

Bradsaude S A

The payer that pays; Launching at Buy

A Dividend Player; a Sector Consolidator; and the Optionality

We launch coverage of Bradsaude with a Buy rating and a R\$19.0 price target (~30% upside). The dividend player comes from the carry, the income the shareholder collects while holding the stock, with the dividend supported by the group's securities portfolio (UBS dividend yield rising from ~4% this year to ~7.5% in 2027E). The consolidation reaches the company organically, as structural pressure squeezes smaller operators out and lives migrate toward the largest payers, with no check to write, no goodwill to book, and no integration risk to manage (Bradsaude holds ~9% of the system's medical lives yet captures ~15% of its net income). The optionality lies in the Atlantica hospital JV with Rede D'Or, which we see reaching 13% of consolidated earnings in the long run.

Why a big payout, and how big can it get?

Maximum distribution is logical for the controlling shareholder. Bradesco must amortize R\$8.2bn in credit-loss DTAs annually over a decade, credits only the banking entity can absorb, while around half of the group's earnings are generated by the insurance business, an equation that weighs on the bank's consolidated CET1. The payout level, in turn, emerges from a harmonic balance among payout, tax rate and solvency. With the deductible IOC base shifting fully to the holding's equity in 2027, we see the payout ratio rising to 60% next year, 75% in 2028, and ~80% from 2029 onward, reaching a 90% terminal ratio. In this context, the effective tax rate should ease from 32% in 2026E to 26% in the long term, with solvency settling at 112%, a path that leaves our 2027-2030 earnings more than 10% above consensus.

A different animal in LatAm Healthcare

Bradsaude introduces a business model whose earnings are split between an underwriting engine (insurance platform) and a float engine (income from investing the premiums held between collection and claims payment) that take turns through the rate cycle. In 2Q26, financial results accounted for ~8pp of the return on average assets, twice the ~4pp impact of net underwriting. For 2027, we see the Medical Loss Ratio (MLR) pressured by a weak macro backdrop for SMEs and stretched household budgets, driving the combined ratio to 96.5% (vs. 95.9% this year); still, helped by the financial result, the expanded combined ratio remains stable near 90%. Thus, the ROAE rises from 24% in 2026 to 26.5% in 2027, driven by capital optimization and the financial engine rather than underwriting. Lastly, within this context, we see the two EM health insurers Bupa Arabia and Tawuniya as references worth following closely.

Valuation: Buy rating at a price target of R\$19.0/sh (DDM)

Our price target is based on a fair 2.6x 2027E P/B, supported by our dividend discount model at a 14.6% cost of equity and 5.0% terminal growth with a 90% terminal payout. At current price, the implied sustainable ROE is 28% (vs. our 32%).

Equities

Brazil

12-month rating

Buy

12m price target

R\$19.00

Price (17 Sep 2026)

R\$14.74

RIC: SAUD3.SA BBG: SAUD3 BZ

Trading data and key metrics

52-wk range	R\$16.09-10.51
Market cap.	R\$43.1b/US\$8.41b
Shares o/s	2,923m (COM)
Free float	9%
Avg. daily volume ('000)	2,157
Avg. daily value (m)	R\$31.2
Common s/h equity (12/26E)	R\$19.0b
P/BV (12/26E)	2.3x

EPS (UBS, diluted) (BRL)

	From	To	% ch	Cons.
12/26E	-	1.56	-	1.18
12/27E	-	1.81	-	1.53
12/28E	-	2.00	-	1.50

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Highlights (R\$m)	12/23	12/24	12/25	12/26E	12/27E	12/28E	12/29E	12/30E
Revenues	44,441	48,226	53,785	60,909	67,066	73,256	79,247	85,045
Net earnings (UBS operating income)	1,085	2,268	3,657	4,549	5,296	5,852	6,356	6,847
EPS (UBS, diluted) (R\$)	0.37	0.78	1.25	1.56	1.81	2.00	2.17	2.34
Profitability/valuation	12/23	12/24	12/25	12/26E	12/27E	12/28E	12/29E	12/30E
ROE %	-	-	-	24.0	26.5	26.8	27.4	27.8
BVPS (UBS) (R\$)	3.26	2.58	2.65	6.49	7.21	7.71	8.19	8.66
P/E (UBS, diluted) x	30.2	14.9	9.3	9.5	8.1	7.4	6.8	6.3

Source: Company accounts, LSEG Eikon, UBS estimates. Metrics marked as (UBS) have had analyst adjustments applied. Valuations: based on an average share price that year, (E): based on a share price of R\$ 14.74 on 17-Sep-2026

UBS BB is an association between UBS and Banco do Brasil.



This report has been prepared by UBS BB Corretora de Câmbio, Títulos e Valores Mobiliários S.A.. **ANALYST CERTIFICATION AND REQUIRED DISCLOSURES, INCLUDING INFORMATION ON THE QUANTITATIVE RESEARCH REVIEW PUBLISHED BY UBS, BEGIN ON PAGE 34.**

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UBS Research THESIS MAP a guide to our thinking and what's where in this report**PIVOTAL QUESTIONS****Q: How much of Bradsaude's equity story is written on Bradesco's balance sheet?**

Sufficient to influence the dividend policy. Based on our estimates, the unmitigated gap between the banking entity's own taxable income and the R\$8.2bn annual DTA amortization would place Bradesco's CET1 35bps below our base case in 2026, expanding to ~80bps by 2028. This calculation supports a rational preference for maximum distributions from the listed subsidiary, with a bias toward IOC, and makes Bradesco's quarterly capital disclosure a standing component of the Bradsaude toolkit.

Q: How high can Bradsaude's payout go?

Around 80% by 2029 and 90% beyond our forecast horizon. The limitation is mathematical and driven by the TJLP cap on deductible IOC, the pace of premium growth, and a solvency ratio maintained within a 110-120% range. Within this context, and supported by the tax deductibility of interest on own capital (IOC), the effective tax rate remains near 32% in 2026E as the IOC schedule continues to ramp up, before declining to 28% in 2027 and trending toward 26% over the long term as the company progressively uses its capacity to distribute IOC.

UBSVIEW

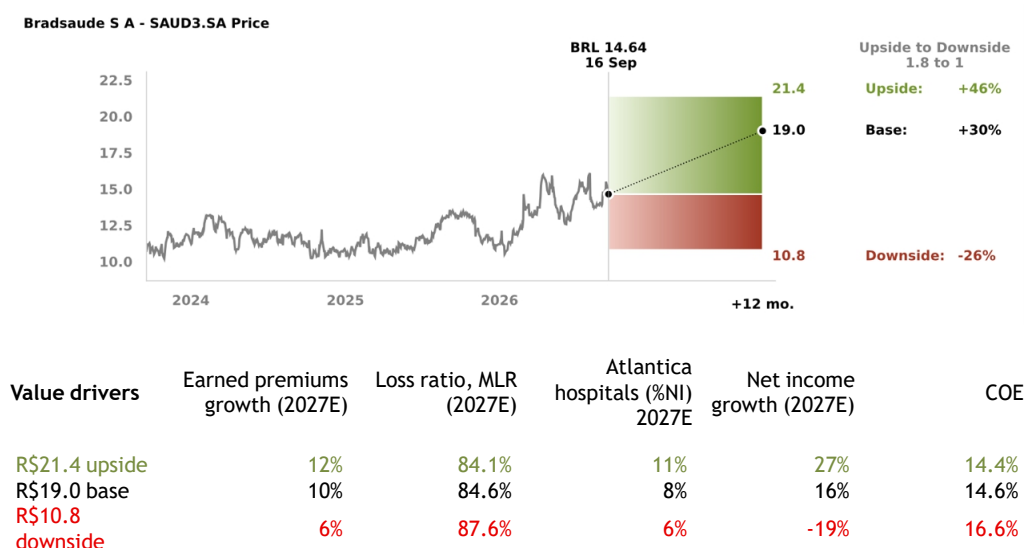
We launch coverage with a Buy rating. We view Bradsaude primarily as an insurer rather than a healthcare provider, with earnings supported by a sizable securities portfolio and a disciplined underwriting platform. As such, we see the investment case as centered on capital distribution. The controlling shareholder's capital position provides visibility into payout policy, while the structure of IOC, taxes, and solvency supports higher distributions. In addition, the organic consolidation of the health system keeps feeding lives, premiums and the investment portfolio. Finally, the Atlantica JV provides earnings upside that is not dependent on interest rates.

EVIDENCE

Bradsaude was listed in 2026, consolidating Bradesco's healthcare assets, with the bank holding ~91% of the shares. The group serves more than 3m health insurance beneficiaries and more than 9m dental plan beneficiaries and generated around R\$51bn in written premiums in 2025. Bradesco Saude, the insurance subsidiary, holds ~9% of the system's medical lives and captured ~15% of the industry's net income in LTM, per ANS data. In 2Q26, financial results contributed 8pp to returns on average assets, against 4pp from net underwriting, with a 119% solvency ratio. The Atlantica JV's contracted schedule takes operational beds from ~2.3k in 2026 toward ~4.1k.

WHAT'S PRICED IN?

At current prices, the Gordon framework implies a 28% sustainable ROE, compared with the 32% embedded in our estimates. Consensus appears to assume a broadly stable effective tax rate, leaving its 2027-2030 earnings more than 10% below ours. In our reading, the market prices the operation but not the payout distribution mechanics.

UPSIDE/DOWNSIDE SPECTRUM

Source: UBS estimates

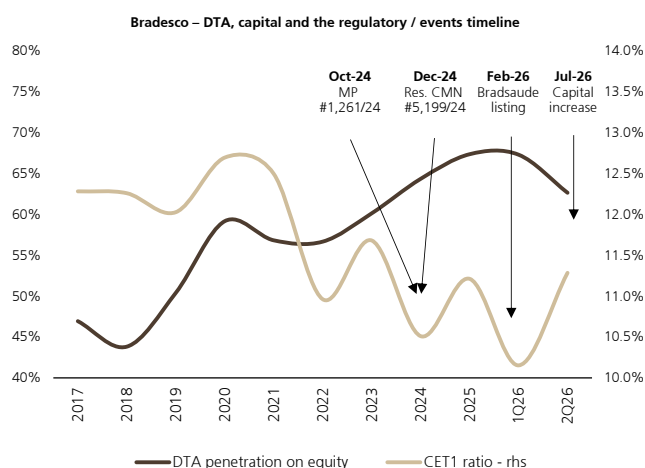
COMPANY DESCRIPTION

Bradsaude was listed in 2026 after Bradesco consolidated its healthcare assets under a single company, spanning health and dental insurance, hospitals, primary care, and diagnostics. The group serves more than 13m beneficiaries across the country, with the health insurance operation accounting for the bulk of earnings.

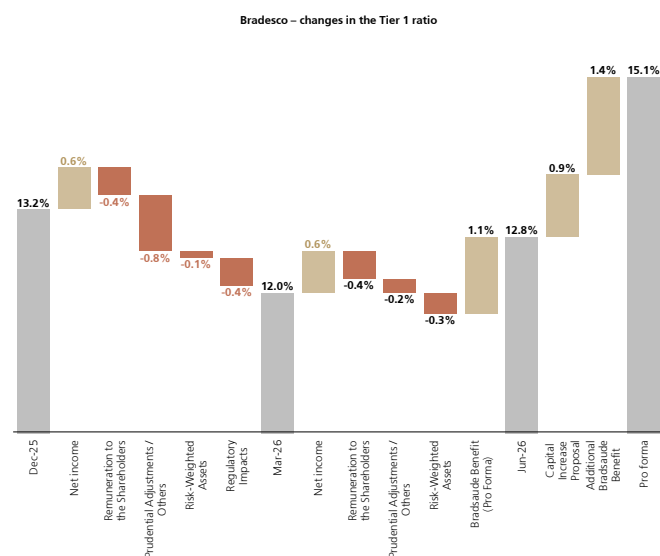
OUR THESIS IN PICTURES

Bradsaude – ROAE breakdown	2Q26	2026E	2027E
Net underwriting results	4.0%	4.8%	4.3%
Financial results	8.2%	7.5%	8.1%
Equity / non-op. Inc. (incl. Hospitals and Fleury)	1.0%	0.6%	1.1%
Service revenues (incl. Novamed and Orizon)	1.1%	1.0%	1.0%
Income taxes	(4.5%)	(4.5%)	(4.1%)
ROAA	9.7%	9.5%	10.5%
Leverage (Assets / Equity)	2.5x	2.5x	2.5x
ROAE	24.1%	24.0%	26.5%

The P&L relates to an insurer. In 2Q26, financial results contributed 8pp to returns on average assets, approximately twice the 4pp impact from net underwriting.



Bradesco is required to amortize -R\$8.2bn in credit-loss DTAs annually over the next decade. The event line in this chart highlights a volatile capital framework, encouraging the controlling shareholder to pursue maximum payout distribution from its listed subsidiary.



The reorganization event increased Bradesco's capital ratios by ~110bps on the bank's pro forma basis, with ~140bps still pending regulatory approval.

Bradsaude – TJLP cap exercise			
R\$ mn	Example	12026E	2027E
Average Equity (a)	100	13,365	20,023
TJLP avg. (b)	9.2%	8.80%	8.75%
Maximum IOC allowed LTM (a x b)	9.2	1,176	1,752

¹Average equity based on our 2026 estimate and Bradesco Saude's YE25 equity.

The IOC deductible base for 2026 still partially accrues on the insurance subsidiary's equity. From 2027, the IOC deductible base will accrue solely on the holding company's equity.

