Annual Report 2024

交通銀行
BANK OF COMMUNICATIONS
BBM

Contents

You can also find our online report **here**

Who We Are 3
Message from Management 9
Our Numbers 10
Highlights 2024 12
What We Do 18
How We Operate 22
Financial Statements 31
Glossary 64

Who We Are

/ 4
Global presence

/ 5
How we organize

/ 6
Our senior executives

/ 8
Vision
Values

BOCOM BBM: focus on sustainable performance and excellence, strengthening relations between Brazil and China

Banco BOCOM BBM was created from the integration of two financial institutions with a centennial history, both recognized for their solidity and excellence: Bank of Communications, headquartered in China, and Banco BBM, of Brazilian origin.

Currently, BOCOM BBM focuses its operations on four main lines of business:

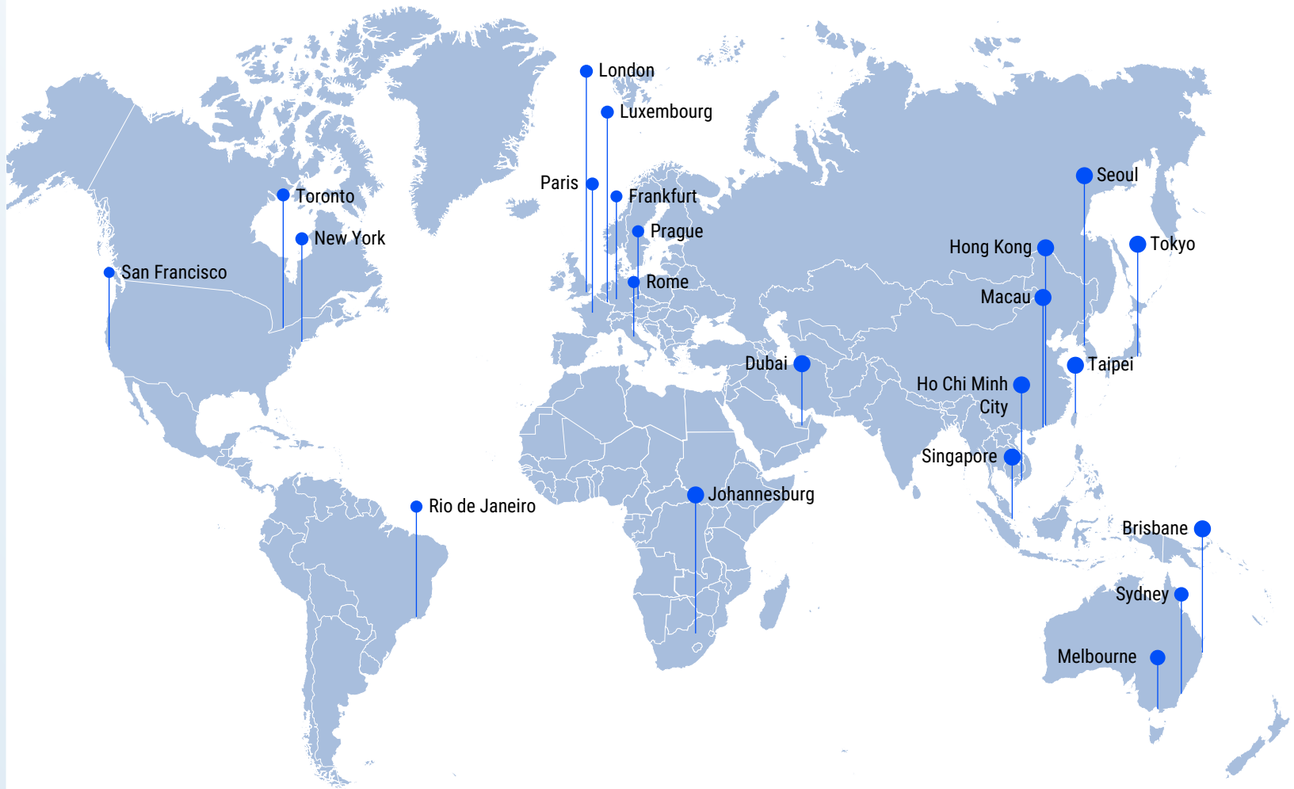
- Credit offer for companies established in Brazil and abroad;
- Debt Capital Markets (DCM) solutions, derivatives, foreign exchange and treasury products for corporate and institutional clients;
- Investment funds offer to individual and legal clients through Asset Management, with extensive experience in quantitative risk, macroeconomic research, risk analysis and monitoring;
- Customized financial products and services for high-income investors and family offices, made available through strategic partners by Wealth Management Services.

With ethical, transparent and sustainable processes, the Bank seeks to strengthen Brazil-China integration and offer shareholders and clients better opportunities for return on capital.

Internally, it encourages employees to seek cutting-edge knowledge, especially in the financial and technological areas, in order to create opportunities for professional, material and intellectual growth.

Global presence
Bank of Communications

BOCOM BBM is part of the global network of Bank of Communications, one of the top five commercial banks in the People's Republic of China, present in Asia, Oceania, North America, South America, Africa, and Europe. A connection that links Brazil to important markets worldwide.



交通銀行
BANK OF COMMUNICATIONS

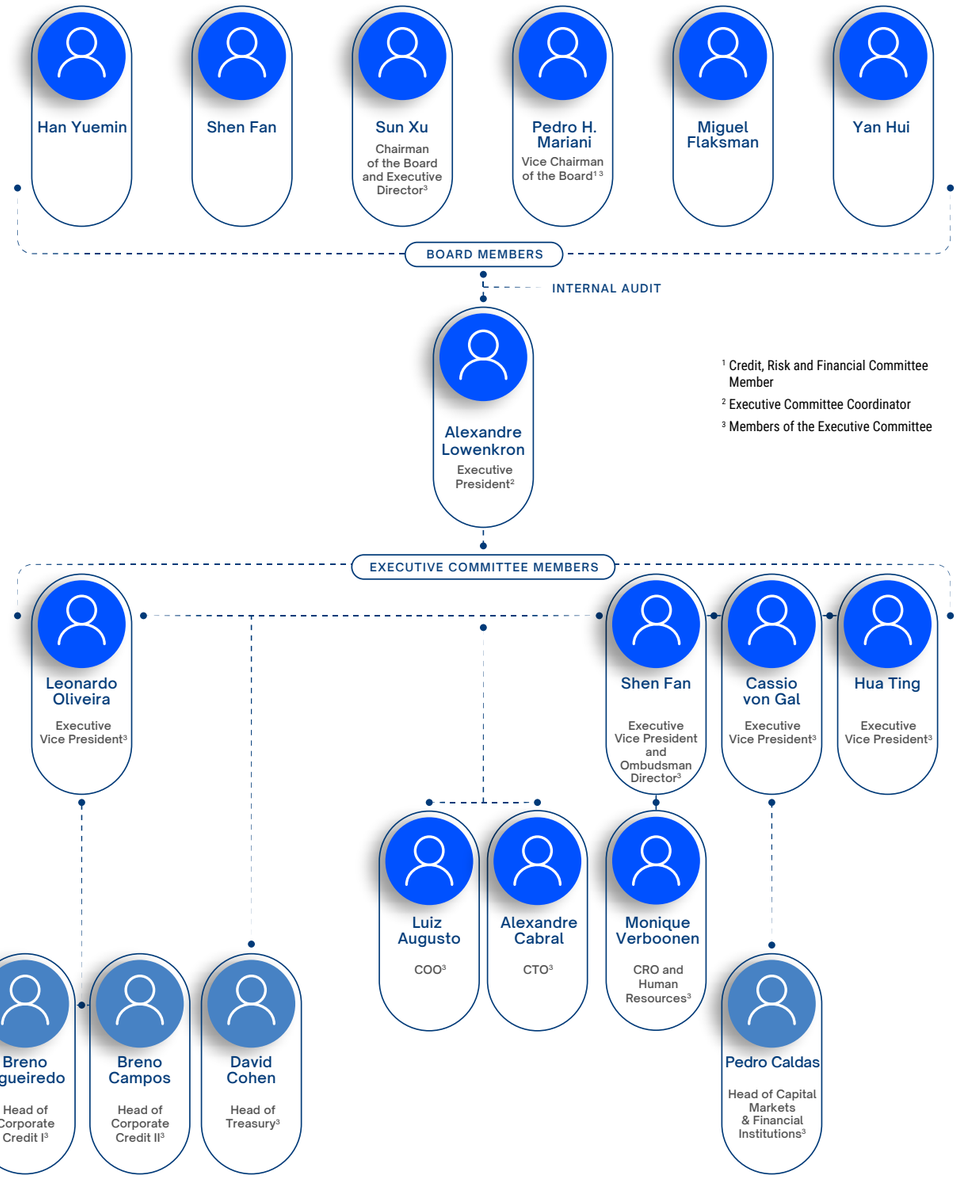
How we organize

Ownership structure

Participation of less than 0.2% were excluded from this organizational chart and the value was rounded to the controlling company.

Percentages considered excluding shares held in treasury.

Organizational flowchart



1 Credit, Risk and Financial Committee Member

2 Executive Committee Coordinator

3 Members of the Executive Committee

*Structure in force from 02/01/2025

Our senior executives

Sun Xu
Chairman of the Board and Executive Director

Graduated with a degree in Accounting from Shanghai University of Finance and Economics, began his career at BoCom Group in 1994 as a Trader and counter in the International Department. From 2003 to 2005, he served as the head of the Treasury Department at the Singapore branch. Between May 2005 and October 2007, he held the positions of Controller and Commercial Manager. He then returned to the Treasury Department at the Frankfurt branch, where he worked from 2007 to 2009. In February 2009, he was promoted to Senior Manager of the Corporate Treasury International, a role he maintained until 2015, after which he was promoted to Deputy Director. In 2016, he ascended to the position of CFO of BOCOM BBM. Since 2019, he acts as Chairman of the Board and since 2025 he has also held the position of Executive Director.

Alexandre Lowenkron
Executive President

Economist with a degree, master's degree and doctorate in Economics from PUC-Rio. With more than 20 years of experience, Alexandre began his career in the group in 2002 with the development of risk management models at Risk Control. He joined Banco BBM in 2005 to lead the Quantitative Research area. He later migrated to BBM Investimentos (currently Bahia Asset) of which he was Managing Partner in 2011. In 2015 he returned to the Bank as Executive Director, having over the years been responsible for several areas such as Risk, Research, Treasury, Operations, People and Controllership. Appointed to the current position of Executive President in October 2021, he has also been responsible for coordinating the Executive Committee of Banco BOCOM BBM. He was a guest professor at the Department of Economics at PUC-Rio in the postgraduate course in Macroeconomics and Finance and in the postgraduate course at EPGE/FGV. He also served as Vice President and Chief Financial Officer of the Brazilian Finance Society between 2015 and 2017.

Cassio von Gal
Executive Vice President

Has over 25 years of experience in the financial market and has been with the group for over 10 years. After graduating in Civil Engineering from Mackenzie, he had outstanding performance in several financial institutions, such as Bank of Boston, Norchem, Chase Manhattan and Banco Fibra. He is currently Chairman of ABBI's Board of Directors, member of the Executive Board of Febraban and Executive Vice President of ABBI. Since 2012 he has been Executive Director of Banco BOCOM BBM responsible for the Institutional Relations, Funding and DCM areas. Appointed Executive Vice President of BOCOM BBM in October 2021.

Leonardo Oliveira
Executive Vice President

With the group for over 20 years, Leonardo has a degree in Civil Engineering from UFRJ. He joined the bank in 2002 as an intern in the Credit Analysis area, becoming a manager in 2006. Since 2013, he has been Executive Director of Banco BOCOM BBM, responsible for the Corporate Credit, Large Corporate, SME and Derivative Sales areas. Appointed Executive Vice President of BOCOM BBM in October 2021.

Shen Fan
Executive Vice President and Ombudsman Director

Shen Fan has been with the group for over 20 years. He joined BoCom in the Accounting and Planning department, was Chairman of Sub-Branch Bank of Communications Anhui and Vice Chairman of Interbank Strategic Department. In 2019 he became Executive Director and CFO of BOCOM BBM, responsible for the areas of Treasury, Accounting and China Desk. He currently holds the positions of Executive Vice President and Ombudsman Director of BOCOM BBM. Graduated in International Finance from Donghua University, he holds a master's degree in Political Economy from Anhui University.

Monique Verboonen
CRO and Human Resources

With over 15 years with the group, Monique joins BBM as an intern during her graduation in Production Engineering at UFRJ. She worked as an intern at Risco during 2007, where she developed her career, becoming a manager in 2015 and also taking over the Management Control area. As of June 2020, she was in charge of Internal Controls, Information Security, Risk and Management, where she remained until October 2021. She is currently CRO and Executive Director of Management Control and Human Resources and is part of the Executive Committee.

Our senior executives

Hua Ting
Executive Vice President

CFA® Charterholder, graduated in Finance from Southwestern University of Finance and Economics and master's degree in Monetary Banking from Central University of Finance and Economics, China. He joined the BoCom group in 1996, holding various positions in the International Business Department of the Nanjing Branch until 2007, then served as President of the Shuiximen Central Sub-branch, Jiangsu Provincial Branch from 2007 to 2010. In 2010, he moved to the UK Subsidiary as Senior Manager of the Corporate Business Department, and from 2015 to 2021, he was Vice President of the New York Branch. In 2021, he became Vice President of the Bank of Hainan, participating in a Chinese Central Government project to help construct the Hainan Free Trade Zone, and in 2023, he assumed the position of Deputy General Manager of the International Business Department/Offshore Center at the Bank of Communications Head Office. Since 2024, he acts as Executive Vice President of BOCOM BBM.

Luiz Augusto
COO

Economist from IBMEC with an MBA in Finance and Capital Markets from Fundação Getúlio Vargas. He joined the Bank in February 1998 as an intern in the Contracts area. He assumed the coordination of this area in January 1999. In 2005 he became Deputy Manager of the same area and in 2011 he occupied the position of Corporate Credit Control Manager, where he remained until 2020. From June 2020 to October 2021 he was the director responsible for the Credit Control, Credit Legal and Credit Compliance areas. In October 2021, he assumed the position of Director of Products, Legal, Compliance and Credit Control. Luiz Augusto is currently COO and is part of the Executive Committee.

Alexandre Cabral
CTO

Graduated in Information Technology from PUC-Rio, Alexandre Cabral has been part of the group for over 20 years. He joined the Bank in 2001 as a Systems Developer, taking over the Coordination of the IT area in 2005. In 2007, he became Deputy Manager and in 2010 he was promoted to Manager. As of 2014, he assumed the position of Manager responsible for the IT, Internal Controls and Administrative areas. In 2017, he took over the Treasury Control and Settlement area as Manager. From October 2020 to February 2023 he held the position of Chief Digital Officer. Alexandre Cabral is currently CTO and is part of the Executive Committee.

Breno Campos
Head of Corporate Credit II

Production Engineer, graduated from UFRJ and with a master's degree in Economics from INSPER. Upon joining BBM in 2009, he worked in the Compliance area and later in the Risk and Pricing areas. Between March 2011 and July 2017, he was a Commercial Manager at Corporate Credit. In August 2017, he took over the management of Corporate Credit, where he still works today. He is a member of the Executive Committee.

Breno Figueiredo
Head of Corporate Credit I

Since 2008 in the group, Breno has performed several passages until he became Corporate Credit Manager in 2017, holding the position until today. In addition to the Corporate Credit area, he integrated the Settlement and Custody, Operational Control and Products areas. Graduated in Economics from the Pontifical Catholic University of Rio de Janeiro, he is a member of the Executive Committee.

Pedro Caldas
Head of Capital Markets & Financial Institutions

CFA® Charterholder, graduated in Electronic and Computer Engineering from UFRJ, Pedro joined the group in 2015, in the Credit Control area, where he works until 2016. Between 2016 and mid-2019, he joined the Credit Analysis team. Since 2019, he has been in charge of Distribution and in 2021 he has been in charge of Structuring at the same time, in addition to being part of the Executive Committee. He is currently the Head of Capital Markets and, in 2023, he also became responsible for the Asset and Wealth Management Services and Financial Institutions areas.

David Cohen
Head of Treasury

CFA® Charterholder, David Cohen is currently the head of Treasury at Banco BOCOM BBM. Prior to joining the group, he worked for more than a decade as a senior partner and portfolio manager at the hedge fund Paineiras Investimentos. He also served as Fixed Income and Proprietary Exchange Portfolio Manager at Banco CR2 SA. He holds a bachelor's degree in Electrical and Production Engineering from the Pontifical Catholic University of Rio de Janeiro (PUC-Rio). He is part of the Executive Committee.

Vision

We aim to be the best financial institution in Brazil and meet the objectives of our stakeholders.

By means of transparent procedures, reciprocity, accuracy and agility in our relationships with clients, employees, shareholders and suppliers.

By sustainably increasing the profitability of our shareholders' capital and Brazil-China integration.

By assuming an ethical position that takes into account the dignity and well-being of the social groups with which we interact.

By creating opportunities and guiding the professional, material and intellectual development of our employees, always encouraging the search for cutting-edge knowledge, especially in the financial and technological areas.

Values

Our team is our main asset

Identifying new talent and offering a workplace climate that allows our people to fully develop as professionals.

Productivity and innovation

Researching and implementing the best practices, models, innovations and opportunities in all areas related to our business.

Outstanding and sustainable performance orientation

Pursuing new business opportunities and considering the needs of each client, always with the support of rigorous analysis.

Conceptualizing, planning, executing and controlling

Designing, planning and rigorously executing our programs and processes, and monitoring their progress with careful control.

Reciprocity and loyalty

Always bearing in mind the importance of reciprocity and loyalty in our relationships with individuals and institutions.

Respect for others

Valorizing diversity and the unique contributions of each person in our internal and external relationships.

Message from Management

December 2024

The continuing progress of disinflation in the United States allowed a monetary easing cycle to begin in 2024, but the resilience of the American economy will make the pace of adjustments in 2025 slower. The global outlook remains uncertain and will depend on the economic direction taken by the new U.S. administration. If the changes implemented fall short of what is expected, with more moderate effects on global growth and the dynamics of geopolitics, the prospects for the emerging economies will become more favorable.

In Brazil, the easing cycle that began in 2023 was interrupted. The significant fiscal impulse and the resilience of the labor market outweighed the expected contractionary factors, resulting in a growth rate that for the fourth consecutive year surpassed the markets' expectations at the start of the year. The deteriorating dynamics of inflation, which reaccelerated after considerable progress had been achieved, in conjunction with deanchored inflation expectations and local currency depreciation, led the Central Bank of Brazil to embark on a new monetary tightening cycle only a few months after the end of the easing cycle, so that interest rates rose to an even more restrictive level.

Although the outlook for Brazil is challenging and the tighter financial conditions are set to slow economic growth in 2025, we expect their effects to be more evident in the second half of the year and in 2026. Moreover, the slowdown is likely to be gradual, and less cyclical sectors such as agriculture should perform well, as should the labor market, which typically takes time to adjust.

With the economy's basic interest rates at attractive levels and other asset classes underperforming, the credit market in Brazil stood out, attracting a continuous inflow into fixed-income products and funds, especially those exempt from taxation. Because of the abundant liquidity, BOCOM BBM had to lower the spread on new corporate credit transactions, but this kept default at a low level while also boosting revenue from fees on structured lending transactions provided by our debt capital market department (DCM).

In 2024, BOCOM BBM continued to expand its asset management operation, and launched its first agribusiness receivables investment fund (FIDC FIAGRO), raising BRL 150 million by September.

The first half of the year saw regulatory and tax changes in the investment market that shifted the flow of funds into the fixed-income segment and boosted our DCM results. The second half saw an increase in both global and local uncertainty, fueling market volatility and creating opportunities for our treasury and derivative sales operations, which proved to be the top performers in terms of earnings in 2024.

BOCOM BBM again obtained a high return on equity in the year. Treasury, sales of derivatives, and coordination and distribution of DCM deals performed especially well. The level of nonperforming loans was low, and new business areas such as asset management continued to grow.

In 2025, we expect a lower risk-return ratio in new credit transactions and therefore project a lower rate of portfolio growth than the annualized rate of 9% achieved in 2024. We remain confident in our successful strategy of diversification into new business areas, with expansion of DCM, treasury products for clients, and asset management. In 2024, these sources of income, which are not directly linked to the credit spread, reached 47.2% of total revenue, representing a significant growth compared to 22.3% in 2016, when the BOCOM BBM project began.

In 2024, we continued to strengthen our corporate commitment to the well-being of our employees, customers and suppliers, as well as the local communities where we operate. Through sponsorships and donations, we again supported several projects that provide training for people in vulnerable situations. The highlight was continuing support for Arte Tech, a project located near our Rio de Janeiro office, and run by the charity Gamboa Ação, that offers extracurricular classes for disadvantaged children. Via another charity, Viver Solidário, we also supported several philanthropic entities in Rio de Janeiro by donating food and hygiene products in the festive season. In addition, we supported universities and training courses in strategic areas for the Bank, such as the economics departments of the Pontifical Catholic University of Rio de Janeiro (PUC-Rio) and Getúlio Vargas Foundation (FGV), which are both centers of excellence in the area, and Global Hybrid Classroom, an online educational program developed by Tsinghua University to promote collaboration and knowledge exchanges between educational institutions worldwide. In Brazil, the program is run by the Federal University of Rio de Janeiro (UFRJ). Our Sustainability and Women's Committees continued to promote important internal initiatives, such as the measurement, certification and offsetting of the Bank's carbon emissions.

Banco BOCOM BBM took part in the celebration of 50 years of China-Brazil diplomatic relations by supporting projects that portrayed cultural exchanges between the two countries over the years, such as the restoration and maintenance of Casa Pacheco Leão in Rio's Jardim Botânico district. In 2024, this cultural center held an exhibition entitled "The Tea Road", which will remain there in 2025. We also supported the publication of a book entitled "Troposfera compartilhada: Artistas Brasil e China", showcasing the work of Brazilian and Chinese artists that features elements of nature and technology shared by the two cultures. The synergies between China and Brazil are not confined to culture, and this is just a small sample of the opportunities that can bring about even more integration between our two countries.

Our Numbers

24.7% 2023
20.9% 2024
ROAE

27.3 2023
34.0 2024
Total Assets
BRL billion

14.8% 2023
14.7% 2024
Basel Ratio

5.5 2023
7.7 2024
Derivatives Volume
BRL billion

2.3 2023
4.1 2024
DCM
BRL billion

2.3 2023
3.3 2024
Assets under Management
BRL billion

Financial highlights

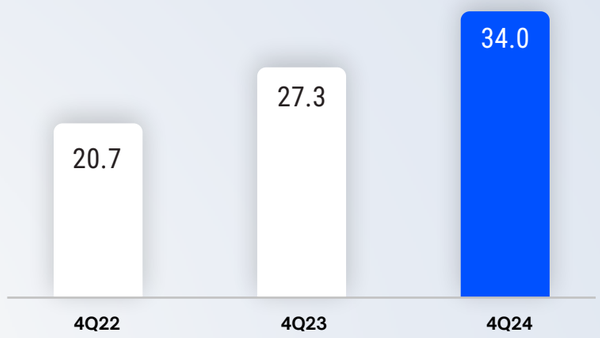
BRL million	4Q21	4Q22	4Q23	4Q24
Total Assets	14,184	20,738	27,328	34,006
Liquid Assets	2,154	3,712	5,008	6,685
Total Expanded Credit Portfolio[1]	10,327	13,542	16,691	18,349
E-H / Expanded Credit Portfolio	0.3%	0.2%	0.3%	0.1%
Allowances for Loan Losses/ E-H	245.9%	339.5%	200.5%	419.0%
Total Funding	11,008	16,233	19,429	22,958
Shareholders' Equity	841	1,010	1,210	1,394
Tier I	1,013	1,185	1,379	1,557
Basel Ratio	12.6%	14.7%	14.8%	14.7%
Return on Average Equity (p.a.)	18.4%	23.8%	24.7%	20.9%
Return on Average Assets (p.a.)	1.1%	1.3%	1.1%	0.9%
Net Income	147	221	274	273
Net Income before Tax	265	382	464	463
Expanded NIM (before Allowances for Loan Losses)[2 3] (p.a.)	4.6%	4.8%	4.1%	3.3%
Efficiency Ratio (ER)	48.3%	43.5%	41.9%	43.0%
Service Revenues	139	158	147	158
Service Revenues (% of the Total Revenues) [4]	24.6%	21.3%	16.8%	17.7%

[1] Includes guarantees, letters of credit and credit risk bonds.
[2] Includes the result of equity pickup.
[3] Including services fees and adjusting for open market operations.
[4] Gross Financial Income before Allowances for Loan Losses + Service Revenue + Result of Equity Pickup.

