BANCO MERCANTIL

Consolidated Financial Statements under IFRS

December 2024

Dear Stockholders:

We submit the consolidated financial statements under the international accounting financial standard of Banco Mercantil do Brasil S.A. (“Mercantil”) for your consideration.

ECONOMIC SITUATION

On the global scenario, the Indian and Chinese economies maintained their lead in the world growth rankings. In the US economy, recent estimates indicate GDP growth of around 2.7% in 2024. The Japanese and Euro area economies continued to perform moderately. Inflation in the US economy and the Euro area has continued to drop and expectations are for gradual interest rate adjustments throughout 2025. Regarding the outlook, recent projections indicate global GDP growth of around 2.8% in 2025.

In Brazil, economic activity gradually accelerated during 2024. GDP reached an annual expansion of around 3.5%, higher than the 3.2% of the previous year, highlighting the robust growth of expanded retail trade of 4.4% up to November.

The main vectors for the acceleration of economic activity were the favorable growth in the payroll, the expansion of credit with extended terms and government transfers. It is also worth mentioning the important contribution of international trade, which recorded persistent growth.

However, as a result of the intensification of inflationary pressures, the National Amplified Consumer Price Index (IPCA) accumulated over twelve months went from 4.62% in 2023 to 4.83% in 2024, despite the restrictive monetary policy in the period. Indeed, the Selic interest rate, which went through a downward cycle from 11.75% per year in December 2023 to 10.50% per year in August 2024, was gradually raised and reached 12.25% per year in December 2024, with prospects of further increases.

Regarding the outlook for 2025, expectations are that the gradual increase in the Selic interest rate underway to fight current inflationary pressures will result in an even more challenging economic scenario, with a consequent rise in the cost of money and a slowdown in economic activity.

Credit in the National Financial System grew 10.9%, especially in the individual segment (12.1%). Provisions for credit risk continued to fall, from 6.1% in December 2023 to 5.7% in December 2024.

ABOUT MERCANTIL

Mercantil is a traditional medium-sized retail bank with over 80 years of experience in the Brazilian financial market. It is strategically segmented and geographically positioned, with 294 face-to-face service points and 3,096 employees, to achieve its objectives and offer clients efficient, close, simple and nimble service. Mercantil is becoming increasingly consolidated as the Bank of the “50+,” growing continuously and sustainably.

The institution is implementing an expansion of its physical network, aiming to increase its face-to-face service capacity and taking advantage of its business potential, in accordance with its Strategic and Marketing Planning. All this is combined with the optimization of operating costs, which brings more sustainability to the business.

Mercantil’s remarkable growth journey can be seen in the outstanding expansion of its client base, the evolution of its quality credit assets, pulverized funding, profit generation, and in the qualified deliveries it has made in recent years, such as advances in technology, which is increasingly adapted to its target audience: the “50+.” This was even the main message of the latest institutional communication campaign, which ran in the media throughout 2024 – “our technology adapts to you.”

Accordingly, Mercantil puts the client at the center of its strategy and directs its efforts towards evolving its processes and fostering the best possible service through its channels, with simplicity, ease, convenience and security. The aim is to optimize the client journey and constantly delight them.

In addition to the significant progress made in offering loan operations by digital means, the Bank also wants to offer services that complement the client journey, bringing practical and accessible solutions to everyday life. This escalation is gaining momentum with the creation of "My+," the set of assistance services that improves the quality of life of the "50+" audience in several areas. Mercantil is thus embarking on a new journey with its marketplace from 2025, delivering a pool of services to its clients and, in the near future, to the general public.

This front reiterates the correctness of the strategy and the effectiveness of the Institution's actions, showing that Mercantil has never stopped investigating other possibilities of access to new client segments, with the purpose of boosting its growth. Thus, the Bank demonstrates its purpose of being the best ecosystem for the "50+" public and is now ready to go beyond the financial world.

In December 2024, the Bank reached the significant mark of 9.0 million clients, the vast majority of whom are INSS beneficiaries who have access to credit facilities and investment options. Therefore, it continues holding 5th place in the ranking of the major payers of INSS benefits, alongside the giants of the market.

In this context, the Bank ended the year 2024 once again celebrating significant growth in its loan portfolio (22.3%), a significant increase in income from services rendered (29.3%) and a profit for the year of R$ 506.6 million, accounting for a growth of 27.9% over the profit from the previous year. Another remarkable record.

The outstanding level of business management is the result of the Managers' high level of control over the business and of a team that is focused and obstinate in achieving growing and sustainable results, providing an organizational environment conducive to an outstanding capacity for innovation and for successfully overcoming challenging scenarios.

With enthusiasm and willingness, new challenges are overcome and new solutions are mapped out and developed step by step, thus boosting the business and taking the Bank to the next level. Thus, Mercantil continues to work tirelessly to achieve more and more.

- Service channels

At Mercantil, technology adapts to the needs and convenience of its clients and business strategies. Accordingly, the Bank has been incorporating the latest advances in the digital age by investing in technological innovations that guarantee the continuous updating of its full service structure, new ways of prospecting for clients and doing business.

Mercantil App -The Mercantil App offers a wide range of products and services and accounts for 57% of all transactions. Over 2.6 million clients have already joined the digital channel, with more than 467 million transactions by 2024. Of all the products contracted by clients at the Bank, 31% were through the app.

Loans taken out through this application grew 184% compared to 2023.

In 2024, there were many new features in the Mercantil App, with significant usability improvements for the "50+" audience. Now clients can log in using their CPF (SSN), removing the need to always remember their branch and account, the investment area has been completely redesigned, making the experience more fluid and easy and we currently also show our beneficiary clients the date and amount of their benefit payment, all easily explored within the app's main screen.

PIX also received new features, such as the recurring scheduled PIX and the possibility for clients to report any transaction that they have not made directly through the app, blocking the amount directly at the receiving bank in the event of fraud.

In the sphere of products and services, new insurances were added to the App and the channel was opened for contracting products 24 hours a day, 7 days a week, and various improvements were made to the contracting process, always with a view to improving our clients' understanding of the products and services offered on the App.

And, last but not least, we focused on the structure of our app, migrating much of its functionality to Google Cloud to further increase the app's availability and speed.

Mercantil - WhatsApp Channel - In recent years, Mercantil has achieved remarkable success in expanding the number of clients and generating business through digital marketing actions. In fact, the Bank has used its strategic presence and expertise in closing deals on WhatsApp to win new clients and expand its loan portfolio. As a result, there has been an increase in the number of business deals carried out on the WhatsApp channel, including the anticipation of FGTS withdrawals, INSS Payroll Loans, Personal Loans, INSS Payroll Loan Cards and Portability. This whole process is carried out end-to-end on the WhatsApp platform, providing a fast and convenient experience for the target audience.

ATMs - The objective continues to be the channel availability and the improvement of the technological structure, bringing business solutions that enhance targeted approach strategies for client prospecting, as well as guaranteeing the availability of the channel to clients. With different transactions carried out since the beginning of 2024, of around 5 million per month, self-service was responsible for over 12 million withdrawal transactions, more than 11 million transactions between payments, transfers or deposits and over 139,000 product contracts. Therefore, ATMs play a strategic role in consolidating customer relations and supporting the institution's growth.

- Differentiated Corporate Governance (IGC)

Banco Mercantil is part of B3's Special Corporate Governance Stock Index (IGC), thus reaffirming its commitment to high governance standards and practices aligned with the principles of transparency, fairness, accountability and corporate responsibility.

The institution is listed on B3's Level 1 Special Corporate Governance Segment, demonstrating its adherence to the best market practices. These include strict compliance with information disclosure regulations and the promotion of a reliable and transparent business environment for stockholders and other stakeholders.

In this context, in addition to disclosures through communication channels with the market, Mercantil holds structured events to present its results and main performance indicators, according to the rules in force. These meetings follow a previously announced agenda and include moments of direct dialog between executives and investors, stressing the commitment to accountability and the creation of long-term value.

Moreover, the Bank incorporates mechanisms for efficient risk management and regulatory compliance into its governance.

Said efforts reflect the institution's strategy of leveraging its business and generating sustainable value.

For further information, visit the website: https://ri.bancomercantil.com.br/.

- Sustainable Development

A fundamental pillar of Mercantil's evolution is its commitment to the best corporate sustainability practices, acting with social and environmental responsibility.

The Bank encourages the development of the communities where it operates through social investments and sponsorships. It also supports the implementation of initiatives approved under tax incentive mechanisms – municipal and federal laws, facilitating the development of initiatives in the health, culture, sport and citizenship areas.

Regarding the environment, despite the low direct environmental impact resulting from its economic activity, Mercantil manages its waste and natural and energy resources to mitigate the impacts generated by its activities, aiming for efficiency in the management of processes and expenses, such as water and energy consumption. The service network has joined the paperless mode and waste is sent for proper disposal, among other important environmental and climate actions for the Bank and for society as a whole.

Thus, Mercantil fosters values that are important for human development and that reinforce everyone's role as an agent in building a more conscious, fair and supportive society; always with ethics!

Information on the programs, projects and actions in the area of socio-environmental responsibility carried out and sponsored by Banco Mercantil can be obtained at ri.bancomercantil.com.br/corporate-governance/sustainability/.

- Talent and culture

Mercantil recognizes that human capital is one of its most important pillars for achieving its strategic objectives of generating sustainable results and growth.

Accordingly, the Bank has a robust Talent and Culture organizational structure focused on aligning and boosting the development of the full Team, through well-structured training programs that have a positive impact on Mercantil's performance and competitiveness in the financial market.

In this context, Mercantil has increasingly promoted a cultural transformation that includes the adoption of digital tools suited to its needs and aligned with market trends, encompassing the modernization of processes and the continuous improvement of ways of working, thus ensuring greater agility and efficiency in its operations.

With a careful eye on the development of the Mercantil team, development programs were created with specific objectives, including "Lidere" and "Lidere Comercial."

These programs are focused on leaders and aim to meet their development needs on topics related to the main strategic objectives, as well as encouraging collaboration and information sharing in the corporate environment.

In 2024, there were 244,790 participations in training, of which 244,244 were through the Mercantil Academy and 546 through internal face-to-face/online training, totaling 214,962 hours of training, with an average participation of 69.4 hours of training per employee.

It is also important mentioning the performance evaluation program and the Development Cycle, where all employees had their feedback and corporate targets agreed and registered. We would also like to highlight the preparation of the Individual Development Plan (IDP), which defines professional development and qualification actions such as courses, workshops, benchmarking, technical visits, lectures, among others. The plans will be implemented throughout 2025, with the aim of impacting the achievement of targets and KPI's.

In 2024, the GPTW – Great People Mental Health seal was awarded again, with the "Outstanding Emotional Health" award, a specific ranking to recognize organizations with relevant actions. Banco Mercantil was classified in the "strategic stage", showing that the bank has a favorable environment for the mental health of its employees. Strengthening the perception of our employees, we achieved fourth position in the GPTW – Financial Institutions ranking in September 2024, rising two positions in relation to the previous year's ranking.

All this has given Mercantil an innovative corporate environment, with a definitive entry into the Digital Age, and achieved its strategic objectives of generating growing and sustainable results.

- Capital and Risk Management - Basel III

The Capital Management Structure is compatible with the Institution's business model and risk profile, which enables a consistent evaluation of the capital required to support projected growth, in addition to the adoption of a prospective position, anticipating the capital requirement arising from possible changes in the market conditions.

The operational limits are calculated on a consolidated basis and the equity adequacy ratio for risk assets (Basel III Agreement) stood at 18.1%, compared to the minimum required of 10.5%, already considering the additional principal capital. More detailed information is available in Note 19 a).

- Anti-money Laundering

The Bank has policies, procedures, internal controls and continuous monitoring aimed at preventing and fighting the laundering or concealment of assets, rights and values. The guidelines for complying with the policies and procedures are available in an internal Regulatory Act accessible to all employees.

ECONOMIC-FINANCIAL PERFORMANCE

Assets

Total consolidated assets stood at R$ 25.5 billion (R$ 19.7 billion in December 2023). accounting for a significant increase of 29.5%. The most relevant assets are represented by Cash and Cash Equivalents (R$ 1.3 billion), Financial Assets (R$ 22.1 billion), Current and Deferred Tax Assets (R$ 856.8 million), Property and Equipment in Use, Right-of-Use Assets (R$ 434.3 million), Intangible Assets (R$ 164.6 million), among others.

R$ million

Cash and cash equivalents total R$ 3.9 billion (15.3% of total assets) and are used to manage short-term commitments. They are composed of cash equivalents of R$ 1.3 billion and short-term interbank investments of R$ 2.6 billion.

Financial Assets at Fair Value Through Other Comprehensive Income total R$ 1,752.4 million and are basically composed of Financial Treasury Bills (R$ 1,530.0 million, Certificates of Agribusiness Receivables (R$ 81.4 million), Real Estate Fund Quotas (R$ 38.5 million), Certificates of Real Estate Receivables (R$ 22.0 million), Credit Right Investment Fund, R$ 19.5 million, Investment Fund in Agroindustrial Production Chains (FIAGRO) R$ 18.6 million, among others. Marketable securities at amortized amount to R$ 814.4 million and are made up of Sovereign Foreign Securities (R$ 574.3 million), Commercial Notes (R$ 151.9 million) and Rural Product Bills (R$ 88.2 million).

In Assets at Amortized Cost, loan operations and other credits stand out, reaching R$ 17.1 billion, an annual significant expansion of 22.3%, despite the adverse scenario for the period. In line with the strategic guidelines, there is a growing concentration on the individual segment, with an annual expansion of R$ 3.3 billion, equivalent to growth of 25.0%. The provision for risk on loan operations stood at 4.7%, against 3.9% in December 2023. All this growth was the result of a successful strategy and the work of a team determined to overcome challenges. Further details are available in Note 5.4.

Liabilities

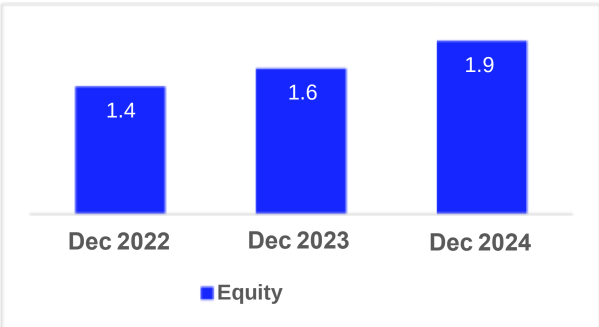
- Fundraising

Financial Liabilities are recorded at amortized cost and are represented by money market funding in the amount of R$ 22.1 billion (accounting for an increase of 34.6%), of which R$ 16.6 billion derives from time deposits, accounting for an increase of 31.8%. Further details are available in Note 12.

Fundraising through Financial Bills reached R$ 3.2 billion. Of this total, the amount of R$ 780.9 million is recorded under the heading "Debt Instruments Eligible for Capital" in Liabilities, as referred to in CMN Resolution 4955/2021, of which R$ 445.1 million is being used to compose Level II Reference Equity; and R$ 128.5 million as Supplementary Capital.

Equity, Result and Dividends

R$ million



Mercantil's Equity continues its trajectory of expressive and constant growth, reaching the historic mark of R$ 1,894.6 billion, which is equivalent to an annual expansion of 17.5%.

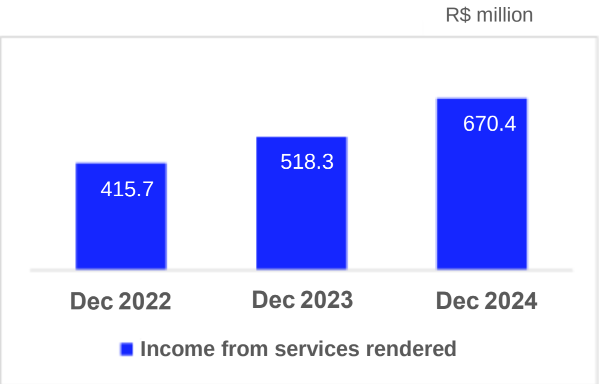
- Results

Interest Income stood at R$ 5.9 billion, accounting for an increase of 25.6%. They are mainly represented, by Income from loan operations (R$ 5.3 billion), which accounts for 89.8% of Income on financial intermediation.

Interest Expenses totaled R$ 2.0 billion, accounting for an increase of 19.2%, represented mainly by Expenses on funds raised in the market.

Provision for expected losses associated with credit risk stood at R$ 827.6 million.

Net Interest Income (net of Provision for Expected Losses) stood at R$ 3.1 billion (accounting for an increase of 21.5%).



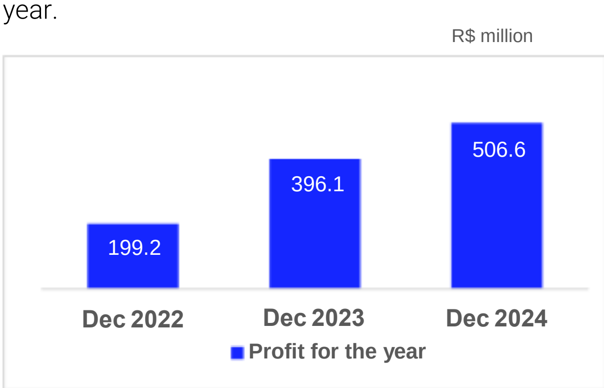
Income from services rendered totaled R$ 670.4 million (R$ 518.3 million in the previous year), accounting for a significant growth of 29.3%.

Personnel Expenses reached R$ 671.6 million (R$ 561.9 million in December 2023), accounting for a nominal increase of 19.5% in the periods under comparison.

Administrative expenses totaled R$ 994.0 billion, accounting for an increase of 26.8%. Further details are available in Note 16.3.

- Profit for the year

Profit for the year reached a new record, standing at R$ 506.6 million, accounting for a significant growth of 27.9% over the profit from the previous year.



- Dividends / Interest on capital

In 2024, dividends to stockholders in the form of Interest on Capital totaled R$ 219.4 million, equivalent to R$ 186.5 million, net of income tax. Further details are available in Note 15.3.

INVESTMENTS IN SUBSIDIARIES

Interests and investments in subsidiaries are detailed in a specific table in the financial statements.

- Capital increase in subsidiary

The Bank accompanied the capital increase at Mercantil Financeira S.A. - Crédito, Financiamento e Investimento, decided at the EGM held on November 5, 2024. The investment made totaled R$ 321 million. The capital increase was approved by the Central Bank of Brazil in an ordinance dated 12/31/2024. Additional information can be obtained on the website of the Company (www.bancomercantil.com.br), of CVM website (www.cvm.gov.br) and of B3 (b3.com.br).

RELATIONSHIP WITH INDEPENDENT AUDITORS

Pursuant to the provisions of CVM Resolution 162/2022, Mercantil and the companies controlled by the Bank inform that services not related to external audit, when contracted, are based on applicable regulations and international principles that preserve the independence and objectivity of the independent auditor.