Sources for exhibits above: Company data, UBS Research

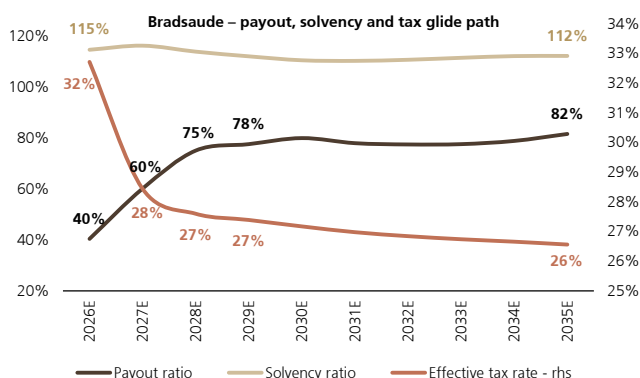
OUR THESIS IN PICTURES

Bradsaude – capital adequacy calculation exercise

R\$ mn	2Q26	¹ Shortfall example
(-) Interest on own capital (IOC)	(230)	(1,489)
Risk-Based Capital (b)	6,671	6,671
As % of total earned premiums	13%	13%
Eligible / Statutory Capital (a)	7,929	6,670
As % of shareholders' equity	43%	39%
Premium-to-surplus	6.7	8.0
Reserve leverage (R\$)	2.8	3.4
Excess capital (a - b)	1,258	(1)
Solvency ratio (a ÷ b)	119%	100%

¹Illustrative example of a higher-than-reported IOC distribution, resulting in greater capital consumption by the bank; tax effects are not considered for illustrative purposes.

Eligible capital of R\$7.9bn vs. a R\$6.7bn requirement results in a 119% solvency ratio and R\$1.3bn in surplus capital.



The payout increases to 80% from 2029 onward, and to about 90% beyond our forecast horizon. Solvency remains within the 110-120% range throughout.

Implied ROE (Gordon model)		Implied P/B (Gordon model)	
Reported P/B	2.4x	Consensus 27E ROE	25%
CoE	14.6%	CoE	14.6%
Growth	5.0%	Growth	5.0%
Sustainable ROE	28%	Fair P/B	2.1x
UBSe Sustainable ROE	32%	UBSe 27E target P/B	2.6x
Diff. to UBS (bps)	(400)	Diff. to UBS	-20%

At current valuations, the Gordon framework indicates a sustainable ROE of 28%, compared with our estimate of 32%. Consensus ROE supports 2.1x book value, below our 2.6x target.

	Rating	P/E		P/B		ROE	
		2026E	2027E	2026E	2027E	2026E	2027E
Bradsaude	Buy	9.4	8.1	2.2	2.0	24.0	26.5
Bupa Arabia	Buy	18.0	15.5	3.7	3.3	22.1	22.8
Tawuniya	Buy	18.8	13.9	3.4	2.8	19.3	22.3
Medibank	Neutral	20.6	18.4	5.4	5.0	27.1	28.1
UnitedHealth	Buy	19.0	16.8	3.3	3.1	17.7	18.9
Elevance	Buy	15.3	14.2	2.0	1.8	13.2	13.5
Cigna	Buy	9.2	8.3	1.7	1.5	18.7	18.7
Humana	Neutral	42.7	24.1	2.6	2.4	6.1	10.3
Centene	Neutral	13.8	12.5	1.5	1.4	11.4	12.0
Molina	Neutral	38.5	18.4	2.5	2.3	6.5	12.7
Discovery	Buy	13.4	13.8	1.9	1.9	14.4	16.5
Global Managed Care & Health Insurance		18.4	14.8	2.5	2.3	16.0	17.6
BB Seguridade	Neutral	9.1	9.1	8.1	7.4	91.8	84.9
Caixa Seguridade	Sell	13.1	12.0	5.3	5.1	40.7	43.5
Porto Seguro	Neutral	8.6	8.0	2.0	1.8	24.1	22.3
Qualitas Controladora	Neutral	11.1	9.9	2.3	2.1	20.6	21.6
PICC Property and Casualty	Buy	8.5	8.1	1.0	1.0	12.8	12.2
AIA Group	Buy	12.6	11.5	2.4	2.1	20.7	21.5
Emerging Markets Insurers		10.1	9.5	2.3	2.1	22.4	22.0

The table contextualizes the stock rather than determining our target. We view Bupa Arabia and Tawuniya as good proxies for Bradsaude's business model.

Sources for exhibits above: Company data, UBS Research. Prices and Consensus as of 9/16/2026.

EXECUTIVE SUMMARY

Launching at Buy rating; PT of R\$19.0

We are launching coverage of Bradsaude with a Buy rating and a R\$19.0 price target per share, implying 27% upside potential. Our investment case is based on three pillars. First is **(i) the carry**: a portfolio of securities generating double-digit CDI returns, alongside a payout ratio expected to rise to 60% next year, 75% in 2028, and ~80% from 2029 onward, translating into a UBSe dividend yield of ~7.5% in 2027E. Second is **(ii) consolidation**: we view Bradsaude as the natural beneficiary of lives released by Brazil's health system as structural pressures increasingly force smaller operators out of the market. This represents consolidation through attrition rather than acquisition, given the organic migration of lives to the company, with no transaction consideration, no goodwill recognition, and no integration risk. Bradsaude accounts for roughly 9% of the system's health lives, yet captured around 15% of the industry's total net income in LTM. Third is **(iii) optionality**: the Atlantica hospital joint venture with Rede D'Or could potentially offer earnings acceleration independent of interest rates and the core underwriting business (we assume the JV reaches a 13% contribution to consolidated net income over the long term).

We organized the report around two Pivotal Questions that evaluate both dimensions of the dividend thesis. In the first, we discuss why the controlling shareholder should prefer maximizing capital distributions, and the answer is largely reflected in Bradesco's balance sheet. In the second, we analyze how far the payout can realistically increase, through which mechanism, and at what tax cost, while maintaining healthy solvency ratios. Importantly, our 2027-2030 earnings estimates are more than 10% above consensus, a difference we largely attribute to the interest on own capital distributions we anticipate in the coming years, which should reduce the effective tax rate (UBSe 26% in the long term). In addition, the current share price implies a sustainable ROE of 28%, compared with our UBSe of 32%, which we believe does not reflect the three pillars we highlighted.

Overall, a stock trading meaningfully below our earnings estimates and fair multiples, while offering an expanding yield as the valuation gap narrows, underpins our Buy rating.

What is the market pricing in?

We apply the Gordon framework in both directions, deriving the sustainable ROE and the fair P/B multiple embedded in current market prices and consensus estimates, as outlined below. At current prices, the reported 2.4x P/B suggests a 28% sustainable ROE, around 400bps below the 32% reflected in our estimates. Conversely, using the consensus 2027E ROE of 25%, we calculate a fair multiple of 2.1x book, around 20% below our 2.6x 2027E target.

Figure 1: Implied ROE (Gordon model)

Bradsaude	
Reported P/B	2.4x
CoE	14.6%
Growth	5.0%
Sustainable ROE	28%
UBSe Sustainable ROE	32%
Diff. to UBS (bps)	(400)

Source: Company reports, Reuters and UBS. Note: Prices as of 9/16/2026.

Figure 2: Implied P/B (Gordon model)

Bradsaude	
Consensus 27E ROE	25%
CoE	14.6%
Growth	5.0%
Fair P/B	2.1x
UBSe 27E target P/B	2.6x
Diff. to UBS	-20%

Source: Company reports, Reuters and UBS. Note: Consensus as of 9/16/2026.

We believe the primary driver of both ROE and P/B gaps is the tax line, rather than the insurer's underlying operations, given its mature franchise and historically low operating volatility (which leave limited scope for meaningful divergence in the operating trends).

Consensus appears to assume a largely steady effective tax rate throughout the years, whereas we view the rate as a function of the IOC schedule. We forecast a R \$1.6bn IOC declaration in 2027, reducing the effective tax rate to approximately 28% (vs. 32% expected for this year). In our view, this largely accounts for the difference between our estimates and consensus, with the mechanics detailed in our second Pivotal Question, [How high can Bradsaude's payout go?](#), and briefly elaborated below.

Why should you expect a significant payout ratio?

1) Bradsaude's investment thesis is closely linked to its controlling shareholder

The restructuring that established Bradsaude increased Bradesco's capital ratios by ~250bps based on the bank's own pro forma assessment (~140bps remain subject to regulatory approval). In summary, Bradesco needs to amortize around R\$8.2bn of deferred tax assets tied to credit losses annually over the next 10 years (credits that can only be used by the banking entity) while a substantial portion of the group's earnings is generated by the insurance business (around 50%). Because DTAs that the bank fails to absorb convert into deductions from regulatory capital, every installment not converted by the banking entity's own taxable earnings weighs directly on the consolidated CET1. As a result, a controlling shareholder in this situation would rationally prefer maximizing distributions from its subsidiaries, with a particular bias toward IOC, and it is likely to apply a stringent threshold to Bradsaude's own capital allocation. The practical implication is that Bradesco's quarterly capital disclosure should become a standing component of the Bradsaude toolkit (for additional details, see our first Pivotal Question [here](#)).

2) It all comes down to balancing IOC distribution, the tax rate and solvency

In this context, our earnings model factors in a payout ratio rising to 60% in 2027 and nearly 75% in 2028, while achieving ~80% from 2029 onward and 90% beyond our forecast period, once premium growth reaches mature levels. Over this trajectory, the effective tax rate declines from 32% reported in 2Q26 toward ~26%, while the solvency ratio remains within a healthy range, easing from 115% expected this year to 112% in perpetuity. Bradsaude already operates with surplus capital of R\$1.3bn, equivalent to a 119% solvency ratio in 2Q26. For further detail, see our second Pivotal Question [here](#).

A different animal in LatAm Healthcare

Bradsaude enters a competitive landscape that includes hospitals, labs, and group medicine companies. However, the underlying P&L, balance sheet, and business model are those of an insurer, and the figure below breaks down profitability on that basis.

Figure 3: Bradsaude - ROAE breakdown

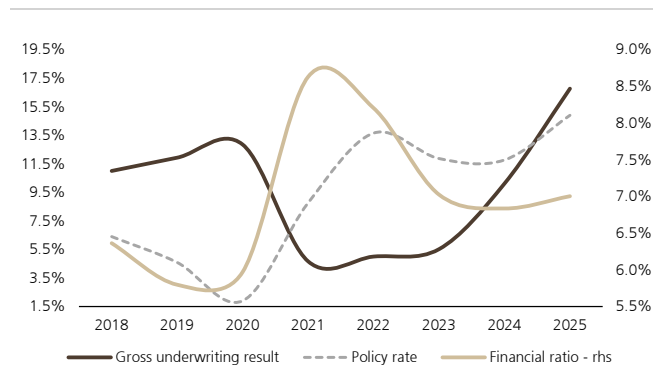
	2Q26	2026E	2027E
Net underwriting results	4.0%	4.8%	4.3%
Financial results	8.2%	7.5%	8.1%
Equity / non-op. Inc. (incl. Hospitals and Fleury)	1.0%	0.6%	1.1%
Service revenues (incl. Novamed and Orizon)	1.1%	1.0%	1.0%
Income taxes	(4.5%)	(4.5%)	(4.1%)
ROAA	9.7%	9.5%	10.5%
Leverage (Assets / Equity)	2.5x	2.5x	2.5x
ROAE	24.1%	24.0%	26.5%

Source: Company reports, UBS

Given the breakdown above, it is worth highlighting that financial results accounted for more than 8pp of Bradsaude's return on average assets in 2Q26, double the 4pp generated by net underwriting results (i.e., the core insurance business). This is a common characteristic of the rate cycle, as higher policy rates support insurers' financial income due to the composition of their securities portfolios.

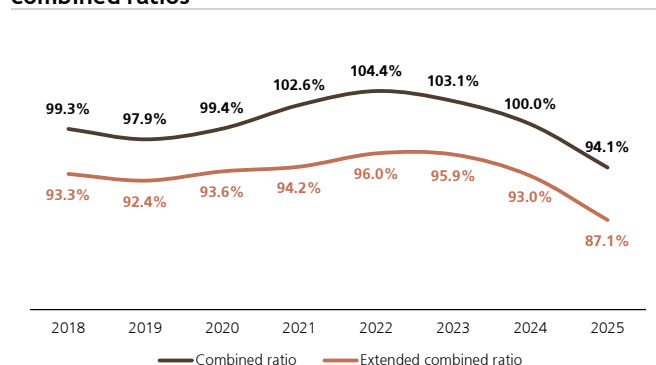
In this context, we provide the chart below to show a complete cycle at Bradesco Saude (Bradsaude's main subsidiary). The figure illustrates the traditional pattern of insurance dynamics, in which underwriting and financial cycles typically counterbalance each other. Notably, in the post-COVID environment, both the underwriting margin and the financial ratio are currently above their historical averages, which is a combination that, in our view, also underscores Bradsaude's strength as a consolidator.

Figure 4: Bradesco Saude - insurer underwriting cycle



Source: ANS, UBS

Figure 5: Bradesco Saude - combined and extended combined ratios



Source: ANS, UBS

What is in our numbers?

Our estimates imply ROAE of 24% in 2026, increasing to 26% in 2027 and 27% in 2028, with the stock-implied dividend yield rising from ~4% this year to ~7.5% in 2027. We anchor our valuation on a fair multiple of 2.6x 2027E P/B, supported by a dividend discount model.

