Leonardo Ferraz:

Good morning, everyone. Welcome to another Banco Mercantil earnings presentation.

My name is Leonardo Ferraz, and I am responsible for Investor Relations. On behalf of our entire team, I would like to thank everyone joining us this morning for your presence and interest.

Joining me today are Gustavo Araújo, our CEO, and Paulino Rodrigues, our Chief Financial and Investor Relations Officer, who will share the main highlights and results for 3Q26. They will lead the presentation, after which we will open the floor for a question-and-answer session.

I would like to remind you that this webcast is being recorded and that both the presentation and its transcript will be available on our Investor Relations website.

Throughout the presentation, you may submit questions using the Q&A tab at the bottom of the screen or through our WhatsApp channel, which can be accessed via the QR code displayed during the webcast.

Once again, thank you all for joining us. To begin our presentation, I will now hand over to Gustavo Araújo, CEO of Banco Mercantil. Gustavo, the floor is yours.

Gustavo Araújo:

Good morning, everyone. Today, we released Banco Mercantil's 3Q26 results. Once again, we delivered record quarterly earnings, reaching R$ 279 million this time. This marks 16 consecutive quarters of record and growing earnings—four full years.

Over this period, we grew by 62% per year, from R$ 201 million to more than R$ 1.1 billion over the last 12 months, despite operating in a highly volatile market, with significant fluctuations in interest rates and the Selic rate, changes in INSS payroll loan interest-rate caps, and numerous regulatory and loan-origination process changes.

All of this demonstrates the strength of Banco Mercantil's investment thesis, particularly its resilience and our disciplined execution, even in a highly challenging environment. These robust results and the Bank's solid strategy have also been reflected in successive credit rating upgrades.

Since the beginning of our transformation, we have received 14 rating *upgrades*, and Moody's has now assigned us a *flat* AA rating, just two notches below AAA. Why is this so important? The successive improvements in our *ratings* help reduce our marginal *funding* cost, which is already significantly more competitive than that of our peers, particularly other midsized banks, largely because of our organic deposit-gathering capacity among our 50+ customers and investors.

With our current *ratings*, we can also access wholesale *funding*, secured facilities, and securitized *funding* at more competitive prices. This allows us to rebuild margins on the Bank's balance sheet. This is particularly important because payroll loans are our main product, and at a time when their historical margins and *spreads* are so narrow, our *funding* costs and

favorable credit risk perception provide an additional competitive advantage in our profitability metrics.

Although the payroll loan market has remained relatively stagnant in recent quarters, market origination has been approximately 60% to 70% below its historical average, based on Central Bank data for the product. Mercantil, however, continued investing in its strategy of acquiring customers aged 50 and over—our ICP, or ideal client profile—particularly INSS benefit recipients. Among Brazil's ten largest benefit-paying banks, with Mercantil ranking fifth in size, we achieved the highest growth during the period, at 19.2%.

What does this mean? The Bank continued investing in growth, customer acquisition costs, and customer acquisition itself. It means new cohorts of customers who fit our ideal client profile. These customers are already demonstrating the same engagement and primary-banking relationships, generating significant opportunities for future monetization as product penetration matures across their vintages, particularly for Meu+ and payroll loans, two of our flagship offerings.

In other words, despite the significant operational challenges affecting payroll loans, we continued to grow. As market conditions normalize, we expect these new customer *cohorts* to generate very positive returns, following our historical product-penetration curves. The encouraging news, alongside the continued expansion of our benefit-recipient customer base, is that the payroll loan market is finally normalizing.

With the effects of Provisional Measure No. 1,355 coming to an end and the resumption of loan portability, market origination has already increased, particularly in the final two weeks of September. Mercantil, as one of the market leaders, experienced the same recovery. Our origination has increased substantially, and market volume has returned to R$ 8.8 billion. We believe it could exceed R$ 10 billion in the coming months as pent-up demand is released. As mentioned earlier, origination had remained 60% to 70% below normal levels for more than two quarters.