Mercantil and its subsidiaries report that services unrelated to external audit were engaged with their independent auditors PricewaterhouseCoopers Auditores Independentes Ltda. in 2024, in the amount of R$ 1,807.60 thousand, 5% higher than the audit fees contracted in 2024.

FINAL CONSIDERATIONS

On this occasion, we would like to thank our stockholders and clients for their trust and support, as well as our staff, who have once again demonstrated unconditional commitment to Banco Mercantil's goals and objectives.

Belo Horizonte, February 2025.

Management

Independent auditor's report on consolidated financial statements

To the Board of Directors and Stockholders
Banco Mercantil S.A.
and its subsidiaries

Opinion

We have audited the accompanying consolidated financial statements of Banco Mercantil do Brasil S.A. ("Bank") and its subsidiaries, which comprise the consolidated balance sheet as at December 31, 2024 and the consolidated statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of material accounting policies and other explanatory information.

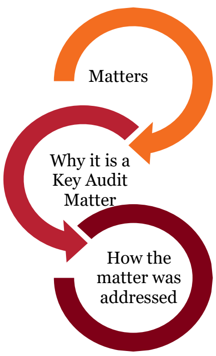
In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Banco Mercantil do Brasil S.A. and its subsidiaries as at December 31, 2024, and their consolidated financial performance and their cash flows for the year then ended, in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) (currently named "IFRS accounting standards" by the IFRS Foundation).

Basis for opinion

We conducted our audit in accordance with Brazilian and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Bank and its subsidiaries in accordance with the ethical requirements established in the Code of Professional Ethics and Professional Standards issued by the Brazilian Federal Accounting Council, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements, taken as a whole, and in forming our opinion thereon. We do not provide a separate opinion on these matters.



Why it is a Key Audit Matter	How the matter was addressed in the audit
Provision for expected losses associated with credit risk (Notes 2.4 (d) and 5.4.3)	
Management makes estimates for the purposes of recording the provision for expected losses associated with credit risk pursuant to IFRS 9. This requires a high level of judgment in classifying credits in the stages provided for in IFRS 9. It selects the methodology and assumptions, including, among others, prospective information and criteria for determining the credit risk. This remained an area of focus in our audit, since a different set of assumptions or methodology for the provision for expected losses associated with credit risk could result in significant variations in the estimate of the provision.	We updated our understanding of the Bank process for calculating and recording the provision for expected losses associated with credit risk. We performed selected audit procedures, with the assistance of our specialists, to establish the level of compliance with the requirements of IFRS 9. Audit procedures included: (i) analysis of management's accounting policies comparing these with the requirements of IFRS 9; (ii) substantive tests related to the measurement of the provision for expected losses of the database, models and assumptions adopted by management; (iii) testing of the models, including their approval process and validation of the assumptions adopted to determine the estimates of losses and recovery; and (iv) comparison between the amounts calculated for the provision and the amounts recorded. We consider that the criteria and assumptions adopted by management to determine and record the provision for expected losses associated with credit risk are reasonable, in all material respects, in the context of the consolidated financial statements.
Recognition and recoverability of tax credits (Notes 2.4 (e) and 6.2)	
The Bank and its subsidiaries have tax credits arising from temporary differences and income tax and social contribution tax loss carryforwards. Management prepares a study of projected taxable income and of the realization of the tax credits to support recording and maintaining these credits. This complex study requires management's judgment and selection of assumptions. This matter remained an area of focus in our audit since the use of different assumptions in the projection of taxable income could significantly change the estimate of realization of the tax credits with a corresponding accounting effect, and diverge from IFRS requirements relating to	Our key audit procedures considered an analysis of the reasonableness of the significant assumptions and methodology used in the projection of future taxable income included in the study of realization of the recoverable value of tax assets, approved by the Board of Directors. We analyzed the reasonableness of the main assumptions used by management comparing these with market macroeconomic projections, when applicable, and the historical data underlying these projections. We consider that the criteria and assumptions adopted by management to determine the realization of the tax credits to be reasonable in

Why it is a Key Audit Matter	How the matter was addressed in the audit
the recognition of these assets.	the context of the financial statements.
Provision for contingent liabilities (Notes 2.4(j) and 13)	
The Bank and its subsidiaries are parties to judicial and administrative civil, labor and tax proceedings. The resolution of legal proceedings can take a considerable amount of time and may involve discussions involving the merits of the cases and complex procedural aspects, pursuant to the legislation in force and judicial precedent. Past case law cannot necessarily be relied upon. Thus, measuring and recognizing contingent liabilities is a subjective process, which requires judgment by management. Because of the significance of this process, we decided to focus again on this matter in our audit.	Our key audit procedures included updating our understanding of the main processes related to the identification, assessment, monitoring, and measurement of the contingent liability provision. This covered the recording and disclosures, as well as tests of completeness of databases and the consistency with responses received from external legal counsel. We tested on a sample basis the completeness and the history of losses that served as a basis for quantifying the civil and labor proceedings. For individual legal proceedings, substantially those of a tax nature, management periodically assesses the claims for their amount and likelihood of loss. For significant proceedings, we evaluated the likelihood of loss based on the nature of each case. In addition, we compared the book balances with the supporting analytical reports and obtained confirmations from legal counsel accompanying the key proceedings, as to the probability of losses and their estimated amounts. We consider that management's criteria and assumptions used to determine and account for the provisions for contingent liabilities to be consistent and in line with the information analyzed in our audit.
Information technology environment	
The Bank and its subsidiaries rely on their technology infrastructure in processing the transactions to assure the development of operations and continuity of the business. This requires the efficient operations of their Information Technology General Controls (ITGCs) and auxiliary controls to ensure the correct processing of key information related to the	With the assistance of our systems specialists, we updated our understanding and tested the operating effectiveness of the ITGCs, the automated and auxiliary controls and the compensating controls. Our tests encompassed the processes for logical access, management and development of systemic changes, security over access to programs and the

Why it is a Key Audit Matter	How the matter was addressed in the audit
decision-making processes.	databases.
We selected the information technology environment as an area of focus in our audit.	As a result of our procedures, we consider that the information technology environment processes and controls provided us with a sufficient basis for determining the nature and extent of our audit procedures.

Other matters

Statement of value added

The consolidated statement of value added for the year ended December 31, 2024 prepared under the responsibility of the Bank's management and presented as supplementary information for IFRS purposes, was submitted to audit procedures performed in conjunction with the audit of the Bank's consolidated financial statements. For the purposes of forming our opinion, we evaluated whether this statement is reconciled with the financial statements and accounting records, as applicable, and if its form and content are in accordance with Technical Pronouncement CPC 09 - “Statement of Value Added”. In our opinion, this statement of value added has been properly prepared, in all material respects, in accordance with the criteria established in the Technical Pronouncement and is consistent with the consolidated financial statements taken as a whole.

Other information accompanying the consolidated financial statements and the independent auditor's report

The Bank's management is responsible for the other information that comprises the Management Report.

Our opinion on the consolidated financial statements does not cover the Management Report, and we do not express any form of audit conclusion thereon.

In connection with the audit of the consolidated financial statements, our responsibility is to read the Management Report and, in doing so, consider whether this report is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB) (currently named "IFRS accounting standards” by the IFRS Foundation), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the ability of the Bank and its subsidiaries to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank and its subsidiaries or to cease operations, or has no realistic alternative but to do so.

The ones responsible for the Bank's governance are those with responsibility for overseeing the process of preparation of financial statements.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Brazilian and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Brazilian and International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Bank and its subsidiaries.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's and its subsidiaries' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank and its subsidiaries to cease to continue as going concerns.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether these financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- We plan and perform the group's audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis to form an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit engagement performed for Group audit purposes and consequently, for audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Banco Mercantil do Brasil S.A.
and its subsidiaries

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Belo Horizonte, February 4, 2025

PricewaterhouseCoopers
Auditores Independentes Ltda.
CRC 2SP000160/F-5

Luís Carlos Matias Ramos
Contador CRC 1SP171564/O-1

BALANCE SHEET

As at December 31, 2024 and December 31, 2023
In R$ thousand

Assets	Note	12/31/2024	12/31/2023
Cash equivalents	**4**	**1,311,041**	**1,608,417**
Financial assets		**22,216,594**	**16,294,103**
Fair value through other comprehensive income		**1,752,400**	**1,019,900**
Marketable securities	5.1	1,752,400	1,019,900
At fair value through profit or loss		**-**	**317,315**
Loan operations	5.4	-	317,315
At amortized cost		**20,464,194**	**14,956,888**
Compulsory deposits with the Central Bank		576,988	262,246
Short-term interbank investments	5.3	2,674,749	1,308,556
Marketable securities	5.1	814,429	14,210
Loan operations and other credits	5.4	16,320,200	13,322,810
Other financial assets	5.5	77,828	49,066
Tax assets		**856,765**	**730,608**
Current	6.1	228,166	171,245
Deferred	6.2	628,599	559,363
Non-financial assets held for sale	**7**	**51,740**	**59,665**
Other assets	**8**	**425,386**	**329,777**
Investments	**9**	**18,676**	**23,229**
Property and equipment	**10**	**434,268**	**510,646**
Rental properties	10.1	2,957	3,084
Property and equipment in use	10.1	149,719	161,240
Right-of-use assets	10.2	281,592	346,322
Intangible assets	**11**	**164,639**	**115,555**
Intangible assets		164,639	115,555
Total assets		**25,479,109**	**19,672,000**

Liabilities	Note	12/31/2024	12/31/2023
Financial liabilities		**22,094,738**	**16,419,138**
At amortized cost		**22,094,738**	**16,419,138**
Deposits	12.1	17,659,110	13,897,527
Money market funding		-	61,788
Funds from acceptance and issue of securities	12.2	3,397,427	1,136,833
Borrowings and onlendings		100,101	-
Interbank accounts		98,160	83,589
Interdepartmental accounts		11,092	17,689
Obligations for operations linked to assignment	5.4.4	44,228	410,656
Debt instruments eligible to capital	12.3	780,955	807,368
Other financial liabilities		3,665	3,688
Tax liabilities		**121,417**	**151,065**
Current		113,239	116,492
Deferred		8,178	34,573
Provisions	**13**	**299,303**	**259,185**
Provision for other liabilities		299,303	259,185
Other liabilities	**14**	**1,069,062**	**1,230,463**
Equity		**1,894,589**	**1,612,149**
Capital	15.1	807,203	702,372
(Treasury shares)	15.1	(3,830)	(3,830)
Capital reserve	15.2	43,375	43,375
Revenue reserves	15.2	1,004,408	806,696
Other comprehensive income		6,839	4,348
Retained earnings		-	19,747
Non-controlling interest		36,594	39,441
Total liabilities and equity		**25,479,109**	**19,672,000**

The accompanying notes are an integral part of these financial statements.

STATEMENT OF INCOME
For the year ended December 31, 2024 and 2023
In R$ thousand

	Note	12/31/2024	12/31/2023
Interest income		**5,913,694**	**4,707,585**
Loan operations	5.4.2	5,313,720	4,471,439
Income from marketable securities transactions	5.3	472,848	311,982
Income from derivative financial instruments	5.2	123,053	(78,552)
Income from loan operations		105	(25)
Income from compulsory deposits		3,968	2,741
Interest expense		**(1,957,342)**	**(1,642,468)**
Money market repurchase agreements	12.4	(1,956,484)	(1,640,972)
Loans and onlendings		(858)	(1,496)
Provision for expected losses associated with credit risk	5.4.3	**(827,587)**	**(489,868)**
Net interest income		**3,128,765**	**2,575,249**
Other operating income/expenses		**(2,553,240)**	**(2,082,361)**
Income from services rendered	16.1	670,424	518,309
Personnel expenses	16.2	(671,652)	(561,935)
Other administrative expenses	16.3	(994,009)	(783,947)
Tax expenses	16.4	(287,203)	(206,924)
Other operating income	16.5	105,182	86,406
Other operating expenses	16.6	(1,175,079)	(981,585)
Reversals of/(Expenses on) provisions	16.7	(200,903)	(152,685)
Income before income tax and social contribution		**575,525**	**492,888**
Income tax and social contribution	6.3	**(64,907)**	**(97,511)**
Current		(142,816)	(73,315)
Deferred	6.2	77,909	(24,196)
Non-controlling interest		**(4,001)**	**750**
Profit for the period		**506,617**	**396,127**
Basic and diluted earnings per share (in reais)			
Common shares		4.8488	3.7913
Preferred shares		4.8488	3.7913
Profit attributed (in *reais* - R$ thousand)			
Common shares		315,927	247,025
Preferred shares		190,690	149,102
Number of outstanding shares - basic and diluted			
Common shares		65,155,744	65,155,744
Preferred shares		39,327,336	39,327,336

The accompanying notes are an integral part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME

For the year ended December 31, 2024 and 2023
In R$ thousand

	12/31/2024	12/31/2023
Profit for the period	**506,617**	**396,127**
Other comprehensive income	**2,491**	**(10,853)**
Items to be subsequently reclassified to income	**2,491**	**(388)**
Financial assets at fair value through other comprehensive income	4,831	(329)
Tax effect	(2,340)	(59)
Items that will not be subsequently reclassified to income	**-**	**(10,465)**
Actuarial (losses) from defined benefit plan	-	(10,465)
Total comprehensive income for the period	**509,108**	**385,274**
Taxable profit to controlling shareholder	505,107	386,024
Taxable profit to non-controlling interest	4,001	(750)

The accompanying notes are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

For the year ended December 31, 2024 and 2023
In R$ thousand

	Realized capital	Capital reserves	Revenue reserves		Retained earnings/(losses)	Other comprehensive income	(Treasury shares)	Equity	Non-controlling interest	Adjusted equity
			Legal	Statutory						
AT 12/31/2022	**597,540**	**43,375**	**97,716**	**522,908**	**43,257**	**15,201**	**(3,830)**	**1,316,167**	**46,378**	**1,362,545**
Capital transactions with partners	**-**	**-**	**-**	**-**	**(130,000)**	**-**	**-**	**(130,000)**	**-**	**(130,000)**
Interest on capital paid, resolved and/or provisioned	-	-	-	-	(130,000)	-	-	(130,000)	-	(130,000)
Total comprehensive income	**-**	**-**	**-**	**-**	**396,127**	**(10,853)**	**-**	**385,274**	**(750)**	**384,524**
Profit for the period	-	-	-	-	396,127	-	-	396,127	(750)	395,377
Other comprehensive income	**-**	**-**	**-**	**-**	**-**	**(10,853)**	**-**	**(10,853)**	**-**	**(10,853)**
Financial assets at fair value through other comprehensive income	-	-	-	-	-	(329)	-	(329)	-	(329)
Actuarial (losses) from defined benefit plan	-	-	-	-	-	(10,465)	-	(10,465)	-	(10,465)
Tax effect	-	-	-	-	-	(59)	-	(59)	-	(59)
Internal changes in equity	**104,832**	**-**	**21,045**	**165,027**	**(289,637)**	**-**	**-**	**1,267**	**(6,187)**	**(4,920)**
Capital increase - EGM HELD ON 04/19/2023	104,832	-	-	(104,832)	-	-	-	-	-	-
Formation of reserves	-	-	21,045	269,859	(290,904)	-	-	-	-	-
Other	-	-	-		1,267	-	-	1,267	(6,187)	(4,920)
AT 12/31/2023	**702,372**	**43,375**	**118,761**	**687,935**	**19,747**	**4,348**	**(3,830)**	**1,572,708**	**39,441**	**1,612,149**
AT 12/31/2023	**702,372**	**43,375**	**118,761**	**687,935**	**19,747**	**4,348**	**(3,830)**	**1,572,708**	**39,441**	**1,612,149**
Capital transactions with partners	**-**	**-**	**-**	**-**	**(219,420)**	**-**	**-**	**(219,420)**	**-**	**(219,420)**
Interest on capital paid, resolved and/or provisioned	-	-	-	-	(219,420)	-	-	(219,420)	-	(219,420)
Total comprehensive income	**-**	**-**	**-**	**-**	**506,617**	**2,491**	**-**	**509,108**	**4,001**	**513,109**
Profit for the period	-	-	-	-	506,617	-	-	506,617	4,001	510,618
Other comprehensive income	**-**	**-**	**-**	**-**	**-**	**2,491**	**-**	**2,491**	**-**	**2,491**
Financial assets at fair value through other comprehensive income	-	-	-	-	-	4,831	-	4,831	-	4,831
Tax effect	-	-	-	-	-	(2,340)	-	(2,340)	-	(2,340)
Internal changes in equity	**104,831**	**-**	**37,609**	**160,103**	**(306,944)**	**-**	**-**	**(4,401)**	**(6,848)**	**(11,249)**
Capital increase - Meeting of the Board of Directors on 03/20/2024	104,831	-	-	(104,831)	-	-	-	-	-	-
Formation of reserves	-	-	37,609	264,934	(302,543)	-	-	-	-	-
Other	-	-	-	-	(4,401)	-	-	(4,401)	(6,848)	(11,249)
AT 12/31/2024	**807,203**	**43,375**	**156,370**	**848,038**	**-**	**6,839**	**(3,830)**	**1,857,995**	**36,594**	**1,894,589**

The accompanying notes are an integral part of these financial statements.

STATEMENT OF CASH FLOW - INDIRECT METHOD

For the year ended December 31, 2024 and 2023

In R$ thousand

	12/31/2024	12/31/2023
1. CASH FLOW FROM OPERATING ACTIVITIES		
Income before tax on profit	**575,525**	**492,888**
Adjustments to income	**1,189,944**	**777,236**
Effect of changes in exchange rate on cash and cash equivalents	(10,403)	-
Expense / (Reversal) and Interest/indexation with tax, civil and labor provisions	207,951	162,648
Expenses with provision for expected losses	827,587	489,868
Depreciation and amortization	154,535	119,204
Losses with other assets	7,130	3,649
Income from disposal of other assets	3,144	1,867
Net (increase) decrease in operating assets	**(5,188,418)**	**(3,820,062)**
Financial assets at amortized cost	(4,895,861)	(3,587,593)
Current tax assets	(56,921)	(41,126)
Non-financial assets held for sale	7,925	(4,350)
Deferred tax assets	8,673	1,286
Financial assets at fair value through other comprehensive income	(420,813)	(122,091)
Financial assets at fair value through profit or loss	317,315	(116,654)
Other assets	(148,736)	50,466
Increase (decrease), net in operating liabilities	**5,330,522**	**2,534,966**
Financial liabilities at amortized cost	5,675,600	2,914,022
Current tax liabilities	102,214	17,782
Provisions	40,118	(11,310)
Deferred tax liabilities	(28,735)	29,642
Other liabilities	(458,675)	(415,170)
Cash generated by / (invested in) operations	**1,907,573**	**(14,972)**
Taxes paid	(248,283)	(92,572)
NET CASH GENERATED BY/ (INVESTED IN) OPERATING ACTIVITIES (1)	**1,659,290**	**(107,544)**
2. CASH FLOW FROM INVESTMENT ACTIVITIES		
Investments	**(959,038)**	**(123,281)**
Acquisition of financial assets at fair value through other comprehensive income	(817,863)	(15,691)
Acquisition of own property and equipment	(43,217)	(52,701)
Acquisition of intangible assets	(97,958)	(54,889)
Disposal	**556,199**	**83,370**
Disposal of financial assets at fair value through other comprehensive income	511,007	56,523
Disposal of own property and equipment	30,800	18,264
Disposal of intangible assets	14,392	8,583
NET CASH GENERATED BY / (INVESTED IN) INVESTMENT ACTIVITIES (2)	**(402,839)**	**(39,911)**
3. CASH FLOW FROM FINANCING ACTIVITIES		
Issuance of Debentures	-	1,001,449
Issue of debt instruments eligible to capital	65,470	223,454
Dividends and interest on capital paid	(183,820)	(80,705)
Change in minority interest	(6,848)	(6,187)
NET CASH GENERATED BY (INVESTED IN) FINANCING ACTIVITIES (3)	**(125,198)**	**1,138,011**
INCREASE / (DECREASE) IN CASH EQUIVALENTS (1+2+3)	**1,131,253**	**990,556**
Cash and cash equivalents at the beginning of the period	2,793,186	1,802,630
Effect of changes in exchange rate on cash and cash equivalents	10,403	-
Cash and cash equivalents at the end of the period	3,934,842	2,793,186
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**1,131,253**	**990,556**

The accompanying notes are an integral part of these financial statements.

