

**Operator:**

Good morning, ladies and gentlemen, and welcome to the Porto Seguro 2Q25 earnings results call

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After the end of the presentation, we will start the Q&A session. Please send your name and company through the Q&A icon at the bottom of the screen. Your names will be announced and you will be able to ask your question live. You will get a prompt to activate your microphone on the screen. If you do not want to turn on your microphone, please write 'no microphone' at the end of the question, so it can be read out by the operator.

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Now, I would like to turn over to the Porto executives who will begin the presentation.

**Paulo Kakinoff:**

Good morning. My name is Paulo Kakinoff and it's a pleasure to be here to present the 2Q results for Porto. We also have Celso Damadi, our CFO; Domingos Falavina, Investor Relations Officer, and CEOs of business verticals and the Head of Porto Asset.

Our permanent search for the best experience in servicing our client is what brought us this far after almost 80 years in history in Porto and this is what will take us towards the future. It is very gratifying to have this universe of people who are trusting us in taking care of their welfare and their assets.

We are presenting the results that reflect our diversification and strengthening strategy across the Company's 4 business verticals. So I would like to highlight the results for the 2Q25 that starts with a total revenue of R\$10 billion, up 12% versus the 2Q24, and this is the highest revenue in our historical series. Net income amounted to R\$878 million, a 50% growth versus the 2Q24, with an ROAE of 24.6%, up 6.2 p.p.

Looking at the results for the 1H25, we had a growth of 13% in total revenue, a total of R\$20 billion, a net income of R\$1.7 billion, up 38% and an ROAE of 24%, also up 4.5 p.p.

The main drivers for these results make us very excited about the future. This is the size of our clients' ecosystem. We have 18 million active clients in our base measured by monthly transactions, and a total of 31 million in businesses volume.

Looking at our verticals, the main highlights here are a growth of 8% in the number of items or businesses in the insurer, a total of 16.5 million, and the reduction of 2.1 p.p. in our loss ratio. We are at a very healthy level, 50.4%.

With Porto Saúde, we have added 357,000 members, of which 145,000 in health insurance and 212,000 in dental. Loss ratio was also significantly reduced by 2.1 p.p., coming to a total of 77.3%.

With Porto Bank, revenue and net income rose around 30%. There were several important achievements this quarter with expansions across most of our portfolios.

And with Porto Serviço, EBITDA was reduced, and this was influenced by the reduction in loss ratios, which have led to a lower demand in this relationship with the insurer for services provided by Porto Serviço. The EBITDA margin was 16.2%, down 0.7 p.p. in comparison to the 2Q24.

To go further into detail about these results, I would like to invite Celso for the next part of the presentation.

**Celso Damadi:**

Thank you. Good morning, everyone. We will now go over some details of our results for the 2Q. As Mr. Kakinoff said, our revenue has grown 12% this quarter. This has been pushed by our health insurance portfolio, the bank, the insurance vertical is also growing, life, business, and auto have grown 3% in items and in premium.

Automobile insurance has also had a very stable average price. So its ROAE is still very healthy, as I will describe soon. For this quarter and for the 1H25, it was around 22%. That's why the insurance company is growing slightly less here, 4.7%, reaching R\$5.4 billion. Porto Saúde is growing 27% with a significant increase in the number of lives and average premium, and Porto Bank has grown nearly 30% this quarter. Porto Serviço is down 1.8% because, as Kakinoff said, it is providing services for Porto Seguro and the frequency has gone down. So this drop in revenue is welcome for us, but other operations outside of the Grupo Porto are growing in revenue.

Looking at our returns, they were over 21% in all business units this quarter. When we look at the 1H25, it was above 23%. Porto Seguro is a highlight with a growth of 31% in its ROAE. It was 22% for Porto Saúde, and this is a seasonal pattern. But despite that, its ROAE was 22% and income was stable. Porto Bank was at 28% and Porto Serviço was at 21%. Our total ROAE was 25%.

We have to highlight that the operational margins for the 1H grew by 25%, an operational margin of 13% for the 1H. And this is due to a reduction in claims and the loss ratio, a reduction in administrative expenses across all business verticals. So we are maintaining operational expenses, commissions and the loss ratio. And this is also due to Mobitech and TechFácil with losses in the last quarter and last 1.5 years, which this year is at 0.