Ratings

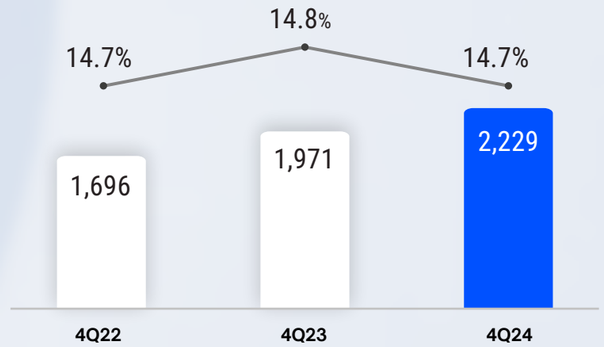
	Domestic	Global	
	Local Currency	Local Currency	Foreign Currency
Moody's	AAA.br	Baa3	Baa3
Fitch	AAA(bra)	BBB–	BB+

Total Assets
BRL billion



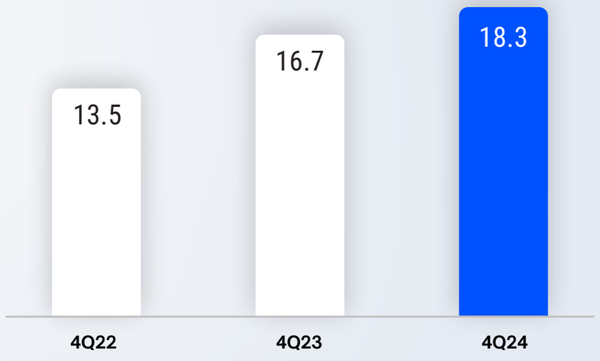
13.3
BRL billion
period
4Q22 – 4Q24

Basel Ratio (%) + Total Capital
BRL million



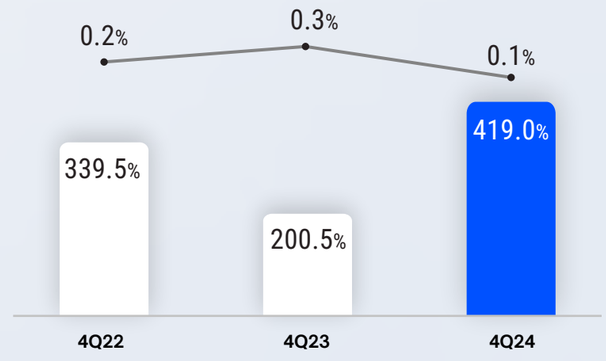
Total Capital
533
BRL million
period
4Q22 – 4Q24

Total Expanded Credit Portfolio
BRL billion



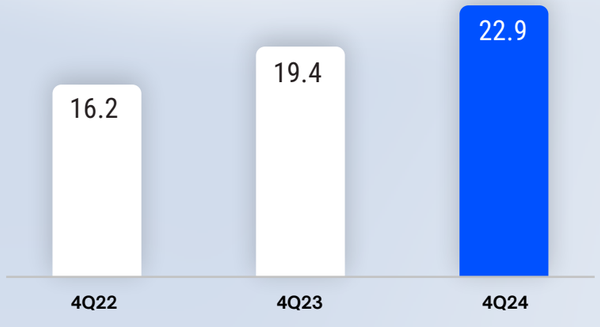
4.8
BRL billion
period
4Q22 – 4Q24

Delinquency Rate + Allowance for Loan Losses / Loans Rated E-H



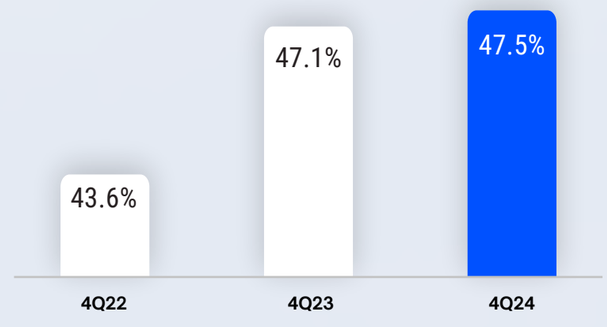
Delinquency Rate
0.1%
Allowance for Loan Losses / Loans Rated E-H
79.5%
period
4Q22 – 4Q24

Total Funding
BRL billion



6.7
BRL billion
period
4Q22 – 4Q24

Revenue Not to Linked Credit



3.9%
period
4Q22 – 4Q24

Highlights 2024

/ 13
Business
Collection and heritage

/ 14
Brazil-China integration

/ 15
Integration actions
Participation in events
Support for sports

/ 16
Sustainability

Business

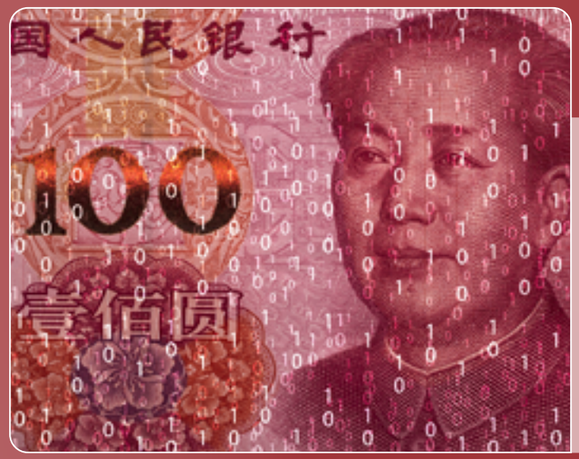
Moody's upgrades BOCOM BBM's rating to international investment grade

In September, Moody's Investors Service upgraded BOCOM BBM's global rating (local and foreign currency) from Ba1 to Baa3. As a result, the Bank reached the international investment grade, being one of only four in Brazil with this classification. On the national scale, Moody's Local Brasil reaffirmed, in April, the “AAA.br” rating with a “stable” outlook, the best credit rating in this category.

BOCOM BBM global rating:

Baa3

by Moody’s



Renminbi loan transaction is a finalist an award

The successful conclusion of the first loan in Chinese currency (renminbi) in Brazil, carried out in partnership by BOCOM BBM, Bank of China, Deutsche Bank and ICBC (Asia), led the energy company SPIC Brasil to the finals of the Golden Tombstone Award 2024, granted by IBEF-SP (Brazilian Institute of Finance Executives of São Paulo). The operation was carried out through the CIPS (Cross-Border Interbank Payment System).

New Investment Funds | Infra-Exempt Funds Family

In 2024, we expanded our portfolio with the launch of two investment funds managed by the Bank's Asset Management unit: BOCOM BBM Infra IPCA and BOCOM BBM Infra 90.

Infra IPCA

Seeks medium and long-term returns with a target of IMA-B 5 + 0.5% to 1%, through investment in infrastructure assets, exempt from income tax. The portfolio consists mainly of local private debt securities and, to a lesser extent, government bonds. The redemption period is 30 days.

Infra 90

Seeks medium and long-term returns with a target of IMA-B 5 + 1.5% to 2%. The investments are aimed at opportunities in the private credit market, especially in infrastructure assets, with exemption from income tax for individuals. It has a 90-day redemption period, making it possible to capture liquidity premiums and differentiated returns.

Historic transaction jointly with BoCom Shanghai

BOCOM BBM carried out the first debt operation for non-Chinese companies in Brazil through a BoCom subsidiary in China. In partnership with BoCom Shanghai, a US$ 300 million Export Pre-payment (PPE) operation was carried out for Vale, with a payment term of five years. The unprecedented transaction is another historic milestone for the Brazil-China relationship conducted by Banco BOCOM BBM.

Asset reaches BRL 3.3 billion under management

In 2024, the BOCOM BBM Asset Management surpassed the BRL 3.3 billion under management milestone. This total represents a growth of 43% compared to the previous year.

Specialized in the management of private credit investment funds, our Asset currently has seven funds created to meet the different needs of clients, with the differential of our experience in quantitative risk, macroeconomic research, credit analysis and monitoring.

3.3

billion

under BOCOM BBM Asset Management

Collection and heritage

Collection receives work by Eduardo Kobra

We have made an important acquisition to our collection with the canvas “Faces de uma integração”, created by Eduardo Kobra, one of today's most renowned visual artists. The work depicts respect, tolerance and diversity. Displayed at the main entrance of our headquarters in Rio de Janeiro, the painting was presented at an exclusive event for employees.

Eduardo Kobra (left) and Alexandre Lowenkron (right), Executive President of BOCOM BBM, in front of the artwork "Faces de uma integração", created by the artist.

Brasil–China integration

In 2024, we celebrated 50 years of diplomatic relations between Brazil and China. The following are the main initiatives carried out throughout the year:

International Cooperation Forum

In September, the China and Brazil Securities and Fixed Income Market International Cooperation Forum was held. The event was organized by BOCOM BBM, Itaú Asset Management, ICBC Brasil and B3.

The Bank participated in the Discussions Panel, in which topics such as perspectives of the Chinese and Brazilian economies, internationalization of the RMB and integration of the capital markets of China and Brazil were addressed. The event was attended by executives from BOCOM BBM.

From left to right: Pedro Caldas, Xinjie Fu, Shen Fan, Cassio von Gal, Victor Menna, Allan Alcalai, Bianca Li and Amaro Patricio, all from BOCOM BBM

Cassio von Gal, Executive Vice President of BOCOM BBM and Vice President of ABBC, took part in the forum

Cooperation agreement

The Brazilian Association of Banks (ABBC) and the Macau Association of Banks signed a cooperation agreement to stimulate trade relations between Brazil and China, through the commercial banks of the two countries.

The partnership was formalized during the 2nd Cooperation Conference between Commercial Banks of Macau and Portuguese-speaking Countries at the Guangdong-Hong-Kong-Macao Greater Bay Area Investment Forum. The Vice President of ABBC and Executive Vice President of BOCOM BBM, Cassio von Gal, was in Macau to sign the commitment.

Caixin Roundtable

We attended the Caixin Roundtable event “Brazil-China Cooperation for a Shared Future” to discuss the importance of cooperation between the two countries.

The roundtable was promoted by the media group Caixin Global, in partnership with the Brazilian Center for International Relations (CEBRI) and Lenovo. The initiative took place in November, simultaneously with the beginning of the G20 Summit meeting in Rio de Janeiro.

Global South Local Currency

In November, we were part of the forum “Development and Revitalization: a new journey for the Global South”, part of the Global South Media and Think Tank Summit, held in São Paulo. The event, which addressed the opening up of China's bond market and cooperation in local currency between the nations of the Global South, was attended by Alexandre Lowenkron, Executive President of BOCOM BBM, and Zhang Baojiang, President of Bank of Communications.

Alexandre Lowenkron (third from left to right, in the second row) and other authorities participating in the Brazil-China Financial Forum. Credit: Disclosure/Ascom-Ministry of Finance

Financial Forum

In March, we attended the China-Brazil Financial Forum, held in Beijing. The event, organized by the Ministry of Finance of China, together with the Development Bank of China and in partnership with the Ministry of Finance of Brazil, had as its theme “Strengthening Financial Support for a Sustainable Brazil-China Economic Cooperation”.

The initiative was attended by government representatives, financial institutions and large companies from both countries. The Executive President of BOCOM BBM, Alexandre Lowenkron, was the coordinator of the session on “Financial Integration and Cooperation in the Use of Local Currencies for Payment Settlement”.

Integration actions

Running events

The BOCOM BBM team once again showed its determination and sportsmanship at the Circuito das Estações race, in Rio de Janeiro, and Meia de Sampa, in São Paulo.
Our athletes took part in courses ranging from 5 to 21 km.

BOCOM BBM Team participates in the Circuito das Estações – Spring Stage in Rio de Janeiro

Panda Cup

In the 9th edition of the Panda Cup, our employees from São Paulo and Rio de Janeiro were able to put their volleyball, football and beach tennis skills into practice. Created to promote cooperation and integration between BOCOM BBM teams, the tournament is organized so that everyone can have a day especially dedicated to relaxation, health and well-being.

Football match played by the Bank's employees in the 9th edition of the Panda Cup

Participation in events

Semana Fluxo and Career Fair at UFRJ

BOCOM BBM was present at the 19th Semana Fluxo and at the 5th Polytechnic School Career Fair, a career and networking event organized by Fluxo Consultoria, a student-run consultancy from UFRJ's Polytechnic School, in Rio de Janeiro.
We took part in the cycle of lectures and workshops, addressing the themes "Capital Markets and the National Financial System" and "Modern Data Stack: Enhancing the use of data in a corporate environment".

Banco BOCOM BBM participates in the 5th UFRJ Career Fair

Support for sports

Sponsorship renewed until 2028

We sponsor the athlete Hugo Calderano, one of the best table tennis players in the world, and closely follow his achievements. In 2024, the Brazilian athlete reached the table tennis semi-finals at the Paris Olympics and once returned to the third place in the World Table Tennis (WTT) ranking. In addition, he was the individual winner of the Pan American Championship, held in El Salvador, and became a five-time champion in the history of this tournament.

Hugo Calderano has had his sponsorship agreement with BOCOM BBM renewed until 2028. With this, we reaffirm our partnership and the Bank's commitment to encouraging sports in the country.

Hugo Calderano visiting our headquarters in Rio de Janeiro

Sustainability

We have advanced our strategic sustainability agenda through initiatives aligned with the Sustainable Development Goals (SDGs), a global movement led by the United Nations (UN). Our actions aim to contribute to the environment, helping to mitigate the advance of climate change and, at the same time, strengthen and empower the communities where we are present, enabling people to reach their full potential. Here are some of the highlights.

Sponsorships

Our sponsorship policy is aimed at supporting educational, cultural, sports and environmental initiatives. Check out the highlights:

Total sponsorships:

BRL 2,396,002.46

Support for education

Arte Tech Project

The Arte Tech project aims to develop sociocultural perception, creativity and logical reasoning among children and adolescents served by the NGO Gamboa Ação, through weekly classes in digital creation, English and chess. This is the third year we are supporting the project, showing once again how the social development of Rio de Janeiro's port region is one of our top priorities.

Knowledge Exchange

BOCOM BBM once again supported the Global Hybrid Classroom program, developed by Tsinghua University, Beijing. The initiative promotes knowledge exchange and collaboration between educational institutions around the world. In 2024, the Federal University of Rio de Janeiro (UFRJ) participated in the program by offering the online course "Mastering Social Foresight: Navigating Future Challenges".

Training for developers

We maintained our support for 42 Rio, a free developer training school in Rio de Janeiro, with a different methodology for exchanging experiences between students and alumni. In 2024, we had the participation of four students who developed a project in collaboration with the Bank, giving them the opportunity to experience the labor market. BOCOM BBM has been a partner of the initiative since the first class.

Culture

BOCOM BBM took part in a series of cultural initiatives to celebrate 50 years of diplomatic relations between Brazil and China. Check out some of the actions taken:

Casa Pacheco Leão

We sponsored the restoration of Casa Pacheco Leão, one of the most emblematic historical buildings of the Botanical Garden in Rio de Janeiro. After six months of work, the space is now open to the public for cultural activities. The inauguration ceremony was attended by authorities such as Gabriel Galípolo, then director of Monetary Policy at the Central Bank of Brazil and now president of the institution, Margareth Menezes, Minister of Culture, Zhu Qingqiao, China's Ambassador to Brazil, and Alexandre Lowenkron, Executive President of BOCOM BBM. The project received an investment of BRL 2.7 million via the Rouanet Law, from the Ministry of Culture, in a partnership between BOCOM BBM and State Grid Brazil Holding.

Casa Pacheco Leão, in the Botanical Garden, recently revitalized with sponsorship from Banco BOCOM BBM in partnership with State Grid Brazil Holding

Exhibition "Tea Route – Botany, Culture and Tradition" Exhibition"

The exhibition "Tea Route – Botany, Culture and Tradition", inaugurated in November, will run until 2025 at Casa Pacheco Leão. The curatorship explores the role of tea in connecting cultures, celebrating the historical and cultural relationship between Brazil and China. The project was made possible by the Rouanet Law and had an investment of around BRL 1.4 million via sponsorship from BOCOM BBM and State Grid Brazil Holding.

Launch of the book "Troposphere Shared Artists Brazil and China"

We were sponsors of the book "Troposphere Shared Artists Brazil and China", a project made possible by the Rouanet Law, in which the author Sarina Tang brings together works by 42 Brazilian and Chinese visual artists created in this century. The book was launched in November at Casa Pacheco Leão, in Rio de Janeiro.

Sarina Tang signs her book "Troposphere Shared Artists Brazil and China", published with sponsorship from BOCOM BBM

Social actions

Natal de Emoções (Christmas of Emotions)

In 2024, we continued to sponsor this initiative that benefits eight social institutions, distributing food and personal hygiene products. Christmas of Emotions is promoted by the NGO Viver Solidário, created by a former Bank employee. This NGO helps residents of Rio de Janeiro with various actions throughout the year.

Sports incentive – Destemidas project

We maintained our support for the Destemidas project, which serves girls and young women in Complexo da Maré, in Rio de Janeiro.
The program uses running as a personal development tool, in addition to promoting awareness against sexual harassment and domestic violence through campaigns.

Destemidas take part in the Rainha do Mar Circuit 2024, running on the sands of Copacabana

Environment

Leonardo Oliveira (fourth from left), Vice President of BOCOM BBM, attended the conference on behalf of the Bank

Cooperation for a sustainable world

We were present at the international conference “50 years of the Brazil-China relations: Cooperation for a sustainable world”, held in Brasilia, in April. The event was sponsored by BOCOM BBM and was promoted by the Brazilian Center for International Relations (CEBRI), in partnership with the National Top Think Tank and the Institute of Latin American Studies of the Chinese Academy of Social Sciences (CASS). The thematic panels focused on the role of Brazil and China in fighting inequalities and preserving the environment.

Highlights

Gold Seal in the Brazilian GHG Protocol Program

In recognition of its efforts to quantify and manage emissions, BOCOM BBM obtained a Gold Seal for the publication of its 2023 Carbon Inventory in the Public Emissions Registry, an initiative of the Getúlio Vargas Foundation (FGV). This achievement recognizes the completeness of the direct emissions of the inventories drawn up in accordance with the global standard for measuring Greenhouse Gas (GHG) emissions, reinforcing the Bank's credibility and its commitment to sustainable practices.

Green financing

Banco BOCOM BBM was one of the coordinators of Copel Geração e Transmissão S.A.'s green debenture issuance, worth BRL 1.6 billion, with maturities of five, seven and ten years. The financing will allow the company to continue investing in renewable energy generation, solar, wind and hydropower.
The issuance followed the standards established by the International Capital Market Association's (ICMA) Green Bond Principles, in line with UN Sustainable Development Goals 7, 8, 9, 13 and 15. The goals deal with access to clean energy, decent work and economic growth, industry, innovation and infrastructure, action against climate change, and the protection of terrestrial life.

BOCOM BBM is carbon neutral

Complementing its efforts on the climate agenda, BOCOM BBM has offset its 2022 carbon footprint by obtaining carbon credits, becoming carbon neutral. The credits acquired come from the Serra Pará Wind Power Plant Complex, certified through the UN's Clean Development Mechanism. This action was supported by the Neutral ISS Program, an initiative of the Rio de Janeiro City Council's Economic Development Department, which promotes tax compensation as an incentive for companies to offset their GHG emissions through the purchase of carbon credits.

Carbon inventory

Banco BOCOM BBM carries out an annual detailed inventory of its carbon emissions in order to monitor and manage the greenhouse gases generated by its operations. The 2022 and 2023 inventories were drawn up based on the methodology proposed by the GHG Protocol, covering direct emissions and some indirect emissions related to employee commuting, corporate travel and energy consumed through remote working. Both were independently audited,, ensuring the reliability and accuracy of the reported data. This process reinforces the Bank's commitment to transparency and environmental responsibility, and provides essential information for developing sustainable strategies.

Decarbonization plan

BOCOM BBM has developed a comprehensive decarbonization plan that sets targets for reducing emissions in its operations and portfolio, based on the 2022 inventory. The Bank aims to eliminate direct emissions by 2024, estimate financed emissions from high carbon intensity sectors by 2030, covering all sectors in its portfolio by 2032. The long-term goal is to decrease the intensity of financed emissions, demonstrating the Bank's dedication to combating climate change and aligning with global sustainability goals.

What We Do

/ 19
Corporate credit

/ 20
Asset Management

/ 21
Wealth Management Services
Financial services

Corporate credit

Over the past year, we have once again maintained a low level of default in our portfolio, even in a challenging scenario. This contributed to BOCOM BBM ending the year with a positive result, recording a net income of BRL 273 million in the period.

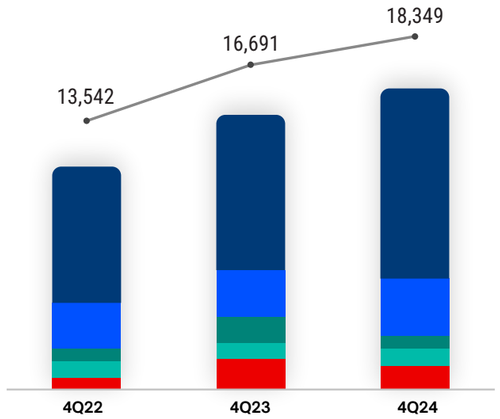
We operate with agility, efficiency, flexibility and transparency to assist companies from different sectors in accessing credit lines, derivatives and other financial services. Our structure serves the following segments:

- **SME:** Small and medium-sized companies operating with liquid collateral;
- **Corporate:** Economic groups with consolidated revenues between BRL 500 million and BRL 3 billion per year. Rural producers are also served in this segment;
- **Large Corporate:** Large companies that earn more than BRL 3 billion per year.
- **China Desk:** Chinese companies operating in Brazil.

We offer loan services backed by several collaterals and also trade finance related credit lines. Our expanded credit portfolio, which includes letters of credit, credit risk operations and collaterals, reached BRL 18.3 billion at the end of 2024. This result represents a growth of 10% compared to the previous year.

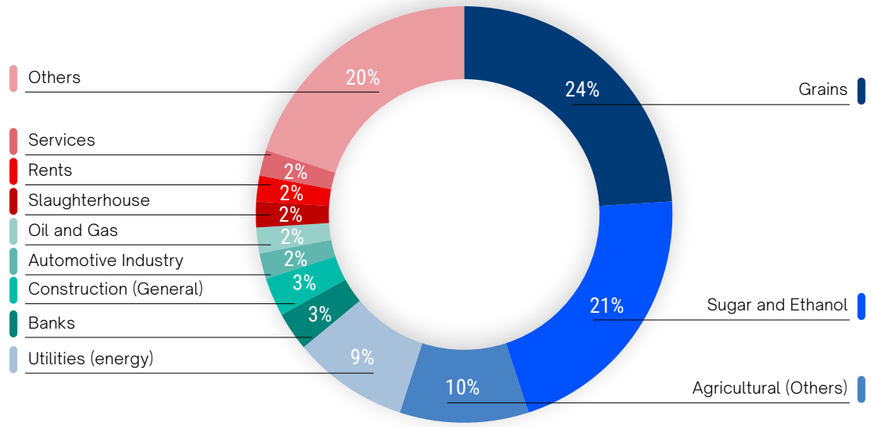
Agility in decision-making and flexibility to meet customer needs

Total Expanded Credit Portfolio



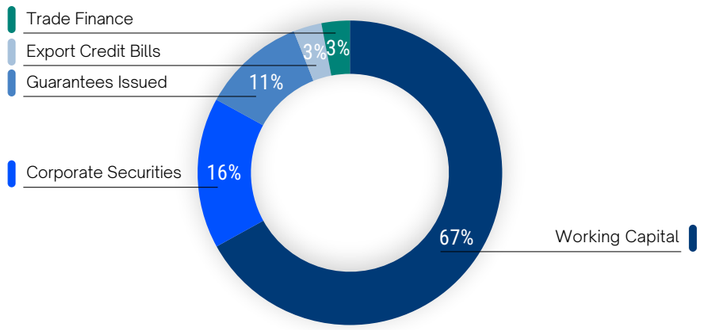
(BRL million)	4Q22	4Q23	4Q24
Corporate	8,272	9,450	11,618
Large Corporate	2,771	2,809	3,430
FI	779	1,584	821
SME	1,008	980	1,083
China Desk	674	1,811	1,343
Others	37	57	54
Total	**13,542**	**16,691**	**18,349**

Total Expanded Credit Portfolio
Breakdown by Sector | DEC 24



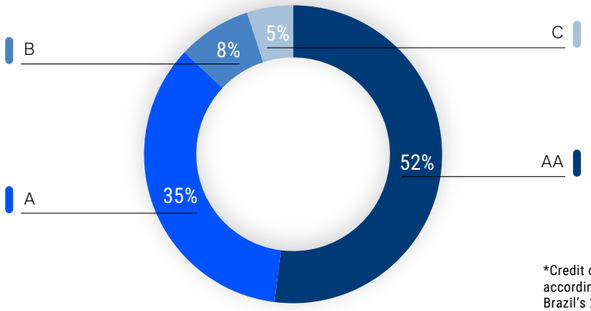
Total Expanded Credit Portfolio

Breakdown by Transaction | DEC 24



Loans and Guarantees Portfolio*

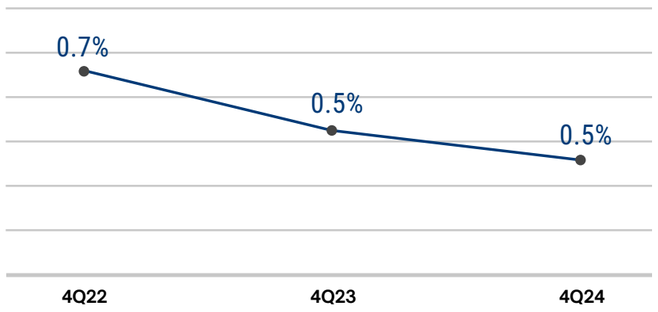
Risk Rates | DEC 24



*Credit operations, classified according to the Central Bank of Brazil's 2,682/99 Resolution.

Allowances for Loan Losses

Loans and Guarantees Portfolio



0.2%

period
4Q22 – 4Q24

Asset Management

We manage fixed income investment funds, with the objective of delivering positive medium and long-term results for our clients, with a strategy focused on private credit funds. This activity is developed by our Asset Management area, which completed its fifth year of operation in 2024.

Currently, we have seven funds in our portfolio, offering options for the most different profiles, from the general public to qualified investors (see table on the side).

At the end of December, we reached the mark of BRL 3.3 billion in assets under management. This amount represents an increase of 43% compared to the previous year, which demonstrates the robustness of our results and the confidence of investors in our services.

Among the main differentials of our Asset are:

- Excellence in Portfolio Management;
- Robust credit analysis and monitoring;
- Macroeconomic research.

In 2024, assets under management totaled BRL 3.3 billion

Our investment funds:

BOCOM BBM Cash
Focus on sovereign bonds and assets issued by banks

BOCOM BBM Cash Enhanced
Focus on banking assets and high-grade high liquidity

BOCOM BBM Corporate Credit
Focus on high-grade assets with diversified portfolio

BOCOM BBM Corporate Credit Plus
Broad mandate with diversified portfolio

BOCOM BBM Previdência
Focus on high-grade assets with diversified portfolio

BOCOM BBM Infra IPCA
Focus on private infrastructure credit assets, exempt from income tax

BOCOM BBM Infra 90
Focus on private infrastructure credit assets, exempt from income tax and with the possibility of leverage

Wealth Management Services

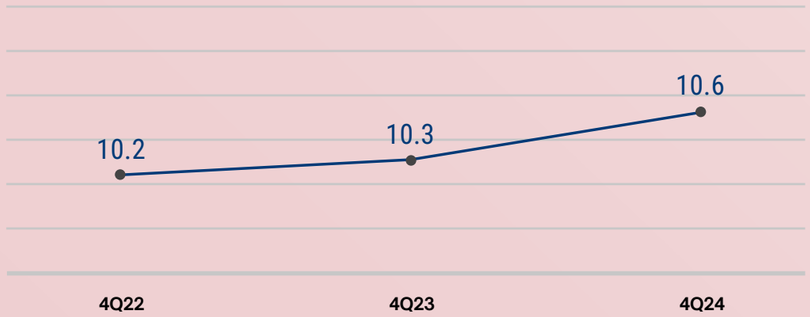
We combine our excellence in management and the experience of our strategic partners to offer a broad portfolio of solutions in the Wealth Management Services area.

To meet the needs of different client profiles, we adopted an open platform model, which provides access to the best financial products and services on the market. Thus, we can offer a greater variety of solutions, including alternatives for local and international assets.

Our performance in this segment follows the highest governance standards adopted at BOCOM BBM, ensuring transparency, ethics and excellence in risk management.

Our product portfolio includes credit alternatives, treasury and non-resident representation, as well as access to our investment products

Total Resources Distributed and Customed by Wealth Clients
BRL billion



0.4
BRL billion
period
4Q22 – 4Q24

Financial services

Capital market

We offer financial products and services for origination, structuring and distribution of securities and derivative, aiming to improve the debt profile of our clients.

Working alongside the Corporate Credit area, we identify the companies qualified to issue bonds and find alternatives that enable these customers to improve their funding.

Our solutions cover the main instruments of the Debt Capital Market (DCM), such as debentures, promissory notes, CRIs, CRAs, and FIDCs.

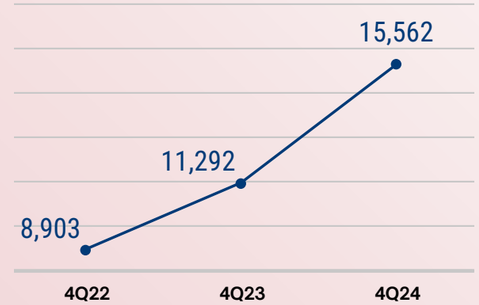
All transactions are supported by the Bank's excellence in credit risk, product and collateral analysis. In this way, we can offer complete solutions for both first-time issuers and recurring issuers.

