



Transcription – 1Q24 Results

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Hello! Good morning, everyone, and thank you for joining this videoconference to talk about our earnings for the first quarter of 2024. We are broadcasting directly from our office in Avenida Faria Lima, in São Paulo. As usual, today's event will be divided into two parts. First, Milton will take you through our performance and earnings for the first quarter of 2024 and then we will have a Q&A session, during which investors and analysts can ask us questions and get into the details with us.

Before we get started, I'd like to give you a few pointers to help you make the most of today's meeting. For those of you who access this via our website, there are three audio options on screen: the entire content in Portuguese, the entire content in English, or just the original audio. For the first two options, we will have simultaneous translation. To choose your preferred option, just click on the flag on the top of your screen.

Questions can be submitted via WhatsApp. Just click on the button on the screen on the website or simply send a message to +55 (11) 93959-1877. The presentation we will be making today is available for download on the website screen and, as usual, on our Investor Relations website.

I will now hand over the floor to Milton, who will begin the earnings presentation, and then I'll be back to moderate the Q&A session. Milton, the floor is yours!

Milton Maluhy

CEO

Hello everyone! Good morning, or good afternoon to those who are in a different time zone! Thank you for joining us, and welcome to our earnings call for the first quarter of 2024. I'll begin with a high-level presentation outlining the bank's earnings and providing more detail for certain items. At the end I'll also be making a special invitation for our Itaú Day, which is just around the corner.

So let's get straight into the figures. Our earnings for the first quarter of 2024 totaled BRL9.8 billion, representing growth of 3.9% compared to the previous quarter. Our consolidated recurring Return On Equity was 21.9%, meaning 70 basis points of growth quarter-over-quarter. It reached 22.7% in Brazil, growing 50 basis points quarter over quarter. This ROE takes into account 13% of "Common Equity Tier 1", which exceeds our capital appetite. This means that we would be posting even higher profitability if we calculated it with our capital target.

The cost of credit dropped nominally in the third consecutive quarter, reaching BRL8.8 billion, a 3.9% decrease quarter over quarter. Our delinquency indicators remained stable, with consolidated NPL over 90 days dropping 10 basis points quarter over quarter, and the 90-day NPL for individuals falling 20 basis points in the same period. I'll bring you more details about the

cost of credit a bit later. Opex fell by 6.2% in the quarter to BRL14.4 billion in 1Q24, meaning another record quarter for the consolidated efficiency ratio, which reached 38.3%, a decrease of 200 basis points in the quarter for the consolidated figures, and 36.8% in Brazil, a decrease of 130 basis points during the same period.

This is a very sound set of results, with a good overall portfolio quality, strong profitability, and above all high predictability. The individual loans portfolio grew by 2.6% year-on-year, but decreased by 0.6% in the first quarter due to the normal seasonality of the credit card portfolio. We posted significant growth of 3.1% for the quarter in the personal loans portfolio, and 11.3% for the year, while the payroll loan portfolio was flat, growing 0.1% in the quarter. In vehicle loans, we grew 1.7% during the quarter, and 5.4% during the year. We also saw flat growth in the mortgage portfolio in the quarter, and 3.1% growth in the year. I will go into more detail about the individuals loan portfolio later in the presentation.

We saw a 1.9% growth in the SMEs portfolio in the quarter, and 10.2% growth year over year. The large corporates portfolio grew by 9.3% during the year, posting sound growth of 3.6% in the quarter. This was a strong and very active quarter for the capital markets. As we have a significant market share, we've ranked very high in the capital market rankings.

Our credit portfolio, excluding FX variations, grew by 5.6% year over year, and taking into account FX variations, the portfolio grew by 2.8% in the same period. I'll share further details in the next slide.

I'd now like to draw your attention to the growth of the loans to individual. I'm sure this is a topic of general interest that we'll talk about in depth in our Q&A. If we look at the December 2022-March 2024 series, our portfolio grew by roughly 4%. Adjusting the loan book to reflect the de-risking of the portfolio, which we have carried out proactively, the portfolio has grown by 7%. This de-risking strategy involved reducing credit to some segments that did not prove resilient.

This 7% growth is slightly below the market growth for the period. It is worth noting that the credit card portfolio accounts for a significant share of our total portfolio. Thus, any appetite adjustment efforts have a major impact due to the credit card portfolio's share in terms of the overall portfolio mix.

We would like to provide some additional clarification about this de-risking strategy, which we proactively implemented for clients who are less resilient to credit cycles. We believe that at this point we have roughly reached the valley of the curve for this portfolio's downsizing. Since December 2022, we have reduced this portfolio by 83%, so there is little left to do to achieve a full reduction, which is expected to happen by the end of the third quarter of 2024. This de-risking strategy may have an additional negative impact of only 0.5% on our portfolio, and this is already taken into consideration in the 2024 loan portfolio guidance that we have disclosed.

Looking back, we see that the de-risking actions helped us reduce our delinquency ratio, measured based on the 90 days NPL, by 103 basis points.

Given the prudential adjustments that were made to the bank's balance sheet to enable us to face this credit cycle, we were able to avoid delinquencies accounting for between 170 and 200 basis points of NPL 90, depending on the period analyzed. We were also able to make savings of BRL3 billion per year in provisions for loan losses. I would also like to point out that while growing the portfolio indiscriminately generates earnings via NII and operating revenue in the short term, in the long run these earnings could be entirely cancelled out through the cost of credit.

We track our NIM and profitability very closely. These are two very important metrics in terms of our management, and that have proven effective during the current period.

This de-risking strategy has had a positive impact of 300 basis points on the profitability of the individuals business, measured based on the risk adjusted return on capital.

These results for profitability and earnings clearly indicate that the decision to reduce our exposure to clients who are less resilient to the credit cycle was the right one.

Now looking to the future growth of the credit portfolio, there remains very little left to do to complete this de-risking process, and as such we will start to experience a positive inertial effect from the growth of portfolios made up of clients who are more resilient to the credit cycle, which have never stopped growing. This includes all individuals, in all segments, all channels, and for all products. So, we're going to start to see growth within the range indicated in the 2024 guidance.

Now, as regards the client NIM, we have great news. First, I'd like to explain the adjustment made to exclude the results of our operations in Argentina from our earnings for the first quarter of 2023. Given that the operation in Argentina was sold and was excluded from the balance sheet for the last five months of 2023, the first quarter still included that operation's figures. If we compare the margin for the first quarter of 2024 with the margin for the first quarter of 2023 excluding the results for Argentina, you will see that we posted steep growth of 9.4%, equivalent to an additional margin of BRL2.2 billion. This is very positive news in terms of the clients' NIM momentum, with topline growth and a lower cost of credit, indicating good credit quality and disciplined capital allocation.

The drop in core clients' NII was 1.7% quarter over quarter. If you take a look at the bank's historic series, you'll notice that this trend often occurs in the first quarter. On the other hand, we saw a minor effect of the change in product mix, where the average volume is positive, and we also saw wider spreads and higher margins on liabilities. In terms of negative effects, we would note that around half of the drop can be explained by the lower number of calendar days in the quarter, and the other half by the results for Latin America and from structured wholesale operations.

Aside from these effects, we are managing to deliver high quality clients' NII, especially if we look at our performance relative to comparable quarters. NIM remained virtually flat, with a slight decrease due to the effects I mentioned earlier. And when we analyze the risk adjusted NIM, which is the most important metric, it was flat compared to the previous quarter, reaching 5.8% on a consolidated basis, and saw a slight drop of 10 basis points in the operations in Brazil, which is where the structured wholesale operations effect I've mentioned is accounted for. Thus, our

clients' NIM is extremely promising, and we still believe that we will be able to maintain a good development pace for the coming quarters.

Our numbers for market NII in the quarter are sound, without any major highlights. We have been able to take and exit positions when this makes sense quarter on quarter, and we always make such moves based on predictability, risk management, and proper positioning. Our market NII has remained very consistent.

As a result, we posted yet another sound quarter in Brazil, reaching BRL1.1 billion. In Latin America, we also had a good quarter, posting an increase of BRL 100 million quarter over quarter, and a flat cost of hedging capital ratio. Capital index hedging has had a diminishing impact on earnings due to our management strategy and due to the decrease in the interest rate differential.

Core market NII was BRL1.3 billion, but the total market NII was slightly lower due to the allocation of the cost of capital index hedging, as shown in the chart. We have presented the figures in this way for full transparency.

In terms of commission, fees and results from insurance operations, we posted growth in the credit card portfolio of 4.6% year over year. It is worth noting that the first quarter of the year tends to be weaker in both the issuance and acquiring businesses due to seasonality factors and the way we allocate these results for recording purposes.

In current accounts, we noted a more stable result for the quarter, with a 5.8% drop year over year, but this is not a significant proportion of the bottom line.

We had a very strong quarter for advisory services and brokerage, which grew 7.1% quarter over quarter, and 70.6% year over year. The first quarter of 2023 was affected by the poor performance of the capital market as a whole due to the fraud event that occurred during that quarter, which ended up cooling down capital market activities in Brazil. In 2024 we managed to grow Investment Banking results, and to maintain our leading position in a good number of the investment banking rankings.

We are number 1 for Debt Capital Markets, with a market share of 32%. In M&A, we are in second place with a 39% market share, as this is a market concentrated on a few players. We are also number 1 in Equity Capital Markets, with a market share of 13%.

Another item worth drawing attention to is the results of insurance, pension plans and premium bond products, in which we continued to post growth.

Every year we have managed to expand the results in this line. Structurally, we continued to grow 10%. So we practically more than doubled the results of our insurance operations over a relatively short period.

