

Q2 2020 Earnings Call

Company Participants

- Joao Marcello Dantas Leite, Chief Financial Officer
- Roberto Balls Sallouti, Chief Executive Officer

Other Participants

- Nicolas Riva, Analyst
- Tito Labarta, Analyst

Presentation

Roberto Balls Sallouti {BIO 4150617 <GO>}

(starts abruptly) Basel ratio of 19.6% and shareholders' equity of BRL25.6 billion.

Moving to Page 5, we talk a bit about the first semester and the first half of the year where we had revenues of BRL4 billion, adjusted net income of BRL1.776 billion and annualized ROE for the first half of the year of 16%, cost to income at 42% and comp ratio at 24% within the historical averages. And we had an increase in the year of 16.2% in the shareholders' equity, finishing the quarter or the semester at BRL25.6 billion as mentioned previously.

Moving on to Page 6, we can see the distribution of revenues among our existing businesses and we continue to see the consistent growth and importance of all of our revenue franchise. We can see that quarter-over-quarter, year after year, the consistency, the recurrence over our client franchises, continue to grow and important in our business.

Finally, on Page 7, we give you an update on our EFG initiatives. First, we take the opportunity to clarify all of the EFG commitments, which we are signatories towards institutional level we are signatories of the UN Global Compact, the Principles for Responsible Banking, The United Nations Environment Programme Finance Initiative, and we have offset for the last few years Scope 1 and Scope 2 of our carbon emissions. In our business commitments, we are signatories of the Principles for Responsible Investment in visibility celecia and the carbon disclosure program.

Talking a bit about the highlights of the quarter, we continue putting to work the BRL50 million donation that we committed to combat the effects of the COVID-19 crisis. We have impacted over 2.2 million people, distributed more than 155,000 basic food baskets, have supported 21 hospitals. We have started some initiatives to try to help the economy to pick up, so we launched the microcredit program, subsidized that has lent money to 200 - -- over 280 micro entrepreneurs across 19 states of the federation. This has impacted over

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850 people because around every micro entrepreneurs on average has around two employees.

In the quarter, we finalized the quarter with an BRL11.5 billion exposure in our credit portfolio through the green economy, of which BRL1 billion was disbursed during the last quarter. We finalized our timber portfolio, our forward Asset Management with \$3.5 billion of assets, 2.6 million acres under management reaching 92% of our assets in this business certified. And finally, we were the joint book runners of a green bond offering of \$500 million for the largest Brazilian railroad operator. And we structured BRL129 million insurance transaction. It's a blended finance structure to contributing to scale the production of the main producer of ventilators by 10 times in Brazil. All of these were already delivered to the public hospital and are now saving lives in this terrible moment that we live.

With this, I'll pass the word to Joao Dantas who will talk about our -- each of our business units.

Joao Marcello Dantas Leite {BIO 17617595 <GO>}

Thank you, Roberto. Thanks everyone in our call today. We start with Section 1 with the comments about the performance of our business units. And I'll start with an opening remark, just to put things in a little bit in context. As Roberto said, it's -- we rarely see performance as consistent as this reflected in the P&L of all our business areas. But in this quarter beyond the performance reflected in the P&L, we are also presenting very strong growth in all our franchise areas with strong inflows, strong net new money, strong volumes of transactions, a very consistent growth of market share of BTG Pactual.

This performance is the result of three factors. First of all is the recovery of markets that have benefited from a very effective Central Bank attitude, not only in Brazil, we're in Latin America where monetary authorities were present in markets and helping the reality of markets on a daily basis since the beginning of the pandemic but also globally. And second of all, the significant investments that we have been doing in our platform to enhance it, expand it, and make it more complete. And also very stable throughout this phase where we are working from home and experiencing very high volumes of execution in markets.

And third is the strength of our balance sheet as you will see later in the presentation, we have maintained throughout the times very high levels of capitalization and liquidity. It is worth mentioning as well the excellent work done by our teams who have kept themselves very close to our clients, very focused on the execution and delivery in all our segments, businesses, products and services.

