

Pillar III Capital and Risk Management Report 2025





General Indicators

This document presents the information of Banco XCMG Brasil S.A., required by the Central Bank of Brazil (BACEN) BCB Resolution No. 54 and its updates, which provide for the calculation of the amount of risk-weighted assets RWA (Risk Weighted Assets) and Reference Equity (PR), in line with the new capital rules, in accordance with institutional regulations, as well as the conditions for disclosure of information related to risk management.

It should be considered that Banco XCMG fits the profile of S4 (Segment 4), according to Resolution 4,553/2017, with a size (Total Exposure of the Institution) of less than 0.1% of GDP.

The Risk and Capital Management Report presents the guidelines and responsibilities of the areas involved in the preparation of the report, as well as the description of the information that must be disclosed and the governance of confirmation of reliability and approvals, as established by article 56 of Resolution No. 4,557/2017.

Key Indicators

The focus of Banco XCMG Brasil S.A.'s risk and capital management is to maintain the Institution's risk profile within the established risk strategy in line with market standards and the RAS (Risk Appetite Statement). Below are the main indicators calculated on the base date of December 31, 2025:

Índice de Basiléia 30,29%	Índice de Imobilizado 0,08%	Razão de Alavancagem 23,80%
RWAcpad Risco de Crédito R\$ 806.257.059,78	RWAmpad Risco de Mercado R\$ 910.092,50	RWAopad Risco Operacional R\$ 63.840.704,63
Patrimônio de Referência R\$ 263.796.770,80	RWA Total R\$ 871.007.856,91	



PRESENTATION OF THE REPORT

Base date: 12/31/2025

Risk Management

This document presents the main indicators of risk and equity commitment of the Institution, including the control of the adequacy and availability of Capital, Market Risk, Liquidity, Credit and Operational.

Capital Management

The Risk Management of Banco XCMG Brasil S.A. consists of maintaining the risk profile of the Institution within the risk strategy and established guidelines. Among the management points we have:

Reference Equity: The global Reference Equity (RP) reached R\$ 263.796.770,80, represented by the total of "Level I", since the Institution does not have assets foreseen in "Level II", under the terms of the legislation in force.

The total Risk-Weighted Assets (RWA) of Banco XCMG Brasil S.A. reached R\$ 871.007.856,91, composed of R\$ 806.257.059,78 for Credit Risk, R\$ 910.092,50 for Market Risk and R\$ 63.840.704,63 for Operational Risk.

Credit Risk: The Capital allocation forecast for Credit Risk was R\$ 64.500.564,78, indicating significant room for the expansion and diversification of the portfolio, whose risk-weighted value (RWAcpad) reaches R\$806.257.059,78. The provision for doubtful accounts (PCLD) is R\$14.723.491,52 on the loan portfolio of R\$778.359.376,04.

Market Risk: Maintaining portfolio management under conservative conditions, it continued with its policy of operating within reduced limits in relation to its capital. The risk-weighted value (RWAm pad) reached R\$ 910.092,50 and the capital allocation was R\$ 72.807,40 of Shareholders' Equity, noting that important parts of the resources invested come from equity and are concentrated in Brazilian federal securities.

Operational Risk: Using the criteria for calculating the portion of weighted assets (RWAopad), the amount reached R\$ 63.840.704,63 for the risk related to the calculation of capital required for operational risk through a standardized approach in relation to exposure, with an allocation of R\$ 5.107.256,37. In addition, it maintains a structure to detect, evaluate and monitor operational risks arising from the operation of the Internal Controls and Compliance System.

Capital: Maintains adequate levels of Reference Equity (R\$263.796.770,80) compared to the minimum required regulatory capital allocation of RWA of R\$69.680.632,92. Therefore, it is sufficient to face the risks verified.



Basel and Fixed Assets Ratio: The Basel ratio on the base date was 30,29% and continues to have room for new business opportunities. and remains under the considerable margin of R\$ 194.116.137,88 in relation to the legal limit. The fixed assets indicator shows 0,08 %.

