



**Earnings
Release**

2Q21

São Paulo, July 30, 2021 – Pursuant to legal provisions, Banco PAN SA (“PAN”, “Banco”, “Banco PAN” or “Company”) and its subsidiaries disclose the results for the quarter ended on 30 of June 2021 accompanied by the Independent Auditors' Report. The Bank's operating and financial information, except where otherwise indicated, is presented based on consolidated figures and in reais, in accordance with the Corporate Law and Accounting Practices adopted in Brazil.

NOTICE TO SHAREHOLDERS

Every quarter we evolve and consolidate ourselves as the bank for Brazilians, the bank focused on the low income classes. We understand our client in depth and know what truly makes a difference in their lives, thus, our purpose is to take a fresh look at their challenges, investing in technology to offer products and services that help our customers safely overcome their life's obstacles, in addition to establishing efficient and assertive communication.

Shortly after launching our digital strategy, we have reached **more than 12.4 million customers**, adding **40 thousand new customers per business day** in the 2Q21, of these clients more than 8.4 million have easy access to products and services through our app.

Besides our known credit expertise, we now offer a **complete platform capable of growing and engaging customers**. With a clear goal of creating social and economic value, we invest in technology with significant deploys on our platform and deepen direct contact with our customers throughout their journey, thus, 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 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.

Our client focused, agile and simple execution capacity led by an extraordinary and extremely motivated team, made us the bank that most grows its customer base in the low income segments, the majority of the Brazilian population, and we are sure that there is still much more to come.

At the end of the 2^a quarter, 51% of the Banking customers were active in our base, reflecting the focus on offering a complete ecosystem of services and products, with constant evolution of engagement metrics.

In May of this year, Banco BTG Pactual S.A. consolidated our corporate control, a move that will bring more agility to continue our strategy focused on the development of the complete platform of financial products and services for classes C, D and E, going far beyond credit.

MAIN INDICATORS

	R\$ MM	2Q21	1Q21	2Q20	2Q21 x 1Q21	2Q21 x 2Q20
DRE	Management Financial Margin	1,710	1,455	1,245	17%	37%
	Net Income	202	190	144	6%	41%
	Adjusted Net Income	241	227	199	6%	21%
PERFORMANCE	Management Financial Margin (% per year)	21.0%	18.6%	19.1%	2.4 p.p.	1.9 p.p.
	Accounting ROE (% per.a.)	14.7%	14.2%	11.4%	0.6 p.p.	3.4 p.p.
	Adjusted ROE - Unaudited (% per.a.)	20.6%	20.3%	19.9%	0.3 p.p.	0.7 p.p.
	Delinquency Index (90 days) p.a. - Retail	5.4%	5.0%	7.0%	0.4 p.p.	-1.6 p.p.
	Default Index (15 to 90 days) p.a. - Retail	7.5%	7.8%	8.9%	-0.4 p.p.	-1.5 p.p.
	PDD Expense/ Average Portfolio	3.6%	3.1%	5.9%	0.5 p.p.	-2.2 p.p.
BALANCE SHEET	Total Assets	42,682	38,702	33,304	10%	28%
	Total Credit Portfolio	32,355	30,160	24,730	7%	31%
	Fundraising equity	30,211	27,949	24,221	8%	25%
	Basel Index	5,559	5,434	5,113	2%	9%
	Main Capital	15.6%	15.9%	15.9%	-0,3 p.p.	-0,3 p.p.
SHARES	Net Income per Share (Reais)	0.17	0.16	0.14	1.0 p.p.	18%
	Equity Value per Share (Reais)	4.61	4.51	4.41	10.3 p.p.	5%
	Market Value	28,994	13,244	10,388	119%	179%
OTHER	Total Customers (thousand)	12,376	10,006	5,566	24%	122%
	Banking Clients (thousand)	8,352	5,987	1,632	39%	412%
	Retail Origination	7,285	4,926	4,793	48%	52%
	Credits Transferred without Co-obligation	2,425	1,263	2,367	92%	2%
	Employees	2,886	2,678	2,434	8%	19%

Highlights 2Q21

■ Clients

12.4 MM

+24% 1Q21 +122.3% 2Q20

■ Credit Portfolio

R\$ **32.4** BI

+7% 1Q21 +31% 2Q20

■ Net Income

R\$ **202** MM

+6% 1Q21 +41% 2Q20

■ Shareholders' Equity

R\$ **5.6** BI

+2% 1Q21 +9% 2Q20

■ Adjusted¹ ROE

20.6 % p.y.

+20.3% py. 1Q21 +19.9% py. 2Q20

■ ROE

14.7 % a.a.

+14.2% py. 1Q21 +11.4% py. 2Q20



1: 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, retirees and INSS (National Institute of Social Security) 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.

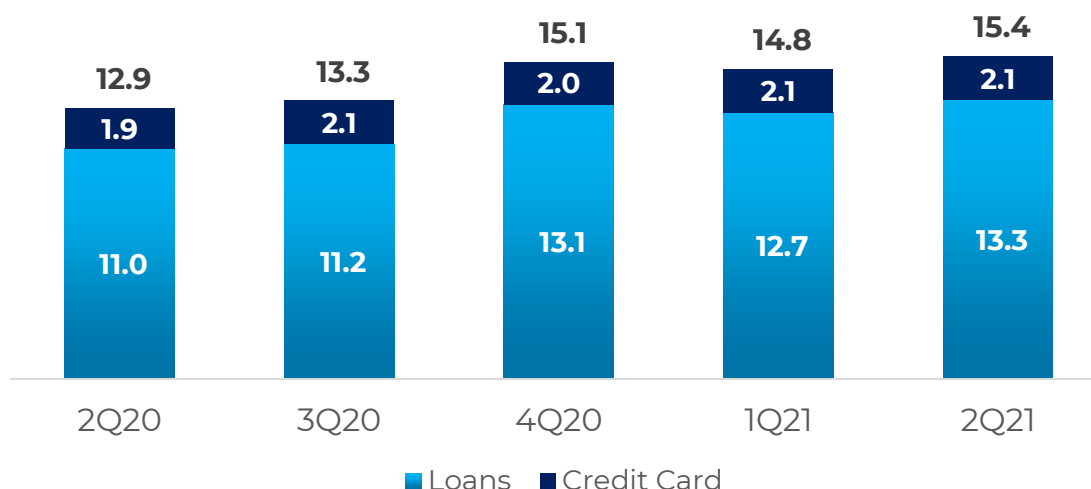
In 2Q21, the volumes originated grew substantially with the return of the increase in the consignable margin. We originated R\$ 4,391 in 2Q21, against the volumes of R\$ 1,933 million in 1Q21 and R\$ 3,502 million in 2Q20.

In the payroll credit card segment, we originated R\$ 267 million in 2Q21, compared to R\$ 215 million originated in 1Q21 and R\$ 223 million originated in 2Q20, registering an increase of 24% in the quarter and 20% in the 12-month comparison.

