Q2 2021 Earnings Call

Company Participants

- Daniel Alves Maria, Head & General Manager, Investor Relations
- Fausto De Andrade Ribeiro, Chief Executive Officer
- Jose Ricardo Fagonde Forni, Chief Financial Officer & Vice President, of Financial Management & Investor Relations

Other Participants

- Carlos Gomez-Lopez, Analyst
- Gustavo Schroden, Analyst
- Jason Barrett Mollin, Analyst
- Nicolas Alejandro Riva, Analyst

Presentation

Operator

Good morning, ladies and gentlemen, and thank you for waiting. Welcome to Banco do Brasil Second Quarter 2021 Earnings Conference Call. This conference call is being broadcast live via webcast through Banco do Brasil website, at www.bb.com.br/ir. The replay of the conference call will be available through the phone number +55-11-2188-0400 until August 2021 in English and Portuguese. To access the replay, please ask the operator to listen to BB's conference call. Identification will be required.

Before presentation without you detailing the main aspects of the second quarter 2021 results was made available yesterday and can be accessed at Banco do Brasil's Investor Relations website. (Operator Instructions) With us today, we have Fausto De Ribeiro, CEO; Ricardo Forni, CFO; and Daniel Maria, Head of Investor Relations. First, Mr. Fausto De Ribeiro will make the opening remarks, followed by Mr. Ricardo Forni for any considerations. After that, we will open the Q&A session.

Mr. Fausto De Ribeiro, you may now begin.

Fausto De Andrade Ribeiro {BIO 22049499 <GO>}

Good morning, everyone. It's a pleasure to be with you today to talk about the results of the second quarter and the first half of 2021. Ladies and gentlemen, I would like to speak slowly in order to guarantee that everybody is going to understand. Please let me know if you have any difficulty to understand the accent and feel free to interrupt me at any time.

Okay. For the second consecutive quarter, Banco do posted record results. In the first half of 2021, our invested net income reached BRL10 billion, a growth of 40%, 80% (sic 48.4%) in one year. In the quarter, the adjusted net income was BRL5 billion, up 52.2% from the second quarter '20, a high level of profitability than that we had before the pandemic. This result was supported by a robust quantity growth, which reported [ph] far exceeding BRL766 billion, a growth of 6.1% in 12 months. Also, NPLs were totally under control, reducing in all portfolios. Core expense -- credit expenses reduces 52% in the semester due to the anticipation of preemptive provisions made last year with better customer steps and diversification of business, we increased the fee income. At the same time, the expenses were under control with a reduction of 0.2% compared to the first half 2020 as a result of the e-force in expenses management. The commitment to profitability and the construction of increasingly sustainable results, is one of the guidelines of my term as I head our admission when I was here with you last quarter.

To compose [ph] the triple of our strategic agenda, in addition to focus on profitability, we have been investing in proximity in digital in practice. This practice can be translated into launch of the customer, their profile and their needs. As a result, we have specialized in our share models. And in this sense, a relevant delivery of this quarter was the conclusion or closing of the cycle also a specialization with over 1.5 million clients started to dis-serve [ph] by a manager. In three months, we saw an 18% increase in the profitability of these clients.

Another reflection of the success of customer proximity was 10-point increase in our NPS in one year. To consolidate the dis-serves and efficiency, we are achieving a characteristic of our service network, migrating to the lighter structures. With the increase in customer preference for digital, it's natural that our services network reflects this behavior. Another important shift is that we almost doubled our partnership with banking correspondents in one year. These models -- offers is another way to efficiently expand our capillarity.

The live setup offices bring a new model of serves for heavy users. Within this model, we have a lower cost with specialized service in a greater quantity of customer service. We will offer human managers service with the use of digital solutions. And with that, we improved scale and profitability. We have a setup -- we have a set of ongoing initiatives in digital optimization to improve our business model, and in digital transformation, which involves new sorts of results, of being enabled by a deep cultural transformation through the intensification of the use of analytics, intelligence, new ways of patents and new technologies.

We are optimizing our business models with the use of technology. In June, we reached 21.6 million digital customers. Of this, 6.5 million were cited by our virtual assistants towards artificial intelligence, both on Telecom, with the BB app as well on social media, expanding our digital capillarity and facilitating customers' access in addition to our own channels. This quarter, we raised more than BRL21 billion completely digital through solutions that use analytics and data to recommend the best investment options based on the clients' profiles and objectives. When we entered the business digital, we gained efficiency on the transaction. We worked with lower operational costs, we had a very positive experience. And at the same time, our sales force can be driven through relationship and advisory.

