



### **Janaína Storti:**

Good morning, everyone. I am Janaína Storti, Head of Investor Relations at Banco do Brasil. Thank you for participating in another earnings webcast.

As usual, this event will be conducted in Portuguese with simultaneous translation into English. So, you can choose from the three available audio options, which are: original, Portuguese or English.

And to discuss our numbers for this quarter, I have with me today our CFO, Geovanne Tobias; our CRO, Felipe Prince; and the Chief Agribusiness and Family Farming Officer, Gilson Bittencourt.

And now, to begin, I'll give the floor to Geovanne so he can make his initial remarks.

### **Geovanne Tobias:**

Thank you, Janaína. Good Morning, everyone. Before we begin, I would like to inform you that our CEO Tarciana recently underwent spinal surgery and is still recovering, which is why she is not here with us today at this time. This prevented her from participating live in this event, but she is following along online.

Thank you for attending our earnings call.

I would like to start by saying that a few weeks ago, during BB Day, we told you that transparency at Banco do Brasil is not a protocol, it is respect. It is our commitment to always bring the most up-to-date and realistic information. And it is with this commitment that I would like to begin our conversation today.

In general terms, I consider that the result of R\$ 3.4 billion in the first quarter still reflects the aggravated credit risk. But, on the other hand, it was possible to clearly see the strength of our operation in complementing the business generated with the conglomerate's companies.

We have been exploring these strengths in greater depth with you, which are based on customer centricity and primacy, a focus on strategic execution, and a commitment to delivering long-term results.

I want to highlight that the growth in Net Interest Income (NII), almost 15% in the year, was a result of credit growth, the diversification of our funding sources, and also the appropriate allocation of our liquidity. Fee income increased by 5.5%, and here I would like to highlight: asset management; insurance; and consortium, along with other businesses, all in complete synergy with the conglomerate's businesses.

Our administrative expenses remain under control, without compromising our investments in technology or our investments in the people who make these results happen.

We continue to pave our phygital strategy. Therefore, Banco do Brasil's business generation continues to gain traction, despite the challenges we have faced. The loan portfolio reached R\$ 1.3 trillion, a significant evolution in the mix towards lines with a better risk-return ratio, especially in the individuals



segment.

And to continue supporting business growth, our capital is also at a very adequate level. The increasing importance of individuals is undoubtedly a key vertical of our strategy, and we will continue at this pace, with an emphasis on payroll customers segment. And in this sense, private payroll loans are a strong growth driver. We have already reached R\$ 17 billion in disbursements on this line in less than a year, in addition to maintaining the leadership in public sector payroll loans.

We have consistently advanced in credit to micro and small businesses, with growth in lines supported by guarantee funds, such as PRONAMPE and PEAC-FGI, which reached 60% of the working capital balance for these customers.

In agribusiness, we completed the signings for BB Regulariza Agro, within the context of Provisional Presidential Decree 1314, with nearly R\$ 38 billion, which allowed 25 thousand producers to adjust their cash flow. And this happened in a very responsible way, with 92% collateral backed by real estate guarantees.

We believe in the strength and relevance of this sector for Brazil and for Brazilians. And I emphasize here that we will remain alongside the rural producers. Proof of this is that we have disbursed, in this *Plano Safra* (Crop Plan), over R\$ 150 billion up to March of this year. Since last year, we have shared in detail all the measures we were taking to address the worsening cycle of delinquency, such as revisiting the credit granting framework and adopting a resilience matrix with new risk and guarantee criteria. In this context, for the 2025-2026 crop, 63% of transactions with large producers have already been structured with fiduciary sale.

We reviewed the collection processes, strengthened the teams, and, just in the first quarter of this year, we have already made more than half of the judicial collections carried out throughout the entire year of 2025. That's no small feat, folks. This reflects our approach to seeking the recovery of our assets.

All these levers were built with intentionality and reinforce the strategic management of credit at Banco do Brasil. In the 1Q, the cost of credit reached nearly R\$ 19 billion. And when we project the scenario ahead, it is impossible to ignore that today there are many more uncertainties and challenges than when we started the year. The geopolitical environment impacted the macroeconomic scenario, directly affecting families, debt servicing for companies, and the agribusiness production chains.

So, by incorporating this context and its impacts, our risk models indicated a worsening in the dynamics of the expected loss for the rest of the year.

When we brought the guidance here in February, the expectation was to end 2026 with a terminal SELIC of 12%. Today, our estimate is 13.5%. And this affects our customers as well as the risk environment, in addition to requiring greater prudence in business management. And it is precisely because we recognize the depth of this cycle that we act with the responsibility that the moment demands.

I repeat, folks, the current context demands prudence, and prudence for this administration does not mean hesitation; it means having clarity about what needs to be done, and we are doing it with discipline in execution, rigor in



capital allocation, and a long-term vision.

Where the cycle demanded caution, we were cautious, but where there was opportunity, we accelerated. The example is right there in the private credit of the worker's payroll loan. And this is reflected in the revisions of the guidance ranges for cost of credit and for net interest income (NII) as well.

It is worth highlighting that, given all these aspects, the launch of a new program, such as Desenrola, is very important for Brazil and for Brazilians. The recovery of families' financial health, in our understanding, is essential for the normalization of the credit cycle, and Banco do Brasil has been committed to this agenda from day one.

We have already renegotiated over R\$ 1 billion in debts, benefiting more than 100 thousand customers and over 6,700 companies, considering the four fronts of the new Desenrola Program.

I also highlight that we have already conducted 90 thousand renegotiations with people who are not part of the program, totaling more than R\$ 508 million. It would be the extended version of Banco do Brasil's Desenrola. And this leadership reinforces our role in financial inclusion and the economic recovery of Brazilian families.

I conclude by reaffirming: We have the resilience to face this moment with discipline and responsibility, and we have the conviction of those who not only recognize the situation but act firmly in response to it. We face the present with courage, build solutions for challenges, and pave the way for a sustainable future. We continue strengthening the foundations of our perpetuity with an ongoing agenda of evolution and modernization.

And now I would like to hand the floor back to Janaína so we can begin the questions and answers session. Thank you very much, everyone.

## **Questions and Answers Session**

### **Janaína Storti:**

Thank you, Geovanne. Well, everyone, we are going to start our questions and answers session now.

As always, you can ask the question in either Portuguese or English, and then I will ask, so that we can organize our dynamic well here, for each analyst to bring only one question, so everyone can participate.

And to start, I want to call Antônio Ruelle from Bank of America. Hi, Antônio, good morning.

