

Leonardo Ferraz:

Good morning, everyone. It is a great pleasure to welcome you to Banco Mercantil's results presentation for the fourth quarter of 2025.

My name is Leonardo Ferraz, and I am responsible for the Investor Relations area. On behalf of the entire team, I would like to thank each of you for joining us this morning and for your continued interest.

Joining me in today's webcast are Gustavo Araújo, our CEO, and Paulino Rodrigues, Executive Vice President of Finance and Investor Relations. They will present the main highlights of the year, and afterwards we will open the floor for a Q&A session.

I would also like to inform you that this presentation is being recorded and, together with the transcript and all supporting materials, will be made available on our Investor Relations website.

Throughout the presentation, questions may be submitted through the Q&A tab located at the bottom of the screen, or via our WhatsApp channel, accessible through the QR code that will be displayed during the broadcast.

Once again, thank you all for your participation. To begin the presentation, I will now hand the floor over to Gustavo Araújo, CEO of Banco Mercantil.

Gustavo Araújo:

Good morning, everyone, and thank you for your attention. Today we are presenting Banco Mercantil's results for the fourth quarter of 2025, with recurring earnings exceeding BRL 1 billion for the first time, and a return on equity of 43.5% — undoubtedly one of the highest in the industry.

Quarterly earnings also reached a record level, marking the 13th consecutive quarter of record profits, totaling BRL 271 million, as we gradually capture the Bank's scale gains. This performance demonstrates Banco Mercantil's structural ability to consistently deliver outstanding results, regardless of economic cycles.

As mentioned, these are recurring results, but we will also address the historic agreement reached with the PGFN, which resolved 96% of the Bank's tax contingencies. Paulino will provide further details on this topic later in the presentation, including the successful recognition of the related tax credit and the strong outcome of the recent private capital increase.

Today we will also cover key strategic topics, highlight our competitive differentiators, and present important achievements delivered by our team throughout the year — further demonstrating Banco Mercantil's strong execution capability in pursuing our major inspirational thesis: becoming the leading bank within the rapidly growing 50+ ecosystem in Brazil.

Brazil's population is aging. We are witnessing an inversion of the demographic pyramid and the end of the demographic dividend. When we look more closely at the 50+ segment, we observe that over the course of their lives, 49% of clients in this group take out a payroll loan, while the remaining 51% are savers, who also contribute to Mercantil's funding portfolios.

Additionally, 95% of this population is already banked, meaning that banks must offer a value proposition superior to the institutions these clients are already accustomed to. Seven out of ten clients in this segment are INSS beneficiaries — in other words, individuals aged over 50 in Brazil have a high probability of already being retired — representing a total addressable market of BRL 735 billion in the national payroll loan portfolio.

When we analyze the profit pool from net interest income (NII) combined with net service revenue, we observe a significant concentration within the retail segment, and the largest profit pool in the financial system's retail segment lies precisely within the 50+ demographic.

In other words, this is a large, growing and attractive market, with the largest profit pool and, in our view, a competitive landscape that remains relatively less specialized. We see a clear communication and value proposition gap from competitors when it comes to serving this client segment. It is precisely this gap — this space — that Banco Mercantil seeks to increasingly occupy.

The good news is that we are making significant progress in executing our thesis. A clear proof of this is that we have reached the milestone of 10 million clients — a historic achievement for the Bank — while launching the largest institutional marketing campaign in our history with our brand ambassador Roberto Carlos.

We have been investing consistently in strengthening communication with the 50+ audience, and the results have been very encouraging. For more than two or three years we have been positioning ourselves specifically for this segment.

To better understand our clients, we conduct annual research to assess whether we are improving, what their needs are, and how we can continue to surprise and delight them. One very positive finding is that Banco Mercantil already ranks among the top-of-mind institutions within the five most remembered banks when consumers think about a bank focused on the 50+ segment.

In a country where the banking industry is highly concentrated and large banks have been investing billions for decades, it is a remarkable achievement for Mercantil to reach the top five most recognized banking brands for this audience. Roberto Carlos, “the King,” embodies this communication strategy with our target audience.

When we ask our clients about their unaided brand recall — meaning without presenting a list of banks to choose from — and ask which bank first comes to mind as their primary bank, Mercantil achieves a declared primacy rate of 38%. This compares with a national average of 25%, and just 19% for niche banks in the same survey.

In other words, we are able to demonstrate that Banco Mercantil is the primary bank chosen by our self-declared clients.

Usage indicators show an even higher level of engagement than these 38%, but when clients are asked to name the first bank they use — a particularly important metric — Mercantil stands significantly ahead of both niche competitors and large national banks. This highlights the strength of the Bank's strategic focus and communication strategy over time.

The natural question then arises: why has this message — amplified by Roberto Carlos — resonated so strongly?

One of the key answers is that we understand this client very well. Our daily work revolves around understanding their needs and building a value proposition — across products and channels — that allows us to serve them better and better.