STATEMENT OF VALUE ADDED

For the year ended December 31, 2024 and 2023
In R$ thousand

	12/31/2024	12/31/2023
1 – INCOME	**4,477,089**	**3,686,539**
Income on financial intermediation	5,913,694	4,707,585
Income from services rendered	670,424	518,309
Expenses with provision for expected losses	(827,587)	(489,868)
Other	(1,279,442)	(1,049,487)
2 - EXPENSES ON FINANCIAL INTERMEDIATION	**(1,957,342)**	**(1,642,468)**
3 - INPUTS ACQUIRED FROM THIRD PARTIES	**(839,474)**	**(664,743)**
Materials, energy and others	(53,298)	(50,176)
Third-party services	(340,746)	(267,996)
Other	**(445,430)**	**(346,571)**
Communications	(10,013)	(10,960)
Data processing	(211,497)	(152,635)
Advertising and publicity	(65,754)	(42,178)
Financial system services	(18,033)	(31,674)
Insurance expenses	(25,473)	(24,037)
Transport expenses	(49,104)	(43,805)
Other	(65,556)	(41,282)
4 - GROSS ADDED VALUE (1-2-3)	**1,680,273**	**1,379,328**
5 – DEPRECIATION, AMORTIZATION AND DEPLETION	**(154,535)**	**(119,204)**
Depreciation and amortization	(154,535)	(119,204)
6 – NET ADDED VALUE PRODUCED BY THE ENTITY (4-5)	**1,525,738**	**1,260,124**
7 – ADDED VALUE RECEIVED AS TRANSFER	**-**	**-**
8 – ADDED VALUE PAYABLE (6+7)	**1,525,738**	**1,260,124**
9 – DISTRIBUTION OF ADDED VALUE	**1,525,738**	**1,260,124**
Personnel	**588,519**	**483,970**
Direct remuneration	455,867	364,624
Benefits	104,768	94,041
FGTS	27,884	25,305
Taxes, rates and contributions	**426,601**	**380,777**
Federal	391,807	349,616
State	33	32
Municipal	34,761	31,129
Remuneration of own capital	**510,618**	**395,377**
Interest on capital	219,420	130,000
Retained earnings	287,197	266,127
Non-controlling interests in retained earnings	4,001	(750)

The accompanying notes are an integral part of these financial statements.

1. OPERATIONS

Banco Mercantil do Brasil S.A. ("Mercantil" or "Bank") is a publicly-held company authorized to operate as a multiple bank and has a wide variety of products and services available through digital and physical channels, through its network of 294 bank service points. It operates directly and indirectly through its subsidiaries in the most diverse types of credit, mainly payroll loan transactions, personal credit guaranteed by the individual's right to the Government Severance Indemnity Fund for Employees (FGTS) and in other financial segments, in the areas of investment, foreign exchange, distribution and intermediation of securities, as well as in the sale of insurance and complementary marketplace services. The Bank's registered office and its main place of business are located at Avenida do Contorno, 5800 - 11º ao 15º andar, Savassi, Belo Horizonte, Minas Gerais, Brazil.

2. PREPARATION AND PRESENTATION OF THE FINANCIAL STATEMENTS

2.1. Presentation of the financial statements

The accounting information in the financial statements as at and for the year ended December 31, 2024 have been prepared considering the requirements and guidelines of Resolution 4818/20 of the National Monetary Council (CMN) which requires the preparation of consolidated financial statements adopting the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), currently named "IFRS accounting standards" (IFRS® Accounting Standards), including the interpretations issued by IFRS Interpretations Committee (IFRIC® Interpretations) or its previous body, Standing Interpretations Committee (SIC® Interpretations) translated into Portuguese by a Brazilian entity accredited by the International Financial Reporting Standards Foundation (IFRS Foundation).

In conformity with IAS 01, the annual consolidated financial statements under IFRS comprise the balance sheet, the statement of income, comprehensive income, changes in equity, cash flows and value added and the explanatory notes. The financial statements under IFRS are prepared in thousands of Reais, unless otherwise stated, rounding up or down to the nearest thousand consistent with the Brazilian Association of Technical Standards (ABNT).

The Statement of Value Added, which is required by the Brazilian corporate legislation for listed companies, is included. The statement of value added was prepared in accordance with Technical Pronouncement CPC 09 - Statement of Value Added.

The preparation of financial statements requires the use of estimates to record certain assets, liabilities, income and expenses. These include estimates for the provision for expected losses associated with credit risk, provision for labor, civil and tax risks, estimates of provision for income taxes and other provisions. Actual results may differ from those estimated.

The financial statements under IFRS were approved by Banco Mercantil's Board of Directors on February 4, 2025.

2.2. Consolidated financial statements

The consolidated financial statements for the year ended December 31, 2024 have been prepared in accordance with IFRS 10 - Consolidated Financial Statements, and the rules and regulations of the BACEN and CVM.

Intercompany investments, account balances, income and expenses and unrealized profits arising from transactions between the Bank and its Subsidiaries have been eliminated. Non-controlling interests in profit for the year and equity have been separately disclosed.

The consolidated financial statements under IFRS include those of the Bank and its direct and indirect subsidiaries listed below:

Direct and indirect subsidiaries:	Acronym	% - Equity interest Dec 2024	Dec 2023
Banco Mercantil de Investimentos S.A.(I)	BMI	92.53	91.57
Mercantil Financeira S.A.-Crédito, Financiamento e Investimento (I) (II) (VI)	Finance	95.31	87.57
Mercantil do Brasil Corretora S.A. - Câmbio, Títulos e Valores Mobiliários	MBC	99.99	99.99
Mercantil do Brasil Distribuidora S.A. - Títulos e Valores Mobiliários	MBD	100.00	100.00
Domo Digital Tecnologia S.A.(III)	Domo	99.16	98.34
COSEFI - Companhia Securitizadora de Créditos Financeiros	COSEFI	100.00	100.00
SANSA - Negócios Imobiliários S.A.	SANSA	100.00	100.00
MB FII – Fundo de Investimento Imobiliário (IV) (VIII)	MB FII	100.00	100.00
OPEA SPE 01 - Companhia Securitizadora de Créditos Financeiros(V)	OPEA	100.00	100.00
Mercantil Adm. Corretagem de Seguros S.A (VIII)	MACS	99.56	99.56
Bem Aqui Administradora e Corretora de Seguros, Previdência Privada e Correspondente Bancário S.A.	Bem Aqui	100.00	100.00
Mercantil do Brasil Marketplace e Empreendimentos Imobiliários S.A.	Marketplace	100.00	100.00
Altivis Plataforma de Bem Estar Ltda. (VII) (VIII)	Altivis	95.00	-
Dente Vitta Assistência Odonto Ltda. (VII) (VIII)	Dente Vitta	95.00	-
Geração Saber Cursos Livres Ltda. (VII) (VIII)	Geração Saber	95.00	-
Maturitec Solução em Tecnologia Ltda. (VII) (VIII)	Maturitec	95.00	-

(I) In the first half of 2024, the Bank acquired 310,000 preferred shares and 6,000 common shares at R$ 9.95 each from Mercantil Financeira S.A. and a further 36,005 preferred shares at R$ 15.23 each and 10,504 common shares at R$ 20.01 each from Banco Mercantil de Investimentos S.A. The Bank's investment in the Institutions currently amounts to 89.32% and 92.53%, respectively.
(II) The EGM held on November 5, 2024 resolved to increase the capital of the subsidiary Mercantil Financeira S.A. - Crédito, Financiamento e Investimentos, in the amount of R$ 321.6 million, through the private subscription of 13,901,203 common shares and 9,083,968 preferred shares, registered and with a nominal value of R$ 7.50 each, at an issue price of R$ 13.990298 per share. The Bank's investment is now 95.31%.
(III) The total equity interest in Domo held by the Bank and its subsidiaries Banco Mercantil de Investimentos S.A. and Mercantil Financeira S.A. – Crédito, Financiamento e Investimento.
(IV) Investment fund, indirectly controlled by the Bank, which started being consolidated in June 2023.
(V) In November 2023, the Bank acquired 100% of the subordinated quotas of the debentures through a specific purpose securitization company. These debentures are backed by credit rights of payroll loan assigned by Banco Mercantil.
(VI) Corporate name changed by the Ordinary and Extraordinary General Meeting held on April 25, 2024. Former corporate name: Creditaqui Financeira S.A. – Crédito, Financiamento e Investimentos.
(VII) Companies controlled by Marketplace that started operating in October 2024.
(VIII) Indirectly controlled.

2.3. Reclassification of Comparative Information

The following reclassifications were made in the Balance Sheet as at December 2024, relating to expenses associated with the issue of securities, which are currently shown under the corresponding liability:

Balance sheet	Consolidated Original	Reclassification	Reclassified
Other assets	188,792	(18,603)	170,189
Prepaid expenses	126,450	(18,603)	107,847
Total assets	19,282,882	(18,603)	19,264,279
Deposits and other financial instruments	16,437,741	(18,603)	16,419,138
Funds from acceptance and issue of securities	1,149,347	(12,514)	1,136,833

Debt instruments eligible to capital	813,457	(6,089)	807,368
Total liabilities and equity	19,282,882	(18,603)	19,264,279

2.4. Significant accounting policies and critical estimates

a) Segment reporting

The presentation of information by segment is consistent with the Strategic and Market Plan, through which the Bank makes decisions to allocate resources and investments, which have as their main focus the Financial, Business Intermediation (Insurance) and Marketplace Segments.

b) Cash and cash equivalents

Cash and cash equivalents are mostly cash, readily-redeemable bank deposits, and short-term high-liquidity investments readily convertible into cash and subject to an insignificant risk of change in value or limits, with original maturities of less than 90 days, from acquisition date, which are used by the Bank to manage its short-term cash commitments.

c) Foreign currency translation

- Functional and presentation currency

The consolidated financial statements of the Bank and of the direct and indirect subsidiaries that are part of the conglomerate are presented in Brazilian Real/Reais (R$), which is its functional and presentation currency.

- Foreign currency translation into functional currency

When assets and liabilities in foreign currency are translated, they are translated into local currency, the Brazilian Reais, which is the Bank's functional currency, at the exchange rate at the balance sheet date. At December 31, 2024, the exchange rate was: US$ 1.00 = R$ 6.1923 (December 31, 2023: US$ 1.00 = R$ 4.8407). The foreign exchange variations are recorded, as appropriate, under Interest income (expense).

d) Financial instruments

- Classification of financial assets for presentation purposes

Financial assets can be classified into three following categories based on the business model and in accordance with the provisions of IFRS 9:

- **Financial assets at amortized cost:** acquired or originated with the objective of receiving contractual cash flows that are solely payment of principal and interest.
- **Financial assets at fair value through other comprehensive income:** acquired or originated whose objective is achieved both by collecting contractual cash flows and selling financial assets.
- **Financial assets at fair value through profit or loss:** operations that were not classified as financial assets at amortized cost or at fair value through other comprehensive income.

The Solely Payments of Principal and Interest (SPPI) Test, is applied to verify whether the contractual provisions of financial assets and liabilities are only for payment of principal and interest, that is, they must include only consideration for the amount of money over time and the respective credit risk.

- Measurement of financial assets and liabilities and recognition of changes in fair value

Financial assets at fair value through profit or loss and through other comprehensive income are initially measured at fair value, plus estimated transaction costs, and subsequently recognized at fair value.

Financial assets at amortized cost are measured using the effective interest method, by which an entity amortizes any fees, transaction costs and other premiums or discounts included in the calculation of the effective interest rate over the expected lifetime of the financial instrument.

Financial liabilities at amortized cost are measured at cost, except for financial liabilities designated as hedged items (or hedging instruments), which are measured at fair value.

Financial liabilities at fair value are initially measured at transaction cost and are subsequently adjusted at fair value. They are stated by the amounts payable and consider, when applicable, the payable charges updated up to the balance sheet date, recognized on a *pro rata die* basis.

In operations to raise funds through the issue of marketable securities, the associated expenses are appropriated to the profit (loss) according to the term of the operation and shown as a reduction in the corresponding liability.

In conformity with CMN Resolution 4924/21, which approved and made mandatory technical pronouncement IFRS 7 - Fair Value Measurement, financial assets and liabilities that are measured at fair value, after initial recognition, are grouped into Levels 1 to 3 of the fair value hierarchy (Note 19.d.).

- Level 1: obtained from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: obtained from information that is observable for the asset or liability, either directly or indirectly, except for quoted prices included in Level 1.
- Level 3: obtained through valuation techniques, which include variables for the asset or liability, but which, mostly, do not use as a basis the observable market data.

- Derivatives

Derivative financial instruments are classified, on the date of their acquisition, according to Management's intention to designate them as a hedging instrument or not, in accordance with IAS 39 (using the prerogative to continue applying the hedge accounting provided for in IAS 39, as permitted by IFRS 9). Moreover, they can be classified according to their nature into the following categories:

- Market risk hedge - the financial instruments classified into this category, as well as its related financial assets and liabilities, subject to hedge, have their realized or unrealized gains and losses recorded in profit or loss;
- Cash flow hedge - the financial instruments classified into this category have the effective portion of gains or losses recorded, net of tax effects, in a separate account in equity. The non-effective portion of the hedge is recognized directly in profit or loss; and
- Hedge of net investment in foreign operation - the financial instruments classified in this category aim to hedge the exchange rate change of investments abroad, whose functional currency is different from the local currency, and are accounted for in accordance with the accounting procedures applicable to the cash flow hedge category, i.e., with the effective portion recognized in equity, net of tax effects, and the non-effective portion recognized in profit (loss) for the period.

Operations that use financial instruments that do not meet the hedge accounting criteria, mainly derivatives used to manage overall risk exposure, are recognized at market value, with any appreciation or devaluation recognized directly in profit or loss.

For operations contracted in trading for raising of or investment of funds, any valuation or devaluation derived from the adjustment to market value may be disregarded as long as their trading or settlement separately from the operation associated to it is not permitted, which in the event of early settlement of the associated operation, it is carried out at the contracted value, and that it is contracted for the same period and with the same counterparty of the associated operation.

- Recognition and derecognition of financial assets and liabilities

A financial asset or a financial liability is recorded in the balance sheet when the Bank becomes a party to the contractual provisions of the instrument.

The accounting treatment of transfers of financial assets depends on the extent to which the risks and rewards related to the transferred assets are transferred to third parties:

- Loan assignment with substantial retention of risks and rewards: the assigned operations are still recorded in the Bank's assets, and the funds received are recorded in assets with a corresponding entry to financial liabilities resulting from the obligation assumed. Income and expenses resulting from assignments are monthly recognized in profit or loss for the remaining term of the related operations.
- Loan assignment without substantial retention of risks and rewards: the assigned operations are derecognized from the Bank's assets. The gain or loss determined in the operation is recognized in profit (loss) for the period.

- Provision for expected losses (Impairment)

- Financial assets measured at amortized cost

The Bank assesses at each balance sheet date, whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or group of financial assets is impaired when the credit risk of that financial instrument has increased significantly since initial recognition.

In the case of financial assets measured at amortized cost, the amount of the provision for expected losses determined based on the assessment of the increase in credit risk that occurs over the expected life of the financial instrument is presented as a reduction in the asset balance.

The Bank has policies, methods and procedures to cover its credit risk resulting from insolvency attributable to a counterparty.

These policies, methods and procedures are applied when granting, examining and documenting debt instruments and commitments, identifying any failure in their recovery and calculating the amounts necessary to cover the respective credit risk.

The Bank measures financial assets at amortized cost that meet the management criteria of the business model and the characteristics of the contractual cash flows, as established by IFRS 9. Provisions for expected losses are recognized for these assets, reflecting the evolution of credit risk over time. The Bank has policies, methods and procedures to cover its credit risk resulting from insolvency attributable to a counterparty.

Credit risk is assessed monthly to determine whether there has been a significant increase in risk since the initial recognition of the asset. The provisioning methodology follows the Stages approach of IFRS 9, which classifies financial assets into three categories based on credit risk:

- Stage 1 – Realizable Assets: Application of provision for loss based on next twelve-month expected credit loss for assets that do not present a significant increase in credit risk since initial recognition.
- Stage 2 – Doubtful Assets: Application of a provision considering the expected loss over the life of the asset, for those that have suffered a significant increase in credit risk.
- Stage 3 - Assets in default: Application of a full provision, based on the expected loss over the life of the asset, when there is evidence of a substantial deterioration in the ability to recover credit. At this stage, interest income is accrued at the amortized cost balance net of provision for impairment.

Reclassification between stages occurs according to the evolution of the asset's credit risk, except in the case of financial assets acquired or originated with evidence of credit loss, which remain in Stage 3 until they are liquidated or written-off.

Provisioning methodology

The Bank adopts specific policies and procedures to manage and mitigate the credit risk associated with financial assets measured at amortized cost. The provisioning structure is made up of two main groups:
In the Bank, the loan portfolio was divided into two groups with different criteria for determining the provision:

- Loans assessed individually: This includes operations in which the provision is determined based on specific criteria for each product and previously defined impairment triggers.
- Loans assessed collectively: It covers operations subject to statistical modeling to estimate the expected loss, based on historical default patterns. Loss percentages are applied to these loans according to the portfolio segmentation and the different credit risk stages.

Loss percentages are calculated using historical series, resulting in the definition of a median expected loss rate. This analysis is reviewed annually based on the latest information available and incorporating forward-looking views.

Classification and evaluation criteria

The Bank's loan portfolio is segmented to allow a granular assessment of risk and the appropriate measurement of the provision for losses. This segmentation considers factors such as: Geographical region; Product type; Remaining contractual term; Profile of client or beneficiary; Age; Gender; etc.

