

Update: Banco Daycoval S.A.

February 27, 2026

This report does not constitute a rating action.

Ratings Score Snapshot

SACP: **bb-**

Support: **0**

Additional factors: **0**

| | | |
|----------------------|----------|----|
| Anchor | bb+ | |
| Business position | Moderate | -1 |
| Capital and earnings | Moderate | 0 |
| Risk position | Adequate | 0 |
| Funding | Moderate | -1 |
| Liquidity | Adequate | |
| CRA adjustment | 0 | |

| | |
|-------------------|---|
| ALAC support | 0 |
| GRE support | 0 |
| Group support | 0 |
| Sovereign support | 0 |

| Issuer credit rating |
|----------------------|
| BB-/Stable/B |

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ALAC--Additional loss-absorbing capacity. CRA--Comparable ratings analysis. GRE--Government-related entity. ICR--Issuer credit rating. SACP--Stand-alone credit profile.

Credit Highlights

Overview

Key strengths

Profitability metrics that are consistently better than the banking industry average.

A track record of solid management, resilient operations, and expertise in credit to small and midsize enterprises.

Sound asset quality metrics.

Key risks

Challenging conditions for corporate lending in Brazil amid still high interest rates.

Rising competition from large banks and new players.

A reliance on wholesale investors for funding.

Our rating on Banco Daycoval S.A. continues to reflect its track record of resilient profitability and solid performance in its corporate lending, as well as its somewhat concentrated revenue sources.

Daycoval's business position benefits from its sizable and successful operations in collateralized loans and credit to small and midsize enterprises (SMEs) in Brazil, its growing share of loans to larger corporations, and its relevant operations in payroll and auto loans. The bank, in

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terms of profitability, has generally outperformed its peers because of solid net interest margins and manageable credit losses.

In addition, because of its experience in the business, Daycoval has generally been resilient during times of credit distress in corporate loans. However, the bank has significant exposure to the SME niche, which tends to be more sensitive to economic swings.

Daycoval's profitability has continued to be above the industry average. Because of its history in its lending niches, it has generated substantial net interest income relative to its cost of risk. This, combined with improved efficiency, fueled above-average profitability metrics for several consecutive years. Between 2019 and 2025, Daycoval's average return on average equity was about 25.5%, much higher than the overall financial system's 15% average for the same period.

Additionally, Daycoval has been gradually making its revenue more diverse, with the asset management department, debt capital markets services, derivatives, and foreign exchange services all growing. Fee income was 10% of the bank's operating revenue in 2025, up from about 6.0% in 2020-2021.

We think Daycoval's credit losses will remain stable as it tightens its lending standards amid challenging credit conditions. Our forecast sees nonperforming loans at 2.0%-2.5% of the bank's gross loan book in 2026 and 2027.

There are downside risks for SME loans in general, with interest rates in Brazil remaining higher for longer (despite expected cuts this year), increasing the pressure on companies' cash flow. However, we think Daycoval's tight underwriting standards, sound collateral management, and flexibility in terms of adjusting its growth and restructuring loans will protect the bank's balance sheet.

Additionally, Daycoval has historically been extra-prudent when conditions have been more difficult, leading to resilient profits. As a result, we project that its return on average equity will continue to exceed the industry average.

Outlook

The stable outlook on Daycoval reflects our expectation of no rating changes in the next 12 months. We foresee challenging conditions for SME loans in Brazil this year amid still high interest rates. However, we expect that Daycoval will continue to report above-average financial performance and sound asset quality metrics due to its resilience and solid expertise in that segment.

Downside scenario

We could lower the ratings on Daycoval if its risk-adjusted capital ratio drops and stays below 5%, which could happen if there's faster-than-expected loan growth or eroding asset quality. Our base-case scenario considers asset quality metrics at Daycoval that continue to be slightly better than the system average as well as profitability that continues to exceed the industry average--thereby providing capital buildup that'll keep capitalization stable even when the bank expands its lending portfolio.

