

# Earnings Release 1Q21



**São Paulo, May 10, 2021** – Pursuant to legal provisions, Banco PAN S.A. (“PAN”, “Bank”, “Banco PAN” or “Company”) and its subsidiaries announce their results for the quarter ended March 31, 2021 accompanied by the Independent Auditor’s Report. The Bank’s operating and financial information, except when otherwise stated, is presented based on consolidated figures and in Brazilian reais, pursuant to Brazilian Corporate Law and the Brazilian Accounting Practices.

## **NOTICE TO THE SHAREHOLDERS**

In the first quarter of 2021 the Brazilian society faced an increase in Covid-19 cases, prolonging and accentuating the pandemic effects. In this scenario, we continue to prioritize the well-being of our clients, partners and employees, expanding our digital platform services, investing in technology and supporting projects and initiatives focused on mitigating the effects of the pandemic.

Our purpose is to **take a fresh look at the challenges faced by those who want to overcome life's obstacles**, thus being the Brazilians partner bank, **leading financial inclusion** through our digital account, which in February 2021 has completed one year.

Fundamental to our strategy of creating a complete digital platform that meets the needs of our target market, our digital account expands the base of products and services we offer, allowing us to **go far beyond credit**. In this first year of operation, **we continue to dare and innovate**, with significant improvements throughout our client journey, deepening our direct relationship and laying the foundations for client's loyalty and engagement, creating a **lasting relationship, committed to excellence in service**.

In **Consumer Finance**, we offer several credit products, such as payroll-deductible loans (loan and credit card), vehicle financing (used light vehicles and new motorcycles) and personal credit, in addition to solutions such as Car Equity. The **Banking** segment, encompasses 4 major fronts: (i) **Transactional Bank**, with a digital account and credit card, including multiple card, over draft, PIX (instant payment), transfers and payment of slips, deposits and withdrawals; (ii) **Insurance**, offering our client, in addition to traditional credit insurance, a series of insurance options, creating a complete portfolio in partnership with Too Seguros; (iii) **Savings**, where we offer simple investment options such as “Poupa PAN”, focused on our target audience, adding an important component of financial education and planning; and (iv) **Acquiring**, offering complete solutions for microentrepreneurs (*MEI*) and self-employed workers, who represent an important part of our client base. The diversification of our products, driven by technology, offers our clients a fully integrated environment, increasing our levels of engagement and monetization.

We continue to show significant growth in our client base, as a complete digital bank, using technology to reach clients and partners. In 1Q21, we reached the **extraordinary mark of 10 million clients**, of which **6 million are transactional**, having checking account, credit cards or both. Also, we **acquired 41 thousand clients per business day** in 1Q21.

The milestone of 10 million clients, achieved one year after the launch of the Digital Account, reflects our **agile and simple execution capacity**, led by an **extraordinary and extremely motivated team**. We are presenting a constant evolution of engagement metrics and continue to focus on expanding our client base by offering new products and services.

Additionally, our loan portfolio posted lower 90 days NPL ratios, following last 2 quarters trend, demonstrating the portfolio's resilience, mainly composed of payroll-deductible loans and collateralized loans. Our expertise in credit origination and collection allowed the portfolio to grow alongside a reduction in the cost of credit. We ended 1Q21 with net income of R\$ 190 million, up from R\$ 171 million in the last quarter, and an adjusted (unaudited) ROE of 20.3% p.y.

In March, 2021, Caixa Participações S.A. - Caixapar, started the process of divesting its common shares. This process culminated with the execution on April 5 of an agreement that entitles the purchase of all shares by Banco BTG Pactual S.A, after regulatory approvals.

Caixa's strength was fundamental during this investment period of more than 10 years and our partnership continues through funding and assignment agreements.

The new ownership structure with BTG Pactual as the sole controller does not change the essence of our strategy, which continues to focus on the development of a complete financial services platform for low income classes, going beyond credit.

## MAIN INDICATORS

	R\$ MM	1Q21	4Q20	1Q20	Δ 1Q21/ 4Q20	Δ 1Q21/ 1Q20
<b>Income Statement</b>	Managerial Interest Margin	1,456	1,585	1,183	-8%	23%
	Net Income	190	171	171	11%	12%
	Adjusted Net Income – non audited	227	224	225	1%	1%
<b>Performance</b>	Managerial Interest Margin (%)	18.6%	21.9%	18.3%	-3.3 p.p.	0.3 p.p.
	Accounting ROE (%)	14.2%	13.0%	13.7%	1.2 p.p.	0.5 p.p.
	Adjusted ROE – unaudited (%)	20.3%	20.9%	23.5%	-0.6 p.p.	-3.2 p.p.
	Delinquency Rate (90 days) - Retail	5.0%	5.5%	5.7%	-0.5 p.p.	-0.7 p.p.
	Delinquency Rate (15 to 90 days) - Retail	7.8%	6.3%	9.0%	1.6 p.p.	-1.2 p.p.
	ADA Expenses / Average Portfolio	3.1%	3.6%	3.8%	-0.5 p.p.	-0.7 p.p.
<b>Balance</b>	Total Assets	38,702	38,524	33,299	0%	16%
	Credit Portfolio	30,160	28,907	25,021	4%	21%
	Funding	27,949	27,025	24,826	3%	13%
	Shareholders' equity	5,434	5,317	5,022	2%	8%
	Credit Assignments without Recourse	1,263	2,523	851	-50%	48%
	Basel Ratio (%)	15.9%	15.9%	15.7%	0.0 p.p.	0.2 p.p.
	Common Equity Tier I (%)	15.9%	15.9%	15.7%	0.0 p.p.	0.2 p.p.
<b>Shares</b>	Earnings Per Share (Reais)	0.16	0.14	0.14	14%	13%
	Equity Value per Share (Reais)	4.51	4.41	4.17	2%	8%
	Market cap	13,244	11,484	5,700	15%	132%
<b>Other</b>	Total Clients (Thousand)	10,006	7,619	5,189	31%	93%
	Banking Clients (Thousand)	5,987	3,454	1,254	73%	378%
	Retail Origination	4,820	8,079	4,249	-40%	13%
	Employees (#)	2,678	2,497	2,438	7%	10%
	Bank Correspondents (#)	821	774	672	6%	22%
	Multi-brand stores and dealers (#)	16,662	16,000	12,197	4%	37%

# Highlights

## 1Q21

1Q21  
1Q20  
4Q20

**CREDIT  
PORTFOLIO**

**R\$ 30.2 bi**

+4% 4Q20 | +20% 1Q20

**CLIENTS**

**10 MM**

+31% 4Q20 | +93% 1Q20

**NET  
INCOME**

**R\$ 190 MM**

+11% 4Q20 | +12% 1Q20

**ROE**

**14.2% p.y.**

13.0% p.y. 4Q20 | 13.7% p.y. 1Q20

**ADJUSTED  
ROE<sup>1</sup>**

**20.3% p.y.**

20.9% p.y. 4Q20 | 23.5% p.y. 1Q20

**SHAREHOLDERS'  
EQUITY**

**R\$ 5.4 bi**

+2% 4Q20 | +8% 1Q20



<sup>1</sup> Unaudited adjusted ROAE includes: (i) the excess financial expense of pre-fixed CDBs issued between 2005 and 2008, as an adjustment to Net Income, and (ii) the tax credit of tax loss arising from accounting inconsistencies found in 2010 as an adjustment to Shareholders' Equity.



# CONSUMER FINANCE

## Payroll Deductible Loans

In this market, we focus on payroll-deductible credit cards and loans to public servants (municipal, state and, mainly, federal), retirees and INSS pensioners. Our strategy is to remain as a relevant player with a focus on federal agreements, staying among the largest originators of the *INSS* beneficiaries and pensioners market.

