

Operator:

Good morning, and welcome to the 1Q26 earnings call for Porto Seguro.

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After the Company's presentation, we will begin the questions and answer session. Please send us your name and the Company you are representing through the Q&A button at the lower part of the screen. Your name will be called and your question will then be asked. You will get a request to turn on your microphone. And if you would not like to use it, 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.

Paulo Kakinoff:

Hello, good morning everyone. It's a pleasure to be here with you this morning to present the results for the 1Q26. I have our CFO Celso Damadi, our Investor Relations Officer, Domingos Falavina, and the CEOs of our verticals and the head of Porto Asset.

We have started this year with a consistent growth trajectory. This is the fifth quarter in a row in which we are expanding by double digit. Our diversification level resulted in over half of our results being generated by the bank, health and services verticals. Another highlight was our insurance performance, which grew 48% keeping its ROAE above 30% for the fourth quarter in a row.

Our digitalization process has been allowing us to grow in scale and has been essential for the operational efficiency gains that we have had in the last few years. We are doing more with the same assets and adding to the satisfaction level of our clients and brokers.

Now, let's take a look at our results. This quarter, we reached a total revenue of R\$11 billion, a growth of 10% versus the 1Q25, with a recurring net income of R\$958 million, bringing us closer to R\$1 billion per quarter with a recurring ROAE of 25%.

These results were produced by expanding the number of clients and our margins across the Company's main businesses. We have had about 1 million clients added in the last 12 months, a total of 36.3 million, up 4.5 million.

Among all of these indicators, the most relevant is the one promoting all of these goals, which is the Company's NPS, which has been sustained at an excellent level as is our main goal. We are at 86 points during this time.

Looking at our verticals, the insurance company had an ROAE of 34%, 11 p.p. higher, with a 49% growth in net income. Porto Saúde added 336,000 members, of which 156,000 were in health insurance and 179,000 in dental, a 20% expansion in net income. Porto Bank's revenue went up 24% with an increase of 10% to our net income. In Porto Serviço we achieved an EBITDA of R\$101 million, which is 11% lower than the 1Q25, especially because of the investments made in this vertical right now to prepare for the next expansion stage in 2027 and 2028. Our EBITDA margin reached 15%.

This quarter, we are also sharing some information here, which is the share in digital customer service as a percentage of the total services we provide to our two main audiences, end customers and brokers.

For our customers we increased the resolution rate by 9 p.p. across all of these services that we provided, and our current level is 72%. For our brokers, which have an even more sophisticated relationship due to the technical complexities involving each of the products and services we provide, we also have grown, reaching 50% of interactions taking place in the digital environment.

To give you a little bit of color about these numbers, I would like to invite Celso Damadi, our CFO, to speak. He's going to continue this presentation. Go ahead, Celso.

Celso Damadi:

Thank you. Good morning, everyone. It's a pleasure to be here with you to present our results for the 1Q26.

Let us begin with our revenue. We had expressive revenue growth this quarter, up 10%. So a double digit growth in revenue. One highlight was that Porto Seguro grew 5.5%, and in this revenue growth we have property and life portfolios growing. Auto is growing slightly less, but we have been growing also in our fleet because the risk premium is flat.

So as Kakinoff said, our income has grown 49% in the insurance vertical. There's a composition here from inflation that affects our average ticket in auto and that is lower, but we have had a significant growth in premiums, in auto, and the claims ratio has been lower than we saw in the 1Q25.

In Porto Saúde, we added all of those lives that Kakinoff mentioned with 15% growth in premium. And in Porto Bank, our premium grew by 24.5%. In Porto Serviço, it was nearly 1%. We are restructuring Porto Serviço including our services portfolio, our customers. So we eliminated some customers from some contracts that were not as profitable as we would like.

So we are preparing the Company for growth with profitability and income, which is what we always try to do, balance between growth and results.

Speaking of results, we had in the previous quarter an ROAE of 23.9%, which was very robust, and this quarter we reached 25% of our recurring ROAE. In Porto Seguro, it represents 34%, and this is made up of several portfolios, not only auto.

