

Operator:

Good morning, and welcome to the 4Q25 earnings call for Porto Seguro.

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After the presentation, we will begin the questions and answer session. Please send us your name and company name to the Q&A button at the lower part of your screen. Your name will be called for your question to be asked. Then you will get a request to turn on your microphone on your screen. If you would not like to use your microphone, please write 'no microphone' at the end of your question so that we can read it for you.

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Now, I would like to invite the executives from Porto to begin their presentation. Go ahead.

Paulo Kakinoff:

Good morning everyone. My name is Paulo Kakinoff and it's a pleasure to be here with you this morning presenting the results for the 4Q25 and the full year of 2025, celebrating our 80th anniversary. We have Celso Damadi, our CFO, Domingos Falavina, Investor Relations Director, and the other CEOs and the Head of Porto Asset.

This year, by consolidating our strategy of diversification and strengthening the Porto ecosystem, we have had consistent growth in revenue and income. They also contributed so that Health, Bank, and Services represented basically half of our results. This was accompanied by record satisfaction levels which made our services more seamless and guaranteed for the sixth consecutive year operational efficiency gains.

We continue to take care of people as an essential pillar of our profitability and growth. We would like to highlight these advances next. The 4Q25 is also a milestone for us due to the unprecedented results that we had for a fourth quarter. Total revenue was R\$11 billion, up 11% versus last year. A net income of R\$839 million up 25%, and a ROAE of 22.5% up 2.2 p.p.

This quarter added up to our total revenue for 2025 of R\$41 billion, up 12% versus 2024, and a net income of R\$3.4 billion, up 28%. ROAE remains at historical levels for the Organization, 22.7%, up 2.7 p.p.

Our indicators are the number of clients, 19 million, and the number of businesses, 35 million, which are respectively up 4% versus 2024 and 16% in the number of businesses. I consider this the main indicator for 2025 because it demonstrates how consistent we are in diversifying our portfolio and how much we have increased cross-selling in our customers base. We went from 1.7 businesses per client to 1.9, which is a further step in making use of our assets, which are our customer base.

Brokers, our main business partners, are the ones who perceive this the most, and this definitely is reflected in the NPS which is 86 points, reached last year.

Here are the main highlights for all of our verticals. Porto Seguro reached 17 million items, up 8%, and up 4% in net income. Porto Saúde added 346,000 members to its portfolio. Adding health insurance and dental, we are coming close to 2 million with an increase in that income of 22%.

Porto Bank's revenue grew 31% while its net income went up 35%. In Porto Bank we are seeing some momentum from the structuring projects that we had been working on in the last three years. I believe that starting in 2026, we will start seeing more significant contributions from these new initiatives that we have explained to you in past calls.

With Porto Serviço, we had a 5% expansion in our EBITDA to R\$108 million, and our EBITDA margin went up 0.3 p.p. to 16.3%.

Celso Damadi will give you further details on these results. Go ahead.

Celso Damadi:

Thank you. Good morning everyone. I am going to continue the presentation here and talk about our guidance for 2025 and then we will go into our guidance for 2026.

This year we delivered results at the best part of the guidance threshold. We surpassed our budget by a little bit, so our growth was within expectations for the year. Our loss ratio was lower, we will talk about this later in the presentation, but we had a good year when it comes to rainfall, catastrophes, wind. So the auto portfolio had a very small loss ratio, very good results at historical levels.

So the entire company has seen a very good loss ratio and productivity gains, as Kakinoff mentioned right now, was different. Our DA reduced 0.4 p.p. versus last year, even with some internal situations, some products that we are advancing in the bank such as checking accounts, individual accounts and corporate accounts.

Even with the administrative expenses that usually come first before revenue, even with all of these expenses we have still been gaining efficiency and productivity. In Porto Bank, we also see the indicators were within our guidance, and here I would like to highlight the financial results that we have been discussing with you. We met our guidance but we did not surpass it, because we roll out two billion bonds that will give us better financial results for 2026. So this is going to give us better financial results for 2026 and 2027.

Our effective tax ratio was also better than we had expected in our projections because, at the end of the year, we were placed at a different bracket and we were able to defer our income tax, and also our JCP was higher than we had projected since our assets grew more than we had imagined.

So this is all good news for 2025. With these results we will be able to pay out 55% of dividends. Last year it was 50%. So this is gross dividends. Last year it was 45% net and this year it will be 50% net, so this will be our payout for the year.

We also approved a share buyback program, a program that we have been running for the last few years, more focused on remunerating our executives. We also have an action plan where we distribute shares to all employees in the Company. In 2026, if all goes according to the guidance, we should also have additional share buybacks for cancelling them later on. This of course is if 2026 goes as expected.