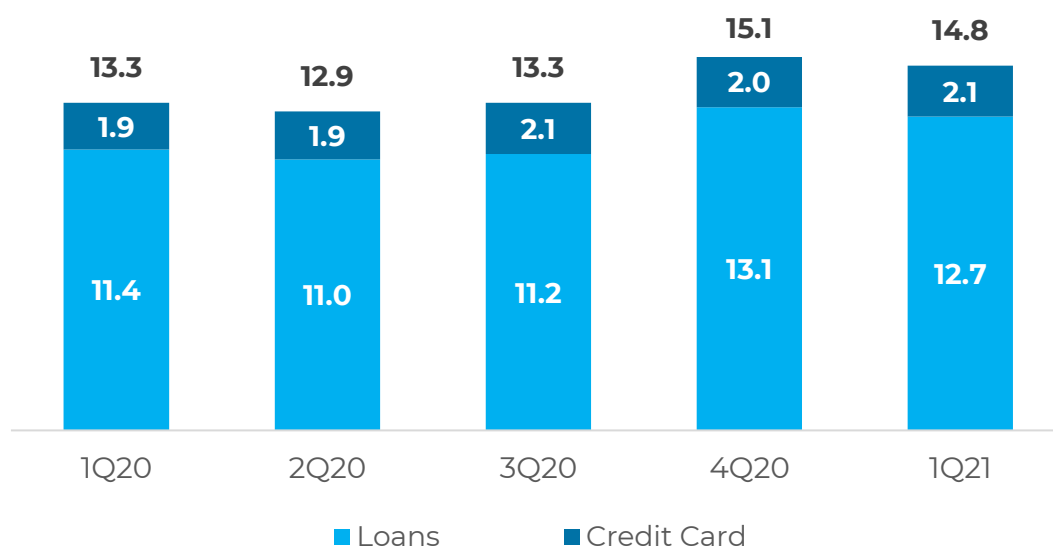
The 1Q21 was marked by the impact of the withdrawal of the temporary increase in payroll loan margin carried out in 4Q20. We originated R\$ 1,933 million in 1Q21, compared to the volumes of R\$ 5,211 million in 4Q20 and R\$ 2,577 million in 1Q20. During the month of April, the volumes originated increased substantially with the return of the increase in the consignable margin.

In the payroll-deductible credit card product, we originated R\$ 215 million in 1Q21, compared to R\$ 185 million originated in 4Q20 and R\$ 222 million originated in 1Q20, registering an increase of 16% in the quarter and a reduction of 3% in the 12 months comparison.

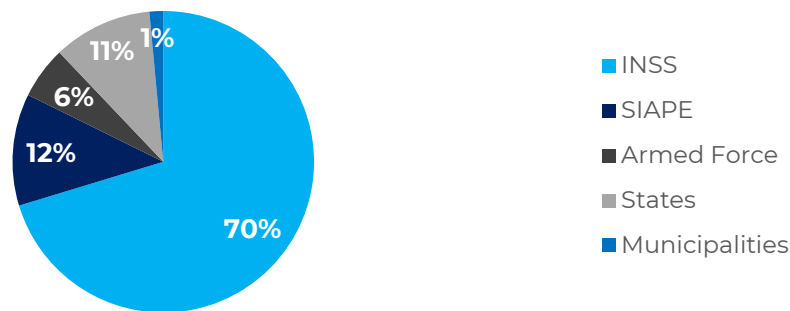
Our digital platform, combined with market positioning and relationships with business partners, creates an ideal ecosystem to maximize our origination capacity. As a result, we continue to expand the payroll-deductible loan offer through our digital platform, advancing in the B2C segment and at the same time strengthening our partnerships in the B2B segment.

The payroll-deductible loan portfolio ended the quarter with a balance of R\$ 12,710 million, compared to the R\$ 13,098 million in the fourth quarter of 2020 and the R\$ 11,380 million in the first quarter of 2020, showing a 3% decrease in the quarter and an increase of 12 % in the annual comparison. The payroll-deductible credit card portfolio ended the quarter with a balance of R\$ 2,064 million, registering an increase of 2% compared to the balance of R\$ 2,031 million in the previous quarter and 9% in comparison to the balance of R\$ 1,895 million in the 1Q20.

**Payroll Portfolio Evolution – (R\$ Billion)**



### 1Q21 - Origination by Partnership (%)



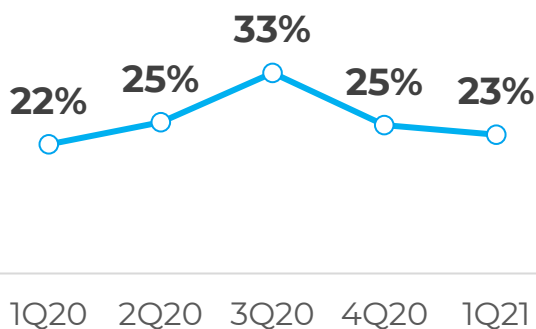
### Vehicle Financing

In this segment, we focus on financing used light vehicles (mostly between 4 and 8 years of use) and new motorcycles. In addition to our credit expertise, we have a long history and a close relationship with commercial partners operating in this market, which guarantees a strong performance in the segment. We continue to have a prominent position in new motorcycles and used cars financing.

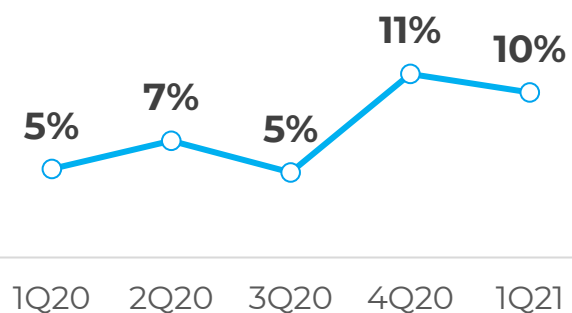
After being impacted from the effects of the pandemic in the 2nd quarter of 2020, the vehicle market recovered and in the 1st quarter of 2021 R\$ 2,673 million were originated in new financing contracts for light vehicles and motorcycles, remaining stable in comparison to R\$ 2,683 million in the fourth quarter of 2020, with an increase of 84% compared to the R\$ 1,450 million originated in the first quarter of 2020.

Overall, we have recovered faster and gained market share, both in motorcycles and in the used vehicle segment.

Market Share - Motorcycles



Market Share - Vehicles



We offer an exclusive platform that allows financing simulation and credit pre-analysis with basic information, in addition to the proposal monitoring and the vehicle report issuing, providing agility to the process alongside a better experience for our business partners and final clients.

In the motorcycles segment, we are the leading bank in origination, focused on a younger audience, capturing excellent performance, thanks to our long history, experience and credit knowledge.

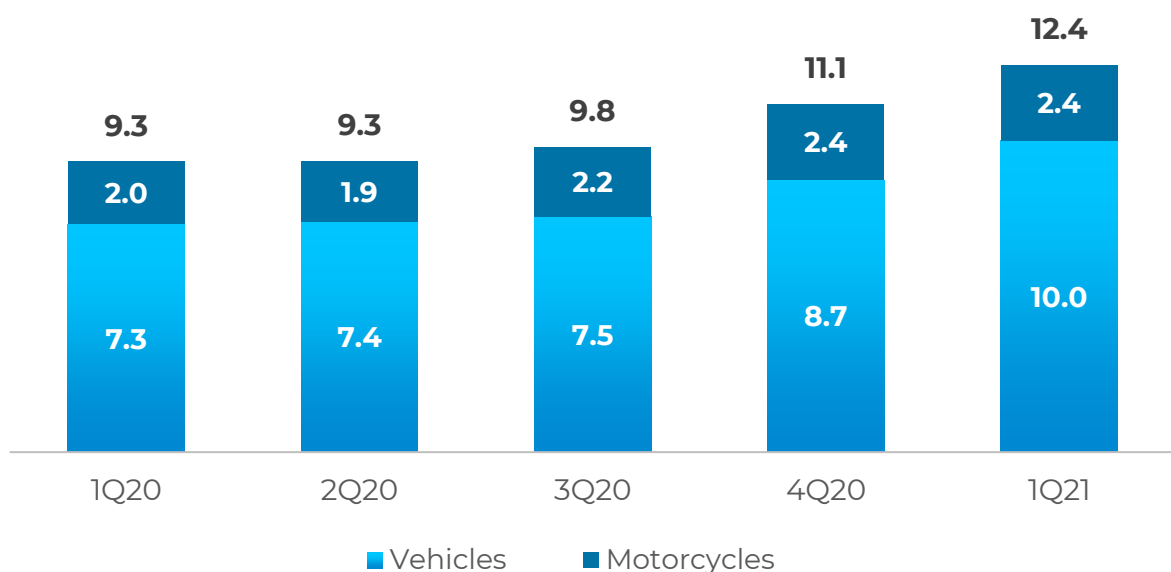
The origination of light vehicles was of R\$ 2,390 million in the first quarter of 2021, an increase of 9% compared to the R\$ 2,191 million originated in the fourth quarter of 2020 and 115% in relation to the R\$ 1,110 million originated in the first quarter of 2020. In the motorcycle segment, R\$ 283 million were originated in the 1st quarter of 2021, compared to R\$ 492 million in the 4th quarter of 2020 and R\$ 340 million in the 1st quarter of 2020, the observed decrease was influenced by the lower production of motorcycles in the country

Below are more details on the origination in these segments in 1Q21:

	Light	Motorcycles
Origination (R\$MM)	2,390	283
Market Share (mar/21)	10%	23%
Average term (months)	48	41
<b>Down Payment %</b>	<b>29%</b>	<b>21%</b>

The vehicle financing portfolio ended the quarter at R\$ 12,403 million, an increase of 11% in comparison to the R\$ 11,140 million in the 4th quarter of 2020 and 33% in comparison to the R\$ 9,302 million at the end of the 1st quarter of 2020

**Portfolio Evolution (R\$ Billion)**



### Credit Card

In line with our strategy of diversifying clients and products, we continue with a strong evolution of the credit card segment, using, in addition to our digital account channel, partners that originate new cards and expand our client base. The complete digital journey of our clients is fundamental to our business and we have seen important developments in this direction.

