Transcript – 2Q26 Results

Gustavo Lopes Rodrigues (Investor Relations Officer)
Good morning, everyone. My name is Gustavo, and it is a pleasure to have you joining us for our second quarter 2026 earnings video conference. As always, Milton will walk you through our performance, and afterwards we will have our traditional Q&A session, during which analysts and investors will be able to interact directly with us.

Before handing the floor over to Milton, I would like to share a few instructions to help you make the most of today's event.

For those accessing the webcast through our website, there are three audio options available: the entire content in Portuguese, the entire content in English, or the original audio. The first two options offer simultaneous translation. To select your preferred option, simply click on the flag icon located in the upper-left corner of your screen.

Questions can also be submitted via WhatsApp to the number displayed on your screen. Today's presentation is available for download on both our hotsite and, as always, on our Investor Relations website.

With that, I will now hand you over to Milton, and we will reconvene later for the Q&A session. Milton, over to you!

Milton Maluhy Filho (CEO)
Good morning! Welcome to another earnings release as we discuss our second quarter 2026 results. You will see an executive presentation, focused on the key drivers of our results, with the objective of leaving ample time for our traditional Q&A session. We delivered a strong quarter, with consistent results, high profitability and excellent credit quality indicators, very much in line with the consistency we have been delivering over recent quarters.

Let's move directly to the numbers. This quarter, we delivered recurring net income of BRL 12.4 billion, representing growth of 7.8% compared to the second quarter of last year and of 1% compared to the previous quarter. This was, therefore, another very solid result. How does this translate into profitability? On a consolidated basis, ROE reached 24.3%, while in Brazil it reached 25.7%.

As always, we also present profitability adjusted to a CET1 capital ratio of 11.5%, which is close to where we believe the market operates and is also our minimum capital appetite threshold. On this basis, consolidated ROE would have reached 25.1%, while ROE in Brazil would have reached 26.7%.

This is perhaps the most comparable metric across earnings releases, and it demonstrates our ability to generate strong returns not only in Brazil, but also on a consolidated basis.

Turning to the loan portfolio, we posted healthy growth, reaching BRL 1.522 trillion, up by 2.7% quarter-over-quarter and by nearly 10% year-over-year. This reflects our ability to grow with quality, supported by sound portfolio dynamics and disciplined capital allocation.
Moving on to NII with clients, we also delivered a very solid result of BRL 32.6 billion, an increase of 3.3% compared to the first quarter of 2026 and of 5% compared to the second quarter of 2025. It is important to highlight this acceleration. Results were very solid, and I will provide more detail shortly.

Moving to non-interest expenses, growth remained well under control at 3.1% year-over-year. It is worth remembering that we have been investing continuously for many years, always with a long-term perspective. These figures demonstrate not only our ability to continue investing in the business with quality, but also our ability to pursue efficiency wherever it needs to be found on a daily basis. This reflects strong cost discipline across the organization.

All of this has translated into a Common Equity Tier 1 ratio of 12.3%, once again demonstrating a very solid and high-quality capital base, with an increase of 30 basis points compared to March. It is worth remembering that we did an early dividend distribution at the end of last year, which meant that we entered 2026 with a highly optimized capital position. We also had the regulatory phase-in effects, which still had an impact during the first quarter, and yet we continued to generate capital with strong quality. I will return to this topic in more detail later in the presentation.

Turning back to the loan portfolio, I will walk through the figures from the bottom up, as that may be easier to follow. In Brazil, the portfolio grew by 9.6% year-over-year and 2.6% quarter-over-quarter, which is very healthy growth. Large companies posted growth of 10% year-over-year and 4.4% quarter-over-quarter, once again reflecting strong discipline in capital allocation and expected returns. These are very long-term balance sheet transactions, which makes disciplined capital allocation particularly important.

Next, let me provide more details, starting with micro, small and medium-sized companies. We posted healthy growth of 1.5% in the quarter and 11.6% year-over-year. More important than growth itself, however, is the quality and risk profile of this portfolio. The portfolio of government-backed programs grew by 7.2% in the quarter, while originations increased by 47.3% over the same period. Once again, this reflects our discipline in delivering the best products under the best conditions, while maintaining strong risk management and capital allocation standards.

Payroll lending has continued to be a very important growth driver for us, particularly private payroll loans under the new product. The overall payroll loan portfolio grew by 3.5% in the quarter and 11.7% year-over-year. When we take a closer look at private payroll loans, the portfolio expanded by 14.3% in the quarter and 90.1% year-over-year. From the outset, we were able to capitalize on this opportunity very effectively, delivering value to our clients while generating strong and consistent growth with delinquency remaining fully under control. This also affects the dynamics of our personal lending portfolio, since for clients who are eligible for private payroll loans,

particularly formally employed workers, we have increasingly prioritized this product over traditional unsecured personal lending, due both to its pricing advantages and its priority in the repayment structure.

Finally, turning to mortgage lending, it is important to remember that our funding structure is differentiated relative to the market, enabling us to remain highly competitive in this segment while serving our clients effectively and allocating resources efficiently. The mortgage portfolio grew by 3.9% in the quarter and by 13.3% year-over-year, reaching BRL 152 billion. In fact, the mortgage portfolio has now surpassed our credit card portfolio, which has historically been one of our most important portfolios at approximately BRL 150 billion. Mortgage lending is a long-term product that fosters strong client loyalty and reciprocity, which is why this strategy is so important for us. Today, we are the largest private-sector bank in this segment, with BRL 36 billion in originations over the last twelve months and a 55% market share among private banks.

Once again, this demonstrates how our funding structure, our clients' investment profile and our funding capacity allow us to sustain a mortgage portfolio at these levels.

Now let me turn to NII with clients and highlight two points. First, total NII increased by BRL 1.1 billion, representing growth of 3.3% in the quarter, including Working Capital and Other effects. We posted growth in the Working Capital and Other categories, in addition to the impact of investment rates, and were able to monetize our capital very effectively, reaching BRL 3.9 billion in working capital during the quarter.

When we look at core NII, we see growth of BRL 800 million, or 2.9% in the quarter, broadly distributed across all components. Average volumes contributed positively, product mix was broadly neutral for margins, liability margins and asset spreads were slightly positive, and we also benefited from a calendar effect, as this quarter had one additional calendar day, which positively affected liabilities. Latin America and Other also contributed positively. So, as I mentioned, this was a broadly distributed result, demonstrating our ability to generate core NII, alongside an effective strategy for monetizing working capital and supporting the bank's capital generation.

When we translate NII into margin percentages, particularly risk-adjusted NIM, which is the way we manage the balance sheet, we have positive news to share. As I always say, generating a very high margin only to give it back through credit costs is not a sensible capital allocation strategy. What we have shown consistently is our ability to manage margins with discipline and consistency. Risk-adjusted NIM reached 6.2%, representing a slight increase of 10 basis points in the quarter on a consolidated basis. The same dynamic was observed in Brazil, where NIM increased from 6.6% to 6.7%, reflecting our disciplined portfolio management and delivering very solid results. Therefore, this is very positive news on the margin front.

Turning to NII with the market: although results may appear stable compared to previous periods, I believe that we are all aware of all the challenges we have been facing in financial markets and the level of volatility we have experienced, both in local and global markets.

Even so, we delivered another solid quarter, supported by consistent risk management. This discipline and the quality of the results we deliver are extremely important. As a result, NII with the market reached BRL 900 million. We also continue to incur costs associated with capital index hedge ratio, but as part of our strategy to protect our capital position and enhance earnings predictability, we continue to believe that this remains the appropriate approach for the bank's balance sheet.

Even considering this cost, we delivered a very solid performance in NII with the market.
Turning to commissions, fees and results from insurance, I will once again comment on the figures from the bottom up. You will see that results from insurance, pension plans and premium bonds increased by 8.7% year-over-year and 12.8% compared to the first half of 2025. Our core insurance operation continues to grow very consistently on both a quarterly and year-over-year basis. We have delivered many consecutive quarters of growth, with results at a substantially different level compared to five years ago, reflecting very strong progress.

Moving on to advisory services and brokerage, revenues increased by 32.5% year-over-year, and by 25.3% in the first half compared to the same period last year. This line is largely composed of fixed-income transactions, and our approach has been one of strict capital allocation and risk discipline. As a result, many of these transactions are ultimately retained on our balance sheet, and what we evaluate is the expected return profile, ensuring that returns remain consistent and aligned with our cost of capital, while also carefully assessing the type of risk we are retaining over the long term, considering both fixed-income market pricing dynamics and credit risk. Therefore, we remain very comfortable with the quality of the assets that have been retained on our balance sheet.

Moving on to asset management, revenues grew by 7.3% year-over-year. More importantly, despite not being an exceptional quarter for performance fees, we still achieved 11.0% growth in the first half compared to the same period last year.

There are some lines that we deliberately continue to disclose – particularly current accounts for individuals, which declined both in the quarter and year-over-year – to demonstrate that this is precisely the direction we expect. We have been redefining our current account packages in an effort to serve clients more effectively, while simultaneously increasing customer lifetime value and reducing friction in our customer relationships. This is why we continue to disclose this line separately, providing visibility into the significant transformation taking place in our revenue mix, with revenues becoming increasingly more sustainable, higher quality and supportive of greater customer lifetime value.

Revenues from card issuance are closely linked to the risk profile of the portfolio we have been originating. Over the last years, we carried out a very significant de-risking process, and today we

operate a portfolio with delinquency levels that are substantially below market averages, roughly half of the system levels, while delivering quality growth and double-digit expansion in the target segments where we have chosen to grow. Therefore, we are very satisfied with the quality of the results we have achieved. That said, as I mentioned previously, we have observed some moderation in this line throughout the year as a function of economic activity levels.

I will discuss our guidance later on, but this is the line where we are making an adjustment. As I have mentioned in previous quarters, we already saw some risk that performance could trend closer to the lower end of the range. Therefore, we believed it was prudent to revise our full-year growth expectations this quarter. I will provide more details on this adjustment shortly.