In our model, we assume earned premium growth of 10%, on average, in 2027 through 2028, driven by tepid health insurance policy repricing above inflation, with a positive but very limited contribution from lives, before slowing toward around 5% at maturity. We base our claims assumptions on the risk book (i.e., excluding ASO) and reconcile them with the blended MLR, forecasting a 50bps increase this year to 83.9%, with further deterioration in 2027 to 84.6% (given weak macro backdrop for SMEs and high household indebtedness levokels), assuming a gradual upward trend in consolidated MLR over time toward ~87% in the long term. This keeps the combined ratio at ~97% in the steady state (vs. 2026E at 95.9%) and the expanded combined ratio around 90% (vs. 2026E 89.5%).

Notably, the local policy rate does not return to single digits within our forecast period, leaving the financial result as a key earnings driver. Thus, with moderate policy rate cuts expected in the 2026/27 cycle, we anticipate the portfolio's returns relative to the CDI to improve modestly, reflecting the composition of Bradsaude's securities book (composed of fixed and inflation-linked bonds).

We also model the effective tax rate endogenously based on IOC distributions and the TJLP cap, rather than applying a flat discount to the statutory 40% rate (let alone to 34%). This results in an effective tax rate of 32% in 2026 and 28% in 2027, as the deductible base shifts to the holding company's equity, before stabilizing at 26% over the long term. Finally, Atlantica follows the contracted hospital rollout schedule, with no M&A included in our forecasts, and we estimate its contribution will reach 13% of consolidated net income over the long term.

Earnings Model

Figure 6: Bradsaude - earnings outlook

	2026E	2027E	2028E	Growth		
Income Statement (R\$m)	New	New	New	'26	'27	'28
Net written premiums	56,708	62,348	68,185	12%	10%	9%
(-) Changes in technical provisions	(209)	(447)	(654)	-66%	114%	46%
Earned premiums	56,498	61,901	67,532	13%	10%	9%
Retained Claims	(47,387)	(52,376)	(57,383)	13%	11%	10%
Selling Expenses	(2,345)	(2,560)	(2,709)	13%	9%	6%
Gross underwriting results	6,766	6,965	7,440	8%	3%	7%
Administrative expenses	(2,478)	(2,672)	(2,845)	9%	8%	6%
Tax on revenues	(649)	(625)	(682)	19%	-4%	9%
Other operating expenses	(1,339)	(1,484)	(1,577)	9%	11%	6%
Net underwriting results	2,300	2,185	2,336	4%	-5%	7%
Service revenues (incl. Novamed and Orizon)	497	529	548	4%	6%	4%
Operating income ex-financial	2,797	2,714	2,884	4%	-3%	6%
Financial results	3,609	4,094	4,494	18%	13%	10%
Operating income	6,406	6,808	7,378	12%	6%	8%
Equity / non-op. Inc. (incl. Hospitals and Fleury)	305	542	683	243%	78%	26%
Income before taxes	6,711	7,350	8,061	15%	10%	10%
Income taxes	(2,162)	(2,053)	(2,209)	-1%	-5%	8%
Net income	4,549	5,296	5,852	24%	16%	10%
ROAE	24.0%	26.5%	26.8%	n.a.	250 bps	40 bps
ROAA	9.5%	10.5%	10.6%	n.a.	100 bps	10 bps
Payout ratio	40%	60%	75%	-	-	-
Effective tax rate	32%	28%	27%	n.a.	-430 bps	-50 bps
Consensus	4,391	4,792	4,918	20%	9%	3%
vs. consensus	4%	11%	19%			
	2026E	2027E	2028E	Growth		
Consolidated Insurance Business (R\$m)	New	New	New	'26	'27	'28
Loss ratio (MLR)	83.9%	84.6%	85.0%	50 bps	70 bps	40 bps
Acquisition cost ratio	4.2%	4.1%	4.0%	0 bps	0 bps	-10 bps
Gross underwriting margin	12.0%	11.3%	11.0%	-50 bps	-70 bps	-20 bps
Administrative expense ratio	4.4%	4.3%	4.2%	-20 bps	-10 bps	-10 bps
Tax expenses ratio	1.1%	1.0%	1.0%	10 bps	-10 bps	0 bps
Other operating income (expenses) ratio	2.4%	2.4%	2.3%	-10 bps	0 bps	-10 bps
Net underwriting margin	4.1%	3.5%	3.5%	-30 bps	-50 bps	-10 bps
Combined ratio	95.9%	96.5%	96.5%	30 bps	50 bps	10 bps
Financial income ratio	6.4%	6.6%	6.7%	30 bps	20 bps	0 bps
Expanded combined ratio	89.5%	89.9%	89.9%	0 bps	30 bps	0 bps
Total beneficiaries (mn)	13.9	14.4	14.9	6%	4%	3%
Total assets	47,914	53,020	57,501	50%	11%	8%
Total liabilities	28,943	31,943	34,971	19%	10%	9%
Equity	18,971	21,078	22,530	144%	11%	7%

Source: Company reports, Reuters, UBS. Note: Consensus as of 16 September 2026.

Figure 7: Brazil - macroeconomic forecast

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026E	2027E	2028E
Real GDP growth, %	(3.3)	1.3	1.8	1.2	(3.3)	4.8	3.0	3.2	3.4	2.3	1.8	1.8	2.2
Private consumption, % y/y	(3.8)	2.0	2.4	2.6	(4.6)	3.0	4.1	3.2	5.1	1.3	1.7	1.7	-
Government consumption, % y/y	0.2	(0.7)	0.8	(0.5)	(3.7)	4.2	2.1	3.8	2.0	2.1	2.1	1.5	-
Gross Fixed Capital formation, % y/y	(12.1)	(2.6)	5.2	4.0	(1.7)	12.9	1.1	(3.0)	6.9	2.9	0.5	1.0	-
Unemployment rate, %	12.9	12.6	12.3	11.7	14.9	11.7	8.3	7.8	6.5	5.3	5.8	6.5	-
CPI inflation, % y/y (year-end)	6.3	2.9	3.7	4.3	4.5	10.1	5.8	4.6	4.8	4.3	4.6	3.9	3.5
¹ Policy rate, % (year-end)	13.8	7.0	6.5	4.5	2.0	9.3	13.8	11.8	12.3	15.0	12.8	12.0	10.5

Source: Brazilian Central Bank, UBS macroeconomic team. Projections for 2027 and 2028 are based on the Central Bank of Brazil's Focus Survey.

So, how does Bradsaude compare with peers?

Following SulAmerica's delisting in 2022, we recognize that identifying an appropriate peer group for Bradsaude has become more challenging. In this context, the table below is intended to position the stock relative to global comparables, rather than to establish our target.

Figure 8: Managed Care, Health and EM Insurance - comparison table

	Rating	Price (local)	12M PT (local)	Upside (%)	Mkt Cap (US\$ mn)	P/E		P/B		ROE		Dividend Yield (%)	
						2026E	2027E	2026E	2027E	2026E	2027E	2026E	2027E
Bradsaude	Buy	14.6	19.0	30	8,268	9.4	8.1	2.2	2.0	24.0	26.5	4.3	7.5
Bupa Arabia	Buy	162.2	210.0	29	6,477	18.0	15.5	3.7	3.3	22.1	22.8	3.1	3.5
Tawuniya	Buy	92.8	116.0	25	5,558	18.8	13.9	3.4	2.8	19.3	22.3	1.4	2.2
Medibank	Neutral	4.6	5.0	8	9,034	20.6	18.4	5.4	5.0	27.1	28.1	4.0	4.4
UnitedHealth	Buy	378.6	490.0	29	343,030	19.0	16.8	3.3	3.1	17.7	18.9	2.4	2.5
Elevance	Buy	416.0	460.0	11	90,649	15.3	14.2	2.0	1.8	13.2	13.5	1.7	1.8
Cigna	Buy	278.2	400.0	44	73,512	9.2	8.3	1.7	1.5	18.7	18.7	2.2	2.2
Humana	Neutral	387.0	405.0	5	46,876	42.7	24.1	2.6	2.4	6.1	10.3	0.9	1.0
Centene	Neutral	67.4	70.0	4	33,558	13.8	12.5	1.5	1.4	11.4	12.0	0.0	0.0
Molina	Neutral	208.4	202.0	(3)	10,692	38.5	18.4	2.5	2.3	6.5	12.7	0.0	0.0
Discovery	Buy	27,050.0	32,200.0	19	11,113	13.4	13.8	1.9	1.9	14.4	16.5	1.6	1.8
Global Managed Care & Health Insurance				14.8		18.4	14.8	2.5	2.3	16.0	17.6	1.7	2.0
BB Seguridade	Neutral	40.9	35.0	(14)	15,419	9.1	9.1	8.1	7.4	91.8	84.9	10.1	9.8
Caixa Seguridade	Sell	20.6	20.5	(1)	12,022	13.1	12.0	5.3	5.1	40.7	43.5	6.8	7.5
Porto Seguro	Neutral	49.8	53.0	6	6,197	8.6	8.0	2.0	1.8	24.1	22.3	6.7	6.9
Qualitas Controladora	Neutral	155.3	165.0	6	3,559	11.1	9.9	2.3	2.1	20.6	21.6	5.9	6.7
PICC Property and Casualty	Buy	16.8	20.0	19	47,745	8.5	8.1	1.0	1.0	12.8	12.2	4.9	5.3
AIA Group	Buy	77.4	102.0	32	102,014	12.6	11.5	2.4	2.1	20.7	21.5	2.8	3.0
Emerging Markets Insurers				6.3		10.1	9.5	2.3	2.1	22.4	22.0	6.3	6.8

Source: Reuters and UBS Global Research estimates. Prices as of 9/16/2026. Median for sector figures.

Acknowledging the significant differences in regulatory and industry dynamics, we see the global managed care and health insurance group as the closest business cluster. Even so, given the emerging markets cost of equity, we do not expect Bradsaude's multiples to close much of the gap to that peer group. On the other hand, despite a similar cost of equity, most emerging markets insurers combine different underwriting risks and distribution economics, with a product mix that commands different multiples by construction.

Within the first cluster, Bupa Arabia and Tawuniya deserve particular attention, as their business models sit closest to Bradsaude's, essentially health insurance underwriting run from emerging markets. These are the names we will track most closely over time.

Valuation Summary

We value Bradsaude at a fair 2027E P/B multiple of 2.6x, supported by our dividend discount model (DDM). Our valuation is based on dividend forecasts through 2040, with 2027-35 dividends discounted at a 14.6% cost of equity, a transition phase during 2036-40 assuming a 90% payout ratio, and a 5.0% terminal growth assumption. This yields a fair value of R\$19.0 per share. The terminal value accounts for about one-third of the total valuation. Below, we outline the main factors incorporated into our long-term assumptions:

- **Beta of 0.8.** The lowest in our coverage. From an operating perspective, we considered the essential-service nature of corporate health benefits, the low operating volatility of a long-established underwriting franchise, and an earnings mix anchored on a float of technical reserves rather than on

leveraged growth. For comparison, we assume a beta of 0.9 to Rede D'Or, whose returns are supported by a comparable insurance business (i.e., SulAmerica) as well as hospital operations, which involve greater execution risk. We also note that the betas used for global health insurance names under UBS coverage, including Bupa Arabia and Tawuniya, are in the 0.7-0.9 range.

- **Distribution policy.** From 2027 onward, the company distributes most of the IOC permitted under the TJLP cap, supplemented by proceeds from extraordinary dividends, provided total distributions do not cause the solvency ratio to fall below 110% at any point during the forecast period. Consequently, the payout ratio rises to ~80% in 2029 and 90% in the terminal phase, once premium growth stabilizes at mature levels.
- **Terminal growth of 5.0%.** It reflects long-term inflation of 3.5%, roughly one point of repricing pass-through above it and a timid contribution from lives, consistent with the mature, distribution-heavy profile outlined in this report.

Figure 9: Bradsaude - valuation summary

Discount rate		Multiples @ Current Price	
Risk-free rate	11%	P/E 26E	9.4x
Beta	0.8	P/E 27E	8.1x
Equity Risk Premium	5.5%	P/B 26E	2.3x
Cost of equity (BRL)	14.6%	P/B 27E	2.0x
DDM assumptions		Multiples @ Price Target	
Transition average growth	5%	P/E 26E	12.2x
Terminal growth rate	5%	P/E 27E	10.5x
Terminal payout ratio	90%	P/B 26E	2.9x
Sustainable ROE	32%	P/B 27E	2.6x
12M Price Target (R\$ million)		Dividend yield @ Current Price	
NPV of the first stage	25,706	2026E	4.3%
NPV of transition period	10,579	2027E	7.5%
NPV of terminal value	19,321	Dividend yield @ Price Target	
Equity Value – 12M fwd	55,606	2026E	3.3%
Price Target (R\$)	19.0	2027E	5.7%
Upside	30%		
Dividend yield	5%		
Total return	35%		
MRA	18.0%		
Clean Upside	17.0%		
Rating	Buy		

Source: Company reports, Reuters, UBS. Note: Prices as of 16 September 2026.

Our 2027E fair multiple is broadly aligned with both the global managed care and health insurance peer group and the EM insurers. Assuming the multiple remains unchanged, returns are driven by book value growth and dividends, which together reflect the ROAE.

Valuation sensitivity analysis

Given the uncertainty related to global risk perception and the local fiscal situation, we conducted a sensitivity analysis to simulate our valuation using alternative assumptions for COE and terminal payout ratio. Each percentage point change in COE moves our fair value by around 11%.