Commission, fees and insurance thus grew by 6.7% during the year, compared to the result

excluding Argentina. Disregarding the Argentina adjustment in 1Q23, growth was 5.8% for the period.

In terms of the cost of credit, we had a very stable quarter. As you may recall, in the first quarter of the year it is common to see higher levels of delinquency, as a reflection of the expenses at the end of the last year and the beginning of the next.

Historically, we have seen some seasonality in the first quarter, where shorter delinquencies in particular are more common. If you analyze the numbers from a consolidated perspective on Itaú Unibanco as a whole, the increase was only 10 basis points. I would also remind you that this series saw some aberrations in the post-pandemic period, and thus some normalization can be seen in subsequent quarters.

Analyzing a longer period, it can be seen that we are at the lowest delinquency levels. Remember that there is also some negative inertia because the loan portfolio did not grow significantly, due to all the adjustments we have made to the portfolio, and yet we have still delivered very healthy indicators. In Brazil, we saw an increase of 10 basis points. Over longer timeframes, we have previously seen increases of between 30 and 40 basis points, so this slight increase in 1Q24, when the credit portfolio has already been normalizing for a reasonable period of time, is good news.

The same analysis holds true for SMEs. When we analyze our historical series of NPLs, it is possible to see that last year the indicators were stable, in line with what we had already been saying in 2022, and now we have seen a decrease for the second consecutive quarter in NPL 90 for individuals and NPL for SMEs of 2.6%, and not increasing during the period. This shows once again our ability to manage these portfolios through adverse scenarios, and how well we have been able to control the risk management process and delinquency levels. As a result, this is the third consecutive quarter posting a nominal decline in the cost of credit, and in the cost of credit as a percentage of the overall credit portfolio, which reached 3%.

The renegotiation of the portfolio has also pulled the portfolio down. It is worth remembering that the individual loans portfolio includes the renegotiated portfolio, and since our strategy has been to ensure disciplined risk management, the portfolio was renegotiated to the right level, and not excessively. We can therefore see that this portfolio has also been dropping nominally year over year.

The ratio of the renegotiated portfolio to the total credit portfolio was 3.2%, following a nominal decrease. There were no surprises in terms the coverage ratios, with a small increase overall, but some variations by line of business, reflecting everything we have been doing to protect our balance sheet with good credit quality. Going forward, we expect healthy indicators with good coverage by provisions, and a healthy level of 90 days NPL.

Non-interest expenses, excluding the effects of the deconsolidation of Argentina, increased by 6.4% year over year. There was a 6.2% drop compared to the last quarter of 2023, as non-interest

expenses for 1Q24 totaled BRL14.4 billion. It is worth noting the improvement in our efficiency ratio, which reached 36.8% in Brazil, and 38.3% in the consolidated in this first quarter of the year.

This meant that we had yet another record quarter in terms of our efficiency ratio, both for Brazil and on a consolidated basis. In the 2024 guidance, we reported that we expected to grow our core costs at less than inflation. The twelve-month headline inflation rate was 3.9%, while our core costs grew by 2%, which is half of the inflation rate for the period. This result was delivered without stopping investing in the growth of our business and in our technology platform. Therefore, the growth in our total non-interest expenses is due to investments in our business.

It is also important to demonstrate that we have maintained strict cost discipline. For banks, inflationary pressures go beyond just interest rates. We are parties to collective agreements that put a lot of pressure on costs, but we have made major investments in the business and in the future of the bank, and we don't abdicate our responsibility for actively managing our costs every day.

We also have very positive news regarding capital. We announced the payment of extraordinary dividends, and that reduced our capital base during the last quarter.

Since then, we have generated both more earnings and more capital. This quarter, we reported capital consumption by risk-weighted assets and due to regulatory changes that increased the risk weighting on some operations. Therefore, we had some non-recurring impacts that caused the CET1 ratio to reach 13%. It is worth noting that our dividend policy establishes a CET1 level close to 12%.

So, how will this excess capital affect the dividend policy in the coming periods? We are still grappling with some uncertainties, whether related to regulatory changes or future implementations of regulatory updates, including the new operational risk regulation and credit weightings that has been impacting the RWA, the impacts of IFRS 9 and how it will affect tax credits and consequently capital. For this reason, we are always careful to maintain a capital buffer to anticipate future events in order to ensure proper capital management and avoid any issues. Any excess capital beyond that will be distributed, and the closer we get to the end of the year, the greater our visibility on this.

Our goal is not to retain capital beyond what is required to run the bank and grow our operations, considering a horizon of 12 to 24 months, which gives us considerable security regarding our current and future capital generation in the coming quarters.

We do not release the guidance on a quarterly basis, and this is already known to the market. The idea of bringing the guidance framework is to share with you our view the year of 2024 and the bank.

The first relevant piece of information is that the 2024 guidance estimates a growth of the credit portfolio between 6.5% and 9.5%. The year over year growth of the credit portfolio was 2.8%, but

adjusting for FX that impacts the Latin American credit portfolio, growth is 5.6%, which is still below the 2024 guidance.

As we are currently in the valley of the de-risking portfolio adjustment curve, we remain very comfortable with the 2024 credit portfolio growth guidance that was released at the beginning of the year. We believe that we will recover to a position in the range of the loan portfolio growth throughout the year, and are reaffirming our 2024 loan portfolio growth guidance.

Our Clients' NII grew by 7.4% year-on-year, but when we exclude Argentina from 2023 results, we grew by 9.4% in the period. This growth of 9.4% is above the guidance range. However, this is not an indication of where we'll be at the end of the year, we are simply sharing with you as evidence that we have been able to grow to close to the ceiling set out in our 2024 guidance. As such, we remain comfortable with our Clients' NII guidance.

The market NII is a simplification, because we take the result of the first quarter and multiply it by four, since it is only nominal guidance. We know that the unpredictability level of the margin is high, but we also know that we must work hard throughout the year and deliver results within the established guidance.

The cost of credit follows the same rationale, with the 1Q24 amount being multiplied by four. The guidance supports this credit cost momentum.

Commission and fees, excluding Argentina, grew by 6.7% during the year, which is also within the guidance.

We disclosed the guidance figures both including and excluding Argentina from 2023 results to better understand the performance in the period.

Non-interest expenses increased by 4.3% during the year, while inflation was 3.9% for the period. If we exclude the figures for Argentina, growth is 6.4% for the year, also within the range of the guidance.

The tax rate is also within the guidance range.

We believe that the predictability is as important as good guidance for the market to calculate earnings expectations. So, it's important to share how we are managing the bank.

Let me say once again that we are reaffirming our 2024 guidance, and we are very comfortable with the numbers we are achieving. Going forward, we believe we will deliver the expected earnings, and that the guidance range accommodates potential changes.

We are very confident that the growth of the credit portfolio will be within the guidance range by the end of the year. This is the general message: we will not track the guidance during every quarterly presentation, but we think it is important to share our views at this time.

Finally, I would like to take the opportunity to extend an invitation. This has been a very high-level executive presentation only, with some updates on our credit portfolio, NII, capital, costs and guidance details, but on June 19th, from 9 to 11:30 am São Paulo time, we will host Itaú Day. The event will have the same format as previous years, with the participation of the Executive Committee, Pedro and Roberto at the beginning, and also myself - although I promise not to take much of your time, and to give the Executive Committee the opportunity to explain our strategy and what is behind the headline numbers.

Of course, the numbers are important, but behind them there is a lot going on in the bank, and it will be a good time to share this with you, at a level of detail that we think is appropriate given the event's setting and audience. I hope to see you all there, as it will be a special day, which we will organize with great care and dedication, and it will also be the time for you to understand how we have conducted our business, and the vision we have for the future. This concludes my presentation. I would like to thank you all once again for joining us today.

I'll now join Renato to start our traditional Q&A session, as I'm sure you will have a lot of questions, and it will be a good time to clarify as many as possible. Thank you and see you soon.

Q&A

[Renato Lulia]

Thanks, Milton, for the introduction. Alexsandro, who is here with us today, welcome. Nice to have you here with us too. Well, now we start the second part of today's meeting, which is the Q&A. I remind you that this session is also bilingual, that is, we will answer the question in the language in which it is asked. But those who need some kind of translation always have the option of choosing the audio in Portuguese or English.

And as always you can also send questions via WhatsApp. The number is (11) 93959-1877. Milton, we already have a list of questions waiting for you and all the analysts, but before that, I'd like you to take the floor for your first message to the people who are watching us today.