Leverage Ratio: represents the ratio between the Reference Equity (Level I) and Total Exposure of Banco XCMG, resulting in 30,29%, in an Exposure of R\$ 871.007.856,91.

General Comments

Although many of the changes introduced do not apply to Banco XCMG Brasil S.A., due to its operating profile, some modifications may occur in the format of presentation of information on risks to facilitate interpretation, without losing in consistency.

Prudential indicators and risk management

Banco XCMG Brasil S.A. invests in risk and capital management processes that permeate the entire institution and are the basis of strategic decisions to ensure business sustainability.

The following is information on the institution's prudential requirements and integrated risk management.

In order to ensure the solidity and availability of capital to support business growth, the Reference Equity (RP) levels were maintained above what is necessary to face the risks, as evidenced by the Principal, Level I and Basel Capital ratios.

On December 31, 2025, the PR reached R\$ 263.796.770,80 referring to Level I and R\$ 0.00 referring to Level II.

CAPITAL RATIOS AND SUFFICIENCY

The following are the components of regulatory capital:

KM1: QUANTITATIVE INFORMATION ON PRUDENTIAL REQUIREMENTS:

	31/12/2025	30/09/2025	30/06/2025	31/03/2025	31/12/2024
Capital regulamentar - valores					
Capital Principal	262.243.371,21	262.246.347,78	258.189.302,78	258.193.891,93	227.099.749,00
Nível 1	262.243.371,21	262.246.347,78	258.189.302,78	258.193.891,93	227.099.749,00
Patrimônio de Referência (PR)	263.796.770,80	260.925.327,12	262.246.005,96	260.558.991,02	256.816.688,68
Excesso dos recursos aplicados no ativo permanente	0,00	0,00	0,00	0,00	0,00
Destaque do PR	0,00	0,00	0,00	0,00	0,00
Ativos ponderados pelo risco (RWA) - valores					
RWA total	871.007.911,54	973.055.260,29	879.659.109,52	733.994.114,74	665.065.924,78
Capital regulamentar como proporção do RWA					
Índice de Capital Principal (ICP)	30,23%	26,70%	29,81%	35,41%	34,15%
Índice de Nível 1 (%)	30,23%	26,70%	29,81%	35,41%	34,15%
Índice de Basileia	30,29%	26,82%	29,80%	35,50%	38,62%
Adicional de Capital Principal (ACP) como proporção do RWA					
Adicional de Conservação de Capital Principal - ACPConservação (%)	2,5%	2,5%	2,5%	2,5%	2,5%
Adicional Contracíclico de Capital Principal - ACPContracíclico (%)	0,0%	0,0%	0,0%	0,0%	0,0%
Adicional de Importância Sistêmica de Capital Principal - ACPSistêmico (%)	0,0%	0,0%	0,0%	0,0%	0,0%
ACP total (%)	2,5%	2,5%	2,5%	2,5%	2,5%
Margem excedente de Capital Principal (%)	19,59%	15,89%	19,27%	24,75%	28,15%
Razão de Alavancagem (RA)					
Exposição	871.007.911,54	973.055.260,29	879.659.109,52	733.994.114,74	665.065.924,78
RA (%)	23,80%	21,83%	24,68%	33,92%	35,87%
Indicador de Liquidez de Curto Prazo (LCR)					
Total de Ativos de Alta Liquidez (HQLA)	N/A	N/A	N/A	N/A	N/A
Total de saídas líquidas de caixa	N/A	N/A	N/A	N/A	N/A
LCR (%)	N/A	N/A	N/A	N/A	N/A
Indicador de Liquidez de Longo Prazo (NSFR)					
Recursos estáveis disponíveis (ASF)	N/A	N/A	N/A	N/A	N/A
Recursos estáveis requeridos (RSF)	N/A	N/A	N/A	N/A	N/A
NSFR (%)	N/A	N/A	N/A	N/A	N/A

N/A - Não aplicável

1) ACPContracyclical is set by the Financial Stability Committee (Comef) and is currently set at zero (BACEN Communiqué No. 40,936/23). In the event of an increase in the requirement, the new percentage will be in force from twelve months after the disclosure. - 2) BACEN's rules establish an Additional Principal Capital (ACP), corresponding to the sum of the ACPConservation, ACPContracyclical and ACPSsystemic installments, as defined in CMN Resolution 4,958.