### **Antônio Ruelle:**

Good morning, everyone, how are you? Thank you very much for your time. I would like to ask about the provision guidance. So, even looking at the top of the new guidance, it is implied that the provision should start to stabilize after falling significantly there in the second half. So, when we look at the short-term indicators, as you have already mentioned, it seems that the situation is



not exactly improving; we still see several points of pressure. So, you have El Niño risks, the war brings significant pressure on fertilizer prices, affecting the producer's margin, and we also see an increase in individuals delinquency rates.

So, my question is, even with this guidance revision, it seems that the provision should stabilize and then decrease. What is providing the necessary security to give this provision guidance at this time? Thank you very much.

**Felipe Prince:**

Thank you, Antônio. Good morning, good morning, everyone. I think that, first of all, we have to understand that the provisioning dynamics have changed. So now, with all the models performing on expected losses, what we do is anticipate the risk that is coming, and this explains the increase in our cost of credit when correlated with the cost of credit from the previous quarter, and it was the main theme of the revision of our guidance.

So, we have already noticed a lower degree of punctuality in agribusiness operations, as we have been mentioning to you, that we were monitoring this daily, even within the same day. The punctuality rates in April, when the maturities start to materialize more strongly, came in below the target we had discussed with you, and it is important to emphasize that punctuality does not mean delinquency, but it indicates customer behavior and also a greater effort for us to seek the compliance of these operations, and naturally, when the term expires, you have the establishment of a provision.

Furthermore, we see a contamination effect in the individuals operations of rural producers, who are our customers, which also triggered the prudential risk anticipation indicated by the models and is reflected in the increase of the provision for this specific portfolio.

So, this context of the 1Q reflects a lot of this anticipation of the risk that is coming, and that is what led us to materialize the change in the guidance, and it is these same projections that do incorporate a mitigation in the process of forming the cost of credit going forward, which align with the change in the guidance that we disclosed.

So, the message is: This 1Q protects against the more severe scenario we foresee for the future and, as you rightly pointed out, why wasn't this done before? Because these precipitations occurred after the release of our guidance back in 1Q. We released results two or three weeks before the outbreak of the conflict there in the Middle East, there was that issue of: Does it last? Doesn't it last? How long? What impact does this have? Mainly our rural producers portfolio.

The fact is that the prolongation of the conflict raises the question of what impacts may come for the next crop, and in the concept of expected loss, we already appropriate this provisioning in Credit Risk exactly to protect our balance sheet and provide the visibility that we are giving you today.

Janaína Storti:

Ok? Well, I'll move on to the next question, from Marcelo Mizrahi of Bradesco.



**Marcelo Mizrahi, Bradesco:**

Hello, everyone, thank you for the opportunity. Still on the subject of provisions. We saw a strong provision for individuals in the quarter, clearly reflecting what Prince mentioned: higher expected loss, following conservatism, the methodology, and higher delinquency from 15 to 90 days.

Question about provisions for the future. In agribusiness, I understood that, besides the data we saw, there are some indicators from April that are a bit worse; you even included here in the presentation the April judicial reorganization at a high level, which I think is one of the data points. Now, my other point would be about companies. In the companies sector, how are you viewing this... in the short-term delinquency that we see in the results, we see a number that even looks good. However, there was a transfer of portfolio, and I wanted to understand a little about how you are seeing the companies scenario going forward.

So, for us to do the buildup of the provision for the 2Q here, I understand that the agribusiness provision is a heavier provision, and I wanted to understand a bit about how you are seeing the dynamics of the other provision lines? Thank you.

**Felipe Prince:**

Good morning, Mizrahi. Thank you for the question. It's a pleasure to have you here with us.

Well, that's exactly how the dynamic is. So, the individuals portfolio already includes this anticipation, which is why you see a higher rate of movement in the formation of expected losses in 1Q.

The companies portfolio is normalized, so it includes the effect of the assignment of credit, which we had already mentioned to you that we would do in the 4Q with effects in the 1Q. The NPL you observed is mainly related to micro and small businesses, since the wholesale sector excluding this specific case, remains at a normalized level. We have been reaping the benefits of the entire risk mitigation process that we had already started and communicated to you since the beginning of last year.

So, we are (or were and continue to be) more selective in granting loans to micro, small and medium-sized enterprises. The portfolio has been channeling much more of its balance than in the past towards guaranteed lines of credit, government lines of credit guaranteed by guarantee funds, which has already reached 60% of the micro and small companies' portfolio. This is reflected in a stabilization or normalization of provisions, and the agribusiness sector is somewhat like what we discussed: scenario beyond a specific punctuality already observed in April, lower than the target we had shared with you, and this reverberates in the credit risk.

So, from now on, we expect a bit of this dynamic with a slightly lower stabilization of provisioning for individuals, since the anticipation of this deterioration, especially in the credit card line and as a reflection of the operations carried out with these same rural producers, was anticipated by us



now in the 1Q.

The most pronounced cases in wholesale, which are in the media, are known to all of you; they are already adequately provisioned and were recorded in the 1Q26.

**Janaína Storti:**

Thank you, Mizrahi! Our next question comes from Tito Labarta of Goldman Sachs.

**Tito Labarta, Goldman Sachs:**

Great, thank you, Janaína. Good morning, everyone. Thanks for the call and taking my question.

I have another follow-up on provisions, because if we look, you have a nice breakdown on the provisions, right, by individuals, companies and agribusiness. And part of what drove the increase in provisions was actually the discounts granted. So if you take out those discounts granted, you would be sort of running in line with the full-year guidance.

So I guess a couple of questions related to that: One, do you expect any more discounts granted going forward, or is this one-time, given the renegotiation with the one specific corporate? And then two, within individuals, is it mostly because of private payroll that you're seeing this big jump? Or are you seeing this and you mentioned a little bit because of farmers and other rural sort of related individuals impacting that? So how much of this is mix because of private payroll, where we're seeing a lot of deterioration, and underlying deterioration given everything going on?

And on the companies specifically, there was a big drop there. Is that because of the discounts granted? And we did see an improvement in agribusiness provisions in the quarter. Should this lower trend, right? It went from 10.5 to 7.4. Just to think on each of those lines that drove the provisions, because there were big jumps from one quarter to the next. If we can understand each of those a little bit better. Thank you.

**Felipe Prince:**

Thank you, Tito. Good morning. Well, let's try to establish the issue of the specific case here. We had a delinquent operation in 4Q26, fully provisioned, and we even verbally informed you here that we would assign this credit in 1Q26. So, there is no basis for fluctuation in the provision here since this flow had already been established in the past.

So, a fully provisioned asset was transferred, and then you have an impact on the discount. That's why, in response to the previous question, I said that provisioning in this specific case for companies is normalized.

You ask about the future; for the future, we do not have on the radar any case of discount or assignment of this magnitude. Now, obviously, we evaluate the portfolio daily and decisions can be made in cases that we have been



discussing. But there is nothing on the radar for the near future.

