Earnings Release

2Q20

São Paulo, August 04, 2020 – Pursuant to legal provisions, Banco PAN S.A. ("PAN", "Bank", "Banco PAN" or "Company") and its subsidiaries announce their results for the quarter ended June 30, 2020, 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 Brazilian Accounting Practices.

MESSAGE TO SHAREHOLDERS

Although it has not yet ended, 2020 can already be considered a milestone in the existence of Banco PAN. We and the rest of the society were surprised by a pandemic that forced us to adapt the way we work, review our risk metrics and rethink our future. Since the beginning of the current crisis, we have shared with customers, the market and shareholders our vision and strategy. Such conversations only reinforced our purpose: we remain firm in our strategy of becoming even more digital and diversifying products for CDE classes, with a focus on credit through B2C and B2B channels. Considering the current moment, we maintained a conservative approach until there is greater clarity about the macroeconomic scenario.

However, the crisis does not change our purpose, rather intensifies it. We believe that such a mission will only be achieved if we act in a truly digital way and, in this sense, our strategy significantly advanced with the intensification of digital formalization in origination, evolution of the digital bank including new features and expansion of partnerships.

Credit is in our DNA and, since the beginning of the crisis, we have adopted a conservative approach, extending only 2 installments of 11 thousand contracts, which represent less than 1% of the portfolio. Due to the economic situation, the default rate over 90 days went from 5.7% in 1Q20 to 7% in 2Q20. In this way, the default numbers above already reflect the real impact of the crisis on the PAN portfolio. In addition, the shortest indicator, 15 to 90 days late, showed an important reduction from 10.8% in April to 8.9% in June.

In this sense, today we are able to say that we have managed to safeguard the well-being of our employees while that we maintained the level of service and satisfaction of our customers, preserving our liquidity, maintaining a high level of capital and promoting adequate profitability at the moment. We ended 2Q20 with net income of R $ 144 million and an adjusted (unaudited) ROE of 19.9%. In the semester ended in June, we had a net profit of 314 million and an adjusted (unaudited) ROE of 21.5%.

Broadly speaking, we are very satisfied with the results obtained so far and excited about the journey ahead. We remain focused on facing the crisis and in the well-being of our employees and customers. Our long-term vision is based on our relevant presence in the service markets, in our ability to distribute products, either through B2B, which has become more efficient and has a variable cost structure, or through the growing digital B2C and in our credit expertise, driving customer attraction and engagement. We also rely on the low risk of executing in the digital fronts due to the products already delivered (best platform in the market for payroll and vehicles) and the digital bank, in addition to the option of offering new products over time.

ECONOMIC ENVIRONMENT

In June, the balance of credit operations of the National Financial System ('SFN') totaled R$ 3.6 trillion, registering growth of 1.1% in the month and 9.8% in the annual comparison. Individual loans registered another marginal improvement in June, although still at low levels. These data point to the strong concentration of credit concessions to the corporate segment in an attempt to contain the effects economic effects of the COVID-19 crisis. Free credit for companies ended March with a balance of R$ 1,007 billion, an increase of 22.4% in twelve months. Loans to families totaled R$1.1 trillion, with an expansion of 8.9% in twelve months, with emphasis on personal credit payroll and debt composition.

June inflation measured by the IPCA accelerated to 0.26%, compared to the 0.38% deflation registered in the month of May, therefore, inflation in the last 12 months closed at 2.12% y / y. Despite confirming the perspective of a benign inflation, the most recent readings point that upward risks to the IPCA 2020 are materializing. Most of that pressure is being driven by fuels, electricity and pharmaceutical products. In addition, in the past two months, there have been clear signs of some exchange rate pass-through, causing industrial goods and processed food inflation to accelerate and core measures to rise at the margin, although they are still at low levels.

According to data from PNAD (IBGE), the unemployment rate in Brazil was 12.5% (seasonally adjusted) in the quarter ended in May, an increase compared to the rate of 11.6% in the quarter ended in March (with seasonal adjustment). Using the Central Bank methodology to produce monthly data, we estimate that up to now, 10 million workers have lost their jobs due to the pandemic in Brazil, moreover, the pandemic impact was much greater on informal employment, as 6.8 million informal workers lost their jobs between February and May, compared with 3.3 million formal workers in the same period. The Payment for Emergency Aid was more than enough to contain the wage loss in the short term and probably boosted the recovery of economic activity in May and June.

2Q20 HIGHLIGHTS

Digital Strategy

- ✓ Strong increase in the formalization of vehicle financing via digital platform, with more than **R$2.1 billion** in contracts formalized. In June 2020, **94%** of the financing was digitally formalized;
- ✓ Digital formalization of consigned loans reached **66%** in June 2020. The platform has generated more than **R$5.4 billion** in loans since its launch (April/2019);
- ✓ Credit Card origination via digital channels reached **69%** at the end of the second quarter;
- ✓ The digital bank continues to evolve as new features such as **self-contracting and investments** in fixed income will be launched in the coming quarters and new partnerships will be developed.

Financial Information

- ✓ The **Expanded Credit Portfolio** ended the quarter at **R$24.7 billion** with a slight reduction of **1%** from R$25.0 billion in 1Q20 and up **10%** from R$22.5 billion in 2Q19;
- ✓ **Monthly average retail origination** reached **R$1,982 million in 2Q20**, up **11%** from R$1,791 million in the previous quarter and up **23%** from R$1,613 million in 2Q19;
- ✓ We ended 2Q20 with **5.7 million customers under management**, up **8%** from 5.3 million in 1Q20 and **24%** from 4.6 million in 2Q19;
- ✓ **Managerial net interest margin of 19.1%** in 2Q20, versus 18.3% in 2Q20 and 18.9% in 2Q19;
- ✓ **Profit before income taxes of R$207.0 million** in 2Q20, with a slight decrease of **1%** compared to the R$210.2 million in 1Q20 and an increase of **26%** from R$164.5 million in 2Q19;
- ✓ **Profit before income taxes of R$ 417 million** in 1H20 up **43%** from 1H19;
- ✓ **Net income of R$144 million** in 2Q20, down **16%** from R$170.6 million in 1Q20 and up **22%** from R$117.7 million in 2Q19;
- ✓ **Net income of R$314 million** in 1H20, up **47%** from R$213.8 million in 1H19;
- ✓ **Accounting ROE of 11.4%** in 2Q20 versus 13.7% in 1Q20 and 11.2% in 2Q19;
- ✓ **Accounting ROE of 12.5%** in 1H20 versus 10.3% in 1H19;
- ✓ **Adjusted ROE** (unaudited) of **19.9%** in 2Q20, versus 23.5% in 1Q20 and 23.9% in 2Q19;
- ✓ **Adjusted ROE** (unaudited) of **21.5%** in 1H20, versus 22.4% in 1H19;
- ✓ **Shareholders' equity** ended the quarter at **R$5.1 billion** and the Basel Ratio increased to **15.9%.**