The Basel Ratio reached 30,29% on December 31, 2025.

Banco XCMG Brasil S.A. has a gap in relation to the Minimum Required Reference Equity in the amount of R\$ 69.680.632,92, above the regulatory minimum (8%).

The Fixed Assets ratio indicates the percentage of commitment of the adjusted RP to the adjusted permanent assets. Banco XCMG Brasil S.A. is within the maximum limit of 50% of the adjusted RP, set by BACEN. On December 31, 2025, the fixed assets index reached 0.10%, with a gap of R\$ 131.898.385,40.

OVA: Institution Risk Management Overview

Scope and Main Characteristics of Banco XCMG Brasil S.A.'s Risk Management is to operate with a segregated structure and independent from the other business activities for the integrated risk and capital management activity, seeking to ensure that the risks incurred are mitigated and managed in accordance with the established limits.



In order, to ensure independent action, the Risk area is responsible for the integrated management of liquidity, market, credit, operational and capital management risks. The Integrated Risk Management process consists of identifying, measuring, evaluating, monitoring, controlling, reporting and mitigating the risks of Banco XCMG Brasil S.A., reporting them to the institution's Senior Management through a structure of periodic committees. The approval of publicly accessible policies and reports relating to risk management is submitted for approval by the Board of Executive Directors.

Banco XCMG Brasil S.A. carries out integrated risk management in compliance with CMN Resolution 4,557, for which the Board of Directors and Executive Board approved policies and procedures, seeking adherence to the best market practices.

RISK APPETITE STATEMENT (RAS)

The definition of the institution's risk appetite levels is an important tool to direct the institution's strategies, ensuring the application of Capital in a safe and profitable manner. The Risk Appetite Statement (RAS) is a communication instrument that seeks to converge on the risk management culture with the bank's strategic objectives. Appetite levels are established and approved by the Board of Executive Directors.

Based on the declaration, our risk management pillars were defined, seeking a comprehensive view of our exposures, below is a description of the main Risks managed:

Capital Management

It guarantees sufficient capital to protect itself from a severe recession or a stress event without the need to adjust the capital structure in unfavorable circumstances. It is monitored by monitoring capital ratios, in normal situations and under stress.

Liquidity Risk

Liquidity risk is defined as the possibility that the institution will not be able to efficiently meet its expected and unexpected, current and future obligations, including those arising from the binding of guarantees, without affecting its daily operations and without incurring significant losses and the possibility that the institution will not be able to trade a position at market price, due to its high size in relation to the volume normally traded or due to some discontinuity in the market.

Liquidity risk management is carried out through daily cash flow control, prepared through internal models, considering the main sources of revenue, expenses and related risks, and economic variables that influence the business, enabling a strategic view of the impact of liquidity risk on the business. These models are based on methodologies that meet the needs of our business and undergo periodic validations through adherence tests.



It is part of liquidity risk management, the simulation of stress scenarios considering the assumptions of greatest impact, whether due to internal events or macroeconomic impacts. Through these scenarios, we can define contingency lines and liquidity strategies.

The regulatory reporting of positions related to liquidity risk is carried out through the monthly Liquidity Risk Statement (DRL) report.

Market Risk and IRRBB

Market risk is defined as the possibility of losses arising from fluctuations in the market values of instruments held by the institution. For these possibilities we have two sub-definitions:

The risk of changes in interest rates and stock prices for instruments classified in the trading book and the risk of exchange rate and commodity prices for instruments classified in the trading book or in the banking book.