With the resumption of normal contracting and growth in this INSS beneficiary customer base—which we continued expanding and investing in throughout the year, both through the Bank's strong digital strategy and through our differentiated approach to acquiring new retirees in the INSS benefit-payment auctions—we now expect a strong recovery in growth at Banco Mercantil.

Private-sector payroll loans, meanwhile, still face significant operational challenges. According to the Central Bank's series, the market-wide *over-90-day* delinquency ratio for this product has already reached 10.8%, even higher than that of unsecured personal lending. This has also put pressure on Banco Mercantil's *over-90-day* delinquency ratio and cost of risk.

On the other hand, we have already seen a number of improvements delivered by Dataprev, the entity responsible for operating the product's services, along with significant improvements in the quality of the loans originated in more recent vintages here at Banco Mercantil. Looking at the market, we expect further operational improvements and normalization of processes, potentially making this one of the few lending products capable of growing in 2027.

Looking at household indebtedness, delinquency ratios, and overdue debt among Brazilian households, these indicators are unfortunately at historical highs. We therefore expect slower market growth next year. However, private-sector payroll lending is a relatively new product

and is still in the early stages of its growth, with a potential market size exceeding R$ 300 billion at maturity.

The same applies to the Bank. We are carefully balancing risk and return while maintaining our expectation of progressively stronger loan vintages and further operational improvements in the product. This represents a growth lever not only for Banco Mercantil but also for the market as a whole. Our strategy draws on our expertise in digital customer acquisition, *growth marketing*, fraud prevention, and our established customer acquisition capabilities, developed in part through our leadership in FGTS Birthday Withdrawal Anticipation Loans. It is a growth and diversification strategy that also adds value to our core 50+ customer proposition.

Let us now turn to our quarterly highlights. As mentioned, net income reached R$ 279 million, up 10% year over year, even though loan origination declined by 28%. In other words, we maintained excellent profitability despite a challenging period for market origination, resulting from operational disruptions and provisional measures whose effects ended in late September.

Our loan portfolio grew 17%, primarily driven by payroll loans, which reached R$ 18.6 billion, up 27%. The INSS payroll loan portfolio alone grew ten times faster than the market year over year and remains our flagship product. We expect market origination to return to levels above R$ 10 billion per month and Mercantil, as one of the industry's leading institutions, to continue growing two to three times faster than the overall market, as we have done in nearly every quarter over the past four years.

Our fee and service income, which is a key component of the Bank's profitability, grew 53% year over year to R$ 359 million, largely driven by our strategy of products and services designed for our core 50+ audience, particularly Meu+. This is a healthy revenue stream that supports *cross-selling* and customer engagement while reducing *churn* and thereby increasing customer *lifetime value*.

On the other hand, the over-90-day delinquency ratio reached 4.1%, an increase of 1.3 percentage points year over year, driven mainly by private-sector payroll loans, as mentioned earlier and as we will discuss further in the next part of the presentation. Taken together, these factors resulted in an ROAE still very close to 40%, at an excellent 39.4%, alongside a well-capitalized balance sheet and a Basel III Index of approximately 18.5%. In other words, our strategy combines high profitability and low leverage, allowing the Bank to continue growing soundly and consistently.

To explore these figures in greater detail, I will now hand over to our CFO, Paulino Rodrigues. Thank you very much, and have a good morning.

Paulino Rodrigues:

Thank you very much, Gustavo. Good morning to everyone joining us for another earnings presentation, this time for 3Q26. I will now provide some additional detail on the figures Gustavo has just discussed.

Let us begin with our loan portfolio. Understanding its composition is essential, especially as we navigate different market dynamics, not only to assess our 3Q results but also to understand market trends and the outlook for future portfolio growth.

We closed 3Q with a loan portfolio of R$ 25.3 billion, up 17% year over year, or 1.7 times the market's 10% growth over the same period. On a quarter-over-quarter basis, the portfolio was virtually stable, growing a modest 1.2%, broadly in line with the 1.8% expansion in the market for nonearmarked consumer loans to individuals.