MAIN INDICATORS

	R$ MM	2Q20	1Q20	2Q19	Δ 2Q20/ 1Q20	Δ 2Q20/ 2Q19
Results	Managerial Net Interest Margin	1,246	1,183	1,057	+5%	+18%
	Net Income	143.6	170.6	117.7	-16%	+22%
	Adjusted Net income	198.9	225.3	172	-12%	+16%
Performance	Managerial Net Interest Margin (% .)	19.1%	18.3%	18.9%	+0,8 p.p.	+0,2 p.p.
	Accounting ROE (% .)	11.4%	13.7%	11.2%	-2,3 p.p.	+0,2 p.p.
	Adjusted ROE – unaudited (% .)	19.9%	23.5%	23.9%	-3,6 p.p.	-4,0 p.p.
	Nonperforming Loans Ratio (90 days overdue) - Retail	7.0%	5.7%	5.3%	+1,3 p.p.	+1,7 p.p.
	Nonperforming Loans Ratio (15 to 90 days overdue) - Retail	8.9%	9.0%	8.0%	-0,1 p.p.	+0,9 p.p.
	Provisions Expenses/ Average Portfolio	5.9%	3.8%	4.9%	+2,1 p.p.	+1,0 p.p.
Balance Sheet	Total Assets	33,304	33,299	30,210	-	+10%
	Expanded Credit Portfolio	24,730	25,021	22,535	-1%	+10%
	Funding	24,220	24,26	22,430	-2%	+8%
	Shareholders' equity	5,113	5,022	4,227	+2%	+21%
	Credit assignments without Recourse	2,367	851	1,079	+178%	+119%
	Basel Ratio	15.9%	15.7%	13.0%	+0,2 p.p.	+2,9 p.p.
	Common Equity Tier I	15.9%	15.7%	13.0%	+0,2 p.p.	+2,9 p.p.
Shares	Net Income per share (reais)	0.12	0.14	0.10	-14%	+20%
	Book Value per share (reais)	4.24	4.17	3.70	+2%	+15%
	Market Capitalization	10,604	5,700	10,025	+86%	+6%
Others	Retail Origination	5,945	5,373	4,842	+11%	+23%
	Clients under management	5.7	5.3	4.6	+8%	+24%
	Average new clients per month[1] ('000)	179	196	99	-9%	+81%
	Employees	2,434	2,438	2,321	-	+5%
	Brokers	706	672	627	+5%	+13%
	Multi-brand and single-brand vehicle dealers	12,449	12,197	8,303	+2%	+50%

[1] It represents the monthly average of new customers who have never had a relationship with the bank and / or who have not had an active contract in the last 12 months.

DIGITAL ACCOUNT

In the first quarter of 2020 we announced the launch of our Digital Account focusing on low-income individuals (from C, D and E income classes). Since then, customers have access to a full checking account: 100% digital, without maintenance fee, with a free monthly transfer package, no fee multiple card (credit and/or debit), 24-hour withdrawals, deposit slips, utilities payments, and several credit products and services.

In addition, the account offers discounts at drugstores, supermarkets and online stores through agreements with several partners. Our clients may also register their debit card to pay for digital services such as Netflix, Spotify and Uber.

Our customer acquisition strategy is based on six pillars: offering to the active and former customer base; flow of potential customers requesting credit on a monthly basis; digital marketing; physical distribution network; new origination partners; and a "member get member" program.

In 2Q20, we established a strong online presence, tested several strategies to explore our bases and flow of potential customers, and started offering the Digital Account in our 60 points of service and intensified the work to diversify the acquisition channels through partners, such as Mobills and Celcoin. In the coming quarters, we intend to continue this work, advancing with new partnerships and counting on our current brokers and sales partners to offer the Digital Account.

We believe that credit is the main instrument for attracting, engaging and monetizing our customers. Therefore, through the Digital Account the client may have access to an emergency limit, credit card and personal loan, payroll portability and consigned payment. With the growth of our customer base, transactional data will allow our credit and pricing models to be even more assertive (interest rate and limit wise), delivering our clients exactly what they need.

During 2020, new features will be available in our Digital Account, such as a financial planning platform to help our clients to save money through simple investment options. In addition, new credit products, insurances and new services, such as bus ticket and mobile top up, will also be available, focusing in the profitability of the Digital Account.

The Digital Account is a relevant tool to expand our product portfolio, optimizing opportunities for cross sell and upsell and increasing our customers loyalty.

ASSET ORIGINATION

We are one of the leading mid-sized retail banks in Brazil, focusing on C, D and E income class individuals, civil servants and INSS retirees and pensioners, offering payroll-deductible loans and credit cards, used vehicle loans, new motorcycle financing, conventional credit cards and insurance.

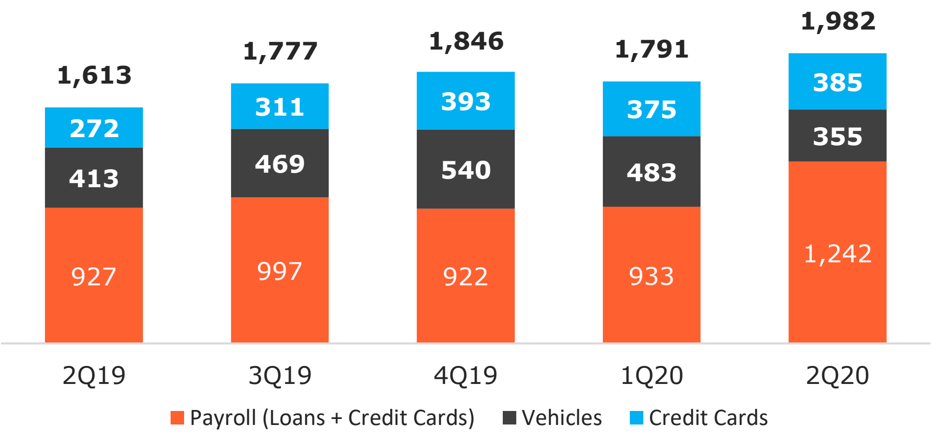
With 2,434 employees, PAN has 60 points of service in Brazil's major cities and is present nationwide, with an asset light structure, operating via digital platforms with over 700 brokers as partners offering payroll-deductible loans and more than 12,400 multi-brand and single-brand vehicle dealers.

In 2Q20, PAN originated a monthly average of R$1,982 million in new credit, versus R$1,791 million in 1Q20 and R$1,613 million in 2Q19, an increase of 11% in the quarter and 23% in 12 months.

The growth was largely due to the federal payroll deductible product due to the extension of the term and reduction of interest rates for INSS beneficiaries. The vehicle financing segment decreased due to current crisis but recovered month by month throughout the quarter.

Monthly Average Origination (R$ MM)

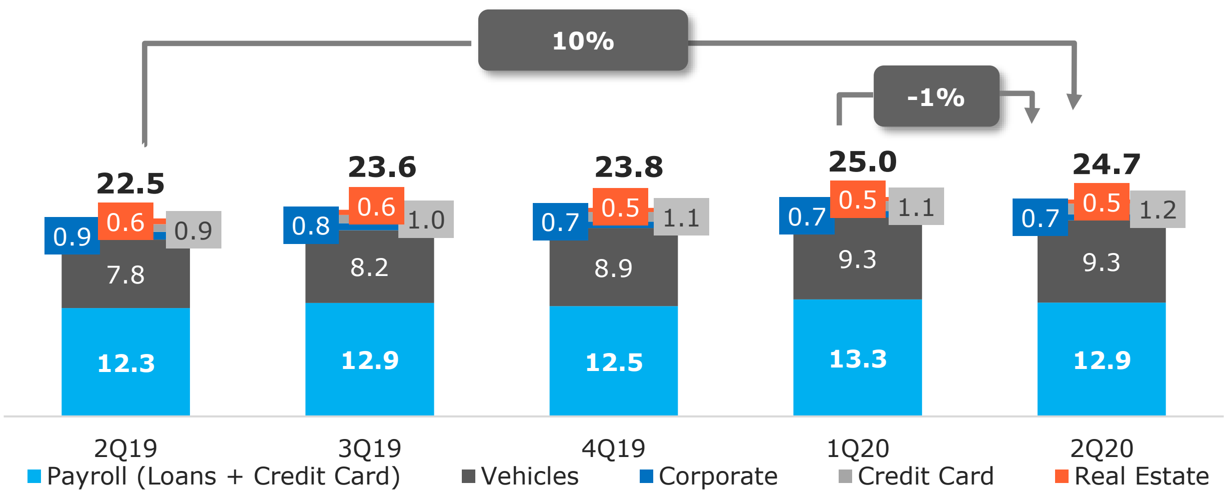
Products	2Q20	1Q20	2Q19	Δ2Q20/ 1Q20	Δ2Q20/ 2Q19
Payroll Deductible (Loans + C. Cards)	1,242	933	928	33%	34%
Vehicles	355	483	413	-26%	-14%
Credit Cards	385	375	272	3%	42%
Total	**1,982**	**1,791**	**1,613**	**11%**	**23%**



Credit Portfolio

The Expanded Credit Portfolio closed the 2Q20 at R$24,730 million, with a slight reduction of -1% in relation to R$25,021 million at the end of the 1Q20, and growth of 10% in relation to R$22,536 million in the 2Q19. The Core portfolio, comprising payroll-deductible loans, vehicle financing and credit cards, increased by 19% in the last 12 months. The Corporate and Real Estate Credit portfolios, both in run off, fell by 25% and 36%, respectively, over a 12-month period.

