaction to changes in the business environment.

Strategy Risk Management Process

The strategy risk management process is carried out in a corporate and integrated manner, comprising the identification, classification, control and reporting of risks that may compromise the achievement of the Organization's strategic objectives.

The Organization bases its works on four pillars – client, our inspiration; people, our team; digital transformation, how we do it; and sustainability, made to last – that support the corporate purpose of create opportunities for the progress of people and the sustainable development of companies and society.

The management of strategy risk is carried out periodically by monitoring the strategic pillars risk, considering the assessment of strategic objectives and initiatives, critical success factors, competitive advantage and disadvantage, opportunities and threats, among other aspects.

Strategy risk management is supported by Policy and Standard, which describe the assessment scope, methodology and governance of strategy risk, in line with the Organization's guidelines.

Step-in Risk

20. Step-in Risk

Step-in risk is represented by the possibility of occurrence of financial loss resulting from the Organization's (contractual or non-contractual) relationships with controlled, affiliated companies, parallel structures, parent companies, investment funds, foundations, suppliers and unconsolidated partners in the Prudential Conglomerate.

Step-in Risk Management Process

The Organization, in view of the complexity and variety of its activities, interacts with several entities not present in the consolidation of the financial statements and, therefore, is also exposed to various types of risks, whether they arise from internal or external factors.

The step-in risk management process is carried out in a corporate and integrated manner, comprising the evaluation of unconsolidated relationships in the Prudential Conglomerate, in which, regardless of whether or not there is participation in the capital, they may generate a need for a future financial contribution, even if there is no legal or contractual obligation to do so, other than the possibility of impacting the Organization's reputation. This process contributes so that any signs of contagion are identified in a timely manner, evaluated and classified according to their severity, so that actions are promptly adopted in order to subsidize Senior Management in decision-making.

Therefore, the Organization recognized this theme in the Step-in Risk Policy and Guideline, which deals with the scope of assessment, methodology and governance of step-in risk. The methodology comprises a set of financial indicators, the control environment, management and materiality of the entity that aim to capture the probability and impact of a potential step-in risk of the assessed entity, resulting in classification in one of the following levels: Minimum, Low, Moderate, High and Very High.

Matters related to the analysis and monitoring of Step-in risk are reported promptly to the areas involved, in accordance with established governance.

Cybersecurity Risk

21. Cybersecurity Risk

Represented by the possibility of cyber incidents, including attacks, intrusions and leakage, that could compromise the confidentiality, integrity and/or availability of the Organization's critical business processes, assets and/or infrastructure.

Cybersecurity Risk Management Process

The cybersecurity risk management framework aims to ensure governance compatible with the Organization's size, risk profile and business model, so that critical IT assets and infrastructure are able to resist cyber attacks. This structure is adopted in a corporate manner and involves Organization's several areas, which have specific attributions, ensuring an efficient structure in the control and mitigation of these risks, allowing them to be identified, measured, manage and communicated, contributing to the achievement of strategic objectives.

To ensure the proper management of cybersecurity risk, which allows for an adequate assessment of risks and support managers and Senior Management in decision-making, the Organization is based on the pillars of Information Security and Cybernetics:

- **Confidentiality:** With proper classification, encryption, access controls and network segmentation so that the right to read, copy and use information is granted only when necessary and to authorized persons, protecting the Organization against misuse or data leakage;
- **Integrity:** With proper authentication, traceability and data protection controls to ensure accuracy, consistency and reliability of information, protecting the Organization's assets against malicious software or cyber attacks that cause data to be corrupted, altered or destroyed;
- **Availability:** With proper backup, contingency and redundancy procedures, so that critical business processes can be performed properly, protecting the Organization's assets against the cyber attacks that deplete the capacity of the technology infrastructure and cause instability, deactivation or unavailability services.