We ended 1Q21 with a balance of R\$ 2,078 million, registering a growth of 17% and 82% compared to the balances of R\$ 1,772 million and R\$ 1,139 million, in the fourth quarter of 2020 and the first quarter of 2020, respectively.

### **Personal Loan**

Focused on the strategy of creating a complete platform for low income class, we observed a growth in personal loans, which aims to complement the range of products that in our view engage and retain the client.

Personal loan is a fundamental tool in our client daily life, who at various times faces the need to supplement its cash flow, make occasional investments and cover daily needs. This product tends to grow above the average of other credit products, although, at this moment, it is still a small portion of our portfolio.

In 1Q21, the personal loan portfolio reached R\$ 164 million, an increase of 123% compared to 4Q20.

### **Run Off Portfolio (Corporate and Real Estate)**

With the strategic repositioning of Banco PAN, some business lines were discontinued, however, their remaining portfolios continue being carried on the balance sheet.

The Corporate Credit portfolio ended the quarter with a balance of R\$ 203 million, compared to the balance of R\$ 224 million at the end of the 4th quarter of 2020 and the balance of R\$ 701 million in the 1st quarter of 2020. The portfolio is fully provisioned and has a good level of guarantees.

Real estate credit balance ended the first quarter of 2021 at R\$ 390 million, compared to R\$ 412 million in the fourth quarter of 2020 and R\$ 479 million in the first quarter of 2020, with a very conservative provision level.





# BANKING

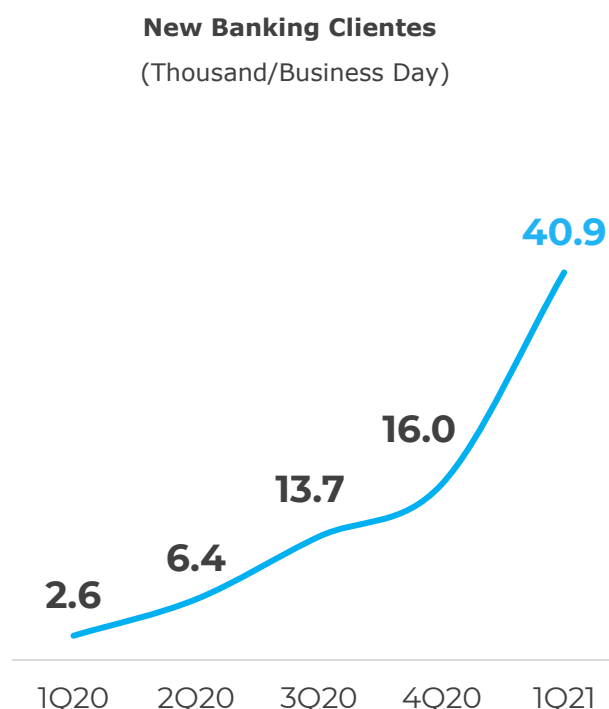
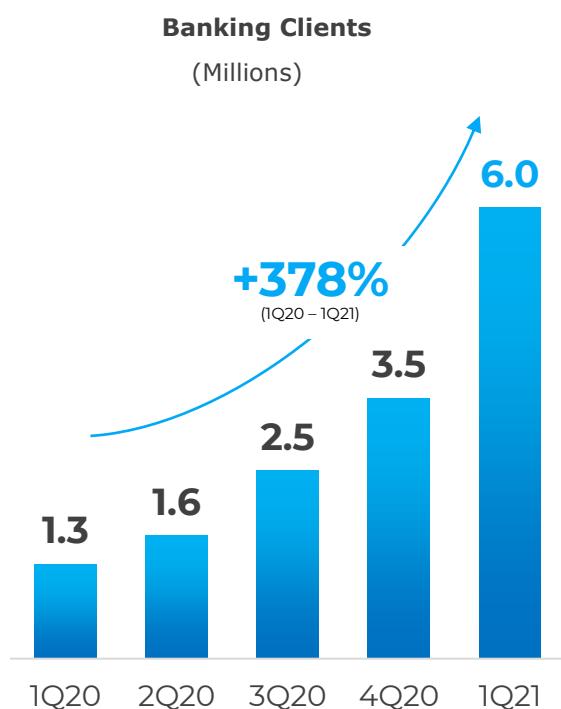
## Transactional Bank

This segment includes our digital account and all transactional tools, such as credit and debit cards. Within our strategy, the digital account has a fundamental role, in creating a lasting relationship with our client, transforming Banco PAN into a complete financial services platform.

The digital account gives clients access to a complete account: 100% digital, no maintenance fees, a multiple card without annual fee, a free monthly transfer package, PIX (instant Payment), ATM withdrawals, deposits via *boleto*, payments accounts, paycheck portability, simple investment products, insurance, in addition to several credit products and other services.

Our acquisition strategy is based on 5 sources of attraction: offerings to the active and former base of clients; flow of potential clients requesting credit on a monthly basis; digital marketing; physical distribution network; and new origination partners.

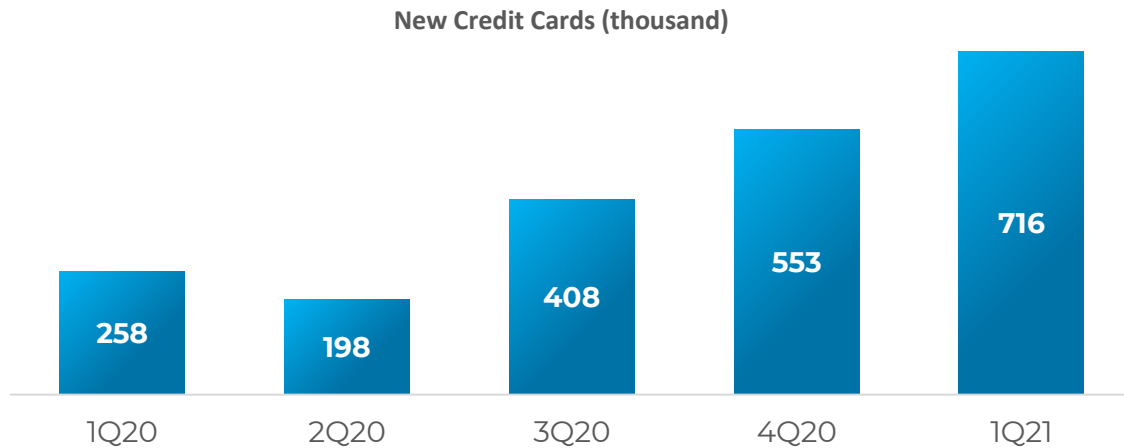
Therefore, although credit is the main instrument for attracting, engaging and monetizing clients, our strategy goes even further. In that sense, we are satisfied with the evolution of our platform. We reached the mark of 10 million clients, of which 6 million are banking clients. Our growth pace with around 41 thousand new accounts per business day shows the strength of a **product that combines transactionality with access to credit.**



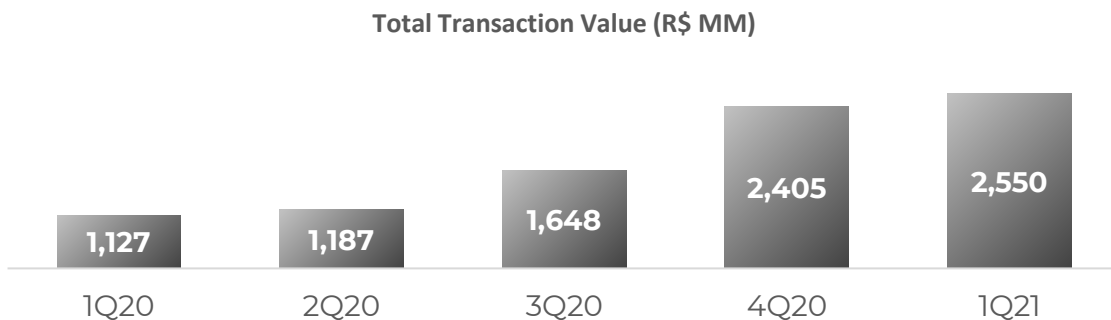
We believe that the credit card is an important instrument for client engagement, allowing cash flow control and obtaining benefits. In addition, the card is a tool for accessing credit for an audience that receives little attention from banks in general. We understand that the role of PAN is to help democratize credit, using

our long history and expertise combined with transactional tools to engage our clients, bringing a product that was previously inaccessible.

