

FINANCIAL STATEMENTS

June 30, 2024



Financial Statements

Banco Regional de Desenvolvimento do Extremo Sul – BRDE

June 30, 2024
with Independent Auditor's Report



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A free translation from Portuguese into English of Independent Auditor's Report on financial statements prepared in Brazilian currency in accordance with accounting practices adopted in Brazil applicable to institutions authorized to operate by the Central Bank of Brazil (BACEN)

Independent auditor's report on financial statements

To the
Controlling Shareholders and Executive Board of
Banco Regional de Desenvolvimento do Extremo Sul – BRDE
Porto Alegre - RS

Opinion

We have audited the financial statements of Banco Regional de Desenvolvimento do Extremo Sul – BRDE (“Bank”), which comprise the statement of financial position as at June 30, 2024 and the statements of profit or loss, of comprehensive income, of changes in equity and of cash flows for the six-month period then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Bank as at June 30, 2024, its financial performance and its cash flows for the six-month period then ended in accordance with the accounting practices adopted in Brazil applicable to institutions authorized to operate by the Central Bank of Brazil (BACEN).

Basis for opinion

We conducted our audit in accordance with Brazilian and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Bank in accordance with the relevant ethical principles set forth in the Code of Professional Ethics for Accountants and the professional standards issued by Brazil's National Association of State Boards of Accountancy (CFC), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those that, in our professional judgment, were of most significance in our audit of the financial statements of the current six-month period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide an individual opinion on these matters. For each matter below, our description of how our audit addressed the matter, including any commentary on the findings or outcome of our procedures, is provided in that context.



We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these audit matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Loan transactions and allowance for expected losses associated with credit risk

As disclosed in Notes 7 and 9 to the financial statements, as at June 30, 2024, the gross balance of loans totals R\$19,728,765 thousand, for which allowance for expected losses of R\$481,327 thousand was set up. During the current period, income from loans and allowance for expected losses were recognized in the amounts of R\$1,179,748 thousand and R\$125,468 thousand, respectively. The executive board exercises judgment for the purpose of determining the allowance for expected losses in accordance with Resolution No. 2682/99 of the National Monetary Council, in addition to considering the expected realization of the loan portfolio, and the minimum amount required by current regulations, based on past experience, current scenario and future prospects.

We consider this a key audit matter as a result of the following: (i) the materiality of the balance of loans subject to assessment of loss; (ii) the guarantees received for the loans granted, which could affect the level of the allowance to be considered; (iii) Brazil's economic scenario and that of the market for borrowers; (iv) executive board's judgment of the assigned ratings that determine the level of minimum individual allowance for each transaction, borrower or economic group; and (v) the process for recognizing interest income on loans.

How our audit addressed this matter

Our audit procedures included, among others, obtaining an understanding of the process established by the executive board, as well as the testing of controls related to the following: (i) origin of the transactions; (ii) analysis and approval of the loans considering the levels of authority established; (iii) assignment of rating levels by transaction, borrower or economic group; (iv) analysis of guarantees received; (v) timely updating of borrowers' information; (vi) recognition of interest income from transaction in normal course; and (vii) suspension of recognition of revenue on loans overdue for more than 59 days, among others. Our audit procedures also included carrying out, for a sample of loans, tests related to analysis of the documentation that substantiates the level of allowance determined for the sampled items, recalculation of the allowance for expected losses based on the assigned ratings and indicators of days in arrears, and sending balance confirmation letters directly to the selected borrowers, in addition to comparison of the total database with the respective accounting records.



In addition, we conducted an assessment of the prudential criteria established by the Bank's executive board to set up allowance for expected losses additional to the minimum established by CMN Resolution No. 2682/99, including analyses prepared by the Bank's executive board.

Based on the result of the audit procedures conducted, which is consistent with the executive board's assessment, we consider that the criteria and assumptions adopted by the executive board to determine and account for loans and allowance for expected credit losses, as well as the respective disclosures in Notes 7 and 9, are acceptable in the context of the financial statements taken as a whole.

Post-employment benefit plans

The Bank records actuarial liabilities related to post-employment benefit plans which, as mentioned in Note 18 to the financial statements, comprise pension benefits and health care programs, totaling R\$212,805 thousand as of June 30, 2024. This was considered a key audit matter given the materiality of the amounts involved and the complexity of the actuarial liability assessment models, which include the use of long-term assumptions, such as: general mortality, disability, medical costs, salary growth, family structure, discount rate, and inflation.

How our audit addressed this matter

With the support of our actuarial specialists, we conducted the following procedures, among others: analysis of the methodology and of the main assumptions used by the board of directors in assessing actuarial obligations arising from post-employment benefit plans; verification of the mathematical accuracy of the calculation of reserves; and analysis of the consistency of the results in relation to the parameters used in the assessments. Our audit procedures also included testing of the integrity of master record information used in actuarial projections and the sufficiency of disclosures related to post-employment benefit plans in the financial statements.

Based on the result of the audit procedures carried out on the post-employment benefit plans, which is consistent with the executive board's assessment, we consider that the criteria and assumptions for assessment of actuarial obligations adopted by the executive board, as well as the respective disclosures in Note 18 to the financial statements, are acceptable, in the context of the financial statements taken as a whole.

Recoverability of tax credits

As of June 30, 2024, the Bank records deferred tax assets in the amount of R\$371,438 thousand, as presented in Note No. 17 to the financial statements, consisting substantially of temporary differences in the calculation of the income and social contribution tax bases, arising substantially from losses on temporarily nondeductible credits, allowance for expected losses, and provision for contingencies and for post-employment benefits.



This was considered a key audit matter given the materiality of the recorded amount and the reasonable level of judgment required to determine assumptions about the Bank's future performance and in the study of realization of these assets, as described in Note 17 to the financial statements.

How our audit addressed this matter

Among other procedures, we involved our tax specialists to validate the taxable bases and the changes in credit in accordance with current legislation. We also analyzed the methodology and assumptions used by the executive board in the study of realization of tax credits, including projections of future income, as well as compliance with the requirements of the Central Bank of Brazil. We verified the mathematical accuracy of the calculation and the consistency between the data used and the accounting balances, as well as consistency with previous assessments, reasonableness of the assumptions used, and sufficiency of the disclosures in explanatory notes.

Based on the results of audit procedures performed on tax credits, which are consistent with the executive board's assessment, we consider that the recorded balances and criteria and assumptions used in the study of realization of tax credits, including projections of future income, prepared by the executive board, as well as the respective disclosures in Note 17, are acceptable in the context of the financial statements taken as a whole.

Other matters

Statement of value added

The statement of value added (SVA) for the six-month period ended June 30, 2024, prepared under the responsibility of the Company's executive board and presented as supplementary information for purposes of the Central Bank of Brazil, were submitted to audit procedures conducted jointly with the audit of the Bank's financial statements. To form our opinion, we evaluated if this statement is reconciled to the financial statements and accounting records, as applicable, and if its form and content comply with the criteria defined in Accounting Pronouncement NBC TG 09 – Statement of Value Added. In our opinion, this statement of value added was prepared fairly, in all material respects, in accordance with the criteria defined in the abovementioned accounting pronouncement, and is consistent in relation to the financial statements taken as a whole.



Other information accompanying the financial statements and the auditor's report

The executive board is responsible for such other information, which comprises the Management Report.

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

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

Responsibilities of the executive board and those charged with governance for the financial statements

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

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

Those charged with governance are responsible for overseeing the Bank's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

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



As part of the audit conducted in accordance with Brazilian and International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- Evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the executive board.
- Concluded on the appropriateness of the executive board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluated the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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



From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current six-month period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Brasília, August 28, 2024.

ERNST & YOUNG
Auditores Independentes S/S Ltda.
CRC SP-015199/F

A handwritten signature in blue ink, reading 'Renata Zanotta Calçada', is written in a cursive style.

Renata Zanotta Calçada
Accountant CRC - RS062793/O-8

ASSETS	Note	06/30/2024	12/31/2023
Cash	5	40,881	91,707
Financial instruments		23,076,633	20,923,150
Securities	6	3,183,159	3,001,497
Loans and other credit operations	7	19,728,765	17,733,229
Other financial instruments	8	164,709	188,424
(-) Provision for expected losses related to credit risk	9	(481,327)	(417,556)
Other assets		145,753	134,888
Income receivable		6,015	8,344
Guarantee deposit		70,317	69,233
Other credits	10	23,305	18,985
Non financial assets held for sale		48,964	41,174
(-) Impairment of other assets		(2,848)	(2,848)
Tax assets	17.2	371,438	315,387
Investments		602	602
Fixed assets, net	11	40,071	40,708
Fixed assets in use		76,031	75,527
(-) Accumulated depreciation		(35,960)	(34,819)
Intangible assets, net	11	8,472	9,505
Intangible assets		52,384	51,359
(-) Accumulated amortization		(43,912)	(41,854)
TOTAL ASSETS		23,202,523	21,098,391
LIABILITIES	Note	06/30/2024	12/31/2023
Deposits and funding	12	439,896	78,314
Financial instruments		17,064,020	15,486,854
Domestic onlendings	13.1	14,523,261	13,568,421
Foreign borrowings and onlendings	13.1	2,538,872	1,913,948
Derivative financial instruments	6.2	1,887	4,485
Other liabilities		860,096	996,003
Financial and development funds	14	615,715	494,546
Income tax and social contribution		146,731	162,208
Other tax liabilities		42,196	16,268
Other liabilities	15	55,454	322,981
Provisions		145,608	132,342
Provision for guarantees granted	16.1	3,541	281
Provision for contingencies	16.2	104,205	100,426
Provision for outgoing payments		37,862	31,635
Deferred tax	17.2	71,125	68,850
Actuarial liabilities	18	212,805	234,705
Equity	19	4,408,973	4,101,323
Capital		2,388,942	2,225,541
Profit reserves		2,087,566	1,968,027
Other comprehensive income		(67,535)	(92,245)
TOTAL LIABILITIES AND EQUITY		23,202,523	21,098,391

The accompanying notes are an integral part of these Financial Statements.