[Milton Maluhy]

Thanks Renato, welcome Broedel. Well, guys, thank you again for being here today but allow me to slightly break our call's protocol and instead of going straight to the questions, I'd like to convey a serious message with which I thought it'd be very important to begin. We talked a lot about earnings, of an important time being experienced by the bank, but we also wanted to take this moment to convey a message of solidarity to all the people in Rio Grande do Sul, who are undergoing very difficult times; a crisis; an unprecedented tragedy. To say that yesterday, here at Itaú Unibanco, we disclosed to the market and the press a series of initiatives that we've taken to support the population of Rio Grande do Sul. But I'd like to express our support, leave a message of support for Governor Eduardo Leite, who is in the trenches leading a war operation, to all the

authorities, all the people who are currently living very hard times. We are mobilized to provide our best possible support to the State right now. This is a moment for solidarity, a time for all of us to join forces and work together, as Brazilian citizens, as an organization as important as Itaú Unibanco, so that we can do everything within our power. We divided our actions into actions to help our employees since we have 160 branches in the region. 52 of our branches were affected, 36 are closed, and 16 are open on a contingency basis. And we've taken care of all our employees, not only allocated to the individuals and legal entities network but also Itaú BBA employees, to ensure that they are all safe, including their family members. Our people, our Itubers, are working very hard in this. And why do we do it? We do it because in the end we have to be together both during the difficult and good times. And to ensure our employees can also continue working and we can provide the best possible service to the community and our clients. We are taking a series of actions involving credit, waivers, fees, in short, we've been proactive in offering insurance to our clients, some of whom don't even know that they have a policy that protects them. We've been proactively calling our clients. We've been contacting individual clients to understand which challenges they're facing and what they need, to help go through this process of great pain. Initially, we made a donation to União Brasil, the NGO União Brasil, of 5 million reais but the biggest challenge that the government has now is not only to receive funds but mainly to implement an action plan, a war plan at such a difficult time. Yesterday we received an invitation from Azul Linhas Aéreas, and John, who is Azul's CEO, contact me early in the morning and we closed a partnership during the call to support our friends, coworkers, citizens of Rio Grande do Sul the best possible way by sending planes carrying supplies and equipment, and to support rescuers in regions where they can land. We've taken a series of initiatives that also include an internal fundraising campaign at the bank. For every real raise, the bank matches it with one more real. We've done everything in our power and we are aware that this problem won't ends today, I mean, this is a long-term process that includes the whole reconstruction work, but I had to take this opportunity expressing my deep sadness and enormous solidarity with the entire population of Rio Grande do Sul and all those affected and their families. We'll do everything in our power to support them in a time of hardship. So, count on Itaú Unibanco. I repeat, we will spare no effort to do what is in our power.

[Renato Lulia]

Thank you, Milton. Thanks for this super important message. We will also go together to help Rio Grande do Sul. Well, let's start with the questions. We already have Daniel Vaz, from Safra, on the line. Daniel, good morning. It's good to see you here. Welcome to our call.

[Daniel Vaz]

Good morning, Renato. Thanks for that important message. Good morning, Milton. Good morning, Broedel. First, thank you for breaking down the development of the individuals portfolio. I think it was very helpful to understand this first quarter dynamic. In fact, it was de-risking that hurt growth. And I'd like to understand why you made this decision, this strategic de-risking process for some clients. What indicators did you use? What did you take into account to decide to drop a specific client? How do you decide if you want to keep a client or not? Because I imagine that such client still generates other revenue from services and credit outflow since we understood that the client still uses the Itaú system. How do you know you want to keep a client or not? We

see some fintech companies working with a more mass audience and managing to achieve profitability. And I'd like to understand if this de-risking involving some lending clients means that they will stop having a relationship with the bank or if you want to somehow assign this client from now on. Thanks for the opportunity.

[Milton Maluhy]

Thanks. Thank you, Daniel. Thanks for the question. Look, that's a very nuanced question. I'm going to try to give you an objective answer and make sure I address every point. First, I think we have a quite advanced risk management tool that has been around for many years. And that's a core theme in our culture. Risk management has always been a very strong feature. Capital allocation discipline, risk management, risk culture are very strong within the institution. So, when we stop to make guidance projections, earnings projections, and we manage, with a huge level of predictability, to project our figures, that shows that we've been evolving over many years, both on the financial side and the risk side, and this tool helps us make good decisions with a much more prospective than short-term view. Obviously, we have high-quality teams, I can't delegate this to the models or delegate it because the models were built by very high-quality teams, people who are dedicated to understanding the entire client journey and more recently we've been implementing portfolio management in a very structured way in retail. This portfolio management informs our decision-making and helps us prioritize, but it also leads to sacrifices. So, just as important as growing is knowing how to make sacrifices appropriate from a capital allocation standpoint, with a long-term vision. We see that there's been an oversupply of credit in the market over the last few years. As a result, we cut, in the material that I've just shown you, a series from December 22 to March 24. If you look at this series, you'll see that maybe we forfeited BRL 17 billion in portfolio growth, and maybe this is a good figure for you to keep in mind. Why? These are clients that have committed a large share of their income. They're heavily indebted. These clients are not resilient in a longer cycle. And don't forget that in Brazil we go through higher volatility periods. I can't just look at a shorter cycle and make decisions for the next three to six months, or focus on next quarter's earnings, if that client's NPV is going to be negative. And it's not negative from a credit standpoint, okay? This is key. We look from the client's standpoint. So, it's only natural that in a bank like ours, where we focus on creating and building a strong organization, with higher client engagement, for management to be from the client's standpoint, which requires our decision-making to be based on a longer cycle. We were already noticing a certain increase in delinquency after all we went through after the pandemic, like rising inflation, interest rate hikes, and we knew at that moment how to make the necessary adjustments to the portfolio. And I think that looking back today at some of the figures that I was telling about you just now, I think we made decisions that proved to be quite right. Why? Because net interest margin management, growing a portfolio, and growing revenue is not difficult. In the short term, there will be revenue.

For you to grow a portfolio, just go hard on the credit filters and the portfolio will grow. The problem is that afterward you'll spend a few years paying that bill. And that's not how we want to run the bank, an organization that looks at two or three quarters. We've always had a very long-term vision. Of course, there's always a value proposition issue. Where did we make key adjustments?

In the credit card portfolio. There was a credit card oversupply in the market. I always give this number: on average each client had 1.4 cards. Currently the average is four cards per client. So, an oversupply of a product with no annual fee, a product that people can get digitally. And no client, when they get a product, a credit card, asks what's the interest rate on revolving credit or an installment plan. Basically, clients assume that it's just a payment method and that they'll never fall back on the payments. And the problem is that such clients, especially lower-income, less disciplined clients, with lower financial education, which is also a topic that requires a lot of work, end up having problems over time because they don't have the necessary control and receive several credits. And they end up running into very high interest rates. Our role here is to try to guide these clients to the right product. Trying to offer them the right credit product and not granting credit many times is the best decision we can make for some clients, for some segments. On the other hand, there's the value proposition and the service model. I mean, using filters we are able to see we cannot work with some clients because they fall back on payments and show a risk prospect, even if their cost or efficiency ratio is zero. And as you work with different levels of efficiency, some segments start to make room for us to offer some credit, where we take a little more risk because we build a lower cost structure and efficiency ratio. This is the fruit of all our work based on our platform, the super app, or app. They say that the super app is already there, the concept itself is already a little dated, but our app as a full bank offer will be the way for us to once again be able to use credit as a primary premise, which has to be a sustainable risk and credit in the long run from the client's standpoint, but with a much smaller service structure. And that's where a good chunk of our growth prospect comes from. We will be able to convert these clients, who are single-product clients or who do not have access to a full bank offer, into full bank clients. This is our big growth prospect. So, I think management is to a long-term view and perhaps the most important point is capital allocation and management discipline. Regardless of whether we're going through good or bad times, we need to have this capital allocation discipline because it's during the most difficult times that we tend to think that we need to grow our portfolio or that we simply need to show top line growth, but we manage the bank based on net interest margin and return on allocated capital, right? I think that's the mantra, that's how we've been conducting business for many years and we've been improving our tool models, our management capacity, every day.

[Renato Lulia]

Thanks, Milton, thanks, Daniel. And now the next question, from Tito Labarta at Goldman Sachs. Hi Tito, thank you for joining the call.

[Tito Labarta]

Hello, thanks Renato, Milton, Alessandro, thanks for the opportunity to be part of the call and accepting my question. A little bit in line with the reasoning from the previous question, about long-term growth and client NII growth, a little about this portfolio de-risking. But when you think about growth from here on out and taking into consideration some of the current market dynamics, some competitors are working in the lower-income segment but others talk about growing with higher-income clients. How comfortable are you in your belief, maybe by accelerating long-term growth from now on, so you can deliver on the guidance for the rest of the year. That is, just knowing a little bit more about long-term growth, I mean, credit cards are weak, we've seen a

recovery in personal loans. That is, just to understand a little bit more of this dynamic, if you can drill down into long-term growth based on the different client segments. Where you see the opportunities and where there may still be pressure from competitors.

[Milton Maluhy]

Okay, Tito, thank you very much for your question. I'll start by saying that we see a lot of opportunities in the future, so we're very positive about the size of the opportunity we have in terms of growing our portfolio. Naturally, we've had to deal with the de-risking process of the last, I would say, two years and we're very happy to have gone through it and still deliver some level of profitability. But yes, we are working in all segments and we see opportunities for all the segment we have within the bank, from Itaú BBA to individuals. On the wholesale side, we were able to deliver double-digit growth but you have to remember, and you have to take into account, that the DCM was very strong, especially in this first quarter. So, at the end of the day, we are serving our client not only with the balance sheet but also with the DCM, which for the client is an important part of the financial solutions offered by the bank and very important to support clients who do not have access to the DMC. In terms of small and medium-sized enterprises, we've been able to post very good growth over several years in a row. So, if we look back, we've been growing at double digits for many years, including this year, and we still see an opportunity to keep growing our portfolio. The most significant adjustment was made for individuals and I've just mentioned some of the underlying reasons, but we are reaching the end of the tunnel, so we'll not see pressure from de-risking in the coming two quarters, just residual negative pressure, while on the other hand we've grown double digits in target clients such as middle-income and higher-income clients, where we're posting double-digits growth. And we believe that, with this platform, with this app fully integrated with a full banking experience, we will be able to grow not only with middle- and higher-income clients, but also lower-income clients. We have to clearly set what type of segment you can access, with what type of product, on which channel, and what is our expected loss with this type of clients to be able to set the lifetime value, the NPV, of this relationship, while naturally taking into account the risk models with which we operate in the bank. That's why we believe we've more than one Uniclass outside the bank, more than one Personnalité outside the bank, and that we have a lot of opportunities in the lower-income segment with the right value proposition. And this is our main goal for this year, to discover the value proposition with the fully integrated app that will allow us, using this strategy, to strengthen relationships with lower-, middle-, and higher-income clients. We also have all the retail operations working very well, making the business grow since the client base of all these segments is growing at almost double digits per year. Just to give you an idea, we were able to grow the Personnalité and Uniclass segments, not only by increasing the size and number of clients but also by growing the market share of these clients' portfolio. We still have a lot of opportunities to increase the relationship with clients who are already very good clients of the bank and, therefore, we don't anticipate any limitations in terms of growth. However, we know that we must keep in mind a certain scenario and how we will manage such scenario, depending on future variables. We have to look at the unemployment rate, at GDP, at the geography, the demographics of our clients, and we have to understand the level of leverage that clients have, and despite all these risk management tools that we use, we're very confident that we can make the portfolio grow. You'll see that we grow in the next few quarters and we're very confident about the guidance, so there's no need to change.