In 1Q21, our credit card issuance reached 716 thousand a 178% growth compared to 1Q20.



The volume traded on credit and debit cards, in addition to withdrawals in 2020, reached R\$ 6.4 billion, and in 1Q21, we reached the mark of R\$ 2.6 billion, or R\$ 10.2 billion annualized for 2021.



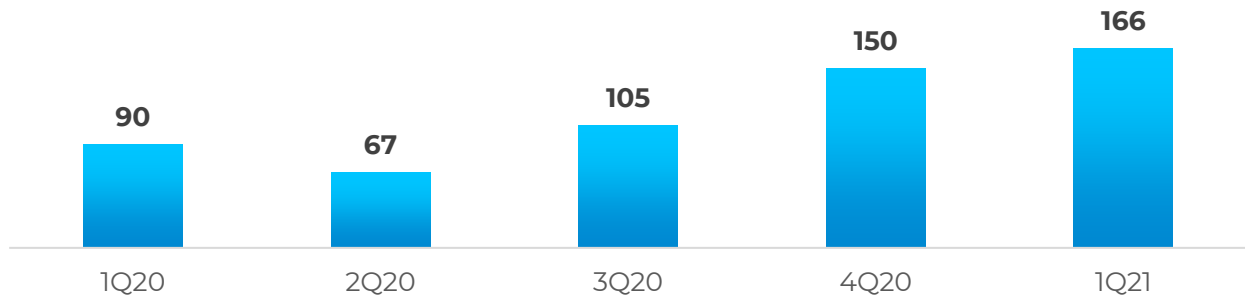
In addition, the new products launching roadmap will make the client's experience even more complete, leveraging engagement. By centralizing the entire relationship with clients, the digital account becomes an indispensable tool for optimizing cross-sell and upsell opportunities, in addition to increasing product portfolio and client loyalty.

### Insurance

Our insurance segment remains a priority within the diversification, cross sell and expansion strategy of our complete service platform. Throughout 2020, new products were launched, such as: PAN Moto Assistance and Mechanical Warranty, focused on meeting our clients specific needs.

In 1Q21, we originated R\$ 166.2 million in insurance premiums, compared to R\$ 150.4 million and R\$ 89.7 million originated in the 4th quarter of 2020 and in the 1st quarter of 2020, respectively.

### Insurance Premiums (R\$ MM)



In 2021, the product portfolio will expand even further, increasing the loyalty of our clients, and facilitating purchases in a one-stop-shop platform. The new offers include: Life Insurance, Income Loss Insurance, Mobile Phones Insurance, Home Insurance, among others.

### Savings

We offer options that are simple to understand, easy to access and have a low risk. In the view of these characteristics, in 2020 we launched the Poupa PAN, a time deposit (*CDB*) with daily liquidity that yields more than traditional savings (*Poupança*), a product widely used by our clients in other financial institutions, since about 94% of the traditional savings (*Poupança*) balance was concentrated in the 5 largest Brazilian banks.

### Acquiring

In our current client base, there is a large presence of microentrepreneurs and self-employed workers, thus we understand that offering acquiring solutions is an important step towards creating a complete and integrated platform. In addition, the acquiring service increases engagement, broadens the information flow and diversifies our revenue sources.

We did the soft launch of the "Turbo PAN", our POS equipment and will achieve a larger scale in the upcoming months, by officially launching our payments solutions.



# CREDIT

## CREDIT ORIGINATION

Our operating focus is granting credit to low-income individuals, in addition to public servants, retirees and INSS pensioners, offering payroll-deductible loans (loan and credit card), financing of used vehicles, financing of new motorcycles, conventional credit card and personal loans.

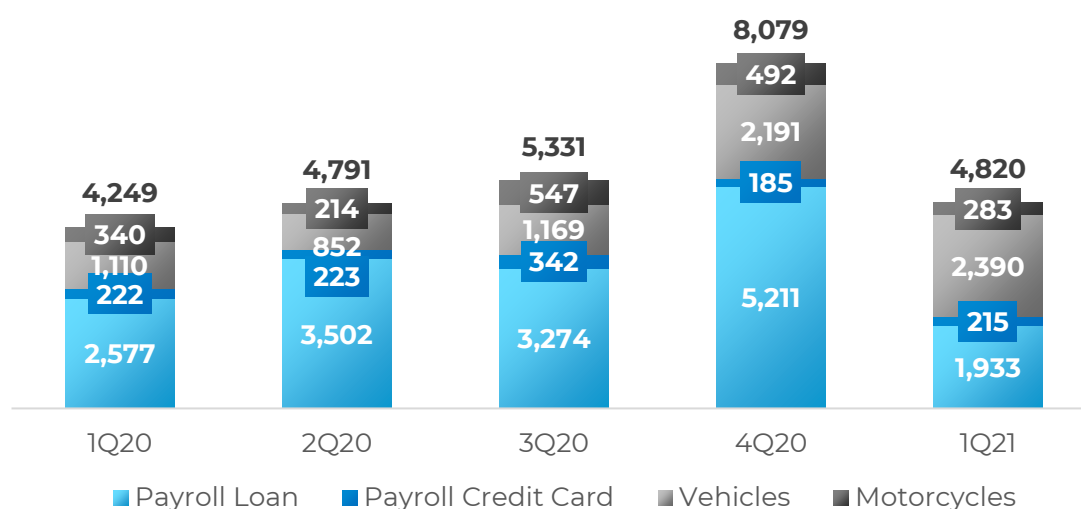
With 2,678 employees and 60 service stations in the main cities of the country, we are present throughout the country, with an asset light structure, operating via digital platforms with 821 bank correspondents originating payroll loans and more than 16 thousand multi-brand stores and dealerships offering vehicle and motorcycle financing.

During 1Q21, we generated a monthly average of R\$ 1,607 million in new loans, compared to R\$ 2,693 million in 4Q20 and R\$ 1,416 million in 1Q20, registering a reduction in the quarter due to the impact of the increase in the payroll margin in 4Q20, and an increase of 13% compared to 1Q20.

### Origination in the Quarter (R\$ MM)

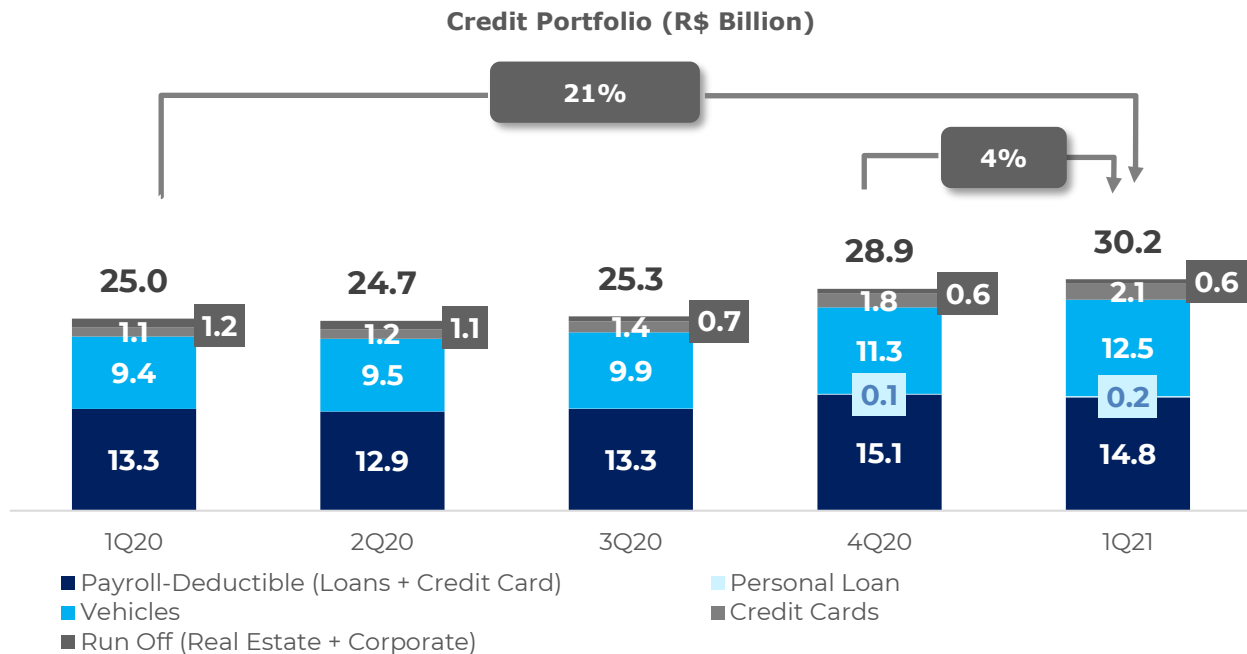
Products	1Q21	4Q20	1Q20	$\Delta 1Q21/4Q20$	$\Delta 1Q21/1Q20$
Payroll-Deductible Loans	1,933	5,211	2,577	-63%	-25%
Payroll-Deductible Credit Cards	215	185	222	16%	-3%
Vehicles	2,390	2,191	1,110	9%	115%
Motorcycles	283	492	340	-42%	-17%
<b>Total</b>	<b>4,820</b>	<b>8,079</b>	<b>4,249</b>	<b>-40%</b>	<b>13%</b>

