

Risk and Capital Management

December 2024



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INTRODUCTION

This document presents information regarding risk management, the calculation of the amount of risk-weighted assets (RWA¹), the adequacy of the Total Capital of the Prudential Consolidated, the comparison between Accounting information and Prudential information, the leverage ratio, liquidity indicators, capitalization indicators, and compensation of directors and officers, in line with the requirements of the Brazilian Central Bank (Bacen), through Resolution BCB nº 54/20, and in line with Pillar 3 of the Basel Accord rules.

In accordance with Resolution nº 4.557/17 issued by Brazil's National Monetary Council (CMN), the Institution has a formal disclosure policy as well as institutional frameworks and policies for risk management and capital management approved by the Board of Directors. The basic principles observed in management and control were established pursuant to current regulations and market practices, as detailed in the specific chapters on each of these topics presented in this report.

This document is divided into sections composed of tables, which present qualitative and quantitative information, in fixed or flexible formats, and with different frequency, which are:

- 1st Quarter of the year: disclosure of the quarterly quantitative tables;
- 2nd Quarter of the year: updating of the quarterly tables and dissemination of the quantitative half-yearly tables;
- 3rd Quarter of the year: updating of the quarterly quantitative tables;
- 4th quarter of the year: updating of the quarterly and half-yearly quantitative tables and disclosure of the annual quantitative and qualitative tables.

The coming sections present updated information for the 4th quarter, including quantitative tables, as established in BCB Resolution nº 54/20. The following tables are outside the scope of updating for S2 Banks: GSIB1, LIQ2 and the tables for exclusive disclosure of institutions authorized to use internal models.

The detailed information is described in the report, in the respective appendices, and in the spreadsheets supporting the tables available on the Investor Relations website at www.bancovotorantim.com.br/ri.

Following are the main indicators on the base date of December 31, 2024, for the Prudential Conglomerate:



¹ Risk Weighted Assets

I. Prudential Indicators and Risk Management

1) KM1: Quantitative information on the prudential requirements

The Institution considers that it is at adequate levels of capitalization, since required capital is lower than available capital and there is sufficient capital margin to support business growth. In December 2024, the Total Capital Ratio was 16.0%, with a capital margin, calculated by the difference between the Total Capital and the required capital, was roughly R\$ 6.3 billion (considering IRRBB). The Tier 1 Capital Ratio ended at 14.5% and the Common Equity Tier I Ratio closed at 12.8%.

Quarterly Update Prudential Consolidated - R\$ million		Dec-24	Sep-24	Jun-24	Mar-24	Dec-23
Available capital (amounts)						
1	Common Equity Tier I (CET1)	11,084	11,073	10,639	10,509	10,600
2	Tier I	12,559	12,564	11,780	11,650	11,722
3	Total Capital	13,888	13,863	12,807	12,654	12,728
3b	Excess of resources invested on permanent assets	-	-	-	-	-
3c	Total Capital Detachments	-	-	-	-	-
Risk-weighted assets (amounts)						
4	Total risk-weighted assets (RWA)	86,693	85,408	81,886	81,618	81,345
Risk-based capital ratios as a percentage of RWA						
5	CET1 ratio	12.8%	13.0%	13.0%	12.9%	13.0%
6	Tier I ratio	14.5%	14.7%	14.4%	14.3%	14.4%
7	Total Capital Ratio	16.0%	16.2%	15.6%	15.5%	15.6%
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	0.0%	0.0%	0.0%	0.0%	0.0%
11	Total of bank CET1 specific buffer requirements	2.5%	2.5%	2.5%	2.5%	2.5%
12	CET1 available after meeting the bank's minimum capital requirements	5.8%	6.0%	6.0%	5.9%	6.0%
Leverage Ratio (LR)						
13	Total exposure	155,057	156,280	147,670	150,386	167,742
14	LR	8.1%	8.0%	8.0%	7.7%	7.0%
Liquidity Coverage Ratio (LCR)						
15	Total high-quality liquid assets (HQLA)	16,865	18,386	18,099	16,518	16,478
16	Total net cash outflow	10,768	12,320	10,930	11,060	9,489
17	LCR ratio	156.6%	149.0%	165.6%	149.3%	173.6%
Net Stable Funding Ratio (NSFR)¹						
18	Total available stable funding (ASF)					
19	Total required stable funding (RSF)					
20	NSFR ratio					

1 - Gradual increase of CET1 buffer Conservation (up to 2.5% from April/22), according to CMN Resolution nº 4.958/21.

2 - Capital conservation buffer requirement is established by the Financial Stability Committee (Comef) and is currently set to zero, according to BACEN nº 42,044/24.

3 - Institutions classified in segment 1 (S1) are subject to compliance with the Systemic Capital Buffer portion, pursuant to CMN Resolution No. 4,553/17).

4 - NSFR information not applicable through segmentation provided for by BACEN No. 3,390/19.

The Total Capital (TC) ended the period at R\$ 13.9 billion, showing an increase of R\$ 25 million compared to the previous quarter's TC, with 90.4% of the TC amount being composed of Tier 1 Capital. Common Equity Tier I Ratio ended the period at R\$ 11.0 billion, showing an increase of R\$ 12 million in relation to the previous quarter, mainly due to the result presented in the period.

2) OVA: Overview of the Institution's risk management

Scope of Capital and Risk Management

The business targets and strategies are determined and validated by Senior Management and Statutory Bodies during the Strategic Planning (SP) process, which seeks to offer guidelines for the next three years for the Institution. The Strategic Planning process is conducted involving several business and cross-cutting areas. Both the process and the strategic objectives was aligned with the risk and capital vision, particularly regarding Risk Appetite, Strategy Risk, and Capital Plan.

The integrated approach to risk management consists of the adoption of tools which enable the consolidation and control of material risks to which the Conglomerate is subject. The aim of this approach is to organize the decision-making process and define tools for maintaining acceptable risk levels which are compatible with the volume of capital available, in line with the business strategy adopted.

The Institution has a list of risks considered material risks, which is reviewed periodically by the Board of Directors. Each risk listed is evaluated to determine the most appropriate treatment (management, hedge, insurance or capitalization) is assessed, to guide the best way to monitor and control it. The risks considered as material on the reference base-date are:

- Credit risk;
- Counterpart's credit risk;
- Credit concentration risk;
- Market risk;
- Interest Rate Risk in the Banking Book (IRRBB);
- Liquidity risk;
- Operational risk;
- Reputation risk;
- Strategy risk;
- Social, Environmental and Climate Risk;
- Model risk;
- Compliance risk;
- Underwriting risk;
- Collateral risk;
- Technology risk;
- Cybersecurity risk; and
- Step-in Risk.

In December 2024, the material risks list was reviewed and reported on the institution Governance.

The levels of exposure to risks are monitored through a framework of risk limits, approved in due governance and incorporated into the Conglomerate's daily activities. Senior Management is involved in monitoring and performing actions that are necessary to risk management.

The risk appetite consists of a statement of risk that the Institution is willing to accept to achieve its objectives and is monitored through indicators and their respective limits. The risk appetite statement (RAS) approved by the Board of Directors reflects Senior Management's expectations, and guides strategic planning and budget, permeating the Institution. Based on this statement, risk appetite is monitored via a dashboard consisting of indicators and limits that are tracked monthly at the competent levels, in addition to actions, complementary monitoring efforts, and specific projects.

The Conglomerate has general and specific structures and policies for risk and capital management, pursuant to CMN Resolution 4.557/2017, approved by the Board of Directors. The basic principles observed in the management and control of risks and capital were established in accordance with current regulations and market practices. The risk mitigation strategy respects the particularities of each risk, and is supported by the structured framework of management aspects: RAS, policies, internal regulations, governance, and performance of the lines of defense:

- 1st Line of Defense – Process Managers: responsible for risks and for designing and implementing controls to respond to those risks.
- 2nd Line of Defense – Supervision, advisory and monitoring areas: support the 1st line by offering specialization, excellence in processes and risk management monitoring, evaluating whether controls are sufficient.
- 3rd Line of Defense – Internal Audit: carries out an independent assessment of the effectiveness of the efforts of the 1st and 2nd lines of defense.

Additionally, it should be noted that the Institution conducts the Internal Capital Adequacy Assessment Process (ICAAP), in line with CMN Resolution No. 4,557/2017, Circular Letter No. 3,911/20218 and BACEN Circular Letter No. 3,907/2018, and the respective report is made available to BACEN annually, covering the capital plan, stress test, capital contingency plan and management and assessment of the need for capital in view of the relevant risks to which the Bank is exposed, among other topics..

Internal Governance and Organizational Structure

The Conglomerate's Corporate Governance structure involves guiding and monitoring the relationships between Banco Votorantim S.A. ("Banco"), its subsidiaries, its shareholders, the Fiscal Council, the Board of Directors (BOD), the Committees subordinate thereto, the Internal and External Audits, the Board of Executive Officers, and the Internal Committees. Each governance body has its roles, scope and composition defined in the law, the Articles of Incorporation, Bylaws, and Regulatory Instructions, as the case may be, which specify all of the responsibilities regarding risk management and monitoring.

The governance structure for risk and capital management of the Conglomerate includes teams and directors responsible for risks and ALM (Asset Liability Management), in addition to internal and corporate collegiate forums, formally organized with delegation of powers. Each governance body has a role, scope and composition defined in regulations, which establish rules, responsibilities and limits according to business strategies and market scenarios. The main forums are:

- The Controls and Risks Committee and the ALM and Taxes Committee are the Management's internal risk and capital management forums. Additionally, the Executive Committee is responsible for the general monitoring of such matters; and
- The Risks and Capital Committee is responsible for advising the Board of Directors, in accordance with CMN Resolution No. 4,557/2017, in preparing the Conglomerate's capital allocation strategy, monitoring the application of the risk appetite statement (RAS) and monitoring risks and capital, in addition to coordinating its activities with the Audit Committee (COAUD), in order to facilitate the exchange of information, the necessary adjustments to the risk and capital governance structure and ensure the effective treatment of the risks to which the Conglomerate is exposed.

Within the scope of the board of executive officers, the most prominent bodies are the Controls and Risk Committee (CRC), which plays a fundamental role for the Conglomerate's integrated risk management and controls, and in a complementary way to this governance, the ALM and Tax Committee, which addresses issues related to capital management. Both report to the Executive Committee and meet on a monthly basis.

The roles of the Institution's Chief Risk Officer (CRO) are described in the Board of Executive Officers' Bylaws, approved by the Board of Directors, which generally involve supervision of the development, implementation, performance and enhancement of the risk management structure, with the aim of maintaining the Conglomerate's financial solvency.

At the tactical level, for the execution of risk and capital management activities, the Bank has dedicated areas that are responsible for consolidated risk and capital controls. The main processes involving risk and capital management are under the responsibility of the Operations and Risk Board of Executive Officers and the Finance and Investor Relations Board of Executive Officers. Also noteworthy was the performance of the Internal Audit as well as the areas of Operational Risk and Compliance, and Independent Validation of Models, which are responsible for ensuring a wide-reaching and independent assessment of the adequacy of the methodologies adopted for integrated risk management, including an assessment of governance, internal processes, technological environment, regulatory compliance, and modeling.

Structured Flow of Information

The Institution adopts the practice of communicating information about risks and capital through reporting with specific periodicity to the parties involved in the processes and Senior Management, which reinforces the timely monitoring of information that subsidizes corporate decisions.

The structured flow of information uses the established governance structure, composed of the Board of Directors, the Committees, and — at a more tactical level — risk and capital managers, control teams, and business units.

The Institution adopts an integrated approach for managing risks and capital, aiming at organizing the decision-making process and define tools for maintaining acceptable risk levels which are compatible with the volume of capital available, in line with the business strategy adopted.



The consolidation of risks covers material exposures inherent to the Institution’s business lines. The exposures are mainly grouped into the following risk categories: market, credit and liquidity. This is done through a structured process that comprises mapping, calculating and consolidating the amounts at risk.

The levels of risk exposure and capital availability are monitored through a limit framework, incorporated into the Institution's activities by means of an organized management and control process which assigns functional responsibilities to the areas involved.

In this context, we highlight the performance of the Integrated Risk area, which is responsible for the procedural and methodological coordination of the Internal Capital Adequacy Assessment Process (ICAAP), updating and reporting the Risk Appetite Dashboard and the material risks list, coordinating the Controls and Risk Committee (CRC), and updating this document. Senior Management is involved in monitoring and performing actions that are necessary to material risk management, to which the Institution is exposed.

Risk Culture

The Board of Directors, supported by the Risk and Capital Committee, plays a major role in disseminating the Conglomerate's risk culture, providing the main guidelines for managing risks and capital in accordance with the business model, the nature of operations and the complexity of the Institution's products, services, activities and processes. In this context, the Board of Directors' main responsibilities include establishing risk appetite levels in the RAS (Risk Appetite Statement), approving the Risk and Capital Management Policy (PCE_005) and the ICAAP Report, deliberating on the Liquidity Contingency Plan and approving the Code of Conduct.

The Risk and Capital Management Policy (PCE_005) stands out, establishing general guidelines for defining, systematizing and standardizing risk and capital management, and providing guidelines for the Risk Appetite Statement (RAS) and the disclosure of information, as provided for in art. 56 of CMN Resolution No. 4,557/17.

Within the scope of the transparency pillar (publication of information), the most important aspects are keeping relevant information on risk and capital management available in a location that is easily accessible to external users, enabling investors and interested parties to assess the sufficiency of the Conglomerate's capital to cover the risks assumed, in accordance with current legislation. The scope of the information disclosed must be defined by means of judgmental relevance criteria, assessed and submitted for approval by the Controls and Risks Committee (CCR).

The Code of Conduct of the Conglomerate and its subsidiaries (PCG_002) is a guide for employee behavior in the execution of activities and in relationships with peers and people outside the organization, within the scope of professional practice, always following the highest ethical standards of transparency, personal and professional integrity.

The culture of the BV financial conglomerate – called “Jeito BV” – has been strengthened by the risk culture project, entitled “Modo Responsa BV”, over the last few years, aiming to improve risk management and control across all BV teams. “Modo Responsa BV” seeks to ensure that BV's culture improves decisions in accordance with its risk appetite and strategic objectives through awareness-raising actions, training and positive incentives for BV teams. Therefore, the Board of Directors (CA), supported by the CRC and working to disseminate Modo Responsa BV, provides the main guidelines for managing risks and capital in accordance with the business model, the nature of operations and the complexity of the Institution's products, services, activities and processes.

Stress testing

The Integrated Capital Stress Test is the representation of stress simulations consolidated in a model that seeks to identify the impact of the simultaneous occurrence of these events on the Total Capital Ratio, Tier 1 Ratio and Common Equity Tier I Ratio Indexes of the Banco BV Financial Conglomerate.