Continuing, we see that our total revenue grew 11%, and here we can see that the insurance company grew 3%, health 22.7%, bank 30% and services 3.4%. So I would just like to mention that within insurance, our elements such as health and dental have grown by two-digit figures.

In auto, we are not making price readjustments in our renewals so that we can retain our customers. So, the number of vehicles in the fleet grew by 233,000 this year, but the average premium has remained low. This is good because the claims cost is under control, and growth in auto is also within expectations for 2025.

Continuing, our consolidated ROAE was 23%, which is very good. Our assets have also been growing, and we see here a quarterly ROAE of 32%, 33%, 28% and 36% across our business verticals. Our consolidated ROAE was 23%, and with the liquidity we need to support our growth, our average returns are 32%. So this is quite robust, and it's even above the projections we had for 2025.

This graph shows what we have been seeing in the last few years, our diversification. This also provided stable results for this year. This shows that we have different seasonal patterns for each product, but our results are a bit more constant, with less volatility. In 2025 it was very similar as well.

We see here that insurances represented less because other businesses are growing more. We have much more room to grow in other spaces like with service, bank and healthcare.

And concluding my part before I hand it to Dom, here we have our financial performance. So we reached the high part of our guidance and we rolled out some bonds, which impacted our results.

This means that in the future, we will have better financial results. Our allocations have not changed much, but we have a slightly higher allocation in fixed rates, and a bit lower in inflation.

Dom will continue with our presentation. Thank you.

Domingos Falavina:

Thank you Celso, good morning, everyone. Now we are going to go deeper into each vertical. In the insurance company, our revenue was R\$5.8 billion, or R\$22 billions in 2025, and our NPS was over 80 points, between 83 and 84 points.

Auto had a smaller growth of 0.2%, although there was a 4% growth year-on-year. This is due to the topics that Celso mentioned. It's a technical price that did not allow for many adjustments, and we also have smaller tickets in our portfolio, such as motorcycles and other products that go lower in our pyramid. P&C grew from last year from 8% to 12%, and we hope to continue sustaining this level.

When it comes to the loss ratio, we had an increase of 1.2 p.p., up to 58%, but our ROAE continues to grow as I will show on the next slide. P&C had a drop of 3 p.p., and LIFE had an increase of 3.4 p.p.

As I mentioned before, our loss ratio is posting positive results year-on-year due to some strategic and operational decisions that Porto took in 2025, notably the consolidation of insurance policy issuance factories into Porto Security. Not only does this add benefits in terms of expenses, but also in terms of capital.

We had over 100 million in capital efficiency gains last quarter, and this quarter it's no different. As we see a higher diversity of products, we have a recurring capital benefit which will extend for 2026. So this quarter we had an increase of 4% in premiums, but our regulatory capital was basically flat.

Continuing with health care, we had 156,000 lives insured. In addition, total revenues were R\$2.3 billion and net income was R\$170 million. And here we see that the revenue level was very similar, and this is due to the new products that we have been discussing with you, which have a higher profitability than our older products. However, they have lower prices as well. We have a product called Porto Bairro, which has been adding new members who did not have health insurance and that can now afford it.

When it comes to our loss ratio, we had 1.6 p.p. improvement considering health plus dental, and 1.4 p.p. considering only health insurance. We have to highlight our medical team. According to the most recent data, they have surpassed 40% of the consultations done in São Paulo.

ROAE in health is usually more volatile. The 2H of the year is stronger, but if we look at the entire year, it was 28% versus 27% in 2024. So even if we adjust it for the seasonal patterns, we see an improvement throughout the year for this vertical.

Continuing with Porto Bank, we had increased revenue, and we always like to put a spotlight on our average revenue per client, which is growing, and it has a very healthy distribution. So we see an improvement in tariffs and in revenue with interests.

Our efficiency ratio, we are going to change this in our guidance to adopt some best practices, and it will be better than what we are publishing, but just for the comparison, we see an improvement of 1.3 p.p. to 32.2%.

Looking at our credit portfolio, very similar to our revenue, we see that it has been growing in a healthy way with NPL ratios better than the market. The NPL ratio over the short term is going down.

With that being said, we are trying to make our assets more robust, so we are going to give you a guidance that will have a higher provision than last year as a preventive measure.

Continuing with the bank's income and ROAE, we see an increase of from 26.7% to 28.4%, and now we see services. Our service level is still robust. We had nearly 700,000 services for cars, as well as for residences, homes and businesses, and our NPS was at 81 points.