	Note	06/30/2024	06/30/2023
Income from financial intermediation		1,305,840	1,066,804
Loans and other credit operations	7.5	1,179,748	901,021
Securities		126,092	165,783
Expenses from financial intermediation		(877,210)	(439,483)
Funding		(7,898)	(743)
Borrowings and onlendings	13.2	(744,574)	(450,660)
Provision for expected losses related to credit risk		(125,468)	14,883
Derivative financial instruments	6.2	730	(2,963)
Net income from financial intermediation		428,630	627,321
Operating income		44,588	31,087
Income from services and banking fees	20	32,729	22,277
Other operating income	21	11,859	8,810
Operating expenses		(214,952)	(198,887)
Personnel expenses	22	(125,044)	(109,907)
Other administrative expenses	23	(41,533)	(34,571)
Tax expenses	24	(28,988)	(30,652)
Other operating expenses	25	(19,387)	(23,757)
Provisions		(15,456)	(13,445)
Labor claims		(8,627)	(2,117)
Civil and tax provision		(3,561)	(10,138)
Financial guarantees granted		(3,268)	(1,190)
Net operating income		242,810	446,076
Other income and expenses		2,088	3,753
Net income before tax and profit sharing		244,898	449,829
Income tax and social contribution	17.1	(105,351)	(194,904)
Current		(165,013)	(200,349)
Deferred		59,662	5,445
Profit sharing		(9,957)	(14,306)
NET INCOME		129,590	240,619

Basic and diluted earnings per share (lot of 1000 shares)	0.05	0.13
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The accompanying notes are an integral part of these Financial Statements.

	06/30/2024	06/30/2023
Net income	129,590	240,619
Items that may be reclassified to the income statement		
Financial assets available for sale	2,801	165
Change in fair value	521	300
Tax effect	(1,597)	(135)
Sale of assets	3,877	-
Items that cannot be reclassified to the income statement		
Post-employment benefits	21,909	(26,939)
Remeasurement of actuarial liabilities	26,198	(33,257)
Tax effect	(4,289)	6,318
Total other comprehensive income	24,710	(26,774)
TOTAL COMPREHENSIVE INCOME	154,300	213,845

The accompanying notes are an integral part of these Financial Statements.

	Profit Reserves		Other Comprehensive Income	Retained Earnings	Total
	Capital	Regimental Fund			
Balances on January 1, 2023	1,971,507	1,983,628	(116,830)	-	3,838,305
Changes to market value of securities	-	-	165	-	165
Actuarial valuation changes	-	-	(26,939)	-	(26,939)
Capital increase (note 19)	122,832	(122,832)	-	-	-
Net income	-	-	-	240,619	240,619
Constitution of reserves	-	240,619	-	(240,619)	-
Balances on June 30, 2023	2,094,339	2,101,415	(143,604)	-	4,052,150
Balances on January 1, 2024	2,225,541	1,968,027	(92,245)	-	4,101,323
Changes to market value of securities	-	-	2,801	-	2,801
Actuarial valuation changes	-	-	21,909	-	21,909
Capital increase (note 19)	163,401	(10,051)	-	-	153,350
Net income	-	-	-	129,590	129,590
Constitution of reserves	-	129,590	-	(129,590)	-
Balances on June 30, 2024	2,388,942	2,087,566	(67,535)	-	4,408,973

The accompanying notes are an integral part of these Financial Statements.

	06/30/2024	06/30/2023
Cash flow from operating activities		
Adjusted income before income tax and social contribution	244,898	449,829
Adjustments that do not affect cash flow from operating activities	148,741	9,937
Depreciation and amortization	3,686	4,635
Provision for expected losses related to credit risk	125,468	(14,883)
Provision for financial guarantees granted	3,261	(1,883)
Provision for contingencies	5,779	10,385
Adjustment to market value – assets and liabilities	(21)	5
Actuarial provision, net of reversions	10,568	11,678
Increase / decrease in operating assets and liabilities	(428,683)	(579,175)
(Increase)/decrease in securities and derivative financial instruments	(9,778)	183,104
(Increase)/decrease in loans and other credit operations	(2,057,233)	(1,002,850)
(Increase)/decrease in other financial instruments	23,715	22,524
(Increase)/decrease in other assets	(10,866)	9,670
Increase/(decrease) in borrowings and onlendings	1,579,441	626,733
Increase/(decrease) in other liabilities	228,571	(142,505)
Increase/(decrease) in provisions and actuarial liabilities	(2,043)	(4,261)
Paid income tax and social contribution	(180,490)	(271,590)
Net cash generated from / (used in) operating activities	(35,044)	(119,409)
Cash flow from investing activities		
Investment in intangible assets	(1,024)	(1,285)
Investment in fixed assets	(1,135)	(961)
Sale of property and equipment in use	143	6
Sale of shares	6,068	-
Net cash generated from / (used in) investing activities	4,052	(2,240)
Cash flow from financing activities		
Capitalized interest on equity	153,350	-
Net cash generated from / (used in) financing activities	153,350	-
Increase / (decrease) in cash and cash equivalents	122,358	(121,649)
Changes in the financial position		
Cash and cash equivalents at the beginning of the period	1,021,527	1,074,335
Cash and cash equivalents at the end of the period	1,143,885	952,686
Increase / (decrease) in cash and cash equivalents	122,358	(121,649)

The accompanying notes are an integral part of these Financial Statements.

	06/30/2024	06/30/2023
Income	1,349,268	1,100,460
Financial intermediation	1,305,841	1,066,804
Services rendered	32,729	22,277
Provision for financial guaranteed granted	(3,261)	1,883
Other	13,959	9,496
Expenses	884,319	450,203
Financial intermediation	751,742	454,366
Provision for expected losses related to credit risk	125,468	(14,883)
Other	7,109	10,720
Inputs acquired from third parties	61,508	54,473
Supplies, energy and other	52,746	48,899
Third-party services	8,762	5,574
Gross added value	403,441	595,784
Depreciation and amortization	3,686	4,635
Total added value for distribution	399,755	591,149
Distribution of added value	399,755	591,149
Personnel	105,639	93,000
Salaries	78,640	69,016
Benefits	20,766	18,520
FGTS	6,233	5,464
Taxes, fees and contributions	153,745	242,463
Federal	151,702	241,005
State	23	42
Local	2,020	1,416
Remuneration on third party capital	824	761
Rental	824	761
Equity remuneration	139,547	254,925
Profit sharing	9,957	14,306
Retained earnings	129,590	240,619

The accompanying notes are an integral part of these Financial Statements.

1. OPERATING CONTEXT

Banco Regional de Desenvolvimento do Extremo Sul ("BRDE") is a privately held public financial institution established under the form of an agreement signed between its controlling States: Rio Grande do Sul, Santa Catarina and Paraná.

As a financial institution that drives regional development, BRDE aims to promote and lead actions to stimulate economic and social development, through planning and long-term technical and credit support, with the main activities:

- I. Loans and financing;
- II. Guarantee granting;
- III. Investments;
- IV. Services;
- V. Agreements of any nature;
- VI. Other modalities compatible with the nature of the institution and authorized by the Central Bank of Brazil.

As it has legal personality under private law, BRDE is subject to the rules applicable to private companies regarding labor, tax, civil and commercial obligations defined in the legal system, and as a financial institution BRDE is subject to the rules defined by the National Monetary Council – CMN and by the Central Bank of Brazil – BACEN.

BRDE is headquartered at Rua Uruguai, 155, Centro, Porto Alegre – RS, and has 1 operational agency in each capital of the controlling States: Porto Alegre, Florianópolis and Curitiba.

2. BASIS OF PREPARATION AND PRESENTATION OF FINANCIAL STATEMENTS

2.1 Approval and functional currency of Financial Statements

The Financial Statements are presented in Real (R\$), which is the functional currency. Amounts are expressed in thousands of Reais, unless otherwise indicated.

These Financial Statements, after consideration by the Fiscal Council, Audit Committee and the Executive Board, were approved by the Board of Directors at a meeting held on August 28, 2024.

2.2 Basis of preparation and presentation of financial statements

The financial statements were prepared in accordance with BACEN and CMN regulations, and based on the provisions of the Brazilian Corporation Law, as long as they do not conflict with the regulations issued by regulatory bodies.

The presentation of the statements is in accordance with the Accounting Plan for Institutions of the Financial System – COSIF and with the pronouncements issued by the Accounting Pronouncements Committee – CPC, which were received by the regulatory bodies.

The Balance Sheet is presented in order of liquidity and enforceability, for the asset and liability accounts, respectively, as per the prerogative provided for in art. 23 of BACEN Resolution No. 2/2020, with the segregation of short- and long-term values presented in note 4.

3. MATERIAL ACCOUNTING POLICIES

3.1 Income recognition

Income is recognized using the accrual method, which establishes that revenues and expenses must be included in the results for the periods in which they occur, always simultaneously when they correlate, regardless of receipt or payment. Income and expenses of a financial nature are accounted for on a daily pro rata basis and calculated based on the exponential method. Transactions indexed to foreign currencies are updated up to the balance sheet date.

3.2 Cash and cash equivalents

Cash and cash equivalents are represented by available cash (domestic and foreign bank deposits) and securities with short-term maturity and that present insignificant risk of fair value change.

3.3 Securities

In accordance with BACEN Circular No. 3,068/2001, and complementary regulations, securities are classified according to trading intention, at the discretion of the Administration, into three categories, namely:

- Trading securities - measured at fair value, with related gains or losses recognized in the income statement;
- Available-for-sale securities - updated based on intrinsic conditions in the income statement, and adjustment to market value recognized in the specific equity account; and
- Held-to-maturity securities - updated based on intrinsic conditions in the income statement.

3.4 Derivative financial instruments

According to BACEN Circular No. 3,082/2002, derivative financial instruments are classified, on the date of their contracting, as a protection instrument (hedge) or not, according to the administration's intention. Among the different types of derivative instruments, BRDE operates with the swap modality.

Transactions with derivative financial instruments are recorded at their fair value, considering the mark-to-market methodologies adopted by BRDE. The method for recognizing gains and losses resulting from operations can be recorded in profit or loss or in equity, depending on the category of hedge accounting adopted.