Auto also improved, but home insurance, we are also leading, transportation and life with reduced loss ratios across nearly all of our insurance products. So our portfolio has been diversified and all of them have been posting very robust results.

Porto Saúde has posted an ROAE of 36%. Our numbers have been growing. We have operational agreements in our contracts and that has been working very well. So these results are quite strong for these two areas. And Porto Bank also had an ROAE of 25%. So these are very good results for our four business verticals as none of them are below 23%.

Looking at consolidated figures, our ROAE is 25%. When we look at this pro forma, that is by removing our excess capital due to structural and growth reasons as we have mentioned before, in order to support the growth we have been having, by removing those R\$3 billion, we would be close to 31%. So the returns have been very robust, as they had been in the previous quarter.

Looking at diversification, as Kakinoff mentioned, in the previous quarter, we had 24% of our net income coming from health care, 26% from the bank and 7% from services. Health is very close to 24%, it's dropped to 23%, bank is at 22% and services are at 6%, and insurance is representing 49%.

There used to be a higher share of auto. With this robust growth in insurance, fortunately we have a very diversified and balanced split. Insurance still represents less than half of our net income, which shows that our diversification process is robust. We have had a lot of discipline, and fortunately, this quarter our insurance reached nearly 50%. So it truly has been a very good quarter when it comes to returns.

Moving on to our financial results, in sum, our financial results had two components that led this quarter's revenue to a lower level than we expected. First was our variable investments, which performed less in Ibovespa and versus the CDI, and also the interest rate curve with some of the operations that were marked to market brought us to this result, R\$408 million.

Our portfolio is mostly in the fixed rate, and we have sustained the financial guidance. We will discuss this soon, but we expect it to be sustained.

So that concludes our presentation, and we will continue with Dom.

Domingos Falavina:

Thank you, Celso. Good morning, everyone. Continuing the presentation on the insurance operation, our vertical grew 5.5% with R\$5.7 billion in premiums. It's important to highlight, especially with our auto portfolio, that when we looked at the last quarters, the lowest productivity was in the 4Q25, and we have been improving it ever since. We see 5% growth year on year when we adjust for the number of working days.

So it's a positive trend. All of the portfolios have been growing by double digit. Our loss ratio is very healthy. We have seen reductions across all of our portfolios, 1.6% in auto, which also has contributed to our growth year on year, and the ROAE of 34%.

So this is our 34% ROAE, and in auto, despite an acceleration and a lower contribution from the claims ratio, our growth in P&C and life has made this contribution from auto and our subscription results to drop. So this is another level of diversification in our insurance business.

Continuing with Porto Saúde, we added 150,000 lives, a contribution of R\$2.3 billion in total revenues, and our net income has grown 20%. We saw a growth in premiums and in the number of members.

We are changing our product mix right now. So the new tickets being added, although they have similar margins, or better than the ones in the traditional plans from our older bases, they have a lower average ticket, which means that in this transition period, our premium growth is below the number of members, but this has a lower effect to our margins. And in two or three years, we will not see as much of that.

From the loss ratio perspective, we had a significant improvement in health insurance individually and also for health and dental insurance together.

A quick comment. Yesterday, we had a very relevant launch, a new product in dental insurance, which is called Odontox. It's going to offer dental insurance in combination with a Botox application. So this is another product that innovates in this vertical.

Looking at our results, our ROAE was R\$215 million in Porto Saúde.

Now looking at Porto Bank, we have seen a positive growth in revenue, in tariffs, and in credit margins. Our NPS is considered very good and our net income went up 10%. The bank's efficiency ratio continues to improve. We are at the same level as the main digital banks, near 28%.

So I would like to talk a little bit about delinquency, or our NPL ratio. We had an increase of nearly 1%, but what I would like to highlight is that right now we are also seeing our stage 3 portfolio, and this is how we classify the highest risk potentials.

Looking at it from this perspective, we can see that we had already been seeing a deterioration of our portfolio beforehand, and we had been setting provisions for this. Looking at our expectations, our peak was 15.3 in the 4Q, and we are starting to see some improvement in this portfolio, and a part of it has been provisioned for this quarter as well. Looking at this effect, our ROAE was 25% in Porto Bank, with an income of R\$212 million, up 10% year on year.