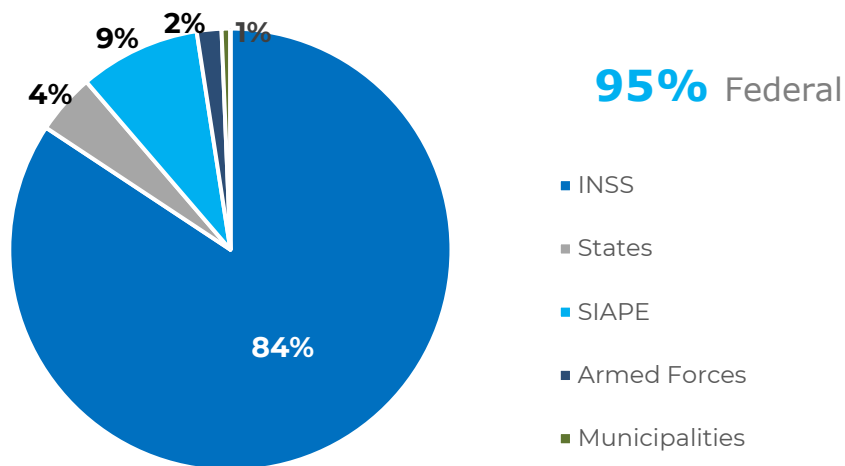
Our digital platform, combined with market positioning and relationships with commercial partners, creates an ideal ecosystem for us to maximize our origination capacity. The platform allows the digital contracting of payroll-deductible loans, 100% paperless and signed by facial biometrics, making the operation more efficient and profitable, in addition to providing cost savings, greater security and speed in contracting, generating a better experience for everyone involved.

The payroll loan portfolio ended the quarter with a balance of R\$ 13.298 million, compared to R\$ 12,705 million in 1Q21 and R\$ 10,981 million in the 2Q20, up to 4.7% in the quarter and 21.1% in the year. On the other hand, the payroll credit card portfolio ended the quarter with a balance of R\$ 2,089 million, recording an increase of 1.2% compared to the balance of R\$ 2,064 million in the previous quarter and 7.4% in relation to the balance of R\$ 1,946 million in the 2Q20.

Payroll Portfolio Evolution – (R\$ Billion)



2Q21 - Origination by Covenant (%)



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.

The second quarter of 2021, R\$ 2,514 million were in new financing of light vehicles and motorcycles, down 6% compared to R\$ 2,673 million in the first quarter of 2021, and a 136% increase compared to R\$ 1,066 million originated in 2Q20.

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. This technological evolution has ensured us a prominent position in the financing market.

In the motorcycles segment, we focus on the younger audience, capturing excellent performance given our long history, experience and knowledge of credit, which gives us a relevant market share.

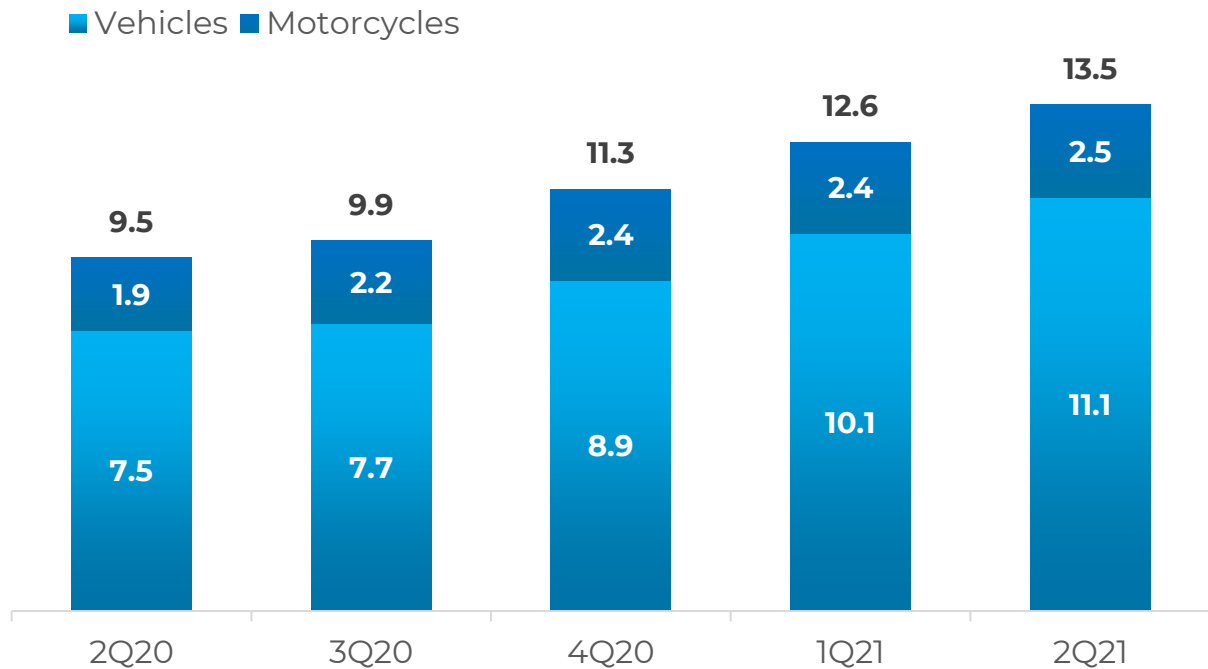
The origination of light vehicles was of R\$ 2,164 million in 2Q21, down 9% from R\$ 2,390 million originated in the 1Q21 and an increase of 154% compared to R\$ 852 million originated in the 2Q20. In the motorcycle segment, R\$ 350 million originated in the 2Q21, compared to R\$ 283 million in the 1Q21 and R\$ 213 million in the 2Q20.

Below are more details about the origination of these segments in 2Q21:

	Light	Motorcycles
Origination (R\$MM)	2,164	350
Market Share (Jun/21)	9%	16%
Average Term (months)	47	41
% Input	35%	21%

The vehicle loan portfolio ended the quarter at R\$13,549 million up 7,9% from R\$ 12,555 million in the 1Q21 and 43,2% from R\$ 9.458 million at the end of 2Q20.

Portfolio Evolution (R\$ Billion)



Credit Card

In line with our strategy of diversifying clients and products, and customer engagement, we continue with a strong evolution of the credit card segment, through a complete digital journey.

Our credit card portfolio grows as our customers use installment and revolving credit instruments. We ended 2Q21 with a balance of R\$2,622 million, recording growth of 26% and 116% compared to the balances of R\$2,078 million and R\$1,214 million in the 1Q21 and the 2Q20, 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.

In the 2Q21 we started to offer on our platform a personal loan with FGTS guarantee. With this launch, we became the first bank to allow the anticipation of the FGTS anniversary payment in a 100% digital way, directly on our app. In addition to addressing our target audience directly, this modality allows customers with outstanding unpaid debts access personal credit without impacting default rates, increasing customer engagement and loyalty.

Run Off Portfolio (Corporate and Real Estate)

The Corporate Credit portfolio ended the quarter with a balance of R\$ 186 million, compared to the balance of R\$ 203 million at the end of the 1Q21 and the balance of R\$ 677 million in the 2Q20. The portfolio is fully provisioned and has a good level of guarantees.