Financial instruments designated for hedge accounting purposes can be classified according to their nature into the following categories:

- Fair value hedge: derivative financial instruments intended to compensate risks arising from exposure to changes in the market value of the hedged item, with the values of gains and losses, realized or not, recorded in profit and loss account;
- Cash flow hedge: derivative financial instruments intended to offset variations in the institution's estimated cash flow, with the values of gains and losses, related to the effective portion, being recognized, net of tax effects, in other comprehensive income in the account specific to net worth.

The ineffective portion of the hedge is immediately recognized in income for the period.

Detailed information on the operations involved, their strategies, the objectives of risk management, including their effectiveness, are documented from the beginning of the operations in order to highlight the main elements involved:

- Purpose of the hedge;
- Documental identification of the hedge object and the management of the risk;
- Hedge classification and strategy;
- Internal accounting procedures;
- Identification of the hedge object and hedge instrument;
- Testing and demonstrating effectiveness.

3.5 Credit operations, other credits with characteristics of credit operations

These operations are stated at the realizable value plus, when applicable, and on a daily "pro rata" basis, the income earned in the period, based on the variation in the index and the contracted interest rate and deducted from the value of unearned income.

Operations due up to 59 days accrue interest in the income statement, and interest income after the 60th day is recognized only upon actual receipt.

When contracted, and in accordance with parameters defined by BRDE, credit operations are classified at risk level, which varies from "AA" (lowest risk) to "H" (highest risk). This risk may change through periodic reassessments or depending on the delay, strictly complying with the provisions of CMN Resolution No. 2,682/1999.

Delayed operations classified at the worst level ("H") remain at that level for six months, when they are then written off against the existing provision and controlled in memorandum accounts.

Renegotiated operations, which have not been transferred to memorandum accounts, are classified at least in the same risk level as they were on the renegotiation date, while those that were already written off are classified as "H". However, in both cases, classification to lower risk levels is permitted whenever there is significant amortization or the occurrence of a relevant fact that justifies the improvement.

3.6 Provisions for expected losses related to credit risk

The provision for expected losses related to credit risk is constituted by the minimum percentages established in BACEN standards plus additional provisions, and is based on the analysis of each operation and takes into account the economic situation, past experience and specific portfolio risks.

3.7 Impairment of assets

BRDE periodically reviews whether there is any indication impairment of assets and, when identified, it is recognized in the income statement for the period.

3.8 Fixed asset

Fixed assets are stated at their historical acquisition cost.

Depreciation is calculated using the straight-line method, based on the following annual rates, which take the useful life of the assets into account:

	Annual rates
Properties	4%
Facilities, equipment, and communication and security systems	10%
Data processing systems and vehicles	20%

3.9 Intangible asset

Intangible assets intended for the maintenance of the institution or exercised for this purpose. Intangible assets have a defined useful life and basically refer to software, amortized using the straight-line method at a rate of 20% per year from the date of its availability for use. The entity assesses, at the end of each reporting period, whether there was any indication that an intangible asset has suffered devaluation. If there is any indication, the entity estimates the recoverable value of the asset.

3.10 Onlendings

Demonstrated by the amounts of liabilities considering charges and monetary or exchange variations up to the date of the financial statements, recognized on a daily pro rata basis.

3.11 Taxes and contributions

The list of taxes and contributions on profit and on the result to which BRDE is subject to calculate and collect are detailed in note 17, as well as the respective rates in force at the closing date of this semester.

Deferred tax credits and liabilities related to income tax and social contribution, calculated at the rates to be applied from the 2nd semester of 2024, are constituted on temporary differences between the accounting and tax results. In accordance with CMN Resolution No. 4,842/20, the expectation of realizing the aforementioned credits and liabilities of the institution, demonstrated in note 17.2, is based on projections of future results and on a technical study prepared and approved by Management.

3.12 Contingent assets and liabilities

The recognition, measurement and disclosure of active and passive contingencies and legal obligations are carried out in accordance with the criteria defined in CMN Resolution No. 3,823/09.

Contingent assets: contingent assets are not recognized in accounting, except when Management has total control of the situation or when there are real guarantees or favorable decisions, over which no further appeals can be made, characterizing the realization of the asset as practically certain.

Contingencies: basically arise from judicial and administrative proceedings, inherent to the normal course of business brought by third parties, former employees and public bodies, in civil, labor, tax

and social security actions and other risks. These contingencies, consistent with conservative practices adopted, are evaluated by legal advisors and take into account the probability that financial resources will be required to settle the obligations and that their amount can be estimated with sufficient certainty. The values of contingencies are quantified using models and criteria that allow them to be measured appropriately, based on documentary or accounting support, or a history of similar facts, despite the uncertainty inherent to the term or value. Contingencies classified as probable are those for which provisions are set up; possible contingencies require only disclosure and remote contingencies do not require provisions or disclosure.

Legal obligations - tax and social security: result from judicial discussion on the constitutionality of the laws that established them and, regardless of the assessment of the probability of success, their amounts are fully provisioned in the financial statements.

3.13 Actuarial liability

The Bank is a sponsor of the Fundação BRDE de Previdência Complementar - ISBRE, whose main purpose is to maintain retirement and pension plans (note 18). The actuarial system for calculating the cost and contributions of the plans is capitalization, evaluated every six months by an independent actuary.

Actuarial gains or losses recognized for a given period correspond to increases or decreases in the present value of the defined benefit obligation due to changes in actuarial assumptions and adjustments based on experience.

Post-employment benefits are recognized in the income statement as follows:

- Cost of current service: increase in the plan commitment (actuarial liabilities) resulting from the service provided by the employee in the period, that is, due to the "acquisition" of the right for the time of service provision for another period.
- Cost of interest on the actuarial liability: defined as the increase, during the period, in the present value of the obligations as a result of the passage of time.
- Valuation adjustments in net equity: actuarial gains and losses, return on plan assets excluding amounts considered in defined benefit net interest and any change in the effect of the asset ceiling excluding amounts considered in defined benefit net interest.

3.14 Other assets and liabilities

Stated at realizable and/or payable values, including, when applicable: (i) income and charges incurred up to the balance sheet date, calculated on a daily pro rata basis and (ii) the effects of adjustments to reduce the cost of assets or their market or realizable value.

4. CURRENT AND NON-CURRENT SEGREGATION

In compliance with art. 23 of BACEN Resolution No. 02/2020, we present, for balance sheet items, the current and non-current segregation.

ASSETS	06/30/2024		12/31/2023	
	Current	Non-current	Current	Non-current
Cash	40,881	-	91,707	-
Securities	3,097,219	85,940	2,950,673	50,824
Loans and other credit operations	3,195,481	16,533,284	2,861,634	14,871,595
Other financial instruments	63,224	101,485	67,700	120,724
(-) Provision for expected losses related to credit risk	(120,978)	(360,349)	(102,365)	(315,191)
Income receivable	6,015	-	8,344	-
Guarantee deposit	-	70,317	-	69,233
Other credits	19,266	4,039	18,985	-
Non financial assets held for sale	17,715	31,249	25,843	15,331
(-) Impairment of non financial assets held for sale	(2,129)	(719)	(2,115)	(733)
Tax assets	-	371,438	-	315,387
Investments	-	602	-	602
Fixed assets, net	-	40,071	-	40,708
Intangible assets, net	-	8,472	-	9,505

LIABILITIES	06/30/2024		12/31/2023	
	Current	Non-current	Current	Non-current
Deposits and funding	33,438	406,458	-	78,314
Domestic onlendings	2,403,206	12,120,055	2,277,997	11,290,424
Foreign borrowings and onlendings	319,609	2,219,263	202,594	1,711,354
Derivative financial instruments	1,510	377	3,257	1,228
Financial and development funds	615,715	-	494,546	-
Income tax and social contribution	146,731	-	162,208	-
Other tax liabilities	42,196	-	16,268	-
Other liabilities	33,776	21,678	301,645	21,336
Provision for contingencies	-	104,205	-	100,426
Provision for guarantees granted	-	3,541	-	281
Provision for outgoing payments	37,862	-	31,635	-
Actuarial liabilities	-	212,805	-	234,705
Deferred tax	-	71,125	-	68,850

5. CASH AND CASH EQUIVALENTS

	06/30/2024	12/31/2023
Cash	40,881	91,707
Investment funds quotas (note 6)	1,103,003	929,820
Total	1,143,884	1,021,527

6. SECURITIES AND DERIVATIVE FINANCIAL INSTRUMENTS

BRDE's financial instruments are all classified as hierarchy level 1, as their prices are quoted in active markets for the same instrument without modification.

	06/30/2024	12/31/2023
Own portfolio – note 6.1	1,748,575	1,679,370
Investment fund quotas (note 5)	1,103,003	929,820
Investment fund quotas – FSA resources ⁽¹⁾	331,581	392,307
Total	3,183,159	3,001,497

(1) These are resources, managed by BRDE, destined for the production chain of audiovisual activity in Brazil.

6.1 Own portfolio

BRDE's own portfolio has the following composition, with investment fund quotas being classified as available for sale and have no expiration date.