In our services operation, as Kakinoff mentioned, we are focused on our net promoter score and service quality. It's at around 80 points, with nearly 1.5 million services for the last year in home and residence.

Looking at digital product revenues, we are growing at 70% and we are making new partnerships. In the last 12 months, we have had 17 partnerships signed, a total of 73.

Income, here are some of the highlights. Looking at the entire vertical, there was a reduction of 10%, but we increased our share of minority participations, making the proportional participation of shareholders go down 1%.

And there's a second adjustment here. We started to provide amortization of the premium. So if we adjusted this to our cash, we would see a growth of 16% for our shareholders year on year, and not a drop.

Our guidance for the year was held except for the effective tax rate. This quarter, we included the operation that we had with Itaú years ago, and as a consequence of that, we had an accounting effect of R\$134, non-cash, that was adjusted this quarter. Since our guidance is reflecting our accounting numbers, we had to reflect this to take this inclusion into consideration.

TJLP is also above our expectations for this year, which will make our interest on our own capital higher, and that also has a slight impact to our effective tax rate.

So that concludes our presentation, and we can continue with the Q&A.

Arnon Shirazi, Citibank:

Good morning. Congratulations on the results. I would like to ask about Porto Bank. We saw a deceleration of the credit portfolio versus the previous quarter, and at the same time we saw an increase in NPL, but there was a reduction in Stage 3 assets. Can you give us some color about that? If you can talk a little bit about your asset quality. Thank you.

Paulo Kakinoff:

Arnon. Good morning. If you can please repeat that. We could not hear it very well on our side. If you do not mind repeating.

Arnon Shirazi:

Of course. My question was about Porto Bank. We saw a reduction in the credit portfolio versus the 4Q25 and an increase in your NPL, but there was a reduction in the Stage 3 portfolio percentage. I would just like to understand those factors better and get an overview of your asset quality. And congratulations on the results.

Marcos Loução:

Thank you. We can tell you exactly what we did. A part of our portfolio had already been provisioned for, and we posted it at a loss now. This affected our NPL, but it did not affect the Stage 3 because that had already been provisioned for.

What we did was a part of our agreements that were up to date, and are still up to date, so this does not affect the remainder, had a provisioned discount. So as clients met this agreement, they would receive it. And we recognized this from the start now.

So we posted the loss. This did not affect us because this already had provisions, we can see this in the Stage 3 graph, but there was an impact because you reduced a

denominator. So these clients are no longer part of this denominator. So the NPL indicator went up.

What's important about this is that in our guidance, we have our full expectations and we are holding it for 2026. In the previous quarters, we started to focus on the credit card portfolio, which currently has an unfavorable mix. We have been escalating our business in Porto Bank with consortium, car equity, and the card portfolio is still representative.

Right now, it's under a bit more pressure, but we have made provisions for that, and that's in our guidance.

Arnon Shirazi:

Great, very clear. And did you disclose the amount of the (24:11 TECHNICAL DIFFICULTY) write-off for losses?

Domingos Falavina:

Yes, we did disclose it. If it's not in the release, I can provide it afterwards, but it was around BRL 900 million.

Arnon Shirazi:

That's great, thank you.

Antonio Ruelle, Bank of America:

Good morning. Thank you for your time. My question is about your loss ratio. It's been a surprise since the beginning of the year. The loss ratio has been lower than last year, so I would like to understand the moving parts behind this loss ratio. I would like to understand a bit more about your pricing policy, your frequency, and how this change in mix that we have seen in your portfolio is impacting the loss ratio. So how is your frequency changing among the different lines of business? When you look at the loss ratio and also the loss frequency, how will this perform from now on? Are we at an abnormal level? Is this a new frequency level? Thank you.

Domingos Falavina:

That can be a health mix or insurance. Which vertical were you referring to?

Antonio Ruelle:

We are seeing the same effect across both, so if you could talk about both, that would be great.

Domingos Falavina:

Let's start with health then.