Credit Portfolio (R$ Bi)



The table below gives a breakdown of the credit portfolio by segment:

R$ MM	2Q20	Part. %	1Q20	Part. %	2Q19	Part. %	Δ2Q20/ 1Q20	Δ2Q20/ 2Q19
Payroll Deductible (Loans & Credit Cards)	12,927	52%	13,275	53%	12,285	55%	-3%	5%
Vehicles	9,314	38%	9,302	37%	7,786	35%	-	20%
Credit Cards	1,214	5%	1,139	5%	862	4%	7%	41%
Corporate Loans and Guarantees	677	3%	701	3%	867	4%	-3%	-22%
Real Estate	451	2%	479	2%	645	3%	-6%	-30%
Other	147	0%	125	0%	91	0%	18%	62%
Total	**24,730**	**100%**	**25,021**	**100%**	**22,536**	**100%**	**-1%**	**10%**

The table below shows the total loan portfolio by maturity on June 30, 2020:

R$ MM	Up to 30 days	From 31 to 90 days	From 91 to 180 days	From 181 to 360 days	Over 360 days	Total
Payroll-Deductible Loans	367	518	741	1,348	8,009	10,981
Vehicles	805	795	1,133	1,944	4,636	9,314
Payroll-Deductible Credit Cards	1,899	26	11	6	4	1,946
Credit Cards	764	223	144	78	5	1,214
Corporate Loans and Guarantees	237	4	10	35	391	677
Real Estate	58	17	23	40	313	451
Others	12	11	17	29	78	147
Total	**4,142**	**1,595**	**2,077**	**3,480**	**13,436**	**24,730**
Participation (%)	**16%**	**7%**	**8%**	**14%**	**55%**	**100%**

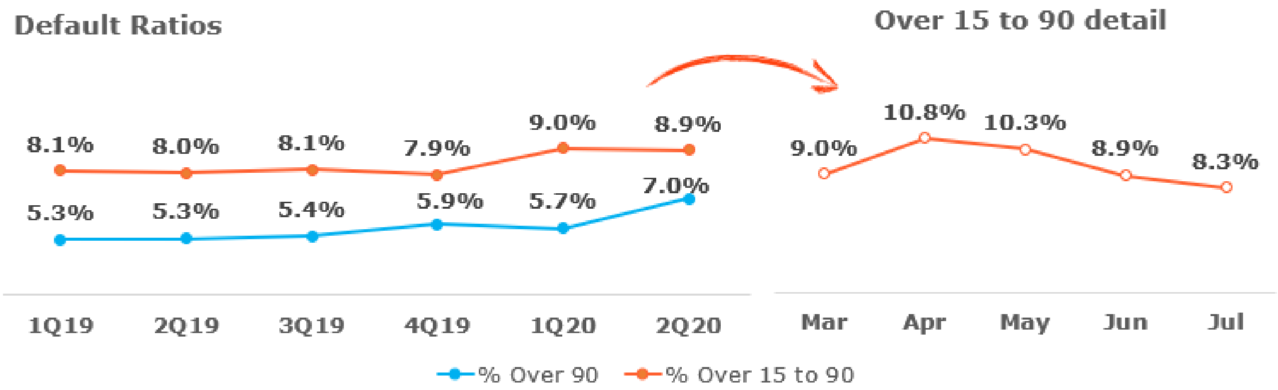
Retail Credit Portfolio

In 2Q20, due to the economic crisis caused by the global pandemic, the bank has adopted a conservative approach in loans deferral and, as a result, in the second quarter approximately 11 thousand clients had 2 installments of their contracts deferred. This is equivalent to approximately R$21 million, accounting for less than 0.1% of the total portfolio, Considering the total amount, it represents less than 1% of total portfolio, and all of them with collateral.

Expectedly, the non-performing loans ratio over 90 days, increased 1.3 p.p. to 7.0%. This increase was partly driven by the volume of portfolio assigned, which generated a 0.5 p.p. impact on the indicator itself.

On the other hand, the shortest default ratio, Over 15 to 90 days, showed an important reduction from 10.8% in April to 8.3% in July, pointing out to an improvement in the recent months.

It is also worth mentioning the resilient profile of our credit portfolio, whose payroll-deductible loans and secured loans account for 95% of the total amount.



Below we present the ratings of our retail credit portfolio, recorded on the balance sheet by risk rating, pursuant to Resolution 2,682 of the National Monetary Council ("CMN"):

R$ MM	2Q20	Part, %	1Q20	Part, %	2Q19	Part, %	Δ2Q20/ 1Q20	Δ2Q20/ 2Q19
"AA" to "C"	21,833	90,9%	22,394	92,3%	20,176	94%	6%	16%
"D" to "H"	2,174	9,1%	1,874	7,7%	1,335	6%	5%	50%
Total	**24,007**	**100%**	**24,267**	**100%**	**21,511**	**100%**	**6%**	**18%**

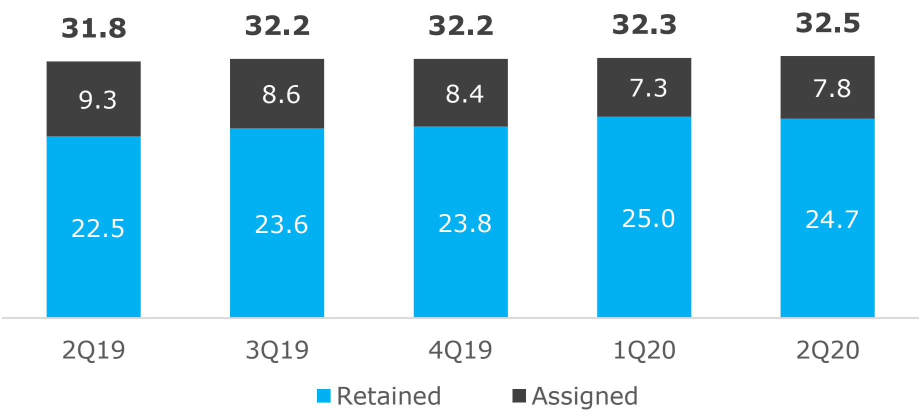
Originated Credit Portfolio

Besides retaining credits in its portfolio, PAN's strategy also includes the assignment of credits without recourse, which totaled R$2,367 million in 2Q20, against R$851 million in 1Q20 and R$1,079 million in 2Q19.

The usual method of capital and liquidity management, the credit assignment in 2Q20 further strengthened the balance sheet indicators in a moment of caution, in opposite, the maintenance of the retained credit portfolio at the same level as the previous quarter reinforces our strong origination capacity.

The Originated Credit Portfolio, which considers the Expanded Credit Portfolio and the Portfolio assigned to the controlling shareholders ("Off-balance Portfolio"), ended the quarter at R$32,5 billion.