	06/30/2024	12/31/2023
Investment fund quotas – BB exclusive fund (a)	1,138,951	1,177,029
Investment fund quotas – CEF fund	485,818	461,764
Investment fund quotas – other funds	50,728	175
Quotas of participation funds (b)	42,968	38,734
Quotas of publicly-held companies (c)	-	1,668
Commodities – CPR-F	30,110	-
Total	1,748,575	1,679,370

a) Exclusive fund with a fixed income profile, managed by BB Administração de Ativos - Distribuidora de Títulos e Valores Mobiliários S.A., based on parameters established by BRDE, in which the goal is to obtain a profitability greater than 101% of the DI rate to 86% of the portfolio and higher than IPCA + 5% for the remaining 14%. Of this amount, R\$ 13,012 (12/31/2023 – R\$ 12,090) is pledged for legal proceedings. Evaluated at market value, the composition of the fund is as follows:

	06/30/2024	12/31/2023
Financial Treasury Letter (LFT)	758,450	756,625
National Treasury Notes (NTN-B)	295,477	287,272
National Treasury Bonds (LTN)	84,736	133,074
Other	288	58
Total	1,138,951	1,177,029

b) They represent quotas of funds in participations or guarantors, which are managed by private institutions, with their quotas updated by the values disclosed by the respective administrators on the balance sheet date, presenting the following situation on June 30:

	Capital		Updated balance
	Subscribed	Paid in	
Fundo Garantidor de Investimentos – FGI	1,900	1,900	3,178
Fundo Criatec III	12,000	11,771	13,519
FIP Anjo Capital Semente	15,000	9,878	9,510
TM3 Capital VC4 FIP Multiestratégia	10,000	9,516	16,525
Criatec 4 ASG FIP Capital Semente	10,000	539	236
Total	48,900	33,604	42,968

c) BRDE concluded, in the first half of 2024, the process of selling the share portfolio, recognizing its net effect in the income statement.

BRDE does not have securities classified in the held-to-maturity category, nor were any reclassifications or changes in classifications between categories carried out by Management.

6.2 Derivative instruments

BRDE participates in operations involving derivative financial instruments in the swap modality, recorded in balance sheet and memorandum accounts, with the aim of mitigating the risks arising from exchange rate variations in the external funding operation (hedge object) carried out by BRDE with international financial institutions.

The maturity of the derivative instrument used in this modality has the same maturity as the funding transaction, both being adjusted to the market value, which is determined using an internal methodology duly documented and approved by management.

For this purpose, BRDE established fair value hedge accounting and, as determined by BACEN Circular No. 3,082/02, variations and adjustments arising from the valuation of these instruments and hedge objects are recorded in the income statement.

The following table presents the amounts posted to balance sheet and memorandum accounts:

Swap - asset	06/30/2024		
	Notional (memorandum account)	(Payable)/receivable amount (balance sheet)	Net effect (income statement)
(EUR+Euribor+tx) x (R\$+CDI+tx)	14,031	(1,887)	439

Curve and market values of the hedge object and hedge instrument are:

	06/30/2024			12/31/2023
	Curve value	Market value adjustment	Market value	Market value
Object	12,411	(267)	12,144	15,153
Instrument	1,631	256	1,887	4,485

The maturity of the hedge object and the hedge instrument are shown below:

	06/30/2024				12/31/2023
	Up to 3 months	From 3 to 12 months	After 12 months	Total	Total
Object	2,429	7,286	2,429	12,144	15,153
Instrument	377	1,133	377	1,887	4,485

BRDE carries out effectiveness tests at the beginning of the operation, initial prospective testing of the hedge structure, and periodically evaluates effectiveness at accounting closures on a monthly basis and as a result of the preparation of financial statements. The methodology adopted for effectiveness tests is based on the quotient between the adjustment to market value of the hedge instrument and the adjustment to market value of the hedge object, which allows BRDE to evaluate the net market variation of accruals of the curve. Thus, BRDE complies with what is required by the Central Bank of Brazil, regarding the results and methods adopted.

Position of external funding protected by derivatives:

Institution	Contracted value ⁽¹⁾	Initial date	Final date	Indexer
EIB	€\$ 6,707	02/25/2021	09/10/2025	EUR + 0.65% per year

(1) amount expressed in thousands in the contractual currency

7. LOANS AND OTHER CREDIT OPERATIONS

7.1 Composition by type of operation and risk level

Risk level	Loans	Financing	Rural Financing	Total	
				06/30/2024	12/31/2023
AA	444,909	2,660,958	4,608,389	7,714,256	7,106,554
A	1,216,177	3,176,167	3,849,193	8,241,537	7,634,545
B	195,587	1,902,714	221,846	2,320,147	1,973,301
C	116,393	541,474	224,394	882,261	512,235
D	27,145	150,272	24,008	201,425	195,885
E	2,124	20,511	7,893	30,528	24,109
F	13,974	7,743	3,212	24,929	19,168
G	326	68,911	9,448	78,685	23,531
H	48,832	126,478	59,687	234,997	243,901
Total – 2024	2,065,467	8,655,228	9,008,070	19,728,765	-
Total – 2023	2,001,533	7,639,179	8,092,517	-	17,733,229

7.2 Composition by maturity

	Operations in ordinary course										06/30/2024	12/31/2023
	AA	A	B	C	D	E	F	G	H			
Falling due	7,641,701	8,010,693	1,964,249	661,310	72,556	8,827	6,565	20,579	101,966	18,488,446	17,332,942	
Up to 3 months	467,156	481,025	113,377	54,635	5,761	277	221	1,804	2,491	1,126,747	747,852	
From 3 to 12 months	799,035	795,971	145,850	55,083	7,654	1,390	838	1,634	6,798	1,814,253	2,022,714	
From 1 to 3 years	1,979,951	2,178,222	406,199	179,855	20,111	2,704	1,341	5,232	16,313	4,789,928	4,755,974	
From 3 to 5 years	1,569,582	1,795,967	338,224	148,493	14,783	2,054	755	4,912	13,642	3,888,412	3,681,426	
Over 5 years	2,825,977	2,759,508	960,599	223,244	24,247	2,402	3,410	6,997	62,722	6,869,106	6,124,976	
Non-performing operations - with overdue installments of more than 14 days												
Overdue	1,910	6,105	14,888	13,312	6,248	1,647	3,352	3,074	31,201	81,737	35,467	
Falling due	70,645	224,739	341,010	207,639	122,621	20,054	15,012	55,032	101,830	1,158,582	364,820	
Up to 3 months	1,888	7,254	11,582	11,407	5,200	620	728	1,259	4,481	44,419	13,351	
From 3 to 12 months	5,740	18,666	36,230	33,568	9,824	1,726	2,411	1,499	18,661	128,325	42,250	
From 1 to 3 years	21,535	62,432	81,734	66,325	34,938	2,803	6,390	3,373	32,949	312,479	92,092	
From 3 to 5 years	17,411	50,825	57,135	34,329	29,739	3,321	4,391	8,762	20,190	226,103	73,538	
Over 5 years	24,071	85,562	154,329	62,010	42,920	11,584	1,092	40,139	25,549	447,256	143,589	
Total portfolio – 2024	7,714,256	8,241,537	2,320,147	882,261	201,425	30,528	24,929	78,685	234,997	19,728,765	-	
Ordinary course – 2023	7,095,759	7,560,629	1,897,906	442,437	121,116	13,533	5,674	17,380	178,508	-	17,332,942	
Non-performing – 2023	10,795	73,916	75,395	69,798	74,769	10,576	13,494	6,151	65,393	-	400,287	
Total portfolio – 2023	7,106,554	7,634,545	1,973,301	512,235	195,885	24,109	19,168	23,531	243,901	-	17,733,229	

7.3 Concentration by economic activity sector

	06/30/2024	%	12/31/2023	%
Public sector	1,084,963	5.50%	951,453	5.37%
Private sector	18,643,802	94.50%	16,781,776	94.63%
Farming and cattle raising	4,859,023	24.63%	4,581,441	25.83%
Industry	4,756,086	24.11%	4,242,330	23.92%
Infrastructure	4,018,127	20.37%	3,610,987	20.36%
Commerce	3,191,471	16.18%	2,645,262	14.92%
Tourism	391,069	1.98%	368,423	2.08%
Health	211,811	1.07%	200,222	1.13%
Financial intermediation	181,956	0.92%	197,299	1.11%
Food supply	77,793	0.39%	79,151	0.45%
Education	82,854	0.42%	80,809	0.45%
Sports, recreation and leisure	167,150	0.85%	157,623	0.89%
Services	706,462	3.58%	618,229	3.49%
Total portfolio	19,728,765		17,733,229	

7.4 Concentration by client

	06/30/2024	%	12/31/2023	%
Largest debtor	315,505	1.60%	276,670	1.56%
Next 10 largest debtors	2,113,996	10.72%	1,830,707	10.32%
Next 20 largest debtors	2,242,045	11.36%	2,083,690	11.75%
Next 50 largest debtors	3,009,685	15.25%	2,617,627	14.76%
Next 100 largest debtors	2,658,980	13.48%	2,421,293	13.65%
Other debtors	9,388,554	47.59%	8,503,242	47.96%
Total portfolio	19,728,765		17,733,229	

7.5 Income from credit operations and interbank onlendings

	06/30/2024	06/30/2023
Loans	159,703	53,995
Financing	586,034	477,040
Rural financing	343,674	273,098
Agro-industrial financing	59,258	23,023
Recovery of credits written off credits	21,220	62,139
Interbank onlendings	6,713	10,137
Other	3,146	1,589
Total	1,179,748	901,021

8. OTHER FINANCIAL INSTRUMENTS

	06/30/2024	12/31/2023
Interbank onlendings	83,387	97,000
Honored sureties and guarantees	29,568	35,673
Debtors for purchasing goods	51,754	55,751
Total portfolio	164,709	188,424

9. PROVISION FOR EXPECTED LOSSES RELATED TO CREDIT RISK

9.1 Composition of the provision

Risk Level	Provision for expected losses for:				Total provision	
	Credit Operations		Interbank	Other	06/30/2024	12/31/2023
	Regulatory	Additional	Onlendings	Credits ¹		
A	41,208	-	401	224	41,833	38,713
B	23,201	-	-	25	23,226	19,765
C	26,468	-	-	178	26,646	15,574
D	20,143	10,071	-	14	30,228	29,382
E	9,158	3,053	-	-	12,211	9,644
F	12,465	3,739	-	51	16,255	12,550
G	55,080	19,672	-	-	74,752	22,354
H	234,997	-	-	21,179	256,176	269,574
Total - 2024	422,720	36,535	401	21,671	481,327	-
Total - 2023	370,050	20,963	463	26,080	-	417,556

(1) operations with credit granting characteristics: guarantees and guarantees honored and debtors for the purchase of goods and values

The additional provision corresponds to the amount exceeding the minimum required by CMN Resolution no. 2,682/99 and is constituted within prudential criteria established by the Administration, in accordance with good banking practice, in order to allow the absorption of losses arising from circumstantial increases in default due to possible reversal/change in the economic cycle of sectors in which BRDE operates.

