Felipe Peres:

Good morning.

Welcome to our virtual meeting to present the results of the second quarter of 2026.

This event is being recorded and simultaneously translated into English. To listen to the audio in English, press the Interpretation button at the low right hand side of your screen.

The event will be divided into two parts. During the first part, our CEO, Delano Valentim, and our CFO, Rafael Sperendio, will present the main deliveries of the quarter.

The presentation and the slide deck, in Portuguese and English, can be downloaded on our Investor Relations website at the address www.bbseguridaderi.com.br.

The second part of the event there will be a Q&A session, when analysts and investors will be able request any questions they may wish. I will come back after the presentations to give you instructions if you want to ask a question.

Now, I would like to give the floor to Delano, who is going to present the main highlights of the quarter.

Delano, the floor is yours now.

Delano Valentim:

Thank you, Felipe.

Good morning, everyone. Good morning all of you with us here today.

It's a great pleasure to be here to show you the results of the first half of 2026.

I would like to start by thanking everybody for joining us for this conference call. I would also like to thank our investors and especially our customers for the continued trust in our company. I would also like to extend special thanks to our employees and Banco do Brasil Salesforce who continue to play a key role in the execution of our strategy. I would like to thank them for their contribution to the performance we present here today.

Along the first six months of 2026, we continue to operate in a very challenging environment. Despite that, we have kept discipline in the execution of our strategy, seeking more integrated management with all companies of the conglomerate to be more efficient, both in the way we serve our customers and in the management of our expenses.

I would like to start the presentation by drawing your attention to our recurring net managerial income of 4.4 billion BRL, an increase of 3.2% compared to the first half of 2025.

The net operating income after taxes reached 3.5 billion BRL, an increase of 0.3 compared to the same period as the previous year, supported especially by the drop in the loss ratio in insurance operations, which remains at the lowest historical level, and the growth in revenue from management fees, accompanied by improved operational efficiency with Brasilprev.

In addition, the net investment income after taxes has reached almost 1 billion BRL, 909.1 million BRL, an increase of more than 16% compared to the previous year, reflecting the increase in the profitability of our financial assets in an environment with still high interest rates.

It's also worth mentioning the payout of 3.9 billion BRL in dividends, a payout of almost 88% which represents almost 2 BRL per share, thereby reinforcing our commitment to generating and distributing value to our shareholders.

Going slightly below the bottom line of our P&L, I would like to highlight some operational indicators.

In Insurance retained premiums totaled 7 billion BRL in the first half of the year, remaining practically stable as compared to the year before. In this segment, I would like to draw your attention to the recovery we saw in the second quarter of 2026 for Credit Life written premiums, a product where we have demonstrated the greatest capacity to develop new solutions to help offset the impacts of the current scenario with high interest rates.

In addition to the expansion of corporate credit portfolio of persons eligible to insurance, which I have been highlighting since last year and in the first half of 2026 added almost 400 million BRL in premiums written, I would like to highlight the implementation of a partial credit life insurance which allows the parameterization of policy terms by the relationship manager as a way to reduce the effective cost of insurance and with this facilitate the placement of the product in payroll loans.

In pensions, we have reached 496.5 billion BRL in reserves, an increase of 10.6% over the same period in the year before. In the period, we have a positive net inflow of 2.8 billion BRL. This is a very relevant number considering the market context and the intense competitiveness that we have seen for the pursuit of investors.

Finally, in premium bonds collection reached 3.4 billion BRL in the semester. In addition, we paid out almost 42 million BRL in lottery prizes, a growth of 36% compared to the first half of the previous year, reinforcing the engagement of customers with our products.

We think that these results once again demonstrate the solidity of BB Seguridade, its execution capacity and the resilience of our business model despite the still challenging environment.

With that, I end my presentation and I would like to give the floor to Rafael who's going to give you details of each one of our operations.

Thank you so much.

Rafael Sperendio:

Thank you, Delano. Good morning, everyone!

So now looking at the details of our results. Second quarter, close 2.2 billion BRL of income, a drop of 3% year on year. This drop is a result of the drop of the investment income. So two factors. The most important is negative mark to market 12 million after taxes in the second quarter and as compared to Q2 last year that was positive by 34 million. And most of the negative marking to market is resulting of the opening of the structure.