In Brazil alone, we are growing 6.6% year on year but there's Latin America, which is having a major impact, 12 percent negative. Without this variable, the portfolio valuation would be 2.6 percent year over year, according to the updated analyses... 2.6, 2.8 depending on the way the analyses are done. So, at the end of the day, the most important information I can share with you is that yes, we will be able to deliver the guidance and it is necessary to have two ways of seeing our bank. The first is that if you remove Argentina from our figures, we're growing 9.4 percent topline. Therefore, the interest margins with clients are growing at 9.4 percent, which is quite significant. At the same time, our cost of credit is decreasing nominally, so our net interest margin is very positive and we are growing the portfolio, increasing the net interest margin with clients, and reducing the cost of credit on a nominal basis, while delivering a very good efficiency ratio. This is how we are managing the balance sheet and we believe we can continue to deliver the level of profitability that we've been delivering over a longer period of time. We are quite confident and optimistic about the opportunities, while naturally keeping huge discipline in capital allocation and risk assessment, which is our mantra and we will surely insist in tune.

[Renato Lulia]

Thank you, Milton and thank you Tito. The next question is still from New York, from Jorge Cury at Morgan Stanley. Jorge, good to see you again, thanks attending the call.

[Jorge Kuri]

Hello everyone, thank you for accepting my question and congratulations on the figures. I'd like to change the subject to expenses, where you did an excellent job, certainly way ahead of the current competition. As the banking system moves closer towards digitalization and some of your best digital competitors are now moving to larger products like payday loans, for example, how can you compete effectively with players who have cost-benefit efficiency ratios of 20 or 25 percent, and are using that to offer much lower prices to consumers? And I ask this in the context of your expense guidance. Increasing expenses in line with inflation is not a feasible goal because revenue will grow slightly above inflation, but they will not grow 5x inflation. Your guidance for your NII, for example, is 2x inflation, which shows that efficiency is slow in financial institutions that will have to compete with pure digital players. So, when can you do this? When will you be able to provide guidance in which expenses will fall by 5 percent next year? Or 10 percent next year? How many years will you take to reach an under-30 percent efficiency rate? Or maybe I'm wrong and you don't agree, maybe it's not necessary to run the bank with an efficiency ratio of 20, 30 percent to be competitive. I just want to know your general opinion on this, thanks.

[Milton Maluhy]

Before I start the conversation, let me give you a few messages. Thank you and glad to see you again, Jorge and thank you for the compliments. I'll start by reaffirming that, for us, efficiency is paramount and that's why we deliver quarterly improvements of our efficiency ratio. This quarter we delivered the best ratio to date, and we remain very optimistic about all the actions we are taking within the bank. Our business model is a little different, we are not a fully digital bank and we must understand this ratio by looking at the bank as a whole. So, it's a full bank ratio; we have wholesale, global markets, Latam, and Brazil, we have everything. We have two ratios, the consolidated ratio and also the Brazilian ratio. My message to you all is that we are investing a

lot in digital transformation; this was the first best decision we had to make to be able to deliver a digital experience to our clients, with a totally different user experience, with an absolutely different efficiency ratio. At this point, we believe that the app, and how we will integrate it, will be a great achievement in terms of providing a much more optimized cost for our clients, so that we can deliver a better price at the end of the day and thus be more competitive and have greater operating scalability from the technology. That's something we're going to be very focused on. The second point is that we have to look at our phygital model, in which while we don't have the same cost level, we don't have the same level of revenues compared to digital banks. Our bank's ability is to have a full relationship with these clients and create engagement not only for everyday products, which is always the case, but also for more sophisticated products. We really need that remote approach to be able to reach our clients and make client offers and be a client advisor. I wouldn't say we're happy because I believe we still have a lot of work to do in this regard, so I'm not saying we've reached the end goal and we're happy and we've done our work. On the contrary, we must continue to push for this and we have to find a way to serve our clients the way they want to be served, but with a much lower efficiency ratio. Logically we still have imbalances in these discussions, that's why we talk a lot about imbalances, we've regulatory imbalances that are always being discussed, but we also have some tax imbalances. For example, we pay 45 percent corporate income tax and social contribution and payment institutions are paying 34 percent. There are some fiscal imbalances and I'm sure they will be addressed over the medium or long term. It doesn't make sense that every time we lose a client, the Government loses revenue because we pay less taxes. There are a lot of imbalances that will be addressed but right now we're focused on our agenda to deliver a much better experience for our clients, to be much more efficient but, if you look at our figures that we're delivering, we'll see restructuring costs that impact us. This is why we've segregated core costs, which are decreasing. If inflation for this period is 4 percent, we are running at 2 percent in core costs. But we're still investing in the enablers to have a much more digital bank, so on the other hand we have to fund that investment period and eventually we're going to be a lot more efficient, a lot more scalable in terms of technology, a lot more product-driven in terms of delivering the best digital experience for our clients. And that's going to help us be much more efficient in the way we present a value proposition to our clients. So that's the current scenario, we have a lot of work to do but the work will be done. Broedel, would you like to add something?

[Alexsandro Broedel]

I think it's pretty clear, I completely agree with the direction that you mentioned but I wouldn't focus so much, Jorge, on what you said on the 5 percent reduction in cost because, as Milton mentioned, maybe a 5 percent reduction in cost nominally would mean that I wouldn't achieve a lower efficiency ratio because the easiest way to reduce costs is to reduce investment and, clearly, we're not going to do that. We are fully committed to reducing the level of efficiency but not necessarily to achieve nominal cost decreases because we have to take into account the investments already mentioned. So, we fully agree with that direction but I think we should separate core cost from investment cost, which as Milton said, is key.

[Milton Maluhy]

That is the way forward Jorge, good to see it again, but we will continue to be firmly behind this agenda.

[Renato Lulia]

Thanks Milton, Broedel, thank you Jorge, good to see you again. And back to Portuguese, since the next question comes from Gustavo Schroden, at BBI. What's up, Gustavo? Good morning.

[Gustavo Schroden]

Good morning. How are you, Renato? Good morning, Milton, Broedel. Thanks for your time. Congratulations on the results. I'd like to talk a little bit about dividends. You've already said a few words about it, Milton, but if you could add a little more color to them. First, what are those items that you are still looking at and waiting for clearing the regulatory issues regarding IFRS 9. I remember that you had also commented in the last calls about tax reform, we already had a recent indication and, as a see it, perhaps you were a little calmer in terms of an adjustment given the time you have. So, I think maybe that would give us a little more room to start thinking about this extraordinary dividend that you've been talking about. Anyway, I'd like you to comment a little bit first on what regulatory issues you have in mind in terms of operational risk, regarding IFRS 9. I think maybe it's also a question of tax reform, maybe elaborate for your sake. And if you can also convey some kind of approximate expectation of how much would the impact of these issues be for us to think about, maybe try to do some math of how much this extraordinary and potential dividend could be, obviously, in the second half of the year. Thank you.

[Milton Maluhy]

Thank you, good to see you again. Gustavo, thank you for the opening remarks. Let me give you a very deep insight on the subject, okay? So, from the end to the beginning. Our expectation is that we should arrive at the end of the year, based on all the projections we have, with a capacity, yes, to pay an extraordinary dividend. So, that's our best expectation, to announce an extraordinary dividend. We should discuss this throughout the second half of the year, its timing and its size. But to do that, we some premises have to be true. Today we are facing some material uncertainties. Well estimated, I should say, but they are none the less uncertainties. On the upside is, I think, our ability to generate capital. It's still very strong, very sound at this level of profitability. We've been generating capital organically with earnings and the dividend is already very soundly accrued. This quarter was no different, it's been that way over several quarters. Looking forward, in this quarter we've now had the first credit risk weighting event for wholesale structured transactions, there was a small increase that had an impact of half of these 34 basis points that we've set and I would say that approximately 19 basis points came from this impact of the weight. The rest are basically risk weighted assets, i.e., an increase. Therefore, we've been able not only to fund the bank's organic growth but also to face these adjustments and all these weights. Second, looking forward, what do we see in terms of uncertainties? This year we expected an income tax reform.

What has always been the point of an income tax reform? We were discussing about how interest on capital would be addressed and how that would be offset via the corporate tax rate. The fact is that if you have a lower corporate tax rate, you have to make, and you know this process well, an adjustment, a revaluation of tax credits. So, we expected that, depending on the size of the

revaluation, it could cost the bank about 60 basis points of capital. That was the final number we had in our projections.

