

Consolidated Financial Statements in IFRS

December 31, 2024



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BRDE
BANCO REGIONAL DE
DESENVOLVIMENTO DO EXTREMO SUL



ASSETS	Note	2024	2023
Cash and cash equivalents	4	1,506,375	1,021,547
Financial instruments		23,501,464	19,563,899
At amortized cost	5	21,632,418	17,779,464
Securities		526,272	287,272
Loans and other credit operations	6	21,444,530	17,733,229
Other financial assets		136,412	188,425
(-) Provision for expected loss	5	(474,796)	(429,462)
At fair value through profit or loss	7	1,869,001	1,782,680
At fair value through other comprehensive income	7	45	1,755
Tax assets		596,182	465,840
Current		82,610	69,665
Deferred	14.2	513,572	396,175
Other assets	8	182,875	136,564
Fixed assets, net	9	48,403	51,214
Intangible assets, net	9	7,620	9,505
TOTAL ASSETS		25,842,919	21,248,569
LIABILITIES	Note	2024	2023
Financial instruments		19,794,858	16,063,372
At amortized cost	10	19,794,391	16,058,887
Deposits and funding		796,585	78,314
Borrowings and onlendings		18,630,885	15,482,370
Other financial liabilities		366,921	498,203
At fair value through profit or loss		467	4,485
Provisions	12	149,721	131,481
Tax liabilities		377,363	300,478
Current		221,321	231,628
Deferred	14.2	156,042	68,850
Other liabilities	15	888,771	594,243
TOTAL LIABILITIES		21,210,713	17,089,574
EQUITY	Note	2024	2023
Capital	16	2,487,333	2,225,541
Profit reserves		2,133,057	1,991,971
Other comprehensive income		11,816	(58,517)
TOTAL EQUITY		4,632,206	4,158,995
TOTAL LIABILITIES AND EQUITY		25,842,919	21,248,569

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

	Note	2024	2023
Net interest and similar income	17	1,169,595	1,168,863
Interest and similar income		2,763,055	2,151,301
Interest and similar expenses		(1,593,460)	(982,438)
Net expected gains/(losses) on financial assets		(39,377)	38,391
Expected loss on loans and other credit operations		(38,510)	37,572
Expected loss on securities		(867)	819
Net fee and commission income	18	51,717	25,415
Fee and commission income		67,205	50,115
Fee and commission expenses		(15,488)	(24,700)
Gross operating income		1,181,935	1,232,669
Other income/(expenses)		(468,823)	(432,784)
Personnel expenses	19	(282,811)	(249,081)
Other administrative expenses	20	(94,975)	(74,798)
Tax expenses	21	(62,055)	(60,584)
Other operating income/(expenses)	22	(1,406)	(29,372)
Depreciation and amortization		(7,673)	(9,866)
Provision expenses		(21,123)	(9,330)
Profit from the sale of non-financial assets		7,552	1,315
Gains/(losses) on non-financial assets		(6,332)	(1,068)
Income before income tax and social contribution		713,112	799,885
Income tax and social contribution	14.1	(174,879)	(268,738)
NET INCOME		538,233	531,147
Basic and diluted earnings per share (lot of 1000 shares)		0.22	0.24

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

	2024	2023
Net income	538,233	531,147
Items that may be reclassified to the consolidated statement of income		
Financial assets at fair value through other comprehensive income	2,805	1,099
Change in fair value	1,207	1,303
Tax effect	1,598	(204)
Items that cannot be reclassified to the consolidated statement of income		
Post-employment benefits	67,528	64,635
Remeasurement of post-employment benefit liabilities	74,916	35,342
Tax effect	(7,388)	29,293
Total other comprehensive income	70,333	65,734
TOTAL COMPREHENSIVE INCOME	608,566	596,881

	Capital	Profit reserves Regimental fund	Other comprehensive income	Retained earnings	Total
Balances on January 1, 2023	1,971,507	1,993,675	(124,251)	-	3,840,931
Valuation adjustments	-	-	65,734	-	65,734
Capital increase	254,034	(254,034)	-	-	-
Interest on equity	-	(278,817)	-	-	(278,817)
Net income	-	-	-	531,147	531,147
Reserve constitution	-	531,147	-	(531,147)	-
Balances on December 31, 2023	2,225,541	1,991,971	(58,517)	-	4,158,995
Valuation adjustments	-	-	70,333	-	70,333
Capital increase	261,792	(108,443)	-	-	153,349
Interest on equity	-	(288,704)	-	-	(288,704)
Net income	-	-	-	538,233	538,233
Reserve constitution	-	538,233	-	(538,233)	-
Balances on December 31, 2024	2,487,333	2,133,057	11,816	-	4,632,206

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

	2024	2023
Cash flow from operating activities		
Adjusted income before income tax and social contribution	777,206	771,296
Income before income tax and social contribution	713,112	799,885
Adjustments to net income:		
Depreciation and amortization	7,673	9,866
Adjustment to market value – assets and liabilities	(10,410)	(10,573)
Impairment losses on financial assets	39,377	(38,391)
Impairment losses on non-financial assets	6,331	1,179
Other provisions	21,123	9,330
Decrease / (increase) in operating assets	(3,833,630)	(2,149,883)
Financial assets at amortized cost	(3,741,603)	(2,205,649)
Financial assets at fair value through profit or loss	(77,088)	62,448
Other assets	(14,939)	(6,682)
Increase / (decrease) in operating liabilities	3,539,133	1,253,020
Financial liabilities	3,732,663	1,539,439
Provisions	(2,884)	(4,457)
Current tax liabilities	(237,953)	(309,040)
Other liabilities	47,307	27,078
Net cash generated from/(used in) operating activities	482,709	(125,567)
Cash flow from investing activities		
Investment on fixed assets	(1,935)	(3,427)
Investment on intangible assets	(1,523)	(1,836)
Sale of property and equipment in use	150	488
(Increase)/decrease in financial assets at amortized cost	(150,728)	77,452
Sale of investments	2,806	-
Net cash generated from/(used in) investing activities	(151,230)	72,677
Cash flow from financing activities		
Capitalized interest on equity	153,349	-
Net cash generated from / (used in) financing activities	153,349	-
Increase / (decrease) in cash and cash equivalents	484,828	(52,890)
Changes in the financial position		
Cash and cash equivalents at the beginning of the period	1,021,547	1,074,437
Cash and cash equivalents at the end of the period	1,506,375	1,021,547
Increase / (decrease) in cash and cash equivalents	484,828	(52,890)

The accompanying notes are an integral part of these consolidated 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 March 26, 2025.

2.2 Declaration of conformity

BRDE's consolidated Financial Statements were prepared in accordance with the International Financial Reporting Standards – IFRS issued by the International Accounting Standards Board – IASB, translated to Portuguese by the Institute of Independent Auditors (*Instituto dos Auditores Independentes* – IBRACON), which were effective on December 31, 2024.

2.3 Consolidation basis

The consolidated Financial Statements include BRDE's operations and investment fund quotas in which the bank substantially assumes or retains risks and benefits. The balances of the balance sheet and income accounts and the values of transactions between consolidated companies are eliminated. The consolidated Financial Statements include the following institutions:

- Banco Regional de Desenvolvimento do Extremo Sul – BRDE
- BB Polo 27 Fundo de Investimento de Renda Fixa

2.4 Adoption of new accounting standards or amendments and interpretations of existing standards

2.4.1 Applicable for the period ended December 31, 2024

Although the list of new accounting standards is provided below, none of them is applicable and/or has impact on these Financial Statements.