The other factor impacting the second quarter comparing year on year was the intense high of the IGP-M which is lagging by one month which is the rate that we use to update the liabilities of plans as defined by Brasilprev.

In 2Q26, the lag was 24% as compared to second quarter last year with one month lag there was a deflation of 0.6. This effect was not followed up by IPCA and had an effect in Brasilprev. And together with marking to market explained the drop in net income year on year. Here on the right hand side, there is a 3% growth in investment income and segregating the time mismatch, so the net income is almost flat.

Most of the 3% growth when we look yearly numbers is a result of a smaller effect of the time mismatch which was much worse last year.

And as I said in defined benefit plans there is a liability and IGP-M is what accounts for most of these results. As we see the mismatch a long time 16% in investment income, most of it resulting from the time mismatch, which is clearer when we break down the net income and its main components.

The 3% growth year on year represents 126 million BRL coming from a net investment income. And it's very clear here 125 resulting from the time mismatch and its impact in the first half of this year as compared to the first half of last year.

And the benefit resulting from the high Selic rate was booked this year because it was almost in full taken to mark to market which was 18 million negative after taxes and last year it was 23 million positive. These are the main effects of the financial result when we look the combination of all companies of the group.

In operational we see a growth of 10 million BRL resulting from a 54 million growth after taxes as we can see increase in management fees resulting from volume as you are going to see, and another benefit that we saw this year was a reduction in the loss ratio, especially in agricultural sector.

The improvement in these two variables were partially offset by the reduction in retained earned premiums very much because of the worst performance compared to last year in agricultural.

In this quarter, so resulting from brokerage. In the correction of the premium bonds and the 39 million negative here, most of the movement is a result of the drop in agricultural insurance premiums and this variable captures the commissions in reinsurance premiums. 75% of the premiums that we issue in agricultural premiums and Brasilseg as in a volume. There is a direct impact in commissions.

Now operation by operation first going to insurance operations, there is a drop of 5% year on year in the second quarter it was 4% in year to date numbers and as I said, most of the drop arises from a performance that is worse than what we had last year in agricultural segment impacting rural and that accounts for most of our written premiums and you can also see here in other comparisons a drop of almost 5%.

The highlight here in the quarter, both in the quarter and year to date numbers is home insurance growing on both bases and the other highlight here is our performance in the credit life closing this semester almost flat despite the difficulties that we've been facing in terms of credit environment

In terms of retained premiums, here we isolate this effect of the performance in agricultural insurance that is granted to reinsurance and we have 25% retention and retained premiums is almost flat.

Second quarter considering year on year and the first half, both the quarter and the first half performance ratios, we can see an increase in the combined ratio resulting essentially from commission ratios which is a positive point because of the mix and more concentration on products that have higher commission rates, and the other factor impacting, as I mentioned before is a smaller amount of revenue from commissions from reinsurance which work to reduce this rate.

They reduce the acquisition cost and we are always operating considering in income. This rate also goes up because of that loss ratio, a slight increase because of persons segment and there is better operational efficiency translated into G&A ratio

Now in year to date numbers, very similar dynamics considering especially the loss ratio in the segment of persons. This is more diluted and there is better loss ratio considering the agricultural insurance commissions. Same explanation such as in the second quarter year on year there is better operational efficiency and a reduction of G&A.

Financial result dropped year on year, quarter on quarter, and also considering the first half of the year and expenses increase and because of Selic and IPCA.

There has been an increase in these actual numbers and that's why financial expenses went up and offset financial expenses or investment expenses. And then the net income is 2% comparing year on year the 2 quarters and 1% down comparing the first half of the year. It's down year on year in the combined ratio and a drop in investment income which was partially offset but not in full. And that's why there is a year on year drop by 2% and 1% considering the first half.

Now considering pension plans with very robust performance both in the quarter and in the first half of the year 4% year on year and 7% growth in the year to date numbers getting to 25 billion BRL with significant drop in redemption rates on both basis.

It was 11% last year both in the quarter and in the first half of the year. Last year as a whole and this rate dropped by 3 percentage points, quite significant drop in redemption rates, very, very good performance in terms of net inflows. Closing the half with 3 billion BRL.