Real estate credit balance ended the 2nd quarter of 2021 in R\$ 366 million, compared to R\$ 390 million in the 1Q21 and R\$ 451 million in the 2Q20, with a very conservative provision level.



BANKING

Transactional Bank

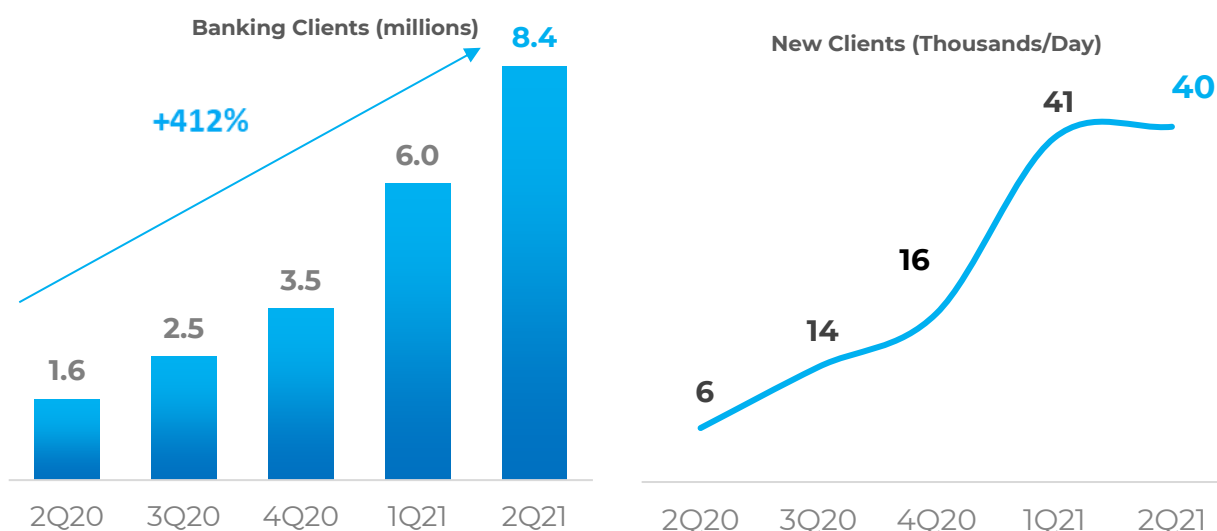
This segment includes our digital account and all transactional tools, such as credit and debit cards. Within our strategy, the digital account has a fundamental role, in creating a lasting relationship with our client, transforming Banco PAN into a complete financial services platform.

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 4 sources of attraction: offerings to the active and former base of clients; flow of potential clients requesting credit on a monthly basis; digital marketing; 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 pleased with the evolution of our platform so far, and we want more.

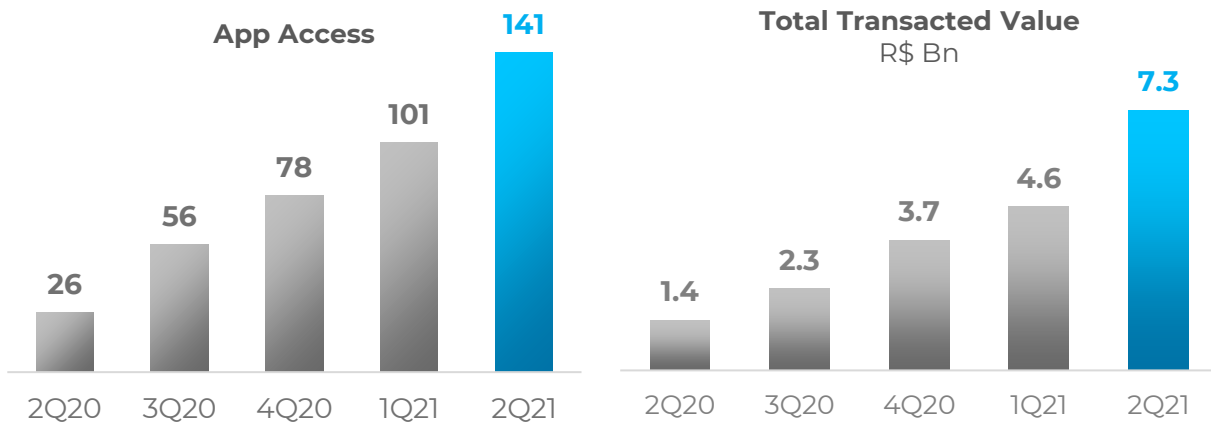
In the second quarter, we maintained the fast pace of growth of the base, with about 40,000 new accounts per useful, reaching a base with more than 12.4 million customers.



The strength of **product that combines transactionality with access to credit** is reflected in our base of more than 8.4 million Transactional Bank Customers, being 51% of active customers¹ and in the 141 million access to our application during the second quarter of 2021.

¹ Customers who have credit with a debit balance or who carried out account transactions or transactions in the last 90 days

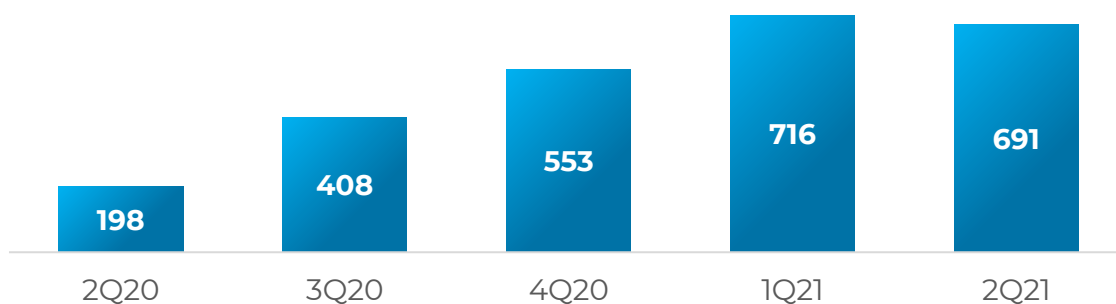
The engagement of our client remains as a top priority for us, and as our platform improves this engagement is translated into more transactions in the checkings account, credit and debt cards. This quarter we reached more than R\$ 7.3 billion in total transaction volume, a 417% increase over 2T20.



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.

