

BANCO  
**MERCANTIL**

EARNINGS  
**RELEASE**

**1Q24** 

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# Message from the Board

We are pleased to present the results of the first quarter of 2024, highlighting another period of significant achievements for Banco Mercantil. This quarter, we strengthened our relationship with our clients, reaching major milestones that reflect not only our growth and profitability but also the solidity of our principles and commitment to excellence.

Our relationship with clients continues to be the core of our strategy. We reached 8.2 million clients, prioritizing aspects such as primacy, trust and the transparency that guides relationship building.

Our net profit reached record levels for the quarter, reaching BRL 165 million, demonstrating the effectiveness of our strategy and operational efficiency. Additionally, the Return on Equity (ROAE) continues to reflect our ability to deliver consistent profitability levels for our shareholders, reaching 34.7% in the quarter (last 12 months).

We also continue to deliver sustainable growth in our loan portfolio, prioritizing collateralized lines, which represent 79% of our portfolio. This not only drove portfolio growth, reaching the significant mark of BRL 14.9 billion, but also helped maintain our delinquency levels below the market.

We started the year 2024 with renewed determination, staying true to our values and our commitment to being a complete ecosystem of solutions for the 50+ audience. We appreciate the trust of our clients, the dedication of our employees, and the partnership of our stakeholders. We will continue to move forward with excellence and commitment, ready for the challenges and opportunities that lie ahead.

***Board of Directors***



## HIGHLIGHTS

<b>Income Statement</b>	<b>1Q24</b>	<b>4Q23</b>	<b>Δ</b>	<b>1Q23</b>	<b>Δ</b>
Net Interest Income (BRL mn)	947	880	+8%	702	+35%
Service Revenue (BRL mn)	160	151	+6%	133	+20%
Net Profit (BRL mn)	165	150	+10%	68	+142%
Total Customers	8,244,191	7,981,641	+3%	6,734,754	+22%
Number of Employees and Interns	3,363	3,324	+1%	3,160	+6%
<b>Credit Portfolio (BRL mn)</b>	<b>1Q24</b>	<b>4Q23</b>	<b>Δ</b>	<b>1Q23</b>	<b>Δ</b>
Payroll Loan	8,573	7,735	+11%	6,866	+25%
Personal Loan - FGTS	3,149	3,064	+3%	2,049	+54%
Personal Loan	2,097	2,001	+5%	1,930	+9%
AA-C Rated Portfolio	14,242	13,308	+7%	11,502	+24%
Top 10 Debtors (%)	3.2%	3.2%	-	3.5%	-32 bps
Top 50 Debtors (%)	5.9%	5.9%	-	7.6%	-167 bps
Top 100 Debtors (%)	6.5%	6.5%	-	8.5%	-203 bps
<b>Total Portfolio</b>	<b>14,900</b>	<b>13,997</b>	<b>+6%</b>	<b>12,182</b>	<b>+22%</b>
<b>Credit Indicators</b>	<b>1Q24</b>	<b>4Q23</b>	<b>Δ</b>	<b>1Q23</b>	<b>Δ</b>
NPL > 90	2.53%	2.95%	-43 bps	2.76%	-23 bps
Individuals NPL > 90	2.53%	2.99%	-46 bps	2.79%	-25 bps
Corporate NPL > 90	2.44%	2.31%	+13 bps	2.48%	-4 bps
NPL (15 - 90)	1.77%	1.61%	+16 bps	1.70%	+7 bps
NPL Provision (BRL mn)	461	484	-5%	473	-2%
NPL Provision/Credit Portfolio	3.10%	3.46%	-36 bps	3.88%	-79 bps
<b>Performance Indicators (%)</b>	<b>1Q24</b>	<b>4Q23</b>	<b>Δ</b>	<b>1Q23</b>	<b>Δ</b>
ROAE (LTM)	34.7%	29.8%	+490 bps	17.8%	+1,689 bps
ROAA (LTM)	2.9%	2.5%	+40 bps	1.6%	+133 bps
NIM (quarter annualized)	22.0%	22.2%	-18 bps	21.6%	+40 bps
<b>Capital</b>	<b>1Q24</b>	<b>4Q23</b>	<b>Δ</b>	<b>1Q23</b>	<b>Δ</b>
Basel III Index (%)	17.1%	17.0%	+16 bps	16.4%	+72 bps
Tier I Capital (%)	13.1%	12.7%	+41 bps	11.9%	+125 bps
Shareholder's Equity (BRL mn)	1,715	1,594	+8%	1,358	+26%
Funding (BRL mn)	17,395	16,271	+7%	12,950	+34%