The following amendments to standards came into effect in January 1, 2024:

- Amendments to IAS 1 – Presentation of Accounting Policies. The changes improved the information disclosed about long-term debts with covenants, so that users of the Financial Statements understand the risk of a certain debt being paid off early. The changes also aim to address concerns raised by users of the Financial Statements, due to the application of changes to the classification of liabilities as current and non-current, introduced in 2020 and not yet effective.
- Amendments to IFRS 16 – Leases. The changes predict the addition of requirements on how an entity accounts for a sale of an asset and leases that same asset back (leaseback), after the initial date of the transaction; and
- Amendments to IAS 7 and IFRS 17 - Statements of Financial Instruments and Cash Flows: Disclosure. The changes refer to the disclosure of information on financial agreements with suppliers that will allow users of the Financial Statements to evaluate their effects on the entity's liabilities and cash flows, in addition to their exposure to the liquidity risk.

2.4.2 Applicable for future periods

The regulations below are expected to come into effect in future periods, the effects of which on BRDE's financial statements are being assessed:

- Amendments to IAS 21 – Effects of Changes in Exchange Rates: amendments issued in August 2023, which determine the disclosures required when one currency cannot be converted into another. The changes are effective for annual periods beginning on or after January 1, 2025.
- Amendments to IFRS 9 and IFRS 7 – Classification and Measurement of Financial Instruments: The amendments clarify the requirements for the timing of recognition and derecognition of certain financial instruments, clarify and add guidance for assessing whether a financial asset meets the "solely payments of principal and interest" (SPPI) criteria, and update disclosures

for equity instruments designated at fair value through other comprehensive income and financial instruments linked to contingent events. The amendments are effective January 1, 2026.

- IFRS 18 – Presentation and Disclosure in Financial Statements: standard that replaces IAS 1 and establishes changes in the structure of the income statement, including management performance metrics. The terms of IFRS 18 do not affect the recognition or measurement of items in the financial statements, but introduce new subtotals and three categories for revenues and expenses: operating, investing and financing. The new rule takes effect on January 1, 2027, and applies to comparative information.
- IFRS 19 – Subsidiaries without Public Accountability Disclosures– Disclosures: new standard that reduces the required level of disclosure of IFRS accounting standards for eligible subsidiaries. The rule goes into effect on January 1, 2027.
- IFRS S1 – General Requirements for Disclosure of Sustainability-related Financial Information: determines mandatory disclosures regarding governance processes, controls and procedures for monitoring, managing and supervising risks and opportunities related to sustainability, including targets that the entity has defined or is required to comply with by law or regulation. IFRS S1 is effective for annual reporting periods beginning on or after January 1, 2026.
- IFRS S2 – Climate-Related Disclosures: determines how an entity should disclose information regarding climate-related risks and opportunities that could affect its cash flows, access to financing or cost of capital. The standard requires disclosure about governance processes, controls and procedures that the entity uses to monitor, manage and supervise climate-related risks and opportunities, including targets that the entity has defined or is required to comply with by law or regulation. IFRS S2 is effective for annual reporting periods beginning on or after January 1, 2026.

2.5 Continuity

The Financial Statements were prepared based on the assumption of operational continuity, based on Management's assessment that BRDE has the capacity to continue operating normally and that it has the resources to continue business in the future. Management is not aware of any material uncertainty that could raise significant doubts about BRDE's ability to continue operating.

3. MAIN 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 original maturity equal or below 90 days and that present insignificant risk of fair value change.

3.3 Financial instruments

3.3.1 Financial assets

BRDE recognized a financial asset on the trading date, that is, when it becomes the active part of the contractual arrangements of the financial instrument. Financial assets are initially recognized at fair value and subsequently measured according to the business model.

a) Financial assets classification and measurement

For the classification of financial assets, the bank evaluates and identifies the business model to which the asset is related, and evaluates the characteristics of the asset's contractual cash flows (SPPI test).

The business model is defined by the level that reflects the way in which groups of financial assets are managed to achieve a certain business purpose. Therefore, an institution's business model does not depend on the intention related to an individual instrument, but rather on the way in which financial assets are managed to achieve their purpose. After this assessment, the assets are classified into:

- a) business model to obtain contractual cash flows;
- b) business model to obtain contractual cash flows and sale; and
- c) other business models.

When the financial asset is identified as related to the business models of obtaining contractual cash flows (item a above) or to obtain contractual cash flows and sale (item b above), the Bank carries out the SPPI test, in order to verify whether the asset has contractual characteristics that represent an agreement to pay principal and interest.

b) Measurement of financial assets

Based on the evaluation of the business model and the SPPI test, financial assets are classified into the following categories:

- At amortized cost: Financial assets managed in the business model to obtain contractual cash flows and that present contractual characteristics that represent principal and interest are classified in this category. This category includes, for example, the credit portfolio and some financial investments in debt instruments.
- At fair value through profit or loss: Financial assets maintained in the business model to obtain contractual cash flows and sales, and that present contractual characteristics that represent principal and interest, in addition to the equity instruments designated in this category upon initial recognition, are classified in this category.
- At fair value through other comprehensive income: Financial assets related to other business models not related to the previous categories are classified in this category; financial assets

initially designated in this category as a way of reducing “accounting mismatches” and other financial assets that do not present contractual characteristics of payment of principal and interest.

c) Write-off of financial assets

Financial assets cease to be recognized when the rights to receive cash flows expire or when BRDE transfers the risks and benefits of ownership and such transfer qualifies for derecognition in accordance with the requirements of IFRS 9.

3.3.2 Financial liabilities

BRDE recognizes a financial liability when it becomes a passive party to the contractual provisions of the financial instrument.

a) Financial liabilities classification and measurement

Financial liabilities are classified, for measurement purposes, into one of the following categories:

- At fair value through profit or loss: this category includes financial liabilities arising from transactions with derivative instruments.
- At amortized cost: non-derivative financial liabilities with fixed or determinable payments, which are not quoted on an active market. Loans and transfers taken out by the Bank are classified in this category.

b) Write-off of financial liabilities

Financial liabilities are no longer recognized when their obligations are settled, extinguished or cancelled.

3.3.3 Derivative financial instruments

BRDE uses derivative financial instruments for protection purposes, aiming to adapt its composition of financial assets and liabilities and seeking efficiency in financial management. Derivatives are not used to take positions of a speculative nature, which intentionally generate uncovered positions linked to directional bets.

The protection strategy consists of compensating, in whole or in part, the risks arising from exposure to variations in the fair or market value or cash flow of any financial asset or liability.

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 year.

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 hedge object and hedge instrument;
- Testing and demonstrating effectiveness.

3.3.4 Impairment of financial assets

BRDE records a provision for expected losses for its credit operations and active financial instruments measured at amortized cost.

The expected loss provision is based on the expectation of losses associated with credit risk over a certain period. All assets are born with their estimated expected loss for 12 months. If a significant increase in the counterparty's credit risk is identified, the expected loss is estimated for the entire expected life of the asset and, finally, if the asset defaults (90 days or more late, judicial recovery, bankruptcy decreed, among others), the expected loss is estimated for its entire life with a more onerous weighting, given that the asset is considered to have a credit recovery problem. The 12-month expected loss is part of the lifetime expected loss that represents default events that are possible to occur within 12 months after the base date of the Financial Statements.

The 12-month expected loss and the lifetime expected loss are calculated on an individual basis, depending on the characteristics of the financial instruments.