The purpose of the Integrated Stress Test is to assess the Institution's solvency level under adverse and plausible scenarios, by analyzing the regulatory capital for the three-year time horizon. This assessment covers the application of stress scenarios through satellite models and their respective impacts on the Balance Sheet and Income Statement for the Year (DRE) and consequently on Reference Equity (Available Capital) and on the risk portions (required capital). The Integrated Stress Test is used in management through the assessment and construction of the Budget (both in the assessment of capital and in the result in stress scenarios) and in specific demands, such as in the sensitivity analysis of the impact of the dollar variation on the Bank's portfolio, exposure and hedge.

The Integrated Stress Test structure encompasses the stages of scenario definition, satellite models incorporating the relationships of the macroeconomic scenario in credit, market and operational risk, assessment of impacts on the balance sheet, income statement and capital and their use in management. In addition, complementary analyses are also carried out, such as retrospective and sensitivity analyses of the Basel Index and specific analyses of market and liquidity risk, Climate Stress Test, among others.dge.

The Integrated Capital Stress Test process is part of the Internal Capital Adequacy Assessment Process (ICAAP) and is standardized in documents that establish the main guidelines and rules that should be observed when conducting the process. This test relies on the involvement of several areas of the Institution; the governance rite (reporting and approval) involves the Board of Directors, as provided for in CMN Resolution 4.577/17, the Risk and Capital Committee (CRC), and the Controls and Risk Committee (CCR).

Capital Management

At the Conglomerate, capital is managed in order to ensure accordance within regulatory limits and to establish a strong capital base enabling the Conglomerate to develop business and transactions in accordance with its strategic plan and risk appetite. The Conglomerate has an institutional policies and structure for capital management, approved by the Board of Directors, **follow** the Internal Capital Adequacy Assessment Process (ICAAP), which includes:

- Capital continuous management: planning, assessment, control and monitoring of the capital required to bear with the relevant risks;
- Guidelines: documented policies and strategies;
- Specific forums: to develop strategies and manage the use of capital;
- Three-year Capital Plan, including Capital targets and projections, main funding sources and Capital contingency plan;
- Stress tests: assessment os their impacts on Capital;
- Management reports to the Senior Management (Board of Executive Officers and Board of Directors);
- Evaluation of capital adequacy: regulatory and economic perspectives; and
- Reporting to the regulator: Statement of Operational Limits and the ICAAP Annual Report.

Moreover, feasibility analyses for repurchasing instruments eligible for capital with redemption clauses are performed, whenever pertinent.

Capital sufficiency (regulatory view)

The analysis of capital sufficiency from a regulatory perspective aims to assess whether the company has Total Capital (Available Capital) at a level higher than the capital required to cover Pillar I risks, plus the additional requirement to cover the risk of variation in interest rates for transactions not classified in the trading portfolio (IRRBB) in accordance with BCB Resolution No. 48/2020.

Monthly, after the calculation of the Total Capital and the Required Capital, management reports are released, in order to monitor the capital allocated to the risks and the capital ratios (Total Capital Ratio, Tier 1 Ratio, and Common Equity Tier I Ratio). From an economic perspective, the assessment of capital sufficiency takes place through the ICAAP process.

3) OV1: Overview of risk-weighted assets (RWA)

For the purposes of calculating the minimum capital requirement, the following is determined: RWA, as defined by CMN Resolution No. 4,958/2021, wich is comprised of the sum of risk-weighted assets referring to the credit (RWACPAD), market (RWAMPAD) and operational (RWAOPAD) risks.

As of July 2023, BCB Resolution No. 229/2022 came into force, establishing the procedures for calculating the portion of assets weighted by credit risk (RWACPAD), replacing Circular No. 3,644/2013. This new regulation improves and consolidates procedures for calculating RWACPAD, reflecting recommendations from the Basel Committee on Banking Supervision (BCBS) contained in the document "Basel III: Finalising post crisis reforms". As of January 2024, BCB Resolution No. 202/2022 came into force for Type 1 conglomerates (S2 to S4), which establishes the procedures for calculating the portion of assets weighted by risks associated with payment services (RWASP).

Quarterly Update
Prudential Consolidated - R\$ million

		RWA		Minimum capital
		Dec-24	Sep-24	Dec-24
1	Credit Risk in the strictest sense	65,059	65,168	5,205
2	Of which: determined using the standardized approach	65,059	65,168	5,205
3	Of which: determined through the basic IRB approach	0	0	0
5	Of which: determined through the advanced IRB approach	0	0	0
6	Counterparty Credit Risk (CCR)	4,230	3,096	338
7	<u>Of which:</u> standardized approach for counterparty credit risk (SA-CCR)	-	-	-
7a	<u>Of which:</u> CEM approach	3,564	2,724	285
9	<u>Of which:</u> other CCR	666	372	53
12	Equity investments in funds – look-through approach	649	622	52
13	Equity investments in funds – mandate-based approach	0	0	0
14	Equity investments in funds – fall-back approach	0	0	0
16	Securitisation exposures in banking book	362	343	29
20	Market Risk	773	1,323	62
21	<u>Of which:</u> standardized approach (SA)	773	1,323	62
22	<u>Of which:</u> internal model approach (IMA)	-	-	-
24	Operational risk	6,588	6,588	527
1	Payments Risk	103	104	8
25	Values referring to exposures not deducted in the PR calculation	8,929	8,164	714
29	Total (1+6+12+13+14+16+20+24+1+25)	86,693	85,408	6,935

II. Comparison between Accounting and Prudential Information

Risk and capital management is carried out on a consolidated basis in the context of the prudential consolidated, as established in CMN Resolution No. 4,950/2021. Below is the list of entities that comprise this scope, on the base date Dec/2024:

	Activity	% of Participation Dec-24
Controller		
Banco Votorantim S.A. ⁽¹⁾	Multiple Bank	-
Financial Institutions - Brazil		
Banco BV S.A.	Multiple Bank	100,00%
Consolidated Investment Funds		
Votorantim Expertise Multimercado Fundo de Investimento (Expertise)	Fund	100,00%
Fundo de Investimento em Direitos Creditórios TM II (FIDC TM)	Fund	100,00%
Fundo de Invest. em Participações BV - Multiestratégia Investimento no Exterior (Multiestratégia)	Fund	100,00%
Fundo de Invest. em Participações BV Tech I - Multiestratégia Investimento no Exterior (BV Tech I)	Fund	100,00%
Votorantim Securities Master Fundo de Investimento Imobiliário (Master)	Fund	88,43%
Fundo de Investimento Imobiliário Votorantim Patrimonial (Patrimonial)	Fund	99,62%
Controlled by Banco BV S.A.		
Acesso Soluções de Pagamento S.A. - Instituição de Pagamento (Bankly)	Payment Institution	99,99%
Acessopar Investimentos e Participações S.A. (Acessopar)	Holding	99,99%
Fundo de Investimento em Direitos Creditórios BV - Crédito de Veículos (FIDC BV) ⁽²⁾	Fund	42,49%

(1) The Nassau and Luxembourg agencies are included in the scope of Banco Votorantim S.A.

(2) Investment fund in which the Bank assumes or retains, substantially, risks and benefits, through subordinated shares. As of December 4, 2024, FIDC BV is controlled by Banco BV S.A.

4) LIA: Explanation of the origin of the differences between the reported book values

The differences between the amounts reported in table LI1 — referring to the amounts in the financial statements and the amounts considered in the prudential regulation — refer mainly to the difference in the composition of conglomerates (consideration or elimination of non-financial company operations in corporate, elimination of tax on MtM funds in Prudential, among others).

5) LI1: Differences between the scope of accounting consolidation and the scope of prudential treatment

Base Date: Dec-24
Annual Update
Prudential Consolidated - R\$ million

	Carrying values as reported in published financial statements	Carrying values under scope of regulatory consolidation	Carrying values of items				
			Subject to credit risk framework	Subject to counterparty credit risk framework	Subject to the securitisation framework	SujSubject to the market risk framework	Not subject to capital requirements or subject to deduction from capital (*)
Assets							
Cash / Interbank investments	14,134	14,125	752	13,373	-	619	-
Securities and derivative financial instruments	38,449	38,366	27,474	9,490	1,402	14,033	-
Interbank/interbranch accounts	3,575	3,575	3,575	-	-	-	-
Loan, lease and other credit operations	68,936	68,936	68,936	-	-	4,030	-
Other assets	3,638	3,586	1,867	1,937	-	-	219
Non-financial assets held for sale							
Permanent assets	10,073	9,994	865	-	-	-	9,129
Investments	126	782	782	-	-	0	-
Real estate	56	56	56	-	-	-	-
Goodwill and Intangible assets	1,499	1,440	-	-	-	-	1,440
Other receivables	1,026	1,476	1,476	-	-	-	-
Total assets	141,728	142,502	105,949	24,800	1,402	18,681	10,350
Liabilities							
Deposits	33,659	34,569	-	-	-	1,307	34,569
Deposits received under securities	17,174	17,227	-	13,839	-	4,730	3,388
Funds from acceptances and issuance of securities	47,320	47,320	-	-	-	5,178	47,320
Interbank/interbranch accounts	3,348	3,348	-	-	-	6,399	3,348
Borrowings and onlending	7,737	7,737	-	-	-	-	7,737
Derivative financial instruments	2,269	2,269	-	-	-	-	2,269
Technical provision for insurance, pension	12,328	12,317	-	-	-	-	12,317
Provisions	915	794	-	-	-	-	794
Allowance for financial guarantees provided	508	509	-	-	-	-	509
Other liabilities	2,001	1,921	-	-	-	-	1,921
Total liabilities	127,259	128,011	-	13,839	-	17,613	114,172

*Not subject to capital requirements or subject to deduction from capital

** The totalization of column (b) disregards the balance of column (f)

6) LI2: Main differences between the amounts considered in the prudential regulation and the amounts of the exposures

Base Date: Dec-24
Annual Update
Prudential Consolidated - R\$ million

	Total	Carrying values of items			
		Subject to credit risk framework	Subject to counterparty credit risk framework	Subject to the securitisation framework	Subject to the market risk framework
Asset carrying value amount under scope of regulatory consolidation	132,152	105,949	24,800	1,402	18,681
Liabilities carrying value amount under regulatory scope of consolidation	13,839	-	13,839	-	17,613
Total net amount under regulatory scope of consolidation	118,313	105,949	10,961	1,402	36,294
Off-balance sheet amounts	4,870	4,870	-	-	-
Differences in valuations	-	-	-	-	-
Other differences	-	-	-	-	-
Exposure amounts considered for regulatory purposes	123,183	110,820	10,961	1,402	36,294

7) PV1: Prudential Valuation Adjustments (PVA)

Base Date: Dec-24
Annual Update
Prudential Consolidated - R\$ million

		Equity	Interest rates	FX	Credits	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	-	-	-	-	-	-	-	-
7	Operational risk	-	-	-	-	-	-	-	-
8	Investing and funding costs	-	839	345	-	-	1,184	8	1,176
9	Unearned credit spreads	-	-	-	-	-	-	-	-
10	Future administrative costs	-	-	-	-	-	-	-	-
11	Other	-	-	-	-	-	-	-	-
12	Total	-	839	345	-	-	1,184	8	1,176

III. Composition of capital

Below are details on the composition of the Total Capital and eligible instruments, reconciliation with the balance sheet and prudential adjustments.

8) CCA: Main features of regulatory capital instruments

The CCA table is available in Open Data format and on the Investor Relations website (www.bancovotorantim.com.br/ri), Investor Information – Risk and Capital Management menu.

9) CC1: Composition of regulatory capital

Base Date: Dec-24
Half-yearly Update
Prudential Consolidated - R\$ million

		Value	Balance Sheet Reference
Common Equity Tier I: instruments and reserves			
1	Instruments Eligible for the Common Equity Tier I	8,480,372	a
2	Revenue reserves	5,764,221	b
3	Other revenue and other reserve	-352,077	c
5	Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1 capital)	-	
6	Common Equity Tier I before regulatory adjustments	13,892,516	
Common Equity Tier I: prudential adjustments			
7	Prudential adjustments related to the pricing of financial instruments	1,184.35	
8	Goodwill (net of related tax liability)	313,901	
9	Intangible assets	1,237,197	g
10	Tax credits arising from income tax losses and social contribution tax loss carryforwards and those originating from this contribution related to determination periods ended until December 31, 1998	1,158,648	d-e ²
11	Adjustments related to the market value of derivative financial instruments used to hedge the cash flows of protected items whose mark-to-market adjustments are not recorded in the books.	-	
15	Actuarial assets related to defined benefit pension funds	-	
16	Shares or other instruments issued by the bank authorized to compose the Core Capital, acquired directly, indirectly or synthetically	-	
17	Reciprocal cross-holdings in common equity	-	
18	Total value of adjustments related to net non-significant investments in the Common Equity Tier I of companies that are similar to non-consolidated financial institutions, insurance companies, reinsurance companies, capitalization companies and sponsored pension fund entities	-	
19	Total value of adjustments related to net significant investments in the Common Equity Tier I of companies that are similar to non-consolidated financial institutions, insurance companies, reinsurance companies, capitalization companies and sponsored pension fund entities, that exceeds 10% of the amount of the Common Equity Tier I, disregarding specific adjustments	-	
21	Total value of adjustments related to tax credits arising from temporary differences that depend on the generation of income or future taxable income for their realization, above the limit of 10% of the Common Equity Tier I, disregarding specific deductions	97,411	f-e ³
22	Amount that exceeds 15% of the Common Equity Tier I	-	
23	Of which: arising from net investments in the Common Equity Tier I of companies that are similar to non-consolidated financial institutions, insurance companies, reinsurance companies, capitalization companies and open ended pension entities	-	
25	Of which: arising from tax credits resulting from temporary differences that depend on the generation of income or future taxable income for their realization	-	
26	National specific regulatory adjustments	-	
26.a	Deferred permanent assets	-	
26.b	Investment in dependence, financial institution abroad or non-financial entity that is part of the conglomerate, with respect to which the Central Bank of Brazil does not have access to information, data and documents	-	
26.d	Increase of unauthorized capital	-	
26.e	Excess of the amount adjusted of Common Equity Tier I	-	
26.f	Deposit to cover capital deficiency	-	
26.g	Amount of intangible assets established before Resolution No. 4,192 of 2013 comes into effect	-	
26.h	Excess of resources invested on permanent assets	-	
26.i	Total capital detached	-	
26.j	Other residual differences concerning the Common Equity Tier I calculation methodology for regulatory purposes ⁵	-	
27	Other residual differences related to the calculation of the Common Equity Tier I for regulatory purposes	-	
28	Total regulatory deductions from the Common Equity Tier I	2,808,343	
29	Common Equity Tier I	11,084,174	