9.2 Changes in the provision for expected losses related to credit risk

	06/30/2024	12/31/2023
Opening balances	417,556	310,553
Constitution due to changes in risk level	162,603	170,898
Constitution due to credit recovery	11,660	95,484
Reversals due to changes in risk level	(48,795)	(112,326)
Transfer to memorandum accounts	(61,697)	(47,053)
Closing balances	481,327	417,556

9.3 Renegotiated and recovered credits

	06/30/2024	06/30/2023
Renegotiated amount in the period	99,522	53,881
Recovered amount:	21,220	62,139
- Through renegotiation	11,660	23,235
- Through receipt	9,560	38,904

10. OTHER CREDITS

	06/30/2024	12/31/2023
Advances and salary anticipations	5,591	2,037
Payments to be refunded	2,186	4,300
Pendencies to be regularized	4,101	1,738
Prepaid expenses	11,425	10,664
Other	2	246
Total	23,305	18,985

11. FIXED AND INTANGIBLE ASSETS

	Fixed assets					Intangible assets
	Properties	Equipment	Vehicles	Other	Total	Softwares
Balances on December 31, 2023	32,437	7,277	494	500	40,708	9,505
Acquisitions	-	1,356	-	100	1,456	1,024
Disposals	-	(320)	(632)	-	(952)	-
Depreciation/Amortization	(363)	(1,139)	398	(37)	(1,141)	(2,057)
Balances on June 30, 2024	32,074	7,174	260	563	40,071	8,472
Cost	44,536	27,754	860	2,881	76,031	52,384
Accumulated depreciation/amortization	(12,462)	(20,580)	(600)	(2,318)	(35,960)	(43,912)

12. DEPOSITS AND FUNDING

	Up to 1 year	From 1 to 3 years	Over 3 years	Total
Time deposits - RDB	33,438	38,212	11,059	82,709
Agribusiness letters of credit - LCA	-	76,892	280,295	357,187
Total - 06/30/2024	33,438	115,104	291,354	439,896

13. BORROWINGS AND ONLENDINGS

13.1 Borrowings and onlendings

Foreign borrowings represent resources that BRDE sought from international institutions with the priority of being used in financing, but without transaction maturities being linked to each other.

Domestic onlendings correspond to resources originated from official programs and foreign onlendings correspond to resources originated from international institutions, which are passed on to final debtors. The onlending liabilities mature until the year 2048, being subject, for the most part, to pre-fixed financial charges, being passed on to customers at the same terms and rates, plus “del credere”.

	06/30/2024			12/31/2023	
	Up to 1 year	From 1 to 5 years	Over 5 years	Total	Total
Domestic	2,403,206	7,290,175	4,829,880	14,523,261	13,568,421
BNDES	1,727,970	4,858,132	3,346,720	9,932,822	9,402,955
FINAME	296,185	1,241,101	497,520	2,034,806	1,936,060
FINEP	120,013	619,084	221,293	960,390	699,260
BB	52,941	143,015	121,642	317,598	292,046
CEF	74,390	149,866	396,621	620,877	595,376
FUNGETUR	110,880	268,050	230,867	609,797	584,922
Other	20,827	10,927	15,217	46,971	57,802
Foreign	319,609	780,246	1,439,017	2,538,872	1,913,948
AFD	124,834	370,801	584,891	1,080,526	923,276
CAF	114,882	214,332	26,903	356,117	403,245
EIB	38,377	131,878	177,121	347,376	276,869
NDB	28,839	36,853	467,528	533,220	236,334
IDB	12,677	26,382	182,574	221,633	74,224
Total – 06/30/2024	2,722,815	8,070,421	6,268,897	17,062,133	-
Total – 12/31/2023	2,480,591	7,583,230	5,418,548	-	15,482,369

Agence Française de Développement (AFD), New Development Bank (NDB) and Inter-American Development Bank (IDB) – onlending operations in which the effects of exchange rate variations are passed on to the final customer;

Corporación Andina de Fomento (CAF) – borrowing operations with resources internalized in Reais (swap offshore);

European Investment Bank (EIB) – BRDE has a loan operation, for which it contracted a swap (note 6.2). The remaining operations are onlendings and the effects of exchange rate variations are passed on to the final customer.

13.2 Expenses with borrowings and onlendings

	06/30/2024	06/30/2023
Expenses with onlendings from BNDES	289,412	293,316
Expenses with onlendings from FINAME	93,828	84,391
Expenses with onlendings from FINEP	14,663	9,132
Expenses with onlendings from BB	9,560	9,076
Expenses with onlendings from CEF	21,968	20,374
Expenses with onlendings from other domestic institutions	24,874	27,082
Expenses with foreign borrowings and onlendings	290,269	7,289
Total	744,574	450,660

14. FINANCIAL AND DEVELOPMENT FUNDS

	06/30/2024	12/31/2023
Fundo Setorial do Audiovisual (FSA) ⁽¹⁾	331,713	391,112
Ministry of Tourism – FUNGETUR ⁽²⁾	161,968	103,434
Fundo Impulsiona Sul ⁽³⁾	122,034	-
Total	615,715	494,546

(1) These are resources, managed by BRDE, destined for the production chain of audiovisual activity in Brazil.

(2) Resources intended for financing operations related to the activities regulated by the Ministry.

(3) Resources from the interest on equity of the controlling States destined for Fundo Impulsiona Sul (note 27d).

15. OTHER LIABILITIES

	06/30/2024	12/31/2023
Interest on equity	-	278,817
Profit sharing and payable results	9,957	11,993
Guarantee fund honors	21,670	21,336
Counterparties	4,096	4,586
Client values to be regularized ⁽¹⁾	5,334	3,657
Pendencies to be regularized	13,652	613
Other	745	1,979
Total	55,454	322,981

(1) Amounts received from clients in advance of credit renegotiations, pending formalization, and replacement of contracted guarantees.

16. PROVISIONS

16.1 PROVISION FOR FINANCIAL GUARANTEES GRANTED

The provision for financial guarantee operations granted by BRDE is calculated following the guidelines of CMN Resolution No. 2,682/99, according to which the percentage of the provision is defined by the risk level attributed to the operation, resulting from the application of methodologies developed by the institution that consider the characteristics of customers, operations and guarantees.

On 06/30/2024, the guaranteed amount is R\$ 211,515 (12/31/2023 – R\$ 194,619) and the provision is R\$ 3,541 (12/31/2023 – R\$ 281). All financial guarantee operations granted have a real guarantee.

16.2 PROVISION FOR CONTINGENCIES

The amount of risks for which BRDE constitutes a provision is as follows:

	12/31/2023	Constitution	Adjustment / Interest	Write-off by:		06/30/2024
				Reversal	Payment	
Labor	30,275	7,691	937	(6,304)	(2,000)	30,599
Civil	70,151	1,188	2,372	(105)	-	73,606
Total	100,426	8,879	3,309	(6,409)	(2,000)	104,205

According to note 3.12, the amount of labor provision refers to actions classified as probable loss. Furthermore, there are actions considered as possible loss by the bank's legal advisors in the amount of R\$ 32,174 (12/31/2023 - R\$ 117,790), which largely correspond to collective disputes over the equalization of BRDE's Job and Salary Plans.

The civil provisions refer to the following facts:

- a. R\$ 58,542 (12/31/2023 – R\$ 56,629) refer to attorney's fees due to loss;
- b. R\$ 5,312 (12/31/2023 – R\$ 5,139) refer to lawsuits filed by debtors seeking compensation; and
- c. R\$ 9,753 (12/31/2023 – R\$ 9,356) refer to embargoes filed by a debtor against execution of default.

Of the total provision for civil lawsuits, the amount of R\$ 64,310 (12/31/2023 – R\$ 62,213) has been deposited for legal guarantee.

Additionally, there are other civil actions classified as possible loss amounting to R\$ 6,897 (12/31/2023 – R\$ 6,434).

During the 2017 financial year, BRDE was fined by the Brazilian Federal Revenue Service for excluding active monetary variations arising from judicial deposits of a civil nature from the IRPJ and CSLL calculation basis. The process is in the administrative phase and according to our legal advisors, the probability of loss is possible and its value, on 06/30/2024, is R\$ 30,409 (12/31/2023 – R\$ 29,528).

17. INCOME TAX AND SOCIAL CONTRIBUTION

17.1 Income tax and social contribution

Demonstration of the calculation of IRPJ and CSLL in the period:

	06/30/2024	06/30/2023
Net income before tax and profit sharing	244,898	449,829
Profit sharing	(9,957)	(14,306)
Net income before tax	234,941	435,523
Current rates	45%	45%
IRPJ and CSLL at current rates	(105,724)	(195,985)
Effects on tax calculation:		
Non-deductible expenses and non-taxable income	(59,496)	(4,654)
Tax incentives	114	209
Other	93	81
Current IRPJ and CSLL	(165,013)	(200,349)
Deferred IRPJ and CSLL	59,662	5,445
Total IRPJ and CSLL recorded in the income statement	(105,351)	(194,904)