We have been focusing on improving contracts and optimizing our margins. So except for our hiring at Porto, we see that income went up in our partnerships and in our digital sales as well. This led to a net income of R\$91 million, and ROAE went up to 74%.

We had a societal incorporation, which allowed us to optimize our capital. We will also have some fiscal benefits, so we are going to see a goodwill of R\$500 million, which will have amortization and will generate tax benefits from R\$35 million to R\$40 million per year, which will contribute to our capital, a better rate, but also higher ROAEs.

Continuing with our guidance, I am not going to go through each point, but this is our guidance, and the premium growth guidance in comparison to 2025 has a bigger range. What we are trying to indicate is that we are going to accelerate the growth in premiums issued.

The loss ratio is favorable versus 2025, where we had been prioritizing margins over growth. With Porto Bank, we had two changes that we have to explain. The first is that we implemented a new consortium system that will provide efficiency gains in SG&A, sales and new group launches, but they will be accounted for differently. So when we apply the accounting rules to this new product, which now includes accounting per copy and no longer per groups or per experience, we have a negative revenue effect.

This quarter, we had about R\$276 million impacting us, and we can discuss this during our Q&A, because we had to balance this for 2025. So the revenue between 2025 will not be comparable to 2026, and that's why we did not put it in percentage terms, but in nominal terms, to facilitate a comparison. This is all on the footnote here.

There was a second change that we made to adapt to best practices from the market. We had been classifying some expenses that in the cards industry are a standard and are correlated to the volume as operational expenses. Banners like Mastercard and Visa, royalty expenses, rewards programs, but they are now being deducted from our revenue.

In 2025, we had about R\$700 million in this, so this comparison would also be R\$720 million to R\$730 million higher. This of course impacts our efficiency ratio, and again this is all detailed on the footnotes, but I just like to say that although this revenue seems to be nominally lower than last year, this is basically due to the comparison. We do expect it to grow very well.

Credit losses, as I mentioned, are due to the provisions that we are making as a concern with clients that are over leveraged, and we also have health care and services. They are very similar. The guidance is very similar to last year. And the financial result, we are seeing a higher expectation due to a more optimized portfolio and an increase in technical reserves.

The effective rate of 28% to 32% does not include debt amortization for discounts and services, so this will be our accounting rate, and we will give you more details about this because the cash effective rate will probably be below this.

We always like to show the products that we have the most share in and the ones that we have the lowest share in, as an indication of the areas that we have been focusing on.

So without further ado, I would like to invite you to the Q&A.

Arnon Shirazi, Citi:

Good morning. I am trying to understand the dynamics behind the banking segment. I would just like to understand the impact of consortium at the top line. Should we expect further effects than this? What should we expect? Thank you.

Marcos Loução:

Yes, these effects are interconnected. As Dom mentioned, we had a change to our process at the levels in which we provide deferrals for consortium contracts. Now with the new system, we can put this at the quota level, which will allow us to defer revenue and commercial expenses per quota.

In the 4Q, we had a more perceivable effect because we were able to look at this retroactively, so that led to a reduction in revenue, and there was also a deferral credit because when we adapt these two lines, they provide us with some credit.

When we analyze this impact, it basically did not affect our bottom line, but our guidance for 2026 is incorporating this new dynamic. So this is already in our revenue guidance.

Arnon Shirazi:

Great. Thank you. If you will allow me to ask another question, when it comes to premiums for 2026, what do you expect in auto and other lines? Thank you.

Paulo Kakinoff:

We have been seeing some indications in the auto segment, considering the data that is being provided by Anfavea, industry data, that this industry can be favored if the basic interest rates expectations are correct. So we expect volumes to increase.

This is a market that, as you know, is very peculiar in its competitive dynamics. The Company has tried to conserve its results through its own strategy, and we are also, of course, trying to defend our own portfolio.

We do not believe that this competition will lighten up. So we expect levels to be higher than we had planned, so we can continue investing in tactical and strategic actions to defend our portfolio and to solidify our share.

I am looking at Patricia, who I would like to introduce to you formally. This is her first earnings call. She became the CEO of the insurance company in January after Rivaldo Leite. So Patricia, would you like to say anything?

Patricia Chacon:

Looking at life and P&C, we have an insurance market that does not have such a high penetration. So we can grow by double digit figures with excellent results, and we believe that if we have the right products, we can continue to grow.

As Kaki mentioned, in auto, in 2025, we saw a scenario in which we prioritized our margins, but we are seeing very solid results, above our guidance, which for 2026 will allow us to seek a better balance between growth and profitability, and this is all in our guidance.

