International Conference Call
Banco Pan (BPAN04)
2Q25 Earnings Results
August 11th, 2025

Operator: Welcome to Banco Pan's conference call for discussing our results related to the 2Q25.

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We would like to inform everyone that this event is being recorded, and all participants will be in listen-only mode during the Company's presentation. Once the Bank's remarks are completed, there will be a question-and-answer session for participants, when further instructions will be provided.

We would like to inform you that statements that may be made given this conference call related to Banco Pan's forward-looking perspectives, projections, and operational goals are based on the beliefs and assumptions of management and on information currently available to the Company. Future-looking statements are no guarantee of future performance. This involves risks, uncertainties and assumptions because they relate to future events and therefore depend on circumstances that may or may not occur.

Investors and analysts should understand that general economic conditions, industry conditions and other operating factors could also affect the Bank's future results and could cause these results to differ naturally from those expressed in such forward-looking statements.

With us here today, we have Mr. André Luiz Calabro, Banco Pan's CEO, and Mr. Inácio Caminha, Head of Investor Relations.

We will now give the floor to Mr. André Luiz Calabro, who will begin today's presentation. Please, Mr. Calabro, you may proceed.

André Luiz Calabro:

Hello, good morning. Thank you again for being here with us in this conference call.

And I will get started here with the first highlights on the first page. We have four main ones that are going to guide our call today. The first item, number one, Credit Portfolio. We see that there was an origination recovery and full retention of the performing portfolio. I think the main highlight today guiding our call is the option of not assigning on the portfolio. This was an option we made this quarter because a long time this portfolio that was not assigned is going to give us more performance to the revenues related to the portfolio.

And also, during time, the Bank becomes simpler, with the core more aligned, and this decision is based also on the solid operational results that the Bank shows. So it is important that although credit assignment is a tool, it's an option today for Banco Pan.

Delinquency. Well, we have stability in our portfolios with the clean portfolios. They are flat. We are going to give more details about this item.

The Margins are in robust levels in relation to the balance sheet portfolio. And regarding expenses, we have a reduction of our personal and admin expenses and costs. We've reduced in 20% this type of expenses, and admin and personal expenses were really around 7%.

Next slide, here we have some indicators about the Bank. The number of customers is 32 million in the 2Q. Credit portfolio reached R$ 57.8 billion, an increase of 18% in relation to the 2Q24 and 5% increase regarding the previous quarter. Net income, we had a reduction regarding the previous quarter, but basically because of our assignment – we're going to explain it later –, ROE, 11.3 percent.

Well, we did an exercise bringing the history of results since 2021 to show some indicators. First, net income is very well-aligned with the results of previous years. The good news here is that in the 2Q, here we don't have the effect of the assignment, so this indicator here is really important. Our credit portfolio has been growing, so we are already at 57.8., and ROE 11.3% is not comparable to the previous ones because of the assignment effect, but if we had done the assignment, the ROE would be even superior to the 1Q25.

And lastly, we wanted to give you some details here about our efficiency strategy, also using artificial intelligence, bringing you here some front lines in which we are investing that are going to allow us to have more efficiency, performance gain, speed. So B2C origination, we had an increase of 32% over the last 12 months with the intensive use of data engine AI for lead generation and conversion improvement.

Credit and collections, we also used AI in our models to determine the behavioral influence; to assess collaterals and the benefits amounted to a reduction of losses by 20%. All our interaction with customers, well, we have 75% of self-service. We are here really focusing on reducing the costs of serving. This is a very important indicator, our use of bots (AI) gives us a very high level of problem solving. And in the operations, we have more than 130 processes that are automated. This creates an excellence in operations, leverage, and reductions in the expenses.

Now, Inácio is going to give you some indexes about our business in more detail. After that, we are going to have the Q&A session.

Inácio Caminha:

Okay, now on slide 7, we are going to talk about engagement. Our total number of customers has decreased, and here we see a relation with the review in the amount of clusters, some specific clusters. We opted for closing the relationship, and this is a daily issue, especially at this moment in which we see the macro deteriorating, and so we have to adjust our appetite and our growth speed accordingly.

Then cross-sell index, we have 2.3 products per active clients. The clients with the Pix keys also evolved, and the transaction volume is 32.2. Even so, it increased, even with the reduction of some clients.

And now talking about origination, on slide number 8, we have R$ 7.4 billion, vehicles recovered to 4.8 and with a profitability that is good. Personal payroll loan, we have a good volume, relevant, totalizing R$ 1.1 billion, and this number also we expect it to be even stronger from 3Q on because we were at this initial phases of the product, we had that regular mentation of 120 days, but since the end of June, the volume of origination increased. So we have good perspectives for this product, especially substituting the focus on the short-term with the public and the INSS payroll loan that have very squeezed margins that are not that attractive.