This was mainly due to the performance of INSS payroll loans, our largest portfolio, which ended the quarter at R$ 15.6 billion, showing modest sequential growth but, as already mentioned, growing ten times faster than the market year over year: 15% versus market growth of 1.5%.

Given the weight of INSS payroll loans in our portfolio mix, overall growth was naturally limited compared with the rates we have achieved over recent years, when the Bank grew 2.5 to 3 times faster than the market.

We will discuss the outlook in more detail shortly, but this is the type of performance we intend to regain in INSS payroll loans, as market origination began to normalize in the second half of September, with this trend continuing in October. We expect this important lending product to stabilize, particularly for INSS benefit recipients, who constitute our core customer base.

The private-sector payroll loan portfolio remained stable quarter over quarter at R$ 3 billion, representing growth of 163% year over year, compared with 108% for the market. Again, our growth exceeded the market's. As Gustavo mentioned, this portfolio has considerable growth potential and could be an important avenue for expansion in a year that is likely to be challenging for overall lending growth, amid household and corporate deleveraging. It could be one of the few segments with stronger growth next year, but we will increase our exposure only as the product's operational processes become more reliable.

Turning to our Personal Loan FGTS portfolio—loans backed by the anticipation of FGTS birthday withdrawals—we ended the quarter at R$ 2.1 billion. This portfolio is essentially in *run-off*. Although new loans are still being originated, regulatory changes mean that this volume is not sufficient even to maintain the outstanding balance.

This is a portfolio we value and intend to continue holding, but unfortunately, it would not be reasonable to assume a return to the origination volumes seen in the past.

One positive surprise, particularly in light of the difficulties affecting INSS payroll lending, has been the growth of our unsecured personal loan portfolio, known as CP. It reached R$ 3.5 billion at quarter-end, up 28% year over year, while the market expanded by 6.8%. We therefore once again outperformed the market, partly by serving demand that had been constrained in INSS payroll lending.

It is worth recalling that in 2Q the early payment of the 13th-month benefit to retirees led to an unusually high volume of repayments in this portfolio, as we discussed last quarter. Now, as anticipated, growth has resumed in this portfolio, which is an important contributor to the Bank's earnings.

Turning now to loan origination, much of what we are seeing has already been discussed. Despite the recovery in INSS payroll loan origination during the second half of September, total quarterly origination was slightly above R$ 3.1 billion, well below the levels we have demonstrated Mercantil is capable of achieving. In fact, our quarterly origination surpassed R$ 5 billion in 4Q of last year.

The underlying market dynamics may be more important than the figure itself. Our main product, INSS payroll lending, returned to more normal conditions in the second half of September, as already mentioned. We saw stronger performance in October and expect normal operating conditions to be restored from this point onward. This is crucial for the Bank to return to growth rates 2.5 to 3 times higher than the market, as we have demonstrated historically.

Another important highlight was unsecured personal loan origination, which reached nearly R$ 900 million. This higher level partly reflected demand that had been constrained in INSS payroll loans, as mentioned earlier. As the chart on the right shows, we have also continued increasing the proportion of loans originated through our digital channels, which accounted for almost 85% of Banco Mercantil's total origination in 3Q.

So, regarding origination and market dynamics, I hope we have made clear that loan origination is already recovering toward normal levels following two highly unusual quarters affected by operational and regulatory issues.

Let us now discuss credit risk management, which is at least as important as origination. In 3Q, as shown in the chart on the left, our *over-90-day* delinquency ratio rose to 4.1%. We had already anticipated this in our previous earnings presentation when we discussed, in the chart on the right, how the *15-to-90-day* delinquency ratio increased from 1.7% in 1Q to 2.6% in 2Q. That increase has now migrated into the *over-90-day* category, as shown on the left. This was driven primarily by private-sector payroll loans, as in the previous two quarters. We also observed a secondary, but meaningful, contribution from the deterioration in market-wide INSS payroll loan delinquency, which, as is well known, is primarily associated with beneficiary deaths and benefit terminations.

