

FINANCIAL STATEMENTS

2Q21





Management Report

2Q21

São Paulo, July 27, 2021 – In accordance with legal provisions, Banco PAN S.A. (“PAN”, “Bank”, “Banco PAN” or “Institution”) and its subsidiaries disclose the results for the quarter ended June 30, 2021, accompanied by the Independent Auditor’s Report. The Bank’s operating and financial information, unless otherwise indicated, is presented based on consolidated figures and in Reais, in accordance with Corporate Law and Accounting Practices adopted in Brazil.

MESSAGE TO THE STOCKHOLDERS,

Every quarter we move forward and consolidate ourselves more as the Brazilians’ bank, the bank focused on the C, D and E classes. We know our target audience in depth and we know what really makes the difference in their lives, that’s why we intend to launch a new look at their challenges, investing heavily in technology to bring products and services that help our customers to overcome the obstacles in their lives with complete safety, in addition to establishing efficient and assertive communication.

Shortly after launching our digital strategy, we achieved more than **12.4 million customers** in the bank, adding **40 thousand new customers per business day** in this 2Q21, with more than 8.4 million customers having easy access to products and services through our app.

The market knew us for our credit expertise, now it’s faced with a **complete platform capable of growing and engaging customers**. In order to generate social and economic value, we invest in technology with significant deploys in our platform, we deepen direct contact with our customers throughout their journey in order to create a lasting relationship and committed to service excellence.

In the segment we call **Consumer Finance**, we offer several credit products such as payroll-deductibles (loans and credit card), vehicle financing (pre-owned light vehicles and new motorcycles) and personal credit. The **Banking** segment includes 4 major fronts: (i) **Transactional Bank**, with digital account and multiple card, emergency credit limit, PIX, transfers and payments of bank slips, deposits and withdrawals; (ii) **Insurance**, where we take to our customer, beyond the traditional credit life insurance, a series of insurance options, creating a complete portfolio in partnership with Too Seguros; (iii) **Savings**, where we provide simple investment options such as “Poupa PAN”, focused on our target audience, adding an important component of education and financial planning; and (iv) **Acquisitions**, offering complete solutions for micro-entrepreneurs and self-employed workers, who make up an important part of our customer base. The diversification of our products, driven by technology, offers our customers a fully integrated environment, increasing engagement.

Our customer focus, agile and simple execution capacity, and led by an extraordinary and extremely motivated team, allowed us to be the bank with the fastest growing customer base in the C, D and E segments, the majority of the Brazilian population, and we are sure that there is much more to come.

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

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

DIGITAL ACCOUNT

The Digital Account provides customers access to a complete current account: 100% digital, with no maintenance fee, a multiple card without an annual fee, a monthly package of free of charge transfers, ATM withdrawals through the Rede 24 horas (a network of automatic teller machines), deposits via slips, payments of bills, salary portability, investment products, insurance, in addition to several credit products and other services.

Moreover, we offer discounts in drugstores, supermarkets and e-commerce stores through agreements with various partners. Our co-branded credit cards also provide advantages to our customers by creating an important range of products aimed at our target audience.

Our strategy is based on six approaches: provide offerings to the Bank's customer base including active and former customers; present to the potential customers requesting credit on a monthly basis; digital marketing; physical distribution network; new origination partners; and a 'customer introduces customer' program.

In 2Q21, we significantly expanded our credit lines focused on the credit card product, largely benefiting from the growth of the digital bank and the expansion of the direct customer relationship through our application. We believe that the credit card is an important instrument for customer engagement, allowing cash flow control and obtainment of benefits. In addition, the card is a credit access tool for a public that receives little attention from banks in general.

Today we offer several products, such as: Complete Current Account, Personal Loan, Credit and Debit Card, Emergency Limit, Salary Portability, PAN Savings, among others. In addition, we have developed an important platform for the sale of insurance, with different modalities aimed at our customers being launched in 2021.

Furthermore, our efforts continue to focus on the launch of new products in order to make the customer experience even more complete, leveraging engagement. The digital account, by centralizing the whole relationship with our customers, is a powerful instrument to optimize cross-selling and upselling opportunities, in addition to incrementing the portfolio of products and increasing customer loyalty.

BANK'S STRUCTURE

The Bank is a key player among the Brazilian medium-sized banks and focuses on granting credit to individuals of the C, D, and E social classes, as well as government employees, retirees and pensioners of the National Institute of Social Security (INSS), offering payroll-deductible credit (loan and credit card), financing of pre-owned cars and new motorcycles, conventional credit cards, personal loans and insurance.

The Bank has 2,886 employees and 60 service branches based in Brazil's major cities and is present throughout the country via its light asset structure and digital platforms. It has over 854 correspondent banks offering payroll-deductible loans and more than 17.4 thousand multibrand stores and concessionaires offering vehicle and motorcycle financing.

ORIGINATION OF CREDIT PORTFOLIO AND RETAIL

During 2Q21, PAN originated a monthly average of R\$ 2,391 million in new credit operations, compared with R\$ 1,607 million in 1Q21, and R\$ 1,597 million in 2Q20, an increase of 49% and 50%, respectively.

In vehicles, we originated R\$ 2,514 million in 2Q21, in line with the amounts for 1Q21 and 4Q20 and 136% higher than the amount for 2Q20. This change in level is the result of the optimization of our credit track and the gains from the digitalization of the contracting process, important parts of Banco PAN's digitalization strategy.

The Expanded Credit Portfolio totaled R\$ 32,355 million at the end of 2Q21, an increase of 7% in relation to R\$ 30,160 million at the end of 1Q21 and an increase of 31% compared to R\$ 24,730 million in 2Q20.

In 2Q21, over 90 and over 15-90 default rates were 5.4% and 7.5% respectively, remaining at historical levels despite the gradual change in our product mix.

The Originated Credit Portfolio balance, which includes both the Expanded Credit Portfolio and the balance of portfolios assigned totaled R\$ 40 billion at the quarter-end.

PAYROLL-DEDUCTIBLES (Loan and Credit Card)

1Q21 was marked by the impact of the withdrawal of the temporary increase in the INSS allowable margin carried out in 4Q20. With the return of the allowable margin in 2Q21, volumes granted increased to R\$ 4,391 million compared to R\$ 1,933 million granted in 1Q21 and R\$ 3,502 million in 2Q20.

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

Our platform permits the digital contracting of payroll-deductible loans. The process is entirely paperless and operates with facial recognition signature features, providing a more efficient, cost-saving, profitable operation, with enhanced security and faster loan contracting, thus generating a more favorable experience for all parties and loyalty, especially now with the quarantine restrictions.

For our partners, the platform proved to be an important tool, both for reducing the cost of fraud and for greater agility in concluding operations. The platform, allied to market positioning and the relationship with business partners, assures PAN remains a significant player in Federal agreements, placing it among the largest originators in the INSS (social security) beneficiary and pensioner loan market.

The payroll-deductible loan portfolio at the end of the quarter totaled R\$ 13,298 million, compared to R\$ 12,705 million in 1Q21 and R\$ 10,981 million in 2Q20, an increase of 4% in the quarter and of 21.1% in the year. The payroll-deductible credit card portfolio at the end of the quarter totaled R\$ 2,089 million, an increase of 1.2% when compared with the balance of R\$ 2,064 million in the previous quarter and an increase of 7.4% in relation to the balance of R\$ 1,946 million in 2Q20.

VEHICLE FINANCING

The Bank also offers financing for pre-owned cars (mainly between four to eight years old) and new motorcycles, building on its expertise in credit and collection in order to optimize the risk vs. return ratio. Financing was made through multi-brand stores and concessionary partners.

In addition to the formalization platform, the Bank also has a unique platform for financing simulations and a pre-analysis of credit with minimal data, in addition to monitoring proposals and the issuance of vehicle inspection reports, improving agility in the process and a better experience both for the commercial partner and the final customer.

In 2Q21, the Bank originated R\$ 2,514 million of new financing, including light vehicles and motorcycles, down 6% in comparison to R\$ 2,673 million in 1Q21 and up 136% in relation to R\$ 1,066 million in 2Q20.

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

The vehicle financing portfolio totaled R\$ 13,549 million at the end of the quarter, an increase of 7.9% in relation to R\$ 12,555 million in 1Q21 and of 43.2% against R\$ 9,548 million in 2Q20.

CREDIT CARDS

Leveraged by the growth of our digital bank and in line with our strategy of diversifying customers and products, we continue with the strong evolution of the credit card segment, using, in addition to our digital account channel, our partners to originate new cards and expand our customer base. The continuous evolution of the digital journey of our customers is a priority and we have seen important progress in this regard.

As previously mentioned, we intensified the relationship with partners to increase distribution of credit cards in marketplaces and the launching of co-branded cards. These partnerships, in

addition to expanding the number of customers, encourage the innovation process, diversify our sources of origination and expand the range of information that feeds our credit models.

The digital channels were responsible for most of the sales. This volume was also a result of the increase in sales actions, significant changes in cross selling and increase in the efficiency of analytics and CRM.

During 2Q21, credit card transactions continued to grow and totaled R\$ 3,407 million, an increase in comparison with R\$ 2,550 million in 1Q21 and R\$ 1,187 million in 2Q20.

This constant growth of TPV is the result of greater engagement, greater satisfaction with our product and expansion of our customer base. We are optimistic about growth in the coming quarters.

At the end of the quarter, the card portfolio totaled R\$ 2,622 million, 26% and 116% higher when compared to R\$ 2,078 million and R\$ 1,214 million in 1Q21 and 2Q20, respectively.

PERSONAL LOANS

Focused on the strategy of creating a complete platform for the C, D and E classes, we observed a growth in personal loans, which aims to complement the range of products that, in our view, engage and retain the end customer.

Personal loans are a fundamental tool in the daily lives of customers, who at various times face the need to supplement their cash flow, make specific investments and cover their daily needs.

In line with our strategy of offering products focused on meeting the needs of our target audience, in the 2nd quarter of 2021 we started offering personal loans guaranteed by the FGTS on our platform. With this launch, we became the first bank to allow 100% digital advance withdrawal of FGTS anniversary-withdrawal directly through the account's app. In addition to talking directly to our target audience, this modality provides the opportunity for customers with negative records to have access to personal loans without impacting default rates, increasing customer engagement and loyalty.

We have noticed a significant growth since the beginning of the product offering, which at the end of 2Q21 reached R\$ 244 million, a growth of 49% compared to R\$ 164 million in 1Q21 and of 9.638% in relation to R\$ 3 million in 2Q20. Despite the rapid growth, we expect ever higher levels in the coming quarters.

INSURANCE

In 2Q21, we originated R\$ 160.2 million in insurance premiums, compared to R\$ 166.2 million and R\$ 67.5 million in 1Q21 and in 2Q20, respectively.

Our insurance business continues to be a priority within our strategy of diversification, cross sell and expansion of our complete banking services platform. Throughout 2020, new products were launched, focused on meeting the specific needs of our customers.

In addition, in 2021 our product portfolio will expand even further, making our customers loyal and facilitating the contracting of services on a one-stop-shop platform. New offers include: Life Insurance, Income Loss Insurance, Material Goods Insurance (mobile phone), Home Insurance, among others.

CORPORATE CREDIT (IN RUN OFF)

The Corporate Credit portfolio totaled R\$ 186 million at the end of 2Q21 (1Q21 - R\$ 203 million; 2Q20 - R\$ 677 million). The portfolio is fully provided for and has a good level of guarantees.

REAL ESTATE CREDIT (IN RUN OFF)

The balance of real estate credits totaled R\$ 366 million at the end of 2Q21 (1Q21 - R\$ 390 million; 2Q20 - R\$ 451 million), appropriately provided for.

FUNDING

The balance of funds raised totaled R\$ 30.2 billion at the end of 2Q21, analyzed as follows: (i) R\$ 15.7 billion in time deposits, being 52% of the total; (ii) R\$ 3.5 billion in interbank deposits, being 12% of the total; (iii) R\$ 9.9 billion related to issuance of financial bills, or 33% of the total; (v) real estate letters of credit - R\$ 309 million, or 1% of the total; and (vi) other sources of financing - R\$ 742 million, equivalent to 2% of the total funding.

RESULTS

MANAGEMENT NET FINANCIAL MARGIN

In 2Q21, Management Net Financial Margin was 21% p.a., compared to 18.6% p.a. in 1Q21 and 19.1% p.a. in 2Q20. This level remained high, and is related to the robust spreads of credit operations, the expansion of new lines of credit with higher margins and gains in the portfolio assignment.

ALLOWANCES FOR LOSSES AND RECOVERY OF CREDITS

The expenses with allowances for losses totaled R\$ 388 million in 2Q21, against R\$ 314 million in 1Q21 and R\$ 415 million in 2Q20.

In 2Q21, the recovery of credits previously written off to loss was R\$ 102.9 million, compared to R\$ 81.9 million in 1Q21 and R\$ 48.6 at the end of 2Q20.

Consequently, the net allowance for loss expenses totaled R\$ 285 million (1Q21 - R\$ 232 million; 2Q20 - R\$ 366 million). As a percentage of the portfolio, these annualized net recovery expenses went over 3.1% in 1Q21 to 3.6% in 2Q21.

COSTS AND EXPENSES

Personnel and administrative expenses totaled R\$ 495 million in 2Q21, compared to R\$ 451 million recorded in 1Q21 and R\$ 361 million in 2Q20, mainly reflecting the increase in personnel expenses and growth of the Bank's structure.

Credit origination expenses totaled R\$ 527 million at the end of the quarter, compared to R\$ 420 million in 1Q21 and R\$ 231 million in 2Q20, accompanying the credit origination volumes.

NET RESULT

In 2Q21, the Bank's pretax profit totaled R\$ 273 million, down 3% in relation to the pretax profit of R\$ 281 million in 1Q21 and up 32% compared to R\$ 207 million in 2Q20.

Net profit totaled R\$ 202 million, up 6% when compared to the net profit of R\$ 190 million in 1Q21 and an increase of 41% compared to the net profit of R\$ 144 million in 2Q20.

The major factors contributing positively to the results for the most recent quarters were: (i) robust financial margin; (ii) cost of credit under control; and (iii) revenues from the provision of services.

The annualized average return on equity for 2Q21 was 14.7% (1Q21 - 14.2%; 2Q20 - 11.4%), whereas the adjusted annualized return (unaudited) was 20.6% in 2Q21 (1Q21 - 20.3%; 2Q20 - 19.9%).

The adjustment refers to two past legacies: (i) higher financial expenses from fixed Bank Deposit Certificates (CDBs) issued between 2005 and 2008 (with average maturity in 2023),

compared to the Bank's current funding cost for the same period; and (ii) higher tax credit from tax losses, when compared to the banking market, arising from accounting inconsistencies in 2010.

EQUITY AND CAPITAL

PAN's consolidated equity was R\$ 5,559 million in June 2021 (March 2021 - R\$ 5,434 million; June 2020 - R\$ 5,113 million).

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 monitor Banco PAN's capitalization.

The pro forma Basel Index at the end of 2Q21 was 15.6%, in comparison with 15.9% at the end of 1Q21 and 15.9% in 2Q20, all fully comprised of Principal Capital.

INDEPENDENT AUDITORS

PricewaterhouseCoopers Auditores Independentes ("PwC") has been our auditor since the first quarter of 2011. Pursuant to CVM Instruction 381, PAN engaged PwC in 2021 to provide the following services: (i) consultancy services on the General Data Protection Law (GDPL) in the amount of R\$ 94 thousand; (ii) issuance of a report on internal controls related to credit assignment operations in the amount of R\$ 273 thousand; and (iii) work related to Capital Markets in the amount of R\$ 112 thousand, totaling less than 5% of the total fees related to external audit services. The policy adopted complies with principles that preserve the auditor's independence, consistent with internationally accepted standards, according to which the auditor should not audit its own work, exercise management functions for its client or promote its client's interests.

ACKNOWLEDGEMENTS

The Bank wishes to thank its employees for their contribution and engagement in the execution of its business strategy and also its customers, investors, and partners, who honor the Bank with their continued support and trust.

São Paulo, July 27, 2021

BANCO PAN S.A. AND SUBSIDIARIES
BALANCE SHEET
AT JUNE 30, 2021 AND DECEMBER 31, 2020
 (All amounts in thousands of reais - R\$)

ASSETS	Notes	Bank		Consolidated	
		06/30/2021	12/31/2020	06/30/2021	12/31/2020
Cash and cash equivalents	5	7.101	2.905	7.872	4.854
Financial instruments		37.474.791	33.334.517	37.704.078	33.562.758
Interbank investments	6	123.000	1.251.889	123.050	1.251.938
Investments in the open market		123.000	1.251.889	123.000	1.251.889
Investments in savings deposits		-	-	50	49
Marketable securities	7.a	3.552.403	2.721.513	3.778.434	2.945.552
Own portfolio		1.880.513	1.232.193	2.105.486	1.455.548
Subject to guarantees		199.990	193.389	201.048	194.073
Subject to repurchase agreements		1.471.900	1.295.931	1.471.900	1.295.931
Interbank accounts		1.538.914	9.047	1.538.914	9.047
Payments and receipts pending settlement		43.272	-	43.272	-
Credits - Deposits at the BACEN		1.492.928	5.507	1.492.928	5.507
Local correspondents		2.714	3.540	2.714	3.540
Loan operations	8	30.183.680	27.212.114	30.183.788	27.212.153
Loan operations		29.897.544	27.466.468	29.897.544	27.466.468
Securities and credits receivable		2.134.633	1.644.136	2.134.744	1.644.175
(Provisions for expected losses associated to the credit risk)	8.c	(1.848.497)	(1.898.490)	(1.848.500)	(1.898.490)
Other financial assets	9	2.076.794	2.139.954	2.079.892	2.144.068
Taxes		3.986.654	3.920.474	4.151.143	4.095.561
Current		364.715	529.741	422.492	596.917
Deferred	32.b	3.621.939	3.390.733	3.728.651	3.498.644
Other receivables	10	350.638	318.898	378.083	353.213
Other assets		313.645	365.853	322.024	374.658
Other assets	11.a	230.850	315.152	238.181	322.900
(Provision for losses)	11.a	(67.972)	(56.587)	(69.047)	(57.661)
Prepaid expenses	11.b	150.767	107.288	152.890	109.419
Investments		911.849	904.000	13.224	12.625
Investments in subsidiaries	12.a	898.625	891.375	-	-
Other investments	12.b	13.224	12.625	13.224	12.625
Property and equipment	13	26.692	23.360	26.692	23.360
Other assets in use		81.005	82.320	81.005	82.320
(Accumulated depreciation)		(54.313)	(58.960)	(54.313)	(58.960)
Intangible assets:	14	76.828	93.419	79.261	96.919
Intangible assets		518.223	496.699	540.143	518.619
(Accumulated amortization)		(441.395)	(403.280)	(460.882)	(421.700)
TOTAL ASSETS		43.148.198	38.963.426	42.682.377	38.523.948

The accompanying notes are an integral part of these financial statements.