On the INSS specifically, we have the entry of the marketplace now at the end of August. This is a way for us to maybe expand a little bit on the B2C. But certainly, we will not have the same levels that we had in the past for this product. FGTS is flat and personal loans are also flat, with R$ 300 million.

Credit portfolio, on slide number 9, amounted to… so vehicles, of course, is the highest portfolio, payroll, the public and the private one, cars and FGTS also had an increase, especially because of the personal origination. And then another movement was the reduction of the clean portfolios, cards, or personal loan that decreased 3% in the quarter. But we think this is an important growth, especially given the effect that we have seen of a retraction in the public payroll loan and INSS.

On slide 10, we talk about delinquency. Our portfolio mix is very similar to the previous one, slight decrease on payroll as a whole, vehicles increased one point. In delinquency 15 to 90, as expected, a decrease, especially in vehicles, and over 90, there was this high to 8.3.

In vehicles, we have a portfolio that is stable, and we are comfortable with the dynamics that those products have been showing. They are live products, and we adapt according to the vintages and the quarters.

On slide 11, we have information regarding the cards. And here again, we have a reduction in the issuance of cards that is aligned with everything that we've been talking about. Also, we had a mix of clients, this impacts the TPV of this quarter. These are one-off adjustments that don't change the expectations for the increase of the clean portfolio that are important for our growth.

Insurances, we rebounded so we are growing again in premiums and revenues. So, with this pickup of vehicles. And here we have a breakdown to show you according to the type of premiums. So we can perceive here that life insurance and vehicle insurance have increased. In the last year, they represent a little bit more, and this shows a diversification of the product.

Now let's talk about the financial highlights. Our interest margin has decreased from R$ 2.1 billion and this is because of two effects: The first one is that we didn't sell on day portfolio; and also the fact that we have done again an NPL portfolio selling. We were understanding the effects of 4966, so we didn't sell this portfolio last quarter, but this quarter we began doing it again. And every time we have this NPL sale on balance, NPL portfolio, you have this reversion of the provisions on this portfolio that creates a benefit on the group of the credit cost.

So looking at the two other graphics here in parallel, we see that the decrease in one of them is associated with the improvement of credit cost to 6.8. If we hadn't done this sale, the credit cost would be flat and, at the end of the day, we always look at the NIM after credit cost decreased to 7.4 because of not having an assignment, but also because of the slower speed on the clean portfolio.

Now, let's talk about the expenses. As Calabro mentioned, we have done an important effort to improve our efficiency. So here, we've put the four previous quarters to show you how this presents. So we come from an expense that was 640 and 632 now in the 2Q25, this movement is positive.

And then on contingencies, we had a small increase because of the increase of the lawsuits maybe related to the media on the topics that have been happening in this last half. And then, the expenses with origination are also stable, so we have benefits with the reduction of the payroll loan.

Services revenues improved, and when we look to the last line, we have R$ 191 million with a ROE of 11.3%. As Calabro mentioned, this is a new way of composition, is different from the last quarters', and we are very comfortable with this dynamic.

And to close, we have information regarding equity and capital. Basel rate is managerial because it's the conglomerate BTG, it is very comfortable. The Basel rate, the equity is increasing, so we are very comfortable to continue with our strategies.

And with that, we conclude our presentation and open for the Q&A session.

Question and Answer Session

Operator: Thank you. So now we are going to begin with a Q&A session for investors and analysts. In case you wish to make a question, please raise your hand on the Zoom platform.

Pedro Leduc, Itaú: Hello, good morning. Thank you for taking my question. Congratulations for the private payroll loan. I would like to understand from you how do you think you are gaining traction? Is it another portal, own origination, is there any other channel? What is giving you this bigger appetite than other banks?

And also, if you can give us color, what is PDD on portfolio that you are working with? Thank you.

André Luiz Calabro: Hello, Pedro. Thank you for your question. Well, I'm going to take some time to answer your question because I think it's worth it. Why do we have this traction in the private payroll loan? Since the beginning, the designing of the product, we've studied our product, you know, regarding the policy, the credit. So we don't look only at the risk per client, but also in our modeling we assess the risk of the Company, so the corporate risk. With that, we have a modelling that is much more sound and more guaranteed to escalate the product.

The second point that I would like to mention is, well, when you talk about origination, today 50% of our origination comes from our own channels. Since May, we are escalating this, aligning to our strategy. Today, the client originates not only at the CTPS, but half of this origination is through our apps and channels.