When we talked about the transformation, we look especially at new sources of results accelerated by open innovation and digital technologies. With the sales, we are expanding our operations as a support firm. We're inventing in new banking products and services, brought to our agro-digital platform, we had achieved more than BRL756 million in business, now is our innovation hub in this segment. We also expanded the availability of gift cards in our apps with sales of 420,000 new units in the last quarter. We have important competitive advantage in the open bank scenarios. And Brazil was the first bank to develop APIs, credit solutions back in to 2017.

And today is the financial institution, with the greatest number of available interference -- interface. For us, it's very important to be ahead of the relevant segments that generate value, reinforce our reign, growth and here, I'd like to specially highlight our support to agribusiness. Our credit portfolio for the sector exceeded BRL205 billion, and we announced the biggest harvest plan in history with availability of BRL135 billion in resources. It means 80% higher than the previous progress. Another important milestone was the achievement of BRL100 billion in payroll loans, one of the most competitive markets in the financial industry. We also enforced our support for micro and small companies, disbursing BRL6.5 billion in the new phase of Pronampe, now in July.

To conclude my initial remarks, I'd like to talk about sustainability. Obtained at phase 2 of our activities. In the second quarter, we're expanding the offer of ESG products with the launch of BB Carteira Inovagro line, in which we disbursed BRL50 million in loans to individuals from May to July of this year, and are bringing group credits, which achieved more than BRL700 million in sales in just one month. These initiatives helped our customers transition to a more sustainable economy. Also confirming our commitment to transparency, BB adherent to the recommendations of the task force related financial disclosures. TCFD had initiative that aims to develop a consistent format of disclosure of financial risks related to climate change.

Well, with all that said. I will give it to the floor to our CFO, Ricardo Forni, who will talk more details about our numbers, and I will be available for the questions after that. Thank you very much. Okay. Thanks, Fausto, for your insights about the territory [ph] initiatives moving forward at Banco do Brasil. Good morning, everyone. Let me confirm [ph] you. It's a pleasure to be here with you once again. You have all the material distributed by our investor relations team. So I'll only highlight some of the numbers here. Our earnings came -- our earnings came strong in the second quarter with the adjusted net income reaching BRL5 billion, the highest level in the historical data, up 2.6% compared to the third quarter and 52% compared to the second quarter '20. On a quarterly basis, we saw an acceleration in fee income converging to the guidance, while administrative expenses remained under control. Provision expenses had an increase of 13.8%, but remained below pre-pandemic levels. As a result of the high quality of disbursements in addition to some residual effect of the preemptive provisions of 2020. The net interest income decreased in the quarter, reflecting an increase in the strategic [ph] rates, which impacted the funding expenses. These effects were partially offset by the increase in interest income from lower operations, in line with the strong growth of the loan portfolio. Net interest normal margin contracted lightly by 10 basis points to 3.6%, impacted by the higher liquidity. If we have the same pre-pandemic liquidity level, the net interest margin would be around 4%. The expanded loan portfolio grew in all segments, reaching BRL766.5 billion. The individuals portfolio presented an evolution of 10.3% compared to June '20 and 2.8% compared to March '21. The highlights were: the payroll loans with a growth of 16.4% in the year, surpassing the mark of BRL100 million. And also, the issuance of non-payroll lines, especially the personal loans and credit card. The agribusiness portfolio grew 9.7% compared to June '20 and BRL3.7 million in the quarter. We reached historical micro of BRL205.9 billion in this portfolio, highlight also that 47.3% growth in agribusiness, which are new ways of financing the business that have shown a significant evolution, growing over 100% in the past couple of years, reaching abouts of almost BRL8 billion in June '21. The small and medium enterprise segment grew 24.8% yearly and 0.6% in the quarter, impacted by disbursements in the (inaudible) CDP and (inaudible) year. The portfolio under BRL4 billion is keeping a downward trend as a result of amortization and settlements. At peak, this portfolio reached BRL130 billion. In June, the balance of about BRL94 billion was reached, only BRL12 billion worse (inaudible) grace period in the approximately BRL9.4 billion or 78% should we assume the payments in the third quarter of 2021. Delinquency improved in all portfolio this quarter. The NPL over 90 days in June at 1.86%, down from 1.90% in March '21, reflecting the high quality of origination and robust methodologies for managing monitoring the loan portfolio. The coverage rate had a slight reduction in the quarter at 325.9% against 328.2% in first quarter '21. The new NPL in the portfolio reached 0.74% and this coverage reached 74.6%. The CET1 ended the capital ended June 31 [ph] at 13.49%. Finally, we made some adjustments to our 2021 guidance. Indeed, the region growth for the real portfolio to 11% to 50% [ph] reflecting the many prospects for the segment. On the other hand, we reduced in the wholesale range to 3% to 7% growth and the impact of early settlements and the strategy also of targeting revolvers to the aftermarket. Retail estimate remains unchanged as well expectation for the total portfolio. The provisions for loan losses expanded view, we would deliver rating rates in all portfolio added to the (inaudible). (inaudible) allowed us to reduce the proposing range to BRL13 billion to BRL15 billion. We release also the net interest income range to 1% to 4% due to the increase in the specific rate, consequently boosting our funding expenses, given the new management at offer for more balance sheet. The range of fee income and administrative expenses related and changes. Finally, after incorporating the (inaudible) in the board, in addition to the strong earnings (inaudible) first half of 2021, we are adjusting the range of the guidance for the net income to BRL17 billion. I appreciate everyone's presence, and we can now move on to the Q&A session.