The financial results have also been growing. Our basis for financial investments is growing. CDI is growing. So our financial income from reserve operations and free assets is also going up. This boosts our results significantly, and we also had a reduction in the effective rate of the interest rates.

So this has created some profit in our holding at 0 taxes, and we also have increased in long-term rates, and the nonprofitable operations last year that had a provision for this loss were reversed. So these components have also led us to this ROAE of 25%, one of the highest for a 2Q in the Company's history.

Here, we see the share of insurance in our portfolio. So here, we are referring to the diversification in the last periods. We see that our portfolio is growing. The business segment is growing and auto is also growing significantly. For the 2Q, we see that the share of other businesses like health care and bank is going up, insurance is going down, but other insurance within insurance is also becoming more relevant. And Auto represents 32% of our income in the 2Q, up from 36% in the 2Q24. So we see that our results are more diversified recently.

Here, we see our portfolio breakdown. Our adjusted revenue was at 86% of the CDI, and we have a very stable allocation. It did not change, but we did reduce some private credit and increased fixed-rate credit.

Last year, we also had a rollover of inflation-linked bonds, and this has been behaving very well since last year. So our performance has been very good, and our base has been growing.

Now I will hand it over to Dom, who will describe results for our verticals.

**Domingos Falavina:**

Good morning, everyone. Starting with the Porto Seguro vertical, as Damadi mentioned, we had a growth of around 3% in Auto insurance. This is both for items and for the premium.

As a consequence of our efforts of including insured products that have lower premiums and limited coverage, we are also expanding in other segments such as motorcycles. We also had growth in P&C and Life, P&C at 6% and Life 16%.

Looking at the loss ratio. It improved year-on-year, and this quarter, Auto was at 58.5%. Last year, as a reminder, we had that strong rainfall period in Rio Grande do Sul, which impacted our loss ratio significantly. We also did not have many events in P&C and Life, especially P&C. So our loss ratio was very healthy this quarter as well.

Looking at income and profitability, we finished with a ROAE of 31% and the net income of R\$434 million with an increasingly diversified distribution, as Damadi also mentioned. When we look at Porto Saúde, we reached some milestones such as R\$2 billion in total revenues in the quarter, a growth of 145,000 lives insured and a growth in net income for a quarter that tends to be more difficult than the first. This was boosted by a growth in the number of lives, but also an increase in premium of around 30%.

When we look at our loss ratio, if we compare the pre-COVID pandemic period from 2015 and 2019, then the loss ratio was around 70%. So this quarter was very similar to what

we consider historically normal, but it was very positive on a yearly comparison, with a reduction to 78.4%, and this happened both with health insurance as well as health added to dental insurance.

So in our results, we had R\$105 million in income and a ROAE of 22.4%, which is better because we are not having the share of Oncoclinicas as we did in the 2Q24. So we were less reliant on nonrecurring effects with a growing ROAE.

Looking at Porto Bank, we have over 5 million businesses. Our focus on NPS is continuing. It's one of our main metrics. We are at 76 points, and net income has grown over 30% year-on-year. It was R\$204 million this quarter. We also would like to highlight our efficiency ratio, which our expenses divided by revenue. It was at 33.2%, slightly better than the 2Q24, and this is comparable to the benchmarks among digital banks. So this is also an index that we have been very proud of achieving around 33%.

Finally, we have a diversified revenue composition among fees and interest, and we consider it to be very healthy because fee-based revenues are usually less exposed to defaulting than financial revenue.

Looking at our NPL ratio, we also added short-term NPL. When we look at it in the last 90 days, we had an increase of some bps. But if we compare this to the average in the financial system, we see that there was also an increase. For us and for the system, we believe that this is due to the accrual of interest rates from 60 to 90 days. So that's why we included 15 to 90 in this quarter, showing that we did not see any changes in behavior in our last quarters.

Finally, our loan portfolio increased by about 18% with contributions from loans, car equity and credit cards, which have also been growing year-on-year.

Continuing with Porto Serviço, this has been said before, but we had a lower loss ratio, which led to a lower revenue in the services branch, but it's important to mention that this is a strategic partnership, and B2C has been growing significantly.