One slide that I particularly like when analyzing the 50+ segment focuses on their main concerns for the coming years. On the left column — based on a statistically valid survey with approximately 2,000 randomly selected respondents, where participants could choose more than one option, which is why totals exceed 100% — we see that 55% of respondents would like to have savings set aside for emergencies, be able to pay their monthly bills without financial pressure, and, already appearing in third place, healthcare-related concerns.

We keep this insight about healthcare in mind as we continue to develop the beyond banking ecosystem at Banco Mercantil.

However, the question on the right-hand column is much more practical and pragmatic: What are your main goals for the next 12 months?

What we observe here is that, among the top ten responses, eight are directly related to the financial and banking ecosystem. These include: saving money, reducing expenses, generating additional income, paying off debt, organizing personal finances, creating and maintaining an emergency fund, learning about financial education, planning for retirement, and starting to invest.

This clearly reinforces our conviction that the natural experience consolidator for the 50+ client must indeed be a financial institution — a bank. These financial concerns represent the primary pain point and the main priority for this customer segment.

Therefore, an ecosystem that begins with banking solutions, financial security, financial education, banking products, investments, and credit becomes the gateway — the “portal,” as we call it — for serving this 50+ audience.

Based on this understanding, we have built what we believe is already — although it still has significant room for evolution — the most comprehensive ecosystem dedicated to this audience.

Naturally, our portfolio already includes all traditional banking and financial products — insurance, credit, savings solutions, payments, payroll loans, personal loans, cards, and the full range of banking services. At the same time, we have been gradually building our beyond-banking ecosystem, seeking to understand what additional services this customer expects from the trusted 50+ institution that complements our core value proposition.

As we have seen, banking is the primary institution this audience turns to in order to address their needs. From there, we aim to provide a one-stop shop, offering a range of advantages, discounts, and assistance services as we continue identifying the next needs of this customer segment.

We started with what you may recall was the third major concern of this audience: healthcare. That is where we launched the first component of this ecosystem, our health assistance offering. From there, we mapped other relevant needs and expanded the ecosystem to include housing and household expenses, financial education, well-being and fitness, dental services, pet services, and we are continuing to expand with offerings related to funeral planning and legacy services.

All of this is designed to strengthen the ecosystem so that customers increasingly choose Banco Mercantil as their primary bank.

From a value proposition standpoint, we believe this is a highly differentiated offering. From the Bank's results perspective, it is also extremely relevant. In 2025 alone, we generated BRL 956 million in service fee income — already approaching the BRL 1 billion mark in terms of magnitude.

This represents a fundamental source of growth. As we will see in this quarter's results, this revenue flows directly to the bottom line, requires no capital allocation, and helps the Bank maintain strong results regardless of monetary cycles, for example.

This creates a clear win-win dynamic: it represents an important revenue stream in the Bank's margin composition while also delivering services and products that are highly demanded by our clients. These are therefore key advantages of our product strategy.

When we turn to distribution channels, this customer segment also presents important specificities. Channels are particularly critical because collateralized lending typically carries a very high marginal cost of distribution. Our strategy, therefore, has been to dominate distribution through proprietary channels.

We know that many clients still prefer physical bank branches. More than that, we are talking about branches that are fully compliant with the requirements established in the INSS public tenders and auctions.

What we have observed is that in regions where the Bank has a physical presence — partly due to regulatory requirements — our market share can reach 14%, 15%, or even 16%.

Naturally, Banco Mercantil initially concentrated its 50+ strategy in the Southeast region, particularly in Minas Gerais — where the Bank was founded — and in São Paulo. In these regions, we reached market shares of 15% to 16%, compared with a national market share of 5.2%, and today we are the fifth-largest bank in Brazil in terms of INSS benefit payments.

The encouraging news is that we have been successfully replicating this strategy through physical expansion, and the results have been very promising. The Bank has already expanded into the Center-West and Northeast regions, with encouraging early results.

Perhaps the best news of all is that we still have the entire national territory ahead of us to continue expanding this model — replicating our value proposition in products, channels, and brand positioning for the 50+ audience, with the objective of achieving increasingly stronger positions in the national ranking of benefit-paying institutions.

In the past year alone, we opened more than 61 new branches, strategically located. The Bank conducts detailed geographic and demographic studies, including the proportion of retirees in each region, to determine the optimal locations for branch openings — ensuring strong brand presence, compliance with INSS bidding requirements, and a balanced approach that is not entirely dependent on physical infrastructure.

And why is that important? Because the Bank also understands the need to bring technology to the client's home. Rather than forcing the client to adapt to the Bank's existing technology, we focus on understanding where the client is and how we can help them increasingly adopt Mercantil's digital channels.

Naturally, the mobile application plays a key role. Clients aged 50+ do use and understand mobile apps. However, as we move further along the age curve, we notice that app usage gradually declines. Even with a design specifically tailored for the 50+ audience — larger fonts, simplified navigation, intuitive hyperlinks, and biometric authentication — we observe that many clients are extremely comfortable with WhatsApp.