# MANAGERIAL INCOME STATEMENT

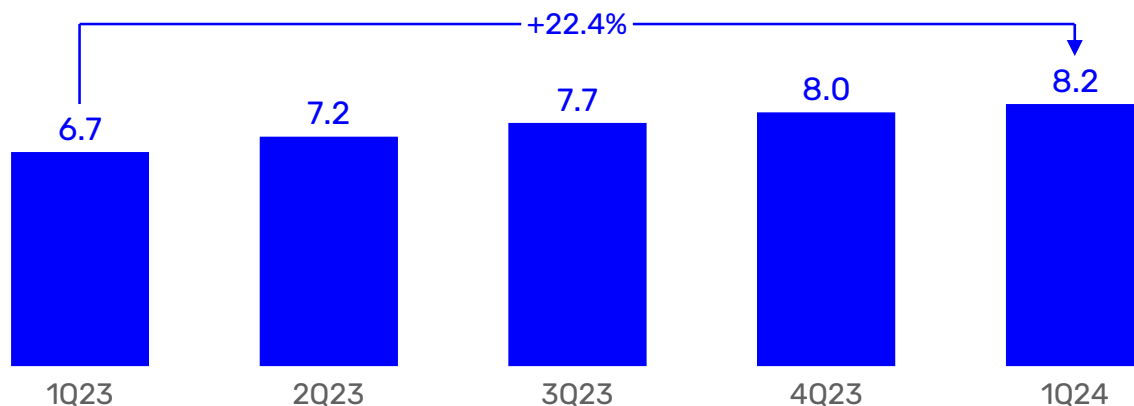


BRL mn	1Q24	4Q23	Δ	1Q23	Δ
<b>Managerial Financial Margin</b>	<b>990,384</b>	<b>927,599</b>	<b>+7%</b>	<b>768,110</b>	<b>+29%</b>
<b>Interest Income</b>	<b>1,365,109</b>	<b>1,297,593</b>	<b>+5%</b>	<b>1,069,454</b>	<b>+28%</b>
Credit Operations Revenue	1,271,622	1,205,012	+6%	995,909	+28%
Income from Securities and Bond Transactions	90,202	89,181	+1%	66,306	+36%
Income from Derivative Financial Instruments (+ MTM)	2,761	2,842	-3%	6,454	-57%
Foreign Exchange Operations Income	16	(16)	+200%	19	-16%
Income from Compulsory Investments	508	574	-11%	766	-34%
<b>Interest Expense</b>	<b>(428,634)</b>	<b>(424,692)</b>	<b>+1%</b>	<b>(373,446)</b>	<b>+15%</b>
Funding Expense	(416,683)	(408,440)	+2%	(349,134)	+19%
Loan and Transfer Expenses	(30)	(435)	-93%	(160)	-81%
Expenses for Obligations Related to Transferred Operations	(11,921)	(15,817)	-25%	(24,152)	-51%
<b>Other Non-Interest Income (Expenses) and Non-Interest Banking Expenses</b>	<b>53,909</b>	<b>54,698</b>	<b>-1%</b>	<b>72,102</b>	<b>-25%</b>
Other Non-Interest Income (Expenses) and Banking Expenses	0	0	-	0	-
Income from Sale of Securities and Bonds	(1,830)	(2,958)	+38%	(630)	-190%
Service Revenue	55,739	57,656	-3%	72,732	-23%
<b>Cost of Credit</b>	<b>(92,295)</b>	<b>(127,720)</b>	<b>-28%</b>	<b>(119,959)</b>	<b>-23%</b>
Provision for Loan Losses	(115,733)	(114,139)	+1%	(111,559)	+4%
Impairment	(264)	(262)	+1%	(155)	+70%
Discounts Granted	10,698	(23,414)	-146%	(15,248)	-170%
Recovery of Loans Written Off as Losses	13,004	10,095	+29%	7,003	+86%
<b>Other Operating Income / Expenses</b>	<b>898,089</b>	<b>799,879</b>	<b>+12%</b>	<b>648,151</b>	<b>+39%</b>
Service Revenue (Others)	103,982	93,243	+12%	60,140	+73%
Non-Interest Expenses	(693,612)	(647,569)	+7%	(565,665)	+23%
Tax Expenses for ISS, PIS, Cofins and Others Taxes	(64,987)	(62,537)	+4%	(46,436)	+40%
<b>Income Before Taxes and Profit Sharing</b>	<b>243,472</b>	<b>183,016</b>	<b>+33%</b>	<b>96,190</b>	<b>+153%</b>
<b>Income Tax and Social Contribution</b>	<b>(77,623)</b>	<b>(32,309)</b>	<b>+140%</b>	<b>(27,982)</b>	<b>+177%</b>
<b>Minority Interest</b>	<b>(727)</b>	<b>(419)</b>	<b>+74%</b>	<b>(83)</b>	<b>+776%</b>
<b>Recurring Managerial Result</b>	<b>165,122</b>	<b>150,288</b>	<b>+10%</b>	<b>68,125</b>	<b>+142%</b>

## CLIENTS

### Clients

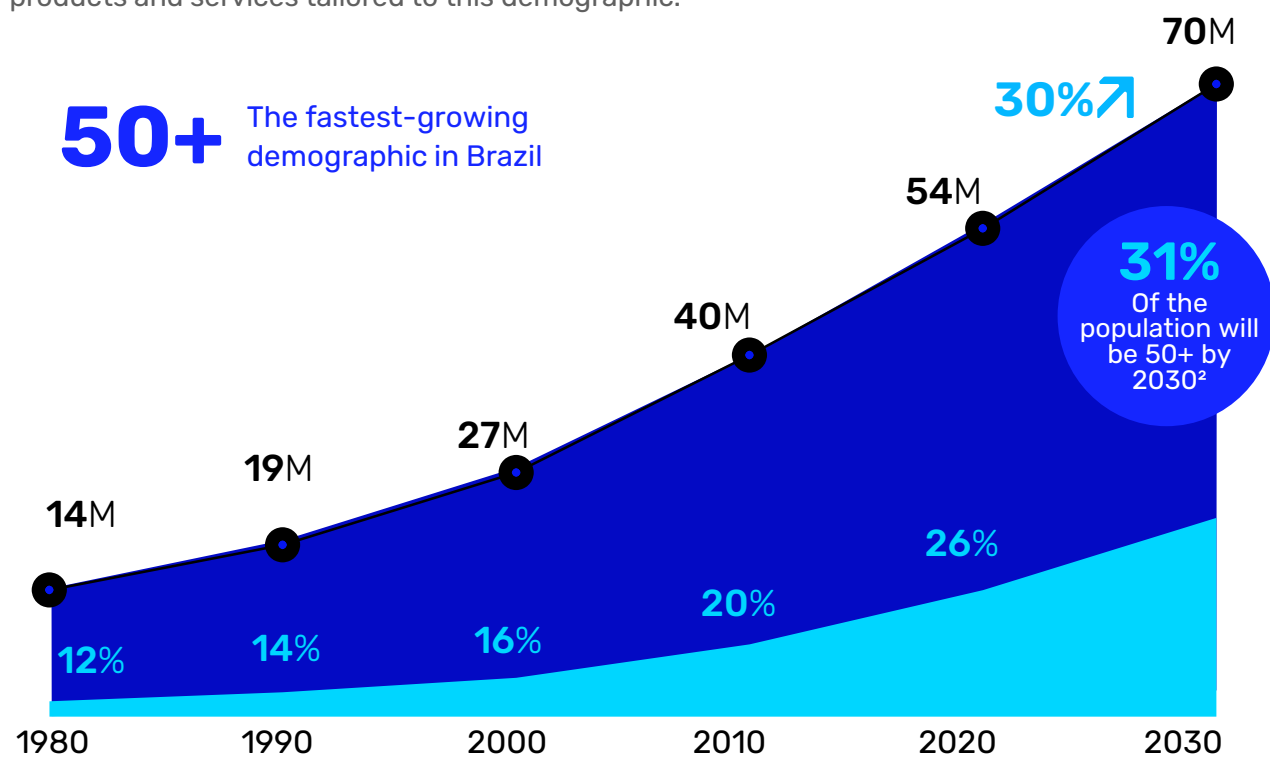
mn



One of Banco Mercantil's pillars is to prioritize its clients, establishing a transparent relationship, focusing on primacy and trust. We reached 8.2 million clients by the end of the first quarter of 2024, representing an annual growth of 22% and a 3% increase compared to the previous quarter.

