Santander

Camila Stolf: Good morning everyone. Thank you for joining us for our second quarter 2025 earnings videoconference. We are live here from our headquarters in São Paulo and, as always, will split this event into three parts.

First, our CEO, Mario Leão, will discuss the key highlights of the quarter and the strategic directions for the upcoming periods. Then, our CFO, Gustavo Alejo, will provide a detailed analysis of our performance. And finally, we will have the Q&A session.

I will now provide some instructions. We have three audio options on the screen: all content in Portuguese, all content in English, or the original audio. To select your option, simply click the button located at the bottom center of your screen. To ask a question, click on the hand icon, which is also at the bottom of your screen.

The presentation we are about to deliver is already available for download on our Investor Relations website. And now I hand it over to Mario to begin the presentation.

Good morning, Mario.

Mario Leão: Hello, good morning. Welcome, it's 10:02 a.m., to our second quarter presentation for 2025. I will start by highlighting the key points and then cover a few slides on some strategic topics that I want to share with you so we can quickly get to the numbers and have enough time for the Q&A.

As you have already seen, we have a quarterly managerial net profit of approximately R$ 3.7 billion – a small decline from the last quarter. Regarding profitability, we achieved 16.4%, which is also slightly below the first quarter, yet with a positive evolution of nearly 10% in profit and almost one percentage point year-over-year.

Highlighting the main lines that we will later discuss and elaborate on in the Q&A: our net interest income declined by 3.3%, essentially because of the market NII, due to the anticipated effect of the evolution of the carrying cost of our ALM portfolio, given the increased Selic and a slightly less positive performance in our trading division.

The year-over-year performance was still positive, and we will see a positive evolution in client NII, which shows that the franchise as a whole, whether in liabilities or assets, continues to evolve in the direction we want, even though we are not growing the portfolio.

We have a quarter with a slight positive evolution in fees. More important than the aggregate number is that several of the fee dynamics display a significant evolution this quarter, while some others are either flat or have shown minor growth. But we are showing that many of our businesses are progressing in the desired direction, indicating that the franchise is diversifying and spreading across multiple fee lines, and we are successfully growing several fee items with less portfolio growth, which is precisely what we are trying to achieve – extracting more productivity from our assets.

We have an increase in the cost of risk in the quarter, which we will explain in detail. It relates to some very specific portfolios, and we are seeing the most recent vintages from the last few quarters evolving as we want. However, this quarter we have a reinforcement of provisions in some portfolios, which leads to a one-off rise in our cost of risk.

We have, in terms of expenses, a very positive delivery, not only a year-over-year figure nearly 400 basis points below inflation, at 1.5%, but also a quarter in which we see a material drop of 2.5%, which makes our efficiency ratio the best in the last three years. And, obviously, we are striving for even more here.

As major levers, we continue to focus exactly on the same theses of building an increasingly solid, resilient, and diversified operation. We continue with a management compass, which I shared with you last quarter, our Golden Rules, detailing what, how, and where we want to operate, and we keep executing this strategy in a very disciplined manner.

The result, as I always say, is not linear, but it is aimed precisely at where we want to go, and we will be able to continue evolving clearly in the quarters to come in pursuit of that goal I have already mentioned a few times here of taking our profitability to 20, 21, 22% in the coming years.

All of this only happens with a lot of embedded technology; all of this only happens with a continuous improvement in the customer journeys and relationships, which is what I will cover right now on the next slide.

Quickly discussing the customer journey, I could talk for an hour about it, given our passion for this topic. We are still growing our total customer base, which is now at 72 million. Our active customer base is also increasing, reaching almost 34 million, and especially, our principality agenda, or the customers who select us for a primary relationship, is growing by 20% year on year.

We continue with an NPS that is growing significantly over a period of one to two years, both in the individual and business segments. Now in July, we are continuing this growth journey, so we are possibly hitting our NPS record this July. I will be able to provide more information about this in three months.

Speaking of how we are increasingly engaging customers at the margin, I already mentioned in the last quarter our One App, which is our big leap of an app that is being rolled out every week, every month, to more audiences. Now in the third quarter, we expect to make a more material evolution in how many customers have access to One App so that we finish the year with a broad base of customers accessing it.

But here I wanted to highlight a specific point about One App, which is not just the centralization of the customer relationship with the bank in a single app, a premise that is already quite

relevant, but also the fact that our One App was built with a conversational capability that we have never had before and is possibly a market leader.

Over the past two years, we have built a completely new CRM platform that we call the Customer Interaction Platform, which basically allows conversations within the context of the app, contextualized to the moment the customer is experiencing, consuming, etc., hyper-personalized and, therefore, with much greater accuracy.

Here I provide some data: we have 245 conversation possibilities, we have a much greater response to these stimuli, a conversion rate 2.3 times higher, and an interest level more than 2 times greater. So we are achieving, with this pilot that we are now rolling out to the entire customer base, much more success in our digital engagement with customers.

And speaking of the app – this is already embedded in the current version – we are increasingly transforming into a big wallet. And we say here that we want to be the bank of all accounts.

We are launching in this last quarter the "Trazer dinheiro" functionality, which basically allows customers to command from the Santander app that money from all other institutions and relationships, of course, all via Open Finance, can come to the bank and we can operate, enabling the customer to manage their entire banking relationship through Santander.

So there is no need to have a separate wallet; the customer can be here at Santander and manage their entire banking relationship through the Santander wallet, so to speak.

We also have a new payment experience that has already been launched and works very well, resulting in our payment NPS being 86, which is one of the highest NPS we have, and the Pix alone has increased by 17 points year over year.

We also have proximity PIX in a specific wallet, meaning we continue to evolve significantly in the payment journey.

Payment is obviously our most frequent point of contact with the customer, and we are very focused here and continue to evolve with very good results.

Speaking of four of our main businesses, I will briefly highlight, as we always do, some of them. We can elaborate later.

Our consumer finance unit continues to be a source of pride. We have the largest consumer finance business in the market, but more than that, the most digital, the one that evolves and modernizes the most.

We finance half of the electric vehicles in Brazil, and it is Santander Financiamentos that handles this. We have a very streamlined journey, and this serves as a major lever for fees.

We don't discuss this much, but the robustness of our consumer finance unit greatly supports our insurance account. We have made substantial progress in insurance penetration over the last one to two years, and it is one of the key contributors to the bank's fees.

And the fact that, as you will see shortly, our consumer finance is starting to grow again in the second quarter with more emphasis, after a first quarter where the market was a bit more timid, brings a strong expectation for this line going forward, whether in terms of one-off results in fees or margin.

In cards, we continue to achieve considerable success with our growth strategy. More than half of our portfolio is now aimed at high-income clients, and we are carefully selecting low-income clients, as we also have the card business. We are seeing a 13% growth in turnover in the short term, and we are offering fewer products, which means that we are on a journey that is increasingly streamlined and more efficient.

So, the card agenda continues to be — as you will see shortly in fees — a major agenda of recurrence, transactionality, principality, and also of results.

In small and medium-sized businesses, we made a revolution a year and a half ago. We removed the specialists from the stores. We even launched a campaign now, where we talk about “the bank that left the bank”. So, what we mean is: we truly removed the traditional concept of the classic bank account manager, who would sit behind a desk, waiting for the business client to visit the branch or store.

And our specialist today, whom we are increasing the number by almost 30%, no longer stays in the store. He moves around a micro-region, with an iPad, a computer in hand, with a visit map, and is making four times more visits than he did a year ago, which is very powerful. We want even more than that, but more than just the number of visits, we want productive, in-depth visits, where the client feels embraced by Santander, more than by any other player, and we are succeeding in this.

So, we are growing revenues significantly here, we are growing principality, and obviously, along with that, transactionality and earnings.

And the last business we highlight, which we have talked less about, just to touch on two lines of fees, which are super relevant, already amounting to over a billion reais/year for us, and we believe that with some effort, they can double over the next few years, which are “consórcios” and premium bonds.

