

PagBank records its highest recurring net income in Q124, reaching 522 million BRL – an increase of +33% in the annual comparison

TPV reached 112 billion BRL (+27% YoY), more than twice the industry's growth and 31 billion BRL in deposits, reinforcing the balance sheet for expansion of receivables anticipation and credit concession.



Photo: PagBank

São Paulo, May 23, 2024 – PagBank (NYSE: PAGS), a complete digital bank in financial services and payments solution and one of the largest digital banks in Brazil, announces its results for the first quarter of 2024 (Q124). The main highlights of the period include a record **recurring net profit** of **522 million BRL** (+33% YoY), while the **net accounting profit** reached **483 million BRL** (+31 YoY%).

Alexandre Magnani, CEO of PagBank, points out the continuity of the good results presented in the last quarters, highlighting the expressive gain of market share in payments (acquirings), balancing growth with profitability, while the Company establishes itself among the largest financial institutions in Brazil in number of clients:

"We are more than 31 million customers and our execution has been consistent. We have consolidated our value proposition for micro, small, and medium-sized enterprises, facilitating the financial life of individuals and businesses. At the same time, we have captured opportunities for client-consumers who do not have a relationship with payment machines through payroll loans, our broad investment platform, and the offer of a complete bank," says the CEO of PagBank.

In acquirings, the **TPV** registered was **112 billion BRL** (+27% YoY), growing in all segments (MSMBs and Large Companies, E-commerce, and Cross-border businesses¹). In digital banking, PagBank reached **66 billion BRL** in **Cash-In** (+48% YoY), a metric that represents the financial volume received from other financial institutions in PagBank accounts, excluding acquisition, especially Pix, business account products, and salary portability.

The substantial volumes of TPV and Cash-in led **deposits** to record numbers of nearly **31 billion BRL** (+64% YoY and +11%QoQ) despite the less favorable seasonality of the period, given that in the first months of the year, customers have more significant disbursements to honor the payment of taxes, such as IPTU and IPVA, and school yearly supplies, among other expenses. *"We stand out for offering instant settlement for our customers and carrying out easy operations via Pix, leveraging our TPV and Cash-In volume in PagBank accounts. This,*

¹GCECs: The Brazilian acronym for large companies (annual revenues above 12 million BRL), e-commerce and cross-border businesses.

added to the fact that we have a banking license since 2019, means that we have the agility of a fintech and low funding costs like a traditional bank," says Magnani.

According to Artur Schunck, CFO of PagBank, operational growth does not harm the Company's capital allocation. On the contrary, the acceleration of revenue growth and discipline in costs and expenses were the main levers of the record result. *"The financial margins of the consolidated business were high. Our profit grew more than 30% compared to the Q1 2023, even with additional disbursements linked to the new cycle of growth and diversification of the operation, including geographical expansion and marketing actions in the period",* says Schunck.

The credit portfolio resumed growth and reached **2.7 billion** (+8% QoQ) at the end of March, focusing on low-risk products such as consigned credit, the anticipation of the year withdrawal of FGTS (Severance Pay Fund), and credit cards with a limit attached to PagBank's CDBs (a type of fixed-income investment). Schunck believes that despite short-term macroeconomic uncertainties regarding interest and inflation behavior, the worst is in the past, and he is confident in the credit strategy:

"We crossed the pandemic, the significant high-interest rate period, and one of the worst credit cycles in Brazil and still we have built a robust balance sheet and diversified our credit portfolio in terms of customers, products, and risks. Now, we are opening up opportunities to accelerate the concession and gradually expand the offer of credit products from the next few months," says the CFO of PagBank.

Other Highlights

Net revenue in the quarter was **4.3 billion BRL** (+15% YoY), driven by the strong growth of the acquirings, led by MSMBs (micro, small and medium-sized businesses) and the advance in large accounts, with emphasis on online, cross-border, and automation, as well as the growth of higher margins in financial services. **The number of clients** reached **31.4 million**, reinforcing PagBank's position as one of the largest digital banks in the country.

In the period, PagBank was recognized as **the best bank in Brazil** and awarded **the RA1000 seal of quality** in service, both granted by the Reclame Aqui ranking and as one of **the 50 most valuable brands in the country**, according to a survey conducted by Kantar BrandZ.

Among the launches of the quarter, main highlights were **PagBankPartnerships**, a relationship and integration program with software companies and commercial automation; **Seguro Empresarial (Business Insurance)** offering coverage against fires, electrical damage, theft, burglary, and natural disasters, among others; and **Tap to Pay Online**, a new and exclusive technology in Latin America that allows the customer to run online transactions by bringing credit or debit card closer to the mobile phone on e-commerce platforms. In addition, PagBank has started to offer **1% cashback on all purchases made with the digital bank credit card** and **new investment options, such as the CBD, with a 130% CDI rate-variation yield.**

"This current moment reminds us very much of our phase between 2018 and 2019, in which we grew in a fast and profitable way, and launched several products. We are very optimistic about the coming months and years of the Company", says the CEO of PagBank.

Rio Grande do Sul

PagBank has closely monitored the potential impacts of the ongoing climate tragedy in the state of Rio Grande do Sul and the developments in its operations. The Company's TPV exposure in the state is similar to the state's share in national GDP – around 5%. The Company says it is early to share some numbers since consumption in

the affected regions have decreased due to the temporary closure of the business, while moving people to neighboring cities and states can increase consumption in unaffected areas.

"At this time, our focus is on supporting flood victims, especially our professionals working in the state of Rio Grande do Sul, through donations from PagBank and its professionals, in cash and goods, as well as offering special support to our affected customer," says Magnani.

Check out the financial results of PagBank in Q124 [here](#).

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About PagBank

PagBank promotes innovative solutions in financial services and means of payment, automating the purchase, sale, and transfer process to leverage individuals' and enterprises' businesses simply and securely. A company of the UOL Group – leader of the Brazilian Internet – **PagBank** acts as an issuer and acquirer, offering digital accounts and providing complete solutions for online and face-to-face payments (by mobile devices and POS devices).

PagBank also has a wide variety of means of payment, such as credit and prepaid cards, bank transfers, payments by billet, and balance in the account, among others. PagBank (PagSeguro Internet Payment Institution S.A) is regulated by the Central Bank of Brazil as an electronic money-issuing payment institution, issuer of post-paid instruments and acquirer, having partnerships with the leading credit card issuers. Its parent company, PagSeguro Digital, is listed in the U.S. (NYSE: PAGES) and regulated by the Securities and Exchange Commission (SEC). The distribution of investment funds is carried out by BancoSeguro S.A., authorized by the Central Bank of Brazil, the Securities and Exchange Commission, and affiliated with ANBIMA.

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