BRDE assesses at each reporting date of its financial statements whether the credit risk of a financial instrument has increased significantly since its initial recognition, considering the change in the risk of default occurring over the remaining life of the financial instrument.

Based on the process described above, BRDE classifies its financial instruments in stages, as follows:

- Stage 1: when financial instruments are initially recognized, BRDE recognizes a 12-month expected loss provision. Stage 1 also includes operations that have improved their credit risks and that have been reclassified from Stage 2.
- Stage 2: when a financial instrument has shown a significant increase in credit risk since its origination, BRDE records a provision for lifetime expected loss. Stage 2 also includes

operations that have improved their credit risks and that have been reclassified from Stage 3.

- Stage 3: when financial instruments are considered to have recovery problems. As described above, for assets at this stage, BRDE records a more onerous provision for the lifetime expected loss, considering this characteristic of an asset with credit recovery problems.

From the initial application of IFRS, BRDE considers the following factors to measure the provision for expected losses:

- Probability of default (PD): refers to the probability that an asset will become a credit-impaired asset in a given period.

BRDE assesses the probability of default of its customers individually, using rating tools designed for different categories of customers. These tools, which were developed internally, use statistical analysis and are validated, when appropriate, by comparison with available external data. The rating tools are kept under review and updated when necessary. Management regularly validates the performance of the rating and its predictive power with respect to default events. BRDE has an internal model for assigning credit risk ratings to its customers and default probabilities. The credit risk rating model incorporates qualitative and quantitative information and, in addition to customer-specific information, supplementary external information that may affect customer behavior is used.

- Exposure at default (EAD): an estimate of the exposure to the counterparty at the future time of default, taking into account expected changes in the exposure after the reporting date of the financial statements, including principal and interest payments and interest calculated on missed payments.
- Loss given default (LGD): refers to the estimate of the value lost in a given period after the event that gave the asset the characteristic of an asset with credit recovery problems has been identified.

3.3.5 Determination of the fair value of financial instruments

To measure fair value, BRDE classifies financial instruments according to the following hierarchy:

Level 1 – prices traded (without adjustments) in active markets for identical assets or liabilities.

Level 2 – information (inputs) other than prices traded in active markets included in level 1 that are observable for the asset or liability, directly (as prices) or indirectly (price derivatives).

Level 3 – information (inputs) for the asset or liability that are not based on observable market variables.

3.4 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.

3.5 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%

3.6 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.

3.7 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 14, as well as the respective rates in force at the closing date of this year.

Deferred tax credits and liabilities related to income tax and social contribution, calculated at the rates applied from 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 14.2, is based on projections of future results and on a technical study prepared and approved by Management.

3.8 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 and BCB Normative Instruction No. 319/2022.

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.

3.9 Post-employment benefits

The Bank is a sponsor of the Fundação BRDE de Previdência Complementar - ISBRE, whose main purpose is to maintain retirement and pension plans (note 23). 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.

In accordance with CPC 33 (R1), during the process of allocating a special reserve of a Benefit Plan, determined in accordance with rules issued by regulatory authorities, as a sponsor and in order to effectively represent the economic benefit entitled to BRDE at present value, the Bank constitutes an actuarial asset for this purpose.

3.10 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.

3.11 Main accounting estimates and assumptions

The preparation of financial statements involves the use of estimates and assumptions about future conditions that may impact the accounting balances, due to uncertainties and the high level of subjectivity involved. Therefore, future results may differ from the estimates recognized in accounting.

BRDE Management considers that the assumptions are appropriate and that the financial statements adequately present the financial position and results of operations in all material aspects.

Assets and liabilities and results that are subject to assumptions and estimates include:

- Fair value of financial instruments, including derivative instruments;
- Expected loss on financial instruments;
- Actuarial calculation of post-employment benefit plans;
- Deferred income tax and social contribution; and
- Provisions and contingencies for tax, civil and labor risks.

4. CASH AND CASH EQUIVALENTS

	2024	2023
Cash	23,532	91,727
Investment fund quotas	1,482,843	929,820
Total	1,506,375	1,021,547

5. FINANCIAL ASSETS AT AMORTIZED COST

Composition of financial assets at amortized cost:

	2024	2023
Securities	526,272	287,272
Commodities	88,272	-
National Treasury Note – NTN	438,000	287,272
Credit operations and interbank onlendings (note 6)	21,444,530	17,733,229
Loans	2,066,458	2,001,533
Financing	9,936,846	7,639,180
Rural financing	9,441,226	8,092,516
Other financial assets	136,412	188,425
Interbank onlendings	70,455	97,000
Honored sureties and guarantees	6,835	35,674
Debtors for purchasing goods	59,122	55,751
(-) Expected credit loss	(474,796)	(429,462)
(-) Expected credit loss on securities	(1,188)	(321)
(-) Expected credit loss on credit operations (note 6.5)	(473,608)	(429,141)
Total	21,632,418	17,779,464

6. CREDIT OPERATIONS

6.1 Composition by stages

	Stage 1		Stage 2		Stage 3		Total	
	2024	2023	2024	2023	2024	2023	2024	2023
Loans	1,981,131	1,786,563	6,361	168,185	78,966	46,785	2,066,458	2,001,533
Financing	9,428,019	6,553,079	49,364	919,720	459,463	166,381	9,936,846	7,639,180
Rural financing	9,329,854	7,712,246	33,241	372,616	78,131	7,654	9,441,226	8,092,516
Total	20,739,004	16,051,888	88,966	1,460,521	616,560	220,820	21,444,530	17,733,229

6.2 Composition by maturity

	Up to 3 months	From 3 to 12 months	From 1 to 3 years	From 3 to 5 years	Over 5 years	Total
Not overdue	901,116	2,233,624	5,462,423	4,517,242	7,923,084	21,037,489
Overdue ⁽¹⁾	72,882	57,197	107,372	70,217	99,373	407,041
Total – 2024	973,998	2,290,821	5,569,795	4,587,459	8,022,457	21,444,530
Total – 2023	796,670	2,064,964	4,848,066	3,754,964	6,268,565	17,733,229

⁽¹⁾ An operation is considered overdue when it presents any installments matured over 14 days.

6.3 Concentration by economic activity sector

	2024	%	2023	%
Private sector	20,145,144	93.94%	16,781,776	94.63%
Farming and cattle raising	5,307,044	24.75%	4,581,441	25.83%
Industry	4,989,416	23.27%	4,242,330	23.92%
Infrastructure	4,484,365	20.91%	3,610,987	20.36%
Commerce	3,386,232	15.79%	2,645,262	14.92%
Tourism	393,549	1.84%	368,423	2.08%
Health	217,291	1.01%	200,222	1.13%
Financial intermediation	206,975	0.97%	197,299	1.11%
Food supply	76,990	0.36%	79,151	0.45%
Education	76,716	0.35%	80,809	0.45%
Sports, recreation and leisure	191,648	0.89%	157,623	0.89%
Services	814,918	3.80%	618,229	3.49%
Public sector	1,299,386	6.06%	951,453	5.37%
Total portfolio	21,444,530	100%	17,733,229	100%

6.4 Concentration by client

	2024	%	2023	%
Largest debtor	321,904	1.50%	276,670	1.56%
Next 10 largest debtors	2,321,063	10.82%	1,830,707	10.32%
Next 20 largest debtors	2,459,988	11.47%	2,083,690	11.75%
Next 50 largest debtors	3,297,209	15.38%	2,617,627	14.76%
Next 100 largest debtors	2,861,444	13.34%	2,421,293	13.65%
Other debtors	10,182,922	47.49%	8,503,242	47.96%
Total portfolio	21,444,530	100%	17,733,229	100%