**Geovanne Tobias:**

So, this discount is a one-off?

**Felipe Prince:**

Exactly.

**Janaína Storti:**

Prince, before we get into the individuals, to make it very clear, folks, the same magnitude that went through the expected loss also happened in the discount granted. So, the effect of both is zero here. It had no impact on income, in fact.

So, it is the resolution of a case that went into default, as Prince mentioned, and now it has been resolved through assignment. Zero effect on the bottom line, okay?

So, I think we can now move on to the individuals aspect, right? It has no direct relation to the Crédito do Trabalhador (worker's credit), okay, Tito? But I'll leave it here for Prince.

**Felipe Prince:**

Perfect, Janaína. So, I hope it's clear, Tito, about this offset, and we are available if you need further details.

Regarding individuals, we also – and I think you can observe the market behavior – in the country, we have a concentration of debt in short-term lines, notably credit cards and overdraft account, with Banco do Brasil showing a more pronounced concentration in credit cards. At the same time, we are at the peak level of household debt, which is reflected in the launch of Desenrola 2.0, as Geovanne mentioned at the beginning of our call, and we had already been preparing to respond to this scenario.

At the last conference, we mentioned here that we had made an improvement to the installment payment product for our credit card bills precisely to try to provide greater flexibility for our customers to make payments on these credits. In fact, you can observe the movement in this portfolio, and we also provide this transparency to you. However, due to this entire scenario, including the contamination effect from our rural producer customers, who are also our individuals customers, our assessments and the assessments of our models indicate a worsening in the performance of this portfolio.

So, since we work here with the concept of expected loss and are always looking to anticipate the risk, we see that may arise ahead, we quickly chose to protect this portfolio and smooth the effects, in cost of credit, from now on. Now, regarding the effect on delinquency, we are expecting a deterioration, especially related to the credit card product, but it is important to correlate that we have this portfolio, as we have shown here, adequately provisioned



and aiming to anticipate the risk that we already foresee ahead.

**Janaína Storti:**

And just to accommodate, then, you can see the increase in this short-term delinquency in individuals, okay, Tito, in the NPL +30 days, we had an increase of almost 80, 90 bps.

**Geovanne Tobias:**

9.30 bps, right?

**Janaína Storti:**

That's right, and we will see this by converting it to NPL +90 days, okay? So, as Prince mentioned, we are going to see this materialize and we have already anticipated it.

**Geovanne Tobias:**

Actually, Janaína, we expect that, eventually, a portion of this short-term delinquency will move to NPL +90 days. We anticipated this and reinforced this portfolio by about R\$ 2 billion specifically for installment payments on credit card bills; the customer splits the payment and will pay in several installments, but we don't know how much this will deteriorate over time. So, it's a prudent way for us to prepare for a possible cycle.

We have, along the way, the Desenrola for individuals, which might, eventually, prevent this acceleration from fully turning into 90-day delinquency. So, we will have to wait and see how our customer behaves. Of course, in parallel, being very close to our customer to discuss punctuality, offering solutions, etc. But this clearly demonstrates a very prudent aspect of our reinforcement of provisions, which may not necessarily happen depending on the performance of Desenrola and the macroeconomic activity as a whole and the impact on families, on individuals.

Janaína Storti:

Thank you, Tito. Our next question comes from Renato Meloni, da Autonomus.

**Renato Meloni, Autonomus:**

Good morning, everyone. Thank you for the opportunity to ask questions. Continuing here with the provisions, can you allocate the increase in provisions you included in the guidance across segments?

So, focusing a bit on the individuals segment, the message I think you've been conveying so far is this deterioration in credit cards, and I wanted to understand if this really comes from contamination by rural producers or if it's



something more widespread in the sector. Thank you.

**Geovanne Tobias:**

We have over 40% coming from credit cards, not payroll loans. There is indeed a bit of contamination from rural producers on their credit cards. So, basically, this reinforcement for individuals, which I mentioned, we did more or less around R\$ 2 billion. And in agribusiness, we continue to seek an increase in this punctuality.

We even mentioned it in the video announcing the results, we already have better punctuality than last year's crop. The average there is 74%, but you still have the new vintages, which were 25-26, with punctuality close to 90% (86%), and the previous ones still around the 70% level. Ideally, we should be aiming to bring this portfolio's level back to what it was before all these issues, around 95%, 96%.

Punctuality does not mean, as Prince rightly said, that it will turn into default, because you have the whole effort of collection, enforcement of guarantees, and so on. So, assuming that 75% punctuality implies 25% default is not correct. That's not how it works. Did you understand?

**Felipe Prince:**

So, Renato, trying to give you a color of the future, the increase in provision incorporates this more negative scenario that we see in the agribusiness punctuality, so the expected loss projections are exactly to cover this difference that we have observed, around 25%, between the expectation that was our target, and was included in the previous guidance, and the reality that we have been seeing at the beginning of April.

So, it already incorporates this scenario that we are working on here very strongly so that it does not materialize. Remember, punctuality is one that is not paid on the due date. Historically, you have 30% that are paid within the following 15 days, plus 30%, 35%, within the next 30 days, but the important thing is to make it very clear that the review already considers this lower punctuality that we observed in April.

So, what did we understand? Considering the punctuality performance in relation to the current scenario, we need to be a bit more realistic and incorporate this new projection into our guidance. So, the guidance brings stability in provisions for companies, obviously including the deteriorations we have been seeing in medium and some large companies, judicial reorganization, etc., but it also already incorporates this new dynamic process for individuals. More importantly, it covers a more challenging scenario that we foresee for agribusiness, and this is the breakdown of the additional expected loss that we disclosed to you yesterday and that is included in our scenario.

**Janáina Storti:**

And, Renato, just a reminder, this is not a new story. We are here telling the evolution of the same story. We have already been telling you about the



worsening situation in agribusiness.

Last year, of the R\$ 62 billion provisions we made, half went to agribusiness. So, it continues to be the segment that has brought the most pressure.

There is this contamination in the individuals, which Prince mentioned, there is a context of punctuality below what we estimated, and there is a more pronounced risk ahead. We talked here, we talked about a war context; we need to understand this regarding the producer's cost effect; we need to understand how this impacts price, and this brings greater volatility than what we expected at the beginning of the year when we released the guidance.

So, it's an evolution, and here we are also evolving with you in the disclosure. We gave a bigger opening. You can see the representativeness of the crops originated before July of last year, with the new profiles, with the application of the matrix, with more guarantee of fiduciary sale. So, this will also progress over time, and this new profile will also increase in the overall portfolio. But this takes time, okay, folks?

So, our best estimate today, considering these punctuality rates, is what Prince said. So, we will still see pressure coming, logically, from agribusiness, okay?