And reserves grew 11% in 12 months, getting to 496 billion BRL in June 2026, management fee, you can see here a less accelerated growth looking at average fees.

The risk aversion still persists in the market and most of the flow that we've been seeing here is concentrated on lower risk products and as a consequence lower management fee. That's why there is a reduction on both comparison basis.

In terms of operational efficiency. A considerable improvement, almost 3 points year on year, 2.4 If we consider year to date numbers. So most operations of the group except for our premium bonds.

So here the net investment income, second quarter very much impacted by this very sharp high of the IGP-M which was not followed by IPCA, so investment income was down by 49.

If we look year to date numbers, 41% growth here precisely because of the effect that I mentioned in the second quarter is diluted for the six months and most of the growth of 41% results from a better effect of the time mismatch as I said before.

And then net income despite better efficiency and the growth in revenue, it still taken by the negative investment income. Net income drops 19% year on year, but it's not so sharp if we consider the first six months of the year. So there is a 13% growth also favored by the 41% high in investment income.

Now in premium bonds we had a drop of 12% year on year, 3% in year to date numbers, despite that there's a 2% growth in the balance of reserves in premium bonds because of the level of redemptions that is a lot slower than last year

In terms of lottery prizes paid, 18 million paid out, 17% growth year on year, 42 million paid in the first half of the year, so far 36% growth.

Net investment income on a high of 7% year on year because of the better financial margins of 20bps. And in year to date numbers even more intense growth 39% considering the investment margin and last year we had the negative adjustment of hedge which ended up causing a negative impact in the first half of last year considering the basis. So that's why it's affected.

That's why we had this very very sharp growth of 39% if we look at the first six months of the year and investment income drove the net, the growth in net income 1% year in year, 40% in the first six months.

Now BB Corretora our brokerage outlet, so here a drop of 3% year on year and down by 1%. If we look at the first six months, same reason explaining there is a reduction in the share of brokerage from premium bonds.

In terms of net margin almost flat year on year up by 0.5 percentage points considering the first six months because of the average rate and then the stability in financial margin.

You can see here, if you look year on year the drop in net income agrees with the drop in revenue but on the other hand the improvement in year to date numbers partially offsets the drop in revenue and net income is stable considering revenues at 0.1%.

Now addressing the guidance for the year. In terms of actual numbers, in terms of reserves of pension plans, we ended at 11% in the range from 8 to 11. In terms of written premiums, so we are half percent below the lowest range and non-interest operating results from -7 to -3 we ended the year at -0.2% thereby outside the expected range.

From here until the end of the year, looking here at our guidance in terms of growth and reserves and variation of non-interest operating results, they're more asymmetrical, tending towards the top.

Here for written premiums, the main driver here from now until the end of the year is going to be our performance in terms of crop insurance. And it's absolutely feasible for us to deliver along the year.

Now I end my presentation and now I am going to join Delano and Felipe for the Q&A session. Thank you.

Felipe Peres:

We are now going to start our questions and answers session.

If you want to post a question in writing, please click on the Q&A which is at the bottom of your screen.

We'll try to answer all the questions live during this conference call and if it's not possible for us to answer them during our video conference, we will answer them in writing after the end of the meeting.

First, analysts can ask your questions live by audio. If you want to ask a question, just click on the raise hand button. You can ask questions either in Portuguese and in English, and we are always going to answer the questions in Portuguese.

Now starting Q&A. And so we are going to have Arnon from Citibank. Arnon, you can open your microphone and ask your question.

Arnon Shirazi (Citi):

Good morning, gentlemen. Thank you very much for taking my question.

First is related to the tax reform. This is something that we haven't been talking much. And in 2027 there will be changes. How are you seeing the potential changes so far and how can this impact your bottom line in 2027? Do you see any risks associated to that?

And then the second thing is related to credit life. I think April was a very weak month, but May and June, and especially June, considering your results, they were not good months.

Do you think this is going to continue from now on?

Rafael Sperendio:

Well, Arnon, thank you very much for your question.

So let's start from the tax reform. There is still a lot of uncertainty in the insurance environment, but overall for the country as a whole, it's not 100% clear. So, so far we're not giving you any guidance on the impact.