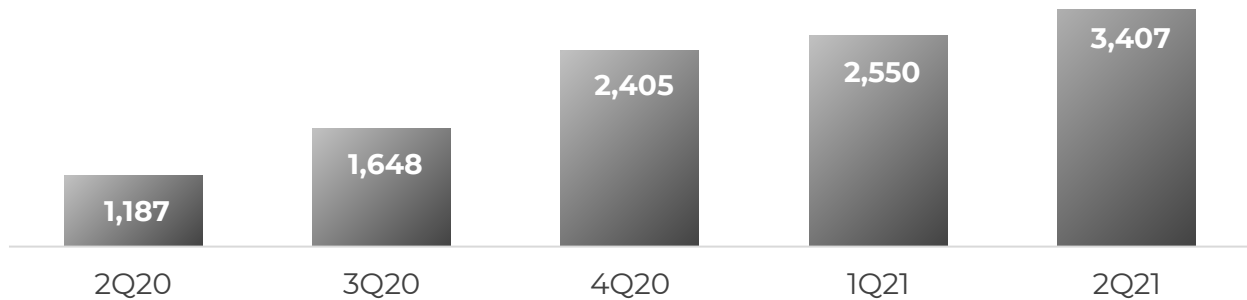
In 2Q21, we maintained a fast pace of issuing new credit cards, reaching 691 thousand in the quarter, a growth of 249% compared to 198 thousands cards issued in the second quarter of last year.

New Credit Cards (thousand)



Also considering debit cards, we observed a significant growth in engagement. In 2Q21, we reached the mark of R\$3.4 billion compared to 2.6 billion in 1Q21.

Total Transaction Value (R\$ MM)



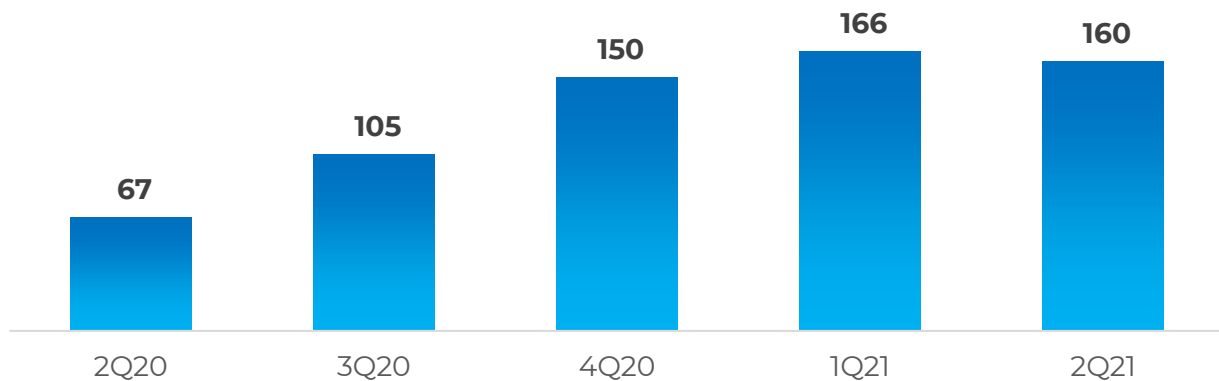
In addition, the new products launching roadmap will make the client's experience even more complete, leveraging engagement. By centralizing the entire relationship with clients, the digital account becomes an indispensable tool for optimizing cross-sell and upsell opportunities, in addition to increasing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

In 2Q21, we originated R\$ 160.2 million in insurance premiums, compared to R\$ 166.2 million and R\$ 67.5 million originated in the 1Q21 and in the 2Q20, 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, Devices 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 have already started the first pilots of the new “Turbo PAN”, Banco PAN’s acquiring machine, testing our product with a small group of clients. We hope to scale up in the next months and officially launch our payment solution.



CREDIT

CREDIT ORIGINATION

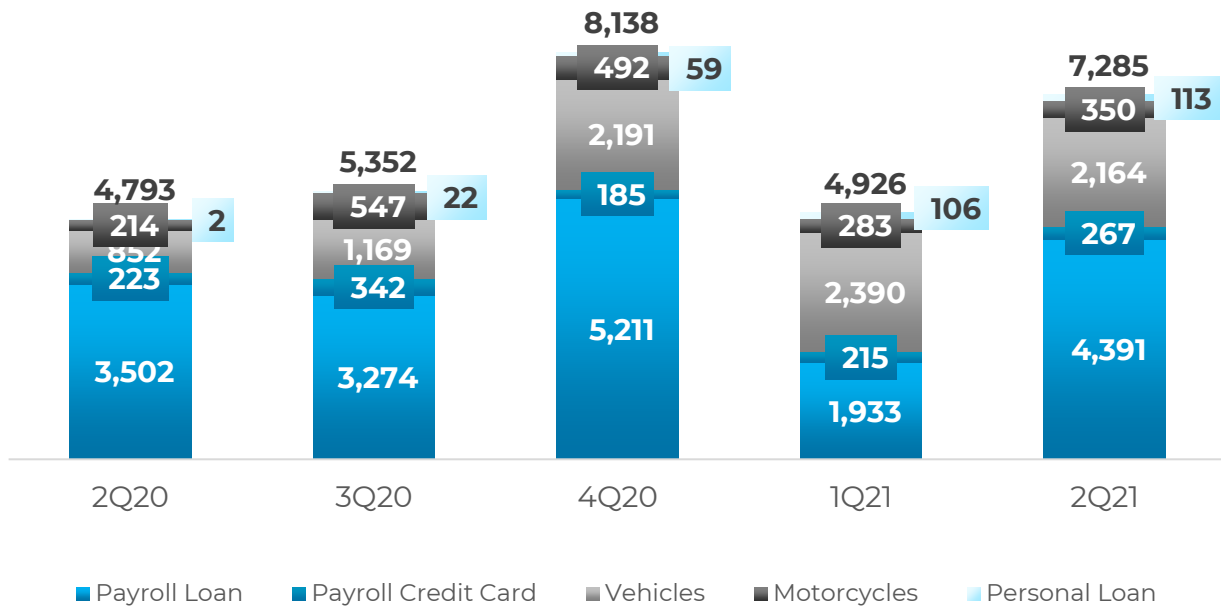
Our operating focus is granting credit to low-income individuals, in addition to public servants, retirees and INSS pensioners, offering payroll-deductible loans (loan and credit card), financing of used vehicles, financing of new motorcycles, conventional credit card and personal loans.

With 2,886 employees and an asset light structure, operating via digital platforms with bank correspondents originating payroll-deductible loans and more than 17.4 thousand multi-brand stores and dealerships offering vehicle and motorcycle financing, we are currently present throughout the country.

During 2Q21, we generated a monthly average of R\$ 2,428 million in new credits, compared to R\$ 1,642 million in 1Q21 and R\$ 1,597 million in 2Q20, recording an increase of 48% in the quarter, to the impact of the increase in the payroll margin in 2Q20, and an increase of 52% compared to 2Q20.