Additional Tier I Capital: instruments		
30	Instruments eligible for the Additional Tier I Capital	1,474,732
31	<u>Of which:</u> classified as equity under applicable accounting standards	-
32	<u>Of which:</u> classified as liabilities under applicable accounting standards	1,474,732
34	Additional Tier 1 instruments issued by subsidiaries and held by third parties (amount allowed in group additional Tier 1 capital)	-
36	Additional Tier I Capital before regulatory adjustments	1,474,732
Additional Tier I Capital: regulatory adjustments		
37	Shares or other instruments issued by the bank authorized to compose the Additional Tier I Capital, acquired directly, indirectly or synthetically	-
38	Reciprocal cross-holdings in additional Tier 1 instruments	-
39	Total value of adjustments related to net non-significant investments in the Additional Tier I Capital of institutions authorized to operate by the Central Bank of Brazil or by a financial institution abroad outside the scope of regulatory consolidation	-
40	Total value of adjustments related to net significant investments in the Additional Tier I Capital of institutions authorized to operate by the Central Bank of Brazil or by a financial institution abroad outside the scope of regulatory consolidation	-
41	National specific regulatory adjustments	-
41.b	Non-controlling interest in Additional Tier I Capital	-
41.c	Other residual differences concerning the Additional Tier I Capital calculation methodology for regulatory purposes	-
42	Regulatory adjustments applied to the Additional Tier I Capital due to the insufficient Tier II Capital to cover deductions	-
43	Total regulatory deductions from the Additional Tier I Capital	0
44	Additional Tier I Capital (AT1)	1,474,732
45	Tier I	12,558,906
Tier II: instruments		
46	Instruments eligible for Tier II	1,328,625
48	Tier 2 instruments issued by subsidiaries and held by third parties (amount allowed in group Tier 2)	-
51	Tier II before regulatory adjustments	1,328,625
Tier II: regulatory adjustments		
52	Shares or other instruments issued by the bank authorized to compose Tier II, acquired directly, indirectly or synthetically	-
53	Reciprocal cross-holdings in Tier 2 instruments	-
54	Total value of adjustments related to net non-significant investments in the Tier II and other TLAC liabilities of institutions authorized to operate by the Central Bank of Brazil or by a financial institution abroad outside the scope of regulatory consolidation	-
55	Total value of adjustments related to net significant investments in the Tier II and other TLAC liabilities of institutions authorized to operate by the Central Bank of Brazil or by a financial institution abroad outside the scope of regulatory consolidation	-
56	National specific regulatory adjustments	-
56.b	Non-controlling interest in Tier II	-
56.c	Other residual differences concerning Tier II calculation methodology for regulatory purposes	-
57	Total regulatory deductions from Tier II Capital	-
58	Tier II	1,328,625
59	Referential Equity (Tier I + Tier II)	13,887,531
60	Total risk-weighted assets	86,693,012
BIS Ratios and Additional Capital Buffers		
61	Common Equity Tier I Ratio	12.8%
62	Tier I Ratio	14.5%
63	BIS Ratio	16.0%
64	Additional Capital Buffers (% of RWA)	2.5%
65	<u>Of which:</u> capital conservation buffer requirement	2.5%
66	<u>Of which:</u> bank-specific countercyclical buffer requirement	0.0%
67	<u>Of which:</u> capital buffer for institutions that are systemically important at global level (G-SIB)	0.0%
68	Common Equity Tier 1 capital available after meeting the bank's minimum capital requirements (% of RWA)	5.8%
Amounts below the limit for deduction (non-weighted by risk)		
72	Total value, subject to risk weighting, of non-significant investments in the Common Equity Tier I of institutions authorized to operate by the Central Bank of Brazil, non-consolidated overseas financial institutions, companies that are similar to non-consolidated financial institutions, insurance companies, reinsurance companies, capitalization companies and open ended pension entities, as well as non-significant investments in the Additional Tier I, Tier II and other TLAC liabilities of institutions authorized to operate by the Central Bank of Brazil or by a financial institution abroad outside the scope of regulatory consolidation	-
73	Total value, subject to risk weighting, of significant investments in the Common Equity Tier I of institutions authorized to operate by the Central Bank of Brazil, non-consolidated overseas financial institutions, companies that are similar to non-consolidated financial institutions, insurance companies, reinsurance companies, capitalization companies and sponsored pension fund entities	-
75	Tax credits arising from temporary differences, not deducted from the Common Equity Tier I	1,147,278

1 - Includes the prudential adjustment referring to non-controlling interests, as per Art. 5, § 12 of Resolution No. 4,955/2021.

2 - The value is subject to the application of specific rules established in Art. 5, item VII, § 1 and § 2 of Resolution No. 4,955/2021.

3 - The value is subject to the application of specific rules established in Art. 5, item VI, § 1, § 3 and § 4 of Resolution No. 4,955/2021.

4 - The value is subject to the application of specific rules established in Art. 20 of Resolution No. 4,955/2021.

5 - Refere-se ao Ajuste Prudencial mencionado no inc. X do art. 5º da Res. CMN 4,955/2021.

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10) CC2: Reconciliation of regulatory capital to balance sheet

Base Date: Dec-24
Half-yearly Update
Prudential Consolidated - R\$ million

		Consolidated Balanced Sheet	Prudential Consolidated	Balance Sheet Reference
Assets				
1	Cash and cash equivalents	518	509	
2	Financial Assets	128,214	128,079	
2.1	Interbank investments	13,616	13,616	
2.2	Securities	35,903	35,817	
2.2.1	Securities portfolio	36,155	36,069	
2.2.2	(Allowance for Impairment)	-252	-252	
2.3	Derivative Financial Instruments	2,546	2,549	
2.4	Interbank accounts	3,575	3,575	
2.5	Loan operations	68,936	68,936	
2.5.1	Loan	66,172	66,172	
2.5.2	Other credit operations	8,329	8,329	
2.5.3	Lease	31	31	
2.5.4	(Allowance for losses associated with credit risk)	-5,596	-5,596	
2.6	Other receivables	3,638	3,586	
3	Non-financial assets held for sale	216	166	
3	Tax assets	10,073	9,994	
3.1	Current tax assets	879	865	
3.2	Deferred Tax Assets	9,194	9,129	
3.2.1	Deferred Tax Assets on the negative base and tax loss	1,032	1,018	d
3.2.2	Deferred Tax Assets that rely on future profitability (except allowance for credit losses)	2,093	2,042	f
3.2.3	Deferred Tax Assets for allowance for credit losses	6,069	6,069	
4	Investments	126	782	
4.1	Interest in subsidiaries	-	-	
4.2				
5	Real estate in use	56	56	
5.1	Other real estate in use	442	433	
5.2	(Accumulated depreciation)	-386	-377	
6	Intangible assets	1,499	1,440	g
6.1	Intangible assets	2,545	2,480	
6.2	(Accumulated depreciation)	189	189	
6.3		-1,234	-1,228	
6.4	(Allowance for losses/Impairment)	-1	-1	
7	Other Assets	1,026	1,476	
8	Total assets	141,728	142,502	
Liabilities				
9	Financial Liabilities	123,835	124,787	
9.1	Deposits	33,659	34,569	
9.2	Deposits received under securities repurchase agreements	17,174	17,227	
9.3	Funds from acceptances and issuance of securities	44,131	44,131	
9.4	Interbank accounts	3,348	3,348	
9.5	Borrowings and onlending	7,737	7,737	
9.6	Derivative financial instruments	2,269	2,269	
9.7	Subordinated debts and debt instruments eligible for capital	3,189	3,189	
9.7.1	Debt instruments eligible for capital before Resolution 4.192	-	-	i
9.7.2	Other Subordinated debts	0	0	
9.7.3	Debt instruments eligible for capital	3,189	3,189	h
9.8	Other	12,328	12,317	
10	Tax liabilities	915	794	
10.1	Current tax liabilities	312	172	
10.2	Deferred tax liabilities	603	622	e
11	Allowance for contingencies	508	509	
12	Other	2,001	1,921	
13	Total Liabilities	127,259	128,011	
Stockholders' equity				
14	Capital	8,480	8,480	
14.1	as of: Common Equity Tier 1 Capital	8,480	8,480	a
14.2	as of: Additional Tier 1 Capital	-	-	
15	Other Reserves	372	372	b
16	Revenue reserves	5,066	5,392	b
17	Other comprehensive income	-61	-365	c
18	Retained earnings/accumulated losses	-	-	c
19	Total liabilities and stockholders' equity	-	-	c
20	Non-controlling interests	612	612	a
20	Total Liabilities and Stockholders' equity	141,728	142,502	

IV. Macroprudential Indicators

11) CCyB1: Geographical distribution of credit risk exposures considered in the calculation of the Countercyclical Capital Buffer

The following table details the geographic distribution of credit risk exposures considered in the calculation of the Countercyclical ACP, in accordance with Circular No. 3,769/2015:

Base Date: Dec-24

Half-yearly Update

Prudential Consolidated - R\$ million

Geographical breakdown	ACCP _i	Exposure values and/or risk-weighted assets (RWA) used in the computation of the countercyclical capital buffer		Bank-specific countercyclical capital buffer rate	Countercyclical capital buffer amount
		Amount of credit risk exposure to the non-banking private sector	RWACP _i NB		
Brazil	0%	147,068	74,033		-
Bahamas	0%	1,483	1,072		-
Luxembourg	0%	319	220		-
Sum		148,870	75,325		
Total		148,870	75,325	-	-

The Financial Stability Committee maintained the Additional Countercyclical Value of Principal Capital related to Brazil (ACCP_{Brasil}) at 0%, pursuant to BACEN Notice nº 42,044/24

V. Leverage ratio

Circular Letter No. 3,748/2015 sets out the methodology for calculating the Leverage Ratio (LR), which is in line with the recommendations contained in the Basel III documents. The aim of this indicator is to improve financial institutions' ability to absorb shocks from the financial system itself or from other sectors of the economy, enabling financial stability to be maintained. The Leverage Ratio (RA) is defined by the ratio of Level I on Institution's Total Exposure:

$$RA = \frac{\text{Tier I}}{\text{Total exposure}}$$

- Tier I Ratio: corresponds to the sum of Common Equity Tier I and Complementary Capital, as defined in CMN Resolution No. 4,955/2021;
- Total exposure: it is determined by accounting information net of allowances, advances received, and unearned income, and without the deduction of any type of mitigator, as defined by Circular Letter No. 3,748/2015.

The minimum limit of the Leverage Ratio (LR) is 3%, according to CMN Resolution No. 4,615/2017 issued by the National Monetary Council.

12) LR1: Comparison between information of the FSs and the information used to calculate the Leverage Ratio (LR)

Half-yearly Update

Prudential Consolidated - R\$ million

		Dec-24
1	Total consolidated assets as published financial statements	141,728
2	Adjustment from differences of consolidation	774
1+2	Total assets of the individual balance sheet or of the regulatory consolidation, in the case of Leverage Ratio on a consolidated basis	142,502
4	Adjustments for derivative financial instruments	1,204
5	Adjustment for securities financing transactions (ie repos and similar secured lending)	13,839
6	Adjustment for off-balance sheet items (ie conversion to credit equivalent amounts of off-balance sheet exposures)	4,574
7	Other adjustments	-7,063
8	Total Exposure	155,057

13) LR2: Detailed information on the Leverage Ratio

Quarterly Update Prudential Consolidated - R\$ million		Dec-24	Sep-24
Items shown in the Balance Sheet			
1	Balance sheet items except derivative financial instruments, securities received on loan and resales for settlement under repurchase transactions	122,945	126,151
2	Adjustments for equity items deducted in the calculation of Tier I	-3,429	-3,303
3	Total exposure shown in the Balance Sheet	119,517	122,848
Transactions using Derivative Financial Instruments			
4	Replacement value for derivatives transactions	2,549	1,892
5	Potential future gains from derivatives transactions	1,204	1,091
7	Adjustment for collateral in derivatives transactions	-	-
8	Adjustment related to the deduction of the exposure because of the 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	-	-
9	Reference value for credit derivatives	-	-
10	Adjustment of reference value calculated for credit derivatives	-	-
11	Total exposure for derivative financial instruments	3,754	2,982
Repurchase Transactions and Securities Lending (TVM)			
12	Investments in repurchase transactions and securities lending	7,889	326
13	Adjustment for repurchases for settlement and creditors of securities lending	-	-
14	Amount of counterparty credit risk	19,323	17,421
15	Amount of counterparty credit risk in transactions as intermediary	-	-
16	Total exposure for repurchase transactions and securities lending	27,212	17,747
Off-balance sheet items			
17	Reference value of off-balance sheet transactions	8,571	7,455
18	Adjustment for application of FCC specific to off-balance sheet transactions	-3,996	-3,362
19	Total off-balance sheet exposure	4,574	4,093
Capital and Total Exposure			
20	Tier I	12,559	11,780
21	Total Exposure	155,057	147,670
Leverage Ratio			
22	Basel III Leverage Ratio	8.1%	8.0%

VI. Liquidity risk

14) LIQA: Qualitative information on liquidity risk management

Liquidity Risk management aims at organizing, assessing and monitoring the liquidity risk to which the Institution is exposed, establishing the processes, tools and limits required for creating and assessing prospective liquidity scenarios and tracking the risk appetite levels set by Senior Management.

Definition

Liquidity risk is defined as:

- i. Possibility that the Conglomerate may not be able to efficiently meet its expected and unexpected (current and future) obligations, including those arising from binding guarantees, without affecting its daily operations and incurring material losses; and

- ii. Possibility that the Conglomerate may not be able to trade a position at market price due to its large size in relation to the usually traded volume, or due to market discontinuity.

Basic Principles

In line with CMN Resolution No. 4,557/2017, the Bank has institutional policies and structure for managing liquidity risk approved by the Board of Directors. The information about the liquidity risk management structure contained herein is in line with these policies. The basic principles seen in management and control were established in accordance with current regulations and market practices, as follows:

- i. Maintaining an adequate level of unobstructed assets with a high degree of monetization, and using a liquidity reference parameter (target cash);
- ii. Management of the time gap between liabilities and assets, funding and granted loans, optimizing the allocation of own funds and minimizing liquidity risk;
- iii. Optimization of the diversification of funding sources by monitoring the concentration of funding providers and by the compensation in conformity with the levels adopted in the market for third party's funds, and the return level expected by shareholders for own funds.