And in pension and premium bonds we are seeing more the transition considering especially the new regime. But in insurance operations we still have the potential impact involving the way we manage risk and reinsurance operations, especially because of some changes in tax rules which are not yet 100% clear.

So in insurance this is where we place the greatest emphasis in the transition to the new regime, not just operational, but also potentially considering the financial impact year on year in the way we designed it and in terms of seeking alternatives and maybe if these changes happen as we expect them to happen.

As to credit life, in fact, there has been a very sharp recovery in May and June, and here most of the recovery is due to two factors. One is external to BB Seguridade and Banco do Brasil, it was a change in a max times for pay loans with more months. And this by itself improved the credit origination so it opens more room for the insurance products to be offered for the life of customers. So this was an external factor that favored the performance.

There's an internal factor that is also contributing, as Delano mentioned, and partial credit life, it's now credit life with parameters in terms of time and coverage, considering the more restrictive environment with interest rates at this level.

Now for the distribution rate, there is an alternative, more flexible coverage times to make the product more accessible so that we are more successful in selling the products.

These are the two main factors that explain the better credit life product.

Felipe Peres:

Our next question is by Antonio Ruette.

Antônio Ruette (Bank of America):

So, thank you so much for your time. My first question is related to the loss ratio.

So, we can see that your operational result has been changing above the guidance, which is related to some worsening in loss ratio from now on. If we look at the loss ratio in term life and credit life, the difference is really rural, which is considered below historical averages.

Could you tell us what you're seeing, so, potential impacts of El Nino, are you pricing it to wait for the loss ratio to go back to normal?

If I may ask another question, slightly broader about El Nino. So, we're seeing in the guidelines and in practical effects of El Nino already showing themselves present. What are you seeing? Higher demand for insurance? Are you getting prepared with more reinsurance?

So, the second question, what are the prospects of having a slightly more severe El Nino this year?

Rafael Sperendio:

Well, about the guidance of operational results. So, the distribution of likelihoods was more asymmetrical.

So, that said, considering the first half of the year, it's very much the result of an effect, which is likely to become more difficult in the second half of the year, is because the loss ratio in the first half of 25 was higher than the loss ratio in the first half of 26 and a more normal loss ratio with a smaller carryover of earned premiums. And that's why I mentioned the likelihood of us closing the year. So, it's not wise to review this range, because this gradual convergence was already expected for the second half of this year.

But in any way, we're not really ruling out that we might overcome, but anyhow, it's not going to be too soon. As to El Nino, well, we could go on for hours about it but trying to be objective and simplifying. So, how does El Nino impact the main aspects of your question?

Well, as to risk management in terms of reinsurance, it didn't change. It remains the same. We defined 25%. So, whenever we work in the management of our reinsurance panel, we look at the longer horizon and all the questions, considering non-proportional contracts in terms of denials and everything. We look at the longer time range. In terms of demand, no significant changes either.

Now, as you said, some time ago, we were discussing the likelihood of it happening. Now, it looks like it's a given. It's taken for granted. It is going to happen.

Apparently, it's already happening in some regions. And the question now is related to the intensity of El Nino, whether it's going to be more moderate or more severe and how this is going to affect considering the sensitivity to our business, especially considering the center of the country. So, considering a draft in the north of the country, in the center or the south, and how it impacts our country.

This excess rainfall, it may impact loss ratio, I would focus on our portfolio of damages and how excessive rain might impact our portfolio more focused in the center and south of Brazil.

For the crop insurance, we should look at the longer horizon, for 2026, in terms of El Nino, we don't really see much of an impact this year. We see the first crop has been harvested. So, there might be some marginal effect on loss ratio, but really marginal for the summer crop.

So, for 2026, the El Nino effect may be in damages portfolio, but exposure to risk in those portfolios. So, considering how big Brasilseg is, this is very limited.

It's not going to have an impact in our bottom line in 2026. Now, depending on the severity of the impact and how it may affect the replanting of the soy. So, we should look at the rainfall, especially during planting September, November this year.

