



## **BANCO ABC BRASIL EARNINGS CALL**

**4<sup>th</sup> QUARTER OF 2025**

**February 9, 2026**

**Mr. Ricardo Moura:** Good morning, everyone. Welcome to Banco ABC Brasil's fourth quarter 2025 and full year of 2025 earnings conference call. I am Ricardo Moura, Director of Investor Relations, M&A Proprietary and Strategy. As always, we will begin our presentation of the period's results with our CEO, Sérgio Lulia. After the presentation, we will have our traditional Q&A session.

If you are watching the broadcast via Zoom and would like to follow along in English, please click on the translation button on the right side of your screen. All content, including the presentation, is available on our Investor Relations website. To better follow the presentations, I suggest you download the content using the QR Code on the screen. To continue the presentation, I now give the floor to our CEO, Sérgio Lulia. Thank you.

**Mr. Sérgio Lulia:** Thank you, Moura. We will now show you the results for the fourth quarter of 2025 and also for the full year of 2025.

Net income reached R\$1 billion. This is a very significant figure that places ABC Brasil in a very select group of Brazilian companies that have achieved this level. This result is the outcome of the collective effort of so many people who have been here throughout our 36-year history, with their dedication, commitment, and discipline, making this result possible. So, I would like to thank all of them and specifically the 1,300 employees we have here today, who dedicate themselves every day to making this milestone possible.

ROAE reached 15.2% for the year, and in the last quarter specifically, it reached 16.3%. It was a year where seasonality was a little higher than we saw in previous years. We started the first quarter at 14.8% or so. It rose over the quarters. We ended up delivering 15.2%. This is the fourth consecutive year that the bank has delivered ROAEs above 15%. We can deliver more. We will deliver more. But at least this 15% level has been stable for over four years.

The financial margin reached R\$2.5 billion, an increase of 6.8% compared to the previous year.

The NIM ended the year at 4.3%. This figure is very similar to that of 2024, but, like ROAE, it also showed a recovery trend throughout the year. It started the first quarter below 4%. It recovered quarter by quarter, reaching 4.7% in the last quarter. The average for the year was 4.3%.



Here is some data on the quality of our credit portfolio, as demonstrated by the coverage ratios. So, 501% coverage ratio. When we consider the number of provisions divided by past due over 90 days, and when we consider the coverage of provisions on Stage 3, it reaches 93%. Again, this is the result of a lot of discipline in a year that we saw as challenging from the point of view of credit granting due to the cumulative effect and such high interest rates for so long, in an economy that slowed down in some segments. Discipline always pays off, and here are the results.

The portfolio ended the year at R\$54.7 billion, with growth of 3%, which, viewed in isolation, is less than we would have liked. But again, it was a year where the focus was on discipline in lending and discipline in capital allocation and in the prices charged in our transactions. This figure, on the other hand, does not reflect the differences in the segment, which, when I show you, will make our strategy very clear.

If we go to this slide, this figure becomes clear. So, while the bank grows 3% in the expanded credit portfolio, we have the Middle growing 15%. This year marks the resumption of the bank's growth in the Middle. I have been telling people here that I think we now fit into the segment, which means that we have reviewed our commercial treadmills, we have reviewed our credit treadmills, and we have reviewed the product families. I feel that today we understand these clients better than we did a few years ago. This puts us in a position to resume growth in this segment in a steady and sustainable manner.

Corporate segment grew by around 3.4%, very much in line with the average growth of the portfolio, especially because it is the segment with the highest volume. In Large Corporate, mainly due to margin compression, there was a small but steady decline compared to the previous year.

Sector exposure remains highly diversified. The most representative segments in the portfolio are the same, with small variations here and there: agribusiness, at a virtually constant 23%, the second sector, energy, with a slight decline from what it had been presenting at 11.7%. The service and trade sectors, with an increase in relative participation. In these sectors, there is always seasonality. So, the fourth quarter ends up being stronger. And then civil construction & developers, finance, transportation & logistics. In other words, it is a portfolio that remains quite diversified and very healthy.

Here is a graph we have been showing you over the last few years, which is also the result of a conscious, consistent effort by the organization. Here, we divide the revenue obtained from clients into two blocks: one we consider high capital usage, and on the other we consider low capital usage. The increase in the share of low capital-intensive revenues, on the one hand, represents a greater presence of the bank among its clients, with a larger number of products, serving its clients in a greater number of their needs and, on the other hand, for us and for shareholders, represents the possibility of more



significant returns in relation to the capital used and less volatility in returns over the cycles. When you have a larger family of products, of course, depending on the cyclical nature of products, some products will be better at one time, others will be better at another time, and on average, today we are able to have a much less volatile ROAE. These are products with lower capital usage. They start at a level of approximately 30% of clients revenues in 2019 and 2020, gradually rising to 45% in 2024 and 46% in 2025, which is slightly higher. In practice, this means that virtually half of the revenues originating from clients today have little or no capital allocation.