To improve the accuracy of the provision, periodic studies are carried out on credit recovery, as well as studies on the reduction of credit risk based on the number of installments paid after the transaction is settled, a process known as “Cure.”

Recognition of interest income

Interest income on assets classified in Stages 1 and 2 is recognized normally, since the cash flows are still expected to be realized. In Stage 3, recognition occurs on an adjusted basis, applying the interest rate to the amortized cost net of provisions for losses.

Based on the analysis of the loans and receivables portfolio, the Bank considers that operations less than 90 days overdue and with no other signs of credit deterioration remain classified as realizable.

This approach ensures that the provision for loss is appropriate to the reality of the portfolio's risk and complies with the applicable accounting and regulatory principles.

- Assets classified as at fair value through other comprehensive income

The Bank assesses at the end of each reporting period whether there is an increase in credit risk of a financial asset or group of financial assets.

For financial assets, credit loss is the present value of the difference between the contractual cash flows and the cash flows expected to be received.

The provision for expected losses on financial assets measured at fair value through other comprehensive income is recognized in the statement of income in Other operating expenses.

e) Taxes and contributions

- Social contributions related to PIS and COFINS

The direct taxes for the Social Integration Program (PIS) and the Social Contribution on Revenues (COFINS) are calculated based on the Gross Revenue pursuant to article 12 of Decree-Law 1598/77, in conformity with Law 12973/14 and supplementary regulation, and are paid at the rates of 0.65% and 4%, respectively, on the cumulative system.

- Current and deferred income taxes

The provision for income tax is recorded on the accrual basis and calculated based on taxable profit, adjusted for temporary or permanent differences, at the rate of 15%, plus a 10% surcharge on annual taxable profit exceeding R$ 240. Social contribution was calculated at the rate of 20% on taxable profit, in accordance with Law 14183/21.

Deferred taxes arising from temporary differences and from income tax and social contribution losses, if any, are recognized based on a technical study of estimated future taxable profits, in accordance with CMN Resolution 4842/20, BCB Resolution 15/20 and supplementary regulations, and are fully presented in non-current assets, based on BCB Resolution 2/20.

f) Non-financial assets held for sale

These comprise real estate, machinery and equipment and vehicles not used in the operations, intended for sale or received in lieu of payment.

They are recognized at the lower of the carrying amount or the gross carrying amount of the respective financial instrument of difficult or doubtful resolution and the fair value of the asset.

Non-financial assets held for sale without a liquid market are periodically assessed for impairment, through a technical appraisal report.

g) Property and equipment

- Rental properties

Rental properties or investment properties refer to land and projects constituted by the Bank’s subsidiaries and are stated at cost method and are depreciated over the useful lives of the properties based on the useful life of the asset.

- Property and equipment in use

Property and equipment in use are stated at cost adjusted for depreciation, calculated based on the useful life of the assets. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

- Leased Property and Equipment

Finance leases over which the Bank holds substantially all the risks and rewards of ownership are capitalized at the inception of the lease at the lower of the fair value of the leased asset and the present value of the minimum lease payments. The property and equipment acquired under finance leases are depreciated over the useful life of the asset.

The Bank leases properties for agencies and bank service points. They are recognized as a "Right-of-use assets" as a counterpart to "Lease liabilities" that correspond to the balance payable for leases recorded at present value. Right-of-use assets are depreciated based on the useful life of the asset. The finance cost corresponding to interest on the lease liability is recognized under "Other operating expenses".

h) Intangible assets

Intangible assets correspond to expenditures for the acquisition and development of software and are recorded at the acquisition cost. The amortization of intangible assets was calculated based on the useful life attributed to the asset, which is defined between three and five years.

i) Impairment of assets

Based on Management's analysis, if the carrying amount of the assets or group of non-financial assets, except other values and assets and tax credits, exceeds their recoverable amount, an impairment charge is recognized in the statement of income.

j) Provisions, contingent assets and liabilities

The control of contingent assets and liabilities and provisions is made in accordance with the criteria defined by IAS 37 - Provisions, contingent liabilities and contingent assets:

- Contingent assets - these are not recorded in the books, unless Management has full control over the asset or when favorable unappealable court decisions assure the realization of the gain is virtually certain. Contingent assets with expectations of probable favorable outcomes are only disclosed in the financial statements.
- Contingent liabilities - these represent legal cases for which losses are probable as classified by management, under the advice of the external legal counsel, based on the nature of the actions, the similarity with previous cases, the complexity and positioning of the Courts.
- Provisions - these originate from labor, civil and other lawsuits, under the advice of external legal counsel, based on the nature of the actions, similarity with previous cases, the complexity and positioning of the Courts. The amounts of these lawsuits are recognized when a probable outflow of resources is expected to arise to settle the obligation and when the amounts involved can be measured reliably.
- Legal obligations - provision for tax risks - these refer to tax obligations established by law, challenged in court as to their constitutionality that, irrespective of the probability of a favorable outcome in the ongoing lawsuits, are fully recorded in the financial statements.

k) Earnings per share

Basic earnings per share are presented for the two classes of shares; namely, common and preferred, and are calculated by dividing profit for the year attributable to the Parent by the weighted average number of preferred and common shares outstanding during the year (Note 15.4.).

The Bank does not have potentially dilutive instruments, therefore, diluted earnings per share are equal to basic earnings per share.

l) Interest on capital

Interest on capital paid and payable to stockholders and received or receivable from subsidiaries is calculated in accordance with Law 9249/95 and are presented in the financial statements in conformity with CMN Resolution 4872/20 as follows: (i) Interest on capital representing a present obligation at the balance sheet date is recorded in liabilities, as applicable, deducted from the retained earnings account; and (ii) Interest on capital received and receivable from subsidiaries is recognized in assets when the entity has obtained the right to receive it, it is measured by the investee, posted against the related investment.

m) Benefit plans

The Bank has a Compensation Plan specific for management, which includes rules for the payment of fixed and variable compensation in line with the Bank's risk management policy and best market practices, in accordance with IAS 19 - Employee Benefits. The amount of the overall compensation is approved annually at the Annual General Meeting. The right to variable compensation is subject to the achievement of the Bank's strategic goals, the individual goals and the goals of the management's operating areas.

n) Non-recurring events

The non-recurring results refer to events that are not related to the Bank's typical activities or are not expected to occur frequently in future years.

o) Critical accounting estimates and judgments

The preparation of the financial statements under IFRS requires Management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The actual amounts may differ from these estimates.

Actual results may differ from these estimates. These estimates and assumptions are periodically reviewed and any changes recognized in the period in which the estimates are revised or in any future periods affected:

- **Provision for expected losses (Impairment):** the Bank assesses at each balance sheet date, whether there was an increase in the credit risk of a financial asset or group of financial assets and the expected loss attributed to these assets. In order to determine the measurement of expected credit loss, the Bank exercises its judgment considering whether there is objective evidence that indicates an increase in credit risk.
- **Fair value of financial assets and liabilities:** measurement is based on quotations in the active market or, in the absence of an active market, in the most advantageous market for financial assets or liabilities, taking into consideration all the reasonably available information. The fair value of financial assets and liabilities that are not traded on an active market and that have no information available is determined using valuation techniques.
- **Contingent assets and liabilities:** the Bank's contingencies are recorded when, supported by technical studies and under the advice of legal counsel, the lawsuits are expected to result in a cash outflow; and
- **Deferred income tax and social contribution:** deferred tax assets are recognized for temporary differences to the extent it is probable that the consolidated entities will have sufficient future taxable profits to cover the deferred tax assets to be used supported by technical studies of estimated taxable profits.

p) New and revised accounting standards and interpretations

In the period ended December 31, 2024, there were no new or revised IFRS standards or interpretations applicable to the Bank, nor had any standards become effective, which could have a material impact on the Bank's financial statements.

3. STATEMENT BY OPERATING SEGMENTS

The presentation of information by segments is as follows:

Description	Finance (I)	Insurance and business intermediation	Marketplace (II)	Other (III)	Elimination	BRGAAP	Adjustments	Dec 2024	Dec 2023
Cash equivalents	1,304,575	974	3,465	6,736	(4,709)	**1,311,041**	-	**1,311,041**	**1,608,417**
Financial instruments	22,999,805	202,940	296,559	1,510,892	(2,374,336)	**22,635,860**	(419,266)	**22,216,594**	**16,294,103**
Tax assets	639,003	786	16,537	5,076	-	**661,402**	195,363	**856,765**	**730,608**
Non-financial assets held for sale	51,740	-	-	-	-	**51,740**	-	**51,740**	**59,665**
Other assets	487,824	10,588	2,053	268	(75,347)	**425,386**	-	**425,386**	**329,777**
Investments	499,604	14,779	7,089	1,919	(504,715)	**18,676**	-	**18,676**	**23,229**
Property and equipment	144,106	5,537	96	2,937	-	**152,676**	281,592	**434,268**	**510,646**
Intangible assets	164,538	-	101	-	-	**164,639**	-	**164,639**	**115,555**
Total Assets	**26,291,195**	**235,604**	**325,900**	**1,527,828**	**(2,959,107)**	**25,421,420**	**57,689**	**25,579,109**	**19,672,000**
Financial liabilities	23,003,642	-	-	1,002,121	(1,911,025)	**22,094,738**	-	**22,094,738**	**16,419,138**
Tax liabilities	94,742	5,815	12,146	975	-	**113,678**	7,738	**121,416**	**151,065**
Provisions	296,835	2,292	-	176	-	**299,303**	-	**299,303**	**259,185**
Other liabilities	770,180	30,867	49,404	12,367	(75,348)	**787,470**	281,592	**1,069,062**	**1,230,463**
Equity	2,125,796	196,630	264,350	512,189	(972,734)	**2,126,231**	(231,642)	**1,894,589**	**1,612,149**
Total Liabilities	**26,291,195**	**235,604**	**325,900**	**1,527,828**	**(2,959,107)**	**25,421,420**	**57,689**	**25,579,109**	**19,672,000**

Description	Finance [I]	Insurance and business intermediation	Marketplace [II]	Other [III]	Elimination	BRGAAP	Adjustments	Dec 2024	Dec 2023
Interest Income	6,143,441	16,843	18,994	285,574	(467,807)	5,997,045	(83,351)	5,913,694	4,707,585
Interest expenses	(2,150,500)	-	-	(123,702)	316,860	(1,957,342)		(1,957,342)	(1,642,468)
(-) Provision for expected losses	(461,014)	-	-	-	-	(461,014)	(366,573)	(827,587)	(489,868)
Income from financial intermediation	**3,531,927**	**16,843**	**18,994**	**161,872**	**(150,947)**	**3,578,689**	**(449,924)**	**3,128,765**	**2,575,249**
Operating income (expenses)	**(2,616,607)**	**99,342**	**231,737**	**(11,689)**	**(256,022)**	**(2,553,239)**	**(1)**	**(2,553,240)**	**(2,082,361)**
Income from services rendered	264,667	162,210	274,138	20,053	(50,644)	670,424	-	670,424	518,309
Equity in earnings of subsidiaries	254,953	720	345	3	(256,021)	-	-	-	-
Personnel expenses	(632,000)	(30,648)	(1,225)	(7,779)	-	(671,652)	-	(671,652)	(561,935)
Other administrative expenses	(1,042,722)	(14,750)	(9,944)	(10,382)	50,660	(1,027,138)	33,129	(994,009)	(783,947)
Tax expenses	(235,209)	(19,425)	(29,342)	(3,227)	-	(287,203)	-	(287,203)	(206,924)
Other operating income	102,061	2,016	958	244	(97)	105,182	-	105,182	86,406
Other operating expenses	(1,127,708)	(527)	(3,193)	(10,601)	80	(1,141,949)	(33,130)	(1,175,079)	(981,585)
Reversals of/(Expenses on) provisions	(200,649)	(254)	-	-	-	(200,903)	-	(200,903)	(152,685)
Operating profit	**915,320**	**116,185**	**250,731**	**150,183**	**(406,969)**	**1,025,450**	**(449,925)**	**575,525**	**492,888**
Income tax and social contribution	(160,798)	(38,596)	(68,704)	267	-	(267,831)	202,924	(64,907)	(97,511)
Non-controlling interests	(2,344)	-	(3,092)	-	(1)	(5,437)	1,436	(4,001)	750
Profit for the year	**752,178**	**77,589**	**178,935**	**150,450**	**(406,970)**	**752,182**	**(245,565)**	**506,617**	**396,127**

[I] "Finance" segment is represented by financial institutions that operate loans in their various formats.
[II] Marketplace and its companies that complement the "50+" ecosystem's portfolio of non-financial services.
[III] "Other" segment basically comprises the real estate, securitization and technology sectors.

4. CASH AND CASH EQUIVALENTS

Assets classified as cash and cash equivalents for the purposes of the Statement of Cash Flows are as follows:

Description	Dec 2024	Dec 2023
Cash equivalents	1,311,041	1,608,417
Short-term interbank investments	2,623,801	1,184,769
Money market investments - Own portfolio	2,577,967	1,118,525
Investments in interbank deposits	45,834	66,244
Total	3,934,842	2,793,186

5. FINANCIAL INSTRUMENTS

5.1 Marketable securities

a) Balances of marketable securities

Marketable securities at fair value through other comprehensive income	Dec 2024		Dec 2023	
	Updated cost	Fair value/ Carrying amount	Updated cost	Fair value/ Carrying amount
Financial Treasury Bills	1,529,881	1,530,017	809,998	810,167
Certificate of Agribusiness Receivables	81,259	81,379	93,056	93,381
Real Estate Fund Quotas	25,387	38,536	25,547	33,607
Certificate of Real Estate Receivables	22,020	22,020	24,944	24,944
Credit Right Investment Funds	19,495	19,495	8,964	8,964
FIAGRO	18,524	18,562	16,459	16,517
Trading Participant Fund Quotas and Clearing Member	15,774	15,774	14,209	14,209
Bank Deposit Certificate	13,894	13,894	4,058	4,058
Certificate of Agribusiness Credit Rights	10,303	10,303	12,386	12,386
Funcine	1,544	1,544	380	380
Debentures	485	485	567	567
Investment fund quotas	333	333	302	302
Investment Fund Quotas	58	58	418	418
Total carrying amount	1,738,957	1,752,400	1,011,288	1,019,900
Current	-	144,031	-	546,045
Non-current	-	1,608,369	-	473,855

The expected loss of marketable securities at fair value through other comprehensive income is calculated by applying the credit risk provisioning factor in accordance with the risk assessment methodology for illiquid assets set forth in the Credit Manual.

Marketable securities at amortized cost	Dec 2024		Dec 2023	
	Updated cost	Fair value	Updated cost	Fair value
External sovereign bonds	574,290	574,290	-	-
Commercial note	151,952	151,952	14,210	14,210
Rural Product Bill	88,187	88,187	-	-
Total carrying amount	814,429	814,429	14,210	14,210
Current	-	109,049	-	-
Non-current	-	705,380	-	14,210

The marketable securities at amortized cost are tested for impairment.

b) Marketable securities by maturity

Securities/Maturity	Undetermined	≤01 year	01–02 years	02–03 years	03–04 years	04–05 years	>05 years	Total
Fair value through other comprehensive income	**73,263**	**62,298**	**296,752**	**204,802**	**69,315**	**47,957**	**998,013**	**1,752,400**
Financial Treasury Bills	-	11,073	260,918	172,368	63,030	36,621	986,007	1,530,017
Certificate of Agribusiness Receivables	-	33,443	14,795	24,384	5,802	2,955	-	81,379
Real Estate Fund Quotas	38,536	-	-	-	-	-	-	38,536
Certificate of Real Estate Receivables	-	1,743	-	3,883	-	4,388	12,006	22,020
Credit Right Investment Funds	-	-	19,495	-	-	-	-	19,495
FIAGRO	18,562	-	-	-	-	-	-	18,562
Trading Participant Fund Quotas and Clearing Member	15,774	-	-	-	-	-	-	15,774
Bank Deposit Certificate	-	13,894	-	-	-	-	-	13,894
Certificate of Agribusiness Credit Rights	-	2,143	-	4,167	-	3,993	-	10,303
FUND FOR NATIONAL FILM INDUSTRY FINANCING (FUNCINE)	-	-	1,544	-	-	-	-	1,544
Debentures	-	2	-	-	483	-	-	485
Investment Fund Quotas	333	-	-	-	-	-	-	333
Investment Fund Quotas	58	-	-	-	-	-	-	58
At amortized cost	**-**	**109,049**	**613,952**	**48,185**	**23,119**	**-**	**20,124**	**814,429**
External sovereign bonds	-	-	574,290	-	-	-	-	574,290
Commercial note	-	50,053	30,471	28,185	23,119	-	20,124	151,952
Rural Product Bill	-	58,996	9,191	20,000	-	-	-	88,187
Total at 12/31/2024	**73,263**	**171,347**	**910,704**	**252,987**	**92,434**	**47,957**	**1,018,137**	**2,566,829**
Total at 12/31/2023	**50,844**	**495,201**	**7,846**	**295,087**	**27,455**	**80,045**	**77,632**	**1,034,110**

Depending on their specific features, marketable securities are listed with B3 S.A. - Brasil, Bolsa, Balcão ("B3") and with Special System for Settlement and Custody (SELIC).

The cost of operations at amortized cost is determined on the basis of initial acquisition cost updated by earnings accrued for each operation depending on maturity.

Federal Government and private securities are marked to market using the discounted cash flow method with the discount rates published by the Brazilian Financial and Capital Market Association (ANBIMA) and B3. Variable income securities are recorded on the basis of their average trading price informed by B3.

Investment fund quotas were recorded on the basis of the quotation reported by the fund managers.

Other Marketable Securities with no market pricing parameters but with characteristics of credit operations, such as External sovereign bonds, Debentures, Commercial Note, CDCA - Certificate of Agribusiness Credit Rights, CPR – Rural Product Bill, CRI - Certificate of Real Estate Receivables and CRA - Certificate of Agribusiness Receivables, are contemplated for provisions for expected losses recorded in the statement of income, in compliance with the applicable loan operations policy and using a specific methodology.

c) Expected loss

The expected loss, related to financial assets at fair value through other comprehensive income and at amortized cost, is as follows:

Stage 1	Dec 2023	Gains /losses	Purchases	Settlement	Transfers	Dec 2024
Fair value through other comprehensive income						
CRA	476	553	95	(206)	(562)	356
CPR	-	4	-	(12)	-	21
FIDC	45	(20)	-	-	-	38
Quotas of Funds	58	32	350	(7)	-	375
CRI	29	(3)	55	1	-	98
At amortized cost						
Commercial Notes	72	9	204	(19)	-	266
Grand total	680	575	704	(243)	(562)	1,154

Stage 2	Dec 2023	Entry from transfer	Dec 2024
Fair value through other comprehensive income			
CRA	-	562	562
Grand total	-	562	562

5.2. Derivative financial instruments

The derivative financial instruments traded by the Bank are mainly futures contracts used as hedge instruments in foreign currency transactions due to the risk of foreign exchange and interest rate variations to hedge the fixed rate positions, and are classified according to Management's intention in accordance with IFRS 9 - Financial Instruments.