17.2 Deferred income tax and social contribution

a) Changes in deferred tax credits and debts

TAX CREDITS	12/31/2023	Constitution	Reversal	06/30/2024
Effect on net income	286,421	95,552	(33,615)	348,358
Written off credit operations	36,381	25,574	(1,916)	60,039
Provision for losses on credit operations	164,283	55,604	(26,168)	193,719
Provision for contingencies	45,192	4,183	(2,483)	46,892
Provision for losses on other credits	11,734	755	(2,806)	9,683
Provision for medical assistance	26,800	3,451	(198)	30,053
Other	2,031	5,985	(44)	7,972
Effect on equity	28,966	-	(5,886)	23,080
Provision for medical assistance	27,369	-	(4,289)	23,080
Adjustment to the market value of securities	1,597	-	(1,597)	-
Total	315,387	95,552	(39,501)	371,438
TAX DEBTS	12/31/2023	Constitution	Reversal	06/30/2024
Update of judicial deposits	21,526	944	-	22,470
Renegotiations taxed upon receipt	44,319	4,317	(1,538)	47,098
Judicial recovery – approval	3,005	541	(1,989)	1,557
Total	68,850	5,802	(3,527)	71,125

b) Expectation of realization of tax credits and debts

Year of realization ⁽¹⁾	Tax credits			Tax debts		
	Current value	Present value	%	Current value	Present value	%
2024	81,673	78,497	21.99%	3,501	3,364	4.92%
2025	98,796	87,847	26.60%	29,014	25,799	40.79%
2026	86,088	70,818	23.18%	5,501	4,525	7.73%
2027	60,685	46,184	16.34%	5,521	4,201	7.76%
2028	19,468	13,706	5.24%	8,715	6,137	12.25%
2029 to 2033	24,728	13,998	6.65%	2,972	1,936	4.18%
after 2033	-	-	0.0%	15,901	7,988	22.37%
Total	371,438	311,050		71,125	53,950	

(1) The provisions of Law No. 14,467, of 11/16/2022, on the tax treatment applicable to losses incurred in the receipt of credits arising from the activities of financial institutions and other institutions authorized to operate by the Central Bank of Brazil, were considered to estimate the realization of deferred tax assets from 2025 onwards.

c) Unrecognized deferred tax credits

Credits and liabilities were classified according to expected realization, with those tax credits expected to be realized over a period of more than 10 years, not recognized in the balance sheet as of June 30, 2024 totaling R\$ 55,576 (12/31/2023 – R\$ 63,129).

18. POST-EMPLOYMENT BENEFITS

The Bank offers pension benefit plans and a health care program that are classified as post-employment benefit plans, in accordance with Technical Pronouncement CPC 33 (R1) – Employee Benefits, approved by CMN Resolution No. 4,877/2020.

The accounting of post-employment liabilities/assets and respective expenses/revenues related to post-employment benefit plans is carried out in accordance with the referred Technical Pronouncement and with a report prepared by independent actuaries for June 30, 2024.

18.1 Characteristics of benefit plans

18.1.1 – Pension benefit plans

BRDE is a sponsor of the Fundação BRDE de Previdência Complementar – ISBRE, a closed, non-profit complementary pension entity, created with the aim of offering employees of its sponsors, BRDE and ISBRE itself, supplementary benefits to those of the Official Pension, in special retirement and pension supplementation. The Bank participates in the governance of ISBRE through the appointment of members of the Foundation's Deliberative Council and Fiscal Council.

SBRE operates within the regulatory structure of the closed supplementary pension system, with the National Complementary Pension Council (CNPC) as its regulatory body and the National Complementary Pension Superintendence (PREVIC) as supervisor, considering the standards issued by these bodies, as well as the provisions of Complementary Law No. 108/2001 and Complementary Law No. 109/2001 and the guidelines established by the National Monetary Council (CMN) for the application of plan guarantee resources. ISBRE manages two pension benefit plans, both sponsored by BRDE:

➤ Benefit Plan I (PB I): structured in the Defined Benefit modality, in which the level of benefits granted by the Plan is determined in advance and depending on the participant's salary in the activity phase, it is closed to new adhesions. The majority of the group of participants is in the inactive phase, and the participants still active have already met, for the most part, the necessary requirements for eligibility to begin retirement under the Plan.

PB I exposes the Bank to risks related to longevity, due to the payment of lifetime benefits, and interest rates. PB I is in a surplus situation, determined in accordance with local rules issued by CNPC and PREVIC, with the surplus resources being fully allocated to a Contingency Reserve, to guarantee benefits. Therefore, it is concluded that there are, at the moment, no economic benefits available to the Bank, as defined in CPC 33 (R1), resulting in the adoption of an Asset Ceiling of R\$0 (zero Reais).

On June 30, 2024 the Bank is a sponsor of 47 active participants (12/31/2023 - 48), 382 retirees (12/31/2023 - 382) and 108 pensioners (12/31/2023 - 104).

➤ Benefit Plan II (PB II): implemented in the first half of 2002, structured in the Variable Contribution modality, in which the programmed lifetime income benefits are determined on the date the benefit is granted based on the capitalized amount of BRDE and participants' contributions in individual account balances. The majority of the group of participants is in the activity phase.

PB II exposes the Bank to risks related to longevity, due to the payment of lifetime benefits, and interest rates, although to a lesser extent than PB I, due to its structure in the Variable Contribution modality, in which during the period of activity, contributions are allocated to individual accounts and there are only risks arising from the probability of death or disability of participants.

On June 30, 2024 the Bank is a sponsor of 411 active participants (12/31/2023 - 367), 7 retirees (12/31/2023 - 6) and 15 pensioners (12/31/2023 - 16).

Due to paragraph 3 of art. 202 of the Federal Constitution, BRDE is limited to making contributions to ISBRE of, at most, the same value as the contributions made by participants. In PB I, contributions made by BRDE are equal to those made by its employees, even inactive ones. In PB II, contributions made by BRDE are equal to those made by its employees up to a pre-determined level, in compliance with the Regulations and the annual funding plan. No normal contribution is foreseen for those benefiting from Benefit Plan II.

As part of the management of pension benefit plans, ISBRE implements asset/liability comparison strategies by carrying out annual Asset and Liability Management – ALM studies, as well as carrying out periodic adherence studies of the actuarial tables used in projections of cash flows with future payment of benefits.

18.1.2 – Health assistance program – PAS

BRDE offers its retired employees, members of Personnel Regulation I, as well as their respective dependents and active employees, a Health Assistance Program (PAS) with partial reimbursement of medical expenses. PAS is operationalized through health insurance administered by the operator Unimed Seguro Saúde S/A, in Outpatient and Hospital modalities with national coverage. PAS beneficiaries are also former employees who receive supplementary retirement benefits from ISBRE's PB I, and their respective dependents, as well as dependents of deceased employees, reflecting the need for recognition of post-employment liabilities by BRDE, registered in the heading "Other Liabilities".

PAS is structured in a post-payment modality, offering lifetime health care coverage for policyholders, who are also assisted by ISBRE, and their dependents. Therefore, the Program exposes the Bank to risks related to longevity, due to lifetime coverage, interest rates and increased medical costs.

On June 30, 2024, the total number of beneficiaries with post-employment coverage is 820 (12/31/2023 - 828).

18.2 Net value of defined benefit liability (asset)

18.2.1 – Defined benefit liability (asset)

	06/30/2024			12/31/2023		
	PB I	PB II	PAS	PB I	PB II	PAS
Present value of actuarial liabilities	832,270	27,324	212,805	904,980	31,349	234,705
Fair value of plan assets	(1,141,908)	(32,859)	-	(1,153,492)	(31,724)	-
Deficit (surplus)	(309,638)	(5,535)	212,805	(248,512)	(375)	234,705
Effect of asset ceiling	309,638	5,535	-	248,512	375	-
Net actuarial liabilities (assets)	-	-	212,805	-	-	234,705

18.2.2 – Reconciliation of the present value of actuarial obligations

	06/30/2024			12/31/2023		
	PB I	PB II	PAS	PB I	PB II	PAS
Actuarial obligations at the beginning of the period	904,980	31,349	234,705	863,959	27,519	258,695
Net cost of current service	15	601	78	37	1,067	399
Contributions from participants in the period	408	-	-	898	-	-
Interest expenses	40,850	1,469	10,891	91,188	3,128	29,089
Benefits paid in the period	(41,141)	(625)	(6,671)	(79,161)	(1,165)	(17,358)
(Gains)/losses – changes in demographic assumptions	-	-	-	-	-	-
(Gains)/losses – changes in financial assumptions	(76,354)	(5,253)	(25,356)	52,340	3,143	27,038
(Gains)/losses – adjustments by experience	3,512	(217)	(842)	(24,281)	(2,343)	(63,158)
Actuarial obligations at the end of the period	832,270	27,324	212,805	904,980	31,349	234,705

18.2.3 – Reconciliation of fair value of assets

	06/30/2024		12/31/2023	
	PB I	PB II	PB I	PB II
Fair value of assets at the beginning of the period	(1,153,492)	(31,724)	(1,096,242)	(27,412)
Benefits paid in the period	41,141	625	79,161	1,165
Contributions from participants in the period	(408)	-	(898)	-
Contributions from employer in the period	(4,984)	(1,148)	(9,787)	(2,150)
Interest income	(52,801)	(1,535)	(115,955)	(3,132)
Return on assets below (above) interest income	28,636	923	(9,771)	(195)
Fair value of assets at the end of the period	(1,141,908)	(32,859)	(1,153,492)	(31,724)

18.2.4 – Reconciliation of effect of asset ceiling

	06/30/2024		12/31/2023	
	PB I	PB II	PB I	PB II
Effect of asset ceiling at the beginning of the period	248,512	375	232,283	-
Interest expenses	11,740	18	24,302	-
Changes in the effect of asset ceiling	49,386	5,142	(8,073)	375
Effect of asset ceiling at the end of the period	309,638	5,535	248,512	375

18.3 Recognition of defined benefit costs

According to item 120 of CPC 33(R1), BRDE must recognize the cost of the service and net interest on the net value of actuarial liabilities (assets) in profit or loss and the remeasurements of the net value of liabilities (assets) in other comprehensive income.

The following table presents the recognition of the defined benefit cost components in profit or loss and other comprehensive income, as well as the reconciliation of the net actuarial liability (asset).