Moving to Page 9, we start here with Investment Banking, where we reached BRL222 million of revenues, basically coming from this year where we had the best quarter ever, with very strong activity as companies were seeking to raise cash. And it's worth mentioning that inside the BRL222 million of revenues, almost the entirety of that is composed by this year. This quarter for DCM was a two-month quarter. We didn't have a

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lot of activity in April, we started to see activity in May and then we saw a stronger activity in local DCM in June. We also had a quarter without activity in ECM, very weak activity in ECM as the market in Brazil and Latin America has started to see some activity towards the end of June when we had our own follow-on offering and then M&A was also a very weak quarter.

The only weaker quarter that we saw in M&A activity in Brazil was 2005. So for a very weak quarter, we saw BRL222 million level of revenues is very welcomed. Also worth mentioning that we kept even though during this very weak markets, the number one ranking ECM in number of transactions in Brazil. Number two in Latin America, number one in volume of transactions in Brazil as well. And in M&A despite very low volumes, number three in volume of transactions in Brazil. And finally worth mentioning as well. The level of interaction and engagement of our teams with our clients remains very high, demonstrating that there is confidence from entrepreneurs and the recovery of markets, so we can look forward for better performance in the second half of the year.

Moving to Page 10. Here we see the performance of corporate lending. The highlights are the increase in revenues, we reached BRL303 million, a 13.5% increase when compared to the first quarter of 2020. Also, the growth in the corporate lending book, which grew 20% compared to the first quarter and 67% year-on-year. And third is the growth of the SME portfolio where we had about 15% growth quarter-on-quarter, moving from BRL3.3 billion to BRL3.8 billion of supplier financing trade exposure. During the crisis, our high capitalization levels and the growing liquidity of the bank allowed us to keep supporting companies as Roberto mentioned, we have a consistent offering of credit throughout the months. Because of that our, corporate lending portfolio grew close to BRL10 billion in the quarter, concentrated on high quality names. The levels of provisions didn't grow as a percentage, they grew nominally. They are now at the highest levels in the past nominally around 4% of the portfolio. And the spreads of the new transactions that were added to the portfolio were also very attractive raising the level the yield of the business.

Also the book, the P&E book was able to grow with increasing yields. So, the running rate of our Corporate Lending business all in all, has increased. The growth in -- the nominal growth in provisions also gives us the comfort that we are with very adequate levels at this point. And it's also worth remembering that the legacy portfolio or the portfolio of credit that we had before the start of the pandemic keeps performing very adequate manner without exercising any pressure over the levels of provisions. So we keep running the business at cost above levels of provisions growing levels of returns with a growing market share in the portfolio.

Moving to Page 11, here we have the performance of sales and trading where we reached a BRL1.18 billion of revenues is one of our highest historical revenues in sales and trading and it's been benefit in by a multitude of factors. With the recovery of markets and also due to the strong capitalization of BTG Pactual, which is at this point, highly above the average of the Brazilian banks. We had the confidence to increase the use of balance sheet to do more financial intermediation. With that, our VaR as a percentage of average equity increased from 0.37% to 0.5 percentage point. And also our brokerage and intermediation fees increased to levels that are the highest in our history. So flow trading and brokerage fees recording record high levels.

We also had strong contribution on the P&L from equities and FX desks. And it's also worth mentioning that the fixed income credit, trading desk also increased its level of operations contributing more and more as an additional source of revenues for the revenue mix of sales and trading.

If we average out the first, second quarter, our first half for sales and trading was already a very strong performance. So even though we had a lower capital usage and the lower revenue contribution from sales and trading, in the first quarter, the average of the first and the second quarter, makes for a very good first half for Sales and Trading.

Moving to Page 12, we are now with the Asset Management business picture. And starting at the graph on the right, we see that we reached BRL304 billion of assets under management. And we had BRL11.8 billion of net inflows in the quarter. We had consistent revenues reaching BRL195 million, they are down almost 9% compared to the first quarter of 2020, but basically because we had a lower level of performance fees captured in the second quarter when compared to the first quarter. Year-on-year, the management fees inside the revenues of asset management has grown about 20%, pretty much in line with the growth in assets under management. The substantial net new money of BRL11.8 billion in the quarter came especially from Brazil fixed income and equities funds and from front services, although, as you can see in the graph, all of our business lines inside Asset Management have experienced growth quarter-on-quarter and year-on-year.