We have evolved materially in "consórcio", as you can see here with the revenue base at 100, where we stand in the first half of this year, and also in premium bonds, which is a business we have already consolidated for a bit longer, and it is also growing, especially in a digital journey and mainly with clients' self-consumption, with our premium bonds evolving significantly.

So, these are two businesses that we wanted to highlight, we believe strongly in them, and they show how we are diversifying our fees across different lines and counting on ever-growing pots of billions of reais, in some cases several billion reais, as is the case with cards and insurance, to diversify and bring more quality to our income statement.

And here, to wrap up my introduction, I wanted to emphasize our efficiency agenda. Efficiency is much more than just the expense account itself; it is about how we are transforming the operation, how we are transforming the business.

None of this would be possible without technology. This is not just to embed the technology talk into the strategic narrative. None of the most relevant things we are doing exist without technology. So, it has never been so important, it has never been truer: "technology is business," as we say here. We do not say "business and technology" here; we talk about "technology embedded in business," we talk about business domains, and now more and more we talk about business domains together with the Group.

Thus, three pillars that I wanted to highlight: the first pillar is how we are carrying out our digital transformation, creating better experiences. I mentioned One App now, but it is much more than just the new application; it encompasses the new app, the new journeys within the current app, the new app, and the components we are increasingly building together with the Group.

So, perhaps for the first time, Santander Brasil will start to benefit from being part of a large Group. We are building entire platforms and platform components together with the Group. What does this mean? That Brazil stops doing its own thing, Portugal its own, Mexico, Spain, and the United States – we start doing it in a coordinated way, with clear leadership from Brazil, given that much of what revolutionizes the market starts here in Brazil, but we have been doing it together.

Therefore, we need to invest less in relative terms, since we are investing together, and we gain much more agility by taking out components that other countries may have developed ahead of us.

As a result, we are able to invest more in technology than in all other areas. You can see on a base of 100, we invest 30% more in technology over a two-year period, while our investment in other types of bank expenses barely changes, moving from 100 to 103.

We are reducing the number of products by more than half. I mentioned cards, but this applies to all. We have thousands fewer products on the platform, which means lower processing costs, lower training costs for teams, and lower customer service costs, whether in sales or post-sale.

We have already reduced infrastructure expenses by 23% in just two or three years, and we have also reduced the cost to serve the mass income segment by 11%. The mass income segment, or low-income customer, is one where we can only truly make the operation profitable

if we reduce the cost to serve and, obviously, carefully select the customers we want to do business with.

We are managing to reduce the cost to serve already by 11% on a short-term basis; we want to do much more than that, but it's a good first step.

Second block, store optimization. We call our branches "stores". This is not about closing branches, this is not about a spending issue per se, it is about realizing that the customer has indeed changed the consumption dynamics, the dynamics of interaction with us.

Customers today visit our stores 36% less over a two-year period. This is not exclusive to Santander; it is happening across the market as a whole, and not coincidentally, digital consumption has increased by 38%. In other words, digital sales have grown by 38% over the same two-year period, nearly 40%, while store visits have decreased by 36%.

If we were to look a bit further back, the reduction was 60% or even more. As a result, we need a different network, one with fewer stores in practice, but with better stores.

So, we merge two stores into one, we merge three stores into two. The term we use is store merger and not store closure, and we are operating a smaller network each quarter, but with the network providing increasingly better service to customers.

The proof of this is that we have 36% more sales per store, we have indeed reduced store expenses by 24%, and along with that, we are also reducing non-operational, non-commercial work done in stores by 7 percentage points.

This has been an effort for many years, but we continue to remove the operational work from the stores and allow people to truly focus on serving customers.

And the last pillar, as it could not be otherwise, is AI. We have been discussing this here for some time, the entire market has been talking about it, and it will be no different, but the Santander Group has decided to embrace the theme of AI, and Brazil is no exception.

In a broad strategic way, we are creating a new role, the CDAIO, the Chief Data and AI Officer, and alongside it, which has already been appointed here in Brazil, a structure to promote transformation through AI across the organization.

It is not merely a matter of chatbots, it is not just about technology. It involves everything from legal to finance, covering risks, investment advisory, technology, and customer service; in other words, it is an across-the-board theme, it is an institutional theme, and we have absolutely embraced this and will share cases with you over each quarter.

A quick case I mention is: when we are updating codes from legacy programming languages, such as old Java languages, we previously had to code the new language, compare it almost side by side, and create the lines in a simplified manner, one by one.

With GenAI, we are able to cut the time we spend on this by 98%, achieving an accuracy of 97%, which means updating codes requires much less work. This is just one example.

Another example is our investment advisory, featuring “Pitch Maker”, launched last quarter, which reduces the time to create a customized pitch from over half an hour to just a few seconds. We say here one minute, but it's actually 30, 40 seconds, so we have made significant progress here as well.

In the chatbot, which is the classic case that everyone mentions and we are also using it, we have already reduced the interaction time by almost 40%, and when we talk about low-income, where interactions tend to be simpler, the time drops by almost 60%.

With that, I will hand it over to Gustavo to discuss the numbers, and I will return at the end for the closing remarks and Q&A. See you soon, thank you.

Gustavo Alejo: Thank you, Mario. Good morning, everyone. Let's talk about the results.

I will begin with the loan portfolio. The loan portfolio reflects our active portfolio management and the ongoing efforts to enhance the profitability of all our businesses.

I highlight the positive evolution of cards, which had a growth of 13% year over year, 16% growth in consumer finance, and 11% growth in SMEs.

In the individual retail segment, the portfolio remains stable, but with important changes in the product mix composition, including the positive evolution in the card portfolio, which has good credit quality and provides us with more transactionality, as well as an 81% increase in personal loans backed by “FGTS” or investments and about 7% year over year in real estate.

We reduced our exposure in public payroll loans and in “INSS”, due to the factors we have already discussed and disclosed, and similarly, we reduced our exposure in unsecured personal loans by 34% compared to the previous year, focusing on higher risk profiles.

The change in the corporate loan portfolio, which is negative for the quarter, is primarily due to exchange rate fluctuations and the reduction in demand for drawee risk operations, which was the subject of IOF discussions during the period.

Regarding customer funding, the composition remains aligned with our plan to increase the relative share of retail in funding, based on greater loyalty and transactionality with our clients, and the growth in term deposits in the individual segment is very positive and at a faster pace than other segments, demonstrating the evolution of principality with our clients.

Let's move on to net interest income. Client NII grew by 1.9% in the quarter. The components of this margin include a credit NII that stayed stable during the quarter, despite a lower average loan volume, as you can see here, but was benefited by a better mix.

And the funding NII evolved positively, with a greater relative share of retail deposits, as I have already mentioned, in addition to the effects of the “CDI” on the base. Also, in the annual comparison, the growth in net interest income here is higher than the loan volume, which demonstrates pricing discipline and optimization of the asset portfolio.

As a result of this more favorable mix of assets and liabilities, alongside the increase in the “CDI”, the spread rose by almost 200 basis points year over year. Sorry, 100 basis points year over year.

And regarding the market NII, the increase in the average Selic rate during the quarter had an effect on ALM, as previously indicated in earlier disclosures. The Selic of 15%, hiked in the last month of the quarter, and its potential persistence at this level throughout the year, influenced the result of this line. However, it is worth noting that the planning for this line for the year remains the same.

Our operation, as Mario mentioned, in market making, delivered a good result this quarter, following a record performance in the previous quarter.

And fees, despite the lower growth in loans and the partial migration of fees related to loan operations to net interest income, under Resolution No. 4,966, have shown resilience and achieved growth of 1.3%.

Cards benefited from increased transactionality, while “consórcios” had a better performance, growing by 6.5%, driven by both the macroeconomic scenario and our sales force.

Moving on to provisions, the provisions for the second quarter showed an increase of 7% compared to the previous quarter, and this change is mainly explained by two effects.

The first is related to the rise in provisions in the corporate and agribusiness portfolios, which totaled about R$ 450 million in the quarter. This total is partly composed of new cases of Chapter 11 filings, and another part consists of clients where we adjusted the provisions according to the expected recovery of the loans.