Originated Credit Portfolio Evolution (R$ Bn)

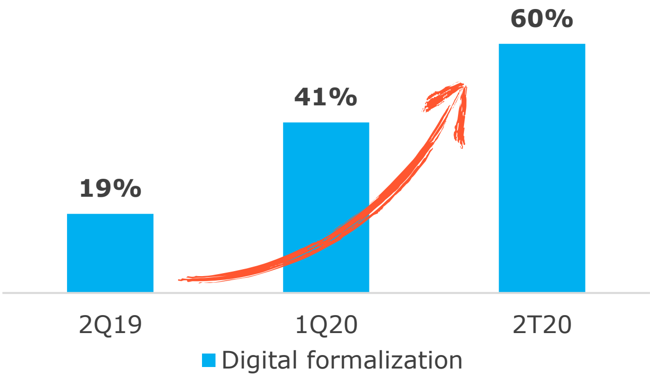


Products

Payroll Deductible (Loans and Credit Cards)

Since the full launch of the digital formalization platform in April 2019, the total volume of loans formalized digitally exceeded R$5,4 billion. The platform accounted for 60% of the total contracts originated in 2Q20, In June, the total volume of contracts digitally formalized exceeded 66% of the total origination.

The platform allows clients to contract payroll-deductible loans through a 100% paperless method, authenticated by facial biometrics. This paperless technology improves efficiency and profitability, resulting in cost savings, enhanced security and greater speed, thus improving the experience of all those involved, especially at this time of lockdown restrictions.

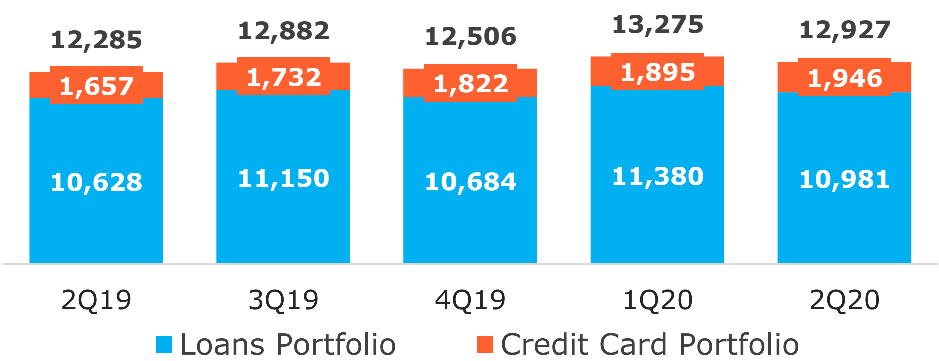


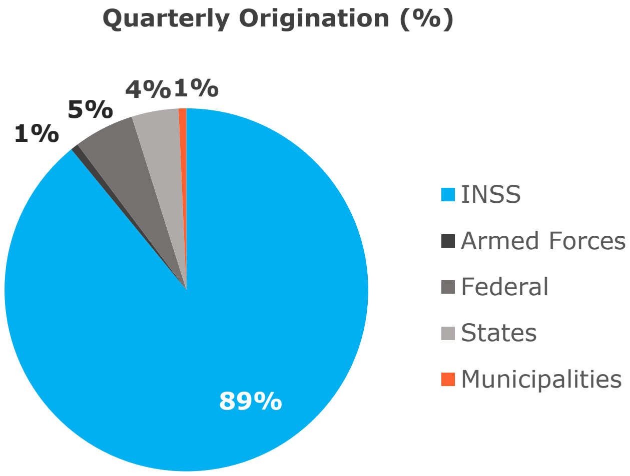
This platform, combined with PAN's positioning in the market and the relationship with its business partners, enables the Bank to remain a major player focused on federal partnerships, ranking among the largest players in the origination of credits for Social Security (INSS) retirees and pensioners.

In 2Q20, PAN granted loans to civil servants and INSS retirees and pensioners totaling R$3,502 million, versus R$2,577 million in 1Q20, and R$2,554 million in 2Q19, an increase of 36% and 37% over the previous quarter and the last 12 months, respectively. In the payroll-deductible credit card segment, PAN originated R$223 million in 2Q20, versus R$222 million in 1Q20 and R$231 million in 2Q19.

The payroll-deductible loan portfolio closed 2Q20 at R$10,981 million, versus R$11,380 million in 1Q20 and R$10,628 million in 2Q19, with an 4% and 3% increase in the quarter and an annual basis, respectively. Meanwhile, the payroll-deductible credit card portfolio closed the quarter at R$1,946 million recorded in the previous quarter and up 3% more than the R$1,895 million recorded in the previous quarter and up 17% from R$1,657 million in 2Q19.

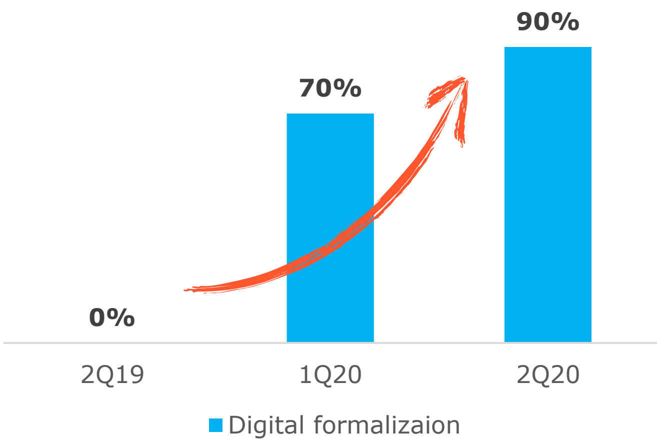
Portfolio Evolution (R$ MM)





Vehicle Financing

After only 5 months of launching the digital platform, the volume of financing contracted digitally and signed via facial biometrics exceeded the amount of R$2.1 billion. In the second quarter, the platform progressed significantly, enabling it to achieve 90% digital formalization. In June 2020, 94% of vehicle financing contracts were digitally signed, benefiting the operation especially at this time of quarantine. In addition to the formalization platform, we have an exclusive platform that simulates financing and offers credit pre-analysis based on just a few pieces of information, in addition to monitoring applications and issuing vehicle reports, increasing agility and providing a better experience for its commercial partners and final customers.



PAN focuses on used vehicle (mostly from four to eight years of usage) and new motorcycle financing, capturing the benefits from its expertise in credit and collection in order to optimize the risk/return ratio of these operations, PAN operates in the vehicle financing segment through multi-brand and single-brand vehicle dealers, increasing the fragmentation of this operation.

PAN is the market leader in motorcycle financing, excluding captive financing. Benefiting from its credit knowledge and long-term experience, PAN's strategy of concentrating its operation in a specific niche has resulted in an excellent performance inclusive among younger public.

In 2Q20, the COVID-19 crisis impacted the Vehicle market and PAN originated R$1,067 million in new financing, including light vehicles and motorcycles, down 26% from R$1,450 million in 1Q20 and 14% in R$1,239 million in 2Q19. The volume in the origination of new credits is directly related to the quarantine caused by the pandemic scenario during the month of April, but volumes are already showing a strong recovery in May and June.

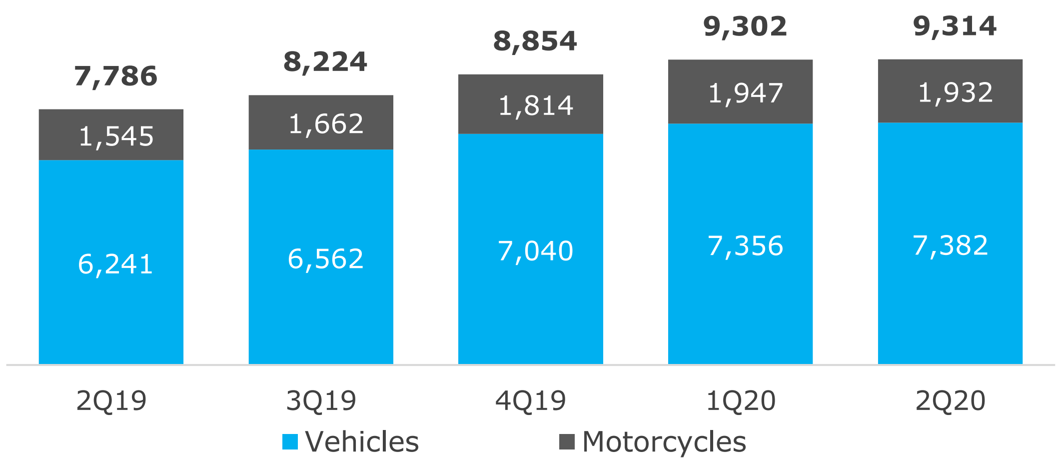
Light vehicle financing origination amounted to R$852 million in 2Q20, versus R$1,109 million in 1Q20 and R$941 million in 2Q19, while in the motorcycle financing, origination came to R$214 million in 2Q20, versus R$340 million in 1Q20 and R$298 million in 2Q19.