Looking here at the financial margin, first, the highlights of the quarter. The financial margin grew 14% compared to the same quarter last year and grew 9.4% compared to the third quarter of 2025. Looking at its components, revenues with clients remained virtually unchanged at R\$393 million compared to R\$389 million, while revenues with market recovered well, having suffered a little more in the first quarters of the year. Capital remunerated at the CDI rate also remained virtually unchanged. When we look at all the components accumulated during the year, there is an increase in the margin with clients from R\$1.431 billion to R\$1.495 billion. Market revenues, despite this recovery in the last quarter, were still lower than in 2024 and were offset by very similar reasons, by the growth in revenues from capital remunerated at CDI.

In NIM, as I had anticipated for you, we came from a level of 4.2%, 4.3% in 2024. There was a decline in the first quarter, followed by a gradual recovery throughout the year, with growth of approximately 0.3 percentage points in each quarter, reaching 4.7% in the last quarter. And, as I said, year-on-year, 4.3% versus 4.3%. This is a very adequate level that allows us to aim for a higher ROAE than we have delivered.

Service revenues had a very satisfactory quarter, with nearly R\$126 million in service revenues, and stability in revenues from guarantees issued. It was a good quarter for investment banking revenues, the best quarter of the year, second only to the last quarter of 2024, which was the investment bank's historic record at that time. We will go over that in the future. And revenues from insurance broker and fees, which are growing very steadily, both quarter by quarter and year on year. So, year on year, the guarantees provided went from R\$158 million to R\$167 million. The investment bank had a good year in 2025, but it had a lower performance than in 2024. And as I said, insurance brokerage and fees grew from R\$117 million to R\$133 million. This is a product that is increasingly consolidating and becoming important in our offer to clients.

The quality of the credit portfolio is shown here, first by the level of provisions. The level of provisions reached 0.9% in the quarter, slightly above what we had been seeing. This is mainly due to a very low volume of credit recoveries in the quarter. If we take the average for the year, it is around 0.7%, which is very much in line with our historical average. And when we look ahead, we also project that it will remain more or less the same.



Expected credit loss also remained relatively constant. The expected credit loss was around 2.4% of the portfolio as a whole, an improvement in Middle's expected credit loss, mainly due to the improvement in the portfolios of new crops, which are being originated.

Transactions past due over 90 days closed the year at 0.5%, which is a significant improvement over the beginning of the year, when they were around 1%. This is a very low rate of transactions past due over 90 days, with improvements not only in the Middle segment but also in the Corporate segment, which, as I said, has the highest volume.

Stage 2 and 3 operations remain practically constant, representing 6% of the portfolio, with Stage 3 and Stage 2 combined. There has also been great stability from quarter to quarter. Provisioning levels, as I mentioned in the highlights, show a significant increase in the coverage ratio, mainly due to the reduction in past due over 90 days. Now, as you know, we often say that the provision level is not directly related to past due over 90 days, but rather to the probability of default and the expected loss in the event of default. So, the provision level is a much more constant index than past due over 90 days, which fluctuate a little more. In any case, regardless of the metric you look at, the bank's provision levels are very comfortable.

Our expenses. Here I can say, without false modesty, that good work was done throughout 2025. Expenses ended up at 5.6%, which is in the middle of the revised expense guidance we gave, a figure that is very close to the collective adjustment index used by the Bank Workers' Union. In other words, this is practically a floor for expense growth in a bank with our characteristics.

Revenues, on the other hand, fell somewhat short of our expectations. Revenues grew by 2.2% over the year. Then, influenced by market revenues, as already shown, Investment Banking revenues were slightly better, and there was a difficulty or a very arduous task of recomposing spreads, which ended up being done throughout the year and which puts us in a better position for revenue generation in 2026 than we were in 2025. The consequence of these two figures is an efficiency ratio of 39.2%, also in the middle of the revised efficiency ratio guidance, which was between 39% and 40%.

Our funding. This is a figure that has always been very comfortable over the many years we have been here. It is funding that remains very diversified, both from the point of view of investor groups and within each group, where there is enormous dispersion. There is no concentration whatsoever, the terms are always longer than the terms of the assets, so the bank has no cash mismatch. Prices are very competitive, allowing us to compete with the big banks on very similar terms.