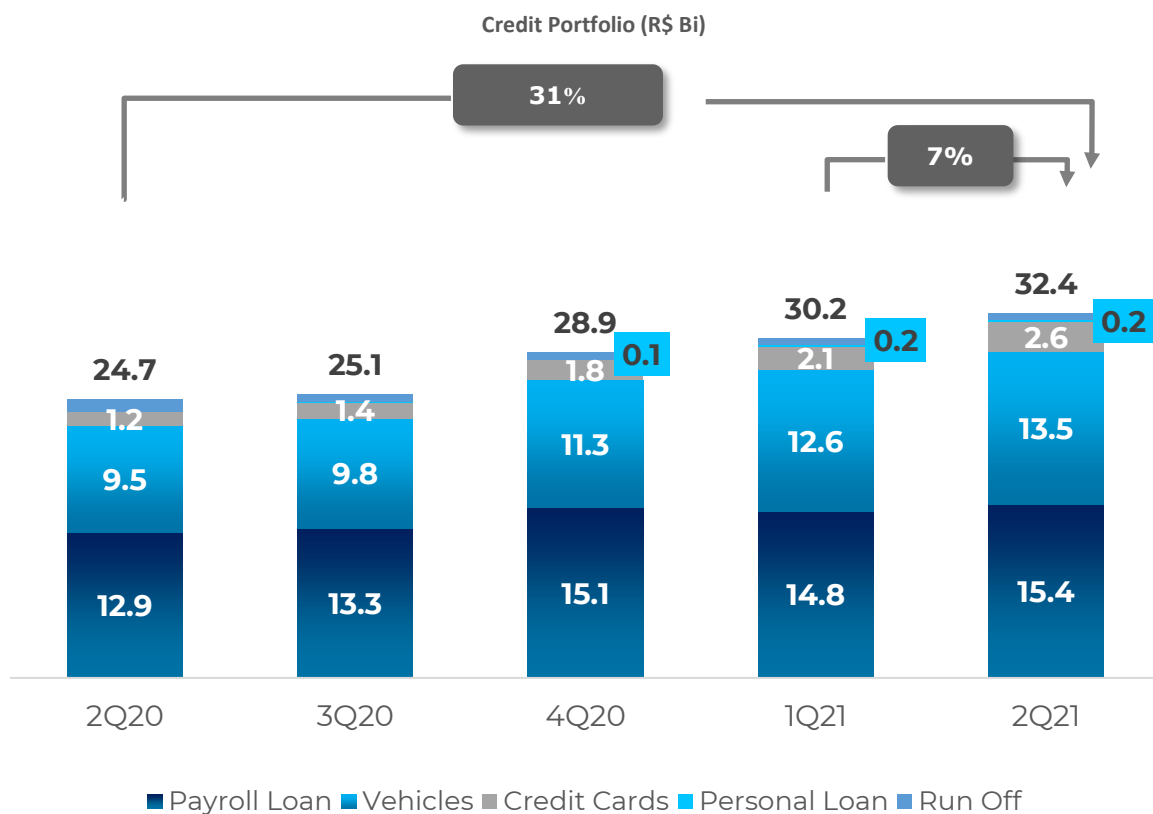
Origination in the Quarter (R\$ MM)

Products	2T21	1T21	2T20	$\Delta 2T21/1T21$	$\Delta 2T21/2T20$
Payroll-Deductible Loans	4,391	1,933	3,502	127%	25%
Payroll-Deductible Credit Cards	267	215	223	24%	20%
Vehicles	2,164	2,390	852	-9%	154%
Motorcycles	350	283	214	24%	64%
Payroll-Deductible Loans	113	106	2	7%	6,975%
Total	7,285	4,926	4,793	48%	52%



CREDIT PORTFOLIO

The Expanded Credit Portfolio ended the 2Q21 with a balance of R\$ 32,355 million, growing 7% in relation to the balance of R\$ 30,160 million at the end of the 1Q21, and 31% in relation to the balance of R\$ 24,730 million in the 2Q20.



We present below the composition of the Retained Credit Portfolio by segment of activity:

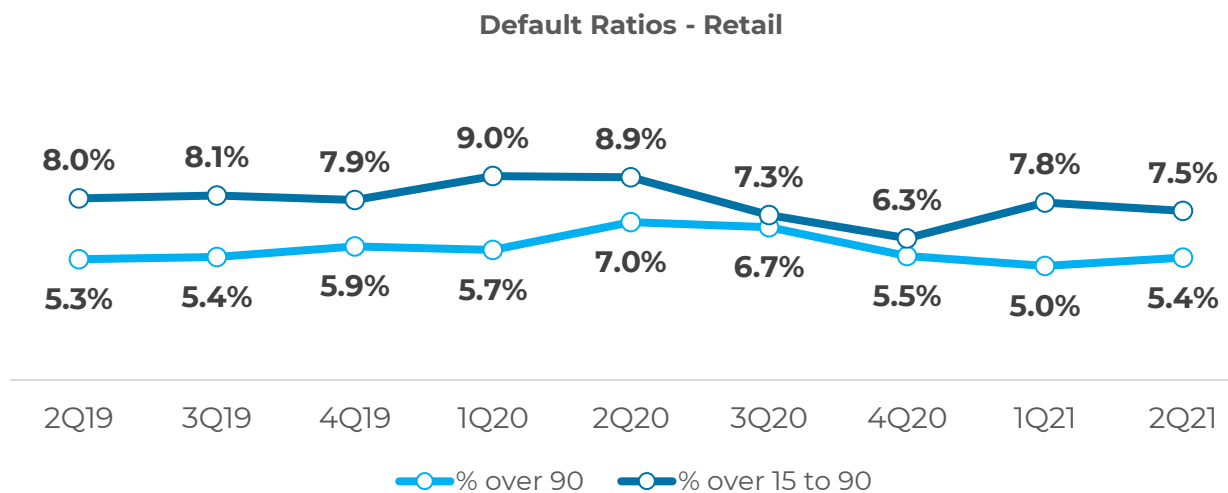
RS (MM)	2T21	Part. %	1T21	Part. %	2T20	Part. %	Δ 2T21/ 1T21	Δ 2T21/ 2T20
Payroll Loan (Loans + Credit Card)	15,387	48%	14,769	49%	12,928	52%	4%	19%
Vehicles	13,549	42%	12,555	42%	9,458	38%	8%	43%
Credit Cards	2,622	8%	2,078	7%	1,214	5%	26%	116%
Personal Loan	244	1%	164	1%	3	0%	49%	9,640%
Run Off (Real Estate + Corporate)	552	2%	593	2%	1,128	5%	-7%	-51%
TOTAL	32,355	100%	30,160	100%	24,730	100%	7%	31%

RETAIL CREDIT QUALITY

In the 2Q21, the indicator of overdue loans above 90 days on the portfolio was 5.4% compared to 5.0% in 1Q21, in line with the historical average.

The shorter delinquency ratio, 15 to 90 days overdue on the total portfolio of 2Q21 was 7.5% compared to 7.8% in 1Q21 and 8.9% in 2Q20. We found a recovery of the indicator after the impact of seasonality in 1Q21.

We continue to manage the credit portfolio conservatively, following the developments of the Covid - 19 pandemic and its possible impacts on the economy.



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	2T21	Part. %	1T21	Part. %	2T20	Part. %	Δ 2T21/ 1T21	Δ 2T21/ 2T20
"AA" a "C"	29,889	92%	27,873	92%	21,877	90%	7.23%	36.63%
"D" a "H"	2,465	8%	2,286	8%	2,534	10%	7.83%	-2.71%
Total	32,355	100%	30,160	100%	24,411	100%	7.28%	32.54%

CREDIT PORTFOLIO ASSIGNMENT

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 2Q21, we made decisions of R\$ 2,424 million, compared to R\$ 1,263 million in 1Q21 and the amount of R\$ 2,367 million in 2Q20. Even performing credit restraining, we were able to expand our retained credit portfolio, demonstrating our ability to originate.