Questions And Answers

Operator

Ladies and gentlemen, we'll now begin the question-and-answer session. (Operator Instructions) Our first question comes from Jason Mollin from Scotiabank. You may proceed.

Q - Jason Barrett Mollin {BIO 1888181 <GO>}

Hello. (Foreign Language) The first question is maybe if you can give us a sense of the strategy that you're taking in different lines of credit. We've seen some different trends in the back loan book versus some of your largest private sector peers. I mean mortgages is one that comes to mind. If you can just talk about the bank strategy in the consumer segment and what you see driving growth going forward? And my second question is an update, if you can provide an update on the plan and strategy you've talked about in the past of selling non-core assets. Thank you.

A - Daniel Alves Maria {BIO 17030121 <GO>}

Hi, Jason, here is Daniel. Let me start with the first question and I'll pass to Fausto to give more color about the investment, divestments more specifically. What we expect in the strategy for the credit portfolio growth is reflected in our guidance. Now certainly, the agribusiness segment is quite relevant, yeah. You see -- when you see the percentage of the economy, how it represents and how it's performing is one important aspect. And certainly, this drives a lot of collateral business for the bank. Just reminding that the customer from the agribusiness has more markets consumed inside the bank. Now this is one aspect that is reflected in our guidance. By the way, we just revealed the guidance for this segment.

In the case of the large corporates, we have one effect that we've seen in the guidance That is basically a base effect. So we look at this segments. We are close to the companies. This is linked to the strategy of investment banking originating views and doing -- I'm sorry, servicing the companies do this. When you look at the performance in this first half of the year is basically explained by the strong performance in the last year. Just reminding that with the pandemic, some companies came here not only to both Brazil, but is the system to raise volumes to be cash-rich exactly to best through this spirits and along with second half we start to pay this back. And actually, then we are comparing actually a very strong semester with a semester with more normalizes. And we reviewed the guidance, but we expect to converge to the guidance exactly because we're going to have these effects.

When we go to the individuals or retail business, certainly, it's one aspect that we have been growing. This is helping also the mix, because actually, we are moving more towards retail. This is important for the total mix of the planned portfolio. We have certainly the consumer as one important driver for this. Payroll loan is one line more than that we have good participation in the grant money in the system. It will continue to be this, but we are targeting also the non-payroll loan. You saw for instance, the growth in the credit cards and that is an important product, mainly for -- that we have a space to grow, including with the no account holders. You see also growth in the other consumer credits.

More specifically, the mortgage is quite different in our portfolio relatively to the system. Certainly, you have a structural effect that is explained why we see a growth in the system because Central Bank changed some rules, and this stimulated the system to look for more those loans. In our case, the funding that -- or the savings accounts that usually support this portfolio, in our case is for good business. Certainly, we have space to do it. But we're targeting one segment in our -- to grow that space, that segment that we have the best penetration, that's the -- that our customers that we have payroll for all the customers that we have products. And we have also an effect that is the reduction of the portion of the portfolio, of the low income portfolio. This can be explained mainly in case you have more write-offs on this.

