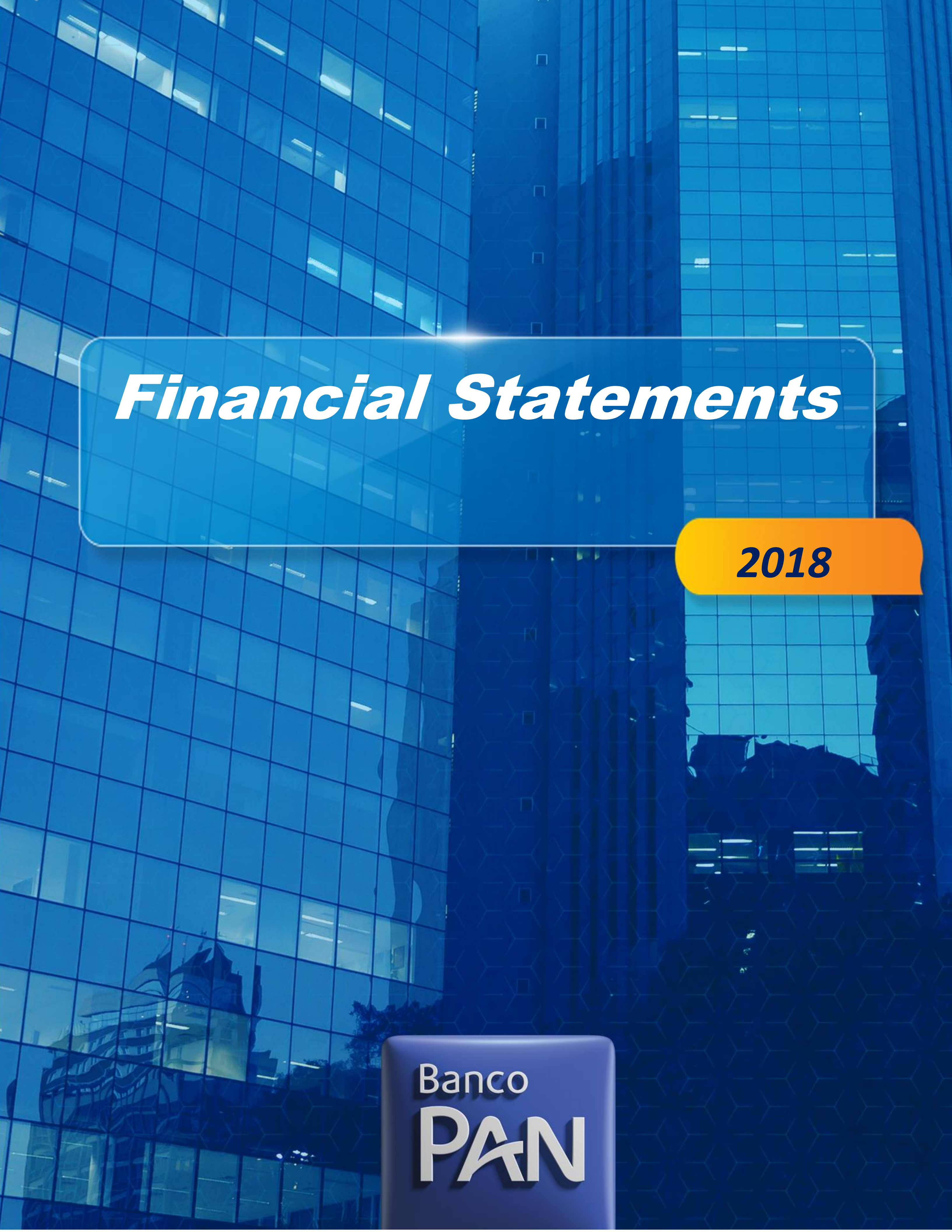


Financial Statements

2018

Banco PAN

Banco Pan S.A.

Parent company and consolidated financial statements at December 31, 2018 and independent auditor's report

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 December 31, 2018 and the statements of income, changes in equity and cash flows for the six-month period and year 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 December 31, 2018 and the consolidated statements of income, changes in equity and cash flows for the six-month period and year then ended, and notes to the financial statements, including a summary of significant accounting policies.

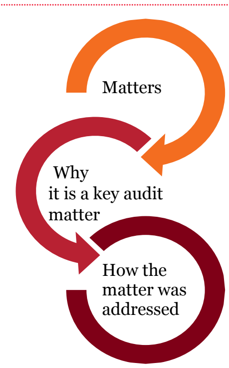
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Banco Pan S.A. and of Banco Pan S.A. and its subsidiaries as at December 31, 2018, and the Bank's financial performance and cash flows, as well as the consolidated financial performance and cash flows, for the six-month period and year 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 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.



We planned and performed our audit for 2018 considering that the operations of the Bank and its subsidiaries did not present significant changes compared to the prior year. The Key Audit Matters and our audit approach have remained substantially in line with those in the prior year.