Including even global hedge funds, where we had a slight decrease in assets under management, just because we reduced our seed money allocation. If you consider just the client funds we have an increase as well in global hedge funds. Our Asset Management business, I think it's worth mentioning continues growing in a very accelerated base. The combination of the scenario of lower interest rates with the good performance of the products is delivering this growth. As you can observe in the graph, the -- all our client franchises are presenting consistent growth not only in Brazil but also in LatAm. And I think it's worth mentioning as well the alternative funds in the -- especially in the segments of private equity and real estate, which have been capturing strong growth, strong net new money and delivering very good performance above the industry average in Brazil and LatAm.

Moving to page 13, here we have the performance of Wealth Management. Also starting on the right part of the page you see that we reached an BRL193.4 billion of wealth under management with BRL10.7 billion of inflows. Our revenues increased 17% quarter on quarter, reaching BRL198.6 million. Second quarter of 2020 was marked by record levels of brokerage fees and trading activity contributing to this strong result in Wealth Management, also due to the strong growth on the digital business.

Our digital business continues to demonstrate strong growth capacity and best in class operational environment. And the strong market performance, the strong recovery of markets also contributed from the growth from BRL160 billion to BRL193 billion of wealth under management in the quarter. We have been registering record volumes in revenues in the brokerage segment inside wealth management, because we had operational standards -- very high operational standards throughout this more volatile phase of market since the start of the pandemia and the crisis.

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And also we have growing number of clients through the digital platforms trading in our home broker and execution platforms. The growth of wealth under management also benefited from the growth in the share of wallet of our clients and in the growth of number of clients during the quarter. And it's worth mentioning that during the quarter, we didn't have any acquisitions, which demonstrates the strength of this net inflow coming basically from higher share of wallet and higher number of clients in all the segments of wealth management.

Moving to Page 14, here we have principal investments, reaching BRL395 million of revenues. Part of the performance coming from global markets where we had presented good recovery in comparison to the first quarter. Also, we have solid recovery of local stock markets, which contributed to the appreciation of our investment in Eneva. That investment continues to be marked at a significant discount to the stream price. As well, it is worth mentioning our investments in Banco bank and in EFG which are marked at book value. While these two companies trade at multiple of price to book.

Moving to page 16. Here we have the expenses and main ratios and I would like to highlight a few aspects of our performance in the quarter.

We had an increase in salaries and benefits going from BRL205 million to BRL225 million. This is basically due to the hirings. We have been hiring people during all these months to accelerate the pace of delivery of the projects that we are building internally, most of them related to the digital retail units. We had a reduction in administrative and other costs where -- which went from BRL273 million has BRL226 million. And we had an increase in the bonus provision that in the first quarter was very weak due to the performance and in the second quarter came back stronger since we have a growing top line with costs under control.

With that, we have rammed the bank at 43% cost-income ratio in the first quarter and the 42% cost-income ratio in the second quarter, which shows the strength of our model where the variable component of compensation, creates a cushion that maintains our efficiency throughout the economic cycles. If you look at the performance year-to-date for the six months period of 2020, we ran the bank with a cost-income ratio of 42%, which is exactly the same cost-income ratio for the six months of -- the first six months of 2019, even though we have been growing, as you know, investments to deliver the digital platform, the technology and the services to our digital clients.

Last comment on the page our cost-income ratio. -- sorry. Our effective income tax ratio for the first quarter was 11.4 for the second quarter was 32.4 basically because as we had a stronger performance in the second quarter, the contribution of JCP, which are the deductible tax dividends in Brazil we're smaller on a percentage basis in average. Our income tax, effective income tax for the six months of 2020 was at 24.6%, very much in comparison and in-line with the 23.1% of the initial six months of 2019.