For that reason, we developed — quite some time ago — a very mature WhatsApp Banking strategy. WhatsApp is the communication channel that the 50+ audience uses the most — whether for family groups, news sharing, or daily communication — and we asked ourselves: why not create a fully integrated banking journey through this channel?

The charts presented here show the total credit origination generated by the Bank. And why do we focus on credit? Because it remains the primary end-to-end driver of results in the digital channel.

Today, more than 81% of everything the Bank sells starts and ends either through WhatsApp or through our mobile application, which effectively represents a near-zero marginal distribution cost, with no human intervention required.

In an industry where margins are thin and spreads are near historical lows, having marginal distribution costs approaching zero significantly supports margin composition — even when dealing with collateralized products.

We also see very strong adoption of the mobile application among new client vintages. Increasingly, clients download and use the app, and — importantly — continue to reuse it. The reuse rate for both WhatsApp and the mobile application is very high, further reinforcing the concept of client primacy: the direct access the Bank has to its customers, enabling greater distribution and stronger cross-selling of credit products, banking products, and also non-banking services.

The Bank has important regulatory advantages and asymmetrical access when it comes to participating in INSS auctions, and it achieved a particularly prominent position in the 2024 auctions. However, it is worth noting that the Bank has enjoyed these advantages in auctions since 2009. What I try to illustrate here, through a simple chart, is the power of digital channels in enabling the Bank to scale its client base, its credit portfolio, and its overall operations.

At the center of this strategy is our digital platform. The light blue line represents the creation and expansion of our WhatsApp Banking strategy, together with the maturation of our mobile application strategy, which has now reached 82% of credit origination through digital channels, as I mentioned earlier. This represents a 40% compound annual growth rate in digital origination.

This digital expansion is strongly correlated with the growth of our client base, which has now surpassed 10 million clients, representing a 31% compound annual growth rate.

Over this same period, the Bank expanded from 2.6 million clients to 10 million clients, and the growth in the client base is directly correlated with the growth of the credit portfolio. More than half of our clients have at least one credit operation with the Bank. These are therefore highly engaged clients, with strong primacy relationships, high ARPAC and LTV, as they also participate in our ecosystem and typically hold at least one credit product.

Our credit portfolio has grown at a 30% compound annual growth rate, and this dynamic allows our client base — effectively our credit portfolio — to expand very rapidly. Because the marginal cost of distribution remains essentially fixed, given the digital channels, we capture what we refer to as economies of scale and operating leverage.

As a result, the Bank has been able to steadily improve its efficiency ratio, as revenue growth has significantly outpaced the growth of the cost base. This differential flows directly into margins, leading to 46% growth in earnings and net income, ultimately reaching BRL 1.8 billion in net profit in 2025.

We have spoken extensively about the 50+ segment, but I would also like to highlight another significant market opportunity: private payroll loans.

Strategically, the Bank has chosen to become the leading ecosystem focused on the 50+ segment, through communication, branding, voice, product offerings, and ecosystem development. However, we also have important capabilities that allow us to compete in adjacent markets.

We have deep expertise in operational execution, including Dataprev integration, collateralized lending structures, and regulatory processes. We also have strong capabilities in digital channels, growth strategies, and performance marketing, including Google Ads, Facebook Ads, and CAC management. In addition, we operate a highly robust anti-fraud framework, and we have been using biometric authentication since 2019, which was only recently implemented system-wide by the INSS.

These capabilities provide the Bank with structural advantages to compete in another adjacent collateralized lending market, namely private payroll loans.

Over the past three to four months, the Bank studied this market in depth — analyzing credit policies, revenue-sharing rules, and operational dynamics, testing different models, and calibrating risk parameters across variables such as geography, industry sector, company size, employee profiles, salary levels, tenure, and time to retirement.

Based on this analysis, the Bank developed its internal credit models and is now positioned to capture this opportunity — particularly through its digital channels — and expand its portfolio in this segment. Paulino will provide further details shortly about the progress we have made in recent quarters in capturing this significant opportunity, in a market that some estimates suggest could reach BRL 350 billion.

The Bank is well prepared for this opportunity. We were also one of the most successful players in the FGTS withdrawal anticipation product, and these clients now serve as a relevant lead generation base for offering private payroll loans. As is typical in our approach, we first carefully assessed the operational and credit risks associated with this product before accelerating growth.

We also observe that regulatory changes related to the FGTS product at the end of the last quarter may lead to a reduction in its relative weight within our portfolio mix. As a result, we expect private payroll loans to gradually replace part of this mix, contributing positively to the Bank's portfolio value.

Before handing the floor over, let me briefly highlight the key quarterly results for Banco Mercantil.

It was a very strong quarter, as previously mentioned, with net income of BRL 271 million, representing 32% growth compared to the same period of the previous year. This performance was driven by record credit origination of BRL 5.3 billion, an increase of 71% year-over-year.

It is worth noting that seasonally the fourth quarter tends to have lower origination levels than the first quarter, making this record origination particularly noteworthy.