The chart below shows more details on origination in these segments:

2Q20	Light Vehicles	Motorcycles
Origination (R$ MM)	852	214
Market Share	7%	25%
Ranking	5º	1º
Avg, Maturity (months)	46	41
% Down Payment	**36%**	**22%**

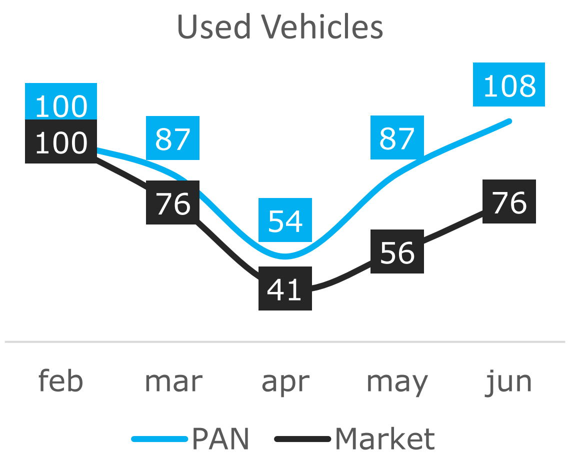
The vehicle financing portfolio closed the quarter at R$9,314 million, remaining stable from R$9,302 million in 1Q20 and 20% higher than the R$7,786 million recorded in 2Q19.

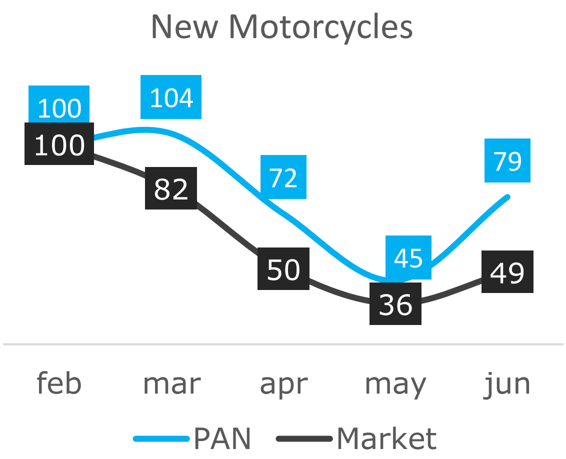
Portfolio Evolution (R$ MM)



During 2Q20, vehicle origination recovered after a sharp drop in the first weeks, in general we had a less pronounced drop and we are recovering more quickly than the market.

Monthly Origination (February = 100)





Payments (Credit Cards)

The continuous evolution of our customers' digital journey continues to be a priority and we are seeing an important evolution in the sense, with client's relationship becoming even more digital.

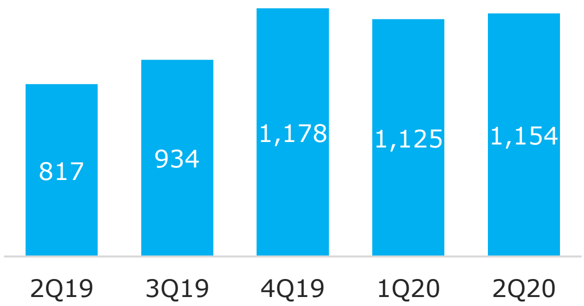
In this quarter, the communication with credit card customers' through WhatsApp grew nearly 60% this quarter and was accountable for more than 124,000 customer calls, another channel where customers can self-service or be assisted by an operator, improving user experience, enhancing the relationship and increasing their interaction with the Bank.

In addition, as we have previously mentioned, we have strengthened the relationship with partners to expand the distribution of credit cards in marketplaces and the launch of co-branded cards, besides to speed up the innovation process, this quarter, we signed new partnerships increasing our distribution channels.

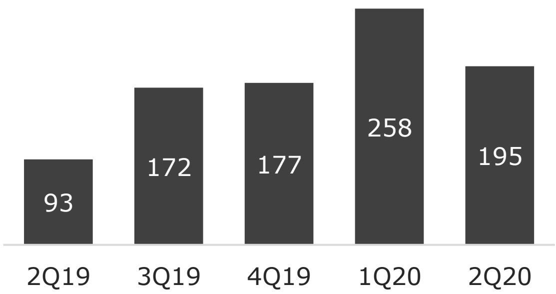
As a result of these strategies, and a more conservative approach to credit, we issued 195,000 new credit cards in 2Q20, registering a reduction over the 258,000 in the 1Q20 and a significant growth over the 93,000 credit cards issued in the same period of the 2019, especially through electronic channels, which were responsible for 69% of total sales. This amount was leveraged by the increase in sales initiatives, relevant changes in cross-selling and greater efficiency in analytics and CRM. We ended the 2Q20 with an additional 80% of the invoices issued digitally, representing more than 500 thousand customers, receiving their invoices electronically.

Credit card transactions totaled R$1,154 million in 2Q20, up 3% from R$1,125 million in 1Q20 and 41% from the R$817 million recorded in 2Q19. Another highlight is the increase in non-face-to-face operations (online), which represented 32% of the volume of transactions in 2Q20, compared to 23% in 1Q20.

Transaction Volume (R$ MM)



# of Credit Cards Issued (thousand)

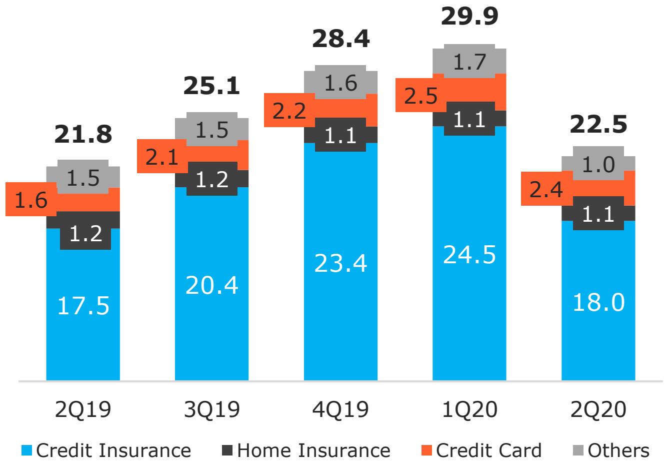


The credit card portfolio ended the quarter at R$1,214 million, up 7% from R$1,139 million in 1Q20 and 41% higher than the R$862 million recorded in 2Q19.