Moving to page 18. Our balance sheet analysis I start by showing that our total assets grew from BRL200 billion to BRL230 billion. They are now at about 8.8 times, 8.9 times total equity and it was a nominal increase of 15% or BRL30 billion. Of this BRL30 billion of

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the increase, the core increase or the more structural increase of usage in the balance sheet is about BRL10 billion, which is the growth in our corporate lending portfolio. The other BRL20 billion came only from the fact that we had more flows, so more receivables and payables to inform the market and to inform our clients and counterparties, which don't represent more use of risk. Therefore risk density reduced as a percentage of total assets and required capital increased because basically we deploy more of the balance sheet in credit, and as well in market risk.

We recorded high liquidity with BRL29.6 billion of cash instruments and cash equivalents, which is much more than our own equity as we have been maintaining very high cash not only throughout the crisis, but in the recent past. And we have a comfortable coverage ratio where unsecured funding base have grown 30.9% while on balance credit portfolio increased only 25.6%.

Moving to page 19, we can see here a little bit more detail on the growth of the unsecured funding base which went from BRL61.1 billion to BRL80 billion. The main growth was on the securities and time deposits line, which is basically representing the growth of local deposits we have been issuing letas, LFS and CDs in local currency in Brazil, and in local currency and in Chile as well. We also have benefited from government liquidity programs the LTRO program in Brazil that allows us -- allowed us to expand our credit offering in the quarter but that represented less than half of our total net inflows. We believe that the strength of the balance sheet capitalization of BTG Pactual has contributed to this strong inflow of deposits in local currency, which came mainly from corporate clients, but also from private and institutional clients and we believe that this constitutes the flight to quality that we have been benefiting from, in the last two quarters.

Finally, moving to Page 20. Our Basel Index finished the quarter at 19.6% growth compared to the -- where we reached 19.4% Basel ratio. Two factors here contributing to this small growth. On one side, we had the expansion of risk taking not only in credit, but also in market risk, represented by the expansion of the VaR that you can see on the chart to the right, which went from 0.37 basis -- to 0.37% to 0.5% of the average equity in the quarter, but also on the other hand we raised the BRL2.6 billion on the follow-on, which increased our level of core equity.

Our core equity reached 15.7%. Our total capitalization is at 19.6%, which is about 5% above the average of the Brazilian private banks or privately owned banks. The big three banks, Itau, Bradesco, Santander have an average or 15% Basel ratio total capitalization in the end of the second quarter, we have been maintaining higher capitalization ratio, which gives us the room and the oxygen to continue to grow the use of balance sheet as we see opportunities going forward.

With that, we open for Q&A. Thank you very much again for joining the call. Please feel free to ask your questions.

Questions And Answers

Operator

The floor is now open for questions from investors and analysts. (Operator Instructions)
Our first question today comes from Tito Labarta with Goldman Sachs.

Q - Tito Labarta {BIO 20837559 <GO>}

Hi, good afternoon. Thank you for the call. A couple of questions. First, if you can give some color in terms of the sustainable level of ROE you think more like in the short term. I mean, just, we saw the big increase this quarter in Sales and Trading, I know that line can be volatile, but just to try, I think in the past you've given guidance here like BRL600 million to BRL800 million. But how do we think about I guess a sustainable ROE in the next couple of quarters given the volatility we see there.

And I guess the second question is more longer-term on the back of your capital increase where do you see -- where do we think that the benefits of that will show up I guess maybe think, looking at your business mix today, is that we see much stronger contribution from assets and wealth management because of that? How do you see that you'll be deploying that capital and where the benefits will come from. Just trying to think the growth and the business mix in a couple of years as you deploy that. Thank you.

A - Roberto Balls Sallouti {BIO 4150617 <GO>}

Thank you, Tito. So on your first question, in the past we had always told you that our goal was to reach 20% plus ROE. That is still the case. However, when we said this 20%, we had not factored in that local interest rates in Brazil would go to 2%. So the 20% factored in, what we consider quote, unquote neutral in Brazil. So I'd say it's 3% real rate 3%, inflation, let's say around 6% and at the same time, we are now investing around 1% to 2% of ROE in growth -- in our growth initiatives. So we think that over the next couple two to three years, we will have anywhere between 15% and 20% ROE. After this as local interface normalize as our investments mature, we think that we will be back to the 20% plus ROE.