Figure 10: Valuation sensitivity (COE vs. terminal payout ratio)

		Terminal Payout ratio				
		60%	70%	80%	90%	95%
Cost of equity	12.6%	20.9	22.0	23.2	24.4	25.0
	13.6%	18.6	19.5	20.4	21.4	21.8
	14.6%	16.8	17.5	18.3	19.0	19.4
	15.6%	15.3	15.9	16.5	17.1	17.4
	16.6%	14.1	14.5	15.0	15.5	15.7

Source: Company reports, UBS estimates

Risks to our Investment Thesis

Our Buy rating is underpinned by float-driven carry, increasing payouts, the organic consolidation of the health system toward its largest payers, and an earnings path that exceeds what is currently implied in the share price. The risks outlined below are effectively the reverse of these key drivers, and we evaluate each based on the channel through which it could affect the P&L and our valuation.

The controlling shareholder's priorities

Our first Pivotal Question contends that Bradesco's capital position supports maximum distributions, but this reliance can work in both directions. Renewed capital strain at the parent level could make the listed subsidiary a source of funding, potentially through equity issuance similar to the transaction the group executed at the bank level in July 2026. In addition, decisions driven by the controller's timetable may not always be aligned with minority shareholders' interests. Thus, a slower distribution increase than we currently assume, as 2026 has already demonstrated, would also postpone the tax and dividend convergence reflected in our estimates.

A claims cycle extending beyond repricing

Our MLR trajectory already trends higher for structural reasons, as an aging insured base, utilization patterns that increasingly treat the plan as a consumption product, a mature pool of system lives with limited growth potential, and a stringent regulatory environment all contribute to higher claims ratios over time. The key risk is that deterioration outpaces the annual repricing cycle, pressuring the underwriting margin and, via greater retention requirements, the dividend itself.

Slower maturation of Atlantica

Our estimates incorporate the JV's contracted hospital schedule, with its contribution reaching 13% of consolidated net income over the long term. A slower ramp-up would defer that contribution and eliminate the one source of earnings acceleration that does not depend on interest rates.

Changes to the IOC framework

Our effective tax rate declines from 32% toward 26% through the progressive use of interest on own capital. Legislative changes to IOC deductibility, a recurring issue in Brazilian tax discussions, or changes to TJLP mechanics would move the effective rate back toward the statutory level, affecting both earnings and payout calculations.

PIVOTAL QUESTIONS

Q: How much of Bradsaude's equity story is written on Bradesco's balance sheet?

UBSVIEW

Sufficient to influence the dividend policy. Based on our estimates, the unmitigated gap between the banking entity's own taxable income and the R \$8.2bn annual DTA amortization would place Bradesco's CET1 35bps below our base case in 2026, expanding to ~80bps by 2028. This calculation supports a rational preference for maximum distributions from the listed subsidiary, with a bias toward IOC, and makes Bradesco's quarterly capital disclosure a standing component of the Bradsaude toolkit.

EVIDENCE

Bradesco's credit-loss DTAs stood at R\$78.3bn in 2Q26, compared with R \$50.8bn at Itau and R\$34.1bn at Santander Brasil. Under Law 14,467/22, as amended, the legacy stock is amortized in fixed installments of roughly R \$8.2bn per year over the next 10 years (one tenth of the transition stock of R \$82.2bn, recorded in 2025), in force since January 2026. The insurance operations accounted for close to half of consolidated operating results in LTM 2026, after a peak of ~80% in 2023. The reorganization added 250bps to Bradesco's pro forma capital ratios, of which 110bps were booked in 2026 and 140bps await regulatory approval.

WHAT'S PRICED IN?

Consensus appears to view Bradsaude's distributions as a discretionary management decision rather than a controller's strategy, with 2027-2030 earnings more than 10% below our forecasts, primarily due to the tax and distribution mechanics shaped by the controller's capital position. In our assessment, the incentive is assigned no value.

Our key discoveries in a nutshell

The corporate restructuring that established Bradsaude added roughly 250bps to Bradesco's capital ratios based on the bank's own pro forma assessment, with 110bps already recognized in the 2Q26 accounts and an additional 140bps awaiting regulatory approval. In our view, Bradsaude enters the market as an operating asset with standalone merits. For its controlling shareholder, however, it also represented a significant capital event, and we believe understanding this second aspect is important to assessing the first.

Bradesco emerged from the 2022-2023 credit cycle with one of the largest balances of deferred tax assets (DTAs) among Brazilian private banks. This balance increases the bank's risk-weighted assets (RWA) and, under the new tax framework (Law 14,467/22, as amended by MP 1,261/24), must now be amortized in fixed annual installments of around R\$8.2bn over ten years (one tenth of the transition stock). The key issue is that tax credits may only be used by the legal entity that generated them (i.e. the banking operations), while a substantial share of the group's earnings has been driven by the insurance operations, which cannot amortize the bank's DTAs. We outlined these mechanics in "[New tax scheme: Negative for capital in the short term but positive over the long term](#)" (June 2024) and revisited and quantified the earnings gap in "[How big is the earnings shortfall to amortize the DTAs?](#)" (March 2026), where we also modeled the capital impact of a revaluation of Bradesco Saude's equity, whose actual outcome, disclosed alongside Bradesco's results, slightly exceeded the upper end of our simulated range.

In this sense, what remains on the controller's balance sheet is forward-looking and represents the actionable element for Bradsaude investors: (i) an amortization schedule that the banking entity cannot fully absorb on its own, which, based on our estimates, would leave Bradesco's CET1 around 35bps below our base case in 2026, widening to roughly 80bps by 2028, supporting a rational preference for maximum

distribution from its listed subsidiary (under the prudential treatment of the bank's investments, the retained portion of Bradsaude's earnings does not add to Bradesco's capital; in practice, only the dividend received does); and (ii) the discipline in capital allocation that a controller in this position is likely to require from Bradsaude itself.

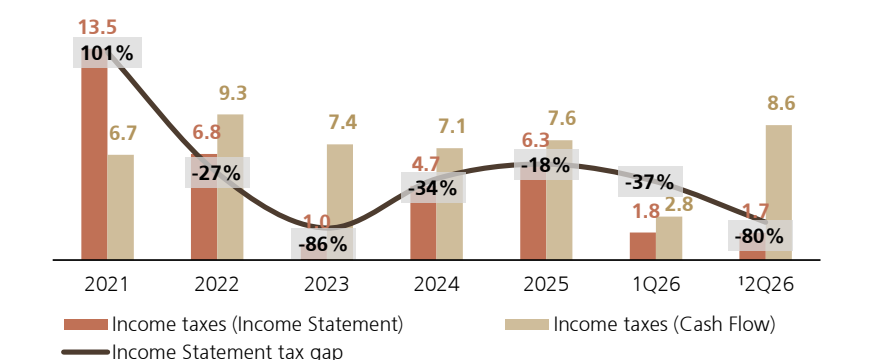
In summary, the concise answer to our Pivotal Question is that Bradesco's quarterly capital disclosure should become a permanent component of the Bradsaude toolkit.

Why should you care about a bank's CET1?

The starting point is a timing mismatch caused by loan-loss provisioning. When a bank recognizes a provision, the charge immediately lowers accounting profit, but the tax authority does not acknowledge it at that time, as the deduction is only permitted later. Until 2024, this occurred at write-off, generally 12 to 18 months after a loan became overdue. However, under the new framework (Law 14,467/22, effective from January 2025), losses become gradually deductible once a loan is more than 90 days past due, with the pace varying by credit type. During the period between the expense recognition and the tax deduction, the bank pays cash taxes based on profit that has not yet been reduced by the provision, and therefore records the difference as a deferred tax asset.

Notably, two regulatory requirements make this level of DTA challenging from a capital perspective for any bank in the Brazilian financial system. First, DTAs related to credit losses are included in risk-weighted assets at a 100% factor, structurally reducing capital ratios. In addition, when they cannot be used as a tax benefit, they are converted into tax loss carryforwards, which are deducted directly from regulatory capital, representing a significantly more punitive treatment.

Figure 11: Bradesco - income taxes (cash flow vs. income statement; R\$bn)

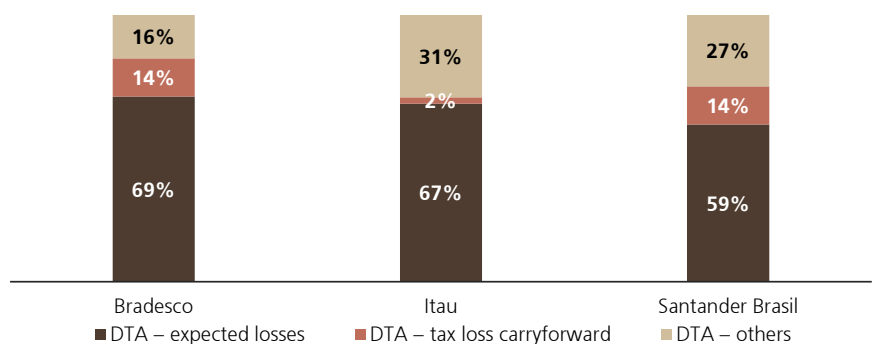


Source: Company reports, UBS. ¹The hike in tax payment in 2Q26 was caused by the revaluation of Bradsaude in Bradesco's tax balance sheet, which generated tax gains.

As shown above, in 2021, taxes recognized on Bradesco's income statement were twice the amount of taxes actually paid. However, from 2022 onward, this relationship reversed, and by 2023 the bank was paying R\$7.4bn in cash vs. a R\$1.0bn accounting expense. In this context, provision expenses were recorded without the associated tax deduction, leading DTAs to accumulate on the asset side.

The 2026 reading is noteworthy, as the reopened gap reflects the inverse economics of 2021-2023. The cash outflow, around R\$8.6bn in the quarter, was related to the increase in tax payments in 2Q26 caused by the revaluation of Bradsaude in Bradesco's tax balance sheet, which generated tax gains. While the previous gap indicated the creation of DTAs, the current one points to the utilization of DTAs (note the credit-loss balance ended 2Q26 below its 2025 closing level, marking the first decline in the series, as shown in Figure 15).

Figure 12: DTA breakdown by bank, 2Q26



Source: Company reports, UBS

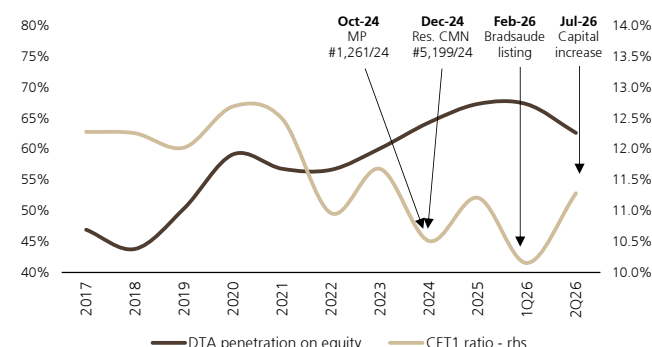
As noted above, expected credit losses account for the majority of Bradesco's deferred tax balance, representing almost 70% of the stock. A key rule to consider is that tax credits must be used by the same taxpayer that generated them. Because Bradesco's DTAs originate within its banking operations, no other group entity can amortize them. We addressed this issue in June 2024, and it explains why the scale of the group's consolidated earnings alone does not solve the problem.

The chronology

As illustrated below, the dark brown line reflects the penetration of DTAs within Bradesco's equity, rising from the mid-40% range in 2017-18 to a peak of nearly 70% at the beginning of this year. In contrast, the light brown line depicts the CET1 ratio trending downward over the same period, albeit with some volatility, as discussed later.

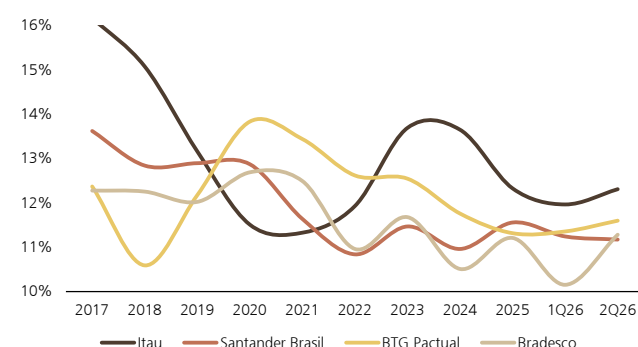
It is worth mentioning that since 2024, the private bank peer group has maintained a visibly higher capital position than Bradesco, with Itau, the closest like-for-like comparator, operating at around 12-14%. We also note that the closest tracking peer, Santander Brasil, benefits from a different institutional support structure, as it is a subsidiary of Santander Spain, which in our view could provide capital support if required.

Figure 13: Bradesco - DTA, capital and the regulatory / events timeline



Source: Brazilian Central Bank, company reports, UBS. Note: The MP #1,261/24 extends the period for financial institutions to offset and amortize bad credit losses/deductions from 3 years to a span of 7 to 10. The Res. CMN #5,199/24 smooths solvency ratio impacts for financial institutions between 2025 and 2028.

Figure 14: CET1 evolution of private banks in Brazil



Source: Company reports, UBS

Notably, each of the four dated milestones highlighted in Figure 13 had a meaningful and positive implication for Bradesco's capital:

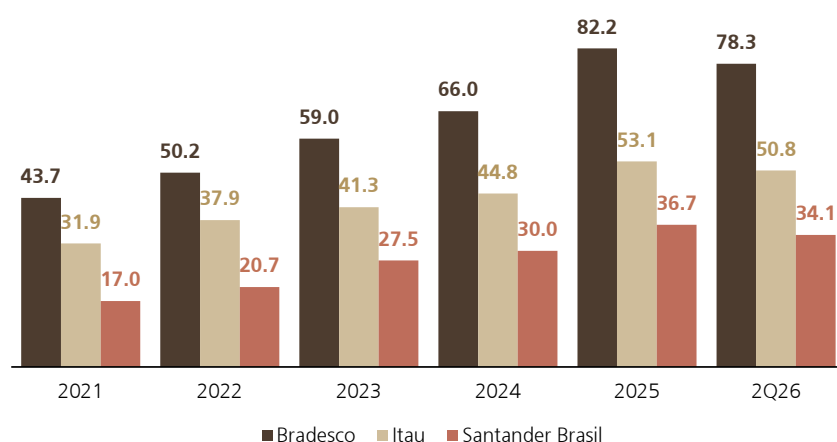
- In October 2024, **MP #1,261/24** extended the amortization period for the legacy DTA stock from 3 years to a 7- to 10-year timeframe and deferred the start date to Jan-26, implying smaller required installments and, therefore, a reduced risk of unused credits being converted into direct capital deductions.