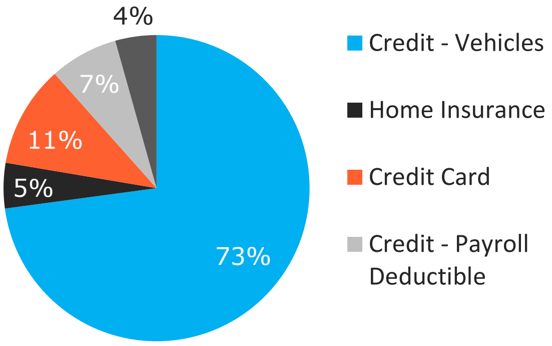
Insurance

In line with the movement observed in the vehicle financing origination, in 2Q20 we originated R$67.5 million in insurance premiums, versus R$89.7 million and the R$65.4 million originated in the 1Q20 and the last 12 months, respectively. Premiums originated in 2Q20 included: R$54.1 million from credit insurance, R$7.2 million from credit card insurance, R$3.2 million from home insurance and R$2.9 million from other insurance products (PAN Moto Assistance and Mechanical Guarantee),

Average Monthly Premium Origination (R$ MM)



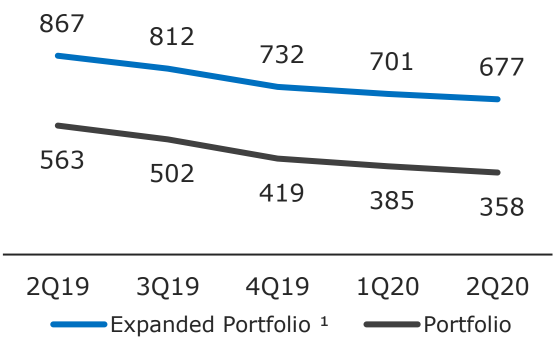
Quarterly Origination by Product (%)



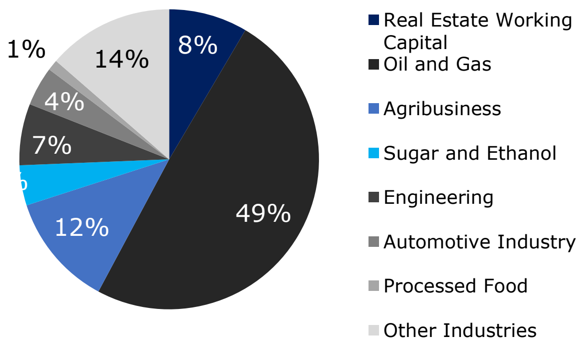
Corporate Credit (run off)

The Corporate Credit portfolio, including guarantees, closed the quarter at R$677 million, down from R$701 million in 1Q20 and R$867 million in 2Q19. The portfolio is, without suretyship fully, provisioned and adequately covered by collaterals.

Portfolio Evolution (R$ MM)



Portfolio by sector (%)



[1]Including guarantees issued

Real Estate Credit (run off)

Real estate credit granted to individuals totaled R$405 million at the end of 2Q20, versus R$426 million in 1Q20 and R$488 million in 2Q19, with a quite moderate level of provisioning.

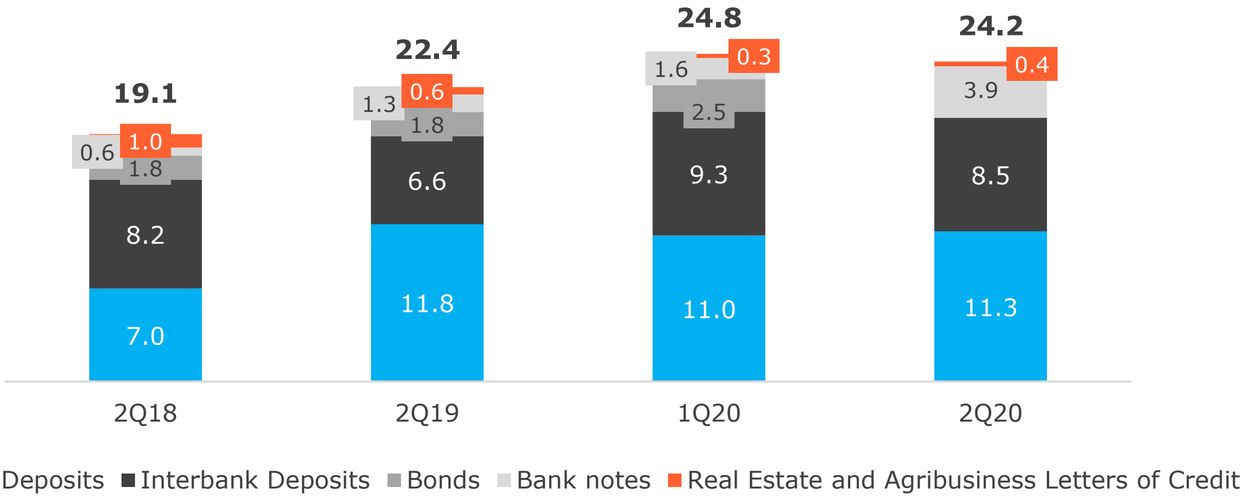
Real estate credit granted to companies stood at R$46 million in 2Q20 (fully provisioned), versus R$53 million in 1Q20 and R$157 million in 2Q19.

Funding

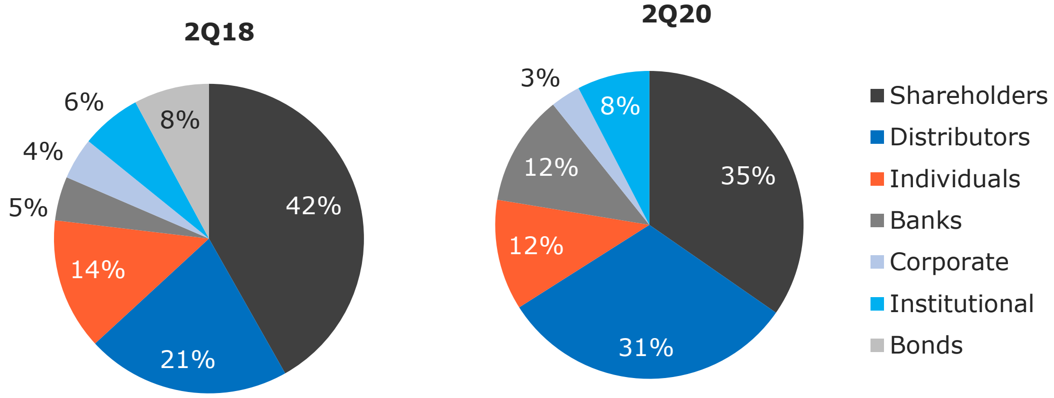
Funding ended 2Q20 at R$24.2 billion with the following composition: (i) time deposits totaling R$11.3 billion, or 47% of the total; (ii) interbank deposits amounting to R$8.5 billion, or 35% of the total; (iii) bank notes equivalent to R$3.8 billion, or 16% of the total; (iv) real estate and agribusiness letters of credit (LCI and LCA) amounting to R$366 million, or 2% of the total; and (v) other funding sources totaling R$201 million, or 1% of the total. In April, there was the settlement of a security issued abroad in the amount of US$457 million.

Funding Sources[2] R$ MM	2Q20	Part, %	1Q20	Part, %	2Q19	Part, %	Δ2Q20/ 1Q20	Δ2Q20/ 2Q19
Time Deposits	11,278	47%	10,970	44%	11,824	53%	3%	-5%
Interbank Deposits	8,541	35%	9,297	37%	6,610	29%	-8%	29%
Bonds	3,857	16%	1,579	6%	1,327	6%	144%	191%
Bank Notes	366	2%	311	2%	558	2%	18%	-34%
LCI and LCA	-	-	2,468	10%	1,807	8%	-	-
Other	179	1%	201	1%	304	2%	-11%	-49%
Total	**24,220**	**100%**	**24,826**	**100%**	**22,430**	**100%**	**-2%**	**8%**

Evolution of Funding Sources (R$ MM)



Funding by Investor (%)



2 In accordance with Article 8 of Central Bank Circular 3,068/01, 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.

The maturity schedule of legacy fixed rate time deposits (issued between 2005 and 2008), which is subject of the adjustment in ROE, shows a relevant volume this year:

(R$ MM)	2020	2021	2022	2023	2024	2025	2026	2027
Balance (FV)	3,274	2,706	2,004	1,417	775	27	15	-
Amortization (FV)	931	568	702	587	642	748	12	15
Amortization (PV)	825	426	420	279	252	241	3	3

Results

Managerial Net Financial Margin - NIM

Managerial NIM came to 19.1% in 2Q20, up from 18.3% in 1Q20 and 18.9% in 2Q19. This level was related to the robust spreads of credit operations and gains by transfer of portfolio.