### Retail Origination (R\$ MM)



## CREDIT PORTFOLIO

The Expanded Credit Portfolio ended the 1st quarter with a balance of R\$ 30,160 million, showing growth of 4% in relation to the balance of R\$ 28,907 million at the end of the 4th quarter of 2020, and growth of 21% in comparison to the balance of R\$ 25,021 million for the first quarter of 2020



The breakdown of the Retained Credit Portfolio by business segment is demonstrated below:

R\$ MM	1Q21	Part. %	4Q20	Part. %	1Q20	Part. %	$\Delta$ 1Q21 / 4Q20	$\Delta$ 1Q21 / 1Q20
Payroll-Deductible (Loans + Credit Card)	14,774	49%	15,129	52%	13,275	53%	-2%	11%
Vehicles	12,550	42%	11,296	39%	9,427	38%	11%	33%
Credit Cards	2,078	7%	1,772	6%	1,139	5%	17%	82%
Personal Loan	164	1%	74	0%	0	0%	123%	n/a
Run Off (Real Estate + Corporate)	593	2%	636	2%	1,180	5%	-7%	-50%
<b>TOTAL</b>	<b>30,160</b>	<b>100%</b>	<b>28,907</b>	<b>100%</b>	<b>25,021</b>	<b>100%</b>	<b>4%</b>	<b>21%</b>

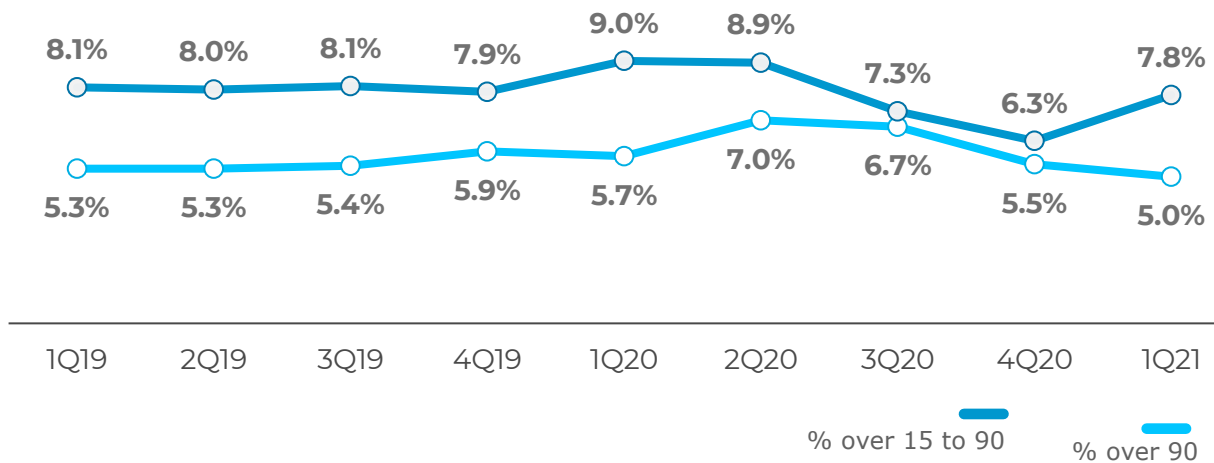
## RETAIL CREDIT QUALITY

The first quarter of 2021 was the third quarter in a row to present a decrease of 90 days NPL, 5.0% ratio face to 5.5% in 4Q20, in line with the historical average.

The shorter delinquency ratio, 15 to 90 days overdue, was of 7.8% in 1Q21, compared to 6.3% in 4Q20 and 9.0% in 1Q20. The increase in this quarter was due to seasonality impacts, with an increase in defaults at the beginning of the year and changes in the credit portfolio mix, keeping credit dynamics under control.

We continue to manage the credit portfolio in a conservative manner, watching out for the developments of the Covid-19 pandemic and its possible impacts on the economy.

### Default Ratios - Retail



Below is the classification of the credit portfolio recorded in the balance sheet by risk category, according to Resolution No. 2,682 of the National Monetary Council ("CMN"):

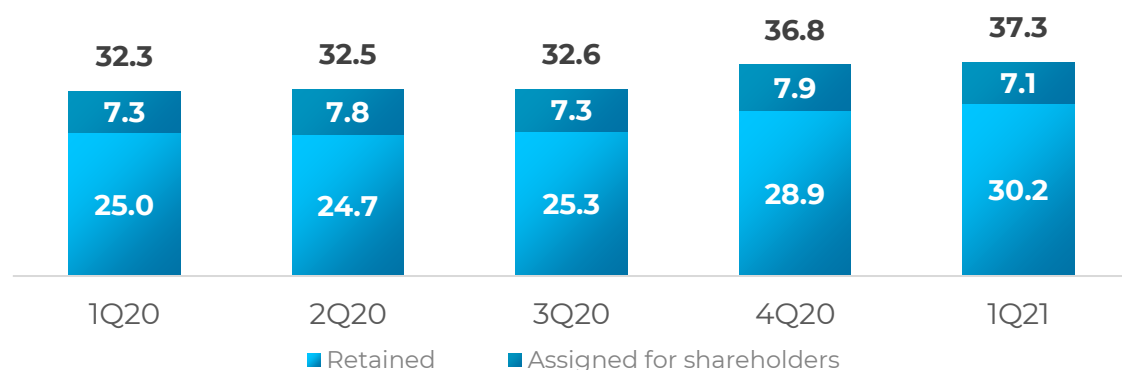
R\$ MM	1Q21	Share %	4Q20	Share %	1Q120	Share %	$\Delta$ 1Q21 / 4Q20	$\Delta$ 1Q21 / 1Q20
"AA" to "C"	27,873	92%	26,565	93%	22,934	92%	4.8%	24.3%
"D" to "H"	2,052	8%	2,075	7%	1,874	8%	-1.1%	9.5%
<b>Total</b>	<b>29,893</b>	<b>100%</b>	<b>28,640</b>	<b>100%</b>	<b>24,267</b>	<b>100%</b>	<b>4.4%</b>	<b>23.2%</b>

### ORIGINATED CREDIT PORTFOLIO

Besides retaining credits in its portfolio, PAN's strategy also includes the assignment of credits without recourse as a usual instrument of capital and liquidity. In 1Q21, these assignments totaled R\$ 1,263 million, compared to the R\$ 2,523 million assigned in 4Q20 and the amount of R\$ 851 million in 1Q20. Notwithstanding, even with credit assignments, we were able to expand our retained credit portfolio, demonstrating our great origination capacity.

The originated credit portfolio balance, which considers both credit in PAN's balance sheet ("on-balance portfolio") and the balance of the portfolios assigned to the controlling shareholders ("off-balance portfolio"), ended the quarter at R\$ 37.3 billion.