Our intention from the beginning was to have less reliance on Porto as a client, and it continues to develop. So from 76% to 75.9% of the revenue coming from the partnership. Our ROAE was at 22%, and net income was at R\$57 million.

Within the insurance operation, we are following the guidance very well, and we do not believe that this requires any change. We reviewed it in Porto Bank. It had a very strong growth in the 1H25. Operational portfolio has been growing to a healthy extent, and there was an accrual of 60 to 90 days. And this has led us to review this growth in our guidance from 20% to 28%.

We estimate that the higher revenue in the 1H25 will, as a consequence, also create higher credit losses that will be captured in the 2H25. So the threshold is now at R\$-2 billion to R\$-2.3 billion. And the efficiency ratio has also been reviewed.

In Porto Saúde, the premium change has been held, but the loss ratio is better than we had foreseen in the beginning of the year. So we reviewed it to 73% to 78%.

With Porto Serviço, we held all of our guidance, and I would like to spend some time on this. Our financial result is at around R\$750 million. There are 2 items here that make us

believe that the range we projected should be held. The reasons are, we had an IPCA of around 2% in the 1H25. If we compare year halves, our expectation is that IPCA80 will be below 0.5% in the 3Q25.

Since we have a portfolio and assets, this difference in the IPCA rate would give us a stable financial revenue. We are also looking at investment opportunities to have a better yield for 2026, and if we continue to see opportunities there, we might make a decision. We might make some changes, a new round in our assets portfolio, which is already in our guidelines. So we are holding this range of 1.2 bn to 1.4bn.

And finally, the higher Selic rates are allowing us to pay higher interest on own capital, which should bring the effective rate down to 28% to 32%, whereas previously, it was 30% to 34%.

That's it. We can continue with the Q&A.

**Arnon Shirazi, Citi:**

Good morning. Congratulations for the strong results. When we look at your guidance, we see a significant growth in income this year versus 2024. My question is about 2026, what should we expect from 2026? Can you sustain this continuous growth in income? Can it be above double digits? I know that you are going to include your guidance for the 4Q, but I would just like to understand where this growth could come from. Will it be from health care, a combination of all verticals or anything else?

**Paulo Kakinoff:**

Thank you, Arnon. I am going to try to answer your question to the extent that I can, considering regulatory limitations. We have seen that Porto's growth has been sustaining, and it's based on 2 main things, speaking in general terms.

When we look at more mature items with a higher penetration, we have been very disciplined in our pricing, and this is combined with technology, and it truly has been extracting historical levels of ROAE. We will continue pursuing that without letting go of the growth that will be around one digit. This is what we have been seeing repeatedly, and this is what we have seen in our results.

The Company, its main base is the strength of its brand, the strength of our clients' base, and especially the strength of our products. And that's our main strength. So we have to preserve that. That's the Company's number 1 mission. And fortunately, we have been able to achieve that.

The next dimension are the segments in which we still have a smaller market share than we believe is our fair share. And this is not an ethereal aspiration. This is grounded on the same assets I mentioned for the mature products. The strength of our brokers, I do not know anything remotely similar to the structure that we have with this level of capillarity in every neighborhood, every village in Brazil, speaking the local language, knowing the culture, knowing clients for the second or third generation, with this perception of being a family consultant and that has an 80-year long relationship with Porto. A relationship of trust, and that fortunately is at a very high satisfaction level for our end customers.

The same channel has pushed new products and services. By new, I mean the ones that have been emphasized by the Company in the last few years. And they have done this at a very good level of quality and speed. And that has truly boosted our results. And these segments still have a smaller share in Porto. We are talking about our health care plan services in general.

Just to give you an idea, this quarter, we finished training and qualifying a staff so that for the first time, we can offer the same number of services across Brazil as we have in major cities. So this creates potential sales beyond our partnership with Porto, and that can also be used by B2B clients who embed these services into their products and for end customers. And we still haven't achieved that dimension that represents our full potential.

And there are also the traditional segments such as insurance, where in some segments, we have a smaller share. Finally, there are other lines such as consortiums and so on, which together have built this result. And some, we still see that the reasons why we are growing will remain. They will conserve our growth in revenue. And I am including 2026 in this analysis.