Speaking a little about capital, our Basel capital ratio ended the year at 16.3%, with 13.8% Tier I capital and 2.4% Tier II capital. Over the quarter, there was a small



reduction, which is mainly explained by the repurchase of Tier I and II capital instruments, as we had already anticipated in the disclosure of last quarter's results. But you can see that, disregarding this, the bank's results are sufficient for the distribution of earnings to shareholders and for the growth of the asset portfolio. In this quarter specifically, it is worth remembering that we are now in the middle of the process of recapitalizing the dividends that were distributed, which should bring the bank, once completed, an increase in Tier I capital of approximately 50 basis points. So, we had Tier I capital of 11.9% and total capital of 16.3%. After this recapitalization, Tier I capital will be around 12.4%, and total capital around 16.8%. This gives us a good cushion to grow at a speed we deem appropriate.

Here is a brief summary of what was discussed. So, the whole story that unfolded throughout the year, net income of R\$971 million, a positive contribution from the client margin, and a smaller contribution from the margin with market. Equity remunerated at the CDI rate compensates somewhat for this margin with market issue and then the issue of revenue provision a growth of 3.2% in 2025 profits, when compared to 2024 profits.

And here we have our guidance, the bank's revised guidance. So, if we take the expanded credit portfolio, the revised guidance of 1% to 4%, we closed at 3%. The guidance for expense growth was 4% to 7%, and we closed at 5.6%. The efficiency ratio, with updated guidance of 39% to 40%, closed at 39.2%. Therefore, the revised guidances were all met.

And now we will show you the guidance for 2026.

Here we return to providing guidance specifically for Middle Market portfolio growth. This demonstrates our confidence that this segment will return to growth at rates higher than those of the portfolio as a whole. So, with the portfolio as a whole growing from 6% to 10% and the Middle market specifically from 12% to 18%, this will obviously have an impact on NIM and ROAE at the bank over the coming years. Expense growth remains very disciplined at 4% to 8%, with a median of 6% and an efficiency ratio of 37.5% to 39.5%. If we remember that the current figure is 39.2%, you can see that we tend to believe that the efficiency ratio should improve.

So, that is what we had to present to you. I now give the floor back to Moura. Over to you, Moura.

**Mr. Ricardo Moura:** Thank you, Sérgio, for presenting the bank's results for the last quarter and for the year 2025. I would also like to thank everyone who is following us. We now invite you to participate in our Q&A session.



### Q&A Session

**Mr. Ricardo Moura:** And joining us at this moment is Sérgio Borejo, CFO of ABC Brasil. Welcome, Sergio.

**Mr. Sergio Borejo:** Good afternoon, Ricardo. Good afternoon, Sérgio. Good afternoon to everyone watching. Thank you for the opportunity. It is a great pleasure to be participating once again in Banco ABC Brasil's results conference.

**Mr. Ricardo Moura:** Thank you, Borejo. And to everyone who is watching us. Feel free to ask questions. To participate, just click on the raise your hand icon at the bottom of your screen. We are now available to answer your questions. Our first question comes from Brian Flores, from Citi. Brian, thank you very much for participating. Microphones are open.

**Mr. Brian Flores:** Thank you very much for the opportunity. Congratulations on the results. I have two questions. The first is that, clearly, as Lulia already mentioned in the guidance, you have a slightly higher risk appetite going into 2026. As he also mentioned, there have been some adjustments to the capital base, and the Middle market generally tends to require a little more capital. I just wanted to ask if we should expect any adjustments to the dividend policy as the bank absorbs the recapitalization you mentioned and also accelerates the growth of the credit portfolio. And then I'll ask my second question. Thank you very much.

**Mr. Sérgio Lulia:** Thank you, Brian, for participating in the conference and for your question. I don't know if I would describe it as if we have a slightly higher risk appetite; that's not how I would describe it. In fact, yes, there is perhaps a perception, mainly due to the beginning of the monetary easing cycle and due to the flow that we have seen more recently for emerging countries in general, including Brasil. It may be that financial conditions improve somewhat, and this brings enthusiasm to companies. And then, this is always an opportunity to expand the credit portfolio a little more. But, on the other hand, we cannot forget that we are coming out of a long cycle of monetary tightening, where default behaved very well. But you see that there are companies with higher leverage and everything. What I think the guidance reflects is much more our perception of a better understanding of the Middle segment and more consistent growth, a return to more accelerated growth in this segment than we had been seeing before. And in the more traditional segment, we now have Corporate, we have Large, we have the agribusiness and real estate verticals, as well as greater specialization that leads us to find good opportunities. From a capital standpoint, we have had for many years, I think since 2012, this policy, which is a policy agreed upon with the controlling shareholder and to which we, as minority shareholders, are also committed, that if necessary, the