The 50+ audience, which constitutes our main customer base, annually moves BRL 2 trillion in Brazil<sup>1</sup>, and is expected to gain increasing importance in the economy as we go through a process of population aging in Brazil.

Today, Banco Mercantil has evolved into a holistic ecosystem offering a diverse range of products and services tailored to this demographic.



## CREDIT

The loan portfolio reached BRL 14.9 billion, showing a growth of 22% compared to the same period last year and 6% compared to 4Q23. This evolution is mainly explained by the increase in the origination of Payroll Loans.

We continue with a strategy of sustainable growth, focusing our expansion on the retail segment, particularly in Payroll Loans and Personal Loan FGTS lines, which represent 79% of our total portfolio. Both are collateralized products, with delinquency levels much lower than other market lines.

Credit Portfolio  
**BRL 14.9bn** +22% ↗

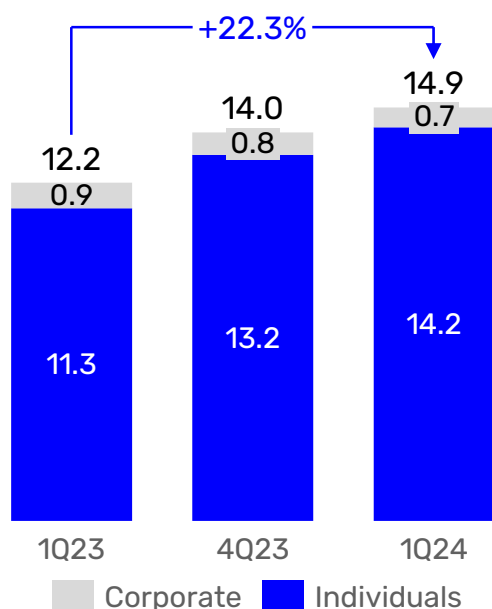
Compared to the same quarter of the previous year

The credit origination in 1Q24 reached BRL 3.4 billion, an increase of 18.5% compared to the same period last year. This result reflects the improvement in the Bank's commercial efficiency and the seasonal behavior of the Payroll Loan market.

In this quarter, Payroll Loan origination reached BRL 2.4 billion, Personal Loan reached BRL 527 million, and the Personal Loan FGTS line reached BRL 287 million in origination during the period.

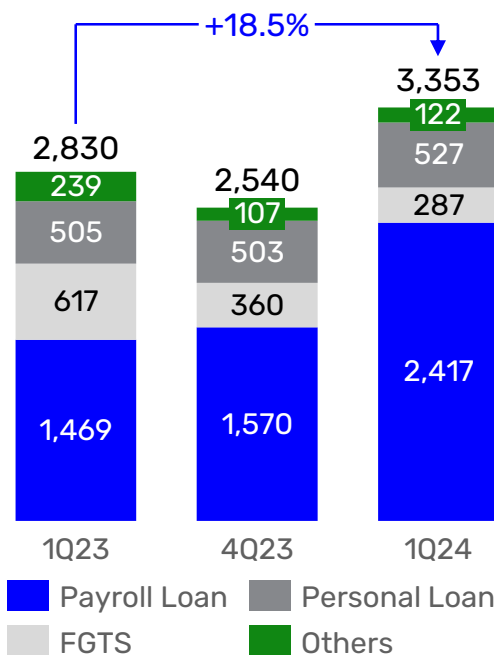
### Credit Portfolio

BRL bn



### Credit Origination

BRL mn



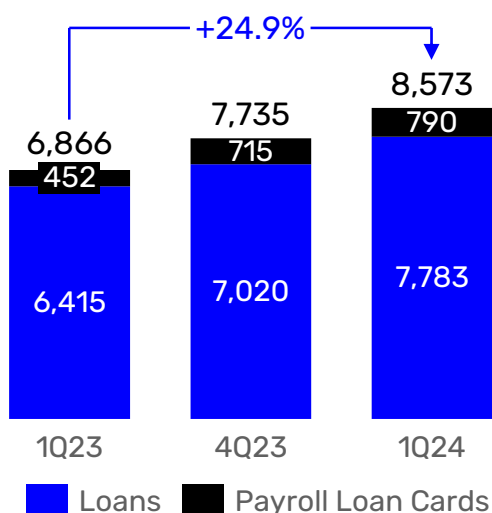
## Payroll Loan Portfolio

Payroll Loan remain the flagship product of the Bank's portfolio, consolidating a solid expertise and a strategic position in this segment - we are currently the 5th largest benefits payer in Brazil.

Payroll Loans are one of the safest credit lines in the market, and represents 58% of the total loan portfolio of the Bank, exceeding BRL 8.5 billion, and showing a growth of 25% compared to the first quarter of 2023.

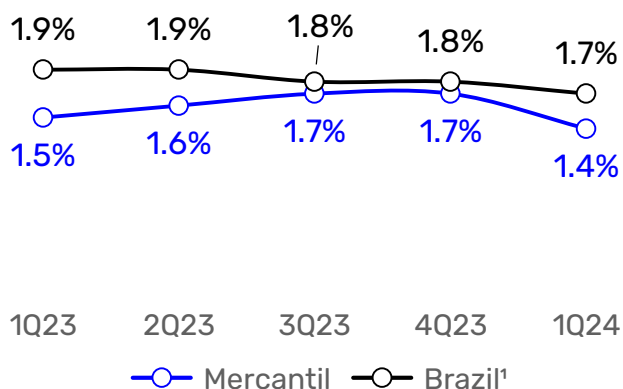
### Payroll Loan Portfolio

BRL mn



### NPL > 90 days (%)

Payroll Loan (INSS only)



Moreover, Payroll Loans are an important product for customer loyalty, playing a significant role in building customer relationships and directing them towards other products and services of Banco Mercantil.