**Tiago Binsfeld, Goldman Sachs:**

Good morning. Congratulations on the results. I would like to ask about your bank. You mentioned the NPL growth. I would just like to understand what is behind that, if that has been affected by any write-off rule changes. And I would also like to ask about pensions, whether this issue with the IOF tax has been relevant for you or not. Thank you.

**Marcos Loução:**

Thank you for your question, Tiago. When we look at our provisioning and our entire revenue system, and we attribute some value to stop accrual, which was the biggest change we had in the 1Q and it was followed by some players, we see that we would be at 6% or 6.3% if we disregarded that accrual effect.

And the NIM, which is the best measure to observe, in Porto Bank, before the COVID pandemic, when we started our credit card product in 2022 and 2023, we were running a NIM of around 4 p.p. That was risk adjusted. This quarter, if we had the same measurement disregarding stop accrual, we would be around 4% again. In the last quarters, we have seen a significant recovery in NIM.

So if we disregard stop accrual from the 4Q to the 1Q, we would have grown 0.5% in NIM. And even between the first and 2Qs, it would be at 0.2. That was the impact that we had, and we did not have any changes in the write-off policy.

To answer your second question, on the impact of IOF on pensions, we did not have a significant impact. We adjusted our processes, and we did not have any sort of impact for Porto Bank.

**Guilherme Grespan, JPMorgan:**

Good morning. Thank you for the presentation, and congratulations on these results. My question is a follow-up after Binsfeld's question, but I would like to focus on NIM. This is something that drew my attention, the strength of NII in Porto Bank. In the 1Q, there was

a leap, and I thought that was related to the regulatory changes, but you again added about 100 million in NII. And NIM went up 20 bps adjusting for risk and write-offs. So if you could give us some more color on that, are you making a repricing effort? Is this a product mix effect? And if it is, if you could tell us about what products are driving your profitability up. Thank you.

**Marcos Loução:**

Thank you, Grespan. We have been making an effort in product mix, focusing on profitability. And this has been ongoing for the last years. First, we said that our focus on credit products would be for known clients within our ecosystem, and that's what we have been doing. 95% of what we are granting is within our own ecosystem. We also found a significant opportunity for growth in loans for clients who have a car. This is what we have been calling car equity.

To give you an idea, in the last few months, we have had an inversion of what we used to release in loans that are now being released through car equity. So this change in mix in financing, where we do not have much competition in loans. This naturally makes our margins grow. In credit cards, we also had an adjustment, especially in the installment plans, and we also adjusted that pricing.

So it's basically a mix from products in loans and financing connected to a change in credit card loans. So we have been growing quarter-by-quarter since 2023. So that's the reason why we have had recurring growth.

**Guilherme Grespan:**

And to ask a quick follow-up question, should we expect this in the next quarter? Or should it be flat now?

**Marcos Loução:**

We cannot give you that specific guidance, but we believe that the levels that we have had in the past will be something we continue to pursue. We are at a very good and healthy level.

**Henrique Navarro, Santander:**

Thank you. Congratulations on your results. We have seen a deceleration in credit for vehicles in banks, and we have seen signals that this will continue in the 2H25. This is important for you because that makes our car fleets younger and that increases the penetration of insurance, but how do you think that will impact your premiums? Do you believe this will affect you for 2026? Will car premiums remain flat? What can you tell us about that? Thank you.

**Rivaldo Leite:**

Good morning. In our history, this does not have a significant impact. We have faced moments in which these issues with the fleet were higher, but this did not lead to a significant impact. So I think we will continue where we are, meaning that I do not think there will be a relevant impact.

**Henrique Navarro:**

Thank you. And if you can tell us a little bit more about your growth in premiums for car insurance for 2026.

**Domingos Falavina:**

I cannot give you a guidance. And since we have several business areas, this makes for a more complex answer. But in our insured car base, less than 10% have more than 1 year, and most of them are financed. So if origination drops 5% to 10%, that would be 60% of 10%. So that would be maybe 30 bps or 40 bps.

Our fleet is very different from year-to-year. So we do not really see a correlation there. We are also seeing an increase in the number of car consortiums. Since there is restricted credit, this is actually helping with consortiums. So I think we are growing about 30% to 40% in Auto consortia. So this will create a multifaceted effect or impact, and we cannot provide you a guidance for 2026.