BANCO PAN S.A. AND SUBSIDIARIES
BALANCE SHEET
AT JUNE 30, 2021 AND DECEMBER 31, 2020
 (All amounts in thousands of reais - R\$)

LIABILITIES AND EQUITY	Notes	Bank		Consolidated	
		06/30/2021	12/31/2020	06/30/2021	12/31/2020
Financial instruments		34.331.854	30.445.809	33.695.415	29.823.754
Deposits	15.a	20.038.447	22.181.345	19.406.912	21.566.403
Demand deposits		169.764	76.092	169.694	76.056
Interbank deposits		3.799.764	9.011.115	3.533.888	8.747.715
Time deposits		16.068.919	13.094.138	15.703.330	12.742.632
Funds obtained in the open market	15.b	1.445.607	1.314.155	1.440.703	1.307.042
Own portfolio		1.445.607	1.314.155	1.440.703	1.307.042
Funds from acceptance and issuance of securities	15.c	10.223.429	5.346.049	10.223.429	5.346.049
Funds from financial and real estate bills		10.223.429	5.346.049	10.223.429	5.346.049
Interbank accounts	16	2.043.406	1.491.821	2.043.406	1.491.821
Receipts and payments pending settlement		1.851.433	1.380.060	1.851.433	1.380.060
Local correspondents		191.973	111.761	191.973	111.761
Other financial liabilities	17	580.965	112.439	580.965	112.439
Provisions	18	424.208	438.344	497.994	513.622
Tax obligations		459.663	439.986	548.149	536.768
Current	19	459.663	439.986	462.338	451.148
Deferred	32.e	-	-	85.811	85.620
Other liabilities		2.373.918	2.321.819	2.382.264	2.332.336
Social and statutory		215.884	325.131	215.884	325.131
Sundry	20	2.158.034	1.996.688	2.166.380	2.007.205
EQUITY	21	5.558.555	5.317.468	5.558.555	5.317.468
Share capital:		4.175.222	4.175.222	4.175.222	4.175.222
Domiciled in the country		3.686.920	3.606.057	3.686.920	3.606.057
Domiciled abroad		488.302	569.165	488.302	569.165
Capital reserve		207.322	207.322	207.322	207.322
Revenue reserve		958.655	958.655	958.655	958.655
Other comprehensive loss		(21.767)	(23.731)	(21.767)	(23.731)
Retained earnings		239.123	-	239.123	-
TOTAL LIABILITIES		43.148.198	38.963.426	42.682.377	38.523.948

The accompanying notes are an integral part of these financial statements.

BANCO PAN S.A. AND SUBSIDIARIES
STATEMENT OF INCOME
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2021 AND 2020
(All amounts in thousands of reais - R\$ unless otherwise stated)

	Notes	Bank		Consolidated	
		06/30/2021	06/30/2020	06/30/2021	06/30/2020
Income from financial intermediation		4.665.318	4.891.805	4.670.612	4.892.540
Income from loan operations	8.g	4.232.046	4.589.523	4.234.509	4.591.603
Result from leasing operations	8.g	-	-	36	18
Result from operations with marketable securities	7.d	149.028	56.946	151.823	55.583
Result from derivative financial instruments	7.c	280.954	244.027	280.954	244.027
Result from foreign exchange operations		604	1.148	604	1,148
Result from compulsory investments		2.686	161	2.686	161
Expenses on financial intermediation		(1.470.522)	(2.201.110)	(1.462.577)	(2.190.394)
Result from market funding operations	15.d	(768.549)	(1.464.814)	(760.601)	(1.454.097)
Provisions for expected losses associated to the credit risk	8.c	(701.973)	(736.296)	(701.976)	(736.297)
Gross result from financial intermediation		3.194.796	2.690.695	3.208.035	2.702.146
Other operating income (expenses)		(2.640.503)	(2.280.032)	(2.650.747)	(2.301.952)
Income from services rendered	22	326.630	189.207	327.558	198.413
Equity in the results of subsidiaries	12.a	5.972	16.766	-	-
Personnel expenses	23	(353.311)	(272.725)	(354.379)	(273.611)
Other administrative expenses	24	(1.900.121)	(1.216.202)	(1.906.423)	(1.227.065)
Tax expenses	25	(183.870)	(123.627)	(185.560)	(125.918)
Expenses with provisions	26	(114.050)	(87.348)	(114.449)	(89.700)
Other operating income (expenses)	27	(421.753)	(786.103)	(417.494)	(784.071)
Operating result		554.293	410.663	557.288	400.194
Non-operating results	28	(3.167)	(1.848)	(3.297)	17.045
Profit before taxation		551.126	408.815	553.991	417.239
Taxes on income	32.a	(158.364)	(94.365)	(161.229)	(102.789)
Income tax		(214.519)	(133.253)	(216.371)	(138.372)
Social contribution		(175.213)	(104.860)	(175.937)	(106.787)
Deferred tax assets		231.368	143.748	231.079	142.370
NET PROFIT		392.762	314.450	392.762	314.450

Basic and diluted earnings per share - weighted average number of outstanding shares attributable to stockholders - R\$

Earnings per common share	0,33	0,26	-	-
Earnings per preferred share	0,33	0,26	-	-

The accompanying notes are an integral part of these financial statements.

BANCO PAN S.A. AND SUBSIDIARIES
STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2021 AND 2020
 (All amounts in thousands of reais - R\$)

	Bank		Consolidated	
	06/30/2021	06/30/2020	06/30/2021	06/30/2020
Net profit	392.762	314.450	392.762	314.450
Items that will be reclassified to profit or loss				
Other comprehensive income	1.964	(4.871)	1.964	(4.871)
Unrealized gains/(losses) on available-for-sale financial assets	359	(199)	359	(199)
Unrealized gains/(losses) on other comprehensive income	2.677	(7.214)	2.677	(7.214)
Tax effect	(1.072)	2.542	(1.072)	2.542
COMPREHENSIVE INCOME FOR THE PERIOD	394.726	309.579	394.726	309.579
Attributable to:				
Controlling stockholders	394.726	309.579	394.726	309.579

The accompanying notes are an integral part of these financial statements.

BANCO PAN S.A.
STATEMENT OF CHANGES IN PARENT COMPANY EQUITY
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2021 AND 2020
 (All amounts in thousands of reais - R\$)

	Share capital	Capital increase	Capital reserve	Revenue reserves		Other comprehensive income	Retained earnings	Total
				Legal	For integrity of equity			
AT DECEMBER 31, 2019	3.653.410	521.812	207.322	45.788	512.194	(14.358)	-	4.926.168
Capital increase	521.812	(521.812)	-	-	-	-	-	-
Other comprehensive income	-	-	-	-	-	(4.871)	-	(4.871)
Net profit	-	-	-	-	-	-	314.450	314.450
Allocations:								
Interest on capital and dividends provisioned (Note 21.c)	-	-	-	-	-	-	(123.005)	(123.005)
AT JUNE 30, 2020	4.175.222	-	207.322	45.788	512.194	(19.229)	191.445	5.112.742
AT DECEMBER 31, 2020	4.175.222	-	207.322	78.566	880.089	(23.731)	-	5.317.468
Other comprehensive income	-	-	-	-	-	1.964	-	1.964
Net profit	-	-	-	-	-	-	392.762	392.762
Allocations:								
Interest on capital and dividends provisioned (Note 21.c)	-	-	-	-	-	-	(153.639)	(153.639)
AT JUNE 30, 2021	4.175.222	-	207.322	78.566	880.089	(21.767)	239.123	5.558.555

The accompanying notes are an integral part of these financial statements.

BANCO PAN S.A. AND SUBSIDIARIES
STATEMENT OF CASH FLOWS
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2021 AND 2020
 (All amounts in thousands of reais - R\$)

	Notes	Bank		Consolidated	
		06/30/2021	06/30/2020	06/30/2021	06/30/2020
CASH FLOWS FROM OPERATING ACTIVITIES:					
NET PROFIT		392.762	314.450	392.762	314.450
Adjustments that do not affect cash flow:					
Effect of foreign exchange rate changes on cash and cash equivalents		(615)	(1.181)	(615)	(1.181)
Depreciation and amortization	24	35.124	31.687	35.141	31.711
Amortization of goodwill	27	11.965	11.965	12.526	12.526
Constitution of provision for civil, labor, and tax contingencies	18	114.050	87.348	114.449	89.700
Reversal/(impairment) of other assets	28	16.539	(1.589)	16.399	(1.758)
Result on the sale of other assets	28	(13.372)	3.437	(13.102)	3.625
Assignment of rights	28	-	-	-	(18.912)
Equity in the results of subsidiaries	12.a	(5.972)	(16.766)	-	-
Impairment of assets		12	-	12	-
Provisions for expected losses associated to the credit risk	8.c	701.973	736.296	701.976	736.297
Deferred income tax and social contribution		(231.368)	(143.748)	(231.079)	(142.370)
Adjusted profit		1.021.097	1.021.899	1.028.469	1.024.087
Changes in assets and liabilities:					
Decrease (increase) in interbank investments		-	12.795	(1)	12.795
(Increase) decrease in marketable securities		(97.515)	65.481	(97.740)	72.114
Decrease in derivatives		-	167.168	-	167.168
(Increase) decrease in interbank accounts		(978.282)	118.916	(978.282)	118.916
(Increase) in loan operations		(3.686.449)	(1.758.682)	(3.686.521)	(1.758.262)
Decrease in other financial assets		66.117	189.479	67.133	190.280
Decrease in tax assets		165.188	28.063	175.497	31.039
(Increase) in other receivables		(21.753)	(1.400)	(19.851)	(2.000)
(Increase) in other assets		(31.544)	(41.689)	(31.248)	(41.494)
(Decrease)/increase in deposits		(2.142.898)	107.986	(2.159.491)	97.062
Increase/(decrease) in funds obtained in the open market		131.452	(234.477)	133.661	(235.003)
Increase in funds from acceptance and issuance of securities		121.938	46.234	121.938	46.234
Increase in other financial liabilities		468.526	578.622	468.526	578.622
(Decrease) in provisions		(128.186)	(82.554)	(130.077)	(84.027)
Increase in tax obligations		244.271	261.354	238.622	262.010
Increase in other liabilities		153.356	194.056	151.185	196.578
Payment of income tax and social contribution		(224.594)	(234.418)	(227.242)	(242.754)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		(4.939.275)	438.833	(4.945.422)	433.365
CASH FLOW FROM INVESTING ACTIVITIES:					
(Increase) in available-for-sale marketable securities		(225.130)	(295.350)	(225.130)	(295.350)
Decrease in available-for-sale marketable securities		252.564	250.416	252.564	250.416
(Increase) in marketable securities held to maturity		(1.293.944)	(383.527)	(1.293.944)	(383.527)
Decrease in marketable securities held to maturity		533.333	26.988	533.333	26.988
Disposal of assets not for own use		80.585	57.556	80.585	57.556
(Acquisition) of investments		(600)	(329)	(600)	(329)
(Purchase) of property and equipment	13.b	(11.569)	(4.164)	(11.569)	(4.164)
(Increase) in intangible assets	14.b	(21.819)	(20.230)	(21.819)	(20.230)
Assignment of rights		-	-	4.971	4.828
NET CASH (USED IN) INVESTING ACTIVITIES		(686.580)	(368.640)	(681.609)	(363.812)
CASH FLOWS FROM FINANCING ACTIVITIES:					
Funds from acceptance and issuance of securities		5.896.833	2.567.221	5.896.833	2.567.221
Redemption of funds from acceptance and issuance of securities		(1.141.391)	(268.160)	(1.141.391)	(268.160)
Settlement/payment of subordinated debts		-	(2.515.985)	-	(2.515.985)
Interest on capital paid		(254.896)	(201.248)	(254.896)	(201.248)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES		4.500.546	(418.172)	4.500.546	(418.172)
NET (DECREASE) IN CASH AND CASH EQUIVALENTS		(1.125.309)	(347.979)	(1.126.484)	(348.619)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	5	1.254.794	1.231.440	1.256.792	1.234.219
EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		615	1.181	615	1.181
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	5	130.101	884.642	130.922	886.782
ADDITIONAL INFORMATION ON CASH FLOWS					
Interest paid		(847.409)	(1.128.701)	(837.690)	(1.124.719)
Interest received		3.681.891	4.120.367	3.685.433	4.125.002
Transfer of assets not for own use		(16.689)	(1.241)	(16.689)	(1.241)
Unrealized gains (losses) on financial assets		3.036	(7.413)	3.036	(7.413)

The accompanying notes are an integral part of these financial statements.

BANCO PAN S.A. AND SUBSIDIARIES

STATEMENT OF VALUE ADDED

FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2021 AND 2020

(All amounts in thousands of reais - R\$)



	Notes	Bank		Consolidated	
		06/30/2021	06/30/2020	06/30/2021	06/30/2020
INCOME		3.762.970	3.481.382	3.773.480	3.510.456
Financial intermediation		4.665.318	4.891.805	4.670.612	4.892.540
Services rendered	22	326.630	189.207	327.558	198.413
Provisions for expected losses associated to the credit risk	8.c	(701.973)	(736.296)	(701.976)	(736.297)
Other income (expenses)		(527.005)	(863.334)	(522.714)	(844.200)
EXPENSES ON FINANCIAL INTERMEDIATION	15.d	(768.549)	(1.464.814)	(760.601)	(1.454.097)
INPUTS ACQUIRED FROM THIRD PARTIES		(1.803.276)	(1.149.072)	(1.809.340)	(1.159.717)
Materials, energy, and other	24	(4.106)	(1.781)	(4.107)	(1.782)
Third-party services	24	(256.875)	(190.770)	(261.224)	(197.645)
Commissions payable to correspondent banks	24	(984.527)	(623.219)	(984.527)	(625.629)
Other		(557.768)	(333.302)	(559.482)	(334.661)
Data processing	24	(164.644)	(138.430)	(164.729)	(138.534)
Financial system services	24	(132.605)	(100.201)	(133.049)	(100.608)
Advertising, promotions, and publicity	24	(133.421)	(30.370)	(133.578)	(30.392)
Communication	24	(55.558)	(29.654)	(55.599)	(29.740)
Asset search and seizure expenses	24	(6.525)	(11.058)	(6.538)	(11.064)
Maintenance and conservation of property	24	(6.698)	(3.398)	(6.700)	(3.399)
Transport	24	(1.489)	(2.134)	(1.489)	(2.138)
Fees and emoluments	24	(1.494)	(1.252)	(1.988)	(1.493)
Travel	24	(489)	(1.409)	(489)	(1.410)
Other	24	(54.845)	(15.396)	(55.323)	(15.883)
GROSS VALUE ADDED		1.191.144	867.497	1.203.540	896.642
DEPRECIATION AND AMORTIZATION		(47.089)	(43.652)	(47.668)	(44.237)
NET VALUE ADDED GENERATED		1.144.056	823.845	1.155.872	852.405
VALUE ADDED RECEIVED IN TRANSFER	12.a	5.972	16.766	-	-
Equity in the results of subsidiaries		5.972	16.766	-	-
TOTAL VALUE ADDED TO BE DISTRIBUTED		1.150.028	840.610	1.155.872	852.405
DISTRIBUTION OF VALUE ADDED		1.150.028	840.610	1.155.872	852.405
Personnel		309.332	238.112	310.348	238.890
Direct remuneration	23	241.543	180.470	242.229	181.020
Benefits	23	48.086	41.631	48.189	41.783
FGTS		15.283	12.235	15.508	12.310
Other	23	4.420	3.777	4.421	3.777
Taxes, fees, and contributions		386.213	252.605	390.820	263.428
Federal		372.496	243.738	376.603	254.108
State		14	5	14	9
Municipal		13.702	8.863	14.203	9.311
Remuneration of third-party capital	24	61.721	35.443	61.942	35.637
Rentals		61.721	35.443	61.942	35.637
Remuneration of own capital		392.762	314.450	392.762	314.450
Interest on capital	21.c	153.639	123.005	153.639	123.005
Retained earnings		239.123	191.445	239.123	191.445

The accompanying notes are an integral part of these financial statements.

Notes to the financial statements

1) Operations

Banco PAN S.A. ("Bank", "PAN", "Parent company" or "Institution"), is a publicly traded corporation authorized to operate as a multiple bank. In February 2020, it launched its digital account and, thus, offers a complete credit platform and financial services focused on classes C, D and E. It operates, directly or indirectly, through its subsidiaries in the markets for payroll-deductible credit (loan and credit card), vehicle financing (pre-owned cars and new motorcycles), credit card, personal credit, emergency limit (overdraft facility), as well as sale of insurance. In services, in addition to all the transactions inherent to a current account, the Bank also offers salary portability. In addition, the Bank has a portfolio of "run-off" financing for corporate credit, construction financing for developers and builders; real estate financing; acquisition of real estate receivables, and vehicle and other asset leasing operations. It also manages vehicle and property consortium groups. Services rendered among the entities of the Conglomerate and the costs of operational and administrative structures are shared, jointly or individually.

As an alternative strategy to raising funds in the market and as an integral part of the business plan, the Bank also executes credit assignments (both transferring and substantially retaining the risks and benefits) of its portfolio to other financial institutions. Upon assignment of loans with the substantial transfer of risks and benefits, the results are immediately recognized in the statement of income and the related risk is mitigated ensuring that capital is adequately preserved (Note 3.h). These results are recorded in the financial statements under "Income from financial intermediation".

Currently Banco PAN is controlled by Banco BTG Pactual S.A. ("BTG Pactual"), which holds 71.69% of its total capital.

At 6/30/2021, Banco PAN's capital was distributed as follows:

Stockholders	Shareholding structure (thousands of shares)					
	Common	%	Preferred	%	Total	%
Banco BTG Pactual S.A.*	657,561	100.00%	206,351	37.69%	863,912	71.69%
Market	-	-	341,145	62.31%	341,145	28.31%
Total	657,561	100.00%	547,496	100.00%	1,205,057	100.00%

* Direct and indirect interest through Banco Sistema S.A., a subsidiary of Banco BTG Pactual S.A.

a) Corporate events

On April 5, 2021, J&F Participações S.A. ("CaixaPar"), a wholly owned subsidiary of Caixa Econômica Federal ("CAIXA"), and Banco Sistema S.A. ("Banco Sistema"), subsidiary of Banco BTG Pactual S.A. ("BTG Pactual"), entered into a Share Purchase and Sale Agreement and Other Covenants for the acquisition of all registered common shares with no par value issued by the Company and held by CaixaPar ("Agreement"), representing 49.2% of the voting capital and 26.8% of the Company's total capital, fully subscribed and paid-in, for R\$ 11.42 for each of the Shares Subject to the Transaction ("Transaction").

On May 19, 2021, after the compliance with all conditions precedent of the transaction, including the obtainment of the approvals from the Brazilian Central Bank and the Brazilian antitrust agency, the acquisition of Banco PAN by Banco Sistema was concluded, ending on that date the shareholders' agreement of Banco PAN entered into by and between BTG Pactual and CaixaPar on January 31, 2011.