The above principles are followed in adopting the best market practices in processes, methodology and controls for the identification and management of cybersecurity risk, as well as the prevention and treatment of information security and cyber incidents. For this, the following activities are carried out:

- **Threat Identification:** Detect and identify threats and vulnerabilities, as well as identify and assess risks and define potential scenarios that could affect the Organization's cyber environment. This stage also comprises the continuous governance indicators monitoring that contribute to improve the trends identification and anticipate possible incidents;
- **Protection Against Attacks:** Take preventive actions to mitigate or transfer cybersecurity risk and safeguard critical assets, such as information and cybersecurity awareness and training, as well as implement security updates, protection against viruses, files and malicious software, managed and periodically updated;
- **Attack Detection:** Timely monitor and identify the risk materialized in attacks or information leakage, with monitoring tools and investigation processes that inform those responsible for response actions;
- **Attack Response and Recovery:** Record, analyse the origin and relevant incidents effects, duly detailed actions in specific Incident Management regulations, defining the criticality assessment, designation of persons responsible and expected action to contain the incident, restore the assets

Cybersecurity Risk

and mitigating the impacts in addition to guiding the actions to be taken in the post-incident to support decision-making that prevents the new similar attacks occurrence.

In compliance with CMN Resolution No. 4,893/21, the Organization uses various means such as corporate policies and standards revised annually, training and awareness activities in information and cyber security, communication of threats and incidents to stakeholders, Information Security and Cybernetics indicator management process, issuing an annual cybersecurity report, in addition to independent effectiveness tests and periodic carried out in key controls to monitor cybersecurity risk.

Matters related to cybersecurity risk events are reported on a timely and periodic manner in the Organization's risk control forums, including timely communication with stakeholders.

Cybersecurity Risk Methodology Measure

The Organization uses internal and external information sources about new threats types, vulnerabilities and cyber attacks, in addition to market standards such as ISO/IEC 27005:2018 - Information Security Risk Management, NIST Cybersecurity Framework - NIST CSF (Guide to Improving Cybersecurity for Critical Infrastructure) and the Information Security Forum (ISF) for the development of an internal cybersecurity risk assessment model.

Incident Severity Graduation

Information and cybersecurity incidents are graded according to the severity factors defined in an "Information and Cybersecurity Incident Severity Matrix", which considers the potential impacts: to customers, employees and other interested parties; financial; regulatory; reputational; availability of systems or services; and, the holders privacy of data.

Tactical Actions Group for Information and Cybersecurity Incidents (GATI)

The GATI, a multidisciplinary group, aims to conduct the technical analysis and direct timely measures during the security incidents handling of greater severity and potential impacts to the Organization and, also, to support and monitor, in a collegiate manner, the actions and decision-making related to the incident.

Hiring Relevant Service Providers

The procurement of relevant data processing and storage services and cloud computing follows criteria aligned with internal governance and regulatory compliance policies, containing specific requirements for contracting these services to avoid compromising the confidentiality, integrity, and availability of information.

Assurance System and Organization Controls Report - SOC 2 and SOC 3

The Organization has achieved SOC 2 and SOC 3 Assurance, issued by an independent specialized audit, which is renewed annually. The Assurances confirmed the consistency and effectiveness of the controls implemented for the security of the IT environment, regarding the financial services provided, with evaluation based on security criteria and controls of international standard information (AICPA – Association of International Certified Professional Accountants) covering the service categories: security, availability, processing integrity, confidentiality and privacy.

22. Compliance Risk

It is the risk arising from legal or administrative sanctions, financial losses, reputational damage and others due to non-compliance or failure to observe the legal framework, the infralegal regulation, the recommendations of regulatory bodies and of self-regulatory organizations and ethical conduct codes applicable to the developed activities by the Organization.

Management Process

To compliance risk management to be carried out in an integrated and coordinated manner, the following activities are essentially carried out:

- Advising the Organization on compliance risk matters;
- Promoting acculturation actions for administrators, employees, trainees, apprentices and collaborators, as well as promoting training and awareness programs on compliance issues;
- Establishment rules and procedures aimed at the Organization's adherence to the Code of Ethical Conduct and to external rules on conduct with the customer, competition and anti-corruption;
- Evaluating and certification the legal and regulatory aspects concerning the Organization's products, services and partnerships;
- Coordination the service to the demands of regulatory bodies, regulators, self-regulators, counterparties and correspondent banks;
- Identification, assessment, treatment and monitoring compliance risks inherent to the Organization's activities;
- Management the Expected Conduct Program;
- Monitoring and new regulations disclosing and legislation applicable to the Organization's activities and certification of actions adopted by managers to comply with new regulatory rules; and
- Monitoring the implementation of policies and procedures.