Daniel Vaz, Safra:

Good morning, everyone. Congratulations for these results. I am looking at your guidance for 2026 and it's about 3.7. Looking at all estimates in the consensus, it seems like that's where you are at, unless, of course, projections change. But I have two questions because I think most discussions will refer back to these two topics when we talk to the investors.

First, competition in health. We heard from you that in May or June, there was a player that had been a bigger aggressor. And secondly, when it comes to bank, when we heard balances being reported, we got Santander and Itaú, and it seems like life is a bit more complicated in banking. So I would just like to hear from you how you are dealing with your asset quality, and what's your expectation for this year? Will this start to accelerate? What are you expecting after this marginal loss in growth? So again, competition in health care and if you believe your growth levels will remain the same for auto.

Porto Seguro:

Good morning, Daniel. Thank you for your question. I think the market has a similar level of competition as last year. If we look at our competitors, they have been very aggressive in pricing and in campaigns and so on. Out of home and all of that. So I think the market changed significantly.

Speaking about ourselves, we continue doing what we have always done. We have a technical approach. We are pursuing competitiveness through innovation, through products across all our four lines, and a different distribution strength, trying to grow technically.

Of course, we are going to grow more or less, depending on the quarter, and the last one has been solid, despite having a competitive environment, maybe the most competitive in the last four or five years, without letting go of our technical margins, of course. So that's our perspective, and this is reflected in our guidance as well.

Marcos Loução:

So about the bank, we are going to continue growing within our strategy, focusing on this ecosystem. I can share with you that since we said this in 2024, we were able to reach very good profitability levels in this area.

This is a product that is correlated to what you mentioned, individuals, which are credit cards. Of course, we did identify that although there's less than 0.5% of our portfolio, it might have a different use behavior that would deserve some attention from us. And that's why in our guidance, we are adding a provision if we need to for this target.

But I would just like to compliment that the bank has grown a lot in lines with a better structure and better return, especially the credit portfolio. It expanded significantly. So in the credit portfolio, that allows us to balance things very well. We grew our vehicle-secured loan portfolio by 72% in 2025 compared to 2024, which allows us to achieve a very good balance within the credit business portfolio.

The new groups have been very good. And another complementary part of Porto Bank is the ability to generate more key-based businesses like consortium. So we really respect this scenario. The macroeconomic scenario, of course, deserves some attention, but we continue to see some growth according to what we expect.

Paulo Kakinoff:

Daniel, adding to these answers from a group perspective, results in 2025 are above our expectations. So this allowed us to prepare for the results in 2026. How did we do that? We are using the excess for some movements that will protect us and give us more predictable results, keeping our ROAE at higher levels and also with growth in profit and revenue across several verticals.

So we have rolled out NTNBs last year, in the last quarter, and we are also making provisions as a prevention. And this is a group that represents a very small percentage of our portfolio, but it would be affected if it deteriorates given the stability that we have.

So these are just some examples of movements that we have made to try to protect our evolution in revenue and in profits.

Antônio Ruelle, Bank of America:

Thank you for your time. I have a couple of questions. First, if you can tell us a bit more about the effects that you will have from your tax bracket, we can see that it's lower this quarter. I imagine there were some nonrecurring effects.

Also, since Patricia is here (inaudible)

Paulo Kakinoff:

Sorry, Antônio, we had a problem with your audio. If you can repeat your question for Patricia.

Antônio Ruelle:

Of course. So we expect to see interest rates going down throughout 2026. So what's your best estimate on the auto market and how it would behave? Thank you.

Celso Damadi:

Antônio, thank you for your question. So our effective rate this year was below the guidance we had, and this is due to a few reasons. Our JCP, our rate was lower than we had estimated in the beginning. We saw some effects from the deferred income tax, about R\$40 million. And when you increase the rate, first, you have to update all of your

tax credits, and this is placed in the balance sheet. So you have to reduce this later. So you will have a higher rate in the future.

We also had a JCP adjustment in health, which was retroactive. So we had to recompose the Company's corporate structure, putting health in a holding. So this was not worth it in the past, and we had to do it now. So there is a nonrecurring effect, but this JCP effect in health will be recurring for the next years.

So we had a number of situations that led our effective rate to be at a higher level than we had foreseen. And the effective rate for 2026, as Dom said, will be between 28% and 30%.

Domingos Falavina:

We had a tax benefit of about R\$120 million from JCP in our health structure. Let me explain something else, and I will come back to this. So we had R\$20.5 million benefit there, but we have two entities under Porto Saúde, meaning that we had to pay the PIS/COFINS taxes twice, so that led to some inefficiencies. If we adjusted, the net benefit was low, and our EBT would have been better than what we published, because this is a line that was impacted. So it's R\$120 million gross.