How will we be deploying this capital? We, first of all we want to run the bank probably with a bit more conservative capital ratio that we were in the past. So we probably want to run around 13% core equity Tier 1, 16% total capital ratio. At the same time we want to continue increasing our credit portfolio as we do think that the opportunities to support our clients at attractive spreads is there and we want to continue investing in the development of our digital bank, our Wealth Management and Asset Management franchises and we expect that over the next few quarters, we will be able to benefit from the operating leverage of our platform, as we continue to grow. So this is what you can expect over the next few quarters. I think Dantas wants to add something also.

A - Joao Marcello Dantas Leite {BIO 17617595 <GO>}

Yes. Tito, just to add to the first part of your question. Important to note, as we grow, we capture more operational leverage, that's what I wanted to mention when we showed costs. As you see, our cost-to-income ratio today is at 42% for the first six months, compared to the same period in 2009 [ph] the same 42%. However, as we have been saying, we are spending more, hiring more people, investing more on the digital platform and spending those investments through P&L as they go out of -- as we disburse them as the cash goes out. So everything is fully recorded as an expense. And even though we do

that, we maintain the 42% cost-to-income ratio. That is exactly, because we are capturing operating synergies as we grow our market share, as we grow volumes as the top line grows, we get more efficient. Another reason why we can sustain the levels of ROEs Roberto mentioned.

Q - Tito Labarta {BIO 20837559 <GO>}

All right. Thanks guys, very helpful. I guess a couple of questions just to follow-up if I may. Back on the first question. In terms of maybe just the short-term volatility that we saw in Sales and Trading, do you think that continues, and Sales and Trading should remain at these elevated levels for the rest of the year? I mean, I know it's hard to predict, but just to get a sense of that. I mean I don't think you will go back to the level we saw in the first quarter when you were very conservative on the capital. Just try to get a sense that it does have a big impact on ROE.

And then I guess following up on your second point, Dantas, in terms of the cost to income ratio at 42% now. Do you think that that can improve at any point in the future or do you see just that kind of remaining stable and your earnings will grow in line with revenues?

A - Roberto Balls Sallouti {BIO 4150617 <GO>}

Tito, on the ROE, we believe we will continue to operate the bank with this level of efficiencies or something around 42% is what you should expect. As I said, we plan to increase our -- the number of people, the hiring and the speed in which we deliver the investments, the services, the products. I think if you look from a long-term perspective, the bank as you know, started as a trading house at the 80s and the 90s, we transformed it into a fully fledged investment bank in the 2010. And right now we are transforming ourselves into a fully fledged digital bank, which entails as well, the capacity to serve retail clients on a broad offering of services and products. That requires us to continue to invest more. And as we continue to invest more, this kind of a self-fulfilling prophecy we have ability to capture market share, grow top line and increase efficiency. So I think as a result of these two forces, you will see the bank operating at these levels of efficiencies that we see today, spending more but also capturing more revenues in the market. Can you say again your first part of your question?

Q - Tito Labarta {BIO 20837559 <GO>}

And the first part is more short-term oriented in terms of the big spike we saw in Sales and Trading, how sustainable you think that is? I mean, I don't think you'd go back to the levels we saw in the first quarter when you were very cautious there. Just given that line can be very volatile, how you see that evolves through the -- any semester of the year?

A - Joao Marcello Dantas Leite {BIO 17617595 <GO>}

Yes, that Sales and Trading is reducing its volatility and growing. We don't believe Sales and Trading revenues will grow more than the franchise businesses and the service revenues, but we believe the revenues in Sales and Trading will grow. We have more contribution for new business, from new business lines with low interest rates we see markets more sophisticated allowing us to act on a wider range of products that we keep

manage, offer, intermediate inside sales and trading, credit is an asset class that is growing is the performance of our trading desk. So we see the ability of sales and trading to grow revenues, but we don't expect them to grow more than the service revenues that the bank produces. All in all, we believe that this tendency of returning around BRL600 million of revenues continues with a upside going forward.