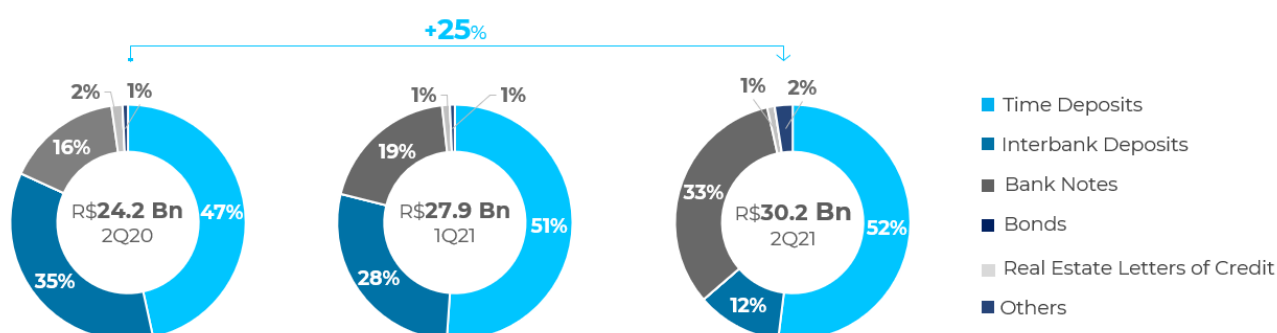


FUNDING

The balance of funds raised totaled R\$ 30.2 billion at the end of the 2Q21, presenting the following composition: (i) R\$ 15.7 billion in term deposits, representing 52% of the total; (ii) R\$ 3.5 billion in interbank deposits, or 12% of the total; (iii) R\$ 9.9 billion related to financial letter issues, or 33% of the total; (v) real estate letters of credit with a balance of R\$ 309 million, or 1% of the total; and (vi) other sources of financing, which corresponded to R\$ 742 million, equivalent to 2% of total funding.

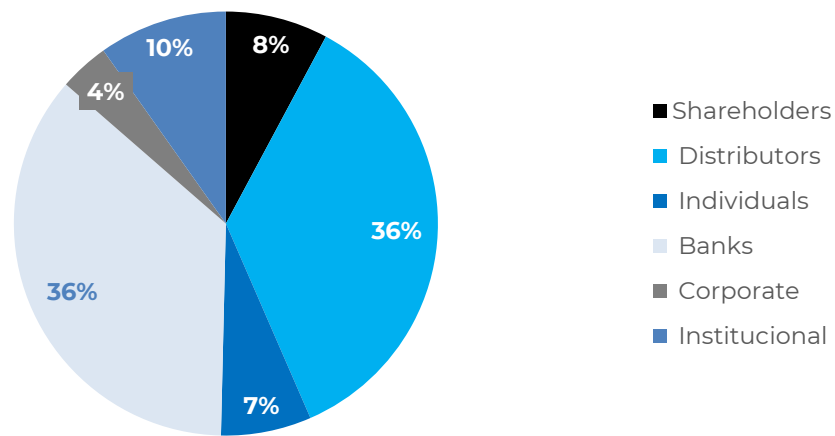
Funding Sources ² R\$ MM	2T21	Part. %	1T21	Part. %	2T20	Part. %	Δ 2T21/ 1T21	Δ 2T21/ 2T20
Term Deposits	15,703	52%	14,285	51%	11,278	45%	10%	39%
Interbank Deposits	3,534	12%	7,768	28%	9,297	37%	-55%	-62%
Financial Letters	9,923	33%	5,407	19%	1,579	6%	84%	528%
LCI and LCA	309	1%	302	1%	311	1%	2%	-1%
Bonds	-	0%	-	0%	2,468	10%	0%	-100%
other	742	2%	187	1%	201	1%	297%	269%
total	30,211	100%	27,949	100%	24,826	100%	8%	22%

Evolution of Funding Sources



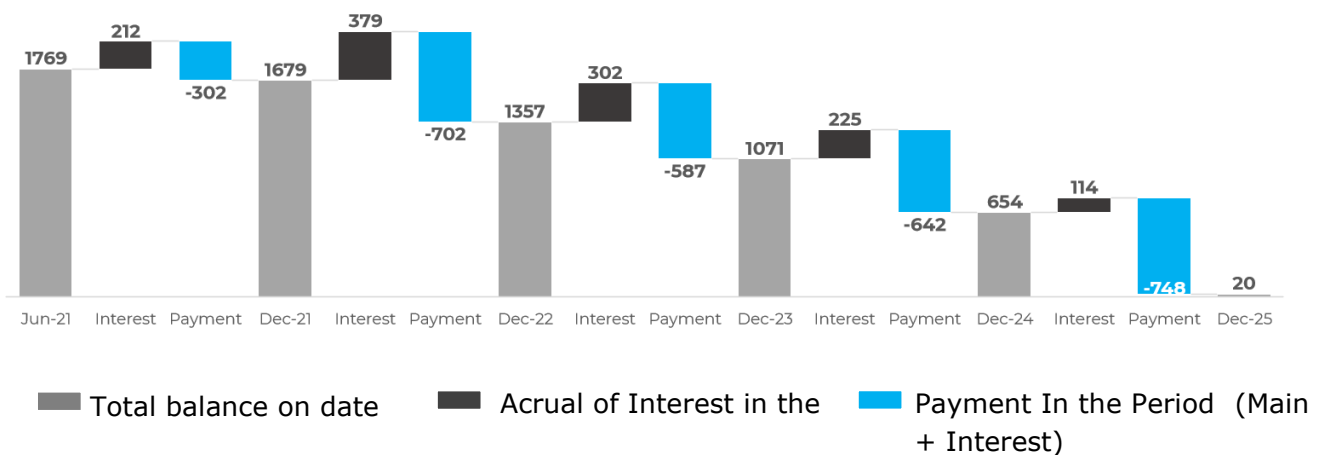
² In accordance with Article 8 of Central Bank Circular 3068/01, PAN declares that it has the financial capacity and the intention of holding to maturity those securities classified as "held-to-maturity securities" in its financial statements.

Opening by Investor type (%)



Below, you can see the future flow of pre-fixed legacy CDBs (issued between 2005 and 2008), which are subject to adjustment in Net Income and ROE. At the end of the first half of 2021, the total balance was R\$1,769 million:

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





RESULTS

Managerial Net Financial Margin - NIM

In the 2nd quarter of 2021, the Managerial NIM was 21.0% compared to 18.6% in the 1st quarter of 2021 and 19.1% in the 2nd quarter of 2020. This level remained high, and is related to the robust spreads of the credit operations, the expansion of new lines of credit with higher margins and gains from portfolio assignments.