Governance and Areas Involved

The monitoring of liquidity risk management activities is an integral part of the duties of the following collegiate bodies:

- **Board of Directors:** responsible for setting the basic guidelines of the Institution's liquidity general policy, and for checking and monitoring whether they are being complied with; defining the Institution's Risk Appetite; and approving the Liquidity Risk Limits and the Liquidity Contingency Plan.
- **Control and Risk Committee:** responsible for ratifying and monitoring the liquidity risk appetite, monitoring the cash level, and deciding strategies for liquidity management, control and contingencies.
- **ALM and Tax Committee:** Responsible for evaluating and proposing initiatives to protect and maximize the structural balance of the Bank under an economic and financial point of view, accounting and tax.

Liquidity risk management includes a set of activities that permeate the entire business chain from product development, trading and disbursement, liquidity risk modeling and control and the formalization, accounting records and disbursement of transactions, as well as monitoring the effectiveness of processes and controls used. They are performed by formally set up units with technically qualified staff, under separate management, with clearly defined responsibilities. This structure is composed of teams from the Operations and Risk Board of Executive, the Treasury Board of Executive, and the Finance and Investor Relations Board of Executive Officers.

Measurement system and communication process

The Institution has corporate systems for measuring and controlling liquidity risk, combining internally developed applications with market solutions of proven robustness. These systems deploy integrated treatment of information on a sequential basis:

- Capture of the recording of the transactions carried out and their registration data;
- Continuous update and filing of this information based on structured databases, monitoring their accounting integrity and consistency;
- Assessment of the liquidity profile, by calculating the rollover and maturity of transactions, in accordance with the assumptions of the various scenarios under analysis.

In addition, the Bank has a structured process for reporting liquidity-risk management related issues. This communication process comprises:

- Periodically issuing objective reports showing liquidity scenarios and evolution of the profile of funding portfolios, and showing levels of use of authorized limits;
- Periodic joint follow-up forums, in compliance with the decision-making levels, where the issues under analysis are discussed by the participants.

Fundraising Strategy

The institution raises funds through various financial instruments, which individually have different characteristics that should be mapped out and managed to ensure suitable levels of liquidity.

The institution has managed funding indicators in place, aimed at assisting in the management of structural liquidity and promoting the diversification of funding. These indicators are monitored daily by the areas involved and reported monthly to the Controls and Risk Committee and the ALM and Tax Committee.

Stress testing for liquidity

The Institution carries out several liquidity sensitivity assessments in different stress scenarios (non-integrated scenarios), using internal liquidity metrics.

The purpose of the liquidity sensitivity assessments is to:

- i. analyze whether the Institution has a suitable level of liquidity to withstand eventual liquidity crises amid stress scenarios;
- ii. evaluate the capacity of the Institution to efficiently meet its expected and unexpected (current and future) obligations, including those arising from binding guarantees, without affecting its daily operations and incurring material losses;
- iii. The methodologies required for monitoring and adjusting to the cash flow liquidity risk tolerance levels are decided by the ALM Committee. The criteria for defining the premises are established based on the Institution's historical liquidity levels in normal and stress environments, measured daily to reflect its current asset and liability structure.

The Institution has internal rules that establish contingency actions for liquidity in stress scenarios and define the metrics used to establish limits. In addition to this test, liquidity is assessed in the stressed macroeconomic scenario as defined in the integrated stress test. The primary objective of this assessment is:

- I. to analyze whether the Institution has an adequate level of liquidity to withstand possible macroeconomic crises;
- II. evaluate the capacity of the Institution to efficiently meet its expected and unexpected (current and future) obligations, including those arising from binding guarantees, without affecting its daily operations and incurring material losses.

Liquidity contingency plan

The Liquidity Contingency Plan is reviewed and deliberated on annually by the Board of Directors and is deployed whenever the projected liquidity is considered insufficient, considering the metrics of the Liquidity Reference Limit, Minimum Operating Cash, Risk Appetite for LCR. If the projected liquidity is below the metrics for relevant periods, the Institution's Liquidity Contingency Plan is deployed.

Considering the cash position available in the short term, which comprises the projected cash flow in the 30- and 90-day period following the analysis base-date, contingency actions are prioritized through alert ranges — from "A" (low risk) to "E" (high risk). Thus, depending on the severity of the risk, there is an escalation of the governance forum involved.

Risk Measures and Limits for Management and Control

The Institution has a set of objective measures to manage and control liquidity risk. The liquidity limits are established by the Referential Liquidity Limit, the Minimum Operating Cash, and the Risk Appetite for the LCR. These limits comprise the definition of the maximum authorized amounts through the establishment of minimum cash limits and contingency measures. The Liquidity Risk area is responsible for the daily monitoring of liquidity risk and for notifying the competent forums in the event of an increase in risk.

Amounts established in liquidity limits and the contingency plan are periodically updated and reviewed because of significant change in market conditions or in the dynamics and breakdown of portfolios.

Referential Limit of Liquidity and Minimum Operating Cash

- The Referential Liquidity Limit and Minimum Operating Cash comprise the establishment of minimum acceptable intervals and levels, configuring prospective limits for adverse liquidity scenarios;
- Maturity scenarios: consist of the calculation of the future liquidity profile, based on the general maturity assumption of the current portfolios and all cash flows;
- Budgetary scenarios: consist of the calculation of the future liquidity profile, using assumptions which are consistent with the budgetary planning, based on the general rollover assumption of the current portfolios;
- Stress scenarios: include simulations of impact on portfolios arising from extreme market conditions and/or the dynamics and composition of portfolios, which may change significantly, and the projections for liquidity scenarios of the Bank;
- Sensitivity analyses: comprise simulations of the sensitivity of the future liquidity profile to slight fluctuations in market conditions and/or the dynamics and composition of the portfolios; and
- Funding Concentration Profile: includes monitoring the concentration profile of the portfolios in terms of volumes, timing, tools, threads and counterparties.

15) LIQ1: Liquidity Coverage Ratio (LCR)

BACEN Circular Letter No. 3,749/2015 establishes the methodology for calculating the Liquidity Coverage Ratio (LCR). This Circular Letter is in line with the recommendations contained in the Basel III documents, published with the aim of showing that large financial institutions have

high liquidity resources to withstand a scenario of standardized month-long acute financial stress, through pre-established criteria in the regulations. Resolution No. 4,401/2015, on the other hand, establishes the minimum limits and conditions for its observance.

The LCR, as defined by the Circular Letter, is the ratio between the stocks of high-quality liquid assets (HQLA) and the total net cash outflows planned for a 30-day period.

In accordance with Circular Letter No. 3.905/2018, the Institution started to send to the Brazilian Central Bank the calculation of the LCR referring to the last business day of each month, in the specific layout for institutions in the S2 segment. It is worth emphasizing that, in the management controls, the Institution maintained the daily calculation of the index internally, using the same weights used by institutions in the S1 segment, ensuring timely monitoring of the metric.

The Institution has risk appetite for the LCR, which consists of comparing the current LCR and the projection of the index for the next six months with a pre-established minimum index. Additionally, it is important to emphasize that the Bank has a credit facility at Banco do Brasil since 2009, which represents a significant liquidity reserve and that has never been used.

		Total unweighted value	Total weighted value
<i>Base Date: Dec-24</i>			
<i>Quarterly Update</i>			
<i>Prudential Consolidated - R\$ million</i>			
High Quality Liquidity Assets (HQLA)			
1	Total High Quality Liquid Assets (HQLA)		16,865
Cash Outflows			
2	Retail deposits and deposits from small business customers, of which:	2,067	364
3	Stable deposits	-	-
4	Less stable deposits	2,067	364
5	Unsecured wholesale funding, of which:	16,390	8,601
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	-	-
7	Non-operational deposits (all counterparties)	16,016	8,227
8	Unsecured debt	374	374
9	Secured wholesale funding	-	3,134
10	Additional requirements, of which:	10,687	510
11	Outflows related to derivative exposures and other collateral requirements	5,935	273
12	Outflows related to loss of funding on debt products	-	-
13	Credit and liquidity facilities	4,752	238
14	Other contractual funding obligations	1,849	1,849
15	Other contingent funding obligations	7,126	241
16	Total Cash Outflows	38,118	14,699
Cash Inflows			
17	Secured lending (eg reverse repos)	9,331	225
18	Inflows from fully performing exposures	2,676	1,763
19	Other cash inflows	2,140	1,943
20	TOTAL CASH INFLOWS	14,147	3,931
Adjusted Total value			
21	Total HQLA		16,865
22	Total net cash outflows		10,768
23	Liquidity Coverage Ratio (%)		156.6%
Comments	Considered the simple average of the closing dates for the months of october, november e december 2024.		

VII. Credit risk

16) CRA: Qualitative information on credit risk management

The aim of credit risk management is to provide support for Senior Management in the decision-making process by defining strategies and policies and establishing operational limits, risk mitigation tools and procedures to maintain credit risk exposure within levels deemed acceptable by the Institution's management.

Definition

Credit risk is defined as the possibility of losses associated with the following:

- a. Non-compliance by the counterparty (the borrower of funds, the guarantor, or the issuer of the security acquired) of its obligations under the agreed-upon terms;
- b. Devaluation, reduction in earnings and expected gains on financial instruments resulting from the deterioration of the credit quality of the counterparty, the intervening party, or the mitigating instrument;
- c. Restructuring financial instruments; or
- d. Costs of recovering problematic asset exposures.

Basic Principles

In line with CMN Resolution No. 4,557/217, the Bank has institutional policies and structure for credit risk management approved by the Board of Directors. The information on the credit risk management structure contained herein is in line with these policies. The basic principles seen in management and control were established in accordance with current regulations and market practices, as follows:

- Manuals and procedures containing the organizational structure, significant products, corporate policies, standards and procedures including flowcharts and rules related to the governance, business and credit support processes;
- Technological environment encompassing the credit cycle ranging from risk admission, tracking and monitoring, to restructuring when applicable;
- Validation process covering risks related to systems, accuracy of models used for calculations and quality of processed data, as well as the coverage of the documentation;
- Committee structure and powers for approving credit;
- Criteria and procedures for selecting clients and preventing money laundering;
- Credit analysis, lending and management standards, and portfolio review;
- Procedures for review, approval and release of new products involving credit risk;
- Documented procedures for credit policy exceptions;
- Classification of the portfolio according to risk levels, considering the clients' rating, the guarantees involved, terms and delays of the operations;
- Tracking sector and conglomerate concentration, and monitoring internal and regulatory limits defined by policies and rules;
- Managing counterparty credit risk and limits for derivatives;
- Evaluating risk in transactions for sales or transfer of assets;
- Formalized procedures covering credit recovery flows;
- Setting limits for carrying out transactions subject to credit risk, both individually and at the aggregate level - a group of companies with common economic interest - and for borrowers or counterparties with similar characteristics;
- Control of guarantees and instruments for mitigating credit risk;
- Monitoring of the loan portfolio using indicators with the objective of minimizing the risk of losses;
- Performance of stress tests, measuring the combined effect of adverse movements in macroeconomic indicators, estimating financial impacts affecting delinquency, provisions and consequently, available and required capital; and
- Periodic reporting to Senior Management addressing the performance indicators of risk management based on the policies and strategies adopted.

In addition, credit risk management activities are carried out by specific control units, strengthening the performance with independence in relation to their trading units.

Governance and Areas Involved

Credit risk management activities include a number of strategic, tactical and operational activities permeating the entire business chain, from product development, setting limits, portfolio management, management information, provisions, collection and credit recovery, as well as

monitoring the effectiveness of processes and controls used. The main areas involved in the credit risk management process are contained in the Operations and Risk Board of Executive Officers, the Credit, Fraud Prevention and Billing Executive Officers and the Corporate & Investment Banking Board of Executive Officers, in addition to the areas applying resources in the first line of defense.

Credit Risk Strategy

The credit risk management process has several documents that establish the main guidelines that are to be observed in risk management activities, the most important of which are:

- **Credit concession policy:** aims to establish guidelines to assure that the Institution's loans are in line with the defined strategies, minimizing losses and ensuring compliance with legal determinations and banking supervision requirements, determining committees and Credit approval limits.
- **Credit Levels Policy:** aims to define the composition, scope, operation and approval authority limits of the Credit Committees for the Corporate & Investment Banking (CIB), Financial Institution, Private Banking, and Consumer Finance segments.
- **Credit Risk Management Structure Policy:** aims to define the structure for credit risk management, both for operations classified in the trading portfolio and for operations not classified in the trading portfolio of Banco BV and its subsidiaries
- **Risk and Capital Management Policy:** aims to establish guidelines for the Prudential Conglomerate to define, systematize, and standardize risk and capital management as well as the disclosure of information, the calculation of the value of risk-weighted assets, and the capital adequacy.

Communication and Reporting

The portfolio management process consists of consolidating measurement and control reports on the credit portfolio's exposures submitted to senior management. Information collection and consolidation are performed through standardized consultations developed in tools designed for data extraction, transformation and loading, using the corporate management and accounting systems as sources.

Among the main reporting in the wholesale segment, we spotlight the consolidated information of the Institution's credit risk portfolio by segment; volume of exposure to credit risk and delinquency/default by business area and economic groups; and consolidated information of sector concentration and economic group. As for the Consumer Finance segment, the main reporting that involves senior management encompass topics such as concession volume, portfolio (per product) and indicators in a broad and specific view, per product.

Regarding monitoring the credit risk metrics structure (wholesale and retail), the Risk Appetite Dashboard and the Managed Indicators Cockpit are panels reported monthly in the governance structure and include indicators of portfolio quality, delay, losses, concentration, among others.