And regarding provision of expenses, and when we look at the indicators of writing and repassing, we had an indicator that was spread out in the media that was a little bit lower. I can guarantee you that our indicators are above this 84 or 86 that was divulgated, because on the credit assignment, we have a much more adjusted process regarding the new credits. And also, we had two very good surprises: the good index of re-employment, so those clients that didn't have their repass realized we now have a very good process of re-employment. So when the client changes jobs, we adjust this, and in the process of recovering clients that maybe, you know, are unemployed and lost their jobs, we have this process to not only alert them, because we know that sometimes there is just a mismatch of communication between the corporate entity that didn't repass to us the money. But this is going very well.

So because of this, as we commented in our release, we are already in the amount of R$ 1.5 billion and we are going to continue growing because of all that I have explained, but because of all the operations that we are going to begin in the future.

Pedro Leduc: Thank you.

Olavo Arthuzo, UBS: Good morning, Andre. Good morning, Inácio. Thanks for taking my question. I have two. The first one is about the credit assignment. We saw that this quarter it went to zero. So, it improves the quality of the result, but it also pressures the net income in the short-term. So, I would like to understand the construction of the earnings along the 2Q.

Can we understand that the Bank is going to cease assignments in the next quarters? Or should we work with something near zero, as we saw in the 1Q? Just for us to understand what to expect in the 2H of the year, to understand the profit in 2025.

And the second question is, well, we saw that stage 3 expanded in a very relevant way. The portfolio is above what we've expected and projected. So can you elaborate please, where did this deterioration come from? I understand that you commented that the clean portfolios were responsible for this effect, but I would like to understand this vehicle's portfolio in this regard. Was there a contribution in this stage 3, or was it only because of the clean portfolio?

And also, could you please give us some color on the evolution of the vintages, both vehicles portfolio and motorcycles portfolio? Thank you.

André Luiz Calabro: Thank you, Olavo, for your question. So, about credit assignments, as I've mentioned, with my arrival at the Bank, we did a very good evaluation about the operational result of the Bank. So we are comfortable in not doing credit assignments. As I said, it is an option for us, and it is a managerial tool, of course, so the trend is that we don't do any more assignments.

But again, this is an option. And why? Because we are looking at the results in the medium and long-term. So we are looking at the Bank with a long-term vision. So in terms of portfolio, we are going to have the benefits of accruing the revenues of these portfolios that are not assigned. And second, along the time, the Bank becomes simpler, more focused on its core. Today, we have processes, systems that are focused on the management of these portfolios that are assigned.

And also, in line with our long-term strategy, we want to have a closer relationship with our clients. So because of these items, we made this decision. So we are very calm about this decision, we think this is going to be best for the Bank.

And to avoid any misunderstandings, the portfolio assignment is an option, a tool. This quarter we opted not to do it, and the trend is not to do it in the next quarters as well.

Regarding the second question about stage 3, well, stage 3 is indeed impacted by the clean portfolios. So if you look at our strategies, we have been working on the portfolios to have more collaterals. And why did we reduce the origination of clean portfolios? Because we have been observing delinquency in the market, we have been observing the macro scenario. So to avoid a worsening along time, we decided by the reduction of the clean portfolio, a review in the limits to have stability in this portfolio.

On the other hand, and now I'm going to mention the vehicle portfolio that you've mentioned, we have had good indicators by the strategy of recovery of credit assignments. So in over 90, we have stability, the trend is positive. And 15 to 90 – now I'm going to answer also your question about the vintages –, in the last ones, two to three previous ones, they have had a better quality because of the improvements and reviews that we have done, review of our policy inclusive, and the good job that we are doing in the credit modelling, and also because of our sense that we are studying and redoing a long time.

I hope to have answered your three questions. If you have anything else, please feel free to ask. And thank you again.

Olavo Arthuzo: Thank you. It was very clear, but if you allow me a follow-up on this last topic to understand the evolution of the macro with the collaterals: could we think about the collaterals today but looking to 2024 up to now? Was there any effect? I want to understand if this is going to impact the quality of this vehicle’s portfolio.

André Luiz Calabro: Well, according to our strategy, this type of portfolios have a low index of recovery. We work with the concept and strategy of a friendly delivery. But we have begun with a new framework of collaterals, and I assure you the impact is almost zero, because let's say the process is not yet 100% adjusted in the market. And on the other hand, the impact regarding our recovery management in the legal area, let's say so, is reduced. But we are studying, okay, to understand if there is any benefit in escalating this managing tool along time.

Olavo Arthuzo: Okay, thank you, Andre.

Brian Flores, Citi: Hello, good morning. Thank you for taking my question. I have a question about the margins and growth dynamics. You said that you are more cautious about the clean credit. I think this is reasonable because of the macro scenario, but should we think about a tighter and smaller margin as you advance in the private payroll loan? So my question is if the trend of this margin should continue under pressure, I think this would help us to understand things better.