In 2024, we coordinated 14 issues in the amount of BRL 4.1 billion. Of this total, BRL 2.1 billion were to electric power companies, BRL 1.5 billion to the sugar and ethanol sector and BRL 0.5 billion to grain production.

Compared to the previous year, we recorded a 76% increase in the total volume of issuances coordinated by the Bank.

In 2024, we registered a record of 14 issues coordinated by the Bank, totaling BRL 4.1 billion

DCM
Accumulated Coordinated Volume
BRL million



Treasury

The Treasury area works alongside Corporate Credit in the structuring and pricing of derivatives and other products, in order to offer alternatives for matching the market risks to which the company is exposed.

Based on our experience, together with excellence in macroeconomic research, we offer derivatives products aimed at protecting our clients' balance sheets. The objective is to reduce the exposure of its results to exchange rate variations, interest rates, currencies, commodities and price indexes.

We also handle foreign exchange transactions of various types and the management of market risks.

Our responsibility is to ensure the Bank's liquidity, defining the price and volume bases for the conglomerate's liabilities and assets. In 2024, the volume of the notional value of derivative transactions with clients grew approximately 40%, reaching BRL 7.7 billion.

We offer derivatives products to protect companies' balance sheets and reduce their exposure to external factors

How We Operate

/ 23
How we fund our activities

/ 24
How we control risk

/ 28
How we decide

/ 30
Our people

How we fund our activities

Our performance is based on qualified management in the origination, structuring of assets and identification of funding sources. Through this strategy and our deep knowledge of the Brazilian and global markets, we seek to obtain favorable financial conditions in terms of cost and tenor in all our operations.

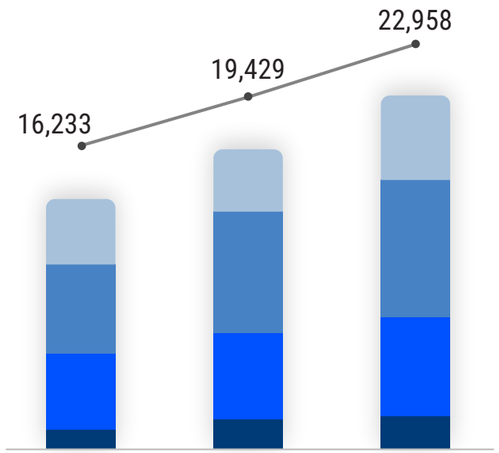
Our Funding team is responsible for offering and trading fixed income securities and bilateral operations with institutional clients, such as banks, assets, investment platforms and insurance companies. This structure further reinforces the integrity and security of our financial processes, both in Brazil and abroad.

In the local market, we operate mainly with instruments such as LCA (Agribusiness Letters of Credit) and LFs (Financial Bills). In the international market, we have expanded our relationship network with banks in various markets such as Asia, the Middle East, North America, Europe, among others.

The credibility and solidity of our management are attested by the largest rating agencies in the world. In 2024, Moody's upgraded BOCOM BBM's global rating (local and foreign currency) from Ba1 to Baa3. With this update, the Bank achieved international investment grade rating.

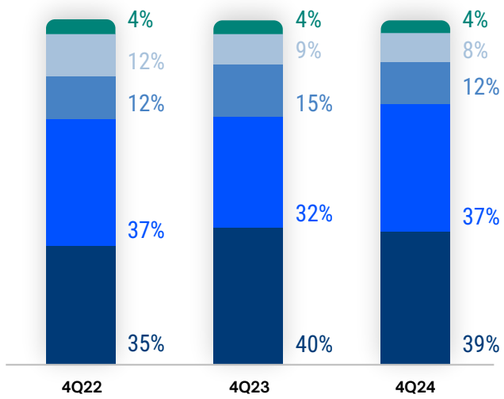
On a national scale, Moody's awarded us the AAA.br rating, the best credit rating in this category. Fitch also reaffirmed its assessment in 2024, rating BOCOM BBM AAA(bra), the highest level on a local scale.

In 2024, Moody's upgraded BOCOM BBM's global rating to international investment grade



Funding
Type of Investor

(BRL million)	4Q22	4Q23	4Q24
Institutional	4,214	3,987	5,496
Institutional Onshore	2,643	2,463	2,667
Institutional Offshore	1,571	1,524	2,829
Individuals	5,758	7,927	8,922
Bank of Communications	4,960	5,487	6,319
Corporate	1,301	2,028	2,221
Total	**16,233**	**19,429**	**22,958**



Funding
Sources

(BRL million)	4Q22	4Q23	4Q24
Subordinated Debt	723	803	882
Banknotes	1,961	1,745	1,905
Local Deposits and Others	1,936	2,891	2,775
Funds in Foreign Currency	5,944	6,153	8,514
Agribusiness & Real Estate Credit Bills	5,669	7,837	8,882
Total	**16,233**	**19,429**	**22,958**

How we control risk

Risk management is a fundamental pillar for building sustainable businesses and ensuring the Bank's good performance in the long term. Therefore, we adopt the highest governance standards and seek the continuous improvement of our processes, placing BOCOM BBM at the frontier of the country's financial industry.

Over the past decades, we have developed a series of improvements to our proprietary models and applied appropriate risk management methodologies to the business environment in Brazil, always prioritizing transparency and safety.

From these initiatives, we create conditions to offer credit in a safe and responsible manner. We also carry out an adapted, transparent and efficient liquidity management, adding value to our business.

Find out more details about our risk management model below.

We adopt the highest standards of governance in our processes

Integration in processes

At BOCOM BBM, all members of senior management and employees participate in an integrated manner in the monitoring, evaluating and controlling of risks. In this way, we further strengthen our governance and decision-making processes.

Our teams use risk models and parameters in actions such as calculating economic capital, funding policy, origination and management of the credit portfolio.

The Board of Directors is the collegiate body responsible for defining the guidelines, responsibilities and models used in risk management. It also approves the Risk Appetite Statement (RAS), which guides and directs our control policies and practices.

Thus, we manage risks cautiously and efficiently, with the effective participation of the entire Organization.

Credit risk

Definition

It is the possibility of losses associated with failure by borrowers or counterparties to honor their financial commitments on time and in accordance with their contractual obligations.

Our actions

We have a credit risk management structure composed of seven agents. Check them out in detail:

Credit Committee

Sets credit limits for business groups; tracks and assesses the portfolio and levels of concentration and risk. Executes the Bank's credit policies and establishes deadlines for solutions to issues relating to past-due loans or to deteriorating loan collaterals. If debt collection via the courts is necessary, for example, it decides when to file suit.

Board of Directors

Approves risk management policies and limits at least once a year.

Credit Risk Department

It is committed to monitoring the credit risk of operations, in accordance with the Bank's rules and goals. Responsible for monitoring, identifying, measuring, controlling and reporting credit risk, and assuring compliance with the limits set by the Bank. Subordinated to the chief risk officer, it centralizes and analyzes information relating to the management of individual risk per transaction and consolidated credit portfolio risk. It produces reports that are used by the Credit Committee as a basis for its decisions.

Credit Analysis Department

Analyzes the credit risk of business groups with which the Bank has or plans to have credit relationships.

Legal Department

Draws up or analyzes all contracts signed by the Bank with clients; organizes and coordinates action to collect debts and protect the Bank's rights.

Contract Management Department

Ensures that transactions comply with the terms and conditions stipulated in the Credit Limit Proposal (CLP), and that loan security is in order. Also responsible for issuing the contracts signed by the Bank with clients.

Internal Auditing

Assesses and continuously monitors all business units and credit facility extension processes to ensure they are implemented in accordance with the Bank's governance and risk management policies.

Market risk

Definition

Market risk is the possibility of losses in the market value of portfolios, instruments or investments due to variations in prices, interest rates or exchange rates. Inflation and fluctuations in stock and commodity prices are some of the key market risk factors.

Our actions

We have a team and specialized tools that help us identify, measure and monitor the risks we assume in this segment. The Market Risk unit reports to the chief risk officer (CRO) and shares its analyses with the Risk Committee and the Executive Committee. The unit comprises the following:

- **Risk Committee**

  Meets every quarter to analyze and review risk management policies, sets operational limits for market risk, and presents these to the Board of Directors for approval.

- **Market Risk**

  Calculates and manages risk metrics.

- **Pricing**

  Responsible, among other things, for the pricing models and sources used to mark products to market. It does so independently of management areas.

- **Internal Auditing**

  Ensures that our market risk management policies are consistent and adequate to procedures.

VaR monitoring

One of the statistical tools we use at BOCOM BBM to monitor risks is Value at Risk (VaR). Calculated daily, VaR is used to measure the institution's potential loss under normal market conditions for a given confidence level and timeframe.

The model for calculating VaR is regularly backtested.

The limit we set for VaR can be allocated among the many risk factors by the chief treasury officer. Stress scenarios are established every quarter by the Risk Committee, with autonomy from the management areas, and these scenarios are analyzed on a daily basis by the Bank's team.

Liquidity risk

Definition

Liquidity risk is the possibility of mismatched maturities, indexation mechanisms, currencies and/or values of possible payments and receivables. In practice, it is the risk that the institution is unable to honor its financial obligations, expected and unexpected, without affecting day-to-day operations and without incurring significant losses.

Our actions

In accordance with the guidelines pre-defined by the Risk Committee and approved by the Board of Directors, the liquidity risk management strategy is oriented by the Bank's liquidity goal, which is to guarantee sufficient funds to honor all liabilities and commitments at any time.

The objective is to ensure that free cash flow will always be sufficient to support business continuity even in a situation of severe stress.

Based on calculations performed to anticipate potential future scenarios, our team analyzes liquidity risk management information.

Consequently, all actions undertaken by the area are meticulously planned based on cash flow projections in anticipated scenarios and situations of financial stress.

We also monitor the inherent risk of each client, the necessity to inject new funds to meet liabilities, operational losses, derivative adjustments, and other existing obligations.

The main remit of Liquidity Risk, which reports to the chief risk officer, is to assure compliance with operating limits and issue internal reports designed to contribute to decision making.

In this cycle, Internal Auditing has three focuses: ensuring procedural compliance, consistency across policies, and the defined framework.

Operational risk

Definition

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

The definition includes legal risk associated with inadequacy or deficiency in contracts signed by the institution, sanctions due to non-compliance with legal provisions, and compensation for damages to third parties resulting from the activities carried out by the institution.

Our actions

Our Operational Risk Management Policy is a document made available to all Bank's collaborators to formalize the methodology, processes, roles and responsibilities in procedures for document registration and storage of the information used to manage operational risk.

The department, which is segregated from Internal Auditing and reports to the Director of Risk and Internal Controls, is also responsible for publishing data to ensure that risk management activities are transparent. In accordance with this policy, all decision-making follows the best practices and complies with the applicable rules and regulations.

Social risk, Environmental risk and Climate risk

Definition

Social risk is defined as the possibility of losses to the institution caused by events associated with the violation of fundamental rights and guarantees or acts that are harmful to the common interest.

In turn, environmental risk consists of the possibility of losses to the institution caused by events associated with the degradation of the environment, including the excessive use of natural resources.

Finally, climate risk can be defined in its transition risk and physical risk aspects:

Transitional climate risk

Possibility of losses to the institution caused by events associated with the transition process to a low-carbon economy, in which the emission of greenhouse gases is reduced or compensated and the natural mechanisms for capturing these gases are preserved.

Physical climate risk

Possibility of losses to the institution caused by events associated with frequent and severe weather or long-term environmental changes, which may be related to changes in weather patterns.

Our actions

The evaluation process regarding the adherence of credit operations to this Policy starts from the prospecting of customers by the Commercial area, followed by the analyzes of the Credit Analysis area, KYC (Know Your Customer) verifications of the AML/CFT (Anti-Money Laundering/Countering the Financing of Terrorism) area, which includes searches for any liabilities, related to the aforementioned risks, of the economic group, while the Credit Control area makes sure that the activities performed by this group are not included in the restricted list, requesting, if necessary, assistance from the Credit Analysis.

The analysis of these risks is an inherent part of the credit risk assessment process and, therefore, any operation approved by the Credit Committee is only disbursed with the approval of the AML/CFT area. Finally, the Credit Control area, together with the Credit Analysis and AML/CFT area, is responsible for developing and maintaining the tools used to assess the risk in question.

Information security risk

Definition

Information security risk is the potential harm arising from unauthorized access, use, disclosure, interruption, modification or destruction of digital information.

This risk can originate from a variety of sources, including cyber threats, data breaches, malware, and other security incidents that compromise the confidentiality, integrity, and availability of information.

Our actions

Our mitigation strategy is based on three pillars:

Governance

BOCOM BBM maintains an Information Security Policy in line with Resolution 4.893, of April 26, 2018, of the National Monetary Council (CMN), contemplating, among other aspects:

- The confidentiality, integrity, security and availability of the data and information systems used by the Bank;
- The registration, cause analysis and impact assessment of events related to BOCOM BBM's information security, as well as the control of incidents relevant to the institution's activities.

Tools

The Bank constantly invests in new technologies that seek to prevent, detect and reduce vulnerability to cyberattacks, in addition to implementing specific controls, including those aimed at information traceability, which seek to ensure the security of sensitive information and the monitoring of our data.

Qualified teams

The Information Security area is responsible for directing, monitoring and following up on information protection actions at all levels, interacting with the responsible areas to ensure compliance with all determinations, including working together with the technology area to promote improvements in the controls, processes and technologies implemented.

In addition to that, as part of its strategy, the Bank invests in training its Security teams and seeks to promote awareness among all employees and related parties.

Country risk

Definition

Country risk refers to economic, political and social events and changes in a particular country or region that lead to the inability or refusal of debtors to pay their debts or that cause losses to their creditors. Its scope includes sovereign risk, transfer risk, contagion risk, foreign exchange risk, macroeconomic risk, political risk and indirect country risk.

Our actions

BOCOM BBM effectively identifies, measures, monitors and controls country risk and formulates procedures based on its strategic objectives, risk exposure and business complexity.

Reputational risk

Definition

Reputational risk refers to the risk arising from internal or external events that may tarnish or damage BOCOM BBM's reputation with: (I) the media; (II) our customers; (III) our employees; and (IV) the public (collectively referred to as “stakeholders”).

Our actions

Our reputational risk management includes a classification mechanism that helps us assess reputational risk events, considering several factors, such as their nature, severity, dissemination, speed, impact and development trend, and allows us to prepare corresponding response plans. We have also established a reputational risk event reporting mechanism that includes reporting lines and timelines, which may vary depending on the degree of the event.

Also, in order to identify and prevent potential threats to the institution's reputation, BOCOM BBM employs several controls and procedures, such as:

- Monitoring routines to ensure that publications and media related to BOCOM BBM are properly identified and addressed;
- Diligence of the parties with whom BOCOM BBM maintains a relationship (for example: clients, partners, employees, suppliers and service providers), as described in our Policy and in our Anti-Money Laundering procedures;
- Measures and controls based on regulatory requirements and best market practices to ensure information security and business continuity;
- Maintenance of Ombudsman and Complaint Channels to ensure proper compliance with complaints from users and whistleblowers;
- Monitoring routine to identify the issuance of regulations that may impact BOCOM BBM's business and processes;
- Continuous monitoring and follow-up of operational risk events reported by BOCOM BBM areas.

Compliance

The Compliance area acts to ensure that all employees and administrators of BOCOM BBM carry out their activities in accordance with the highest standards of integrity and responsible conduct, in compliance with our internal policies and with the laws and regulations in force.

Our structure has a Compliance Committee, which reports to the Board of Directors through the Executive Committee.

We also have a Code of Ethics and Conduct, through which we establish four basic principles that guide our processes: transparency, integrity, responsibility and excellence.

We disseminate our Compliance culture through periodic training, close monitoring and definition of internal regulations.

With these initiatives, we seek to strengthen the integrity and sustainability of our business, contributing to important fronts, such as the prevention of money laundering and terrorist financing, as well as the fight against corruption.

Whistleblower channel

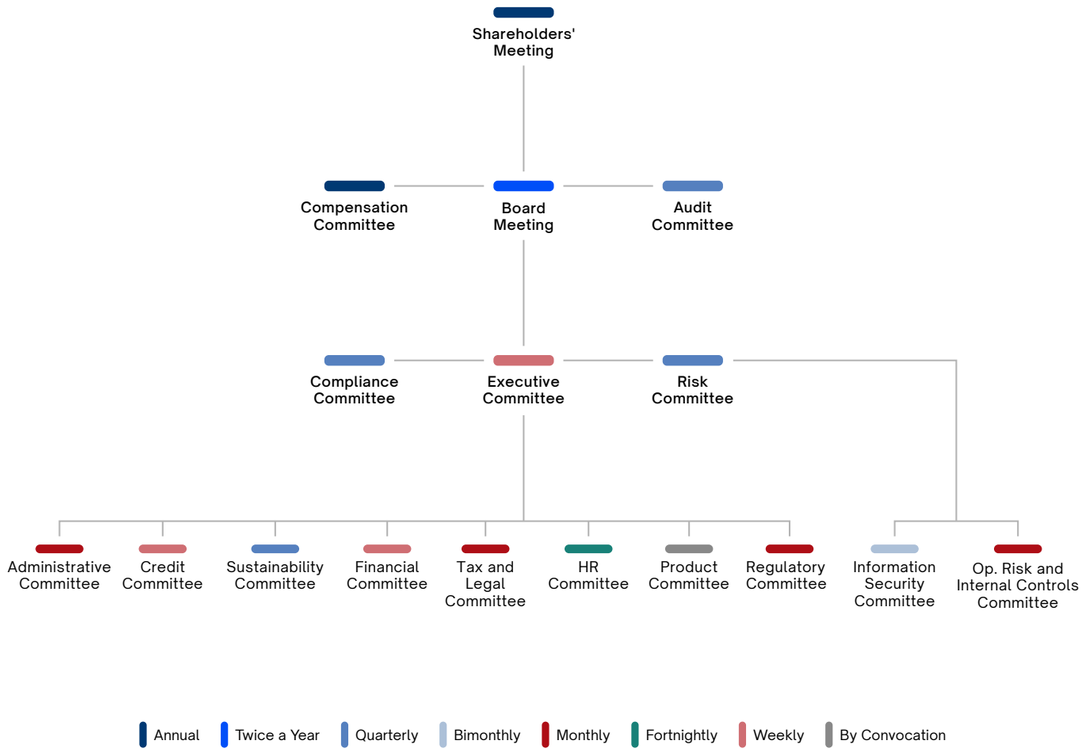
We offer a whistleblower channel so that employees, collaborators, clients, users, partners or suppliers can report, without the need to identify themselves, situations related to BOCOM BBM's activities that involve any indication of violation of the laws or guidelines established in our Code of Ethics and Conduct.

How we decide

Corporate governance

Our governance structure is comprised of the Shareholder Meeting, the Board of Directors, the Executive Committee and 15 specialized committees, including the Women's Engagement (WE) Committee.

The decisions made by these bodies seek to reflect our commitment to our values: transparency, agility, effectiveness and security. Banco BOCOM BBM's guidelines are also constantly updated to ensure they are in line with the best market practices.



Shareholders' Meeting

It consists of the highest decision-making body of Banco BOCOM BBM. It is formed by shareholders who meet to discuss topics of great relevance to the Organization.

Meetings are held at least once a year, but may be called special meetings whenever necessary.

Board of Directors

It is primarily responsible for defining the general guidelines for the Bank's business and strategies. It also supervises the management carried out by administrators, ensuring alignment with the values and objectives established by us.

The Board of Directors is also responsible for analyzing and deciding on the proposals presented by the Executive Committee and, when necessary, forwarding them for final approval by the Shareholders' Meeting.

It is made up of six members appointed by the Bank's controlling shareholder. The members meet at least twice a year, with the possibility of convening additional meetings whenever necessary.

Executive Committee

Its main task is to coordinate and implement the business guidelines established by the Board throughout the Bank, monitoring its performance. It is comprised by the Chairman of the Board, the executive directors, and the heads of Corporate Credit I and II, Capital Markets and Treasury. It meets once a week to analyze and decide on proposals for the specialized committees, which are described below.

Specialized Committees

We have 15 specialized committees that provide support to the Bank's senior management on specific topics or operational activities.

- **Audit and Compensation Committees**
  Report directly to the Board of Directors.
- **Risk and Compliance Committees**
  Report to the Board of Directors through the Executive Committee.
- **Other Committees**
  Report to the Executive Committee, except the Information Security and Operational Risk and Internal Controls committees, which report to the Risk Committee, and the Women's Committee, which reports to the Sustainability Committee.

We adopt the best governance practices to ensure that our committees can act with autonomy, transparency and agility. Its composition includes at least two officers and, eventually, may have the participation of members of the Bank's Board of Directors.

Audit Committee

It aims to independently advise the Board of Directors of BOCOM BBM Conglomerate. Its duties include: evaluating the reliability of the financial statements, verifying compliance with legal and regulatory requirements, monitoring the effectiveness and independence of the work carried out by internal and external audits, in addition to evaluating the effectiveness of internal control systems. It is composed of three members, two independent and one senior manager of the Conglomerate. Meetings are held every three months.

Compensation Committee

Its function is to assist the Board of Directors in matters related to the fixed and variable compensation of administrators. Meetings take place annually.

Risk Committee

It is responsible for monitoring and evaluating any changes and adjustments in the main sources of market, credit, liquidity and operational risks. Its duties also include defining and analyzing stress scenarios to protect the Bank from unexpected fluctuations, conducting tests and validating quantitative models to calculate risk factors and measures, and receiving and resolving issues submitted by the Operational Risk and Internal Controls Committee, as well as the Information Security Committee.

Its members meet quarterly, but the Committee may be called at any time if there are significant changes in the economic scenario with possible impacts on the Bank and its clients.

Compliance Committee

It aims to evaluate and monitor the annual Compliance program, ensure the correct application of the Code of Ethics and Conduct, and periodically analyze the Compliance risks associated with our activities.

It also processes and oversees the responses to requirements from the Central Bank of Brazil, the Securities and Exchange Commission of Brazil (CVM), and self-regulatory agencies, and establishes Anti-Money Laundering and Countering the Financing of Terrorism (AML/CFT) guidelines. It meets every quarter or on demand.

Information Security Committee

The Information Security Committee is responsible for managing the risks associated with information and communication technology (ICT). It analyzes possible operational incident scenarios, and proposes prevention measures. Its duties also include establishing and renewing contracts with cloud computing and data processing companies. In our structure, it reports to the Risk Committee. Meetings are held every two months.

Operational Risk and Internal Controls Committee

Analyzes, discusses and monitors topics related to operational events and manages risks associated with these events. It also reports to the Risk Committee, executing the action plans defined by its senior managers. The meetings are held monthly.

Administrative Committee

In monthly meetings, the Administrative Committee manages the Bank's budget and administrative costs.

Credit Committee

Is responsible for defining and approving all credit policies and limits. To this end, it analyzes the financial capacity of potential borrowing companies and the guarantees to be provided for such loans. It is also responsible for monitoring and keeping positive the risk/return ratio indicator of the operations portfolio.

The Committee's decisions are based on qualitative and quantitative data, extracted from a database built during our long history and experience in the credit market. In addition to the weekly committee meetings, biannual meetings are held to assess financial counterparties and define maximum permitted exposures.

Sustainability Committee

Defines and monitors the development of all our socio-environmental initiatives. Reports directly to the Executive Committee and meets quarterly to review strategies, policies, goals, and sponsorships.

Financial Committee

The Financial Committee meets weekly to analyze and discuss the economic and political outlook, and to monitor cash flow operations and allocation of the Bank's assets and liabilities.

Legal and Tax Committee

It is responsible for monitoring, from a legal perspective, changes in legislation, regulations and jurisprudence, in order to identify the potential impacts on our business and provide subsidies for the group's strategic decision-making. This committee meets monthly.

People Committee

The People Committee meets fortnightly to define, revise and enhance our people management policies. It is also involved in establishing processes of selection, recruitment, training and compensation, as well as topics relating to the well-being of our staff.

Products Committee

The Products Committee analyzes and approves new products, reviews existing ones, and identifies new business opportunities. It also examines various risks as well as business opportunities involving each product and proposes solutions. It meets on demand.

Regulatory Committee

It monitors, from a multidisciplinary perspective, changes in legislation, regulations, case law and best practices in the industry in order to map the impacts on our business and anticipate discussions regarding the group's adaptation to new scenarios.

Women's Engagement Committee

It is responsible for suggesting, implementing and refining policies in order to promote gender equity. The committee is part of our commitment to broaden the participation of women in all areas of BOCOM BBM, including initiatives to propel them into leadership positions. In our structure, it reports directly to the Sustainability Committee. Meetings are held every three months.

Our people

At BOCOM BBM, valuing our employees is a fundamental pillar of our culture. We work continuously to identify high-potential professionals and seek to support the full development of their skills by working with a highly qualified team that is ready to contribute.

Professional development

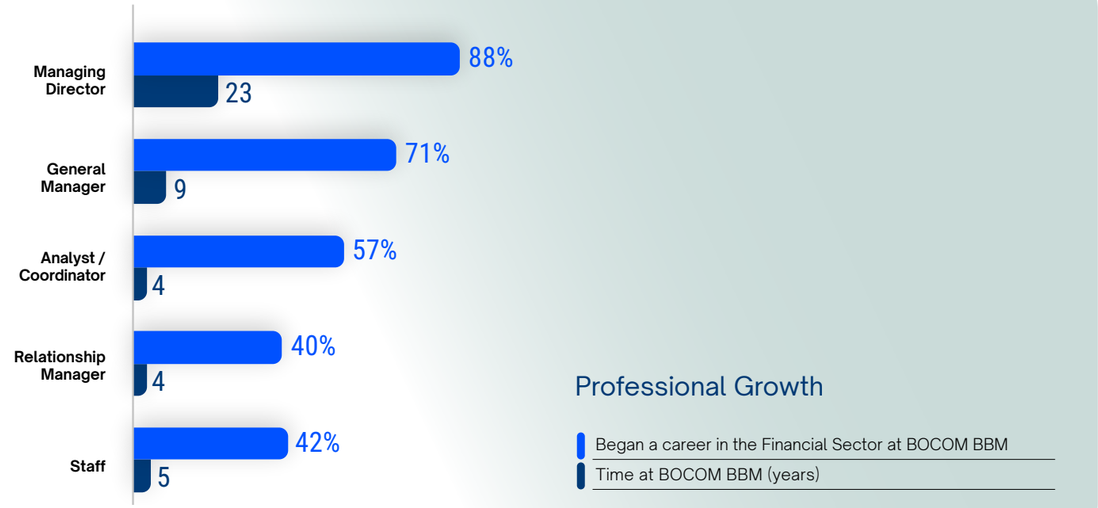
We consistently invest in the professional development of our employees, creating opportunities for them to reach their full potential.

Currently, around 80% of our senior executives and 70% of our managers began their careers at BOCOM BBM, which demonstrates our commitment to employee development. We work to provide a transparent, dynamic, and meritocratic environment. In this way, we ensure that everyone can build a consistent professional development journey aligned with the company's objectives.

Our managers monitor the development of each of the Bank's professionals. We also have a semi-annual variable compensation system, based on evaluations that combine individual and collective deliveries.

In this way, we align the achievements of each professional with long-term results.