2) Presentation of the financial statements

The financial statements of Banco PAN are presented together with the financial statements of the Bank and its subsidiaries ("Consolidated"), and have been prepared in accordance with accounting practices adopted in Brazil applicable to institutions authorized to operate by the Brazilian Central Bank (BACEN), observing the provisions of Law 4,595/64 (National Financial System Law) and Law 6,404/76 (Brazilian Corporation Law) and the changes introduced by Laws 11,638/07 and 11,941/09, for the recording of transactions, associated with the standards and instructions established by BACEN, and the Resolutions of the National Monetary Council (CMN), and the Brazilian Securities Commission (CVM), where applicable.

a) Consolidation:

The parent company and consolidated financial statements of Banco PAN were authorized for issue by the Board of Directors on 7/26/2021 and by the Executive Board on 7/27/2021.

b) The subsidiaries included in the consolidation and the corresponding equity interest of the parent company are as follows:

Stockholders	Total equity interest %	
	6/30/2021	12/31/2020
Pan Arrendamento Mercantil S.A.	100.00%	100.00%
Brazilian Finance & Real Estate S.A.	100.00%	100.00%
Brazilian Securities Companhia de Securitização	100.00%	100.00%
Pan Administradora de Consórcio Ltda.	100.00%	100.00%
BM Sua Casa Promotora de Vendas Ltda.	100.00%	100.00%

3) Significant Accounting Practices

a) Functional and presentation currency:

The parent company and consolidated financial statements are presented in Brazilian Real/Reais (R\$), which is the Bank's functional currency.

b) Determination of the results of operations:

Income and expenses are recorded on the accrual basis of accounting, and are prorated. Financial income and expenses are calculated based on the exponential method, except for foreign transactions or discounted notes, which are calculated on the straight-line method. Transactions with floating rates or indexed to foreign currencies are adjusted up to the balance sheet date at agreed-upon rates.

c) Cash and cash equivalents:

Cash and cash equivalents comprise cash in local and foreign currencies, investments in the money market, interbank deposits, bank certificates of deposit and fixed-income funds, with maturities at the original investment date equal to or less than 90 days and which present an immaterial risk of change in fair value, which are utilized by the Bank to manage its short-term commitments.

d) Interbank investments:

Interbank investments are accounted for at the amount invested plus accrued earnings to the balance sheet date.

e) Marketable securities:

Marketable securities are recorded at the cost of acquisition plus income earned and are presented in the balance sheet, pursuant to BACEN Circular Letter 3,068/2001. They are classified in the following categories:

- Trading securities - securities acquired for the purpose of being actively and frequently traded are adjusted to fair value, with the increase or decrease arising from this adjustment reflected in the result for the year;
- Available-for-sale securities - securities that cannot be classified as trading securities or held-to-maturity securities are adjusted to fair value, with the increase or decrease arising from this adjustment reflected in a separate account in equity, net of tax effects. Unrealized gains and losses are recognized in the result for the year when effectively realized; and
- Held-to-maturity securities - securities, which the Bank intends and has the ability to hold in its portfolio to maturity, are stated at cost, plus related earnings with a corresponding entry to results for the year.

f) Derivative financial instruments:

The derivative financial instruments consist of futures, swaps and forwards. These financial instruments are classified, on the date the transaction is contracted, reflecting management's intention whether to use them as hedging instruments or not. The appreciation or depreciation in value is recognized in the income or expense accounts of the corresponding financial instruments, in accordance with BACEN Circular 3,082/02, and Circular Letter 3,026/02.

Derivative financial instruments are valued at market values with the appreciation or depreciation recorded in the results. The gains or losses on derivative financial instruments considered as a market risk hedge, whether realized or unrealized, are also recorded in the result for the year.

The Bank uses derivative financial instruments mainly to hedge against unfavorable variations in the fair value of positions held.

The fair values of derivative financial instruments and their respective hedged items are determined based on available market information, mainly the prices and rates provided by B3 S.A., the Brazilian Commodities, Futures and Stock Exchange. Where applicable, mathematical models of rate interpolations are utilized for intermediate periods and rate extrapolations for longer periods.

Future cash flows, discounted to present value by future interest curves, obtained based on information issued by B3 S.A., are utilized to measure the market value of swaps.

The marking to market of futures contracts, such as interest contracts (1-day DI), foreign exchange contracts (DOL) and foreign exchange coupons (DDI), is determined based on the market price in a unique price (PU) format, which is released daily by B3 S.A. Based on this price, the daily adjustments are recorded in assets or liabilities and appropriated daily to the results as income or expenses.

Derivative financial instrument transactions (futures, forwards, and swaps) are registered at B3 S.A. (stock exchange) or at the Organized Counter for Assets and Derivatives (B3 S.A. - over-the-counter). The differences receivable and payable are recorded in the respective derivative financial instrument balance sheet accounts, with a corresponding entry to results from derivative financial instruments in the statement of income, and the nominal amounts of these transactions are recorded in memorandum accounts.

The balances of assets and liabilities and the results are disclosed in Note 7.c.

g) Loan operations:

Operations relating to loans, leasing, advances on foreign exchange contracts, real estate receivables and other credits with credit concession characteristics are accounted for at present value and calculated on a daily pro rata basis, based on the variation of the index and in the interest rate up to the 59th day in default.

The provision for expected losses associated to the credit risk is constituted based on management's judgment as to the risk level, considering the economic scenario, past experience, and specific and global risks related to the operation, to the debtors and guarantors, in compliance with CMN Resolution 2,682/99, which requires a periodic portfolio analysis and the classification of risk into nine levels. Level AA represents the minimum risk and H the maximum risk. Additionally, the overdue periods as defined in this Resolution and a doubling up for transactions with an unexpired term exceeding 36 months are also taken into consideration when rating customer risk.

Income from loan operations past due for more than 60 days, regardless of the risk level, is only recognized when realized. Operations classified in Level H remain at this level for six months, after which period they are written off against the existing allowance, controlled in a memorandum account and no longer presented in the Bank's balance sheet.

Renegotiated transactions remain, at least, at the same rating at which they were classified prior to the renegotiation. Renegotiated loan operations that had already been written off against the allowance and that were recorded in memorandum accounts are classified in level H, and any gains resulting from the renegotiation are recognized as income only when effectively received. When there is a significant amortization of a loan operation or when relevant new facts justify a change in risk level, the operation can be reclassified to a lower risk category.

The provision for expected losses associated to the credit risk is determined at an amount which is sufficient to cover probable losses and considers CMN and BACEN rules and instructions, as well as the assessments carried out by management in determining credit risk.

The provision for expected losses associated to the credit risk related to loans assigned with a substantial retention of risks and benefits is calculated based on the same guidelines established by BACEN for unassigned loan operations.

h) Transactions for the sale or transfer of financial assets:

As determined by CMN Resolution 3,533/08, transactions for the sale or transfer of financial assets are classified and recorded as described below:

- The following procedures are observed for recording the sale or transfer of financial assets classified in the category of transactions with a substantial transfer of risks and benefits:

In transactions involving the disposal of assets, the financial asset being sold or transferred is written off from the account in which the original transaction was recorded. The gain or loss determined in the transaction is separately appropriated to the result for the year.

In transactions involving the purchase of assets, the financial asset acquired is recorded at the amount paid, based on the nature of the original transaction.

- The following procedures are observed for recording the sale or transfer of financial assets classified in the category of transactions with substantial retention of risks and benefits:

For transactions for the sale of assets, the financial asset, which is the object of the sale or transfer, remains recorded in assets at the full amount. The amounts received as a result of the transaction are recorded in assets, with a corresponding entry in liabilities for the obligation assumed, and the

income and expenses are appropriated to the result for the year over the remaining term of the transaction in a segregated manner; and

For transactions for the purchase of assets, the amounts paid are recorded in assets as a right receivable and the income is appropriated to the result for the year over the remaining term of the transaction.

i) Other assets:

Other assets are comprised mainly of assets not for own use and prepaid expenses. Assets not for own use comprise repossessed assets or assets received in lieu of payment, which are available for sale, and which are adjusted through a valuation allowance, where applicable, calculated based on the historical losses on the sale of repossessed assets. Prepaid expenses relate to advance payments for benefits or services that will occur or be provided in future periods. These expenses are appropriated to the result of the period in which the future benefits are generated.

j) Investments:

Investments in subsidiaries are accounted for on the equity method. Other investments are stated at cost of acquisition, less the corresponding provision for loss and impairment, where applicable.

k) Property and equipment:

Property and equipment correspond to the rights acquired over physical assets destined for maintaining the business or which are exercised for this purpose, including those arising from transactions which transfer the risks, benefits and control over assets to the Bank. The assets mainly consist of facilities, leasehold improvements, furniture, and equipment in use.

The assets are stated at cost of acquisition less accumulated depreciation and adjustments for impairment, where applicable. Depreciation is calculated on the straight-line method at annual rates which consider the estimated economic useful lives of the assets.

The composition of the costs of assets and their depreciation are presented in Note 13.

l) Intangible assets:

Intangible assets correspond to identifiable non-monetary assets without physical substance, acquired or developed by the institution, destined for maintaining the business or which are exercised for this purpose.

The assets are stated at acquisition and other directly attributable costs less accumulated amortization and adjustments for impairment, where applicable. These assets are basically represented by goodwill based on the expected future profitability of the investments, licenses and expenses on the acquisition and development of software. Intangible assets with finite useful lives are amortized on the straight-line method over the estimated period of their use.

The composition of intangible assets is presented in Note 14.

m) Impairment of non-financial assets:

Non-financial assets are subject to an annual evaluation of their recoverable values, or more frequently if conditions or circumstances indicate the possibility of loss in value. Any losses identified are recognized in the result for the year when the carrying amount of an asset exceeds its recoverable amount, which is determined as follows:

- i. Potential sales or realization amount, less corresponding expenses; or
- ii. Value in use calculated based on the cash-generating unit.

A cash-generating unit is the smallest identifiable group of assets that generates cash inflows, which are largely independent of the cash inflows from other assets or groups of assets.

n) Income tax and social contribution (assets and liabilities):

Provisions for income tax and social contribution due are recorded based on taxable profit, adjusted for additions and exclusions established by the applicable tax legislation. Deferred tax assets on temporary additions are realized on the utilization or reversal of the respective provisions in respect of which the credits were recognized. Deferred tax assets on tax loss carry-forwards are realized according to the generation of profit, up to the limit of 30% of taxable income for the base period. These deferred tax assets are recognized based on their expected realization, which is periodically reviewed, considering technical studies and analyses prepared by management.

The tax rates and calculation bases are detailed in Note 32.

o) Deposits and funds obtained in the market:

Deposits and funds obtained in the market are stated at the amounts of the liabilities and consider, where applicable, the charges payable up to the balance sheet date, recognized on a daily pro rata basis.

p) Specific accounting policies of the consortium segment:

The management fee is recognized when received from the consortium groups. Commissions on sales of quotas are recorded when the consortium quotas are sold, and other income and expenses are recorded monthly on the accrual basis.

The liabilities for unclaimed funds are recorded at the amount to be returned to the members of the discontinued consortium groups, including remuneration equal to that generated by their quotas in the investment funds in which the active groups hold investments.

q) Provisions, contingent assets and liabilities and legal obligations (tax and social security):

Provisions and contingent assets and contingent liabilities and legal obligations (tax and social security) are measured and disclosed in conformity with the criteria established by CMN Resolution 3,823/09, which established, among other things:

- Contingent assets - not recorded in the financial statements, except when there is evidence that their realization is guaranteed.
- Provisions - recorded in the financial statements when, based on the opinion of the Bank's management under advice of the legal counsel, the risk of losing an administrative or legal action is considered to be probable, and whenever the amounts involved can be reliably measured.
- Contingent liabilities do not meet the recognition criteria, because they are considered as possible losses and, therefore, are only disclosed in the notes to the financial statements, when significant. Those classified as remote losses require neither provision nor disclosure; and
- Legal obligations (tax and social security) - correspond to amounts related to lawsuits challenging the legality and constitutionality of certain taxes and contributions, which, regardless of the likelihood of success, are recognized at the full amount in the financial statements.

r) Residual benefit in securitized transactions:

The benefit corresponds to the residual balance, net of any guarantees provided, of the separate equity of the securitized transactions which, in accordance with Law 9,514/97, will be reintegrated to the common

equity of the securitization company when the lien is released, and the related mortgage-backed and agribusiness securities are settled.

s) Earnings per share:

Basic earnings per share are calculated by dividing the profit or loss attributable to the stockholders by the weighted average number of shares in issue at the financial statement dates.

t) Use of accounting estimates:

The preparation of financial statements requires management to make estimates and assumptions, to the best of its judgment, that affect the reported amounts of certain financial or non-financial assets and liabilities, income and expenses, and other transactions, such as: (i) estimated tax credit assets; (ii) depreciation rates of property and equipment and amortization of intangible assets; (iii) provisions necessary to absorb the potential risks arising from civil, labor or tax processes; (iv) provision for loss on assets not for own use; (v) impairment of non-financial assets; and (vi) estimated fair value of specific financial instruments and; (vii) expected losses associated to the credit risk. The actual settlement amounts of these financial or non-financial assets and liabilities could differ from the estimates.

u) Classification of recurring and non-recurring results:

As provided for in BCB Resolution 2, of 8/12/2020, PAN classifies recurring and non-recurring results, in notes to financial statements, according to the accounting policy approved by the board, which is based on the segregation of the non-recurring events that occurred and contributed to the results, which are not related or are incidentally related to typical PAN activities.

v) Events after the reporting period:

Events which have occurred between the reporting date of the financial statements and the date of their approval by management are classified as:

- i. events that require adjustment, related to conditions existing at the reporting date of the financial statements; and
- ii. events that do not require adjustment, related to conditions which did not exist at the reporting date of the financial statements.

4) Balance Sheet and Statement of Income by Business Segment and Recurring Result

a) Consolidated Balance Sheet:

Assets	Financial (1)	Other (2)	Eliminations (3)	Total
Cash and cash equivalents	7,101	830	(59)	7,872
Interbank investments	123,000	4,953	(4,903)	123,050
Marketable securities	3,552,403	591,620	(365,589)	3,778,434
Interbank accounts	1,538,914	-	-	1,538,914
Loan operations (4)	30,183,680	108	-	30,183,788
Other financial assets	2,076,794	3,098	-	2,079,892
Taxes	4,050,893	100,250	-	4,151,143
Other receivables	363,070	20,900	(5,887)	378,083
Other assets	315,418	6,606	-	322,024
Investments	710,491	-	(697,267)	13,224
Property and equipment	26,692	-	-	26,692
Intangible assets	77,888	1,373	-	79,261
Total at 6/30/2021	43,026,344	729,738	(1,073,705)	42,682,377
Total at 12/31/2020	38,842,623	735,847	(1,054,522)	38,523,948

Liabilities	Financial (1)	Other (2)	Eliminations (3)	Total
Deposits	19,772,560	-	(365,648)	19,406,912
Funds obtained in the open market	1,445,606	-	(4,903)	1,440,703
Funds from acceptances and issuance of securities	10,223,429	-	-	10,223,429
Interbank accounts	2,043,406	-	-	2,043,406
Other financial liabilities	580,965	-	-	580,965
Provisions	488,746	9,248	-	497,994
Tax obligations	538,163	9,986	-	548,149
Other liabilities	2,374,914	13,237	(5,887)	2,382,264
Equity	5,558,555	697,267	(697,267)	5,558,555
Total at 6/30/2021	43,026,344	729,738	(1,073,705)	42,682,377
Total at 12/31/2020	38,842,623	735,847	(1,054,522)	38,523,948

b) Consolidated Statement of Income:

	Financial (1)	Other (2)	Eliminations (3)	Total
Income from financial intermediation	4,665,355	9,870	(4,613)	4,670,612
Expenses on financial intermediation	(1,467,187)	(3)	4,613	(1,462,577)
Gross result	3,198,168	9,867	-	3,208,035
Other operating income (expenses)	(2,643,921)	(1,168)	(5,658)	(2,650,747)
Non-operating results	(3,112)	(185)	-	(3,297)
Taxes on income	(158,373)	(2,856)	-	(161,229)
Total at 6/30/2021	392,762	5,658	(5,658)	392,762
Total at 6/30/2020	314,450	15,718	(15,718)	314,450

(1) Represented by Banco PAN S.A. and Pan Arrendamento Mercantil S.A.

(2) Represented by BM Sua Casa Promotora de Vendas Ltda., Braziliz Securities Companhia de Securitização, Brazilian Finance & Real Estate S.A., and Pan Administradora de Consórcios Ltda.

(3) Eliminations between companies in different segments.

(4) Amounts net of the provision for expected losses associated to the credit risk.

c) Consolidated Statement of Recurring and Non-recurring Income:

The consolidated statement of recurring income at 6/30/2020 is presented below. There were no non-recurring events for the base period ended 6/30/2021.

Consolidated Statement of Recurring Income	Accounting Income	Non- recurring Events	Recurring Income
Income from financial intermediation	4,892,540	-	4,892,540
Expenses on financial intermediation	(2,190,394)	-	(2,190,394)
Gross result	2,702,146	-	2,702,146
Other operating income (expenses)	(2,301,952)	-	(2,301,952)
Non-operating results (1)	17,045	18,912	(1,867)
Taxes on income	(102,789)	(6,430)	(96,359)
Net result at 6/30/2020	314,450	12,482	301,968

(1) In May 2020, Pan Administradora de Consórcio Ltda. completed the assignment and transfer of the management of the Consortium groups.

5) Cash and Cash Equivalents

	Bank		Consolidated	
	6/30/2021	12/31/2020	6/30/2021	12/31/2020
Funds in local currency	87	201	858	2,150
Funds in foreign currency	7,014	2,704	7,014	2,704
Subtotal (cash)	7,101	2,905	7,872	4,854
Interbank investments (1)	123,000	1,251,889	123,050	1,251,938
Total	130,101	1,254,794	130,922	1,256,792

(1) Refer to operations with original maturity equal to or less than 90 days and which present an immaterial risk of change in fair value.