The second effect arises from the early loss recognition for operations with a low probability of recovery, in our view. The volume of written-off assets was R$ 2.5 billion and resulted in a reduction of provision costs of around R$ 200 million.

On the other hand, we sold other non-performing loan portfolios during the quarter that nearly fully offset this amount of R$ 200 million. The total value sold from this non-performing portfolio was R$ 3.8 billion.

We have seen better performance from the retail consumer finance portfolio vintages, which, following the risk and return logic, has been doing well, with fewer delinquencies and less need for renegotiations.

In the quarter, the percentage of the NPL portfolio from 15 to 90 days fell to 4%, compared to 4.1% in the previous quarter, reversing the upward trend of this indicator observed in the first three months of the year.

As I had previously indicated in the last release and as expected, the rollover of the mortgage portfolio to over-90 did not materialize, reducing this portfolio in the first tier of NPL.

So, in general, most individual retail products recorded a decline in rollover percentage rates in the quarter, even though the smaller portfolio during the period impacted the denominator.

In the business segment, we had an increase in the 15 to 90 NPL concentrated in small and medium-sized enterprises, primarily due to the macro environment. Here, we are operating with more collateralized products that serve our clients well in the current scenario.

We also observed an improvement in the percentage of the NPL portfolio exceeding 90 days, the over-90, which decreased from 3.3% to 3.1%, and this was affected by the early loss recognition on operations that I just talked about.

Well, expenses. We will present here the data on the evolution of expenses. We are making progress in our pursuit of efficiency with a focus on cost control and better resource allocation, as we have been discussing.

Over the year, expense growth was well below inflation and showed a decline in the quarter, which is significant. We observed a reduction in personnel expenses in the quarter due to a one-off increase in benefits during the first quarter.

We demonstrated a similar trend in administrative expenses, which also aided in the improvement of the efficiency ratio by 40 basis points in the quarter and 250 basis points in 12 months.

Finally, I would like to share our income statement. We finished the second quarter with a profit of R$ 3.7 billion. This represents a 10% increase year over year, an 80 basis points growth in ROE, and CET1 at 11.6%.

Revenues experienced a growth higher than that of expenses, which, in turn, grew well below inflation. Our loan portfolio demonstrates an improved risk-return combination, backed by funding with a more favorable mix of instruments, clients, and pricing.

This performance in light of the current macro scenario shows that the discipline with which we have been managing our balance sheet over the past few years leaves us better prepared for short-term volatility, confirming the pursuit of increasingly sustainable profitability.

So, I will stop here and turn it over to Mario for the closing remarks. Thank you.

Mario Leão: Thank you, Gustavo. Here to wrap up quickly, just finalizing with some strategic points so we can jump right into the Q&A. You have several questions and we want to debate with you.

Four messages. Principality and the evolution of satisfaction. Thus, our obsession remains 100% directed towards the customer, an obsession with the customer, an obsession with the journey, to provide better journeys, to draw customers closer to us, so they can interact more with us in a contextualized, personalized, and increasingly engaged manner.

For this, unified and multichannel journeys, increasingly powerful, with a lot of embedded technology, featuring a completely new payment experience and our One App, which will increasingly become a reality throughout this second half.

Technology continues to be a major lever for our transformation. You will keep hearing more cases and more data that show how we are evolving.

We will continue, as I have mentioned here for a few quarters or even years, to pursue a powerful efficiency agenda in which we, of course, preserve the franchise, reinforce the franchise across all fronts and dimensions where we need to grow, and continue doing so, such as in technology, but we seek an efficiency agenda with revenues that grow in the right way and expenses that are under control, as we showed this quarter.

And, to conclude, the businesses continue to evolve, we continue to grow in the businesses we have chosen to grow, and yes, knowing how to fund this growth, reducing some others where, due to profitability, due to capital discipline, it makes less sense to grow.

Therefore, with this, the growth agenda remains, a portfolio diversification agenda, with better quality figures, and directionally, we continue to believe in the growth of profitability and results together, over the upcoming quarters and years.

On that note, I pause so we can proceed with the Q&A. Camila, over to you.

Camila Stolf: Thank you, Mario and Gustavo. We are now going to start our Q&A session. To participate, just click on the hand icon at the bottom of your screen.

We will respond to the questions in the language they are asked. We request that each analyst ask only one question so that everyone can participate.

Our first question comes from Thiago Batista from UBS. Good morning, Thiago.

Thiago Batista: Good morning, Camila. Good morning, Mario, Gustavo, Debora. I have a question regarding ROE. This quarter marks the first time in a long time that we have observed a slight decrease. Yet, Mario, you have been indicating that you aim for the bank to have a return significantly higher than it is now, around 20%. I want to link this to Santander Spain´s earnings call this morning. During this call, it was mentioned multiple times that ROE could be

20%, or even surpass 20%, but there was almost always a comment regarding Brazil's interest rate, suggesting that perhaps with Brazil's interest rate at 12%, it would be feasible to boost this return.

My question here is: what are the levers you have? I assume that efficiency won't be greatly affected by the Selic, but what levers do you have? If the Selic continues at current levels, which are higher than almost everyone expected, can we reach that return of 20% or not? Or is a decrease in the Selic to a level, say, low double, crucial for us to see the ROE truly progressing to that 20% level? It doesn't need to be that exact number, just something above the current level.

Mario Leão: Thank you, Thiago. Great question. Just to provide some context, the Group has been talking about aiming for 20% as a profitability target in the coming years for the Group as a whole. There are some businesses within the Group that already generate a ROTE above 20%, while others are well below 20%, which is not the case for Brazil, and there are those that are looking to converge towards 20% over the next few years, like Brazil.

It is indeed true that the Group pays close attention to the topic of interest rates in Brazil, as any investor ought to. The Group, let's not forget, is one of the largest foreign direct investors in Brazil, it is the Santander Group, which has several tens of billions of reais in capital and over 10 billion euros, nearly 15 billion euros in capital in Brazil.

So, it is natural for the Group to look at the macro concerns related to Brazil. The Group has little or no concern about execution capability, but obviously, the macro environment raises at least questions and challenges, and the Group's investors rightly pose these challenges. The investor who buys the Group's stock, which has performed well this year, looks at the portfolios and sees where the points of concern are, and the high interest rates in Brazil are one of those points, and it couldn't be any different.

The interest rate at 15% is the highest in the last 20 years. If it were just a snapshot and would soon fall, we would hold on a bit longer and then it would drop, but we know it will remain in double digits for at least a few years down the road. And when it does fall, we imagine it will drop at the turn of the year, at the beginning of next year, but our official projection is that it will only, quote, drop 200 basis points, ending next year at 13%, which is still a high level.

Therefore, the concern about the interest rate level in Brazil is valid for Santander investors, for Santander as an investor in Brazil, and it should be a concern for everyone here, because it is not good for economic activity, not good for loan portfolios, not good for the country's growth, and the financial health of sectors. So, I think it is an important point to be monitored, and we have to live with it.

How does this reconcile with our ambition, which I emphasized today at the opening of the earnings call, that we remain determined to reach the 20% level? Obviously, a higher Selic makes this challenge mathematically a bit more distant, because the higher the Selic, the more

expensive it is to carry our bond portfolio, as is the case with any bank, and all banks have a significant bond portfolio.

We historically faced an additional challenge with the high Selic rate, which was how we funded our retail and consumer finance portfolio, as we historically did this without any hedging, and we have been covering this for almost a year now, and we have mentioned that at the margin we have been hedging, if not fully, a substantial amount of this new origination.

Therefore, we have been working increasingly neutrally in marginal origination, but there is still an inventory. So, the inventory that has not been hedged, plus the bond portfolio, suffers when interest rates rise.

If we continue to believe that we will reach profitability of 20% plus in the next few years, Thiago? Without a doubt, yes. Do we need the Selic to fall for that? We will work to ensure that we do not depend on the Selic falling for this; there are several other levers besides the drop in the Selic to improve our results.