We work to provide an inclusive, diverse and safe work environment with opportunities for all. Our actions are always conducted following the Code of Ethics and Conduct, which ensures fairness and transparency within the Bank.



Professional Growth

Began a career in the Financial Sector at BOCOM BBM
Time at BOCOM BBM (years)

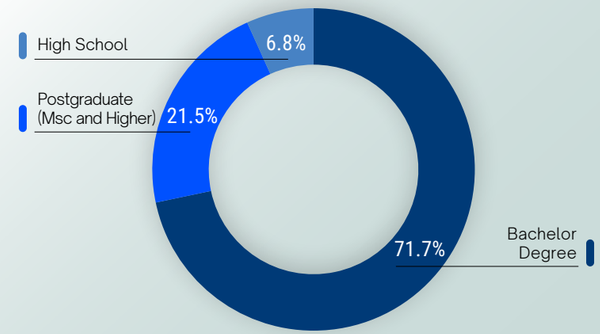
Attracting and retaining talents

As a part of our talent attraction strategy, we partner with renowned centers of higher education and research to offer scholarships for undergraduate, postgraduate and master's programs at the best Brazilian universities.

We believe that it is essential to continuously invest in the education of our staff and in new talents to have teams increasingly qualified and prepared for the challenges e presented by the market.

We also sponsor conferences, career fairs and hackathons. In this way, we contribute to bringing students closer to professionals, promoting an important link between the academic world and the labor market.

Academic Profile



Financial Statements

/ 32
Credit ratings

/ 35
1. Operations
2. Presentation of the Financial Statements

/ 36
3. Significant accounting practices

/ 38
4. Cash and cash equivalents

/ 39
5. Short-term interbank investments
6. Marketable securities and derivative financial instruments

/ 41
7. Loan transactions

/ 43
8. Foreign exchange portfolio
9. Sundry
10. Other assets
11. Investments – Interest in subsidiaries

/ 44
12. Intangible assets
13. Deposits

/ 45
14. Repurchase agreements
15. Funds from acceptance and issue of securities and real estate bills

/ 46
16. Liabilities for loans and onlendings
17. Other obligations - tax and social security
18. Equity

/ 47
19. Expenses with financial intermediation, Result of foreign exchange operations, Loans, Assignments and Transfers

/ 48
20. Service revenue
21. Other administrative expenses
22. Related-parties significant transactions

/ 51
23. Derivative financial instruments

/ 54
24. Risks management

/ 56
25. Operating limits

/ 57
26. Income tax and social contribution

/ 58
27. Contingent provisions and liabilities

/ 59
28. Allowance for financial guarantees
29. Other information

/ 60
30. Impacts of early adoption of CMN Resolution no. 4,966

Credit Ratings

For Banco BOCOM BBM, the classifications awarded by the foremost rating agencies are an important source of transparent and independent assessment of the quality of our credit.

Moody's Investors Service reaffirmed its ratings of Banco BOCOM BBM on October 2, 2024. On its global scale, it awarded a rating of "Baa3" to local and foreign currency deposits, with a "stable" perspective, one notch above the Brazilian rating ("Ba1"), with a "positive" perspective. On the national scale, on March 27, 2024, Moody's Local Brazil reaffirmed its rating of "Aaa.br" with a "stable outlook", the best possible credit rating in this category.

On June 18, 2024, Fitch Ratings raised its global-scale long-term issuer default ratings (IDR) for Banco BOCOM BBM to "BB+" and "BBB-", in local and foreign currency, respectively, keeping us above the sovereign rating ("BB"). On a national scale, Fitch affirmed BOCOM BBM's "AAA(bra)" rating, the highest rating in this category. The outlook for the ratings remains stable on both scales, in line with the outlook for sovereign ratings.

AAA.br

National scale rating awarded to Banco BOCOM BBM in 2024 by Moody's.

AAA(bra)

Long-term national scale rating awarded to Banco BOCOM BBM in 2024 by Fitch Ratings.

BALANCE SHEETS (In thousands of Reais)

Assets	Note	12/31/2024	12/31/2023
Current and long-term assets		**34,141,332**	**27,170,397**
Cash	**4**	**616,735**	**29,551**
Cash		4	4
Free reserves		2,318	259
Bank deposits in foreign currencies		614,413	29,288
Short-term interbank investments	**5**	**3,910,150**	**2,381,996**
Open market investments	4	2,700,204	913,979
Interbank deposits		1,202,145	1,359,785
Investments in foreign currencies	4	7,801	108,232
Marketable securities and derivative financial instruments	**6**	**15,414,780**	**10,214,754**
Bank portfolio		5,680,737	3,597,656
Subject to repurchase agreements		3,392,200	3,016,366
Linked to guarantees given		2,033,202	2,049,414
Derivative financial instruments	23	4,309,379	1,551,846
Allowance for marketable securities		(738)	(528)
Interbank accounts		**6,833**	**6,065**
Correspondent banks		1,100	359
Deposits – Central Bank of Brazil		5,733	5,706
Loan transactions	**7**	**13,106,763**	**12,404,710**
Discounted securities and loans		5,240,574	5,954,303
Financing		691,160	1,964,324
Rural and agroindustrial financing		7,253,447	4,565,188
Allowance for loans		(78,418)	(79,105)
Other receivables		**1,076,145**	**2,120,634**
Foreign exchange portfolio	8	503,083	1,748,837
Unearned income		18,846	22,029
Trading and brokerage		–	20,611
Credit assignment	7	–	2,782
Honoured guarantee and surety	7	954	1,195
Sundry	9	181,512	193,713
Tax credits	26	374,638	136,454
Allowance for other receivables	7	(2,888)	(4,987)
Other assets	**10**	**9,926**	**12,687**
Permanent assets		**640,782**	**595,459**
Investments		**582,414**	**541,700**
Income from interest in subsidiaries			
In Brazil	11	21,946	20,118
Abroad	11	559,926	520,085
Other investments		2,352	3,319
Provision for losses		(1,810)	(1,822)
Property and equipment in use		**11,111**	**11,587**
Intangible assets	**12**	**47,257**	**42,172**
Total assets		**34,782,114**	**27,765,856**

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

BALANCE SHEETS (In thousands of Reais)

Liabilities	Note	12/31/2024	12/31/2023
Current and long-term liabilities		**33,388,077**	**26,555,904**
Deposits	13	**2,944,200**	**2,408,525**
Demand deposits		802,455	505,123
Time deposits		2,121,032	1,883,795
Interbank deposits		20,713	19,607
Repurchase agreements	14	**4,026,599**	**2,802,970**
Bank portfolio		3,114,715	2,802,970
Free Movement portfolio		911,884	–
Funds from acceptance and issue of securities	15	**11,668,686**	**10,409,651**
Liabilities – marketable securities abroad		–	25,085
Liabilities from issue of agribusiness credit bills - LCA		8,814,840	7,816,723
Liabilities from issue of housing credit bills - LCI		66,972	20,178
Liabilities from issue of financial bills - LF		1,904,864	1,744,898
Liabilities from issue of financial bills - LF - Subordinated Debts		882,010	802,767
Interbranch accounts		**75,565**	**68,603**
Third-party funds in transit		75,565	68,603
Loan	16	**8,552,893**	**6,245,396**
Loan abroad		8,552,893	6,245,396
Derivative financial instruments	6 and 23	**5,225,795**	**2,870,440**
Derivative financial instruments		5,225,795	2,870,440
Other liabilities		**894,339**	**1,750,319**
Collection of similar taxes		39	80
Foreign exchange portfolio	8	126,110	1,184,300
Social		33,901	33,859
Statutory		86,127	88,703
Tax and social security	17	544,305	337,478
Securities trading		25,502	2
Allowance for financial guarantees	7 and 28	2,489	3,089
Sundry	9	75,866	102,808
Equity	18	**1,394,037**	**1,209,952**
Capital		**469,300**	**469,300**
Domiciled in Brazil		469,300	469,300
Income reserves		**1,105,601**	**917,295**
Other comprehensive income		**975**	**5,196**
Treasury stock		**(181,839)**	**(181,839)**
Total liabilities and equity		**34,782,114**	**27,765,856**

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

STATEMENTS OF OPERATIONS FOR YEARS ENDING DECEMBER 31
(In thousands of Reais, except the net income per share)

	Note	Second six-month period of 2024	12/31/2024	12/31/2023
Financial Income		**2,111,920**	**4,213,085**	**2,025,632**
Loan transactions		1,123,082	2,306,250	1,324,344
Income from marketable securities transactions	5 and 6	634,226	1,107,085	987,947
Result of exchange operations	19	208,583	264,275	(67,955)
Result on derivative financial instruments	23	146,029	535,475	(218,704)
Financial expenses		**(1,789,273)**	**(3,552,624)**	**(1,373,283)**
Market funding operations	19	(1,193,097)	(2,450,574)	(1,406,546)
Loans, assignments and onlending operations	19	(576,446)	(1,082,147)	55,555
Provision for allowance of doubtful accounts	7	(19,327)	(19,682)	(22,483)
(Provisions)/Reversals for marketable securities	6	(403)	(221)	191
Gross financial income		**322,647**	**660,461**	**652,349**
Other operating income (expenses)		**(35,340)**	**(72,884)**	**(93,231)**
Service revenues	20	58,938	146,064	141,256
Personnel expenses		(47,121)	(117,209)	(135,036)
Other administrative expenses	21	(58,242)	(110,449)	(104,269)
Tax expenses		(15,805)	(37,368)	(42,290)
Income from interest in subsidiaries	9	23,197	42,224	40,523
Other operating income		6,740	11,289	10,033
Other operating expenses		(3,047)	(7,435)	(3,448)
Operating income		**287,307**	**587,577**	**559,118**
Non-operating expenses		**200**	**(3,117)**	**712**
Income before income taxes and profit sharing		**287,507**	**584,460**	**559,830**
Income and social contributions taxes	26	**(92,723)**	**(186,285)**	**(183,534)**
Provision for income tax		(133,499)	(231,878)	(76,072)
Provision for social contribution tax		(103,373)	(179,897)	(61,328)
Deferred tax asset		144,149	225,490	(46,134)
Profit sharing – management and employees		**(66,671)**	**(127,836)**	**(102,095)**
Net income for the six-month period/year ended		**128,113**	**270,339**	**274,201**
Earnings per outstanding share		**0.62**	**1.31**	**1.33**

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

STATEMENTS OF COMPREHENSIVE INCOME FOR YEARS ENDING DECEMBER 31
(In thousands of Reais)

	Second six-month period of 2024	12/31/2024	12/31/2023
Net income	**128.113**	**270.339**	**274.201**
Market adjustment variation of the securities	**(18.220)**	**(15.171)**	**4.254**
Securities available for sale	(33.475)	(27.762)	8.092
Tax effects	15.255	12.591	(3.838)
Exchange variation of investments abroad	**32.346**	**68.988**	**(13.375)**
Derivative financial instruments used for hedging	**(33.457)**	**(68.486)**	**13.180**
Derivative financial instruments	(34.375)	(68.587)	13.025
Tax effects	918	101	155
Cumulative translation adjustment (*)	**7.867**	**11.353**	**(905)**
Comprehensive income for the six-month period	**116.649**	**267.023**	**277.355**

(*) According to BCB Resolution No. 4,817/20
The accompanying notes are an integral part of these financial statements.

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY FOR YEARS ENDING DECEMBER 31
(In thousands of Reais, except for the values per share)

		Revenue reserves			Other comprehensive income					
	Capital	Legal	Statutory	Expansion	Market value adjustment of securities and derivatives	Hedge of Investments Abroad	Cumulative translation adjustment	Treasury stock	Retained earnings	Total
Year ended December 31, 2023										
Balances at January 1, 2023	**469,300**	**60,329**	**661,187**	**–**	**1,406**	**(269)**	**(8)**	**(181,839)**	**–**	**1,010,106**
Market value adjustments - marketable securities	–	–	–	–	4,254	–	–	–	–	4,254
Exchange variation of investments abroad	–	–	–	–	–	(13,375)	–	–	–	(13,375)
Derivative financial instruments used for hedging	–	–	–	–	–	13,180	–	–	–	13,180
Creation of reserve for expansion	–	(1)	(7)	–	–	–	(897)	–	–	(905)
Creation of reserve for expansion	–	–	(70,369)	70,369	–	–	–	–	–	–
Prior year adjustment	–	(101)	(1,913)	–	–	–	–	–	–	(2,014)
Net income for the year period	–	–	–	–	–	–	–	–	274,201	274,201
Cumulative translation adjustment	–	–	–	–	–	–	905	–	(905)	–
Allocations:										
– Proposed dividends	–	–	–	–	–	–	–	–	(4,911)	(4,911)
– Reserves	–	13,665	184,136	–	–	–	–	–	(197,801)	–
– Interest on equity (R$ 0.34 per share)	–	–	–	–	–	–	–	–	(70,584)	(70,584)
Balances at December 31, 2023	**469,300**	**73,892**	**773,034**	**70,369**	**5,660**	**(464)**	**–**	**(181,839)**	**–**	**1,209,952**
Changes in the year period	**–**	**13,563**	**111,847**	**70,369**	**4,254**	**(195)**	**8**	**–**	**–**	**199,846**
Year ended December 31, 2024										
Balances at January 1, 2024	**469,300**	**73,892**	**773,034**	**70,369**	**5,660**	**(464)**	**–**	**(181,839)**	**–**	**1,209,952**
Market value adjustments - marketable securities	–	–	–	–	(15,171)	–	–	–	–	(15,171)
Exchange variation of investments abroad	–	–	–	–	–	68,988	–	–	–	68,988
Derivative financial instruments used for hedging	–	–	–	–	–	(68,486)	–	–	–	(68,486)
Cumulative translation adjustment	–	–	–	–	–	–	11,353	–	–	11,353
Creation of reserve for expansion	–	–	(195,786)	195,786	–	–	–	–	–	–
Net income for the year period	–	–	–	–	–	–	–	–	270,339	270,339
Cumulative translation adjustment	–	–	–	–	–	–	(905)	–	905	–
Allocations:										
– Proposed dividends	–	–	–	–	–	–	–	–	–	–
– Reserves	–	13,562	174,744	–	–	–	–	–	(188,306)	–
– Interest on equity R$ 0.40 per share	–	–	–	–	–	–	–	–	(82,938)	(82,938)
Balances at December 31, 2024	**469,300**	**87,454**	**751,992**	**266,155**	**(9,511)**	**38**	**10,448**	**(181,839)**	**–**	**1,394,037**
Changes in the year period	**–**	**13,562**	**(21,042)**	**195,786**	**(15,171)**	**502**	**10,448**	**–**	**–**	**184,085**
Balances at July 1, 2024	**469,300**	**81,049**	**670,167**	**266,155**	**8,709**	**1,149**	**2,581**	**(181,839)**	**–**	**1,317,271**
Market value adjustments - marketable securities	–	–	–	–	(18,220)	–	–	–	–	(18,220)
Exchange variation of investments abroad	–	–	–	–	–	32,346	–	–	–	32,346
Derivatives financial instruments used for hedging	–	–	–	–	–	(33,457)	–	–	–	(33,457)
Cumulative translation adjustment	–	–	–	–	–	–	7,867	–	–	7,867
Net income for the six-month period	–	–	–	–	–	–	–	–	128,113	128,113
Allocations:										
– Reserves	–	6,406	81,824	–	–	–	–	–	(88,230)	–
– Interest on equity (R$ 0.19 per share)	–	–	–	–	–	–	–	–	(39,883)	(39,883)
Balances at December 31, 2024	**469,300**	**87,455**	**751,991**	**266,155**	**(9,511)**	**38**	**10,448**	**(181,839)**	**–**	**1,394,037**
Changes in the year period	**–**	**6,406**	**81,824**	**–**	**(18,220)**	**(1,111)**	**7,867**	**–**	**–**	**76,766**

See accompanying notes.

STATEMENTS OF CASH FLOW FOR YEARS ENDING DECEMBER 31
(In thousands of Reais)

	Second six-month period of 2024	12/31/2024	12/31/2023
Cash flow statements			
Net income	**128,113**	**270,339**	**274,201**
Adjustments to net income	**(96,414)**	**(179,547)**	**114,094**
Allowance for doubtful accounts	19,327	19,682	22,605
(Provisions)/Reversals for marketable securities	403	221	(191)
Depreciation and amortization	8,862	17,451	15,502
Expenses/(Reversals) with civil, labor and tax provisions	(500)	1,616	(712)
Income from interest in subsidiaries	(23,197)	(42,224)	(40,523)
Deferred income tax and social contribution	(144,149)	(225,490)	46,134
(Loss) on fair value adjustment on marketable securities and derivatives	34,973	37,844	72,184
Equity adjustments (*)	7,867	11,353	(905)
Adjusted net income	**31,699**	**90,792**	**388,295**
Decrease/(Increase) in short-term interbank investments	97,166	157,640	(20,592)
Increase in marketable securities and derivative financial instruments	(1,503,383)	(2,882,738)	(614,653)
Decrease in interbank and interbranch accounts	15,021	6,194	38,793
Increase in borrowing and lease transaction	(83,304)	(721,735)	(1,531,352)
Increase/(Decrease) in deposits	(259,756)	535,675	24,423
Increase/(Decrease) in open market funding	63,532	1,223,629	(126,922)
Increase in Loan and onlending	574,696	2,307,497	274,611
Decrease/(Increase) in other credits and other assets and values	482,942	1,272,740	(1,028,349)
(Decrease)/Increase in other liabilities	(61,080)	(868,529)	1,125,467
Market value adjustments - marketable securities	(19,331)	(14,669)	4,059
Net cash flow from (used in) operating activities	**(693,497)**	**1,015,704**	**(1,854,515)**
Cash flow from investing activities			
Decrease in investments	891	1,510	1,390
Property and equipment for use and lease	(7,532)	(17,179)	(18,570)
Acquisition of intangibles	(3,119)	(4,881)	(1,613)
Net cash provided by (used in) investing activities	**(9,760)**	**(20,550)**	**(18,793)**
Cash flow from financing activities			
Increase in securities issue resources	1,609,002	1,259,035	879,766
Paid Dividends and interest on equity	(43,055)	(72,003)	(35,056)
Net cash flow from financing activities	**1,565,947**	**1,187,032**	**844,710**
Net increase/(decrease) in cash and cash equivalents	**894,389**	**2,272,978**	**(640,303)**
At the beginning of the six-month period/year	2,430,351	1,051,762	1,692,065
Changes for the six-month period	714,288	2,000,433	(684,357)
Exchange variation for the six-month period	180,101	272,545	44,054
At the end of the six-month period	3,324,740	3,324,740	1,051,762
Net increase/(decrease) in cash and cash equivalents	**894,389**	**2,272,978**	**(640,303)**
Non-monetary transactions			
Interest on equity	39,883	82,938	70,584
Unpaid dividends	–	–	4,911

(*) According to BC B Resolution No. 4.817/20
The accompanying notes are an integral part of these financial statements.

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS AS OF DECEMBER 31, 2024
(In thousands of Reais, unless otherwise indicated)

1. Operations

Banco BOCOM BBM S.A. is authorized to operate as a finance the bank with the following portfolios:

- Commercial
- Investment
- Loans, Financing and Investment
- Foreign Exchange
- Energy Trading

The Bank operates as a group of institutions which operate together in the financial market, with certain operations involving co-participation or intermediation of associated institutions. The benefits of services rendered by such institutions and the costs of administrative structures are fully or individually absorbed, which is practical and reasonable in the circumstances.

2. Presentation of the Financial Statements

The Financial Statements of Banco BOCOM BBM S.A., including its foreign branch, were prepared in accordance with the accounting practices adopted in Brazil, applicable to institutions authorized to operate by the Central Bank of Brazil (BACEN), in line with the standards and instructions of the National Monetary Council (CMN) and the Federal Accounting Council (CFC), disclose all relevant information specific to the financial statements, and only them, which are consistent with that used by management in its administration.

The preparation of these statements in accordance with the accounting practices adopted in Brazil, applicable to financial institutions, requires management to use judgment in determining and recording accounting estimates, when applicable. Significant assets and liabilities subject to these estimates and assumptions include: allowance for doubtful accounts, realization of deferred tax assets, provision for labor, tax and civil claims, valuation of financial instruments and other provisions. The definitive values of the transactions involving these estimates will only be known at the time of their settlement.

The Bacen Resolutions No. 2/2020 and 4,818/2020 consolidated the general criteria and the procedures for disclosure of the parent company financial statements.

According to BCB Resolution No. 2/2020, the balance sheet items are disclosed in liquidity and enforceability order.

The financial statements were approved by management on February 14, 2025.

2.1 Functional currency

The elements presented Banco Bocom BBM's financial statements are measured using the currency of the primary economic environment in which the institution operates ("functional currency"). Accordingly, the parent company financial statements are presented in Reais. The functional currency of the group's investees in Brazil is also the Brazilian Real. Some investees outside Brazil, besides the Nassau Branch, have the U.S. dollars ("USD") as their functional currency.

2.2 CMN Resolution No. 4,966/21 – financial instruments

The CMN Resolution No. 4,966, amended by CMN Resolution No. 5,100/23, establishes accounting rules for the financial instruments, such as the classification and recognition of the hedge operations by the financial institutions and other institutions authorized to operate by the Central Bank of Brazil. In order to comply with this Resolution, Bocom BBM elaborated and keeps available for the Central Bank of Brazil its plan to implement the normative for the years to come. Details of the impacts of initial adoption are reflected in note 30.

3. Significant accounting practices

(a) Results of operations

Recorded on an accrual basis.

According to BACEN Resolution No. 2/20, recurring and non-recurring results were presented separately.

	Second six-month period of 2024	12/31/2024	12/31/2023
Recurring Net Income	**128,017**	**272,311**	**273,339**
Non-recurring Events	**96**	**(1,972)**	**862**
Dividends on shares in listed companies	–	2	1,361
Reversals for devaluation of properties not for use (AMV)	–	–	669
Provisions for contingencies	–	(1,512)	657
Reversal for labor provisions	500	(450)	–
Devaluation of properties not for use (AMV)	(300)	(1,502)	(43)
Fines	(26)	(123)	(505)
Devaluation of shares	–	–	(586)
Income tax and social contribution	(78)	1,613	(691)
Net Income	**128,113**	**270,339**	**274,201**

(b) Marketable securities and derivative financial instruments

In accordance with BACEN Circular Letter No. 3,068, securities are classified into the following categories:

I – Trading securities

II – Securities available for sale

III – Securities held up to maturity

Securities classified in categories I and II are adjusted to market value, being the adjustment of the former directly accounted in the result and the adjustment of the latter in specific equity account, net of tax effects. Securities classified as “held up to maturity” are evaluated based on the cost plus the earnings.

Derivative financial instruments are adjusted to market value, in accordance with BACEN Circular Letter No. 3,082.

Investment fund quotas are monthly restated based on the quota value disclosed by the Administrators of the funds in which funds are invested. The appreciation and depreciation of investment fund quotas are presented in “Result from transactions with marketable securities".

(c) Current and noncurrent assets

These are presented at their realizable value, including, when applicable, the earnings and monetary variations (on a pro rata basis) and foreign exchange variations, less corresponding proceeds from future realization and/or provision for losses. Balances maturing within 12 months (or 360 days) are classified as current assets.

(d) Permanent assets

These are stated at cost, plus the following aspects:

- Evaluation of the significant investments in subsidiaries on an equity accounting basis.
- Depreciation of property and equipment in use and lease calculated on a straight-line basis, based on annual rates that reflect the economic useful life of the assets, is as following: properties in use - 4%; furniture and utensils - 10% and data processing - 20%.
- Amortization of intangible assets calculated according to the economic useful life of the asset.

In accordance with CMN Resolution No. 4,534/16, financial institutions and institutions authorized to operate by BACEN cannot record Deferred Assets.

(e) Current liabilities and long-term liabilities

These are stated at their known or calculable values including, whenever applicable, the charges and the monetary (on a daily pro rata basis) and exchange variations, less the corresponding expenses to be allocated. Balances maturing within 12 months (or 360 days) are classified as Current Liabilities.

(f) Income tax and social contribution

The provision for income tax is set up based on the taxable profit, at a 15% rate, plus 10% surcharge on annual taxable profit exceeding R$ 240. The provision for social contribution tax is set up at a 20% rate.

The deferred tax assets and liabilities arising from temporary differences were recognized in accordance with CMN Resolutions No. 4,842, of July 30, 2020, and they take into account the history of profitability and the expected generation of future taxable income supported by technical feasibility studies. The deferred taxes were constituted based on the expected rate of 25% for income tax and 15% and 20% for social contribution, according to the rate effectiveness.

(g) Swaps, futures, forwards and options

The market values of derivative transactions are recorded in individual asset and liability accounts. Daily adjustments are made only in futures markets traded in B3 and are settled as income or expenses daily, when earned or incurred.

The nominal values of derivative contracts are recorded in offsetting accounts.

Premiums paid or received upon the realization of operations in the options market are recorded at cost in the respective balance sheet accounts, adjusted by market value as a counterpart to the result.

(h) Earnings per share

These are calculated based on the average number of outstanding shares in the period.

(i) Impairment of assets

In accordance with CPC 1, as approved by CMN Resolution No. 3,566/08 of May 29, 2008, and based on management analysis, if the carrying amount of the Bank's assets exceeds its recoverable value, an impairment is recognized in the statement of operations. Currently, within the scope of our equity, we have real estate foreclosed on credit guarantees subject to evaluation and analysis of its recoverable value.

(j) Contingent assets and liabilities

The recognition, measurement and disclosure of contingent assets and liabilities, and legal obligations are as follows:

- **Contingent assets** – these are not recognized in the financial statements, except when there are evidences that offer guarantees of their realization, with no appeals.
- **Contingent liabilities** – these are recognized in the financial statements when, based on the opinion of the legal advisors and of the management, the loss of a lawsuit or administrative proceeding is evaluated as probable and whenever the amounts involved can be measured with sufficient reliability. The contingent liabilities classified as possible losses by legal advisors are not recorded and are just disclosed in the notes to the financial statements, and those classified as remote loss do not require any provision disclosure. Regarding the labor suits with loss probability classified as possible by the external lawyers, management will consider some assumptions such as: procedure stage, involved right, losses background, deal possibility. Accordingly, even if the suits are classified as possible, they may be provided for.
- **Legal obligations – tax and social security** – refer to lawsuits contesting the legality and constitutionality of some taxes and contributions. The discussed amount is quantified and accounted for.

(k) Short-term interbank investments

Interbank investments are stated at the acquisition, investment or release cost, plus foreign exchange, monetary and interest variations, as contractually defined. When the market value is lower, a provision for the adjustment of an asset to its realization value is carried out.

(l) Loan transactions

Credit operations are stated at the acquisition, investment or release cost, plus foreign exchange, monetary and interest rates variations, as contractually defined. When the market value is lower, a provision for the adjustment of an asset to its realization value is carried out. An allowance for doubtful accounts is set at an amount considered sufficient to cover any losses, and it considers, in addition to experience, the assessment of debtors and their guarantors, as well as the specific characteristics of the transactions, in accordance with the requirements of Brazilian Central Bank Resolution No. 2,682. These are recorded at present value on a daily pro rata basis, based on the index variation and the agreed-upon interest rate, restated up to the 59th day in arrears at the financial companies, observing the estimated receipt date. After the 60th day, the recognition in the result occurs on the effective receipt of the installments. The renegotiated operations are maintained, at least, at the same level in which they were classified previously to the renegotiation and, if they have already been written-off against the provision, they are classified as level H; the gains are recognized as income upon the effective receipt.