Market delinquency in INSS payroll loans reached 2.3% in the latest quarter, compared with 1.9% in the preceding quarter. That is a deterioration of 40 basis points, which is unusual for this product. Mercantil experienced some of this increase as well. Although this portfolio has a lower delinquency rate, it also carries a narrower *spread*. Consequently, any increase in delinquency puts additional pressure on margins that are already near historical lows for this product.

Finally, we saw a more marginal deterioration in our unsecured personal loan portfolio, which ranks third in terms of its contribution. To recap, the main factor was private-sector payroll lending, as we had anticipated in the previous earnings release. The second factor was the increase in market-wide INSS payroll loan delinquency from 1.9% to 2.3%, followed by a smaller, third-order effect from unsecured personal loans. All this occurred against a market backdrop illustrated by both charts. Focusing on the white line, representing nonearmarked loans to individuals—our principal *benchmark* given Mercantil's characteristics—the market reached a record delinquency ratio of 8.1%, exceeding 8% for the first time. This underscores the widely discussed challenges surrounding asset quality and household and corporate indebtedness. The *15-to-90-day* delinquency ratio, shown on the right, was somewhat more stable but also remained at a record level of 4.7%.

Turning to cost of risk, the chart on the left presents loan-loss provisions and cost of risk. We saw a one-off reduction from 6.5% to 4.8%, partly driven by an effect from the Desenrola program that we briefly mentioned in our previous earnings call but that had not materialized at that time. Desenrola generated a positive nonrecurring effect, helping explain the decline in cost of risk from 6.5% to 4.8%. We also benefited from certain recoveries in our corporate loan

portfolio, which is relatively small and therefore not usually discussed in much detail. We were able to recover some of these credits, further reducing cost of risk, with total loan-loss provisions reaching R$ 305 million in the quarter.

It is important to emphasize that, given the trends we have just discussed in *over-90-day* and *15-to-90-day* delinquency, we expect cost of risk to return to a level above 6% in 4Q. We will then assess how it stabilizes throughout 2027.

Turning to fee and service income, we saw a continuation of the pattern observed over the past two quarters. Traditional banking fees continued to decline, as they have for some time, but were more than offset by insurance and assistance products. Gustavo mentioned Meu+, our suite of insurance and assistance solutions, which has been very well received by our customers. As a result, we have been generating approximately R$ 360 million to R$ 370 million in fee and service income per quarter. As we will see shortly, this represents about 20% of the sum of net interest income (NII) and fee and service income (RPS), a very healthy proportion and, I would say, among the strongest for niche and midsized banks. This reflects continued execution of our product strategy.

The same continuity is evident in *funding*. In 3Q26, our *funding* profile was essentially unchanged from 2Q. Total balances moved by only about R$ 100 million, and the mix was broadly stable, with the vast majority of our *funding* coming from our diversified base of time deposits, mainly from individuals and companies. There is little new to report here. *Funding* has by no means constrained the Bank's growth; quite the opposite. We ended 3Q with a cash position of R$ 11.6 billion, while maintaining strong liquidity indicators, as shown on the right: the LCR stood at 4.5 times the regulatory minimum and the NSFR remained broadly stable at 143%.

The Bank maintains a very strong liquidity position, with 87% of its funding raised through proprietary channels. The need for supplemental funding via investment platforms and debt capital market transactions remains very limited, with these two sources accounting for the remaining 13%. That summarizes our cash position.

Another point I would like to highlight is that cash once again represented 30% of total *interest-earning assets*, which is high. Last quarter, it was similarly elevated at 31%, versus approximately 25% to 26% in earlier periods. We therefore have some excess liquidity, which we expect to begin deploying from 4Q onward as normal loan origination levels return, as we have discussed several times.