This performance is especially significant given the recent changes in contracting and unlocking processes, with the implementation of new biometric verification flows involving the TSE, which have been incorporated by Dataprev and the INSS and required operational adaptation by the Bank.

Thanks to our stronger digital capabilities — including clients already familiar with our WhatsApp channel, our digital platforms, and biometric authentication processes that we have used since 2019 — combined with our physical branch network, we were able to grow origination by 71%, while the overall payroll loan market declined by more than 50% in the same period.

This dynamic also supported the expansion of the Bank's credit portfolio, which reached BRL 23.7 billion, representing 39% growth.

For reference, according to the Central Bank's historical series for retail lending with free resources, the market typically grows around 8% to 10% per year. In other words, the Bank's portfolio growth was more than four times the market growth rate, largely driven by payroll lending, with the overall payroll loan portfolio expanding 55%.

As previously mentioned, service fee income from our insurance and beyond-banking ecosystem grew 73% year-over-year, reaching BRL 311 million in the period.

Recurring ROAA stood at 3.3%, representing a marginal decline of 6 basis points. When leveraged approximately 11 times, this translates into a ROAE of 43.5%, one of the highest levels in the industry.

The Bank also maintained a Basel III ratio of 13.5%, demonstrating a solid capital position even after the historic agreement reached with the PGFN.

We will also show that the Bank's Basel ratio has already been managerially rebuilt following the successful private capital increase, which further reinforced our capital structure.

Overall, it was a very strong quarter and a very strong year, confirming that the Bank continues to move forward at full speed, capturing this market opportunity and establishing itself as a leading player in the 50+ segment, which is the fastest-growing demographic in the country.

With that, I will now hand the floor over to our CFO, Paulino, who will provide more details on each of these results and operational developments.

Thank you very much. Paulino.

Paulino Rodrigues:

Thank you, Gustavo. Good morning, and good morning to everyone joining us for another earnings presentation.

I would like to begin by providing more details regarding the fourth quarter of 2025 and the closing of Banco Mercantil's fiscal year. Before doing so, however, I would like to start with a particularly important topic: the tax settlement agreement, executed on December 23 of last year between the Bank and the Office of the Attorney General of the National Treasury (PGFN), which enabled the resolution of 96% of the institution's tax contingencies.

This was a historic milestone and led to the disclosure of two material facts on December 23, the date of the agreement. The first concerned the tax settlement itself, and the second referred to a capital increase through a private subscription, aimed at fully restoring the Bank's capital position. These matters were also discussed in an additional conference call with the market held on December 26, in order to provide greater clarity — given the complexity of the topic — to our shareholder base and the analysts who follow the Bank.

Our objective today is to close this topic with a final overview. The direct impact of the agreement itself amounted to BRL 103 million, which was already discussed during the December 26 conference call.

However, from an accounting perspective, we also recorded some second-order effects. The first is that we had to reverse interest on equity (JCP) that had previously been accrued during the fiscal year, which resulted in a non-recurring impact of BRL 131 million. In addition, the tax base became negative for the year, preventing the Bank from utilizing certain tax benefits, particularly those related to the "Lei do Bem", generating an additional impact — highlighted in blue on the left side of the slide — of BRL 21 million.

Taking these effects into account, we arrive at the reconciliation between the recurring net income of BRL 1.8 billion, presented earlier by Gustavo throughout the presentation, and the statutory net income of BRL 753 million, which you will find in the Bank's financial statements.

For those seeking additional details, we have included a very comprehensive explanatory note addressing this reconciliation — Note 18.8 of the financial statements released today.

I would also like to highlight a few additional aspects that are particularly relevant and may not be immediately apparent upon a first reading of the tax settlement.

The first point is that, from the tax asset generated by the settlement, which totaled BRL 1.059 billion, BRL 477.8 million had already been utilized during 2025 itself. This differs from an interpretation I have heard from some market participants suggesting that the entire amount would be compensated in future fiscal years. In reality, more than half of the benefit has already been utilized.

The second point relates to the capital increase, which has been fully completed, pending only approval from the monetary authority. Last week, we disclosed a material fact confirming this development. After a round of subscriptions for remaining shares, we decided to close the capital increase as we had essentially reached the targeted amount of BRL 500 million, concluding at BRL 498.5 million, to be precise.

With the capital increase incorporated, the adjusted shareholders' equity for 2025 would be BRL 2.8 billion, and our adjusted Tier 1 capital ratio would be 13.8%.

For those interested in exploring this topic in greater depth, we have also included another detailed explanatory note on the capital increase — Note 17.1 of the financial statements.

A third aspect worth highlighting is that the JCP that was reversed, which I mentioned earlier and appears on the left side of the slide, may be utilized in future years. Therefore, this value has not been lost.

The fourth aspect is that the Bank approved and paid interim dividends during the past year, as disclosed on December 23, before the end of the fiscal year and therefore prior to the application of income tax on dividends.