The fact is that possibly the income tax reform, as you rightly said, will not happen this year, it is a baseline scenario, because we are now very focused, and the government, Congress, on standardizing and better defining the entire VAT reform and its impacts on the different industries and segments, etc., which in itself is a super complex and difficult reform to do. So, we don't expect this discussion to happen this year. Then, for next year, what impacts do we expect? We see a discussion of the Fundamental Review of the Trading Book, this is Basel III, which affects the market as a whole, and we think it is in the right direction. I think it has become increasingly clear that the greatest risk for institutions' earnings is the Banking Book and we've seen this happen in a number of banks and in the United States as well. This regulation is a necessary regulation. It's very consistent with everything we've seen so far. We've always had a very correct risk and capital management in these books. So, I don't anticipate any major impact. There is a discussion on solo bases, which is treating capital at the individual level and no longer at the consolidated level. And then you define corporate groups within a larger prudential conglomerate. This is a discussion also ongoing and we need to understand what kind of impact it will have. It has the impact of the Basel Operational Risk. Looking forward, our estimate is 100 basis points for Itaú Unibanco but over a four-year period. The phase-in starts in January next year. So that's 25 basis points per year and that's four years. We are also comfortable that with our projections we absorb these 25 basis points at the beginning of next year, without any difficulty. There's a discussion about IFRS 9 and the whole standard, the law that was created, and I think you know something that I think you should actually measure the impacts here in the different institutions because to the extent that you have to necessarily deduct all your credit loss for the current year and then for the stock you have three years to make the deductibility, the deduction, the risk of a process like this is that some institution will lock its tax loss in the middle of the process. And when you lock tax losses, you have a double effect. First, you lose the tax credit weight timing difference for the entire allowance for expected credit losses and becomes a tax loss tax credit, directly deductible from the capital base. So, there is a transition period and the matter is being broadly discussed by the Central Bank, the government, and everyone else, but we don't know exactly what the outcome of this discussion will be. So, I think our policy must be very cautious in the light of the uncertainties because events happen and there are several regulatory changes in the pipeline. So, these are the main changes that I anticipate. Now, our ability to generate capital has been very strong, which means that we remain confident that we'll be able to fund these impacts and end the year with a set one at a super adequate level and we already making projections on what lies ahead so that we can decide on what extraordinary dividend will be paid.

We did that at the beginning of the year and I said I'd rather pay some extraordinary dividends over the years than do a one-off payment, which is what was done this year, and not do it anymore and work with super tight capital. And we have a buffer, yes, on top of 12. Our Board's risk appetite is 11.5. We will always debate which is more suitable, whether it is 12 or 11.5, and what is the size of the capital looking forward given our projections. Most importantly, if we can continue to allocate capital to grow the bank, organically and inorganically speaking, to generate good returns to shareholders, this is our core goal. But it is not in our interest to retain capital above a certain level, so distributions will be made accordingly. I hope I've given you an overview of the subject.

Thank you, Milton, for the super complete answer.

[Renato Lulia]

And for the next one, we already have here with us on the screen Mario Pierry from Bank of America. Hi Mario, how are you? Welcome here to Call. Good morning, everyone.

[Mário Pierry]

Congratulations on the results. Thanks for the opportunity to ask questions. Milton, I'd like to go a little deeper regarding the opportunities in the small and medium-sized business segment. We talked a lot about individuals. I'd like to see how you are seeing the growth, the opportunities, you spoke before of the Atlas project, I'd like to know how the implementation process is going, the timing, and how this project will help you make different digital products and services to companies.

[Milton Maluhy]

Cool, Mario, thanks again, thanks for the report, thanks for the opening remarks. Look, let me tell you this, this segment is super, super strategic, super relevant for us; for many years it has been a segment in which the bank has been focusing a lot. We've already learned several lessons on this segment over the years. And we've been able to materially deliver a lot of value to clients in this segment and create a lot of value on top of our value proposition, on top of the business model that was developed in retail for legal entities. So, we've been growing double digits in this segment for many years. And if you look at our credit metrics, absolutely controlled, behaved, without any prospective concerns. Of course, there are more difficult cycles, better cycles for credit, but the fact is that we've been able to grow with a lot of engagement, with a lot of increase in client relationships while growing the client base and increasing penetration. And most importantly, with credit and risk absolutely controlled. Just look at a longer series, you will see that we went through this process very well and we continue to grow the operation with a lot of quality. So, I think it's a model and a value proposition that fit very well, with a lot of training, really special human capital at the end and always with form a client standpoint, not from a product standpoint, but from a relationship standpoint and always with a long-term vision, to avoid being stuck for a quarter or two, but to aim at the longer term. We were able to integrate the network and we were very successful. For quite some time, Redecard or Rede has not been considered on a stand-alone basis, it became part of the value proposition of the segment, and again, not from a product standpoint, but from a client standpoint. We are very happy with the integration and with all that it has brought in terms of benefits in the management of the corporate banking operation. Atlas, which is soon being renamed, is the name of the internal project, we already have the name, and we will announce further details soon. It's in the soft launch stage, right, also friends and family, you see that we've several friends and family projects, but it's a family that has been growing, okay? And the feedback has been super positive so far, we've learned a lot, developed the platform, applied state-of-the-art technology, everything that technology has available, and grown and learned from clients. We expect that in the second half of the year we will start to reap more fruits and have more concrete data to be able to share with you. The trend is good, we are very happy with the developments so far and we continue to believe in the success of Atlas, a completely different offer, fully digital, really focusing on the client's hardships and

needs, on what they really need to run their business and here we will work with clients and with different segments, but businesses that actually see in that value proposition a solution that meets their needs. So, we're very happy with the developments and I'd say that in second half I'm going to give you more details, I hope to give you more details. We will talk a little more about the evolution of the Atlas and our expectations at Itaú Day. But our business, the corporate segment, has been growing at a very good pace, very healthy and with profitability well above the bank's overall profitability. It's been a high-performance, very well-managed segment over the years.

[Renato Lulia]

Thanks, Mário. Segueing to the next question, we already have with us on the screen, Bernardo Guttmann, from XP. How are you, Bernardo? Thank you for attending the call. Good morning.

[Bernardo Guttmann]

Good morning, Milton, Alexsandro. Thanks for the opportunity to ask a question and congratulations on the results. I have a question about profitability by segment. Retail seems to be on an important recovery trajectory, going from an ROE of 17 percent in the first quarter of last year to 23 percent now.

How should we think about the elements that have brought about this recovery and how can we project these returns looking forward. The bank seems to be adjusting its service costs quickly, in addition to the very assertive portfolio risk-off trend Milton well explored in his presentation. On the other hand, when we look at wholesale, this ROE is still high at 28 percent. When we review the competition, the competition for transactions, given the cut in spreads in debentures and capital markets, the scenario seems a little more challenging. So how should we see this prior dynamics in wholesale? Thank you.

[Milton Maluhy]

Nice, Bernardo, thank you for the opening remarks, good to see you here, thank you for attending the call. Well, first I remember, a few quarters ago, people asked me about retail and I said that I wasn't happy at all with the profitability of retail and that none of us were, I'm not the bank's CEO, and I don't think any of us, not even the segment managers, and that at that time we were doing an important job of renewing the value proposition, revising the business model, to a level of profitability that was much more sustainable.

We wouldn't go back to what we saw in the past. There were a number of regulatory changes along the way. This segment has grown much more in credit than service revenue over time, which tends to bring its profitability to a lower level, because credit, in general, generates a level of profitability closer to the cost of capital, but without giving up on exploring and being close to our clients in every relationship. I remind you that retail includes the corporate business and there is the individuals business. But where we've really been able successful is the corporate business, which has been growing and has been improving profitability year after year. But I would say that the important turnaround that we had to do is not completely done, even though we've completed a good chunk of it, which is the individuals segment. I told you I wasn't happy, we weren't happy. And since then, our floor has been 16.5 in the series, which we delivered as a result of profitability for individuals and we've reached 23 now. I think there is still room for us to continue expanding this profitability. And there's no silver bullet to do that, there are a series of initiatives, we've

changed the business model, we did revise the entire Uniclass, as well as Personnalité, but we also did an in-depth revision of all our monoliners. We had, in fact, a major de-risking to do in these portfolios, especially cards, vehicles, even in the payday loan business, there was a job to be done, and we've been doing very well, we've done an important cleanup of the credit base, of this segment's portfolio, so that we could operate at a much better level of profitability. This segment has a value proposition, a business model, top-line generation, credit cost reduction, and a much more efficient operation. So, this is the development that we've been observing. And we remain optimistic about this development. I think we could keep evolving in profitability. As I said, we won't go back to the prior levels but I don't think we've yet reached the peak of profitability that I think we can expect for this business. We are very pleased with the development and we are back to having a retail business with a profitability very close to the bank's profitability. It used to be dilutive for the ROE not long ago; today it is already in line with the bank's ROE, which is very positive, creating value in a consistent and sustainable way. Regarding wholesale, we also had a small quarter-on-quarter expansion in profitability, so we've been able to operate with a very, very strong profitability. It is a business in which naturally credit is important, has a material weight, but the stand-alone review goes far beyond credit and balance sheet. It is our ability to relate to the client by meeting several type of business and different needs, as we say here at Itaú BBA, it is from D-day to the most important day. From the day-to-day to the D-day of our clients. So, we go from cash management, where we hold a very significant share of cash in our client base, through all the cross-selling in various products, from investment products to derivatives, foreign exchange, and so on. Obviously, this includes credit penetration by increasingly supporting our clients, but also a huge capacity to act both in fixed income, as well as in equities, such as in the M&A market. Our market share is significant. Let's remember that when we talk about wholesale profitability, I'm not talking exclusively about Itaú BBA.