Turning to credit quality, we delivered another quarter of strong consistency. Looking at Brazil, consolidated NPL 15–90 days remained stable and fully in line with the previous quarter. In Brazil, the Individuals portfolio also remained stable, at approximately 3.0%. In SMEs, we saw a slight increase, fully consistent with what I have been discussing over recent quarters. We continue to expect normalization of this indicator with the gradual stabilization of the grace periods associated with government-backed programs, which as I previously showed are highly relevant within our portfolio.

We are now approaching the end of these grace periods. We should still experience an additional quarter of increases, particularly in NPL over 90 days, which I will discuss in greater detail shortly. Looking at long-term delinquency, the overall indicator remained stable, as did Brazil's indicator this quarter. These are very positive developments for cost of credit, particularly in an environment, with household indebtedness increasing, household leverage rising and interest rates remaining restrictive. Even under these conditions, we have been able to navigate the cycle with a high degree of discipline and consistency.

Looking specifically at Brazil, delinquency in the Individuals portfolio increased slightly, by 10 basis points, but we have absolutely no concerns regarding this portfolio. I also wanted to provide greater transparency regarding the impact of the Desenrola Program. We had 371 thousand clients impacted and BRL 1.1 billion in renegotiated loans, but the effect on our indicators was immaterial. To put this into perspective, the impact on cost of credit was BRL 60 million during the quarter, while the impact on the delinquency indicator was only 2 basis points.

Why am I highlighting this? Because we achieved a 12% market share in this program. When the program was launched, our expectation was to operate with approximately 10% market share. We performed somewhat better than expected, although the target customer profile, consisting of individuals earning up to five minimum wages, is not necessarily the primary focus of our portfolios.

The key message, however, is that our risk management framework continues to perform with a very high level of quality, regardless of any specific program. In this particular case, the effect on our indicators was immaterial.

This is the indicator I mentioned earlier, with SMEs increasing from 1.9% to 2.0%. We are still operating at levels that are significantly below those observed in the past, when this indicator ranged between 2.3% and 2.5%, and that is only natural. However, there is a mechanical effect related to the expiration of grace periods as government-backed programs mature. Previously, we benefited from these grace periods, as the denominator grew significantly without any impact on the numerator. As these grace periods begin to expire, we naturally see this increase in the indicator.

Our best estimate is that this indicator should increase by another 10 basis points next quarter, reaching approximately 2.1%, which remains well below levels observed not so long ago, such as in September 2024. It is important to remember that the market is dynamic, but our current expectation is for this indicator to stabilize at around 2.1% over the coming quarters. Once again, this reinforces the fact that we are looking at a mechanical effect and not a source of concern, despite all the challenges we have been observing in the market. Therefore, delinquency indicators continue to provide very positive news.

Regarding the portfolio by stages, I do not have any major highlights here. Stage 2 and Stage 3 portfolios remain broadly in line with expectations. However, I would like to draw your attention to the Stage 2 coverage ratio, particularly the reduction observed this quarter in the Companies portfolio. It is important to note that we do not manage the business by stage classification. Our management approach is based on expected loss.

Therefore, if you compare the sum of short-term delinquency, NPL 15–90 days, plus NPL over 90 days, with the share of the portfolio classified in each stage, you will notice that stage allocations are substantially higher. What happens is that, particularly in wholesale, when there are migrations from Stage 2 to Stage 3, or from Stage 1 to Stage 2, these effects become visible.

This quarter, we experienced migrations of clients from Stage 2 to Stage 3. Typically, clients leave Stage 2 with a relatively high level of coverage when they are ready to migrate, and this affects the overall coverage ratio. Once again, this is essentially a mechanical effect that is fully accounted for in our projections and in our cost of credit, which I will discuss shortly. There is no specific issue behind this movement. In the MD&A, you will find the breakdown by retail and wholesale segments, but this remains a purely mechanical effect with no cause for concern. It simply reflects the natural migration of clients between stages, all of whom already had adequate provisioning levels.

Turning to cost of credit, you can see remarkable stability in this series from the first quarter of 2025 through today, with cost of credit running at 2.7% of the portfolio throughout the period. This is an impressive level of stability. Naturally, nominal figures increase as the portfolio grows, which is why it is important to compare nominal growth in credit costs against the growth of the portfolio itself.

That is exactly what we have observed. Cost of credit recorded only a slight increase, reaching BRL 10.1 billion. As I mentioned earlier, the impact of the Desenrola Program was immaterial both overall and during the quarter.

Moving on to the Renegotiated portfolio: it continues to operate at very comfortable and appropriate levels, although there are some specific effects worth mentioning. I had previously indicated that, at some point, the nominal figures would naturally tend to increase.

This is expected, given the significant de-risking process we have carried out over recent years. However, we also have specific one-off effects, such as the inclusion of the Desenrola portfolio. Out-of-court restructurings and older restructuring plans that have recently been approved are also included in these figures, among other items. Therefore, this increase is driven by specific and isolated factors. What matters most is the relative indicator, which remains very well behaved and once again demonstrates the strength of our portfolios.

Turning to Non-Interest Expenses, the news is very positive. Commercial and administrative expenses declined by 0.5% year-over-year and increased 3.2% in the first half of 2026 compared with the first half of 2025, remaining below both inflation and collective bargaining adjustments. Looking at total Brazil expenses, growth reached 3.1% year-over-year, and 4.1% in the first half of 2026 compared with the same period last year. This once again demonstrates our cost discipline across the organization and the meaningful progress we have made, particularly in those segments where we needed to improve efficiency in order to become increasingly competitive. This is a direct result of our management strategy, and we can certainly discuss it further during the Q&A session.

Overall, I am very pleased with the progress we have achieved on this agenda.
As a result of this strategy, the efficiency ratio reached 35.5% in Brazil in the second quarter and 37.4% on a consolidated basis. Looking at the first-half comparison, we continue to make progress, improving from 35.7% in the first half of 2025 to 35.2% in the first half of 2026 in Brazil, and from 37.5% to 37.3% on a consolidated basis. Therefore, I am very satisfied with the efficiency ratio of the institution as a whole. It is also important to note that all expenses are included in this metric. There are no additional expenses outside the figures presented here, which further reinforces the strength and quality of the results we are delivering.

All of this ultimately reflects our capital generation capacity. We generated 0.8% through earnings retention during the period. We had a 0.3% reduction related to dividends and interest on capital provisions, and a further 0.1% reduction from risk-weighted assets. As a result, we ended the quarter with a Common Equity Tier 1 ratio of 12.3%, a very strong and solid capital position, with further growth expected through the year's end, which should allow us to have our traditional discussion regarding additional dividend distributions at the beginning of the following year.

This clearly demonstrates the strength of our capital generation capacity. We also report additional Tier 1 capital at 1.5%. It is worth noting that the actual figure is 1.7%, but regulatory limits restrict the

amount that can be recognized, which is why we present 1.5% here. This results in a very solid Tier 1 Capital Ratio and reinforces the strength of our capital generation base.

Finally, regarding my comments on guidance, I have two observations to make. We maintained the previously disclosed guidance ranges, including loan portfolio growth, NII with clients, NII with the market, cost of credit and non-interest expenses. The only change we made was to commissions and fees and to results from insurance, which, as I mentioned earlier, is closely linked to the level of economic activity. We revised the expected growth range to between 2% and 5%, whereas at the beginning of the year we expected growth between 5% and 9%. We are making this adjustment to better reflect the trends we have been observing. If we see positive surprises in economic activity or attractive market windows, we will naturally seek to capitalize on them in the best possible way.

However, we believe that making this adjustment is the most prudent course of action at this point. The second comment I would like to make is not a change in guidance itself, but rather a comment on the position of the guidance. If you recalculate the implied results, I would ask you to consider the effective tax rate at the lower end of the range, which reflects our best current estimate. If you run the math based on those assumptions, you will see that the implied bottom line remains unchanged: despite the revision to fee income and insurance results, assuming the effective tax rate remains closer to the lower end of the range, the bottom-line outlook is effectively the same. This once again demonstrates our ability to provide visibility and deliver consistent earnings, even if the contribution by line item ends up differing from our original assumptions. We still have two quarters ahead of us, with important challenges to navigate. The year is far from over, but we believe that we are very well positioned to deliver on our objectives over the next two quarters. As always, should anything change, I will communicate it to you in a timely manner.

Well, everyone, as I stated earlier, these are very solid results. We delivered quality performance across all lines. I believe it is extremely important to look at the bank's balance sheet and, just as importantly, to understand where earnings are being generated. Above all, what matters is discipline and consistency: allocating capital effectively, generating appropriate returns on allocated capital, deepening primary banking relationships with our clients, increasing engagement, strengthening relationships, and managing a transformation process that is occurring at a pace we have never experienced before, whether in terms of cultural transformation or digital transformation. We have been able to execute and coordinate all these changes simultaneously. These are structural changes to our business models, carried out with a high degree of discipline, strong execution focus and, most importantly, with a realistic understanding of the many challenges ahead.

Both the macroeconomic and microeconomic environments require close attention. The level of indebtedness among both companies and households in a restrictive interest-rate environment requires caution. Nevertheless, we have been navigating this environment successfully, always maintaining a long-term perspective.

Thank you once again for your time and continued trust. I will now join Gabriel and Gustavo for our traditional Q&A session. See you shortly.

Q&A

Gustavo Lopes Rodrigues (Investor Relations Officer)

Hello, we're back now, live from our studio with Milton and Gabriel for the Q&A session. Before we begin, I'd like to remind you that the session is bilingual, meaning that we'll answer questions in the language in which they're asked. For those who need any kind of translation support, our platform offers audio options in Portuguese, in English, or the original audio. Additionally, you may submit questions via WhatsApp. With that, let's move to the first question, which comes from Bernardo Guttmann, at XP Investimentos. Bernardo, over to you.