6.5 Expected loss on credit operations

6.5.1 Composition of expected loss by stage

	Stage 1		Stage 2		Stage 3		Total	
	2024	2023	2024	2023	2024	2023	2024	2023
Loans	75,056	28,357	512	19,358	1,147	32,670	76,715	80,385
Financing	184,993	83,609	6	97,268	278	109,659	185,277	290,536
Rural financing	201,590	24,784	213	20,082	9,778	4,291	211,581	49,157
Interbank onlendings	-	2,116	-	-	6	-	6	2,116
Others	166	491	-	3,859	-	2,597	166	6,947
Total	461,805	139,357	731	140,567	11,209	149,217	473,745	429,141

6.5.2 Changes in expected loss

	Stage 1	Stage 2	Stage 3	Total
Balances on December 31, 2023	139,357	140,567	149,217	429,141
Net constitution / (reversion)	301,361	(85,941)	(121,014)	94,406
Transfer between stages	21,448	(35,505)	(192)	(14,249)
Write-off	(361)	(18,390)	(16,802)	(35,553)
Balances on December 31, 2024	461,805	731	11,209	473,745

6.6 Renegotiated and recovered credits

	2024	2023
Renegotiated amount in the period	432,578	343,602
Recovered amount	227,550	157,696
- Through renegotiation	190,990	95,484
- Through receipt	36,560	62,212

7. FINANCIAL ASSETS AT FAIR VALUE

	Level 1		Level 2		Total	
	2024	2023	2024	2023	2024	2023
Through profit or loss	938,406	889,700	930,595	892,980	1,869,001	1,782,680
Public securities (1)	938,101	889,700	-	-	938,101	889,700
Fixed income fund quotas (2)	-	-	886,346	854,246	886,346	854,246
Investment fund quotas (3)	-	-	44,249	38,734	44,249	38,734
Derivative instruments (4)	305	-	-	-	305	-
Through other comprehensive income	-	1,755	45	-	45	1,755
Future markets	-	-	45	-	45	-
Publicly traded shares	-	1,755	-	-	-	1,755
Total securities	938,406	891,455	930,640	892,980	1,869,046	1,784,435

(1) Of this amount, R\$ 10,159 (2023 – R\$ 9,275) is linked as guarantee in legal proceedings and R\$ 200,703, by specific regulation, are linked to the Central Bank of Brazil as they will be used for future capital increase.

(2) Of this amount, R\$ 290,677 (2023 – R\$ 391,887) are resources from Fundo Setorial do Audiovisual-FSA, with BRDE being the fund manager.

(3) These are investment funds managed by private financial institutions. The quotas of these funds are recognized at the values disclosed by the respective administrator on the reporting date:

Fund	Administrator	2024	2023
Fundo Garantidos de Investimento – FGI	BNDES	3,183	3,116
Fundo de Investimento em Participações CRIATEC III	Lions Trust Adm de Recursos Ltda	13,303	13,539
FIP BRL1558 – Anjo Capital Semente	BRI Trust Invesimentos Ltda	10,215	9,241
TM3 Capital VC4 Fundo Invest. Partic. Multiestratégia	Lions Trust Adm de Recursos Ltda	17,408	12,777
Criatec 4 ASG – Fundo Invest Partic Capital Semente	Banco Genial S.A.	140	61
Total		44,249	38,734

(4) For borrowings from foreign financial institutions, not internalized in national currency, BRDE contracted swaps as a protection measure, presenting the following balances:

	Contract value		Fair value receivable / (payable)	
	2024	2023	2024	2023
Derivative financial instruments designated for hedge accounting	7,958	15,153	(467)	(4,485)

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

	2024			2023
	Curve value	Market value adjustment	Market value	Market value
Object	7,963	(5)	7,958	15,153
Instrument	339	128	467	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
BEI	€\$ 6,707	02/25/2021	09/10/2025	EUR + 0.65% per year

(1) amount expressed in thousands in the contractual currency

8. OTHER ASSETS

	2024	2023
Guarantee deposits	72,296	69,233
Commissions	13,287	8,344
Prepaid expenses	7,563	10,664
Credits receivable from the National Treasury	12	2,489
Leasing right of use (note 11)	31,373	21,920
Actuarial Asset - Post-employment benefit (note 23.2)	24,283	-
Other assets	14,872	5,586
Non-financial assets held for sale	48,317	38,326
(-) Expected loss on non-financial assets	(29,128)	(19,998)
Total	182,875	136,564

9. FIXED AND INTANGIBLE ASSETS

Tangible assets refer to fixed assets for own use.

Intangible assets consist of software acquired or developed by BRDE.

	Fixed assets					Intangible assets
	Properties	Equipment	Vehicles	Other	Total	Softwares
Balances on December 31, 2023	42,283	7,499	494	938	51,214	9,505
Acquisitions	100	1,696	-	85	1,881	1,934
Disposals	-	(366)	(721)	(331)	(1,418)	-
Depreciation/Amortization	(1,379)	(2,319)	424	-	(3,274)	(3,819)
Balances on December 31, 2024	41,004	6,510	197	692	48,403	7,620
Cost	65,439	28,049	770	700	94,958	53,293
Accumulated depreciation/amortization	(24,435)	(21,539)	(573)	(8)	(46,555)	(45,673)

10. FINANCIAL LIABILITIES AT AMORTIZED COST

	2024	2023
Deposits and funding	796,585	78,314
Time deposits	111,117	78,314
Agribusiness Letters of Credit – LCA	375,914	-
Development Letters of Credit – LCD	268,560	-
Financial Letters – LF	40,994	-
Borrowings and onlendings	18,630,885	15,482,370
Foreign borrowings and onlendings – financial institutions	3,185,904	1,913,949
Domestic onlendings – official institutions – BNDES	10,256,398	9,402,955

Domestic onlendings – official institutions – FINAME	2,056,339	1,936,060
Domestic onlendings – official institutions – FINEP	1,351,442	699,260
Domestic onlendings – official institutions – BB	363,629	292,046
Domestic onlendings – official institutions – CEF	694,477	595,376
Domestic onlendings – official institutions – FUNGETUR	660,718	584,922
Domestic onlendings – official institutions – Other	61,978	57,802
Other financial liabilities	366,921	498,203
Fundo Setorial do Audiovisual – FSA (1)	294,206	391,112
Client values to be regularized (2)	9,267	3,657
Resources from FUNGETUR (3)	63,448	103,434
Total	19,794,391	16,058,887

(1) Resources intended for the production chain of audiovisual activity in Brazil.

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

(3) Corresponds to resources made available by the Ministry of Tourism, intended for financing operations related to the core activity.

11. LEASING OPERATIONS

BRDE predominantly leases properties used in some of its operations, which include renewal options and possible readjustment clauses. During the period ended 12/31/2024, cash outflow from leases was R\$ 4,130 (2023 – R\$ 2,968).