Sami Foguel:

Antonio, there are two effects here: frequency and severity. It's true our pricing when it comes to new claims is not different in any product lines. Our ambition is to have a final loss ratio, and when we price our products, we have to take this maturity into consideration. So the price is not created for that initial moment, it's for the long term. And this price is adjusted very carefully, and we are very detail-oriented about that.

So the target loss ratio at the end is what we have in our guidance. We see frequencies behaving correctly as you suggested, going according to our assumptions. Severity has also been at the right level, which is leading to the results you have been seeing.

What I want to highlight is that there's a seasonal pattern. The first and the last quarters typically, not only in the market, but also for us, if you look at the last curves before and after the COVID pandemic, show lower loss ratios. And the 2Q and 3Qs have higher claims ratios. So obviously this quarter and last quarter do not represent the figures for the entire year.

Patricia Chacon:

Thank you for your question Antonio. For the insurance company, we have different loss ratios across our portfolios. So in auto, this is 58 and up, life and residential is above 30. What we saw this quarter was a reduction in the loss ratio of about 4 points for P&L, and it was similar for auto. In health, we are looking at the loss ratio and modeling it based on frequency and severity, and this affects our subscription and prices.

For the rest of the year, we have maintained our guidance. We are focusing on profitability, keeping a good loss ratio, but we are trying to find a good balance with our growth. But in general, our loss ratio has been flat across all of our portfolios.

Tiago Binsfeld, Goldman Sachs:

Good morning. I have two questions. The first one is for Kakinoff. When we look at the last few years, the Company has had top line growth at around two digits. Where do you expect your marginal growth to come from in the next few years? What are your main growth levers, especially in this scenario that seems to be harder to grow at the top line in auto and when we are seeing the bank and health verticals starting to mature? Will this growth come from new geographies?

And my second question is for Patricia. Just to continue this rationale, you mentioned the loss ratio, but if you can tell us a little bit more about price, whether the Company is going to be more aggressive in defending its market share, and if that implies price reductions or any other adjustments to the operation. Thank you.

Patricia Chacon:

Thank you. So speaking about auto, we have been seeing a very competitive scenario in auto. Our sustainable income strategy in this scenario is consistent with what we have always done. Technical discipline to provide the right returns to our investors and shareholders and, at the same time, we are trying to preserve our scale.

I can tell you three important things about this when it comes to our expansion. First, the starting point is a strong balance. In 2025 and the 1Q26, we have been seeing high levels of returns in our insurance and auto, which gives us some more space to find a balance between growth and results.

Secondly, we are still having a very big scale. We did not lose any of our scale in auto. We are at 6.3 million vehicles insured. It's the biggest fleet we have ever had, which allows us to make analytic changes across all fronts. Prices, managing claims. So this, with the high scale we have, allows us to continue to grow.

And the question about how we aim to expand, we have an element which is expanding our portfolio, having a higher offer will allow us to grow. We have premium products. We recently launched a driver app. So we do not only want to reduce price, but with this scale of 6.3 million vehicles, we are always trying to find the right price for different client niches, to find high profitability. So when it comes to pricing, it's more than just reducing prices. It's about having intelligence when you have this level of scale.

The third point is that we believe that a consistent value proposition makes a big difference for our customers. An important avenue has been innovation. We recently launched a program called 15 Minutes. Our proposal is to reach our clients in up to 15 minutes at night. So this program is available in São Paulo, Campinas, Rio de Janeiro and Salvador, and this is also attractive to our customers.

So in sum, we believe in the Company's level of income and we are committed to that, and this will allow us to continue growing this year. And the main growth avenues are portfolio expansion, intelligent pricing and an improved value proposition.

Paulo Kakinoff:

Tiago, what's guiding our long term vision is exactly this perspective of sustaining the current growth rates for a considerable amount of time. I will talk quickly about some of these main avenues, starting with the one that is perceived with the lowest expansion potential that you mentioned, auto.

Auto is representing a very positive cycle. The auto industry started off strong this year. We are posting single digit growth levels, but they are between five and 10%. And most importantly, this is an underpenetrated industry. Contrary to what our market share suggests, we lead this market and we have a considerable percentage of it.

But as we implement new products and as our recent segmentation matures, and as we innovate in services, we see that there's a potential growth that is being captured. And this is one of the developed or most mature parts of the Company.