They are used in two strategies: trading portfolio and banking portfolio. Derivatives held with the intention of trading, or intended to hedge other elements of the trading portfolio, which do not have limitations on their trade, are classified in the trading portfolio. The banking portfolio contains derivatives intended for structural operations, not classified as trading.

Risk management is controlled and monitored independently of the areas generating the risk exposure. The assessment and measurement are carried out daily based on the metrics of Delta EVE (Economic Value Equity) and Delta NII (Net Interest Income). Additionally, sensitivity analyses and stress tests are carried out for derivative instruments.

The fair value of derivative financial instruments and the related hedged items is determined by estimating the cash flow of each party discounted to present value, according to the rates published by B3, adjusted by the risk spread, determined at the closing of the operation.

Operations with derivative financial instruments are held in custody on B3 (stock exchange) or on the Organized Counter for Assets and Derivatives (B3 - over-the-counter). The notional values of these operations are recorded in memorandum accounts.

a) Derivative financial instruments

By index	Notional amount		Fair value	
	Dec 2024	Dec 2023	Dec 2024	Dec 2023
Futures contract - DI (I) Short position - Interest rate	4,190,141	5,636,616	4,190,952	5,639,609
Futures contract - DAP(II) Short position - Interest rate	30,635	55,158	30,630	55,195
Futures contract - US dollar (III) Short position - Foreign currency	3,110	1,315	3,119	1,309
Futures contract - Mini index (IV) Long position - Ibovespa	1,362	-	1,363	-
Total	**4,225,248**	**5,693,089**	**4,226,064**	**5,696,113**

(I) The objective of the futures contract - DI is to hedge fixed rate exposures indexed to the DI.

(II) The objective of the IPCA Coupon Futures (DAP) is to hedge the Bank's exposures in relation to transactions indexed to the IPCA index.

(III) The objective of the US Dollar Futures Contract is to hedge, as a complement, the foreign exchange exposures of the Bank calculated at market value on a daily basis and adjusted on B3.

(IV) The Mini Index Futures Contract refers to a mini futures contract derived from the Bovespa Index, traded on the stock exchange.

By maturity	01–90 days	91–360 days	>360 days	Notional value
Futures contract - DI	1,517,418	-	2,672,723	4,190,141
Futures contract - IPCA (DAP)	-	30,635	-	30,635
Futures contract - US dollar	3,110	-	-	3,110
Futures contract - Mini index	1,362	-	-	1,362
Total at 12/31/2024	**1,521,890**	**30,635**	**2,672,723**	**4,225,248**
Total at 12/31/2023	**660,739**	**27,547**	**5,004,803**	**5,693,089**

b) Hedge accounting

Mercantil has a hedge transaction, classified in the market risk hedge category.

Market risk hedge	Carrying amount		Fair value adjustment	
	Dec 2024	Dec 2023	Dec 2024	Dec 2023
Hedged item - Asset portfolio(I)	2,004,891	5,531,863	1,993,774	5,629,236
Hedge instrument - Interest rate	(1,993,772)	(5,629,236)	(1,993,772)	(5,629,236)

(I) The objective of the Hedge Accounting operation with Futures Contract - DI is to partially hedge the Bank's fixed rate loan operations (Note 5.4).

Effectiveness is verified when carrying out hedge accounting operations by projecting both the underlying asset and the derivative financial instruments classified as hedge accounting, demonstrating the expected effectiveness for the maturity of the operations.

c) Income from derivatives

Derivative financial instruments generated gains and losses as follows:

Description	Gain	Loss	Net result
Futures contract - DI	2,089	(2,502)	**(413)**
Futures contract - DAP	395,816	(272,443)	**123,373**
Futures contract - Mini index	620	(778)	**(158)**
Futures contract - US dollar	2,383	(2,132)	**251**
Total at 12/31/2024	**400,908**	**(277,855)**	**123,053**
Total at 12/31/2023	**366,377**	**(444,929)**	**(78,552)**

d) Offsetting of financial assets and liabilities

At December 31, 2024, there were no offset agreements at the Bank to be presented at the net amount, since said agreements will only be offset in the event of default by the counterparty.

5.3. Short-term interbank investments

a) Balances of short-term interbank investments

Description	Dec 2024	Dec 2023
Money market investments	**2,577,967**	**1,180,313**
Own portfolio	2,577,967	1,118,525
Third-party portfolio position	-	61,788
Investments in interbank deposits	**96,782**	**128,243**
Total	**2,674,749**	**1,308,556**
Current	2,670,830	1,273,944
Non-current	3,919	34,612

The third-party portfolio position has as a matching entry in liabilities "money market funding", which basically refers to repurchases pending settlement from third-party portfolio.

The Bank has a credit policy for evaluating and establishing limits for transactions with financial assets and liabilities.

Investments in Repurchase Agreements refer basically to money market investments that are backed by government securities. The Bank is authorized to sell these securities in the event of default and, therefore, there is no prospect of an counterparty credit risk scenario.

Investments in interbank deposits follow the credit policy that provides for the semiannual analysis of counterparties and also uses the credit ratings issued by independent companies.

b) Income from marketable securities transactions and short-term interbank investments

Description	Dec 2024	Dec 2023
Income from short-term interbank investments	**324,473**	**191,728**
Income from money market investments	**286,763**	**171,225**
Own portfolio	278,868	158,288
Third-party portfolio position	7,895	12,937
Income from investments in interbank deposits	**37,710**	**20,503**
Income from marketable securities	**148,375**	**120,254**
Total	**472,848**	**311,982**

5.4. Loan operations

Balances	Dec 2024	Dec 2023
Loan operations[(I)]	16,949,961	13,821,419
Debtors for purchase of assets	45,559	48,311
Amounts receivable related to payment transactions	146,798	146,285
Subtotal	**17,142,318**	**14,016,015**
Mark-to-market adjustment of the portfolio intended for trading	-	39,997
Mark-to-market adjustment of hedged loan operations [(II)]	(11,116)	97,373
Adjustments of effective rate	1,496	39,586
Total loan operations	**17,132,698**	**14,192,971**
(-) Provision for expected losses associated with credit risk	(812,498)	(552,846)
Grand total	**16,320,200**	**13,640,125**

[(I)] In December 2023, the Bank maintained operations classified for sale in the fair value through profit or loss category, which amounted to R$ 317,315 at the contract rate.

(II) The Bank has a Hedge Accounting operation with the objective of hedging part of the fixed rate loan portfolio against market fluctuations. (Note 5.2).

5.4.1. Loan operations

Classification by product	Dec 2024		Dec 2023	
	Total	%	Total	%
Payroll loan	10,784,086	62.91	7,735,087	55.19
Personal loan	2,408,780	14.05	2,105,977	15.03
FGTS loan	3,043,437	17.75	3,063,802	21.86
Working capital	425,789	2.48	603,246	4.30
Renegotiation	147,892	0.86	146,416	1.04
Overdraft facilities	104,579	0.61	121,554	0.87
Credit cards	100,310	0.59	96,656	0.69
Debtors for purchase of assets	45,559	0.27	48,311	0.34
Real estate loan	43,045	0.25	45,695	0.33
Revolving credit - corporate	28,877	0.17	28,362	0.20
Other	9,964	0.06	20,909	0.15
Total	17,142,318	100.00	14,016,015	100.00

By maturity	Dec 2024	Dec 2023
Not yet due	**16,688,552**	**13,439,901**
Up to 1 year	6,581,950	5,798,278
Above one year	10,106,602	7,641,623
Past due	**453,766**	**576,114**
Up to 1 year	335,356	422,862
Above one year	118,410	153,252
Total	17,142,318	14,016,015

Classification by Sector	Dec 2024	%	Dec 2023	%
Individual	**16,510,120**	**96.32**	**13,210,466**	**94.26**
Corporate	**632,198**	**3.68**	**805,549**	**5.74**
Industry	181,546	1.06	214,960	1.53
Commerce	26,548	0.15	26,486	0.19
Services	424,104	2.47	564,103	4.02
Total	17,142,318	100.00	14,016,015	100.00

5.4.2. Income from loan operations and loan assignment

Description	Dec 2024	Dec 2023
Income from loans and discounted securities	**5,313,720**	**4,059,564**
Loans	5,242,029	4,403,870
Recovery of loans written off to losses	66,372	5,038
Financing	4,060	496
Rural financing	259	50,160
Sale or transfer of financial assets	**30**	**11,875**
Total	5,313,720	4,471,439

Interest income is allocated as long as there is an expectation that the operation can still be carried out (Stages 1 and 2).

5.4.3. Provision for expected losses associated with credit risk

The expected loss segregated by stages:

Stage 1	Dec 2023	Entry from transfers	Transfer to Stage 2	Transfer to Stage 3	Recognition/(Reversal)/ Write-off	Dec 2024
Individual	**95,805**	**6,531**	**(7,134)**	**(248,564)**	**255,452**	**102,090**
INSS payroll loan - Debit to account	45,223	5,178	(3,591)	(52,164)	60,325	54,971
INSS payroll loan	34,652	199	(1,481)	(194,672)	186,108	24,806
Payroll loan public servant	8,001	86	(313)	(117)	(1,274)	6,383
Payroll loan credit card	1,572	97	(29)	(1,107)	1,878	2,411
Overdraft account	9	-	-	-	18	27
Pre-approved personal loan	3,286	458	(692)	(139)	957	3,870
Credit cards	1,215	80	(105)	(63)	427	1,554
Personal loan	390	45	(74)	-	383	744
Other	1,457	388	(849)	(302)	6,630	7,324
Corporate	**4,583**	**30**	**(1,171)**	**(1,877)**	**9,061**	**10,626**
Working capital	3,272	-	(839)	(1,784)	5,778	6,427
Overdraft account	809	-	(308)	(92)	29	438
Corporate check	242	28	(5)	(1)	53	317
Credit cards	75	2	(19)	-	45	103
Other	185	-	-	-	3,156	3,341
Total	**100,388**	**6,561**	**(8,305)**	**(250,441)**	**264,513**	**112,716**

Stage 2	Dec 2023	Entries from transfers	Transfer to Stage 1	Transfer to Stage 3	Recognition/(Reversal)/ Write-off	Dec 2024
Individual	31,512	33,018	(6,166)	(86,562)	190,826	162,628
INSS payroll loan - Debit to account	20,545	20,377	(5,059)	(56,189)	127,839	107,513
INSS payroll loan	3,334	7,443	(104)	(22,978)	19,758	7,453
Payroll loan public servant	998	337	(84)	(1,092)	1,158	1,317
Payroll loan credit card	4	29	(92)	(1,048)	1,757	650
Pre-approved personal loan	5,863	692	(458)	(4,042)	2,658	4,713
Credit cards	268	145	(78)	(105)	553	783
Personal loan	178	74	(45)	(146)	354	415
Other	322	3,921	(246)	(962)	36,749	39,784
Corporate	172	1,172	(30)	(85)	(678)	551
Working capital	-	839	-	-	(781)	58
Overdraft account	-	308	-	-	(308)	-
Corporate check	64	6	(28)	(85)	178	135
Credit cards	27	19	(2)	-	(22)	22
Other	81	-	-	-	255	336
Total	31,684	34,190	(6,196)	(86,647)	190,148	163,179

Stage 3	Dec 2023	Entries from transfers	Transfer to Stage 1	Transfer to Stage 2	Recognition/(Reversal)/ Write-off	Dec 2024
Individual	**353,586**	**239,366**	**(365)**	**(25,885)**	**(190,598)**	**376,104**
INSS payroll loan - Debit to account	162,381	130,644	(119)	(16,786)	(151,989)	124,131
INSS payroll loan	131,034	95,588	(95)	(5,962)	(44,708)	175,857
Payroll loan public servant	12,038	1,210	(2)	(24)	7,107	20,329
Payroll loan credit card	7,773	2,393	(5)	-	2,672	12,833
Pre-approved personal loan	20,007	4,181	-	-	(17,237)	6,951
Credit cards	1,566	181	(2)	(40)	(739)	966
Personal loan	737	148	-	-	(6,510)	(5,625)
Renegotiation	12,172	1,960	-	-	(5,016)	9,116
Other	5,878	3,061	(142)	(3,073)	25,822	31,546
Corporate	**67,188**	**97,722**	**-**	**(1)**	**(4,410)**	**160,499**
Working capital	19,243	1,785	-	-	36,521	57,549
Overdraft account	13	92	-	-	(137)	(32)
Corporate check	1,048	86	-	(1)	(1,134)	(1)
Credit cards	170	-	-	-	(147)	23
Renegotiation	177	95,759	-	-	(95,180)	756
Other	46,537	-	-	-	55,667	102,204
Total	**420,774**	**337,088**	**(365)**	**(25,886)**	**(195,008)**	**536,603**

Grand total	Dec 2023	Recognition/(Reversal)/ Write-off	Dec 2024
Individual	480,903	159,919	640,822
INSS payroll loan - Debit to account	228,149	58,466	286,615
INSS payroll loan	169,020	39,096	208,116
Payroll loan public servant	21,037	6,992	28,029
Payroll loan credit card	9,349	6,546	15,895
Overdraft account	9	17	26
Pre-approved personal loan	29,156	(13,622)	15,534
Credit cards	3,049	254	3,303
Personal loan	1,305	(5,771)	(4,466)
Renegotiation	12,172	(3,056)	9,116
Other	7,657	70,997	78,654
Corporate	71,943	99,733	171,676
Working capital	22,515	41,519	64,034
Overdraft account	822	(416)	406
Corporate check	1,354	(903)	451
Credit cards	272	(124)	148
Renegotiation	177	579	756
Other	46,803	59,078	105,881
Total	552,846	259,652	812,498

The effect on income resulting from the change of the Provision for Expected losses associated with credit risk was R$ 827,587 in December 2024 (R$ 489,868 in December 2023).

The provision to cover losses related to the likelihood of future disbursements linked to financial guarantees provided in accordance with the credit risk management models and practices, as defined in Resolution 4,512/16, in the Consolidated, corresponds to R$ 1,419 (R$ 1,766 in December 2023).

The Bank assesses the objective evidence of losses on "Loans and financing to clients" individually for Financial Assets that are individually significant and collectively for Financial Assets that are not individually significant (Note 2.4.d):

Estimated losses by group of objective evidence of loss		
Description	Dec 2024	Dec 2023
Loans assessed individually	215,129	99,451
Loans assessed collectively	597,369	453,395
Total	812,498	552,846

5.4.4. Loan assignments

a) Assigned loan operations without substantial retention of risks and rewards

In 2024, the Bank carried out loan assignment operations classified in the category of "without substantial retention of risks and rewards", that is, there was no type of co-obligation in the loan assignments.

The amount of the assigned operations and the income from these operations as at December 31, 2024 are as follows:

Description	Dec 2023		
	Assignment amount	Present value	Result
INSS payroll loan	81,919	70,044	11,875

b) Assigned loan operations with substantial retention of risks and rewards

The Bank has loan assignment operations with substantial retention of risks and rewards with co-obligation in the assignments.

The amount of the assigned operations and the obligations assumed are as follows:

Description	Dec 2024	Dec 2023
Loans assignments	41,719	379,290
Obligations assumed	44,228	410,656

5.5. Other financial assets

Description	Dec 2024	Dec 2023
Securities and credits receivable (I)	74,030	44,105
Trading and intermediation of securities	2,921	4,947
Payments and receipts pending settlement	877	14
Total	77,828	49,066
Current	4,654	11,971
Non-current	73,174	37,095

(I) Basically refers to credit rights and securities issued to cover court-ordered debts.

6. TAX ASSETS

6.1. Current - Taxes to be offset

Description	Dec 2024	Dec 2023
Corporate Income Tax (IRPJ) /Social Contribution on Net Income (CSLL) - repetition of undue payment (I)	109,444	107,631
IRPJ/CSLL(II)	22,206	5,360
COFINS - Law 9718/98(III)	8,538	8,538
Withholding taxes and contributions	8,505	5,593
Prepayment of IRPJ/CSLL	77,405	41,735
Other	2,068	2,388
Total	228,166	171,245
Current	177,743	50,688
Non-current	50,423	120,557

(I) The Bank holds amounts to be offset under a final and unappealable decision on the proceeding that was the subject of a decision on the merits of Theme 962 by the Federal Supreme Court (STF) in September 2021 and an opinion (SEI 11469/2022) by the National Treasury Attorney General's Office (PGFN), regarding the exclusion of interest from the calculation basis of Corporate Income Tax (IRPJ) and Social Contribution on Net Income (CSLL).
(II) Refers basically to credit balances calculated for the prior-year Corporate Income Tax Returns (DIPJ).
(III) The COFINS credits arise from a final and unappealable court decision in 2010, which acknowledged that tax is only due on a reduced calculation basis, and not on the total revenues earned; the refund is for amounts overpaid. As assessed by external legal counsel, the risk of loss is remote, and the judgment of Topic 372 (RE609.096) does not change our estimate except for the proceeding 1011346-45.2019.4.01.3800 that was remote and now it is possible. Banco Mercantil has three favorable decisions in the lower court that acknowledge the *res judicata* effect of the judgment. On November 5, 2024, the decision of the Federal Regional Court of the 6th Region (TRF-6) related to the proceeding 1011346-45.2019.4.01.3800, which upheld the remittance and the appeal by the National Treasury was published, reversing one of the favorable rulings. Motions for clarification were filed against the decision and, on December 17, 2024, the TRF-6 granted suspensive effect to prevent the effects of the Ruling (see Note 13.c).

6.2. Deferred tax credits

a) Balances and changes in tax credits:

Description	At 12/31/2023	Provision	Realization	At 12/31/2024
Temporary differences	478,959	849,079	(725,766)	602,272
Provision for expected losses	315,426	420,737	(337,759)	398,404
Provision for contingencies	100,943	184,253	(169,080)	116,116
MTM	-	13,914	-	13,914
Other temporary differences	62,590	230,175	(218,927)	73,838
Tax losses	71,395	-	(45,271)	26,124
EO 2158/2001*	9,009	95	(8,901)	203
Total	559,363	849,174	(779,938)	628,599

*The adoption of EO 2158-35/01 does not impact the results because they refer to taxes that can be offset, as established in article 8 of such EO.

b) Realization of tax credits:

The tax credits and the realization values and their respective present values, calculated using the funding rates expected for the corresponding periods, are as follows:

Year	Temporary differences	Tax losses and negative basis	EO 2158-35/01	Total	
				Dec 2024	Dec 2023
2024	-	-	-	-	345,776
2025	247,560	26,124	103	273,787	68,296
2026	58,324	-	-	58,324	2,431
2027	54,524	-	-	54,524	1,023
2028	54,233	-	-	54,233	140,537
2029	107,711	-	100	107,811	1,300
2030–2032	79,920	-	-	79,920	-
Total	602,272	26,124	203	628,599	559,363
Present value	435,204	21,370	-	456,574	420,522

c) Unrecorded tax credits

The balance of tax losses, on which no tax credits were recorded, amount to R$ 2,439 of the Subsidiary Mercantil do Brasil Corretora S.A and R$ 196 of the Subsidiary Mercantil Adm. Corretagem de Seguros S.A.