BRDE considers, within the scope of IFRS 16, to measure lease liabilities the total future rental payments, adjusted to present value, with the amount recognized in the Balance Sheet as follows:

	2024	2023
Up to 1 year	3,904	2,806
From 1 to 5 years	22,399	15,638
Over 5 years	5,070	3,476
Total	31,373	21,920

Lease values recognized in the income statement:

	2024	2023
Depreciation expenses	3,904	2,806
Interest expenses	226	163
Total	4,130	2,969

12. PROVISIONS

	2024	2023
Provision for tax, civil and labor risks (note 13)	112,092	100,426
Provision for banking sureties and guarantees (1)	4,819	1,395
Provision for personnel expenses	32,810	29,660
Total	149,721	131,481

(1) Calculated through the provision measurement model (impairment) based on the concepts of "incurred loss" on the portfolio of financial guarantees provided in the form of letter of guarantee in the amount of R\$ 207,823 (2023 – R\$ 194,619) which are secured by real guarantees (mortgages, fiduciary alienation of real estate, among others).

13. PROVISION FOR CONTINGENCIES

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

	12/31/2023	Constitution	Adjustment / Interest	Reversal	Payment	12/31/2024
Labor	30,275	23,147	1,878	(13,565)	(5,106)	36,629
Civil	70,151	2,282	4,795	(838)	(927)	75,463
Total	100,426	25,429	6,673	(14,403)	(6,033)	112,092

According to note 3.8, 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\$ 26,201 (2023 - R\$ 117,790), which largely correspond to collective disputes for equalization between BRDE's Position and Salary Plans.

The civil provisions refer to the following facts:

- R\$ 60,596 refer to attorney's fees due to loss;
- R\$ 5,498 refer to lawsuits filed by debtors seeking compensation; and
- R\$ 9,368 refer to embargoes filed by a debtor against execution of default.

Of the total provision for civil lawsuits, the amount of R\$ 66,373 has been deposited for legal guarantee. Additionally, there are other civil actions classified as possible losses totaling R\$26,201.

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 12/31/2024, is R\$ 31,277 (2023 – R\$ 29,528).

14. TAXES

Taxes are calculated at the rates shown below and consider, for effects of respective calculation bases, the legislation in force applicable to each charge:

Tributo	Alíquota
Income tax	15.00%
Additional income tax	10.00%
Social contribution on net income	20.00%
PIS	0.65%
COFINS	4.00%
ISS	Up to 5.00%

14.1 Income tax and social contribution

	2024	2023
Current income tax through profit or loss	214,072	231,660
Income tax	116,510	125,867
Social contribution on net income	97,562	105,793
Deferred tax through profit or loss	(39,193)	37,078
Income tax	(48,192)	20,735
Social contribution on net income	8,999	16,343
Total income tax and social contribution	174,879	268,738

14.2 Deferred tax

BRDE has tax credits and liabilities on deferred income tax and social contribution due to temporary differences, which are realized upon payment, use or reversal of related provisions:

CREDITS	12/31/2023	Constitution	Realization	12/31/2024
Impairment of financial instruments	190,809	157,176	(134,265)	213,720
Contingencies	45,192	12,274	(7,024)	50,442
Provision for medical assistance	100,277	48,065	(9,537)	138,805
Written-off credit operations	48,145	74,943	(17,044)	106,044
Others	11,752	2,867	(10,058)	4,561
Total – deferred assets	396,175	295,325	(177,928)	513,572
LIABILITIES	12/31/2023	Constitution	Realization	12/31/2024
Granted judicial recovery	3,005	1,061	(4,066)	-
Renegotiations taxed upon receipt	44,319	84,872	(7,539)	121,652
Update of judicial deposits	21,526	1,937	-	23,463
Actuarial asset PB I	-	10,927	-	10,927
Total – deferred liabilities	68,850	98,797	(11,605)	156,042

The estimate of realization of deferred tax assets and liabilities in December 31 are:

Year of realization	Credits		Liabilities	
	2024	2023	2024	2023
1st year	145,752	98,198	7,904	6,307
2nd year	81,743	56,239	32,132	28,968
3rd year	33,474	40,391	11,007	5,262
4th year	28,062	36,643	9,828	5,292
5th year	27,331	22,764	7,469	8,341
6th to 10th year	151,121	60,152	30,074	2,955
After the 10th year	46,089	81,788	57,629	11,725
Total – deferred assets	513,572	396,175	156,043	68,850

15. OTHER LIABILITIES

	2024	2023
Profit sharing and payable results	13,659	11,993
Interest on equity	288,704	278,817
Allocation for capital increase	200,000	-
Impulsiona Sul Fund	112,641	-
Guarantee fund honors	21,862	21,336
Counterparties	2,678	4,586
Payable third parties taxes and contributions	11,324	10,861
Payable PIS / COFINS / ISS	6,362	5,407
Post-employment benefit (note 23)	194,123	234,705
Leasing operations (note 11)	31,373	21,920
Others	6,045	4,618
Total	888,771	594,243

16. EQUITY

a. Capital

The subscribed and paid-up capital is represented by 2,487,333,000 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 2024 there was a capital increase in the amount of R\$ 261,792, being R\$ 153,349 originated from interest on equity from 2023, and R\$ 108,443 originated from the capitalization of part of the result of the 2nd half of 2023 (R\$ 10,051) and 1st half of 2024 (R\$ 98,391).

b. Profit reserves

BRDE's profit reserves are formed by the historical amount arising from the accumulation of results generated by the Bank, discounting the portions that are subject to capitalization or distribution to controlling shareholders in the form of Interest on Equity.

c. Interest on equity

As provided for by Federal Law No. 9,249/95, BRDE calculated Interest on Equity for 2024 in the amount of R\$288,704 (2023 – R\$278,817), through the application of the accumulated TJLP (long-term interest rate), on the equity position of the controlling States, excluding the effects of other comprehensive results. The calculation of Interest on Equity was approved on December 18, 2024 by the Board of Directors.

17. NET INTEREST AND SIMILAR INCOME

	2024	2023
Interest and similar income	2,763,055	2,151,301
Income from credit operations	2,392,463	1,740,583
Loans	332,055	100,886
Financing	1,230,356	988,189
Rural financing	817,495	632,658
Interbank onlendings	12,557	18,850
Income from other financial assets	370,592	410,718
Securities and derivative financial instruments	322,851	339,075
Receipt of credits classified as losses	36,560	62,212
Other assets	11,181	9,431
Interest and similar expenses	(1,593,460)	(982,438)
Expenses with borrowings and onlendings	(1,526,404)	(952,532)
Foreign borrowings and onlendings	(586,953)	(87,357)
BNDES	(597,716)	(566,724)
FINAME	(189,501)	(168,667)
CEF	(46,606)	(47,737)
Other resources	(105,628)	(82,047)
Expenses with other financial liabilities	(67,056)	(29,906)
Deposits and funding	(34,909)	(4,046)
Securities and derivative financial instruments	(32,147)	(25,860)
NET INTEREST AND SIMILAR INCOME	1,169,595	1,168,863

18. NET FEE AND COMMISSION INCOME

	2024	2023
Fee and commission income	67,205	50,115
FSA administrative Commission	9,825	6,883
Commission on sureties and guarantees	4,884	3,994
Analysis fee	19,963	17,382
Inspection and monitoring fee	14,719	13,565
Other fees and services	17,814	8,291
Fee and Commission expenses	(15,488)	(24,700)
Banking fees	(2,286)	(2,206)
BB Fund administrative fee	(1,971)	(1,890)
Commission over FUNGETUR balances	(10,717)	(14,763)
Commission over foreign borrowings and onlendings	-	(4,197)
Other commissions	(514)	(1,644)
NET FEE AND COMMISSION INCOME	51,717	13,250