Currently, Banco XCMG Brasil S.A. operates in the financial market with conservative strategies and with a specific focus on the credit market for individuals and companies and foreign exchange ready for the XCMG Industry. This strategy allows the bank to keep its level of exposure low in relation to market risk. To carry out financial operations in the market, the institution has a portfolio of high-quality and liquid government securities, and the operations are traded exclusively in the non-trading portfolio.

The IRRBB is the risk, current or prospective, of the impact of adverse movements in the interest rate on the institution's banking portfolio, and is calculated according to the rules of the NII (*Net Interest Income*) methodology using a shock scenario of 400 bps.

The monitoring and follow-up of exposures are carried out through indicators compatible with the risk assumed, prepared by the *Value at Risk* (VaR) methodology.

In addition, stress scenarios are projected considering hypothetical situations for market rates, with analysis of possible impacts on the active and passive positions held by the institution.

The management of market risk and IRRBB is carried out through indicators and reports that are supported by internal and external market information, including the following aspects:

The regulatory report of positions related to market risk is made through the monthly CADOC 2060 report, which is part of the "Market Risk Statement (DRM)", in compliance with the requirements of Resolution No. 4,557/2017 and BCB Resolution 84/2021.

Credit Risk

Credit risk consists of the possibility of losses associated with the non-compliance, by the borrower or counterparty, of their respective financial obligations under the agreed terms, as well as the devaluation of a credit agreement resulting from the deterioration in the borrower's risk rating, the reduction of gains or remunerations, the advantages granted in the renegotiation, the recovery costs and other amounts related to the non-compliance with the counterparty's financial obligations. The credit risk management framework is based on Resolution No. 4,557 of February 2017 of the National Monetary Council.

Currently, Banco XCMG Brasil S.A. operates in the retail segment through the granting of credit to individuals and companies to finance XCMG Indústria and Capital de Giro machines for its dealerships.

The main credit risks incurred by the institution are related to the default of borrowers in the settlement of the commitments assumed, financial disbursements to honor credit commitments or operations of a similar nature and possible renegotiations on unfavorable terms compared to the conditions initially agreed.

The credit risk management structure monitors the indicators of credit concession, credit utilization by its customers and recovery of delinquent operations and/or recorded to accounting loss.

The granting of credit is carried out through the selection of customers by qualitative and quantitative analysis of profiles. To determine the limit to be made available, the area has automated systems, statistical models and management indicators defined in the institution's internal policies.

Portfolio management is guided by management indicators and systems that allow changes in limits with eligibility criteria for these actions, as well as value limiters and periods for carrying them out, are defined in internal policy.

On the portfolio of defaulters or those with a tendency to default, actions are carried out to recover the customer's financial health and operations with a high probability of default. The rule of collection actions, strategic definitions of action, policy of discounts in negotiations and remuneration of external collection offices are defined in internal policy.

Social, Environmental and Climate Risk

Social, Environmental and Climate Risk is defined as the possibility of losses arising from social, environmental and climatic damages, whose impacts may be of a direct nature, resulting from the activities of Banco XCMG S/A or indirect,



generated by credit, investment or capital market operations, with those related to credit operations being the most relevant.

To mitigate its direct impacts, Banco XCMG S/A shares with XCMG INDUSTRIA the existing initiatives in its facilities, mainly in the following areas:

- Efficiency in the consumption of water, energy and various materials, using technological resources to save energy and water, rainwater harvesting and periodic reassessments on the use of various materials;
- Proper waste management, recycling and waste disposal, including electronics and compostable;
- Vehicles that do not use fossil fuel and advantages in financing this equipment;
- Human Resources initiatives that ensure the prevention of accidents and occupational diseases, developing a culture of safety among those involved and promoting a healthy, safe and inclusive work environment.