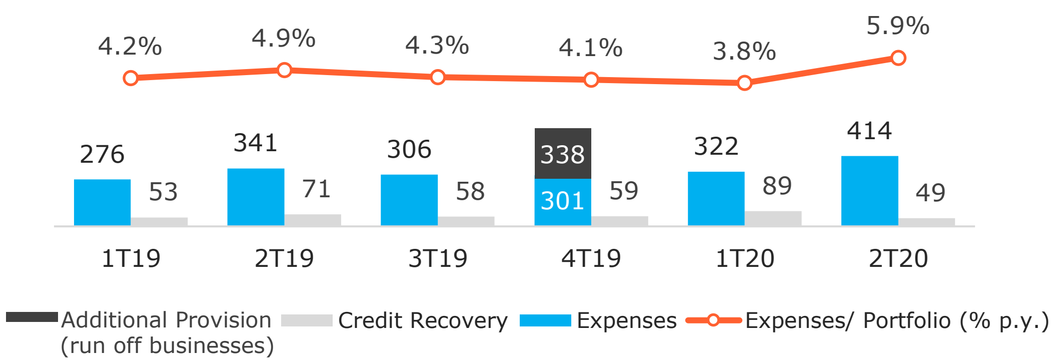
R$ MM	2Q20	1Q20	2Q19	Δ2Q20/ 1Q20	Δ2Q20/ 2Q19
1, Managerial Net Interest Margin	**1,246**	**1,183**	**1,057**	**5%**	**18%**
2, Average Interest-Earning Assets	27,926	27,619	23,948	1%	17%
- Loan Portfolio	24,558	24,088	21,843	2%	12%
- Securities and Derivatives	2,552	2,534	1,807	1%	41%
- Interbank Investments	816	996	298	-18%	174%
Net Interest Margin - NIM (% ,)	**19.1%**	**18.3%**	**18.9%**	**0,8 p.p.**	**0,2 p.p.**

Allowance for Loan Losses and Credit Collection

The allowance for loan losses totaled R$414 million in 2Q20, versus R$322 million in 1Q20 and R$341 million in 2Q19.

In 2Q20, the recoverable value of credits previously written-off as losses totaled R$49 million, versus R$89 million recovered (considering the sale of the credit portfolio at a loss for the amount of R$36 million) in 1Q20 and the R$71 million recovered in 2Q19. Thus, the allowance for loan losses less credit collection totaled R$366 million, versus R$233 million in 1Q20 and R$270 million in 2Q19. In vehicle financing, loan losses expenses increased in April and May, and in June they reached the 1Q20 level, showing a significant improvement in revenues.

Allowance for Loan Losses and Credit Collection (R$MM)



Costs and Expenses

Personnel and administrative expenses totaled R$369 million in 2Q20, versus R$371 million in 1Q20 and R$293 million in 2Q19.

Credit origination expenses stood at R$223 million in the quarter, versus R$283 million in 1Q20 and R$262 million in 2Q19.

Expenses (R$ MM)	2Q20	1Q20	2Q19	Δ2Q20/ 1Q20	Δ2Q20/ 2Q19
Personnel Expenses	125	126	101	-1%	24%
Administrative Expenses	244	245	192	0%	27%
1, Subtotal I	**369**	**371**	**293**	**-1%**	**26%**
Commission Expenses	170	214	199	-21%	-15%
Other Origination Expenses	53	69	63	-23%	-16%
2, Subtotal II - Origination	**223**	**283**	**262**	**-21%**	**-15%**
3, Total (I + II)	**592**	**654**	**554**	**-9%**	**7%**

Income Statement

Profit before income tax totaled R$207.0 million in 2Q20, remaining stable versus R$210.2 million in 1Q20 and 26% higher than R$164.5 million recorded in 2Q19.

Net Income was R$143.9 million, down 16% versus R$170.6 million in the 1Q20 and 22% up versus R$117.7 million in the 2Q19.

The main factors that supported the results of recent quarters were: (i) strong interest margin and (ii) ongoing loan provisions and expenses under control.

Income Statement (R$ MM)	2Q20	1Q20	2Q19	Δ 2Q20/ 1Q20	Δ 2Q20/ 2Q19
Managerial Net Interest Margin	**1,245**	**1,183**	**1,057**	**5%**	**18%**
Allowance for Loan Losses	-414	-322	-341	29%	21%
Gross Profit from Financial Intermediation	**831**	**861**	**715**	**-3%**	**16%**
Income from services rendered	89	109	99	-18%	-10%
Personnel and Administrative Expenses	-368	-370	-293	-1%	26%
Commission Expenses	-170	-214	-199	-21%	-15%
Other Origination Expenses	-54	-69	-63	-23%	-15%
Tax Expenses	-72	-54	-43	33%	67%
Other	-50	-52	-52	-4%	-4%
Income before Taxes	**207**	**210**	**164**	**-1%**	**26%**
Provision for Income Tax and Social Contribution	-63	-40	-47	58%	34%
Net Income	**143.9**	**170.6**	**117.7**	**-16%**	**22%**

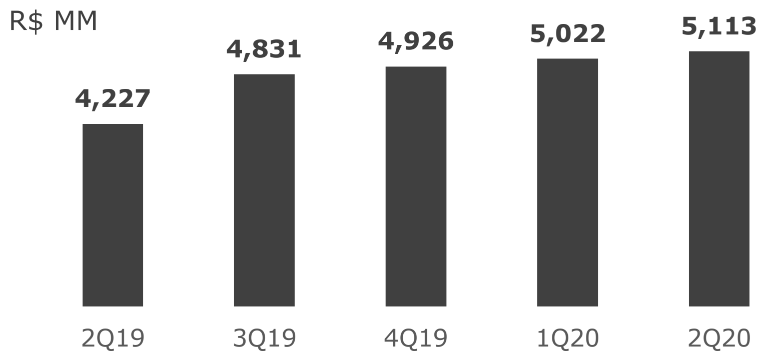
The annualized average ROE stood at 11.4% in 2Q20, versus 13.7% in 1Q20 and 11.2% in 2Q19. The adjusted average ROE (unaudited) came to 19.9% in 2Q20, versus 23.5% in 1Q20 and 23.9% in 2Q19.

The adjustment consists in the rectification of two remaining legacies: (i) excess financial expenses related to fixed rate time deposits issued between 2005 and 2008 (average maturity in 2023), compared to the current funding cost of the NAP for the same term and (ii) excess deferred tax assets related to losses, compared to the banking sector average, arising from the accounting inconsistencies found in 2010.

R$ MM – Unaudited	2Q20	1Q20	2Q19
Net Income	**143.9**	**170.6**	**117.7**
Excess Interest Margin (Net of taxes)	54.9	**54.7**	54.3
Adjusted Net Income	**198.8**	**225.3**	**172.0**
Shareholders' Average Equity	**5,066**	**4,974**	**4,190**
Excess Tax Assets - Tax Losses	1,069	**1,136**	1,311
Adjusted Shareholders' Average Equity	**3,997**	**3,838**	**2,879**
ROAE (p.y.)	**11.4%**	**13.7%**	**11.2%**
Adjusted ROAE (p.y.)	**19.9%**	**23.5%**	**23.9%**

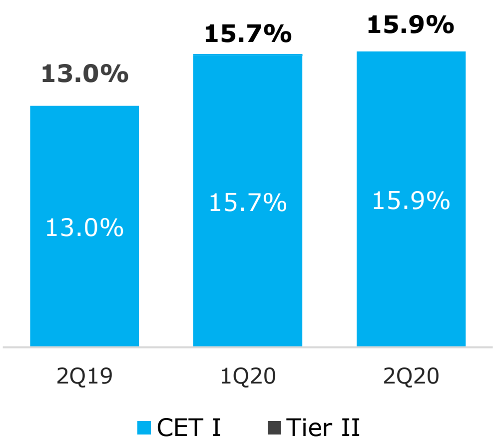
Shareholders' equity

PAN's consolidated shareholders' equity amounted to R$5,113 million in June 2020, versus R$5,022 million in March 2020 and R$4,227 million in June 2019.