6.3. Income tax and social contribution income/(expense)

Description	Dec 2024	Dec 2023
Profit before taxes	575,525	492,888
Income tax and social contribution at statutory rates(I)	(222,089)	(192,784)
Adjustments in the tax calculation	-	-
Interest on capital	98,739	59,750
Other amounts	58,443	35,523
Income tax and social contribution income/(expense)	(64,907)	(97,511)

(I) Current rates: (i) The provision for income tax of the Group companies is calculated at the rate of 15%, plus a 10% surcharge on annual taxable profit exceeding R$ 240; and (ii) social contribution is calculated based on taxable profit at a rate of 20% for the Bank and BMI; 15% for other financial institutions and 9% for commercial companies included in the Consolidated.

7. NON-FINANCIAL ASSETS HELD FOR SALE

a) Balances of non-financial assets held for sale

Description	Cost	Provision	Dec 2024	Dec 2023
Properties	71,776	(20,036)	**51,740**	**59,665**
Vehicles	2	(2)	-	-

b) Changes in non-financial assets held for sale

Description	Properties
At 12/31/2023	59,665
Additions	2,080
(-) Write-offs	(12,575)
Provision	2,570
At 12/31/2024	51,740

Assets and liabilities held for sale are stated at fair value, measured using information adopted by the market, such as prices of recent sales of similar businesses.

8. OTHER ASSETS

Description	Dec 2024	Dec 2023
Prepaid expenses (Note 8.1.)	179,333	107,847
Debtors for guarantee deposits (Note 13. b))	157,258	152,601
Credit card [(I)]	42,547	35,121
Advances and salary advances	1,449	1,209
Amounts receivable	2,240	4,501
Payments to be reimbursed	1,951	1,786
Other	40,608	26,712
Total	**425,386**	**329,777**
Current	173,516	101,609
Non-current	251,870	228,168

[(I)] Refers to amounts receivable relating to purchases made by Mercantil clients.

8.1. Prepaid expenses

Description	Dec 2024	Dec 2023
Advertising and publicity [(I)]	90,139	73,229
Financial system services	50,270	1,665
Cost of guarantee insurance - surety[(II)]	20,538	20,654
Other prepaid expenses[(III)]	18,385	12,299
Total	**179,333**	**107,847**
Current	86,420	33,936
Non-current	92,913	73,911

[(I)] Amounts applied in accelerating business through digital means for the origination of loan operations.
[(II)] This refers to the cost of the litigation insurance in administrative and judicial proceedings, recorded on a monthly basis in accordance with the insurance policy term.
[(III)] This basically refers to municipal property tax (IPTU), rents and branch operating license, which are recorded on a monthly basis according to contractual terms.

9. INVESTMENTS

Description	Dec 2024	Dec 2023
CIP S.A. (I)	11,247	11,247
Gyramais Tecnologia S.A. (II)	1,940	6,500
CERTA-Central de Registros Títulos e Ativos S.A.	5,039	5,038
Other	450	444
Total	18,676	23,229

(I) Trade name: Nuclea.
(II) Impairment of investment totaling R$ 4,560.

10. PROPERTY AND EQUIPMENT

10.1. Own property and equipment

Balances	Rate	Cost	Depreciation	Dec 2024	Dec 2023
Rental properties	-	**2,984**	**(27)**	**2,957**	**3,084**
Land (I)	-	2,937	-	**2,937**	**2,986**
Buildings	4%	47	(27)	**20**	**98**
Property and equipment in use	-	**403,437**	**(253,718)**	**149,719**	**161,240**
Data processing equipment	20%	209,219	(153,964)	**55,255**	**67,283**
Properties and leasehold improvements	4%	103,351	(40,102)	**63,249**	**58,870**
Furniture and equipment	10%	90,360	(59,652)	**30,708**	**33,322**
Inventory of supplies	-	507	-	**507**	**1,765**
Total		**406,421**	**(253,745)**	**152,676**	**164,324**

(I) The fair value of asset is R$ 45,150 and is based on appraisal reports issued by an independent appraiser.

Changes	Data processing equipment	Properties and leasehold improvements	Furniture and equipment	Rental properties	Inventory of supplies	Total
At 12/31/2023	**67,283**	**58,870**	**33,322**	**3,084**	**1,765**	**164,324**
(+) Additions	12,033	24,795	5,556	-	833	**43,217**
(+/-) Transfer	1,097	-	6	-	(1,103)	**-**
(-) Disposals	(3,629)	(18,527)	(7,325)	(331)	(988)	**(30,800)**
(-) Depreciation in the period	(24,986)	(12,883)	(6,629)	(11)	-	**(44,509)**
(-) Write-offs of depreciation	3,457	10,994	5,778	215	-	**20,444**
At 12/31/2024	**55,255**	**63,249**	**30,708**	**2,957**	**507**	**152,676**

10.2. Lease properties

Balances	Cost	Depreciation (I)	Dec 2024	Dec 2023
Right-of-use assets	1,135,902	(854,310)	281,592	346,322
Data processing equipment	56,575	(56,575)	-	-
Total	**1,192,477**	**(910,885)**	**281,592**	**346,322**

(I) Depreciation is calculated based on the useful life of the assets, which corresponds to the term of each lease contract, ranging from 60 to 300 months.

Changes	Right-of-use assets
At 12/31/2023	346,322
(+) Additions	43,354
(-) Disposals	(46,164)
(-) Depreciation in the period	(61,920)
At 12/31/2024	281,592

Right-of-use assets refer to property rental contracts for agencies and bank service points. There are no sublease contracts outside the Mercantil Group.

Total future minimum lease payments	Dec 2024	Dec 2023
Current ≤01 year	93,713	95,750
Non-current 01–05 years	228,953	279,761
Total lease liabilities	322,666	375,511
(-) Future interest	(41,074)	(29,189)
Lease liabilities at present value (Note 14)	281,592	346,322

Lease amounts recognized in the statement of income:

Description	Dec 2024	Dec 2023
Interest expense	33,130	12,650
Depreciation expense	61,921	22,154
Net result	95,051	34,804

11. INTANGIBLE ASSETS

a) Balances of intangible assets

Balances	Rate	Cost	Amortization	Dec 2024	Dec 2023
Data processing systems	20%	290,951	(167,061)	123,989	91,538
Licenses and right of use[(I)]	-	63,955	(24,867)	39,088	21,504
Security systems	20%	9,534	(8,169)	1,365	2,316
Other intangible assets	20%	203	(6)	197	197
Total		364,643	(200,103)	164,639	115,555

[(I)] Amortization according to the contract term.

b) Changes in intangible assets

Changes	Data processing systems	Licenses and right of use	Security systems	Other intangible assets	Total
At 12/31/2023	91,538	21,504	2,316	197	115,555
(+) Additions	63,371	34,587	-	-	97,958
(+/-) Transfer	(300)	300	-	-	-
(-) Disposals	(1,086)	(12,324)	(982)	-	(14,392)
(-) Amortization in the period	(29,997)	(17,303)	(806)	-	(48,106)
(+) Write-offs of amortization	463	12,324	837	-	13,624
At 12/31/2024	123,989	39,088	1,365	197	164,639

12. FINANCIAL LIABILITIES - AT AMORTIZED COST

12.1. Deposits

Description	≤90 days	91–180 days	181–360 days	>360 days	Dec 2024	Dec 2023
Demand	477,246	-	-	-	477,246	625,209
Savings account	123,956	-	-	-	123,956	155,764
Interbank	155,678	14,128	288,021	33,848	491,675	549,906
Time	2,039,166	1,595,893	2,690,377	10,239,775	16,565,211	12,564,331
Other	1,022				1,022	2,317
Total	2,797,068	1,610,021	2,978,398	10,273,623	17,659,110	13,897,527

12.2. Funds from acceptance and issue of securities

Description	≤90 days	91–180 days	181–360 days	>360 days	Dec 2024	Dec 2023
Financial bills (I)	15,810	-	46,471	2,341,155	2,403,436	117,881
Debentures (II)	-	-	-	990,958	990,958	1,001,449
AGRIBUSINESS CREDIT NOTE	3,021	12	-	-	3,033	30,017
Total	18,831	12	46,471	3,332,113	3,397,427	1,149,347

(I) In March 2024, 500,000 Financial Bills were issued, backed by Certificate of Real Estate Receivables with a nominal unit value of R$ 1,000, totaling R$ 500 million.
(II) In November 2023, 1 million debentures of the first series were issued, with nominal unit value of R$ 1 thousand, totaling R$ 1 billion.

12.3. Debt instruments eligible to capital

Security	Maturity	Transaction amount	Dec 2024	Dec 2023
Subordinated Financial Bills - Tier II(I)	2024–2031	529,014	652,443	734,503
Subordinated Financial Bills - Supplementary Capital(II)	Perpetual	124,418	128,512	72,865
Grand total			780,955	807,368
Current			102,963	115,612
Non-current			677,992	691,756

(I) Subordinated Financial Bills - Tier II - have issue indexed between 100% and 140% of the CDI rate.
(II) Subordinated Financial Bills - Supplementary Capital - have issue indexed between 100% and 150% of the CDI rate.

Of the total Subordinated Financial Bills - Tier II, the amount of R$ 445,081 (R$ 469,868 in December 2023) is being used in the composition of the Reference Equity Tier II according to the maturity.

12.4. Expenses on funds raised in the market

Description	Dec 2024	Dec 2023
Deposits	1,557,216	1,379,194
Expenses on agribusiness credit note, real estate credit bills and financial bills	214,386	157,357
Debentures expenses	123,702	-
Sale or transfer of financial assets	34,909	79,415
Repurchase agreements	4,275	7,681
Other	21,995	17,325
Total	1,956,484	1,640,972

13. PROVISIONS

Management regularly monitors provisions, including those classified as probable risk of loss, in conformity with CPC 25. The outcome of these lawsuits may result in reversal of the related provisions for the lawsuits that may have a favorable outcome for the Bank.

These provisions are as follows:

- Labor: are recorded by management in accordance with technical studies conducted by external legal counsel. Labor lawsuits with judicial deposits or in the process of provisory execution, with relevance and calculations approved, have their total amount provisioned for the related deposits and amounts approved. Labor lawsuits brought by the Bank Employees' Union are analyzed individually and therefore do not follow the historical loss percentage model.
- Civil: are recorded based on internal studies using a methodology to better assess these contingencies. Management believes that provisions for labor and civil claims are sufficient to cover any probable losses.
- Tax: the Bank has ongoing lawsuits in which it discusses the legality and constitutionality of some taxes. A provision is recorded for these taxes, irrespective of the chances of a favorable outcome, under the advice of external legal counsel.

Loss percentages are calculated based on lawsuits closed in the last two years for civil claims and three years for labor claims.

a) Balances of provisions

Balances	Dec 2024	Dec 2023
Provision for civil claims	123,322	80,821
Provision for tax claims(I)	84,583	82,739
Provision for labor claims	91,398	95,625
Total - Non-current	299,303	259,185

(I) Refers to legal challenges arising from the following lawsuits:

- COFINS: the increase in the COFINS tax rate from 3.00% to 4.00% and the increase in the calculation basis.
- CSLL: increase in the CSLL rate, introduced by Laws 8114/90, Supplementary Law 70/91, Constitutional Amendments 01/94 and 10/96 and Law 9316/96. The amounts are deposited in court.
- Work Accident Insurance (SAT)/Work Environment Risk (RAT): increase in the social security contribution rate from 15% to 20% for independent contractors, officers and managers (Law 9876/99 - Accident Prevention Factor - FAP index).
- PIS: Increase in the PIS calculation basis, introduced by Constitutional Amendment 10/96, which continued to require the PIS levy on gross operating revenue, with collection retroactive to January 1996. The amounts are deposited in court.
- ISS: The matter disputed in court relates mainly to the scope of the municipal tax requirements in relation to Supplementary Law 116/03 regarding the taxation of revenues other than services; the provision is based on the calculation of the percentage of historical loss in similar lawsuits, finalized in the last three years.

b) Changes in the provisions

Changes	Civil	Tax	Labor	Total
At 12/31/2023	80,821	95,625	82,739	259,185
Recognition/ (Reversal) - Note 16.7.	150,087	51,197	(381)	200,903
Interest/indexation - Note 16.6.	426	5,300	1,322	7,048
Settlements / Update of deposits	(108,012)	(60,724)	903	(167,833)
At 12/31/2024	123,322	91,398	84,583	299,303
Judicial deposits - Note 8.	26,105	35,132	96,022	157,258

c) Contingent liabilities

The Bank is a party to civil and tax lawsuits involving likelihood of loss that Management classifies as possible, based on the assessment of its external legal counsel, for which no provisions have been made, in conformity with CMN Resolution 3,823/09 and CVM Resolution 72/22. The civil lawsuits balance stood at R$ 6,458 (R$ 7,729 in December 2023). The tax proceedings amounted to R$ 7,142 (R$ 7,130 in December 2023).

On November 5, 2024, the decision of the Federal Regional Court of the 6th Region (TRF-6) was published and upheld the remittance and the appeal by the National Treasury in the judgment of the proceeding 1011346-45.2019.4.01.3800. Such judgment reversed one of the favorable decisions that had recognized the Bank's final and unappealable decision and guaranteed it the non-levy of COFINS under Law 9718/98. A motion for clarification was filed against this decision, which was admitted by the TRF-06 on December 17, 2024, granting suspensive effect to prevent the effects of the Ruling. The disbursement amount estimated by management would be R$ 326,375.

14. OTHER LIABILITIES

Description	Dec 2024	Dec 2023
Credit card (I)	61,171	64,814
Provision for administrative expenses	168,408	259,470
Liabilities under government agreements (II)	226,470	275,723
Social and statutory obligations	199,569	122,549
Provision for payments to be made	102,242	128,584
Payables for acquisition of assets and rights (III)	304,327	370,685
Collection of taxes and similar charges	6,020	4,490
Other	855	4,148
Total	**1,069,062**	**1,230,463**
Current	853,224	930,268
Non-current	215,838	300,195

(I) This refers to onlendings to be sent to card operators, which are liable for paying merchants for the purchases made by Mercantil's clients.
(II) This refers to credits of funds on behalf of the related beneficiaries for the payment of INSS pension.
(III) Basically, refers to lease liabilities (Note 10.2).

15. EQUITY

15.1. Capital

Capital (stockholders are domiciled in Brazil) is divided into registered book-entry shares as follows:

Shares	Dec 2024		Dec 2023	
	Number	R$ thousand	Number	R$ thousand
Common shares	65,155,744	501,699	65,155,744	436,544
Preferred shares	39,675,836	305,504	39,675,836	265,828
Total subscribed and paid-up capital	**104,831,580**	**807,203**	**104,831,580**	**702,372**
(-) Preferred shares in treasury	(348,500)	(3,830)	(348,500)	(3,830)
Total capital outstanding	**104,483,080**	**803,373**	**104,483,080**	**698,542**

Following the amendment to the Bylaws, the Bank's capital may be increased up to the limit of R$ 3,000,000,000.00 irrespective of amendment to its Bylaws, as established by article 168 of the Brazilian Corporate Law, after approval by the Board of Directors.

Mercantil is controlled by stockholders represented basically by the holding companies Sapil Ltda, Lance Empreendimentos e Participações Ltda., Sociedade Comercial e Agrícola Santa Luzia Ltda., and individual stockholders, mostly members of the Araújo family, as listed in the stockholders' agreement.

Capital increase

At the Board of Directors' Meeting held on March 20, 2024, an increase in the Bank's capital by R$ 702,372 was approved, to R$ 807,203, without change in the number of shares, increasing the par value of the share from R$ 6.70 to R$ 7.70, through the incorporation of part of the "Statutory Revenue Reserves - for Capital Increase", in the amount of R$ 104,831.

15.2. Capital and revenue reserves

a) Capital reserve: These refer to a share premium in accordance with article 13, paragraph 2, of Law 6404/76.

b) Legal reserve: Formed by appropriations of 5% of profit for the year, limited to 20% of capital. Its purpose is to preserve capital and it can be used to offset losses or increase capital.

c) Statutory reserves: From profit for the year not distributed once all other allocations established by the bylaws have occurred, the balance being placed at the disposal of stockholders for designation at a future General Meeting, in accordance with the Bank's bylaws.

15.3. Interest on capital

Pursuant to the Company's bylaws, stockholders are entitled to a mandatory dividend, at a percentage that may be fixed or variable in each half, of at least 25% of the profit for each year in BRGAAP, in accordance with article 202 of the Law 6404/76.

Bank	Dec 2024	Dec 2023
Profit for the year	752,182	420,896
(-) Legal reserve	(37,609)	(21,045)
Calculation basis	**714,573**	**399,851**
Interest on capital (gross) approved (07/23/2024) and payable (08/07/2024)	102,000	130,000
Interest on capital (gross) approved (12/17/2024) and payable (02/05/2025)	115,000	-
Supplementary interest on capital (gross) approved (02/04/2025) and payable (02/19/2025)	2,420	-
Interest on capital paid (gross) approved /provisioned / paid	**219,420**	**130,000**
(-) Withholding income tax related to interest on capital	(32,913)	(19,500)
Interest on capital paid (net) approved /provisioned / paid	**186,507**	**110,500**
Percentage of interest on capital on the calculation basis	**26.1%**	**27.6%**

15.4. Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the Parent company by the weighted average number of common shares outstanding during the year, excluding shares purchased by the Bank and held as treasury shares.

Accumulated	Common	Preferred	Dec 2024	Dec 2023
Average and final number of shares	65,155,744	39,327,336	**104,483,080**	**104,483,080**
Number of shares, including shares equivalent to common shares	65,155,744	39,327,336	**104,483,080**	**104,483,080**
Attributable basic earnings (in R$ thousand)	315,927	190,699	**506,617**	**396,127**
Basic earnings per share	4.8488	4.8488	**4.8488**	**3.7913**

The diluted earnings per share equals the basic earnings.

16. OTHER OPERATING INCOME (EXPENSES)

16.1. Income from services rendered

Description	Dec 2024	Dec 2023
Income from business intermediation [(I)]	408,541	236,214
Bank fees	199,109	206,455
Credit cards - Exchange	37,329	32,811
Collection services	15,607	25,364
Collection	3,212	4,164
Investment fund management	2,769	2,161
Other	3,857	11,140
Total	**670,424**	**518,309**

[(I)] Refers mainly to Revenue from insurance and assistance intermediation services rendered generated through subsidiaries.