6) Interbank investments:

a) Composition and maturities:

Bank	Current				Non- current	6/30/2021	12/31/2020
	Up to 30 days	31 to 90 days	91 to 180 days	181 to 360 days	More than 360 days		
Investments in the open market:	123,000	-	-	-	-	123,000	1,251,889
Own portfolio position	123,000	-	-	-	-	123,000	1,251,889
Financial Treasury Bills (LFT)	-	-	-	-	-	-	1,249,990
National Treasury Bills (LTN)	123,000	-	-	-	-	123,000	1,899
Total at 6/30/2021	123,000	-	-	-	-	123,000	-
Total at 12/31/2020	1,251,889	-	-	-	-	-	1,251,889

Consolidated	Current				Non- current	6/30/2021	12/31/2020
	Up to 30 days	31 to 90 days	91 to 180 days	181 to 360 days	More than 360 days		
Investments in the open market:	123,000	-	-	-	-	123,000	1,251,889
Own portfolio position	123,000	-	-	-	-	123,000	1,251,889
Financial Treasury Bills (LFT)	-	-	-	-	-	-	1,249,990
National Treasury Bills (LTN)	123,000	-	-	-	-	123,000	1,899
Investments in savings deposits	50	-	-	-	-	50	49
Total at 6/30/2021	123,050	-	-	-	-	123,050	-
Total at 12/31/2020	1,251,889	-	-	-	-	-	1,251,938

b) Income from interbank investments:

This income is classified in the statement of income as result from operations with marketable securities:

Bank and Consolidated	6/30/2021	6/30/2020
Income from investments in purchase and sale transactions:	6,436	19,215
Own portfolio position	6,436	19,215
Income from interbank deposits	-	24
Total (Note 7d)	6,436	19,239

7) Marketable Securities

a) Composition of portfolio:

The portfolio of marketable securities at 6/30/2021 and 12/31/2020, by type of security, was comprised as follows:

	Bank		Consolidated	
	6/30/2021	12/31/2020	6/30/2021	12/31/2020
Own portfolio:	1,880,513	1,232,193	2,105,486	1,455,548
National Treasury Notes (NTN)	1,376,976	686,952	1,376,976	686,952
Financial Treasury Bills (LFT)	503,208	544,907	503,208	544,907
Social Development Fund (FDS)	329	334	329	334
Mortgage-backed securities (CRI)	-	-	224,973	223,355
Subject to guarantees:	199,990	193,389	201,048	194,073
Financial Treasury Bills (LFT)	199,990	193,389	199,990	193,389
Bank Deposit Certificates (CDB)	-	-	1,058	685
Subject to repurchase agreements:	1,471,900	1,295,931	1,471,900	1,295,931
National Treasury Notes (NTN)	1,316,853	1,137,705	1,316,853	1,137,705
Financial Treasury Bills (LFT)	155,047	158,226	155,047	158,226
Total	3,552,403	2,721,513	3,778,434	2,945,552

b) Composition by category and term:

Bank	6/30/2021								12/31/2020		
	Current		Non-current					Monetarily adjusted cost	Marked-to-market adjustment	Net book value (1) (2) (3)	Marked-to-market adjustment
	No stated maturity	Up 12 months	1 to 3 years	3 to 5 years	More than 5 years	Net book value (1) (2) (3)					
Trading securities:	-	2,887	193,408	38,917	-	235,212	235,711	(499)	254,387	(569)	
Financial Treasury Bills (LFT)	-	2,887	193,408	38,917	-	235,212	235,711	(499)	254,387	(569)	
Available-for-sale securities:	-	376,958	233,066	4,213	8,796	623,033	623,456	(423)	642,134	(783)	
Financial Treasury Bills (LFT)	-	376,958	233,066	4,213	8,796	623,033	623,456	(423)	642,134	(783)	
Securities held to maturity	329	-	793,081	639,298	1,261,450	2,694,158	2,694,158	-	1,824,992	-	
National Treasury Notes (NTN)	-	-	793,081	639,298	1,261,450	2,693,829	2,693,829	-	1,824,658	-	
Social Development Fund (FDS)	329	-	-	-	-	329	329	-	334	-	
Total	329	379,845	1,219,555	682,428	1,270,246	3,552,403	3,553,325	(922)	2,721,513	(1,352)	

Consolidated	6/30/2021								12/31/2020		
	Current		Non-current					Monetarily adjusted cost	Marked-to-market adjustment	Net book value (1) (2) (3)	Marked-to-market adjustment
	No stated maturity	Up 12 months	1 to 3 years	3 to 5 years	More than 5 years	Net book value (1) (2) (3)					
Trading securities:	-	2,887	193,408	38,917	-	235,212	235,711	(499)	254,387	(569)	
Financial Treasury Bills (LFT)	-	2,887	193,408	38,917	-	235,212	235,711	(499)	254,387	(569)	
Available-for-sale securities:	-	402,539	433,516	4,213	8,796	849,064	882,115	(33,051)	866,173	(36,087)	
Financial Treasury Bills (LFT)	-	376,958	233,066	4,213	8,796	623,033	623,456	(423)	642,134	(783)	
Mortgage-backed securities (CRI)	-	25,581	199,392	-	-	224,973	257,601	(32,628)	223,355	(35,304)	
Bank Deposit Certificates (CDB)	-	-	1,058	-	-	1,058	1,058	-	684	-	
Securities held to maturity	329	-	793,081	639,298	1,261,450	2,694,158	2,694,158	-	1,824,992	-	
National Treasury Notes (NTN)	-	-	793,081	639,298	1,261,450	2,693,829	2,693,829	-	1,824,658	-	
Social Development Fund (FDS)	329	-	-	-	-	329	329	-	334	-	
Total	329	405,426	1,420,005	682,428	1,270,246	3,778,434	3,811,984	(33,550)	2,945,552	(36,656)	

(1) Brazilian Association of Financial and Capital Market Institutions (ANBIMA) and the Commodities, Futures and Stock Exchange ("B3 S.A."). In the case of the mortgage-backed securities, the market value was determined using internal models and data based on observable market parameters.

(2) This column presents the carrying amount subsequent to mark-to-market adjustment, according to item (2), except for securities classified as held to maturity, whose market value was lower than the monetarily adjusted cost by R\$ 60,953 (12/31/2020 - higher by R\$ 51,857). In order to comply with Article 8 of BACEN Circular 3,068/01, Banco PAN declares that it has both the financial ability and the intention to hold to maturity the securities classified in the "securities held to maturity" category; and

(3) When establishing deadlines, the maturities of the securities were considered, regardless of their accounting classification.

c) Derivative financial instruments:

The derivative financial instruments consist of futures, swaps and forwards. These financial instruments are classified, on the date the transaction is contracted, considering management's intention to use them or not as hedging instruments. The appreciation or depreciation in value is recognized in the income or expense accounts of the corresponding financial instruments, in accordance with BACEN Circular 3,082/02, and Circular 3,026/02. The Bank's risk management policy established that derivative instruments should be used to hedge against exposure resulting from the Bank's loan operations as well as from foreign exchange exposure from offshore operations.

Derivative instruments are used based on two strategies: trading portfolio (negotiation) and banking portfolio (non-negotiation). The trading portfolio includes derivatives that are used to guiding strategies, to dispute resolution efforts, or to hedge other negotiation portfolio elements. The non-negotiation portfolio includes derivatives used to hedge instruments classified in the banking portfolio, including those used as hedge accounting. Risks within these portfolios are managed according to perspectives that are consolidated based on risk factors.

Derivative financial instrument transactions, as well as transactions with marketable securities classified as "held for trading" or "available for sale", are valued at market value, and the related appreciation or depreciation are recorded in the results. The market value of instruments traded in stock exchanges corresponds to the instrument market quotations or the quotation of similar products. If there is no market quotation for any products, their market value should be defined under the discounted cash flow method or via pricing models. The gains or losses on derivative financial instruments considered as a market risk hedge, whether realized or unrealized, are also recorded in the result for the year.

The fair values of derivative financial instruments and their respective hedged items are determined based on available market information, mainly the prices and rates provided by B3 S.A., the Brazilian Commodities, Futures and Stock Exchange. Where applicable, mathematical models of rate interpolations are utilized for intermediate periods and rate extrapolations for longer periods. Future cash flows, discounted to present value by future interest yield curves, obtained from B3 S.A., as adjusted according to the counterparty credit risk (credit value adjustment (CVA)).

The marking to market of futures contracts, such as interest contracts (1-day DI), foreign exchange contracts (DOL) and foreign exchange coupons (DDI), is determined based on the market price in a unique price (PU) format, which is released daily by B3 S.A. Based on this price, the daily adjustments are recorded in assets or liabilities and appropriated daily to the results as income or expenses.

Derivative financial instrument transactions (futures, forwards, and swaps) are registered at B3 S.A. (stock exchange) or at the Organized Counter for Assets and Derivatives (B3 S.A. - over-the-counter). The differences receivable and payable are recorded in the respective derivative financial instrument balance sheet accounts, with a corresponding entry to results from derivative financial instruments in the statement of income, and the nominal amounts of these transactions are recorded in memorandum accounts.

i) Derivative financial instruments (assets and liabilities) stated at monetarily adjusted cost, marked to market, and carrying amount, by period:

Bank and Consolidated	Monetarily adjusted cost	Current	Total -	Total -
		Up to 30 days	6/30/2021	12/31/2020
Futures contracts (1)	17,421	17,421	17,421	(6,867)
Asset position (Note 9)	22,632	22,632	22,632	2,394
Liability position	(5,211)	(5,211)	(5,211)	(9,261)
Total	17,421	17,421	17,421	(6,867)

(1) Recorded as negotiation and intermediation of securities.

ii) Derivative financial instruments by index:

Bank and Consolidated	6/30/2021	12/31/2020
	Notional value	Notional value
Futures		
Purchase Commitments:	1,337,040	1,319,785
Interbank market	1,287,361	1,216,512
Other	49,679	103,273
Sale Commitments:	20,372,860	20,268,647
Interbank market	20,315,682	20,162,784
Foreign currency	7,499	2,590
Other	49,679	103,273
Total	21,709,900	21,588,432

iii) Composition by maturity (notional value):

Bank and Consolidated	Up to 30 days	31 to 90 days	From 91 to 180 days	From 181 to 360 days	More than 360 days	6/30/2021	12/31/2020
Futures	2,238,139	7,499	2,620,656	4,823,892	12,019,714	21,709,900	21,588,432
DDI	-	-	-	99,358	-	99,358	206,546
DI	2,238,139	-	2,620,656	4,724,534	12,019,714	21,603,043	21,379,296
U.S. dollar	-	7,499	-	-	-	7,499	2,590
Total	2,238,139	7,499	2,620,656	4,823,892	12,019,714	21,709,900	21,588,432

iv) Place of negotiation and counterparties:

At 6/30/2021 and 12/31/2020, the counterparty is only B3 S.A.

v) Margins provided as guarantee for derivative financial instruments:

Public securities	Bank and Consolidated	
	6/30/2021	12/31/2020
Financial Treasury Bills (1)	102,029	96,724
Total	102,029	96,724

(1) B3 S.A. securities offered as guarantee.

vi) Accounting hedge - market value:

Bank and Consolidated	6/30/2021	12/31/2020
Financial instruments		
Asset position		
Futures DI1 B3 S.A. Fixed rate - Brazilian Reais (1)	2,731,878	1,933,206
	2,731,878	1,933,206
Liability position		
Futures DI1 B3 S.A. Fixed rate - Brazilian Reais (2)	(22,180,679)	(18,633,887)
	(22,180,679)	(18,633,887)
Hedged item		
Asset position		
Loan operations (2)	19,344,742	17,214,182
	19,344,742	17,214,182
Liability position		
Time deposit certificates (1)	(2,559,814)	(1,904,951)
	(2,559,814)	(1,904,951)

(1) Used as protection against the fixed interest risk of long-term deposit certificates (Note 15); and

(2) This hedged item includes the following retail loan operations: Payroll-deductible loans and vehicles. (Note 8)

c) Result from derivative financial instruments:

Bank and Consolidated	6/30/2021			6/30/2020		
	Revenue	Expense	Net	Revenue	Expense	Net
Swap	-	-	-	1,037,314	(435,191)	602,123
Futures	1,606,326	(1,325,372)	280,954	1,477,384	(1,835,480)	(358,096)
Total	1,606,326	(1,325,372)	280,954	2,514,698	(2,270,671)	244,027

d) Result from operations with marketable securities

	Bank		Consolidated	
	6/30/2021	6/30/2020	6/30/2021	6/30/2020
Fixed-income securities	142,592	37,707	145,387	36,344
Interbank investments (Note 6.b)	6,436	19,239	6,436	19,239
Total	149,028	56,946	151,823	55,583

8) Loan operations

a) Composition of the portfolio by type of operation:

	Bank				Consolidated			
	6/30/2021		12/31/2020		6/30/2021		12/31/2020	
	Amount	%	Amount	%	Amount	%	Amount	%
Vehicles (1)	13,008,934	40.21	11,139,940	38.54	13,008,934	40.21	11,139,940	38.54
Payroll-deductible loans (1)	11,649,250	36.00	11,535,216	39.90	11,649,250	36.00	11,535,216	39.90
Financing - credit cards (2)	2,750,005	8.50	2,364,148	8.18	2,750,005	8.50	2,364,148	8.18
Bank overdrafts	1,599,846	4.94	1,475,084	5.10	1,599,846	4.94	1,475,084	5.10
Housing financing	334,071	1.03	372,362	1.29	334,071	1.03	372,362	1.29
Working capital	40,009	0.12	53,638	0.19	40,009	0.12	53,638	0.19
Credits linked to the assignment of loans (3)	452,826	1.40	87,568	0.30	452,826	1.40	87,568	0.30
Export financing	5,316	0.02	5,316	0.02	5,316	0.02	5,316	0.02
Renegotiated loans	135,706	0.42	156,409	0.54	135,706	0.42	156,409	0.54
Personal credit	233,641	0.72	70,698	0.24	233,641	0.72	70,698	0.24
Overdraft facility	10,468	0.03	2,917	0.01	10,468	0.03	2,917	0.01
Total loan operations	30,220,072	93.40	27,263,296	94.31	30,220,072	93.40	27,263,296	94.31
Other credits (4)	2,134,633	6.60	1,644,136	5.69	2,134,744	6.60	1,644,175	5.69
Subtotal	32,354,705	100.00	28,907,432	100.00	32,354,816	100.00	28,907,471	100.00
(+/-) Adjustment to market value (1)	(322,528)	-	203,172	-	(322,528)	-	203,172	-
Total	32,032,177	-	29,110,604	-	32,032,288	-	29,110,643	-
Current	14,643,458		13,132,320		14,643,569		13,132,359	
Non-current	17,388,719		15,978,284		17,388,719		15,978,284	

(1) Contracts including hedge accounting transactions (Note 7.c.vi);

(2) Financing provided to Visa and MasterCard credit card holders.

(3) Payroll-deductible loan operations assigned with substantial retention of risks and benefits (Note 8.f ii); and

(4) Credit card receivables and credit instruments receivable with loan characteristics.

b) Analysis of the portfolio by risk levels and maturity:

Bank	Risk levels								Total - 6/30/2021	Total - 12/31/2020
	Operations in course - Abnormal									
	A	B	C	D	E	F	G	H		
Falling due	1,496,591	643,779	624,920	284,346	146,734	120,387	98,641	573,372	3,988,770	3,279,579
01 to 30	64,009	30,502	31,043	15,881	8,920	6,653	5,133	22,293	184,434	146,467
31 to 60	62,200	28,964	28,454	14,310	8,075	6,096	4,674	20,783	173,556	145,486
61 to 90	55,891	27,873	27,234	13,655	7,616	5,754	4,454	20,006	162,483	135,759
91 to 180	167,029	78,692	77,704	38,321	20,940	15,781	12,371	56,689	467,527	381,042
181 to 365	289,891	132,768	129,401	61,564	32,256	25,342	20,470	101,526	793,218	653,159
Over 365	857,571	344,980	331,084	140,615	68,927	60,761	51,539	352,075	2,207,552	1,817,666
Past due in days	138,723	231,099	180,107	149,184	123,509	115,534	101,954	575,672	1,615,782	1,292,327
01 to 14	127,522	9,653	22,777	19,490	13,087	11,220	11,756	27,623	243,128	168,023
15 to 30	11,201	211,230	18,335	10,321	5,860	4,767	3,667	15,489	280,870	231,517
31 to 60	-	10,216	126,137	21,361	11,874	8,137	6,413	24,675	208,813	123,587
61 to 90	-	-	9,415	89,029	14,963	9,421	6,854	36,611	166,293	87,559
91 to 180	-	-	3,443	8,983	75,704	77,926	67,722	88,417	322,195	205,664
181 to 365	-	-	-	-	2,021	4,063	5,542	243,351	254,977	319,589
Over 365	-	-	-	-	-	-	-	139,506	139,506	156,388
Subtotal	1,635,314	874,878	805,027	433,530	270,243	235,921	200,595	1,149,044	5,604,552	4,571,906
Allowance required	8,180	8,749	24,150	43,353	81,072	117,959	140,415	1,149,041	1,572,919	1,579,904

Bank	Risk levels									Total - 6/30/2021	Total - 12/31/2020
	Operations in course - Normal										
	A	B	C	D	E	F	G	H			
Falling due	26,462,343	64,061	47,666	20,774	12,047	10,400	8,542	124,320	26,750,153	24,335,526	
01 to 30	3,461,765	24,134	14,054	5,072	2,744	1,834	1,133	7,091	3,517,827	3,007,854	
31 to 60	989,380	6,389	5,582	2,741	1,575	1,061	700	3,544	1,010,972	848,462	
61 to 90	894,480	5,165	4,343	2,114	1,239	902	603	6,607	915,453	786,321	
91 to 180	2,317,501	9,052	7,612	3,758	2,249	1,717	1,180	9,219	2,352,288	2,106,235	
181 to 365	3,736,515	8,052	6,808	3,135	1,805	1,741	1,504	12,886	3,772,446	3,426,036	
Over 365	15,062,702	11,269	9,267	3,954	2,435	3,145	3,422	84,973	15,181,167	14,160,618	
Subtotal	26,462,343	64,061	47,666	20,774	12,047	10,400	8,542	124,320	26,750,153	24,335,526	
Allowance required	132,311	640	1,430	2,077	3,615	5,201	5,981	124,323	275,578	318,586	
Total (1)	28,097,657	938,939	852,693	454,304	282,290	246,321	209,137	1,273,364	32,354,705	28,907,432	
Total allowance	140,491	9,389	25,580	45,430	84,687	123,160	146,396	1,273,364	1,848,497	1,898,490	

Consolidated	Risk levels									Total - 6/30/2021	Total - 12/31/2020
	Operations in course - Abnormal										
	A	B	C	D	E	F	G	H			
Falling due	1,496,591	643,779	624,920	284,346	146,734	120,387	98,641	573,372	3,988,770	3,279,579	
01 to 30	64,009	30,502	31,043	15,881	8,920	6,653	5,133	22,293	184,434	146,467	
31 to 60	62,200	28,964	28,454	14,310	8,075	6,096	4,674	20,783	173,556	145,486	
61 to 90	55,891	27,873	27,234	13,655	7,616	5,754	4,454	20,006	162,483	135,759	
91 to 180	167,029	78,692	77,704	38,321	20,940	15,781	12,371	56,689	467,527	381,042	
181 to 365	289,891	132,768	129,401	61,564	32,256	25,342	20,470	101,526	793,218	653,159	
Over 365	857,571	344,980	331,084	140,615	68,927	60,761	51,539	352,075	2,207,552	1,817,666	
Past due in days	138,723	231,099	180,107	149,184	123,509	115,534	101,954	575,672	1,615,782	1,292,327	
01 to 14	127,522	9,653	22,777	19,490	13,087	11,220	11,756	27,623	243,128	168,023	
15 to 30	11,201	211,230	18,335	10,321	5,860	4,767	3,667	15,489	280,870	231,517	
31 to 60	-	10,216	126,137	21,361	11,874	8,137	6,413	24,675	208,813	123,587	
61 to 90	-	-	9,415	89,029	14,963	9,421	6,854	36,611	166,293	87,559	
91 to 180	-	-	3,443	8,983	75,704	77,926	67,722	88,414	322,195	205,664	
181 to 365	-	-	-	-	2,021	4,063	5,542	243,351	254,977	319,589	
Over 365	-	-	-	-	-	-	-	139,506	139,506	156,388	
Subtotal	1,635,314	874,878	805,027	433,530	270,243	235,921	200,595	1,149,044	5,604,552	4,571,906	
Allowance required	8,180	8,749	24,150	43,353	81,072	117,959	140,415	1,149,041	1,572,919	1,579,904	