We're talking about Itaú BBA, I'm talking about our entire asset management, brokerage, individuals agenda, the entire investment business that we have at the bank, the entire custody business, administration. So, these are businesses that have been working with a very high level of profitability. With a slightly higher efficiency ratio, because it is a service business, it has less leverage, but we can deliver very significant returns compared to other players. I think that the size of our asset, the size of our investment business, the materiality of our business, wealth management, Private banking, with 30 percent market share, is evidence in this profitability and we've been able to gain market share month after month, day after day, so we are very pleased with these businesses' development. And there is also the bank outside Brazil. Our entire Latam operation is also included. This quarter, it posted an ROE close to 14.9, right? Close to 15, it was 14.9 to be precise, which shows that our Latam operation has also been able to grow and increase profitability.

So, it's true that we've seen greater pressure in the market. The capital market was very active in this first quarter. The upside is that we are the main player and have the largest market share in primary origination and primary distribution in the fixed income market. At the end of the day, it's relationship with companies, it's cross-selling, it's proximity, it's knowing how to deliver the best solution, the best current financing structure to a client. We've been working on key projects as well and I would say, we are very pleased with the results. I would say the following regarding the issue of greater pressure and price disputes: we have a mantra here at the bank and we use it a lot, when we perceive any irrationality, and it exists, we've two paths, either we lose market share

or destroy value. Our decision has always been to lose market share in situations like this. But we also understand that they are unsustainable in the long run. So, when we spot some anomaly in pricing, in the view of capital allocation, in the view of return in certain segments, we take a step back in the sense by saying that this is not sustainable, it is a misallocation of capital, it is dilutive for ROE. And when we look at our capital allocation models, we always look at our cost of funding, which is lower, with our capital allocation model, with our tax efficiencies; they are still transactions, when we realize that they are transactions that destroy value and come far below the return on the cost of capital, we decide to stay out, try to find more sophisticated and smarter solutions for the client. But we don't get into that dispute, so I don't worry too much about the profitability issue. I think that the great driver of profitability in the medium and longer terms, and it has been a super positive lever, is the cost of credit, which in this segment is well below what it was pre-pandemic period and we've been operating with a very well-behaved cost of credit for some years now. I always say that there will be a normalization and this normalization has been slow but the most important thing is that in major credit transactions that we've seen in the market, we normally, with disciplined risk management, concentration, capital allocation, we've been able to do very well... I'm going to knock on wood, but we've been able to get through these moments really well. So, in the current medium-sized business segment we begin to notice that there is always pressure here and there, but absolutely within our expectations, with a very light normalization. And we haven't seen any major events that would leave us somehow exposed. So, I think that in wholesale, we continue to have a good ability to deliver value and good results looking forward. Anyway, competition is part of the game. We're here for the long run, not just for the next quarter.

[Renato Lulia]

Thank you, Milton. Next, then, is Thiago Batista, from UBS, who is already with us on the screen. How are you, Thiago?

[Thiago Batista]

How are you, Renato? Good morning, Milton, Broedel. I have a question about how transformational One Itaú can be? And what is the focus of this transformation? Is it efficiency? Is it having better credit information? Is it having access to a client that you could reach before? What can One Itaú transform the bank?

[Milton Maluhy]

Cool. Thank you, Thiago. It's always nice to see you. Thanks for the kind words. I have an answer to an unasked question. Before we start and I answer your question. That event that we recorded as non-recurring, in the bank's balance sheet, regarding the sale of a stake in a company, is the sale of Pismo, which is a company in which we held a 5.4 percent stake. And this company was sold to Visa. We had a stake in this company. It generated earnings for the bank of 180 million reais in the bottom line, but to maintain our consistency of recurring and non-recurring, despite being a positive result, we've this rule to record it in nonrecurring when it is nonrecurring, regardless of being positive or negative. This is a classic case of a positive that was recorded as non-recurring on the bank's balance sheet and not in, I would say, recurring profit or loss, otherwise we'd start to contaminate the information and you'd lose the ability to understand what is operations and what are events. I wanted to give you and the whole market this information to

clarify that this is the transaction we're talking about. What I'd like to tell you about the platform, the super app, is that I think it's transformative. At least that's how we see it and that's how we've been conducting the project. First, I'd say that it has fully mobilized the entire organization and it's the most important, most priority project in retail today. There's no one here who isn't involved and fully dedicated to the project, from the CEO to all the officers, superintendents, middle managers, coordinators, analysts. This project has to be implemented by a team, with a deep level of coordination, but we are very happy with everything we've been able to achieve so far. Our best expectation is that it is an evolution of the iti platform, which was made with cutting-edge quality, better technology, with very, very sound client indicators and KPIs, with an incredible digital experience and now we are able to use most of these components to leverage a platform that previously depended on several product systems. We couldn't break the monoliths and create this intra-product and intra-business solution because the technological platform really didn't allow it. Here is a confluence of two events, the entire digital transformation of the bank and, at the same time, all the development and investment that has been made in the iti platform. By putting these two together, we can come up with this solution, which is the super app, which is the turbocharged app, which is a full bank offering for clients. In summary, I don't want to make any kind of projection because as in every project there's an implementation risk, there are many challenges still looking in front of us. But my expectation is that it's going to be transformative of the client experience. It's not just this project that we're doing. We have a very accelerated plan for digital transformation happening in retail, to improve UX, to improve the value offer, to improve credit supply within the context of journeys. There are, therefore, a number of work fronts, the whole security agenda, because security is the client experience, we are sure that delivering a secure offer to our client in the end will generating value. We're highly focused on these projects. Our vision is that if we make this egg stand on its tip and we remain very confident that we will in fact unlock a large, very large value in the bank's individuals segment. This means working with a much stronger generation of business, with clients that we already have a relationship with, but a very limited relationship, we will be able to do this at a much better service cost, with the UX and with a much better value proposition, and we will have to learn how to cross sell because of the huge effort made over the years to learn how to do business on digital-only platforms. And we will also be able to serve an audience that today is below the waterline, especially when you add the cost of service into the equation. We're going to be much more efficient, much more digital-first in this business. Expectations are high, okay? That's how we work here at the bank. I think it can be transformative for retail and add a new source of significant growth for what's ahead.

And most importantly, you talked about credit, right? Remember that they are clients, for the most part, clients with whom we already have a relationship, of whom we already know the behavior, to whom we already have an appetite to grant credit, and they are not lower-income clients, okay? When people say, oh, it's a platform... iti did have an approach more focused on lower-income, younger people. This solution covers all segments. Yes, it cover the lower-income segment and can be a value proposition for us to exclusively serve clients in this segment, but it covers all segments. And the great advantage of this solution is that you can customize it to the needs of each client. You won't get a one-size-fits-all.

Basically, it'll be customized according to each client's needs. And we will be able to attack the middle- and higher-income clients in a relevant way, with known behaviors, clients that are already

our clients and to whom I can grant limits and make important concessions right from the start. Anyway, we'll see. I think there's a lot of talking, it's not really our style. What we prefer is over delivery, under promise. I'm not over promising but we're pretty confident with what's ahead. I'll give you further details as the months go by.

[Renato Lulia]

Thank you, Milton. Next question comes from Citi's Brian Flores. Hi Brian, good morning. Thanks for attending.

[Brian Flores]

Good morning, Broedel, Milton, Renato. I'd like to talk a little bit about Latin America, because on the one hand we are seeing a slightly smaller contribution, while on the other hand profitability has been improving. So, I'd like to ask you how these trends should evolve going forward and also what level of profitability you expect from this operation. Thank you very much!

[Milton Maluhy]

That's great, Brian. Thank you. Thank you for your questions and your own accent somehow shows the importance of us looking outside Brazil and not just talking about Brazil. This is a very important agenda for us, a long-standing Latin America regional agenda. We've been able to perform at a very strong level in all the countries where we operate. The thing is that year after year there is a negative impact, which is the departure from Argentina, which ends up impacting the overall figures. These show a smaller share compared to the whole. Brazil's earnings have been growing significantly. I would say that Latin America today represents a good part here, close to 7 percent of the conglomerate's earnings, but with 20 percent of the assets.

Why? Because these countries with a lower ROA, lower earning, lower profitability, so you have a larger portfolio, but a lower share in the bottom line. What can I tell you? First, Argentina is a bit misleading when we look only at the top line and the of the bank's income statement. Why? Because it generates positive results, it reduced my hedging cost of the capital ratio, producing a series of effects, while it also posted a positive margin with the market.

Argentina's problem was that we had the famous CTA, which was in the equity and where the interest rate differential between Brazil and Argentina had been accumulating over time. And it was negative, so it reduced the bank's equity. So, if you look, Argentina had a positive effect on profitability and an even better effect in terms of ROE, because it decreased equity, i.e., for the wrong reason.

When we looked from a shareholder standpoint, Argentina was a detractor of the bank's value. So, our vision of selling the operation, and I think the timing was very appropriate, as other foreign banks also sold their operations soon after, I think the decision was really correct.

And because of further consolidation of local banks. What we did maintain in Argentina is an operation, serving corporate clients, with a very senior group of the bank, including CEO Juan himself, who has been leading the operation in Argentina, he is here leading this whole front, in which we maintain a relationship with large corporate groups in the region, by booking transactions in our offshore vehicles. In the other countries, we've seen important growth both Uruguay and Paraguay, with very, very sound profitability, and business growth in the several other countries. Now, these are businesses that, although they have good profitability and have

grown, on the whole they are less significant in light of the size of the continent, the geographical size of these countries, population size, etc. And last year in Chile was a good year... We had very good years and this year we resumed our operations. For many years, Gabriel and I used to say was our profitability expectation in Chile over the run was a RoTE (Return on tangible equity) of around 16 percent.