Bernardo Guttmann (Sell Side Analyst at XP Investimentos)

Hello, good morning, Gustavo, Milton and Gabriel. Thank you for the opportunity to ask a question, and congratulations on the results. My question is about NII with clients. The quarter was good, without the headwinds seen in the first quarter. But in the first half of the year, this line is running slightly below 5% growth. That's against guidance that states growth between 5% and 9%, but NII guidance was maintained. I wanted to understand where the growth acceleration in the second half of the year is coming from: whether it's more volume, products mix, liabilities' margin, or whether there's any relevant contribution from proprietary working capital in that figure. And within that, with Selic rate where it is and the cycle potentially turning, how do you see the behavior of liabilities' margin going forward? Thank you.

Milton Maluhy Filho (CEO)

Thank you, Bernardo. Good to see you again. Thank you for your opening remarks. This is a good topic for us to get the discussion started. First, let me take one step back. Your question is more specifically about the NII guidance, but I also want to talk a little about the specific growth of the margin in the second quarter. We see the portfolio growing slightly below 10% over the coming quarters. Growth pace should slow down but portfolio growth should still be above the midpoint of the guidance. And that growth deceleration, in addition to the credit portfolio growth dynamic itself there's also the effect of the Colombia transaction, which is being completed in July. That's BRL 10 billion in credit portfolio; its completion reduces the loan portfolio balance in 2026 and affects the comparison with the previous year, impacting the growth variation. There's a second effect, which is that margin, as we are seeing it now, is growing below the credit portfolio growth rate. So some might ask: why is margin growing below portfolio growth? The explanation also involves the upcoming quarters. First, when we look at the average loan portfolio balance, the assets margin is growing exactly in line with the portfolio growth. So, when we break down NII, it's compounded of assets, liabilities, working capital and structured operations in the wholesale bank. Therefore, the first relevant piece of information for you is that asset margin is growing exactly in line with the average credit portfolio balance growth. That is the first piece of information. The second is that in liabilities' margin, we saw a significant acceleration in previous years, not only with the increase in interest rates but also with a large increase in balances, and we saw stronger activity, so balances also came in stronger. So, we had relevant growth, especially last year, in liabilities' margin, both the balance component and the price

component, and that helped drive it. Regarding working capital, this semester has a base effect, because when we compare it with the first semester of last year, the first quarter of last year had full capital. Remember that dividends were anticipated last year and accounted in the 4Q25, so we entered 2026 with capital base at a lower level. That is the effect on working capital. And the fourth effect that helps explain some of the margin volatility is related to the structured operations in the wholesale bank. Latam has not been a significant source of volatility; there is always an exchange rate effect or the result itself, but wholesale structured operations do create volatility effects. So, when we look at the next two quarters, our expectation is that the current NII guidance range still meets our best expectations and projection for the full year NII. Of course, the performance will depend on activity level and on a series of other factors, but we may see some volatility in NII between the third and fourth quarters, due to this seasonality of wholesale structured operations, which tend to be higher in the fourth quarter. So, we believe the current NII guidance range accommodates our NII forecast. We disclose the guidance as a range, not as a point estimate. When analyzing the impact of interest rates, there was a rate effect when we compare the implicit working capital interest rate with the previous quarter. But when normalizing for "earnings from affiliates" effects and for the lower results from real estate sales this quarter (which is also accounted in the working capital result), we see that the working capital rate remained flat quarter over quarter. And it's also worth reminding you that we hedge these operations over the long term, both for the working capital and for the liabilities. So even in a falling interest-rate cycle, the pass-through to margin is not automatic; there is a time lag, as hedges are set for longer vertices. The same is true when rates rise; the pass-through is slower. So, it will depend a lot on activity, because activity and liabilities margin go hand in hand. We see greater cash pressure in general among both corporates and individuals with higher interest rates as well as greater efficiency in cash management. This puts pressure on liabilities margin, although we have managed to grow balances. And now margin will depend a lot on the interest-rate dynamic, which also depends on several external and internal factors. We forecast two cuts ahead in the Selic rate, two of 25 basis points each in our projection, but it will depend heavily on the macro scenario, inflation and interest rates dynamics in the United States, for us to have a clearer view.

Gustavo Lopes Rodrigues (Investor Relations Officer)

Well, now let's move on to our question from Gustavo Schroden, at Citi. Gustavo, please go ahead.

Gustavo Schroden (Sell Side Analyst at Citi)

Good morning, Gustavo. Thank you. Good morning, Milton,Gabriel. congratulations on the results, once again very solid. I apologize for coming back to Bernardo's question, but I'll try to address it from the loan portfolio growth perspective. If we analyze it, the bank has avoided some credit lines and focused more on SMEs, private payroll loans and mortgage loans. I wanted to understand, Milton, in your view, how sustainable this growth level is in these products? SME is always more exposed to higher interest rates, as you mentioned. Despite the two cuts in the Selic rate you're expecting, we should still have it at a higher level and a more challenging macro scenario. Private payroll loans have faced delinquency pressure, there's also the interest cap issue, and I'd also like to understand the size of this market and whether it is possible to maintain this growth pace over the next 12 months. Mortgage loans are also challenging in a higher rate environment. So, I wanted to understand what the portfolio dynamic is going forward to sustain the NII growth – I mean the purer credit-related NII.

And just follow-up also on wholesale structured operations, which you said should perhaps expect to contribute more to the second half results, maybe closer to year-end. If you could clarify for us how the dynamics work for the dividends that come from these quasi-equity operations, I'd appreciate it. Are they linear? Is there any seasonality? Why is it more concentrated at year-end this year? I think that would help us better understand these nuances as well. Thank you.

Milton Maluhy Filho (CEO)

Perfect, Gustavo. Thank you for the question. Great to see you. Thank you for your opening remarks. Let me try to bring in some relevant elements. I'll start with SME, which was your initial question. We've been able to grow with quality, in a very healthy risk-management dynamic and with a very clear strategy. We've been growing in government sponsored facilities for many quarters. So today this is a secure portfolio in which we've grown not only for these government sponsored facilities, but also for better ranting clients. So, when we look at the historical series, that is how we built the portfolio over the years. It is a portfolio that has been performing well despite a more challenging scenario. We have been able to operate at a controlled cost of credit level, and a very solid profitability in the segment. So, the government sponsored facilities portfolio continues to help keep delinquency at a lower level, but even among those clients that are not in the government sponsored facilities, we are growing with very high credit quality. I already explained in the presentation about delinquency, but I want to reinforce that we have seen delinquencies level flat among SMEs, especially due to this mechanical issue related to grace periods. So, as grace period is trending to zero, it's natural that we still see a mechanical increase in NPL. Remember that guarantees are exercised, depending on the program, within up to 180 days. So, the credit goes through delinquency before the guarantee is executed. Therefore, we should see another 10 bps NPL growth, as I said, and then some stability, ceteris paribus, with the information we have today. Of course, the scenario is dynamic; if it deteriorates, we'll naturally provide more information.

Regarding private payroll loans, I think it's worth reinforcing that, in the old product, which was a product where you entered into specific bi-lateral agreements, this was a BRL 40 billion total market and we had approximately 30% market share, which means a BRL 12 billion private payroll loan portfolio. So, it's a product that we've been learning to work with over the years, whether through the know-how of granting credit to corporates or the know-how of granting credit to individuals. The private payroll loan is precisely the combination of these two types of risk management. So, from the beginning, we clearly focused on clients that we understood to be the target audience for this product and that is, for the most part, mainly the bank's checking account clients. We have not operated materially in the open market, for the reasons mentioned. We have seen a high level of delinquency in the market, and still relevant operational problems. These are processes that still need to evolve. The message I wanted to convey is: we have been able to grow with high credit quality; we should stabilize delinquency indicators at levels similar to those of the previous product; and we see nominal NPL still growing for an obvious reason: the portfolio is growing a lot. I do not think it will continue growing at this pace. It will stabilize at some point, but we continue to see a good opportunity to originate with very good credit risk, in a very adequate delinquency dynamic. And more importantly, we are running, as I had already shown last quarter, at approximately half of the system's delinquency level. Data has been released recently, and we are running with an NPL ratio of almost half of the market's level, which shows that this is an operation that creates value, generates

profitability and, more importantly, serves our clients with the most appropriate product. So that is the focus. In other words, if we want to be a client-centric bank, we need to offer the product, because it is the cheapest product. It even helps explain why the personal loan portfolio did not grow in the quarter. Because for clients who are eligible to the payroll linked loan, personal loans origination dropped 7%, while the payroll loan grew. So, there is a trade-off to avoid over-indebting our clients. I also shared data showing that in our portfolio, our clients have been performing well, and the level of delinquency has remained healthy.