16.2. Personnel expenses

Description	Dec 2024	Dec 2023
Employees compensation	294,447	263,189
Payroll charges	111,017	103,270
Benefits	104,769	94,041
Profit sharing	81,066	44,482
Fees	80,353	56,953
Total	**671,652**	**561,935**

16.3. Administrative expenses

Description	Dec 2024	Dec 2023
Third-party services	340,746	267,996
Data processing	211,497	152,635
Amortization and depreciation	154,535	119,204
Advertising and publicity	65,754	42,178
Transportation	49,104	43,805
Materials, maintenance and repairs	37,590	36,348
Insurance	25,473	24,037
Financial system services	18,033	31,674
Water, electric energy and gas	15,708	13,828
Communications	10,013	10,960
Other	65,556	41,282
Total	**994,009**	**783,947**

16.4. Tax expenses

Description	Dec 2024	Dec 2023
COFINS	210,077	149,370
PIS	28,413	24,550
SERVICES TAX (ISSQN)	35,898	25,063
Other taxes	12,815	7,941
Total	**287,203**	**206,924**

16.5. Other operating income

Description	Dec 2024	Dec 2023
Recovery of charges and expenses	49,637	20,743
Foreign exchange gains	32,084	15,445
Reversal of provisions	5,136	10,387
Dividends from other companies	4,209	7,516
Other operating revenues	14,116	32,315
Total	105,182	86,406

16.6. Other operating expenses

These expense items, due to their nature, could not be allocated to other line items.

Description	Dec 2024	Dec 2023
Right to pay social security benefits (I)	880,435	698,337
Non-recurring expenses (II)	43,234	53,643
Foreign exchange losses	7,048	9,963
Provisions and carrying value adjustments	2,940	4,235
Other operating expenses (III)	241,422	215,407
Total	1,175,079	981,585

(I) Refers to the cost of the INSS Auction related to the right to pay social security benefits.
(II) Refers basically to the cancellation of loan operations and settlement of lawsuits.
(III) Refers basically to cashback expenses.

16.7. Reversals of/(Expenses on) provisions

Description	Dec 2024	Dec 2023
Tax provisions	380	(3,652)
Labor provisions	(51,197)	(43,229)
Civil provisions	(150,087)	(105,804)
Total	(200,903)	(152,685)

16.8. Non-recurring income (expenses)

As at December 31, 2024 and 2023, there was no significant non-recurring income (expenses) as addressed by BACEN Resolution 2/20.

17. RELATED-PARTY TRANSACTIONS

17.1. Related-party transactions

These are carried out under terms, rates and conditions compatible with currently practiced risk-free market transactions, as follows:

Assets	Maximum term	Dec 2024	Dec 2023
Financial investments - DI (I)		411,019	300
Banco Mercantil de Investimentos S.A.	No deadline	185,123	300
Mercantil Financeira S.A.	No deadline	225,896	-
Marketable securities (II)		417,752	262,621
OPEA	03/20/2029	417,752	262,621

Amounts receivable from related parties (III)		**622**	**1,966**
Banco Mercantil de Investimentos S.A.	01/31/2025	62	300
Bem Aqui Adm. e Corretora de Seguros, Prev. Privada e Correspondente Bancário S.A.	01/31/2025	123	127
COSEFI	01/31/2025	24	25
Domo Digital Tecnologia S.A.	01/31/2025	10	-
Mercantil Adm. Corretagem de Seguros S.A.	01/31/2025	5	5
Mercantil do Brasil Corretora S.A.	01/31/2025	19	1,233
Mercantil do Brasil Distribuidora S.A.	01/31/2025	22	20
Mercantil do Brasil Marketplace e Empreendimentos Imobiliários S.A.	01/31/2025	75	37
Mercantil Financeira S.A.	01/31/2025	280	216
SANSA	01/31/2025	2	3
Dividends/Interest on capital receivable		**86,485**	**68,072**
Banco Mercantil de Investimentos S.A.	No deadline	2,022	5,391
Bem Aqui Adm. e Corretora de Seguros, Prev. Privada e Correspondente Bancário S.A.	No deadline	24,828	16,113
COSEFI	No deadline	81	92
Mercantil do Brasil Distribuidora S.A.	No deadline	175	20
Mercantil do Brasil Marketplace e Empreendimentos Imobiliários S.A.	No deadline	47,764	38,700
Mercantil Financeira S.A.	No deadline	11,615	7,776

(I) Refers to the Bank's investments through interbank deposits at rates equivalent to the CDI;
(II) Refers to the subordinated quotas of the debentures retained by the bank issued by OPEA, which are backed by payroll loans assigned by Banco Mercantil.
(III) Refers mainly to amounts receivable from related companies arising from the Expense Sharing Agreement, which includes the reimbursement of management and administration costs due for the rendering of services relating to treasury management and fundraising, business referrals, among others.

(Liabilities)	Maximum term	Dec 2024	Dec 2023
Deposits (I)		**(672,289)**	**(438,214)**
Banco Mercantil de Investimentos S.A.	-	(1,171)	(542)
Bem Aqui Adm. e Corretora de Seguros, Prev. Privada e Correspondente Bancário S.A.	-	(202,864)	(139,663)
COSEFI	-	(27,903)	(26,373)
Domo Digital Tecnologia S.A.	-	(5,900)	(4,616)
MB FII	-	(3,127)	(2,932)
Mercantil Adm. Corretagem de Seguros S.A.	-	(5,177)	(5,037)
Mercantil do Brasil Corretora S.A.	-	(120)	(109)
Mercantil do Brasil Distribuidora S.A.	-	(54)	(112)
Mercantil do Brasil Marketplace e Empreendimentos Imobiliários S.A.	-	(253,968)	(145,873)
Mercantil Financeira S.A.	-	(1,837)	(6,318)
SANSA	-	(2,384)	(3,014)
Key management personnel	-	(167,784)	(103,625)
Money market funding		**(33,378)**	**(50,429)**
Banco Mercantil de Investimentos S.A.	No deadline	(8,457)	(15,603)
Mercantil do Brasil Corretora S.A.	No deadline	(3,683)	(4,067)
Mercantil do Brasil Distribuidora S.A.	No deadline	(21,238)	(20,704)
Mercantil Financeira S.A.	No deadline	-	(10,055)
Obligations for operations linked to assignment (II)		**(1,372,530)**	**(1,194,715)**
OPEA	03/20/2029	(1,372,530)	(1,194,715)
Payables to related parties		**(495)**	**(2,587)**
Mercantil do Brasil Corretora S.A.	01/31/2025	(47)	(50)
Mercantil do Brasil Marketplace e Empreendimentos Imobiliários S.A.	01/31/2025	(29)	(2,118)
Mercantil Financeira S.A.	01/31/2025	(419)	(419)
Funds from acceptance and issue of securities (III)		**(3,845)**	**(13,836)**
Key management personnel	-	(3,845)	(13,836)
Debt instruments eligible to capital (IV)		**(6,456)**	**(7,491)**
Key management personnel	-	(6,456)	(7,491)
Dividends/Interest on capital payable		**(74,292)**	**(50,314)**
Key management personnel	-	(74,292)	(50,314)

(I) Refers to the balances of current accounts and investments in term, demand and savings deposits of related parties and controlling shareholders held at the Bank.

(II) Refers to the obligation arising from the assignment of credit rights without co-obligation and with risk retention carried out with OPEA.
(III) Refers to investments by Controlling Shareholders in Financial Bills and Agribusiness credit note held at the Bank.
(IV) Refers to investments by Controlling Shareholders in Subordinated Financial Bills held at the Bank.

Income/(expenses)	Dec 2024	Dec 2023
Income from financial intermediation (I)	**(311,954)**	**(64,548)**
Banco Mercantil de Investimentos S.A.	3,784	2,925
Bem Aqui Administradora e Corretora de Seguros, Previdência Privada e Correspondente Bancário S.A.	(17,000)	(16,255)
COSEFI	(2,753)	(3,155)
Domo Digital Tecnologia S.A.	(430)	(509)
MB FII	(342)	(687)
Mercantil Adm. Corretagem de Seguros S.A.	(523)	(599)
Mercantil do Brasil Corretora S.A.	(350)	(383)
Mercantil do Brasil Distribuidora S.A.	(2,195)	(2,486)
Mercantil do Brasil Marketplace e Empreendimentos Imobiliários S.A.	(19,142)	(8,725)
Mercantil Financeira S.A.	20,267	(2,202)
OPEA	(275,734)	(28,537)
SANSA	(245)	(121)
Key management personnel	(17,291)	(3,814)
Income from services rendered (II)	**7,402**	**8,777**
Banco Mercantil de Investimentos S.A.	961	3,154
Bem Aqui Administradora e Corretora de Seguros, Previdência Privada e Correspondente Bancário S.A.	1,498	1,550
COSEFI	294	310
Domo Digital Tecnologia S.A.	120	74
Mercantil Adm. Corretagem de Seguros S.A.	64	450
Mercantil do Brasil Corretora S.A.	251	294
Mercantil do Brasil Distribuidora S.A.	261	278
Mercantil do Brasil Marketplace e Empreendimentos Imobiliários S.A.	516	-
Mercantil Financeira S.A.	3,407	2,656
SANSA	30	11
Other administrative expenses	**(49,825)**	**(15,934)**
Banco Mercantil de Investimentos S.A. (III)	(1,107)	-
Bem Aqui Adm. e Corretora de Seguros, Prev. Privada e Correspondente Bancário S.A.(IV)	(27,820)	(6,872)
Domo Digital Tecnologia S.A. (V)	(20,053)	(8,507)
Mercantil do Brasil Corretora S.A. (VI)	(749)	(457)
Mercantil do Brasil Marketplace e Empreendimentos Imobiliários S.A.	(96)	(98)

(I) Refers to the remuneration on financial investments (Savings, Time Deposits, Agribusiness credit note and Financial Bills) held at the Bank by related companies and controlling shareholders.
(II) Refers to the sum of the monthly amounts received or receivable from related parties referring to the Expense Sharing Agreement, which includes the reimbursement of management and administration costs due for the rendering of services relating to treasury management and fundraising, business referrals, among others.
(III) Refers to the amounts paid to Banco Mercantil de Investimentos S.A. for advisory services rendered.
(IV) Refers basically to amounts paid to Bem Aqui Adm. e Corretora de Seguros, Prev. Privada e Correspondente Bancário S.A. relating to the provision of banking correspondent services.
(V) Refers to the amounts paid to Domo Digital Tecnologia S.A. for payment of data processing costs.
(VI) Refers to the amounts paid to Mercantil do Brasil Corretora S.A. for custody services.

17.2. Other information

Loans or advances to any subsidiary, members of the Board of Directors, of Executive Board, or their related spouses, common-law partners, relatives up to a second level of kinship and other persons, if any, are carried out in compliance with CMN Resolution 4,693/18.

18. BENEFIT PLANS

The Bank has a Compensation Plan specific for management, which includes rules for the payment of fixed and variable compensation in line with the Bank's risk management policy and best market practices, in accordance with CMN Resolution 3921/10.

The Annual General Meeting sets total fixed compensation for members of the Board of Directors and the Executive Board of the Bank, as stipulated in its bylaws. The right to variable compensation is subject to the achievement of the Bank's strategic goals, the individual goals and the goals of the management's operating areas.

The Bank's management compensation was approved at the Annual General Meeting dated 04/24/2024, which established the limit for the year of R$ 99,320.

Management compensation is basically comprised of fees of the Board of Directors, the Statutory Audit Board and the Executive Board and profit sharing (Note 16.2).

At December 31, 2024, there had been no decision on post-employment benefits.

- Short and long-term benefits for management and share-based compensation

Until December 31, 2024, no decision has been made regarding long-term benefits and share-based compensation under the terms of CMN Resolution 3989/11, for management members.

- Termination of employment contract benefits

Termination of the employment relationship does not entitle the employee to any financial compensation.

19. RISK AND CAPITAL MANAGEMENT

Risk management and capital management are an integral and fundamental part of Mercantil's activities, aimed to obtain the best risk/return ratio compatible with the prudential conglomerate's risk appetite. Risk management is carried out in an integrated way, enabling the identification, measurement, evaluation, monitoring, reporting, control and mitigation of adverse effects resulting from interactions between risks, having as objective more assertive decision-making and optimization of the use of capital.

In accordance with CMN Resolution 4557/17, the Institution continuously manages its risks, guided by the guidelines of the Board of Directors and Executive Board expressed in the policies and institutional strategies and supported by different hierarchical levels, including the Risk Committee. The risk and capital management is concentrated in the Executive Board of Compliance and Risk Management, comprising not only the bank data, but also those of other companies that comprise the prudential conglomerate, resulting in more agility and assertiveness in decision-making.

Following good Corporate Governance practices and Market Discipline, Mercantil seeks to establish a standard of information disclosure that allows the market to evaluate the essential information about risk exposures, adequacy of capital levels and responsible socio-environmental behavior. This information, both from a quantitative and qualitative perspective, is available on the website: www.bancomercantil.com.br.

A brief description of the activities related to the assessment and management of the main risks in the Institution is presented below:

a) Capital Management

The Bank has a Capital Management Structure, which comprises an ongoing process of monitoring capital and control maintained by the Institution, the assessment of the need for capital to face the risks to which it is subject, the planning of goals and the capital requirements, considering the Institution's strategic and marketing objectives.

The Bank's Capital Management Structure is compatible with the Institution's business model and risk profile, which enables a consistent evaluation of the capital required to support projected growth, in addition to the adoption of a prospective position, anticipating the capital requirement arising from possible changes in the market conditions.

The Bank manages its capital structure through the mechanisms and procedures formalized in its Institutional Capital Management Policy.

The ongoing capital management activities include the monitoring of capital indicators known as Basel III, adopted by BACEN through CMN Resolution 4958/21, which provides for the minimum requirements for Reference Equity (RE), Tier I Capital, Principal Capital and Supplementary Capital (SC).

The calculation of the Capital Indicators is as follows:

Operational Limits and Basel Index	Dec 2024	Dec 2023
Reference Equity (RE)	**2,471,431**	**1,878,626**
Reference Equity Tier I	**2,026,350**	**1,408,758**
Principal Capital (PC)	1,897,838	1,335,256
Supplementary Capital (SC)	128,512	73,502
Reference Equity Tier II	**445,081**	**469,868**
Risk-weighted Assets (RWA)	**13,680,081**	**11,060,551**
RWA for Credit Risk by Standardized Approach - RWA_{cpad}	12,232,346	9,751,330
RWA for Market Risk - RWA_{mpad}	23,723	5,111
RWA for Operational Risk by Standardized Approach - RWA_{opad}	1,424,012	1,304,110
Basel Index	**18.1**	**17.0**
Capital Tier I	**14.8**	**12.7**
Principal Capital	**13.8**	**12.1**

Funds invested in permanent assets, determined in a consolidated manner, are limited to 50.00% of reference equity adjusted pursuant to prevailing regulation. The Bank opted to calculate consolidated property and equipment to equity ratio and risk ratio, covering all the financial institutions in the conglomerate, placing the property and equipment to equity ratio at 24.94% (22.75% in December 2023).

- Gearing Ratio

In compliance with BACEN Circular Letter 3,748/15, the Bank assesses the Gearing Ratio (GR) of its equity structure. It is the relationship between Tier I Reference Equity, under CMN Resolution 4955/21 and supplementary regulations, and the Total Exposure assessed pursuant to article 2 of BACEN Circular Letter 3748/15.

This information, both quantitative and qualitative, is available on the website (www.bancomercantil.com.br), in the Investor Relations (IR) area.

b) Credit risk management

Credit risk may arise from the total or partial non-fulfillment, by a counterparty, of obligations related to the settlement of transactions involving the trading of financial assets as well as disbursements to pay guarantees, sureties, co-obligations, credit commitments, and other similar operations. Credit risk also characterizes the restructuring of financial instruments, as well as costs of recovering exposures classified as problem assets.

Segregation of activities is an important operating principle and includes the origination, analysis, decision, formalization, follow-up, control, risk management, collection and recovery. The full process is supported by highly-integrated modern technology systems, which make managerial information fully available, with constant validation process for all involved, making the results of each cycle transparent and integrated.

The process of analysis aims at concluding about client credit risk by adopting quantitative aspects based on their economic, financial and equity condition, as well as the qualitative aspects, such as master file and performance data.

The credit operation analysis is based on the client risk assessments and incorporates aspects of business structuring, including liquidity and sufficiency of the guarantees presented. The whole process is centralized and decisions are made jointly and within the authority of each level.

The retail mass credit is mainly granted in an automated and standardized manner, using quantitative models developed by a skilled technical team that is in constant development, using tools to ensure a higher quality of the credits granted.

The process takes into account operational limits, as it has locks, alerts and definition of differentiated approval levels according to the level of exposure of each client and economic group, always respecting the regulatory limit.

The care taken with quality of the financial assets of the Bank is concurrent with the granting process flowing through to the settlement of the contracts. This activity is under the direct responsibility of the Executive Board of Credit, People and Marketing, and all of its guidelines are based on the Bank's Credit Policy.

For the effectiveness of the Credit Risk management, procedures are adopted to identify, measure, assess, monitor, report, control and mitigate credit risks associated with the Bank and the institutions that are part of the prudential conglomerate, always pursuing the defined risk appetite in the RAS, in line with the Institution's business strategies. The Bank’s credit risk management covers internal factors such as analysis of portfolio progress, default levels, product profitability, portfolio quality and capital allocated; as well as external factors such as monitoring the macroeconomic environment and economic sectors, interest rates, market default indicators, consumption conditions, among others.

It also includes credit risk management: determining the expected loss on loan operations based on a robust statistical methodology, tested and validated by an independent audit; the calculation of the credit risk portion (RWA_{cpad}) of the Operational Limit Statement (OLS); conducting backtesting to evaluate the framework and sufficiency of the provision recognized by the Bank; in addition to projections of provision expense and default using statistical techniques in conjunction with the assumptions defined in the corporate budget.

Finally, robust interaction of the risk management areas with the other actors in the credit process are also emphasized, always seeking opportunities for improvement in policies and processes, as well as bringing assertiveness and speed in any adjustments and corrections to points that are generating losses, non-compliance or inadequacies in relation to the Bank’s risk appetite.

Therefore, variations in exposure to risks affecting the Bank are monitored taking into account the business environment, market behavior and commitments to clients, stockholders, employees and other stakeholders.

Credit risk exposure

The Credit Risk Exposure includes Loan and Other Credit Operations, the unconditionally and unilaterally non-cancellable credit limit established by the Institution and guarantees provided.