### Originated Portfolio (R\$ Billion)



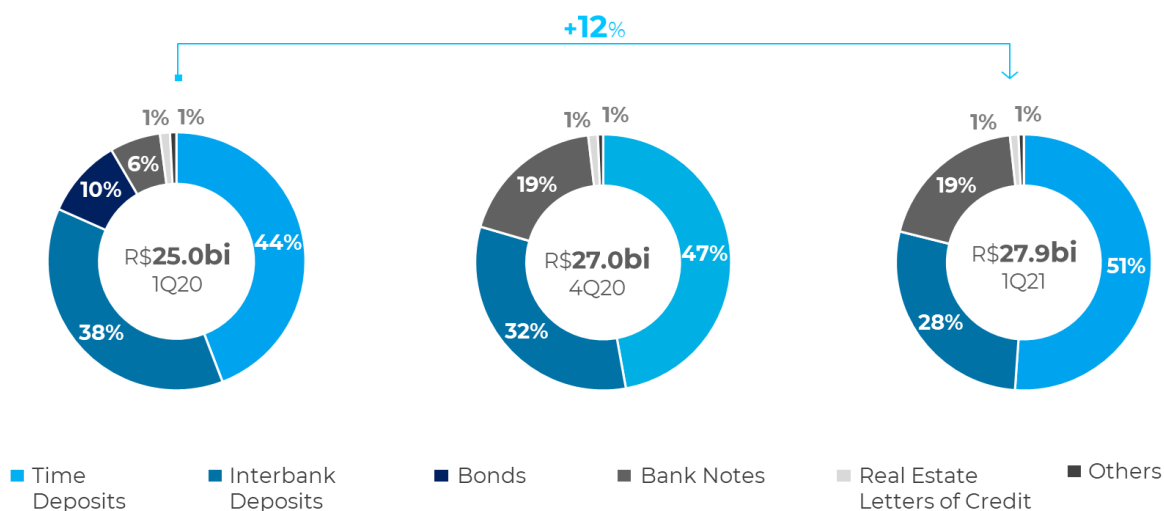


# FUNDING

The balance of funds raised totaled R\$ 27.9 billion at the end of the first quarter of 2021, presenting the following composition: (i) R\$ 14.3 billion in time deposits, representing 51% of the total; (ii) R\$ 7.8 billion in interbank deposits, or 28% of the total; (iii) R\$ 5.4 billion related to the issuing of financial bills, or 19% of the total; (v) letters of real estate credit with a balance of R\$ 302 million, or 1% of the total; and (vi) other sources of financing, which corresponded to R\$ 187 million, equivalent to 1% of total funding.

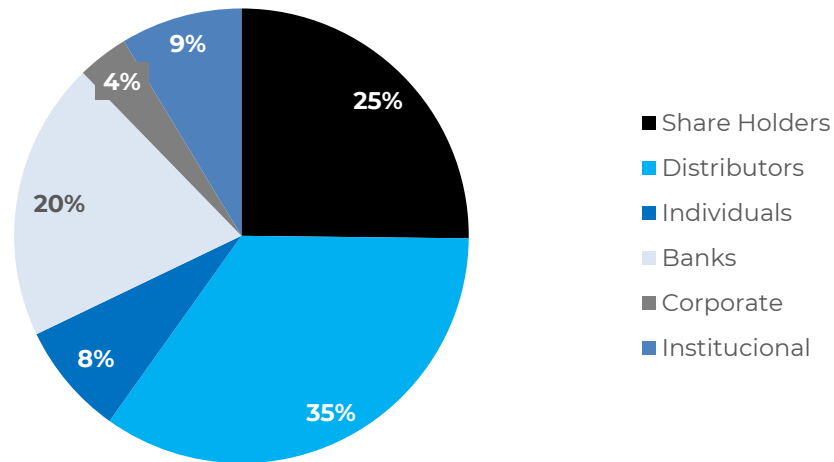
Funding Sources <sup>1</sup> R\$ million	1Q21	Share %	4Q20	Share %	1Q120	Share %	Δ1Q21/ 4Q20	Δ1Q21/ 1Q20
Time Deposits	14,285	51%	12,743	47%	10,970	44%	12%	30%
Interbank Deposits	7,768	28%	8,748	32%	9,297	37%	-11%	-16%
Bank Notes	5,407	19%	5,027	19%	1,579	6%	8%	243%
LCI and LCA	302	1%	327	1%	311	1%	-8%	-3%
Bonds	-	-	-	-	2,468	10%	-	-
Other	187	1%	180	1%	201	1%	4%	-7%
<b>Total</b>	<b>27,949</b>	<b>100%</b>	<b>27,025</b>	<b>100%</b>	<b>24,826</b>	<b>100%</b>	<b>3%</b>	<b>13%</b>

## Evolution of Funding Sources



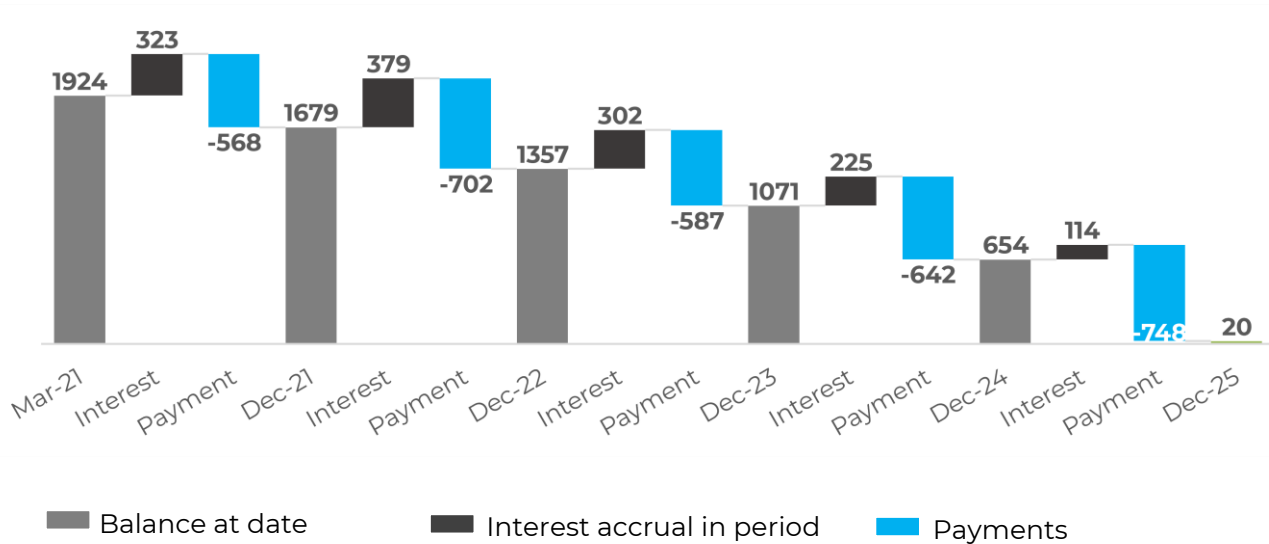
<sup>1</sup> In accordance with Article 8 of Central Bank Circular 3068/01, PAN declares that it has the financial capacity and the intention of holding to maturity those securities classified as "held-to-maturity securities" in its financial statements.

### Funding by Investor (%)



We present below, it is possible to observe the future flow of legacy fixed rate time deposits (*CDBs* - issued between 2005 and 2008), excluded in the Adjusted Net Income and Adjusted ROE. In 4Q20, we had significant maturities and at the end of the year the total balance was R\$ 1,820 million, significantly reducing the accounting impact for the year 2021 onwards. At the end of 1Q21, the total balance was R\$ 1,924 million:

### Future Flow – Fixed rate time deposits Legacy (R\$ MM)







# RESULTS

## Managerial Net Financial Margin - NIM

In the 1st quarter of 2021, the Managerial NIM was 18.6% compared to 21.9% in the 4th quarter of 2020 and 18.3% in the 1st quarter of 2020. This level remained high, and is related to robust spreads over credit transactions, the expansion of new lines of credit with higher margins and the gains on portfolio assignments. The decrease in this quarter was related to the lower volume of assignment made in 1Q20 in line with the decrease in origination.

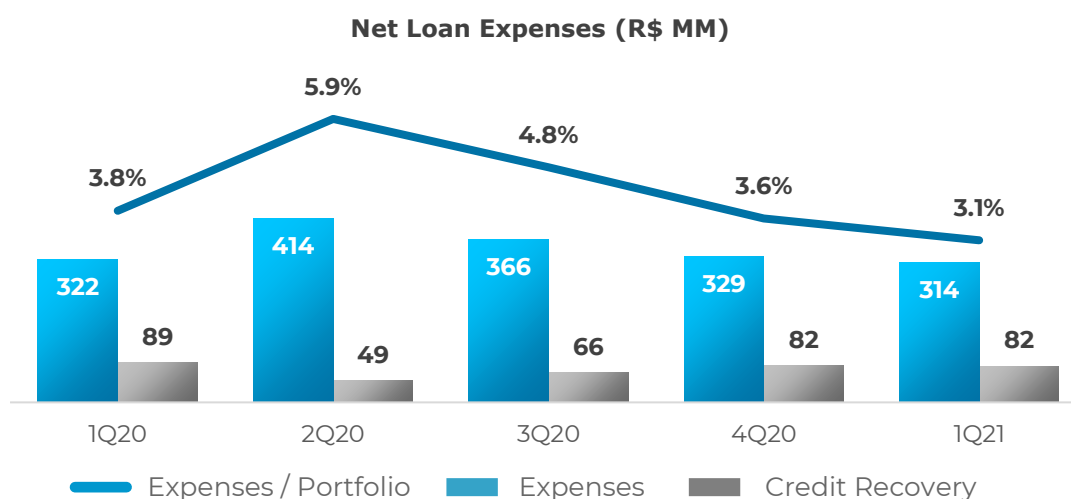
R\$ million	1Q21	4Q20	1Q20	Δ 1Q21/ 4Q20	Δ 1Q21/ 1Q20
<b>1. Managerial Net Interest Margin</b>	<b>1,456</b>	<b>1,585</b>	<b>1,183</b>	<b>-8%</b>	<b>23%</b>
<b>2. Average Interest-Earning Assets</b>	<b>33,470</b>	<b>31,204</b>	<b>27,619</b>	<b>7%</b>	<b>21%</b>
- Loan Portfolio	29,534	27,103	24,088	9%	23%
- Securities and Derivatives	3,311	2,742	2,552	21%	31%
- Interbank Investments	626	1,358	996	-54%	-37%
<b>Net Interest Margin - NIM (%)</b>	<b>18.6%</b>	<b>21.9%</b>	<b>18.3%</b>	<b>-3.3 p.p.</b>	<b>0.3 p.p.</b>

## Allowance for Loan Losses and Credit Collection

The allowance for loan losses totaled R\$ 314 million in the first quarter of 2021, compared to R\$ 329 million in the fourth quarter of 2020 and R\$ 322 million in the first quarter of 2020.