So, the amount of rainfall and too much rainfall may delay the planting of soybeans and may affect the crop next year. And then, if planting soybean is delayed and then the harvesting of soybean is further ahead, thereby compressing the planting and the interim crop. So, it's going to be later the off-season crop with incidents of frosts and may have potential impact in the loss ratio in the second and third quarters of 2027.

It's not certain. So, this year for 2026, a very limited effect and for 2027 in a second crop, and we need to observe the level of rainfall between September and November this year.

Antônio Ruette (Bank of America):

Thank you, Rafael.

Could you explain in terms of damages for 2026? Well, damage lines in home insurance, is there reinsurance or is reinsurance focusing more on agricultural?

Rafael Sperendio:

We have coverage for excess damages. It's not in the way you are familiar in the agricultural, but we buy stop-loss coverage.

Felipe Peres:

Thank you, Antonio. Our next question comes from Kaio from UBS. Kaio, you may open your microphone and ask your question.

Kaio Prato (UBS BB):

Good morning, everyone. Good morning, Delano, Rafael, Felipe. Thank you for taking my question.

So, first question regarding rural insurance, can you tell us more about premiums? We have a better performance with life with 10% year-on-year in terms of growth. So, what are the drivers of this specific line and the other rural lines?

And the second one is related to brokerage crops with a weaker premium in recent. There was a contraction of revenues in broker almost 3% year-on-year.

My question is, how much you have deferred thinking of this pace of premiums? What should we expect for next year and what could be the drivers for us to see it growing again?

Thank you.

Rafael Sperendio:

Thank you very much for your question, Kaio.

Kaio, since you got back to the theme of rural insurance and I forgot to mention in Antonio in terms of impact in our bottom line.

So, because of reduction in the portfolio, the impact in the crop loss ratio is very small. Today, considering the share of the portfolio in the whole, which is less than 2% of retained premiums, if our loss ratio doubles, it has a 1% impact. So, even in agriculture where it would be more impactful, it's still very much limited for the numbers as a whole.

Now, your question about written premiums. Today, our main difficulties in a rural segment is very much related to crop insurance, especially for soybean and corn crops. And how does it reflect on an insurance company? As we expand the portfolio of products, so crop insurance today that is suffering the most is very much limited to the modalities of costing, especially in grains that is suffering the most, that's why we see this drop year on year.

When we expand to lien and life, so there are credit lines to cross sell the products. For rural lien insurance, we see the costing investment lines and in life. So, we see costs. So, also in costing, we can go in renegotiated. In terms of crop renegotiation, the cost of agricultural insurance, that's it. They had insurance, they harvested and they sold the crop. So, in renegotiated, the only risk that we can somehow cover farmers life insurance risk and even for renegotiated, we have farmers credit life insurance. That's why it's better than the other two lines, despite the higher interest rates.

Now, I would say that in rural insurance, we are not really certain in terms of the second half of the year considering, but I would say that most of the growth that is easier to be captured, it was captured in the first half of the year. And so, we can estimate that we can keep the same base that we have for farmers life insurance.

Now, there is a combination of events and the way the higher interest rates between 14,25 and how it affects our business. There is a combination between insurance products and accumulation products, most of the insurance companies are associated to credit.

So, this environment favors accumulation products, which are pension and premium bonds. And this favors or rather makes it more difficult to sell products related to credit like credit life and other kinds of insurance. So, as you see for faster pace of growth, we need to count on a slow down in interest rates.

I'm not talking about spot. So, interest rates to have slightly more breath for the lines related to credit. So, for now and for the time being, considering all the geopolitical issues that is the environment is very volatile. And we also are going to have elections in Brazil in the second half of the year. So, it's very difficult for us to make any predictions in terms of timing. And so, we need to wait and see.

And we hope that geopolitical issues lose strength in the second half of the year. And once we define the elections, how this is going to impact the curve, so that we are slightly more at ease in terms of our lines that depend on credit origination.

Felipe Peres:

Thank you, Kaio. Now Daniel Vaz from Safra is the next one to ask a question. Daniel, good morning. You may open your microphone and ask your question.

Daniel Vaz (Banco Safra):

Good morning, Felipe. Thank you very much for taking my question. Good morning, Delano and Sperendio.