The tables below include quantitative data on its exposure to the Bank's credit risk based on information provided internally to key management personnel:

Total exposures by geographic region in Brazil:

Geographic Region	Dec 2024	Dec 2023
Southeast	16,474,629	13,592,996
Midwest	945,357	588,132
Northeast	419,335	381,394
North	21,144	29,190
South	21,028	31,556
Grand total	**17,881,493**	**14,623,268**

Total exposures by economic sector:

Risk Sector	Dec 2024	Dec 2023
Individual	**17,000,294**	**13,637,340**
Corporate	**881,199**	**985,929**
Provision of services	247,877	290,859
Financial activities, insurance and related services	168,277	182,117
Civil construction	128,145	152,773
Biofuel and sugar	71,999	75,014
Transportation of cargo and logistics	48,785	54,744
Communication	36,564	35,653
Food	26,857	28,983
Fuel distribution	23,779	22,715
Automotive	22,664	16,607
Passenger transportation, except for civil aviation	16,158	16,149
Education	13,582	15,425
Beverages	9,909	14,030
Construction materials	5,762	7,882
Entertainment, sports and culture	5,724	7,574
Coffee	5,221	6,226
Other	49,898	59,180
Grand total	**17,881,493**	**14,623,269**

Total exposures by remaining maturity:

Remaining term	Dec 2024	Dec 2023
≤06 months	2,127,568	1,916,911
06–12 months	909,955	817,695
01–05 years	5,487,756	5,127,759
>05 years	9,356,214	6,760,903
Grand total	**17,881,493**	**14,623,268**

Operations in abnormal course segregated by geographic region in Brazil:

Geographic Region	Dec 2024			Dec 2023		
	Exposure	Provision	Write-off to loss	Exposure	Provision	Write-off to loss
Southeast	572,206	263,818	329,221	281,895	360,563	300,265
Midwest	31,011	17,627	21,593	8,954	22,875	13,626
Northeast	14,757	9,601	8,273	6,921	21,905	24,187
North	1,067	746	-	798	2,142	2,120
South	1,231	697	-	916	2,345	2,768
Grand total	**620,272**	**292,489**	**359,087**	**299,484**	**409,830**	**342,966**

Total exposures segmented by past due range:

Delinquency bracket (in days)	Dec 2024	Dec 2023
≤30	133,563	171,834
31–90	83,557	71,366
91–180	58,835	55,657
181–365	21,256	21,774
>365	2,546	2,850
Grand total	299,758	323,481

Exposures restructured by course of operations:

Operations Course	Dec 2024	Dec 2023
Abnormal Course	106,535	91,859
Grand total	106,535	91,859

Percentage of concentration of the 10 and 100 largest exposures:

Ranking	Dec 2024	Dec 2023
10 Largest	3.4%	4.0%
100 Largest	5.0%	6.4%

The Exposure to Credit Risk in is assessed, for credit risk purposes, in accordance with the amounts determined under BRGAAP, which reflects how Management manages the risks.

Risk mitigation - Guarantees

The Bank uses several types of guarantees to mitigate the credit risk of its operations. These guarantees are assets that aim to ensure a second source of loan payment in the event of a client's default. Therefore, the quality and quantity of the guarantees provided are a determining factor in defining the risk level for each loan.

According to the Bank's Credit Policy, for each operation there may be more than one type of guarantee, each duly identified, quantified through the percentage required in relation to the value of the operation.

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Credit risk measurement

The measurement of the credit risk used for the analysis of impairment is performed on a quarterly basis, based on the identification of objective evidence of loss on the loan and advance portfolio, considering the historical experience of impairment loss and other circumstances known at the time of the assessment.

Loss events can be specific, that is, refer to only one client, such as late payments, renegotiation, bankruptcy event, or they can be collective, affecting a larger group of assets, due to changes in interest rates or exchange rates or a decrease in the level of activity of one or more economic sectors.

For the purpose of collective assessment of impairment, financial assets are grouped under similar credit risk characteristics, which are indicative of the debtor's ability to pay all amounts in accordance with the contractual terms. The relevant factors used for this classification process are product, guarantee and contractual terms.

Based on the experience of historical losses of assets with similar credit risk characteristics, within each group, the triggers for materialization of any losses incurred and estimated percentage of those losses, are established. Percentages that are applied to the debit balance allow estimates of the amounts to be provisioned.

For clients that present specific objective evidence, the loss estimate is made individually, considering, among other aspects, the monetization of guarantees constituted that are linked to operations.

The experience of historical losses is adjusted based on the updated observable data, in order to reflect the effects of current conditions that did not affect the period on which the experience of historical losses is based and to remove the effects of conditions in the historical period not consistent with the current conditions.

c) Liquidity risk management

Liquidity risk management may arise from the Bank not being able to settle its current and future expected and unexpected obligations, including those arising from guarantees, without affecting its daily operations and without incurring significant losses.

In this regard, the Bank manages liquidity risk using methodologies and models based on the Bank's ability to pay, considering financial planning, risk limits, and the optimization of available resources, thus enabling faster and highly reliable strategic decision-making.

The Bank has two models: "mapping mismatches of financial flows" and "daily movement of products". The first model allows monitoring by product, currency, index and maturity and the second provides input and output flows of loan operations and the products included in the funding portfolio.

In addition, the Bank adopts operational liquidity limits, monitored through the Minimum Cash Balance and the Liquidity Ratio. The latter indicates the Bank's ability to survive stressful situations and is based on the concepts of the Liquidity Risk Statement (DRL Model II). The liquidity ratio is obtained through the ratio between the inventory of highly liquid assets and the total net cash outflows expected for the next 30 days, measured according to a stress scenario standardized by BACEN.

One of the instruments of management of the Bank is the estimate of the cash flows based on historical series of asset and liability product flows, advanced receipts, due dates and repurchases of time deposit transactions, loan operations, loan assignments, letters of credit, savings account, demand deposits and marketable securities.

Stress test scenarios enable the identification of possible problems that might undermine the economic and financial stability of the Institution.

The Bank has a Liquidity Contingency Plan with responsibilities, strategies and procedures required to ensure its stability in terms of ability to pay considering the potential problems identified in stress scenarios.

d) Market risk management

According to Resolution 4,557/17 of the National Monetary Council, amended by CMN Resolution 4,745/19, market risk of occurrence of losses from fluctuations in the market values of instruments held by the Bank.

Market risk management adopts appropriate methodologies and systems in line with the nature of its operations, complexity of products, and the extent of the exposure as well as the conditions in domestic and international markets, enabling it to base strategic decisions for the Bank quickly and with a high degree of reliability.

The main aspect of the calculations of market risk regulatory capital is: the classification of operations into Trading and Banking portfolios.

For operations related to the Trading Portfolio, the methodology is based on the standard model of the Central Bank of Brazil, which establishes criteria and conditions for determining the portions of risk-weighted assets (RWA) to cover the risk arising from exposure to interest rates, foreign exchange variation, share prices and commodity prices.

For Banking Portfolio operations, the methodology adopted is based on the Central Bank's instructions for the Interest Rate Risk in the Banking Book (IRRBB) as the risk of the impact of adverse movements in interest rates on the capital or results of a financial institution, for instruments classified in the banking portfolio.

For the banking portfolio, the approach adopted for measuring and allocating capital takes into account the Economic Value of Equity (EVE) and the Net Interest Income (NII) metrics, observing the guidelines provided by BACEN Circular Letter 3,876/18, amended by BACEN Circular Letter 3938/19.

The EVE metric estimates the variation between the financial instruments repricing flows present value in a base scenario (current rate) and the repricing flows present value of these same instruments in an interest rate stress scenario.

In the NII metric, the risk is calculated using the income from financial intermediation approach, which consists of the difference between the financial intermediation result of financial instruments subject to IRRBB, in a base scenario and the income from financial intermediation of these same instruments in an interest rate stress scenario, considering a time horizon of up to 12 months.

The EVE and NII approaches were developed in line with the best market practices and in accordance with the framework contained in current regulations, namely CMN Resolution 4557/17 and BACEN Circular Letter 3876/18.

The risk of changes in interest rates for instruments classified in the banking portfolio (IRRBB) and trading is calculated and reported daily to the management.

Stress tests on the fluctuation of the main macroeconomic variables are performed, using historical or change in assumptions scenarios.

For major price fluctuations, the Bank uses hedges as a means of protecting financial transactions from specified risks. The hedging strategy aims to offset, in full or in part, risks from exposure to variations in fair value or cash flows of any asset, liability, commitment, or future transaction.

-- Fair value of financial assets and liabilities

The following table presents the carrying amount and estimated fair value of the main financial instruments:

Financial assets	Carrying amount	Fair value
Level 1	2,107,005	2,107,005
Marketable securities	**1,530,017**	**1,530,017**
Financial Treasury Bills	1,530,017	1,530,017
Compulsory deposits with the Central Bank	**576,988**	**576,988**
Level 2	19,102,836	19,115,071
Short-term interbank investments	**2,674,749**	**2,674,749**
Marketable securities	**30,059**	**14,285**
Bank Deposit Certificate	13,894	13,894
Investment Fund Quotas	333	333
Trading Participant Fund Quotas and Clearing Member	15,774	15,774
Equity Fund quotas	58	58
Loan operations and other credits	16,320,200	16,348,209
Other financial assets	77,828	77,828
Level 3	1,006,753	1,006,753
Marketable securities	**1,006,753**	**1,006,753**
External sovereign bonds	574,290	574,290
Certificate of Agribusiness Receivables	81,379	81,379
Commercial note	151,952	151,952

Rural Product Bill	88,187	88,187
Real Estate Fund Quotas	38,536	38,536
Certificate of Real Estate Receivables	22,020	22,020
FIDC	19,495	19,495
FIAGRO	18,562	18,562
Certificate of Agribusiness Credit Rights	10,303	10,303
Debentures	485	485
FUND FOR NATIONAL FILM INDUSTRY FINANCING (FUNCINE)	1,544	1,544
Total at 12/31/2024	**22,216,594**	**22,228,829**
Total at 12/31/2023	**16,294,103**	**19,205,268**

Financial liabilities	Carrying amount	Fair value
Level 1	601,202	601,202
Demand deposits	477,246	477,246
Savings deposits	123,956	123,956
Level 2	645,155	645,155
Interbank deposits	491,675	491,675
Interbank accounts	98,160	98,160
Interdepartmental accounts	11,092	11,092
Obligations for assignment operations	44,228	44,228
Level 3	20,848,381	20,855,448
Time deposits	16,565,211	16,572,278
Other deposits	1,022	1,022
Funds from acceptance and issue of securities	3,397,427	3,397,427
Debt instruments eligible to capital	780,955	780,955
Borrowings and onlendings	100,101	100,101
Other financial liabilities	3,665	3,665
Total at 12/31/2024	**22,094,738**	**22,101,805**
Total at 12/31/2023	**16,419,138**	**16,461,024**

- Positions of financial instruments and risk sensitivity analysis

In compliance with CVM Resolution 121/22, which approved CPC 40 (R1) - Financial Instruments: Disclosures, a sensitivity analysis was carried out covering all significant financial assets and liabilities, and assts and liabilities measured at fair value by management.

Marketable Securities (TVM) classified in the categories of Available for sale and Trading were considered, as well as derivative instruments and their respective hedged items.

The Bank, seeking market opportunities, took a position in the interest rate futures market in order to partially hedge loan assets. In this case, the instrument was classified under Hedge Accounting which is an instrument used in the management and mitigation of financial risks through the application of specific accounting rules, mitigating and in some cases even eliminate, volatility in the accounting results.

Most derivative financial instruments are intended to protect against exposure to risks (hedge) of positions deemed necessary, and do not have a speculative nature.
The sensitivity analysis, by types of risk, followed the scenario below:

- Scenario I: A probable model, where data was obtained from an external source (B3), such as: the US Dollar rate, the price of bonds and future interest rates. As an example, for a one-year term, the interest rate was considered to be 15.56% per year.
- Scenario II: Applying to Scenario I a stress factor of 25% for prices and a parallel shock of the same percentage to the yield curves at 12/31/2024 which could cause losses. Accordingly, for example, for a one-year term, the interest rate considered was 19.26% per year.

- Scenario III: Applying to Scenario I a stress factor of 50% for prices and a parallel shock of the same percentage to the yield curves at 12/31/2024 which could cause losses. Accordingly, for example, for a one-year term, the interest rate considered was 23.11% per year.

Sensitivity Analysis:

Effect on change in fair value			Scenarios		
Operation	Risk factors	Components	I	II	III
Hedge Accounting	Fixed interest rate[(i)]	Loan Operations (long position)	(652)	(15,809)	(30,635)
		Derivative (future short position)	651	15,773	30,570
		Net Effect	**(1)**	**(36)**	**(65)**
MARKETABLE SECURITIES	Fixed income	Debentures	(5)	(121)	(242)
		CDCA	(52)	(2,576)	(5,151)
		CRI	(129)	(5,505)	(11,010)
		CRA	(3,135)	(20,345)	(40,690)
	Quotas of Fund	FIDC	5	(131)	(255)
		FIAGRO	134	(3,600)	(7,195)
Total with correlation			(3,183)	(32,314)	(64,608)
Total with correlation, net of tax effects			(1,751)	(17,773)	(35,534)

[(i)] The change in risk factors causes a net negative effect, since derivative and hedged item create equal and opposite effects (profit/loss or loss/profit).

The table highlights the effects on the result arising from fluctuations in the main macroeconomic variables, mainly the domestic interest rate in Scenarios II and III. The hedge accounting assures stability in the financial margin of loan operations even in an adverse scenario.

The sensitivity analysis assumes all other conditions are held constant and the Bank takes no corrective action. In fact, the Bank has active management of its market risks with daily monitoring of exposure to the various risk factors, managing its exposure which may have an effect on the fair value of its financial assets and liabilities, including derivatives.

e) Operational risk management

Operational risk is the possibility of losses resulting from external events or failure, deficiency or inadequacy of internal processes, people or systems.

Operational Risk Management is integrated with the strategies and business of the Bank's companies, aligning existing processes in place with the prevailing policies. The Bank's management strategy is to monitor risk exposures through tools that aim to mitigate them and the consequent impact on operational losses.

The management structure establishes a shared performance of the Operational Risk, in which all employees are responsible for complying with their processes, encouraging commitment to results and participative management.

The methodology used for Operational Risk management comprises qualitative and quantitative stages: qualitative and quantitative. The first stage includes the survey of critical processes, the identification and assessment of risks and controls using tests on the operating design and effectiveness of controls and finally, the strategy for responding to residual risk - either through action plans for improvement or monitoring actions. The risks identified contemplate the legislation in force.

The quantitative stage consists of identifying operating losses and formation of a basis aimed at recording the information related to events resulting from the exposure to the Operating Risk, enabling the identification of the reasons for the most representative losses and their root causes, allowing the generation of action plans with the purpose of reducing future losses.

Operational Risk Management also includes the monitoring of key risk indicators (KRIs) that monitor the main reasons for losses to the Bank. Indicator tolerance is aligned with the risk appetite and when this metric is exceeded, actions are generated to have the risk returned to acceptable levels. All incidents are monitored and recorded in a specific database for purposes of taking actions to resolve problems and prevent recurrences.

The Bank also has defined procedures for the management of significant third parties. The management process is driven by the risk involved in the activity, with a structured process of segmentation, hiring, monitoring, management and termination.

The Bank calculates the RWAopad portion for the Alternative Simplified Standardized Approach. The entire calculation methodology of the approach adopted by the Bank was defined according to the consistency criteria, being liable to verification and duly formalized.

The Business Continuity Management, which is also included in the Operational Risk Management level, covers all companies of the Prudential Conglomerate, and seeks to assure the Bank's sustainability at acceptable levels in the event of crises that may interrupt its activities. To this end, the processes identified and classified as critical in terms of business continuity have their contingencies planned and tested, aiming to reduce the impact of incidents. It provides a safer environment for operations, clients and counterparties, as well as to stockholders. The Bank's Business Continuity Management encompasses three touch points: Technology Continuity; Continuity of Service Points and; Business Continuity (Central Management).

The Bank adopts a methodology that enables it to define contingency strategies, determining alternative procedures and measures to promote its resilience in critical times, even if adverse events occur that cause the interruption of the activities. All of these specifications are formalized in Operational Contingency Plans, periodically updated and published in order to assure their ready access, covering the entire structure of resources and personnel required for business continuity. The Bank's Corporate Contingency Plan focuses on a restricted scenarios that could affect client service and services provided.

f) Social, environmental and climate risk management

Social, Environmental and Climate Risk Management are derived from the improvements of the tools for identifying, controlling and mitigating the relevant social, environmental and climate impacts inherent to the banking activities and stakeholders.

Based on the Social, Environmental and Climate Responsibility Institutional Policy (PRSAC), the actions to control and reduce the impacts of the Bank's activity comprise the proper management of waste and the mapping and continuous study of opportunities that may contribute to efficiency in the consumption of energy and natural resources.

In this regard, the Bank's Social Risk Management includes the continuous monitoring of people included in restrictive lists of work analogous to slavery published by the Ministry of Labor and Social Security, as well as people who have some type of precautionary measure in force applied by the Brazilian Health Regulatory Agency (ANVISA), whose economic activities carry out are of high health risk. Clients that present these restrictions will have minimum decision-making authority in the analysis of business proposals.

Regarding the Environmental Risk Management, its mitigation is carried out through the inclusion of restrictive environmental alerts for people responsible for the recovery of contaminated or degraded areas, as well as owners of properties embargoed due to practices that do not comply with environmental regulations. Assessments of real estate guarantees and properties arising from debt settlement processes are also carried out. All urban properties subjected to these processes have a report showing signs of soil contamination.

With regard to climate risk, the sensitivity rule for this risk is applied to the Institution's loan portfolio. With it, Mercantil is able to identify, based on the criteria of relevance (nature of activities and quality of portfolios) and proportionality (share of the portfolio in the total loan portfolio), which are the economic sectors and the stakeholders more sensitive to climate risk.

Furthermore, Mercantil assigns its clients a Classification of Exposure to Social, Environmental and Climate Risks, which varies from "A" (highest risk) to "C" (lowest risk), with predominance of the worst partial classification between categories. Those clients that have high exposure are treated at the minimum level of the Credit Committee, complying with the value cuts to reach the final level of the Higher Credit Committee.

These clients are also monitored by Mercantil regarding the quality of their loan operations, as well as their balances invested in funding products and the counterparties of investments in interbank deposits and marketable securities. These monitoring and follow-ups are carried out by Mercantil's stakeholders, which include employees, product and service suppliers, borrowers and investors.

Collating information on social and environmental risk was improved at client relationship inception in the credit granting and management process, as well as the relationship of the Bank with third parties; this is now based on clauses and processes that require a more socially and environmentally responsible network of companies.

20. OTHER INFORMATION

a) Sureties and guarantees - the balance of sureties and guarantees provided by the Bank and its subsidiaries amounts to R$ 179,180 (R$ 108,341 in December 2023).

b) Investment funds – investment fund management is carried out through the subsidiary Mercantil do Brasil Distribuidora S.A.

c) Insurance contracted - the Bank and its subsidiaries have insurance coverage considered adequate by Management to cover potential losses.

d) Clearing and settlement agreement - the Bank has a clearing and settlement agreement within the scope of the National Financial System, in accordance with CMN Resolution 3,263/05, to assure settlement of its assets with financial institutions.

Further information can be obtained on the websites of the Institution (www.bancomercantil.com.br), of CVM website (www.cvm.gov.br) and of B3 S.A. - Brasil, Bolsa, Balcão (www.b3.com.br/pt_br/).

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