You mentioned efficiency. Without a doubt, the efficiency agenda that I made a point to emphasize today, I made a slide about it, and in meetings with you, analysts, and the buy side, we have also talked about it. This is a major lever; it cannot be the only one, and it has to be done well because it is not an agenda of reducing expenses just for the sake of reducing expenses. It has to be done alongside the evolution of the customer journey, the evolution of principality, the acquisition of new customers, and we evolve the portfolio in the direction we want.

However, the efficiency agenda is undoubtedly a major lever, and it alone accounts for much of the difference from the high 16%, 17% give or take, that we are on a base with a somewhat longer period, to the target of 20%, which essentially means growing 20%, rounding down a bit, 15% to 20%, the profitability of what we currently have.

Efficiency, without a doubt, and on the revenue side, or “ingressos” as the Spaniards say, we can also evolve quite a bit. We don't need to materially evolve the portfolio, although we will work to evolve the portfolio where it makes sense to do so, but we can continue working on margin.

We have maintained a very good spread discipline, as Gustavo mentioned, both in credit, where we are growing the credit NII better than we are growing the portfolio, and in funding, we have also benefited from a higher Selic rate, but more than the Selic itself, we have done a good job with the mix.

We are bringing the bank's funding to be supported by retail, so the bank's growth has increasingly been funded by retail rather than wholesale. This is also another major source of profitability because it is a margin without capital, a margin that we bring without having to allocate a portion of the balance sheet.

And the fee business, which we talked about here, I touched on a bit, Gustavo mentioned it, several lines advancing on an annualized double-digit basis. What we need to do is improve in capital markets, improve in insurance, and keep up the growth pace of the rest: cards, accounts, “consórcios”, funds.

If we can have all the fee lines performing between two, three, plus percent on a quarterly basis, we will achieve an annualized fee account in double digits, which will bring efficiency and, consequently, a much greater efficiency of results and capital productivity.

So, yes, we continue to believe that the Selic helps, of course, the Selic going down again next year will bring a better market NII result for us, which will help this profitability figure get closer in time to 20%, and we don't want to stop at 20%, as I have also stated – 20% is just an important threshold that we want to reach, and management remains quite confident that we will achieve this in the next few years.

Thiago Batista: Perfect, Mario. Thank you very much.

Mario Leão: Thank you.

Camila Stolf: Thank you, Thiago. We now have a question from Daniel Vaz from Banco Safra.

Daniel Vaz: Hello, Camila, Mario, Gustavo, good morning. So, I wanted to direct my question towards a cautious scenario and a bit about the short-term NPL in SMEs that we observed with a 50 bps increase in that 15-90. Currently, I think the main growth area for the bank, aside from consumer finance, when we look year over year here, is SMEs, which also showed a greater appetite in the last 12 months per se and some inquiries about SMEs. However, when we look at some market inferences, activity, and the financial health of SMEs that we can see from other companies, this appears to be worsening more severely. So, I wanted to hear how much this concerns you, and of course, the bank has been talking about caution for some time, and I would like you to outline today, within these cautionary concerns, where SMEs stand compared to low income, compared to wholesale, possibly with more Chapter 11 filings. I think it would be nice for us to hear that. Thank you.

Mario Leão: Thank you, Daniel. I can comment on it and Gustavo may add his input.

Here, we continue to believe in the small and medium-sized business segment. In our view, it is a huge opportunity, more than just a great opportunity. We have a share, we are talking about a quota between 7% and 7.5%, and we believe we can grow this to double what it is today.

So, this means growing more than the market in small and medium-sized enterprises, which does not mean that every month, every quarter, we will do this, because we will be cautious about how we allocate capital, in which subsegments of small and medium-sized enterprises we focus this growth.

And of course, at the end of the day, we want to have a more profitable bank that accelerates, as we mentioned a little while ago, the convergence to 20%, 20% plus of ROTE, but we continue to believe in the segment.

Does the macro scenario affect small and medium-sized enterprises? The macro affects all sectors. Nothing is immune to the macro, and no bank is immune to it either. Frankly, I don't believe in the idea of immunity to the macro, and I hope you don't either, because it's not true.

Small and medium-sized enterprises are affected by an interest rate that starts at 15%, and obviously, there are higher spread costs here, given the risk involved, aside from government lines. So, you have a higher risk now than when the Selic was moving towards 9, 10%.

We continue to believe that this is one of the areas where we should seek to grow the most, and this means that we will have the caution we are exercising across all portfolios, but directionally we still want to pursue growth in SMEs, whether through loans, direct loans, taking risk, or government lines, which is loan but with some type of support from “FGI”, “Pronampe”, or through everything else we can do with small and medium-sized enterprises, which is not just lending, it should be noted.

Our most profitable portfolio of all, I mentioned this in the last quarter, is the small and medium-sized business portfolio, with a profitability far above, really far above, the 20% ambition we have for the portfolio as a whole.

So, we need to keep knowing how to grow with the right transactionality, bringing the acquiring business with Getnet along, the floating business, the fee business; the principality of this SME client is worth a lot, and it often does not demand lending itself.

By the way, our SMEs business, Daniel, is self-funded by a good margin. We have much more deposits in SMEs than we have in loans, which means we can continue to evolve here, and the business will fund itself, and it is relatively cheap funding, just like that of individual retail clients.

So, directionally it doesn't change. Of course, we will be more cautious in NII here, as is the case with other portfolios, given the macro environment, which does affect SMEs, but there is a lot more to do with SMEs beyond loans, and we have been managing this well and will continue to do so. Therefore, you should continue to expect that this is a portfolio we are growing, like the consumer finance you mentioned, disproportionately compared to other portfolios.

Daniel Vaz: Good, thank you.

Camila Stolf: Perfect. We now have a question from Gustavo Schroden from Citibank. Hi Schroden, good morning.

Gustavo Schroden: Good morning, Cami. Thank you. Good morning, Mario, Gustavo. Thank you for the opportunity. I will continue here on the topic of asset quality. I think it's a subject worth exploring a bit more. As Vaz mentioned, there has been a deterioration that we observe in

SMEs, but if you look at the NPL in general, there was even a slight improvement. However, if we look at the stage, the exposure, looking at Resolution No. 4,966, the exposure in stages 2 and 3 increased by 100 bps, rising from 8.1% to 9.1% in the combination of stages 2 and 3, and here we know that from stage 2 onwards, it also starts to require more provisioning.

I would like to understand from you if this increase in stage 2 and 3 is also related to SMEs, or if there is another segment that has also affected stage 2 and 3, such as agribusiness. And still along this line of asset quality, could you also explore this policy of accelerating write-offs? I think it's a somewhat different approach from what we have observed in the industry, given that Resolution No. 4,966 provides greater flexibility in the write-off period, I see Santander going in the opposite direction. I think it's worth exploring this as well. Thank you.

Mario Leão: Alright, Gustavo. I think you can start, Gustavo, I'll add my input.

Gustavo Alejo: How are you, Gustavo? Well, generally speaking, we have the impacts on the stages, they come from what I mentioned. So, the Chapter 11 filings impact stage 3, which is the significant movement of the quarter, just like agribusiness, the agribusiness companies that are in Chapter 11 or companies or agribusinesses that we assigned more provisions to, believing that the expected loss may be greater. So, basically, we are seeing it that way. As I noted, the individual retail consumer finance portfolios have been performing well, leading to fewer entries, and thus fewer loads of them in the stages. We monitor the coverage for the stage very closely. Therefore, I believe we have good coverage by stage, which is important. What else? The second part?

Gustavo Schroden: Write-offs.

Gustavo Alejo: The write-offs have the same dynamics. We operate based on expected loss, so if we determine that there are portfolios we believe will have low recovery, we will, as a policy and dynamic, recognize it early when we consider that the portfolios will not reach the recovery volume we estimate.

So, it can happen. I think it's healthy for us to do this. We made an important move in the quarter, and it's good that we are increasingly having a cleaner portfolio, given that I am saying we have better new vintages. The sooner I assess and start removing what we don't believe will have a good recovery level, I think it's a very healthy dynamic for any risk management and balance sheet management of any institution.