Regarding mortgage loans, this year has been applied the lower capital requirement, due to change in the mortgage-loan mechanics. So, the regulations were set for funding from savings account: 65% must be addressed to mortgage, 20% to reserve requirement and 15% is free resources. This year the reserve requirement dropped 500 bps, from 20% to 15%. We look at mortgage loans from a client perspective: how do we serve clients comprehensively and meet their needs in the best possible way? Given the funding mix we have between savings and treasury, with all the hedges we put in place, this allows us to grow with high quality, because this portfolio also matures over time, so you need to look at it as funding returns. And let's remember the regulation changes starting next year: there will be gradual releases of the reserve requirement of 1.5% per year over the next ten years. Ultimately, over time, this means you have two forces. One is savings under more pressure; in our case, it fell only 0.6% in this period, so it exhibits relatively stable behavior. And the other force is the increase in mortgage funding. We see capacity to continue growing the mortgage loan book and pricing it correctly. If you compare us with any private bank, our return on each marginal BRL originated in mortgage loans is the highest, given our funding structure. So, we're comfortable with this growth. In SMEs, the performance depends on capital markets. We have seen capital markets become more erratic in recent months: two weaker months and then the month of June more active. Going forward, our growth will depend a lot on activity level, and, more importantly, we have been very disciplined in capital allocation and return. It's very easy to grow the portfolio with the wrong return. When we look at all portfolios, to mention vehicles, large companies and others, we have seen the market's risk appetite level above ours. We have operated with a return-on-allocated-capital model for years, so we have a high level of accuracy. In these models, we see that these operations in general are destroying value for shareholders; the returns run below the cost of capital. That is not our dynamic: we always put the client first, but even so we see an opportunity to be careful in allocation. So, the portfolio will continue to grow with high credit quality; we have been growing both in individual and SMEs portfolios, focused on the best rating and the most resilient clients, and we have been able to grow the credit portfolio and NII at the same pace. What has actually decelerated is liabilities' margin and wholesale structured operations margins, which is your last question. Dividends from quasi-equity deals do not necessarily have a very clear dynamic, because each company decides on its dividend schedule at the time they deem appropriate. So, first, it assumes that we have a tax base to operate these transactions. This is a precaution we need to take to manage tax losses and DTAs, which is relevant. Second, companies typically approve dividends at the end of each half-year, at the end of the first and especially in the last month of the year, but eventually there may be a restructuring along the way, the client may need to redeem that preferred share for some reason, and this can result in an extraordinary dividend. So, this is a portfolio that has been erratic for us. It is difficult to say precisely how NII will behave in the third and fourth quarters because, as we are already

at a very high profitability level, any marginal operation creates volatility. That is why we have been cautious in giving shorter-term guidance and have tried to look at the full year. For the year, as the dividend will be paid anyway, we have more confidence in our information.

Gustavo Lopes Rodrigues (Investor Relations Officer)

Thank you, Gustavo. Now we'll move on to the next question from Beatriz at UBS. Beatriz, good morning.

Beatriz Shinye (Sell Side Analyst at UBS)

Hello, everyone. Good morning, Milton, Gabriel, Gustavo. Thank you for the opportunity. Our question is about efficiency. In the quarter, the efficiency ratio increased slightly, but because of seasonality, as we understood it. But we see a very good trend. Do you still see room for improvement in this ratio? If yes, what would be the main drivers for the improvement to continue? Thank you.

Milton Maluhy Filho (CEO)

Great, thank you, Beatriz. Good to see you here. Go ahead, Gabriel.

Gabriel Moura (CFO)

Hi Beatriz, yes, we do. You may remember that last quarter we shared our view on the efficiency ratio over time, mainly looking at some business segments where we were already at efficiency ratios that were global benchmarks, and the segments that are still scalable from an efficiency ratio standpoint. Obviously, as you know, the efficiency ratio depends also on revenue, but the focus is on cost. I highlight that this is the best second quarter we have had and the best first half in terms of efficiency ratio. There is a bit of the seasonality you mentioned; the first quarter is usually when we see lower spending. And the levers are business models and technology applications. Many of the benefits from the technology investments the bank has made over the past few years are now starting to bear fruit, and we are able to reach a much better efficiency level. So, this is a virtuous trend; it is not only from this period. If you look at a longer timeframe, you'll notice it. We believe it has potential to continue. The plans we see, and the bank's level of detail and discipline in scalability, are very strong. So yes, that is what we expect for the future.

Milton Maluhy Filho (CEO)

Can I just say that I strongly reinforce Gabriel's words, with great emphasis and enthusiasm.

Gabriel Moura (CFO)

Not least because you demand a lot from the teams.

Milton Maluhy Filho (CEO)

That was implicit.

Gustavo Lopes Rodrigues (Investor Relations Officer)

Thank you, Beatriz. For the next question, we have Marcelo Mizrahi, at BBI. Marcelo, please go ahead.

Marcelo Mizrahi (Sell Side Analyst at Bradesco)

Thank you, everyone, for the opportunity. Congratulations on the results. I wanted to ask specifically about the revenues from service and insurance. There was a downward revision to the 2026 guidance, but I wanted to understand a little more about the dynamics that led to it and how much the bank's

strategy is embedded in them. The revenue from card issuance is growing less than card volumes, the payment lines – where corporate account fee and acquiring business results are registered – growing less than volumes, or even declining in the period, and also the revenues from insurance... I wanted to understand how we should think about service revenue going forward. I think for the year it is clear.

My question is, looking at this expectation plus the more cautious activity dynamic and the bank's own portfolio mix, is it reasonable to think that fees should also behave perhaps a little more cautiously or grow a little less, including over the next year? We believe that for next year, given potentially lower credit growth, the service lines may be affected. What is behind this change in strategy? Or is it actually maintenance of the existing strategy? I wanted to know whether you agree with this view that, thinking about the portfolio mix and the bank's strategy, it makes sense to think about this line also being weaker in the next quarters and next year? Thank you.

Milton Maluhy Filho (CEO)

Thank you, Marcelo, for joining us and for your opening remarks. I think it's great that we can talk about the fee line, because there was in fact a change, and I think each component here in the services and insurance table deserves a brief explanation. So, starting with cards. Credit cards, especially for individuals, have a double effect, if I can summarize our strategy. The first is that over the past few years we have carried out important de-risking in the portfolio, especially in lower-income segments or less resilient clients, and looking back today, we lost marginally in revenue but saved important volumes of credit losses. So, when I look at it today, I think the strategy was correct. Second, we have been increasingly focused on middle- and high-income clients, where we have grown our portfolio. When we grow in these profiles, the product is naturally more expensive and growing in it we depend less on annual fees, as we have been reducing annual fees over time to remove friction in the client relationship. We allow ourselves to do this with the level of results we've generated over the years, and we have built an operation fully dedicated to client centricity, lifetime value, and client engagement. So, we reduce friction by not charging annual fees. On the other hand, rewards tend to cost more. We see many players using credit cards as a client acquisition cost, inevitably making them more expensive. This ends up increasing costs, but in our view this client profile deserves the best service, under the best conditions. And we look at this from a client's perspective, from a principality standpoint and not from a product perspective. This helps explain rewards expenses growing, annual fees falling, and interchange coming at an adequate pace.

Now, there is an important component of our strategy that does not appear in the services and insurance revenue table, which is that a good part of the growth and of this cost is being financed through the interest-bearing portfolio, where we begin to use the credit card product as a means of financing consumption and not as a product for a client who is already in a more deteriorated situation and move into overdraft or installment payments on their bill. We have been adding a series of features to credit cards to increase the elasticity and propensity of middle- and high-income clients, and we have been able to do this in a very material way. This component must be placed together with the card strategy, but it sits in NII with clients, not in service revenues, on the credit card line.

Then, in the asset management business, the performance fee is an important result component. Despite a more difficult market for everyone, we were the second best in performance fee

generation. So, we had good relative performance, although it was not very good for anyone.
This means that, as performance fee is accounted only in the second and in the fourth quarters of the year, performance fee was lower than in the second quarter of last year. This is a risk-management dynamic; we hope to be on the right side despite the volatility being very challenging. Generating performance fee results is what is important. On the other hand, we grew balance significantly, and rates were flat. So, this ends up generating management fee resources as well, which helps offset the performance fee. And the strong performance of the consortia business has also helped the service revenues.
Moving on to investment banking business, DCM is what has set the tone in this line. ECM is practically stalled, M&A is very erratic, with better months and worse months, but still at a very low level. And fixed income has been relevant: April and May were two slower months, but June was already a better month. I think it's worth making a quick aside here: we like to look at securities transactions, especially in the rankings, by combining origination and distribution. So, as you can see, we continue to lead by a wide margin in the distribution ranking, which shows that a good part of the origination we do in securities and financial instruments is distributed to the market, and we do not originate these transactions exclusively for allocating them in our balance sheet. We originate them because of the strong capital markets dynamic that has grown significantly, securities issuances to be distributed to the market. And this is an important component to look at. Why? Because when you book these transactions, you must consider the all-in result, which is the credit spread plus the fee you receive upfront, and we have seen transactions in the market well below the cost of capital. So, a significant part of the transactions we lost were due to pricing, because in fact the transaction return is below the cost of capital. And let's agree that we've been operating in this market for years; it is not difficult to calculate capital allocation and return. Transactions are being issued with returns between 11% and 12%, below the cost of capital, which destroys value from a client perspective.
But there's a second component that I think is important to reinforce here, and it will depend a lot on the market dynamic, which is that you may have an even worse risk. These returns I'm referring to are returns considering the fee, which is recognized upfront. The risk you run is recognizing large fees and showing a growing line, while keeping a low-profitability asset over the long term. The duration of these booked transactions can be up to seven years, which means you end up carrying an asset with very low profitability, because it yields 12% return on average considering the fee, and we have seen transactions well below that, considering the fee. So, this dynamic is perverse: you recognize the fee, generate a very large fee revenue, and eventually, I am not saying always, you may book low profitability securities over the long term, which is dilutive to profitability.
That's one point. The other is that we also must be quite careful with credit risk. We lose some transactions because of risk appetite itself, and they are influenced by a few factors.
Moving on to the insurance business, we have had a very important growth in bancassurance, the core of the insurance operation, that has been performing very well. It does not mean this line includes exclusively our bancassurance operation; it also includes the earnings from affiliates and other effects. There may be some volatility in the earnings from affiliates quarterly and year-on-year performance. I think public data is being released, and it will be clearer. We have been able to grow with very high quality; we have grown year on year, with premiums issued growing significantly, and

more importantly with loss ratio very controlled. Pension programs also have an important performance fee component.