Well, to continue, I'd like to invite Daniel Vaz from Safra to join us.

### **Daniel Vaz, Safra:**

Thank you, Jana. Good morning, Geovanne. Good morning, Prince. Good morning, Gilson. Thank you for the opportunity to ask questions. I wanted to go back, not go back, I think I should address the topic of capital. In my discussions with investors, the bank's solvency had ceased to be such a frequent topic due to the relief provided by Provisional Presidential Decree 1314.

Looking at the 1Q now, which you published, the level of prudential adjustments was a bit above estimates, and then, looking carefully, you established 4.5 billion in tax credit for fiscal loss. So, I understand that this reflects a lower taxable income base in your books today, which will naturally recover, but we understand, with this guidance revision, that it will take a little more time for this more pronounced recovery.

I wanted to hear from you all, what is the bank's estimate for capital and how much do you expect to establish in tax credits per quarter in 2026, because I think this topic should be brought back into discussions there because of that, okay? So, trying to get ahead a little bit, what is the best capital expectation you have for the year, and if you could also share with us about tax credits and tax losses, that would be great. Thank you.

### **Felipe Prince:**

Well, Daniel, thank you for the question. It is important to make it very clear that we are guided here by a long-term prospective vision. So, we are managing the bank, looking ahead to the next five years.

We had been telling you that the strengthening brought by Provisional Presidential Decree 1314 would be sufficient for us to reinforce our capital



base and face regulatory challenges, performance issues, and, obviously, the consequences that lower performance brings, and that has not changed. We continue with that perspective, envisioning CET1 around 11 during 2026 and in this more extended series, and this reflects the breakdown we show you and culminates in the 11.59% that we present here now.

So, 1314 offsets the CGPE (Working Capital for Business Preservation) issue, which was a visibility we had already given you and was very clear. It helps our capital base for the next five years. It's enough time for us to recover our results. But even so, it is important to say that the machine continues to be fed back, so the capital we generate compensates for the RWA of the activity, not obviously through profitability, but even due to the establishment of provisions. And yes, there is this point you mentioned, that it is not only due to the issues of tax losses. In Law 14467, there were two options to address the issue of the separation between tax treatment and accounting treatment. Law 14467 gave us 10 years to complete this regularization, but we have to pay 1/120<sup>th</sup> every month in order to do this rebalancing.

From 2026 onward, there is no longer this mismatch, which was exactly the implementation that resulted from Law 14467. And then this effect happens, which is reflected in the prudential we brought here in 1Q: it ends up, due to the incurred loss, which is high, generating a tax loss and, obviously, you have a difference in weighting.

It was no surprise to us; this was already included and implicit in our projections, and the number we can share with you is that in the coming quarters, this should remain between 20 and 25 bps. But, obviously, on the other hand, there is the entire management process we carry out here to also generate the capital base, and the best estimate we have is that we will run between 11 and 11.5 by the end of the year, and that is what we should deliver to you.

### **Geovanne Tobias:**

If I may add, Prince. It is very important, Daniel, for you to keep in mind that when we made the adjustment to the guidance, we adjusted the provision, but we also reflected the adjustment in our net income. And when you look here at the capital composition, we made it clear before that we already had a projected impact from the end of the CGPE. So, 1314 primarily aimed to neutralize this impact. And you see there that we made it. What we promised, we are delivering.

There was no reinforcement in our capital base from net income because the adjusted net income in the 1Q was below what we expected, R\$ 3.4 billion. So, it adds 15. The RWA was 0.09. So, we have already had this prudential impact that was expected.

Now, looking ahead, in our own adjusted net income estimate, we expect to increase this net income and, consequently, my taxable income will be higher and will have the capacity to absorb these tax credits resulting from losses instead of reducing, so to speak, this tax credit from tax loss, which ends up consuming more capital. That's why we are confident that we have sufficient capital, because – it's important to remember – last year was a year of



adjustment. We were adjusting our entire structure, all of our processes to face that cycle. Now, we are practically all set and we have provided data here on the guarantee framework and everything, now it's about generating business.

And in the 1Q, this was also clear: The growth of our Net Interest Income (NII), the growth of the related companies' businesses, our conglomerate strategy effectively helping to feed back the bank's result generation to face these scenarios, okay?

### **Janáina Storti:**

Well, folks, I think just here in the capital, remember that we had already been sharing with you all the impacts we expected. Since last year, we have been talking about how much would come from the decline of the CGPE. We talked about the effect of the Provisional Presidential Decree, so it was an important mechanism for us to work on leveraging the producer, to work with this deferral and enable a more adequate cash flow and which, on the other hand, brought us this capital benefit, so we also talked about that. We also talked about the adjustments we would make due to 4966 and operational risk, which together add up to 33 bps.

So, here we had no surprise at all in capital, okay, Daniel? Everything is as expected, including the part about the prudential adjustment also included here in our projections.

And to continue, I'd now like to call on Henrique Navarro from Santander.

### **Henrique Navarro, Santander:**

Good morning, everyone, thank you for the opportunity. My question is the following: This renegotiated amount, nearly 38 billion, the 1314, a significant impact that a volume of credit that could have moved from stage 1 to 2 or from 2 to 3 did not migrate; it remained in the stage it was in because of the renegotiation.

Geovanne explained to us in the last call that the fact that the farmer has one year to pay does not mean that Banco do Brasil is not monitoring the financial capacity, the payment ability of this farmer; in other words, the relationship continues. My question is: Given the deterioration in agribusiness that we are seeing, the risk of El Niño, the pressure on costs, and everything else, there is a reasonable chance that this renegotiated amount will not be able to be paid at the time of payment in a year, that is, at the beginning of 2027. So, my question is: This increase in provision that could happen when a volume like this is not paid, in 2027, and then the stage will have to increase and the provision increases, will this happen? Are we going to find out this value? Is there a risk, then, of an increase in provision in 2027? Or could Banco do Brasil, proactively, during 2026, upon realizing that the farmer's capacity is not good, start an early provisioning? How does it work? Just so I understand. Thank you.



### **Gilson Bittencourt:**

Good morning. Henrique, this is something important: Despite the difficulties we are seeing in agribusiness, we had a record in terms of production and productivity this harvest. So, income in the rural sector continues to flow. And what we found – hence the need for 1314 – was that there was a cash flow problem. And when we made these new signings, we involved not only the operation that was set to expire at the end of 2025 and 2026, but also with future expirations. And in the new signing, we did not do it for everyone. The focus was to target those producers who, in our risk analysis, in our payment analysis, with an extended term of up to 7, 8, or 9 years at most, we could allow that producer to better organize their cash flow.