So, that's the level Chile has been operating locally. When we make the adjustments, considering the tax issue and the capital issue and the capital ratio hedging, profitability drops to lower level. But still, Latin America has been accretive or very close to the cost of capital, which generates value in the bottom line, but is a bit dilutive of the ROE, given our level of profitability.

We think that these countries will continue to grow as they react economically, they present opportunities and Colombia has been our great challenge, whether due to macro or micro factors. Our bank there is a small size bank, it is not easy for us to manage a subscale bank, especially a retail bank. But we have a first-class team allocated there, trying to do the best they can, make a structural adjustment, act very strongly on the issue of efficiency so that we have, as far as possible, the best possible operation given the local borderline conditions.

We remain optimistic as regards the region as we've delivered earnings, in short, a very strong position, but it will not account for much more than 7, 8 percent of the bank's overall earnings. And if we keep expanding at this speed, I think that's where we should focus, but it's a very sound, quality result.

[Renato Lulia]

Thank you. Here is Renato Meloni, from Autonomous, to make the next question. Hi, Renato. How are you? Welcome.

[Renato Meloni]

Good morning, everyone. How are you? Thanks for the questions. Congratulations on the earnings consistency. I'd like to go back to the issue of the individual portfolio growth. The main thing I'd like to understand is where do you see the inflection point in portfolio growth, but maybe more importantly than that is, given the lower growth compared to the industry as a whole, despite the better credit, tell me if you're seeing other risks here that maybe the competition isn't seeing. And related with this, how do you see provisioning throughout the year? Even with the low, annualized growth, it's falling close to the high point of the guidance right now. So, I'd like to understand if there's any risk here. Thank you.

[Milton Maluhy]

Thank you, Renato. Thank you for the opening remarks. Thank you for attending the call. First, I'd say the following. Yes, we're seeing opportunities for growth and we've grown, as I said a moment ago. We see the tipping point happening maybe in the third quarter, where we no longer have a negative force, but the fact is that this negative force was once very large. The positive portfolio is starting to generate more effects than the negative portfolio, but we still have a tiny inertial value. Anyway, all this can change, it depends on the scenario, it depends on appetite, I mean, this is dynamic, it's not static. It's hard to say today, I mean, it will depend a lot on what comes next. But with what we have in terms of information today, is the best information available.

So, we do come with an appetite, we've been growing where there is room to grow. It's very hard to say if there are any risks that a competitor isn't seeing. I think each one of us has its own tool map, its vision, its projections, its management models.

And each one makes its own decisions. It's an issue of capital allocation, I insist, I think that'll make the difference. In the long run, it has proven to be right.

We do see operations coming out with a very low level of return on capital in some businesses and such. We're not going to compete for that. So, as I've said, when we perceive some irrationality, our tendency is to take our foot off the gas and do the right thing with a long-term vision, that is, an owner's vision, a long-term vision, as soon as we've managed the bank's balance sheet.

There are opportunities and I'm sure we will continue to grow in these portfolios. And I'll say it again, cost of credit, we saw the cost of credit there, we think that the cost of nominal credit, will falls. This is the third consecutive quarter of decline in cost of credit. If you look, you should see a cost of credit relatively in line nominally over the next few quarters; anyway, save some additional growth.

Remember that we operate the bank with an expected loss model, but I don't foresee any concern, on the contrary, okay? I think the cost of credit is very well behaved. So, that's why I think it's cool to look at the equation of how we are growing the topline, at what level of cost of credit, and what is the net interest margin.

So, looking only at portfolio growth and top-line generation without looking at the risk-adjusted line is a very partial and wrong view in my opinion, okay? Looking at the risk-adjusted line is the best way for you to look at what level of appetite and loss of credit this top-line is coming from. If you commit a large portion of it and return it to the ELC later, there'll be no earnings left for you to absorb the cost structure. And, as a result, you'll operate with a level of profitability far below the cost of capital, which is dilutive in the long run.

I mean, it takes you to a situation where you add a very strong inertia to the bank's profitability. This is how we don't do it and that we will keep this position. I'll say it again, we're super optimistic, I think the cost of credit is super well-behaved.

Of course, it depends on events but I can isolate retail and wholesale. Wholesale, large companies are affected more by events, the rest is more massified, statistical. We are very comfortable with the guidance that has been given, both in terms of net interest income and the cost of credit, which shows an expansion in the net interest margin and our very stable risk-adjusted line over longer periods.

This is the view I have, super comfortable with the figures that we've been disclosing and managing.

[Renato Lulia]

Let's move on to the next question. Thank you, Milton. Thank you, Renato. From Henrique Navarro, at Santander. Very well Henrique. Welcome. How are you?

[Henrique Navarro]

Well guys, thanks for the opportunity to ask a question, congratulations on the earnings. My question is about the corporate portfolio. This quarter, some banks that have already reported, disclosed a very measured behavior in this portfolio and you posted very strong growth of 3.6

percent. Milton has already hinted why, you are capital market origination leaders. My question is if we could break down this information, that is, the growth of the corporate portfolio. If we were to remove this capital market issue, how much would it have been, and considering these issues that you may have embraced, how has this portfolio's profitability contributed to this growth, since you have a larger capital market component? This is it, thank you.

[Milton Maluhy]

Well, Henrique, thanks for the opening remarks, nice to see you again on the call. Henrique, let me give you an overview, I think that if it weren't for the capital market, our portfolio would have grown much more. We were able to act very strongly with a very large capital market origination share in a strong quarter. So, it wasn't a strong quarter for ECM, it wasn't a strong quarter for M&A, although we had a huge share of the transactions that came out, but it was a strong quarter for DCM. We can see all the funds, credit funds, increasing the volume of funding, giving positive returns, assets and independents, bank assets growing the appetite for credit. So, we've had a gigantic discipline of operating with very light books.

Here there is no portfolio by accident in this portfolio growth. Therefore, what we proposed, with a very good reading of the market, to put underwriting and distribution, we were able to do with maximum efficiency. And of course, we also have the way of acting at certain times, where we think there is an opportunity for price or closing, of course there is a dynamic management over all the books here.

So, this growth is an organic growth of the portfolio, a usual growth, driven by an offer, credit momentum, and by clients, with adequate profitability, always from a client standpoint. So, it's not credit for credit's sake, but it's client centric. And our share of capital market transactions has to do with the tradition of having distribution power, of having very strong origination capacity.

We've been leading this fixed income ranking for many years, in place, so our tradition is having this type of power in the fixed income market. Typically, when clients come to the market, they have a huge tendency to inquire us as we are always very close, bringing ideas, and making provocations.

That's traditionally been our dynamic. When you look at the growth of market portfolios and try to make an assessment, as you have done now, I think there is an inaccuracy that is important for you to keep in mind. These portfolios also have material maturities, so you can't look exclusively at delta growth.

You have to picture that several banks, when they operate in the market, have growth and repayments. Some clients repay large volumes, and some banks grow. I think we have to look at asset generation for the period.

In terms of asset generation for the period, what I can assure you is that we've always carried out these transactions with a huge capital allocation discipline, focusing on return allocation, etc. And when we see, and have seen, a little of, better said, more than a little aggressiveness in price formation or asset generation times, we don't think that's the right time for allocation. So, we could have grown more, if it weren't for this trend and if it weren't for the capital market trend.

Still, we managed to deliver sound growth with good profitability. I think it's really important to look at the origination for the quarter much more than the delta balance, because it doesn't tell you the full story.

[Renato Lulia]

Thank you, Milton. For the next question, Rosman is already here with us. Rosman, welcome to the Call. Thank you for attending.

[Eduardo Rosman]

Thank you and congratulations for the results. I'd like to talk a little bit more about the higher-income segment. We've been talking a lot about the lower-income segment, but Itaú has been the market leader in the higher-income segment for a long time, and we see that everyone else trying to compete more in this segment.

These include many incumbent banks and digital banks. So, I'd like you to talk a little bit about how to you can protect yourselves in this segment, if there are more opportunities in revenue generation or in cost reductions, and if you could talk a little about how profitability is versus the historical level, if you can improve it further. Thank you.

[Milton Maluhy]

Thank you, Rosman. Good to see it here. Thank you for the question and thank you for the opening remarks. Look, the higher-income segment is a segment which is, I would say, investment intensive.

Because, deep down, what sets us apart is the value proposition, it is the completeness of the services we are able to provide to a client, it is a more sophisticated demand for products, credit, solutions. So, there's a very strong investment in human capital to ensure we have the best people talking to those clients. And, in the end, for a client the bank is the person with whom he or she talks, it's the digital interaction provided by our apps.

So, it's a segment that requires a lot of investment, because it's a very sophisticated value proposition, but it does have high profitability, okay? If done well, in the right way. Where did we invest a lot? Last year, we fully overhauled Personnalité, we announced a huge change in value proposition, internal segmentation, client vision, My Advantages, the entire relationship program that was developed for clients, the entire development of the technological platform, the digital experience, and we've been working a lot with Itaú design language in all our apps and solutions. And what we've also been able to do is a huge investment that has in the part of investment advisors team, at ion. We set up an operation from scratch, with our offices all over Brazil, using the B2C model. A major B2C model, very well implemented.

Therefore, deep down, we end up investing to retain some of the revenue that you already have from clients. So, you obviously have the expectation of increasing and being the main bank and generating engagement, but part of the investment is to keep the status quo. To the extent that the market ends up specializing in some specific journeys, investment journeys are a good example, and previously we used to have a Personnalité manager who talked to his or her clients, talked about investments, but also about credit, daily banking, mortgage loans, insurance.