Looking ahead, of course service revenues depend on activity, but each line has a different strategy. The most important thing is for us to have this client perspective. For Corporates, I ended up not talking about flows and collections, and it's worth remembering that we brought the acquiring business results through Rede inside the bank, and there is a double effect here. First, the client mix effect: we grew more in wholesale than in retail, which naturally affects the result. Second, the integration of the business into the bank: we do not look at the product perspective; we look at the client perspective. Third, the floating generated in the Rede business does not sit in this service revenue line; it sits in NII with clients. This is an adjustment that I think we should make looking ahead to have a clearer view of the business. And the major headwind, in fact, is corporate account fees, which we have been proactively reducing. And the reason for making this fee reduction is to remove relationship friction, increase lifetime value with clients, and create value over the long term. So follow client engagement rates. Current account fees for individuals and corporates are falling. Today we're generating as current account fee revenue one-third of the result we used to generate in the past. It shows we've been able to make the transition that was necessary, becoming a more digital, more efficient, more client-focused bank. I think that for the long term, the NPV of these decisions is very relevant. And going forward it will depend on activity. Anyway, we'll see how we manage to grow in these "X" lines. Soon, we'll be budgeting for 2027. Perhaps next year, after the election, with a more benign macro scenario and room for interest rates to fall, it may facilitate the opening of some of these lines.

Gustavo Lopes Rodrigues (Investor Relations Officer)

Thank you, Marcelo. And for the next question we have Yuri Fernandes at J.P. Morgan. Good morning, Yuri.

Yuri Fernandes (Sell Side Analyst at J.P. Morgan)

Good morning, Gustavo, thank you. Good morning, Milton and Gabriel. Congratulations on capital generation, with RWA growing less than the credit portfolio. So, I think that speaks to the quality of earnings generation. I wanted to go back just to asset quality discussion, Milton, if I may. I think in the presentation you already commented quite a lot, right? I even felt you were not that concerned. I just had one question about your 15-to-90-day delinquency indicator for individuals and SMEs. Historically, we see an improvement, seasonally, in 2Q versus 1Q. I think part of SME you already explained, right? You explained that it has to do with government sponsored facilities and the end of their grace periods. But the individuals NPL was also flat quarter over quarter. Usually, it falls; it is not a significant drop, something like 10 or 20 basis points, but this time it was flat. So, I'd like to understand whether your comfort with asset quality is more that maybe things will not improve much, or whether there is deterioration. I know Itaú has a better balance sheet, so you are more prepared. But we're a little concerned and wondering whether we'll see some level of deterioration or not. Is this a scenario of stability? Just to understand it. And if you could also explain what happened with the 15-to-90-day delinquency indicator, I would be great. Thank you!

Milton Maluhy Filho (CEO)

How are you, Yuri? Thank you for your opening remarks. Good to see you here joining the call.
Well, first I think that you got what I tried to convey during the presentation. It's clear that the situation has deteriorated. If we compare last quarter and this one, we see a relevant increase in over-90-day delinquencies ratios reported across all products in the market. First point: on our side, we have not changed our write-off policies for any product at any time. And Resolution 4966 gives you degrees of freedom. But we kept the same approach, because our expectation of taking the client to write-off has not changed, despite those degrees of freedom. So, we do not manage either the delinquency indicator or the provision levels using these degrees of freedom. That is number one. Number two: de-risking of the portfolio has already been done. So we have been able to grow significantly in more resilient clients, both in the individual and corporate segments, whether in retail or wholesale segments. This has brought very important results. What is the twist here for early delinquency that I think is worth explaining? If you look back at how much our short-term delinquency indicator grew in the first quarter compared to the fourth quarter of last year, you'll see that it grew much less than historically we used to grow. It was up 23 bps in the first quarter this year, which was well below what we used to grow. So, we usually see a greater recovery in short-term delinquency in the second quarter because the first quarter is seasonally higher. Since the short-term delinquency indicator was very low – up only 23 basis points in the quarter – it also drops less in the second quarter. Note that, excluding 2023 and 2024, 1Q26 was our best short-term delinquency indicator in the historic series for a first quarter (we used to grow around 50 or 60 basis points in the first quarters) . So, it's a purely mechanical effect; there is no deterioration signal. We've been working hard on collections and monitoring indicators, but there are no signs of concern in our portfolio. Of course, all else being equal based on the information we have today – with high indebtedness and high interest rates – there has clearly an oversupply of credit in the market over the last few years, but we've been very disciplined about growing credit the right way and we are very comfortable with our delinquency indicators. So, you can expect delinquency flat over the next quarters. There will be some minor fluctuations going forward – again, based on the information we have today, but no concern of any kind. Analyzing the cost of credit across the portfolio, it is very controlled. The renegotiated portfolio raised slightly in the second quarter, due to the "*Desenrola*" Program, and due to judicial reorganizations announced last year that were only approved now impacting second quarter renegotiated portfolio. You can only consider them renegotiated once the plan has been approved. So that is basically what explains the performance. So, any credit metric you may analyze, such as provision balance or NPL creation, is stronger now in the second quarter because it is seasonal. In the second quarter, given the rollover from short-term to long-term, NPL creation tends to rise. There was also a small mechanical effect on creation coverage. We do not set aside provisions on top of creation; we do so based on expected losses. So, when short-term delinquency occurs, we anticipate in the first quarter when the issue arose. In the second quarter, we no longer see the same effect. The coverage over creation disclosed is for the retail segment which considers individuals and small corporates. Since there are more secure products in the credit portfolio, they naturally require less provisioning. So, no matter the metric you analyze, we're very comfortable with the credit quality indicators. But do not read any kind of message into this. Our best estimate today is NPL flat for individual segment. For the SME segment, there is that mechanical effect you accurately identified from the government-backed programs; so we should see deterioration of another 10 basis points,

possibly next quarter, and then it should stabilize thereafter. Again, that is our expectation based on the information we have today, but the market is dynamic. It may worsen faster, but that is not what we're expecting. And finally, we should disclose, in the next quarter, our delinquency indicators compared to the market's, which I think will be helpful and it will become very clear how we've managed to outperform the market. The gap between the two curves is widening considerably. And we're managing to deliver very controlled and consistent delinquency indicators, with very adequate and high-quality portfolio growth, and a long-term vision. So, I think that is the message that should remain.

Gustavo Lopes Rodrigues (Investor Relations Officer)

Thank you, Yuri. And now for the next question we have Renato Meloni at Autonomous. Renato, please go ahead.

Renato Meloni (Sell Side Analyst at Autonomous Research)

Good morning, everyone, good to see you here again. Thank you for the opportunity to ask a question, and congratulations on the execution so far. I'd like to start with some questions in a broader way. Could you, Milton, comment about your perspective on the credit cycle for the industry over the second half of the year, and in 2027? I mean, you have a large fiscal push this year; how much that might be helping? And do you see more risks for 2027 if that diminishes? Also, if you could connect that with your previous comment that you expect some deceleration in your portfolio growth and convergence toward guidance, where would that growth come from? Perhaps in a more stable scenario with delinquency under control, is there no room to accelerate portfolio growth and possibly exceed guidance?

Milton Maluhy Filho (CEO)

Thank you, Renato. First, we've followed the credit cycle for many years and, naturally, it manifests itself in different ways across the various segments, and across the various products within each segment. So, the choices we've made on how to grant credit with a long-term view and portfolio management were vital for us to deliver what we're delivering. Because when you manage a portfolio, you look at all dimensions: forward guidance, macro scenario, current conditions, and the client as an individual with all the data. All the models we've developed have delivered very strong results. We have also been able to make significant progress in artificial intelligence, with important results in credit management. So, regarding the credit cycle, what do we see? We see high income commitment, a high volume of transfers as well, and government sponsored facilities of various kinds – the "*Desenrola*" program, for example – had an important impact. In our portfolio it was immaterial, but there are 371 thousand clients impacted, BRL1.1 billion in the renegotiated portfolio. We presented a 2-basis-points impact in the delinquency indicator, which is immaterial in cost of credit, but for other players the impact may probably be greater, given the share they had in the program. This Program's target audience is clients with income of up to five minimum wages, which is less representative of our loan book. But, of course, we also serve this client profile. Anyway, I think the credit cycle will be challenging because of the United States economy: two possible interest-rate hikes by year-end and long curves in the United States opening will put pressure on the curve, and an important risk premium in Brazil's curve. In the very short term it is well priced, with a 25-basis point cut today and possibly another 25-basis point cut at the next meeting, which is our base case scenario

today. But it will depend a lot on the United States economy, because if interest rates rise there and stay at a higher level, naturally this will end up pushing FX, and that will generate additional inflationary pressure, which could make the Brazilian Central Bank's work more difficult. This is yet to be seen; we need to monitor it closely. These programs have helped, but they are one-offs; they are not forever. I think nothing replaces risk-management discipline. What I think we're experiencing today is the excess credit provided by the market; and the regulation that opened the market in a relevant way. There are many players granting credit. We see that most of the credit in the financial system and most of the credit growth is from the new players, and clients ended up becoming over-indebted because of this. There used to be 1.4 credit cards per person; and today it's 5 or 6 credit cards per person. So, our strategy was to grow among resilient clients and to help our clients make this transition in the best possible way. But it is a scenario that calls for caution. We still need to look at 2027, over the coming months, to understand what the real capacity is.

Now, your final question was: why don't you take advantage of the fact that you're in a better delinquency condition, and the balance sheet is strong, to grow? Because I think then we'd make long-term mistakes, you know? So, we have had this discipline, and it is this discipline that got us here. The day you lose that discipline because you think you must grow, you may deliver results by growing top line but you may give it all back with the increase in the expected losses expenses. And this affects capital and worsens your ability to grant credit again, because then you become defensive in collections and reduce appetite, with an open-and-close approach to credit that we avoid. So we want to be always on granting credit, growing with vigor, but with clients that are more resilient, and always looking at the long term. So, we will not give up this discipline. And what I always say is that, when we see the market growing irrationally in any line, we must lose market share, not lose money. And that is what we have done in the portfolio adjustment process.

Gustavo Lopes Rodrigues (Investor Relations Officer)

Thank you, Renato. And now we have Daniel Vaz at Safra. Good morning, Daniel, please go ahead.