The possible indirect impacts related to the granting of credit are mitigated through contractual clauses of socio-environmental obligations, such as proof of regularity before environmental agencies and by consulting notes of a socio-environmental nature by the Compliance area. If unlawful acts are proven, which incur in child labor, slavery or crime against the environment, the contract may have its expiration early.

The integrity of the behavior to be adopted by the employees and interns of Banco XCMG S/A is referred to in its Code of Ethical Conduct, as well as in the documents (Policy and Manual) of Human Resources.

The Integrated Risk Management area also periodically reevaluates the adoption and application of the criteria defined herein, as well as the possibility of new initiatives through individual and/or joint actions with other areas of the institution.

Operational Risk

Operational Risk is the possibility of losses resulting from external events (natural catastrophes, social and economic market crises, problems with infrastructure and systemic crises) or from failure, deficiency or inadequacy of internal processes, people or systems. It also includes legal risk, associated with inadequacy or deficiency in contracts signed by the Institution, as well as sanctions due to non-compliance with legal provisions and compensation for damages to third parties resulting from the activities carried out by the Institution.

Banco XCMG Brasil S.A. classifies the risk events identified in its processes into the following categories:

- I. Internal Fraud;
- II. External Fraud;
- III. Labor demands and poor workplace safety;
- IV. Inappropriate practices with customers, products and services;
- V. Damage to physical assets owned or in use by the Institution;
- VI. Damages that cause the interruption of the Institution's activities.
- VII. Systemic failures of Information Technology;
- VIII. Failures in the execution, compliance with deadlines and management of activities in the Institution.

The Operational Risk & Internal Controls policy of Banco XCMG Brasil S.A. is submitted to annual review and approval by the Risk Department and the Board of Directors, with the objective of establishing the guidelines and strategies for the management of operational risks and internal controls of the institution, defining a system of rules, principles and responsibilities in order to identify, measure, evaluate, monitor, report, control and mitigate risks, in accordance with the rules established by regulatory bodies (National Monetary Council and Central Bank).

Following the principles of good practices determined by the Central Bank of Brazil, the operational risk management system of Banco XCMG Brasil S.A. is structured in three lines of defense, with well-defined roles and responsibilities, in order to reaffirm the segregation between the business and support units and ensure risk management in a decentralized and independent manner. In addition to structured governance through forums and collegiate bodies, which report to senior management.

Among the methodologies and tools defined by the Operational Risk & Internal Controls area used at Banco XCMG Brasil S.A. for the effective management of operational risks, we highlight:

- I. the mapping of risks and controls;
- II. the basis of operating losses;
- III. the execution of tests;
- IV. the monitoring of action plans to mitigate the risks pointed out;
- V. the measurement of the final exposure to risk.

STRESS TESTS The Stress Testing Program is the coordinated set of processes and routines for the preparation and approval of scenarios, modeling, calculation, validation, reporting and use of the results obtained.

The ultimate objective of the stress tests is to provide support for the institution's strategic decisions, assessment of capital and liquidity levels, in the preparation of the respective contingency plans, proposal of revisions of risk appetite levels, review, if necessary, of policies and strategies and testing of the limits established for the purposes of integrated risk management and capital management.



Banco XCMG Brasil S.A., in compliance with good market practices, periodically conducts these stress tests, reporting their results through the Executive Board. The monitoring of the results is carried out by the Risk and Capital Management area in an Integrated manner.

METHODOLOGY FOR ASSESSING CAPITAL SUFFICIENCY

The assessment of capital sufficiency to support the risks to which the institution is exposed is calculated through the relationship between regulatory Capital allocation (RWA) for Credit, Market and Operational risks and the institution's Capital. The indicator used to measure sufficiency is the Basel Index, which is calculated monthly by the Integrated Risk Management area, using the assumptions determined in the regulations released by the Central Bank. The Basel ratio, Leverage ratio, Customer Exposure and Fixed Asset Ratio are reported and monitored by the Risk area.