In the first quarter of 2021, recovery of credits previously written-off as losses remained at R\$ 82 million in the quarter.

Accordingly, the net loan loss expense totaled R\$ 232 million, compared to R\$ 247 million in the fourth quarter of 2020 and R\$ 233 million in the first quarter of 2020. In relation to the portfolio, these net annualized net loan loss decreased from 3.6% in the 4th quarter of 2020 to 3.1% in the 1st quarter of 2021.



## Costs and Expenses

Administrative and personnel expenses totaled R\$ 451 million in the first quarter of 2021, compared to R\$ 452 million in the fourth quarter of 2020 and R\$ 385 million in the first quarter of 2020, reflecting an increase in personnel expenses and an increase in bank's structure. This increase was offset by the write-off related to the investments in the digital formalization platform, carried out in 4Q20.

Expenses with credit origination totaled R\$ 420 million at the end of the quarter compared to R\$ 539 million in the 4th quarter of 2020 and R\$ 268 million in the 1st quarter of 2020, following credit origination volumes.

Expenses (R\$ million)	1Q21	4Q20	1Q20	Δ 1Q21/ 4Q20	Δ 1Q21/ 1Q20
Personnel Expenses <sup>2</sup>	160	136	140	18%	14%
Administrative Expenses	291	316	245	-8%	19%
<b>Personnel and Administrative Expenses</b>	<b>451</b>	<b>452</b>	<b>385</b>	<b>0%</b>	<b>17%</b>
Commission Expenses	277	406	214	-32%	29%
Other Origination Expenses	144	133	54	8%	165%
<b>Origination Expenses</b>	<b>420</b>	<b>539</b>	<b>268</b>	<b>22%</b>	<b>57%</b>
<b>Total</b>	<b>871</b>	<b>991</b>	<b>654</b>	<b>-12%</b>	<b>33%</b>

## Results

In the 1st quarter of 2021, we recorded an EBT of R\$ 281 million, an increase of 8% compared to the EBT of R\$ 261 million in the 4th quarter of 2020 and 34% compared to the EBT of R\$ 210 million in the 1st quarter of 2020.

Our Net Income was R\$ 190 million, 11% higher compared to the R\$ 171 million profit for the 4th quarter of 2020 and 12% growth compared to the R\$ 171 million profit over the 1st quarter of 2020.

The main factors that have been contributing positively to the results of the last quarters are: (i) robust financial margin; (ii) cost of credit under control; and (iii) Income from services rendered.

It is important to note that we continue to invest in expanding our platform and acquiring new clients, without deferral or activation of expenses.

Income Statement (R\$ million)	1Q21	4Q20	1Q20	Δ 1Q21/ 4Q20	Δ 1Q21/ 1Q20
<b>Managerial Net Interest Margin</b>	<b>1,456</b>	<b>1,585</b>	<b>1,183</b>	<b>-8%</b>	<b>23%</b>
Allowance for Loan Losses	-314	-329	-322	-5%	-2%
<b>Gross Income from Financial Intermediation</b>	<b>1,141</b>	<b>1,256</b>	<b>859</b>	<b>-9%</b>	<b>33%</b>
Income from services rendered	167	166	109	1%	53%
Personnel and Administrative Expenses	-451	-452	-385	0%	17%
Commission Expenses	-277	-406	-214	-32%	29%
Other Origination Expenses	-144	-133	-54	8%	165%
Tax Expenses	-87	-105	-54	-17%	62%
Other income and expenses	-69	-64	-51	10%	36%
<b>Result before taxes</b>	<b>281</b>	<b>261</b>	<b>210</b>	<b>8%</b>	<b>34%</b>
Provision for Income Tax and Social Contribution	-90	-90	-40	0%	128%
<b>Net result</b>	<b>190</b>	<b>171</b>	<b>171</b>	<b>11%</b>	<b>12%</b>

The annualized return on average shareholders' equity was 14.2% in the first quarter of 2021, compared to the return of 13.0% in the fourth quarter of 2020 and 13.7% in the first quarter of 2020. The adjusted

<sup>2</sup> Excluding personnel expenses related to origination

annualized return on equity (not audited) was 20.3% in the 1st quarter of 2021, compared to the return of 20.9% in the 4th quarter of 2020 and 23.5% in the 1st quarter of 2020.

The adjustment consists on the adequation of two remaining legacies: (i) the excess financial expense of pre-fixed CDBs issued between 2005 and 2008 (with average maturity in 2023), compared to PAN's current funding cost for the same period and (ii) the tax credit surplus of tax loss, in relation to the banking market, arising from accounting inconsistencies encountered in 2010.

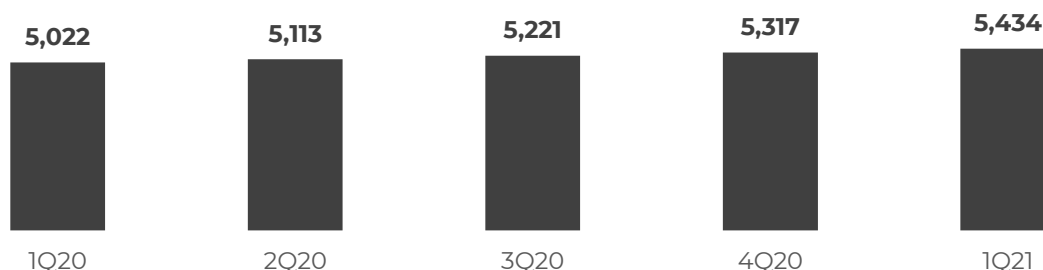
<b>R\$ million – Unaudited</b>	<b>1Q21</b>	<b>4Q20</b>	<b>1Q20</b>	<b>Δ 1Q21/ 4Q20</b>	<b>Δ 1Q21/ 1Q20</b>
Net Income	190	171	171	+11.3%	+11.6%
Financial Expense Surplus (Net of Taxes)	37	53	55	-30.7%	-33.1%
<b>Adjusted Net Income</b>	<b>227</b>	<b>224</b>	<b>225</b>	<b>+1.4%</b>	<b>+0.7%</b>
Average Shareholders' Equity	5,376	5,269	4,974	+2.0%	+8.1%
Surplus Tax Credit and Tax Losses	908	982	1,136	-7.7%	-20.1%
<b>Adjusted Average Shareholders' Equity</b>	<b>4,468</b>	<b>4,287</b>	<b>3,838</b>	<b>+4.2%</b>	<b>+16.4%</b>
Accounting ROAE (p.y.)	14.2%	13.0%	13.7%	+1.2 p.p.	+0.5 p.p.
<b>Adjusted ROAE (p.y.)</b>	<b>20.3%</b>	<b>20.9%</b>	<b>23.5%</b>	<b>-0.6 p.p.</b>	<b>-3.2 p.p.</b>



# EQUITY, RATINGS & MARKET

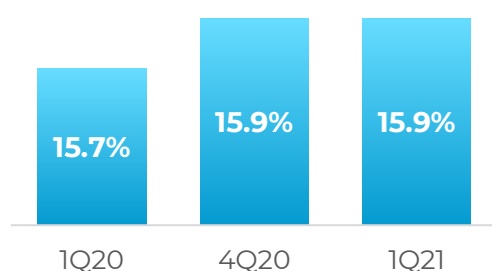
## SHAREHOLDERS EQUITY

PAN's Consolidated Shareholders' Equity equaled R\$ 5,434 million in March 2021, compared to R\$ 5,317 million in December 2020 and R\$ 5,022 million in March 2020.