Finally, I would like to clarify that the return on accounting equity stands at 34.4%, while the recurring return, which Gustavo presented earlier and which I will also reference later in the presentation — after adjusting for these effects — is 43.5%.

With the tax settlement topic addressed — which, as I mentioned, is extremely important for the institution's long-term outlook — we can now return to the more traditional flow of our earnings presentation, beginning with our credit portfolio.

The Bank's credit portfolio closed the year at BRL 23.24 billion, representing 39% growth compared with the previous year, during a period in which the overall market grew 13.4%. This means that our growth was nearly three times the expansion of the retail credit market with free resources, according to the historical series published by the Central Bank of Brazil.

A few key highlights deserve attention.

First, our INSS payroll loan portfolio reached BRL 14.7 billion, representing 37% growth year-over-year, during a period in which the market grew only 2%.

We know that throughout 2025 a number of events affected this market, often limiting product supply due to the increased complexity of biometric verification processes. In addition, several market participants were temporarily suspended for various reasons. While these factors allowed us to capture greater market share, they do not diminish the Bank's operational performance in rapidly restoring origination flows, even amid the additional process complexity created by biometric verification requirements.

On a quarter-over-quarter basis, the market grew 0.1%, while the Bank grew 8.9%. Our ability to recover and maintain origination levels in the INSS payroll loan portfolio — the Bank's main product — was therefore one of the major highlights of the year, particularly in the fourth quarter.

Another important highlight is our unsecured personal loan portfolio (CP), represented by the gray bar on the left side of the chart. This portfolio closed the year at BRL 3.2 billion, representing 32% growth — a very solid performance, particularly considering that unsecured credit is not an easy portfolio to expand while maintaining quality.

During the same period, the market grew 18.9%, meaning that once again the Bank grew well above the market, gaining market share.

A third highlight is the new private payroll loan portfolio.

This product was launched in the second half of last year, and the Bank began operating cautiously, as is natural when entering a new product segment. By the third quarter, the portfolio had already gained relevance, closing at BRL 1.2 billion. This growth continued in a controlled manner, reaching BRL 2 billion by the fourth quarter, which was sufficient for it to appear clearly within our portfolio composition.

Because the product did not exist in the same period of the previous year, we do not present a year-over-year growth comparison.

It is worth noting that this portfolio has distinct characteristics. Operational processes remain somewhat complex, which results in slightly higher delinquency levels. However, the net interest margin (NIM) — as we will see later — is also higher, meaning that the product economics remain very attractive, consistent with the return levels we aim to deliver to our shareholders.

Let me now briefly discuss the FGTS anniversary withdrawal anticipation portfolio.

As we anticipated in previous quarters, this portfolio has been gradually declining, and the regulatory changes implemented recently have likely made a return to growth unlikely. There are ongoing discussions and proposals that could potentially reverse some of these decisions, but at this stage the most realistic outlook is that the portfolio will continue in run-off mode.

The portfolio closed the quarter and the year at BRL 2.6 billion.

It remains a high-quality portfolio, which is gradually being replaced by the private payroll loan portfolio, albeit with different characteristics.

FGTS anticipation has virtually zero delinquency, but also a lower interest rate. In contrast, private payroll loans currently show higher delinquency, partly due to operational challenges that we expect will improve over time, but they also carry higher interest rates and therefore higher NIM.

We will show later in the presentation how this dynamic evolves within the portfolio.

Turning now to credit origination, another major highlight of the quarter was the record origination volume in 4Q25, reaching approximately BRL 5.3 billion, surpassing 1Q25, which typically benefits from seasonal effects driven by the increase in the minimum wage, which generally occurs during that period.

Even so, the fourth quarter exceeded the previous record of approximately BRL 5.2 billion recorded in 1Q25.

This performance was driven primarily by payroll loans, which are shown in aggregate here, totaling more than BRL 4.4 billion, also representing a record origination level for the period and nearly doubling year-over-year, with 96% growth.

The second highlight is unsecured personal loan origination, which reached BRL 724 million, again a record figure and 13% higher than the same period of the previous year.

Meanwhile, FGTS origination has faced more challenges, which were reinforced by the recent regulatory changes, explaining the reduction to BRL 83 million in the fourth quarter, representing a 36% decline compared with the same quarter of the previous year.

Another important point is that the Bank maintains full control over its distribution channels. In other words, 100% of INSS payroll loans are originated through the Bank's proprietary channels, either through branches or through the digital channels mentioned earlier by Gustavo — WhatsApp and the mobile app.

Over the past three years, average growth in payroll loan origination at the Bank has been 64%, significantly above the market. It is worth noting that the market experienced a decline of approximately 60% in origination volumes in recent months, while Mercantil continues to grow strongly in payroll lending.

Digital channels have been the main driver of this growth. They now account for more than 84% of total origination, representing an increase of 24 percentage points compared with the same period of the previous year.

Finally, it is important to highlight that this growth has occurred in a healthy manner.