**Paulo Kakinoff:**

The main indicator of how the dynamic in the Auto industry changes premium is the absolute number in sales. What can affect us is a change in mix. So having more sales to rental companies versus retail sales, but this has not been happening. We see that this is stable, and the industry has been behaving very well. Just as forms of financing for buying cars. So these are like communicating vessels. As Dom said, there is a replacement from direct financing with other devices such as consortia.

So this is not an indication for us of a significant change in this. There might actually be a higher level of supply and competition in the Brazilian car industry due to this entire discussion on tariffs. So that could reduce car prices because of the supply. This is actually the biggest concern for the entire industry, but that would be good for our sector. But that's one possibility. That's a hypothesis for the short term.

**Antonio Ruelle, Bank of America:**

Good morning. Thank you for your time. I have a couple of questions. If you could tell us about your competition, we have seen that for the last few quarters, the written premiums have been flat, while we see a slight increase in the fleet. So if you can tell us about how that affects you and competition, that would be great.

And my second question is about health care. Looking at the average ticket, we see that this is in line with our guidance, but we see a higher ticket. So I think that is reflecting your focus on products with a lower mix. So in terms of the portfolio mix, have you reached the level you expect? Or should products with a lower average ticket continue growing in comparison to others.

**Celso Damadi:**

Antonio, good morning. Lately, our risk has been stable and the average premium has also been flat. And as Dom said, we see a footprint from societal inclusions. So we have been having lower average premiums, but profitability has been very good. And this is

what makes us very strong in our results, sustaining the risk premium and the average premium and keeping it flat. So this is what has led to this 3% growth.

**Rivaldo Leite:**

Antonio, thank you for that question. I think you made a very good comment. This increase in ticket is due to the product mix. It's important to remind you that about 2 years ago, we started launching new lines, and we now have 4 in São Paulo and 3 for the rest of Brazil. We have our traditional line, which continues to sell. We have the Porto Saúde line, which is very similar to the traditional line. It has an optimized network with the Porto team working with it.

We have the regional line, which has no reimbursements. It's a very closed and controlled ecosystem with navigation in our partner team of doctors and partner hospitals. And we have a new line, which has been ramping up very well. If we consider price.

If the traditional line is at 100, and I am going to talk in approximate terms because it depends on the product, but in approximate terms, if the base line is at 100, Saúde would be 80, Pro would be 70 and Bairro would be 75. So that gives you a dimension of our price. Considering our target loss ratio, this is all identical. So there's no pricing that would be different despite the different prices.

What changes is how broadly we can service our clients. And these lines can be mixed, and most of them are in the same policy. We have been seeing that new lines have performed better than expected from this loss ratio perspective, and this is shown in our numbers and in the fact that we reviewed our guidance. This is due to the growing participation of these new lines with the medical team and the partnerships and preferential hospitals and so on. So that has been performing better than expected and, as expected, there's also a reduction in average ticket, which is very healthy here.

To answer your question about auto insurance, this is a product that is more complex than we imagined, because this increase in average ticket, depending on the mix is very healthy. This is in the industry where theft is at a minimal historical level. And the FIPE table is stable, meaning that products are stable, which is different from health insurance. Due to medical inflation, premiums are rising naturally.

With Auto, we are sustaining our profitability even with a lower average ticket. A profitability of 24%, 22% of ROAD, and even with premiums going up, we have a reduction in nominal DA, which leads to more productivity in our portfolio, and also makes us more competitive the future, especially in lower-value categories. So this makes us competitive so that we can continue to expand our fleet.

So maintaining the average ticket per se is not an issue because the risk premium is even starting to drop in some cases, but it is mostly flat. and therefore, our profitability is continuing to go up.

The biggest challenge we have with auto insurance is to create products to have this security inclusion and launch new products to capture clients with lower average tickets, but with a satisfactory profitability.

So that's how it works with Auto insurance. It represents a large share of our results, and we are focusing on growing there, but the risk premium has been flat for the last few years.

**Eduardo Nishio, Genial Investimentos:**

Good morning. Thank you for taking my questions, and congratulations for your results. I have a couple of questions. The first one is about the migration from Azul Seguros, unifying systems and now being under the same corporate structure. Are you expecting any efficiency improvements? And if you can share some metrics on that. And also, how fast has that been? I know that you are concluding this process in August.