Moving on to capital, strong earnings combined with lower loan origination led to another increase in the Bank's Basel III Index, which reached 18.5% this quarter. This leaves the Bank well positioned to support a recovery in lending activity.

An additional highlight is Tier 1 capital, which once again remained above 15%, reaching 16% and reinforcing our outlook. Gustavo also discussed the improvement in our credit ratings, culminating in the AA rating assigned by Moody's in October, completing our coverage by the three major credit rating agencies.

The chart in the upper-right corner breaks down the quarterly movement in the Basel III Index, which, as I mentioned, was driven by retained earnings and more moderate loan portfolio growth. I believe the key message is that, as origination recovers, the Bank has ample liquidity and a robust capital base to support higher lending volumes without disruption.

Looking at the Bank's earnings dynamics, this is a chart we have presented for quite some time. Once again, we maintained the trend we have been reporting, with revenue growing faster than expenses, even though the loan portfolio has remained relatively stable over the past three quarters. Thus, despite slower portfolio growth, the Bank has been able to sustain both rising nominal earnings and its margins.

Let me turn to our net interest margin, or NIM, which reached 16.9% this quarter. There is a mathematical effect worth highlighting. When we look at the ratio of average loan balances to average *interest-earning assets*, which forms part of our NIM calculation, we have seen this metric decline over the past two quarters. It was 73.1% in 1Q, when NIM was 17.5%; it fell to 71.3% in 2Q, contributing to the decline in NIM to 17.2%; and it declined further to 69.8% in 3Q, when NIM moved from 17.2% to 16.9%. Without this mix effect, we would have maintained a broadly stable NIM over the past three quarters. We therefore expect a more favorable NIM dynamic as the mix adjusts.

As for fee and service income as a share of the Bank's total revenue, it grew 53% year over year to R$ 359 million, representing nearly 20% of the relevant revenue base, as I mentioned earlier. This is a very healthy contribution to the Bank's earnings mix.

All of this is reflected in our ROAA and ROAE indicators. Once again, the Bank delivered an ROAA of 3.1%, unchanged from the preceding quarter. This means that the decline in ROAE from 41.4% to 39.4%—still an excellent level in the Brazilian market—was attributable to a change in leverage. Measured as total assets divided by shareholders' equity, leverage declined from 13.3 times in 2Q to 12.7 times in 3Q. This change in leverage, which is to some extent a strategic decision, explains the movement in ROAE. Had leverage remained unchanged, we would have reported ROAE of exactly 41.2%, almost identical to the previous quarter's figure.

With that, we conclude our 3Q earnings presentation. I will now hand the floor back to Leonardo, who will moderate our question-and-answer session. Leo, please go ahead.

Question-and-Answer Session

Leonardo Ferraz:

Thank you very much, Paulino. Let us now move to our question-and-answer session. To begin, we have a question about the Bank's growth outlook.

“What are your expectations for growth and expansion in 2027, considering the challenging credit cycle and a macroeconomic environment in which interest rates may remain elevated for longer?”

Gustavo Araújo:

I can take that one, starting with the macroeconomic environment we expect to face in 2027. Brazil is experiencing record levels of indebtedness among companies, individuals and households, and the central government itself. From a macroeconomic perspective, the country needs to deleverage. We are still awaiting indications from the reelected government's policy agenda, particularly regarding fiscal policy. Nonetheless, we expect modest GDP growth next year, with consensus estimates between 0.5% and 1.5%. Adding inflation of

around 3.5% to 4%, nominal growth would be around 5% to 6%, were it not for the increase in household indebtedness.

Turning specifically to individuals, we expect households to deleverage given the record delinquency levels in the financial system and the broader need for deleveraging in Brazil in 2027. Therefore, our expectation is for nonearmarked lending to individuals to grow even more slowly next year, by approximately 2% to 3%.