We did observe an increase in delinquency. The over-90-day delinquency rate, shown on the chart on the left side of the slide, closed the year at 3.1% — a noticeable increase compared with the previous year and also higher compared with the previous quarter.

However, this level remains less than half of the aggregate delinquency rate in the Brazilian retail credit market, which has also been increasing in recent quarters and closed last year at 6.9%. This trend reflects a concern shared both by the Bank and by the broader market.

In Mercantil's case, the explanation for the increase in delinquency comes primarily from the new private payroll loan product, which, given its operational characteristics, requires higher initial provisioning, at least under the current operational performance of the portfolio. At this stage, this is the most appropriate approach from a prudential standpoint. In addition, the unsecured personal loan portfolio (CP) also grew broadly in line with market growth.

On the one hand, we expect the operational performance of private payroll lending to improve — not only at Mercantil, but across the market, which is currently still adapting to the operational characteristics of this product. On the other hand, unsecured personal credit is always a portfolio that requires close monitoring. It is a segment where we must constantly keep our finger on the pulse, so to speak.

Recently, new data on household indebtedness and delinquency was released, indicating that this situation has continued to deteriorate and remains critical. Therefore, we will continue to maintain very strict risk management across all portfolios, particularly in unsecured personal credit. As you can observe, we did see an increase in delinquency in the fourth quarter compared with the previous quarter.

Turning now to loan loss provisions (PDD), we also recorded an increase, as shown in the chart on the left side of the slide. This was particularly pronounced in the fourth quarter due to the same factors I just mentioned, in addition to the strong growth of the credit portfolio itself.

As I presented earlier, the Bank experienced significant portfolio growth during the fourth quarter. Naturally, portfolio expansion leads to higher provisioning levels. However, we must also highlight the performance-related effects stemming from the private payroll loan portfolio and the unsecured personal credit portfolio, which also contributed to this increase.

Having addressed provisions and delinquency, I would now like to highlight another important development in 2025 and particularly in the fourth quarter, which is the Bank's service fee income (RPS).

In the fourth quarter, we reached the highest RPS in the Bank's history, totaling BRL 311 million, a new record following several previous record quarters.

This performance was largely driven by the offering presented earlier by Gustavo, which goes beyond traditional banking services — what we have referred to as the “beyond banking” ecosystem — with products tailored specifically to our core audience, the 50+ segment.

As a result, insurance and assistance services now account for approximately 87% of RPS, while traditional banking fees have gradually declined in importance and now represent only 11% of RPS, with other revenues accounting for roughly 2%.

This demonstrates the effectiveness of our strategy and the investments we have made to deliver a more comprehensive offering to the 50+ segment. This approach both strengthens client loyalty and generates additional revenue streams for the Bank.

It is important to emphasize that these revenues flow directly to the bottom line, do not require capital allocation, and therefore support the strong profitability levels the Bank has been able to deliver — which I will discuss shortly.

Let me now move to the funding side of the balance sheet.

Mercantil maintains a robust liquidity position, something we will discuss further on the next slide. Our funding sources are largely based on our proprietary distribution channels, although one highlight of the fourth quarter was the increase in structured operations.

During the quarter we completed two bilateral transactions, not public issuances, which injected a significant amount of cash into the Bank. I will shortly explain how this affected our year-end liquidity position. As a result, the black segment of the bar in the chart increased from 6% to 11% during the fourth quarter.

We are consistently active in securitization structures, and we had been working on these transactions for some time. Opportunistically, we believed it was the right moment to execute these operations in order to lock in favorable conditions in Brazil's private credit market, effectively securing funding for most of the 2026 fiscal year, depending of course on how credit market conditions evolve going forward.

Looking now at our funding composition, shown in the pie chart on the left, 85% comes from proprietary channels, which represents a key strength of the Bank. INSS clients alone account for 16% of liabilities, providing a highly diversified base. Other retail and corporate clients account for 44%. Treasury operations, typically bilateral transactions with other financial institutions, represent 26%. Investment platforms represent only 4%, meaning the Bank has no material dependency on investment platforms, even though we are present on most of them. Finally, structured operations, which I mentioned earlier, closed the year at 11%.

The Bank ended the year with cash of more than BRL 9.6 billion, largely due to the transactions I mentioned earlier, which were settled at the end of the year.

This explains the Bank's short-term liquidity coverage ratio (LCR) of 4.2 times the minimum required by the Central Bank for S1 banks. We calculate these indicators as a matter of best practice. Our net stable funding ratio (NSFR) stood at 136%, which is a very comfortable level and comparable to that of large universal banks in Brazil.

Let us now turn to capital.

Here we present adjusted figures to reflect the capital increase that was concluded last week, as disclosed in a material fact. On the bar chart on the left side of the slide, you will see the

capital ratios calculated according to the financial statements, which also disclose the subsequent event — the completion of the capital increase.

For that reason, we took the liberty of recalculating the capital ratios incorporating the capital increase of BRL 498.5 million.