17) CR1: Credit quality of exposures

		Gross Value:		Provisions, advances and income to be appropriated	Provisions, advances and income to be appropriated, of which: RWACPAD	Provisions, advances and income to be appropriated, of which: RWACIRB	Total Net (a+b-c)
		Exposures characterized as defaulted loans	Exposures not characterized as defaulted loans				
1	Loans	5,121	71,866	5,583	5,583	-	71,404
2	Debt Securities	190	30,857	170	170	-	30,877
2a	in which: Sovereigns	-	22,876	-	-	-	22,876
2b	in which: Other Debts	190	7,981	170	170	-	8,001
3	Off - balance sheet exposures	30	8,698	157	157	-	8,571
4	Total	5,341	111,421	5,910	5,910	-	110,852

Base Date: Dec-24
Half-yearly Update
Prudential Consolidated - R\$ million

18) CR2: Changes in Stock of defaulted loans and debts securities

Base Date: Dec-24 Half-yearly Update Prudential Consolidated - R\$ million		(a) Total
1	Defaulted loans and debt securities at end of the previous reporting period ¹	5,018
2	Loans and debt securities that have defaulted since the last reporting period	3,253
3	Amount returned to non-defaulted status	-1,274
4	Amount written off	-136
5	Other changes	-1,520
6	Defaulted loans and debt securities at end of the reporting period	5,341

1 - Refers to the closing of the previous semester

19) CRB: Additional information on the credit quality of the exposures

Exposure by Economic Sector

Base Date: Dec-24 Annual Update Prudential Consolidated - R\$ million	Total Exposure		Base Date: Dec-24 Annual Update Prudential Consolidated - R\$ million	Defaulted Exposures ¹	
	Gross Exposure	Net Exposure		Gross Exposure	Provision
Economic Sector			Economic Sector		
Retail	63,114	58,419	Retail	4,160	2,707
Wholesale	53,647	52,431	Wholesale	1,181	987
Public Sector	26,451	26,451	Public Sector	0	0
Central Economies	26,451	26,451	Central Economies	0	0
Private Sector	27,196	25,980	Private Sector	1,181	987
FINANCIAL INSTITUTION	4,251	4,250	NAVIGATION	555	529
SUGAR AND ALCOHOL	1,966	1,954	CIVIL CONSTRUCTION - DEVELOPMENT	187	169
PMEs	1,702	1,697	NON-ESSENTIAL RETAIL	93	93
PROJECT FINANCE	1,501	1,500	CIVIL CONSTRUCTION - HEAVY	35	35
TELECOMMUNICATIONS	1,024	1,020	ASSEMBLERS/AUTO PARTS	27	27
COOPERATIVES	1,006	998	TEXTILE	42	26
NAVIGATION	1,138	995	METALLURGY DISTRIBUTION	32	24
CIVIL CONSTRUCTION - INCORPORATION	992	992	SERVICES	12	12
ASSEMBLER / AUTO-PARTS	846	842	METALLURGY PRODUCTION	10	10
NON-ESSENTIAL RETAIL	820	817	FOOD INDUSTRY / DRINKS	29	9
AGROCHEMISTRY / IMPL./SEEDS AND REV.	790	783	RENTAL COMPANIES	25	7
ELECTRIC POWER GENERATION	761	761	CAPITAL GOODS	23	7
CIVIL CONSTRUCTION - HEAVY	796	759	SUGAR AND ALCOHOL	17	6
OIL & GAS PRODUCTION	581	576	AGROCHEMISTRY / IMPL./SEEDS AND REV.	13	6
LESSORS	557	549	RURAL PRODUCER PJ	8	6
FOOD INDUSTRY / DRINKS	575	548	SME AGRO	10	5
INDUSTRY	505	478	OIL & GAS DISTRIBUICAO	8	5
CONSUMER GOODS INDUSTRY	463	461	PROCESSING INDUSTRY PROT. ANIMAL	5	5
HOLDINGS NOT IF	411	410	CHEMICAL	9	3
ESSENTIAL RETAIL	563	393	HEALTH	1	1
OTHER SECTORS	5,948	5,197	OTHER SECTORS	40	2
Total	116,761	110,850	Total	5,341	3,694

1 - Overdue exposures more than 90 days

Exposures by geographic region in Brazil and abroad

Base Date: Dec-24 Annual Update Prudential Consolidated - R\$ million	Total Exposure		Base Date: Dec-24 Annual Update Prudential Consolidated - R\$ million	Defaulted Exposures ¹	
	Gross Exposure	Net Exposure		Gross Exposure	Provision
Geographic Region			Geographic Region		
Mid-West	22,602	22,000	Mid-West	620	441
Northeast	11,308	10,652	Northeast	698	464
North	3,541	3,332	North	228	140
Southeast	61,075	57,569	Southeast	2,812	2,004
South	16,329	15,398	South	983	645
Total Brasil	114,855	108,951	Brazil Total	5,341	3,694
Total Exterior	1,906	1,899	Abroad Total	0	0
Total Geral	116,761	110,850	Total	5,341	3,694

1 - Overdue exposures more than 90 days

Exposures by aging

Base Date: Dec-24 Annual Update Prudential Consolidated - R\$ million	Total Exposure	
	Gross Exposure	Net Exposure
Remaining Maturity		
Up to 6 months	56,965	54,978
6 to 12 months	2,922	2,708
1 to 5 years	55,323	51,717
above 5 years	1,551	1,447
Total	116,761	110,850

Provisions and write-offs for losses

Base Date: Dec-24 Annual Update Prudential Consolidated - R\$ million	Provisions and amounts whitten off
Opening balance	5,975
To form / to reverse	2,898
Amounts written off	-3,290
Final Balance	5,583

Delayed exposures segmented by ranges of arrears

Base Date: Dec-24 Annual Update Prudential Consolidated - R\$ million	Overdue amounts
Ranges	Gross Portfolio
Less than 30 days	8,848
31 to 90 days	3,990
91 to 180 days	1,844
181 to 365 days	159
Above 365 days	60
Total Geral	14,901

Restructured exposures

Base Date: Dec-24

Annual Update

Prudential Consolidated - R\$ million

Ranges	Defaulted Exposures ¹	Others
Restructured Exposures	189	-

1 - Operations in abnormal course corresponds to operations characterized as troubled assets as of Jan/22 (according to Res. No. 54)

Credit concentration risk

The credit concentration risk is defined as the possibility of losses in view of significant exposures to a counterparty, a group of counterparties and economic sectors.

The Institution has credit concentration risk assessment processes for the wholesale and consumer finance portfolios, mainly through the monitoring of portfolios by different dimensions and internal segments, revealed in several reports. Furthermore, the Bank has rules that limit exposure to counterparties and economic sectors, and monitors some of these credit concentration risk indicators monthly through the Risk Appetite Dashboard. The table below shows the evolution of credit exposures segregated by the range of largest borrowers of operations with credit concession characteristics, in amounts and percentage of total exposure.

Base Date: Dec-24

Annual Update

Prudential Consolidated - R\$ million

Ranges	Largest Exposure ¹	
	Gross Portfolio	% of portfolio
10 largest debtors	25,189	21.6%
100 largest debtors	35,921	30.8%

1 - Scope of table CR1: Granting of Credit, Debt Securities and Transactions not accounted for in the Balance Sheet

20) CRC: Information on credit risk mitigation instruments

The Institution classifies collateral (guarantees) risk in the context of the material risk matrix. It is defined as the possibility of losses in view of the value deterioration, the impossibility of performance, the failure in the formalization, and lack of the liquidity of the collateral granted to certain financial liability negotiated with the Conglomerate.

The collateral risk management is intrinsically related to credit risk, regarding both credit grant, control, management and monitoring process and the Loss Given Default (LDG) parameter determination, which is used for economic capital calculation and studies.

Banco BV has a governance structure for credit risk management arranged in Committees formed by executives who periodically monitor the credit risk appetite, concentrations by sector and by economic group, portfolio exposure limits, contingencies related to credit risk management, and others. In addition to the credit strategies and rules, the Institution has policies related to the enforceability, formalization and monitoring of guarantees to support the credit concession operations; these are also assessed by these forums, which are responsible for assessing the credit risk measurement and mitigation methodologies. For credit risk mitigating instruments to be considered, the guarantees must comply with internal and external requirements.

In the scope of the Consumer Finance portfolio, guarantees represent a major risk mitigator of the operation, given the peculiarity and relevance of the Vehicles product on the total portfolio. In the credit granting process, the guarantees are evaluated together with other information necessary for credit approval and are subject to an automatic process to control the value of the asset, which consists of verifying (through consultation with external bases) whether the value of the vehicle informed in the proposal is equivalent to the market value. In the monitoring stage, specific indicators are considered to assess the efficiency of coverage of guarantees.

The guarantees associated with the operation of the Wholesale portfolio are assessed and classified together with the other information necessary for approval of the credit limit, and taking into account some relevant factors in their definition, such as: the risk represented by the client/operation; the practicality and the costs incurred in their formation; liquidity: amount of the guarantee in relation to the debt amount; and control by the creditor over their own guarantee. Guarantees are classified according to their mitigating power.

The recognition of mitigating instruments in calculating the portion of assets weighted by credit risk (RWACPAD), meets the requirements set out in Circular Letter No 3,809/2016, including the use of a bilateral agreement for the clearing and settlement of obligations.

21) CR3: Overview of credit risk mitigation techniques

Base Date: Dec-24 Half-yearly Update Prudential Consolidated - R\$ million		Unsecured Exposures ¹	Secured Exposures ²	Exposures secured by collateral	Exposures secured by financial guarantees	Exposures secured by credit derivatives
1	Loans	70,435	969	969	-	-
2	Debt securities	30,357	520.0	520.0	-	-
I	in which: Sovereigns	4,701	169	169	-	-
II	in which: Other Debts	16,306	121.00	121.00	-	-
3	Total	121,799	1,779	1,779	-	-
4	Of which defaulted	1,663	-	-	-	-

1 - The exposure amount less the advances received, provisions and unearned income is considered, according to the instructions provided in the Layout of the Tables of the Pillar 3 Report - Banco Central do Brasil website

2 - The mitigating instruments contemplated in this table are those foreseen in BACEN No. 3,809

22) CR4: Standardized approach – exposures and effects of credit risk mitigation

Base Date: Dec-24 Half-yearly Update Prudential Consolidated - R\$ million		Exposures before CCF and mitigation		Exposures post-CCF and mitigation		RWA and RWA density	
Asset classes		On- balance sheet amount (a)	Off- balance sheet amount (b)	On- balance sheet amount (c)	Off- balance sheet amount (d)	RWA (e)	Off- balance sheet amount [e/(c+d)]
1	Sovereigns and their central banks	27,626.00	-	27,626.00	-	-	0%
2	Non-central government public sector entities	-	-	-	-	-	0%
3	Multilateral development banks	-	-	-	-	-	0%
4	Banks and other Financial Institutions authorized by Brazil Central Bank	5,923.00	-	4,454.00	-	1,351.00	30%
5	Bonds with specific characteristics (covered bonds)						
6	Corporates	26,768.0	-	22,851.0	-	19,217.0	84%
6.1	Of which: Specialized financing	-	-	-	-	-	0%
6.2	Of which: others	26,768	-	22,851	-	19,217	84%
7	Equity interests and subordinated debt instruments	2,221.00	-	2,221.00	-	828.00	37%
8	Retail displays	63,111.00	-	58,257.00	-	42,954.00	74%
9	Exposures guaranteed by real estate	9.00	-	9.00	-	2.00	22%
9.1	Of which: secured by residential properties, on which compliance with the financial obligations associated with the exposures is not dependent of the cash flows generated by properties.	-	-	-	-	-	0%
9.2	Of which: secured by residential properties, on which compliance with financial obligations associated with exposures is dependent of the cash flows generated by properties.	-	-	-	-	-	0%
9.3	Of which: secured by non-residential properties, in which compliance with the financial obligations associated with the exposures is not dependent on the cash flows generated by the properties.	9.00	-	9.00	-	2.00	22%
9.4	Of which: secured by non-residential properties in which compliance with the financial obligations associated with the exposures is dependent on the cash flows generated by properties.	-	-	-	-	-	0%
9.5	Of which: relating to real estate developments.	-	-	-	-	-	0%
10	Defaulted loans	675.00	-	373.00	-	428.00	115%
11	Other assets	944.00	-	943.00	-	279.00	30%
12	Total	127,277	0	116,734	0	65,059	56%

23) CR5: Standardized Approach – exposures by asset classes and risk weights

The tables are also available in Open Data format and on the Investor Relations website (www.bancovotorantim.com.br/ri), Investor Information – Risk and Capital Management menu.

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	Asset classes	Risk weight (FPR)						Total credit exposures amount (post CCF and post-mitigation)
		0%	20%	50%	100%	150%	Others	
1	Sovereigns and their central banks	27,626.1	-	-	-	-	-	27,626.1

	Asset classes	20%	50%	100%	150%	Others	Total credit exposures amount (post CCF and post-mitigation)
2	Non-central government public sector entities	-	-	-	-	-	-

	Asset classes	0%	20%	30%	50%	100%	Others	Total credit exposures amount (post CCF and post-mitigation)
3	Multilateral development banks	-	-	-	-	-	-	-

	Asset classes	20%	30%	40%	50%	75%	100%	150%	Others	Total credit exposures amount (post CCF and post-mitigation)
4	Banks and other Financial Institutions authorized by Brazil Central Bank	926	-	3,441	-	-	88	-	-	4,454

	Asset classes	10%	15%	20%	25%	35%	50%	100%	Others	Total credit exposures amount (post CCF and post-mitigation)
5	Bonds with specific characteristics (covered bonds)	-	-	-	-	-	-	-	-	-

	Asset classes	20%	50%	65%	75%	80%	85%	100%	130%	150%	Others	Total credit exposures amount (post CCF and post-mitigation)
6	Legal entities, except retail exhibitions	-	-	9,198	-	-	575	12,832	-	-	247	22,851
I	of which: specialized financing	-	-	-	-	-	-	-	-	-	-	-
II	of which: others	-	-	9,198	-	-	575	12,832	-	-	247	22,851

	Asset classes	100%	150%	250%	400%	Others	Total credit exposures amount (post CCF and post-mitigation)
7	Equity interests and subordinated debt instruments	1,584	-	-	-	636	2,221

	Asset classes	45%	75%	100%	Others	Total credit exposures amount (post CCF and post-mitigation)
8	Retail displays	2,464	55,778	-	14	58,257

	Asset classes	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-mitigation)
9	Exposures guaranteed by real estate	-	6	1	2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	9
III	Of which: secured by residential properties, in which compliance with the financial obligations associated with the exposures is not dependent on the cash flows generated by the properties.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.a	Of which: calculated directly from the values of loans and financing without interference and use of weighted average FPR, each of them obtained from the combination of the FPR associated with the property given as collateral and the FPR of the borrower.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.b	Of which: others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IV	Of which: secured by residential properties, in which compliance with the financial obligations associated with the exposures is dependent on the cash flows generated by the properties.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V	Of which: secured by non-residential properties, in which compliance with the financial obligations associated with the exposures is not dependent on the cash flows generated by the properties.	-	6	1	2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	9
V.a	Of which: calculated directly from the values of loans and financing without interference and use of weighted average FPR, each of them obtained from the combination of the FPR associated with the property given as collateral and the FPR of the borrower.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V.b	Of which: others	-	6	1	2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	9
VI	Of which: secured by non-residential properties in which compliance with the financial obligations associated with the exposures is dependent on the cash flows generated by the properties.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII	Of which: relating to real estate developments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

	Asset classes	50%	100%	150%	Others	Total credit exposures amount (post CCF and post-mitigation)
10	Problem Assets	81	93	191	9	373

	Asset classes	0%	20%	100%	1250%	Others	Total credit exposures amount (post CCF and post-mitigation)
11	Other Assets	-	887	-	-	56	943

Exposures and FCC applied to off-balance sheet exposures

	Risk Weighting Factor (FPR)	a	b	c	d
		Exposures accounted for in the balance sheet	Off-balance sheet exposures (before FCC)	Average FCC* (weighted by FPR)	Total credit exposures (after FCC and mitigation)
1	Less than 40%	29,779	-	-	29,459
2	40% - 70%	22,201	-	-	15,200
3	75%	56,402	-	-	55,800
4	80% - 85%	977	-	-	761
5	90% - 100%	16,758	-	-	14,652
6	105% - 130%	636	-	-	636
7	150%	496	-	-	197
8	250%	29	-	-	29
9	400%	-	-	-	-
10	1250%	-	-	-	-
11	Total Exposure	127,278	-	-	116,734

* The weights are exposures not accounted for in the balance sheet, before the application of the respective FCC.