	06/30/2024			12/31/2023		
	PB I	PB II	PAS	PB I	PB II	PAS
Net actuarial liabilities (assets) at the beginning of the period	-	-	234,705	-	107	258,695
Net cost of current service	15	601	78	37	1,067	399
Interest expenses – present value of actuarial liabilities	40,850	1,469	10,891	91,188	3,128	29,089
Interest expenses – effect of asset ceiling	11,740	18	-	24,302	-	-
Interest income – fair value of assets	(52,801)	(1,535)	-	(115,955)	(3,132)	-
Expenses (income) through profit or loss	(196)	553	10,969	(428)	1,063	29,488
(Gains)/losses on present value of actuarial liabilities	(72,842)	(5,471)	(26,198)	28,059	800	(36,120)

Changes in the effect of asset ceiling	49,386	5,143	-	(8,073)	375	-
Return on assets below (above) interest income	28,636	923	-	(9,771)	(195)	-
Remeasurements in other comprehensive income	5,180	595	(26,198)	10,215	980	(36,120)
Contributions from the bank in the period	(4,984)	(1,148)	(6,671)	(9,787)	(2,150)	(17,358)
Net actuarial liabilities (assets) at the end of the period	-	-	212,805	-	-	234,705

18.4 Composition of fair value of assets

The PB I and PB II plans maintain assets that are used to fully or partially cover actuarial obligations. The table below shows the composition of the plans' investment portfolio into classes according to the nature and risk of these assets.

	PB I		PB II	
	06/30/2024	12/31/2023	06/30/2024	12/31/2023
Cash and cash equivalents	0.00%	0.00%	0.00%	0.01%
Fixed income	81.48%	81.74%	76.66%	73.53%
Variable income	4.10%	4.29%	4.83%	7.78%
Real estate	0.66%	0.64%	0.12%	0.12%
Structured	9.31%	9.27%	12.91%	13.42%
Loan portfolio	0.41%	0.43%	1.80%	1.71%
Other	4.04%	3.63%	3.68%	3.44%

18.5 Actuarial assumptions

The measurement of the Bank's liability with post-employment benefit plans requires the adoption of long-term actuarial and financial estimates and assumptions, as well as the application and interpretation of current regulatory standards. Therefore, the use of estimates and assumptions may result in divergences between the value recorded and the amount actually realized, causing negative or positive impacts on the Bank's operations.

The discount rates, in real terms, were calculated considering the interpolation of reference rates from the IMA-B index, published by ANBIMA, according to the duration of each post-employment benefit plan: 8.18 years for PB I, 18.59 years for PB II and 11.70 years for PAS.

The following table presents the actuarial assumptions used to determine the present value of the actuarial liability.

	PB I		PB II		PAS	
	06/30/2024	12/31/2023	06/30/2024	12/31/2023	06/30/2024	12/31/2023
Real actuarial discount rate	6.51%	5.34%	6.50%	5.47%	6.49%	5.44%
Expected real return on assets	6.51%	5.34%	6.50%	5.47%	6.49%	5.44%
Real salary growth rate for active employees	3.70%	3.70%	*	*	N/A	N/A
HCCTR ("medical inflation")	N/A	N/A	N/A	N/A	4.10%	4.10%
Capacity factor on benefits	98.20%	98.20%	100%	100%	100%	100%
Capacity factor on salaries	98.20%	98.20%	100%	100%	100%	100%
Expected inflation rate	4.00%	3.90%	4.00%	3.90%	4.00%	3.90%
Nominal discount rate	10.77%	9.45%	10.76%	9.58%	10.75%	9.55%
Expected nominal return on plan assets	10.77%	9.45%	10.76%	9.58%	10.75%	9.55%
Nominal salary growth rate for active employees	7.85%	7.74%	*	*	N/A	N/A
Nominal growth in plan benefits during receipt	4.00%	3.90%	4.00%	3.90%	N/A	N/A
General mortality table	AT 2012, gender specific					
Mortality table (disabled)	MI 85, gender specific					
Disability entry table	Álvaro Vindas					
Annual turnover rate	Null					
Retirement entry	100% when eligible		100% when eligible for the scheduled benefit		60 years	
Family composition	Average family. For pensioners, real family (as registered)		Average family. For pensioners, real family (as registered)		Real family (as registered)	
Aging fator	N/A	N/A	N/A	N/A	Up to 24 years: 1.5% From 25 to 54 years: 2.5% From 55 to 79 years: 4.5% 80 years or more: 2.5%	
Take up	N/A	N/A	N/A	N/A	100%	100%
Withdrawal rate after benefit is granted	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

* according to individually projected salary progression, considering BRDE's job and salary plan

18.5.1 – Sensitivity analysis of actuarial assumptions

The table below presents a sensitivity analysis of significant actuarial assumptions, in relation to the effect on the present value of the actuarial liability in the event of a change in assumption, considering reasonably possible variations at the actuarial valuation date.

Assumption	Sensitivity Analysis	Impact (in thousands of Reais)			Impact (%)		
		PB I	PB II	PAS	PB I	PB II	PAS
Discount rate	Increase of 0.5 p.p	(29,719)	(2,118)	(10,567)	(3.57%)	(7.75%)	(4.97%)
	Decrease of 0.5 p.p	30,507	2,389	11,499	3.67%	8.74%	5.40%
Life expectancy	Increase of 1 year	20,830	(252)	10,281	2.50%	(0.92%)	4.83%
	Decrease of 1 year	(21,260)	278	(10,167)	(2.55%)	1.02%	(4.78%)
HCCTR	Increase of 0.5 p.p	-	-	11,895	-	-	5.59%
	Decrease of 0.5 p.p	-	-	(11,011)	-	-	(5.17%)

18.6 Future cash flows

18.6.1 – Cash flow occurred in the period and expected for the next period

	PB I		PB II		PAS	
	Occurred	Expected	Occurred	Expected	Occurred	Expected
	6-2024	12-2024	6-2024	12-2024	6-2024	12-2024
Contributions from employee	4,984	4,651	1,149	1,121	6,671	7,143
Contributions from participants	408	13	-	-	-	-
Benefits paid by the plan	41,141	42,208	625	715	6,671	7,143

18.6.2 – Maturity profile of the actuarial liability

The amounts presented in the table below, in millions of Reais, represent the expected payment of benefits under the pension benefit plans and, in the case of PAS, cash expenditure by the Bank to cover obligations.

	PB I	PB II	PAS
Next 5 years	416	8	64
From 6 to 10 years	367	12	54
After 10 years	717	101	95

19. EQUITY

a. Capital

The subscribed and paid-up capital is represented by 2,388,942 common shares with a nominal value of R\$ 1.00 per share, and is divided in equal portions between the States of Rio Grande do Sul, Santa Catarina and Paraná. These portions are paid by incorporating any financial contributions and the results generated in each participating State, which are calculated and controlled separately. In this

semester there was a capital increase in the amount of R\$ 163,401, being R\$ 153,350 from interest on equity for 2023 and R\$ 10,051 from the capitalization of part of the result for the 2nd semester of 2023.

b. Profit reserves

Profit reserves are formed by the accumulated amount of net results not distributed or capitalized. The undistributed or capitalized portion of the results for the 2nd half of 2023 was R\$ 266,579.

20. INCOME FROM SERVICES

	06/30/2024	06/30/2023
Analysis fee	10,752	6,495
Inspection and monitoring fee	8,545	7,255
Registration fee	1,929	1,117
Fee for changing or structuring guarantees	79	275
Fee for preparing an opinion/report/technical study	991	743
Early settlement fee	1,065	784
Fee for providing financial guarantees	2,677	2,426
FSA administration compensation	3,098	1,051
Other fees	3,593	2,131
Total	32,729	22,277

21. OTHER OPERATING INCOME

	06/30/2024	06/30/2023
Reversal of provision for guarantees granted	7	3,073
Reversal of provisions for labor claims	6,304	1,781
Reversal of provisions for other claims	105	89
Update on judicial deposits	2,245	2,597
Partial sale of written off credit operations ⁽¹⁾	2,767	-
Other	431	1,270
Total	11,859	8,810

(1) This involves the assignment of overdue credits that are fully written-off as losses, without co-obligation, arising from their credit operations to buyers not characterized as related parties.

22. PERSONNEL EXPENSES

	06/30/2024	06/30/2023
Salaries	73,801	64,638
Social charges	34,945	31,075
Benefits	10,987	9,602
Fees	3,378	2,873
Other expenses	1,933	1,719
Total	125,044	109,907

23. OTHER ADMINISTRATIVE EXPENSES

	06/30/2024	06/30/2023
Rent, water and energy	1,935	1,830
Communications	721	800
Assets maintenance and conservation	2,333	2,122
Data processing	9,731	8,524
Promotions and public relations	1,582	1,611
Advertising	1,862	818
Financial system services	751	889
Third party services	2,834	1,685
Specialized technical services	4,645	2,501
Surveillance and security	663	599
Transport and travel	4,435	2,960
Judicial and notary fees	773	958
Depreciation and amortization	3,686	4,635
Statutory expenses	3,476	2,605
Other administrative expenses	2,106	2,034
Total	41,533	34,571

24 TAX EXPENSES

	06/30/2024	06/30/2023
PIS	3,750	3,755
COFINS	23,079	23,105
ISS	1,527	1,015
Other	632	2,777
Total	28,988	30,652

25. OTHER OPERATING EXPENSES

	06/30/2024	06/30/2023
Obligations with financial and development funds	6,908	10,632
Interest on actuarial liabilities	10,568	12,259
Other expenses	1,911	866
Total	19,387	23,757

26. NON-RECURRING RESULT

In accordance with the parameters established in paragraph 4 of article 34 of BCB Resolution No. 02/2020, BRDE understands that a non-recurring result is one that is not related to the typical activities of the institution and is in some way not expected to occur with eventual frequency in future years.

	06/30/2024	06/30/2023
Result from recurring activities	129,590	240,619
Flood assistance to the employees from Rio Grande do Sul – food and housing	(745)	-
Sale of written off credit portfolio (note 21)	2,767	-
Result from non-recurring activities	2,022	-
Net income	127,568	240,619

27. RELATED PARTIES

a) Fundação BRDE de Previdência Complementar – ISBRE

BRDE rents rooms owned by the ISBRE Foundation for use in its operational activities. The expenses with said rent are recorded in other administrative expenses.

The Foundation reimburses all remuneration expenses and charges that BRDE incurs with seconded employees who perform management functions at ISBRE.

The Bank pays the Foundation monthly contributions as sponsor of the benefit plans and records it in the result under personnel expenses.