I would like to focus on rural insurance. And I think some of my colleagues have partially asked this question.

I was looking at your subscription results today. Two thirds come from rural. Looking in previous years, that was 50%. And most of the underwriting is related to the loss ratio.

There is an effect of the mix. There is more farmer's life and lien. So, there's a very high level in the segment, looking crop insurance, 35%, 40%. Today's 20%. And lien is 16%, and farmer's life is slightly lagging behind. Thinking of the sustainability. So, I would like you to hear the likelihood of these three lines, whether it's below expected and whether it's going to become normal for any of those lines.

We try to model that and analysts have been getting it long for better. Your loss ratio is below historical averages. So, is it going to go back to normal? Or is this the new normal?

Rafael Sperendio:

Daniel, thank you for your question.

I'm going to try and answer in parts because the reasons are different considering the three products.

For rural lien and farmer's life, we are not expecting much change. For farmer's life, we had an atypical change when we had 700 million BRL for farmer's life that died because of COVID. And we hope this never happens again. We don't expect that kind of farmer's credit life insurance.

So, there may be some material oscillation because of damages. So, wind, hailstorms that might affect storage and the warehouses. And we are not really expecting that. That might be a one-off thing.

Now, crop insurance, as I answered to Antonio, considering El Nino, so insurance companies are more sensitive to La Nina than El Nino. This is where we have the greatest uncertainty. And it will come from three very favorable climate cycles. This is not usual considering current levels.

We have historical lows in terms of loss ratio in crop insurance. So, the likelihood and the distribution is more asymmetrical. It's difficult to improve. And the expectation is for it to increase. And thinking about Antonio's question.

So, considering La Nina and the sensitivity. So, there is a substantial increase. Now, when we look at the longer time frame, the loss ratio is around 60 to 70 percent. So, naturally, it would be average. It's bound to happen in a short time span. And it might be more gradual.

Daniel Vaz (Banco Safra):

Thank you very much.

Felipe Peres:

Thank you, Daniel. Our next question comes from Marcelo Mizrahi from Bradesco BBI. Mizrahi, you can open your microphone and ask your question, please.

Marcelo Mizrahi (Bradesco BBI):

Thank you very much for taking my question. And now, combining themes and looking at rural insurance.

So, first, Rafael talked about the impacts. So, considering the provisional measure, you are not expecting any effect from the bill for rural credit that might impact the risk appetite.

My question is, considering this and thinking about the operational dynamics of the bank, you talked about the results. So, before interest, in terms of the guidance in premiums, how do you see the premium guidance for the year? Also, because it hasn't been realized, how do you see this? Is it going to be more favorable in the second half of the year? How can we see that?

Rafael Sperendio:

Mizrahi, thank you very much for your question.

First, the impact of the bill. It's difficult to quantify impacts. So, I can quantify as positive, considering that now there are no more uncertainties associated. Farmers were waiting for the definitions. How does it impact?

Sometimes, farmers in areas that were waiting for this bill, once it's defined, whether they settle the loan or whether they are eligible to the provisional measure. So, they can become eligible for the product for summer rates.

And we somehow expand the number of customers that are eligible, considering crop insurance. Now, giving you numbers is very difficult for us. About now, about refunding, considering the provisional measure, and only farmers credit life can be measured with a more positive effect resulting from the provisional measure is the limitation of customers that can take credit.

As to premium, so I circumvented in the presentation, considering when I explained the guidance, we're just half a point below the range. So, going back to the range is absolutely feasible in the second half of the year.

Now, most of this movement of convergence depends very much on the recovery of crop insurance, which in principle we can't really see very clearly in terms of the level of premium origination that we can see in the second and third quarters, especially this month and next month.

So, for now, we are very conservative and we do not yet have any more positive prospects of bringing it back to range, considering the lower half.

Felipe Peres:

Thank you, Marcelo. Next question comes from Ricardo Buchpiguel from BTG. Good morning, Ricardo. Please ask your question.

Ricardo Buchpiguel (BTG Pactual):

Well, thank you very much for taking my question.

This subvention for a crop insurance program, so combining some concerns of a stronger El Nino, we're seeing more reinforcement of the program or creating a public-private catastrophe fund that would serve to offset climate losses.