- In December 2024, CMN Resolution #5,199/24 phased in the capital effect of the transition to Resolution #4,966/21 (the IFRS 9-style provisioning framework) over 2025-2028, spreading across four years an adjustment that otherwise would have been recognized immediately in banks' capital.
- In February 2026, Bradesco announced the **Bradsaude reorganization**, which strengthened its capital position, as discussed in the sections below.
- In July 2026, the **R\$8-10bn capital increase**, by definition, introduced new common equity.

The arithmetic of the shortfall

Bradesco holds the largest balance of credit-loss DTAs among domestic private banks. In 2025, this totaled R\$82.2bn, compared with R\$53.1bn at Itau and R\$36.7bn at Santander Brasil. Notably, the 2Q26 figure of R\$78.3bn represents Bradesco's first decline in the series, supported by deductions allowed under the new regime, which has been in effect since January 2026 and is amortized over 10 years.

Figure 15: Evolution of DTAs related to credit losses (R\$bn)

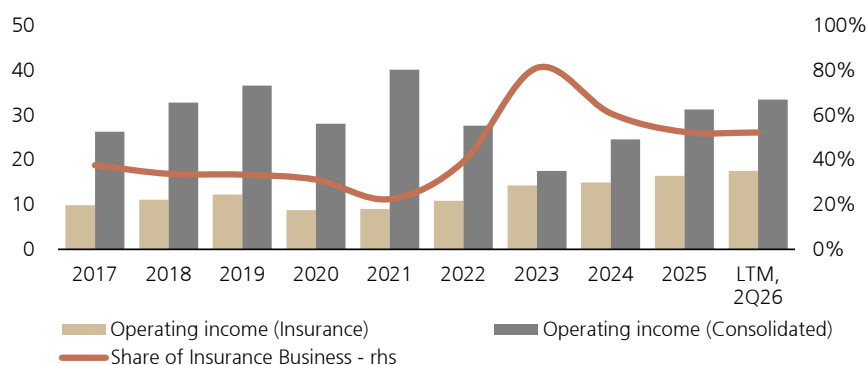


Source: Company reports, UBS. Note: it excludes DTAs associated with tax loss carry forwards and other deferred tax assets

A reasonable question emerges at this stage, given that Bradesco's consolidated pre-tax income totaled R\$33.5bn over the past twelve months. Earnings of this scale could imply that the group generates sufficient taxable profit to use a R\$8.2bn annual installment.

However, as the chart below illustrates, the insurance business has accounted for nearly half of consolidated earnings, after reaching a peak of ~80% in 2023. While the group's earnings base is substantial, a significant portion is housed in the wrong legal entity for purposes of absorbing the bank's tax credits.

Figure 16: Bradesco - insurance and consolidated operating results (R\$bn)

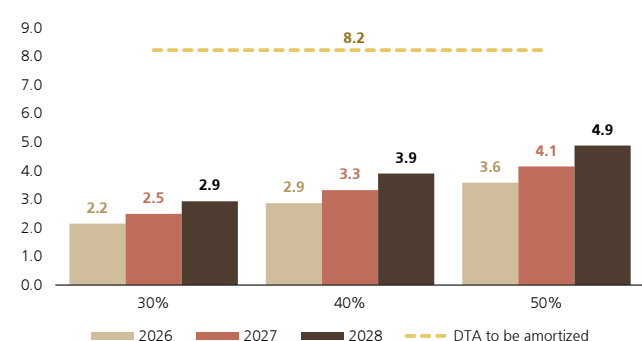


Source: Company reports, UBS

What is the gap between current earnings generation and the level needed for full DTA amortization?

We show our exercise below, based on the 10-year schedule, implying the bank would need to amortize around R\$8.2bn of credit-loss DTAs annually. Accordingly, depending on the share of consolidated taxes attributed to the banking business (we vary between 30% and 50%), the resulting shortfall (i.e. the share of the annual installment that the banking entity's own taxes cannot absorb) is estimated at R\$4.6bn to R\$6.1bn in 2026, decreasing to R\$3.3bn to R\$5.3bn by 2028 as earnings increase and absorb a greater portion of the installment.

Figure 17: Bradesco - tax to be paid on the banking business vs. DTA to be amortized (R\$ bn)



Source: Company reports, UBS

Figure 18: Bradesco - DTA amortization's shortfall (R\$ bn)

DTA to be amortized	8.2	8.2	8.2
Tax to be paid	2026	2027	2028
30% taxes from banking	(2.2)	(2.5)	(2.9)
40% taxes from banking	(2.9)	(3.3)	(3.9)
50% taxes from banking	(3.6)	(4.1)	(4.9)
DTA not amortized	2026	2027	2028
30% taxes from banking	6.1	5.7	5.3
40% taxes from banking	5.4	4.9	4.3
50% taxes from banking	4.6	4.1	3.3

Source: Company reports, UBS

Notably, our calculations are based on our banks team's latest estimates for Bradesco, assuming income tax expense of R\$8.4bn on average over 2026-28, compared with R\$6.3bn in 2025.

Two clarifications help ensure the analysis remains balanced. First, a likely counterargument is that the 2024 relief measures already addressed the issue. In our view, they have not, as the measures altered the timing, as the original 1/36 (month) schedule would have required a rapid conversion of unabsorbed installments into tax losses deducted directly from capital, but they did not resolve the entity mismatch that creates the shortfall. Second, the 1H26 data indicate that the bank is actively managing the gap rather than allowing the unmitigated arithmetic to play out (recall the tax loss balance declined during the semester).

What did the reorganization change in Bradesco's capital?

In March 2026, [we simulated the capital impact](#) of revaluing Bradesco Saude's equity across a range of valuation scenarios.

Figure 19: Impact on Bradesco's capital of the revaluation of Bradesco Saude's equity: simulated (Mar-26) vs. realized (2Q26)

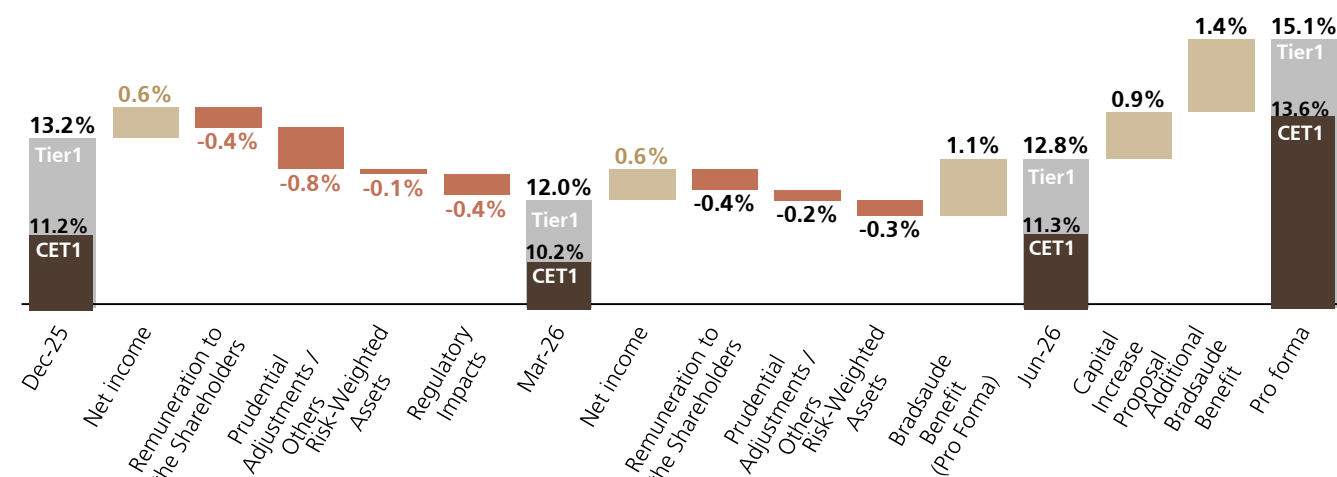
R\$ million	UBS: Valuation per the Appraisal Report (Feb-26)	¹ Realized
Bradsaude valuation	48,879	-
Equity Bradesco Saúde	16,136	-
One-off gain (pre tax)	32,743	-
Tax to be paid	14,734	-
Tax losses amortized	4,420	-
One-off gain (post tax)	18,009	-
Capital Impact (4Q25)	202 bps	250 bps
Tax losses amortized	40 bps	-
Equity increase (one-off gain)	162 bps	-

Source: Company reports, UBS. ¹Pro forma estimate by the bank, with 140 bps still pending approval from regulatory authorities.

The table above presents the analysis based on the appraisal value (R\$48.9bn for the stake), compared with the actual outcome.

Our simulation indicated ~200bps of capital strengthening at that appraisal value, split between ~40bps from amortized tax losses and ~160bps from the equity increase. Notably, the company's own pro forma reading is ~250bps, of which 110bps were already booked in 2Q26 and ~140bps remain pending approval by the regulatory authorities.

Figure 20: Bradesco - changes in the Tier 1 and Common Equity



Source: Company reports, UBS. Additional Bradsaude benefit is pending approval by the regulatory authorities. The bars decompose Tier 1; CET1 levels are market at each pillar.

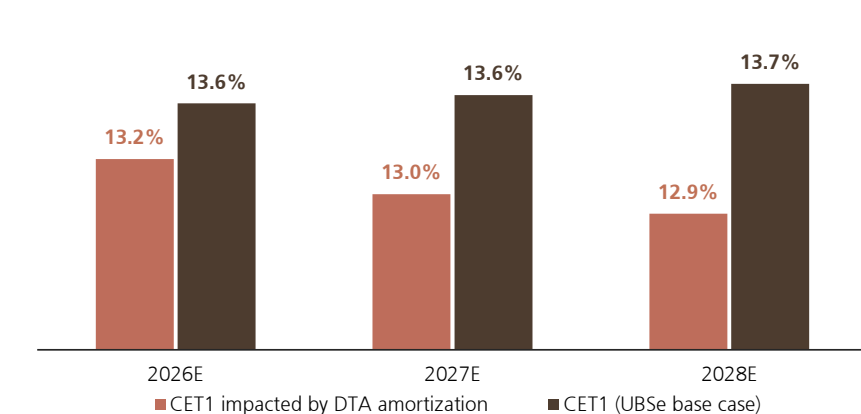
The waterfall above outlines the capital progression for the semester, with the first quarter reflecting the Res. #4,966 transition tranche under the phase-in schedule, while the Bradsaude benefit drove most of the CET1 rebound in the second quarter.

Notably, on July 29, Bradesco's board approved a capital increase of up to R\$10bn via private subscription, with a minimum amount of R\$8bn. The pro forma columns, which incorporate the proposed capital increase and the benefit still awaiting regulatory approval, indicate a 13.6% CET1 ratio, which serves as the starting point for the projections in the next section.

What is still written there: payout and capital discipline

The forward question is whether the controller's capital equation continues to matter for Bradsaude now that the listed company exists. The chart below contrasts two capital trajectories for Bradesco, based on our banks team's latest estimates.

Figure 21: Bradesco - CET1 under different DTA amortization scenarios



Source: Company reports, UBS. Note: assumes the midpoint scenario (40% of consolidated taxes attributed to the banking business) and both events (i.e. capital increase and additional benefit from Bradsaude).

First, our base case assumes the annual installment continues to be absorbed each year, consistent with the pattern to date. The alternative scenario assumes a portion of the installment remains unabsorbed and is converted into tax loss carryforwards, which are deducted directly from capital. This difference would leave CET1 ~35bps below our base case in 2026, increasing to about 80bps by 2028.

Note that these calculations assume both events take place (the capital increase and the full Bradsaude benefit) and that both are reflected equally in the two scenarios. As a result, the difference isolates the impact of the amortization, while the R\$8.2bn annual installment subsequently flows through both risk-weighted assets and CET1.

For Bradsaude shareholders, we see two practical implications:

- **The payout:** a controller with a non-negligible chance of consuming capital over the years has a rational incentive to maximize distributions from its subsidiaries, with a particular preference for interest on capital (IOC), which is deductible at the 40% rate applicable to the insurance entity. Notably, under the prudential treatment applied to the bank's insurance investments, the retained share of Bradsaude's earnings is not included in Bradesco's capital; effectively, only dividends received are recognized. We would view payout guidance as among the most informative disclosures Bradsaude can provide.
- **Capital discipline:** the same backdrop is likely to influence how Bradsaude allocates its own capital. A controller focused on distributions typically sets a higher threshold for retained earnings, whether allocated to organic growth or M&A. When dividend policy and capital plans are announced, they should be viewed not only in the context of the subsidiary's standalone fundamentals but also as indicators of the controller's broader financial priorities.

What would trigger a reassessment? What to watch?

We list below the checkpoints we believe Bradsaude's investors should follow, centered on the controller's capital equation. As a toolkit, we recommend tracking the following, in order of information value:

Figure 22: Bradsaude - what to watch in Bradesco's financial statements?