Consolidated	Risk levels									Total - 6/30/2021	Total - 12/31/2020
	Operations in course - Normal										
	A	B	C	D	E	F	G	H			
Falling due	26,462,453	64,061	47,666	20,774	12,047	10,400	8,542	124,320	26,750,263	24,335,566	
01 to 30	3,461,875	24,134	14,054	5,072	2,744	1,834	1,133	7,091	3,517,937	3,007,894	
31 to 60	989,380	6,389	5,582	2,741	1,575	1,061	700	3,544	1,010,972	848,462	
61 to 90	894,480	5,165	4,343	2,114	1,239	902	603	6,607	915,453	786,321	
91 to 180	2,317,501	9,052	7,612	3,758	2,249	1,717	1,180	9,219	2,352,288	2,106,235	
181 to 365	3,736,515	8,052	6,808	3,135	1,805	1,741	1,504	12,886	3,772,446	3,426,036	
Over 365	15,062,702	11,269	9,267	3,954	2,435	3,145	3,422	84,973	15,181,167	14,160,618	
Subtotal	26,462,453	64,061	47,666	20,774	12,047	10,400	8,542	124,320	26,750,263	24,335,566	
Allowance required	132,312	640	1,430	2,077	3,615	5,201	5,981	124,323	275,579	318,586	
Total (1)	28,097,767	938,939	852,693	454,304	282,290	246,321	209,137	1,273,364	32,354,816	28,907,471	
Total allowance	140,492	9,389	25,580	45,430	84,687	123,160	146,396	1,273,364	1,848,500	1,898,490	

(1) Not including the market value adjustment (Note 8.a).

c) Change in the provision for expected losses associated to the credit risk (1):

Bank	6/30/2021			6/30/2020		
	Loan operations	Other receivables	Total	Loan operations	Other (1)	Total
Opening balance	1,898,490	54,856	1,953,346	1,828,735	67,984	1,896,719
Constitution/reversal of allowance	714,883	(12,910)	701,973	749,750	(13,454)	736,296
Write-off against allowance	(764,876)	-	(764,876)	(663,062)	-	(663,062)
At the end of the period	1,848,497	41,946	1,890,443	1,915,423	54,530	1,969,953
Current	1,211,780	41,946	1,253,726	1,252,811	54,530	1,307,341
Non-current	636,717	-	636,717	662,612	-	662,612
Credit recoveries (2)	182,276	-	182,276	135,808	-	135,808
Effect on results (3)	(532,607)	12,910	(519,697)	(613,942)	13,454	(600,488)

Consolidated	6/30/2021			6/30/2020		
	Loan operations	Other receivables	Total	Loan operations	Other (1)	Total
Opening balance	1,898,490	54,856	1,953,346	1,828,735	67,984	1,896,719
Constitution/reversal of allowance	714,886	(12,910)	701,976	749,751	(13,454)	736,297
Write-off against allowance	(764,876)	-	(764,876)	(663,062)	-	(663,062)
At the end of the period	1,848,500	41,946	1,890,446	1,915,424	54,530	1,969,954
Current	1,211,783	41,946	1,253,729	1,252,812	54,530	1,307,342
Non-current	636,717	-	636,717	662,612	-	662,612
Credit recoveries (2)	184,776	-	184,776	137,906	-	137,906
Effect on results (3)	(530,111)	12,910	(517,201)	(611,845)	13,454	(598,391)

(1) Includes other credits without credit characteristics (Notes 9 and 10);

(2) In the period ended 6/30/2021, credits previously written off against the allowance, totaling R\$ 184,776, were recovered (recovered credits of R\$ 182,276 in the Bank, R\$ 36 referring to lease operations, and recovered credits of R\$ 2,463 in Brazilian Finance & Real Estate). In the first half of 2020, there was the assignment of credits with losses without retention of risks and benefits in the amount of R\$ 1,427,219, whose sale amounted to R\$ 36,058, affecting the recovery of credits account; and

(3) Charge from allowance constituted, net of income from credits recovered.

d) Classification by area of economic activity:

	Bank				Consolidated			
	6/30/2021		12/31/2020		6/30/2021		12/31/2020	
	Amount	%	Amount	%	Amount	%	Amount	%
Individuals	30,486,103	94.22	27,112,094	93.79	30,486,103	94.22	27,112,094	93.79
Services	1,393,567	4.31	1,334,397	4.62	1,393,677	4.31	1,334,436	4.62
Construction and real-estate	90,641	0.29	133,189	0.46	90,751	0.29	133,228	0.46
Other services	781,302	2.41	730,787	2.53	781,302	2.41	730,787	2.53
Financial	413,834	1.28	370,991	1.28	413,834	1.28	370,991	1.28
Transportation and logistics	5,343	0.02	6,334	0.02	5,343	0.02	6,334	0.02
Utilities	91,099	0.28	82,145	0.28	91,099	0.28	82,145	0.28
Media, IT and Telecom	10,562	0.03	10,025	0.03	10,562	0.03	10,025	0.03
Vehicle rental	635	-	759	-	635	-	759	-
Health, security and education	151	-	167	-	151	-	167	-
Commercial	390,479	1.21	376,090	1.30	390,479	1.21	376,090	1.30
Wholesale and retail	390,479	1.21	376,090	1.30	390,479	1.21	376,090	1.30
Basic industries	65,012	0.20	65,033	0.22	65,012	0.20	65,033	0.22
Paper and pulp	42,999	0.13	42,999	0.15	42,999	0.13	42,999	0.15
Other industries	86	-	107	-	86	-	107	-
Textiles	15,258	0.05	15,258	0.05	15,258	0.05	15,258	0.05
Chemical industry	6,669	0.02	6,669	0.02	6,669	0.02	6,669	0.02
Agribusiness	19,544	0.06	19,818	0.07	19,544	0.06	19,818	0.07
Sugar and ethanol	15,650	0.05	15,669	0.05	15,650	0.05	15,669	0.05
Agribusiness and animal protein	3,894	0.01	4,149	0.01	3,894	0.01	4,149	0.01
Total (1)	32,354,705	100.00	28,907,432	100.00	32,354,816	100.00	28,907,471	100.00

(1) Not including the market value adjustment (Note 8.a).

e) Concentration of loan operations:

	Bank				Consolidated			
	6/30/2021		12/31/2020		6/30/2021		12/31/2020	
	Amount	%	Amount	%	Amount	%	Amount	%
10 largest borrowers	768,838	2.38	697,064	2.41	768,838	2.38	697,064	2.41
50 next largest borrowers	679,286	2.10	682,777	2.36	679,286	2.10	682,777	2.36
100 next largest borrowers	266,192	0.82	260,884	0.90	266,192	0.82	260,884	0.90
Other borrowers	30,640,389	94.70	27,266,707	94.32	30,640,500	94.70	27,266,746	94.32
Total	32,354,705	100.00	28,907,432	100.00	32,354,816	100.00	28,907,471	100.00

f) Transactions for the sale or transfer of financial assets:

I. Transactions with substantial transfer of risks and benefits:

In the periods ended 6/30/2021 and 6/30/2020, loans were assigned to financial institutions as presented below:

Bank and Consolidated	6/30/2021			6/30/2020		
	Assignment amount	Present value	Result	Assignment amount	Present value	Result
Payroll-deductible loans	4,655,429	3,687,671	967,758	4,507,697	3,217,750	1,289,947
Total (Note 8.g)	4,655,429	3,687,671	967,758	4,507,697	3,217,750	1,289,947

II. Transactions with substantial retention of risks and benefits:

Assignments after CMN Resolution 3,533/08

The responsibilities for loans assigned with substantial retention of risks and benefits amounted to R\$ 452,826, in Banco PAN and Consolidated (R\$ 87,568 at 12/31/2020), calculated at present value using the agreed contract rates. Obligations of R\$ 572,024 (R\$ 103,655 at 12/31/2020) were assumed for these loans (Note 17.a).

g) Income from loan and leasing operations:

	Bank		Consolidated	
	6/30/2021	6/30/2020	6/30/2021	6/30/2020
Vehicles	1,376,020	1,013,596	1,376,020	1,013,596
Payroll-deductible loans	1,245,386	1,079,576	1,245,386	1,079,576
Profit on loan assignments (Note 8.f)	967,758	1,289,947	967,758	1,289,947
Credit cards	580,566	478,604	580,566	478,604
Performance bonus on assignments	211,036	320,882	211,036	320,882
Recovery of loans written off as losses	182,276	135,808	184,776	137,906
Working capital/overdraft accounts	81,087	69,560	81,087	69,560
Personal credit	64,946	113	64,946	113
Housing loans	31,909	32,810	31,908	32,810
Renegotiated loans	14,397	11,935	14,397	11,935
Overdraft facility	2,345	99	2,345	99
Other	20	-	20	-
Adjustment to market value - Retail Portfolio (1)	(525,700)	156,593	(525,700)	156,593
Total	4,232,046	4,589,523	4,234,545	4,591,621

(1) Mark-to-market of accounting hedges on retail credits: payroll-deductible loans and vehicle financing (Note 7.c.vi).

9) Other financial assets

	Bank		Consolidated	
	6/30/2021	12/31/2020	6/30/2021	12/31/2020
Amounts receivable from loan assignments	2,051,164	2,134,439	2,051,164	2,134,439
Negotiation and intermediation of receivables	22,632	2,394	22,632	2,394
Acknowledgment of debt (1)	2,998	3,121	2,998	3,121
Real estate receivables (2)	-	-	3,098	4,114
Total	2,076,794	2,139,954	2,079,892	2,144,068
Current	1,282,352	1,183,861	1,282,798	1,185,176
Non-current	794,442	956,093	797,094	958,892

(1) Includes provision for debt acknowledgment of R\$ 12,357 at 6/30/2021 (R\$ 15,314 at 12/31/2020) (Note 8.c); and

(2) INCC/IGPM/SAVINGS/CDI with no indexation accruals, interest from 0% to 20.05% per annum, maturing on 11/15/2034.

10) Outros receivables

	Bank		Consolidated	
	6/30/2021	12/31/2020	6/30/2021	12/31/2020
Judicial and tax deposits	178,478	174,082	198,886	194,926
Amounts receivable from related parties	15,064	18,798	9,742	13,411
Amounts receivable from payroll-deductible	3,036	6,213	3,036	6,213
Residual benefit in securitized transactions	-	-	4,154	3,887
Other	154,060	119,805	162,265	134,776
Total	350,638	318,898	378,083	353,213
Current	342,485	276,836	354,568	292,177
Non-current	8,153	42,062	23,515	61,036

(1) Basically refers to amounts received and not yet transferred to the Bank by State and Municipal governments, whose transfers are being negotiated by the Bank (allowance for losses constituted), and to transfers in arrears for more than 180 days, the balance of which at 6/30/2021 amounted to R\$ 21,802 (R\$ 32,040 at 12/31/2020) (Note 8.c); and

(2) Includes allowance for other credits without credit characteristics of R\$ 7,787 at 06/30/2021 (R\$ 7,502 at 12/31/2020) (Note 8.c).

11) Other assets

a) Assets not for own use and other:

Residual value	Bank				Consolidated			
	Cost	Allowance for losses	6/30/2021	12/31/2020	Cost	Allowance for losses	6/30/2021	12/31/2020
Assets not for own	228,754	(67,972)	160,782	258,009	236,085	(69,047)	167,038	264,683
Properties	208,681	(60,313)	148,368	244,273	215,717	(61,110)	154,607	250,929
Vehicles	20,073	(7,659)	12,414	13,736	20,368	(7,937)	12,431	13,754
Other	2,096	-	2,096	556	2,096	-	2,096	556
Total	230,850	(67,972)	162,878	258,565	238,181	(69,047)	169,134	265,239
Current			162,878	258,565			169,134	265,239

b) Prepaid expenses

	Bank		Consolidated	
	6/30/2021	12/31/2020	6/30/2021	12/31/2020
Financial system services	126,321	89,076	126,470	89,249
Data processing	4,779	5,040	4,779	5,040
Software maintenance	2,105	4,059	2,105	4,059
Other	17,562	9,113	19,536	11,071
Total	150,767	107,288	152,890	109,419
Current	15,767	70,416	16,899	71,386
Non-current	135,000	36,872	135,991	38,033

12) Investments

a) Investments in subsidiaries:

Companies	Share capital	Adjusted equity	Number of shares/quotas held (in thousands)			Equity interest %	Adjusted results	Balance of investments			Equity accounting adjustment (1)	
			Commo	Prefe	Quotas			6/30/2021	6/30/2021	12/31/2020	Period ended	
											6/30/2021	6/30/2020
Pan Arrendamento Mercantil S.A. (2)	356,735	200,298	11	-	-	100.00	314	200,298	199,983	314	1,047	
Pan Administradora de Consórcio Ltda. (2)	42,388	75,668	-	-	48,168	100.00	771	75,668	74,898	771	13,931	
Brazilian Securities Companhia de Securitização (2)(3)	174,201	214,546	77,865	-	-	100.00	260	214,925	214,894	260	805	
Brazilian Finance & Real Estate S.A. (4)	107,662	187,828	0.2	0.5	-	100.00	4,653	187,828	183,070	4,653	3,081	
BM Sua Casa Promotora de Vendas Ltda. (2)(3)	179,864	219,225	-	-	179,864	100.00	(26)	219,906	218,530	(26)	(2,098)	
								898,625	891,375	5,972	16,766	

(1) Considers results determined by the companies subsequent to acquisition and includes equity variations in the investees not derived from results, as well as adjustments arising from the equalization of accounting principles, where applicable.

(2) Companies whose financial statements for the period ended 6/30/2021 were reviewed by the same independent auditor as that of Banco PAN.

(3) The carrying amounts of the related investments include goodwill on acquisition, net of amortization, amounting to R\$ 1,060, R\$ 681 of which is related to BM Sua Casa Promotora de Vendas Ltda. and R\$ 379 to Brazilian Securities Companhia de Securitização; and

(4) Company whose financial statements for the period ended 6/30/2021 were reviewed by another independent auditor.

b) Other investments:

Bank and Consolidated	6/30/2021	12/31/2020
Bw Properties S.A.	10,710	10,710
Asset and Security Registration Center (Certa)	2,135	1,536
Interbank Payment Chamber (CIP)	379	379
Total	13,224	12,625

13) Property and equipment**a) Property and equipment comprise the following:**

Bank and Consolidated	Annual depreciation rate	Cost	Depreciation	Residual value	
				6/30/2021	12/31/2020
Facilities, furniture and equipment in use	10%	30,193	(25,555)	4,638	9,646
Security and communications systems	10%	3,437	(2,171)	1,266	1,208
Data processing systems	20%	47,375	(26,587)	20,788	12,506
Total at 6/30/2021		81,005	(54,313)	26,692	-
Total at 12/31/2020		82,320	(58,960)	-	23,360

b) Changes in property and equipment by category:

Bank and Consolidated	Facilities, furniture and equipment in use	Security and communications systems	Data processing systems	Total
At 12/31/2020	9,646	1,208	12,506	23,360
Purchases	-	467	11,102	11,569
Disposals	(8)	-	(4)	(12)
Depreciation	(5,000)	(409)	(2,816)	(8,225)
At 6/30/2021	4,638	1,266	20,788	26,692

14) Intangible assets**a) Intangible assets comprise the following:**

Bank	Amortization rate	Cost	Amortization	Residual value	
				6/30/2021	12/31/2020
Software development expenses	20% to 50%	288,709	(236,745)	51,964	57,079
Goodwill	10%	229,514	(204,650)	24,864	36,340
Total at 6/30/2021		518,223	(441,395)	76,828	-
Total at 12/31/2020		496,699	(403,280)	-	93,419

Consolidated	Amortization rate	Cost	Amortization	Residual value	
				6/30/2021	12/31/2020
Software development expenses	20% to 50%	289,611	(237,492)	52,119	57,251
Goodwill	10%	250,532	(223,390)	27,142	39,668
Total at 6/30/2021		540,143	(460,882)	79,261	-
Total at 12/31/2020		518,619	(421,700)	-	96,919

b) Changes in intangible assets by category:

Bank	Software development expenses	Goodwill	Total
At 12/31/2020	57,079	36,340	93,419
Additions	21,819	-	21,819
Disposals	(35)	-	(35)
Amortization	(26,899)	(11,476)	(38,375)
At 6/30/2021	51,964	24,864	76,828

Consolidated	Software development expenses	Goodwill	Total
At 12/31/2020	57,251	39,668	96,919
Additions	21,819	-	21,819
Disposals	(35)	-	(35)
Amortization	(26,916)	(12,526)	(39,442)
At 6/30/2021	52,119	27,142	79,261

15) Deposits, funds obtained in the open market and funds from acceptance and issuance of securities

a) Deposits:

Bank	Current				Non-current	6/30/2021	12/31/2020
	Up to 30 days	31 to 90 days	91 to 180 days	181 to 360 days	More than 360 days		
Demand deposits	169,764	-	-	-	-	169,764	76,092
Interbank deposits	1,135,792	334,091	52,468	241,041	2,036,372	3,799,764	9,011,115
Term deposits (1)	798,587	1,208,196	820,408	3,018,439	10,223,289	16,068,919	13,094,138
Total at 6/30/2021	2,104,143	1,542,287	872,876	3,259,480	12,259,661	20,038,447	-
Total at 12/31/2020	3,615,576	6,233,016	1,009,768	2,294,827	9,028,158	-	22,181,345

Consolidated	Current				Non-current	6/30/2021	12/31/2020
	Up to 30 days	31 to 90 days	91 to 180 days	181 to 360 days	More than 360 days		
Demand deposits	169,694	-	-	-	-	169,694	76,056
Interbank deposits	1,135,788	334,090	52,468	-	2,011,542	3,533,888	8,747,715
Term deposits (1)	796,270	1,179,796	814,487	3,001,981	9,910,796	15,703,330	12,742,632
Total at 6/30/2021	2,101,752	1,513,886	866,955	3,001,981	11,922,338	19,406,912	-
Total at 12/31/2020	3,607,960	6,218,217	955,563	2,019,878	8,764,785	-	21,566,403

(1) Hedge accounting transactions (Note 7.c.vi).

b) Funds obtained in the open market:

Bank	Current				Non-current	6/30/2021	12/31/2020
	Up to 30 days	31 to 90 days	91 to 180 days	181 to 360 days	More than 360 days		
Own portfolio	1,440,703	3,945	-	-	959	1,445,607	1,314,155
Financial Treasury Bills (LFT)	149,999	3,945	-	-	959	154,903	158,110
National Treasury Notes (NTN)	1,290,704	-	-	-	-	1,290,704	1,156,045
Total at 6/30/2021	1,440,703	3,945	-	-	959	1,445,607	-
Total at 12/31/2020	1,307,042	-	-	5,004	2,109	-	1,314,155

Consolidated	Current				Non-current	6/30/2021	12/31/2020
	Up to 30 days	31 to 90 days	91 to 180 days	181 to 360 days	More than 360 days		
Own portfolio	1,440,703	-	-	-	-	1,440,703	1,307,042
Financial Treasury Bills (LFT)	149,999	-	-	-	-	149,999	150,997
National Treasury Notes (NTN)	1,290,704	-	-	-	-	1,290,704	1,156,045
Total at 6/30/2021	1,440,703	-	-	-	-	1,440,703	-
Total at 12/31/2020	1,307,042	-	-	-	-	-	1,307,042

c) Funds from acceptance and issuance of securities:

Bank and Consolidated	Current				Non-current	6/30/2021	12/31/2020
	Up to 30 days	31 to 90 days	91 to 180 days	181 to 360 days	More than 360 days		
Financial Bills (LF)	84,023	1,037,116	2,374,666	129,275	6,289,256	9,914,336	5,018,678
Real estate letters of credit (LCI)	2,966	21,647	118,783	104,014	61,683	309,093	327,371
Total at 6/30/2021	86,989	1,058,763	2,493,449	233,289	6,350,939	10,223,429	-
Total at 12/31/2020	41,372	92,007	974,917	3,577,688	660,065	-	5,346,049

d) Expenses on deposits, funds obtained in the open market, funds from issuance of securities and subordinated debt:

	Bank		Consolidated	
	6/30/2021	6/30/2020	6/30/2021	6/30/2020
Time deposits	(511,253)	(576,444)	(506,710)	(570,450)
Interbank deposits	(103,724)	(172,677)	(100,388)	(168,079)
Financial bills	(116,882)	(40,638)	(116,882)	(40,638)
Purchase and sale commitments	(15,617)	(3,896)	(15,548)	(3,771)
Contributions to the deposit guarantee fund	(10,077)	(7,154)	(10,077)	(7,154)
Loans assigned with retention of risk	(6,136)	(8,594)	(6,136)	(8,594)
Real estate letters of credit	(4,860)	(5,799)	(4,860)	(5,799)
Foreign exchange gains/losses	-	(572,223)	-	(572,223)
Marketable securities issued abroad and subordinated debt	-	(77,389)	-	(77,389)
Total	(768,549)	(1,464,814)	(760,601)	(1,454,097)

16) Interbank accounts

Bank and Consolidated	6/30/2021	12/31/2020
Receipts and payments pending settlement	1,851,433	1,380,060
Local correspondents (1)	191,973	111,761
Total	2,043,406	1,491,821
Current	2,043,406	1,491,821

(1) Refer to the receipt of installments related to contracts assigned to be transferred to the assignees, updated at the agreed contractual rates. The accounts are represented by vehicle financing, payroll-deductible loans, and real-estate financing.