This scenario is becoming clearer. We saw yesterday's Copom minutes, which pointed to interest rates remaining at restrictive levels of 13.75%. Taken together, these factors suggest that the outlook for economic growth, fiscal conditions, and credit expansion will be very challenging in 2027.

On the other hand, Banco Mercantil's strategy has important differentiating features. Let us start with payroll lending. For two or three quarters, INSS payroll loan growth in the market was well below expectations. This segment had been originating an average of R$ 10 billion per month, but volumes fell to around R$ 3 billion to R$ 4 billion. With the normalization already discussed, there is considerable pent-up demand. We shared September's figures, and the Bank's origination recovered strongly during the last two weeks of that month. Performance has been even stronger in October.

With the resumption of loan portability and the expiration of Provisional Measure No. 1,355, we therefore expect a strong release of this pent-up demand over the next three months, supporting significant growth at Banco Mercantil in 4Q.

We will then enter the seasonally favorable period of INSS benefit adjustments. All indications suggest that pension benefits may again receive increases potentially above inflation, which has also been part of the government's campaign commitments. We therefore expect 1Q, as usual, to be seasonally strong, creating a favorable environment for origination in this product over the next six months.

I would also add that Mercantil's base of retirees with primary banking relationships at the Bank grew by approximately 20%, faster than that of any other major player. Benefit payments handled by the Bank increased by about 19% over the period. These customers will now move along the product-penetration curves associated with their *cohorts* and vintages. The customer acquisition costs have already been incurred upfront, and we now expect to monetize these new *cohorts* as origination volumes recover.

For these three reasons—pent-up demand, an expanded customer base, and seasonality—we believe the Bank will continue growing strongly, recovering the momentum that was interrupted over the past two quarters.

Another differentiating feature of Mercantil's investment thesis is that 83% of our portfolio is collateralized. From a short-, medium-, and long-term perspective, this is a very strong proposition. Our chosen risk profile should provide significant protection against a more restrictive credit cycle and higher household and individual delinquency. Our credit thesis therefore remains very compelling.

Private-sector payroll loans are another potential growth lever. Because this is still a new product, there is significant untapped demand and substantial room for expansion, subject to operational improvements. In summary, our focus on customers aged 50 and over, Brazil's aging population, and a more resilient balance sheet, combined with these short-, medium-,

and long-term factors, supports our confidence in strong growth. We will complete our assessments based on yesterday's Copom minutes and the government's forthcoming policy signals to refine our expansion strategy, including our branch network and digital channels, as we continue establishing ourselves as Brazil's leading bank for customers aged 50 and over.

Leonardo Ferraz:

Thank you very much, Gustavo. We have actually received several questions about our cost of risk. I will try to combine them into one.

“How much of the decline in cost of risk can be attributed to *one-off* effects, and how should we think about its normalization going forward?”

Paulino Rodrigues:

I can address that, Leo. Cost of risk declined from 6.5% to 4.8%, if I recall correctly. Essentially, the entire reduction was attributable to nonrecurring items. Accordingly, as we had already indicated in previous earnings presentations, we expect cost of risk to be above 6% to 6.5% next quarter, broadly in line with levels observed over the preceding two quarters. We will then see how it normalizes over the course of 2027, also considering the portfolio growth Gustavo just discussed. Portfolio mix plays an important role here: if INSS payroll loans grow faster, cost of risk naturally declines.

It is difficult to project longer-term trends, but we believe cost of risk will remain under pressure in 4Q and probably at the beginning of next year as well. Looking further ahead, given the change in our portfolio mix, it would not be realistic to assume that the Bank will return to cost-of-risk levels below 3%, as we had before entering private-sector payroll lending. That product is largely responsible for the change in cost of risk, but, as I always emphasize, this risk is factored into the product's economics.

Leonardo Ferraz:

Thank you, Paulino. We also received a question about private-sector payroll loans.

“The private-sector payroll loan portfolio remained stable quarter over quarter at R$ 3 billion. Could we see growth in this segment over the coming quarters? Are you seeing greater competition in this market?”