Q - Tito Labarta {BIO 20837559 <GO>}

Okay, that's helpful. And if I may just one more follow-up. Sorry for all the questions. Back on the second question, I guess in terms of the deployment of capital, you said I guess that are mostly come through your investments in the digital bank and wealth management. Just to make sure I got that correct. And in terms of the digital bank, should that be considered that mostly coming through Banco Pan? Are you doing it more independently of that just to get a sense of where those investments are going?

A - Joao Marcello Dantas Leite {BIO 17617595 <GO>}

No, that is not counting Banco Pan at all. This is our own investments. We have been investing internally and externally. We believe there is opportunity for us to consolidate the platform. There are some opportunities for acquisition. There is also opportunity to invest in technology internally. Yeah, we can have a combination of build and buy solutions. There are (Technical Difficulty) the growth of our own digital platform. This is beyond whatever Banco Pan is investing on their own platform, which by the way has been consolidating and growing in a steady state pace that makes us very happy with the performance of Banco Pan as well.

Q - Tito Labarta {BIO 20837559 <GO>}

All right. Perfect. Thank you very much for that.

A - Roberto Balls Sallouti {BIO 4150617 <GO>}

I am just adding to Dantas comments, we will be launching transactional banking platform to our clients in the fourth quarter this year. So credit cards, transaction banking, expanding the services that clients are able to execute on our platform.

Q - Tito Labarta {BIO 20837559 <GO>}

Okay, great. Thank you very much.

Operator

Our next question comes from Nicolas Riva with Bank of America.

Q - Nicolas Riva {BIO 20589225 <GO>}

Yes. Thanks very much for taking my questions. So I got two questions. The first one is a follow-up on Tito's prior question on your excess capital. I think you mentioned that you have a target of CET1 of 13%, you ended the quarter at 15.7%, very high. You did the equity follow-on offering in the second quarter. I guess my question is, how fast would you think

of deploying these excess capital for example in the digital business for asset management or maybe even perhaps in corporate lending?

And then my second question regarding corporate lending, so, of course, you had a very strong quarter in this business as well. The corporate lending book grew quite substantially. So I guess you feel comfortable with this business despite what's going on with the economy. If you can talk about what you have done in terms of debt release for clients? You mentioned the support for some clients during the quarter, if you can talk about that. And also, in general, what's your outlook for this business and how comfortable do you feel with asset quality? Maybe if you can also touch on coverage of NPLs for your corporate lending book. Thank you very much.

A - Roberto Balls Sallouti {BIO 4150617 <GO>}

So thank you, Nicolas. So on your two questions on deployment of capital. The speed, as we continue to grow credit, it should be incremental, no big rush. If the market continues with the current spreads for the current quality, we think that we can grow our book to 3 times equity. As we continue to deploy this in investments of our franchises, the speed of consumption will be a matter of buy versus build. We have no significant transactions to announce. We are analyzing various possibilities. So if we do any acquisition, we would probably confirm this excess capital faster than if we just continue to build our incremental investments as we have been doing.

So I would say that's what we'll decide the speed of the use of capital. On our corporate lending business, as Dantas said, we are very comfortable with the current level of provisioning. We are very comfortable with the portfolio that we had going into the crisis and certainly here it was more luck than competent. But we were fortunate not to have any significant exposure to sectors or companies that were heavily affected by the coronavirus pandemic. And the growth has been concentrated on very high quality with very attractive spreads which this combination only happens in moments like the ones we live where all of a sudden, there is a surge in demand and a lack of offer as the big banks already had a lot of capital consumption from their FX exposures as the local credit funds had a lot of redemption and as international investors also concentrated in their domestic markets.

So you had the combination where all of a sudden the clients were very interested in borrowing and there was very, very little offers, so that's why the conditions were so good to increase the portfolio. But Dantas can comment maybe a bit on the details of the portfolio, but we are quite comfortable with the quality of what we inherit and what we expanded. And as long as these market conditions continue, we plan to continue expanding gradually to 3 times equity or credit portfolio.