VIII. Counterparty's Credit Risk

24) CCRA: Qualitative information on counterparty credit risk (CCR) management

The counterparty's credit risk is defined as the possibility of losses arising from non-fulfillment of obligations related to the settlement of transactions involving bilateral flows, including the trading of financial assets or derivatives. The Conglomerate manages the credit risk of the counterparty based on the monitoring of the exposures that are associated with this risk type and determines the regulatory capital.

For the Institution, the counterparty's credit risk is mainly present in over-the-counter derivative operations, without a central counterparty, and in repurchase operations. The amounts of operations to be settled and loans of assets are of low materiality. Specific classifications and treatments are performed for derivative operations with regards the existence of a central counterparty.

- **Transactions with no central counterparty:** The management/control process for derivative transactions without a central counterparty is performed by defining specific credit limits for these transactions for each client. The credit policies and standards adopted by the Institution are employed both in the definition and in the periodic tracking of these limits.
- **Transactions with central counterparty:** operations with a central counterparty have contract clauses (margin calls, etc.) that mitigate the counterparty credit risk.

The Institution has structures dedicated to managing limits, aimed at monitoring the behavior of the portfolio and reporting to Senior Management, through periodic reports using the Committees structure, the level of exposure, and any extrapolations.

To improve counterparty credit risk management and mitigation in over-the-counter derivatives, the Institution, through its Product Governance structure, uses the implementation of derivative transactions governed by counterparty credit risk mitigation contracts, such as DCRR (Derivatives with Credit Risk Reducer) and CSA (Credit Support Annex).

25) CCR1: Analysis of CCR exposures by approach

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		Replacement cost	Potential future exposure	Multiplier applied to the calculation of EAD	EAD post mitigation	RWA
1	SA-CCR Approach	-	-	1.4	-	-
1.1	CEM Approach	2,640	617		1,936	1,399
3	Simple Approach for CCR mitigation (for SFTs and asset loans)				-	-
4	Comprehensive Approach for CCR mitigation (for SFTs and asset loans)				1,363	666
6	Total					2,065

26) CCR3: Standardized approach – CCR exposures by regulatory portfolio and risk weights

Base Date: Dec-24
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	Counterpart	Risk weight (FPR)									i
		a	b	c	d	e	e1	f	g	h	
		0%	10%	20%	50%	75%	85%	100%	150%	Others	Total
1	Sovereigns	65	-	-	-	-	-	-	-	-	65
2	Non-central government public sector entities	-	-	-	-	-	-	-	-	-	-
3	Multilateral development banks	-	-	-	-	-	-	-	-	-	-
4	Banks and other Financial Institutions authorized by Brazil Central Bank	-	-	324	-	-	-	0	-	1,160	1,484
5	Corporates	-	-	-	-	419	40	1,231	-	-	1,690
6	Regulatory retail portfolios	-	-	-	-	-	-	-	9	52	61
7	Other Counterparties	-	-	-	-	-	-	-	-	-	-
8	Total	65	-	324	-	419	40	1,231	9	1,212	3,300

27) CCR5: Financial collateral associated with counterparty's credit risk exposures

Base Date: Dec-24
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Prudential Consolidated - R\$ million

	Collateral	Collateral used in derivative transactions				Collateral used in SFTs and asset loans	
		Fair value of collateral received		Fair value of posted collateral		Fair value of collateral received	Fair value of posted collateral
		Segregated	Unsegregated	Segregated	Unsegregated		
1	Cash - domestic currency	-	-	-	-	12,597	-
2	Cash - other currencies	-	-	-	-	-	-
3	Domestic sovereign debt	345	-	-	-	13,252	-
4	Government agency debt	-	-	-	-	-	-
5	Corporate bonds	-	-	-	-	-	-
6	Equity securities	-	-	-	-	-	-
7	Others	-	-	-	-	-	-
	Total	345	-	-	-	25,849	-

28) CCR6: Information on counterparty's credit risk associated with credit derivatives

Base Date: Dec-24 Half-yearly Update Prudential Consolidated - R\$ million		Protection bought	Protection sold
1	Notionals		
2	Single-name credit default swaps	743	-
3	Index credit default swaps	-	-
4	Total return swaps	-	-
5	Total notionals	743	-
6	Fair values	15.7	-
7	Positive fair value (asset)	18.4	-
8	Negative fair value (liability)	-	3

29) CCR8: CCR associated with Exposures to central counterparties

Base Date: Dec-24 Half-yearly Update Prudential Consolidated - R\$ million		Exposure after mitigation	RWA
1	Exposures to qualifying CCPs (QCCPs total)		2,164
2	Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	233	5
3	<i>(i) over-the-counter (OTC) derivatives</i>	233	5
4	<i>(ii) Exchange-traded derivatives</i>	-	-
5	<i>(iii) Securities financing transactions</i>	-	-
6	<i>(iv) Netting sets where cross-product netting has been approved</i>	-	-
7	Segregated initial margin	-	
8	Non-segregated initial margin	6,889	2,159
9	Pre-funded 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>(i) over-the-counter (OTC) derivatives</i>	-	-
14	<i>(ii) Exchange-traded derivatives</i>	-	-
15	<i>(iii) Securities financing transactions</i>	-	-
16	<i>(iv) Netting sets where cross-product netting has been approved</i>	-	-
17	Segregated initial margin	-	
18	Non-segregated initial margin	-	-
19	Pre-funded default fund contributions	-	-

IX. Securitization

30) SECA: Qualitative information on the risk management of securitization exposures

Securitization risk is defined as the possibility of losses associated with the acquisition of securitized assets, such as Credit Rights Investment Funds, Real Estate Receivables Certificates, Agribusiness Receivables Certificates, among others. The origin of the risk comes from the credit risk of the debtor of the receivable, information asymmetry, conflict of interest and/or operational risk/fraud in securitized structures. The securitization risk management process aims to identify potential risks for each structure and develop mechanisms to monitor the performance of these assets, aiming at the sustainability of the Conglomerate's business.

According to BCB Resolution No. 303/2023 issued by the Brazilian Central Bank (BACEN), the securitization process is defined as the use of a flow of receipts associated with a set of underlying assets for the compensation of structured securitization securities, which may have

different classes that reflect payment prioritization categories. In this aspect, in the securitization process the Institution acts in the role of counterparty that originates the securitization securities, or in advising and coordinating the issuance of such securities. This process has internal norms that provide support to the valuation and distribution process of securities originating from securitization processes. Operation proposals are approved at the competent levels and Credit Committee.

Securities arising from securitization and re-securitization are subject to the same accounting treatment applicable to securities acquired by the Conglomerate to comprise its own loan portfolio. They are recorded at the amount actually paid, less the allowance for loss, when deemed necessary, and classified based on Management's intention in three different categories.

In general, sales or transfers of financial assets performed by the Bank are related mainly to the assignments of receivables of payroll loan and auto finance agreements (in a regular situation or delinquent) and assets of the wholesale portfolio. Such assignments are aligned with the funding strategies for new operations and portfolio management, and are normally negotiated with other financial institutions, securitization companies or investment funds.

For the reference base-date, transfers of financial assets (loans) were carried out, with substantial retention of risks and benefits in the amount of R\$ 8,409 million in financial assets. Details on the topic are available in Note h) Information on credit assignments in Banco BV's Financial Statements on the investor relations website (www.bancovotorantim.com.br/ri).

31) SEC1: Securitization exposures classified in the banking book

Base Date: Dec-24
Half-yearly Update
Prudential Consolidated - R\$ million

		Bank acts as originator			Bank acts as sponsor			Banks acts as investor		
		Traditional	Synthetic	Sub-total	Traditional	Synthetic	Sub-total	Traditional	Synthetic	Sub-total
1	Retail (total), of which:	-	-	-	-	-	-	55	-	55
2	residential mortgage	-	-	-	-	-	-	-	-	-
3	credit card	-	-	-	-	-	-	-	-	-
4	other	-	-	-	-	-	-	55	-	55
5	re-securitisation	-	-	-	-	-	-	-	-	-
6	Wholesale (total), of which:	-	-	-	-	-	-	1,347	-	1,347
7	loans to corporates	-	-	-	-	-	-	177	-	177
8	commercial mortgage	-	-	-	-	-	-	-	-	-
9	lease and receivables	-	-	-	-	-	-	1,170	-	1,170
10	other	-	-	-	-	-	-	-	-	-
11	re-securitisation	-	-	-	-	-	-	-	-	-

32) SEC2: Securitization exposures classified in the trading portfolio

There was no exposure for the reference base date.

33) SEC3: Securitization exposures in the banking book and capital requirements – institution as originator or sponsor.

There was no exposure for the reference base date.

34) SEC4: Securitization exposures in the banking book and capital requirements – institution as investor

Base Date: Dec-24
Half-yearly Update
Prudential Consolidated - R\$ million

	Exposure values (by RW bands)					Exposure values		RWA		Capital charge after cap	
	≤20%	20% < FPR < 50%	50% ≤ FPR < 100%	100% ≤ FPR < 1.250%	1250%	Regulatory Approach	1250%	Regulatory Approach	1250%	Regulatory Approach	1250%
1 Total exposures	-	1,402	-	-	-	1,402	-	362	-	29	-
2 Traditional securitisation, of which:	-	1,402	-	-	-	1,402	-	362	-	29	-
3 Securitisation:	-	1,402	-	-	-	1,402	-	362	-	29	-
4 <i>retail underlying assets</i>	-	55	-	-	-	55	-	14	-	1	-
6 <i>non-retail underlying assets</i>	-	1,347	-	-	-	1,347	-	348	-	28	-
8 Re-securitisation:	-	-	-	-	-	-	-	-	-	-	-
9 Synthetic securitisation, of which:	-	-	-	-	-	-	-	-	-	-	-
10 Securitisation:	-	-	-	-	-	-	-	-	-	-	-
11 <i>retail underlying assets</i>	-	-	-	-	-	-	-	-	-	-	-
12 <i>non-retail underlying assets</i>	-	-	-	-	-	-	-	-	-	-	-
13 Re-securitisation:	-	-	-	-	-	-	-	-	-	-	-

X. Market risk management

It is the aim of market risk control to provide support for the management of the business, establish the processes and implement the tools required for assessing and controlling market risks, enabling the measurement and follow-up of the risk appetite levels defined by Senior Management.

35) MRA: Qualitative information on market risk management

Definition

Market risk is defined as the possibility of incurring financial losses arising from the fluctuation in the market values of exposures held by a Financial Institution. These financial losses may be incurred as a result of the impact produced by the variation of risk factors, such as interest rates, exchange parities, stock and commodity prices, among others.

Basic Principles

In line with CMN Resolution No. 4,557/2017, the Bank has an institutional structure and policies for the management of market risk approved by the Board of Directors. The information about the market risk management framework contained in this document is in line with these policies. The basic principles observed in management and control were established in accordance with current regulations and market practices, as follows:

- Involvement of Senior Management: corporate governance is structured with the objective of involving Senior Management in the overall supervision of risk taking;
- Segregation of portfolios: for the purpose of consolidated management and control of market risk exposures, transactions are segregated depending on their business strategy: trading portfolio (trading) or banking portfolio (non-trading), and respective operation desks. Additionally, other managerial portfolio classification may be performed, aligned with the management structure;
- Segregation of duties: segregation of duties between the areas responsible for the execution of operations and for the definition of business strategies, and the areas in charge of their accounting, of risk control, compliance and internal controls, and auditing;
- Definition of pricing methodologies and risk calculation, made by an area independent from the business areas: for the purpose of risk control, structured methodologies for mandatory corporate use are adopted, based on market practices and other factors that can be used in model marking, according to prudential criteria established by the regulator, which include the cost of liquidating positions and credit risk spread, among others;
- Establishment of limits: clear and objective definition of the authorized risk levels, based on the risk measures. This definition is structured with the objective of including the risk appetite levels defined by the Conglomerate in the daily activities;
- Monitoring of limits: definition of the process for monitoring and reporting on the level of usage of the authorized limits.

Governance and Areas Involved

Market risk management functions include a set of functional activities that permeate the entire business chain, from product development, to operations, modeling and control of market risk, P&L attribution and formalization, accounting and settlement of transactions, as well as monitoring the effectiveness of processes and controls used. Such duties are performed by formally constituted functional units, with technically trained teams under segregated management and with clearly defined attributions.

Segregation of Portfolios

For the purposes of consolidated management and control of market risk exposures, transactions are segregated into two types of portfolios depending on their business strategy: trading portfolio (trading) or banking portfolio (non-trading).

The trading portfolio covers all transactions, financial instruments, commodities and derivatives held with the intention of trading, or turning over, or hedging other trading portfolio transactions, and not subject to tradability restrictions. The banking portfolio encompasses all the operations not classified as trading. The principal mechanisms adopted by the Bank for segregating portfolios are in line with the criteria established in the applicable standards.

Risk Measures and Limits for Management and Control

The institution adopts a set of objective measures for managing and controlling market risks, with emphasis on:

- **VaR**²(Value-at-risk): it seeks to determine the risk resulting from market exposures, by determining the highest expected loss within a confidence interval and a time horizon;
- **Stress testing**: used in order to estimate the potential fluctuations in the value of financial instruments, which occur due to extreme changes in market variables (or risk factors);
- **Market Risk Regulatory Capital**: comprises the regulatory capital calculated as a result of the exposures of trading and non-trading portfolios;
- **Sensitivity analyses**: this is used to estimate the potential fluctuations in value of financial instruments, which occur because of predefined shocks to risk factors; and
- **GAP analysis**: consists of the measurement of cash flow mismatching by risk factor.
- **sVaR (stressed VaR)**: Stressed VaR is a measure that is complementary to Historical VaR, with the objective of simulating, for the Institution's current portfolio, the impact of historical periods of stress not considered in the historical window of VaR returns.