Checkpoint	What will it tell us?
Bradesco's deferred tax note (quarterly basis)	The stock of credit-loss DTAs and of tax loss carryforwards; whether the quarterly drain is being absorbed by taxes or converting into capital deductions.
Bradesco's capital disclosure (quarterly basis)	CET1 and prudential adjustments; the booking of the remaining ~140bps of the Bradsaude benefit upon the outstanding regulatory approvals.
Capital increase execution	Subscription (minimum of R\$8bn), including the extent of IOC offsetting
Bradsaude distributions	Dividend and IOC declarations, read against the controller's capital calendar.

Source: Company reports, UBS

Appendix

CET1 (Common Equity Tier 1). The highest-quality component of a bank's regulatory capital, measured as a ratio to risk-weighted assets. This is the key metric initially assessed by regulators, rating agencies, and bank investors.

Risk-weighted assets (RWA) and the 100% factor. Regulators assess a bank's capital not against the nominal total of its assets, but against a risk-adjusted base in which each asset is weighted according to its risk profile. For example, a government bond contributes relatively little to the base, while an unsecured consumer loan contributes substantially more. Capital ratios are calculated by

dividing capital by this risk-weighted base. Credit-loss DTAs receive a 100% weight, meaning they are included in the base in full. As a result, an expanding DTA balance increases the denominator and weakens capital ratios.

DTA (credit losses) vs. tax loss carryforward. The former represents a timing-related asset, reflecting provisions recognized but not yet deductible for tax purposes, and increases the RWA denominator. The latter arises when deductions cannot be utilized against taxable profit and is deducted directly from regulatory capital, which is the more punitive treatment.

Prudential adjustments. Deductions made to accounting equity to determine regulatory capital, including tax loss carryforwards.

IOC (interest on capital). A Brazilian mechanism for shareholder remuneration that is tax deductible for the payer, making it attractive for capital-rich entities with significant distributions. The deductible amount is determined by applying a reference rate (TJLP) to the payer's equity accounts, which typically makes the level of shareholders' equity the main constraint on the amount of IOC that can be distributed.

PIVOTAL QUESTIONS

Q: How high can Bradsaude's payout go?

UBSVIEW

Around 80% by 2029 and 90% beyond our forecast horizon. The limitation is mathematical rather than a matter of willingness, driven by the TJLP cap on deductible IOC, the pace of premium growth, and a solvency ratio maintained within a 110-120% range. Within this context, and supported by the tax deductibility of interest on own capital (IOC), the effective tax rate remains near 32% in 2026E as the IOC schedule continues to ramp up, before declining to 28% in 2027 and trending toward 26% over the long term as the company progressively uses its capacity to distribute IOC.

EVIDENCE

Bradsaude declared R\$230mn in IOC for 2Q26. For 2026, the deductible base is calculated based on the equity of Bradesco Saude, the insurance subsidiary, rather than the full holding company's equity; the latter will become the reference point from 2027. Eligible capital stood at R\$7.9bn in 2Q26, vs. a risk-based requirement of R\$6.7bn, representing a 119% solvency ratio and R\$1.3bn in surplus capital. Based on LTM 2Q26 figures, required retention of R\$832mn, compared with net income of R\$4,180mn, indicates payout capacity of 80%. The reported effective tax rate was 32% in 2Q26.

WHAT'S PRICED IN?

Consensus appears to assume a largely steady effective tax rate, placing its 2027-2030 earnings more than 10% below our forecasts. Similarly, the current share price implies a sustainable ROE of 28% (4pp below our 32%).

Our key discoveries in a nutshell

Our analysis of the mechanics underlying Bradsaude's payout indicates a ratio rising to 60% in 2027 and 75% in 2028, achieving ~80% from 2029 onward. Along this trajectory, supported by the tax deductibility of interest on own capital (IOC) distributions, the effective tax rate remains near 32% in 2026 as the IOC schedule continues to ramp up, then declines to 28% in 2027 and trends toward 26% over the long term as the company progressively uses its capacity to distribute IOC. The solvency ratio, meanwhile, remains within a comfortable range, easing from an estimated 115% this year toward 112% in perpetuity (above the minimum regulatory requirement). In our view, the current constraint on the dividend is the company's growth pace, and the same arithmetic that limits payout during the expansion phase increases it as growth normalizes.

Notably, our first Pivotal Question assessed the controlling shareholder, which appears to have a rational preference for maximizing distributions from its listed subsidiary. We now evaluate how much Bradsaude can realistically pay, through which instrument, and at what tax cost. Since the listing of SAUD3, we sense the debate around this Pivotal Question still misses three coordinates: Which equity base supports the dividend? How much of each year's profit is actually distributable, a matter of flow rather than the company's stock of capital? And how should investors interpret a tax line that may show 32% in one quarter and single digits in another under the same regime? We present five exhibits that address these questions sequentially and then demonstrate that, in simple terms, this is all about a harmonic balance among payout, tax rate, and capital solvency.

In summary, we believe Bradsaude can achieve an ~80% payout by 2029 and maintain it thereafter, with solvency remaining comfortable and the tax rate declining over time. Beyond our forecast horizon, once premium growth moderates to mature levels, we see scope for a payout of around 90%, which is our terminal payout ratio.

The incentives of IOC distribution

Brazilian companies may remunerate shareholders through interest on own capital (IOC), a type of distribution that can be deducted from the payer's taxable income. The benefit of this deduction depends on the jurisdiction in which the profit is taxed, an important consideration when the listed entity is a holding company.

Most of Bradsaude's earnings come from its insurance subsidiary (i.e. Bradesco Saude), which is subject to the 40% tax rate applied to financial institutions, rather than the standard 34% corporate rate (15% corporate income tax, a 10% surcharge on taxable income above a minimal threshold, and 15% social contribution). Put simply, each R\$1 declared as IOC removes R\$1 from a 40% tax base.

Figure 23: Bradsaude - effective tax rate calculation exercise

R\$ mn	2Q26	No IOC	With IOC
Earnings before taxes	1,623	100	100
(-) ¹ Equity income	(119)	-	-
(-) Interest on own capital (IOC)	(230)	-	(10)
Taxable income (a)	1,274	100	90
² Current income taxes (40% x a)	(510)	(40)	(36)
Other residual adjustments (b)	(3)	-	-
Income taxes and Social Contribution (a+b)	(513)	(40)	(36)
Effective tax rate	32%	40%	36%

Source: Company reports, UBS. ¹We only consider equity income from Atlantica Hospitals and assume equity income from the company's stake in Fleury. ²Most of the Holding's earnings are generated by the insurance subsidiary, which is subject to a 40% tax rate.

As shown above, on a base-100 profit with no IOC, the tax expense is 40. Allocating 10 as OC lowers taxable income to 90 and reduces the tax charge to 36, generating a four-point saving on the same pre-tax result.

In 2Q26, with R\$230mn of IOC declared, the resulting tax charge of R\$513mn aligns with the 32% effective rate reported by the company. Equity income is also excluded from the taxable base, as it is recognized net of tax under the equity method; in the exercise, we include Atlantica's result together with our assumption for the Fleury stake.

But the incentives for IOC have their limits

Under Brazilian tax law, the deductible IOC amount is subject to two caps. The first is the TJLP applied to shareholders' equity, accrued on a pro rata basis during the year. The second permits deductions up to the greater of (i) 50% of current-year profits, calculated before the IOC deduction, or (ii) 50% of retained earnings and profit reserves. The lower of these two amounts then serves as the effective limit.

For Bradsaude, we see the binding limit as the first one, with a transition nuance that we believe the market has yet to incorporate. Specifically, the cap is calculated on the equity of the paying entity, and we understand that the 2026 declarations are based on the insurance subsidiary's equity rather than the holding company's full 2026 equity base.

This, in our view, reflects the newly established structure, which seems to limit the deductible IOC close to R\$1bn in 2026, including R\$230mn already declared in 2Q26.

Figure 24: Bradsaude - TJLP cap exercise

R\$ mn	Example	¹ 2026E	2027E
Average Equity (a)	100	13,365	20,023
TJLP avg. (b)	9.2%	8.80%	8.75%
Maximum IOC allowed LTM (a x b)	9.2	1,176	1,752

Source: Company reports, UBS. ¹Average equity based on our 2026 estimate and Bradesco Saude's YE25 equity.

From 2027 onward, the holding company's equity of about R\$20bn (based on our estimates) becomes the applicable reference, raising the cap to roughly R\$1.7bn. Our model then assumes distribution at the maximum permitted level, reducing the effective tax rate from 32% in 2026 to 28% in 2027 and subsequently to 26% over the long term.

Notably, one factor driving our estimates above market consensus for 2027 and subsequent years may be the effective tax rate, as we think consensus forecasts appear to assume a broadly stable tax rate over the period. Finally, the incentive for a robust IOC distribution at year-end is clear, as the cap accrues within the calendar year; therefore, 4Qs typically imply the lowest effective tax rate.

Capital constraints are an additional limiting factor

At this point, the natural inclination is to base the maximization of distributions solely on Bradsaude's shareholders' equity. However, insurers must comply with minimum regulatory capital requirements.

Accordingly, Bradsaude's eligible capital for solvency purposes (i.e., book equity after regulatory deductions) was R\$7.9bn in 2Q26, compared with a risk-based capital requirement of R\$6.7bn, equivalent to ~13% of earned premiums. This leads Bradsaude to operate with a solvency ratio of 119%, implying excess capital of R\$1.3bn. Note the regulatory minimum is 100%; however, in practice, no operator manages to that threshold, as nearing it would likely prompt supervisory scrutiny.

Figure 25: Bradsaude - capital adequacy calculation exercise

R\$ mn	2Q26	¹ Shortfall example
(-) Interest on own capital (IOC)	(230)	(1,489)
Risk-Based Capital (b)	6,671	6,671
As % of total earned premiums	13%	13%
Eligible / Statutory Capital (a)	7,929	6,670
As % of shareholders' equity	43%	39%
² Premium-to-surplus	6.7	8.0
³ Reserve leverage (R\$)	2.8	3.4
Excess capital (a - b)	1,258	(1)
Solvency ratio (a ÷ b)	119%	100%

Source: Company reports, UBS. ¹Illustrative example of a higher-than-reported IOC distribution, resulting in greater capital consumption by the bank; tax effects are not considered for illustrative purposes. ²Measures the amount of underwriting exposure supported by available capital, calculated as earned premiums divided by statutory capital (proxy for underwriting leverage). ³Indicates the extent to which insurance reserves are supported by capital. Measures how many BRL of technical reserves are backed by each R\$1 of capital.

In the second column of the figure above, an illustrative IOC declaration of R \$1,489mn, instead of the R\$230mn actually declared, would have fully used the excess in a single action, reducing the solvency ratio to 100% and increasing premium-to-surplus from 6.7x to 8.0x. This example indicates that the buffer is tangible, but also limited from a regulatory perspective.

Bradsaude's potential payout seems to be already at ~80%

As noted above, the buffer is a stock and can only be used once. A sustainable payout, by contrast, depends on flow, which we believe is the true limiting factor.

To estimate that flow, we calculate a theoretical payout capacity based on the portion of each year's earnings that could be distributed while keeping the capital structure unchanged. In our analysis, we sought to answer the following question: if every R\$1 retained were converted into eligible capital, how much would remain available for distribution? With Bradsaude's structure operating at around R\$0.15 of eligible capital for each real of earned premiums (i.e., the inverse of the premium-to-surplus ratio), every R\$1bn of premium growth requires roughly R\$150mn of retention simply to maintain the solvency ratio at its current level.

Figure 26: Bradsaude - payout capacity exercise

	1Q26	2Q26	3Q26E	4Q26E
Earned premiums, LTM = a	51,688	53,080	55,076	56,498
¹ Required capital per earned premium, R\$ = b	-	0.15	0.15	0.15
Required retention in the period (a1 - a0) x b x 4 = c	-	832	1,207	830
Net income recorded, LTM = d	-	4,180	4,323	4,549
Distributable earnings, LTM (d - c) = e	-	3,349	3,116	3,719
Payout capacity, LTM = (e ÷ d)	-	80%	72%	82%

Source: Company reports, UBS. ¹This metric is the inverse of the Premium-to-Surplus ratio and indicates the amount of capital required to support each R\$1 of earned premiums. We assume a similar capital structure to that of 2Q26 for the upcoming periods.

As shown above, based on LTM 2Q26 figures, required retention of R\$832mn vs. net income of R\$4,180mn leaves R\$3,349mn available for distribution, implying an 80% capacity (noting that quarterly results fluctuate due to repricing seasonality). At the current premium growth rate, the analysis indicates roughly 80%; at 5% growth, the same calculation would move closer to 90%.

Importantly, increasing or reducing the revenue base changes the equity amount, but not the relationship among payout, tax rate and solvency (in this analysis, only the growth rate is relevant). Also note that the exercise assumes a hypothetical scenario in which every R\$1 retained is fully converted into eligible capital. In our earnings model, however, we keep eligible capital at a steady proportion of book equity (around 43%, consistent with the current structure), meaning each R\$1 retained contributes less than R\$1 of eligible capital, while premium growth continues to increase the requirement. This explains why the distributed payout converges toward the potential level above only gradually.

The rationale behind our path to an 80% payout

The figure below shows the balance among the three variables, based on the same model run. To achieve this, our model applies three rules.