My second question is about your guidance. So running a quick simulation, we see that there was a 2-digit growth in comparison to the previous guidance, and we are at about a midpoint growth in income of 31% year-on-year and an ROAE of nearly 24%. So considering the new systems you have and the expected better financial scenario in 2026, if this ROAE can go up on the medium term, considering that you are growing in units that have higher ROAE, the mix has also been very good, with banking and insurance, your profitability has been surprising. The bank seems to be the most stable of them, but if you could tell us a little bit more about that, that would be good. Thank you.

**Celso Damadi:**

Nishio, good morning. About systems integration, as you mentioned, this will finish in August. We assess this as a very good implementation. It's been very successful with games and systems and DAs, but this will be clearer in the next few years.

If you look at our DA, it has had a slight reduction this year. We expect it to improve based on the synergies created with this single platform and single system, and we are also increasing our NPS numbers.

To talk about the ROAE, we cannot give a guidance for the long term on ROAE, but we think about this in the same way that other financial companies do, which is its comparison with the basic interest rate. Our Selic rate is 15% and our ROAE is at 20%. So the cost of capital in the industry tends to be higher. If you have a risk premium on top of that, that's how we are reaching our ROIs.

About the mix, you are right. We have been growing among verticals and between verticals. So this quarter, life insurance was the one that grew the most, followed by P&C. There are ROIs that are historically higher than Auto. So you said it very well, but it's very difficult to predict this because it will depend on the economic scenario and so on.

So to talk about the results that you calculated, I think you might be looking at the high end of the guidance, and that's why maybe the income you are seeing there is higher. But we will share some more information with you to try to curb that expectation.

**Marcos Loução:**

Nishio, I know that the effort you make is very important for the market, trying to create long-term projections. But I think we need to look in depth at the new seasonality pattern in the group since we are now more diversified than other businesses. On one hand,

what we have been seeing is that, fortunately, the variation between the four verticals tend to complete each other. You might have seen this in the last few quarters. There is a significant variation from quarter-to-quarter, but they are mismatched. And this mismatch is what creates some stability on the growth of our results quarter-on-quarter.

For income, for revenue, we have been seeing a growth that seems linear, but there are significant variations among each business vertical. So you might want to look at that at depth because if you have higher relative weight in Auto, there's a lower prevalence for the typical seasonal pattern in Auto. So for example, the 1H of the year is significantly higher than the 2H of the year, but this is different from our other business verticals. So I would look at the more recent historical series to try to understand these seasonal patterns because that would help you to put the right weights in your model.

Another point is that, evidently, we are working to maximize the spread between Selic rate and our returns on capital. And this is done through pricing, as we said, but there's another important effect, which is games in scale.

Our business diversification is making use of a group of corporate services that is growing much less than the expansion of our revenue and profitability. These areas share many services that are provided by the holding. And this, among other effects, has reduced our DA significantly, as we have been seeing, and we believe that there's still some material room for our new reductions as we gain scale and efficiency in these shared services between verticals. These are some points to observe, which I think will help with future models.

**Kaio Prato, UBS:**

Good morning. Thank you. I think most of the questions I had have been asked, but if I can delve down into a couple of them, first, when it comes to health care, you had a very good dynamic, this adjustment to the loss ratio, but I saw that the acquisition cost was slightly higher than we had been seeing after you changed its policy. So I would just like to understand if there were any different effects this quarter, or if this would be the new level we should expect from now on.

My second question is about the insurance segment. The P&C line in the loss ratio has drawn our attention, but I would just like to understand if the level of 26% that you reported will be recurring from now on. That's all. Thank you.

**Sami Foguel:**

Kaio, good afternoon. So there's a fluctuation there, but it's within the expected margins. If you look at this quarter-by-quarter, there was a significant drop due to deferrals and with gains in scale. At the very long term, as you have a more stable base and acquisition becomes less relevant than maintaining clients, this naturally happens as you gain scale, this will be diluted. On a quarterly basis, there can be some slight variations based on mix and acquisition, but our commercial policies did not change in the last few quarters.