Mario Leão: We have been doing, just to complement Gustavo, exactly what Gustavo mentioned, and we have been doing this for quite some time. We have had a renegotiation policy for agreements, which I have mentioned here in some earnings calls. We have also been much more restrictive in agreement policies. We virtually do not make any agreements anymore in the individual, corporate, small business segments, where we do not have a cash component with some materiality.

Thus, in practice, this also leads to an acceleration of provisioning compared to a more, let's say, permissive methodology, in quotes, here, where we could make agreements without any cash component. Hence, we have also been for at least two years, but in a very concentrated manner, for at least a year, in which we do not have agreements without cash.

The theme of accelerating the recognition of losses aligns with the same dynamic, where we want to have a portfolio that, at the margin, is healthier and cleaner each month, each quarter, and this de-risking, if I may call it that, continues. This quarter we took that step. When we have opportunities, so to speak, to do this more, we will prefer to do so rather than prolong the duration of this recovery effort. So, you should expect and demand from us this management more and more going forward. Thank you.

Gustavo Schroden: Perfect, thanks everyone.

Camila Stolf: Thank you. Now we have a question from Eduardo Rosman from BTG Pactual. Hi, Rosman. Good morning.

Eduardo Rosman: Hey, good morning. Good morning, everyone. Two follow-ups here. The first, at the Santander Group, they also announced a one-off impact of 467 million euros. I think this is the main reason for the difference between IFRS profit and BRGAAP profit, but I wanted to hear from you if that's correct and how one relates to the other over time.

And the second question is still about the topic of asset quality. I believe one of your competitors has been discussing that NPL in the vehicle system has been deteriorating at the margin, and for them, this is an important indicator of declines in the last cycles over the past 10, 15 years. How do you view this? Are you noticing any deterioration? Do you agree that it is an important indicator to keep an eye on? It would be great if you could elaborate on this as well, thank you.

Mario Leão: Thank you, Rosman. I'll comment on the first one, and then Gustavo will complement the topic of asset quality.

This balance sheet reinforcement, let's call it that, a provision reinforcement that the Group made, allocated to Brazil, for context. First, the Group, for those who follow it more closely, had a very positive quarter, with all indicators ticking the boxes, etc., and the Group would have had an extraordinary result, a surplus associated with the sale of an asset that was finalized this quarter, and this surplus could have been reflected in the results and further improved the Group's second quarter, but the Group preferred to use it to reinforce provisions in the global balance sheet.

Given, even the first question here from Thiago, the concern with the Selic, with the macroeconomic scenario in Brazil, etc., and given the level of provisioning under IFRS 9, which Brazil, in this version of IFRS 9, not Resolution No. 4,966, I will get to that, that Brazil had, the Group said, well, since I have this ability to reinforce the balance sheet in a conservative and preventive way, etc., it's not that we have something now, first of July, we had, we have first of

August, but the Group, since it had this ability, preferred to make this reinforcement, in a preventive and conservative manner, to strengthen the provisioning in Brazil under IFRS 9.

How does this relate to Resolution No. 4,966? Essentially, it is almost a harmonization, Rosman, of the level we had; if you follow the disclosure from the last quarter, just look at the amount of ALL inventory we had under Resolution No. 4,966 and the amount of IFRS 9 inventory, from Brazil itself, but in the two distinct accounting standards, there was a difference of a few billion, and this reinforcement, in essence, creates a convergence, which is not complete, but it is a convergence of perhaps two-thirds or something like that of the difference that existed in the IFRS 9 standard of Santander Brasil with Resolution No. 4,966.

So, in practice, there is no impact on Resolution No. 4,966; put another way, it's almost as if with the shift in accounting criteria from Resolution No. 2,682 to Resolution No. 4,966, we have already done a good part of this in capital, and now, under IFRS 9, the Group decides to proceed with this reinforcement that came from the surplus from the sale of an asset.

Therefore, I hope I have managed to answer, and nothing more than that, it is one-off, it is preventive, and it is basically almost a harmonization and convergence of the two GAAP criteria, but it does not touch on Resolution No. 4,966, which should naturally be your concern.

Gustavo, if you would like to discuss the consumer finance business.

Gustavo Alejo: Regarding the consumer finance unit, I think it's important to go back a bit, as basically for 18 months or more we have been operating with our best ratings, so we haven't changed our guidelines or our risk appetite at all. We are operating among the highest ratings, in our view, in recent periods, and honestly, we have not observed any deterioration in these ratings that we assign to clients.

We have seen performances in other ratings, which is why we haven't moved forward. If we had seen better performances in ratings 7, 6, and 5, we could consider addressing it, but we haven't, so this is an important sign.

So, we see that there are different performances by rating, given that we process nearly all applications, with almost 90% of the market going through our funnel, and we choose to finance almost 20%. Therefore, we have not changed our approach. In the segments we are interested in, based on risk logic, we have seen good returns, even increased returns, as Mario mentioned earlier, due to product penetration and cross-sell among the consumer finance clients.

Therefore, we are seeing good performance, so much so that we grew the portfolio by 5% in the second quarter. It is not insignificant to grow the portfolio by 5% here, in one of the largest portfolios we have. So, we have not seen, again, for the audiences we defined, the deterioration in NPLs that you mentioned.

Eduardo Rosman: That's great, everyone. Thank you very much.

Camila Stolf: The next question comes from Mario Pierry from Bank of America. Hello, Mario.

Mario Pierry: Good morning, everyone. Thank you for the opportunity to ask a question. Mario, I wanted to focus a bit more on the growth of the individual portfolio that you showed. The portfolio is stable, with cards growing 13%, but payroll loans are the ones that are declining. I wanted to hear from you how you see the opportunity in private payroll loans? Because from the latest data we've seen, the bank has been quite conservative and has not been growing in this product yet. What are you expecting to see? What do you think could accelerate this growth to offset a bit the decline in payroll loans, particularly in the “INSS” where we are seeing a drop? Thank you.

Mario Leão: Thank you, Mario. Great. I will first talk about the individual portfolio and then I will zoom in on the payroll loan, which deserves a bit more discussion.

In the individual segment, I have been discussing with you for a long time the matter of reallocating portfolios, reusing risk-weighted assets for portfolios that can yield more profitability. Therefore, within individuals, we have been making progress, resulting in a slight decline, and that's fine if it continues to be so, as long as we are using the risk-weighted assets that we previously used with lower profitability in our mass income business, more towards the middle-high income segment, which is what we are doing.

So, first there is a movement, I would say, more structural, secular, in which we, within individuals, are rebalancing our exposure from a historically very high concentration in low income and significantly lower one in middle-high income. We have been doing this for quite some time and will continue to do so. Thus, all the commercial pressure, in a positive sense, is for us to foster growth in the middle-high income and continue operating in low income in the subsegments we desire.

Here, it's not about removing low income from our map; on the contrary, we need low income, but the right low income. Therefore, we have been more selective. So, you will first see a movement of change in the mix within the individual segment. This is happening, and every quarter we are evolving some aspects here, and I hope to evolve even further in this direction in the second half of the year.

Speaking of the products themselves, Mario, you are absolutely right, the assessment is correct. In payroll loans, which was a very significant source of growth between 2022 and 2023 and perhaps until mid-2024, we gained market share, reaching over 10-11% share, and since then, we have been reducing it initially more in the “INSS” segment and somewhat in the public segment, and in this last quarter, in a way, across all segments, especially since the private segment changed its configuration. I will briefly discuss each one.

The “INSS” topic remains largely the same. When we use “INSS,” when we engage in “INSS” through the correspondent channel, there is very little margin left, given the cap on rates that, unfortunately, still exists and remains uncorrelated to our funding cost, which is the medium-

term funding cost, as you are well aware. It is not correlated with the Selic, and by the way, the Selic has risen while the cap remains at a barely feasible level.

So, in the correspondent bank channel, it makes little sense to operate the “INSS,” and that remains true. In our own channel, it does make sense, it makes more sense to operate the “INSS,” and as much as possible, we are doing it.

However, there is an additional recent element, which is that, because of what happened with the “INSS” and the fraud issue, the government – I would say rightly so – established a methodology for validating customers through facial biometrics that, again, is appropriate as it is an anti-fraud measure, but, of course, for a demographic that is less digitalized, less accustomed to digital, to the app, to biometrics, etc.