profits generated in Brasil remain in the institution, that is, in times of slower growth, there is no reason for us to distribute dividends and shareholders retain these available resources. At times, when we see the possibility of slightly higher growth. Then we propose to the shareholders the recapitalization of dividends. They contribute their share, we contribute ours, and normally the minority shareholders also contribute, for the most part, so that it is a way for you to have small injections of capital over time, which allows the bank to grow without having idle capital for a long time. This recapitalization that we are doing now, as I just said, will bring another 50 basis points to the Basel index, which takes our Tier I Capital above 14%, making it a very comfortable level.

**Mr. Ricardo Moura:** Brian, I don't know if you have any more questions on this point, and want to move on to your second question.

**Mr. Brian Flores:** Yes, I can go over this very quickly. I also wanted to understand the spreads, because I think, as you rightly pointed out, there seems to be greater competition as well, and I don't think it's from banks that are similar in size to yours, but also from the incumbents. So, I just wanted to understand the strategic part. How do you intend to defend spreads while increasing this volume, without compromising the quality of these assets, of course?

**Mr. Sérgio Lulia:** Well, that's the challenge given our size. I always say that we are more of a price taker than a price maker. So, spreads are generally set by the big banks. It's a very competitive market. It has always been that way during the entire time we have been operating. Last year, we managed to recover spreads and maintain the good quality of the portfolio. This cost us a little in terms of growth, as I said, but if it weren't for that, we would have grown 3%, and excluding the exchange rate effect, we would have grown about 5.5%, almost 6%. If it weren't for the fact that we are very strict with spreads, we could have grown more. This year begins with spreads in our portfolio higher than those we started with last year. And we are starting with Middle at a better pace, as I mentioned earlier. And in Middle, this compression of spreads did not occur to the same extent as in other segments. So, within this guidance that was provided for growth of 6% to 10% in the portfolio as a whole and 12% to 18% in the Middle segment, from today's perspective, our best estimate is that spreads will remain at their current levels.

**Mr. Brian Flores:** Very clear. Thank you very much.

**Mr. Ricardo Moura:** Thank you, Brian. Next question now, Eric Ito, from Bradesco. Eric, thank you for participating. Microphones are open.

**Mr. Eric Ito:** Good morning, Lulia, Borejo, and Ricardo. Thank you for the opportunity. Congratulations on the results. I have two here on my side as well. The first is a follow-up to Brian's, so I think you already commented at the end that you expect spreads to



remain at today's level, Lulia. But thinking ahead to 2026, considering your mix here of perhaps more growth in the Middle, but on the other hand, we have the Selic rate falling, which should only impact the accumulated CDI a little until then, right? What can you share about NIM expectations for this year? So, if we can expect a small increase in the fourth quarter, you delivered 4.4%, but it was 4.3%. So, I wanted to understand a little bit about the NIM dynamics for 2026. I'll ask the second one in a row; it's better that way.

**Mr. Sérgio Lulia:** Okay, I'll start with the question, then I'll pass it on to Ricardo and Borejo to help me with the NIM calculation. But the expectation is that there will be relative growth in the Middle portfolio, which has a higher NIM than the other segments. Now, this evolution happens gradually, so probably the guidance being delivered means an increase in the relative share of Middle of about one percentage point, right, Ricardo? So, NIM will depend on the growth of Middle, which is what we just mentioned, and on the product mix, which always has an effect. As you know, we now have a larger family of products than we had some time ago. This product dynamic is very important, and I even think that the beginning of the year is encouraging from this perspective. It depends on the Selic rate, as you are saying. We had a more optimistic call than the average economist regarding the Selic rate, and we revised it a little, and we now have the prospect of a 50 basis point cut at all meetings, from March until the end of the year, ending the year at 11.5%. So, these are the components. What does this represent in terms of NIM? I'll pass it on to Ricardo here.

**Mr. Ricardo Moura:** I would say that if you look at the speed with which we rebuilt NIM last year, we continue to have a vision of capturing NIM, that is, expanding NIM. However, it will be a little more gradual and a little more dependent, as Sérgio said, first on our intrasegment spread, where market competition has a significant influence; second on the mix of segments within the portfolio as a whole, and then, with Middle growing, you should see a gradual expansion of this NIM; and third on product mix. So, to the extent that we can have products that command a higher spread, this should be positive for NIM. Obviously, you have a headwind this year for NIM, which is the shareholders' equity remunerated at CDI, but it is important not to forget the following: once you have a falling Selic rate, you should have two other factors that influence PNL dynamics. The first is that there is slightly less pressure on LLP, and the second is that it should be a little easier for us to grow the credit portfolio. The big question is, given all these factors, how do we see NIM growth? It should be positive, but in a consistent, more gradual way throughout the year. I don't know if that answers your question. Feel free to add anything else.