The income and expenses incurred with ISBRE are presented below:

	06/30/2024	06/30/2023
Rent	(442)	(426)
Salary reimbursement	593	577
Employer contribution	(9,307)	(8,683)
Total	(9,156)	(8,532)

b) Remuneration on key management personnel

Related parties are individuals who are members of the Executive Board, Board of Directors, Fiscal Council and Audit Committee, thus considered as key Management personnel, who received the following amounts consisting of remuneration, charges and benefits:

	06/30/2024	06/30/2023
Short-term benefits	4,612	3,619
Executive Board	4,266	3,251
Board of Directors	183	168
Fiscal Council	105	100
Audit Committee	58	100
Contract termination benefits	489	208
Total	5,101	3,827

c) Agência de Fomento da Paraná S/A – FOMENTO PR

In the 1st half of 2021, BRDE granted a loan, under similar conditions to other BRDE clients, to Agência de Fomento do Paraná (FOMENTO PR), whose controller is the State of Paraná, one of BRDE's partners, with the balance in June 30, 2024 being de R\$ 3.203 (12/31/2023 – R\$ 4.491).

d) Controlling States - Fundo Impulsiona Sul

Fund created with the objective of equalizing charges and/or providing guarantees in direct or indirect operations contracted by BRDE as support for economic activities and/or productive financing programs of interest to the controlling States, determined by act of their respective Governor or by manifestation of the Conselho de Desenvolvimento e Integração Sul – CODESUL.

The balance, as of June 30, 2024, of each state's fund is as follows:

Paraná	Santa Catarina	Rio Grande do Sul	Total
41,823	38,388	41,823	122,034

28. RISK MANAGEMENT, CAPITAL MANAGEMENT AND FINANCIAL INSTRUMENTS

BRDE's risk management is developed in accordance with the provisions of Resolution 4,557/2017 of the National Monetary Council applicable to financial institutions classified in the S3 segment and with internal regulations based on objectives and policies established by the Board of Directors, as consolidated in the Declaration of Risk Appetite – BRDE RAS.

To achieve its strategic objectives, BRDE assumes risks of different types and natures inherent to banking practice and to this end defines acceptable levels of risks that it is willing to incur and maintains controls for their identification, measurement, evaluation, monitoring, reporting, control and mitigation, in addition to managing them through specific processes that emphasize integrity, effectiveness, prudence and public responsibility.

BRDE also has policies, plans, standards and procedures that guide risk management, providing a uniform and coherent normative basis that ensures a control structure compatible with the nature of its operations, with the complexity of its activities, processes and systems and with the dimension of its exposure to risk. Such processes are included in the risk management structure, coordinated by a specific area, separate from the business and support units, subordinate to the director responsible for risk management (CRO) and supervised by a specific internal committee linked to the Board of Directors and composed of members external to the institution.

The Central Bank of Brazil establishes that financial institutions have sufficient Reference Equity (PR) to cover the risks to which they are exposed, depending on the activities they carry out. Risk-weighted assets (RWA) are a measure of the minimum equity required by financial institutions to face the risks associated with their activities. In the period reported, BRDE complied with the capital requirements set out in current legislation.

BRDE does not receive demand or savings deposits, nor does it have funds of a fiscal or parafiscal nature. In this way, its capital is composed exclusively of social capital and accumulated profit and capital reserves. BRDE also maintains a three-year capital contingency plan, identifying the actions to be considered in possible capital crisis scenarios, with the definition of the governance necessary to reestablish appropriate standards. Capital management procedures include monthly analysis by the risk management area and periodic assessment by the risk, management and audit committees, as well as by the Executive Board and Board of Directors. Constant monitoring of capital adequacy, through the aforementioned controls, aims to anticipate the possibility of contingency events occurring, enabling corrective and mitigating actions, in accordance with the Capital Contingency Plan.

29. REGULATORY CAPITAL AND CAPITAL REQUIREMENT

In accordance with the criteria established in CMN Resolutions No. 4,955 and 4,958/2021, and other complementary standards, we present the values of the Reference Equity, Risk-Weighted Assets and the Basel Index, as of June 30.

	06/30/2024	06/30/2023
Reference Equity	4,400,502	4,039,991
Total risk-weighted assets (RWA)	20,399,421	19,704,574
Credit Risk - RWACPAD	18,697,865	18,327,433
Market Risk - RWAMPAD	86,827	51,678
Operational Risk - RWAOPAD	1,614,729	1,325,463
Basel Ratio	21.57	20.50

30. SENSITIVITY ANALYSIS

In compliance with art. 35 of BCB Resolution No. 2/2020 we present 3 scenarios for sensitivity tests: one pessimistic and two optimistic scenarios. To define these scenarios, we consider the current situation of the economy, the demand for financing and the interest projection for 2024 and their effects on the main balance sheet items:

- ➔ Provision for expected losses related to credit risk: scenarios of changes considering the current economic scenario and the bank's default history;
- ➔ Income from financial intermediation: considers the relationship between the availability of funding and the demand for credit;
- ➔ Financial income: the scenarios were defined by maintaining the CDI rate or presenting a variation of 1 percentage point up or down;
- ➔ Provision for contingencies: possible increase given the uncertain times the economy is in;
- ➔ Tax assets: impact resulting from the movement occurring in the items and scenarios described above.

The following table presents the indicators used in each scenario and their effect on net income:

Scenario	Scenario 1	Scenario 2	Scenario 3
Item	Quality of the credit portfolio – changes in provision		
Assumption	Increase of 5%	Decrease of 5%	Increase of 10%
Effect on net income	(24,066)	24,066	(48,133)
Item	Gross income of financial intermediation		
Assumption	Decrease of 5%	Increase of 10%	Increase of 15%
Effect on net income	(21,432)	42,863	64,295
Item	Net financial income		
Assumption	CDI - 1% per year	CDI	CDI + 1% per year
Effect on net income	126,767	138,468	150,117

Item	Increase in the provision for contingencies		
Assumption	Decrease of 5%	Increase of 5%	Increase of 10%
Effect on net income	5,210	(5,210)	10,421
Item	Impact on tax assets		
Assumption	Increase of 5%	Decrease of 5%	Decrease of 10%
Effect on net income	12,031	(12,031)	(24,061)

31. OTHER INFORMATION

a. Implementation of CMN Resolution No. 4,966

CMN Resolution No. 4,966, applicable from January 1, 2025 for the most part of its items, provides the accounting concepts and criteria applicable to financial instruments, as well as for the designation and recognition of hedge transactions, replacing, among other standards, Resolution No. 2,682, Circular No. 3,068 and Circular No. 3,082.

The new standard establishes that all financial assets must initially be classified according to the business model and measured according to the characteristics of the contractual cash flows of the instrument assessed, in one of three categories: amortized cost, fair value through other comprehensive income and fair value through profit or loss.

Regarding provisions for credit losses, CMN Resolution No. 4,966 establishes criteria applicable to all financial assets and to financial guarantee operations granted. The classification of losses is divided into three stages and must be applied from the initial recognition of the financial instruments. Financial assets will migrate from one stage to another as their respective credit risks change.

Regarding hedge accounting, the assessment of the effectiveness of hedging operations becomes prospective according to the Risk Management Strategy. In 2023, complementary standards to CMN Resolution No. 4,966 were issued. CMN Resolution No. 5,100 and BCB Resolution No. 352 clarified accounting concepts and criteria without significant changes in the implementation itself. However, regarding Hedge Accounting, the validity was postponed to January 1, 2027.

To implement the changes brought by CMN Resolution No. 4,966, BRDE created a specific internal governance for monitoring, planning and managing the necessary steps, which include changes and adaptations related to routines, processes and the Bank's computerized systems, which has the support of specialized external consultants and will be completed by the date the rules come into effect.

b. Floods in Rio Grande do Sul

The major adverse weather events that affected the state of Rio Grande do Sul between April and May 2024 caused countless losses of lives, damage to property in general and significant disruptions to electricity networks, highways, among other important consequences that affected the society from Rio Grande do Sul as a whole.

Regarding the functioning of BRDE, it is worth noting that the institution sought to remain fully operational and available through its service channels in order to provide adequate support to its activities.

Although BRDE's headquarters are located in the Historic Center of the city of Porto Alegre, we inform that the climate events in question did not cause relevant effects to the institution's property. Finally, regarding the financial and income impacts, no significant impacts were identified in the Bank's financial statements as of June 30, 2024.

c. Cyber-attack

On June 22, 2024, BRDE identified a criminal cyber-attack on its technology environment (Ransomware), which caused the temporary restriction of access to the institution's digital service systems and channels, and as a result, activated the relevant security protocols to block the action and minimize the associated risks.

The BRDE Administration must emphasize that the institution uses appropriate security technologies and standards and will continue to improve its infrastructure to continually incorporate data protection protocols and systems. It is worth noting that the BRDE did not make any contact with the perpetrators of the aforementioned attack, nor did it negotiate or pay any ransom.

The Company has been acting diligently and with priority to mitigate the associated effects and, with the support of a specialized company hired, it timely carried out an investigation process, assessment of the circumstances and determination of the extent of the incident, concluding that there was no exposure or consequences that could have impacted BRDE's financial statements for the semester ended June 30, 2024. And, as reported to the National Data Protection Authority, there is no evidence of information leakage, with its integrity maintained in BRDE's systemic environment.

EXECUTIVE BOARD

Chief Executive Officer
RANOLFO VIEIRA JÚNIOR

Deputy CEO and Operations Director
RENÉ DE OLIVEIRA GARCIA JUNIOR

Planning Director
LEONARDO MARANHÃO BUSATTO

Credit Monitoring and Recovery Director
MAURO MARIANI

Financial Director
JOÃO PAULO KARAM KLEINÜBING

Administrative Director
HERALDO ALVES DAS NEVES

BOARD OF DIRECTORS

Chairman
RANOLFO VIEIRA JÚNIOR

Board Members
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LUIZ CARLOS BORGES DA SILVEIRA
IVAN CESAR RANZOLIN
LEANDRO RIBEIRO MACIEL
FRANCISCO SÉRGIO TURRA
LUÍS CARLOS PRANDINI

FABIANO MEASSI
Accountant – CRCRS – 70.237/O-6