So, the bar has been set at a high level, for a valid reason, and for the entire market, the issue of biometrics and the approval of new “INSS” payroll loans has become more complex.

Thus, in the case of the “INSS,” we like the product, we like the client of the product, but we have a strong focus and discipline on profitability. We cannot see how the business conducted through correspondent banks can be highly profitable, but if some are managing to do it that way, that's great, but from our perspective, it is a business that does not reach the levels we want, and we have a discipline, as you know, that is very restrictive regarding how we want to allocate our capital.

However, in our own channel, undoubtedly, yes, with the challenge of biometrics. The audience has some ceiling concerns, but it's manageable, and we will remain disciplined, growing wherever we can.

And the private segment, where we have always been one of the incumbents, in a smaller market, but we have historically held a 30% share here. With the new format, Mario, what we are doing is learning as we go, because, honestly, there was perhaps an uproar, a disproportionately large repercussion, something we never imagined would happen so soon.

Of course, the volume is increasing, and there are many players involved, whether incumbents or new players, and we respect that, but we are taking a more conservative approach because not all the pipelines, nor all the collection mechanics, including liabilities, etc., are fully established. Hence, there are things that are still being finalized and perhaps even designed. It is natural for a portfolio or a completely new product or process to take time to settle.

We are closely monitoring, we still like the product, we believe we understand quite a bit about private payroll loans, having built a portfolio of R$ 12 billion over the years, and we obviously want to grow this portfolio again. Possibly, in this quarter, we will see some evolution, but again, it won't be a sprint; we believe we will resume growth, with the market consolidating and first payment defaults stabilizing. You have seen the first payment default data quite high, and we

prefer to approach this beginning with a bit more caution and enter more strongly into the agreements and the clientele we want to engage with in the coming months.

So, you will see us resume growth here, without a doubt, but it is a matter of a new product, with a completely new mechanism, that the market is still learning about and the product itself is still figuring out how to operate, to be precise.

Mario Pierry: That's great. Thanks.

Mario Leão: Thank you.

Camila Stolf: We will now proceed with Yuri Fernandes from JP Morgan. Good morning.

Yuri Fernandes: Good morning, Camila. Thank you, Mario, Gustavo. I would like to ask about the top line, regarding your NII, maybe for the next 12, 24 months, and we have observed a very positive spread dynamic, right? The volumes are weak, but I believe it clearly indicates a focus on profitability and improving capital allocation. This is very clear, Mario. But my concern here, thinking about the next 12, 24 months, is that with the spread reaching the end of 4Q, which I think is the most difficult comparison base, we might start to see a loss of momentum for this top line, because the volume in the portfolio is very weak.

I wanted to understand what your strategy is here? Perhaps it involves continuing with weak volume, or you might believe that the spread could keep improving going forward, or maybe it relates to market NII that, with falling interest rates, could offset client NII next year, possibly becoming a bit more challenging. I just wanted to get a bit of insight into the dynamics, because everything is going really well now, right? Client NII is up 11%, but with the portfolio growing 1 or 2%, it's difficult to sustain this for long, right? So I just wanted to understand your dynamics a bit. Thank you.

Mario Leão: Thank you, Yuri. I'll start, Gustavo, please add your input. That's a great question. I would respond with a few blocks here, Yuri.

The first point is that we do not need to continuously grow the portfolio by 1% or 2% over the next few quarters. We do not have to do that, it is not a KPI set by the Santander Group, nor is it a management KPI. The management KPI is what you also referred to. We want to be obsessive about converging to the level of profitability that this franchise should have and does not yet have.

So, in this obsessive pursuit of profitability, we certainly will not slim down the bank for that, but we will not pressure ourselves to grow the bank rapidly before it achieves profitability.

Thus, when in doubt between being profitable or being big, we will start with profitability and then focus on size, but we can grow specific portfolios more than we have been growing. The consumer finance unit, this quarter, is a good example; we saw room for growth, we saw the opportunity to grow these vintages that generate almost 5% quarter-over-quarter in consumer

finance, all originated with ROE above 20%. So, we are making very healthy origination in consumer finance. This applies to small and medium-sized enterprises.

We grew less in SMEs this quarter, which was partly impacted by the early recognition of losses, it's true, but still, it was growth below the previous quarter. Nevertheless, in parts of SMEs, we can achieve growth with profitability, still above the 20% plus that I mentioned from the consumer finance business.

In the corporate segment, we have gone backwards this quarter and in the last two years; specifically, we have not seen growth, but rather a flat trend, and in some quarters, even a minor drop. This quarter it was more pronounced, but because of very specific factors.

I don't believe that, hopefully I'm wrong, but the exchange rate won't appreciate significantly in the next few quarters; maybe at some point it will, but there won't be a drastic drop, I mean, the real appreciating. As for the “IOF” (tax on financial transactions), at least the drawee risk is resolved, but not for the entire business customer segment as a whole, and this drains some demand or appetite from banks because it's a mathematical matter, it has a cost, and leads to less financial capacity for companies, but we expect this to also normalize.

So, the drawee risk returns this quarter, the exchange rate, well, margin-wise, God knows, but it probably won't appreciate much more, so we shouldn't have an impact, and we have room in wholesale to achieve growth with profitability.

We have indeed been more disciplined, following the same equation, where I don't need to allocate capital, I prefer to earn the fee, where I can sell the asset and execute the scheme, I will choose to do that, but we also have the capacity and total credit appetite to grow in that area.

I talked about high income; we are still quite below our goals. We have made significant progress in one or two years, but there is much more room for growth. Our entire acceleration focus in personal loans, Yuri, is aimed at high income, and we know that high-income clients are indeed more sensitive to rates and more competitive, etc. But we have a very powerful franchise; now that we have consolidated Select, we have nearly 4 million clients in our Select franchise, with everyone organized into portfolios, with dedicated personnel, and financial advisory, so we believe that yes.

So, what does all this mean? The portfolio can grow more than we have shown in the last few quarters; there is no specific KPI, but we have the room with profitability, and we have the capital for that.

Your next question was probably going to be about CET1, because you always focus a lot on capital, and rightly so. So we have the capital base to grow, we have the capital base to distribute, and it won't be due to a limitation of capital that we will refrain from doing so; it will be due to discipline.

Therefore, going back to the NII ex-volume, the spread discipline that you recognized, we believe we are indeed doing that. A falling Selic next year will naturally result in less P in the P times Q, there will be less P on the liability side, which is natural, and we will try to offset this, as we have been doing, with greater transactionality, thus more Q, more volume.

To give you an idea, Yuri, in the low-income segment, we are growing in the mid double digits here, in the mid teens, in our transactional deposits, while reducing our credit exposure in low income. In this reshuffle from low income to middle and high income among individual customers, we are decreasing the low-income portfolio and still growing our transactionality in the mid teens because we are effectively allocating capital with the card and the account, generating transactionality.

Thus, what we will strive to achieve is to boost the productivity of our risk-weighted assets even more, whether through margin, with better mixes of funding volume, and also by managing the asset price and growing fees.

To conclude this last argument, we want to further leverage the fees line. I mentioned that some dynamics were quite positive, while others were not; it is about maintaining the positive ones at their current levels and taking care of capital markets, insurance, and a few others, so that they can grow again at a rate of 2, 3, or 4% per quarter, allowing us to achieve double-digit growth in fees in the foreseeable future.

This is the equation, and we intend, between NII and fees, to continue with a top line account that grows mainly in clients and when markets start to help, because the Selic will possibly fall starting next year, this line will also contribute to NII year over year. We should have a better 2026 than 2025, certainly because of this.

I hope I have addressed everything there, providing a full overview of the account. Thank you.

Yuri Fernandes: Very clear. Thank you, Mario.

Camila Stolf: Great. The next question comes from Pedro Leduc from Itaú BBA. Hi, Pedro. Good morning.