And another point I would like to mention is that this tax inefficiency, how we have now, according to the new tax rules, should not exist after 2027. So although this went up, our understanding is that this inefficiency will no longer exist.

And the next point is that we are also going to see that these discounts will have some amortization, as I mentioned. So there are several positive effects.

Patrícia Chacon:

Antônio, to answer your question, it's hard to predict how the market will behave, but I would just like to reaffirm that these models are based on financial results, but they are not sustainable over time.

And that's why, in a scenario where interest rates will be higher, we will not be healthy as an insurance company. We have to be able to generate in-core and returns from our core business. So we would like to reaffirm that we are committed to profitability without considering interest rates, but always considering excellence.

In 2025, we were at record levels. So we are also considering provisions for 2026, and this is a part of our guidance, as we mentioned earlier.

Antônio Ruelle:

Great. Thank you. I would just like to ask a follow-up question for Celso. I understand that it was R\$40 million net from this reorganization in the Health JCP, and there was also an effect from the CSLL, is that right?

Celso Damadi:

That's correct. What Dom said was that when you look at our DER, we see some inefficiency in our operational results, but that efficiency is not true from a business

perspective, because it has R\$80 million in PIS/COFINS from this JCP, so the net effect to our results was R\$40 million. That's one point.

A part of these R\$40 million will be recurring, because we will have future JCP in Health as well. So a part of it will be recurring, and a part of it will not be. As an effect, our consolidated result was not as relevant. It's more relevant in the effective rate.

And the R\$40 million for banking, that's correct. We have some credits there that we have a deferred income tax on, but this will be lower later on. When the tax rate is higher, we have a tax benefit which updates our tax credits. That addition of 40% will go to 42.5%, which will be the new full rate for 2026 and 2027. So this is a temporary tax benefit, and that creates a R\$40 million effect.

Kaio Pratto, UBS:

Good morning. Thank you for taking my question. I have two. First, about the holding and others line, we saw a significant increase in expenses. First, I would just like to confirm that this was due to that effect in PIS/COFINS that was accounted for in this line. And besides that, we also saw a significant growth in SG&A. So I would just like to understand the drivers behind that.

Also, I would like to ask about banking. We have talked about provisioning and about your appetite, but I would just like to understand what you are imagining for 2026 in this portfolio. Should we see a slowdown or will it continue in the same pace as this year? Thank you.

Celso Damadi:

Caio, you are right. So a part of the R\$80 million in PIS/COFINS, as we mentioned in the operational results, will go to the holding, R\$105 million in debt rollout will also be placed in the holdings results. Our business model pays our portfolio at 100% CDI, and when you roll out and appropriate this expense, which was in our assets, and place this in our results, this is also in the holdings results.

So this quarter, it's going to take these impacts, which are temporary. So the holding has a smaller result because we have higher financial results for the future and the risk of treasury, as we call it internally, usually goes through the holding.

Commercial expenses. We also have some criteria to allocate this between holding and portfolio to make it more linear in our expenses line. We do not have to price it up or down.

There are things that we understand make this more linear in our portfolio. We cannot do this in the societal. Of course, we are audited, we have to do it according to some standards. So we are doing this through the holding. So again, it goes through that and then is included in the portfolios during the grouping period, as Loução mentioned recently.

Paulo Kakinoff:

In general, before we answer your next question, the results for the holding in the same magnitude, actually even higher than the magnitude that was impacted by this rollout, will be benefited in 2026 and 2027 due to this asset swap that we had within NTNBs.

And commercial expenses also have grown marginally below the expansion of our portfolios. So we will also see an increase there. Commercial expenses are also growing, but we have been fortunately able to leverage them as well.

Marcos Loução:

We do not have a guidance for the portfolio. Our guidance in revenue and losses represent this very well. But I would just like to take this opportunity to talk a little bit about what Kakinoff mentioned in the opening.

In the last two years, especially with Porto Bank, we developed and we prepared new businesses and new products to explore our ecosystem even more. On this line, with risk and working capital for credit in our organization in the 4Q25, we reached 200-250 million. So this is a line that did not exist and now it does.

In addition to that, now in early 2026, we are starting to operate in private consigned, which is a product that did not exist. In consortium, we also see a huge opportunity of maybe even having a more organized and structuring campaign to talk about financial education in the media to promote this awareness in using planned purchases. And that's why we are anchoring this in consortium, because we really believe that this product plays an educational role. So we believe that with new products and with the new system, we are also going to have very good performances in consortium.