## BASEL RATIO

The Basel Ratio of the Prudential Conglomerate ended the first quarter of 2021 at 15.9% compared to the 15.9% recorded at the end of the fourth quarter of 2020 and the 15.7% recorded in the first quarter of 2020, all of which are entirely composed of Tier I Common Equity.



R\$ million	1Q20	4Q20	1Q21
<b>Reference Shareholders' Equity</b>	<b>3,212</b>	<b>3,648</b>	<b>3,891</b>
Tier I	3,204	3,639	3,882
Tier II	9	9	9
Required Reference Shareholders' Equity	2,154	2,121	2,270
<b>RWA</b>	<b>20,518</b>	<b>22,926</b>	<b>24,538</b>

## RATINGS

Over the last few months, after an important period of consistent and growing results, we received ratings upgrades from the major agencies that rate us.

In February of this year, S&P upgraded our rating on a local scale to brAA, from brAA-, and in April, after the announcement of the purchase and sale agreement between Caixapar S.A. and Banco BTG Pactual S.A., S&P gave us a Positive Credit Watch. Furthermore, Fitch raised our rating on a Global scale to BB-, and our rating on a local scale to A+.

PAN's long-term corporate ratings are shown below:

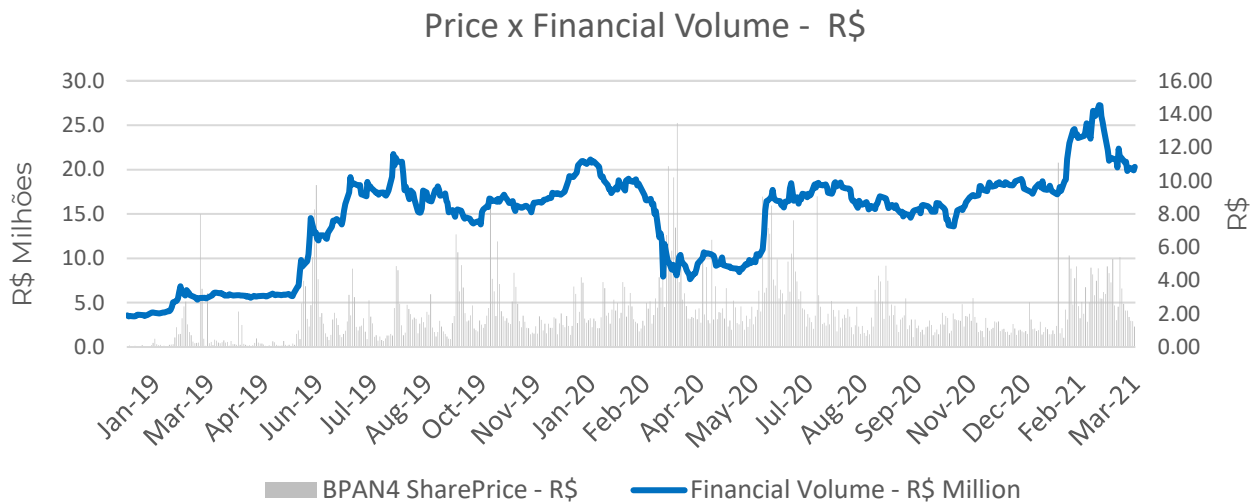
Rating Agency	Global Scale	Local Scale	Perspective
Fitch Ratings	BB-	A+ (br)	Stable
Standard & Poor's	B+	brAA	Positive Credit Watch
Riskbank	Medium term Low Risk 1   9.54		

## STOCK PERFORMANCE

PAN's shares (BPAN4)<sup>3</sup> ended 1Q21 priced at R\$ 10.99 with an average trading volume of R\$ 57 million, versus R\$ 22 million traded in 4Q20 and the R\$ 45 million in 1Q20, an increase of 166% and 22% respectively.

On March 31, 2021, PAN's market cap was R\$ 13.2 billion, equivalent to 2.4x its book value.

Base Date 01/02/2019



Source: Reuters

<sup>3</sup>Listed in Corporate Governance Level 1



# BALANCE & INCOME STATEMENT

<b>BALANCE SHEET</b>			
<i>(R\$ MM)</i>			
<b>ASSETS</b>	<b>Mar/ 21</b>	<b>Dec/20</b>	<b>Mar/20</b>
Cash and cash equivalents	4	1,257	753
Securities and derivative financial instruments	3,676	2,946	2,692
Interbank partnerships	32	9	10
Loan Operations	28,027	27,212	23,133
Loan Operations	28,061	27,466	23,851
Securities and Loans Receivable	1,790	1,644	1,099
(Allowance for doubtful accounts)	(1,824)	(1,898)	(1,818)
Others financial assets	2,150	2,144	2,124
Taxes	3,923	4,096	3,704
Other assets	387	353	316
Other values and assets	375	375	361
<b>FIXED</b>	<b>129</b>	<b>133</b>	<b>206</b>
<b>TOTAL ASSETS</b>	<b>38,702</b>	<b>38,524</b>	<b>33,299</b>
<b>LIABILITIES</b>	<b>mar/21</b>	<b>dez/20</b>	<b>mar/20</b>
<b>Deposits</b>	<b>22,152</b>	<b>21,566</b>	<b>20,295</b>
Demand Deposits	99	76	28
Interbank Deposits	7,768	8,748	9,297
Time Deposits	14,285	12,743	10,970
<b>Open market funding</b>	<b>763</b>	<b>1,307</b>	<b>243</b>
<b>Acceptance funds and securities issue</b>	<b>5,700</b>	<b>5,346</b>	<b>1,881</b>
<b>Interbank partnerships</b>	<b>1,598</b>	<b>1,492</b>	<b>861</b>
<b>Derivative financial instruments</b>	<b>-</b>	<b>-</b>	<b>30</b>
<b>Others financial assets</b>	<b>97</b>	<b>112</b>	<b>2,650</b>
<b>Provisions</b>	<b>493</b>	<b>514</b>	<b>592</b>
<b>Taxes</b>	<b>327</b>	<b>537</b>	<b>181</b>
<b>Other liabilities</b>	<b>2,139</b>	<b>2,332</b>	<b>1,544</b>
<b>Shareholders' Equity</b>	<b>5,434</b>	<b>5,317</b>	<b>5,022</b>
Share capital	4,175	4,175	4,175
Capital reserve	207	207	207
Profit reserves	959	959	558
Other comprehensive results	(23)	(24)	(22)
Acumulated profits	116	-	104
<b>TOTAL LIABILITIES</b>	<b>38,702</b>	<b>38,524</b>	<b>33,299</b>

<b>INCOME STATEMENTS</b>			
<i>(R\$ MM)</i>			
	<b>1Q21</b>	<b>4Q20</b>	<b>1Q20</b>
<b>REVENUES FROM FINANCIAL INTERMEDIATION</b>	<b>1,695</b>	<b>2,046</b>	<b>2,191</b>
Income from credit operations	1,373	2,083	1,781
Results from securities operations	77	68	40
Result from derivative financial instruments	244	(105)	370
Exchange operating result	1	0	1
Result from compulsory operations	-	-	0
<b>EXPENSES FROM FINANCIAL INTERMEDIATION</b>	<b>(554)</b>	<b>(791)</b>	<b>(1,332)</b>
Market funding operations	(239)	(462)	(1,010)
Provisions for expected losses associated with credit risk	(314)	(329)	(322)
<b>GROSS RESULT FROM FINANCIAL INTERMEDIATION</b>	<b>1,141</b>	<b>1,255</b>	<b>859</b>
<b>OTHER OPERATING INCOME (EXPENSES)</b>			
Revenues from Services	<b>(852)</b>	<b>(1,005)</b>	<b>(648)</b>
Personnel Expenses	167	166	109
Other administrative expenses	(175)	(155)	(140)
Tax expenses	(696)	(837)	(513)
Provisions Expenses	(87)	(105)	(54)
Other income and expenses	(47)	(43)	(40)
<b>OPERATING INCOME</b>	<b>(13)</b>	<b>(32)</b>	<b>(10)</b>
<b>GROSS RESULT FROM FINANCIAL INTERMEDIATION</b>	<b>289</b>	<b>249</b>	<b>211</b>
<b>OTHER NON-OPERATING INCOME AND EXPENSES</b>	<b>(8)</b>	<b>12</b>	<b>(1)</b>
<b>RESULTS BEFORE TAXES</b>	<b>281</b>	<b>261</b>	<b>210</b>
<b>TAXES ON INCOME</b>	<b>(90)</b>	<b>(90)</b>	<b>(40)</b>
Provision for income tax	(104)	(64)	(37)
Provision for social contribution	(85)	(52)	(2)
Deferred tax assets	98	25	(28)
<b>NET INCOME FOR THE PERIOD</b>	<b>190</b>	<b>171</b>	<b>171</b>