17) Other financial liabilities

a) Breakdown:

Bank and Consolidated	6/30/2021	12/31/2020
Assignment with substantial retention of risks and benefits (8.f ii)	572,024	103,655
Subordinated debts (b)	8,941	8,784
Total	580,965	112,439
Current	240,379	58,386
Non-current	340,586	54,053

b) Subordinated debts:

The composition of tranches and balances updated to the base dates is as follows:

Bank and Consolidated	6/30/2021	12/31/2020
In Brazil:		
(1) R\$ 8,000	8,941	8,784
Total	8,941	8,784
Non-current	8,941	8,784

(1) Subordinated Financial Bills issued 4/18/2019, maturing on 4/16/2027.

18) Provisions, contingent assets and liabilities and legal obligations (tax and social security)

Provisions:

The Bank is a party to labor, civil and tax lawsuits arising in the normal course of its business. The corresponding provisions are constituted for all civil, tax and labor processes whenever losses are considered probable, supported by the history of losses, advice of the legal advisors, the type and complexity of the lawsuits, and recent court sentences. The provision recorded is sufficient to cover the risk of loss arising from these lawsuits.

Labor

The claims have been brought by former employees and service providers to claim payment of labor rights, arising, in general, from their classification as bank employees, and, in particular, overtime, based on Article 224 of the Consolidation of Labor Laws (CLT), in respect of ancillary responsibility in lawsuits involving service providers.

Labor claims are monitored by external legal counsel and managed individually through a computerized system.

Labor claims are provisioned to reflect the history of loss in similar lawsuits that were concluded in the last 12 or 24 months, depending on the type of plaintiff.

Civil

These lawsuits are of a condemnatory nature to pay or indemnify, referring to indemnity, tariff revisions and tariff claims.

Civil lawsuits that are managed via a computerized system are divided into two groups, as follows:

1) lawsuits with common characteristics

A statistical model is applied to constitute the provision for civil lawsuits with common characteristics, before a court decision is issued, which is calculated based on the average loss in all the lawsuits which terminated over the last 12 months, by cluster.

2) strategic civil lawsuits

A provision is constituted individually when the likelihood of loss is assessed as probable, based on the advice of internal legal counsel, legal firms, the nature and complexity of the related lawsuits, and the applicable case law.

There are no other significant administrative proceedings in progress for non-compliance with National Financial System rules or that could require the payment of fines, which could have a material effect on the financial position of the Bank or its subsidiaries.

Tax lawsuits

Administrative and judicial proceedings filed by the Federal Government, States, Municipalities and the Federal District against Grupo PAN, aiming to demand taxes due from their respective jurisdictions, whether registered or not as delinquent debt. All tax discussions are conducted by specialized firms.

The amounts recorded as a provision arise from taxes whose matter is widely studied, taking into account procedural, jurisprudential, doctrinal aspects and which are, in accordance with the legal opinion of our advisors, classified as a probable loss.

I. Provisions by nature:

	Bank		Consolidated	
	6/30/2021	12/31/2020	6/30/2021	12/31/2020
Civil	296,319	294,662	305,666	305,467
Labor	125,394	141,139	130,134	147,209
Tax	2,495	2,543	62,194	60,946
Total	424,208	438,344	497,994	513,622

II. Change in provisions:

Bank	Civil	Labor	Tax	Total
At 12/31/2020	294,662	141,139	2,543	438,344
Constitution, net of reversals	84,851	29,186	13	114,050
Indexation and interest accruals	-	-	18	18
Write-off due to payment	(83,194)	(44,931)	(79)	(128,204)
At 6/30/2021	296,319	125,394	2,495	424,208

Consolidated	Civil	Labor	Tax	Total
At 12/31/2020	305,467	147,209	60,946	513,622
Constitution, net of reversals	85,664	27,943	842	114,449
Indexation and interest accruals	-	-	521	521
Write-off due to payment	(85,465)	(45,018)	(115)	(130,598)
At 6/30/2021	305,666	130,134	62,194	497,994

III. Contingent liabilities with possible risk of losses:

The main discussions related to fiscal and tax litigation with likelihood of loss considered as possible are described below.

IRPJ/CSLL – Capital gain obtained on the demutualization of B3 (over-the-counter), in addition to the disallowance of income tax and social contribution losses, referring to the calendar years 2008 and 2009. In June 2021, the amount related to this lawsuit totals approximately R\$ 728.

IRPJ/CSLL – Deductibility of losses on loan operations and other operating expenses, referring to the calendar years from 2007 to 2016. In June 2021, the amounts related to these lawsuits total approximately R\$ 850,359.

IRPJ/CSLL – Greater deductibility of expenses related to the payment of PIS/COFINS referring to the calendar year 2014. In June 2021, the amount related to this lawsuit totals approximately R\$ 22,482.

IRPJ/CSLL – Deductibility of goodwill paid on the acquisition of equity interests amortized during the calendar years 2014 to 2016. In June 2021, the amount related to these lawsuits totals approximately R\$ 9,759.

PIS/COFINS – Deductibility of swap expenses from the calculation base, referring to the calendar year 2010. In June 2021, the amount related to this lawsuit totals approximately R\$ 4,686.

INSS on profit or gain sharing and Workers' Meal Program (PAT) – Levy of social security contributions on payments made as profit or gain sharing and PAT for the calendar years 2012, 2013 and 2016. In June 2021, the amounts related to these lawsuits total approximately R\$ 75,191.

IRRF – Capital gain from the acquisition of equity interest abroad, referring to the calendar year 2012. In June 2021, the amount related to this lawsuit totals approximately R\$ 78,371.

ISSQN on VRG – Tax assessment notices were issued against Pan Arrendamento Mercantil S.A. by the São Paulo municipal tax authority for Services Tax (ISS) payable on the guaranteed residual value (VRG) charged on lease transactions carried out from 2008 to 2017, totaling R\$ 154,828 adjusted up to June 2021; and

Non-approval of tax offsetting - Rejection of requests for offsetting IRPJ, CSLL, PIS, COFINS, resulting from overpayments or undue payments. In June 2021, the amounts related to these lawsuits total approximately R\$ 224,998.

19) Current tax obligations

	Bank		Consolidated	
	6/30/2021	12/31/2020	6/30/2021	12/31/2020
Taxes and contributions on income	390,581	374,906	392,966	385,746
Social Contribution on Revenues (COFINS)	39,432	33,298	39,621	33,493
Taxes and contributions on salaries	14,671	17,424	14,684	17,468
Withholding tax at source on payments to third	6,053	5,648	6,104	5,692
Social Integration Program (PIS)	6,407	5,411	6,441	5,446
ISS	2,131	2,807	2,134	2,811
Withholding tax on fixed-income securities	388	492	388	492
Total	459,663	439,986	462,338	451,148
Current	459,663	439,986	462,338	451,148

20) Other sundry liabilities

	Bank		Consolidated	
	6/30/2021	12/31/2020	6/30/2021	12/31/2020
Payments due	1,245,523	963,945	1,245,833	964,196
Operations linked to assignment	648,867	764,657	648,867	764,657
Collections	84,352	101,664	84,593	101,904
Credit card transactions	51,939	46,293	51,939	46,293
Negotiation and intermediation of securities	9,362	13,713	10,732	15,213
Amounts payable to related parties	13,446	30,880	12,874	30,250
Specific consortium amounts	-	-	4,431	6,840
Other	104,545	75,536	107,111	77,852
Total	2,158,034	1,996,688	2,166,380	2,007,205
Current	2,157,019	1,986,175	2,164,569	1,995,806
Non-current	1,015	10,513	1,811	11,399

21) Equity

a) Composition of capital - number of shares:

Total subscribed and fully paid-up capital at 6/30/2021 and 12/31/2020 amounted to R\$ 4,175,222.

The nominative registered shares with no par value are shown below (in thousands of shares).

	6/30/2021	12/31/2020
Common	657,561	657,561
Preferred	547,495	547,495
Total	1,205,056	1,205,056

b) Revenue reserves:

Legal reserve - pursuant to its Bylaws, the Bank appropriates 5% of net profit, after the deduction of accumulated losses and the income tax provision, to the legal reserve, the balance of which should not exceed 20% of the Bank's paid-up capital. However, in accordance with Article 193, paragraph 1, of Corporation Law 6,404/76, the Bank may opt not to appropriate a portion of its net profit to the legal reserve in the year in which the balance of this reserve plus the capital reserves exceeds 30% of capital.

Preservation of equity reserve - the purpose of the reserve is to ensure that there are sufficient funds to meet the Bank's regulatory and operational capital requirements. The reserve can be converted into capital by a decision of the Board of Directors. Observing the limit of authorized capital, the reserve can be formed,

in accordance with a proposal of the Board of Directors, with up to 100% of the net profit remaining after the annual appropriations, but may not exceed the amount of the Bank's capital.

c) Interest on capital:

Stockholders are entitled to a minimum dividend calculated based on 35% of annual profit, adjusted pursuant to the Bylaws and Article 202 of Law 6,404/76.

The calculation of the interest on capital is as follows:

	6/30/2021	% (1)	6/30/2020	% (1)
Net profit	392,762		314,450	
(-) Legal reserve	(19,638)		(15,723)	
Calculation base	373,124		298,728	
Interest on capital (gross) provisioned/paid	153,639		123,005	
Withholding Income Tax related to interest on capital	(23,046)		(18,451)	
Interest on capital (net) provisioned/paid	130,593	35%	104,555	35%

(1) Percentage of interest on capital on the calculation base.

22) Income from services rendered

	Bank		Consolidated	
	6/30/2021	6/30/2020	6/30/2021	6/30/2020
Loan operations	165,693	91,470	165,693	91,477
Credit cards	94,072	59,419	94,072	59,419
Business intermediation	65,912	32,940	65,912	32,940
Other	953	5,378	1,881	14,577
Total	326,630	189,207	327,558	198,413

23) Personnel expenses

	Bank		Consolidated	
	6/30/2021	6/30/2020	6/30/2021	6/30/2020
Salaries	(228,960)	(174,685)	(229,646)	(175,236)
Social charges	(59,262)	(46,848)	(59,540)	(47,031)
Benefits (Note 31)	(48,086)	(41,631)	(48,189)	(41,783)
Fees (Note 29.b)	(12,583)	(5,784)	(12,583)	(5,784)
Other	(4,420)	(3,777)	(4,421)	(3,777)
Total	(353,311)	(272,725)	(354,379)	(273,611)

24) Other administrative expenses

	Bank		Consolidated	
	6/30/2021	6/30/2020	6/30/2021	6/30/2020
Commissions payable to correspondent banks	(984,527)	(623,219)	(984,527)	(625,629)
Third-party services	(256,875)	(190,770)	(261,224)	(197,645)
Data processing	(164,644)	(138,430)	(164,729)	(138,534)
Financial system services	(132,605)	(100,201)	(133,049)	(100,608)
Advertising, promotions and publicity	(133,421)	(30,370)	(133,578)	(30,392)
Communication	(55,558)	(29,654)	(55,599)	(29,740)
Rentals	(61,721)	(35,443)	(61,942)	(35,637)
Depreciation and amortization	(35,124)	(31,687)	(35,141)	(31,711)
Maintenance and conservation of property	(6,698)	(3,398)	(6,700)	(3,399)
Asset search and seizure expenses	(6,525)	(11,058)	(6,538)	(11,064)
Fees and emoluments	(1,494)	(1,252)	(1,988)	(1,493)
Water, power and gas	(1,115)	(1,186)	(1,116)	(1,187)
Transportation	(1,489)	(2,134)	(1,489)	(2,138)
Consumption materials	(2,991)	(595)	(2,991)	(595)
Travel	(489)	(1,409)	(489)	(1,410)
Other	(54,845)	(15,396)	(55,323)	(15,883)
Total	(1,900,121)	(1,216,202)	(1,906,423)	(1,227,065)

25) Tax expenses

	Bank		Consolidated	
	6/30/2021	6/30/2020	6/30/2021	6/30/2020
Social contribution on revenues (COFINS)	(143,908)	(97,256)	(144,889)	(98,754)
Social Integration Program (PIS)	(23,385)	(15,804)	(23,558)	(16,093)
Services Tax (ISS)	(13,561)	(8,687)	(13,582)	(8,875)
Taxes and charges	(3,016)	(1,880)	(3,531)	(2,196)
Total	(183,870)	(123,627)	(185,560)	(125,918)

26) Expenses with provisions

	Bank		Consolidated	
	6/30/2021	6/30/2020	6/30/2021	6/30/2020
Constitution/reversal of provision for civil	(84,851)	(59,141)	(85,664)	(60,835)
Constitution/reversal of provision for labor	(29,186)	(27,783)	(27,943)	(27,855)
Constitution/reversal of provision for tax	(13)	(424)	(842)	(1,010)
Total	(114,050)	(87,348)	(114,449)	(89,700)

27) Other operating income and expenses

	Bank		Consolidated	
	6/30/2021	6/30/2020	6/30/2021	6/30/2020
Recovery of charges and expenses	83,817	59,431	84,018	59,959
Indexation/foreign exchange variations	13,982	10,675	14,157	10,831
Assignment of loans	(377,143)	(757,077)	(377,143)	(757,077)
Discounts granted	(55,971)	(48,366)	(55,972)	(48,366)
Losses on loan/financing operations and frauds	(35,229)	(22,150)	(35,229)	(22,150)
Liens	(21,187)	(12,598)	(21,201)	(12,618)
Amortization of goodwill (Note 14.b)	(11,965)	(11,965)	(12,526)	(12,526)
Other	(18,057)	(4,053)	(13,598)	(2,124)
Total	(421,753)	(786,103)	(417,494)	(784,071)

28) Non-operating results

	Bank		Consolidated	
	6/30/2021	6/30/2020	6/30/2021	6/30/2020
Reversal/(impairment) of other assets	(16,539)	1,589	(16,399)	1,758
Result on the sale of other assets	13,372	(3,437)	13,102	(3,625)
Assignment of rights (1)	-	-	-	18,912
Total	(3,167)	(1,848)	(3,297)	17,045

(1) In May 2020, Pan Administradora de Consórcio Ltda. completed the assignment and transfer of the management of the Consortium groups.

29) Balances and transactions with related parties

Transactions with related parties (direct and indirect) are carried out under conditions and rates which are compatible with the average terms practiced with third parties effective on the contract dates.

a) Balances and transactions with related parties

Bank	Maximum term	6/30/2021	12/31/2020	6/30/2021	6/30/2020
		Assets (liabilities)	Assets (liabilities)	Revenue (expenses)	Revenue (expenses)
Interbank investments (a)		-	1,251,889	5,948	19,127
Banco BTG Pactual S.A.	-	-	1,249,990	5,889	18,443
Caixa Econômica Federal (b)	-	-	1,899	59	684
Loan assignments (c)		-	1,812,488	156,704	320,882
Caixa Econômica Federal (b)	No term	-	1,812,488	156,704	320,882
Other credits		15,064	16,107	-	-
Caixa Econômica Federal (b)	No term	-	162	-	-
,Too Seguros S.A.	No term	9,718	10,533	-	-
Pan Adm. e Corret. de Seg.de Prev. Privada Ltda.	No term	24	25	-	-
Brazilian Securities Companhia de Securitização (d) (e)	No term	971	1,036	-	-
Pan Administradora de Consórcio Ltda. (d) (e)	12/31/2021	948	948	-	-
Brazilian Finance & Real Estate S.A. (d) (e)	No term	3,403	3,403	-	-
Demand deposits (f)		(406)	(373)	-	-
,Too Seguros S.A.	No term	(337)	(337)	-	-
Pan Arrendamento Mercantil S.A.	No term	(10)	(4)	-	-
Pan Administradora de Consórcio Ltda.	No term	(40)	(17)	-	-
BM sua Casa Promotora de Vendas Ltda.	No term	(9)	(1)	-	-
Brazilian Securities Companhia de Securitização	No term	(7)	(10)	-	-
Brazilian Finance & Real Estate S.A.	No term	(3)	(4)	-	-
Interbank deposits (g)		(2,630,377)	(8,579,895)	(76,034)	(166,588)
Banco BTG Pactual S.A.	5/26/2026	(2,364,501)	(502,285)	(17,882)	(12,343)
Caixa Econômica Federal (b)	-	-	(7,814,210)	(54,816)	(149,648)
Pan Arrendamento Mercantil S.A.	1/11/2023	(265,876)	(263,400)	(3,336)	(4,597)
Time deposits (h)		(413,968)	(394,523)	(6,903)	(6,710)
Pan Adm. e Corret. de Seg.de Prev. Privada Ltda.	5/24/2024	(46,892)	(41,873)	(2,305)	(673)
Pan Administradora de Consórcio Ltda.	6/13/2024	(66,649)	(60,562)	(817)	(963)
Brazilian Securities Companhia de Securitização	6/10/2024	(153,733)	(153,432)	(1,935)	(2,744)
Brazilian Finance & Real Estate S.A.	6/5/2024	(107,175)	(102,642)	(1,329)	(1,769)
BM Sua Casa Promotora de Vendas Ltda.	6/14/2024	(38,032)	(34,870)	(463)	(518)
Key management personnel	3/15/2027	(1,487)	(1,144)	(54)	(43)
Liabilities for purchase and sale commitments		(1,244,904)	(7,112)	(4,378)	(193)
Banco BTG Pactual S.A.	8/15/2026	(1,240,001)	-	(4,286)	(47)

Caixa Econômica Federal (b)	-	-	-	(23)	(21)
Pan Administradora de Consórcio Ltda.	9/1/2026	(4,903)	(7,112)	(69)	(125)
Funds from real estate letters of credit and financial bills (i)		-	-	-	(6)
Key management personnel	-	-	-	-	(6)
Derivative financial instruments (j)		-	-	-	392,285
Banco BTG Pactual S.A.	-	-	-	-	392,285
Other obligations		(13,446)	(30,881)	-	-
,Too Seguros S.A.	No term	(12,874)	(30,250)	-	-
Brazilian Finance & Real Estate S.A.	No term	(458)	(538)	-	-
Brazilian Securities Companhia de Securitização	No term	(108)	(55)	-	-
BM Sua Casa Promotora de Vendas Ltda.	No term	-	(38)	-	-
Pan Arrendamento Mercantil S.A.	No term	(7)	-	-	-
Income from services rendered (k)		-	-	55,831	33,304
,Too Seguros S.A.	-	-	-	55,596	32,830
Caixa Econômica Federal (b)	-	-	-	235	474
Personnel expenses		-	-	(156)	(145)
,Too Seguros S.A.	-	-	-	(156)	(145)
Other administrative expenses		-	-	(3,234)	(26,177)
,Too Seguros S.A.	-	-	-	(2,835)	(2,732)
Banco BTG Pactual S.A.	-	-	-	-	(5,316)
BTG Pactual Corretora	-	-	-	-	(61)
Tecban S.A.	-	-	-	-	(539)
Interbank Payment Chamber	-	-	-	(399)	(17,529)
Income from loan assignments		-	-	-	949,733
Caixa Econômica Federal (b)	-	-	-	-	949,733

(a) Refer to the Bank's investments with rates equivalent to those of the CDI;

(b) As informed in Note 1, in the "Corporate events" section, since 5/19/2021 Caixa Participações S.A. ("CaixaPar"), a wholly-owned subsidiary of Caixa Econômica Federal ("CAIXA"), is no longer considered a related party;

(c) Refer to the performance bonus on the assignment of loans without recourse;

(d) Provisions for dividends to be paid up to 12/31/2021, of which: R\$ 2,060 relates to Brazilian Finance & Real Estate S.A., R\$ 335 to Brazilian Securities Companhia de Securitização, and R\$ 946 to Pan Administradora de Consórcio Ltda.;

(e) Provisioned balance of R\$ 1,343, referring to the remaining balance of the capital reduction of Brazilian Finance & Real Estate S.A., according to the AGE of 9/18/2013; provisioned balance of R\$ 412, substantially related to amounts received from different borrowers referring to loan operations acquired from the company Brazilian Securities Companhia de Securitização;

(f) Refer to the outstanding balances of current accounts of affiliates held at the Bank;

(g) Refer to the funding through interbank deposits with rates equivalent to those of the CDI;

(h) Refer to the funding through time deposits made at the Bank;

(i) Refer to the funding through real estate letters of credit and financial bills made by Banco PAN;

(j) Refer to swaps; and

(k) Refer to the commissions paid to the Bank for insurance intermediation and the commissions paid to the correspondent for business intermediation.