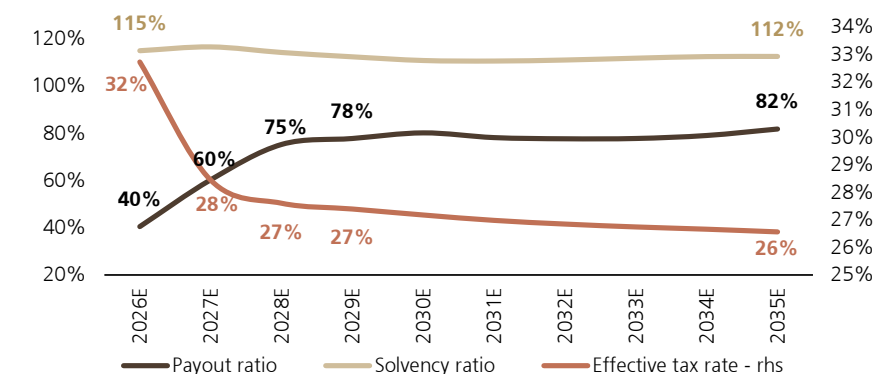
First, from 2027 onward, the company distributes most of the IOC permitted under the TJLP cap each year (exceeding 90% of the ceiling). Second, we include extraordinary dividends to maximize total shareholder proceeds. Third, total proceeds must not cause the solvency ratio to fall below 110% at any stage of the forecast period. Consequently, the effective tax rate gradually decreases toward 26% as IOC usage approaches the ceiling and the ceiling itself increases with

Eligible / Statutory Capital ("PLA"): pursuant to ANS Resolution RN 569/2022 (art. 7), shareholders' equity is adjusted for regulatory deductions, including investments in other healthcare operators, tax credits generated from tax loss carryforwards, intangible assets, and other items.

Risk-Based Capital (RBC or "CBR"): under the same resolution (arts. 5 and 9), the capital requirement is calculated monthly using standardized models that cover underwriting, credit, market, operational, and legal risks.

retained equity.

Figure 27: Bradsaude - payout, solvency and tax glide path



Source: Company reports, UBS

Notably, our payout ratio increases from a low base in 2026 to 60% in 2027 and 75% in 2028, stabilizing near 80% from 2029 onward before ultimately converging to our 90% perpetuity assumption. The payout ratio rises as premium growth moderates, freeing up additional payout capacity over time. For the solvency ratio, we maintain it within the 110-120% range, comfortably above levels that could draw regulatory scrutiny.

At this point, two readings are worth highlighting. First, once the business reaches steady state, with premiums expanding at inflation plus a modest real growth component, the same capacity framework supports a payout ratio of roughly 90%, consistent with the terminal ratio embedded in our dividend discount model beyond the period shown in the chart. Second (and more structurally important) is the proportion of each R\$1 of retained earnings that effectively qualifies as eligible capital. We assume this remains at the current 43% of shareholders' equity, while recognizing that a higher conversion rate would increase payout capacity and move the 80% plateau forward, whereas a lower conversion rate would push it out.

What would trigger the call? What to watch?

In our view, the core of monitoring should be the IOC declared, assessed against the solvency ratio published by the insurer. Together, they indicate whether the company is using its fiscal ceiling, consuming its regulatory headroom, neither, or both.

Note that a developing trend with the IOC tracking the ceiling while solvency holds stable indicates that the thesis is progressing; on the flip side, distributions running ahead of capacity, funded by a deteriorating solvency ratio, would represent the adverse case.

We elaborate in the table below on the key aspects we should focus on.

Figure 28: Bradsaude - what to watch for payout capacity?

Checkpoint	What will it tell us?
IOC declarations (December in particular)	Use of the TJLP cap; whether the strong year-end declaration becomes the company's established practice.
Solvency ratio and Eligible Capital	Monitor whether distributions are supported by flow (capacity) or stock (buffer), and track the cushion above the 100% regulatory minimum.
Eligible capital per R\$1 of premiums (~R\$0.15)	Effects from portfolio mix, the JV investment cycle, and regulatory adjustments are all reflected here first.
Earned premium growth	A slowdown could release capital and increase payout capacity.

Source: Company reports, UBS

Appendix

The TJLP cap. The deductible IOC amount is capped by applying the TJLP (long-term reference rate) to the payer's equity accounts, accrued on a pro rata basis during the year. It is also constrained by the higher of 50% of current-year profits, calculated before the IOC deduction, or 50% of retained earnings and profit reserves. For Bradsaude, the TJLP component is the binding constraint.

Eligible / Statutory Capital ("PLA" in Portuguese). The regulatory equity metric used for solvency purposes. It represents accounting equity less specified deductions, including holdings in other healthcare operators and supervised financial entities, tax credits related to tax losses, intangible assets, and goodwill from other equity investments, among others (art. 7 of RN 569/2022).

Required capital or Risk-Based Capital (RBC or "CBR" in Portuguese). The minimum capital level required by the regulator based on the risks of the business under the risk-based framework established by RN 569/2022.

Solvency ratio. Eligible / Statutory Capital divided by required capital, or RBC. The regulatory minimum is 100%; however, supervisory interaction typically starts as an operator nears this threshold. As a result, operators generally maintain a buffer above the minimum, which is why we use a 110-120% range.

Premium-to-surplus. Earned premiums divided by Eligible / Statutory Capital, indicating underwriting leverage. Its inverse, namely capital per R\$1 of premiums, is the metric we monitor in the payout capacity analysis.

UPSIDE/DOWNSIDE SPECTRUM



Value drivers	Earned premiums growth (2027E)	Loss ratio, MLR (2027E)	Atlântica hospitals (%NI) 2027E	Net income growth (2027E)	COE
R\$21.4 upside	12%	84.1%	11%	27%	14.4%
R\$19.0 base	10%	84.6%	8%	16%	14.6%
R\$10.8 downside	6%	87.6%	6%	-19%	16.6%

Source: UBS estimates

UPSIDE (R\$21.4): In our upside scenario, we assume earned premiums growth of 12.0% and a loss ratio (MLR) of 84.1%, with Atlântica hospitals contributing 11% of net income. Overall, this results in net income growth of 27.0% in 2027. Finally, for our long-term assumptions, we apply a cost of equity of 14.4%, supporting our upside valuation of R\$21.4.

BASE (R\$19.0): In our base-case scenario, we assume earned premiums growth of 10.0% and a loss ratio (MLR) of 84.6%, with Atlântica hospitals contributing 8% of net income. Overall, this results in net income growth of 16.0% in 2027. Finally, for our long-term assumptions, we apply a cost of equity of 14.6%, supporting our Price Target of R\$19.0.

DOWNSIDE (R\$10.8): In our downside scenario, we assume earned premiums growth of 6.0% and a loss ratio (MLR) of 87.6%, with Atlântica hospitals contributing 6% of net income. Overall, this results in a net income decline of 19% in 2027. Finally, for our long-term assumptions, we apply a cost of equity of 16.6%, supporting our downside valuation of R\$10.8.

Company Description

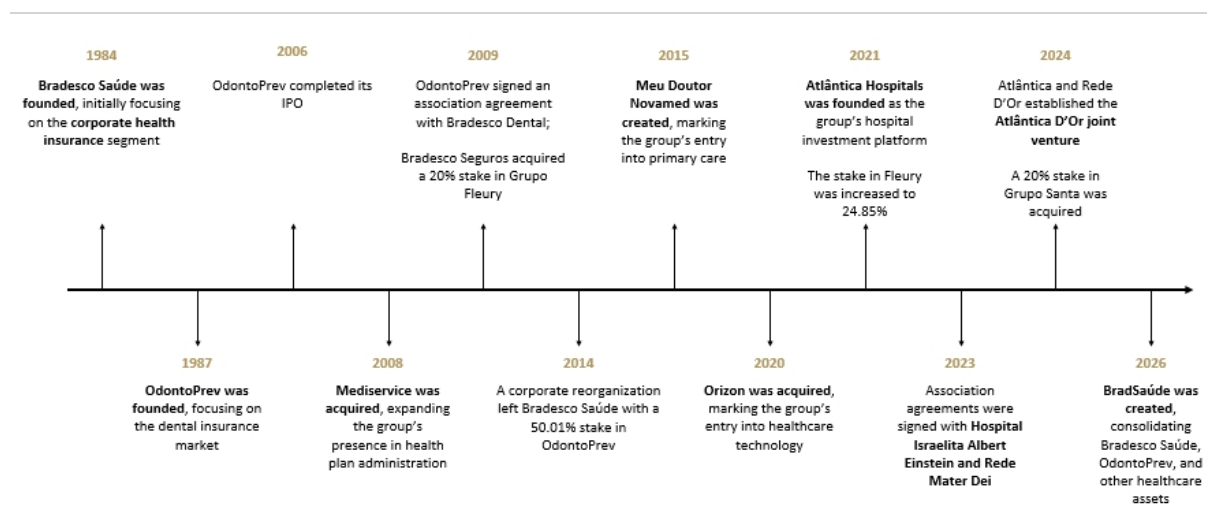
Bradsaude S.A. is the corporate name currently adopted by the former Odontoprev S.A. as a result of the business combination between the company and Bradesco Gestão de Saúde S.A. ("BGS"), through the merger of BGS shares into the company.

Odontoprev was founded in 1987 by dental professionals serving corporate clients and completed its IPO in December 2006. In 2009 Odontoprev signed an association agreement with Bradesco Dental S.A. with the objective of integrating the activities of the two companies, and in 2014 it concluded a corporate reorganisation that left Bradesco Saúde with a 50.01% interest. Meanwhile, the Bradesco healthcare operations began in 1984 with the creation of Bradesco Saúde within its insurance arm, Grupo Bradesco Seguros. Mediservice, an operator active since 1987, joined the group in 2008, strengthening its presence in corporate solutions and health management, and in 2009 Bradesco Seguros acquired 20% of Grupo Fleury, raising that interest to 24.85% in 2021 through Bradesco Diagnóstico em Saúde.

The group entered hospital assets in 2021, constituting Atlântica Hospitais e Participações as its platform for holding interests in hospitals and assistential assets. In 2023, the company entered into association agreements with Hospital Israelita Albert Einstein and Rede Mater Dei for two hospitals in SP, expected to open from 2029 onward. The platform scaled in 2024, through the JV with Rede D'Or agreed in May, under which Atlântica holds 49.99% of the Atlântica D'Or JV, and the acquisition in October of a 20% interest in Grupo Santa, the largest hospital network in Brazil's Centre-West. Atlântica also holds Novamed, which operates the Meu Doutor primary care clinics, and a 33.33% interest in Croma, an integrated oncology JV with Fleury and Beneficência Portuguesa de São Paulo.

The consolidation came in 2026 and was implemented through a share exchange. Following a sequence of internal reorganisations that transferred control of Odontoprev up to Banco Bradesco, the company issued new shares to acquire all shares of BGS. The transaction was consummated on April 2026 and the Bradsaude brand was launched the following day. Odontoprev's dental portfolio was contributed to Mediservice.

Figure 29: Bradsaude - historical timeline

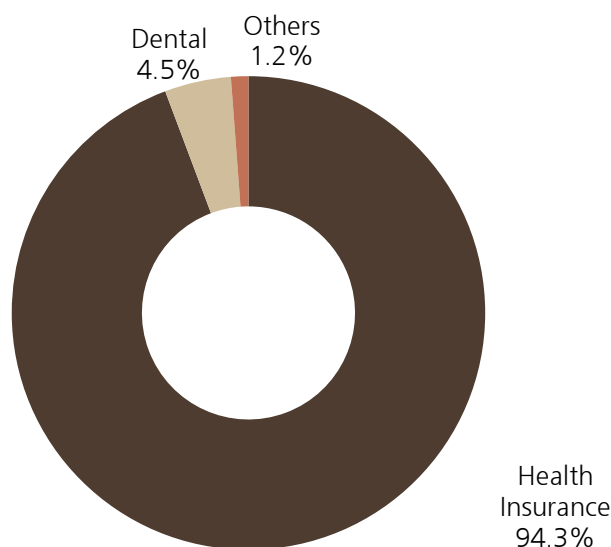


Source: Company reports, UBS

Top-line breakdown

Bradsaude's LTM adjusted top-line is split into three components: Health Insurance, Dental and Others. In LTM 2Q26, the adjusted top line reached R\$53.8bn, of which Health Insurance accounted for 94.3%, Dental for 4.5% and Others for 1.2%. Others includes service revenues and equity income, including Atlântica Hospitals and Fleury.

Figure 30: Top-line Breakdown (2Q26 LTM)



Source: Company reports, UBS. Note: Others includes service revenues and equity income, including Atlântica Hospitals and Fleury.

Ownership structure

Banco Bradesco is the company's controlling shareholder, holding ~91% of total shares. The free float accounts for ~9%, of which ~8% is held by institutional investors and ~1% by retail investors, while management and treasury shares account for less than 1% of total shares.