Now we need to have an advisor working and also acting in that portfolio and often to maintain that level of EUM with that client and at many times lower ROA, because we have a higher cost-to-serve structure. Now we do this because we believe that in the long run this is also incremental in the relationship with the clients.

The service model has been improved and you will evolve as the client demands it. I think the competition for higher-income clients has always existed, higher income has always been a segment where everyone has tried to compete and it is natural that there is competition in these segments. This is no different for Itaú BBA, which is still a higher-income segment, but a corporate segment, at the service of the largest corporations.

Private banking is a higher-income segment for individuals. The market is here, everyone is watching, everyone is competent, doing their homework. It's up to us not to be complacent and maintain the fair share we have in these markets. We want to keep on winning and expanding our presence and not just protect or current market share.

Basically, our goal is to create long-term value, to be very close to all these Personalité, Uniclass, and private banking clients. This is a segment where we've invested a lot of time, allocated a lot of resources, and made investments in the platform, in value proposition, in products, in solutions to increase the completeness of the investment platform, which has produced incredible results by removing any type of conflict between the offers. Clients have realized this in the over time, the importance of a bank having an unbiased model.

We are very pleased with the evolution and, again, I'm sure that the competition will undoubtedly increase. It is up to us to continue fighting and reinvesting in a meaningful manner in our business and believing that there is still room to significantly grow in these different segments.

[Renato Lulia]

Thank you, Milton. And the next question comes from Nicholas Riva at Bank of America. Hi Nicolas, it's good to have you here with us.

[Nicolas Riva]

Hi, Renato, thank you very much for taking my question. Hello Renato, Milton, Alexsandro. So, Milton, I have a couple of questions for you about your bonds, the first one about the AT1s, just to confirm something that you've already alluded to in previous conference calls, as I believe now is more pressing not to call the perpetual bonds, which you can do every six months, even though we've seen recent issuances of AT1s from Chilean banks at 8 percent, 8%+, and your AT1s are yielding below 8 percent, even if the uptrend buffer would be less than 8 percent, could you confirm that today you are more likely not to call the AT1s? Second question, in the Tier2, in the 29s, that you can call this year. You have an incentive to call these bonds, since we'll to lose capital treatment if you don't call. So, I want to understand your reasoning, your take on this year's call option, on the 29s, even though I assume you haven't made that decision yet on the 29s. And third, on senior bonds, in addition to being able to potentially refinance the 25s in the offshore market, I assume that you don't have a significant need to issue senior bonds denominated in US dollars. Therefore, I'd just want to check out what you think of the AT1s, Tier2s and senior bonds, in US dollars. Thank you. Excellent Nicolas, good to see you again. It's always good to have some questions about fixed income. Speaking of these 3 questions, the answer to the first one is yes, we've the same approach for AT1s and even though we can make the call in six months, we will take the same approach as we've done in the past. We've looked at some metrics before making the decision and based on the information we have today, resetting or calling that bond and accessing the market would be much more expensive than simply not doing exercising the call option. So, we have a cost-effective approach for the AT1s. As regards the

Tier2s, we don't have by AT2s, but we'll see if by the end of the year we'll make the decision whether to call or not the for Tier2s. But it's like you said, it's important to know that we've this five-year mandate, that year after year we lose the capital benefit, so we'll do a lot of calculations to make sure that we're optimizing our capital base in the best possible way, taking into consideration the price and that we'd lose 20 percent per year in terms of capital benefits. For the senior bonds, yes, you are correct, we don't have a need to do or cover the market using a senior bond; naturally, we will always do that if we find that it is a good opportunity to access funding, but we also have a lot of funding in the local markets. Having said that, we always want to maintain some market yield curve in the offshore markets, so whenever we have the opportunity, we try to keep some bonds outstanding. But the main decision we make all the time is to look at the bonds and see the price, the yield, and what the alternatives are. We have a very sound level three, Basel III, liquidity indicator, our LCR is very strong right now, the NSFR is also very strong right now, so we don't have any liability issues. Any major discussion will be much more price-driven than a need for liquidity, so to speak. Thanks again for the question. Thanks, Nicolas.

[Renato Lulia]

Thank you, Milton. And now let's move on to the last question of today's call. Last but not least, Yuri Fernandes, from JP Morgan. How are you, Yuri? Thank you for attending the call.

[Yuri Fernandes]

Thank you, Lulia. Congratulations everyone for the results, for the consistency. I'd like to ask you guys to talk a little about deposits. It's hard to compare the dynamics of different banks. Sometimes they end up calling them different names. Demand deposits can mean one thing to you and another thing to other banks. But Itaú has done much better, even after adjusting for exchange rates, adjusting for Chile. It was a very good quarter in terms of demand deposits and you've launched several good initiatives. The SM, higher income, is growing, so I'd like Milton to talk a little about that. Where is this funding growth coming from? Are you able you say, look, it's more corporate, we had a very good DCM quarter? Does this explain a good portion of it or not? Is it more the higher income segment? I'd like to understand a little bit what in your organization is helping this outperformance compared to your peers in terms of funding. Thank you and congratulations again.

[Milton Maluhy]

Thanks, Yuri. Good to see you. Thanks for the kind words. Look, the issue of deposits, I think it has a number of explanations. This quarter, we see a slightly positive change in demand deposits.

We've been losing client base year after year but it is important to qualify this type of deposit. In terms of local deposits, in BRL, we've grown and we've been able to increase the level of penetration and engagement with our clients. Where we did notice greater volatility was in foreign material currency-denominated demand deposit tickets, especially due to the increase in interest rates in the United States.

These were clients who typically kept the deposit in a non-interest bearing account or bearing daily interest, and who began to optimize their cash management by realizing that the interest

rate naturally increased and that the opportunity cost changed. Here we felt some volatility from large tickets, large corporate clients with concentrated volumes, who ended up making deposits. So, such a client migrates from demand deposit and goes to time deposit in that sense. So, there's a migration. We took notice of another very strong phenomenon in the deposits segment, especially for cash products, which was the risk-off that we've noticed in the market in recent times. We started last year, you may remember, with the event of a retailer facing hardship, which affected the industry as a whole, especially the funding industry, the credit industry, and we began to see at that time a migration given the level of interest rates for time deposits, for tax-exempt securities, for Treasury bills, etc. So, the advantage of us being a full bank and operating in all products is that during a migration time like this, we end up absorbing a good part, if not most, of these funds when they migrate from one strategy to another. This is the client vision that we are increasingly adopting. So, you have an investment advisor who is looking at the client and taking care of their relationship as a whole, and it doesn't matter if the product offered is a CDB or if the product is a fund, the most important thing for this client is that service tailored to his or her need is provided, given the scenario, market context, and expected profitability of that portfolio. So, there was in fact a migration to cash products, this has an impact. We've been working, in Wholesale, with enormous price discipline, precisely because we have cash, with a very high level of liquidity. So, I wouldn't tell you that these are big wholesale tickets, anyway, just look at the prices that are being charged. We've been charging prices that we understand are fair, given the bank's liquidity time. But where we've been increasingly able to grow and penetrate is in retail fundraising. This goes from private banking, I mean, large fortunes, private banking, individuals, which includes all middle- and higher-income segments, that is, the segment with the deeper pockets to make investments. So, we've grown significantly. In the last quarter of last year, there was a very, very strong growth in funding and we continue to see this momentum. This shows, first, that we have the right product, price, investment experience, and the value proposition as an investment advisor and that the managers themselves are also working acting very strongly in this fundraising. So, I think that coordination has worked very, very well. Today, more than 100 percent of our retail portfolio is funded with deposits from the retail segment itself. Which shows that we've organically managed to have a very, very important deposits-to-assets ratio. It produces longevity, it generates engagement, it results in long-term relationships. We are very happy with the progress we've been achieving and, again, there's still a lot to do. No one is comfortable with what has been done so far.

[Renato Lulia]

Very well. Thank you, Milton. Thanks again, Yuri. Last question. And with it, we end our Q&A session. And we also call it a day, right, Milton, our... And, Broedel, thank you for participating in our first quarter 2024 earnings video conference. Before I give you the floor, Milton, I'd like to emphasize once again the invitation to our Itaú Day, on June 19th, since registrations are already open, even to send questions in advance for our Itaú Day. So, I invite all of you to participate in this day during which, as Milton said, we'll share many more details of what is behind the bank's figures. With that, Milton, I turn it over to you to wrap up our call today. Thank you.

[Milton Maluhy]

Great. Look, guys, I'd like to end here thanking each one and every one of you once again for your participation, reiterate the invitation that Renato made to the Itaú Day, thank the presence of Broedel, Renato, in yet another quarter, stressing that we are very pleased and happy with the results, with EBT growing 20 percent year over year. The bottom line grew 15.8 percent, posting very sound profitability, but more importantly is that behind these figures there is a huge volume of business, relationships being developed, increased, and 100,000 Itubers passionate for what they do and that allows us to deliver all this value to you, to our shareholders, to our clients, for our community.

That's our role, long-term vision. As I always say, we're celebrating 100 years, but we're already thinking about the next 100 years. I'd like to thank each one of you for your support, questions, provocations, suggestions, and feedback is always very welcome.

Past performance is no guarantee of future performance. So, everyone is keeping their feet on the ground, with a lot of humility. We don't know everything, but we go hand in hand here at the bank to deliver the best possible bank for all of you, for our clients, and for the entire community, for society.

So, once again, I leave my respect and my words of solidarity to all of Rio Grande do Sul. And a special thanks to all our employees for everything we've built together over the years. I end it here.

See you soon. There's a conference in New York next week. We'll surely meet many of you there in person.

Okay, guys? Cheers and I'll see you at the next conference or next week's conference. Goodbye for now.