How could this catastrophe fund affect BB Seguridade?

Rafael Sperendio:

Thank you for your question, Ricardo. Well, there was a reduction, really, and we should consider what was budgeted and what was truly spent in the subsidy for crop insurance.

So, we are not expecting any material reductions in terms of what is going to be effectively spent for the subsidy program. Yes, there was a conceivable reduction in the insured area. It's something like 15% to 18% and it went down to 7% with a low bias.

It's difficult to tell how much of this results from the subsidy program or whether this is a result of the change in the matrix of funding for farmers. So, this is something that we need to consider.

The catastrophe fund, this is an alternative that the government has been studying. We had this and it was not as expected. It's very difficult for us to go into details because it would be too early. And so, it might not be the right time for us to quantify the impact.

So, there are discussions involving mandatory insurance with lines subsidized by the government, the catastrophe fund, and there are many things under discussion, but nothing has reached a final decision yet.

Felipe Peres:

Thank you, Ricardo. Tiago, from Goldman Sachs, you may ask your question, please.

Tiago Binsfeld (Goldman Sachs):

Thank you for taking my question. So, with Brasilprev, I would like to change the changing dynamics between the first and second quarters. You talked about the end of the competition with exempt had an effect.

What about the second quarter? So, considering net inflow, is it any different from what you're expecting for the second half of the year?

Rafael Sperendio:

Hi, Tiago. Thank you very much for your question.

Well, there are many factors contributing. The high interest rate environment ends up favoring our businesses and provide slightly more stability.

The side effect is that most of the flow goes to low-risk strategies with lower prices, but in terms of volume, considering favorable environments. So, first of all, we've been seeing that most of the impact of last year, considering incidents of IOF and considering the amounts, this very much affected the management and the calendar that we had in terms of distribution, which was designed not taking that assumption into account.

So, the entire mechanism of induction and the incentive program for distribution was designed based on IOF at a certain level. And so, at some points in time, we've Based on IOF at a certain level. And so at some points in time we didn't even have the structure, not just us, no one in the market had the structure for retaining the IOF. Sometimes we would suspend allocations above the limit because we couldn't retain that.

This is not the case this year. So last year's impact this year, the scenario has already been defined, we are okay, we have adapted to the new environment and all targets for incentive agreements.

The factor number two, and we can take a look at time. This is very similar to what we are seeing in terms of interest rates and inflation and what we saw in 2015-16. And the level and behavior of pension operations was very similar. If there is an initial movement where customers are more averse to risk because of shocks, as the structure kind of stabilizes at a higher level and we take the risk from funds, customers are slightly more at ease with the profitability. And then in this environment, competition with equity, privates, it is more favorable for fixed income bonds. So there is less competition in certain classes of assets.

And this is combined, as I said, to less interest on private bonds and incentivized bonds. We don't know how much came for to each one of these factors that are more favorable than in the last two years.

Tiago Binsfeld (Goldman Sachs):

Thank you, Rafael.

Felipe Peres:

Thank you, Tiago. Now we have a question from Anahy Rios from Santander. Anahy, please, you may ask your question.

Anahy Rios (Santander):

Hi. Good morning. Can you hear me? Hello.

Felipe Peres:

Great.

Anahy Rios (Santander):

Good morning. Thank you, Felipe. Good morning, everyone. Thank you very much for taking my question.

Well, my question is about commission rates, and Rafael talked about the dynamics that are driving up that rate. There is a mix effect and less commissions from reinsurance. But considering that we are seeing a consolidation in the mix as today, do you think we should still see an increase in commission rates in future periods? Or are the levels today more or less normal for you?

Rafael Sperendio:

Anahy, thank you for your question.

Well, there are two things. And you summarized well. When we look at commissions of Brazil saying there is an increase resulting from the change in mix with loss of the share of crop insurance, which is the product with the lowest commission and increase in the share of home insurance, sometimes even credit life compared to crop insurance in the building of the premium, which leads to higher average commissions.

And even though this is in principle negative for the insurance company, it has a positive impact in the brokerage company. So part of the higher commissions is negative.