Risk measures are used along with limits as market risk management tools. Risk measures are used along with limits as market risk management tools. These limits include the definition of maximum authorized amounts, adhering to the strategies adopted, the scope of products authorized for trading, consistent with budgeted assumptions and targets. There are three types of limits, according to the decision authority level:

- Upper Limits: risk appetite of the Board of Directors, maximum authorized limits;
- Operating limits - CCR: internal limits authorized by the Controls and Risk Committee (CRC), subordinated to the Upper Limits.
- Operating limits - CRO: internal limits authorized under the responsibility of the Chief Risk Officer (CRO), always subject to the Upper and Operational Limits - CCR.

The limits are established based on the risk appetite, in a manner to pragmatically enable the achievement of the intended financial performance targets. Limits and targets are matched at the budget programming level. Amounts or values set in limits are updated and revised at least annually, together with budgetary programming.

Risk Measurement Methodology

Trading portfolio is comprised of Bank transactions available for negotiation. For measuring the portfolio risk, the Bank adopts the methodology of VaR by Historical Simulation.

The banking portfolio consists of structural exposures arising from loans as such and from borrowing to fund these loans, irrespective of maturity dates and currencies, or their commercial segments (consumer finance, middle or corporate). The banking portfolio also includes transactions to hedge assets or equity, and loans or funding in the banking portfolio. This portfolio is also known as the structural portfolio because it includes structural management of asset-liability mismatch. To measure the risk of the banking book, the Bank uses the methodologies of Delta EVE (Change in Economic Value of Equity) and Delta NII (Change in Net Interest Income), adopting whichever is higher.

² Value-at-risk

Measurement system and communication process

The Institution has corporate systems for measuring and controlling market risk, combining internally developed applications with market solutions of proven robustness. These systems include integrated treatment of information in sequential order:

- Capturing price and curves from independent sources, reflecting parameters of trading conditions effectively practiced;
- Capture of the recording of the transactions carried out and their registration data;
- Continuous update and filing of this information based on structured databases, monitoring their accounting integrity and consistency;
- Calculating market values of positions for accounting purposes, managerial monitoring of positions held and financial performance; and
- The calculation of values at risk, following current methodologies.

The Institution fully adopts a structured process for reporting issues related to market risk management. This communication process comprises:

- Periodically issuing objective reports showing exposures and levels of use of authorized limits;
- Periodically holding collective monitoring forums, within decision-making competencies, in which current issues are discussed with full participation; and
- Specific electronic messages reporting and monitoring cases of limits being exceeded or noncompliance, in which positions and managers responsible are identified.

Reporting limits exceeded or noncompliant transactions

The procedure adopted for monitoring utilization of limits or non-compliant transactions comprises two steps:

- **Communication:** Notification is through standard “Utilization Alert” e-mails indicating predetermined trigger limits for using or “Exceeding Limits”, advising that above-authorized risk-exposure has occurred.
- **Reclassification:** Any limits being exceeded, or non-compliance involves executing strategies for returning to authorized limits and reducing amounts utilized.
These strategies are under the responsibility of the business managers, considering market conditions, and monitored by the subsequent Risks and Controls Committee.

Sensitivity analyses

Banco BV uses two methodologies for sensitivity analysis of its exposures.

Analysis 1 – Initially, it uses the application of parallel shocks on most relevant risk factor curves. The purpose of this method is to simulate effects on Institution's income (loss) in view of possible scenarios, which consider possible fluctuations in market interest rates. Two possible scenarios are simulated in which analyzed risk would be increased or reduced by 10 base points.

Analysis 2 – Simulations are performed to measure the effect of changes in market curves and prices on the exposures maintained by the Institution, aimed at estimating the effects on earnings under specific scenarios.

In the analysis performed for transactions classified in the banking portfolio, valuation or devaluation resulting from changes in market interest rates and prices do not have a financial and accounting impact on Institution's income. The reason for this is that the portfolio consists mostly of loans, consumer finance funding and securities, which are mostly booked at the same rates as agreed when transacted.

In addition, note that the main characteristic of these portfolios is that they are classified as available for sale and, therefore, effects of interest rate or price fluctuations are reflected in Shareholders' equity and not in income (loss). There are also other transactions naturally linked to other instruments (natural hedge) that minimize impacts in stress scenario.

36) MR1: Market Risk under Standardized Approach

Base Date: Dec-24
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	Risk factors	RWA _{MPAD}
1	Interest rate	313
1a	Fixed Rate in Reais (RWA _{JUR1})	147
1b	Foreign Currency Coupon (RWA _{JUR2})	101
1c	Price Index Coupon (RWA _{JUR3})	64
1d	Interest Rate Coupon (RWA _{JUR4})	-
2	Shares (RWA _{ACS})	1
3	Foreign exchange (RWA _{CAM})	73
4	Commodity (RWA _{COM})	-
5	RWA _{DRC}	43
6	RWA _{CVA}	343
9	Total	773

XI. Risk Management of Interest Rate Risk in the Banking Book (IRRBB)

37) IRRBBA: Qualitative information about IRRBB management

Definition

The interest rate risk for instruments classified in the banking book (IRRBB) is defined as the impact (whether current or prospective) of adverse changes in interest rates on capital and on the financial institution earnings.

The banking portfolio consists of structural exposures arising from loans as such and from borrowing to fund these loans, irrespective of maturity dates and currencies, or their commercial segments (consumer finance, middle or corporate). The banking portfolio also includes transactions to hedge assets or equity, and loans or funding in the banking portfolio. This portfolio is also known as the structural portfolio because it includes structural management of asset-liability mismatch.

To measure the banking book risk, the Bank uses the methodologies of Delta EVE (Change in Economic Value of Equity) and Delta NII (Change in Net Interest Income), adopting whichever is higher:

- **ΔEVE (Change in Economic Value of Equity):** The Economic Value approach calculates the effect of the interest rate changes based on the economic markdown of the Institution's assets and liabilities. The metric assesses the impact on the institution's capital resulting from the hypothetical sale or liquidation of its positions (assets and liabilities) under conditions different from those prevailing on the market;
- **ΔNII (Change in Net Interest Income):** The Interest Margin Changes approach is aimed at capturing the effects of changes in the Institution's intermediation revenues resulting from changes in interest rates.

Additionally, Banco BV calculates the metrics using the premises of the standardized model, pursuant to Circular Letter No. 3,876/2018.

Sensitivity analyses by vertex, by risk factor, and stress tests are estimated daily for the Institution's entire portfolio of assets and liabilities, using prospective and historical scenarios. The calculations are made at the operation level by the market risk system, and the results are consolidated in several managerial views, by type of risk or regulatory view. The results per risk factor are consolidated for each scenario analyzed. The metrics defined above are reported to the ALM and Tax Committee and are included in the Institution's Risk Appetite, approved by the Board of Directors.

Monitoring the risk management activities of the banking book is an integral part of the roles of the Institution's main governing forums, such as the Board of Directors, the Risk and Capital Committee, the Executive Committee, the ALM and Tax Committee, and the Controls and Risk Committee. The risk management, model validation and internal audit areas maintain the segregation of structures and duties between the

areas involved in the execution and control of the business, ensuring the independence of the areas and governance of the processes related to IRRBB metrics. Activities for the management and control of IRRBB involve the definition of structural hedging strategies approved by the ALM and Tax Committee, with the aim of protecting the Institution's financial intermediation margin from adverse changes in market interest rates. The Δ NII and Δ EVE metrics are calculated on a monthly and daily basis, respectively, for all assets and liabilities that comprise the scope of exposures for the risk of interest rate changes classified in the banking book.

To determine the interest rate shocks in the Δ NII and Δ EVE metrics, the standardized Basel scenarios for Brazil were adopted. No assumptions are used other than those required for the purpose of disclosing IRRBB metrics.

Structural hedge policies are aimed at protecting the Institution's financial intermediation margin from adverse changes in market rates, and allow for the management of structural risk on the balance sheet. The Hedge Accounting programs record the gains or losses arising from the derivative financial instruments in the same accounting periods as the hedged object, thus reducing the volatility of the accounting result. The effectiveness and impacts resulting from the hedge policies are approved and monitored by the ALM and Tax Committee, in accordance with established internal governance and compliance with the regulatory and accounting requirements inherent to the process.

The most relevant premises adopted by the Institution for calculating the Δ EVE and Δ NII metrics are:

- Behavioral options consider the risk of anticipating future flows, given the prepayment curve of the portfolio's contracts, based on historical data and portfolios with homogeneous characteristics;
- For the Δ NII metric, the instruments falling due in the banking book are renewed with the same value, repricing period, and spread components;
- For the Δ EVE metric, regarding BV Financeira credit portfolio, commercial margins and other spread components are not considered in the repricing flow.

Quantitative Information	
1. Assumption of average repricing term attributed to deposits with no defined contractual maturity.	There are no relevant (interest rate sensitive) positions of deposits with no maturity
2. Assumption of maximum repricing term attributed to deposits with no defined contractual maturity.	There are no relevant (interest rate sensitive) positions of deposits with no maturity

For the reference base-date, there are no relevant positions (interest-rate sensitive) of deposits with no defined contractual maturity, regarding the assumptions of medium period and maximum period for repricing.

38) IRRBB1: Quantitative information on the IRRBB

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		Dec-24	Dec-23	Dec-24	Dec-23
Data-base					
1	Scenarios parallel up	872,755	842,360	801,975	368,616
2	Scenarios parallel down	-	90	4,385	973
3	Scenarios rate up	616,911	475,457		
4	Scenarios rate down	2,169	124		
5	Scenarios steepener	3,561	75		
6	Scenarios flattener	201,749	240,537		
7	Maximum	872,755	842,360	80,197	368,616
Data-base		Dec-24		Dec-23	
8	Tier I	12,558,906		10,445,533	

(a) Standardized model.

(b) Gains are represented by negative values and losses are represented by positive values.

XII. Management compensation

39) REMA: Compensation attributed during the reference year

Compensation and human resources committee

The Compensation and HR Committee is currently composed of 3 (three) members, all qualified natural persons with unblemished reputation, elected by the Board of Directors (CA). The choice of Committee members considers the qualifications and experience necessary for the exercise of competent and independent judgment on the Remuneration Policy of Banco Votorantim S.A. and subsidiaries ("Financial Conglomerate"), including the repercussions of this policy on risk management, as well as the provisions of the Shareholders' Agreement of Banco Votorantim S.A.

The members of the Remuneration and HR Committee will have a term of office of 2 years, which will extend until the investiture of their substitutes, with re-appointment being allowed, being forbidden to remain for a period longer than (10) ten years, under the terms of the current legislation. The Compensation and HR Committee of Banco Votorantim S.A. and its subsidiaries ("Committee") was constituted on 03/26/2012, being unique to the Financial Conglomerate as a whole, and reports to the Board of Directors.

The meetings of the Remuneration and HR Committee take place on a quarterly basis, or extraordinarily upon convening by any of its members, given that the meeting of the Remuneration and HR Committee will only be validly installed with the presence of the majority of its members. The Committee's attributions, in addition to others that may be conferred upon it by law or regulatory rule:

I. prepare the remuneration policy for Directors of Banco Votorantim S.A. and subsidiaries, proposing to the Board of Directors the various forms of fixed and variable compensation, in addition to benefits and special recruitment and termination programs;

II. to supervise the implementation and operation of the remuneration policy for Directors of Banco Votorantim S.A. and controlled companies;

III. annually review the remuneration policy of Directors Banco Votorantim S.A. and controlled companies, recommending to the Board of Directors its correction or improvement;

IV. propose to the Board of Directors the amount of the global remuneration of the Directors of Banco Votorantim S.A. and subsidiaries to be submitted to the General Meeting, pursuant to Article 152 of Law No. 6,404/76;

V. evaluate future scenarios, internal and external, and their possible impacts on the remuneration policy of Directors of Banco Votorantim S.A. and controlled companies;

VI. analyze the remuneration policy of Directors of Banco Votorantim S.A. and subsidiaries in relation to market practices, with a view to identifying significant discrepancies in relation to similar companies, proposing the necessary adjustments;

VII. ensure that the Management compensation policy is permanently compatible with the risk management policy, with the goals and current and expected financial situation of Banco Votorantim S.A. and controlled companies and with the provisions of current legislation; and

VIII. to advise the Board of Directors on all matters related to Compensation and Human Resources that are the responsibility of said Board.

Compensation Structure

Below is the description and characteristics of the remuneration of our employees:

I. Board of Directors: The remuneration of the members of the Board of Directors consists exclusively of the fixed portion represented by their fees, in line with market practices;

II. Statutory Board of Executive Officers and employees: Compensation is divided into fixed compensation, short-term variable compensation (variable compensation portion paid annually) and long-term variable compensation (variable compensation portion whose payment is made in future installments), with fixed compensation aligned with the values practiced in the market and the attributable variable remuneration is defined after the evaluation of the performance of each one against the goals established by the Bank for the referred calculation period and consists of a scale that differentiates the degrees of contribution of each one.

Definition of compensation considering current and future risks

The design of the compensation program is based on metrics and result indicators that take into account the criteria and risk tolerance levels defined by the Board of Directors. Professionals have clear and objective goals that take these criteria into account and their remuneration is impacted by them. In addition, the portion of long-term variable compensation is conditioned to indicators of value creation for the Bank.

Description of the correlation between performance assessment and compensation

The performance evaluation model measures the performance of our employees through institutional indicators aligned with the Bank's strategic objectives. Its objective is to guide professional development, leverage results and promote recognition linked to performance. After defining the institutional indicators, such as: "net income, ROE, RAR and PDD", the goals are cascaded to all employees, being contracted for the year of validity of the Performance Assessment cycle and formalized in a goal contract individual or mirrored by the manager. The higher the position, the higher the level of contribution and responsibility.

The Bank's performance evaluation comprises three dimensions, namely:

- I. Institutional performance: result of the organization as a whole;
- II. Area performance: measured through specific indicators established for each structure, taking into account their specificities.
- III. Individual Performance: measured through quantitative indicators (target contract) or qualitative indicators (behavioral).

These dimensions strengthen the connection between performance and reward.

Description of the process for adapting compensation to long-term performance

For the Executive Officers, the amount to be paid as variable compensation is defined; no more than 30% of this amount will be paid in cash (short-term variable compensation) and no less than 70% will be deferred, linked to indicators of value creation for the Bank, on the time horizon. For employees, a progressive deferral table is applied based on the hierarchical level, linked to indicators of value creation for the Bank, on the time horizon.

Description of the different forms of variable compensation adopted, and the reasons for their use

Regarding the forms of compensation, both for the fixed compensation part and the variable compensation is paid in cash.