**Mr. Eric Ito:** Very clear, yes, it does. My second question is related to that, maybe a follow-up thinking about that mix part, and even a little bit that you mentioned at the end, right? Help, maybe a little less pressure on LLP. I think you've already shown very



positive indicators this quarter, so I wanted to understand from you what you can share, perhaps in terms of cost of risk, what we can expect for next year, for 2026, greater growth in the Middle, or how you see NPL, general asset quality dynamics here, please. Thank you.

**Mr. Sérgio Lulia:** Okay, Eric. Look, we started the year very well, as was just presented, with a very healthy portfolio, with a historically low level of default compared to our own performance, a well-provisioned portfolio, with good coverage levels. Now, as I also said, it is well known that such high interest rates leave wounds in the economy and in companies. That being said, we work within our budgets to verify a default rate that is our historical average, which is around 0.7% per year on the expanded credit portfolio. There is no reason for us to believe that it will be worse than that, especially since the portfolio is in very good shape. But also, in order to see a consistent improvement from this 0.7%, I think there would have to be signs of monetary easing and more significant economic growth than we have seen so far.

**Mr. Eric Ito:** Great. Thank you, everyone.

**Mr. Ricardo Moura:** Thank you, Eric. Next question: Olavo Arthuzo, from UBS. Olavo, thank you for participating and for being here. Please ask your question.

**Mr. Olavo Arthuzo:** Good afternoon. Thank you, Lulia, Borejo, and Ricardo, for the questions. I also have two questions, and they are quite quick. The first is regarding the directed credit that we saw throughout December, throughout 2025, with this portfolio helping the system to grow significantly. And I wanted to understand how you feel about this portfolio. I think the last time we talked about this was on the second quarter conference call, and you commented on the gradual increase in appetite, mainly thinking about the FGI line. So, I just wanted to hear from you a little bit, get an update on how you feel about this portfolio. And if you could give us some guidance on what you see there, the percentage of total portfolio penetration throughout this year would also help us here. And the second question is about generic provisions. If I'm not mistaken, you still have around R\$190 million on the balance sheet, so if you could, just give us a call here and let us know how you feel about the use of these provisions. And if there is a possible, let's say, increase in PIS and the economy, thinking more about the second half of this year and the beginning of next year, we could start thinking about a reversal of provisions. That's it, folks, thank you very much.

**Mr. Sérgio Lulia:** Thank you, Olavo, for your questions. Regarding government lines, you are correct. Around April and May, we began to intensify the use of these lines, mainly in the Middle segment, but also in what we call Low Corporate. This growth has been consistent. These lines are very suitable for this client profile because, through them, these clients end up having access to a debt profile that I think they would not have, from the point of view of term and price, if it weren't for these lines. So, we



increased them. I don't have the percentage that these lines represent today off the top of my head, and we can see if Ricardo and Borejo have it, feel free, but they are more significant, but not alone in the FGI. We performed very well throughout the year, specifically in the second half, in other lines managed by the BNDES, such as Brasil Soberano, for example, where we exported several of our clients who were being affected by that situation. Now there is Renova Frota, which is also a BNDES line, which has a very competitive cost condition for those carriers that want to renew their vehicle fleets. So, we are historically active in these lines, and in the second half of the year, we resumed with considerable strength, and they can undoubtedly be a driver of growth throughout 2026. As for provisions, we do have a generic provision of R\$190 million. This is a provision that is very countercyclical in nature. So, we believe that in times of expected greater losses, you set up these provisions, and after a while, you can use them. At first glance, from today's perspective, I don't see us increasing these provisions or using them. So, most likely, at least in the coming quarters, we will have these provisions at a fixed amount.

**Mr. Olavo Arthuzo:** Thank you very much, everyone.

**Mr. Ricardo Moura:** Thank you, Olavo. Thank you for participating. Next question, Antônio Ruelle, from Bank of America. Antônio, thank you very much for participating. Microphones are open.