These procedures are distributed in actions focused on strategy, prevention, detection, response and remediation and reporting.

Administrators Compensation

23.Administrators Compensation

23.1. Remuneration Committee

The Committee shall be composed of three (3) to seven (7) members, chosen from among the members of the Banco Bradesco S.A.'s Board of Directors, except for one (1) member that will be, necessarily, a non-manager, all with two (2) year term of office, and one of them shall be designated as Coordinator.

This Committee has as purpose to assist the Board of Directors in the conduct of the administrator's compensation policy, pursuant to the current legislation.

The Remuneration Committee is composed of the following members (base date December/2024):

Members	Function
Alexandre da Silva Glüher	**Coordinator**
Mauricio Machado de Minas	**Member**
Samuel Monteiro dos Santos Junior	**Member**
Fabio Augusto Iwasaki	**Non-Managing Member**

23.2. Remuneration Structure

23.2.1. Compensation Policy

Its objective policy:

- To guarantee the establishment of the remuneration practice to all the Organization´s Administrators, including the Members of the Board of Directors and of the Board of Executive Directors in all the different hierarchical levels.
- To assure that the remuneration practice is in accordance with the legislation, principles and regulations that control the matters, based on (i) Administrators responsibilities, considering their different positions and functions; (ii) the time dedicated to their functions; (iii) the professional competency and reputation, considering their experience and qualification; and (iv) the value of their services in the market.
- To provide the alignment between the Administrator´s remuneration practices and the Organization´s interests, so that the decisions made are the best possible, aiming to create value for its shareholders and investors.
- To guarantee that the remuneration practice is related to objectives that seek the Organization's appreciation, encouraging integrity and ethical behavior and not motivating behaviors that increase the exposure to risks considered above a prudent level, in the short, mid and long term adopted strategies.

The Compensation Policy is revised once a year; the last revision being carried out in April 2024.

23.2.2. Assessment Process

23.2.2.1. Corporate Assessment Process

The uniformity in the treatment of work areas is one of the keys for the Organization's effectiveness, as a manner to inhibit individualism, maintaining a good work environment favourable for teamwork.

The Organization maintains a collegiate management culture, in which all relevant decisions, business or administrative ones, are made by committees composed, primarily, by Administrators.

Thus, even with the establishment of targets and goals for all areas, individually, for the compensation purpose, the overall performance of the Organization is considered, making no segregation of area, whether it is considered a support or business area, technical or relationship area.

This overall performance, denominated in the Corporate Rule as Corporate Assessment Process takes into consideration the outcome of performance indicators, as follows:

- ROAE – Return On Average Equity;
- Overall Customer Satisfaction Index;
- Tier I Ratio;
- Operating Efficiency Ratio (ER);
- Social and Environmental Dimension of Market Indexes; and
- Coverage Ratio.

23.2.2.2. Individual Assessment Process

The individual performance of the Administrators, as well as their corresponding areas, is accompanied by their respective superiors, according to the formal evaluation process, in compliance with the requirements of CMN Resolution 5,177/24.

For the formal assessment process, specific indicators are defined for areas and for individual assessment, according to the Administrator's functions, taking into account the business areas, control areas and other support areas.

For **areas assessment**, at least the following groups of indicators are considered:

- **Main activity actions:** are indicators that suggest the target and goals of the main activities of the area;
- **Actions focused on operational efficiency:** are indicators that measure the operational efficiency, in order to maximize their results with minimum use of resources;
- **Actions directed to risk management:** are corporate indicators that measure exposure to risks and internal controls, properly monitored by the responsible Area (Integrated Risk Control Department - DCIR);
- **Actions directed to customer service:** are indicators that assess the results/levels of satisfaction of internal and/or external customers; and
- **Actions directed to environmental aspects:** are indicators that assess the degree of compliance with the Strategy of Corporate Sustainability, in conducting the area objectives, considering ESG

aspects (Environmental, including Climate Change, Social and Governance) and the performance in the main Sustainability Indexes and Ratings.