Credit assignments with no retention risk result in the write-off of the financial assets that are the object of the operation, which are then kept in an offset account. The result of the assignment is fully recognized when it is realized. In January 2012, as determined by CMN Resolutions No. 3,533/2008 and No. 4,367/2014, all credit assignments with

retention risk are recognized in the remaining terms of operations, and the financial assets subject to assignment are recorded as credit operations and the amount received, as obligations for sales or transfer of financial assets.

The changes resulting from CMN Resolution No. 4,966 are presented in Note 30.

(m) Cash and cash equivalents

These represent cash and cash equivalents, restricted balances held with the Central Bank of Brazil and high liquidity financial assets with maturities within three months, subject to an immaterial risk of changes in their fair values, which are used by the Group to manage short-term commitments (see Note 4).

(n) Other values and assets

The operations classified as other values and assets represent operations arising from the execution of borrowing guarantees, which are valued at fair value based on valuation reports prepared by professional entities with recognized qualifications, using evaluation techniques, limited to the debt amount.

(o) Hedge accounting.

The Bank allocated derivative financial assets to hedge principal amounts raised and the corresponding interest due.

Derivative financial instruments used to mitigate risks arising from exposure to variations in the market values of financial assets and liabilities, and that are highly correlated regarding changes in their market value in relation to the market value of the item that is being protected, at the beginning and during the life of the contract, and considered effective in reducing the risk associated to the exposure to be protected, are considered hedges and classified based on their nature:

(a) Market risk hedge: the financial instruments classified under this category, as well as their related financial assets and liabilities, which are the hedge objects, are recorded at fair value and have their gains/losses, whether realized or not, reflected in the result; and

(b) Cash flow hedge: the financial instruments classified in this category are marked at fair value, being the effective installment of appreciation or depreciation recorded, net of tax effects, in a specific account on equity. The ineffective portion of the respective hedge is recognized directly in the result.

If the hedging instrument expires or is sold, cancelled or exercised, or when the hedging position does not fall under hedge accounting conditions, the hedging relationship ends.

The objectives of the risk management of this operation, as well as the strategy of protection against such risks during the operation, are duly documented, as well as the evaluation is documented, both at the beginning of the protection operation and on an ongoing basis. The derivative financial instruments are highly effective in offsetting the variations in the fair value (mark-to-market) of the hedged item. A hedge is expected to be highly effective if the variation in the fair value or cash flow attributable to the risk being hedged during the hedge relation period nulls from 80% to 125% of the risk variation.

Derivative instruments used for hedging purposes, as well as the mark-to-market value of the hedged object, are disclosed in Note 23.

(p) Deposits and funding in the open market

These are recognized at the liabilities amount, and, when applicable, the charges payable are recorded on a daily pro rata basis.

(q) Intangible assets

These correspond to the acquired rights that aim at assets incorporated into the maintenance of the entity or exercised with this condition, in accordance with CMN Resolution No. 4,534, of November 24, 2016. It consists of (i) licenses and copyrights and use, and (ii) Software. Intangible assets with defined useful lives are amortized on a straight-line basis over the period of their useful lives in which the rights generate benefits.

4. Cash and cash equivalents

	12/31/2024	12/31/2023
Open market investment (a)	2,700,204	913,979
Bank deposits in foreign currencies	614,413	29,288
Investments in foreign currencies (b)	7,801	108,232
Free reserves	2,318	259
Cash	4	4
Total	**3,324,740**	**1,051,762**

(a) Repurchase transactions maturing within 90 days, on the investment date, see Note 5.
(b) In the years ended December 31, 2024, and December 31, 2023, investments in foreign currency present operations mostly in U.S. dollar, see Note 5.

5. Short-term interbank investments

Short-term interbank investments are as follows:

	12/31/2024	12/31/2023
Open market investments	**2,700,204**	**913,979**
Self-funded position	**1,786,100**	**913,979**
National treasury bills	1,483,658	–
Financial Treasury Bills	248,832	50,014
National Treasury Notes – B series	33,913	850,186
Agribusiness Receivable Certificate	12,623	11,543
Debentures	6,672	459
National Treasury Notes – F series	–	1,777
Certificate of Real Estate Receivables	402	–
Short Position	**914,104**	**–**
Letras do Tesouro Nacional	914,104	–
Interbank deposits (*)	**1,202,145**	**1,359,785**
Investments in foreign currencies (**)	**7,801**	**108,232**
	3,910,150	**2,381,996**
Current assets	3,837,059	2,335,174
Long-term receivables	73,091	46,822
Total	**3,910,150**	**2,381,996**

(*) The amount in interbank deposits at the Bank on December 31, 2024, and 2023 refers to interbank deposit certificates. Their maturities are between January 2025 and June 2030 and January 2024 and November 2029 respectively.
(**) In December 2024 and 2023, Investments in foreign currencies are operations mostly in US dollars and with immediate liquidity.

At December 31, 2024 and December 31, 2023, the collateral received through repurchase agreements amounted to R$ 2,689,220 and R$ 912,348, respectively, in the Bank. The provided collateral amounted to R$ 2,149,828 and R$ 1,111,566 respectively.

The results of short-term interbank investments in Banco Bocom BBM S.A., impacted by securities transactions in the income statement, are as follows:

	Second six-month period of 2024	12/31/2024	12/31/2023
Open market investments	161,249	239,387	15,789
Investments in interbank deposits	69,196	118,859	144,369
Investments in foreign currencies	7,678	14,448	10,312
Total	**238,123**	**372,694**	**170,470**

6. Marketable securities and derivative financial instruments

	Cost	Market	Cost	Market
	12/31/2024		12/31/2023	
I – Marketable securities	**11,278,204**	**11,105,401**	**8,663,676**	**8,662,908**
Securities for trading (*)	**2,561,521**	**2,417,878**	**2,192,484**	**2,198,834**
Bank portfolio	**701,306**	**677,675**	**858,255**	**856,253**
Fixed-income securities	**442,241**	**418,610**	**745,260**	**743,258**
Financial Treasury Bills	11,577	11,582	119,993	120,004
National Treasury Bills	835	835	–	–
National Treasury Notes - B series	429,829	406,193	625,267	623,254
Investment funds quotas	**259,065**	**259,065**	**112,995**	**112,995**
Credit fund quotas	33,113	33,113	–	–
Multimarket fund quotas	215,541	215,541	112,995	112,995
Infrastructure Credit Fund Quotas	10,411	10,411	–	–
Subject to repurchase agreements	**569,194**	**533,967**	**1,051,992**	**1,062,564**
Financial Treasury Bills	–	–	1,227	1,227
National Treasury Notes - B series	569,194	533,967	1,050,765	1,061,337
Linked to guarantees given	**1,291,021**	**1,206,236**	**282,237**	**280,017**
National Treasury Notes - B series	1,250,186	1,165,401	244,558	242,338
Fund quotas given as guarantee	40,835	40,835	37,679	37,679
Securities available for sale (*)	**5,525,758**	**5,496,598**	**3,396,050**	**3,388,932**
Bank portfolio	**3,982,074**	**3,971,385**	**2,239,431**	**2,241,251**
Fixed-income securities	**3,938,706**	**3,928,196**	**2,232,669**	**2,234,917**
Financial Treasury Bills	1,455,395	1,455,834	978,512	979,004
National Treasury Bills	–	–	249,942	249,888
National Treasury Notes - B series	–	–	9,833	9,860
Debentures	229,713	222,630	148,996	150,271
Agribusiness C ertificate of C redit Rights	334,863	334,865	593,939	593,933
Promissory notes	–	–	99,281	99,281
Commercial Note	572,249	572,127	–	–
Agribusiness Receivables Certificates	9,339	9,694	10,753	10,794
Certificate of Real Estate Receivables	611	614	27,149	26,554
Rural product note	1,230,472	1,226,365	–	–
Private Financial Bills	106,064	106,067	114,264	115,332
Marketable securities abroad	**43,368**	**43,189**	**6,762**	**6,334**
Eurobonds	43,368	43,189	6,762	6,334
Subject to repurchase agreements	**1,054,016**	**1,035,303**	**1,156,619**	**1,147,681**
Financial Treasury Bills	53,512	53,556	48,958	49,002
Private Financial Bills	229,138	229,138	455,336	457,428
National Treasury Notes - B series	10,258	9,870	–	–
Debentures	112,578	115,706	343,738	343,207
Agribusiness Receivables Certificates	64,741	65,696	–	–
Certificate of Real Estate Receivables	23,169	23,523	–	–
Eurobonds	560,620	537,814	308,587	298,044
Linked to guarantees given	**489,668**	**489,910**	**–**	**–**
Financial Treasury Bills	453,223	453,437	–	–
Eurobonds	36,445	36,473	–	–

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS AS OF DECEMBER 31, 2024
(In thousands of Reais, unless otherwise indicated)

	Cost	Market	Cost	Market
	12/31/2024		12/31/2023	
Securities held up to maturity (**)	**3,190,925**	**3,190,925**	**3,075,142**	**3,075,142**
Bank portfolio	**1,031,677**	**1,031,677**	**500,152**	**500,152**
Fixed-income securities	**1,003,464**	**1,003,464**	**500,152**	**500,152**
National Treasury Notes - F series	301	301	309	309
National Treasury Bills	763,664	763,664	499,843	499,843
National Treasury Notes - B series	239,405	239,405	–	–
Financial Treasury Bills	94	94	–	–
Marketable securities abroad	**28,213**	**28,213**	**–**	**–**
Eurobonds	28,213	28,213	–	–
Subject to repurchase agreements	**1,822,930**	**1,822,930**	**806,121**	**806,121**
National Treasury Notes - B series	658,622	658,622		
Eurobonds	1,157,788	1,157,788	806,121	806,121
Financial Treasury Bills	6,520	6,520		
Linked to guarantees given	**337,056**	**337,056**	**1,769,397**	**1,769,397**
National Treasury Bills	279,552	279,552	905,122	905,122
National Treasury Notes - B series	57,504	57,504	864,275	864,275
Provision for marketable securities	**(738)**	**(738)**	**(528)**	**(528)**
Eurobonds	(738)	(738)	(528)	(528)
II – Derivative financial instruments	**1,904,897**	**4,309,379**	**1,232,172**	**1,551,846**
Swap operations	1,219,892	1,590,433	1,097,064	1,161,432
Term	541,749	2,565,435	105,998	383,994
Options	85,577	95,832	28,117	5,427
Futures	57,679	57,679	993	993
Total marketable securities and Derivative financial instruments	**13,183,101**	**15,414,780**	**9,895,848**	**10,214,754**
Segregation of portfolio by maturity range				
No maturity	299,900	299,900	150,674	150,674
Up to 3 months	3,351,706	4,566,418	3,011,590	3,271,468
From 3 to 12 months	2,041,457	2,784,831	1,525,729	1,503,370
More than 12 months	7,490,038	7,763,631	5,207,855	5,289,242
Total	**13,183,101**	**15,414,780**	**9,895,848**	**10,214,754**

(*) Securities classified as "Securities for trading" maturing within more than 12 months and which, on December 31, 2024, amount to R$ 1,943,887 in the Bank (December 31, 2023 - R$ 1,984,122) are classified and segregated according to BACEN Circular Letter No. 3,068/01. Securities classified as "Available for sale", maturing within more than 12 months, in the amount of R$ 4,179,796 on December 31, 2024 (December 31, 2023 - R$ 2,629,963) are classified and segregated according to BACEN Circular Letter No. 3,068/01, regardless its liquidity level. The effect of this determination on net current capital is shown in Note 24 - Liquidity risk.
(**) Bonds classified as "Held to Maturity" are accounted at cost. The market value calculated for Fixed-income Securities is R$1,955,365 and for Foreign Securities is R$ 1,087,261, these being object of hedge accounting.
There were no transfers in the securities category in the year ended December 31, 2024, and on December 31, 2023.

	Cost	Market	Cost	Market
	12/31/2024		12/31/2023	
III – Derivative financial instruments				
Swap operations	1,940,313	1,988,553	939,602	1,009,189
Term	2,282,566	2,633,947	298,782	366,106
Futures	19,311	19,311	3,358	3,358
Futures	415,716	583,984	1,551,172	1,491,787
Liability position	**4,657,906**	**5,225,795**	**2,792,914**	**2,870,440**
Segregation by maturity range				
Up to 3 months	1,766,054	2,077,637	803,766	853,218
From 3 to 12 months	1,214,168	1,270,007	1,029,927	1,000,386
More than 12 months	1,677,684	1,878,151	959,221	1,016,836
Total	**4,657,906**	**5,225,795**	**2,792,914**	**2,870,440**

The results of marketable securities in the Bank are as follows:

	Second six-month period of 2024	12/31/2024	12/31/2023
Private securities	115,946	225,510	177,980
Government bonds	252,458	471,720	626,789
Investment funds quotas	6,222	10,302	12,708
Exchange Variation	21,477	26,859	–
Income from marketable securities	**396,103**	**734,391**	**817,477**

	Second six-month period of 2024	12/31/2024	12/31/2023
Reversal of provision (Constitution) for Marketable Securities	(403)	(221)	191
Result with reversal (Constitution) of provision for Marketable Securities	(403)	(221)	191

The market values of marketable securities and derivative financial instruments are determined based on market price quotations at the balance sheet date, when available, or through price valuation models that consider certain assumptions for the valuation of instruments with low liquidity and no active market and/or observable market data. The models used are Discounted Cash Flow for internally calculated securities. The methodology used for pricing derivatives can be seen in Note 23.

7. Loan transactions

On December 31, 2024 and December 31, 2023, loans and guarantees provided through sureties or guarantee agreements in the Bank, classified according to the customers' economic activities and representativeness, are as follows:

	12/31/2024		12/31/2023	
Grains	3,820,014	24.75%	2,480,964	26.91%
Sugar and Ethanol	3,200,163	20.74%	3,121,118	19.43%
Agricultural (Others)	1,634,735	10.59%	1,318,790	8.87%
Utilities (energy)	1,273,822	8.25%	1,179,043	5.88%
Construction (General)	494,135	3.20%	726,847	3.56%
Automotive Industry	448,404	2.91%	512,686	3.38%
Slaughterhouse	445,804	2.89%	478,209	2.76%
Retail market	407,127	2.64%	360,741	2.51%
Services	366,274	2.37%	487,634	2.35%
Agricultural supplies	306,725	1.99%	244,599	2.23%
Banks	287,740	1.86%	121,621	2.14%
Foods - Sundry	240,723	1.56%	267,738	1.95%
Construction Material	207,744	1.35%	344,056	1.92%
Retail	193,892	1.26%	249,244	1.69%
Hospitals	154,026	1.00%	136,155	1.54%
Others (*)	1,509,303	9.78%	2,530,504	10.68%
Private sector	**14,990,631**	**97%**	**14,559,949**	**98%**
Utilities (energy)	283,800	1.84%	281,984	1.89%
Others (*)	156,936	1.02%	44,368	0.30%
Public Sector	**440,736**	**3%**	**326,352**	**2%**
Total	**15,431,367**	**100%**	**14,886,301**	**100%**

(*) The activities classified as Others include all economic sectors that individually represent less than 1% of the total active of the loans portfolio at the base dates December 31, 2024, and December 31, 2023.

Loan transactions are stated in the Bank balance sheet as follows:

	12/31/2024	12/31/2023
Current assets		
Loan transactions	**7,017,286**	**7,435,018**
Private sector	6,936,826	7,420,075
Public sector	80,460	14,943
Other receivables	**15,921**	**23,736**
Foreign exchange portfolio - Receivables (a)	14,967	19,758
Securities and credits receivable (b)	–	3,978
Honored Sureties	954	–
Noncurrent assets		
Loan transactions	**6,167,895**	**5,048,797**
Private sector	6,119,746	5,048,797
Public sector	48,149	–
Current liabilities		
Other liabilities	**299,481**	**568,920**
Foreign exchange portfolio - Advances on exchange contracts (a)	299,481	568,920
Subtotal	**13,500,583**	**13,076,471**
Co-obligations and risks in guarantees provided (c)	**1,930,784**	**1,809,830**
Current	1,533,382	1,055,456
Noncurrent	397,402	754,374
Total	**15,431,367**	**14,886,301**

(a) The Advances on foreign exchange contracts are classified as reduction accounts of Other liabilities – exchange portfolio, and as Other receivables – foreign exchange portfolio, respectively, as shown in Note 8.

(b) On December 31, 2023, this refers to credit assignment, recorded in "Other credits" accounts.

(c) These refer to guarantees granted through sureties, letters of credit and firm assurance. The guarantees granted are recorded in clearing accounts and the respective yields are classified as other liabilities - see Note 14 - and appropriated to income according to the contractual terms of the guarantees. These also include, in the Bank, guarantees granted for credit operations of Nassau Branch and BBM Bank Limited. Nassau Branch is eliminated in the parent company reports.

The provision for loan transactions was calculated according to the criteria established by the CMN Resolutions No. 2,682 and No. 2,697, based on the risk classification of the transactions and on their level of arrears.

The classification of the loan transactions in the Bank is as follows:

	12/31/2024											12/31/2023	
	Overdue - days					Falling due - days							
Risk Level	Within 14	15 to 60	61 to 90	91 o 180	181 to 360	Within 90	From 91 to 180	From 181 to 360	Over 360 days	Total	Allowance	Total	Allowance
AA	–	–	–	–	–	2,144,081	1,143,912	1,562,270	3,194,238	8,044,501	–	8,129,908	–
A	1,867	–	–	–	–	872,224	513,961	1,349,877	2,613,083	5,351,012	26,755	4,911,978	24,560
B	61	106	–	–	–	131,721	85,032	254,793	756,876	1,228,589	12,286	1,268,265	12,683
C	215	1,464	–	–	–	98,899	139,278	268,883	215,860	724,599	21,738	411,892	12,357
D	74	309	12,687	34,867	–	3,247	3,249	4,284	3,951	62,668	6,267	120,769	17,528
E	–	–	–	–	–	–	–	–	–	–	–	27,211	8,163
F	106	106	114	1,654	2,138	334	10	37	1,264	5,763	2,882	8,636	4,318
G	–	–	–	1,227	–	–	–	–	–	1,227	859	233	163
H	–	295	292	1,671	9,266	275	169	270	770	13,008	13,008	7,409	7,409
	2,323	**2,280**	**13,093**	**39,419**	**11,404**	**3,250,781**	**1,885,611**	**3,440,414**	**6,786,042**	**15,431,367**	**83,795**	**14,886,301**	**87,181**

The allowance below is presented in the Bank's balance sheets as follows:

	12/31/2024	12/31/2023
Allowance for loan losses	**78,418**	**79,105**
Current assets	73,376	43,372
Noncurrent assets	5,042	35,733
Provision for other credits	**2,888**	**4,987**
Securities and credits receivable	**2,888**	**4,987**
Current assets	1,275	3,563
Noncurrent assets	1,613	1,424
Provision for co-obligations and risks in guarantees provided	**2,489**	**3,089**
Current liability	1,461	2,360
Noncurrent liability	1,028	729
Total	**83,795**	**87,181**

Changes in allowances are as follows:

	12/31/2024	12/31/2023
Balance at January 1	**87,181**	**84,175**
Increase / (reversal)	19,682	22,483
Write-offs to loss	(23,068)	(19,477)
Total	**83,795**	**87,181**

In the year ended December 31, 2024, there were loan transactions renegotiated in the Bank in the amount of R$ 114,624 (December 31, 2023 – R$ 89,699).

In the year ended December 31, 2024, there was a recovery of losses on loan transactions in the amount of R$ 3,775 (December 31, 2023 - R$ 7,366). This amount is impacting Other operating income in the Statements of Operations.

The credit risk concentration in the Bank is as follows:

	12/31/2024	%	12/31/2023	%
Top debtor	593,954	3.8%	574,312	3.9%
Top 10 debtors	3,446,102	22.3%	2,826,146	19.0%
Top 20 debtors	5,224,809	33.9%	4,292,755	28.8%
Top 50 debtors	8,224,799	53.3%	7,062,378	47.4%
Top 100 debtors	10,852,526	70.3%	9,608,285	64.5%

The breakdown of the Bank credit portfolio by type is as follows:

	12/312024	12/31/2023
Working capital	12,270,004	10,428,450
Export credit bills	1,930,784	1,832,437
Co-obligations and risk in guarantees	632,665	1,809,830
Trade finance	453,626	738,955
Others	144,288	76,629
Total	**15,431,367**	**14,886,301**

The changes resulting from CMN Resolution No. 4,966 are presented in Note 30.

8. Foreign exchange portfolio

	12/31/2024	12/31/2023
Other receivables – Foreign exchange portfolio		
Foreign exchange purchases pending settlement	364,168	1,105,001
Rights on foreign exchange sales	126,000	624,078
Income receivable from advances granted (a)	14,967	19,758
(–) Advances in national currency received	(2,052)	–
Total	**503,083**	**1,748,837**
Other payables – Foreign exchange portfolio		
Exchange purchase obligations	299,481	1,128,608
Foreign exchange sales pending settlement	126,110	624,612
Advances on foreign exchange contracts granted (a)	(299,481)	(568,920)
Total	**126,110**	**1,184,300**

(a) See Note 7.

On December, 2024, there were government securities deposited securing foreign exchange transactions with B3 in the amount of R$ 161,191 (December 31, 2023 – R$ 67,546).

9. Sundry

	12/31/2024	12/31/2023
Sundry		
Taxes and contributions to offset	93,107	84,431
Debtors deposits on warranty	57,189	51,855
Sundry debtors – foreign	12,580	40,602
Sundry debtors – domestic	9,898	15,401
Advances – Salaries and constructions	1,258	1,269
Securities and credits receivable	7,467	142
Receivables from related parties	13	13
Total	**181,512**	**193,713**
Current asset	167,649	177,339
Long-term asset	13,863	16,374
Total	**181,512**	**193,713**

	12/31/2024	12/31/2023
Other payables - Sundry		
Income on guarantees for credit operations	20,903	19,010
Allowance for payments to be made	16,931	15,336
Sundry debtors – Local	14,706	12,807
Sundry debtors - abroad	11,624	45,030
Allowance for contingent liabilities	10,574	9,549
Administrative checks	1,027	1,027
Payables for acquisition of goods and rights	101	49
Total	**75,866**	**102,808**
Current liabilities	55,260	83,506
Noncurrent liabilities	20,606	19,302
Total	**75,866**	**102,808**

10. Other assets

	12/31/2024	12/31/2023
Other Values and Goods		
Properties (a)	3,500	7,792
Others (b)	6,426	4,895
	9,926	**12,687**
Current asset	8,185	10,931
Long-term assets	1,741	1,756
	9,926	**12,687**

(a) On December 31, 2024, the amount of R$ 3,500 (December 31, 2023 – R$ 7,792), classified as current assets, refers mainly to the execution of guarantee of properties, recorded as assets held for sale, according to independent appraisal report, limited to the debt amount.

(b) The amount of R$ 6,426 on December 31, 2024 (December 31, 2023 – R$ 4,895), classified as Others, refers to prepaid expenses, mainly for Licenses – IT.

11. Investments – Interest in subsidiaries

	BOCOM BBM CCVM S.A.	The Southern Atlantic Investments Ltd.	Total
At December 31, 2024			
Number of issued shares	127,374	229,201,370	–
Common shares	63,687	229,201,370	–
Preferred nominative shares	63,687	–	–
Direct interest	100%	100%	–
Capital – R$ thousand	11,363	229,201	240,564
Equity – R$ thousand	21,946	559,926	581,872
Net income for the six-month period – R$ thousand	1,288	21,909	23,197
Dividends, Interest on Equity or Capital reduction	570	–	570
Book value of investments – R$ thousand			
December 31, 2024	21,946	559,926	581,872
Income from interest in subsidiaries – R$ thousand			
Year ended 2023	2,398	39,826	42,224
At December 31, 2023			
Number of issued shares	127,374	229,201,370	–
Common nominative shares	63,687	229,201,370	–
Preferred nominative shares	63,687	–	–
Direct interest	100%	100%	–
Capital – R$ thousand	8,755	229,201	237,956
Equity – R$ thousand	20,118	520,085	540,203
Net income for the six-month period – R$ thousand	1,044	17,954	18,998
Dividends, Interest on Equity or Capital reduction – R$ thousand	601	–	601
Book value of investments – R$ thousand			
December 31, 2023	20,118	520,085	540,203
Income from interest in subsidiaries – R$ thousand			
Year ended 2023	2,532	37,991	40,523

12. Intangible assets

	12/31/2023	Acquisitions	Amortization	Transfers	12/31/2024
Intangible assets					
Systems acquired	8,297	4,881	(3,893)	–	9,285
Intangible assets in course (a)	2,206	3,841	–	(225)	5,823
Completed projects	30,964	11,326	(10,486)	225	32,028
Licenses and copyrights	704	–	(583)	–	121
Total	**42,171**	**20,048**	**(14,962)**	**–**	**47,257**

	12/31/2022	Acquisitions	Amortization	Transfers	12/31/2023
Intangible assets					
Systems acquired	10,338	1,613	(3,655)	–	8,297
Intangible assets in course (a)	1,653	4,683	–	(4,129)	2,206
Completed projects	23,392	10,881	(7,438)	4,129	30,964
Licenses and copyrights	1,412	–	(708)	–	704
Total	**36,795**	**17,177**	**(11,801)**	**–**	**42,171**

(a) Regarding intangible assets in progress, they are in the development stage in the field of solutions for automating orchestration processes, new digital products and improvements to digital channels. Amortization occurs according to the business plan prepared by management, after the completion of the development, approval and testing stages. The average amortization period for intangible assets is 5 years.

13. Deposits

Maturity range	Time deposits	Interbank deposits	Total 12/31/2024	Total 12/31/2023
Within 1 month	305,309	1,327	306,636	788,801
From 1 to 3 months	518,712	2,722	521,434	173,771
From 3 to 6 months	333,383	1,278	334,661	167,994
From 6 to 12 months	272,982	15,386	288,368	304,819
More than 12 months	690,646	–	690,646	468,017
Subtotal	**2,121,032**	**20,713**	**2,141,745**	**1,903,402**
Demand Deposits	**–**	**–**	**802,455**	**505,123**
Total	**–**	**–**	**2,944,200**	**2,408,525**

On December 31, 2024, the average term of interbank and time deposits for outstanding transactions in the Bank is 361 and 500 days (December 31, 2023 - 343 and 564 days), respectively.