Consolidated	Maximum term	6/30/2021	12/31/2020	6/30/2021	6/30/2020
		Assets (liabilities)	Assets (liabilities)	Revenue (expenses)	Revenue (expenses)
Interbank investments (a)		-	597	-	-
Caixa Econômica Federal (b)		-	597	-	-
Interbank investments (c)		-	1,251,938	5,948	19,127
Banco BTG Pactual S.A.		-	1,249,990	5,889	18,443
Caixa Econômica Federal (b)		-	1,948	59	684
Loan assignments (d)		-	1,812,488	156,704	320,882
Caixa Econômica Federal (b)	No term	-	1,812,488	156,704	320,882
Other credits		9,742	10,720	-	-
Caixa Econômica Federal (b)	No term	-	162	-	-
,Too Seguros S.A.	No term	9,718	10,533	-	-
Pan Adm. e Corret. de Seg.de Prev. Privada Ltda.	No term	24	25	-	-
Demand deposits (e)		(337)	(337)	-	-
,Too Seguros S.A.	No term	(337)	(337)	-	-
Interbank deposits (f)		(2,364,501)	(8,316,495)	(72,698)	(161,991)
Banco BTG Pactual S.A.	5/26/2026	(2,364,501)	(502,285)	(17,882)	(12,343)
Caixa Econômica Federal (b)	-	-	(7,814,210)	(54,816)	(149,648)
Time deposits (g)		(48,379)	(43,017)	(2,359)	(716)
Pan Adm. e Corret. de Seg.de Prev. Privada Ltda.	5/24/2024	(46,892)	(41,873)	(2,305)	(673)
Key management personnel	3/15/2027	(1,487)	(1,144)	(54)	(43)
Liabilities for purchase and sale commitments		(1,240,001)	-	(4,309)	(68)
Banco BTG Pactual S.A.	8/15/2026	(1,240,001)	-	(4,286)	(47)
Caixa Econômica Federal (b)	-	-	-	(23)	(21)
Funds from real estate letters of credit and financial bills (h)		-	-	-	(6)
Key management personnel	-	-	-	-	(6)
Derivative financial instruments (i)		-	-	-	392,285
Banco BTG Pactual S.A.	-	-	-	-	392,285
Other obligations		(12,874)	(30,250)	-	-
,Too Seguros S.A.	No term	(12,874)	(30,250)	-	-
Income from services rendered (j)		-	-	55,831	33,304
,Too Seguros S.A.	-	-	-	55,596	32,830
Caixa Econômica Federal (b)	-	-	-	235	474
Personnel expenses		-	-	(156)	(145)
,Too Seguros S.A.	-	-	-	(156)	(145)
Other administrative expenses		-	-	(3,234)	(26,177)
,Too Seguros S.A.	-	-	-	(2,835)	(2,732)
Banco BTG Pactual S.A.	-	-	-	-	(5,316)
BTG Pactual Corretora	-	-	-	-	(61)
Tecban S.A.	-	-	-	-	(539)
Interbank Payment Chamber	-	-	-	(399)	(17,529)
Income from loan assignments		-	-	-	949,733
Caixa Econômica Federal (b)	-	-	-	-	949,733

- (a) Refer to current accounts of Brazilian Securities Companhia de Securitização, BM sua Casa Promotora de Vendas Ltda., and Brazilian Mortgages Companhia Hipotecária;
- (b) As informed in Note 1, in the "Corporate events" section, since 5/19/2021 Caixa Participações S.A. ("CaixaPar"), a wholly-owned subsidiary of Caixa Econômica Federal ("CAIXA"), is no longer considered a related party;
- (c) Refer to the Bank's investments with rates equivalent to those of the CDI;
- (d) Refer to the performance bonus on the assignment of loans without recourse;
- (e) Refer to the outstanding balances of current accounts of related parties held at the Bank;
- (f) Refer to the funding through interbank deposits with rates equivalent to those of the CDI;
- (g) Refer to the funding through time deposits made at the Bank;
- (h) Refer to the funding through real estate letters of credit and financial bills made by Banco PAN;
- (i) Refer to swaps; and
- (j) Refer to the commission paid to the Bank for insurance intermediation.

b) Management remuneration:

At the Extraordinary General Meeting held on 4/29/2021, a remuneration ceiling for the PAN Conglomerate Officers for the year 2021 was approved (irrespective of the year in which the amounts are paid), of R\$ 24,445 (R\$ 18,225 in 2020).

Short-term benefits provided to management (1)

	Bank		Consolidated	
	6/30/2021	6/30/2020	6/30/2021	6/30/2020
Fee expenses (Note 23)	(12,583)	(5,784)	(12,583)	(5,784)
Social security contributions (INSS)	(2,831)	(1,301)	(2,831)	(1,301)
Total	(15,414)	(7,085)	(15,414)	(7,085)

(1) Recorded in the "Personnel expenses" account.

• Other information

Pursuant to legislation, the Bank provides loan operations with related parties, only when at comparable market terms and conditions, including related limits, interest rates, grace periods, maturities and required guarantees. Criteria are approved to classify these operations according to their risks for purposes of constituting the allowance for probable losses, without additional or differentiated benefits in relation to the operations carried out with other clients with the same profile.

30) Financial Instruments

• Risk management

The Bank is a wholly-owned subsidiary of the BTG Group and has exposure in assets and liabilities involving derivative financial instruments, which are recorded in its balance sheet, income and expenses and memorandum accounts.

The Bank's management establishes a risk policy and exposure limits. The control and compliance management area, which is independent of the business and operational areas, is responsible for identifying, assessing, monitoring and reporting compliance with the risk guidelines established by management.

• Capital management

The Bank considers capital management to be a strategic process designed to optimize the utilization of available capital, contribute to the achievement of its strategic objectives and comply with the minimum capital limits established by the regulatory authority.

The Bank's capital management framework is compatible with the nature of its operations, the complexity of its products and services and its risk exposure and covers all the group's companies.

Capital management is a continuous process of: (i) monitoring and controlling capital; (ii) assessing the need for capital to cover the potential risks to the Bank; and (iii) planning the capital targets and requirements. Capital management is based on the Bank's strategic objectives, business opportunities and the regulatory environment.

The Bank manages its capital based on a timely and prospective approach, in line with best practices and in compliance with the recommendations issued by the Basel Committee, through policies and strategies that anticipate the capital that could be required as a result of possible changes in market conditions, and which are reviewed periodically by the Executive Board and Board of Directors.

OPERATING LIMITS - BASEL ACCORD

As informed in Note 1, in the "Corporate events" section, Banco BTG Pactual became the sole owner of Banco PAN and, consequently, Banco PAN started to be part of the group of companies that comprise the BTG Pactual Economic and Financial Conglomerate, which officially reports its indicators of capital to the Brazilian Central Bank. Subsequently, PAN decided to report its operating limits in a more "managerial" way (pro forma) as from June 30, 2021, therefore complying with the minimum capital requirements established by CMN Resolutions 4,192/13 and 4,193/13. Required capital amounts are calculated in accordance with BACEN Circular 3,644/13 for credit risk, BACEN Circulars 3,634/13 to 3,639/13, 3,641/13 and 3,645/13 for market risk, and BACEN Circular 3,640/13 for operating risk.

The calculation of the Indicators of Capital is presented below:

Calculation base - Basel index	6/30/2021*	12/31/2020
Tier I reference equity	4,085,624	3,639,036
Core capital	4,085,624	3,639,036
Tier II reference equity	8,941	8,784
Reference equity for comparison with risk-weighted assets (RWA)	4,094,565	3,647,820
Reference equity	4,094,565	3,647,820
- Credit risk	23,688,514	20,811,865
- Market risk	1,458	238
- Operating risk	2,595,754	2,113,560
Risk-weighted assets (RWA)	26,285,726	22,925,663
Basel index	15.58%	15.91%
Tier I	15.54%	15.87%
Tier II	0.03%	0.04%

*Pro-forma

Further details about the risk and capital management can be found in the Corporate Governance/Risk Management section of BTG Pactual's website, www.btgpactual.com.br/ri.

- **Credit risk**

Credit risk can arise from losses from the non-fulfillment by customers or counterparties of their corresponding financial obligations under the agreed terms, the devaluation of a loan agreement as a result of a deterioration in the borrower's risk rating, decreased gains or remuneration, advantages granted in renegotiations and recovery costs.

Management of credit risks involves policies and strategies, operating limits, risk mitigation techniques and procedures for maintaining the credit risk exposure at levels which are considered to be acceptable by the Bank.

- **Market risk**

This risk related to the possibility of losses arising from rate volatility and the mismatching of the terms and currencies of the consolidated asset and liability portfolios. These risks are managed daily through methodologies established by best practice guidelines.

The transactions are exposed to the following risk factors: fixed interest rates, interest rates linked to foreign exchange variations and their corresponding spot rates, interest rates linked to price indexes (National Consumer Price Index (INPC), National Civil Construction Index (INCC), Amplified Consumer Price Index (IPCA) and the General Market Price Index (IGPM), as well as other interest rates (TR), foreign exchange variations (US\$) and share price variations.

The financial instruments are segregated into the following portfolios:

Trading portfolio: all transactions conducted with financial instruments, including derivatives, held with the intention of trading or for hedging other trading portfolio instruments. Transactions realized for trading are those intended for resale, for obtaining benefits from effective or expected changes in prices or arbitrage.

Banking portfolio: all transactions not classified in the trading portfolio. These consist of structured operations arising from the business lines of the organization and any related hedges.

Sensitivity analysis:

Risk factors	Trading and Banking Portfolio exposures subject to variation:	SCENARIOS(*)		
		(1) Probable	(2) Possible	(3) Remote
Interest rates	Fixed interest rates	(63)	(14,251)	(29,497)
Coupon - other interest rates	Coupon rates of interest rates	(31)	(5,272)	(9,669)
Coupon - price index	Coupon rates of price index	(32)	(809)	(648)
Foreign currency	Foreign exchange rates	(5)	(132)	(265)
Foreign exchange coupon	Foreign exchange coupon rates	-	(7)	(14)
Total at 6/30/2021		(131)	(20,471)	(40,093)
Total at 12/31/2020		(167)	(14,587)	(28,363)

The sensitivity analysis was effected based on the market data for the last day in June 2021, always considering the adverse impact on the positions for each scenario. The effects do not consider the correlation between the correlation between the scenario and the risk factors and tax effects.

Scenario 1: a one basis point (0.01% scenarios stress factor (increase or decrease) was applied to the forward interest rate structure in all scenarios/terms. For example: a 10% p.a. rate becomes 10.01% p.a. or 9.99% p.a. For foreign currencies and shares, a 1% stress factor was applied to the effective price.

Scenario 2: A 25% stress factor (increase or decrease) was applied to the rates (application of the 1.25 multiplier). For example: a 10% p.a. rate becomes 12.50% p.a. or 9.99% p.a. For foreign currencies and shares, a 25% stress factor was applied to the effective price.

Scenario 3: A 50% stress factor (increase or decrease) was applied to the rates (application of the 1.50 multiplier). For example: a 10% p.a. rate becomes 15.00% p.a. or 5.00% p.a. For foreign currencies and shares, a 50% stress factor was applied to the effective price.

The results of scenarios (2) and (3) are for simulations which involve significant stress situations, without considering correlation factors among the indices. They do not reflect possible variations arising from market dynamics, the probability of the occurrence of which is considered to be low, and also, from measures which could be taken by the Institution itself to mitigate any potential risks.

The Bank uses derivative financial instruments for hedging purposes to meet its needs for managing market risks arising from the mismatching of currencies, indices, portfolio terms and arbitrage.

Foreign exchange exposure

The Bank uses derivative financial instruments for hedging purposes to meet its needs for managing market risks arising from the mismatching of currencies, indices, portfolio terms and arbitrage.

At 6/30/2021 and 12/31/2020, the position of derivative financial instruments, in foreign currency, was as follows:

	Bank		Consolidated	
	6/30/2021	12/31/2020	6/30/2021	12/31/2020
Sold position - U.S. Dollar				
DOL	(7,499)	(2,590)	(7,499)	(2,590)
Total	(7,499)	(2,590)	(7,499)	(2,590)

- **Liquidity risk**

Liquidity risk is defined as the possibility of the Bank not being able to efficiently honor its expected and unexpected, current and future obligations, including those arising from related guarantees, without affecting its daily operations and without incurring significant losses; and also, the possibility of the Bank not being able to negotiate a specific position at market price, due to the amount being significant in relation to the financial volume normally transacted or some market interruptions.

The liquidity position, mismatching of primary risk factors, and of rates and terms of assets and liabilities in the portfolio, are constantly monitored.

The Bank maintains adequate liquidity levels, resulting from the quality of its assets and risk controls, in accordance with the Liquidity Risk Management Policy established and the regulatory requirements of the National Monetary Council (CMN Resolutions 2,804/00 and 4,090/12). The results of the gap analyses of liquidity gaps are reported every two weeks to the Treasury Committee.

- **Operating risk**

This risk refers to the possibility of losses occurring as a result of the failure, deficiency or inadequacy of internal processes, people and systems, or external events. This definition includes legal risk which is the risk related to the inadequacy or deficiencies in contracts entered into by the Bank, as well as any sanctions imposed as a result of non-compliance with the legal provisions and indemnities for damages to third parties arising from the activities carried out by the Bank.

The operating risk management structure is comprised of the Conglomerate's different areas and committees that participate in the operating and legal risk management process, with their respective roles and responsibilities, and comply with the segregation of duties. These areas and committees seek synergy, efficiency, process efficacy and effectiveness, besides respecting risk limits and appetite defined by the Conglomerate's management.

In compliance with the requirements established by BACEN Circular 3,930/19, the information on the risk management process is available for consultation on the website: <https://ri.bancopan.com.br/governanca-corporativa/gestao-de-riscos>.

- **Market value**

The net book and market values of the main financial instruments are presented below:

Consolidated	6/30/2021			12/31/2020		
	Net book value	Market value	Unrealized profit (loss)	Net book value	Market value	Unrealized profit (loss)
Marketable securities	3,778,434	3,717,481	(60,953)	2,945,552	2,997,409	51,857
- Trading securities	235,212	235,212	-	254,387	254,387	-
- Available-for-sale securities	849,064	849,064	-	866,173	866,173	-
- Securities held to maturity	2,694,158	2,633,205	(60,953)	1,824,992	1,876,849	51,857
Loan operations	32,032,288	35,054,157	3,021,869	29,110,643	33,718,706	4,608,063
Interbank deposits	3,533,888	3,581,119	(47,231)	8,747,715	8,776,018	(28,303)
Time deposits	15,703,330	16,815,681	(1,112,351)	12,742,632	14,302,803	(1,560,171)
Funds from issuance of securities	10,223,429	10,578,907	(355,478)	5,346,049	5,381,192	(35,143)
Subordinated debts	8,941	10,807	(1,866)	8,784	10,285	(1,501)
Unrealized profit - pretax			1,443,990			3,034,802

Determination of the market value of financial instruments:

- The market values of marketable securities, subordinated debts, and derivative financial instruments are based on market price quotations at the balance sheet date. When market quotations are not available, the market values are based on pricing models or equivalent instruments.

- The market values of the loan and leasing operations are determined by discounting future flows at the rates practiced in the market for equivalent transactions at the balance sheet date.

The market values of time and interbank deposits and borrowings and onlendings are calculated by applying the rates practiced at the balance sheet date for equivalent instruments to the existing assets and liabilities.

31) Employee Benefits

In line with the best market practices, PAN offers a number of social benefits to its employees, including: (a) healthcare assistance; (b) dental care assistance; (c) life insurance; (d) meal vouchers; (e) food vouchers. In the period ended 6/30/2021, the benefit expenses amounted to R\$ 48,086 and R\$ 48,189 in the Bank and in the Consolidated, respectively (R\$ 41,631 and R\$ 41,783 in the Bank and in the Consolidated, respectively, in the period ended 6/30/2020).

32) Income Tax and Social Contribution

a) Income tax and social contribution reconciliation:

	Bank		Consolidated	
	6/30/2021	6/30/2020	6/30/2021	6/30/2020
Profit before income tax and social contribution	551,126	408,815	553,991	417,239
Total charges at the nominal statutory combined rate	(248,007)	(172,647)	(248,345)	(173,751)
Reconciliation to tax expense:				
Equity in the results of investees	2,688	7,545	-	-
Interest on capital	69,138	55,352	69,138	55,352
Other amounts (2)	17,817	15,385	17,978	15,610
Income tax and social contribution expense	(158,364)	(94,365)	(161,229)	(102,789)

(1) Standard rate: (i) the provision for income tax is recorded based on the rate of 15% of taxable profit, plus a 10% surcharge; (ii) the social contribution on net profit for the Bank is calculated at the rate of 20%; for Arrendamento Mercantil at the rate of 15%, and for other companies at the rate of 9%.