So, our expectation for these operations is to receive. So, one very important thing: in this new signing, in many cases, we replaced an operation that did not have real guarantees with one with collateral securities. An important part of the 1314, of these operations, was done with fiduciary sale, and an even larger part with additional guarantees. So, it wasn't just a postponement; a new operation was signed considering the payment capacity, the expected revenue flow of the producer, but also protecting ourselves with more guarantees.

So, our expectation is positive for these operations so that we have revenue over the coming years. Could there be some level of default? It can, but our expectation, looking at the entire portfolio, is quite positive, and therefore our provision expectation will depend on how it behaves going forward.

And one important thing that was mentioned earlier, in April, only a quarter of our portfolio that matured in April was already with this new methodology, which was the same credit analysis methodology used for *Plano Safra* (Crop Plan) and also for the Provisional Presidential Decree. So, only in September, more than half of our portfolio received from the maturities in September will already be with this new methodology, and we have noticed than the operations made with the new credit methodology, with our new resilience matrix, especially when we advance and expand the guarantees, it has a compliance rate, already shown by punctuality, but our compliance perspective would also be higher, which signals to us that, in Provisional Presidential Decree 1314, we will also have a good result.

### **Felipe Prince:**

Just to add, Henrique, to explain the provisioning process, we don't look at a specific operation. No matter how solid our signings for 1314 are, as Bittencourt mentioned. So, 75% of the balance was renegotiated with fiduciary sale, but we are not looking at the product per se. There is a granular assessment of each customer and, obviously, if a potential deterioration in their payment capacity is observed, including due to other relationships they have with us, we proactively establish the provision based on the expected loss.

So, the message is, we do not expect heavy losses from 1314. The management is done in a very granular way and if eventually any risk materializes from customers within it, what you can hold us accountable for is having made the expected loss and not an incurred loss.



**Gilson Bittencourt:**

There is one very important thing, Henrique, which is that it applies to both sides. When we performed the 1314, we didn't reverse the provision simply because we carried out the new operation. We kept it at the same stage. Therefore, it applies to the past as well as to the front perspective.

**Geovanne Tobias:**

And, eventually, since they brought more guarantees, mainly fiduciary sale, this type of guarantee has much more liquidity. So, for the farmers, they end up having motivation to be punctual.

**Janaína Storti:**

It was almost 75% with fiduciary sale, of these more than 90% involve real estate, the portion related to fiduciary sale is quite high. Thank you, Navarro. To continue, I'd like to call on Gustavo Schroden from Citi.

**Gustavo Schroden, Citi:**

Good morning, good morning, everyone. Thank you for the opportunity. I wanted to go back a little bit to the issue of capital. I think you have already addressed Vaz's question quite a bit, especially the accounting issue, but I wanted to discuss with you that there is a part of the process, which is the adjustment in the capital ratio, but there is a lack of organic capital generation. Geovanne even pointed out that we are talking about net income; if we look at the nominal numbers, the reference equity decreases, and if we excluded the effect of the Provisional Presidential Decree, the CET1 would be operating at 11%.

My question is: assuming the adjusted net income projection you have going forward and the level of CET1 you are assuming, around 11%, is there any consideration regarding the dividend level on the table? If there is eventually a slightly higher provision and profit generation does not respond as you are expecting, what would the level of capital at which you would reconsider dividends be? So, it dropped by 11%, would you consider thinking on the dividend level?

Anyway, I wanted to understand how the internal discussion is going regarding dividends, the evolution of the capital level, and profit generation. And whether there is also on the table some other type of Provisional Presidential Decree similar to the 1314, which is already undergoing a renewal, for any eventual need for capital relief. Thank you.

**Geovanne Tobias:**

Schroden, let me start here with the dividend part. This discussion about dividends happened last year. Then, we even went to the market and explained: We make a projection for the next three years and, from there, we establish, it has to be above our prudential level; the prudential level is above



the regulatory one, and we have always said that our optimal level is between 11 and 12, around that range. Elevenish, got it?

We, looking at what we generated here in the 1Q, even with a reduced, lower profit, we generated 15 organic bps, which was more than enough to sustain the RWA, which was 9, so there was a surplus of 6.

Of course, we want more. If you look at our projection, our adjusted net income expectation for the year, starting from 2Q, I will be generating not R\$ 3.4 billion in net income anymore, but something in the range of 5 or 6 billion, which will also depend a lot on how this recovery goes. Back then, we didn't know if the recovery would be a U, V, or possibly a W shape. Now it's becoming clear, we gave 5.6 billion, if I'm not mistaken, in the 4Q, and we returned to 3.4. It looks like a W-shaped recovery to me.

So, we believe that generating organic results alone will be enough to support, and as I manage to generate more profit, it means that my incurred loss is also decreasing. So, this prudential adjustment effect tends to diminish and is within what we estimate, and probably by the end of the year we will have a CET1 close to 11.

And regarding dividends, we renewed the minimum of 30% this year, exactly to help us in this process. As I said, last year was a year of adjustment. When we took that hit, we implemented all the measures, we considered many other initiatives – some of which were even in the media, such as when we requested the postponement, the phasing of the IHCD payment, which is scheduled to be paid this July. The request has already been made, but we have not received a response yet – with the aim of eventually minimizing the impact.

Provisional Presidential Decree 1314 was exactly to neutralize. If we hadn't done the 1314, I would already be at 11, you understand? Because it was already known that in January the CGPE would no longer be counted for capital purposes. So, you see that this is already a reflection of many of the initiatives we have. There are others that don't make sense for me to mention here to you, especially since, in our estimate, it won't be necessary to adopt them, but we have a list of measures, which has already been presented internally, in case, in a worst-case scenario, we might eventually need them to maintain and sustain our capital level at the 11 mark.

But, at the moment, we are comfortable, and the main thing to face this is to grow the business, and that is what we are doing, and it became very clear. So, the adjustments continue, but now is accelerating those portfolios that offer a better risk-return for the bank, which will then allow for better profit.

### **Felipe Prince:**

And the projection is conservative, Schrodin. So, we obviously work here with scenarios of low adjusted net income margins and high provision margins. We model all of this here, we make the projection, as we told you, for the next five years, and it is very clear: We are aiming for the 11 mark, and that is what you can expect and hold us accountable for by the end of the year.

Measures can be adopted, but not in the way you mentioned – and Geovanne was very emphatic about that – but we also do not see the need for it in 2026.



It is worth noting that there is a prudential component, which we internally adopt, precisely to avoid volatility related to Provisional Presidential Decree 1314. So, there is a very solid framework here for managing our capital. Now, the purpose of having capital is exactly to fuel the business engine, and that's what we work on here to react quickly and ensure that the capital incorporated into net income is much greater than what we consume with our operations. Because even though the net income is financing the RWA, the RWA is low because there is a lot of provision. This is not the scenario we want. We want more net income and even a higher RWA, but resulting from healthier business.