For **individual assessment**, at least the following indicators are considered:

- **Quality of products/services:** aims to evaluate the quality standards of products/services offered/rendered according to the area of the Administrator assessed;
- **Commitment to strategy:** aims to evaluate if its performance reflected positively with material contributions to the Strategic Planning in the period;
- **Participation in collegiate decisions:** aims to evaluate the active participation in summoned meetings and committees, with opinions that contributed to the submitted decisions;
- **Team Leadership:** evaluates the team management process;
- **Planning:** assesses the ability to plan the activities of their area in the medium and long-term;
- **Overview:** evaluates, mainly, the Administrators' vision about future trends to meet the market demands; and
- Applies to the Board of Directors and its respective members, if suitable, the indicator listed above.

The Administrators performance assessment of the internal control and risk management areas must be based on the achievement of the objectives of their own functions and not specifically on the overall performance of the Organization. Internal control and risk areas within the Organization are considered, the Compliance and Non-Financial Risk Management, Financial Risk Management and the Global Internal Audit, as well as the related areas of the other companies of the Bradesco Organization.

23.2.3. Remuneration X Organization Objectives

One of the guidelines of the Administrators Compensation Policy is ensuring that the practice of remuneration is related to goals that value Bradesco Organization and the individual, encouraging integrity and ethical behaviors, and not encouraging behaviors that increase the exposure to risks above the levels considered prudent in the strategies of short, medium and long-term adopted by the Bradesco Organization.

As a result, by means of the payment of fixed remuneration, Bradesco seeks, in the short-term, to align the interests of administrators to its.

In order to encourage the alignment of medium-term interests, Bradesco can realize the payment of variable remuneration to its managers, as detailed in chapter 24.2.4, that will be deliberated after verifying the satisfaction of the specific indicators.

23.2.4. Remuneration of the Board of Directors and Executive Board

The remuneration structure of Bradesco's Administrators, composed of fixed remuneration (monthly remuneration) and variable remuneration (multiple compensations), in consonance with the guidelines established in its Administrators Compensation Policy, which takes into consideration the requirements of CMN Resolution 5,177/24 and, in addition, the post-employment benefit in the Supplementary Pension Plan, aim to align the interests of administrators with Bradesco's projects and results.

The remuneration composition of the Board of Directors and Executive Board is detailed below:

Administrators Compensation

- **Fixed Remuneration or Monthly Remuneration:** monthly fixed remunerations established for the period of the Administrator's term;
- **Variable Remuneration:** amount attributed to the Administrators, as performance remuneration, in addition to the Fixed Remuneration, based on the target criteria and performance indicators. It is important to highlight that the total Variable Remuneration will be paid on a date to be defined by the Board of Directors, and 50% (fifty per cent) of the net value of the Variable Remuneration will be allocated for the purchase of PNB shares issued by BBD Participações S.A. and/or preferred shares issued by Bradesco (Bradesco preferred shares), which are filed and unavailable ("Restricted Shares"). The Restricted Shares become available in three (3) equal, annual and successive installments. The first installment will expire one year after the date of the acquisition of shares;
- **Overall Amount:** includes the total remuneration (fixed and variable remuneration);
- Additionally, the administrators are entitled to a Pension Plan that aims to ensure their performance in line with the continuity of business and the creation of long-term value for the Organization. This system binds the administrators to a cautious management and in line with the long-term risks, leading to an increase in the amounts distributed to the Organization's shareholders.

For the definition of the global amount of remuneration, the Organization observes the following criteria:

- **Bradesco Organization's Remuneration Committee:** proposes to the Board of Directors the Global Amount of remuneration (Monthly Remuneration and Variable Remuneration). The payment of the Variable Remuneration will observe the target criteria and performance indicators to be established and will be limited to the Global Amount, to be distributed to the Administrators.

To define the Overall Remuneration Amount (Monthly Remuneration and Variable Remuneration), the Remuneration Committee shall observe the following aspects:

- Size and result of the company compared to its competitors;
- Domestic and international economic conditions, considering the past, present and future scenarios;
- Internal and external factors that may affect the Bradesco Organization's businesses (current and potential risks); and
- Bradesco Organization's Overall performance, involving the recurrent income realized and the capacity to produce cash flows.