Gustavo Araújo:

Regarding private-sector payroll loans, we have been seeing gradual and successive operational improvements, including access to severance payments, FGTS balances, and mechanisms for reconnecting loans to a new employer. Dataprev has been gradually delivering these features, and we expect operational maturity to improve considerably from current levels.

Today, by far the most significant risk factor in private-sector payroll lending remains the operational transfer of payroll deductions. At Banco Mercantil, we have also been continuously refining our credit origination process. We are learning more about the inherent risks, including the probability of *turnover* among formally employed workers and employers' transfer performance, broken down by geography and type of employment. In other words, our credit risk assessments are improving as well.

As a result, newer vintages are improving considerably, not only because of operational improvements in transfers but also due to enhanced data access and tighter credit policies. This has also made the Bank more selective in its lending.

In terms of the product's evolution, customers who make their payments on time will have access to additional credit and refinancing opportunities. We are also considering portability of higher-quality loan portfolios, while the riskier early vintages are entering *run-off*, as Paulino discussed in relation to *over-90-day* delinquency and cost of risk.

The recent stabilization of this portfolio is a deliberate and, in my view, balanced decision by the Bank. We recognize the value the product brings, but also the pressure it has placed on our *over-90-day* delinquency ratio and cost of risk. We are therefore monitoring improvements in the market's operating processes while assessing our competitive advantages. Given that lending to individuals in Brazil, excluding INSS payroll loans, may grow more slowly than inflation, this segment could be one of the few to post growth in 2027 and 2028. We must continue monitoring the product carefully before it again becomes a growth driver, with particular attention to pricing and the balance between risk and return.

As always, our approach is disciplined and closely managed. This product adds value and somewhat changes the dynamics of Banco Mercantil's balance sheet, but we believe it has a very attractive path ahead.

On the other hand, employment in Brazil could weaken somewhat. We expect a reduction in fiscal stimulus next year, together with modest GDP growth in a restrictive monetary environment. This could lead to higher unemployment, which, as I mentioned, remains the second most important driver of delinquency in this product, by a wide margin.

Although unemployment is a fundamental risk for the product, it is currently far less significant than failures in operational transfers. On balance, we expect the operational improvements to be considerably more meaningful than any deterioration arising from the adverse macroeconomic scenario we discussed. We are therefore optimistic that this product, alongside INSS payroll loans, will allow us to leverage our strengths and add value and diversification to the Bank's balance sheet.

Leonardo Ferraz:

Let us now turn to a question about INSS payroll loans.

“You highlighted a recovery in INSS payroll loan originations in September. Could you explain what drove this acceleration and whether that pace was sustained in October? How much of the improvement reflects operational normalization versus stronger demand or risk appetite? What does this imply for portfolio growth in 4Q26?”

Paulino Rodrigues:

I can take that, Leo. As Gustavo and I mentioned throughout the presentation, two main developments occurred in September. First, the operational process for loan portability returned to its previous model after changes introduced around April or May had driven monthly market origination down to approximately R$ 3 billion to R$ 4 billion over the past two quarters. Second, the provisional measure that had reduced the payroll-deductible margin expired, restoring borrowing capacity for many potential customers who had previously been unable to obtain additional loans.

Following these two developments in September, market origination recovered to around R$ 8.8 billion, or nearly R$ 9 billion, even though operating conditions had normalized for only about two weeks of the month. October was the first full month under normal conditions. Market-wide data are not yet available and should be released later this month. However, based on our own performance, we have seen a very strong recovery, giving us confidence that Mercantil can return to INSS payroll loan origination levels similar to those achieved previously, starting in 4Q.

This is a product with more than 20 years of market history, so we understand its behavior well. It is relatively independent of the economic cycle and is much more sensitive to the available payroll-deductible margin than to GDP growth or unemployment, the factors Gustavo highlighted as potential challenges in 2027.