As you can see in the chart, the projections we discussed in the December 23 material fact and the December 26 conference call were confirmed. The Bank has fully restored its Basel ratio and Tier 1 capital ratio, maintaining the necessary conditions to continue executing its growth strategy, expansion trajectory, and market share gains, which have characterized not only recent quarters but also recent years.

On the right side of the slide, we also present the Basel ratio bridge.

It is important to note that the tax settlement impact, shown in the middle column, represents a -2.5 percentage point prudential adjustment. The remaining effects are largely self-explanatory. Finally, on the far right we see the effect of the capital increase, bringing the Bank to a very healthy Basel III ratio of 16.2% and a Tier 1 capital ratio of approximately 13.8%.

With capital now fully restored, I always like to present this slide because it illustrates the quarter-by-quarter dynamics of the Bank's ability to capture scale gains and operating leverage.

The white line represents total revenue, our top line, which has been growing at a much steeper pace than expenses, represented by the light blue line, or even the cost of funding, despite the period of rising interest rates that pressured funding costs.

Even so, the Bank continues to expand its recurring operating margin, which ultimately leads to the strong return levels we have been delivering — something I will detail on the next two slides.

First, let us discuss the net interest margin (NIM).

Those who have followed us in recent quarters may recall that I mentioned previously that the 17.5% level would likely stabilize, with potential improvement depending on the credit portfolio mix.

With a greater participation of private payroll loans, which carry higher margins, and a reduction in FGTS withdrawal anticipation loans, which have lower NIM but near-zero delinquency, the NIM — calculated here before cost of risk — increased by nearly one percentage point in 4Q25 compared with the previous quarter, largely due to these mix effects.

Unsecured personal credit also contributed to this dynamic, as its portfolio grew somewhat more strongly during the period. Since the cost of funding remained relatively stable, the increase in NIM is primarily explained by a positive shift in portfolio mix.

We have already observed the impact of this shift in delinquency and provisioning, but the combination of these factors will allow the Bank to continue delivering some of the highest return levels in the industry, as I will show on the next slide.

Before moving on, I would like to highlight the composition of NII and RPS, which together reached BRL 1.667 billion, the highest level in the Bank's history.

Within that figure, service fee income contributed BRL 311 million, representing the largest participation of service revenues in both absolute and relative terms in the Bank's history. Considering that the Bank's NII has been growing at a very strong pace, achieving this milestone is particularly significant.

Finally, let me discuss ROAA and ROAE.

Adjusting for the effects of the tax settlement already discussed, the Bank's recurring ROAA closed the year at 3.3%, slightly lower than the 3.4% observed in previous quarters. This was mainly due to a slightly higher leverage level in the fourth quarter, partly reflecting the elevated cash position with which we ended the year.

This results in a recurring ROAE of 43.5%, slightly below the 45% observed in the third quarter, also due to the higher cash balance in the fourth quarter.

Even so, this level remains very likely among the highest — if not the highest — ROE levels in the Brazilian financial industry.

With that, I conclude my remarks and return the floor to Leonardo Ferraz to begin our Q&A session.

Q&A Session

Leonardo Ferraz:

Thank you very much, Paulino. We will now begin our Q&A session.

We have received a few questions, and I will start with one on private payroll loans:

"Good morning, Gustavo, Paulino and Leonardo. Good morning to everyone, and thank you for taking our questions. Congratulations on the results.

My first question is about the private payroll loan product, which is beginning to gain relevance in your portfolio. I would like to understand Mercantil's expected market share in this segment, as well as the economics you see for the product, particularly in terms of portfolio size, spreads and cost of risk.

The purpose of the question is to understand how aggressive you intend to be in this new product, what the main approaches will be in terms of client clusters and channels, and what strategy you are adopting to feel comfortable expanding in this line, as well as how this should translate into NIM and cost of risk."

Gustavo Araújo:

Thank you for the question.

Starting with the comfort level, Mercantil spent a considerable amount of time studying both the operational side, which has its own complexity and still needs to evolve, and the credit side, so that we can continue to capture the share we believe this market may offer in the future, much as we did successfully in the FGTS withdrawal anticipation product.

Let me start with the economics, and then I will address the Bank's level of ambition in terms of market share.

On the economics, the first answer is that we view the product very positively. As a new product, it offers an attractive return profile when we consider the size of the market, the rates currently being charged, and the expected losses within a collateralized structure.

So we are very excited. As with any new product in a large market, we are able to cherry-pick credit, selecting the best clusters and the best groups in order to generate asymmetric returns, which helps diversify our strategy and supports the Bank's growth.

How does this positive economic contribution show up in our portfolio? In ways that are somewhat different from what we are used to today.

Take, for example, the FGTS withdrawal anticipation portfolio. Why am I starting with that? Because it is an important proxy for Mercantil's fair share and for what we have already accomplished in the past. That portfolio is likely to decline due to regulatory changes, but it serves the same customer base to which we can also sell the private payroll loan product.