Figure 31: Bradsaude - ownership structure, 2Q26

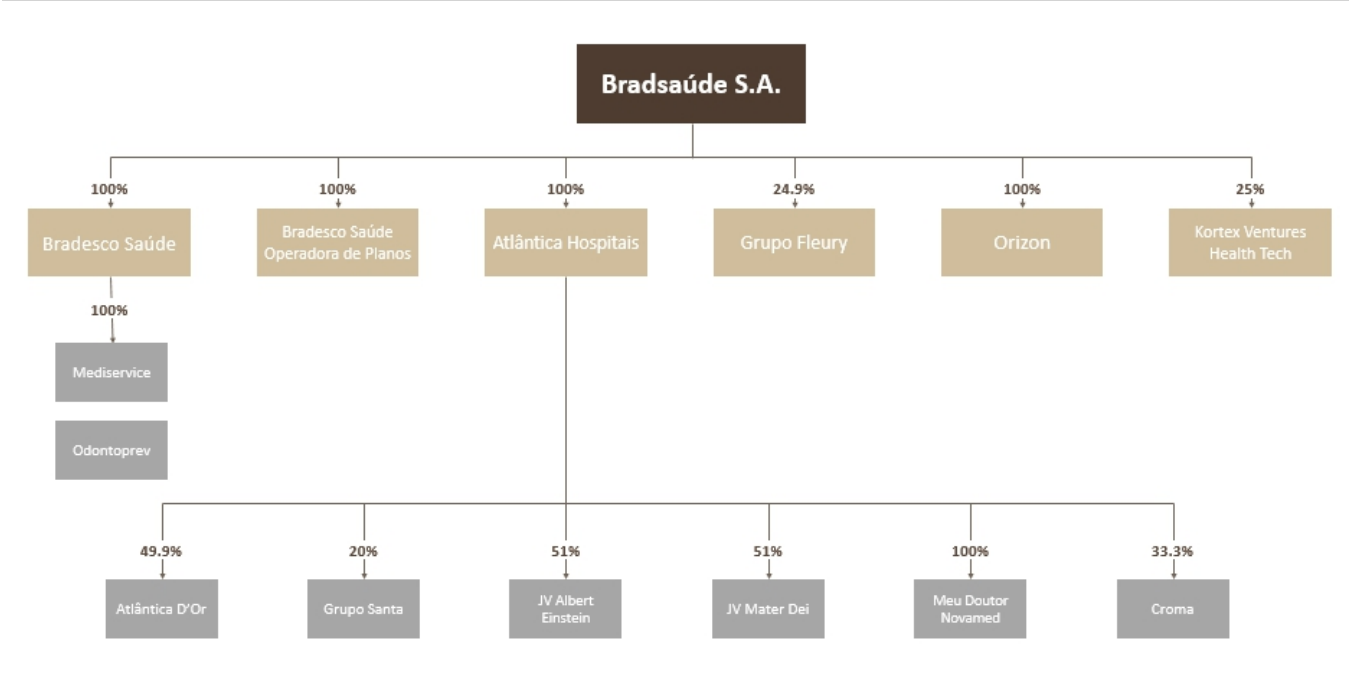
Shareholders capital	Shares (Mn)	%
Banco Bradesco S.A.	2,671	91.33%
Free-Float	252	8.61%
Management	1	0.04%
Treasury	1	0.03%
Total	2,924	100.00%

Source: Company reports, UBS

Corporate structure

Bradsaude's corporate structure includes its main health and dental businesses, Bradesco Saúde and the Odontoprev brand, as well as Orizon, its healthcare technology platform. Bradesco Saúde, Orizon and Atlântica Hospitais are wholly owned by the Company, while Bradsaude also holds a 24.85% stake in Fleury.

Figure 32: Bradsaude - corporate structure, 2Q26



Source: Company reports, UBS

Forecast returns

Forecast price appreciation	28.9%
Forecast dividend yield	4.8%
Forecast stock return	33.7%
Market return assumption	18.0%
Forecast excess return	15.6%

Company Description

Bradsaude was listed in 2026 after Bradesco consolidated its healthcare assets under a single company, spanning health and dental insurance, hospitals, primary care, and diagnostics. The group serves more than 13m beneficiaries across the country, with the health insurance operation accounting for the bulk of earnings.

Valuation Method and Risk Statement

We value Bradsaude at a fair P/B multiple, which is supported by our dividend discount model (DDM).

Key risks to our thesis include (1) controller-driven capital decisions that could limit distributions or prompt equity issuance; (2) claims deterioration exceeding repricing, pressuring MRL, underwriting margins, and dividends; (3) a slower Atlantica JV ramp-up, delaying a projected long-term net income contribution; and (4) potential changes to the IOC framework or TJLP mechanics, which could raise the effective tax rate toward statutory levels and reduce earnings and payout capacity.

Bradesco:

We derive our price target for Bradesco from a P/BV target backed by dividend discount model.

Among the main risks for Bradesco, we highlight: 1) stronger competition from newcomers; 2) potential asset quality deterioration; 3) the impact of relevant regulatory changes; and 4) an expected increase in the claim ratio of the insurance company. In addition to industry- and company-specific risks, there are potential risks inherent in investing in emerging market countries. Potential emerging market-related risks include, but are not limited to, the volatile nature of the currency, regulatory and sociopolitical risk, and abrupt potential changes in the cost of capital and the economic growth outlook. Valuations can also be affected by developments in other emerging and developed markets.

Quantitative Research Review

UBS Global Research publishes a quantitative assessment of its analysts' responses to certain questions about the likelihood of an occurrence of a number of short term factors in a product known as the 'Quantitative Research Review'. The views for this month can be found below. Views contained in this assessment on a particular stock reflect only the views on those short term factors which are a different timeframe to the 12-month timeframe reflected in any equity rating set out in this note. For previous responses please make reference to (i) previous UBS Global Research reports; and (ii) where no applicable research report was published that month, the Quantitative Research Review which can be found at <https://neo.ubs.com/quantitative>, or contact your UBS sales representative for access to the report or the Quantitative Research Team on ubs-quant-answers@ubs.com. A consolidated report which contains all responses is also available and again you should contact your UBS sales representative for details and pricing or the Quantitative Research Team on the email above.

Bradsaude S A

Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next six months? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	3
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next six months? Rate on a scale of 1-5 (1 = getting tougher 3 = no change, 5 = getting better, N/A = no view)	3
3. Over the last 3-6 months in broad terms have things been improving/no change/getting worse for this stock? Rate on a scale of 1-5 (1 = getting a lot worse, 3 = not much change, 5 = getting a lot better, N/A = no view)	2
4. Relative to the current CONSENSUS EPS forecast, is the next company EPS update likely to lead to: (1 = negative surprise vs consensus, 3 = in-line with consensus, 5 = positive surprise vs consensus expectations, N/A = no view)	3
5. What's driving the difference?	
6. Relative to YOUR current earnings forecast, is there relatively greater risk at the next earnings result of: (1 = downside skew risk to earnings, 3 = equal upside or downside risk to earnings, 5 = upside skew risk to earnings, N/A = no view)	3
7. What's driving the difference?	
8. Is there an upcoming catalyst for the company over the next three months?	No Catalyst
9. Is there an actual or approximate date for the catalyst?	
10. Is the catalyst date an actual or approximate date?	N/A
11. What is the catalyst?	

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12-Month Rating	Definition	Coverage ¹	IB Services ²
Buy	FSR is > 6% above the MRA.	55%	24%
Neutral	FSR is between -6% and 6% of the MRA.	40%	21%
Sell	FSR is > 6% below the MRA.	6%	21%

Source: UBS. Rating allocations are as of 30 June 2026.

1:Percentage of companies under coverage globally within the 12-month rating category.

2:Percentage of companies within the 12-month rating category for which investment banking (IB) services were provided within the past 12 months.

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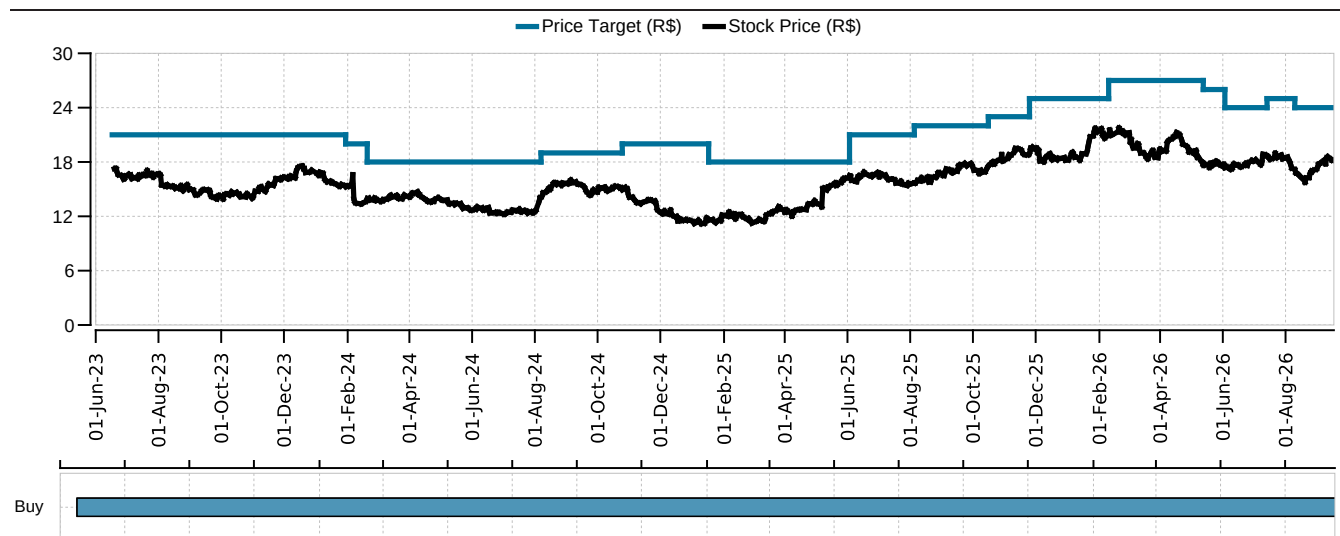
Company Name	Reuters	12-month rating	Price	Price date
Bradesco ^{16,28,7,6a,6b,20}	BBDC4.SA	Buy (CBE)	R\$18.15	17 Sep 2026
Bradsaude S A	SAUD3.SA	Suspended	R\$14.74	17 Sep 2026

Source: UBS Global Research; LSEG Eikon. All prices as of local market close. Ratings in this table are the most current published ratings prior to this report. They may be more recent than the stock pricing date.

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Bradesco (R\$)

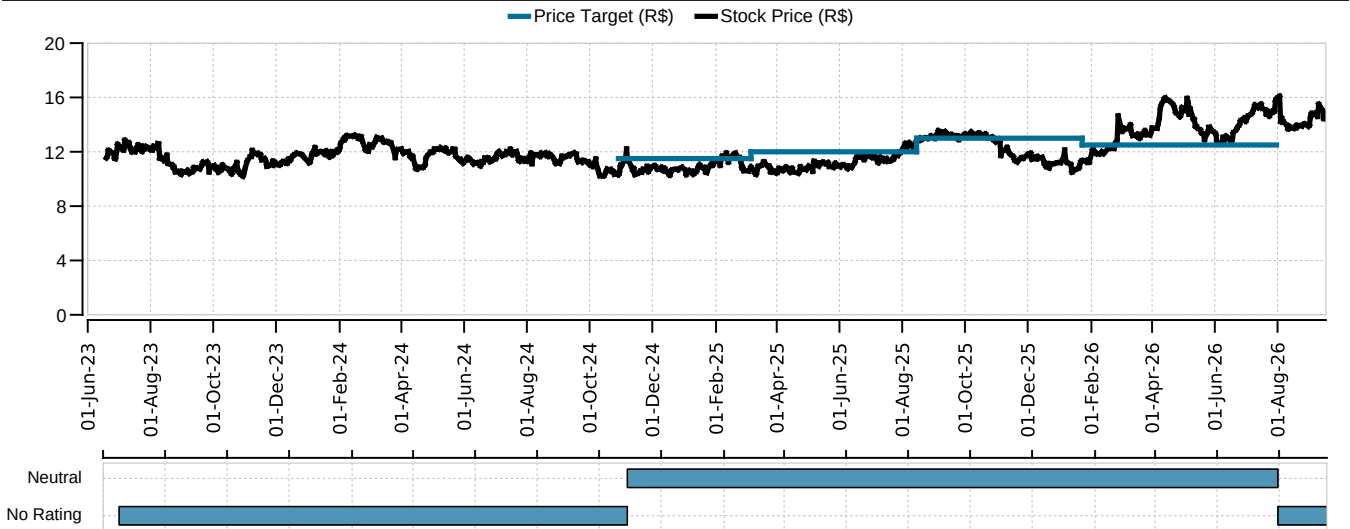


Date	Stock Price (R\$)	Price Target (R\$)	Rating
2023-06-16	16.95	21.00	Buy
2024-01-29	15.38	20.00	Buy
2024-02-19	13.65	18.00	Buy
2024-08-06	14.06	19.00	Buy
2024-10-24	15.15	20.00	Buy
2025-01-16	11.73	18.00	Buy
2025-06-02	16.24	21.00	Buy
2025-08-04	15.66	22.00	Buy
2025-10-15	17.36	23.00	Buy
2025-11-24	18.80	25.00	Buy
2026-02-09	20.91	27.00	Buy

Date	Stock Price (R\$)	Price Target (R\$)	Rating
2026-05-12	17.96	26.00	Buy
2026-06-02	17.75	24.00	Buy
2026-07-13	18.77	25.00	Buy
2026-08-09	17.31	24.00	Buy

Source: UBS Global Research; LSEG Eikon as of 17-Sep-2026. All prices as of local market close. Ratings as of date shown.

Bradsaude S A (R\$)



Date	Stock Price (R\$)	Price Target (R\$)	Rating
2023-06-16	11.55	-	No Rating
2024-10-28	10.43	11.50	Neutral
2025-03-06	10.75	12.00	Neutral
2025-08-14	12.25	13.00	Neutral
2026-01-22	11.30	12.50	Neutral
2026-07-30	15.77	-	No Rating

Source: UBS Global Research; LSEG Eikon as of 17-Sep-2026. All prices as of local market close. Ratings as of date shown.

Additional Prices: Santander Brasil, R\$30.53 (17 Sep 2026); Itau Unibanco, R\$42.58 (17 Sep 2026); Rede D'Or, R\$37.13 (17 Sep 2026); Bupa Arabia, SR162.20 (17 Sep 2026); Tawuniya, SR92.80 (17 Sep 2026); Source: UBS. All prices as of local market close.

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