**Marcos Loução:**

Kaio, if we look at the history, we have been having good results. And this quarter was surprising, but we cannot say that this will continue, because we had 2 or 3 cases of very

high values, and only by having that would affect our results. So although most of them are covered, we cannot guarantee that we will be able to get this level of 26%.

**Marcelo Mizrahi, Bradesco:**

I have the same question as Kaio, but I want to ask it differently. The loss ratio for Life was lower. If we look at the products base, it seems like there was a reduction in the number of items as well. But I would just like to ask if there was any change in the business, if you are going to hire average tickets and if this has pulled your loss ratio down. And the other point I have is with Life, which also has a lower loss ratio than your historical series. Were there any changes to your products? Will this be the new average level? Should we expect it to continue?

Also on efficiency, the administrative expenses in the Porto vertical have been striking. We see some efficiency gains. So I would just like to know if we should expect this to continue in the next quarters, this gain in efficiency. Your integration has just concluded. So it gives us the impression that there's still a lot to come. If you look at this year, you are at 11.5%. Last year, it was closer to 12%, 12.5%. So I would just like to understand if it makes sense to continue seeing that gain of efficiency.

**Marcos Loução:**

Marcelo, once again, we cannot give you a very precise guidance. But a part of this gain, as I said before, comes from this gain in scale, and we are also making our efforts more rational.

So as we unified our operations, we are starting to issue unified policies regardless of the brand, but we still have policies from previous times. We have about 10 months still for the entire base of ongoing policies to be issued by the same structure.

And this creates some complications. In our back office, we no longer have the same teams. We have the same processes and services to everyone. And that led to gains in efficiency for an indicator that is very expensive, which is what we call the contact rate, the number of clients who contact us versus a total number of clients we have on our base for anything that is not acquiring a product. All the other contacts that are required might be about questions, about requests that they were unable to do through the digital channels. So we have been working very hard to lower this percentage across the entire organization.

One of the items in variable remuneration for the entire organization is based on this indicator, combined with the quality levels that Porto traditionally has. So this pursuit of efficiency by using technology has been one of our focuses, and this is reflected in these gains.

I think Celso and Rivaldo can add to that.

**Celso Damadi:**

I would like to add some information about Life. We had some systems integrations. We restructured the entire system, and that created operational gains across all lines. But there's another important point, which is that price has been growing significantly, the mixed price.

As for corporate, we did not have any significant changes in systems or products. We had a very good quarter because we did not have any major fires, it was not very rainy. And the rest is, as I mentioned in the previous answer.

**Rivaldo Leite:**

The seasonal pattern and the product diversification means that this can happen in one quarter and not the next. It's important to maintain our guidance in insurance. So as Kaki said, we are talking about administrative expenses, and in the past, we have joined this and we were also migrating the Itaú team.

So as Nishio said from UX, brokers have had very good experience, and we are now working with one single system in pre and post-sales and after sales. So this leads to a great gain, but also reduces administrative expenses.

There's also some marginal gains, which we did not mention, but if you look at the release, it is there, which is the reduction of CMR in the Company. When we are under the same corporate structure, we have a higher diversification and capital requirements are lower because you have a more diversified portfolio under the same number.

So this helps us to allocate more resources at the holding. There is also a tax exemption, we have provisions for fiscal losses, and this has an economic impact. So there's a number of things that benefit from these 3 brands, Itaú, Azul and Porto Seguro.

We should continue to have administrative gains, as Kaki said, in 2025. And in 2026, we are still producing the budget, but with this growth across other verticals, this should dilute the fixed costs, and we have been seeing that. We have been seeing these results since 2020, a reduction in administrative expenses.

**Daniel Vaz, Safra:**

Good morning. Congratulations on these results. Glad to see the results from your verticals plan from a few years ago. So you kept your guidance. If you look at the 1Q, we are above R\$750 million. So if we were to follow on that level, it would be higher than your highest threshold. So for you to be within the range, it would be at about 80% of your CDI. I would just like to understand why you are making such a conservative forecast, or guidance.

Also, I would like to ask about some of the opportunities that you mentioned before on the channels, and how you manage receivables. And also, how much can we expect so that we can capture these opportunities and transform them into results? Thank you.