In 1Q24, the origination of Payroll Loan reached the level of BRL 2.4 billion, a growth of 54% compared to the previous quarter and 64% compared to the same period last year. The operations were originated 100% through the Bank's own channels, such as branches, stores, and digital channels.

The origination strategy through our own channels has been a significant differentiator for Banco Mercantil, contributing significantly to maintaining the Company's margins.

### Origination Payroll Loan

**100%**  
via Own Network

**8%**  
Share 1Q24<sup>1</sup>

**35%**  
App share in the 1Q24  
Total Payroll Loan Origination





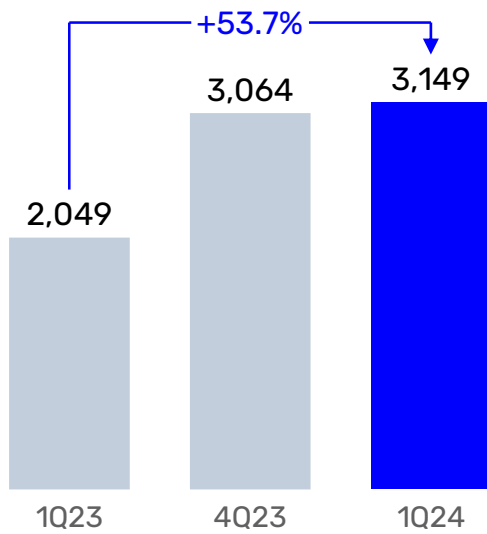
## Personal Loan FGTS

The Personal Loan FGTS Portfolio remains a relevant credit line for the Company, also considered one of the safest lines in the market, given its collateralized profile and low delinquency rate.

In the 1Q24, FGTS portfolio exceeded BRL 3.1 billion, representing 21% of the total loan portfolio of the Bank and highlighting a growth of 54% compared to 1Q23.

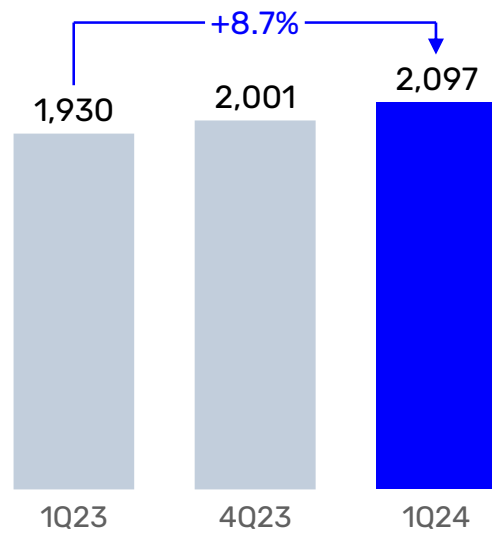
### FGTS Portfolio

BRL mn



### Personal Loan Portfolio

BRL mn



## Personal Loan Portfolio

At Banco Mercantil, Personal Loan offerings cater to clients who have previously utilized Payroll Loans and maintain a strong relationship with the bank. This ensures a rich dataset for customer analytics, enhancing precision in offering this credit line. The portfolio grew by 9% compared to the first quarter of 2023.

During the period of increasing interest rates in the market, the Bank reduced its exposure to Personal Loans, maintaining selectivity in product granting. Proper reading of the credit cycle contributed to the Bank maintaining its delinquency under control during this period.

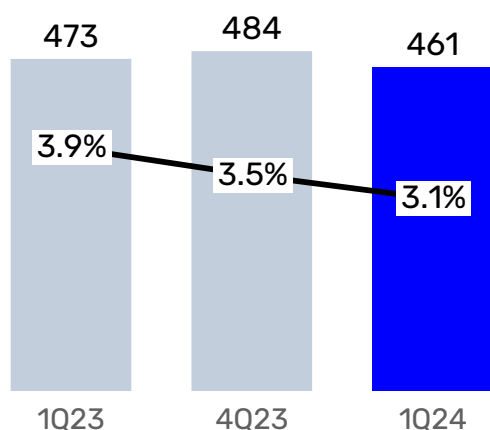
## Credit Portfolio Quality

Banco Mercantil continues to show a positive trajectory in its credit portfolio quality indicators, even in the face of a challenging macroeconomic environment. Operations classified in the lower credit risk bands, from 'AA' to 'C,' represented 95.6% of the total credit portfolio in 1Q24, an increase of 120 bps compared to 1Q23, and 50 bps compared to the previous quarter.

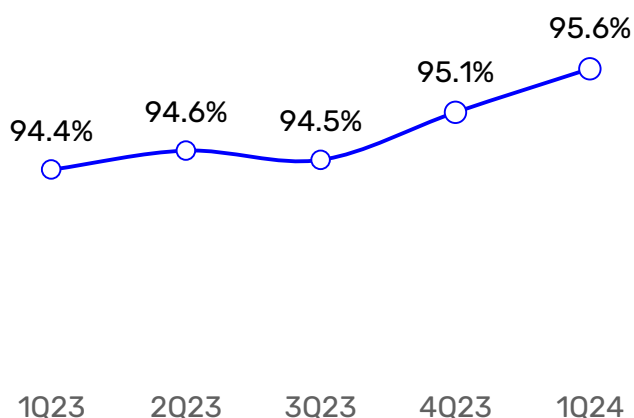
Provisions for credit operation risk in the quarter amounted to BRL 461 million, representing 3.1% of the total credit portfolio, a decrease of 79 bps compared to the same period last year.