**Mr. Antônio Ruelle:** Good afternoon, everyone! Thank you very much for your time. I have two questions here. First, I would like to explore SMEs a little more. Could you give us a little more detail on how the SME strategy has changed in this wave of expansion compared to previous expansions you have attempted in the past? Which segment, type of business, clients service has changed? What is the approach, and has it changed? And the second is just a follow-up, there have been a lot of questions about provisions, but in part the higher provisions this quarter were explained by concerns about the macro environment, higher interest rates, when we are thinking about next year, I'm just wondering if we shouldn't have seen this reflected in Stage 3, because theoretically a worsening of the macro scenario, I don't know if that's what you should be flowing through your macro expectations in which you are pricing it in your stages. And this was a quarter in which we saw Stage 3, for example, the percentage of Stage 3 in the portfolio was quite stable with the percentage of the portfolio, but provisions increased significantly quarter-on-quarter. If you could explore this rationale a little, that would be great. Thank you very much.

**Mr. Sérgio Lulia:** Thank you, Antônio. Moving on to your questions about the Middle Market, I would say that it involves many more adjustments in execution and understanding of day-to-day details than a major strategic repositioning. That is, the segment we operate in is the same. We started our second attempt at the Middle market in 2019, with companies with revenues ranging from R\$30 million to R\$300 million.



During that year, we revised this to up to R\$500 million. But if you take inflation from 2019 to now, that practically accounts for this adjustment. And it is in line with what other banks are doing. Internally, we subdivide this into two subsegments, one ranging from R\$30 million to R\$90 million, which are those companies that are within the presumed profit bracket and, therefore, have less information available; and another sub-segment ranging from R\$90 million to R\$500 million, which is where a large part of the bank's exposure in this low segment is today, we have very little. What I think we have evolved over time is first the credit pipeline. We started in the Large Corporate segment with a credit pipeline that is very much based on credit reports issued by analysts. We entered the Middle segment with a virtually all-digital pipeline. Then we realized, after 2021, 2022, that these models are not yet as robust as we had hoped. And today we have arrived at a hybrid model, where you have a good part of the process digitized and with processes that are very scalable, but you always have a checkpoint at the end of the process where an analyst stops, checks that data, does their analysis, and issues their opinion. So, it's a model that allows you to leverage relatively low costs, but still have an experienced analyst checking in with that segment to see if the limit suggested by the automated pipeline makes sense or not. We have changed the product pipeline a little; we have not created products that we did not have before. It is more a question of how to offer and when to offer the product. We have greatly increased the offer of convenience products, such as revolving credit and secured transactions, where the guarantee is formalized in advance, so that you make the limits easier for clients to use, and for Middle market clients, this is an important feature. We have increased the supply of new products guaranteed by government laws, as was the question asked a little while ago by Olavo, so we also have a more appropriate product offering, and we have fitted the team. We had a team in the other segments, a team that had been with us for many years, most of whom were trained internally. We brought in others from the market, but with a commercial culture of how to serve these clients, how to relate to them, which has been consolidated over the years. In Middle market, when you start a new segment, you bring in professionals from the market, some of whom adapt to us and we to them, while others do not, and there is higher turnover. This settles down over time. So, we believe that we also have a commercial team today that is very much in tune with the bank's way of thinking, has a strong commercial footprint, and has good commercial relationships. So there are adjustments that have been made in both the commercial and product areas, as well as in credit, which give us greater confidence in growth in this segment than we had a year or two ago. That is one point. As for Stages 2 and 3, I think there were many issues with clients who were already in those stages, and we decided to increase the level of provision, given the probability of default or expected loss, given the modeling. There was little migration of clients between stages. In other words, it was not an increase in provisioning caused by a macroeconomic recalibration of the model, but rather provisioning made on specific names that we monitor.



**Mr. Antônio Ruelle:** That's clear. Thank you very much.

**Mr. Ricardo Moura:** Thank you, Antônio. Moving on to the next question from Yuri Fernandes, from JP Morgan. Yuri, thank you very much for joining us. Please feel free to ask your question.

**Mr. Yuri Fernandes:** Thank you, Ricardo. Good to see you, Lulia, Borejo. Congratulations on another year. I wanted to return to the point of personal capital, and I know that all the questions that are coming are indirectly trying to address the same topic, but you have always navigated Brasil's risk scenario very well. In various crises, the bank has always done very well. I don't think the scenario is one of crisis, but my impression is that you are very cautious to some degree. Regarding dividend capitalization, I remember that on Investor Day, your message regarding CET1 was something like 11%, so dividend capitalization makes sense. You have been paying perhaps a little more in dividends, but you are going to more than 12%, 12.4% of CET1. The issue of provisions, more Stage 3 provisions, but we will maintain the additional provisions. Where am I going with this? Are you seeing something that we are not seeing here? So, in the scenario, does it warrant so much caution? Because both on the capital side and on the reserve side, and I think on the growth appetite side, I think it doesn't just depend on you, it depends on the question of quality, price, spread, the impression I get is some caution. So, I wanted to go back to the same question, ask it differently, just to check if you are indeed more cautious. Then I'll ask a second question. Thank you.