REFERENCE HERITAGE (PR)

The Total Capital or Reference Equity (RP) ratio is calculated in accordance with the definitions set forth in CMN Resolution No. 4,955, where:

$$\text{Reference Assets- PR} = \sum \text{Level I} + \text{Level II}$$

$$\text{Tier I} = \text{Principal Capital} + \text{Complementary Capital}$$

Principal Capital: consists of Share Capital, retained earnings and profit reserve, less prudential adjustments

Complementary Capital and Tier II: Banco XCMG Brasil S.A. currently does not have instruments with characteristics to compose the complementary capital and the Tier II capital

RWA – RISK-WEIGHTED ASSETS

The Central Bank of Brazil has released, in accordance with the Basel recommendations, the RWA - Risk Weighted Assets (RWA) risk assessment methodology. Banco XCMG Brasil S.A. demonstrates full adherence, and makes use of this model to adapt to good international practices.

The calculation of the RWA is carried out on a monthly basis by the risk and capital management area, in order to analyze whether the degree of exposure and the Basel ratio are at considered levels.

The Total RWA is given by the equation:

$$RWA = \underbrace{RWACPAD}_{\text{Risco de Crédito}} + \underbrace{RWAOPAD}_{\text{Risco Operacional}} + \underbrace{RWAMPAD}_{\text{Risco de Mercado}}$$

OV1: RISK-WEIGHTED ASSETS (RWA) OVERVIEW

Em R\$	RWA				Requerimento mínimo de PR
	31/12/2025	30/09/2025	30/06/2025	31/03/2025	31/12/2024
Risco de Crédito - tratamento mediante abordagem padronizada	806.257.059,78	908.257.788,66	793.215.432,74	647.406.243,71	619.347.732,65
Risco de crédito em sentido estrito	N/A	N/A	N/A	N/A	N/A
Risco de crédito de contraparte (CCR)	0,00	0,00	0,00	0,00	0,00
Do qual: mediante abordagem padronizada para risco de crédito de contraparte (SA-CCR)	N/A	N/A	N/A	N/A	N/A
Do qual: mediante uso da abordagem CEM	N/A	N/A	N/A	N/A	N/A
Do qual: mediante demais abordagens	N/A	N/A	N/A	N/A	N/A
Acréscimo relativo ao ajuste associado à variação do valor dos derivativos em decorrência de variação da qualidade creditícia da contraparte (CVA)	0,00	0,00	0,00	0,00	0,00
Cotas de fundos não consolidados - ativos subjacentes identificados	0,00	0,00	0,00	0,00	0,00
Cotas de fundos não consolidados - ativos subjacentes inferidos conforme regulamento do	0,00	0,00	0,00	0,00	0,00
Cotas de fundos não consolidados - ativos subjacentes não identificados	0,00	0,00	0,00	0,00	0,00
Exposições de securitização - requerimento calculado mediante abordagem padronizada	0,00	0,00	0,00	0,00	0,00
Valores referentes às exposições não deduzidas no cálculo do PR	0,00	0,00	0,00	0,00	0,00
Risco de mercado					
Do qual: requerimento calculado mediante abordagem padronizada (RWAMPAD)	910.147,13	956.767,00	1.061.045,00	1.205.239,25	1.583.821,00
Do qual: requerimento calculado mediante modelo interno (RWAMINT)	0,00	0,00	0,00	0,00	0,00
Risco operacional	63.840.704,63	63.840.704,63	85.382.631,78	85.382.631,78	22.591.152,50
Total	871.007.911,54	973.055.260,29	879.659.109,52	733.994.114,74	643.522.706,15

N/A - Não aplicável

MR1: Breakdown of Market Risk Exposures

Table MR1 details the amount of risk-weighted assets for market risk calculated using a standardized approach (RWAMPAD).

Standardized approach - risk factors associated with market risk (MR1).