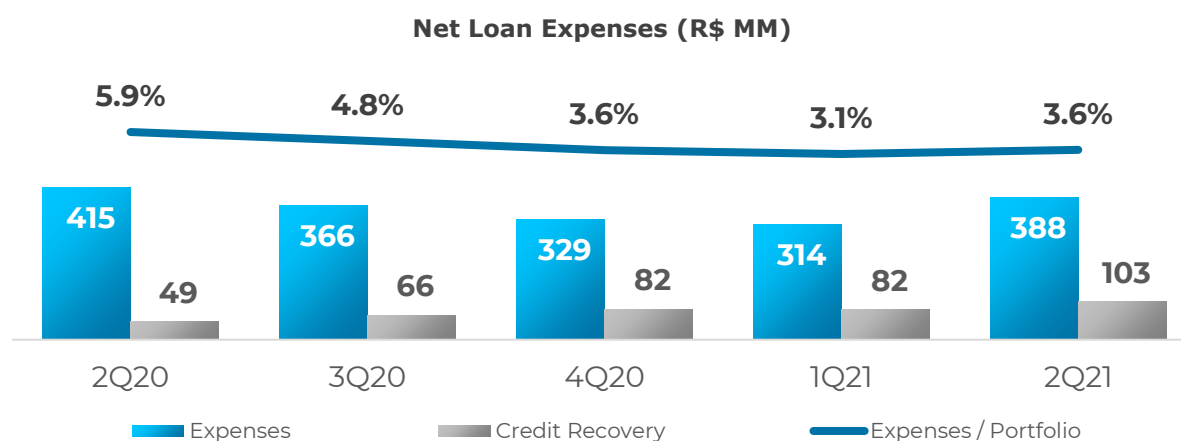
R\$ million	2T21	1T21	2T20	Δ 2T21/ 1T21	Δ 2T21/ 2T20
1. Managerial Net Interest Margin	1,710	1,455	1,245	17%	37%
2. Average Interest-Earning Assets	35,046	33,470	27,926	5%	25%
- Loan Portfolio	31,257	29,534	24,558	6%	27%
- Securities and Derivatives	3,727	3,311	2,552	13%	46%
- Interbank Investments	62	626	816	-90%	-92%
Net Interest Margin - NIM (%)	21.0%	18.6%	19.1%	2.4 p.p	1.9 p.p

Allowance for Loan Losses and Credit Collection

The allowance for loan losses totaled R\$ 388 million in 2Q21, compared to R\$ 314 million in the fourth quarter of 2020 and R\$ 414 million in the first quarter of 2020.

In the 2nd quarter of 2021, the recovery value of credits previously written off as losses was R\$ 103 million, compared to R\$ 82 million in 1Q21 and R\$ 49 million at the end of 2Q20.

As a result, the net loan provision expense totaled R\$ 285 million, compared to the R\$ 232 million in the 1st quarter of 2021 and the R\$ 366 million in the 2Q20. In relation to the portfolio, these annualized net recovery expenses increased from 3.1% in the 1Q21 to 3.6% in the 2Q20.



Costs and Expenses

Administrative and personnel expenses totaled R\$498 million in 2Q21, compared to R\$451 million in 1Q21 and R\$369 million in 2Q20, mainly reflecting the increase in growth of the Bank's structure.

Credit origination expenses totaled R\$524 million at the end of the quarter, compared to R\$420 million in the 1st quarter of 2021 and R\$223 million in the 2nd quarter of 2020, following the volume of credit origination and client acquisition.

Expenses (R\$ million)	2T21	1T21	2T20	2T21 x 1T21	2T21 x 2T20
Personnel Expenses ³	165	160	125	3%	32%
Administrative Expenses	334	291	244	15%	36%
Personnel and Administrative Expenses	498	451	369	11%	34%
Commission Expenses	343	277	170	24%	101%
Other Origination Expenses	180	144	53	25%	203%
Origination Expenses	524	420	223	25%	127%
Total	1,022	871	592	46%	73%

Results

In 2Q21, we recorded an EBIT of R\$273 million, a decrease of 3% compared to the EBIT of R\$281 million in the 1st quarter of 2021 and an increase of 32% compared to the EBIT of R\$ 207 million in 2Q20.

Net Income was R\$ 202 million, 6% higher than the R\$ 190 million profit in the 1st quarter of 2021 and 41% up on the R\$144 million profit in 2Q20.

The main factors that have contributed positively to the results of recent quarters are: (i) robust financial margin; (ii) cost of credit under control; and (iii) revenues from the provision of services.

It is important to point out that we continue to invest in the expansion of our platform and in the acquisition of clients, without deferral or activation.

Income Statement (R\$ MM)	2T21	1T21	2T20	Δ 2T21/ 1T21	Δ 2T21/ 2T20
Management Net Financial Margin	1,710	1,455	1,246	17%	37%
Credit Provisions	-388	-314	-414	23%	-6%
Gross Interm Result. financial	1,322	1,141	830	16%	59%
Revenue stemming from the provision of services	160	167	89	-4%	80%
Administrative and Personnel Expenses	-495	-451	-361	10%	37%
Commission Expenses	-344	-277	-171	24%	101%
Other costs of origination	-183	-144	-59	27%	208%
Tax Expenses	-98	-87	-72	13%	36%
Other income and expenses	-89	-69	-49	29%	83%
Income before taxes	273	281	207	-3%	32%
Provision for Income Tax and CSLL	-71	-90	-63	-22%	12%
Net Income	202	190	144	6%	41%

The annualized return on average equity was 14.7 % in the 2Q21, compared to a return of 14.2% in the first quarter of 2021 and 11.4% in the 2Q20. Annualized adjusted return (unaudited) was 20.6% in the 2Q21, compared to returns of 20.3% in 1Q21 and 19.9% in the 2Q20.

³ Excluding personnel expenses related to origination

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.

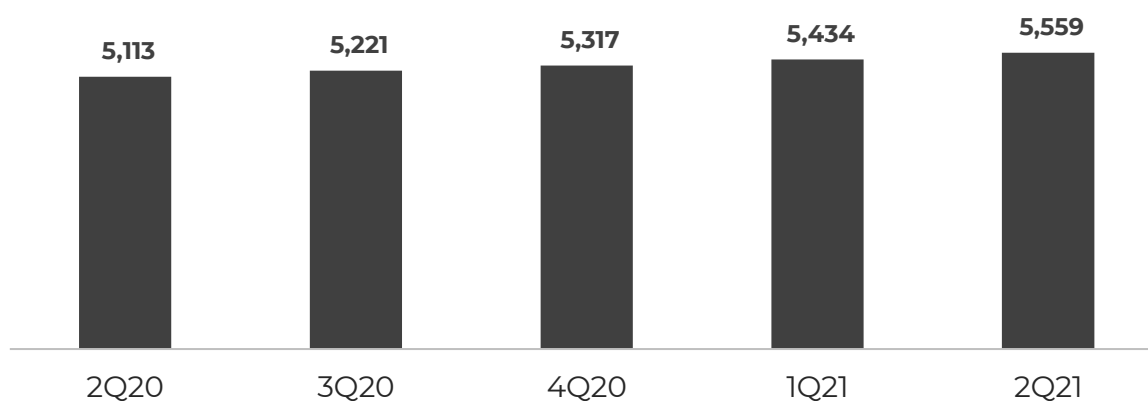
R\$ MM - Unaudited	2T21	1T21	2T20	Δ 2T21/ 1T21	Δ 2T21/ 2T20
Net Income	202	190	144	6.4%	40.7%
Too much Desp. Fin. (Liq. Taxes)	39	37	55	6.1%	-29.1%
Adjusted Net Income	241	227	199	6.4%	21.4%
Average Shareholders' Equity	5,496	5,376	5,067	2.2%	8.5%
Too much Créd. Trib. Prej. fiscal	812	908	1,072	-10.5%	-24.2%
Adjusted Average Shareholders' Equity	4,685	4,468	3,996	4.8%	17.2%
ROAE Accounting (a.a.)	14.7%	14.2%	11.4%	0.58 p.p.	3.38 p.p.
Adjusted ROAE (a.a.)	20.6%	20.3%	19.9%	0.30 p.p.	0.71 p.p.