### NPL Provision and % Portfolio

BRL mn

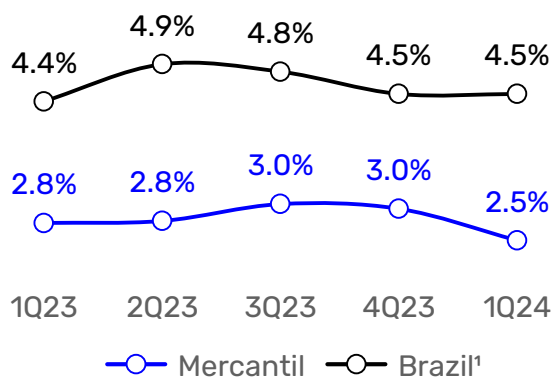


### % AA - C / Portfolio

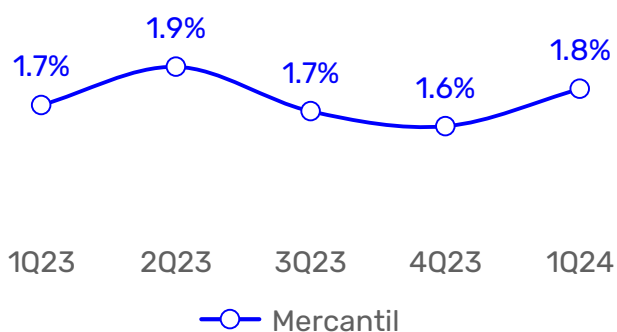


While the market, in general, faced challenges with delinquency, our portfolio remains at a controlled level. Over 90-day delinquency (Non Performing Loans - NPL) decreased by 23 bps on an annual basis, to the level of 2.5%, while Over 15-90 increased to 1.8% in 1Q24, representing a growth of 7 bps compared to 1Q23.

### NPL > 90 (%)



### NPL 15 - 90 (%)



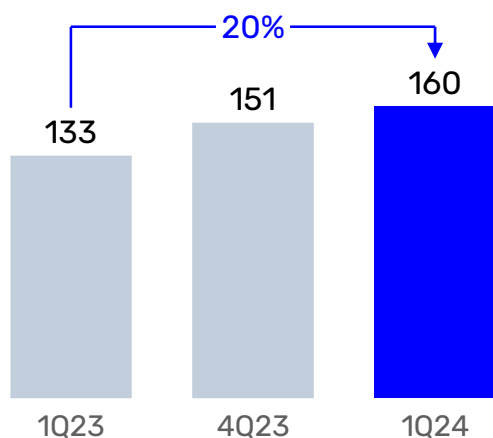
## SERVICES

We continue to expand our service portfolio, ensuring alignment with the needs of the 50+ audience and strengthening the connection with our customer base through close relationships.

The number of active clients with assistance reached 337 thousand in 1Q24, a significant growth of 124% compared to the previous year, while our Service Revenues reached BRL 160 million in the quarter, a 20% increase year-on-year.

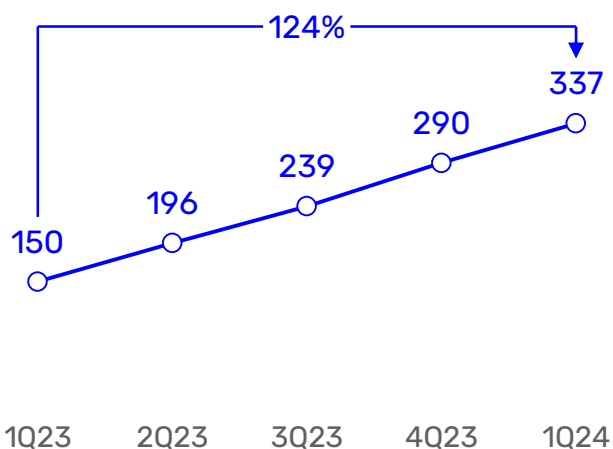
### Service Revenue

BRL mn



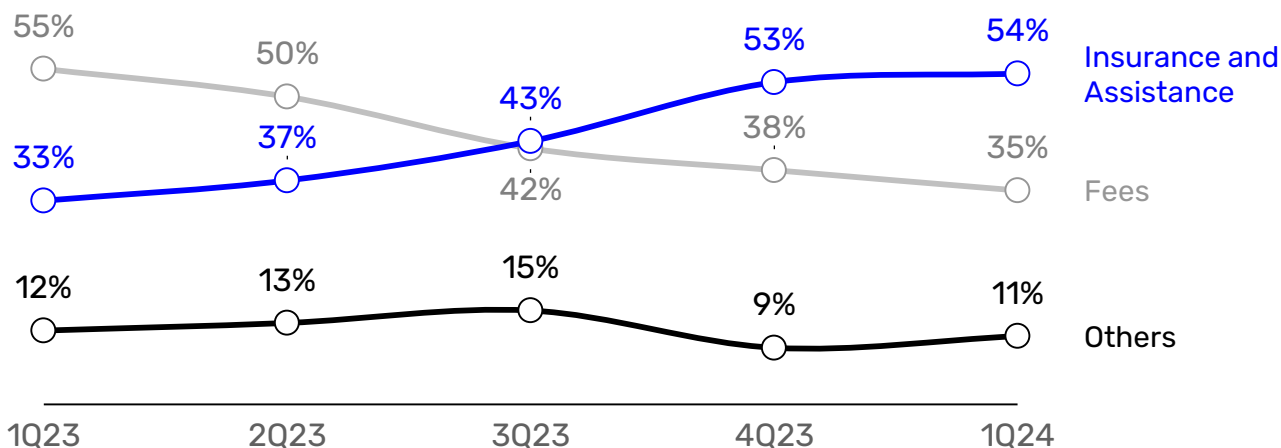
### Active Customers with Assistance

thousand



We observe a positive trend with the decrease in fees and a significant increase in revenue from insurance and assistance, which already represent 54% of Banco Mercantil's service revenue. This change represents an evolution in revenue sustainability in the long term, demonstrating Banco Mercantil's portfolio's ability to adapt to the needs of the 50+ audience.