Pedro Leduc: Good morning, everyone. Thank you for the question and the call. The first one, very quickly, about the 15-90, again in SMEs, which increased in the quarter. If you could share a bit with us how much of this increase in NPL came from loans that are protected in some way by the “FGI”, for example, that do not actually turn into a loss, just so we can have a similar order of magnitude.

And the second question regarding expenses, a very good performance, both in administrative and personnel, even among the lines, and stepping a bit away from the quarterly issue, I wanted to get your view, Mario, on what we can really see underlying these gains, especially looking

towards 2026, where the P in revenue growth becomes more difficult, on how to continue achieving this efficiency. So, that's it. Thank you.

Mario Leão: Gustavo will start with the first part and then I'll address the one on expenses.

Gustavo Alejo: Good morning, Pedro. Well, I mentioned the 15-90, I briefly commented on the lines with more collateral, and that's exactly it. So, the 15-90 is affected by government lines, so there are lines that have to wait 180 days, and after 180 days, 7 days for the payment, and some other lines 90 days plus 30 days for the payment.

Thus, effectively, you have the impact of these lines; it is not a loss, but you have the entire rollover of these lines during the period. So, this did happen, yes, it is an important part of the rollover, it accounts for some basis points on top of this 15-90 rollover, and that's why I mentioned that the 15-90 comes from the macro, but to be much more specific, this is precisely what is happening.

Therefore, these lines are defaulting, and we have to follow the regular procedure for collection attempts, not reaching the established maturity, and you request the payment, and even after that, you have, I think in one case, 30 days for the payment, and in the other case, 7 days for the payment, or D plus 30 or D plus 7.

So, this is actually what is going on. Therefore, there's no need to worry, I mean, because there is collateral, but the 15-90 movement in SMEs has a considerable influence, indeed, on what you referred to.

Mario Leão: Moving on to the topic of expenses, Pedro, it's good to have the opportunity to talk a bit about the outlook. So, we are making a sequential delivery of a cost reduction. For some time now, I have mentioned here in disclosures and also in conferences with the sell side that we will seek to beat inflation in a more decisive manner.

We have been achieving, over the years, a sub-inflation, but perhaps with a difference that is not material enough to move the needle. This quarter, we begin, in a more significant way, to materially beat inflation.

I mentioned, we can use whichever index, but against the 12-month IPCA, if I'm not mistaken, at 5.3%, with the base date in June, we have a reduction of almost 400 points, which is already more significant – 400 points of real gain is something noteworthy. We will not stop here.

Therefore, what could I tell you about the outlook? We will continue with this agenda in the coming quarters, that is, still this year. It is not an agenda that I believe I can complete by the end of 2025. So, it is an agenda of efficiency, transformation, and in some cases, reinvention, that we want to continue, at least throughout all of 2026 and perhaps into part of 2027.

Why don't I do everything now? Because there are indeed things we need to complete, such as investments made in the recent past, some even longer ago, and others that we are still

launching, to be able to have automated journeys, to have automations, and to eliminate redundancies from major root systems, for example, core systems, like cards, for instance.

We are still running two systems today. The new system that we call “Plard”, which we developed together with the Group, will provide a huge leap in operability, usability, customer experience, and efficiency. But we still have pampa, which is the decades-old system that we have used for cards on the mainframe throughout our history.

This coexistence of systems takes time; it's the time needed to finish the development of new systems. There are smaller things that aren't large systems, but they also need to be materialized. However, the agenda for transforming processes, journeys, automation, etc., reducing redundancies, and prioritizing management is happening at full force. It continues this year, so you should expect us to deliver a positive performance, I hope, in expenses over the next N quarters, and this will be part of how we create a positive outcome.

I don't want to rely solely on expenses for that, because I believe the franchise also needs to grow at the top line, so Yuri's previous question is extremely important. We do want to continue growing on top, but without increasing our appetite and generating top line, which later turns into loan loss provisions; we won't do that either.

Therefore, we will continue to do things the way we have been doing on the top line, but with a deeper, more rigorous management, I would say, on the expense line, to create a positive outcome of several percentage points over the next two years.

And with that, create a highly sustainable foundation, Pedro, for the bank, which is part of how we reach that 20% plus profitability, with a more efficient, streamlined operation that continues to focus on the top line and, of course, transforming into the middle line, clearly with better loan quality as well, with loan loss provisions that will be managed and, over time, will proportionally decrease the portfolio, due to the de-risking we are undertaking.

This, at its core, in a snapshot, is the equation of how we will converge, and rest assured that it will converge to the profitability that you, rightly so, should hold us accountable for.

Pedro Leduc: Great job in SG&A. Well done. Thanks.

Mario Leão: Thank you, Pedro.

Camila Stolf: We will now switch to English with Carlos Gomez from HSBC. Good morning, Carlos.

Carlos Gomez: Hi, good morning, and thank you for taking my question. I wanted to ask about a specific issue, which is the rural portfolio. We see that it is declining quite significantly for you: the corporate part 5%, individuals 17%. That's a lot. In the past, you wanted to grow this portfolio. Obviously, there are problems now. We know that in the main player. How do you see it from your perspective? What are the prospects? And has it been impaired permanently? And

second, if you could just comment, how do you feel today versus three months ago in terms of the macro and the general situation? Thank you.

Mario Leão: Okay, Carlos. So I'll start. Gustavo, please feel free to chime in.

Well, we grew a lot our agricultural portfolio. And I've shared this with you through the times. Between the end of 2021 and the end of 2023, we almost doubled the portfolio. It became on the credit portfolio close to 10% and on the expanded portfolio close to 7%, 8%. So it became a relevant portfolio. We don't regret having grown our agri franchise the way we did.

But obviously, 2024 was not foreseen by us and by the market. And the mismatch for some of the commodities, particularly grains, between the price, the price in reais of the commodities sold versus the supply, the cost of supplies, agrochemical supplies and the financing costs, that didn't work well for grains, particularly last year. It is better already this year, but the portfolios, the farmers are still tainted with the negative results they had last year. So that was unforeseen.

How did we deal with that? We dealt very closely with the clients, restructuring whatever we needed to restructure. There were much higher clients, much larger clients filing Chapter 11 equivalent in Brazil than ever. So we had to deal with that as well. Most of the portfolio, Carlos, is secured with either fiduciary lien or mortgage. It takes time for us to take over the farm and potentially sell it and monetize. We are probably in the valley of that cycle whereby the Chapter 11s are still taking place at a slightly slower pace, but still relative to two years ago, still higher.

But we're still aggregating Chapter 11 filings and working on the recoveries as fast as we can. But there's a process, there's a, let's say, trial for you to undertake that. It takes at least 12 months in practice. So we are already working on the recoveries for the Chapter 11s filed last year. And probably next year is going to be an important year for recoveries as we undertake the final procedures related to the newer Chapter 11s and those from 2024.

So how do we look at the agro going forward? First of all, agro is a lot of different commodities. I mentioned the grains, soybeans and corn particularly, but sugar has performed super well, coffee super well, cocoa and some other products. So we continue to work on those sub-products where nothing happened almost and growing those portfolios.

In grains, we're not away from those producers anymore, but we are more cautious in looking at the numbers and looking at those producers that were not affected by the pricing challenges last year. And at some point, we're going to resume growing. So right now we're more working around the portfolio where we had more challenges.

At the margin where we didn't have challenges, we keep growing. The net can be a reduction, yes, but it's not because we want to reduce per se directionally our exposure to the agribusiness, no. We're just in the point of time where we are digesting more of the portfolio as opposed to looking at growing. But at some point, we will have digested the portfolio probably

next year onwards and we will resume growing more broadly. So hopefully that answered the question.

Concerning the question regarding the sentiment on macro, at the margin compared to three months ago, marginally worse given, well, rates peaked at 15% – well, hopefully peaked, but I do believe they are peaked at 15% –, but it's a very, very high level. The performances overall, we just saw two days ago, the Central Bank data for June and for the quarter, there's a marginal deterioration in delinquencies. We're seeing that, we just saw in our numbers, some portfolios are suffering more, corporates in general pay flowing rates, so the higher Selic for a long period of time, which we will unfortunately have, poses a challenge. And on the more global arena, the tariffs scenario is not great, obviously. So we hope Brazil closes a deal with the U.S., but God knows, but that is a potential cloud in the horizon as well.