Maturities upon issuance	Time deposits	Interbank deposits	Total 12/13/2024	Total 12/13/2023
Within 1 month	1,472	–	1,472	–
From 1 to 3 months	402,879	–	402,879	622,405
From 3 to 6 months	73,521	–	73,521	155,164
From 6 to 12 months	488,678	14,200	502,878	269,975
More than 12 months	1,154,482	6,513	1,160,995	855,858
Subtotal	**2,121,032**	**20,713**	**2,141,745**	**1,903,402**
Demand deposits	**–**	**–**	**802,455**	**505,123**
Total	**–**	**–**	**2,944,200**	**2,408,525**

The Bank's breakdown per segment is as follows:

	Demand deposits		Time deposits		Interbank deposits		Total			
	12/31/2024	12/31/2023	12/31/2024	12/31/2023	12/31/2024	12/31/2023	12/31/2024		12/31/2023	
Legal entities	317,393	277,156	1,486,586	1,037,832	–	–	1,803,979	61.27%	1,314,988	54.60%
Related-parties	397,766	216,336	251,800	351,974	20,713	19,607	670,279	22.77%	587,917	24.41%
Financial institutions	55,611	–	351,440	448,401	–	–	407,051	13.83%	448,401	18.62%
Individuals	31,659	11,518	27,592	44,877	–	–	59,251	2.01%	56,395	2.34%
Institutional customers	26	113	3,614	711	–	–	3,640	0.12%	824	0.03%
Total	**802,455**	**505,123**	**2,121,032**	**1,883,795**	**20,713**	**19,607**	**2,944,200**	**100.00%**	**2,408,525**	**100.00%**

The concentration of the Bank's main customers is as follows:

	12/31/2024		12/31/2023	
Top depositor	393,566	13.37%	182,467	12.57%
Top 10 depositors	1,794,970	60.97%	709,429	48.87%
Top 20 depositors	2,202,294	74.80%	894,043	61.59%
Top 50 depositors	2,529,980	85.93%	1,113,748	76.73%
Top 100 depositors	2,697,562	91.62%	1,254,571	86.43%

14. Repurchase agreements

The repurchase agreements obligations in the Bank are as follows:

	12/31/2024	12/31/2023
Own portfolio		
Eurobonds	1,424,879	897,300
National Treasury Bills – B series	1,169,052	1,046,919
Financial Bill	228,292	454,466
Debentures	119,390	345,574
Financial treasury Bills	76,767	58,711
Certificate of Agribusiness Receivables	72,831	–
Certificate of Real Estate Receivables	23,504	–
Free Movement portfolio		
Federal Public Bonds - National Treasury	911,884	–
Total	**4,026,599**	**2,802,970**
Current liabilities	3,778,205	2,321,444
Noncurrent liabilities	248,394	481,526
Total	**4,026,599**	**2,802,970**

15. Funds from acceptance and issue of securities and real estate bills

In December 2024, BOCOM BBM has no Eurobonds (December 2023 - R$ 25,085) acquired by The Southern Atlantic Investments Ltd, a company not consolidated in BOCOM BBM.

On December 31, 2024 and December 31, 2023, fundraising through Agribusiness Credit Bills (LCA), Housing Credit Bills (LCI), Financial Bills (LF) and Financial Bills – Subordinated Debt was segregated by maturity range as follows:

Maturity	LCA (a)		LCI (b)		LF (c)		LFSC - Subordinated debt I (d)		LFSN - Subordinated debt II (e)		Total	
	12/31/2024	12/31/2023	12/31/2024	12/31/2023	12/31/2024	12/31/2023	12/31/2024	12/31/2023	12/31/2024	12/31/2023	12/31/2024	12/31/2023
Within 1 month	464,630	458,369	–	–	73,822	78,090	–	–	–	–	538,452	536,459
From 1 to 3 months	623,575	855,533	1,406	–	3,881	143,918	–	–	–	–	628,862	999,451
From 3 to 6 months	1,499,244	1,661,423	5,140	400	4,043	394,019	–	–	–	–	1,508,427	2,055,842
From 6 to 12 months	2,253,823	2,374,742	60,426	1,414	82,947	928,084	–	–	–	–	2,397,196	3,304,240
More than 12 months	3,973,568	2,466,656	–	18,364	1,740,171	200,787	209,847	211,180	672,163	591,587	6,595,749	3,488,574
Total	**8,814,840**	**7,816,723**	**66,972**	**20,178**	**1,904,864**	**1,744,898**	**209,847**	**211,180**	**672,163**	**591,587**	**11,668,686**	**10,384,566**

(a) Agribusiness Credit Bills (LCA) are issued by the Bank and registered with B3, according to Laws No. 11,076/2004 and No. 11,311/2006 and subsequent amendments.

(b) Housing Credit Bills (LCI) are nominative securities created by Provisional Measure No. 2,223 on September 4, 2001, which gave rise to Law No. 10,931 of August 2, 2004.

(c) Financial Bills (LF) are issued by the Bank and registered with B3 - according to Law No. 12,249/10 (Section II, articles 37 to 43), and ruled by CMN (Law No. 3,836).

(d) Financial Bill (LFSC) - Subordinated Debt has a perpetual term and a repurchase option starting within 5 semiannual windows. The Bank uses the amount raised as complementary capital in order to make up the institution's Level I capital. The issue was private and carried out with the Bank's shareholder basis.

(e) Financial Bill (LFSN) - Subordinated Debt has a ten-year term with an option to repurchase it after five years, with payment of principal and interest on maturity. The amount raised is used as complementary capital in order to make up the institution's Level II capital.

16. Liabilities for loans and onlendings

Loans abroad in the Bank are as follows:

	12/31/2024	12/31/2023
Funding International (*)	8,492,502	6,153,194
Obligations For Operations Linked To Assignment	21,065	–
Import credit facility	39,326	92,202
	8,552,893	**6,245,396**
Current liabilities	7,371,021	4,773,282
Long-term payables	1,181,872	1,472,114
	8,552,893	**6,245,396**

On December 31 2024 and 2023, borrowing and onlending obligations were segregated by maturity range, as follows:

	Maturity					Total
Operations	Up to 1 month	1 to 3 months	3 to 6 months	6 to 12 months	Over 12 months	12/31/2024
BOCOM (*)	1,876,642	1,919,616	1,043,569	142,532	1,053,933	6,036,292
Working Capitel (*)	585,154	407,239	112,417	652,073	127,939	1,884,822
Pre Export (*)	62,468	206,837	217,120	84,963	–	571,388
Import Credit Facility	32,456	2,072	4,798	–	–	39,326
Total	**2,577,785**	**2,535,764**	**1,377,904**	**879,568**	**1,181,872**	**8,552,893**

	Maturity					Total
Currencies	Up to 1 month	1 to 3 months	3 to 6 months	6 to 12 months	Over 12 months	12/31/2024
USD	1,921,605	2,192,714	1,377,904	84,963	1,181,872	6,759,058
CNY	522,515	182,407	–	652,073	–	1,356,995
JPY	133,665	39	–	142,532	–	276,236
EUR	–	160,604	–	–	–	160,604
Total	**2,577,785**	**2,535,764**	**1,377,904**	**879,568**	**1,181,872**	**8,552,893**

(*) The amount of R$ 8,492,502 on December 31, 2024 (December 31, 2023 – R$ 6,153,194) refers to the obligations with loans abroad. Loans with Bocom, whose currency is the U.S. dollar and whose original maturity is less than one year, are systematically renewed, as set out in Note 24.

17. Other obligations - tax and social security

	12/31/2024	12/31/2023
Other obligations - tax and social security		
Taxes and contributions to pay	14,260	19,628
Taxes and contributions to pay	216,735	198,718
Deferred taxes and contributions (*)	313,310	119,132
	544,305	**337,478**
Current liabilities	230,996	218,309
Noncurrent liabilities	313,309	119,169
	544,305	**337,478**

(*) For tax credit analysis purposes, consider the impact of deferred tax assets, see note 26.

18. Equity

(a) Capital – Banco BOCOM BBM S.A.

On December 31, 2024 and December 31, 2023, the capital comprises 282,201,085 registered shares with a par value of R$ 1.60 each, divided into 188,626,652 common shares and 93,574,433 preferred shares. Each common share is entitled to 1 (one) vote in resolutions of the General Meeting. Preferred shares have no voting rights.

After obtaining all regulatory approvals, the transfer of the remaining 20% of the shares of Banco BOCOM BBM owned by the Mariani family to the Bank of Communications was settled in August 2024. In 2016, the Bank of Communications had already acquired 80% of the institution's shares. The transfer was completed in accordance with the put option agreement signed in 2015 and exercised in 2021.

(b) Legal reserve

This reserve is calculated at the rate of 5% of the net income at each balance sheet date, up to the limit of 20% of capital, as determined by Corporation Law.

(c) Statutory reserve

In accordance with the articles of incorporation, this reserve represents the remaining net income balance at each reporting date, after the legal allocations.

(d) Treasury shares

On December 31, 2024 and December 31, 2023, Banco BOCOM BBM has 76,296,769 shares to be held in treasury in the amount of R$ 181,839.

(e) Interest on capital and dividends

According to article 9 of Law No. 9.249/95 and its subsequent amendments, Banco BOCOM BBM S.A., on December 31, 2024, declared interest on capital of R$ 82,938 (December 31, 2023 – R$ 70,584), with withholding income tax of R$ 12,441 (December 31, 2023 – R$ 10,587), calculated at a 15% rate. The amount of interest on capital was determined based on the legal limits in force and classified in the group's official records as "Other operating expenses".

For the purposes of the publication of the statement of operations, as established by CMN Resolution No. 4,706/18, BOCOM BBM S.A. recognized as other obligations, as a counterpart for the appropriate equity account, the declared capital remuneration set by the obligation at the balance sheet date.

Interest on capital proposed for the year ended December 31, 2024 reduced tax burden by R$ 37,322 (December 31, 2023 – R$ 31,463).

	12/31/2024	12/31/2023
Net income - Banco BBM S.A.	281,692	274,201
(–) Legal reserve	14,085	13,665
Calculation basis	**267,608**	**259,631**
Minimum mandatory dividends	25%	25%
	66,902	**64,907**
Interest on own capital	70,497	59,996
Dividends	–	4,911
Total	**70,497**	**64,907**

(f) Reserves for expansion (retained earnings)

According to the presented Strategic Planning and the capital regulatory limits (article 199 of Law No. 6,404), at the General Meeting of April 2024, the Board of Directors approved and ratified the retention of a portion of the net earnings in the amount of R$ 195,786 regarding the profit for 2023 (R$ 70,639 regarding the profit for 2022). The amount was recorded in the account "Reserves for Expansion" in order that it is possible to keep the growth of the Bank's activities.

19. Expenses with Financial Intermediation, Result of foreign Exchange operations, Loans, Assignments and transfers

	Second six-month period of 2024	12/31/2024	12/31/2023
Open market funding			
Foreign exchange variation	(531,035)	(1,056,745)	157,505
Agriculture credit bills	(247,699)	(619,623)	(762,386)
Financial bills	(167,516)	(303,418)	(347,448)
Repurchase agreements	(151,738)	(271,405)	(273,128)
Time deposits	(87,477)	(182,993)	(147,308)
Credit guarantee fund	(5,560)	(10,179)	(9,840)
Deposits previous notice	(350)	(2,503)	(4,438)
Interbank deposits	(1,049)	(2,088)	(2,500)
Real estate credit bills	(673)	(1,500)	(2,401)
Expenses with securities abroad	–	(120)	(14,602)
	(1,193,097)	**(2,450,574)**	**(1,406,546)**
Loan, assignments and onlending operations			
Foreign exchange variation	(356,270)	(681,022)	349,816
Loan expenses abroad	(220,176)	(401,125)	(294,261)
	(576,446)	**(1,082,147)**	**55,555**
Foreign exchange transactions			
Foreign exchange variations and interest differences	181,524	204,434	(129,739)
Revenue from advances on exchange contracts (ACC)	27,473	60,537	62,330
Other expenses	(414)	(696)	(546)
	208,583	**264,275**	**(67,955)**

20. Service revenue

	Second six-month period of 2024	12/31/2024	12/31/2023
Service Revenue			
Coordination and structuring commission	16,787	60,275	32,474
Bank fee income	28,657	46,958	46,751
Guarantees commission and letter of credit	7,189	24,739	44,674
Other services	3,612	7,376	8,468
Management fees of investment funds	2,693	6,716	8,889
Total	**58,938**	**146,064**	**141,256**

21. Other administrative expenses

	Second six-month period of 2024	12/31/2024	12/31/2023
Data processing	(11,760)	(20,882)	(19,822)
Amortization and depreciation	(8,862)	(17,451)	(15,502)
Financial system services	(5,794)	(11,372)	(13,314)
Rentals	(5,656)	(10,945)	(10,766)
Specialized technical services	(4,812)	(9,972)	(9,176)
Other administrative expenses	(5,529)	(9,529)	(6,521)
Travel	(3,247)	(6,588)	(6,853)
Third-party services	(3,130)	(5,615)	(4,501)
Communications	(2,499)	(5,248)	(5,615)
Registry	(1,156)	(2,730)	(2,212)
Promotion/ Advertising/ Publications	(1,641)	(2,460)	(1,663)
Condominium	(1,058)	(2,218)	(1,980)
Property maintenance and upkeep	(1,117)	(2,037)	(1,988)
Transportation	(1,099)	(1,856)	(1,301)
Water, energy and gas	(495)	(833)	(886)
Insurance	(183)	(225)	(242)
Surveillance and security services	(94)	(204)	(151)
Material	(84)	(161)	(134)
Fines	(26)	(123)	(1,642)
	(58,242)	**(110,449)**	**(104,269)**

22. Related-parties significant transactions

a) The related parties' transactions were carried out using the average rates practiced in the market, effective on the operations dates, as follows:

	12/31/2024	12/31/2023
Asset		
Cash and cash equivalents	**230,308**	**9,075**
Bocom Shanghai	9,749	6,385
BoCom Hong Kong	1,757	550
BoCom Tokyo	216,244	8
BBM Bank Limited	2,558	2,132
Short-term interbank investments		
Investments in foreign currencies	**7,801**	**11,184**
BBM Bank Limited	7,801	11,184
Dividends and bonuses receivables	**570**	**601**
BOCOM BBM CCVM S.A.	570	601
Other receivables	**6,915**	**6,294**
BOCOM BBM CCVM S.A.	13	13
The Southern Atlantic Investments Ltd	4,564	–
Tai Yang Fund	1,169	34
Haitan	1,169	6,247
Derivative financial instruments	**394,049**	**157,907**
BBM Bank Limited	2,219	21,000
Bocom Brazil Holding Company Ltda.	1,946	24,360
Jiang Fundo de Investimento Multimercado CPIE	114,852	67,005
Haitan Fund	275,032	44,569
The Southern Atlantic Investments Ltd.	–	973

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS AS OF DECEMBER 31, 2024
(In thousands of Reais, unless otherwise indicated)

	12/31/2024	12/31/2023
Liability		
Demand deposits	**397,766**	**216,336**
Haitan Fund	203,939	42,482
BBM Bank Limited	189,598	171,180
Tai Yang Fund	2,897	2,320
BOCOM BBM CCVM S.A.	250	60
Bahia Holding S.A.	9	–
Évora S.A.	25	10
Bocom Brazil Holding Company Ltda.	15	33
Aleutas S.A.	1	–
Bahia AM Renda Fixa Ltda.	5	5
Bahia AM Renda Variável Ltda.	5	5
PIN Petroquímica S.A.	1	1
Farol da Barra Participações Ltda.	15	1
Bank Of Communication Co Ltd	695	–
Acritai Investimentos Ltda.	6	16
MSB Participações S.A.	24	–
Other related individuals/legal entities	281	223
Interbank deposits	**20,713**	**19,607**
BOCOM BBM CCVM S.A.	20,713	19,607
Time deposits	**251,800**	**351,974**
BoCom Brazil Holding Company Ltda.	72,481	223,325
BBM Bank Limited	154,629	121,357
Bahia Holding S.A.	3,157	3,944
Évora S.A.	1,812	1,585
Other related individuals/legal entities	19,721	1,763
Repurchase agreements - Debentures	**961**	**34,990**
Other related individuals/legal entities	961	34,990
Government Bonds Agreements	**65,525**	**49,864**
Other related individuals/legal entities	65,525	49,864
Financial bills	**484**	**896**
Other related individuals/legal entities	484	896
Agriculture Credit Bills	**159,183**	**284,272**
Other related individuals/legal entities	159,183	284,272
Real Estate Credit Bills	**7,297**	**10,858**
Other related individuals/legal entities	7,297	10,858
Obligations for securities abroad	**–**	**25,085**
The Southern Atlantic Investments Ltd.	–	25,085
Derivative financial instruments	**401,583**	**127,552**
Jiang Fundo De Investimento Multimercado CPIE	279,576	62,414
Haitan Fund	72,139	64,264
BBM Bank Limited	8	73
The Southern Atlantic Investments Ltd.	431	–
BoCom Brazil Holding Company Ltda.	49,429	801
Subordinated debt	**209,847**	**211,180**
BoCom Brazil Holding Company Ltda.	209,847	169,604
Other related individuals/legal entities	–	41,576
Liabilities on loans abroad	**6,036,292**	**5,094,052**
BoCom Shanghai	2,861,378	2,432,334
BoCom New York	2,083,980	1,965,083
BoCom Hong Kong	769,674	617,438
BoCom Czech Republic	–	79,197
Bocom England	321,260	–
Dividends and bonuses payable	**33,901**	**33,859**
Interest on capital credited to shareholders	33,901	28,948
Proposed dividends	–	4,911
Sundry	**7,199**	**6,424**
The Southern Atlantic Investments Ltd.	–	6,158
Haitan	7,199	266

	Second six-month period of 2024	12/31/2024	12/31/2023
Result			
Investment income abroad	**–**		**15,247**
BBM Bank Limited	–	–	15,247
Result with derivative financial instruments	**66,640**	**151,496**	**(58,668)**
Haitan Fund	112,275	140,986	(7,446)
The Southern Atlantic Investments Ltd.	20,624	52,860	(38,105)
Tai Yang Fund	–	–	40
BBM Bank Limited	20,780	32,463	22,850
Jiang Fundo de Investimento Multimercado CPIE	(87,039)	(74,813)	(36,007)
Loans operations income	**(573)**	**(501)**	**2,399**
Bank of Communications Co., Ltd.	86	158	1,316
Other related individuals/legal entities	(659)	(659)	1,083
Earnings from investments funds	**3,401**	**4,571**	**6,570**
Jiang Fundo de Investimento Multimercado CPIE	3,401	4,571	6,570
Open market funding	**(33,417)**	**(81,376)**	**(123,578)**
Expenses from investments funds	**–**	**(769)**	**18,970**
The Southern Atlantic Investments Ltd.	–	(769)	18,970
Repurchase agreements - Debentures expenses	**(757)**	**(2,714)**	**(2,765)**
Other related individuals/legal entities	(757)	(2,714)	(2,765)
Repurchase agreements - Securities	**(14,816)**	**(28,652)**	**(11,618)**
Other related individuals/legal entities	(14,816)	(28,652)	(11,618)
Interbank deposits expenses	**(1,049)**	**(2,059)**	**(2,283)**
BOCOM BBM CCVM S.A.	(1,049)	(2,059)	(2,283)
Time deposits expenses	**(5,352)**	**(14,220)**	**(25,312)**
Bocom Brazil Holding Company Ltda.	(1,018)	(6,371)	(22,579)
BBM Bank Limited	(3,621)	(6,944)	–
Aleutas S.A.	–	–	(2,987)
Bahia Holding S.A.	(132)	(234)	(757)
Évora S.A.	(47)	(88)	1,251
Colares Participações S.A.	–	–	(182)
Other related individuals/legal entities	(534)	(583)	(58)

	Second six-month period of 2024	12/31/2024	12/31/2023
Result			
Financial bills	**(71)**	**(146)**	**(62)**
Other related individuals/legal entities	(71)	(146)	(62)
Agriculture credit bills expenses	**(7,544)**	**(21,500)**	**(72,687)**
Other related individuals/legal entities	(7,544)	(21,500)	(72,687)
Real estate credit bills expenses	**(365)**	**(789)**	**(154)**
Other related individuals/legal entities	(365)	(789)	(154)
Subordinated debt	**(3,463)**	**(10,527)**	**(27,667)**
Bocom Brazil Holding Company Ltda	(3,300)	(8,076)	(22,330)
Other related individuals/legal entities	(163)	(2,451)	(5,337)
Loans expenses abroad	**(168,819)**	**(311,859)**	**(230,447)**
Bocom Shanghai	(81,926)	(153,918)	(125,829)
Bocom New York	(60,408)	(112,585)	(74,676)
Bocom Hong Kong	(14,934)	(29,027)	(28,391)
Bocom Czech Republic	(1,900)	(4,565)	(1,297)
Bocom Luxembourg	(481)	(796)	(254)
Bocom England	(9,170)	(10,968)	–
Foreign exchange variation with loans abroad	**(111,193)**	**(303,691)**	**96,774**
Bocom Shanghai	(104,369)	(318,513)	95,360
Bocom Luxembourg	(4,080)	26,962	3,250
Bocom Hong Kong	(2,744)	(12,212)	(1,836)
Bocom Czech Republic	–	72	–
Expenses with banks abroad	**4,849**	**(52,149)**	**(83,193)**
BBM Bank Limited	4,849	(52,149)	(83,193)
Other administrative expenses	**(58)**	**(109)**	**(98)**
Services provisions	**(58)**	**(109)**	**(98)**
BBM Bank Limited	(58)	(109)	(98)
Other operating income	**836**	**1,588**	**1,471**
BBM Bank Limited	521	984	897
BOCOM BBM CCVM S.A.	75	150	150
Haitan Fund	120	227	212
Tai Yang	120	227	212
Expenses with dividends and bonuses	**(39,884)**	**(82,939)**	**(70,584)**
Interest on capital credited to shareholders	(39,884)	(82,939)	(70,584)
Total	**(278,218)**	**(674,969)**	**(444,107)**

b) Key Management Compensation

The total compensation will be calculated as follows:

I) Fixed and variable compensation
The total compensation of the Participants will comprise a fixed and a variable part. The variable compensation of the Participants will be paid as follows:

(a) The amount equivalent to at most 50% (fifty percent) of the variable compensation will be paid in cash, immediately available for the Participant ("Short-term compensation"); and

(b) The amount equivalent to at least 50% (fifty percent) of the variable compensation will be deferred for payment within 3 (three) years, considering the provisions below ("Deferred Compensation" together with "Short-term Compensation" and "Variable Compensation").

The minimum and maximum amounts of bonus will be fixed by the Board of Directors of the Bank.

II) Deferred compensation
The payment of the deferred compensation will be carried out on a scaled basis, every six months, in shares proportional to the deferral period ("Deferred Compensation Shares"), and all the deferred shares should be updated by the ROE of Banco Bocom BBM.

ROE is the Profit before tax for the period divided by the Equity at the beginning of the period.

	12/31/2024	12/31/2023
Liabilities		
Statutory	**27,826**	**20,634**
Management variable compensation – short term	13,913	7,612
Deferred management variable compensation – long term	13,913	13,022

	Second six-month period of 2024	12/31/2024	12/31/2023
Result	**(33,820)**	**(71,600)**	**(60,355)**
Fixed compensation	(5,995)	(17,175)	(23,392)
Fixed compensation	(27,825)	(54,425)	(36,963)

23. Derivative financial instruments

The Bank participates in transactions involving derivative financial instruments to meet its own needs as well as on behalf of its clients.

Derivative financial instruments are classified according to management's intent at the inception of the transaction, taking into consideration whether the purpose is to hedge risks.

In accordance with BACEN Circular Letter No. 3,082, the derivative financial instruments assigned to offset, in whole or in part, exposure to risks from assets, liabilities, commitments or projected future transactions (hedged items), provided that they are considered effective in reducing the risk associated with the exposure to be hedged, are classified according to their nature.

These transactions are traded, recorded or held on B3. In the Bank, international derivative transactions are traded and recorded in the OTC market, at the Chicago Board of Trade (CBOT) or Chicago Mercantile Exchange (CME).

The criteria used to calculate the market values of the derivative financial instruments are:

- Futures: value of daily adjustments to the transactions;
- Swap and term transactions: Cash flow is estimated for each part, discounted to present value according to the corresponding interest rate curves, obtained based on B3 prices or on the assets' prices;
- Options: average trading price on the calculation date or, when not available, estimated price based on pricing models, such as Black & Scholes.

On December 31, 2024, the guarantees for the transactions involving derivative financial instruments onshore are represented mainly by government securities in the total amount of R$ 2,131,912 (December 31, 2023 - R$ 336,544) and fund quotas in the total amount of R$ 40,835 (December 31, 2023 - R$ 32,430). Furthermore, the margin value paid in the transactions of derivative financial instruments offshore amounted to R$ 55,611 and received amounted to R$ 307,320 in the period ended December 2024.

(a) Notional value per asset, maturity and indexer

	12/31/2024					12/31/2023
	Up to 3 months	From 3 to 6 months	From 6 to 12 months	More than 1 year	Total	Total
Future market						
Purchased position						
Foreign exchange coupon	3,503,863	1,491,142	892,965	1,266,725	**7,154,695**	**4,228,325**
Interest rate	84,423	800,620	478,347	3,196,706	**4,560,096**	**4,784,387**
Foreign currency	3,288,222	–	–	–	**3,288,222**	**2,933,772**
IPCA	67,497	–	–	276,985	**344,482**	**5,584**
Commodities	30,004	15,703	69,764	195,887	**311,358**	**6,608**
Sold position						
Foreign exchange coupon	122,807	–	152,764	1,329,947	**1,605,518**	**1,116,676**
Interest rate	112,619	–	334,908	13,302	**460,829**	**626,476**
Foreign currency	2,994,275	–	–	6,137	**3,000,412**	**1,501,257**
IPCA	–	95,385	–	79,324	**174,709**	**359,215**
Commodities	6,059	9,541	–	14,779	**30,379**	–
Forward market						
Asset position						
Currency	1,915,292	208,065	425,167	108,605	**2,657,129**	**400,825**
Commodities	293,301	44,804	54,160	225,926	**618,191**	**103,987**
Others	–	396,669	–	–	**396,669**	**311,215**
Liability position						
Currency	3,302,877	52,295	996,003	167,781	**4,518,956**	**459,468**
Commodities	330,406	67,592	76,133	236,674	**710,805**	**127,277**
Swaps						
Asset position						
Interest rate	2,862,107	1,025,550	1,035,724	7,061,645	**11,985,026**	**19,589,633**
Currency	–	–	–	–	**–**	**1,488,215**
Commodities	8,332	–	–	14,544	**22,876**	**–**
Liability position						
Interest rate	2,239,239	1,744,666	1,458,901	5,634,029	**11,076,835**	**7,564,138**
Currency	994,494	–	–	–	**994,494**	**1,443,350**
Commodities	10,335	–	–	18,076	**28,411**	**–**
Options market						
Asset position						
Currency	172,252	223,133	173,101	136,949	**705,435**	**80,973**
Interest rate	–	–	1	–	**1**	**22,099**
Commodities	7,712	40,595	9,251	–	**57,558**	**–**
Liability position						
Currency	1,112,634	630,992	861,253	559,292	**3,164,171**	**1,530,883**
Interest rate	–	202,721	1	–	**202,722**	**1,450,825**
Commodities	7,701	39,183	4,785	–	**51,669**	**–**

(b) At cost and market value

	12/31/2024						12/31/2023
	Cost	Market	Up to 3 months	From 3 to 6 months	From 6 to 12 months	More than 1 year	Total
Future market							
Purchased position	57,679	57,679	33,422	1,608	6,054	16,595	993
Sold position	19,311	19,311	19,311	–	–	–	3,358
Swaps							
Asset position	1,219,892	1,590,433	40,588	32,406	42,087	1,475,352	1,161,432
Liability position	1,940,313	1,988,553	200,021	72,193	100,881	1,615,458	1,009,189
Term							
Asset position	541,749	2,565,435	1,641,816	28,828	751,606	143,185	383,994
Liability position	2,282,566	2,633,947	1,735,449	11,045	752,659	134,794	366,106
Options market							
Asset position	85,577	95,832	18,518	27,344	23,818	26,152	5,427
Liability position	415,716	583,984	95,832	285,897	69,059	133,196	1,491,787

(c) Notional value per counterparty

	12/31/2024						12/31/2023
	Financial institutions	Related parties	Legal entities	Settlement chamber/Stock exchanges	Individuals	Total	Total
Future market							
Purchased position	1,180,413	–	–	14,478,440	–	15,658,853	**11,958,676**
Sold position	554,114	–	–	4,717,733	–	5,271,847	**3,603,624**
Swaps							
Asset position	3,515,087	5,078,682	2,952,639	–	461,494	12,007,902	**21,077,848**
Liability position	2,769,079	4,112,288	5,010,092	–	208,281	12,099,740	**9,007,488**
Forward Market							
Asset position	869,444	1,766,154	1,034,917	–	1,474	3,671,989	**816,027**
Liability position	2,259,941	2,394,979	571,781	–	3,060	5,229,761	**586,745**
Options market							
Asset position	172,368	560,610	16,565	172	13,279	762,994	**103,072**
Liability position	2,677,795	519,033	12,132	202,962	6,640	3,418,562	**2,981,708**

The positions in the futures market include the following positions maturing on the first business day of the following month:

- Purchased contracts of foreign exchange coupon (DDI) in the amount of R$ 946,869 (December 31, 2023 - purchased contracts of foreign exchange coupon (DDI) in the amount of R$ 200,739)
- Foreign exchange coupon contracts sold (DDI) in the amount of R$ 122,805 (December 31, 2023 - foreign exchange coupon contracts sold (DDI) in the amount of R$ 295,545).
- Purchased contracts in interest (DI1) in the amount of R$ 84,423 (December 31, 2023 - R$ 260,572).
- Contracts sold in interest (DI1) in the amount of R$ 12,489 (December 31, 2023 - R$ 0).
- Purchased contracts in currency (DOL) in the amount of R$ 304,599 (December 31, 2023 - contracts purchased in currency (DOL) in the amount of R$ 810,918).
- Contracts sold in currency (DOL) in the amount of R$ 1,058,883 (December 31, 2023 - contracts sold in currency (DOL) in the amount of R$ 764,441).
- Purchased contracts in currency (EUP) in the amount of R$ 1,348 (December 31, 2023 - contracts purchased in currency (EUP) in the amount of R$ 0).
- Contracts sold in currency (EUP) in the amount of R$ 1,348 (December 31, 2023 - contracts sold in currency (EUP) in the amount of R$ 0).