The Remuneration Committee will use other indicators when deemed necessary and appropriate. In addition, it will use studies, evaluations, surveys and other materials prepared by the technical areas, such as Departments: Studies and Economic Research, Controllership, General Accounting and Integrated Risk Control; besides other areas it deems appropriate.

- **Board of Directors:** the Organization's top management body, which is responsible for evaluating the Remuneration Committee's proposals and deliberating on them;
- **General Shareholders' Meeting:** it is incumbent upon the General Shareholders' Meeting to approve the Overall Amount of the Company's remuneration.

Once all the steps of determining and approving the Overall Amount of remuneration have been fulfilled, it is the responsibility of Bradesco's Board of Directors to define the remuneration of each of its Managers, composed of Monthly Remuneration and, based on the fulfilment of the target criteria and indicators, Variable Remuneration.

Administrators Compensation

23.3. Remuneration attributed

REM1: Remuneration awarded during the financial year

The table below shows the remuneration attributed to the senior management and members of the board of directors during the reference year.

R$ million			a	b
			2024	
		Remuneration amount	**Senior management**	**Board of Directors**
1	**Fixed remuneration**	**Number of employees (qty)**	**138**	**11**
2		**Total fixed remuneration (3 + 4 + 5)**	**332**	**33**
3		Of which: cash-based	332	33
4		Of which: shares or other share-linked instruments	-	-
5		Of which: other forms	-	-
6	**Variable remuneration**	**Number of employees (qty)**	**138**	**11**
7		**Total variable remuneration (8 + 10 + 12)**	**350**	**33**
8		Of which: cash-based	175	16
9		Of which: deferred	-	-
10		Of which: shares or other share-linked instruments	175	16
11		Of which: deferred	175	16
12		Of which: other forms	-	-
13		Of which: deferred	-	-
14	**Total remuneration (2 + 7)**		**682**	**66**

REM2: Special payments

The table below shows quantitative information on special payments for the financial year.

	Dec-24					
R$ million	**Guaranteed bonuses**		**Sign-on awards**		**Severance payments**	
Special payments	**Number of employees**	**Total amount**	**Number of employees**	**Total amount**	**Number of employees**	**Total amount**
Senior management	-	-	3	22	-	-
Other material risk-takers	-	-	-	-	-	-

Administrators Compensation

REM3: Deferred remuneration

The table below shows the total deferred remuneration during the reference year.

	a	b	c	d	e
Deferred Remuneration (R$ million)	**Total amount of outstanding deferred remuneration**	**Of which: Total amount of outstanding deferred and retained remuneration exposed to ex post explicit and/or implicit adjustment**	**Total amount of amendment during the year due to ex post explicit adjustments**	**Total amount of amendment during the year due to ex post implicit adjustments**	**Total amount of deferred remuneration paid out in the financial year**
\\ Senior management	**113**	**113**	**-**	**-**	**56**
Cash	-	-	-	-	-
Shares	113	113	-	-	56
Cash-linked instruments	-	-	-	-	-
Others	-	-	-	-	-
\\ Board of Directors	**27**	**27**	**-**	**-**	**12**
Cash	-	-	-	-	-
Shares	27	27	-	-	12
Cash-linked instruments	-	-	-	-	-
Others	-	-	-	-	-
\\ Total	**140**	**140**	**-**	**-**	**67**

Comparison of modelled and standardised RWA

24. Comparison of modelled and standardised RWA at risk level

The internal models approach in the calculation of risk-weighted assets (RWA) allows financial institutions to use their own models for a more accurate and risk-sensitive assessment of financial exposures. This methodology, regulated by CMN Resolutions No. 4,958/21 and No. 303/23 and BCB Circular No. 3,646/13, is part of the Basel Committee on Banking Supervision guidelines, providing a more efficient capital allocation aligned with the specific risk profile of the financial institution.

Since January 2013, the Organization has been authorized by the Central Bank of Brazil to use its internal market risk models for regulatory capital calculation.

The table below presents a comparison of the RWA components calculated using standardized approaches and internal models approaches. Additionally, it shows the RWA of total exposures if the calculation were to occur using standardized approaches.