### Segment Evolution – Service Revenue



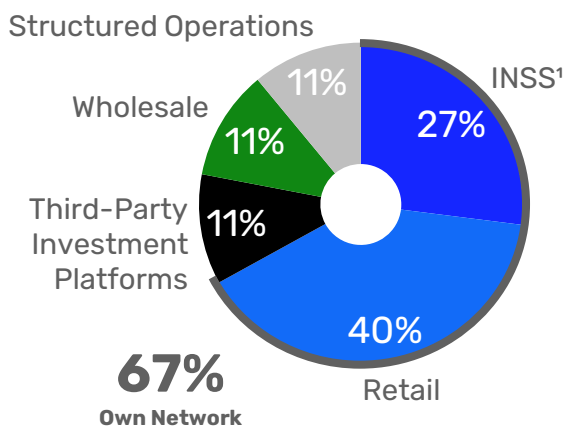
## FUNDING

In 1Q24, the funding balance reached BRL 17.4 billion, a growth of 34% compared to 1Q23. Term deposits amounted to BRL 13.4 billion, representing 77% of the total.

Banco Mercantil has diversified sources for raising funds, with 27% coming from INSS beneficiaries and 40% from Retail clients (individuals and businesses). Therefore, the bank's own network represents 67% of the total funding, directly contributing to maintaining the cost of funding below the CDI.

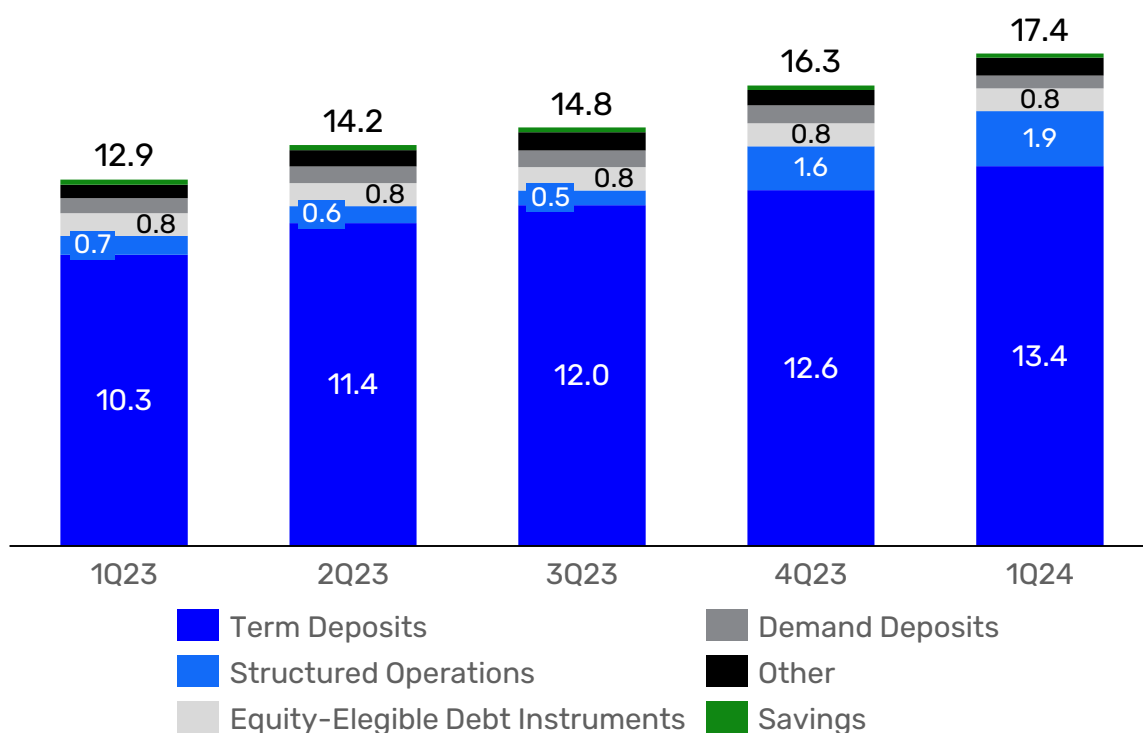
In March 2024, the Bank carried out an issuance operation of a Real Estate Receivables Certificate, in the amount of BRL 500 million, with the aim of sustaining the bank's growth and diversifying the Institution's funding sources.

In 1Q24, the cost of funding increased by 160 bps compared to the last quarter, reaching 95.7% of the CDI.



### Funding Balance

BRL bn



(1) It refers to our customer base that receives their pensions and other benefits (INSS) at the bank, and that are simultaneously responsible for a significant part of our funding.

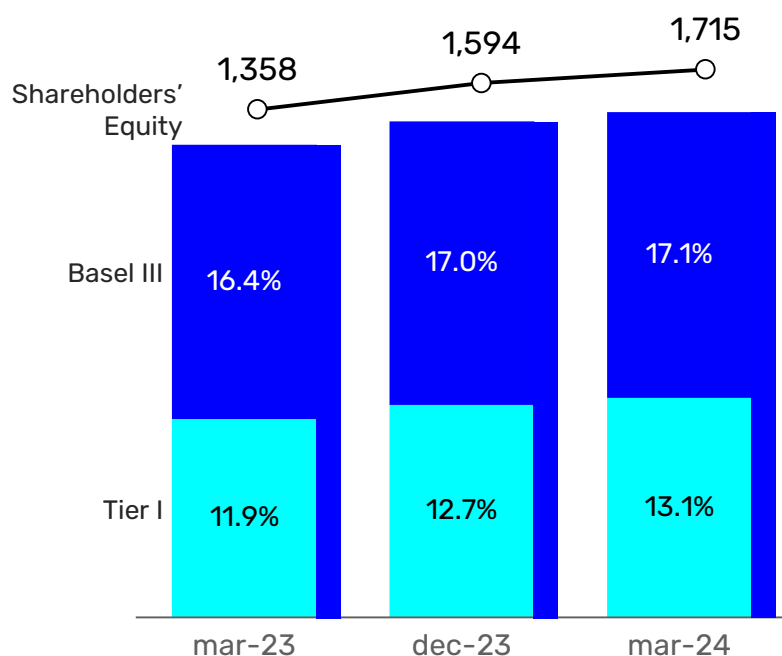
## CAPITAL

### Capital Adequacy Ratio (Basel III) and Shareholders' Equity

At the end of the 1Q24, Mercantil's Equity reached BRL 1.7 billion, representing a positive variation of 26% compared to the same period of the previous year and 8% compared to the last quarter, demonstrating the financial solidity in its capital structure and the ability to sustain sustainable growth of the company.