And this explains a little bit why the movement in terms of mortgage is slightly different from the system. But it doesn't mean that we don't have a business target. It's much more due to the composition of our portfolio. Did I cover all the points of your question before passing to the next one?

Q - Jason Barrett Mollin {BIO 1888181 <GO>}

Yeah. Thank you, that's very helpful.

A - Fausto De Andrade Ribeiro {BIO 22049499 <GO>}

Okay. Let's try to explain a little bit about this investment strategy. I can say that this is still the same. As we explained before, during our last meeting, when I tried to explain the results of the first quarter, it means that we are going to sell non-core assets. Of course, then we have to wait the best opportunities in terms of the market. Nowadays, we have a very comfort position in terms of capital index. This is the reason that we have to meet the best opportunities. The end keep going. And of course, that we will be want to maximize the return of those assets. We are discussing about Banco Patagonia, we are discussing about Banco Votorantim and other ones that we will not consider core business.

Q - Jason Barrett Mollin {BIO 1888181 <GO>}

That's clear. Containing the same strategy, given the you're maintaining the same strategy that you've been talking about and the similar types of non-core assets is something in your looking big-market opportunities.

A - Fausto De Andrade Ribeiro {BIO 22049499 <GO>}

Yes, yes. We are keeping the same structure strategy, only -- we are -- as I said before, we have a very comfort position in terms of capital. This is the way that we don't have to move so fast in this strategy. We want to maximize the returns of those assets that we have selected, non core business.

Q - Jason Barrett Mollin {BIO 1888181 <GO>}

Thank you very much.

A - Fausto De Andrade Ribeiro {BIO 22049499 <GO>}

Okay.

Operator

Our next question comes from Nicolas Riva from Bank of America. You may proceed.

Q - Nicolas Alejandro Riva {BIO 16875766 <GO>}

Thanks very much for the chance to ask questions. I have two questions. The first one is your forbearance portfolio. You have a slide there on that. So I understand (inaudible) correct me, you have BRL94 billion in the outstanding balance of loans that were granted some sort of debt release since the beginning of the pandemic. And out of those BRL94 billion, (inaudible) and paying anything at all, they are under grace periods and we're expecting those grace periods to finish by the end of this year going to 2021. Now wanted to check if that correct, my understanding.

And then the remaining BRL82 billion, right? We cannot under grace period. Are you still providing some sort of forbearance or that release for them, even though they are saying are they paying less than they should be paying at this point. And then my second question, different topic. I wanted to get an update on the repayment of the hybrid, the BRL8.1 billion in terms of timing and the schedule to pay that. Thanks.

A - Daniel Alves Maria {BIO 17030121 <GO>}

Hi Nicolas, it's Daniel. First of all, talking about the forbearance portfolio, actually it's behaving exactly the way we have expected. You see that the total balance has been reducing. The same story for the -- what is in grace periods. We have remaining BRL12 billion. And when you look at those BRL12 billion about two-thirds of these is scheduled to end compared the grace periods in the third quarter. When you look at the slide, about 80% of these are regarding those two (inaudible) here. In these cases, we are almost fully guaranteed by the federal government. That is very low risk. It's a question of cash flow.

And then this portfolio is behaving quite well. It's growing the NPL over 90 days as we expected. But when you look at the NPL, it's not far from what is a normal portfolio. Another thing about this -- coming to another point of your question, if you agree if we are granting new forbearance? No, we're not. And just as a reference reasons, the program those lines of credit with (inaudible) that we contracted last year. We had the possibility according to the program to grant some forbearance, which is some specific cases. Yes, we had demand less than 5% for those cases. Then the portfolio is behaving quite well. Performance is going okay. We expect that this portfolio, the person that is in grace periods will be residual in the next quarter. Those things are going well.

And moving to the hybrid instruments, what we have so far is the proposal that we made to pay in 19 [ph] installments towards the next year. So far, we have no definition about that, but we understand that it's very likely this scenario. But we need to wait a little bit to have a final position about it.

Q - Nicolas Alejandro Riva {BIO 16875766 <GO>}

Thanks very much, Daniel. One follow-up. So the -- on the forbearance program, the BRL82 billion, which is not under grace period. I don't think making regular payments like payments as they were peaking before the beginning of the forbearance program or not?