The amount of revenues and net expenses with derivative financial instruments are as follows:

	Second six-month period of 2024	12/31/2024	12/31/2023
Future contracts	424,196	1,127,889	(601,212)
Options contracts	(194,171)	(307,860)	69,206
Swap and term contracts	(84,149)	(285,097)	313,302
TRS Contracts	153	543	–
Total	**146,029**	**535,475**	**(218,704)**

(d) Hedge accounting

Fundraising fair value hedge (I)

Banco BOCOM BBM entered into loan agreements in U.S. dollars with Bank of Communications with the objective of providing funding. They are as follows:

- On March 31, 2022 in the amount of USD 32,500 thousand with payment of pre-fixed interest of 2.38% p.a.
- On September 14, 2022 in the amount of USD 30,000 thousand with payment of post-fixed interest.
- On March 27, 2023 in the amount of USD 67,500 thousand with payment of post-fixed interest.
- On June 29, 2023 in the amount of USD 10,000 thousand with payment of post-fixed interest.

In order to index these flows to the CDI, a series of exchange coupon operations were carried out at B3, in accordance with the maturities and exposures of the available FRC contracts and the maturity of the operations. Disbursements were made in U.S. dollars, and, upon cash receipt, a market risk hedge was contracted, designating a portfolio of derivative financial instruments, comprising DDI, DOL and ED contracts for total hedge, considering the foreign exchange exposure and interest rate risks. In order to equalize the mark-to-market effects of derivative financial instruments designated as hedge, the amount of the hedged principal, plus interest due, is stated at fair value and also marked to market.

In the years ended December 2024 and 2023, since there is a matching of hedge object flows and the results of hedge derivatives, the effectiveness of the operation remains close to 99.86% and 98.00%, respectively.

	12/31/2024			12/31/2023		
Hedge object	Result of the object	Result of the hedge instrument	Effectiveness	Result of the object	Result of the hedge instrument	Effectiveness
Fundraising (I)	(80,469)	80,353	99.86%	77,743	(79,333)	98.00%

Fundraising fair value - hedge (II)

In December 2018, Banco BOCOM BBM designated a portfolio of derivative financial instruments constituted by DI1 and DAP contracts, with the objective of indexing to the CDI part of its pre-fixed funding portfolio. In order to equalize the effects of mark-to-market derivative financial instruments designated as hedge, the value of the pre-fixed funding portfolio is stated at fair value and also marked to market.

In the years ended December 2024 and 2023, since there is a matching of hedge object flows and the results of hedge derivatives, the effectiveness of the operation remains 100.34% and 103.35% to LF PRÉ, respectively.

	12/31/2024			12/31/2023		
Hedge object	Result of the object	Result of the hedge instrument	Effectiveness	Result of the object	Result of the hedge instrument	Effectiveness
Fundraising (II) - LF FIXED	2,937	(2,947)	100.34%	(2,537)	2,622	103.35%

Fundraising fair value - hedge (III)

In September 2024, the Bank designated a portfolio of derivative financial instruments consisting of DI1 Future contracts to index part of its liability portfolio in reais to the CDI, including fixed-rate instruments and those indexed to a percentage of the CDI. To align the effects of the mark-to-market valuation of the derivative financial instruments designated as hedges, the funding portfolio is presented at fair value and marked to market. The Bank had no instruments of this nature on December 31, 2023.

Since there is a matching of hedge object flows and the results of hedge derivatives, the effectiveness of the operation remains 101.79%. In the year ended December 2023, there was no hedge of the fair value of funding.

	12/31/2024		
Hedge object	Result of the object	Result of the hedge instrument	Effectiveness
Fundraising (III) - FIXED	141,035	(143,558)	101.79%

Investment cash flow abroad - hedge

In September 2016, CMN edited Resolution No. 4,524, establishing the criteria to record the transactions with financial instruments contracted to mitigate the risks associated to the foreign exchange exposure of the investments abroad.

In January 2017, Banco BOCOM BBM assigned a portfolio of derivative financial instruments consisting of DI1 and DOL contracts, with the purpose of hedging the foreign exchange rate risk of its investment abroad in the amount of USD 5,000,000, which is consolidated in the Bank.

In the years ended December 2024 and 2023, since there is a matching of hedge object flows and the results of hedge derivatives, the effectiveness of the transaction remained close to 100.00% and 100.00%, respectively.

	12/31/2024			12/31/2023		
Hedge object	Result of the object	Result of the hedge instrument	Effectiveness	Result of the object	Result of the hedge instrument	Effectiveness
Investment abroad	(68,966)	68,966	100.00%	(20,244)	20,244	100.00%

Fair value of the bonds held to maturity - hedge

In February 2022, Banco BOCOM BBM designated a portfolio of derivative financial instruments consisting of SOFR flat swap contracts vs. fixed rate in USD, in order to cover the risk of fluctuations in the external profitability of bonds classified as “held to maturity” due to fluctuations in the forward structure of SOFR curve. In the years ended December 2024 and 2023, because of the match between the flows of the hedge object and the results of the derivatives intended for hedge, the effectiveness of the operation was 104.14% and 103.38%, respectively.

	12/31/2024			12/31/2023		
Hedge object	Result of the object	Result of the hedge instrument	Effectiveness	Result of the object	Result of the hedge instrument	Effectiveness
Bonds held to maturity abroad - SOFR	(23,992)	24,985	104.14%	(14,915)	15,419	103.38%

Cash flow of the bonds available for sale abroad - hedge

In February 2022, Banco BOCOM BBM designated a portfolio of derivative financial instruments consisting of SOFR flat swap contracts vs. fixed rate in USD, in order to cover the risk of fluctuations in the external profitability of bonds classified as “held to maturity” due to fluctuations in the forward structure of SOFR curve. In the years ended December 2024 and 2023, because of the match between the flows of the hedge object and the results of the derivatives intended for hedge, the effectiveness of the operation was 99.93% and 107.54%, respectively.

	12/31/2024			12/31/2023		
Objeto de Hedge	Result of the object	Result of the hedge instrument	Effectiveness	Result of the object	Result of the hedge instrument	Effectiveness
Bonds available for sale abroad - SOFR	(2,821)	2,819	99.93%	(5,053)	5,434	107.54%

24. Risks management

Market Risk

Banco BOCOM BBM was a pioneer in terms of quantifying market risk in Brazil and developed a proprietary system in 1997 which became a benchmark for the industry.

The market risk management structure includes the following: a) the Executive Board, responsible for reviewing risk management policies and proposing risk management operating limits, submitting these for the approval of the Board of Directors at least once a year; b) the Board of Directors, which approves the risk policies and limits at least once a year; c) the Market Risk area, subordinated to the Risk Officer, is responsible for identifying, measuring, monitoring and reporting online to the Executive Board the Bank’s market risk, ensuring compliance with the market risk management policy, as well as guaranteeing that the operational limits are observed; d) the Price department, which, among other duties, is responsible for defining the price models and sources used in mark-to-market adjustments of traded products, regardless the management departments; e) Internal Audit, which is responsible for ensuring the adequacy of procedures and the consistency between market risk management policies and the structure actually implemented.

Market Risk means the risk arising from fluctuations in the values of assets and derivatives resulting from changes in market prices and rates, such as interest, stocks, currencies and commodities.

Market Risk control is based on the calculation of VaR - Value at Risk, a statistical tool that measures the maximum potential loss of BOCOM BBM for a given confidence level and investment horizon. BOCOM BBM's daily VaR limit calculated with 95% confidence is 2% of Equity. The model used to calculate the VaR limit is the parametric one. The variance-covariance matrix is estimated daily using GARCH models. This model captures the presence of volatility groupings and, according to the daily estimated parameters, gives more weight to the most recent past. It should be noted that other VaR models are available, such as Monte Carlo Simulation and Historical Simulation. The effectiveness of the risk model is tested annually through back-testing, which consists in comparing the VaR estimates with the actual daily results.

Furthermore, scenarios are analyzed daily, and these scenarios are quarterly defined by the Risk Committee, independent of the management departments. A full description of the Bank’s market risk management structure is available on Banco BOCOM BBM’s website (www.bancobocombbm.com.br).

*VaR = Maximum potential loss, given the confidence level and the investment horizon. In the case of BBM, the limit is set based on a 95% probability that the Bank will lose a maximum of 2% of equity in 1 day.

Reference Date	VaR (in R$ Millions)
12/31/2024	7.6
06/30/2024	5.4
12/31/2023	3.3
06/30/2023	3.6

In addition to VaR, stress tests are performed based on the stress scenarios provided by B3. Based on the envelope scenarios for each risk factor, an optimistic and a pessimistic scenario are defined, considering a horizon of 3 business days. For the risk factors in which there is no shock defined by B3 scenarios, the shocks of related risk factors are used. Thus, based on the exposure of the Bank's portfolio to each of the risk factors, the consolidated financial loss of the stressed portfolio is calculated for each of the two scenarios. Finally, the scenario with the highest financial loss is used as a reference.

Reference Date	B3 Stress (in R$ Millions)
12/31/2024	-127.6
06/30/2024	-105.6
12/31/2023	-94.1
06/30/2023	-101.5

Liquidity risk

Banco BOCOM BBM’s liquidity target is to ensure that at any given time the Bank has sufficient cash to meet all its liabilities and other commitments. It is the responsibility of the Liquidity Risk area to monitor whether there is sufficient free cash position to guarantee the continuity of the Bank's operations in a severe stress scenario, following the limits and guidelines defined by the Risk Committee and approved by the Board of Directors.

Liquidity risk is managed based on cash flow forecasts, considering different scenarios for fundraising, credit operations and treasury operations. These cash flow analyses take into consideration: (a) the implicit risk of each client, (b) possible additional cash for compulsory deposits, (c) derivative adjustments; and (d) other existing obligations. The general principle is to ensure that the Bank’s commitments are aligned to its equity and the current policies for fundraising, credit and treasury.

Banco BOCOM BBM has a liquidity risk management structure comprising the following agents, with their respective assignments: a) Liquidity Risk area, subordinated to the Risk Director, which is responsible for centralizing and measuring the information referring to liquidity risk management, ensuring that operational limits are observed and disclosing reports to support decision making on liquidity risk; b) Internal Audit, which is responsible for ensuring the adequacy of the procedures and the consistency between the liquidity risk management policies and the effectively implemented structure. A full description of the Bank's liquidity risk management structure is available on the website of Banco BOCOM BBM (www.bocombbm.com.br).

	12/31/2024	12/31/2023
Current assets	19,431,658	16,490,094
Current liabilities	(22,453,025)	(19,489,638)
Working capital, net	**(3,021,367)**	**(2,999,544)**
Securities available for sale presented in long-term receivables	4,179,796	2,629,963
Loans abroad	2,424,285	3,973,954
	3,582,714	**3,604,373**

Banco BOCOM BBM's current liabilities are higher than its current assets calculated according to the nominal maturity of its operations. However, part of the current liabilities are loans made to the parent company in the total amount of R$ 2,830,376 which, despite having a maturity of less than 1 year, are systematically renewed.

Credit risk

Banco BOCOM BBM has a credit risk management structure comprising the following elements and respective duties: a) the Credit Committee, which is responsible for defining the economic groups' credit limits, and monitoring and evaluating the consolidated portfolio position, its concentration and risk level. It is also responsible for establishing the terms for solving default on credit operations or with a certain level of deterioration of the guarantees and deciding whether or not to initiate judicial collection proceedings, as applicable; b) Board of Directors, responsible for approving the risk policies and limits, at least once a year; c) Credit Risk area, subordinated to the Risk Director, is responsible for centralizing and evaluating information related to the individual and consolidated credit risk management, per operation, ensuring that operating limits are complied with, disclosing reports that make it easy to make a decision related to credit limits approved by the Credit Committee. It is also the responsibility of the risk area to previously evaluate new operational genres related to credit risk; d) Credit Analysis area, responsible for assessing the credit risk of economic groups with which the Bank maintains or intends to maintain credit relationships; e) Internal Audit, which carries out periodic audits of the business units and of the credit processes of the Group; f) Legal Department, responsible for analyzing the contracts entered into by Banco BOCOM BBM and its clients, as well as coordinating measures to recover credits or to protect the Bank's rights; and g) Contracts Department, responsible for checking the adherence of operations to the parameters established in the Credit Limit Proposal ("PLC"), as well as providing the adequate guarantees. It is also responsible for issuing contracts to be entered into by Banco BOCOM BBM and the client. A full description of the credit risk management structure is available on the website of Banco BOCOM BBM (www.bocombbm.com.br).

Operational risk

It is the risk associated with faulty or inadequate internal processes, human or systems failures, or external events. Operational risk is inherent to the Conglomerate's activities and can be manifested in several ways.

To monitor and control these risks, and in line with the guidelines of the Regulatory Bodies and best market practices, the Financial Conglomerate BOCOM BBM ("BOCOM BBM") established the "Operational Risk Management Policy". This document constitutes a set of principles, procedures and responsibilities to be observed, in order to ensure the functioning and strengthening of our internal control systems.

The area is responsible for ensuring, together with the other components of the risk management structure, compliance with the guidelines established by the mentioned Policy. The Internal Controls and Operating Risk area is a segregated independent organizational area of Internal Audit, under the responsibility of the Risk Office.

The complete description of the operating risk management structure is available for the public on the website of Banco BOCOM BBM (www. bocombbm.com.br).

Capital management

Banco BOCOM BBM manages its capital through a structure comprising the following bodies: Board of Directors, Executive Board, Internal Control, Capital and Risk Board, Treasury Board, Fundraising Board, Back Office, Business Units and Audit Board. The Board of Directors is the highest body within this structure, in charge of monitoring capital adequacy. The Executive Board must review the documents to be submitted to the Board of Directors, as well as approving the methodologies to be used for the management and monitoring of capital adequacy. Capital management and centralization is a responsibility of the Capital and Risk Board, which must continuously work to improve and oversee the institution's compliance with the capital management policy and its capital plan. The Treasury and Fundraising Boards are responsible for planning the issuance of equity instrument, if necessary. The capital management department periodically generates reports on capital adequacy, which are sent to the Executive Board and to the Board of Directors.

These reports comprise simulations of severe events and extreme market conditions. The Business Units must provide all the information that the Internal Control, Capital and Risk Board deem necessary for effective capital management. The Audit department is responsible for evaluating, from time to time, the effectiveness of the capital management process. The description of the capital management structure is available on the website of Banco BOCOM BBM (www.bocombbm.com.br).

Fair value hierarchy

A) Financial Assets and Liabilities Measured at Fair Value

The table below presents financial assets and liabilities measured at fair value on a recurring basis, segregated by levels of the fair value hierarchy.

Assets	12/31/2024			
Securities for trading	Level 1	Level 2	Level 3	Total
Financial Treasury Bills	11,582	–	–	11,582
National Treasury Bills	835	–	–	835
National Treasury Notes - B series	2,105,561	–	–	2,105,561
Investment fund quotas	299,900	–	–	299,900
Total - Securities for trading	**2,417,878**	**–**	**–**	**2,417,878**

Fair value hierarchy

Assets	12/31/2024			
Securities available for sale	Level 1	Level 2	Level 3	Total
Agribusiness Certificate of Credit Rights	–	334,865	–	334,865
Rural product note	–	1,226,365	–	1,226,365
Agribusiness Receivables Certificates	–	75,390	–	75,390
Certificate of Real Estate Receivables	–	24,137	–	24,137
Debentures	–	338,336	–	338,336
Eurobonds	617,476	–	–	617,476
Private Financial Bills	–	335,205	–	335,205
Financial Treasury Bills	1,962,827	–	–	1,962,827
National Treasury Notes - B series	9,870	–	–	9,870
Commercial Note	–	572,127	–	572,127
Total - Securities available for sale	**2,590,173**	**2,906,425**	**–**	**5,496,598**

Assets	12/31/2024			
Derivative financial instruments	Level 1	Level 2	Level 3	Total
Swap operations	–	1,590,434	–	1,590,434
Term	–	2,565,433	–	2,565,433
Futures	57,679	–	–	57,679
Options	439	94,085	1,308	95,832
Total - Derivative	**58,118**	**4,249,953**	**1,308**	**4,309,379**
Total Assets	**5,066,169**	**7,156,378**	**1,308**	**12,223,855**

Liabilities	12/31/2024			
Derivatives - Liabilities	Level 1	Level 2	Level 3	Total
Swap operations	–	1,988,553	–	1,988,553
Term	–	2,633,948	–	2,633,948
Futures	19,311	–	–	19,311
Options	203,313	238,604	142,066	583,980
Total Liabilities	**222,624**	**4,861,105**	**142,066**	**5,225,794**

25. Operating limits

In October 2013, the new rules related to capital measurement became effective. The financial institutions and similar entities must maintain minimum equity of 8.0% of their assets, weighted by grades of risk to expositions in gold, foreign exchange and operations subject to the operating risk and to the variations in: foreign exchange, interest rate, price of commodities and price of shares classified as held for trade, according to BACEN's standards and instructions. The Prudential Conglomerate of Banco BOCOM BBM is within this operational limit on December 31, 2024.

	12/31/2024	12/31/2023
Reference Equity Level I	**1,556,626**	**1,379,150**
Level I + Equity Adjustments Except Non-consolidated Interest and Tax C redit	1,603,883	1,421,321
Decrease in intangible / deferred assets according to C MN Resolution No. 4,955	47,257	42,171
Reference Equity Level II	**672,163**	**591,587**
Reference Equity (PR)	**2,228,789**	**1,970,737**
Risk-Weighted Assets (RWA)	**1,211,242**	**1,062,603**
Portion referring to:		
Credit risk (RWAC PAD)	1,038,486	908,698
Market risk (RWAMPAD)	52,676	53,740
Operating risk (RWAOPAD)	120,080	100,165
Margin or Insufficiency Value (PR - RWA)	**1,017,547**	**908,134**
Risk Factor – 8.00% of PR	**178,303**	**157,659**
Basel Rate (Risk Factor / RWA)	**14,72%**	**14,84%**
RBAN	109,668	133,419
AC P required	378,513	332,063
Reference Equity Margin + RBAN and ACP	**529,366**	**442,652**

26. Income tax and social Contribution

Changes in tax credits and provision for deferred taxes on temporary differences are as follows:

	12/31/2024	12/31/2023
Asset credit tax		
Balance at January 1	**136,454**	**186,680**
C onstitution (Reversal)		
- With effects in the result	225,490	(46,543)
- With effects in equity		
(Securities held for sale)	12,694	(3,683)
Balance at December 31	**374,638**	**136,454**
Provision for deferred taxes (*)		
Balance at January 1	**119,170**	**176,896**
C onstitution (Reversal)		
- With effects in the result	194,139	(57,726)
Balance at December 31	**313,309**	**119,170**

(*) The amount of provision for deferred taxes is recorded as other tax and social security obligations.

According to the BACEN Resolution No. 15/2020, in its Article 13, the constitutions and write-offs that occurred in the deferred tax assets and liabilities were highlighted, as well as their nature and origins, as follows:

	12/31/2023	Constitution	Reversal	12/31/2024
Asset credit tax				
Temporary differences (a)				
- Provision for loan transactions	46,282	12,396	10,419	48,259
- Market value adjustment - marketable securities and	69,776	295,237	54,054	310,959
- Provisions for C ontingencies (Note 25)	4,297	1,099	638	4,758
- Others	16,094	36,279	41,716	10,657
- CTA Tax Effects	5	–	–	5
Social Contribution Negative Basis	–	–	–	–
Tax loss	–	–	–	–
Total	**136,454**	**345,011**	**106,827**	**374,638**
Provision for deferred taxes				
Temporary differences (a)				
- Adjustment to Market of TVM and Derivatives	119,133	225,204	31,064	313,273
- Others	37	–	–	36
Total	**119,170**	**225,204**	**31,064**	**313,309**

(a) It is expected that the realization of these tax credits occurs up to the end of 2032 for Income Tax and Social Contribution, being its present value of R$ 41 million. The Social Contribution on tax credits was calculated considering the 20% rate, according to the publication of PEC No. 6, 2019, for the additions and write-offs as from March 1, 2020.

The present value of the tax credits, considering the expectation of realization for the deferred tax assets and liabilities, is as follows:

Description	Tax credits on temporary differences	Loss and negative basis
2025	(30,962)	–
2026	68,429	–
2027	10,932	–
2028	3,734	–
2029	4,077	–
2030	6,828	–
2031	3,831	–
2032	3,551	–
Total	**70,421**	**–**
Present value	**41,145**	**–**

The tax credits of Banco BOCOM BBM were accounted for in the financial statements using the rates applicable for the period they are expected to be realized, and they are based on the future results projections and on a technical study prepared in accordance with CMN Resolution No. 4,842/2020. This study is annually reviewed and has considered the effects in the tax credit stock of the changes provided for by Law No. 14,467/22.

The conciliation of the expense calculated using the tax rates and the expense of income tax and social contribution accounted for in the Bank is as follows:

	12/31/2024		12/31/2023	
	IRPJ	CSLL	IRPJ	CSLL
Income before taxes	**347,506**	**347,506**	**360,359**	**360,359**
Bank´s net profit	281,692	281,692	273,296	273,296
(–) Interest on own capital	(82,938)	(82,938)	(70,584)	(70,584)
(–/+) Income tax and social contribution	(148,752)	(148,752)	(157,647)	(157,647)
Tax rate	**25%**	**20%**	**25%**	**20%**
Income tax and social contribution				
At tax rate	(86,877)	(69,501)	(90,090)	(72,072)
Permanent additions	**364,747**	**309,475**	**214,870**	**177,907**
Non-deductible expenses	129,722	74,450	74,267	37,304
Addition on profit abroad	235,025	235,025	140,603	140,603
Permanent exclusions	**283,006**	**260,053**	**146,880**	**129,907**
Tax-free revenues	68,966	68,966	31,034	14,061
Non-taxable income	22,955	2	–	–
Equity in the result of investees (Bank)	191,085	191,085	115,846	115,846
Temporary additions/exclusions	**70,245**	**71,135**	**25,247**	**26,564**
Tax basis	**499,492**	**468,063**	**453,596**	**434,924**
Use of tax loss and negative basis	**–**	**–**	**–**	**–**
Tax basis with use of tax loss and negative basis	**499,492**	**468,063**	**453,596**	**434,924**
Income tax and social contribution (a)	**(124,849)**	**(93,613)**	**(113,375)**	**(86,985)**
Use of tax incentives and taxes of subsidiaries abroad	**1,726**	**–**	**1,679**	**–**
Income tax and social contribution in the result for the period	**(123,124)**	**(93,613)**	**(111,695)**	**(86,985)**
Exclusive Withholding Tax (Law 12.431)	(3,443)	–	–	–
Income Tax Withheld from Other Group Institutions Abroad	1,917	–	(2,546)	–
DIPJ adjustment	627	–	1,513	–
Provision for Deferred Tax Liabilities	(107,855)	(86,284)	32,071	25,657
Deferred Tax Assets	125,163	100,328	(25,776)	(20,358)
Income tax and social contribution in the result for the period - Banco BOCOM BBM	**(106,715)**	**(79,569)**	**(106,433)**	**(81,685)**

27. Contingent provisions and liabilities

The Bank is a party to lawsuits and administrative proceedings arising from the normal course of its operations, involving tax, labor and civil matters among others.

Breakdown of provision

a) Labor provisions

Based on information from its legal advisors and on an analysis of the pending legal and civil proceedings and labor suits, considering previous experience related to the claimed amounts and current stage of the processes, management recorded a provision in an amount considered sufficient to cover the estimated losses expected in connection with ongoing litigation, as follows:

	12/31/2024	12/31/2023
Labor	7,805	8,292
Total - Provisions for labor contingencies	**7,805**	**8,292**

These provisions are recorded as “Other liabilities - sundry” under Long-term liabilities. During the year ended December 31, 2024, R$ 450 were reverted into contingent liabilities in the Bank.

Changes in the provisions are as follows:

	12/31/2024	12/31/2023
Balance at the beginning of the year	**8,292**	**11,049**
Constitution/Reversal	450	(657)
Write-off	(937)	(2,100)
Balance at the end of the year	**7,805**	**8,292**

In the year ended December 2024, Banco Bocom BBM S.A. had a labor lawsuit classified as possible, the value of which was R$ 63.

b) Tax and social security provisions

Bocom BBM is a party to other legal proceedings for which internal and external legal advisors have assessed the risk of loss as possible. Among the tax proceedings classified as a possible loss, there are seven suits in which the main issue relates to a compensation process that is still in its initial administrative stage, and the aggregate amount involved is not material.