This is the ruler we use to feed the bank's engine, but to be very clear, the scenario we are presenting here does not include these optimistic assumptions. It is a very down-to-earth scenario, and we will reach 11 by the end of 2026 without any external measures.

**Janaína Storti:**

Thank you, Schroden. Let's move on to the next question from Eduardo Nishio of Genial.

**Eduardo Nishio, Genial:**

Good morning, good morning, everyone. Janaína, Geovanne, Prince and Gilson. I wanted to go back to the question about the quality of the assets and the agribusiness sector, specifically, and the issues of judicial reorganization. Structurally, apparently, we had some structural changes in the segment and we wanted you to comment a little on the April data you published, which apparently show a decline, both in the number of cases, flow, as well as in volume in reais. So, if you could also talk a little about May, how it's shaping up.

So, in this structurally different context, the delinquency rate that was less than 1% is now above 6%. If you could talk a little bit about this judicial reorganization phenomenon, this short term, whether we can expect a higher cost of credit in 2Q, obviously within the guidance you provided, and a much better 2H.

And if these measures from the resilience matrix that you took, which were basically better guarantees and better collection, are enough to bring the delinquency in the 2H to a more reasonable level and maybe a lower structural delinquency rate, maybe not at 1%, but what level do you think is more appropriate for the segment? That changed a lot. Thank you very much.

**Gilson Bittencourt:**

I think one important thing, Eduardo, first, the judicial reorganizations are still happening. As you saw, the amount of R\$ 650 million is still a high number for a single month. Our expectation regarding judicial reorganizations is, first, that a large part of these operations is already provisioned for most of the value. Secondly, as we have already mentioned, there was the CNJ decision in early March, I think it was March 9, number 216, which defined a set of rules that



must be followed by the Judiciary in the analysis of judicial reorganizations, making it very clear in this document what type of operation qualifies for judicial reorganization, what the criteria are for inclusion, and this is still being assimilated and discussed by the Judiciary for its full adoption.

Our expectation is that this will help in the process of reducing judicial reorganization cases, especially those that do not fit within what the legislation proposed or what the legislation granted to the rural sector. So, our expectation is that we will still have processes happening throughout this year and next year, but as this is adopted, it tends to regularize this a bit more.

The second point is that we need to highlight that there are already cases of rural producers who adopted judicial reorganization, or who requested judicial reorganization, and later regretted it. Just last month, in April, we already had cases here of producers asking the bank to exit the judicial reorganization, seeing that the facilities sold were not necessarily provided to these producers. So, this too, as the deadlines for these requests and the development of these processes progress, tends to help reduce these operations.

And judicial reorganization – it's important to say – in the rural sector it doesn't only affect Banco do Brasil, it is impacting all financial institutions, and the weight, in percentage terms, is actually lower at Banco do Brasil compared to the total of our agribusiness portfolio, considering all financial institutions. And, in recent months, it has also been hitting other segments of the agribusiness production chain harder, whether input suppliers or trading companies. This is affecting the entire activity and should also result in some kind of change in the legislation itself, as Congress has already indicated that it may review some issues related to judicial reorganization.

So, in a way, that's the picture we have regarding judicial reorganization.

Prince, maybe add something?

### **Felipe Prince:**

So, Nishio, just to add a bit of color here, our challenge is to anticipate this risk, and that's what we've been doing and proving with numbers.

So, we have already managed, Bittencourt anticipated this a bit, to have a smaller involvement in judicial reorganization than our market share. So, it's a metric that we adopted here to internally prove that our models and our way of operating, as well as the output of the biggest risks, have been working. In other words, I have a market share in agribusiness financing, and my share in judicial reorganizations is 30% lower.

So, this is a good number and shows that the effects of the risk mitigation measures we have been adopting are taking effect. At the same time, partly because we are the market leader, as Bittencourt mentioned, we have been working hard to try to curb, obviously, these processes that we consider harmful to the rural producer.

And this issue of dropouts also relates to the matter of punctuality. Why? Because right there, in June, July, we have the funding approval for the next crop. Everyone knows that to access this funding, you have to be in good



standing.

So, historically, we have a noticeable improvement in punctuality during this period. This is not incorporated into our scenario, so it is important to say, but we seek this bonus in order to deliver a lower credit risk.

But, to be very objective, the agribusiness credit risk implicit in this guidance review – agribusiness, okay? – it increases in 2Q. The total credit risk should decrease slightly, but the agribusiness credit risk increases in 2Q.

And finally, the issue of delinquency, we work here with the concept of risk-adjusted return, and we look not only at the agribusiness with our customers, but all the other businesses we do. So, these customers have the primary in the bank, these customers have a very high risk-adjusted return. What we want is for it to be even higher. And to increase, I do more business, but I already have a strong business momentum in this portfolio, and I reduce the credit risk.

So, we want to deliver a credit risk around 4 in 2027, normalizing to 2, 2.5 in the long term, which is where we believe the healthy delinquency level for this portfolio lies.

### **Gilson Bittencourt:**

Just two more highlights. Our resilience matrix focuses on guarantees, but not only on guarantees. We have a complete analysis of payment capacity, an improvement of credit limits. So much so that there are producers who had been operating with us and, faced with this new adoption of the matrix, were not allowed limits, even providing guarantees. So, I think this relationship is a broader view in the granting process.

And I highlight here, regarding judicial reorganizations, the importance that this CNJ decision made explicit – which should have already been clear, but was already foreseen in the legislation – that fiduciary sale is not included in the judicial reorganization process. And the more we expand fiduciary sale in our operations, the less judicial reorganizations will affect our guarantees and, therefore, our enforcement.

Janaína Storti:

Thank you, Nishio. I'd now like to invite Eduardo Rosman from BTG.

### **Eduardo Rosman, BTG:**

Hey, good morning. Good morning, everyone. Sorry to keep insisting on the topic of asset quality, but I think it has become the hot topic. I think the topic of agribusiness is well explained by you. I just wanted more details about this worsening situation for individuals in the credit card line. If you could help us understand if this worsening is more across the board. Should we expect a worsening for the market as a whole? And how is more specific, perhaps, to Banco do Brasil due to contamination in agribusiness? Just trying to understand here as well how we should imagine asset quality for the industry in the individuals segment in the coming quarters. Thank you.



### **Felipe Prince:**

Well, Rosman, thank you. I think we discussed it, and I can confirm that there is, and the Central Bank data corroborate, a very high level of household debt and a concentration of Brazilian debt in short-term lines, mainly credit cards, overdraft accounting, and, not short-term but also with a significant share, personal loans.

Personal loans, as you know, our portfolio is anchored in payroll loans. So, we consider here that we have a stronghold to face this scenario, and this has been supported by the specific numbers of this portfolio.