19. PERSONNEL EXPENSES

	2024	2023
Directors and board members' fees	7,353	6,804
Benefits	44,077	37,490
Social charges	73,097	65,663
Salaries	154,006	135,407
Training and selection	945	555
Interns	3,333	3,162
Total	282,811	249,081

20. OTHER ADMINISTRATIVE EXPENSES

	2024	2023
Rent, water and energy	3,754	3,617
Communications	1,643	1,602
Assets maintenance and conservation	4,728	4,237
Data processing	24,645	19,831
Promotions and public relations	5,010	4,810
Advertising	6,834	4,623
Third party services	5,827	3,596
Specialized technical services	12,409	6,645

Surveillance and security	1,330	1,239
Transport and travel	9,159	6,942
Judicial and notary fees	1,559	1,526
Statutory expenses	7,431	5,549
Tax incentives	5,521	6,060
Other administrative expenses	5,125	4,521
Total	94,975	74,798

21. TAX EXPENSES

	2024	2023
PIS	8,017	7,541
COFINS	49,334	46,403
ISS	3,242	2,427
Other taxes	1,462	4,213
Total	62,055	60,584

22. OTHER OPERATING INCOME (EXPENSES)

	2024	2023
Other operating income	25,987	8,680
Sale of written-off credit operations ⁽¹⁾	15,993	-
Update on judicial deposits	4,885	5,045
Other operating income	5,109	3,635
Other operating expenses	(27,393)	(38,052)
Interest on actuarial liabilities	(22,069)	(25,451)
Write-off of receivables ⁽²⁾	-	(10,242)
Other operating expenses	(5,324)	(2,359)
Total other operating income (expenses)	(1,406)	(29,372)

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

(2) Amounts received as equalization of interest on credit operations.

23. POST-EMPLOYMENT BENEFITS

The Bank offers pension benefit plans and a health care program that are classified as postemployment 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 December 31, 2024.

23.1 Characteristics of benefit plans

23.1.1 – 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.

ISBRE 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 surplus resources allocated to the Contingency Reserve and the excess of the limit established by law to the Special Reserve. According to the decision of the ISBRE Deliberative Council, the process of allocating the PB-I Special Reserve was approved as of 12/31/2024, in accordance with local rules issued by the CNPC and Previc.

On 12/31/2024, the Bank is a sponsor of 44 active participants (12/31/2023 - 48), 378 retirees (12/31/2023 - 382) and 104 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 12/31/2024, the Bank is a sponsor of 406 active participants (12/31/2023 - 367), 6 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.

23.1.2 – 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.

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 12/31/2024, the total number of beneficiaries with post-employment coverage is 807 (12/31/2023 - 828).

23.2 Net value of defined benefit liability (asset)

23.2.1 – Defined benefit liability (asset)

	12/31/2024			12/31/2023		
	PB I	PB II	PAS	PB I	PB II	PAS
Present value of actuarial liabilities	773,474	25,651	194,123	904,980	31,349	234,705
Fair value of plan assets	(1,093,188)	(34,107)	-	(1,153,492)	(31,724)	-
Deficit (surplus)	(319,714)	(8,456)	194,123	(248,512)	(375)	234,705
Effect of asset ceiling	295,431	8,456	-	248,512	375	-
Net actuarial liabilities (assets)	(24,283)	-	194,123	-	-	234,705

The ISBRE Deliberative Council approved, in December 2024, the process of allocating the PB-I Special Reserve, calculated according to local rules issued by the CNPC and Previc, the amount of which will be allocated in favor of the sponsors of the benefit plan, in the contributory proportion of 50%.

The Asset Ceiling is defined by CPC 33(R1) as “the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan”. Thus, considering the surplus distribution process of the PB-I plan, it is understood that the amount allocated for the benefit of sponsors effectively represents an economic benefit for BRDE. Considering that the proportion of BRDE's obligation in relation to the total obligation of the plan is 97.13%, the present value of the economic benefit was estimated at R\$24,283.

The application of these criteria aimed to estimate the present value of economic benefits available to the company in the form of reductions in future contributions to the plan, as defined in CPC 33 (R1), resulting in an Asset Ceiling of R\$24,283.

23.2.2 – Reconciliation of the present value of actuarial obligations

	12/31/2024			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
Cost of current service	24	1,167	130	37	1,067	399
Contributions from participants in the period	777	-	-	898	-	-
Interest expenses	83,455	2,902	21,954	91,188	3,128	29,089
Benefits paid in the period	(81,120)	(1,483)	(12,034)	(79,161)	(1,165)	(17,358)
(Gains)/losses – changes in demographic assumptions	716	1,428	486	-	-	-
(Gains)/losses – changes in financial assumptions	(139,905)	(9,499)	(43,285)	52,340	3,143	27,038
(Gains)/losses – adjustments by experience ⁽¹⁾	4,547	(213)	(7,833)	(24,281)	(2,343)	(63,158)
Actuarial obligations at the end of the period	773,474	25,651	194,123	904,980	31,349	234,705

(1) This amount refers mainly to improvements in the technique for measuring historical medical costs.

23.2.3 – Reconciliation of fair value of assets

	12/31/2024		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	81,120	1,483	79,161	1,165
Contributions from participants in the period	(777)	-	(898)	-
Contributions from the employer in the period	(9,934)	(2,453)	(9,787)	(2,150)
Interest income	(112,324)	(3,324)	(115,955)	(3,132)
Return on assets below (above) interest income	102,219	1,911	(9,771)	(195)
Fair value of assets at the end of the period	(1,093,188)	(34,107)	(1,153,492)	(31,724)

23.2.4 – Reconciliation of effect of asset ceiling

	PB I		PB II	
	12/31/2024	12/31/2023	12/31/2024	12/31/2023
Effect of asset ceiling at the beginning of the period	248,512	232,283	375	-

Interest expenses	28,415	24,302	316	-
Changes in the effect of asset ceiling	18,504	(8,073)	7,765	375
Effect of asset ceiling at the end of the period	295,431	248,512	8,456	375

23.3 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).

	12/31/2024			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	24	1,167	130	37	1,067	399
Interest expenses – present value of actuarial liabilities	83,455	2,902	21,954	91,188	3,128	29,089
Interest expenses – effect of asset ceiling	28,415	316	-	24,302	-	-
Interest income – fair value of assets	(112,324)	(3,324)	-	(115,955)	(3,132)	-
Expenses (income) through profit or loss	(430)	1,061	22,084	(428)	1,063	29,488
(Gains)/losses on present value of actuarial liabilities	(134,642)	(8,284)	(50,632)	28,059	800	(36,120)
Changes in the effect of asset ceiling	18,504	7,765	-	(8,073)	375	-
Return on assets below (above) interest income	102,219	1,911	-	(9,771)	(195)	-
Remeasurements in other comprehensive income	(13,919)	1,392	(50,632)	10,215	980	(36,120)
Contributions from the Bank in the period	(9,934)	(2,453)	(12,034)	(9,787)	(2,150)	(17,358)
Net actuarial liabilities (assets) at the end of the period	(24,283)	-	194,123	-	-	234,705

23.4 Composition of fair value of assets

The PB I and PB II plans maintain assets that are used to cover actuarial obligations fully or partially. 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	
	12/31/2024	12/31/2023	12/31/2024	12/31/2023
Cash and cash equivalents	0.00%	0.00%	0.00%	0.01%
Fixed income	78.87%	81.74%	73.80%	73.53%
Variable income	4.05%	4.29%	4.50%	7.78%
Real estate	0.67%	0.64%	0.11%	0.12%
Structured	10.07%	9.27%	13.20%	13.42%
Loan portfolio	0.49%	0.43%	2.22%	1.70%
Others	5.85%	3.63%	6.17%	3.44%