#### Capital Adequacy Ratio and Shareholders' Equity

(%) e BRL mn



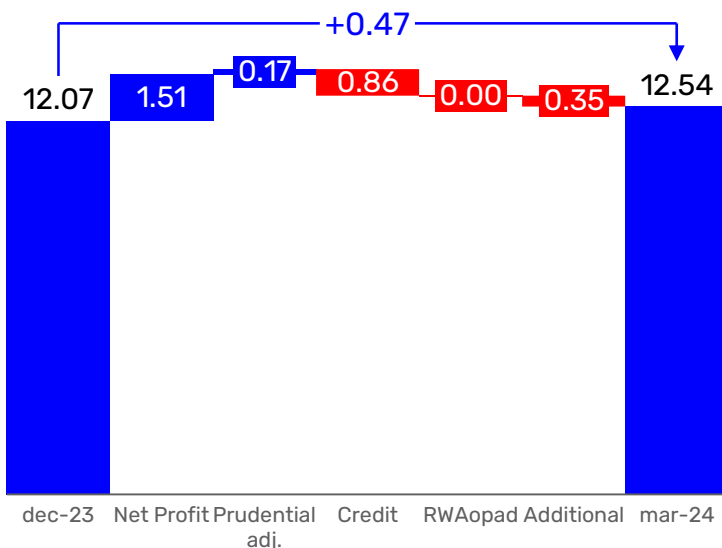
The Basel III (Capital Adequacy Ratio) reached 17.1%, an increase of 72 bps compared to the same period of the previous year and 16 bps compared to the last quarter. This growth directly reflects the effectiveness of the Bank's risk management strategies and the strengthening of its capital.

Similarly, the Tier 1 Capital Ratio and the Common Equity Tier 1 Ratio (CET1), key indicators of financial solidity, continued on a positive trend compared to the

last quarters, reaching 13.15% and 12.54% respectively. The growth of Common Equity Tier 1 was 47 bps in the quarter, mainly due to the retention of the company's own profit, thus ensuring a solid capital base for the continuity of Banco Mercantil's growth.

#### Changes in Common Equity Tier I

(%)

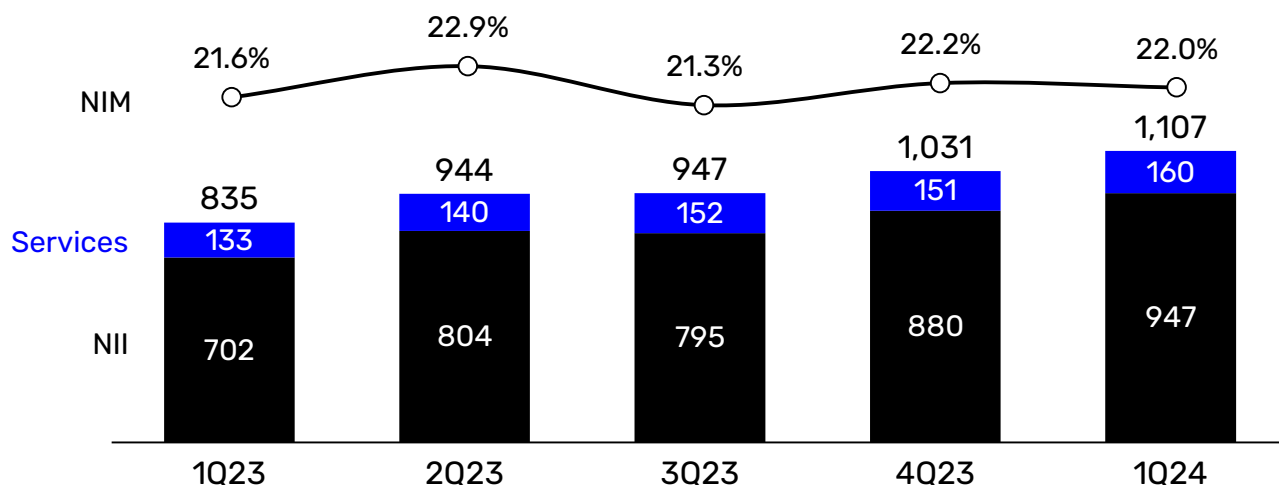


## PROFITABILITY

In the 1Q24, Net Interest Income amounted to BRL 947 million for the quarter, an 8% increase compared to the previous quarter and a 35% rise from the same period last year, while Net Interest Margin showed a 40 bps increase in the annual comparison and a 18 bps decrease quarterly.

### Total Revenue and Net Interest Margin

BRL mn



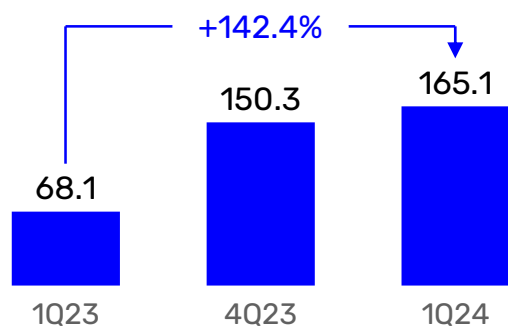
Net Profit reached BRL 165.1 million for the quarter, marking another quarterly record and a 142% increase from the same period last year and 10% growth from the previous quarter.

ROAE reached 34.7% for the quarter, a 1,689 bps increase from the same period last year and a 493 bps increase from the previous quarter.

These figures reflect our commitment to profitability and focus on operational excellence, without ever compromising the principles that guide our business, such as transparency and closeness to our customers.

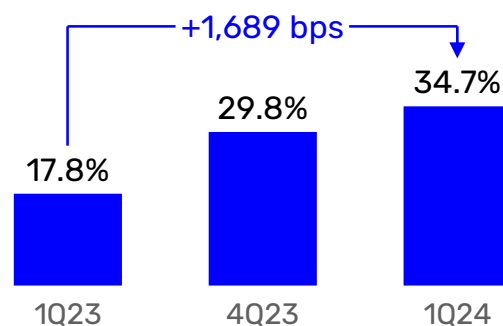
### Net Profit

BRL mn



### ROAE

LTM, % p.a.