40) REM1: Compensation attributed during the reference year

Base Date: Dec-24
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		Remuneration	Board of Officers	Board of Directors
1		Number of employees	14	7
2		Total fixed remuneration (3 + 4 + 5)	17.9	5.0
3	Fixed Remuneration	Of which: cash-based	17.9	5.0
4		Of which: shares or other share-linked instruments	-	-
5		Of which: other forms	-	-
6		Number of employees	14	7
7		Total variable remuneration (8 + 10 + 12)	56.6	-
8		Of which: cash-based	33.9	-
9	Variable Remuneration	of which: deferred	17.0	-
10		Of which: shares or other share-linked instruments	0.0	-
11		of which: deferred	0.0	-
12		Of which: other forms	22.6	-
13		of which: deferred	22.6	-
		Total Remuneration (2 + 7)	74.5	5.0

Referring to Table **REM2: Extraordinary payments**, according to art. 3, §4 of BCB Resolution No. 54 of Dec/2020, the group that falls under this item does not reach a reasonable volume to maintain the confidentiality of the information.

There was no guaranteed bonus payment for the internal transfer.

41) REM3: Deferred compensation

Base Date: Dec-24

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Deferred and retained remuneration	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 adjustment	Total amount of amendment during the year due to ex post implicit adjustment	Total amount of deferred remuneration paid out in the financial year
Board of Officers	126.7	126.7	-	26.9	-
Cash	126.7	126.7	-	26.9	-
Shares	-	-	-	-	-
Share-linked instruments	-	-	-	-	-
Other	-	-	-	-	-
Board of Directors	-	-	-	-	-
Cash	-	-	-	-	-
Shares	-	-	-	-	-
Share-linked instruments	-	-	-	-	-
Other	-	-	-	-	-
Total	126.7	126.7	-	26.9	-

XIII. Other risks

Operational risk

Operational risk is defined as the possibility of losses arising from external or failure events, deficiency or inadequacy of internal processes, people or systems. This definition includes Legal Risk associated with inadequacies or weaknesses in contracts signed by the Conglomerate, sanctions for non-compliance with legal provisions, and damages paid to third parties resulting from the activities carried out by the Conglomerate, cybersecurity risk arising from failure in the Conglomerate's information assets, computers and communication resources and confidentiality, integrity and availability risk arising from relevant outsourced services. To ensure that users comply with the standards for handling and protecting information and information assets, in addition to ensuring their ability to prevent, detect and mitigate vulnerabilities to incidents, the Conglomerate establishes, in PCG_004 Cyber and Information Security, the general rules and principles of cybersecurity.

Operational risk events include:

- Internal and external fraud;
- Labor lawsuits and poor workplace safety;
- Inappropriate practices related to final users, products, and services;
- Damage to Conglomerate-owned physical assets, or assets in use by the Conglomerate;
- Situations that result in the interruption of the Conglomerate's activities, or the discontinuity of services provided, including payments;
- Failures in information technology (IT) systems, processes, or infrastructure;
- Failures in the execution, in the meeting of deadlines, or in the management of activities by the Conglomerate, including those related to payment arrangements.

Operational risk management supports management of business through risk assessment and control, capture and management of the operating losses base and measurement of capital allocated to operational risk, enabling prioritization and implementation of plans for improving processes, in accordance with risk tolerance levels determined by Senior Management.

The operational risk management structure identifies, measures, evaluates, monitors, reports, controls and mitigates the risks associated with the Prudential Conglomerate, by means of the following practices:

- Involvement of Senior Management in the global supervision of risk taking through established governance;
- Acculturation of the Conglomerate in the concepts of Operational Risk management, through corporate training and discussions promoted in specific governance forums;
- Capturing operational losses and maintaining a structured database with information relating to events;
- Preparation and valuation of operational loss indicators;
- Calculating capital allocated to operational risk based on structured methods that are appropriate with regulatory requirements.
- Mapping systemic and operational processes, mapping and analyzing existing controls, and inherent and residual risks;
- Analysis, communication, and deployment of action plans to improve processes and controls for mitigation of the risks incurred.

The Conglomerate has a structure that allows the identification, valuation and monitoring of risks related to confidentiality, integrity and availability from outsourced services significant to the Conglomerate's regular operation.

The operational risk events, comprising mismatches, recoveries, provisions, gain from operating failure, opportunity cost, and near-miss events are recorded in the Corporate System of Operating Risk Event Reporting (RRO) by the specialized reporting areas that centralize the identification and reporting of losses related to failures in its processes. All employees are responsible for the timely reporting of operating loss events.

Cybersecurity risk is also assessed in the scope of operational risk, and means any risk of financial loss, disruption or damage to an organization's reputation due to some kind of failure in its information assets, computers, and communication resources.

Social, Environmental and Climate Risk

In accordance with the regulatory framework of the Central Bank of Brazil, the management of the Conglomerate's social, environmental and climate risk meets the requirements of CMN Resolution No. 4,943/2021, which came into force in July/22. This resolution established new rules for the risk management structure and instituted a specific definition for social and environmental risk, in addition to introducing the concept of climate risk.

In this context, environmental risk is associated with acts of environmental degradation, including the excessive use of natural resources, and social risk is related to practices that violate fundamental rights and guarantees or acts that are harmful to common interests. As for climate risk, it is defined, in its aspects, as: (i) transition risk, related to the transition process to a low-carbon economy, and (ii) physical risk, related to the occurrence of frequent and severe weather events or long-term environmental changes, which may be associated with changes in climate patterns.

Currently, the Conglomerate's social, environmental and climate risk management is guided by the Social, Environmental and Climate Responsibility Policy (PRSAC). This policy complies with the Resolution CMN no. 4.945/ and Febraban SARB no. 14, and its guidelines on social, environmental, and climate-related issues is observed on the Conglomerate business, activities, and processes, as well as in its relationship with stakeholders. Additionally, the Institution banco BV maintains a Social, Environmental and Climate Risk Standard that defines the rules for the analysis of social, environmental and climate risk in its activities and operations, in accordance with the rules of the Central Bank of Brazil.

Due to the importance of the topic for the Institution, the Risk Appetite Statement (RAS) of banco BV has an exclusive dimension on social, environmental and climate risks, and the quantitative indicator is monitored monthly and reported to the Controls and Risks Committee (CCR), and Risk and Capital Comitee (CRC) and Board of Directors (CA). The qualitative aspect of the indicator, which incorporates policies and statements that reinforce the position of the Board of Directors regarding its Risk Appetite, is defined/approved at least annually.

In addition to the Policies and Standards, the Institution has a governance structure for dealing with the RSAC, with the Controls and Risks Committee (CCR) as the main forum for monitoring and deliberating on RSAC topics, and also the ESG Committee (CASG), which acts in a coordinated way with the CRC in order to facilitate the exchange information on the PRSAC

The Institution has a social, environmental and climate risk management structure for the adequate identification, classification, evaluation, monitoring, mitigation and control of these risks in its business, mainly through the processes analysis and monitoring of customers, projects, real estate guarantees, asset issuers, supplier evaluation and new products. The processes are carried out by a team specialized in the subject and consist of evaluating the social, environmental and climatic aspects which customers and suppliers are involved in terms of compliance with socio-environmental legislation, working conditions, use of natural resources, waste management to establish the level of socio-environmental risk, supporting the Institution's decision-making.

Specifically in the analysis of customers of wholesale segment since 2011, the Institution started using the ESG Rating model (proprietary model for evaluating counterparties) which includes a methodology for assessing Climate Change in the credit analysis of risks considering aspects related to the efforts of companies to assess the physical and transition risk, in addition to the sector exposure to climate change. The assessments carried out may result in the establishment of conditions, restrictions or even prohibitions for companies to operate with Banco BV. Additionally, restrictions apply to relationships with individuals or legal entities that are proven to be involved in work similar to slavery, use of child labor, criminal exploitation of prostitution, unregulated speculative gambling or weapons and ammunition. The Institutions have a list of sectors with the highest potential risk, which despite not being prohibited, have specific diligence to identify the effectiveness of these possible risks, namely Agribusiness, Energy, Mining, Oil & Gas, Fishing and Tobacco. This process reinforces prudence in social, environmental and climate risk management.

In line with the PRSAC, banco BV became a signatory to the Equator Principles in 2016, being the 5th Brazilian bank to sign the voluntary commitment.

Based on the IFC (International Finance Corporation) Performance Standards and Policies on Social and Environmental Sustainability and the World Bank Guidelines on Environment, Health and Safety, the Equator Principles was developed as a voluntary commitment to help banks identify and manage socio-environmental risks associated with the direct financing of large infrastructure projects, such as dams, mines and pipelines. These principles set the benchmark for responsible financing.

As signatories of the Equator Principles, the Institution is committed to implementing them in internal social and environmental policies, procedures and standards, and does not provide project financing or corporate loans related to projects in which the client does not commit to complying with the Equator Principles, where applicable. From the adoption of the principles to their implementation, meetings and training were held between the areas that work with the theme for the alignment of socio-environmental risk management in projects.

The analysis of projects is carried out by the socio-environmental risk team allocated to the Institution's Risk Department. This analysis consists of submitting each transaction to a socio-environmental due diligence process that begins with the assignment of a category (A, B or C) that reflects the risk level of the project, as established by the IFC (International Finance Corporation).

- High Risk (Category A) – Projects with potential risk and/or significant negative socio-environmental impacts that are multiple, irreversible or unprecedented;
- Medium Risk (Category B) – Projects with limited potential for risks and/or negative socio-environmental impacts, in a reduced number, generally localized, largely reversible and readily controlled through mitigating measures;
- Low Risk (Category C) – Projects without negative risks and/or socio-environmental impacts or with minimal, reversible and mitigatable risks.

The review of the documentation provided by the client and by independent consultants makes it possible to assess compliance with the requirements established in the Equator Principles according to the project category. Among the requirements evaluated in the documentation are the working conditions, the impacts on the community and the environment of the projects financed by the Institution.

The Institution incorporates socio-environmental obligations into the financing contracts, as well as monitoring projects that present significant risks that fall within these principles.

In 2024, there was no contracting of Advisory and Financing Services for Project Finance, as well as of Corporate Loans for Projects classified under the criteria of Equator Principles III or IV (effective since Oct/20).

Reputation risk

The reputation risk is defined as the occurrence or possibility of damage to the Conglomerate's reputation because of the negative perception of clients, shareholders, investors, rating agencies, civil society, employees, trade unions and regulatory agencies, in relation to the Conglomerate's business practices, conduct or financial condition.

The reputation risk management is performed by two fronts:

- a) Decentralized management: it is performed using specific processes contained in several areas of the Conglomerate, which are designed to mitigate the occurrence of events that affect reputation, and to act by containing the dissemination of these impacts, upon the occurrence of these events; and
- b) Centralized management: performed by the Board of Executive Officers of Risks by means of consolidated evaluations and monitoring of the actions and reports, among other activities of the aforementioned individual areas.

All employees are responsible for the timely communication of events that affect or may affect the Institution's reputation. Reputational Risk monitoring is carried out monthly by the Controls and Risks Committee (CCR) using indicators present in the managed indicators cockpit.

Strategy risk

The strategy risk is defined as the possibility of loss resulting from the use of an inadequate business strategy, assumption or policy, or absence thereof, including the absence of response to market changes and to factors outside the Conglomerate and lack of capacity to execute the strategy.

Strategy risk management is carried out by segregating this risk into two parts, each having its own management tools and controls:

- a) Possibility of loss resulting from the use of inadequate business strategy, assumptions or policy, or absence thereof. In this case, management and control are based mainly on the process of developing and monitoring Strategic and Budget Planning; and
- b) Possibility of loss resulting from the lack of response to market changes or other factors extraneous to the Conglomerate. These risks are managed by monitoring the amounts, data and performed indicators compared to the ones budgeted, periodic review of projections, and monitoring of macroeconomic scenarios.

Strategy risk management also covers people risk, defined as the possibility of losses in the institution's revenue, specific technical knowledge or relationship with stakeholders, resulting from the departure of personnel at all levels of the institution, as well as the lack of ability to attract talent.

Lastly, technology risk is also included in the context of strategy risk, represented by the possibility of non-fulfillment of targets and goals established by senior management due to failures in the implementation of systems and/or inadequate sizing of the technological environment for executing its business, lack of adequate budget for technical development, among others.

Model Risk

The model risk is defined as the set of possible adverse consequences arising from incorrect results of models, or its inadequate use.

Risk management of models comprises the performance of three fronts:

- a) The model's management area, which is responsible for developing and documenting the model, in addition to the timely monitoring of performance indicators such as backtest, among others;
- b) Model Validation, which independently assesses and monitors the model, aimed at identifying weaknesses and guiding corrective action plans, in addition to being a means of support for the model asset manager area in relation to its processes and controls;
- c) Internal Audit, which provides an independent opinion to Senior Management and the governance body regarding the model validation process.

Compliance Risk

For internal governance purposes, compliance risk is understood as the possibility of the Conglomerate suffering legal or administrative sanctions, financial losses, reputational damage or other damages, resulting from non-compliance or failures to observe the legal framework, sub-legal regulations, or corporate principles and values.

The Operation Risk and Compliance Area is the unit, within the Non-Financial Risks Superintendence, responsible for managing the Conglomerate's compliance risk, in accordance with CMN Resolution No. 4595/2017, and is an integral part of the Risk Directorate's structure, with the risk and compliance culture being the responsibility of all the Institution's administrators and employees. The scope of the RO and Compliance Area for compliance risk management considers the preventive, detective/corrective pillars, in view of its risk assessment model, regulatory, financial, reputational impacts and impact on customers.

As part of compliance risk management, the work carried out by the RO and Compliance Area is periodically reported to the directorates involved and to the Controls and Risks Committee for the executives' knowledge or deliberation. In addition to these forums, the RO and Compliance Area periodically reports the results of its work to the Audit Committee ("Coaud") and the Board of Directors ("CA").

Underwriting risk

The underwriting risk is defined as the possibility of losses originating from the issuance of third-party debts in which the Conglomerate is obliged to acquire instruments to place them in its active portfolio due to the execution of firm commitment clauses. The risk management process is segregated into three (03) views: (i) specific analysis of each operation; (ii) analysis of the consolidated exposure of operations with firm commitment; and (iii) monitoring of the portfolio operations because of the execution of a firm guarantee.

Step-in Risk

Contagion Risk is defined as the possibility of losses occurring for the entities comprising the Prudential Conglomerate, including the leading financial institution, arising from their relationships, contractual or otherwise, with unconsolidated entities. From these relationships, the risk may arise that the entities of the Prudential Conglomerate, even if not contractually obligated, assume the burden of providing financial assistance to the entities with which the relationships were established.

Contagion risk management has the scope of assessing eligible entities in the context of their relationships with the Conglomerate, examining the probability of occurrence of risk events and the probability of carrying out a step-in on a consolidated basis, aiming at the possible impacts that may generate to the Conglomerate. The eligibility of entities comes from the relationship in the context of the dimensions of suppliers, investment funds, invested entities, affiliates and partnerships/services.