23.5 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: 7.62 years for PB I, 17.93 years for PB II and 10.87 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	
	12/12/2024	12/31/2023	12/12/2024	12/31/2023	12/12/2024	12/31/2023
Real actuarial discount rate	7.65%	5.34%	7.44%	5.47%	7.38%	5.44%
Expected real return on assets	7.65%	5.34%	7.44%	5.47%	7.38%	5.44%
Real salary growth rate for active employees	2.74%	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	4.96%	3.90%	4.96%	3.90%	4.96%	3.90%
Nominal discount rate	12.99%	9.45%	12.77%	9.58%	12.71%	9.55%
Expected nominal return on assets	12.99%	9.45%	12.77%	9.58%	12.71%	9.55%
Nominal salary growth rate for active employees	7.84%	7.74%	*	*	N/A	N/A
Nominal growth in plan benefits during receipt	4.96%	3.90%	4.96%	3.90%	4.96%	3.90%
General mortality table	AT 2012 gender specific					
Mortality table (disabled)	12/31/2024: AT 49, gender specific 12/31/2023: 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 retirees and pensioners, real family (as registered)				Real family (as registered)	
Aging factor	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%

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

23.5.1 – 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	(25,118)	(1,899)	(8,999)	(3.2%)	(7.4%)	(4.6%)
	Decrease of 0.5 p.p	26,734	2,140	9,749	3.5%	8.3%	5.0%
Life expectancy	Increase of 1 year	18,104	(233)	8,951	2.3%	(0.9%)	4.6%
	Decrease of 1 year	(18,560)	256	(8,890)	(2.4%)	1.0%	(4.6%)
HCCTR	Increase of 0.5 p.p	-	-	10,183	-	-	5.2%
	Decrease of 0.5 p.p	-	-	(9,462)	-	-	(4.9%)

23.6 Future cash flows

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

	PB I		PB II		PAS	
	Occurred	Expected	Occurred	Expected	Occurred	Expected
	12-2024	12-2025	12-2024	12-2025	12-2024	12-2025
Contributions from employee	9,934	9,252	2,453	2,359	12,034	14,572
Contributions from participants	777	27	-	-	-	-
Benefits paid by the plan	81,120	84,181	1,483	1,460	12,034	14,572

23.6.2 – 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	417	9	64
From 6 to 10 years	360	12	51
After 10 years	677	109	80

24. 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:

	2024	2023
Rent	(895)	(863)
Salary reimbursement	1,270	1,230
Employer contribution	(19,689)	(18,400)
Total	(19,314)	(18,033)

b) Remuneration on key management personnel

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

	2024	2023
Short-term benefits	9,764	8,645
Executive Board	9,018	7,895
Board of Directors	367	340
Fiscal Council	213	205
Audit Committee	166	205
Contract termination benefits	489	927
Total	10,253	9,572

c) Agência de Fomento do 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 of R\$ 1,923 in 12/31/2024 (12/31/2023 – R\$ 4,491).

25. RISK MANAGEMENT

25.1 Operational risk

Operational risk is defined as the possibility of losses resulting from failure, deficiency or inadequacy of internal processes, people and systems, or external events.

Operational risk management is carried out by the Bank, Centrals and Individual Cooperatives. These entities are responsible for complying with internal and external regulations, using systemically established tools, methodologies and processes. Such processes are made up of a set of actions, which aim to maintain the risks to which each institution is exposed at adequate levels. These are:

- Risk assessment and controls;
- Loss base documentation and storage;
- Business continuity management.

25.2 Credit risk

BRDE's risk assessment structure is based on the principle of collegiate technical decision-making, with credit granting levels being defined corresponding to the decision-making levels that range from the agencies to the management sphere and its Risk and Credit Committee in the General Management.

The individualized analysis of the client and its business carried out periodically, combined with commercial and economic perspectives, as well as the systemic parameterization of the rules for granting credit, strengthens BRDE's credit risk assessment system.

BRDE manages, limits and controls concentrations of credit risk whenever they are identified – particularly in relation to individual clients and groups and in relation to the field of activity. Management structures the risk levels it assumes, establishing limits on the extent of acceptable risk in relation to a specific debtor, a group of debtors and segments of the economy. These risks are monitored and subject to annual or more frequent reviews, when necessary.

Exposure to credit risk is also managed through regular analysis of actual and potential loan/financing debtors, considering the effective payment of contract installments.

As a way of protecting the credit granted, BRDE's main strategy is to link real guarantees to credit contracts, preferably consisting of fiduciary alienation of properties whose market valuation value is at least 110% of the total value of the loan.

The nature and value of the real guarantee are considered in the risk classification of the credit operation, with a consequent impact on the estimated probability of default. BRDE does not fail to recognize provisions on its operations due to the existence of guarantees.

25.2.1 Impairment policy

At the end of each period BRDE assesses the existence of any objective evidence that an asset or group of financial assets is impaired based on the internal risk classification system. The credit risk classification policy defines the criteria for allocating financial assets in stages, considering the indicators of increased risk.

The probabilities and expectations of losses were estimated by grouping credit operations based on the issuer of the credit instrument, whether an individual or legal entity, and calculated considering the Probability of Default (PD) for 12 months and for the entire term of the instrument (Lifetime), according to the stage of the financial asset.

Additionally, macroeconomic information and projections about future financial conditions are used in order to calculate the forward-looking adjustment.

25.3 Market risk

The Bank monitors market risk through the use of the Value at Risk (VaR) methodology, which seeks to simulate and determine the maximum levels of expected loss, in a given period of time, with a certain degree of reliability, both under normal conditions market and in stress and volatility scenarios.

The Fund manager uses VaR to estimate the losses that may be caused to the current investment portfolio by adverse changes in market conditions. For bonds and securities, the confidence level for calculating the non-parametric VaR is 95%, estimated from the series of shocks over the last 150 working days.

On December 31, 2024, the Fund's net equity was R\$ 2,657 (R\$ 2,107 on December 31, 2023 and the VaR was -0.0564% (-0.0303% in 2023).

Market monitoring reports, as well as other operational procedures, allow the monitoring, prevention and correction of possible imbalances, guaranteeing the Bank's solidity, mitigated by having a significant portion of its loan and receivables portfolio with terms and rates linked to funding by transfers.

25.4 Liquidity risk

Liquidity risk is related to the inability to meet cash needs, that is, the occurrence of mismatches in financial flows between active and passive operations and the resulting consequences on the institution's ability to obtain financial resources to carry out its obligations.

The Bank maintains its commitments for credit operations, both in assets and liabilities, within the same payment and receipt period, which avoids mismatches and allows the control of liquidity risk and market risk jointly, observing projections for cash flow, as well as possible changes in its structure resulting from variations in the macroeconomic scenario, which may affect allocation and funding within the market.

BRDE maintains in its securities portfolio substantial positions in federal public securities and repurchase agreements backed by federal public securities as a way of reducing liquidity risk. These assets have a large trading volume on the market.

26. CAPITAL MANAGEMENT

Capital management is defined in internal regulations as the continuous process of: (a) Monitoring and controlling the capital held by BRDE; (b) Assessment of the need for capital to face the risks to which the institution is subject; and (c) Planning goals and capital needs, considering BRDE's strategic objectives.