Daniel Vaz (Sell Side Analyst at Banco Safra)

Good morning, Gustavo. Good morning, Milton. Good morning, Gabriel. Congratulations on the results and on the bank's cost of risk stability – in short, a bank that is always very predictable and stable. I want to go back to the efficiency ratio topic. We've already heard some of Milton's thoughts. I wanted to try to understand the cost management you have at the bank today. If, hopefully very far from this, there was a scenario in which your revenues grow in the low single digits, how much room would you potentially have in a cost contingency to maintain ROE? I'm trying to understand the low growth in costs, whether it is more institutional, labor-related, a regulatory issue, or whether it is simply a deliberate choice of investment speed versus your revenue. And looking at what has already been done so far, there has been footprint reduction, lower headcount, etc., but how much more of this from now on comes with AI applied in your businesses? What has been done so far and is it 100% supported by AI or are you still testing it? You launched AI for clients; are you still debating this, or is it already 100% supported by AI? And from now on is this how the bank will be managed? Thank you!

Milton Maluhy Filho (CEO)

Good to see you here, Daniel! Thank you for your opening remarks. I will look at the glass half full, ok? The comment I wanted to make is this: first, cost is what is in our hands. So, of course, revenue has a

projection, a mechanical revenue component, which is the portfolio itself and growth. And when I look ahead, I see that revenue is uncertain, because it depends on activity, the macroeconomic scenario, unemployment rate, delinquency level and other factors, but cost structure is under our management. We have already significantly decelerated cost growth, without ever giving up long-term investments. This is our mantra: never jeopardize the future. We're always working to generate value for clients, to invest in technology, platforms and digital experience, and to deliver an increasingly better bank to our clients. We will not give that up! We continue to develop new businesses, but it is possible to do both things: to invest and to create room to make that investment. So, there is no silver bullet; there is a series of efficiency initiatives that Gabriel has been leading, together with the entire Executive Committee and the whole bank. It is very deep work, with all levels mapped, initiative by initiative, in addition to monitoring and execution discipline. So, this is the direction we are heading in, have no doubt. And, obviously, if there is technology, AI or any other way to accelerate the process, we will use it. We're careful with all the discipline related to token usage, without ever inhibiting innovation, but managing and monitoring value generation, among other aspects. But efficiency, for us, is a mantra and has never been as important as it is now. We've been able, mainly in the segments where we need to gain competitiveness and advance versus the market, to achieve consistent improvements of 500 basis points in the efficiency ratio, with consistency. And we'll continue to improve, especially in the retail segment, by adjusting the cost to serve to become more competitive, especially in Itaú Digital, given all the investment we made in technology modernization and journey transformation, which allows us to serve our clients very well with the best digital experience. As an aside, this past month we closed by 18 points the gap in the competitive NPS produced by Prisma, which measures the market's competitive NPS for the winner of digital experiences. In other words, we've closed this gap over the past few years, with all the investment in digital transformation. We're prepared to capture the benefits of digital, but we need to adjust the cost to serve. I think Gabriel has been leading this process very well inside the bank and can share more insights with you.

Gabriel Moura (CFO)

Starting with your question, in which you mention the bank's result, stability and predictability. I think this explains a lot of how we do things. If you think about it, at the end of the day, it isn't difficult to cut costs, just as it isn't difficult to grow the loan portfolio. The consequences of what comes next are what matters. This is part of the decision-making process.

That is, cutting costs in a way that is sustainable for our relationship with clients and for the primary banking relationship we have with clients requires a series of investments that we must make today to ensure value creation in the future. The efficiency ratio is very important. It's a driver of the bank's competitiveness, but what we seek, at the end of the day, is to maximize value creation. That is the bank's north star: what we can do better for our shareholders, and that involves doing the best for our clients. So, as Milton said, there isn't just one initiative. AI is an important lever and we're implementing it. You mentioned the launch of ia.i. We've not yet captured all the benefits, and we're working on other initiatives. At the same time, doing this requires investment. In other words, AI spending specifically at the bank will increase over time, but it generates efficiencies, client engagement and revenue. So, it is no different from the entire transformation we carried out previously in investing to migrate our systems to cloud, for example. Expenses increase, but

important externalities are generated for product development and for efficiency within the bank. So I think Milton's answer is quite complete, but we are doing as much as we can, at the pace we believe is appropriate to be sustainable and to continue generating value for shareholders over time.

Gustavo Lopes Rodrigues (Investor Relations Officer)

Thank you, Daniel. And now we'll switch to English, as we have Tito Labarta at Goldman Sachs with us. Tito, the floor is yours.

Tito Labarta (Sell Side Analyst at Goldman Sachs)

Great. Thanks, Gustavo. Milton, Gabriel. Thanks for the call and for taking my questions. And congrats also on the strong results as usual. I also want to ask about your position in the industry. You know, you're delivering about a 26% ROE in Brazil at a time when other incumbent players are struggling to do double digit ROE.

And there's concerns about the credit cycle, growth slowing, and a high-interest rate environment. How do you see the competitive dynamics? Because that could create some incentives for some irrationality, perhaps from some of your competitors, to try to improve their position in relation to yours. And we saw some pressure on fee results. Maybe that's related to competition. But what are your thoughts on competitive dynamics? We also recently saw there was an index that ranked you as one of the top two banks in Latin America in terms of AI. On the one hand, I think the leaders globally typically increase the gap relative to the laggards. Is that a scenario that we're seeing or could competitive dynamics change right now and could they close the gap to some extent? How do you see it, given where we are in the credit cycle, given your position, and given where your competitors are today, your ability to sustain these levels of profitability and maybe some of the risks related to that? Thank you.

Milton Maluhy Filho (CEO)

Thank you, Tito. Good to see you.

Thank you for your initial comments. So, it's important to state at the very beginning that we have many competitors in all the segments in which we operate. So, if you go to the wholesale business, or Itaú BBA, there are the incumbent players and the new players competing for all the business lines – such as credit, cash management, derivatives, FX, everything. On wealth management, there are other competitors for investments, for asset management, and so on and so forth. And the same road applies for all the other segments. Okay? So, when we talk about competitors, I think the first comment I'd like to make is that we have huge respect for all of them. And I think all of them are doing their homework. Everybody is trying to be more competitive in the long term, by making their investments, and trying to grow. Everyone has a budget. Everyone has a board. Everyone has incentives. So, this is life as it always was. But then we break-up by segment to understand, I would say, how competitors behave. First of all, you're right. We've been able, fortunately, to deliver 2 digits ROE or strong 20-plus return on equity in the last few years. And we're always trying to deliver the best value creation for our shareholders. And it depends a lot on cost of equity that today we pretty much set at 14.75%. This is where we believe our cost of equity is set. So, whenever we're generating over 14.75%, we're creating value for the shareholders. If we're operating on that level or below it, we're deploying capital in the wrong way. So, this is the discipline we have. It's true that under pressure to present growth, some institutions may grow fast by underwriting credit in an irrational

way. We wouldn't be doing that, because I believe this is not sustainable. And whenever we see some irrationality and it's happening in some segments, we take one step behind because it's not sustainable. And in a few months, it'll be clear. And then, the market will be disciplined again. Why is that? Because the profits or the revenues grow, but the return on equity will be low. And the market will be at the end of the day looking for the capability you have to create value for the shareholders. So, this is very important for both multiples, PBV and PE. And the other thing that the market will be looking at is the tangible equity of every institution, because the level of leverage you get when you have small tangible equity is huge. It's not made for making mistakes. Because if you make mistakes in credit, you have just a small portion of your equity truly capable of absorbing losses. So that's why we believe it's not sustainable.

Otherwise, you would have to raise capital in the market increasingly. So, what we're seeing is that there is irrationality in some segments. This is not enabling us to grow or preventing us from growing. We are growing and growing with discipline. But when we see that, we take a step back and keep doing it the way we believe in the long term. This discipline is key for the long term. So, when people ask me what differentiates us from the rest of the market, it is capital allocation discipline. I think this has been key for many years and will be for the coming years. But we see room to grow. We see room to grow our portfolio. Strategy and experience is important, it's not only a matter of price. Clients are looking for a better experience. Clients are looking for a bank with a complete portfolio of products and services that is competitive, and, of course, that has a digital journey that is excellent. So, this is the way we are offering the bank to our clients. Capital discipline will always be a must for us. So, let's check out the performance in the coming quarters. Let's wait and see how sustainable those different strategies are.

Gustavo Lopes Rodrigues (Investor Relations Officer)

Thank you, Tito. And now we'll return to Portuguese. We have Eduardo Rosman with us, at BTG Pactual. Rosman, good morning. Please go ahead.

Eduardo Rosman (Sell Side Analyst at BTG Pactual)

Good morning! Thank you for the opportunity. I wanted to return to the credit-cycle topic and hear Milton's view. How does he see the system today prepared for a potential credit crisis, because the market has changed a lot, right? In the Corporate segment, we notice that the capital markets have grown a lot, and multiplied several times its size, and have become the largest player in the FDIC industry, for example, reaching a market of more than BRL 800 billion. On one hand, this dilutes risk, but it causes changes, and we do not know how the capital markets would react to a crisis – whether everyone would move in the same direction or not. Among individuals, the incumbent players have lost a lot of market share in credit cards and also in unsecured credit. There are new banks and platforms – everyone wants to be a bank today. So, I wanted to understand how you compare this scenario with past crises. And how you evaluate the system today, is it prepared for a potential crisis? Thank you.

Milton Maluhy Filho (CEO)

Perfect. Thank you, Rosman, good to see you. Thank you for the question. I think you touched on very important points. When we look at the current scenario, there have been major changes in recent years.

The first one you mentioned: the capital markets volumes have grown and they're now higher than the financial institution's volumes. So, it's a truly massive volume. Of course, within that number you also have Financial Bills issued by banks, but it does not matter, right? The volumes are very, very relevant.