There is also pent-up demand, although we cannot quantify precisely how large it is or how long it will take to be met. Overall, we enter 2027 with a very positive outlook for INSS payroll loans. It is difficult to determine the exact level origination will reach, but I believe R$ 10 billion to R$ 11 billion per month is a reasonable market reference. We may already see that level from October, possibly somewhat higher due to pent-up demand. For 2027, we consider R$ 10 billion to R$ 11 billion a useful monthly reference. We have also been consistently gaining *market share* in this product and expect that trend to continue.

Leonardo Ferraz:

We also received a question about online *betting*.

“Could the provisional measure to end online *betting* affect the Bank's results in the coming quarters?”

Paulino Rodrigues:

That is a good question, and it is the first time we have received it, so we had not prepared a detailed response. However, given that approximately 82% to 83% of our loan portfolio is collateralized, the portion most exposed to household budget constraints is unsecured personal lending, or CP, which currently represents about 12% to 13% of our portfolio.

I would therefore say that Mercantil's exposure to delinquency caused by online *betting* was already limited. Naturally, restrictions on *betting* could help reduce delinquency in unsecured personal loans, a segment in which market-wide delinquency is currently at record levels, as we discussed during the presentation. We could therefore see a marginal positive impact on the Bank.

I do not believe the impact would be particularly material. It is important to remember that we only extend unsecured personal loans to customers who receive their social security benefits through the Bank, which gives us a differentiated position when collecting installments. So, if there is an effect, we expect it to be positive but probably marginal.

Leonardo Ferraz:

Thank you, Paulino. I will take one final question, this time about the interest rate curve.

“The interest rate curve has risen significantly recently, by around 200 basis points. How negatively could the resulting increase in *funding* costs affect profitability in private-sector payroll lending?”

Paulino Rodrigues:

Well, the interest rate curve also falls under my area, Gustavo, so allow me to take that one. Clearly, this development is not positive, and its impact extends beyond private-sector payroll loans to the Bank's entire portfolio and, indeed, to the financial system as a whole. Naturally, we view this with some concern, but unfortunately, we could also call it *business as usual* in Brazil. Over the five years since the pandemic, interest rates have fallen to 2%, risen to 15%, declined to 10%, increased again, and then started to fall before stabilizing, as we saw in yesterday's Copom meeting.

How do we manage this through our asset and liability management, or ALM, framework? We hedge our portfolio according to the *duration* of each product, seeking to lock in our NIM to the greatest extent possible. Of course, *hedges* have to be rolled over time, which can eventually put pressure on margins, as we have seen to some extent in recent quarters. The Bank previously operated with NIM close to 20%, while we have now reported a figure in the high 16% range. However, this also reflects our higher cash weighting; without that mix effect, NIM would already be slightly above 17%, which I would consider an excellent level.

This is how we operate: through disciplined ALM execution. We have seen substantial volatility in the interest rate futures market. Given the *duration* of our portfolio, we are particularly focused on F28 and F29, the DI futures contracts we use most frequently, which have been trading around 14% to 15%. Volatility is high, making it difficult to pinpoint a single level. We have experienced this before, so it is not entirely new.

From a structural perspective, a rise of around 200 basis points in the interest rate curve over recent weeks, following the second round of the election, is clearly unfavorable for the industry. Although the question refers specifically to private-sector payroll loans, our main product is INSS payroll lending, where interest-rate caps—which have remained unchanged for some time—put pressure on margins. In a product that has existed for more than 20 years, spreads are now close to historical lows.

So, while this is clearly not favorable news, it is something we are accustomed to managing, and we have done so with considerable success.

Leonardo Ferraz:

Thank you very much, Paulino. We are now approaching the end of our presentation. I would like to remind everyone that any questions submitted but not answered during today's session will be addressed directly to the respective participants by our Investor Relations team.

For any additional questions, please feel free to contact us through the channels displayed on the screen. I would like to thank Paulino and Gustavo for the presentation and wish everyone who joined us a very good day.