A - Daniel Alves Maria {BIO 17030121 <GO>}

Sorry, let me check if I understood well your question, you're referring to what is the grace period or what ended the grace periods? And if this portion has been paid? Did I correct -- what was your question specifically?

Q - Nicolas Alejandro Riva {BIO 16875766 <GO>}

You guys are saying that the outstanding balance of loans under program is BRL94 billion, and all of those 12 billion are not making any payments if I understand correctly under the grace period. The other BRL82 billion, are they net regular payments then?

A - Daniel Alves Maria {BIO 17030121 <GO>}

Okay. Okay. No, actually, the way -- this is an extract of our portfolio that we showed just won't we granted any sort of forbearance. And by the way, this is the total loan. Yes, let's assume that I have a loan for BRL1 million, and I granted the forbearance for BRL10 million. I account or I consider for BRL1 million, not for BRL10 million. For that reason, the total loan is higher. And this portion that is in grace period actually is in the period that we granted to -- for not paying. For that reason, this metric is quite relevant because they didn't pay yet because the data didn't arrive. But we expect it's not new yet. But we expect that this will happen in the third quarter. You see that two-thirds of this and looking backwards, how this portfolio is behaving, we don't expect major surprises on this. Okay, thanks very much, Daniel.

Operator

(Operator Instruction) Our next question comes from Carlos Gomez from HSBC. Please, you may proceed.

Q - Carlos Gomez-Lopez {BIO 18107094 <GO>}

Hello. Thank you for the call. My question is about your legal risk. Do you saw your strategy to clean cynical cases earlier and then that resulted in low medical costs last year, but we're having a down debt this year. And they are substantial, can be BRL5.5 billion, BRL6 billion per year. And so these are pretty large amounts. Where do you see this going over the next few years? And is there anything that you or that congress put to reduce this, these hedges going forward?

A - Daniel Alves Maria {BIO 17030121 <GO>}

Okay Gomez. Thank you for the question. Actually, the legal risk we gave soft guidance at the beginning of the year that we expect to reach BRL6.5 billion for the year. Just reminding, last year, we had BRL4.2 billion. And the reason why we expect higher labor risk is basically the approach that we are having to those cases. You know that previously, when Brazil had as a policy to go to any resorts to any -- to the last results, to the last court to solve the case, but sometimes it's very expensive to do it. And what is the idea. Exactly the test that we made in 2019, trying to anticipate some of those cases, making agreements. And this BRL6.5 million can be explained by the stance of the bank to increase agreements?

By the way, there is a quite interesting strategy because we increase efficiency, because we don't need to have thousands of cases to throw at. And you can -- when you do the agreements, you get some benefits or reducing the final impacts financial impact for this. For next year, probably, we need to fine-tune this number as we arrived to the end of the year. But probably the best ballpark that came over to you is to replicate $6.5 billion for next year, yes but certainly, this is an update we are going to have ahead.

Q - Nicolas Alejandro Riva {BIO 16875766 <GO>}

Sorry, third -- I understand. So you said so for this year, you're giving such guidance of BRL. 6.5 billion, if I we understand you don't cost certainty is how much it? Did you say that from this year, you would expect to litigate that or to again have BRL6.5 billion?

A - Daniel Alves Maria {BIO 17030121 <GO>}

No. What I said that for this year, the soft guidance from this line is BRL6.5 billion that we expect for the full year. What we delivered so far is BRL1.7 billion per quarter, yes, that is consistent with this soft guidance. As a comparison, last year was BRL4 billion approximately, yes. And in this process, we expect that for next year, we are -- we tend to continue in the region of BRL6.5 million. Did I clarify your point?

Q - Nicolas Alejandro Riva {BIO 16875766 <GO>}

Yes. So again, similar to this year. And again, in the long run, do you expect this to ease a strategy for some region pay more upfront, but you paid less later. Should we expect a reduction later on or for (inaudible) cost?

A - Daniel Alves Maria {BIO 17030121 <GO>}

Exactly. This is the idea. It's to try to reduce the total cost of those cases because you have two impacts, you have the financial cost. And you have the administrative costs that you have the entire group to follow up all those cases. At the moment so that we reduce this, we have a lighter structure, yes. And then this is -- you got to the rationale of this.

Q - Nicolas Alejandro Riva {BIO 16875766 <GO>}

Thank you so much.

A - Fausto De Andrade Ribeiro {BIO 22049499 <GO>}

Thanks.