Upside scenario

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Prospects for raising our ratings on Daycoval would depend on the bank's ability to consistently outperform its peers while it diversifies its revenue base and maintains manageable asset quality metrics and stable capital ratios.

Key Statistics

Banco Daycoval SA Key Figures

| Mil. R\$ | 2025 | 2024 | 2023 | 2022 | 2021 |
|------------------------|---------|--------|--------|--------|--------|
| Adjusted assets | 100,534 | 90,924 | 77,097 | 69,705 | 61,931 |
| Customer loans (gross) | 63,858 | 52,943 | 47,502 | 47,504 | 40,742 |
| Adjusted common equity | 6,669 | 6,900 | 6,129 | 5,550 | 4,772 |
| Operating revenues | 7,033 | 6,778 | 5,534 | 4,824 | 4,761 |
| Noninterest expenses | 3,290 | 3,157 | 2,904 | 2,507 | 1,946 |
| Core earnings | 1,781 | 1,620 | 1,095 | 1,087 | 1,391 |

R\$--Brazilian real.

Rating Component Scores

| | |
|-----------------------------|----------------------------|
| Issuer Credit Rating | BB-/Stable/B |
| SACP | bb- |
| Anchor | bb+ |
| Business position | Moderate (-1) |
| Capital and earnings | Moderate (0) |
| Risk position | Adequate (0) |
| Funding and liquidity | Moderate and Adequate (-1) |
| Comparable ratings analysis | 0 |
| Support | 0 |
| ALAC support | 0 |
| GRE support | 0 |
| Group support | 0 |
| Sovereign support | 0 |
| Additional factors | 0 |

SACP--Stand-alone credit profile. ALAC--Additional loss-absorbing capacity. GRE--Government-related entity.

Related Criteria

- [Criteria | Financial Institutions | General: Financial Institutions Rating Methodology](#), Dec. 9, 2021
- [Criteria | Financial Institutions | Banks: Banking Industry Country Risk Assessment Methodology And Assumptions](#), Dec. 9, 2021
- [General Criteria: Environmental, Social, And Governance Principles In Credit Ratings](#), Oct. 10, 2021
- [General Criteria: Hybrid Capital: Methodology And Assumptions](#), July 1, 2019

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- [General Criteria: Group Rating Methodology](#), July 1, 2019
- [General Criteria: Methodology For National And Regional Scale Credit Ratings](#), June 25, 2018
- [Criteria | Financial Institutions | General: Risk-Adjusted Capital Framework Methodology](#), July 20, 2017
- [General Criteria: Methodology For Linking Long-Term And Short-Term Ratings](#), April 7, 2017
- [General Criteria: Principles Of Credit Ratings](#), Feb. 16, 2011

Ratings Detail (as of February 27, 2026)*

Banco Daycoval S.A.

| | |
|------------------------------|---------------------|
| Issuer Credit Rating | BB-/Stable/B |
| <i>Brazil National Scale</i> | brAA+/Stable/brA-1+ |

Issuer Credit Ratings History

| | | |
|-------------|------------------------------|---------------------|
| 18-Mar-2019 | | BB-/Stable/B |
| 16-Aug-2017 | | BB-/Negative/B |
| 23-May-2017 | | BB-/Watch Neg/B |
| 18-Jan-2022 | <i>Brazil National Scale</i> | brAA+/Stable/brA-1+ |

Sovereign Rating

| | | |
|------------------------------|--|-----------------|
| Brazil | | BB/Stable/B |
| <i>Brazil National Scale</i> | | brAAA/Stable/-- |

*Unless otherwise noted, all ratings in this report are global scale ratings. S&P Global Ratings' credit ratings on the global scale are comparable across countries. S&P Global Ratings' credit ratings on a national scale are relative to obligors or obligations within that specific country. Issue and debt ratings could include debt guaranteed by another entity, and rated debt that an entity guarantees.

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