Another thing we saw in 2025 was the power of our digital channel. We have about 40% of our business coming from car equity or credit lines and credit cards across digital journeys.

So we continue to grow in our ecosystem strategy. The adjustment that we made to the losses are already in our guidance, so that we can go through this period preventively. And we will continue to grow.

Kaio Pratto:

Thank you. So just as a follow-up, I do not know if DC and DA was very clear. Was that related to that adjustment in bank quotas? I am just trying to see if I understood it correctly.

Celso Damadi:

A small part of it, because when we look at societal DRE, it's all there. When we look at our bank balance, we have an adaptation of that average rate. We cannot do this at a societal level due to accounting standards, due to technical reasons. But we know that the extension is a bit longer. So it goes through the holding, and then it changes in a holding depending on these quotas.

So a part of it was in the bank portfolio, and another part was more correctly allocated temporarily at the holding, and then it is included, and then it goes back into our portfolio.

Guilherme Grespan, JPMorgan:

I also have two questions. First, health. Looking at the loss ratio, this is the first year you have a guidance where your midpoint was flat year on year. Maybe you were conservative in increasing it, and this year, you were confident in putting a flat midpoint versus 2025. So from the underwriting perspective, what do you expect from your loss ratios in Health?

And from the ticket perspective, we have been talking about an increase in lower ticket products, but does that affect your loss ratio? Will this group have a smaller loss ratio?

And just to clarify something, when I look at the bank's managerial DRE, I see that there was a negative impact from the deferral of the consortium and a positive impact in commissioning of R\$380 million. So looking at these lines, you had a benefit of R\$100 million. If I understood it well, there's a benefit at the holding. Is that what I should understand? I just like to understand this impact line by line. This isn't clear to me yet.

Porto Seguro:

Starting with your last question, our target loss ratio does not change per product line. So from Porto Bairro to the traditional lines, to the Porto line, we have target loss ratios per size. Of course, larger companies have a different one, but we do not change this. For the same size company, the target is the same. So that's how we calculate our pricing.

So when we compare our loss ratio for Porto, we are at a level that is equivalent to verticalized companies before the COVID pandemic. I would say our loss ratio is appropriate according to our maturity. And it shows that the challenges that we received, so many people asked us if Porto was being too aggressive on price, and now with a more mature portfolio, with this number of lives, most of them with us for over two years, our pricing equation suggests that this was contrary to some of the challenges that we received.

So the issue is, do we want to continue reducing loss ratios or do we want to have a balance and sustain the growth suggested by the guidance? So given the results, the returns on capital, we expect it to be at an appropriate claims ratio, sustaining reasonable growth, considering our size. This is, I think, what would maximize our growth.

Celso Damadi:

Yes, it's exactly as you said. The accounting effect that we had in consortium is actually an extension of the revenue and the commission expenses. This means that expenses and returns are proportional. This used to be done at the group level, but now it's done at a quota level, but the effect is very low.

There's also a tax effect, which is materially smaller, but the effect that you are mentioning is an extension, like we said before, of the amortization of the revenue. So now we have a smaller revenue and it expands over time, and also a commission. So the commission is smaller on the short term. So smaller revenue, and the net effect is nearly zero.

Domingos Falavina:

I am asking our accountants to send us this, but R\$380 million is actually R\$330 million, and there's some small differences that we can speak about later on.

Marcelo Mizrahi, Bradesco BBI:

Thank you for taking my question. So talking about adjustments, when it comes to Porto Bank, I would just like to understand what your revenue guidance for Porto Bank is. With these adjustments, reducing the revenue from consortia, if they were not there, and there's also that expense with credit cards, and you are following the best practices of deducting this from your revenue, that means that your guidance is not completely comparable to 2025. So my question is, if you did not have these deductions, and if you did not have these adjustments to the consortia, what would be your adjusted guidance, either in nominal terms or as percentage growth?

Domingos Falavina:

It's about 20%, maybe give or take 1% or 2%, but about 20%. I was a bit sad that we were not able to show, you know, how much we are actually growing. This is due to an accounting issue, to systems adaptation, but it would be about 20%.

Paulo Kakinoff:

I think that summarizes how much we actually grew, despite these adjustments that we made to the reporting.

Celso Damadi:

So 20% is mid, is an average estimation. It can be more.

Eduardo Nishio, Genial Investimentos:

Good morning. Thank you. I have two questions as well. First, about insurance. Considering premiums for 2026, you gave us the premiums gained, but I would just like to understand your growth perspective across these several verticals. Probably Life and P&C, as Patricia mentioned, are doing well with still double-digit growth. But if you could give us some color on what you expect for auto in 2026.