So at the margin, I would say marginally worse, but we keep progressing. We keep willing to grow the bank, grow the balance sheet, grow the different lines, like I said before, and obviously grow profitability. So we remain optimistic medium, long term, but obviously with some concerns on the short term, which we'll need to handle, but nothing preventing us from keeping growing the franchise and the results.

Carlos Gomez: Thank you so much.

Mario Leão: Thank you.

Camila Stolf: Thank you. We will go now with Jorge Kuri from Morgan Stanley. Good morning. Welcome, Jorge.

Jorge Kuri: Hi, everyone. Good morning. Thanks for the opportunity to ask questions. I wanted to ask about market NII. You have telegraphed that that was going to be a more complicated quarter given the movement in rate. I do think that the magnitude was probably worse than what the market anticipated, and that's why your operating income shrank a lot quarter on quarter. How do we think about the next couple of quarters? If Selic indeed is now going to stay at 15% for the rest of the year, is there room for that market NII number to be a much lower negative figure for the next two quarters? And then just because it's such a big part of your revenues, how do we think about 2026? If we start an easing cycle and the consensus is right, and Selic rate ends 2026 at around 11.5, 12%, which is where most estimates are, how big could that market NII be on an absolute basis? Thanks.

Mario Leão: Thanks, Jorge. So, Gustavo, please.

Gustavo Alejo: Well, Jorge, hi. Well, as I mentioned, what I think in terms of total number for the market NII, and more specifically the ALM part, the number, the figures that we think are the same regardless of this higher Selic because we did some measures to get there.

I cannot anticipate how much will be the figures in the third quarter and the fourth quarter, but something that I can tell you is the number and the figures that we thought in the last quarter and also in the fourth quarter about what's going to be the shape or the number for 2025 is the same. So nothing changed despite the fact that we have a higher average Selic year-on-year than we projected. So is everything under control, but I'm sorry, but I cannot anticipate the movements on this NII for the next quarters.

Mario Leão: But I think we can complement, which goes along with the previous expectation, as Gustavo was saying, Jorge. The market should not expect, I mean, it's a price versus volume thing again. It's mathematical, right? So the Selic consolidates at the 15% level average in the third quarter. In the second, it was already high, but not full 15%, right? So there's a consolidation at the higher level in the third quarter.

So it's unlikely that we reduce materially the negative number we saw in the second quarter if the average Selic, which is the funding cost of our ALM portfolio, got marginally higher in the third quarter. And by the way, in the fourth, which is probably going to be the same level. So I would not expect a material decrease in the negative number in the next few quarters simply because the opportunity cost will remain at that high level, close to what we saw in the second quarter, and slightly higher when you compare third quarter versus second quarter.

There's the other element, which is market making, the trading position, which also consolidates in market NII. That's very hard to predict. We had a positive second quarter, but we had had a record first quarter, which helped us on the first quarter, but on a relative basis, there was a decrease, although the franchise keeps very solid, very strong. But that one is really hard to predict because it depends on the flows, the tradings, etc., client flows particularly. We hope, as we have a very solidified franchise, we hope that we're going to have solid third and fourth quarters, but time will tell.

But on the bigger number, which is the ALM piece of the portfolio, it is volume versus price thing. So I wouldn't expect a material change there. And then in 2026 onwards…

Gustavo Alejo: Yeah, 2026 onwards obviously depends on the average Selic, I hope, and potentially the average Selic is lower. So we'll potentially see a delta 2026 against 2025. That is natural. So we'll be hedged and the carry and the Selic rate will be on average lower than 2025. So potentially you'll see a positive delta in 2026 against over 2025.

Mario Leão: Yeah, so we hope we're going to progress in that line in 2026, hopefully again in 2027, time will tell. But we believe we have picked the rate scenario at a very, very high level. And from here, taking aside the next few quarters where we still accommodate the average Selic, but for the next few years, we believe that is going to be one of the points where we have at the margin more earnings momentum.

Jorge Kuri: Thank you, Mario.

Mario Leão: Thank you.

Camila Stolf: We now return to Portuguese for the last question, which is from Tiago Binsfeld from Goldman Sachs. Good morning, Tiago.

Tiago Binsfeld: Good morning, Camila, Mario, and Gustavo. Thank you for taking our question. It is regarding fees. We would like to hear a bit more about the outlook for the rest of the year. There are three areas that drew our attention a bit more: insurance and capital markets. It seems there is still some potential for improvement. I wanted to understand if that is what you expect for the second half of the year. And, at the same time, do you think it is sustainable to continue growing cards at around double digits until the end of the year? Thank you.

Mario Leão: Thank you, Tiago. We talked about fees, and some dynamics are already operating at the level we would like to see for a longer time. You mentioned one of them, which is cards. It is difficult to specify the size of the growth because we are clear that as the base grows, the denominator increases. But what I can say about cards is that we still want to grow this line further. We still believe that cards synthesize, along with overdraft and this aggregated issue of payments as a whole, which we increasingly see as a single thing: the ability to invest, the ability to spend, to transfer, etc. We see this as an aggregated thing, and increasingly as a journey.

This remains the pillar of the strategy, so we will continue to allocate capital there, putting our focus and attention on technology, on people, etc. Thus, it should continue to be a line that grows, I would say disproportionately in relation to the rest, and alongside that, transactional deposits. We don't include it together, but as I mentioned and Gustavo also noted, we are seeing good growth in transactional deposits, the retail stemming from this strategy. So everything is moving along well.

We want this line to continue growing in the double digit range, yes, but with the bar being raised. We will do this in the correct manner, while also considering profitability as a whole and the cost of risk.

You mentioned insurance and capital markets as the two areas that are lagging. You are absolutely right; we discussed this as well. In insurance, we had a somewhat flattish quarter, from a business that alone generates over a billion per quarter, so undoubtedly returning to growth here is essential. With reduced lending in riskier products that typically generate more cross-sell in insurance, we face a greater challenge than perhaps one or two years ago.

So I would say that the quality of our insurance origination and the productivity of what we are doing in credit needs to be even higher, and we are pursuing exactly that. So one product or another that we didn't have, we are launching now. We launched the combined account and card insurance and it is selling "like bread," if I may say, it is selling extremely well. We will soon launch an insurance product aimed at high-income individuals, which will also complement the offering of something we didn't have.

So, in terms of offering, we are filling some historical gaps. Regarding our sales force, we are strengthening the sales force dedicated to insurance, composed of specialists we now call “Perto Patrimonial,” our external channel arm, but they are our employees dedicated to selling insurance and “consórcios”. This is working very well; we are doubling ownership and increasing the team here.

Finally, we are obviously aligning incentives and commercial efforts to resume insurance. I do believe that starting in the third quarter, we will return to an insurance curve that regains the growth of a line that is crucial.

The capital market depends somewhat on our efforts, but it depends more, of course, on the market. We believe that the first half of the year as a whole was weaker than last year, which was very strong, a record. We chose not to participate in some operations again purely due to capital discipline and profitability, but we already see a stronger pipeline for the third quarter, part of which we have already executed in July.

So my feeling, my sentiment about the third quarter and beyond for capital markets, especially debt, given that equities remain closed and M&A is only happening occasionally, one case or another, but it is also not very widespread. However, we are more optimistic about the debt capital market and believe it will also start to grow again in the second half in these lines.

So the fee dynamics should perform well in the second half of the year. We are putting a lot of our management effort here and, with that, again, improving productivity, enhancing profitability, and extracting more value from the capital we have, which we will continue to grow where it needs to grow.

Tiago Binsfeld: Perfect. Thank you, Mario.

Mario Leão: Thank you, Tiago.

Camila Stolf: I would like to thank everyone for being with us this morning. Following this videoconference, myself and the entire Investor Relations team at Santander Brasil will be available to address any remaining questions. Thank you very much. Have a great day and a great week.

Mario Leão: Thank you, everyone.