**Mr. Sérgio Lulia:** Yuri, thank you for your participation. I think that on this issue of capital, the fact that we suggested it to the board and they approved this recapitalization, I would read it the other way around. I would read it from the perspective that we are envisioning perhaps a possibility of growing at a slightly faster pace, because if we were envisioning a more conservative scenario, with difficulty in growing, as was the case last year, then capitalization would not be necessary. After all, you would be left with idle capital. We are already very well capitalized, we have excellent rates, funding for everything. So, I wouldn't increase my level of capitalization, because that actually hurts returns. Now we see, as I said, the glass half full, the glass half empty. On the one hand, the higher Selic rate affected the financial statements of several companies, but on the other hand, we are going to start a cycle of monetary easing. And as you rightly said, we have already been through several crises, and normally, when monetary easing begins, it is a good time to grow your credit portfolio, because defaults fall, investment projects are taken out of the drawer and become viable. The market itself helps the capital market, as we have seen right now, a super-liquid capital market. So, I would see this capital increase as more pro-risk than anti-risk. As for provisioning, I usually say this: our provisioning, except for this generic portion, which is R\$190 million that was asked about here, the rest is evaluated on a case-by-case basis, by sector, by



clients, by everything, and that leads us to have this fluctuation of more provisions or fewer provisions. But the situations are very small; if you take it from one year to the next, it varies from 0.1% to 0.2% of the expanded portfolio. I don't see any reason for us to have expectations that are very different from these.

**Mr. Yuri Fernandes:** No, no. Wonderful. A good balance sheet is never a problem. Having plenty of capital, plenty of reserves, I don't think it hurts anyone. I wanted to follow up with a question for you guys about your guidance of 4% to 8%. Looking at the full year, you've done very well this year. I think expenses grew by close to 6%, which is nowhere near inflation. But looking at the quarter, administrative expenses were quite high, both quarter over quarter and year over year. I just wanted to check if there was anything you did here in the quarter specifically, and looking at 2026 in particular, your guidance of 4% to 8%, where will that come from, Lulia, that delivery, it's okay to kind of maintain what you've already done in 2025, but is there any special line item, a little less administrative expense, a little more personnel, just so I can understand the composition of your efficiency index here.

**Mr. Sérgio Lulia:** Thank you. Would you like to help me with this, Borejo?

**Mr. Sergio Borejo:** Sure! Good afternoon, Yuri. Thank you for your question. Well, speaking of the quarter, basically they were seasonal expenses, mainly some expenses we ended up incurring in technology and training, but those were the main expenses we accelerated for this fourth quarter, so nothing that, as you yourself said, Yuri, compromises the year. The year is very much in line with what we imagined, and as for next year, the idea is to continue investing where we have invested in recent years, which is training and technology. These are the two major expenses. I believe that the headcount should remain at this level, perhaps a little more, but nothing that significantly compromises our NIM. So, I think we are basically adding a little more inflation, a little less. I think that would be the level of expenditure for us for the year 2026; that's what we expect.

**Mr. Yuri Fernandes:** Thank you, Borejo. And if I may, just one last question here, just about your agribusiness, which is a relevant portfolio. Not for you, the client's size is much larger, but it has been a lot of work for some peers, and you have this new segmentation. It has always been a very important segment, but now I think it even has a certain specialization. How have you seen this portfolio, Borejo or Lulia? Is it performing well? Are the big companies still doing very well? Is the problem still concentrated among small producers? Just checking here a little bit on the message in the agri portfolio. Thank you.

**Mr. Sérgio Lulia:** Okay. First, agriculture is a very broad term. So, we have a very large share of the industry, and there are several industries: there is the sugar and alcohol industry, the animal protein chain, the fertilizer industry, the seed industry, the oil



