

# ITAÚ UNIBANCO HOLDING S.A.

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## MARKET AND IRRBB RISK MANAGEMENT AND CONTROL POLICY (GLOBAL)

### OBJECTIVE

Establish the market and IRRBB risk management and control structure of Itaú Unibanco Holding SA (Itaú Unibanco), observing the applicable regulations and best market practices.

### TARGET AUDIENCE

This policy is applicable to all employees and activities of the Conglomerate that result in exposure to market risk and IRRBB, with an impact on Itaú Unibanco Holding and its subsidiaries.

Market and IRRBB risk control covers all positions in the portfolios of financial and non-financial companies belonging to Itaú Unibanco, in Brazil and in the International Units.

This policy does not apply to the market risk of customer portfolios managed by the bank and/or trusteeship (for example: funds from Wealth Management & Services - WMS).

### INTRODUCTION

For the purposes of this policy, market risk and interest rate risk in the banking book (IRRBB) are defined in the prudential context by:

- I. Market risk is the possibility of losses resulting from fluctuations in the market values of instruments held by the institution, including:
  - a. the risk of variation in interest rates and stock prices, for instruments classified in the trading book; and
  - b. the risk of exchange rate variation and commodity prices, for instruments classified in the trading book or in the banking book.
- II. IRRBB: the risk, current or in the analysis horizon, of the impact of adverse movements in interest rates on the capital and results of the financial institution, for instruments classified in the banking portfolio.

The aforementioned risks depend on the price behavior of risk factors in light of market conditions. In addition to Treasury, which operates buying and selling bonds and securities, other departments can impact the market risk assumed by the bank. Examples include the purchasing department, when it makes a purchase in foreign currency or even the marketing department when it sponsors an entity or event in foreign currency.

Market risk and IRRBB controls are carried out according to metrics defined internal procedure.

### GUIDELINES

Market and IRRBB risk control processes must strictly observe the principles defined in the Policy. These principles are reflected in the following guidelines, through which Itaú Unibanco's market risk management and control structure must:

- Ensure the use of complete databases, which reflect business carried out using duly approved products, guaranteeing correct information and calculations, from registration to accounting;
- Apply models that reflect best market practices;
- Ensure that the pricing of the portfolios is preferably based on quotations observed in the financial markets, captured through trustworthy external sources. When no price is available, the calculation must be performed using a pricing model that represents the fair valuation of the positions. In these cases, such assessments must be consistent and verifiable, with market benchmarks and data used in the assessment regularly reviewed;
- Calculate the results of the positions of the marked-to-market portfolios following the governance of the Bank's models;
- Have risk control departments responsible for defining and applying pricing parameters, independent of the business departments;
- Establish and ensure that the processes and systems adopted to measure, monitor and control exposure to market risk and IRRBB:
  - Are compatible with the nature of the operations, the complexity of the products and the size of the Institution's exposure to market risk and IRRBB;
  - Contain all sources of market risk and IRRBB; and

- Generate timely risk exposure reports for the business units, for the Institution's management and for the Board of Directors.

## MAIN ROLES AND RESPONSIBILITIES

The Market Risk and IRRBB control structure at Itaú Unibanco involves the parties indicated below, for which we highlight their roles in relation to this matter.

### Board of Directors:

- define the institution's risk appetite and review it annually.

### Superior Market and Liquidity Risk Commission:

- define the approval authorities related to the control of market risk and IRRBB and review them annually.
- monitor market risk and IRRBB indicators, taking the necessary decisions and respecting risk appetite.

### Chief Risk Officer:

- responsible for market risk and IRRBB management at Itaú Unibanco.

### Market Risk Control and IRRBB:

- identify, measure, control, monitor and report exposure to market risk and IRRBB to business departments and report to superior committees;
- monitor compliance with exposures in relation to approved limits, trigger alerts and other measures to control market risk and IRRBB, reporting any non-compliance to the competent authorities and requesting an action plan for reclassification;
- maintain specialized and appropriately sized teams to support market risk and IRRBB processes and systems, which are under its governance and development management.

### Daily Managerial Result Control:

- carry out the calculation of the managerial result of the positions and disclose it to the competent departments, enabling monitoring and assistance in decision-making.

### Treasury:

At the most fundamental level, the employee is expected to fully understand the nature of the risk in the portfolios under management and the effective management of this risk, ensuring its transparency for desk managers and compliance with established limits.

## MARKET AND IRRBB RISK CONTROL

Market and IRRBB Risk control at Itaú Unibanco is carried out through governance and processes that guarantee compliance with the following determinations or parameters:

- The Institution must operate in accordance with the **risk appetite** defined by the Board of Directors (CA), reviewed and approved annually based on a **structure of limits and alerts**. The limits are dimensioned by evaluating the projected results of the balance sheet, the size of equity, liquidity, complexity and volatilities of the markets, as well as the Institution's risk appetite;
- Limit consumption must be reported by the Market Risk department to the Business Departments and bank executives. The alerts work as indicators of the pre-established limit;
- The institution's **limits and alerts structure** is made up of aggregated metrics, which monitor and limit risk globally, and granular ones, which aim to avoid an excessive concentration of risk in specific risk factors;
- The limits are figures that the operation desks of the trading book and trading desks of the banking book must respect. Alerts are metrics that send a signal to the institution, based on which, through defined governance, procedures are established to be adopted if the alert is triggered;
- The **mark-to-market** (pricing) process of positions must be carried out based on quotations captured from external sources or, if this is not possible, calculated from models developed and validated according to guidelines established in specific policies;
- Information relating to prices and traded positions is stored in a single, corporate historical database, with controls that ensure its integrity and completeness, with functionalities that allow consultation of historical information;
- The models used must capture the correct sensitivity, market fluctuations, based on the application of periodic **adherence tests** for the total portfolio and subportfolios, including all risk categories. Its results must be analyzed and used to improve the models and manage the Institution's risk. Additionally, the managerial result must be used to verify the adherence of market risk measurement models;
- The measurement of potential risk in extreme market situations, which complement the statistical risk measures, with the application of **stress tests** for all positions contained in the portfolios of financial and non-financial companies;

- For portfolio positions that do not have prices directly observed in the market, that are not very liquid or that are evaluated using an internal pricing model, particularly TVMs (securities) and derivatives, apply **prudential adjustments** that correct possible marking errors, respecting criterion of relevance and materiality.

#### **RELATED EXTERNAL RULES**

Central Bank of Brazil Circular 3.354/07, which establishes the minimum criteria for classifying transactions in the trading book;

Resolution 4.557/17 of the Brazilian National Monetary Council, which provides for the implementation of a risk management structure.

Approved by the Board of Directors on 04.25.2024.