Today, corporate credit volume in the capital markets is equivalent to around two times the size of Itaú. We've never had such a relevant size of capital market. This is great, because companies now have access to a broader source of funding. Corporates have access to long term credit that in the past were exclusively funded by BNDES and today the capital markets have the capacity to fund.

But we've never experienced a relevant credit crisis under this scenario, and I think there will be different challenges from what we experienced in previous scenarios.

There are banks and capital markets in discussion now. Anyway, we've already had a few cases where we've managed, to some extent, to negotiate rationally with all participants, but it is always a challenge, so this is the first point.

The second point is that I think regulation was too open in the past. This is a point we've made for a long time, and today the number of players in the market is really very large. And then you have a supervised market, remembering that the Central Bank does its work, and this work also has its budgetary constraints. I think this has been coming very much to the surface, and we are very much in favor of an increase in budget allocation for the Central Bank, because it's the same as granting credit without having a collections structure: it's opening the market without having a supervisory structure that can follow the market's evolution at the same speed, not because of quality, but because of physical limitations.

So, this is an important topic that we've been discussing. We strongly support the increase in budget allocation for the Central Bank so that it can supervise this larger market.

Then there is an unsupervised market. A good part of the neobanks or newcomers end up bringing operations onto the balance sheet but distribute them to funds. So, a good part of the risk is in the BRL 800 billion FDIC market. They are capital markets, but it is a risk that is almost shadow banking, where we have low visibility into what is effectively inside these FDICs. And when you have a stress situation, who owns the receivable, the Central Bank's transfer law, what comes first, these are situations that arise and that we'll have to deal with.

I think the following: income commitment is very high. I think over-90-day delinquency indicators are rising at an important speed; just look at market data.

The volume of credit distributed in the market is much higher than what the market would have had the capacity to absorb. So today getting a credit card is easy. The fact that there is no annual fee allows you to have six cards in your wallet, because you will not pay an annual fee. And then the sudden-death effect is created, right? You use one card until the moment you cannot pay it, then you put this one the drawer, go to the next one, and then the other one, and leave for last the bank with which you have a primary banking relationship.

So, I think the scenario, whether among individuals or SMEs, under this level of interest rates, concerns what we are seeing. This naturally makes it more difficult for companies to invest and pay their obligations.

The agribusiness world clearly has its challenges: a perfect storm, whether due to commodity prices, freight prices, fertilizer prices, the war, and so on.

So, there are many reasons that the situation has worsened; it has not improved and it has worsened. Now, the market is liquid, with several actors operating, domestic consumption, a lot of money and resources coming into funds. Until the first relevant mark-to-market, which could have an impact.

And we see, through the price dynamic, some volatility in credit spreads, but still at very competitive levels.

The market has absorbed credit at competitive prices and those who took advantage of the window did well. Those who booked at the wrong price have a problem, because the day they need to sell due to a need for balance-sheet turnover or whatever it may be, they will end up taking a very large hit. So that is what we'll have to monitor, but I think the scenario has worsened, and we'll have to follow the developments, the level of structural interest rates and productivity, activity growth, and the economy.

We cannot depend on public spending and transfers. We need to bring in private investment, which at these levels of interest rates and uncertainty becomes more hesitant and ends up investing less.

Gustavo Lopes Rodrigues (Investor Relations Officer)

Thank you, Rosman. Now, we have Mario Pierry at Bank of America. Mario, please ask your question.

Mario Pierry (Sell Side Analyst at Bank of America)

Good morning, everyone. Thank you for the opportunity to ask a question, and congratulations on the result. Milton, I wanted to go back to commissions and fees performance, because, as you already explained, you revised the guidance downwards, but I'd like to understand how this is related to client migration under the full bank strategy. You had been talking a lot in recent quarters about migrating clients to One Itaú and the benefits this would have for the bank, both in revenue and in improving product cross-sell. So, with this revenue revision, does this mean that we're seeing that migration occurred, but the benefits are not as good as expected? How are you seeing this migration to One Itaú and the benefit in relation to the bank's results? Thank you.

Milton Maluhy Filho (CEO)

Thank you, Mario. Thank you for the question and for your opening remarks. Good to see you. Look, I do not think that is the explanation. Rather, we remain very positive about the evolution of the One Itaú client migration, which we carried out over the last few quarters. First, we have completed the entire migration. Second, with an NPS above 80 points, quite strong, with minimal friction. That is, 99.3% of clients migrated, with a very solid digital experience. I was saying a little while ago how we managed to close 18 NPS points gap versus the leader in the digital experience segment, so this shows evolution. There has been an important volume of new product launches: more than 20 products launched in the period with a very strong activation level, whether limit transfers, *Cofrinhos*, spending management, limit adjustment between credit card and other products, and so on. Some products have been bringing important results. We almost quadrupled the volume of bank account openings with this migration. More than 70% of clients already have more than three products with the bank today, so we have been able to do it. Current accounts become relevant and, in this way, the opportunity arises to grow in credit with a client you already know, who already had a relationship through the credit card, but with whom we did not explore a full bank relationship. This applies to any product, whether a mortgage loan, a private payroll loan or a consumer loan, and these results are

seen in the NII with clients performance, in credit portfolio growth, but not in service fee. Credit cards were already consumed among the clients we migrated, but we de-risked the credit card portfolio over the last years. And naturally it affects this line negatively, because we have been reducing it and a major reduction has already been made, so it ends up marginally affecting the services portfolio. So, One Itaú is going very well, with many growth opportunities in the individual's segment. We have been able to grow at a very strong pace. The work that has been done in transforming the individuals' segment, when we analyze the last seven months, is outstanding work, with very solid results and high-quality growth. Everything we talked about at Itaú Day the previous year and that we have been communicating has been executed flawlessly. I have only praise for the work being done, and the results are accompanying us. We have seen individuals' segment profitability creating value for a long time already, segments that were more loss-making, including one of them that was a more difficult segment, especially Itaú Digital, going to break-even, capacity to grow in the various niches and segments defined with high-quality, and we need to put into practice 60% or 70% of the initiatives that were mapped, which will be executed until the end of this year. There is nothing suggesting that we will not be able to do this, and then growth will come in subsequent years, naturally. We are very excited about the evolution of our retail operation, both for small companies and individuals, but where we had relevant and deep structural programs, we have been able to execute masterfully. So, I'm very excited about what lies ahead.

Gustavo Lopes Rodrigues (Investor Relations Officer)

Thank you, Mario. And now we're going back to English as we have Carlos Gomez-Lopez from HSBC with us. Carlos, please go ahead.

Carlos Gomez-Lopez (Sell Side Analyst at HSBC)

Hello, good morning, Gabriel, Milton, Gustavo. Once again, congratulations on the result and the consistency of the result. I wanted to ask about one of those things that are unchangeable in life, which is taxes. You differentiate yourselves not only for higher profitability, but also for being the bank with probably the highest effective tax rate. But when you think about it from the policymaker's point of view, the system as a whole probably is paying less taxes today than they were before, and with the amortization of DTAs, possibly even more. Are you concerned that in the next administration there could be pressure for the industry to pay more taxes? And in that sense, what can you do to protect yourselves, either through Febraban or something else? And where do you see pressures coming for higher taxation? Thank you.

Milton Maluhy Filho (CEO)

Thank you, Carlos.

I think the first answer to your question is that there are huge DTAs and tax credit stock in the market. The DTAs and tax credit are taxes that were paid at a certain moment, and that you have to deal with when you move for the coming year. So, this is relevant. I think that at the end of the day, whenever a bank has a tax credit situation, to avoid experiencing losses that will reduce the capital base, the first thing that a bank should do is to avoid operations that reduce its tax base. So, this is one thing.

The second one is to reduce the IOC. You are not obliged to do 100% of the IOC limit. You can do up to 100%, but you need to have a positive tax situation to make it happen. Therefore, I believe banks will need, at a certain time, to adjust the IOC level.

The third one is the payout. I think banks have the capability to reduce payout as well, to retain more capital if, for any reason, they face difficulties with the tax credit. So, the IOC is an option but I don't see any discussion about it. It's not only for banks, but it's for the whole industry. It's true that our industry retains a huge amount of capital on the balance sheet. And why is that? Because it's a regulated activity.

The Central Bank requires that for you to grant the credit and to have a portfolio of the size we have, you need to retain capital, and this capital that you retain, at the end of the day, has the benefit of the IOC. But you have, on the other hand, a very high level of corporate tax rate for banks in Brazil, which is 45%, and there has been rate increase for financial companies in consumer finance and also for payment institutions in recent years.

So, I think there is no risk of this discussion because it has to do with the level of capital, and I think banks, at a certain point, will have to reduce the IOC. It's not our base case; we don't have any issue with that, but I think the market might need to reduce IOC in order to avoid experiencing losses in their tax credit that will reduce capital. I think this is something that we might see, and this will necessarily increase their effective rate.

Gustavo Lopes Rodrigues (Investor Relations Officer)

Thank you, Carlos. And now we'll switch to Portuguese, as we have Eduardo Nishio, at Genial. Good morning, Nishio.

Eduardo Nishio (Sell Side Analyst at Genial)

Good morning, everyone, Milton, Gabriel and Gustavo. Congratulations on the results. I have a question more focused on the efficiency ratio. I'd like to hear from you from the cost and revenue standpoint, so I'll split this question into two parts. With the number of employees falling quite sharply, around 5.5% in the year, and branches dropping even more, a 19% decline in the period, I wanted to know where you are in this stage of adjusting your footprint, which today is around 2,210 branches. Do you see more room for reduction? And regarding revenue, which is more difficult to make tangible, I wanted to return to the SuperApp topic. Can you share some cross-selling figures with us? Do you already have those numbers to discuss with us? And also, regarding the launch of generative AI that you made in SuperApp, it would also be interesting to know what to expect from this launch. Thank you.