industry, and the juice industry. All of this is part of the agricultural world. And with rural producers, it's the same thing, you have different crops, such as grains, sugarcane, coffee, and so on. You have the large cooperatives in the South, which have been important clients of ours for many years. Agriculture, as we see it today, is undoubtedly going through difficult times, and from what I understand, 2026 will be another very difficult year for grain producers in the Midwest and for the state of Rio Grande do Sul, which has not recovered so well since suffering those climatic effects. So, in these two segments, we are very cautious, we have little exposure, but we see an opportunity for growth, given that it is easier to grow and evaluate clients when the crisis is more deteriorated and, therefore, when the incumbents are already more withdrawn than you try to penetrate a market that is oversupplied, with everyone doing long-term operations, without guarantees, with low spreads. In the rest of the agricultural sector, I think the situation is relatively good. Sugar prices have fallen, but the mills are well capitalized after several years of good harvests. The cooperative system in the South is very professional and diversified in terms of revenue, with new industrial plants that have been built in recent years, so we are not concerned. The animal protein chain is also doing very well, with consolidation among companies that are much stronger today than they were last year. So, as with everything, we must be selective. I think agribusiness in Brasil is a very important segment of the economy and one that demands credit. So, if you are a bank that finances the productive sector, there is no way you can't be dedicated to agribusiness. It is a segment where Brasil is structurally competitive. So, even though some years are a little better and others are worse, on average, Brasil is doing well. You must be careful and choose your clients well. But we think it could be a good year, with the caution I mentioned regarding grain producers.

**Mr. Yuri Fernandes:** Very clear. Thank you for your answer, and good luck in 2026. Thank you.

**Mr. Sérgio Lulia:** Thank you very much.

**Mr. Ricardo Moura:** Thank you, Yuri. Moving on now to our next question. Carlos Gomez-Lopez, from HSBC. Carlos, thank you very much! Microphones are open.

**Mr. Carlos Gomez-Lopez:** Thank you. Two questions. The first is that you haven't mentioned spreads in the capital markets yet, which in the past have had a significant effect on the portfolio spread. During the year, we said that things had improved. Where are we now? And within that, what was the effect of Banco Master on both funding and the corporate spreads you have? And second, can you remind us of the effect of regulatory changes on capital, deferred taxes, 4966, and operational risk. How much should we expect in the first quarter? Thank you.

**Mr. Sérgio Lulia:** Hello, Carlos. Thank you for your questions. From a spread perspective, especially in large companies, spreads are relatively low. That is why, when



we look at 2025 compared to 2024, we reduced the portfolio by 0.9%, which is practically constant, but a small drop of 0.9 percentage points. The year starts at the same pace, and we have even seen an increase in offerings from these large companies in the capital markets. We are looking to participate. As you know, we are very active in debt capital markets, so from today's perspective, in the Large Corporate segment, I think it will be a more active year in the fixed income capital markets, but less active on the bank's balance sheet operations side. In the other segments, no, in the Corporate and Middle segments, which together represent more than 80% of our portfolio, we have managed to maintain spreads. There was a recovery throughout 2025. They stabilized in November, December, and, in principle, what we are seeing now is stability. Your second question, about Banco Master, is irrelevant, as we did not find it in any client. I don't remember seeing any of the bank's clients on the committee, none, no, I may be exaggerating, I'm remembering now, there must have been two or three that we saw. But it was a bank with very little presence in this corporate world. And the cases where it was more involved, I think, were more with equity interests and other things than as a creditor bank for these companies. So, it had very little impact. What was your other question?

**Mr. Sergio Borejo:** The impact of 4966?

**Mr. Sérgio Lulia:** Oh, yes, would you like to help me with that, Borejo?

**Mr. Sergio Borejo:** Sure. Well, we have already fully implemented 4966. Both in terms of accounting and tax issues, you can see in our balance sheet that deferred tax assets remained constant, and if you look at our equity, it decreased slightly. So, we have the capacity to absorb the tax losses that may have changed the way they are recognized, and it doesn't change practically anything for the bank, so I think we are already in compliance, and I don't think it has any significant effect, Carlos, on our balance sheet at this time.

**Mr. Carlos Gomez-Lopez:** Okay. Thank you.

**Mr. Ricardo Moura:** Thank you, Carlos. We will now close our Q&A session. Thank you all for participating. We are now coming to the end of the broadcast of the fourth quarter and full-year 2025 results conference call. I will now give the floor to Borejo and Lulia for their closing remarks. Borejo, please go ahead.

**Mr. Sergio Borejo:** Thank you, Ricardo. Well, it has been a great pleasure to participate once again, and we are available to answer any questions you may have. Thank you, everyone, and see you soon.

**Mr. Sérgio Lulia:** I would also like to thank everyone for attending. We are starting a new year, a year with good prospects, as I think everyone can see. We are very excited



about this year and hope to be here bringing good news in the next announcements. See you soon!

**Mr. Ricardo Moura:** Thank you, Lulia and Borejo. I would also like to thank everyone who joined us for the conference. The presentation is now available on our IR website. The video of the broadcast will be available soon on the bank's YouTube channel. And if you want to listen to the broadcast in audio format, it will also be available on ABC Brasil's Spotify. Again, if you have any questions, the IR team is available to assist you, and we look forward to seeing you at the next results conference. Thank you very much!