And also in auto, if you can give us some more details on how this is going. There's a bill on car restrictions, so if you can give us some more color on how you are tackling this segment, the size of the market, and your distribution strategy, which seems to be the biggest challenge in distributing this product. Thank you.

Patricia Chacon:

So I am going to talk about 2025, because it will allow us to understand what we expect for 2026. In 2025, we decided to focus on conserving margins. So our ROAE in insurance was 29%, and specifically in the last quarter it was 32%.

An important part of that led to a slowdown in sales and a more competitive scenario in auto. And this affects us this year, because we are starting the year with a stronger balance across all of our portfolios, and the results that we generated in 2025, which are record levels for Porto, allow us in 2026 to find a better balance between profitability and

growth. So we are always focusing on profitability, preserving margins, but trying to balance things better.

And this connects to your second question, because we invested in a structuring agenda. There are several components there, but one of them is portfolio expansion. So we brought some new things to our corporate portfolio, that 15-minute commitment in São Paulo, and we also relaunched our starting portfolio, which has more compact products and products for motorcycles.

This is a fundamental strategy when we talk about associations in APVs. We want clients to have a high quality offer with a strong balance, so that they can take out insurance, and so that it is there for them when they need it.

This expansion of our portfolio is intentional. The fact that we are growing 4% year-on-year in items, and that we added 230,000 vehicles to our fleet is due to this strategy. So yes, we do have a strategy so that we can offer, to a price sensitive target, a high quality product.

And the next important point is that in our growth agenda, we also invested in unifying Porto and Azul. This means that brokers can use a single platform to see all four brands. All of our operation and technology is based on the same corporate tax ID, so this gives us operational efficiency.

So just to underscore, we have a solid balance between profitability and growth. We have a broad portfolio on the premium and entry lines to tackle this price sensitive segment, and we also have a significant agenda of making tech investments so that we can become more competitive in the market.

Celso Damadi:

Nishio, I am not going to say exactly how much we are going to grow, but we expect the auto market to grow about 6% this year. Here at Porto, as Dom mentioned when he talked about the guidance, we were also a bit more competitive because we joined some factories from Azul and Itaú, and this is also under Porto's corporate tax ID with our systems, and this also gives us some smaller regulatory capital.

There's a capital diversification. The excess in Porto Cia. can be taken to Porto S.A. where we do not have the same tax burden, and Porto Auto becomes more competitive and can have a smaller loss ratio with an ROAE at a high level. This makes us a bit more competitive.

So what we expect for 2026 is for the auto market with reduced interest rates to also grow more than in 2025, so we will have a higher penetration in this auto segment, and more competitiveness where we will be able to connect this gain in productivity joining these three brands under the same ID with this investment that we made in technology and process, and will make us more competitive so that we can grow a bit more in retained premium.

Gained premium does not capture all of the retained premium because a part of it will be gained in 2027, but we expect to grow a bit more in 2026, including in the auto portfolio, because we believe this market will grow a bit more.

Paulo Kakinoff:

Nishio, I am just trying to understand your question. I think you were referring to MOVER, right? The auto recycling program.

Eduardo Nishio:

No, I was talking about the bill that regulates APVs.

Paulo Kakinoff:

We are favorable to that process, and you know, class organizations, sector or industry organizations worked for many years for this achievement to regulate this. When you look at the number of agents in this market, before the regulation was proposed, they are the ones that just got approved, these numbers fell significantly. So, this is a piece of good news, which means that we are now at a more level competition, and we are at the same formal level.

APVs have a specific part of the market. This is a complementary activity to ours, of course, if it is executed with the right guarantees. We have seen many stories over the years of associations that had higher loss ratios. So, I think it's an important step in regulating our industry.

Eduardo Nishio:

Great. And this bill is passed, right?

Paulo Kakinoff:

It's still being regulated, but yes.

Thiago Paura, BTG Pactual:

Thank you. We have talked about these two points, but I just want to make it clear. At the range of the financial guidance, just to try to understand what's behind this, what do you consider at the bottom, and what do you consider high here? The range is 1.4 to 1.8, so it's relatively broad. So, what do you assume to have an expansion?

There was also a question about the top line, but this is a midpoint expansion of about 30% year-on-year after 20% from 2024 to 2025. So, I am just trying to understand what's imbued in this expectation for a marginal drop. Thank you.

Domingos Falavina:

The main index is IPCA, but it's also sensitive to Selic and IPCA. So, go ahead, Izak.

Izak Benaderet:

Tiago, in general terms, our mid-range expectations include having a lower Selic, we are at around 12, and IPCA is within our focus. So there's not much to take into account. These are the things that affect our portfolio the most.