So this is in general being perceived as the lowest potential part of the Company. I am starting with them because they are one of the ones that most excites us because of the results and the reaction that we are getting from the market.

And this is the most important thing. We are always preserving the basic assumption here, which is results quality. We will not hesitate to reduce our growth if it is compromising our ROAE, because we are at a very healthy level.

When we look at the other verticals, of course, I will not go into each one, but in sum, both bank and health have low participation rates in comparison to what we consider to be the fair share in the geographies we act or in the specific segments that we have been working in for the least time.

There's car equity, home equity, new products that we have been preparing for launch. We have talked about advancing receivables for corporations and companies in our ecosystem, working capital, and the more traditional products in the bank, as you can see, have been growing at very good rates. We have consortium, and when it comes to services, Porto has the only uniform services structure that covers the entire country.

So there's a lot of opportunity to expand our partnerships through that B2B2C model, Porto providing services to retailers, car manufacturers, and even insurance companies where we can embed Porto services into their services.

In B2C, as we expand the use of these assets, we have 12,000 service providers across Brazil, that reduces idleness for the group. Obviously, we do not have linear demand across these clients, so the idleness that we are able to take over as we expand the services portfolio will have a double effect.

First, it will reduce our DA significantly due to gains in scale, and obviously they will expand our penetration in number of clients. This is an important entry to the Porto universe, and so we do see that for the 2025-2030 cycle, we will have a strong expansion in our customers portfolio combined with a higher penetration rate of the products that we have in our pre-existing portfolio.

So we have 1.9 product or service per customer. Four years ago, it was 1.2, and we have been growing at an average speed of 0.1 per quarter. So these two effects is probably what will sustain our significant growth rates, expanding our top line for the next years.

Marcelo Mizrahi, Bradesco BBI:

Thank you for taking my question. I would like to ask about Porto Bank again. I would like to understand the write-off adjustment and how that impacts your coverage levels. Stage 3 coverage was a bit below what the Company had in the past, and you have been a bit more cautious about this line. So my question is about this cost for the future. Do you believe that the risk will be higher than the current level? Would there be any need to go back to Stage 3 or how it was before this quarter? That's the main question for me.

And when it comes to portfolio growth, have you made the adjustments and underwriting so that you can continue to grow in the next few quarters?

Domingos Falavina:

Thank you for your question. Our Stage 3 coverage level adjusting for the write-off is stable at 66%. We do not see any changes in our guidance. So this is in our current cost of risk, roughly increasing 10% of the cost of risk on an equal basis. This is what we had in our guidance.

Stage 3, what's happening is that we were anticipating that a percentage of our base would be excessively leveraged. So this cohorts, these older clients are facing challenges in paying, so we had anticipated a concern about these clients. So that was the reason for this guidance.

But Stage 3 has gone down. This shows that we are starting to see that the base is being cleaned with this write-offs that you mentioned, and that reduces the percentage of the portfolio that has a higher risk of defaulting.

Finally, accelerating again, we grew between 14% year-on-year. So we do not believe that it's slow. If we continue growing at these levels with a higher credit quality, I would not consider this, looking at Brazil, as a low level of growth.

Marcos Loução:

Just to add to what Domingos said, our focus among our known customers and our closest customers that we have in our ecosystem remains within our strategy. And in the guidance this year, we are demonstrating that.

An important point is that for the next periods, and this might happen in 2027 already, we will see a combination of other businesses in credit, and that's going to favor our mix dynamics for credit products. So this will make it more comparable to other banks, and that will be easier.

And why is this happening? Our credit portfolio is still dominated by credit cards. For example, we have consigned credit, which is a product that has a low loss ratio, and this makes our mix better balanced and more comparable.

So we expect to continue growing in products with a higher ROAE. So consortium, car equity. And if we use credit cards and the bank account with products that allow us to expand our relationship, this will give us more comparable indicators. For the year, we are sustaining all of our guidance.

Domingos Falavina:

Sorry, our portfolio growth was 13.7. So with the write-off, our formation was 2.2, and that was flat versus the previous quarter as well. We expected this to be worse, if I can summarize.