So what do we observe in this migration? We are essentially replacing a product with a much lower rate — and therefore a much lower pre-risk NIM, or gross NIM, which is the metric we disclose — with a product that has a much higher NIM, although also a higher cost of risk, particularly at this early stage, when we still need to better understand the product's operational aspects.

What we can already see from this shift in mix is an increase in the Bank's NIM, but also a directional increase in over-90 delinquency and in the cost of credit.

When we look at cost of credit within this dynamic, we need to consider the time element. For a product that is still new, expected loss is recognized through the cost of credit in an accelerated manner, while interest accrual builds over time across the life of the loan.

So it is an interesting dynamic that we continue to monitor closely, but one that adds substantial value, as the increase in NIM is, at the margin, greater than the additional cost of credit when we consider the full life of the transaction.

In essence, we see this very much as a diversification lever for Banco Mercantil — and potentially for other players as well.

As for the size that the Bank could eventually reach in this segment, and always subject to our comfort level with credit policies and modeling, I would note that in FGTS we reached as much as 15% market share. I am not saying that we expect to reach 15% in this product; that is simply a historical proxy.

Today, Mercantil is running at around 4%, 5% or 6% of average market origination since entering the segment, and we are still refining our understanding of the right clusters, segments, clients and companies, as well as variables such as company size and employee turnover, so that we can calibrate our models and grow in a way that adds value to the portfolio.

Let me give one quick example of the product's operational complexity. Because of the processes involving registration, bookkeeping and payment transfer, there is effectively a 90-day period before we receive the first installment from a client.

So, if a client changes employment, the employment link may still be active, the company may still be properly reporting and paying FGTS contributions on time — in other words, the client may be fully current — and yet, when that client moves to the bank that granted the loan, the

loan may go 90 days without a payment, purely as a result of the change in employment link. And that alone will show up as an over-90 delinquency.

So there are several operational aspects involved, many of which are relatively solvable. There are also important discussions around adding the FGTS severance indemnity balance as collateral, which we see as a very constructive development.

We believe this is a very attractive market, and we understand that, through our digital channels, our anti-fraud engine, which we already know very well, and our app and WhatsApp journeys, there is meaningful room for us to compete. But, as is customary at Mercantil, we will continue to calibrate risk and return carefully in our decisions around mix and portfolio allocation.

Leonardo Ferraz:

Thank you, Gustavo.

The next question is about our service fee income (RPS):

"What is the strategy, and how do you see the growth of insurance and assistance services over the coming years? What is the main value perceived by clients in terms of the products offered? And how much could this line represent of total revenue going forward?"

Gustavo Araújo:

This is one of the key pillars of our strategy.

We spoke earlier about Meu+, and about how we built the presentation around understanding what should be included in Meu+ based on the client's main concerns.

Today, we believe the product already has a very robust value proposition and is ready to scale. We now have a broad set of features, assistance services and discounts within a subscription-based service, and clients clearly perceive the value — whether through pharmacy discounts, discounts on medical consultations, discounts on dental appointments, or the broader ecosystem we have been building around it.

And we are still only at the beginning.

If I am not mistaken, this is a product that has been growing at around a 70% CAGR, and there is still substantial room for growth within our existing client base. We have been testing and maturing pricing, product design, usage, engagement and churn reduction, and at this point we are very satisfied with the level of maturity we have reached.

That does not mean there is no room to add new products, new technologies, new functionalities or further improvements to the super app that will consolidate all of this — and which is coming next.

But we are very excited about the opportunity to continue selling this solution within Mercantil's 10 million-client base, as well as to attract new clients through this differentiated value proposition.

Leonardo Ferraz:

"Do you expect any pressure on the cap for INSS payroll loans going forward? And, in light of the auctions, even though average prices have declined, we are seeing a larger number of participants, more aggressive players, and discussion around the entry of digital players.

In addition, the competitive environment also appears to be becoming more intense in terms of portability. In this context, do you believe the product will be able to maintain its sustainability and profitability going forward?"

Gustavo Araújo:

I will start briefly with the auctions, and then Paulino can help me here with the discussion around spreads in payroll loans.

With respect to the auctions, very clearly, we have seen many participants entering. This is not something unique to the latest auction; in fact, we tend to see more participants in every new auction.

In practice, however, what we observe is that a large number of these participants are really buying the optionality of potentially paying social security benefits one day. A large portion of them are not actually executing those payments.

And it is important to remember that, in order to pay an INSS benefit, you must comply with the requirements set out in the INSS bidding rules, especially those related to physical presence and branch compliance. There is therefore a series of operational and regulatory complexities in which Mercantil already has a very high degree of strategic maturity, which is why we are such a relevant payer in this market.

So competition is, and will always be, quite intense. But we have been able not only to execute very well in the auctions, but also to exercise what I would call our ability to take share from competitors.

For both of these reasons, we have continued to grow. So, quite the opposite of what one might assume, what we have seen is that we are becoming more competitive than the competition, growing faster than the competition, and taking market share from them — rather than the other way around.