In November 2019, Banco BOCOM BBM received tax assessments from the Brazilian Federal Revenue Service regarding: (i) allegedly owed social security contributions on profit-sharing (PLR) in the amount of R$ 7.3 million and (ii) allegedly owed social security

contributions on meal benefits in the amount of R$ 1.5 million. Both amounts relate to payments made in 2015. The Bank is contesting these assessments at the administrative level. According to our legal advisors, the likelihood of loss in the first suit is considered possible, while in the second one, it is deemed remote. Since they are currently classified as possible and remote, the institution has not recorded a provision in its liabilities.

At the end of the second half of 2024, Banco BOCOM BBM had no active proceedings related to the judgment of Theme No. 372 of the Brazilian Supreme Federal Court (the enforceability of PIS and COFINS on financial institutions' financial income).

c) Civil provisions

Bocom BBM is a party to other lawsuits for which the internal and external legal advisors have assessed the risk of loss to be possible. From all the civil suits classified as possible loss, there are 13 proceedings in the amount of R$ 4,266 (at December 31,2023 R$ 4,091), which main discussion is related to: request for a review of contractual terms and conditions, requests for monetary adjustments (including alleged effects of the implementation of various government economic plans), bankruptcy, protests, accountability, having counterparties originating from credit operations or products already discontinued, and provision services. For the purposes of provisioning for civil lawsuits, the legal advisors considered the law, jurisprudence, background of cases and the procedural stage.

Based on information from its legal advisors, an analysis of pending lawsuits and, with regard to civil lawsuits, based on previous experience regarding the amounts claimed and the current stage of the proceedings, management has set aside a provision in an amount considered sufficient to cover estimated losses on ongoing lawsuits, as follows:

	12/31/2024	12/31/2023
Civil	1,165	–
Total - Provision for civil contingencies	**1,165**	**–**

d) Others

Based on the preliminary injunction obtained, Banco BOCOM BBM ensured the suspension of the requirement for PIS/Pasep and COFINS tax credits that are determined, with the levy of Service Tax (ISS) in their calculation bases, as well as their respective bookkeeping for timely and future offset, if applicable, with the respective ISS deductibility from the calculation bases of the mentioned contributions. Based on that preliminary injunction, Banco BOCOM BBM started to collect, in November 2018, PIS/Pasep and COFINS disregarding the municipal tax in their respective calculation bases, having constituted a liability for the remaining balance up to December 2024, recorded as “Other Sundry Liabilities” in Long-Term Liabilities, as follows:

	12/31/2024	12/31/2023
PIS and COFINS	1,604	1,257
Total	**1,604**	**1,257**

On December 5, 2016, the Brazilian Administrative Council for Economic Defense (CADE) filed an administrative proceeding against Banco BOCOM BBM S.A. investigating alleged anticompetitive practices in relation to the onshore foreign exchange market between 2008 and 2012. The Bank, together with its legal advisors, has already presented its administrative defense, still pending judgment.

28. Allowance for financial guarantees

The allowance for doubtful accounts related to financial guarantees is based on the analysis of operations according to the type of obligation provided, past experience, future expectations and management's risk assessment policy. They are reviewed periodically, as established by CMN Resolution No. 4,512/2016.

	12/31/2024	12/31/2023
Guarantee		
Linked to bids, auctions, service render or construction	929,698	1,032,559
Surety Guarantee in lawsuits and administrative procedures	382,300	369,969
Other sureties	351,450	313,154
Linked to international trade	2,025	27,313
Total	**1,665,473**	**1,742,995**
Changes in allowances for financial guarantees		
Beginning balance	**3,089**	**8,159**
Constituition / (Reversal)	(600)	(5,070)
Ending balance	**2,489**	**3,089**

29. Other information

(a) Agreement for the compensation and settlement of obligations

Banco BOCOM BBM has an agreement for the compensation and settlement of obligations within the scope of the National Financial System, according to CMN Resolution No. 3,263/05, resulting in more guarantee to settle its debts with financial institutions with which it has this kind of agreement. On December 31, 2024, the total assets mitigated by compensation agreement was R$ 483,294 (December 31, 2023 - R$ 771,607).

(b) Marketable securities portfolio

In the year ended December 31, 2024, based on Resolution 3,181/04 of the Central Bank of Brazil, the Bank's Executive Committee unanimously approved to continue the process of stretching the portfolio of nominal securities held to maturity, selling R$ 270,816 in National Treasury bills maturing on July 2024 and buying R$ 304,764 maturing on July 2025, which generated an effect on the result of R$ 2,944.

At the end of the year, Banco BOCOM BBM had R$ 3,190,925 in marketable securities classified as “held to maturity”, according to Circular Letter No. 3,068/01 of Central Bank of Brazil. Banco BOCOM BBM has financial capacity and intention to hold them to maturity.

30. Impacts of early adoption of CMN Resolution no. 4,966

In the financial statements prepared to date, the following standards and interpretations, with an effective adoption date after December 31, 2024, have not yet been adopted by the Banco BOCOM BBM. These include CMN Resolution No. 4,966 of November 25, 2021, BCB Resolution No. 352 of November 23, 2023, and any supplementary regulations.

In November 2021, the National Monetary Council (CMN) issued CMN Resolution No. 4,966/21, introducing new accounting guidelines for financial instruments aligned with the principles established in IFRS 9. This new resolution replaces resolutions and circulars previously issued by the Central Bank of Brazil (“BACEN”) that governed the classification and measurement of financial instruments and provisions for doubtful accounts, including CMN Resolution No. 2,682/99 – which had defined the measurement basis for financial institutions’ provisions for doubtful debts since 1999 – as well as BACEN Circular Letters No. 3,068/01 and No. 3,082/03, applicable to securities and financial assets.

CMN Resolution No. 4,966/21 requires financial institutions to assess, classify, and measure their financial instruments in accordance with the business model established for each financial asset and liability. Among other aspects, the resolution rules that institutions measure their provisions for doubtful debts based on the expected loss concept, eliminating the need to wait for an actual default. This approach enhances the accuracy of provisions concerning future losses that the institution may recognize in subsequent periods.

In 2023, CMN Resolution No. 5,100/23 and BCB Resolution No. 352/23 were issued as complementary to CMN Resolution No. 4,966/21, providing additional guidelines on matters such as:

- Application of the methodology for determining the effective interest rate of financial instruments.
- Establishment of provisions for losses associated with credit risk.
- Disclosure of information related to financial instruments in explanatory notes, as required for financial institutions.
- Recognition of immaterial transaction costs.
- Revenue appropriation.

These resolutions aim to provide more detailed and comprehensive guidance for financial institutions regarding the accounting and disclosure of information on financial instruments.

1. Model proposed by CMN Resolution No. 4,966/21 and related standards

The main aspects contained within the new standard are as follows:

a) Classification of financial instruments

The classification criterion for Financial Assets will depend both on the business model for its management and the characteristics of the contractual cash flows, aiming to specifically identify whether it meets the “Solely Payments of Principal and Interest” (SPPI) criterion. Based on the aforementioned, the asset will be classified as::

I. **Amortized cost (“AM”):** used when financial assets are managed to collect contractual cash flows consisting solely of payments of principal and interest.

II. **Fair value through other comprehensive income (“FVTOCI”):** used when the financial assets are maintained both to obtaining contractual cash flows, constituted only by payments of principal and interest, and to sale.

III. **Fair value through profit or loss (“FVTPL”):** assets that do not meet the classification of the previous categories (above).

The existing categories of financial assets at fair value through profit or loss remain unchanged, with no introduction of new designations.

With respect to financial liabilities, the classification remains essentially unchanged from the current standard.

Starting in January 2025, financial assets and liabilities classified and measured at amortized cost will be recognized using the Effective Interest Rate (“EIR”) method. This means that the present value of all receipts and payments over the contractual term will be equalized to the gross carrying amount of the financial asset or liability. However, credit operations originated until December 31, 2024, will continue to be recognized at the contractual rate stipulated in their respective agreements throughout their duration.

Regarding credit operations classified under the amortized cost category, BOCOM BBM has opted to recognize revenues and expenses related to transaction costs and other amounts received at the origination or issuance of the financial instrument when they represent income or expense exceeding 1% of the transaction’s result.

Additionally, immaterial costs will not be recognized, in accordance with Article 13 of BCB Resolution No. 352/23.

b) Credit risk impairment model

CMN Resolution No. 4,966/21 introduces a new concept for calculating the provision for doubtful accounts. According to the classification within the prudential segment, financial institutions must adopt either the full or simplified methodology to assess losses. As BOCOM BBM is classified under segment S3, the applicable methodology is the full approach.

Within the criteria established for measuring the provision for expected losses, incurred losses on financial instruments must be considered, as defined in Resolution No. 352/23, Article 76, for both performing and non-performing operations. Additionally, the resolution does not exempt the institution from applying the full methodology for calculating the provision for expected credit losses, including the requirement to establish an additional provision based on the type of portfolio and the corresponding percentages.

Currently, impairment losses are recorded only when there is objective evidence that the recoverable amount of assets has decreased due to one or more loss events occurring after the initial recognition of those assets. In addition, these loss events must adversely affect the expected future cash flows of the asset, which can be estimated reliably.

Under the current standard, losses incurred are assessed based on reasonable and supportable information about past events and current conditions. According to CMN Resolution No. 4,966/21, the expectation of future events and economic conditions must also be considered.

Based on its best estimates, the Bank predicts that the transition to CMN Resolution 4,966/21 will result in a reduction in the Equity of approximately R$15,780 milion after tax effects.

CMN Resolution No. 4,966/21 defines that operations must be classified into stages 1, 2 and 3, with the allocation metric in each stage being as follows:

Stage 1 – **Operations in normal course – Expected Loss considering the probability of default for the next 12 months;**

- Financial instruments that, at the time of initial recognition, are not classified as a financial asset with credit recovery problems; and
- Operations that do not present a significant increase in risk in relation to the initial assessment.

Stage 2 – **Transactions that presented a significant increase in credit risk – Lifetime Expected Loss;**

- Instruments that are more than 30 days late in paying the principal or charges; and
- If the client is found to be in arrears with other institutions regarding credit obligations, which may result in delays in operations of BOCOM BBM

Stage 3 – **Default operations (troubled asset) – Lifetime expected loss;**

- Transactions that are more than 90 days late in paying the principal or charges;
- Restructured transactions, whose contractual clauses have been unilaterally breached, or subject to judicial enforcement;
- Instruments with counterparties that declare bankruptcy, judicial recovery or similar acts; and/or
- If a significant delay in credit obligations by the customer with other institutions is found.

In this sense, management assessed that there is objective evidence regarding the loss of recoverable value in operations that are delayed by 90 days or more.

Application perimeter
The financial asset impairment model established by CMN Resolution No. 4,966/21 has a broader scope of application than the loss model currently used, applying to financial assets classified in the CA categories, to debt instruments classified in the FVTOCI category.

Impairment estimation methodology
The expected credit loss model is based on the creation of loss scenarios considering the characteristics of the products and their stages for the PD, LGD and EAD indices:

- **PD (Probability of Default):** The purpose of the probability of default is to estimate the probability of a given transaction becoming a troubled asset, based on the definitions of CMN Resolution No. 4,966/21 and other criteria that the entity deems reasonable. Considering that the PD has the functionality of representing the probability of default occurring and not its severity, its estimate should consider the frequency of occurrences and not their value. In addition, it will be necessary to define in the modeling process the 12-month PDs for the purpose of measuring instruments classified in Stage 1 and Lifetime PDs for application in Stage 2.

The main modeling metrics observed in the market for the PD parameter stand out as follows:

  - Rating associated with each operation according to internal assessment methodology; and
  - The 5-year CDS Brazil spread, which represents the forward-looking component of the model
- **LGD (Loss Given Default):** The loss given default is intended to estimate the amount of actual loss from operations that default. To estimate this parameter, the amounts of operations in default and the amounts that materialized as losses are used, thus finding the ratio of loss to total defaults. It is important to assess the recovery period for each group and their respective correlations to define the criteria for write-off as loss, as established by CMN Resolution No. 4,966/21.

The main modeling metrics of the LGD parameter stand out as follows:

  - The history of recovery of different types of collateral in cases observed by the bank;
  - Internal liquidity estimation models for self-liquidating guarantees; and
  - Stop-loss parameters and coverage limits guaranteed by funds and financial institutions.

- **EAD (Exposure at Default):** Exposure to default is intended to reflect the balance exposed at the time of default.

Based on CMN Resolution No. 4,966/21, expected losses should be considered as the calculation basis:

- The gross carrying amount of financial assets
- The present value of estimated future disbursements for which the institution is responsible linked to financial guarantee contracts provided; and
- The present value of the estimated use of resources from credit commitments; and
- The present value of the credit to be released.

To estimate the parameters mentioned above, BOCOM BBM has applied its experience in developing internal models to calculate parameters for both regulatory environment and internal management purposes.

This amount will be recognized in accounting terms upon adoption of the standard on January 1, 2025, as a counterpart to the asset reduction account “provision for doubtful accounts” regarding the expected loss for financial assets classified in the CA categories, on financial instruments classified in the FVTPL and FVTOCI categories. For other risks and contingent commitments, the record will be made under the heading “provisions”.

Definition of troubled asset and stop accrual

CMN Resolution No. 4,966/21 establishes that an asset is considered to have a credit recovery problem (troubled asset) when there is a delay of more than 90 days in the payment of the principal or charges; or there is an indication that the respective obligation will not be fully honored under the agreed conditions, without the need to resort to guarantees or collateral. In addition, the aforementioned resolution explicitly prohibits the recognition, in the statement of operations for the period, of any revenue not yet received related to financial assets with credit recovery problems, in a procedure known as Stop Accrual.

BOCOM BBM does not recognize interest from the moment Management understands that the asset has become problematic, with all the criteria for such classification being defined in internal policy.

For assets with characteristics of a credit recovery problem, the following criteria are considered: (i) the counterparty no longer has the financial capacity to honor its obligation; (ii) restructuring of the asset; (iii) bankruptcy decreed, judicial recovery; (iv) court order preventing fulfillment of obligations; (v) significant reduction in the liquidity of the asset associated with the obligation, due to a decrease in its financial capacity to honor its obligation; (vi) default on relevant contractual clauses; and (vii) trading of instruments with a significant discount that reflects losses incurred associated with credit risk.

Write-off of financial asset

As required by CMN Resolution No. 4,966/21, a financial assets must be written-off upon the following scenarios:

- The cash flow contractual rights of the financial asset expire; or
- The financial asset is transferred, and the transfer qualifies to be written-off.

Given the studies carried out by BOCOM BBM, the write-off (recognition period of non-recovery of the value) was set at 24 months, being three months of delay plus 21 months until the loss is recorded and the value of LGD considering the recovery performance up to 60 months.

c) Hedge accounting

Hedge accounting requirements establish the representation, in the financial statements, of the effect of an institution's risk management with regard to the use of financial instruments to manage exposures that affect the entity's results.

It should be noted that hedging operations must be reclassified from January 1, 2027 into the new following categories:

- Fair value hedge;
- Cash flow hedge;
- Net investment abroad hedge.

d) Current and deferred taxes

Law 14,467/22, published on November 17, 2022, replaces the tax treatment of losses in the receipt of credits in article 9 of Law 9,430. The new law comes into effect as from January 2025, aiming at a better alignment of tax and accounting rules, as detailed below:

Rules for deductibility of defaulted transactions:

(I) Any transaction that is more than 90 (ninety) days late in relation to the payment of the principal or charges is considered to be in default – and subject to tax deductibility;

(II) The amount of the deductible loss must be determined monthly, limited to the total value of the credit, based on the following rules:

- Application of factor "A" to the total credit value from the month in which the transaction is considered in default;
- Plus the value resulting from the application of factor "B" multiplied by the number of months of delay, starting from the month in which the transaction was considered in default, on the total value of the credit;
- Less the amounts already deducted in previous assessment periods.

Factors “A” and “B”, used to calculate the monthly deductible loss incurred, are set out in Article 3 of Law 14,467/2022 and were established based on statistical surveys carried out by the Central Bank of Brazil, taking into account the characteristics of the operations, especially the guarantees linked to them.

Law 14,467/22 also provided for the treatment applicable to financial charges in the event of bankruptcy or judicial recovery, the recovery of credits and losses with related parties and residents abroad, as summarized below:

Bankruptcy or judicial recovery
Financial charges on losses incurred in the collection of credits and recognized in accounting terms as income from defaulted transactions or after the date the bankruptcy was declared or the granting of the debtor's judicial recovery must be excluded from the Tax Income and Social Contribution calculation basis. However, when these charges become available to the legal entity within the legal period, for legal purposes, they must be added to the calculation basis.

Credit recovery
The total amount of deducted credits that have been recovered, at any time or for any reason, including in cases of debt novation or seizure of assets received as collateral, must be computed in the Income Tax and Social Contribution calculation basis.

Non-deductible losses
Losses from the receipt of credits in transactions with related parties resident abroad will not be deductible. The following are considered related parties: controllers, whether legal entities or individuals; directors and members of statutory or contractual bodies (including spouses, partners and relatives, or relatives up to the second degree, in the case of individuals); Individuals with a direct or indirect equity interest in the capital of the creditor equal to 15% or more of the shares or quotas in its capital; Controlled or affiliated legal entities, over which there is effective operational control or predominance in deliberations, regardless of the equity interest, or which have a director or member of the board of directors in common.

The stock of deferred tax assets arising from losses related to credits that are in default on December 31, 2024, which have not been deducted up to that date and which have not been recovered, may only be deducted at the rate of 1/84 (one eighty-fourth) for each month of the assessment period, starting in January 2026.

Glossary

Active Management
Active management of an investment fund aims to assure a return higher than a specified benchmark. To achieve this objective, the fund manager analyzes assets and selects those considered suitable for investment by the fund.

Agribusiness Credit Bills (LCA)
Fixed-income debt instruments issued by financial Institutions to fund loans to agribusiness. The investor lends his money to receive it corrected in the future. They are protected by the Credit Guarantee Fund (FGC), which covers up to BRL 250,000 in the event of a bank failure.

Agribusiness Receivables Certificate (CRA)
Bond issued exclusively by securitization companies with the purpose of financing activities related to agribusiness. It represents the promise of a future payment to the investor, based on receivables originating from business between rural producers, or their cooperatives, and third parties. It does not have protection from the Credit Guarantee Fund (FGC).

Allowance for Loan Losses
Allowance for Loan Losses is a balance sheet account that represents a Bank's best estimate of future loan losses due to client delinquency and default.

Allocation
Distribution of resources available for investment in different assets in order to obtain the highest possible return with the lowest possible risk.

ANBIMA B5 Market Index (IMA-B5)
Sub-index of the Anbima Market Index (IMA), which tracks the performance of government bonds, in this case, indexed to the IPCA with a maturity of up to five years (B5). It is used as a reference for fixed income investments and pays real interest, that is, above inflation.

Assets
Set of resources with economic value under the possession or control of the company.

Backtesting
Procedure to validate financial models based on their past performance. In this manner it is possible to determine how well a given model would have performed in the past as a basis for predicting its future performance.

Basel Ratio
Index that measures the degree of leverage of a financial Institution.

Cash and Cash Equivalents
Assets that make up the free cash position. They consist of the most liquid items on the balance sheet.

Certificates of Deposit (CD)
Short-term negotiable debt instruments issued by financial institutions that promise to pay the bearer or registered owner a fixed or floating rate of interest.

Certificate of Real Estate Receivables (CRI)
It works in the same way as the CRA, in which case it is directed to the real estate credit market.

Compliance
Being in compliance means acting in conformity with laws, regulations, policies and guidelines, thus guaranteeing ethical and transparent conduct.

Credit Limit Proposal (CLP)
Essential document for granting credit that establishes the basis for the transaction, presented by the financial institution to a potential customer. It establishes the amount of credit, interest rates, payment terms and any guarantees required.

Credit Rights Investment Fund (FIDC)
It works with a group of investors who pool their resources in a common investment, with the main rule being the application of a minimum of 50% of the resources in Credit Rights, which may come from commercial, industrial, real estate, financial operations, provision of services, etc.

Cross-border Interbank Payment System (CIPS)
Renminbi transaction settlement system controlled by the People's Bank of China (PBOC). Created in 2015, it aims to facilitate the use of Chinese currency in international transactions, contributing to expand business opportunities between China and other countries in the world.

Debt Capital Markets (DCM)
It refers to the credit market used by companies and governments to raise funds for their activities. It involves debt instruments such as debentures, CRIs, CRAs and FIDCs, among others.

Debentures
Medium- to long-term debt instruments that pay a fixed rate of interest and make the holder a creditor of the issuing company.

Derivative
Financial instruments whose value derives from an underlying asset, reference rate or market index.

Type 1 – Forwards: over-the-counter contracts between two parties to buy or sell a specified quantity of a commodity or financial asset at a price agreed in the present but for settlement on a future date. May entail periodic adjustments.

Type 2 – Futures: exchange-traded contracts that obligate the parties to transact an asset at a future date and price. Settlement may be by physical delivery or in cash. Both parties must post margin throughout the life of the contract as the price varies.

Type 3 – Options: exchange-traded contracts giving the buyer the right but not the obligation to buy or sell an asset or instrument at a fixed price prior to or on a specified date. The option buyer pays the writer (seller) a premium.

Type 4 – Swaps: over-the-counter contracts between two parties to exchange financial instruments, yields, rates or payments for a certain time.

DPGE
The Portuguese-Language acronym for Time Deposit with Special Collateral, a type of CD (certificate of deposit) issued by financial institutions for funding purposes. Commercial Banks, full-service Banks, development Banks, investment Banks, credit associations (SCFIs) and savings and loan associations are authorized by law to issue DPGEs, which are guaranteed by the FGC deposit insurance fund.

Efficiency Ratio
Index that measures the operational efficiency of a financial institution, that is, how much it costs the institution to generate revenue.

Expanded Credit Portfolio
Loans and securities with credit risk such as debentures, promissory notes or farm produce bonds (CPRs).

Expanded Net Financial Margin (Expanded NIM)
NIM stands for Net Interest Margin. It measures a bank's profitability, considering, in addition to the difference between interest received on loans and interest paid on deposits, other financial income and expenses.

Export Pre-payment (PPE)
It is a type of financing used by exporters to obtain resources in advance of the shipment of goods. It is usually granted abroad, in foreign currency, and can cover up to 100% of the export value.

Financial Bills (LF)
LFs are designed to extend the maturity of financial institutions' funding profiles. They can be Issued for at least two years by universal Banks, commercial Banks, development Banks, investment Banks, credit and investment societies, savings Banks, mortgage companies, home loan societies, and BNDES, the national development Bank. Compensation can be by fixed or floating interest rate. LFs admit periodic payment of earnings at an interval of at least 180 days. They have a minimum issuance term of 24 months.

Free Cash Position
Cash and cash equivalents, repos, interbank deposits, foreign exchange and marketable government bonds.

Greenhouse Gas Protocol (GHG Protocol)
It is an international tool that sets standards for measuring and managing Greenhouse Gas (GHG) emissions.

Interbank Deposit Certificate (CDI)
CDIs are fixed-income securities issued by financial institutions for mutual lending purposes, usually overnight.

Know Your Customer (KYC)
It is a set of procedures adopted by financial institutions to verify the identity of customers, prevent fraud, money laundering and other financial crimes regulated by bodies such as the Central Bank and the Securities and Exchange Commission (CVM) in Brazil, involves the collection and analysis of documents, financial information and the continuous monitoring of transactions.

Liabilities
Debts and obligations of the business recorded on the right side of the balance sheet, including accounts payable, deferred revenues and accrued expenses, for example.

Liquid Assets
Cash equivalents/Investments that can be readily converted to cash.

Maximum Exposures
Limits set for the amount of risk that a financial institution can assume. They may relate to a single client or group of clients.

Operational Limits
All limits to which the institution is subject in order to comply with regulatory requirements and internal policies.

Promissory Notes
Financial documents representing a written promise to pay a specified amount of money at a specified future date. They are used in commercial transactions and loan agreements, both between individuals and legal entities.

Real Estate Credit Bills (LCI)
Fixed-income debt instruments issued by financial institutions to fund loans to the real estate, housing and construction industry.

Reference Equity
It is the capital that the financial institution must maintain to cover credit, market and operational risks, ensuring its financial stability and an adequate level of capital in relation to the risks assumed.

Renminbi
Also referred to as RMB, it is the official currency of the People's Republic of China.
The basic unit of the renminbi is the yuan. Often, the two words are used interchangeably, but technically, renminbi is the name of the currency itself, while yuan is used for circulating money.

Repos
Repurchasing agreements structured as bond sales, with an agreement to repurchase the debt security in a future date at a higher price to factor in the dealer's interest expense. Equivalent to a secured deposit.

Return on Average Equity (ROAE)
This is an indicator that measures a firm's capacity to add value from its own resources and investor funds, based on net income as a percentage of average shareholders' equity over a period (typically two years).

Risk Appetite Statement (RAS)
The RAS formalizes the types of risk to which the institution is exposed in the course of conducting its business activities and its appetite for each of these risks. Its purpose is to establish an effective governance process that aligns the interests of the institution with the risks effectively practiced.

Share Capital
It is the gross initial investment made available by all partners and investors to open a company and keep it running until it generates profits.

Shareholders' Equity
The difference between a company's assets and liabilities.

Stress Scenarios
Simulations conducted by financial institutions to identify vulnerabilities and prepare risk mitigation strategies in hypothetical but possible extreme situations. They can be, for example, increases in credit risk, exchange rate variations, economic, political or even natural crises, such as a pandemic.

Subordinated Debt
A debt instrument with a subordination clause, meaning that in the event of the issuing institution's liquidation or bankruptcy the holder will be paid only after all other creditors have been paid.

Sustainable Development Goals (SDGs)
Set of 17 objectives established by the United Nations General Assembly in 2015, covering the environmental, economic and social dimensions of sustainable development, in an integrated and interrelated way.

Total Funding
Demand and time deposits, interbank deposits, Bank Bonds (LFs), Agribusiness Credit Bills (LCAs), Real Estate Credit Bills (LCIs), foreign borrowings, and pre-export finance.

Annual Report 2024
Banco BOCOM BBM

Credits

Coordination
Communications Department of
Banco BOCOM BBM

Technical Coordination,
Graphic Design and Layout
PVDI Design

Editorial
Otávio Maia

Writing
Rafael Ribella

Proofreading
Rejane Aguiar
Sílvio Lourenço

Translation
Cristiane de Araújo Pereira

Rio de Janeiro

Av. Barão de Tefé, 34 | 20º e 21º andares
CEP: 20220-460 | Rio de Janeiro | RJ
+55 [21] 2514-8448 | +55 [21] 2514-8293

São Paulo

Av. Brigadeiro Faria Lima, 3311 | 15º andar
CEP: 04538-133 | São Paulo | SP
+55 [11] 3704-0667 | +55 [11] 4064-4867
+55 [11] 3704-0502

Salvador

Rua Ewerton Visco, nº 290, sala 809
CEP: 41820-022 | Salvador | BA
+ 55 [71] 3326-4721 | + 55 [71] 3254-2703

Nassau

Goodman's Bay Corporate Centre – 3rd floor
West Bay Stret and Sea View Drive | PO N-7507
+1 [242] 356-6584 | +1 [242] 356-6015

交通銀行
BANK OF COMMUNICATIONS
BBM

bocombbm.com.br