André Luiz Calabro: Hi Brian, thank you for your question. Okay, I'm going to begin and then Inácio is going to give you more color. Well, we are more cautious in the clean portfolios. This is good, this is prudent at this moment in time. Of course, they help us with robust margins, but we've preferred to do this realignment of a strategy because, as I mentioned in almost all my answers, we look to the Bank not only today, but we want to have a consistent result in the medium and long-term.

Regarding the margins, excluding the assignments, we are going to keep at the same level, we're not going to have a drop, a fall. And on the other hand, we are increasing the more resilient portfolios, the light, the motorcycles, the private payroll loans and FGTS, and trying to pick up in the public and the INSS payroll loan.

With the entrance of the marketplace, there might be a surprise. Everything is so new, we don't really know what is going to happen, but we are paying attention. We're going to be in the marketplace on the launch day. So I think that there's no pressure regarding margins, even with the reduction of the clean portfolio.

But Inácio, I don't know if you would like to add something.

Inácio Caminha: Yeah, yeah, I think that's it. On the one hand, you take a little bit of the strength with the clean portfolio, but in vehicles we have a good profitability, so you renew the vintages. Also, we have the private, the personal, with a very good profitability helps and the reduction of the public, and INSS payroll also helps, the rebound of the INSS would be searching for higher profitabilities. So I don't see any movements downwards, okay, in the margins excluding the portfolio.

Brian Flores: Okay, very clear. And just to follow-up, I think the pace of the portfolio growth decreased a little bit. You began with 20, now it's 18. The portfolio in the year as a whole, will it close around 15 or around 20? How do you see this? What's your appetite in this portfolio?

André Luiz Calabro: Brian, well, year over year, the portfolio increases. But if we look at the previous quarters, the difference is on the INSS and public payroll loans. Before, the origination was higher, we reduced in the 1Q, and in the 2Q the reduction, well, if we didn't have the blockage, you know, about the blockages that we had in May in the benefits of the renter people here in Brazil. So this portfolio didn't pick up.

So, well, the levels decreased. So again, answering your question, if we look at the difference, okay, is the origination of INSS because of this blockages in the retired benefits of INSS, but also, we are going to work in the private payroll loan because they have a more robust margin, and the performance has been aligned with our expectation.

Brian Flores: Okay, perfect. So the pace, as I see, is going to be towards the 20%?

André Luiz Calabro: Yeah, yeah, we expect a growth of this magnitude.

Brian Flores: Okay, thank you.

Antonio Ruette, Bank of America: Good morning, thank you for your time. I have two questions. The first one is about the sale of the delinquent portfolio. Could you give us some more color about it? The cost of risk was stable in 2.8. Is this so? And what about the NII? What is the impact of this portfolio, the size of it?

And my second question is regarding the figures. Could you give us some figures in terms of target and synergy regarding OPEX? What can you still capture with the controller Bank?

Inácio Caminha: Hello. Well, let's answer it. Well, the NPL impact, remember, we have the on and off-balance sale, so it's around R$ 300 million that we've recognized as losses inside of the margin group, and also R$ 300 million as a benefit when we reverse the provision. So this is in the credit group, okay? Then you would have 8.8, almost stable, the 8.8 from the 1Q, that would be very aligned with the numbers in the 2Q.

So this is the effect of the on-balance sales and off-balance sales also that contribute to the results. The revenue of WO recovery was 92 million in the 2Q. Part of it is an ongoing process that we do internally of portfolio recovering, and a small part, 10 million, came from this specific transaction of the off-balance portfolio sale.

So this is the composition of the figures in this quarter in the different lines.

Antonio Ruette: Okay, thank you for answering.

André Luiz Ruette: Also, Antonio – we didn't answer your second question –, so we have made an effort regarding the efficiency of the Bank. So now we have good indicators in the admin and personal expenses. Of course, this happens quarter after quarter, so we are not yet being positively impacted by the technological implementations, and the operational process in synergy with the BTG Bank, because they are structural processes that take a long time to be deployed. So these benefits are going to happen in the long-term around 2027.

But regardless, we have been doing a very good job and efficiency is improving. So we have a reduction of 50 million in this 1Q, and until the end of the year, we're going to have good news.

But again, the value to be captured is in the long-term with the technological structuring processes.

Antonio Ruette: Thank you for your answer.

Operator: Since we don't have any more questions, I would like to pass the floor to Mr. André Calabro for the final remarks.

André Luiz Calabro: Thank you for your questions, for your participation in this conference call. We are available if you have any questions at the post-call.

And I hope that we were able to share with you not only the results of this quarter, but the strategies that we have been adopting in the long-term. We are very confident that we are in the right way and quarter after quarter we are going to reap the fruits and the benefits of this strategy.

So again, thank you, have a good day and we are available.

Operator: This concludes Banco Pan's conference call. We thank you for your attendance and wish you a nice day!