Overdraft accounting is already a product that we do not heavily promote because we understand that we have better options to offer our customers. Yes, we have growth in the credit card segment, a focused growth strategy in this area. We've grown significantly since 3Q25, but obviously, a portion of these customers are lower-income customers who have shown greater difficulty in renegotiating their bills.

So, we delivered a product to mitigate this risk, we had an expectation, but the expectation fell short of what we anticipated. For having fallen short, we prudently chose to set this higher expected loss that came in the 1Q.

And, at the same time, I think so, that's more a matter for Banco do Brasil. We have the contamination effect from agribusiness customers, which we have always told you about, and from the moment we see less punctuality, not delinquency, but less punctuality from these customers in the April payments, it is natural that this carries over to the other products we have with these customers.

It does not necessarily mean that this product is already delinquent, but as I said, we look at the customer's perspective and the overall scenario, and all these assumptions, when we feed the credit engine, indicate a greater risk specifically in the credit card portfolio, and that is why there is this increase in the expected loss, preventive, now in the 1Q.

### **Janaína Storti:**

Thank you, Rosman. Our next question comes from Pedro Leduc of Itaú.

### **Pedro Leduc, Itaú:**

Good morning, everyone, thank you for the opportunity. One question about the guidance as well, but the NII line, the net interest income, revised upward here by about 3 percentage points, which is not so intuitive, given that the portfolio hasn't changed – at least the revision – and you expect fewer receipts, not that the portfolio should be accruing less interest.

So, if you could help us understand what led to this positive revision of the NII, maybe remind us here of the sensitivity to the Selic rate, if that was one of the reasons. And also, just to clarify that the guidance implies an income tax rate close to zero. Thank you.



**Geovanne Tobias:**

Without a doubt, here you have a new scenario. All economists are revising their estimates upward. We even mentioned it, we started the year with a budget assuming a final Selic rate of 12, an average around 13%. Now, we have already revised it to 13.5% with an average close to 14%, and, without a doubt, this brings an opportunity, especially given our liquidity in our treasury. So, this is mainly a result of the macro environment and, of course, a change in the mix.

We have a lower appetite for agribusiness – this has been stated and we are maintaining it – and companies as well, whether micro, small, or large, given the higher level of risk with this halt in the easing cycle that was expected from the Central Bank. So, the focus will continue to be greater growth in individuals; we have already done 7.8, but we are accelerating.

It's what I said: The adjustments continue, but the focus now is on growing businesses, and businesses here in the individuals portfolio. Our individual margin has already grown; it has been above 15%. So, with a higher interest rate level, we expect a positive impact on liquidity, a positive impact on mix improvement, and all of this then reflects in our NII.

**Janaína Storti:**

And, Leduc, regarding the tax rate, you can expect something in the low single digits or a small positive number, okay? It will be smaller than it was last year.

**Geovanne Tobias:**

We still have a lot of provisions coming in, which is reducing this fiscal base.

**Janaína Storti:**

Yes, and it is also an effect of the slightly lower net income and the lines that bring the tax shield and the effect of interest on equity. So, these are the main elements in the tax, where you can expect a low single digit for the year or marginally positive. Thank you.

So I'm going to call on the next analyst to ask a question, Carlos Gomez-Lopez from HSBC. Hi, Carlos.

**Carlos Gomez-Lopez, HSBC:**

Hello, Janaína. I'll turn to English. I want to return to the capital question. I wanted technical clarification: Measure 1314, you show an impact of 45 bps this quarter. Now, that is the flow, right? Because, in the previous quarter, you already had 144. I wanted to understand if that is correct. And the total impact so far is 189 bps. And if so, should we expect further increase in the coming quarters? Is there a limit to that? So that would be my first question.

And second, can you remind us what the total impact of CGPE is, which is being offset by measure 1314? Thank you.



**Felipe Prince:**

Carlos, it's a pleasure to see you. Well, then, the benefit of 1314 is already fully incorporated into our capital. First, because there are no more operations under the Provisional Presidential Decree, and second, because we have also reached the limit of appropriation of these resources. So, you can consider 140 bps as a capital benefit resulting from Provisional Presidential Decree 1314.

So, what happened in 1Q is that it netted a benefit we had until 2025 that expired in 2026. So, 140 in total, but the 45 offset the 46 from 2026. So, I think it's pretty clear. But feel free to ask if you still have any questions, you can add to your question.

**Carlos Gomez-Lopez:**

Last quarter it was 144, now it's 45. The total for me is 189 basis points of benefit from the Provisional Presidential Decree. Is it correct or not? 189?

**Felipe Prince:**

But from those 189, we exclude the CGPE, because they are similar mechanisms. So, in the net amount, it's those 140 that we gave you.

Now, you can analyze it another way: there are 189, but 46 decreased from the CGPE. And, in case you don't remember, the CGPE was the benefit given in the Brazilian market to incentivize banks to grant credit to companies during the pandemic period.

So, it's just the way to do the calculation, okay, Carlos? The result is the same.

**Janaína Storti:**

And remember that the program is over, Carlos. We had a volume that we renegotiated until December, which was around 20 billion or so, and now the difference between December and February, which totaled, the whole program, 37. But the portion that compensates for capital is only that which involves putting in one's own resources and falls within that number of 45 that Prince mentioned.

So, the program itself ended and we used up all the limit we had for this type of deduction.

**Carlos Gomez-Lopez:**

Perfect. This is incorporated in Prudential Adjustments, right? Is it a reduction of prudential adjustments?

**Janaína Storti:**

That's right, exactly. It deducts this reducer.



**Carlos Gomez-Lopez:**

Thank you very much.

**Janaína Storti:**

Thank you. Well, to continue, I'd like to invite Matheus Guimarães from XP to join us.

**Matheus Guimarães, XP:**

Hi, Janaína, Prince, Geovanne, thank you for the opportunity to ask questions. I wanted to do a follow-up here I think on Vaz and Schroden's question, about capital. I think this topic has come up again, and I believe it has been a concern; you can even notice it here on the call.

At the same time, we see some competitors carrying out operations not only to unlock value but also to improve capital ratios. This topic has come back into discussions, even if we link it to the Investor Day you held recently, Geovanne showed the Banco do Brasil Solar System and the (formerly called) ELBB, Linked Entities – now I think they even have another name – but this topic has resurfaced, gained momentum internally, any kind of asset monetization discussion? I think it would be important for us to have some visibility on the subject. Thank you.

**Geovanne Tobias:**

Matheus, thank you for the question. We are always looking at our companies with a focus on value generation. As I clearly said, the focus this year is to grow businesses, and growing businesses is not limited to banking, but also to our entire solar system.