Marcelo Mizrahi:

Yes, your NPL formation is higher than it was last year. So stage 3 went down, so there was the write-off effect, but I do not see any improvement for the future. So that's why it was not clear for me if this growth will continue as before. Comparing to your credit portfolio in the 1Q, it dropped more in the previous quarter, but I agree that this is at a very good level.

Domingos Falavina:

Yes, I would not expect it to re-accelerate. We are adapting our guidance, but another important piece of information for you is that you need to look at our expenses versus

this formation. Our formation was at R\$0.5 billion, but our provision versus the formation is actually higher, and these provisions are in our guidance.

So this confirms our vision that yes, it is higher, but when we looked at our budget, we had already included a margin that would absorb this formation.

Kaio Pratto, UBS:

Good morning. Thank you for taking my question. I have two about insurance specifically. First, I would like to ask a follow-up question about auto. You have mentioned a loss of share in this segment, so I would just like to understand if you are starting to see any convergence to the market level, and if you believe you can continue growing in line with the auto market for this year, because we are expecting to see an acceleration for the next quarters.

My second question is about efficiency. It's striking that your G&A level is relatively low, about 10% for the 1Q, which is very close to the low end of your guidance. So what do you expect for the rest of the year on this line? Was it lower than usual this quarter, or should we even see an upside in efficiency to the guidance? Thank you.

Patricia Chacon:

Caio, to answer your question about auto market share, this year, with the strong balance that we have mentioned, we are trying to find a better balance between growth and results. The 1Q started slower, you saw the numbers from Susep, but as the quarter progressed, we saw signs of a recovery.

In the 4Q25, we remained flat, zero growth. This quarter we had 3% growth, so we are starting to see a recovery, and this happened through the initiatives I mentioned: new products, adjustments in pricing, new partnerships with brokers.

So yes, right now we are trying to find a better balance between the results and our growth for this quarter. We have a high market share as we have had historically, but we know that there are still opportunities to continue growing. So we will continue to address the opportunities that we have so that we can continue growing in auto.

Your second question was about efficiency. We have been making some changes that are appearing in our balance. So there's the integration between Porto and Azul that we mentioned in the last quarter, and this led to a consolidation of teams and technology. We have been investing more and more in digitalizing processes and efficiency, and that has led to a better NPS and operational efficiency.

So right now we are within the guidance. We know that we are at peak performance, but we are sustaining this guidance. Efficiency is a very important agenda for an insurance company because it allows us to gain in competitiveness, but we are sustaining the guidance.

Ricardo Buchpiguel, BTG Pactual (via webcast):

In the health segment, can you give us more details about the competitive scenario? Can you talk about the alternatives for Oncoclínicas considering the importance of this partner?

On Porto Bank, could you give more details about asset quality and appetite for risk? Should we expect a more challenging macro scenario?

Sami Foguel:

Thank you for your question. The competitive scenario continues to be intensive, as we saw in the last quarter. The environment did not change. Speaking about Porto, we have been competing and growing among the four lines that we mentioned. The traditional line, which is about 10% to 15% of our sales, and now 90% of our sales is made up of the new product lines, which is providing the results that we mentioned, with lower average tickets, which reflect on a good loss ratio, and this impacts the premiums, as we mentioned.

It's a very competitive market. So, since last year, we launched the Pro products in Vale, ABCDM. Recently, it was launched in Ribeirão, Piracicaba, Sorocaba. So, we have been expanding our work, and we are always technical about what we do with prices that reflect the appropriate seasons in our risk appetite.

You also asked about Oncoclínicas. As you know, they are an important partner in outpatient oncology. So, among the entire hospital environment, we separated it into hospital and outpatient. So, it's important to see that, so that we do not overestimate or underestimate the effects and impact. That's important.

We have been working together with Oncoclínicas, but also other partners. The volume from Oncoclínicas is very relevant. On the short term, we do not see a complete rupture from the traditional environment. So we continue to be partners with our clients there, but yes, we are active in speaking to other partners that would like to partner with us.