	31/dez/25
Fatores de risco	RWA _{MPAD}
Taxas de juros	-
Taxas de juros prefixada denominadas em Real (RWAJUR1)	-
Taxas dos cupons de moeda estrangeira (RWAJUR2)	-
Taxas dos cupons de índices de preço (RWAJUR3)	-
Taxas dos cupons de taxas de juros (RWAJUR4)	-
Preços de ações (RWAACS)	-
Taxas de câmbio (RWACAM)	910.147,13
Preços de mercadorias (commodities) (RWACOM)	-
Total	910.147,13

FIXED ASSET RATIO:

Limite de Imobilização	mar/24	jun/24	set/24	dez/24
Patrimônio de Referência	232.851.728,10	249.276.202,29	256.311.155,02	256.816.688,68
Limite	116.425.864,05	124.638.101,15	128.155.577,51	128.408.344,34
Situação	302.707,25	274.203,82	256.311,16	256.816,69
Margem	116.123.156,80	124.363.897,32	127.899.266,35	128.151.527,65
Índice de Imobilização	0,13%	0,11%	0,10%	0,10%

Fixed Asset Ratio: Representing 0.08% of the Reference Equity, a significant margin (R\$131.687.347,98) in relation to the parameter established by the Central Bank of Brazil, which is 50%.

LEVERAGE RATIO:

The Leverage ratio is a measure that seeks to restrict the excessive leverage of institutions. The ratio is between Tier I Capital and total exposure without considering risk weighting factors.

Razão de alavancagem (RA)	mar/25	june/25	set/25	dez/25
Patrimônio de Referência	R\$ 260.558.991,02	R\$ 262.246.005,96	R\$ 260.925.327,12	R\$ 263.796.770,80
Exposição Total	R\$ 733.994.114,74	R\$ 879.659.109,52	R\$ 973.055.260,29	R\$ 871.007.856,91
RA	33,92%	24,68%	21,83%	23,80%

Banco XCMG Brasil S.A.'s Leverage Ratio for the month of December 2025 was 23,80% compared to the last period, showing an increase in total exposure, but within the exposure limit approved by management in RAS, which is above 7% of PR.

EXPOSURE TO CREDIT RISK

Banco XCMG Brasil S.A.'s portfolio is entirely composed of individuals and legal entities and its credit portfolio is basically the financing of XCMG Industria machines and working capital for Industria XCMG dealerships. The exhibition takes place only in Brazil, since customers can only be native Brazilians or foreigners with a permanent visa to stay in the country.

Based on the document presented by the Business and Accounting Areas, the PCLD, under the terms of CMN Resolution 4.966/2021 and Resolution BCB 352/2023 and the credit policies of Banco XCMG Brasil S.A., represents R\$ 14.723.491,52.

Capital adequacy

The *Reference Equity* reached R\$256,816,688.68, and the total risk-weighted assets (RWA) of Banco XCMG Brasil S.A. was R\$665,065,924.78, of which R\$619,347,732.65 referred to the Credit Risk RWA, R\$1,583,821.00 referred to



the Market Risk RWA and R\$44,134,371.13 referred to the Operational Risk RWA.

ADHESION TESTS (BACK TESTS)

The adherence tests (backtests) allow the comparison of the actual and hypothetical results with the VaR calculated by the internal market risk model, ensuring the consistent assessment of adherence to the model used.

Adherence tests to the effectiveness of the VaR model are proven daily by backtest techniques, comparing actual daily losses and gains with the estimated daily VaR. The number of violations of the established VaR limits must be compatible, within an acceptable margin, with the hypothesis of 95% confidence intervals (i.e., there is a 5% probability of financial losses greater than the losses estimated by the model, considering:

- . From 0 to 4 violations: Backtesting results that do not suggest problems with the quality or accuracy of the adopted models;
- . From 5 to 9 violations: Signals the need for attention and/or monitoring; and
- . More than 10 violations: demonstrates the need for improvement action.