Celso Damadi:

Our average cash generation in 2025 was robust. In 2026, according to Dom's guidance, will not be different from that. There are some tax credit offsets, but our cash generation and the rollouts that we had with an average rate being higher, will have one cash connected to the reserve and a non-reserve, and both of them will be higher.

So, with CDI going down after March, this is what we expect, we expect a slow drop in CDI, and this is what makes our financial results come to this level between 1.4 and 1.8, so about 1.6.

So, that's it at the end of the day. It's a number of things that we are including in this, and we had a very good cash generation in 2025.

Domingos Falavina:

We talked about share buybacks. Of course, this is going to affect our cash availability depending on when it's done.

Another thing you mentioned was provisions. We are not seeing a portfolio increase, but I would use an estimate. We expect to grow in line with the rest of the market, and the rest would be an increase in the cost of credit, cost of risk, which is based on our desire to have an increase with some clients that are indebted.

We see that default is not worse in this period, but we are a bit more concerned about the low number of clients with a higher than expected leverage. This target is seen as the most exposed to risk.

Paulo Kakinoff:

So, it's about 12,000 out of a total of 3 million people who could, especially in a difficult macroeconomic scenario, have trouble in honoring their payments. So, as I said in the beginning, this is just a preventive measure, and we have space to do this. We have some leeway.

And this is in line with the Organization's corporate culture, protecting the predictability of our results. So, that's why we have this additional provision.

Celso Damadi:

And Thiago, it's not that they are late, but they are generating a financial expense that is longer. So, we also want to have a provision for them. We understand that this has a higher risk, and we do not want this to snowball and continue until 2027. So, we have a higher expectation. This is not very relevant, but the expense line is there. But it does not affect our balance in a significant way.

Thiago Binsfeld, Goldman Sachs:

Good morning. I would just like to ask about your capital management. You mentioned the potential buybacks. So, I would just like to understand if you are accelerating buybacks this year.

And I would also like to hear about your M&A in general, if you find any need to close gaps in the Company. And you talked about private partners in the health business. So, has anything changed considering the organic growth that you have been seeing in health? Thank you.

Celso Damadi:

Thank you. I mentioned this in the call, that we were going to talk about this. So, that was a very good question. So, as I mentioned before, our cash generation was relevant in 2025, as you were able to see in the results we presented just now. We also had some effects reducing our need for assets.

We talked about diversification and uniting our factories in Porto Cia. So, that's why this year we are going to pay out 55%. Last year, it was 50%. In 2026, if everything goes according to our guidance, of course, there's a challenging macroeconomic scenario for 2026, but our guidance is also interesting in our results with good cash generation. So, if all goes according to plan, then probably the share buyback plan that we approved will allow us to buy 5 million to 6 million this year, and we will be able to extend a part of it to cancel some shares.

So part of this cash access will be used for share buybacks and to cancel some shares. It will depend on how much we generate, the results we get, and the size of our appetite for 2026.

Domingos Falavina:

From an M&A perspective, Thiago, we are looking at things that will give us competitive efficiency, maybe new technologies and claims, maybe something that will create a new channel. We do not have anything imminent, but this is all on our radar.

Thiago Binsfeld:

Thank you. And a follow-up question. I asked about health. If you can give us some color on that line.

Domingos Falavina:

You had asked about partnerships, right? So, we continue to be engaged with several partnerships. I will ask Sami to give us some more color.

Sami Foguel:

Thiago, I did not really understand your question.

Thiago Binsfeld:

Last year, you had talked about strategic partners, private partners to provide more intelligence to this business. Did that advance at all?

Sami Foguel:

They always contact us. I think you can see that in our numbers. And we are very open to that. There's a peculiar thing about our business that, you know, we do not need cash. We do not need to strengthen our balance. The machine is rolling with capital efficiency, with provisions. So, it would make sense to have a partner that would add to our business in some way, whatever it is. Obviously, with values aligned to ours, our CAGR was 80%.

So, we want to continue growing. If anything relevant comes up, we will mention it. But for now, we have not had any.

Operator:

Thank you. This concludes the questions and answer session. We will now hand it over to the Porto executives for their closing remarks. Go ahead, gentlemen.

Paulo Kakinoff:

On behalf of Dom, Celso, Patricia, Lene, Izak, and our entire team, I would like to thank you for being here. Thank you for your time. Please do not forget to send us your suggestions and questions to our investor relations department. We are always here for you.

Thank you, and have an excellent day.

Operator:

This concludes Porto's 4Q 2025 earnings call. Thank you and have a great day.

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