(2) At 06/30/2021, refers to the difference in the CSLL rate due to the increase established by Law 14,183/21 (Note 33d).

b) Origin and change in deferred income tax and social contribution assets:

Bank	At 12/31/2020	Constituted	Realized	At 6/30/2021
Provisions for expected losses associated to the credit risk	1,376,171	386,373	-	1,762,544
Provision for civil contingencies	132,598	43,870	(43,124)	133,344
Provision for labor contingencies	63,512	13,446	(20,531)	56,427
Provision for tax contingencies	1,145	1,211	(1,233)	1,123
Provision for loss on assets not for own use	28,860	7,392	(2,269)	33,983
Mark-to-market adjustment of derivatives	33,447	277,787	(291,888)	19,346
Other provisions	634,763	325,503	(295,849)	664,417
Total deferred tax assets on temporary differences	2,270,496	1,055,582	(654,894)	2,671,184
Income tax and social contribution losses	1,120,237	321	(169,803)	950,755
Deferred tax assets, net of deferred tax liabilities	3,390,733	1,055,903	(824,697)	3,621,939

Consolidated	At 12/31/2020	Constituted	Realized	At 6/30/2021
Provisions for expected losses associated to the credit risk	1,389,209	386,541	-	1,775,750
Provision for civil contingencies	136,417	44,405	(44,195)	136,627
Provision for labor contingencies	65,644	13,521	(21,052)	58,113
Provision for tax contingencies	22,789	1,757	(1,260)	23,286
Provision for loss on assets not for own use	29,028	7,894	(2,553)	34,369
Mark-to-market adjustment of derivatives	48,294	277,960	(293,922)	32,332
Other provisions	635,416	326,649	(295,916)	666,149
Total deferred tax assets on temporary differences	2,326,797	1,058,727	(658,898)	2,726,626
Income tax and social contribution losses	1,171,847	722	(170,544)	1,002,025
Total deferred tax assets	3,498,644	1,059,449	(829,442)	3,728,651
Deferred tax liabilities (Note 32.e)	(85,620)	(191)	-	(85,811)
Deferred tax assets, net of deferred tax liabilities	3,413,024	1,059,258	(829,442)	3,642,840

c) Expected realization of deferred tax assets from temporary differences and income tax and social contribution carry-forward losses:

The projected realization of deferred tax assets was based on the study of the current and future scenarios, at 6/30/2021, the main assumptions for which were macroeconomic indicators, production indicators, and cost of funding. This study of projected realization of deferred tax assets, and of the assumptions adopted, was approved by the Bank's Board of Directors on 7/27/2021.

Deferred income tax and social contribution assets will be realized as the temporary differences are reversed or when they qualify for tax deductibility, or on the offset of the tax losses, a portion of which offset is being challenged at the administrative level. Management is confident its objectives will be attained.

The estimated realization of these assets is as follows:

Bank	Temporary differences		Income tax and social		Total	
	6/30/2021	12/31/2020	6/30/2021	12/31/2020	6/30/2021	12/31/2020
2021	766,799	1,044,953	39,660	196,810	806,459	1,241,763
2022	1,242,048	957,838	112,360	130,395	1,354,408	1,088,233
2023	569,460	142,447	298,043	329,520	867,503	471,967
2024	22,495	26,822	442,540	412,482	465,035	439,304
2025	12,309	25,762	58,152	51,030	70,461	76,792
From 2026 to -----	58,073	72,674	-	-	58,073	72,674
Total	2,671,184	2,270,496	950,755	1,120,237	3,621,939	3,390,733

Consolidated	Temporary differences		Income tax and social		Total	
	6/30/2021	12/31/2020	6/30/2021	12/31/2020	6/30/2021	12/31/2020
2021	771,827	1,048,508	40,361	197,642	812,188	1,246,150
2022	1,246,569	961,670	114,278	131,873	1,360,847	1,093,543
2023	573,767	146,921	300,474	331,223	874,241	478,144
2024	29,754	32,231	444,876	415,021	474,630	447,252
2025	23,357	37,443	59,473	53,538	82,830	90,981
From 2026 to -----	81,352	100,024	3,613	3,600	84,965	103,624
Total	2,726,626	2,326,797	963,075	1,132,897	3,689,701	3,459,694

At 6/30/2021, the present value of the tax credits, calculated based on Banco PAN's average funding rate, totaled R\$ 3,063,992 and R\$ 3,106,815 in the Consolidated (R\$ 3,012,595 in Banco PAN and R\$ 3,058,602 in the Consolidated at 12/31/2020).

In accordance with Article 5, paragraph 2 of CVM Resolution 3,059/02, the tax credits arising from tax losses incurred by excluding the credit from excess depreciation, in the amount of R\$ 38,950 (R\$ 38,950 at 12/31/2020), are not subject to the generation of profits based on a technical study.

d) Unrecorded tax credits:

At 6/30/2021, there were tax losses of R\$ 230,396 and R\$ 582,597 in the Bank and Consolidated, respectively (12/31/2020 - R\$ 230,396 in the Bank, and R\$ 582,869 in the Consolidated), in respect of which tax credits had not been recorded, amounting to R\$ 103,678 in the Bank, and R\$ 244,558 in the Consolidated (12/31/2020 - R\$ 103,678 in the Bank, and R\$ 244,667 in the Consolidated).

e) Deferred tax liabilities:

	At 12/31/2020	Constituted	At 6/30/2021
Adjustment to market value of marketable and other securities	(7,418)	(191)	(7,609)
Excess depreciation	(78,202)	-	(78,202)
Deferred tax assets, net of deferred tax liabilities	(85,620)	(191)	(85,811)

33) Other Information

- a) At 6/30/2021 and 12/31/2020, the Bank and its subsidiaries had no lease agreements for own acquisitions.
- b) Agreements for the Clearance and Settlement of Liabilities - CMN Resolution 3,263/05: the Bank entered into an agreement for the clearance and settlement of liabilities in the ambit of the National Financial System (SFN), in respect of transactions with corporate entities whether or not SFN members. This resolution allows for the offsetting of credits and debits with the same counterparty, where the maturity of the related rights and obligations can be accelerated to the date on which an event of default by either party occurs or in the case of the bankruptcy of the debtor.
- c) Since the beginning of the coronavirus (COVID-19) pandemic, the Bank has been adopting measures to minimize its impacts. The actions also considered the continuity and sustainability of the business, in addition to the recommendations of competent bodies. The well-being of our customers, partners, employees and suppliers remains a priority and Management continues to manage any new developments of the pandemic, acting in a timely manner together with society to mitigate its effects.
- d) On March 1, 2021, Provisional Measure 1,034 was published, establishing an increase in the Social Contribution on Net Income (CSLL) rate for banks from 20% to 25% between July 1, 2021 and December 31, 2021, returning to 20% as from January 2022. For all other financial institutions, which were previously subject to a CSLL rate of 15%, the rate was increased to 20% for the same period, returning to 15% as from January 2022. Such Provisional Measure was converted into Law 14,183, published in the Federal Official Gazette on July 15, 2021.

Declaration of the Executive Board

In compliance with the determinations of Instruction 480/09, of the Brazilian Securities Commission, the Executive Board of Banco PAN S.A. declares that it has discussed, reviewed and agreed with the parent company and consolidated financial statements for the period ended 6/30/2021.

Declaration of the Executive Board

In compliance with the determinations of Instruction 480/09, of the Brazilian Securities Commission, the Executive Board of Banco PAN S.A. declares that it has discussed, reviewed and agreed with the conclusion expressed by the independent auditors on the parent company and consolidated financial statements for the period ended 6/30/2021.

São Paulo, July 27, 2021

BOARD OF DIRECTORS

Chairman

Amos Genish

Board Members

Alexandre Camara e Silva

Fábio de Barros Pinheiro

Fábio Soares de Miranda Carvalho

Marcelo Adilson Tavarone Torresi

Roberto Balls Sallouti

Sérgio Cutolo dos Santos

EXECUTIVE BOARD

Chief Executive Officer

Carlos Eduardo Pereira Guimarães

Officers

Alex Sander Moreira Gonçalves

Camila Corá Reis Pinto Piccini*

Dermeval Bicalho Carvalho

Diogo Ciuffo da Silva

Leandro Marçal Araujo*

Mauro Dutra Mediano Dias

Roberta Cardim Geyer

AUDIT COMMITTEE

Fábio de Barros Pinheiro

Pedro Paulo Longuini

Sidnei Corrêa Marques*

ACCOUNTANT

Gregório Moreira Franco

CRC 1SP219426/O-2

*In process of approval by the Brazilian Central Bank.

Banco Pan S.A.
Parent company and consolidated
financial statements at
June 30, 2021
and independent auditor's report



(A free translation of the original in Portuguese)

Independent auditor's report

To the Board of Directors and Stockholders
Banco Pan S.A.

Opinion

We have audited the accompanying parent company financial statements of Banco Pan S.A. ("Bank") which comprise the balance sheet as at June 30, 2021 and the statements of income, comprehensive income, changes in equity and cash flows for the six-month period then ended, as well as the accompanying consolidated financial statements of Banco Pan S.A. and its subsidiaries ("Consolidated"), which comprise the consolidated balance sheet as at June 30, 2021 and the consolidated statements of income, comprehensive income and cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory information

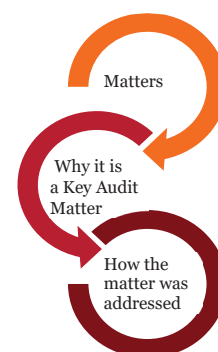
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Banco Pan S.A. and of Banco Pan S.A. and its subsidiaries as at June 30, 2021, and the Bank's financial performance and cash flows, as well as the consolidated financial performance and cash flows, for the six-month period then ended, in accordance with accounting practices adopted in Brazil, applicable to institutions authorized to operate by the Brazilian Central Bank (BACEN).

Basis for opinion

We conducted our audit in accordance with Brazilian and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the parent company and consolidated financial statements section of our report. We are independent of the Bank and its subsidiaries in accordance with the ethical requirements established in the Code of Professional Ethics and Professional Standards issued by the Brazilian Federal Accounting Council, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current six-month period. These matters were addressed in the context of our audit of the parent company and consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.





Banco Pan S.A.

Our audit for the six-month period ended June 30, 2021 was planned and performed taking into consideration that Bank and its subsidiaries' operations did not present significant changes compared to the prior year. Accordingly, the Key Audit Matters, as well as our audit approach, were substantially aligned with those of the prior year.

Why it is a Key Audit Matter	How the matter was addressed in the audit
<p>Provision for expected losses - credit risk (Notes 3 g and 8)</p> <p>Banco Pan S.A. and its subsidiaries operate mainly in the retail banking sector (Note 1). Management's judgment is applied to determine assumptions and criteria when recording the provision for expected losses associated to credit risks.</p> <p>This process is consistent with the standards and instructions issued by the National Monetary Council (CMN) and the BACEN for estimating credit risk. We focused again on this area in our audit because of the nature of the inherent risks.</p>	<p>Our key audit procedures considered the understanding of the significant controls in place to calculate the provision for losses associated to credit risks, the completeness of the database, the processing and recording of the provisions and related disclosures.</p> <p>We also tested the reconciliation of the accounting balances with the analytical records and recalculated, on a test basis, the provision for expected losses associated to credit risks, based on the Bank's policies, which include, among others, an evaluation of the risks and effects of delinquencies, consistent with applicable standards.</p> <p>We consider the assumptions and criteria used by Management are consistent with the information provided in the financial statements.</p>

Information technology environment	
<p>The Bank and its subsidiaries operate in a business environment in which the information technology structure is critical to the development of its operations and to ensure it continues as a going concern. This technology structure involves the processing of a high volume of transactions on a daily basis, which relies on diverse processes to manage the access and security of the information.</p> <p>Information technology risks inherent in the processing of transactions, through different legacy systems, could generate incorrect information critical to the preparation of the financial statements.</p> <p>We decided to again select this area for focus in our audit because of these level of risks.</p>	<p>With the support of our system specialists, our audit encompassed an understanding and testing of the information technology general controls and security. These address systemic changes and program development, the security over program and database access, data processing center physical security and compensating controls, when required.</p> <p>We also tested automated controls over technology-dependent information, access restrictions and segregation of duties for processes relevant to the financial statement presentation.</p> <p>Our procedures provided us with reasonable audit evidence of the information technology environment over the preparation of financial statements.</p>



Banco Pan S.A.

Why it is a Key Audit Matter	How the matter was addressed in the audit
<p data-bbox="258 448 845 492">Tax credits (Notes 3 n and 32 b)</p> <p data-bbox="258 515 845 750">The Bank and its subsidiaries recorded deferred tax assets of R\$ 3.7 billion from income tax and social contribution tax losses and temporary differences supported by projections of taxable profit. The projections are based on a study prepared by Management of current and future scenarios that require the use of judgment and subjective assumptions.</p> <p data-bbox="258 772 845 1019">We focused again on this area in our audit as the use of different assumptions in determining projected taxable profit could significantly change the estimated offset dates and tax credit amounts. The selection of these estimates is required to comply with CMN and BACEN protocols for recording and maintaining such assets in the financial statements.</p>	<p data-bbox="845 515 1474 784">Our key audit procedures considered an understanding of the calculation and accounting processes based on tax regulations and accounting standards for tax credits, including the CMN and BACEN specific requirements. We also obtained an understanding of the relevant assumptions used by Management to estimate future taxable profits supporting the tax credits realization.</p> <p data-bbox="845 806 1474 996">We compared the assumptions used by the Bank and its subsidiaries to project taxable profits with the budgets approved by the Board of Directors and with market projections. Finally, we performed back-testing to support the reasonableness of past projections.</p> <p data-bbox="845 1019 1474 1133">We consider the assumptions and criteria adopted by Management are consistent in relation to the tax credit assets booked, the maintenance thereof and estimated realization.</p>

Other matters

Statements of value added

The parent company and consolidated statements of value added for the six-month period ended June 30, 2021, prepared under the responsibility of the Bank's management and presented as supplementary information for purposes of the Brazilian Central Bank, were submitted to audit procedures performed in conjunction with the audit of the Bank's financial statements. The presentation of these statements is required by the Brazilian corporate legislation for listed companies. For the purposes of forming our opinion, we evaluated whether these statements are reconciled with the financial statements and accounting records, as applicable, and if their form and content are in accordance with the criteria defined in Technical Pronouncement CPC 09 - "Statement of Value Added". In our opinion, these statements of value added have been properly prepared, in all material respects, in accordance with the criteria established in the Technical Pronouncement, and are consistent with the parent company and consolidated financial statements taken as a whole.



Banco Pan S.A.

Other information accompanying the parent company and consolidated financial statements and the auditor's report

The Bank's management is responsible for the other information that comprises the Management Report.

Our opinion on the parent company and consolidated financial statements does not cover the Management Report, and we do not express any form of audit conclusion thereon.

In connection with the audit of the parent company and consolidated financial statements, our responsibility is to read the Management Report and, in doing so, consider whether this report is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement in the Management Report, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the parent company and consolidated financial statements

Management is responsible for the preparation and fair presentation of the parent company and consolidated financial statements in accordance with accounting practices adopted in Brazil, applicable to institutions authorized to operate by the Brazilian Central Bank (BACEN), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent company and consolidated financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the financial reporting process of the Bank and its subsidiaries.

Auditor's responsibilities for the audit of the parent company and consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the parent company and consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Brazilian and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Brazilian and International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the parent company and consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



Banco Pan S.A.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Bank and its subsidiaries.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the parent company and consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the parent company and consolidated financial statements, including the disclosures, and whether these financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current six-month period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

São Paulo, July 27, 2021

PricewaterhouseCoopers
Auditores Independentes
CRC 2SP000160/O-5

Tatiana Fernandes Kagohara Gueorguiev
Contadora CRC 1SP245281/O-6

SUMMARY OF THE AUDIT COMMITTEE REPORT

1st HALF OF 2021

The Audit Committee ("COAUD") for Banco PAN S.A. ("Bank") presents a summary of its report as required by CMN Resolution 3,198, of May 27, 2004, article 17, 2nd paragraph, to the financial statements for the first half of 2021, including the Explanatory Notes ("Financial Statements"), Management Report and Independent Auditor's Report, and disclosures of information that it considers material to the users of the financial information.

The information was presented in the meetings held with Management, operating areas, the reports produced and presented to COAUD, as well as in interactions with the Bank's Internal Audit function and the Independent Audit firm.

The COAUD was informed that there were no changes in criteria or material facts that could impact the balance sheet or the Bank's results in this period, other than those in the explanatory notes, which include: (i) determining the amount of the provision for expected losses associated with credit risk, in accordance with the applicable regulations in force, associated with the judgment and assumptions used by Management to determine credit risk. The Independent Auditors Report indicates that it had treated as key audit matters: (i) the assumptions and criteria adopted by the Company's Management for information disclosed in the financial statements; (ii) the Information Technology environment, for the process of preparation of the financial statements; and (iii) underlying tax credit assumptions and criteria adopted by the Bank's Management for the tax credit assets, maintenance and estimated realization. Additionally, as regards the financial statements, the Independent Audit firm considered that they were properly prepared, in all material respects, and are consistent with the parent company and consolidated accounting information of Banco PAN and its subsidiaries taken as a whole. The main issues that occurred in this period were: (i) expansion of the digital banking; (ii) settlement of the Interbank Deposit Certificates (CDI) with Caixa Econômica Federal; (iii) issuance of Financial Bills; (iv) signing of the Common Share Purchase and Sale Agreement and Other Covenants by and between Caixa Participações S.A. - CAIXAPAR and Banco Sistema S.A., a subsidiary of Banco BTG Pactual S.A. ("BTG Pactual"), with the consolidation of the Company's indirect control in BTG Pactual and subsequent termination of the Company's Shareholders' Agreement; and (v) new funding structure.

Considering the above, and taking into account the limitations on its responsibilities in its reliance on the veracity of information received from the Bank, the COAUD considers that:

a) The Company has been improving the monitoring of the main risk indicators, reported monthly disclosed in the Risk Appetite Statement (RAS) and also its corporate governance, with an emphasis to the fact that in the period there was no action plan with more than one renewal, evidencing the compliance with the new governance rules of the Company's action plans, demonstrating a change in the culture of the business areas in the preparation of the action plans, whose actions have been more assertive and, in addition, with the updating of the following Corporate Policies: (i) Information Security and Cybersecurity; (ii) Business Continuity Management; and (iii) Money Laundering and Terrorist Financing Prevention. Furthermore, the Company's Management continues to put forth efforts to continuously improve the Company's cybersecurity environment and technology systems and to enhance the Company's Data Privacy Protection Program.

b) There is no material fact or evidence that could impair the effectiveness or independence of the internal and independent audits, which are compatible with the size and characteristics of the Bank; and

c) The parent company and consolidated financial statements of the Bank and the accompanying notes, together with the Management Report and the Independent Auditor's Report, were prepared in accordance with current regulations, with the requirements of the Brazilian Central Bank and the accounting practices adopted in Brazil, to reflect the Bank's current financial position and performance.

São Paulo, July 22, 2021

FÁBIO DE BARROS PINHEIRO

President

PEDRO PAULO LONGUINI

Member