**Celso Damadi:**

Daniel, thank you for that question. So about financial results, as Dom mentioned, we have a significant portfolio in real interest rates where the IPCA index is very important. Especially in the 1Q25, it was very high. We expect IPCA to finish the year at about 5%, and 60% of it has already been posted in this 1H. So this allocation carries a reduction in income of that line, and this will offset our higher CDI in the 2H that you also mentioned.

Besides that, there are also some changes in our allocation. So this operation is always on the table. But in general terms, that's it. This higher weight is due to a lower index this quarter. So this should come from other allocations, but the guidance is considering the possibility of a rollout. So we are maintaining it.

**Marcos Loução:**

The entire ecosystem that we have been discussing involving the Company. We have been talking specifically about technology projects, but also product tests and to talk a bit about the insurance brokers, we currently have this implemented. We have about R\$21 million in working capital for brokers, and we are developing other products.

When it comes to developing workshops, both for our Auto center and for repair workshops, what we have been doing is while we are waiting for this conclusion and technology, we have been making tests for each profile, and this has been showing a lot of potential. We currently have 14 workshops advancing their machines in Porto Bank. And when we are talking about these machines, this is outside of what we already expect in the Company. We also have working capital.

And from May until now, I would just like to mention one thing, within working capital, we also produced about 3 million in this testing ecosystem. So our perspective is to conclude the main expansion enablers in the 2H25. So that means that we need to have corporate accounts for these credit products to be transactional. We have been working on that. And we are also adapting our corporate cards to sustain these corporate needs.

So as we have been talking in the first parts of the year, 2025 will be the year in which we prepare our entire infrastructure and test these products in a market for them to become scalable.

**Marcelo Mizrahi, Bradesco BBI:**

Thank you for taking my question. It was not clear to me this question about provisions and defaulting. We saw that defaults are higher in the 2Q, and provisions are slightly higher as well. So what is your perspective on your portfolio quality? Have there been any changes? Is this longer write-off because of 4966? What has been deteriorating this portfolio? We are at a less risky part of the portfolio. So I would just like to understand for the future, I saw that there was not any change in your guidance, but I would just like to understand asset quality. Thank you.

**Domingos Falavina:**

I am going to try to explain this in simple terms. We have a very relevant credit card portfolio of over R\$15 billion. So let's consider the Central Bank's rate, and we approved interest rates up until day 60, the second month, and up to 90 days. Not 100% of these cards, as you know very well, will really be captured and not become a default. We have a public policy of when the market is looking at defaulting at 60 days, as this portfolio accrues, in the 1Q you have an additional month in of interest rates, and this will continue, and this will become a 90-day default at the end of the next quarter. So this is being pushed monthly.

We are not talking about provisions. We are only speaking about the balance here, but this will be in the 540th day, and that's why we started this 15 to 90 days and included it

in our presentation, because it's not impacted by this difference in accrual, and actually shows an improvement in basis points. So we are not seeing a worse season, by contrary. The new ones made this open sea go from a share of 20% to 5%.

So things are improving. We are having better lifetime values, payback and better default levels across all metrics, basically. So this 90-day analogy is polluted by the accrual. And this is not on a single quarter because, again, it will continue for 540 days.

So we will have this distortion on revenue and defaults, but for the guidance, it remains valid. We have an initial revenue effect and then PLDs as it runs across our provision and our mathematical and credit models are basically back testing this to see if it is correct. That's how it works. I am not sure if you were able to follow.

**Celso Damadi:**

And we reviewed the guidance from the lower threshold from 1.9 to 2. Of course, the higher threshold changed because we expect it to behave similarly to what we saw in the past with the guidance. But this 1.9 went up to 2. So this might be affected, but I do not think that this is a material loss from the initial guidance. We just increased the smaller part of the threshold.

**Paulo Kakinoff:**

I do not think he was very excited. I think we are going to have another conversation with you, Marcelo. It's very important to understand this item very well. Thank you.

If we do not have any more questions, I would like to thank everyone, especially for your kind comments about our results. Thank you, really, on behalf of Dom, Celso also and the entire Porto team, the CEOs here. Thank you for your time. And please, do send us your questions, criticisms, and especially questions. If you need more time, our Investor Relations team is available to answer them, so that everyone can understand the data that we have been publishing.

Thank you very much once again, and have a great day.

**Operator:**

This concludes the Company's conference call. Thank you, and have a good day.

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