Comparison of modelled and standardised RWA at risk level (CMS1)

		a	b	c	d
		Dec-24			
		RWAs			
R$ million		RWA internal models	RWA standardised approach	Total RWA (a + b)	RWA - calculated using full standardised approach
1	Credit risk (excluding counterparty credit risk)	-	807,790	807,790	807,790
2	Counterparty credit risk		34,946	34,946	34,946
4	Securitisation exposures in the banking book		2,176	2,176	2,176
5	Market risk[(1)]	9,259	18,930	28,188	30,563
6	Operational risk		93,225	93,225	93,225
7	Residual RWA		42,344	42,344	42,344
8	**Total**	**9,259**	**999,409**	**1,008,668**	**1,011,042**

(1) Total RWA corresponding to the greater of the Internal Model and 80% of the Standardized Model, plus the DRC and CVA components

Comments

For the 4Q24 closing, there was no significant difference between the internal model and the standardized model.

Currently, the Organization does not use the internal models approach for the calculation of regulatory capital for credit risk, opting to follow the standardized approach as per current regulations.

Appendix

I. Appendix

The appendix described below are available on the Investor Relations website (bradescori.com.br – Market Information – Reports and Spreadsheets - Risk Management – Exhibits Pillar 3), as well as all the tables listed in this document.

Institutions Participating in the Prudential Conglomerate – IPCP

Show the scope of the publication, in addition to the Prudential Conglomerate's institutions, the following companies are also part of the consolidation.

Relevant Institutions – IREL

List of the main companies, with a direct and indirect interest, included in the accounting statements.

Equity Interests – PS

Information on the companies' equity interests.

II. Glossary

A

ABNT – *Associação Brasileira de Normas Técnicas* (Brazilian Technical Standards Association)

AICPA – Association of International Certified Professional Accountants

ANS – National Regulatory Agency for Private Health Insurance and Plans

ASF – Available Stable Funding

AVIM – Independent Model Validation Area

B

BCB – Central Bank of Brazil

BCI – Business Continuity Institute

BCM – Business Continuity Management

BCP – Business Continuity Plan

BIA – Business Impact Assessment

C

CCF – Credit Conversion Factors

CCR – Counterparty Credit Risk

CEO – Chief Executive Officer

CET1 – Common Equity Tier I

CMM – Mark-to-Market Commission

CMN – National Monetary Council's

COAUD - Board of Directors and the Audit Committee

COGIRAC – Integrated Risk Management and Capital Allocation Committee

COTES - Stress Testing Technical Commission

CRA - Agribusiness Receivables Certificate

CRI – *Certificado de Recebível Imobiliário* (Securitised Real Estate Loans)

CRM – Credit Risk Mitigation

CRO – Chief Risk Officer

CVA – Credit Value Adjustment

D

DCIR – Integrated Risk Control Department

DEPEC – Studies and Economic Research Department

E

EVE – Economic Value of Equity

F

FIDC – *Fundo de Investimento em Direito Creditório* (Credit Rights Investment Funds)

H

Glossary

HQLA – High Quality Liquid Assets

I

ICAAP – Internal Capital Adequacy Assessment Process

IMA - Internal Model Approaches

ISO – International Organization for Standardization

L

LCR – Liquidity Coverage Ratio

LR – Leverage Ratio

N

NBR – *Norma Brasileira* (Brazilian Rule)

NII – Net Interest Income

NSFR – Net Stable Funding Ratio

NZBA – Net Zero Banking Alliance

P

P&L – Profit and Loss

PRI – Principles for Responsible Investment

R

RAS – Risk Appetite Statement

RSF – Required Stable Funding

RWA – Risk-Weighted Assets

RWA_{CIRB} – Risk-weighted assets portion relating to credit risk, internal approach

RWA_{CPAD} – Risk-weighted assets portion relating to credit risk, standard approach

RWA_{MPAD} – Risk-weighted assets portion relating to market risk, standard approach

RWA_{MINT} – Risk-weighted assets portion relating to market risk, internal approach

RWA_{OPAD} – Risk-weighted assets portion relating to operational risk, standard approach

S

SA – Standardized Approach

SPE – Special Purpose Entities

SUSEP – Superintendence of Private Insurance

T

TCFD – Task Force on Climate-related Financial Disclosures

U

UNEP-FI – Principles for Responsible Investment

USA – United States of America

V

VaR – Value at Risk

bradesco