## ESG

Banco Mercantil is pleased to reaffirm its commitment to promoting active and healthy aging, especially focused on the 50+ audience. We participated as sponsors of MaturiFest 2023, one of the largest events dedicated to this age group in Brazil, which took place in São Paulo.

With our presence, we aimed to create a welcoming and stimulating environment for dialogue and learning through our panel *"Mercantil Presents: Finance for Those Who Want More"*. Featuring our vice-president Bruno Simão, director Lucas Kubiaki, along with presenter Sandrinha and actor Ary Fontoura, our participation was remarkable.



Additionally, Banco Mercantil was proud to be one of the sponsors of Festival Sabiá, an event in Belo Horizonte that celebrates not only maturity but also the richness of life experiences.

This initiative reflects our commitment to recognizing and valuing the vital contribution that the 50+ audience offers to society. Banco Mercantil remains committed to actively participating in the creation of meaningful spaces and inspiring opportunities for the 50+ audience to share their stories, celebrate their achievements, and continue to positively impact the world around them.

Together, we will continue to make a difference and inspire positive changes in our communities, in a continuous effort to build a more inclusive and welcoming world for all generations.



## Balance Sheet

BRL mn

<b>Assets</b>	<b>1Q24</b>	<b>4Q23</b>	<b>Δ</b>	<b>1Q23</b>	<b>Δ</b>
<b>Total Assets</b>	<b>20,433</b>	<b>19,283</b>	<b>+6%</b>	<b>15,489</b>	<b>+32%</b>
Credit Operations	14,327	13,415	+7%	11,547	+24%
Interbank Liquidity Investments	1,765	1,309	+35%	363	+386%
Securities and Bonds	1,102	1,034	+7%	962	+15%
NPL Provision	(461)	(484)	-5%	(471)	-2%
Tax Assets	691	700	-1%	691	-
Fixed Assets	153	161	-5%	148	+3%
Intangible Assets	118	116	+2%	101	+17%
<b>Liabilities</b>	<b>1Q24</b>	<b>4Q23</b>	<b>Δ</b>	<b>1Q23</b>	<b>Δ</b>
<b>Total Liabilities</b>	<b>20,433</b>	<b>19,283</b>	<b>+6%</b>	<b>15,489</b>	<b>+32%</b>
Fixed Term Deposits	13,417	12,564	+7%	10,292	+30%
Demand Deposits	446	625	-29%	527	-15%
Transactions Linked to Transfers	321	411	-22%	663	-52%
Equity-Eligible Debt Instruments	808	813	-1%	801	+1%
Provision	262	259	+1%	269	-2%
<b>Shareholders' Equity</b>	<b>1,715</b>	<b>1,594</b>	<b>+8%</b>	<b>1,358</b>	<b>+26%</b>
Share Capital	807	702	+15%	598	+35%
Capital Reserves	43	43	-	43	-
Retained Earnings Reserves	702	807	-13%	621	+13%



# Income Statement

BRL mn

<b>Revenue</b>	<b>1Q24</b>	<b>4Q23</b>	<b>Δ</b>	<b>1Q23</b>	<b>Δ</b>
<b>Financial Intermediation Revenue</b>	<b>1,376</b>	<b>1,304</b>	<b>+5%</b>	<b>1,076</b>	<b>28%</b>
Revenue from Credit Operations	1,262	1,259	+0.3%	1,020	+24%
Income from Securities and Bond Transactions	88	86	+2%	66	+34%
<b>Financial Intermediation Expenses</b>	<b>(429)</b>	<b>(425)</b>	<b>+1%</b>	<b>(373)</b>	<b>+15%</b>
Market Funding Operations	(417)	(408)	+2%	(349)	+19%
Operations for Sale or Transfer of Financial Assets	(12)	(16)	-25%	(24)	-51%
NPL Provision	(116)	(114)	+1%	(112)	+4%
<b>Gross Income from Financial Intermediation</b>	<b>832</b>	<b>766</b>	<b>+9%</b>	<b>591</b>	<b>41%</b>
<b>Operating Revenues and Expenses</b>	<b>-588</b>	<b>-591</b>	<b>-0.5%</b>	<b>-493</b>	<b>+19%</b>
Service Revenue	160	151	+6%	133	+20%
Personnel Expenses	-150	-137	+9%	-134	+11%
Administrative Expenses	-244	-239	+2%	-207	+18%
Tax Expenses	-65	-63	+4%	-46	+40%
Other Operating Expenses	-278	-283	-2%	-217	+28%
<b>Income Before Taxation on Profit</b>	<b>243</b>	<b>183</b>	<b>+33%</b>	<b>96</b>	<b>+153%</b>
Income Tax	-78	-32	+140%	-28	+177%
<b>Net Profit</b>	<b>165</b>	<b>150</b>	<b>+10%</b>	<b>68</b>	<b>+142%</b>

## Shareholding Structure

As of March 31, 2024, the company's share capital was BRL 807,203 million. According to the most recent information disclosed to the market, **Mercantil's share capital consists of 65,155,744 common shares**, of which 33.23% are in circulation, **and 39,675,836 preferred shares**, of which 67.70% are in circulation. Therefore, out of the total of 104,831,580 company shares, 46.32% are in circulation

## Ratings

	NOTE	PERSPECTIVE	DATE
S&P Global Ratings	brA	Positive	Oct/23
Fitch Ratings	A- (bra)	Positive	Aug/23
RiskBank <sup>1</sup>	BRMP 2	Stable	Aug/23

## Ombudsman

[ouvidoria@mercantil.com.br](mailto:ouvidoria@mercantil.com.br)  
0800 70 70 384

Banco Mercantil has an Ombudsman's Office, whose purpose is to ensure strict compliance with legal and regulatory norms regarding consumer rights, as well as to act as a communication channel with customers and users, seeking solutions to any problems arising from the relationship with the bank, by registering complaints, reports, and suggestions.



BANCO  
MERCANTIL

## Talk to IR

### Investor Relations

Gustavo Araújo *CEO*

Paulino Rodrigues *CFO and DRI*

Marina Magalhães

*Strategy and IR*

### Contact

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