When we look at the numerator of that number, we see acquisition costs of commissions paid by the brokerage firms, and there is a reduction factor, which is the commission received by the premium of reinsurance, especially for crop insurance. So the reduction of written premiums in a crop insurance. So there is a lower volume of commissions coming from reinsurance, and as a consequence, there's a lower share of this reduction in commission rates. And this would be negative.

From now on, there is no indication that that increase in commission rates is likely to persist in a longer horizon time. Our expectations with a reduction of crop insurance is precisely of a reduction again of that rate, considering the longer time span. Even if recovery doesn't happen, the share of crop insurance, considering total numbers, will not be sufficient to take this number to an even higher level.

Anahy Rios (Santander):

Thank you very much.

Felipe Peres:

Thank you, Anahy. Now we have a question from Carlos Gomez Lopez from HSBC. Carlos, you are allowed to unmute now and make your question, please.

Carlos Gomez (HSBC):

Thank you very much. I regularly ask you about the renegotiation of contracts with your partners. I don't know if you have any update on that.

And second, can you give us your estimate for interest rates for the coming three years? Thank you.

Delano Valentim:

Hi, Carlos. Good morning. As to contracts, we do not have any horizon for the beginning of negotiations. And we did not talk to the bank about that.

But we are going to let you know if we have anything new coming up on that front.

Rafael Sperendio:

Carlos, as to the rates, in principle, so it's 14,25. Soon there will be a COPOM meeting and consensus we are betting on a drop of 25 bps. If that becomes true, if that happens, there is no indication that the central bank might drop interest rates at a sharper rate that we had in the beginning of the year.

We might end this year with a SELIC rate very similar to the one that we ended 2025 with the impact that affected the results of 2025 of the year.

We had the guidance expectations for 2026 where we expected that financial would suffer a lot.

Now for future years, in our vision, the cover is pricing a risk premium that is very high, way above what we think would be reasonable considering the foundations, but today it's very hard for us to estimate how much premiums will be because of the uncertainty in the second half of the year, considering the political scenario, not to mention the entire geopolitical scenario that has been affecting the country, creating some inflation, and we can see the effect being reflected in our structure. Our expectation is that there will be a reduction, now, how big this is going to be, it's very hard for us to estimate now.

Carlos Gomez (HSBC):

Okay, but when you go to your budget, you are assuming that there will be lower rates in the coming two years.

Rafael Sperendio:

Yes, we are going to start discussing the budget this month and we are going to use the assumptions of the economic scenario for Banco do Brasil, following Banco do Brasil, but we will begin budgeting over the next few days.

Felipe Peres:

As we have no more questions in line by audio, we just have one question in the Q&A regarding our admin expenses that we have seen in some of the companies of the group, better operational efficiency, and the question here is how much of that is recurring and what we expect in terms of management of expenses.

Delano Valentim:

I'm going to take the opportunity and give you my final message. This control of admin expenses is part of our day-to-day work, and I believe that in the second half of the year, we are going to focus on that with great emphasis.

And as you've been able to see, especially in the answers that we have given, and as Rafael said, we are very confident in our business model, the sustainability, resilience of the business. We know that we are faced with a very complicated scenario, not just in Brazil, but also internationally, geopolitics, influences, lots of volatility. We have just had the provisional measure of renegotiation of rural debts, and we believe that somehow this will bring back many customers and may favor our business.

And even so, we are going to work very carefully so that we may continue delivering the robust results that we have been seeing so far. A special highlight after the closing of the first half of the year, we had half a trillion BRL in reserves in Brasilprev. This is a historical landmark, not just for our company, but for the entire private pension market in Brazil.

And I believe that we still have a lot to build. We're working together and very intensely with Banco do Brasil to try and develop new journeys, new products, to have a better product mix, to try somehow fill the gaps that we have already seen here, as we mentioned, that arise especially from high interest rates that end up impacting the credit cycle and as a consequence, some of our products. The idea is to keep up the good work and the hard work to continue delivering the same very good results.

I would like to thank your attendance to our earnings release video call. I'd like to thank our shareholders and customers for their trust in us. Thank you so much.

Felipe Peres:

Well, now we are ending our earnings release video call and there is a short research after the event, just to hear what you think about it. Thank you so much and have a good day.