If Oncoclínicas stops providing services, the impact when it comes to losses is possible on the short term and the medium term, but finding a good landing solution would be good, because we have been contacted by several potential partners. So, if this happens, we might have some impact, but that would be mitigated, I would say completely, with this landing solution with another partner or with diversifying partners.

Marcos Loução:

Speaking about Porto Bank, since the 2Q25, we have had a process in which we are being more selective in our clients. So, we have been reducing the number of clients that may have a higher complication in their spending and consumption profile, and this has been provoked by the macroeconomic scenario, as you mentioned.

So, our indicators and our guidance have already included a more challenging scenario. We have been focusing on expanding products like consortium and car equity. We are trying to find a balance so that we can deliver the results that we committed to.

So, when it comes to credit, yes, we do have a more challenging scenario, but we had foreseen this in our guidance, and this has been posted in the numbers that we presented.

Guilherme Grespan, JPMorgan:

Good morning. Thank you. I have a simple question, and I apologize for insisting on this, but it's about auto. Running the numbers for the quarter, if you take what was published by Susep for January and February, it was at around 56%, 57%. Obviously, the calendar helps, but you were close to 58%. So, if you run the numbers, that means that March was close to 64%. I know that there is a calendar effect in March as well.

So, my question is, can we extrapolate this as your strategy in Porto of having a loss ratio that was higher for auto throughout the year, but a stronger growth, closer to the top of the guidance? Or is March only a calendar effect, maybe due to January and February?

Patricia Chacon:

Guilherme, there is a calendar effect in March. In the 1Q, when we look at January and February, we have fewer working days that were offset in March. So, we do not really see higher loss ratios above what we expected. So, this remains within our expectations.

And again, we are always pursuing a higher balance between growth and results, but we are doing it very cautiously, very carefully. So, this is mostly due to the number of working days. This is not our pricing strategy that's increasing our loss ratio.

Celso Damadi:

Grespan, the same effect that you mentioned will be seen in Susep's data when you look at premiums. So, the number of working days in March, we had a robust level of growth for several reasons, like Patricia said, price, utilization, and so on, but the number of working days.

So, since we had Carnival in February this year, we had a higher number of holidays, and customers were then less exposed to risk. Losses are higher on average in frequency and severity in working days. So, that's why March is not a good proxy for the year. We are sustaining our proxy, and January and February would also not work as a proxy for the rest of the year.

It's important to look at it on a quarterly basis compare it to similar quarters, because then you have a better comparison. So, what we would recommend here would be to look at the quarter and not at isolated months.

Paulo Kakinoff:

Adding to that, since your question mentioned competitiveness, I can share what our strategy is for this year. Our gains are conditioned to efficiency and reducing DA, and this is what we have celebrated this 1Q, not only in auto, but throughout the entire organization.

As the Company continues to grow, all of the verticals are benefiting from this gain in scale and an increasingly competitive DA. Specifically for auto and insurance, we are consistent in one-digit growth, and this has also led to important competitiveness gains in pricing.

But it's not a part of our culture to have a higher appetite for loss ratios. We try to be more competitive. So, that's why we have this guidance for the year, and we are continuing to work on digitalization, scale gains, and expanding our global client space.

Rodrigo Navarro, Santander (via webcast):

Can you talk about the competitive scenario in auto, especially from international companies?

Paulo Kakinoff:

Let me answer this question, and you can add to my answer, Patricia. We have been seeing a more rational behavior in the first part of the year, and there's a traditional effect in the industry. Usually, you have one or two players who are more aggressive temporarily, but this is not sustained over time, because obviously the different seasons start presenting poor results, and that changes their behavior. And then, of course, they are replaced by another player who becomes more aggressive.

Earlier this year, this competitive dynamic seems to have been better, right?

Patricia Chacon:

Correct. This was a very competitive scenario at the end of last year, but this year it has been more stable. Our strategy of products, competitive technology, aims at accelerating this growth.

Operator:

This concludes the questions and answers session. We will now hand it over to the Porto executives for their closing remarks. Please go ahead.

Paulo Kakinoff:

Thank you, everyone, for your attention, your support, and especially for your interest in Porto. The Company is always available if you would like to go into details about anything you might need.

So, thank you very much, and have a good day.

Operator:

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

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