I talked about our insurance, I talked about our Asset, I talked about our consortium, and our entire payment methods business. So, indeed, when we were looking back at possible measures to eventually stabilize our capital level, we undoubtedly have numerous possibilities to unlock value, as you said. But at the moment, we do not foresee that. Quite the opposite, because they are key pieces to help us get through this now more severe credit cycle.

So, if you look closely, part of this result that we are announcing today is coming from these companies. So, it is very important in solving this equation. Simply generating a one-off result and talking about sales does not seem to us, from the perspective of Banco do Brasil's long-term sustainability, to make sense. It would only make sense in an extreme case where we might actually need to consider some measure like that.

So, for us, in the short term, we have no expectation of looking at these companies as a potential unlocking of value, decoupling them from this solar system. We do need it, yes, in the orbit of our conglomerate. Our strategy is a conglomerate strategy because it feeds back into business generation and helps with the core needs of our customers.



### **Felipe Prince:**

And, no matter how legitimate an assessment of our capital ex-Provisional Presidential Decree 1314, you have to remember that this mechanism will remain in effect for the next five years. It is very similar to the time horizon over which we manage the bank's capital. So, no pressure. The toughest measures, as Geovanne mentioned, were taken last year. What we want is, indeed, for this capital to be robust to strengthen our business generation.

Now, simultaneously, if there is an opportunity for value generation, this conversation, Geovanne, which you are even leading, is disconnected, because we are managing the capital, looking at these numbers we delivered, the organic generation, obviously the consumption is from the capital, partly due to RWA and, consequently, there in the ALL issue due to the higher incurred loss, but none of this is outside our projections. And I reaffirm here: We are aiming for around 11 by the end of 2026.

### **Janaína Storti:**

Thank you, Matheus. Our next question comes from Yuri Fernandes of JP Morgan.

### **Yuri Fernandes, JP Morgan:**

Thank you, Janaína. Good morning, Prince, Geovanne, Tarci, everyone. I have two closely related questions. The first one is about growing individuals portfolio. I sense you are cautious, a more difficult scenario, there is the issue of contamination in agribusiness debt composition and, in some products, but credit card line has been growing well. I know you recently did the Ourocard revamp, but my question is: How to reconcile this appetite for Individuals portfolio growth with a somewhat more cautious message? This is the first one.

And the second one is just a follow-up on Leduc's question, about margin and about the NII. I understand that the loan portfolio needs to grow, and these higher-margin products will help, and the quarter went well. Just normalizing the quarter should already give a bit of your guidance, but there was a break there in Margin with the Market that was much better than Margin with Clients. In the Margin with Clients, we see pressure on your margin. And my question, as I keep looking at NII, is: You will theoretically have less accrual book due to more stage 3 credit, more overdue credit?

The capital discussion that several analysts brought up here, we keep discussing ratios, but the reality is that the bank's tangible book is worse nowadays. So, for this growth in tax credit, ultimately it will generate less NII for you as well.

And the DTA has grown by R\$ 4.5 billion every quarter, totaling R\$ 17.18 billion in DTA for the year. So, my question is: This NII seems feasible looking at the quarter, but isn't there much headwind that could somewhat work against your Net Interest Income (NII)? Thank you.



**Geovanne Tobias:**

Good question, Yuri. Without a doubt. When you look at the quarter, there in the Margin with Clients, there is a calendar effect case. So, that's totally fine. When you look at the year-over-year view, where the quarters are compared, 1Q with 1Q, which usually has less robust activity, we see very positive growth.

Now, without a doubt, this strategy of growing our individuals portfolio is the best way we have to improve the bank's profitability, bringing more returns. The care we need to take here is to focus on those more balanced risk-return operations. The credit card, without a doubt, when comparing Banco do Brasil with other peers, we are behind; our market share is smaller. We also don't want to pursue growth here recklessly, like what happened back in 2021 and 2022, out in the open sea, which ended up pushing this delinquency rate into double digits. So, I think this is our biggest concern.

This provision anticipation was exactly for us to already kind of build up some strength to eventually face this situation. There is Desenrola 2, which was recently launched, and it undoubtedly brings a bonus of expected payment compliance as it allows families to extend their debts, and we have been taking advantage of this opportunity.

Private credit, private payroll loans, we have demonstrated our ability to accelerate. There are very specific issues related to the system, which Dataprev (if I'm not mistaken) is resolving, especially in the case of private employees who change jobs, so the payroll deduction has to be transferred to the new employer. We are working on this, often manually, so it sometimes causes delays. We slow down a bit to wait for this system optimization to make things easier and, with that, reduce the risk of this portfolio.

But we believe that our focus, whether on public sector payroll loans, where we are leaders, or on private payroll loans, on worker payroll loans, will undoubtedly help us in this risk-return adjustment.

And in the case of credit card, we are focused on the high-end market. We launched Altus Liv; we greatly reduced the appetite for lower-income individuals, where the risk is much higher, but Desenrola, in a way, helps to bring that, especially with guarantees, so for us it is also an opportunity. And without a doubt, the issue of our tangible book, we need to restore the bank's profitability. It's the best way we have. So, it's almost like balancing plates that we're doing here. Like a dog chasing its tail. I need strong capital to support this growth with better leverage to feed back a more robust profit generation and thereby reduce the DTAs.

So, I would say to you that it is quite challenging, but we are here excited about this challenge. I think the best way we can handle this is by being transparent with you. You know our struggles, where we are facing challenges, what we are doing, and the results we are bringing. And what we eventually don't succeed in, we will also say, oh unfortunately, we couldn't achieve it here. We wouldn't want to be having to review the guidance right now, but the world in which we approved this guidance and set up this budget outlook was completely different from the world we have today. So, are there more things to come eventually?

We don't know. We don't know how long this truce will last. There is Trump in



China, what will come of it? And of course, at this moment we are even hearing cases of farmers who want to go to court claiming they will be impacted by the war in Iran. So, you will always have opportunistic cases, and we will have to learn to deal with that, okay?

**Felipe Prince:**

So, Geovanne, I think taking advantage of the opportunity here, all of you obviously must have your financial transactions at home, but we invite you to give our Estilo segment a try. We have beautiful service facilities in order to provide excellent service to our higher-income customers. Our VIP lounge in Guarulhos, also recently opened, I invite everyone to come and see it. And this strategy reflects a bit of what we are looking for. Lines with fewer guarantees, we will operate in this higher segment. Our payroll loan lines, I think the risk-adjusted return engine is very well adjusted and running smoothly, and with everything Geovanne mentioned, we expect to deliver better numbers to you going forward.

But please, if you have the opportunity, you are our guests to try our Estilo.

**Janaína Storti:**

Very good. Well, folks, that was our last question here.

I thank everyone for the presence and participation. We remain available here, myself and the IR team, and that's all for now. Until next time. Thank you!