Reference equity corresponds to the regulatory capital measure used to verify compliance with the Bank's operational limits. According to current regulations, considering local GAAPs, the capital limits in the year ended presented the following values:

	2024	2023
Reference equity	4,463,994	4,091,817
Total risk-weighted assets (RWA)	25,488,200	19,274,061
Credit Risk - RWACPAD	20,219,904	17,679,403
Market Risk - RWAMPAD	3,402,777	129,625
Operational Risk - RWAOPAD	1,865,520	1,465,033
Basel Ratio	17.51	21.23

27. OTHER INFORMATION

a. 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 disruptions to infrastructure, among other important consequences that affected the society from Rio Grande do Sul as a whole. Regarding the functioning of BRDE and its structure, the institution remained fully operational.

Regarding its operations, BRDE has taken the opportunity to suspend payments on credit operations for those customers affected by the floods that occurred in Rio Grande do Sul. The measure covered its main sources of funds, as follows:

- Own Resources: 6 or 12 months depending on the state of emergency or public calamity decree, respectively;
- BNDES resources: up to 12 months;
- FINEP resources: from 2 to 12 months depending on the remaining term of the contract;
- FUNGETUR resources: 6 months.

The balance in December 2024 of operations that adhered to payment suspensions is shown below:

Source	Renegotiated Portfolio	Percentage of portfolio	Number of Contracts
BNDES	690,595,812.50	5.59%	114
BRDE	368,124,310.89	11.51%	103
FINEP	99,123,045.60	7.32%	36
FUNGETUR	139,889,088.30	21.34%	26
Other	44,742,268.59	1.09%	1
Total	1,342,474,525.88	6.20%	280

Regarding possible equity and income effects in the BRDE financial statements, relative to December 31, 2024, no representative impacts were identified.

b. 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.

After the diagnosis was carried out, BRDE sought to act prudently to mitigate the associated effects and, with the support of a specialized company hired, carried out a timely 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 the same applies to the financial statements for the year 2024.

Additionally, it is highlighted that as reported to the National Data Protection Authority, no evidence of information leakage was identified, with the integrity of the BRDE systemic environment being maintained.

c. Subsequent Events

IAS 10 deals with events occurring between the end date of the period to which the financial statements refer and the date on which completion of their preparation is authorized. In this regard, we inform you that there are no subsequent events that should be registered.

However, with regard to a subsequent event that does not give rise to accounting adjustments, we must report on the publication of CODESUL Resolution No. 1,415/2024 in the Official Gazette of the State of Mato Grosso do Sul on January 30, 2025, which authorized the increase in BRDE's capital in the amount of R\$125,467, using the amounts from the Impulsiona Sul Fund and existing balances in profit reserves.

From this corporate act, BRDE began the authorization procedures with the Central Bank of Brazil, which we estimate will be completed during the first half of 2025, generating an impact on the Bank's Net Equity of R\$41,822.

Finally, BRDE understands that the above event is an indicator of a condition that arose after the accounting period to which the statements refer, with no need for equity or income adjustments.

EXECUTIVE BOARD

Chief Executive Officer
RANOLFO VIEIRA JUNIOR

Deputy CEO and Operations Director
RENÊ 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 JUNIOR

Board Members
WAGNER CARLOS AICHNER
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



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Setor Hoteleiro Sul - Quadra 06
Conjunto A - Bloco A
1º andar - sala 105
70316-000 - Brasília - DF - Brasil
Tel: +55 61 2104-0100
ey.com.br

A free translation from Portuguese into English of Independent Auditor's Report on consolidated financial statements prepared in Brazilian currency in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB)

Independent auditor's report on consolidated financial statements

To the
Board of Directors and Officers
Banco Regional de Desenvolvimento do Extremo Sul – BRDE
Porto Alegre - RS

Opinion

We have audited the consolidated financial statements of Banco Regional de Desenvolvimento do Extremo Sul – BRDE (Bank), which comprise the statement of financial position as at December 31, 2024, and the consolidated statements of profit or loss, of comprehensive income, of changes in equity, and of cash flows for the year 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 consolidated financial position of Banco Regional de Desenvolvimento do Extremo Sul – BRDE as at December 31, 2024, and its consolidated financial performance and consolidated cash flows for the year then ended, in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

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 and its subsidiaries 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 believed 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 year. These matters were addressed in the context of our audit of the consolidated 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.



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We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated 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 consolidated financial statements.

Allowance for expected credit losses (impairment)

As presented in Note 6 to the financial statements, as of December 31, 2024, the allowance for expected losses on the loan portfolio totals R\$474,796 thousand, set up for various loan portfolios, periodically reviewed by the executive board with regard to the estimate of expected losses on these transactions (impairment), in accordance with IFRS 9 – Financial Instruments. The estimate involves judgment of the board of directors in determining the allowance by applying a methodology that identifies the expected losses on the ongoing transactions, classified into different stages, using assumptions and judgments that include, among others, an analysis of the economic environment of the markets of the borrowers and payment history of the borrowers in similar contracted operations, including renegotiations and assessments of collateral accepted in the transactions.

Given the materiality of the balances of transactions subject to credit risk, as well as the degree of subjectivity and judgment used by the board of directors in determining the expected loss associated with the credit risk for the loan portfolio, as well as the related disclosure requirements, we consider this matter significant for the audit.

How our audit addressed this matter

We evaluated the design and operation of the relevant internal controls related to the process of approval, registration and release of transactions subject to credit risk, as well as those related to measurement of the allowance for expected credit losses that consider the database, models and assumptions adopted by the executive board, in line with the internal policies, procedures and manuals developed by the Bank to meet the requirements of IFRS 9. With the support of our specialists in validating the amounts of expected losses on transactions subject to credit risk, we evaluated the application of the established methodologies, assumptions and other information determined by the executive board and the classification into the respective risk stages, and recalculated the estimates of expected losses, including the analyses prepared by the Bank's executive board on the possible impacts generated by the current social scenario.

Based on the result of the audit procedures conducted on allowance for expected credit losses for the loan portfolio, which is consistent with the executive board's assessment, we consider that the criteria and assumptions for determination and recognition adopted by the executive board, as well as the respective disclosures, are acceptable in the context of the consolidated financial statements taken as a whole.



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Post-employment benefit plans

The Bank records actuarial liabilities related to post-employment benefit plans which, as mentioned in Note 23 to the consolidated financial statements, comprise pension benefits and health care programs, totaling R\$194,123 thousand as of December 31, 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 and previous 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 23 to the financial statements, are acceptable, in the context of the financial statements taken as a whole.

Recoverable tax credits

As of December 31, 2024, the Bank records deferred tax assets in the amount of R\$513,572 thousand, as presented in Note No. 14 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 losses on loans and receivables, 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 14 to the financial statements.



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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. 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 14 to the financial statements, are acceptable in the context of the financial statements taken as a whole.

Other matters

Individual financial statements

Banco Regional de Desenvolvimento do Extremo Sul – BRDE prepared a complete set of individual and financial statements for the year ended December 31, 2024 in accordance with the accounting practices adopted in Brazil applicable to institutions authorized to operate by the Central Bank of Brazil, presented separately, on which we issued a separate unmodified independent audit report on the same date.

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 consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), and for such internal control as it determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated 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 and its subsidiaries' consolidated financial reporting process.



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Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 and its subsidiaries' 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 consolidated 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 consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



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

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 year and are therefore the key audit matters. We described 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, March 26, 2025

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

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

Renata Zanotta Calçada
Accountant CRC - RS062793/O-8