Basel Ratio

The Basel Ratio of the Prudential Conglomerate ended 2Q20 at 15.9%, versus 15.7% at the end of 1Q20 and 13.0% in 2Q19, (all made up entirely by Tier I Common Equity).



R$ MM	2Q19	1Q20	2Q20
Reference Shareholders' Equity	**2,417**	**3,212**	**3,266**
Tier I	2,417	3,204	3,257
Tier II	0	8	9
Required Reference Shareholders' Equity	1,958	2,154	1,902
RWA	18,648	20,518	20,566

‘Ratings

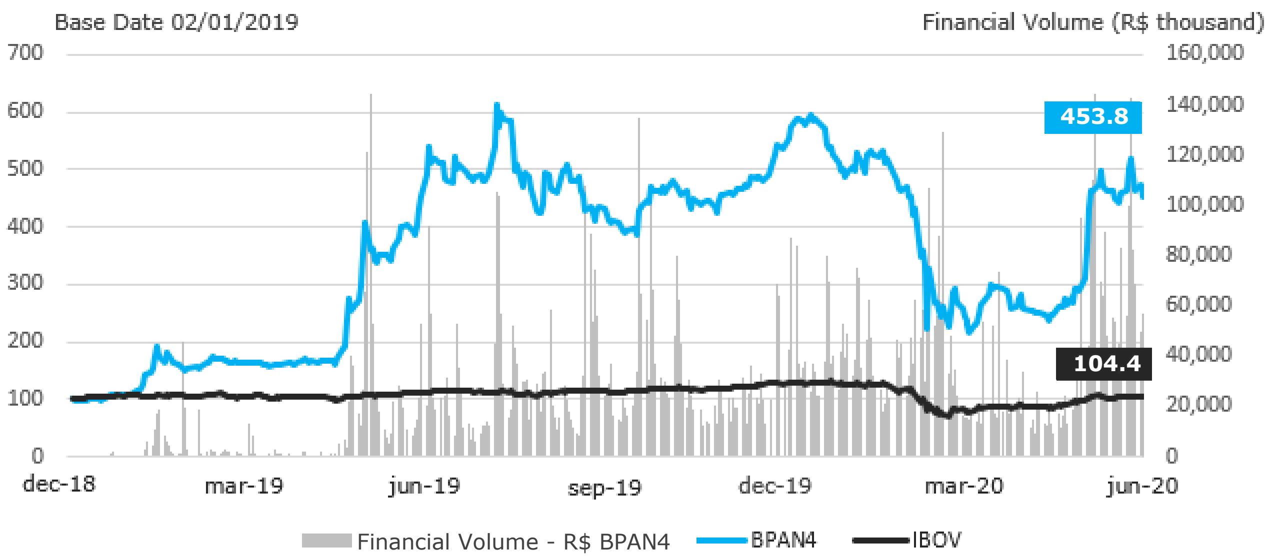
PAN’s long-term corporate ratings are presented below:

Rating Agency	Global Scale (LT)	National Scale (LT)	Outlook
Fitch Ratings	**B+**	**A (br)**	**Stable**
Standard & Poor’s	**B+**	**brAA-**	**Stable**
Riskbank	**Low Risk for Medium Term 1 | 9.58**		

Stock Performance

Following the recovery of global markets, PAN’s shares (BPAN4)[3] ended 2Q20 at R$8.80 and presented a daily trading average of R$40.7 million in the quarter, compared with R$45.0 million daily trade in 1Q20.

On June 30, 2020, PAN’s market cap was R$10.6 billion, equivalent to 2,1x its book value.



Source: Reuters

[3]Listed in Corporate Governance Level 1 and in the following indexes: IBRA, IBXX, IFNC, IGTC, IGCX, ITAG AND SMLL

APPENDIX

BALANCE SHEET AS OF JUNE 30, 2020 AND MARCH 31, 2020 *(In Thousand of Brazilian Reais – R$)*		
ASSETS	**Jun/20**	**Mar/20**
Cash and Equivalents	886,782	753,303
Securities and derivatives financial instruments	2,412,140	2,691,551
Interbank accounts	35,425	10,090
Lending operations	22,807,867	23,132,788
Lending Operations	23,584,624	23,851,366
Receivable on debt securities	1,138,667	1,099,264
(Allowance for loan losses)	(1,915,424)	(1,817,842)
Other receivables	2,296,431	2,123,778
Taxes	3,951,026	3,704,171
Other assets	364,884	316,029
Other assets and values	354,109	361,023
PERMANENT ASSETS	**195,162**	**205,921**
TOTAL ASSETS	**33,303,826**	**33,298,654**

LIABILITIES	**Jun/20**	**Mar/20**
Deposits	**19,857,041**	**20,294,992**
Demand deposits	37,686	28,156
Interbank deposits	8,541,211	9,296,702
Time deposits	11,278,144	10,970,134
Money market funding	**60,802**	**243,393**
Funds from acceptance and issuance of securities	**4,213,619**	**1,880,605**
Interbank accounts	**960,532**	**860,684**
Derivatives Financial Instruments	**4,044**	**29,596**
Other financial liabilities	**149,480**	**2,650,171**
Provisions	**596,798**	**592,440**
Tax liabilities	**460,969**	**180,957**
Other liabilities	**1,887,798**	**1,543,916**
SHAREHOLDERS' EQUITY	5,112,742	5,021,900
Capital	4,175,222	4,175,222
Capital Reserve	207,322	207,322
Income Reserve	557,982	557,982
Other comprehensive income	(19,229)	(22,466)
Retained Earnings	191,445	103,840
TOTAL LIABILITIES	**33,303,826**	**33,298,654**

QUARTERLY CONSOLIDATED INCOME STATEMENT AS OF JUNE, 2020 AND MARCH, 2020 *(In Thousand of Brazilian Reais – R$)*	2Q20	1Q19
REVENUE FROM FINANCIAL INTERMEDIATION	**1,689,112**	**2,190,822**
Lending operations	1,798,342	1,780,673
Securities transactions	15,963	39,781
Derivative transactions	(125,572)	369,599
Foreign exchange transactions	379	769
EXPENSES ON FINANCIAL INTERMEDIATION	**(858,877)**	**(1,331,517)**
Funding operations	(444,442)	(1,009,655)
Allowance for loan losses[4]	(414,435)	(321,862)
GROSS PROFIT FROM FINANCIAL INTERMEDIATION[6]	**830,235**	**859,305**
OTHER OPERATING INCOME (EXPENSES)	**(641,412)**	**(647,938)**
Income from services rendered	**89,302**	**109,111**
Personnel Expenses	(133,186)	(140,425)
Other Administrative Expenses	(458,439)	(513,095)
Tax Expenses	(72,267)	(53,651)
Other Operating Income	31,617	40,311
Other Operating Expenses	(98,439)	(90,189)
INCOME FROM OPERATIONS[6]	**188,823**	**211,367**
NON OPERATING EXPENSES	**18,215**	**(1,166)**
INCOME BEFORE TAXES	**207,038**	**210,201**
INCOME AND SOCIAL CONTRIBUTION TAXES	**(63,146)**	**(39,643)**
Provision for Income tax and Social Contribution	(129,375)	(8,997)
Net Tax Credit Gain (CSLL)	(104,346)	(2,441)
Additional Provision (net of taxes)	170,575	(28,205)
NET INCOME	**143,892**	**170,558**

[4] The numbers in 4Q19 (unaudited), do not consider the additional ALL provision made in 4Q19 due to the increase on "CSLL" tax rate (Constitutional Amendment n. 103/2019).