A - Joao Marcello Dantas Leite {BIO 17617595 <GO>}

Yes. So just to complement on Roberto's answer. As you know, our credit is primarily concentrated on the growth of companies. We typically don't finance the short-term cycle of companies, we finance them on the long-term prospects. So we typically constitute our credit, not only with companies that we understand very well that we have been advising that we have very, very good visibility in terms of the cash flows and the balance sheets.

But also we because of the nature of the credit that we concede, we can constitute very good collateral. So the quality and the resilience of the Corporate Lending portfolio of BTG Pactual tends to be significantly higher than the average of the industry, which is proven by the past performance of our portfolio.

We never had losses, as you know, in any given quarter, even though the Brazilian economy has been through significant recessions in multiple times in our history. In this particular time of crisis and pandemic, we were able to use to deploy that kind of knowledge and that kind of ability to structure transactions in very specific terms.

There are requirements of companies allowed us to be ahead of the competition to capture market share in a very contributed way to the average of the portfolio. This is why in the end of the day, we have expanded the credit portfolio, increased our market share, adding to the portfolio better quality on good names with attractive spreads and extremely good collateral. We are sure that this has helped the companies to endure this tough moments of the economy and also helped us grow our market share on top of that.

Q - Nicolas Riva {BIO 20589225 <GO>}

Okay, thanks very much for that, Joao and Roberto. Maybe just one quick follow-up. Did you have to restructure a relevant amount of corporate loans during the quarter?

A - Joao Marcello Dantas Leite {BIO 17617595 <GO>}

No. On the contrary, we didn't have to do that. We saw this is important effort undertaken by the large retail banks in Brazil. But this was not the case for our platform for the nature of the transactions that we have in our balance sheet which are longer term and well structured to start with, we didn't have to perform any restructuring of credit different from the normal situations that we face in any quarter, so normal performance of the credit.

Q - Nicolas Riva {BIO 20589225 <GO>}

Thanks very much.

A - Joao Marcello Dantas Leite {BIO 17617595 <GO>}

I'll take the opportunity to add a final comment, which I think is a question that is shared by some of the analysts around the building up of our B2C platform, the platform of the independent financial advisors that we have been building. I think two important aspects to note here on the business.

First one, after six months of the migration to our platform, our RIAs typically reach or in average they reach 100% of the AUC that they had before the migration. After they hit that target, after they reached the 100% of AUC they had before the migration, almost all of the RIAs keep growing on a very steady pace. Happy with the growth and we are very happy with the conversion. We cannot say if it's a conversion of pre-existing clients of our PEs or new clients, but we are very happy with the pace in which they reach the levels of AUC, they had before they migrated from the previous houses to our house.

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We believe this is a consequence of the fact that our platform is today in a level of development that is very well advanced. Not only we offer the most, the widest product offering for investments to offer our clients concession of credit and very soon also Roberto mentioned we will be offering complete current account services, debit card, credit card. At this point, we have already a few thousand clients testing the consumer bank platform, and this will grow towards the end, we expect to launch the platform, the consumer banking platform to the open market in Brazil.

So we could say we are very close to being able to offer to our clients digitally complete range of products and services that is in line with our offering in the Investment Bank to the investment banking clients. So with that, we believe that the pace of growth of that AUC will continue. The attraction of RIAs will continue and that the B2C platform combined with the other strategies and platforms on the digital business to allow us to accelerate our growth even further.

Operator

Thank you. That brings us to the end of the question and answer session. And I would like to return the floor to Mr. Roberto Sallouti for his closing remarks.

A - Roberto Sallouti {BIO 4150617 <GO>}

I'd like to thank all of you for once again joining us on our quarterly call. Once again, we're very happy, so what we consider to have delivered the results which you were expecting as investors. I'd like to thank you once again for your trust and for your confidence. And we look forward to seeing all of you in the next quarter. Thank you very much.

Operator

This concludes today's presentation. You may disconnect your line at this time. And have a nice day.

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