EQUITY, RATINGS & MARKET

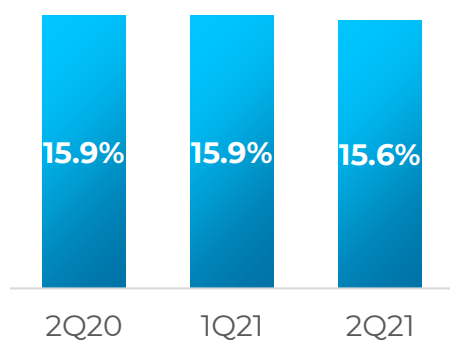
SHAREHOLDERS EQUITY

PAN's Consolidated Shareholders' Equity equaled R\$5,559 million in June 2021, compared to R\$ 5,434 million in March 2021 and R\$ 5,113 million in June 2020.



BASEL RATIO - Managerial⁴

The managerial Basel Ratio (pro forma) ended the 2nd quarter of 2021 at 15.6% compared to the 15.9% recorded at the end of the 1st quarter of 2021 and the 15.9% recorded in the 2nd quarter of 2020, all fully composed by Principal Capital.



R\$ million	2T20	1T21	2T21
Reference Shareholders' Equity	3,266	3,891	4,095
Tier I	3,257	3,882	4,086
Tier II	9	9	9
Required Reference Shareholders' Equity	2,902	2,270	2,530
RWA	20,568	24,538	26,286

⁴ Due to the consolidation of Banco PAN in the prudential consolidated of BTG Pactual, the individual Basel ratio is no longer formally disclosed. However, we continue to release a management index to demonstrate our capitalization

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 May of this year, S&P upgraded our global scale rating from B+ to BB-. During the month of June, we obtained the second upgrade of the year on a local scale by the S&P agency, going from brAA- to AAA. In the same period, Fitch upgraded our local scale rating to AA.

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

Rating Agency	Global Scale	Local Scale	prospect
Fitch Ratings	BB-	AA	Stable
Standard & Poor's	BB-	AAA	Stable
Riskbank	Low Risk for Medium Term 1 9,54		

STOCK PERFORMANCE

PAN shares (BPAN4)⁵ ended 2Q21 quoted at R\$24.06 and had an average daily trading of R\$ 139.5 million in the quarter, compared to R\$ 57.5 million traded per day in 1Q21 and R\$ 40.7 million from 2Q20, up 143% and 243% respectively.

On June 30, 2021, the market value of the PAN was BRL 29 billion

Series Start 02/01/2019



source: Reuters

⁵ Listed in Corporate Governance Level 1



BALANCE SHEET & INCOME STATEMENTS

BALANCE SHEET			
(R\$ MM)			
ASSETS	Jun/21	Mar/21	Jun/20
Cash and cash equivalents	131	4	887
Securities and derivative financial instruments	3,778	3,676	2,412
Interbank relations	1,539	32	35
Credit operations	30,184	28,027	22,808
Credit operations	29,898	28,061	23,585
Securities and credits to be received	2,135	1,790	1,139
(Provision for doubtful accounts)	(1,849)	(1,824)	(1,915)
Other financial assets	2,080	2,150	2,296
Taxes	4,151	3,923	3,951
Other assets	378	387	365
Other values and assets	322	375	354
Permanent	119	129	195
TOTAL ASSETS	42,682	38,702	33,304
LIABILITIES	Jun/21	Mar/21	Jun/20
Deposits	19,407	22,152	19,857
Cash Deposits	170	99	38
Interbank Deposits	3,534	7,768	8,541
Term Deposits	15,703	14,285	11,278
Open market funding	1,441	763	61
Acceptance and bond issuance resources	10,223	5,700	4,214
Interbank Relations	2,043	1,598	961
Derivative Financial Instruments	-	-	4
Other financial liabilities	581	97	149
Provisions	498	493	597
Tax obligations	548	327	461
Other liabilities	2,382	2,139	1,888
Equity	5,559	5,434	5,113
Share capital	4,175	4,175	4,175
Capital Increase	-	-	-
Capital reserve	207	207	207
Profit reserves	959	959	558
Other comprehensive results	(22)	(23)	(19)
Retained earnings	239	116	191

TOTAL LIABILITIES	42,682	38,702	33,304
CONSOLIDATED INCOME STATEMENT			
<i>(R\$ MM)</i>			
	2021	1Q21	2Q20
FINANCIAL INTERMEDIATION REVENUES	2,231	1,695	1,689
Income from credit operations	2,117	1,373	1,798
Income from securities transactions	75	77	16
Income from derivative financial instruments	37	244	(126)
Exchange operation result	0	1	0
Result of compulsory applications	3	-	-
	-	-	-
FINANCIAL INTERMEDIATION EXPENSES	(909)	(554)	(859)
Capture operations in the market	(521)	(239)	(444)
Provisions for expected losses associated with credit risk	(388)	(314)	(414)
	-	-	-
GROSS FINANCIAL INTERMEDIATION RESULT	1,322	1,141	830
	-	-	-
OTHER OPERATING INCOME (EXPENSES)	(1,054)	(852)	(641)
Revenues from The Provision of Services	160	167	89
Staff expenses	(179)	(175)	(133)
Other administrative expenses	(843)	(696)	(458)
Tax expenses	(98)	(87)	(72)
Expenses of provisions	(67)	(47)	(49)
Other income and expenses	(27)	(13)	(17)
	-	-	-
OPERATING RESULTS	268	289	189
	-	-	-
OTHER NON-OPERATING INCOME AND EXPENSES	5	(8)	18
	-	-	-
RESULT BEFORE TAXES	273	281	207
	-	-	-
TAXES ON PROFIT	(71)	(90)	(63)
Provision for income tax	(112)	(104)	(129)
Provision for social contribution	(91)	(85)	(104)
Deferred tax assets	133	98	171
	-	-	-
NET INCOME FOR THE PERIOD	202	190	144