Milton Maluhy Filho (CEO)

Thank you, Nishio. So, regarding the first part of your question, when we look at the number of branches, we always review our footprint from the client inward, not from the inside to the client. Branch demand has fallen a lot over the last few years; flow has fallen to one-quarter of what it was pre-pandemic. With the pandemic came an important digitalization effect in the market, and we're always revisiting our business models and value propositions. This involves looking at how we serve the client and through which channels we serve the client: what is in the digital branch, what is in

remote service, what is in the physical branch. This is part of the process. We do not usually give guidance either on the number of branches over the long term or on headcount. But naturally there is turnover at the bank, and as we understand that we have capacity to absorb greater efficiency while also adjusting our value proposition and business model to serve our clients, we will do so. In this first half there was a reduction on headcount and on footprint, and that is part of the dynamic, but in addition to the review of the value proposition, the role of the physical point, and all of this we discuss all the time. So I repeat, we do not have a target; we have commitment to the client and to the business model. And we are adjusting as necessary. This is what we have sought to do, generating the minimum friction and with the maximum care possible.

Then, regarding efficiency, we've talked about the SuperApp and I shared some data. There were 15 million clients who effectively migrated. We already have almost 70% of clients with more than three products. We have had a huge increase in volume of checking account openings across all segments, which shows our capacity to deliver value depending on the client profile. There is no one size fits all. The benefit of the integration was not only for the clients that were migrated, but also for current-account clients, because dedicated apps typically had a journey and an experience better than the SuperApp. So, when we integrate, those who were in the SuperApp now have a much better card hub than they had before, for example. Therefore, you also benefit the clients who were already using the SuperApp. Now these clients become part of our ecosystem, of lifecycle management. The client must understand that now he or she has a full bank at their service, no longer a one product experience, and thus we deliver solutions and products to clients as they need them, so growth happens naturally, of course. We're very excited about what we have seen in results so far. Looking ahead, it is undoubtedly an important component of the individuals' segment growth and it also involves serving these clients better.

In addition, the IA.I came to crown a work that has been going on for many years. First, we did the foundation work to create the guard rails, the foundation of how we put AI to work to interact with clients. We have a responsibility as an institution of our size; we cannot put a model in place to interact with clients that does not have the proper guardrails. Second, we must ensure that we have models that are scalable, at the right cost. How can we use client data for the client's own benefit? It is no longer hyper-personalization at scale, but individualization of the experience. We can do this by clearly having the client's DNA, everything the client is, how the client behaves, with the degree of privacy and care that the client wants. Having a model and delivering an AI model with what we call "the knowledge bases" well defined, these are basically the instructions, our policies and almost our culture. The agent at the front end must have the bank's culture, right? And it needs to have clear guard rails, but more importantly, it is about how we train these models so that they can understand the client as an individual, throughout the entire relationship the client has with the bank.

So our view is that without AI, without having the full bank behind it, it is not simple. One: because you are not a one-stop shop, you do not deliver everything the client wants and you cannot make decisions looking at the whole picture; you end up giving partial recommendations and not necessarily the best recommendations. Two: you do not have the data history we have in segments where we've always been relevant, such as asset management, credit, insurance and so on. So this also makes it easier to understand the stage the client is at. If the client wants an investments advise, we have a great history of what to offer, when to offer it, why to offer it, and until you reach the

transactional stage, you can also transact without requiring human involvement. And this also reduces the burden, including answering questions, because it is not only AI for the client; it is AI internally, for our employees, because it frees up people's time and relieves commercial teams that often have to handle an operational activity – answering a simpler question. The model will do this. It allows people to have three times more contact with the client than they used to have, creates efficiency also in the account load of the teams, how many clients they have to serve, and improves the experience, because you have much better first call resolution, as a good part of the questions are clarified there. We're very excited. I think we're the first bank to launch something in this depth, with this level of completeness, with this amount of embedded data, and the models will grow and learn together with clients as well. We're very excited about the evolution.

And the insight behind the IA.I command, I think was also a way to position it. I think we were very successful in how we positioned it and in saying that AI has always been present in the bank, in the brand itself AI was always there, and now to grow and grow together with our clients. I think it will be a game changer in the experience and will take the organization toward an increasingly AI-first model and strategy, which will be very relevant for the future.

Gustavo Lopes Rodrigues (Investor Relations Officer)

Thank you, Nishio. Now let us go to our last question from Henrique Navarro at Santander. Henrique, please ask your question.

Henrique Navarro (Sell Side Analyst at Santander)

Thank you, good morning, everyone and congratulations on your results. So, the market has been changing a lot and changing very quickly. It is unusual to see Itaú, for example, revise guidance.

My question is the following: the range of the new guidance, in a way, reflects your estimate for the rest of 2026. But with the world changing so quickly, which lines do you think are most fragile in the guidance? In other words, if there is any error and possibly an expectation of a guidance revision, which lines do you think would be more at risk?

And looking at 2027, perhaps you agree with me that changes are becoming necessary. In January of this year, perhaps the sell side, buy side and the banks expected a credit recovery, a new credit cycle in 2027, which, given the way things are happening, will not happen. So, I wanted to hear from you on that as well: whether we should already look at 2027 with a bit more caution, perhaps slightly softer credit growth, a structurally somewhat higher cost of risk, and we may have to assume somewhat weaker banking fees in 2027 as well. That is it, just a little light on the end of 2026 and 2027. Thank you, everyone.

Milton Maluhy Filho (CEO)

Great, thank you, Henrique, and thank you for your opening remarks. This is the last question, but not the least energetic one.

First, when we look at the guidance range, at the end of the day it tends to capture well what we envision for the year. We prepare guidance assuming that we will not need to revise it, but on the other hand, there is pragmatism and discipline to revise it whenever we have better information. We think this is good transparency practice, to take you to the number we're seeing.

We do not usually indicate where within the guidance range we expect to land, much less a point estimate; otherwise, it would be a point, not a range. But what I can tell you is the following: when we

look at the loan portfolio, it will continue to grow at a reasonable pace. There is the Colombia effect I mentioned a little while ago, which is about 0.6% of the portfolio. It is not small, because it remains in last year's base, but it will exit, because it was a portfolio sale. So, BRL 10 billion comes out automatically, but again, the portfolio is expected to perform well.

NII with clients, if we annualize what we had in the first half, is the challenge we have for the next two quarters; there is no doubt about that. So today, in fact, we are running much closer to the floor than to the midpoint of the guidance range for NII with clients, due to the margin that was disclosed, due to the effects I already mentioned of liabilities that are already at a very solid level, so they grow together, and due to structured operations in the wholesale bank that have some volatility. So this can make a difference in the next two quarters, without a doubt, given the margin level we have, and so will working capital, which is already very stable and growing, but will not grow at a super relevant speed. Asset margin is growing in line with the portfolio; I have no concern about that, but margin ultimately delivers all of this. Cost of credit, I think a lot has been said about it. I wanted to tell you that our best expectation today for cost of credit is to be much closer to the midpoint of the guidance. So, despite these questions, has it worsened at the margin, is there something implicit?' What we have seen is that, in wholesale, there is a more challenging credit dynamic compared with previous years, that is true, but we have made the provisions.

One message I want to leave very clearly with you is the following: we first make the provisions, then we discuss profit; it is not from profit to provision. So, if we have to come in a quarter with a worse result because provisions were strong, we will make the provisions. I will come here, explain the reasons to you, and we will deliver a lower result if that happens. This discipline of always having a very strong and provisioned balance sheet is something we will not give up. This is the first commandment of bank balance-sheet management. Balance sheets have to be well provisioned. We will not be under-provisioned under any circumstances and write this down. Neither in individuals, nor in retail SME clients, nor in wholesale; we will always have the discipline to make provisions. Having said that, our best expectation is to close the year close to the midpoint of cost of credit guidance, but you may have some variation up or down. For Service and Insurance Revenues, we have already made the guidance adjustment now. Non-interest expenses, you are following the performance; we continue with a very solid agenda here looking forward, as I said, with a high level of mobilization, and tax closer to the floor.

When I look at the guidance geography, and we always run our full year forecast to see what level of bottom line all of this is pointing to, I would say that the bottom line is in line with what it was under the previous guidance. Geography a little more to the right, a little more to the left here and there, but I think the implied bottom line, if there was any variation, is small, not relevant. So this is what we're seeing. It is still too early to talk about 2027, Henrique, because again the scenario, as you said, is very dynamic. We're now going to start the 2027 budget discussion. We do our longer-term exercise but now comes the fine tuning so that we can have a solid budget plan for 2027, with major challenges, no doubt, but again, with this long-term view and execution discipline, we will produce the best we can to share with you soon.

Gustavo Lopes Rodrigues (Investor Relations Officer)

Thank you, Milton. Thank you, Gabriel, and thank you all who joined our videoconference. With that, we conclude our Q&A session and our second quarter 2026 results videoconference. I now hand the floor once again to Milton for his closing remarks. Milton, over to you.

Milton Maluhy Filho (CEO)

Thank you, Gustavo. Thank you, Gabriel. Anyway, everyone, thank you very much for your participation. We really value this relationship with investors and with all stakeholders, in which we seek to share as much information as we can, with the highest level of transparency and the highest level of predictability, whatever direction it may be. If we adjust downward, it is downward. If it is upward, it is upward. But we avoid bringing surprises.

So, I think it was a solid quarter, in a very challenging scenario. Delivering the results we delivered with this level of profitability, this level of efficiency ratio, this level of transformation in the bank and with credit indicators at the high-quality level we delivered is not simple. This is really the work of everyone, with a huge level of mobilization and a lot of capability, not only the teams' competence, but mainly the ability to navigate the scenario. And I think what has brought us here is what has always brought us here, in a certain way: this capital allocation discipline, value creation and long-term vision. We will not give that up; this discipline is imperative. So, once again, thank you, we will see each other soon. I have no doubt that we will meet on other occasions, and to the Itau employees who are watching us as well, this is everyone's result. Thank you very much and thank you for your trust. See you soon.