Operator

Our next question comes from Gustavo Schroden from Bradesco BBI. You may proceed.

Q - Gustavo Schroden {BIO 17051676 <GO>}

Good morning, thanks for taking my question again. Just one question on net interest income evolution. Your cost of funding increased in this quarter and really impacted the NII and the reason behind that is the increase in credit rate. But the question here is that (Technical Difficulty) have been increasing. And so how should we expect the quarter from being evolving in the coming quarters? And when should we see the benefit of this higher SELIC rate on the asset side. I mean, when the repricing of its loan portfolio should mitigate or should offset this increase in the cost of funding? Thank you.

A - Jose Ricardo Fagonde Forni {BIO 20394486 <GO>}

Hello Gustavo, this is Ricardo Forni. I believe that what we have seen in the first semester and what we are see happening in the second semester because all the market is now projecting SELIC to be at 7% or even above 7% at the year-end. I believe we'll continue with this territory where we have the repricing of our cost of funds growing. And the net interest margin being compressed by this because of the speed of the repricing on the asset side takes a little bit more.

And on the set side, you have also the competition working that, let's say, the repricing is occurring, but it's limited to the competition forces over there. So this is something that we need to -- we are considering. This is the reason we have let's say, readjusted our -- the guidance for the net interest income. And we believe that the -- the range from 1% to 4% is now, let's say, fair to what we expect for the year-end, considering this, say, the speed of the repricing on the liability side, considering the ability to reprice the asset side.

A - Daniel Alves Maria {BIO 17030121 <GO>}

And Gustavo, just to give some numbers to or these matches. By the way, you can find this in our MD&A. There is a section that we show the mismatch of our balance sheet. Basically, what we have, we have assets, net assets at fixed rates against net liabilities. Two-thirds of those net assets are financed by saving deposits. That is basically 70% of SELIC rates and one-third is current accounts that we are not sensitive to the interest rates to them. In a certain way, this has moved a little bit the impact. And this one-third -- this mismatch that we have in terms of assets, about 50% of it we'll re-price in one year. Then this means that liabilities, they price faster than the assets.

And coming to your question, we made an exercise that we shared with the market. That we expect for any 100 basis points move in the interest base rate base rates, we should have an impact in the region of BRL400 million on an annual basis for the NII. When you look at the impact in the NII, it's consistent with this number. Coming to the other part of your question, where these will be repriced? We tend to have this effect more towards the end of the year and next year. And certainly, the impact tends to be more this year in terms of the liabilities. As when we built the budget for this year and the other -- or the formal guidance, we have in the projections a SELIC rate reaching 3.5% by the end of the year. And now all the market is working with 7%. So then this comes from what (inaudible). The adjustment in the NII can be fully explained by this exogenous effect that is the interest rate.

Q - Gustavo Schroden {BIO 17051676 <GO>}

No, no, that's clear. Just to be sure I understand. So it would be fair to assume that the first half of next year, maybe the pricing of our assets should be -- we could see the benefit of a better price on the asset side, right?

A - Daniel Alves Maria {BIO 17030121 <GO>}

It's hard to say exactly in which quarter because actually, we have optionality for part of those assets, but for sure, in 2022, but certainly somewhere in 2022, we tend to have these effects.

Q - Gustavo Schroden {BIO 17051676 <GO>}

Okay, that's clear, thank you very much.

Operator

This concludes today's question-and-answer session. Mr. Fausto De Ribeiro to proceed with his closing statement. Please go ahead, sir.

A - Fausto De Andrade Ribeiro {BIO 22049499 <GO>}

Okay. I just want to say thank you, guys, everybody, for this opportunity to clarify a little bit about the result of Banco do Brasil in the second quarter, of course, and the first semester also. And I'd like to say that this kind of result is great. It's a record in terms of results of Banco do Brasil and was just possible because we have a capillarity. We have strong people working together in order to guarantee that the goals will be achieved. I hope that the explanations here helped you guys to understand a little bit better how was the results of the Banco do Brasil. And this, I hope to that everybody was clear with the explanation that we did before. I hope to see you guys at the next meeting in the third quarter of this year. And thank you very much for this opportunity. See you. Bye-bye.

Operator

That does conclude Banco do Brasil conference call for today. As a reminder, the material used in this conference call is available on Banco do Brasil Investor Relations website. Thank you very much for your participation, and have a nice day. You may now disconnect.