Why it is a key audit matter	How the matter was addressed in the audit
Allowance for losses (Notes 3f and 8)	
The Bank and its subsidiaries operate mainly in the retail banking sector. Management applies its judgment to determine assumptions and criteria when recording the allowance for losses. This process is consistent with the standards and instructions issued by the National Monetary Council (CMN) and the Brazilian Central Bank (BACEN) in estimating credit risk. We focused again on this area in our audit because of the inherent risks.	We obtained an understanding of the significant controls in place to calculate the provision for impairment of receivables, the completeness of the database, the processing and recording of the provisions and related disclosures in the notes to the financial statements. We tested the reconciliation of the accounting balances with the analytical position and recalculated, on a test basis, the allowance for losses, based on the Bank's policies, which include, among others, an evaluation of the risks and effects of delinquencies, as per applicable standards. We consider that the assumptions and criteria used by management are reasonable in relation to the information provided in the financial statements.
Information technology environment	
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, besides the diverse processes to manage the access and security of the information. Information technology risks inherent in the processing of transactions, through different legacy systems, could generate incorrect critical information including that used in the preparation of the financial statements. We decided to focus on this area in our audit because of these risks.	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. We also tested automated controls over technology-dependent information, access restrictions and segregation of duties for processes relevant to the financial statement presentation. Our procedures provided us with reasonable audit evidence of the information technology environment over the preparation of financial statements.

Tax credits (Notes 3n and 32b)

The Bank and its subsidiaries present tax loss assets of R$ 2.9 billion from temporary differences in calculating Corporate Income Tax (IRPJ) and Social Contribution on Net Income (CSLL) accounted for based on projected taxable profit. The projections are prepared based on a study by management of current and future scenarios which require the use of judgment and subjective assumptions.

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 are required to comply with CMN and BACEN protocols for recording and maintaining such assets in the financial statements.

We obtained 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.

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 consistency of realization estimates.

We consider that the assumptions and criteria adopted by management are reasonable in relation to the tax credit assets booked, the maintenance thereof and estimated realization.

Other matters

Statements of value added

The parent company and consolidated statements of value added for the year ended December 31, 2018, prepared under the responsibility of the Bank's management and presented as supplementary information for purposes of the BACEN, were submitted to audit procedures performed in conjunction with the audit of the Bank's financial statements. 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 Added Value". 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.

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 these parent company and consolidated financial statements in accordance with accounting practices adopted in Brazil applicable to institutions authorized to operate by 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.

- 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 to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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.

Banco Pan S.A.

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 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, February 1, 2019

PricewaterhouseCoopers
Auditores Independentes
CRC 2SP000160/O-5

Carlos Augusto da Silva
Contador CRC 1SP197007/O-2

Management Report

4Q18

DEAR STOCKHOLDERS,

The Management of Banco Pan S.A. ("PAN", "Bank", or "Company") and its subsidiaries present its Management Report and related financial statements as at and for the year ended December 31, 2018, together with the independent auditor's report. The information presented is in conformity with Law 4,595/64 (National Financial System Law) and Law 6,404/76 (Brazilian Corporate Law), with the Standards of the National Monetary Council (CMN), Brazilian Central Bank (BACEN), and Brazilian Securities Commission (CVM), as well as with other statutory rules.

SILENT REVOLUTION AND PURPOSE

In the last few years, the Bank has embarked on a **silent revolution** restructuring its services and internal processes, hiring renowned professionals in their respective business areas and making significant investments in technology. **In 2019**, the Bank will continue expanding its portfolio to become a **complete digital bank**, offering current accounts and credit cards **free of charge**, in addition to other credit products and services for the **C, D, and E classes**, supported by its own **credit expertise**.

The purpose of the Bank is to change its target audience's perspective over accessing credit and banking services. In order to do so, the Bank invested in process innovation and simplification by advancing its strategy of **multichannel credit origination free of physical limitations**, via **paperless digital platforms**, offering credit at competitive **interest rates**. This combination allows **scalability** and **efficiency gains** across many channels.

The Bank believes it has a **competitive advantages** compared to its direct competitors and new market players, based on three pillars: (i) **capital and funding available**, being the second largest private mid-sized bank in Brazil in terms of total assets, (ii) **broad experience in providing credit** to the C, D, and E classes, using unstructured data, together with advanced modeling techniques, such as Machine Learning; and (iii) **a wide base and organic flow of new customers**.

The Bank manages a portfolio of 4.3 million customers and, in 2018, signed up approximately 80 thousand new customers per month.

ECONOMIC ENVIRONMENT

Industrial production in November increased 0.1%, thus interrupting the four-month consecutive sequence of negative rates, in a period with an accumulated reduction of 2.8%. In the accumulated index for the 11 months of 2018, this sector grew by 1.5%. When compared to the previous year, the industrial sector had contracted by 0.9% at the end of November.

Retail demand grew 2.9% in the month and by 4.4% in the year to November. The accumulated growth up to November was 2.5%, while the accumulated in the last 12 months was 2.6%. In the amplified concept (which includes vehicle and construction material sales), the retail commerce increased by 5.8% in comparison with November 2017, with an accumulated growth of 5.4% in 2018.

Inflation, as measured by the Amplified Consumer Price Index (IPCA), presented a variation of 0.15% in December, attaining 3.75% in 2018 (2017 - 2.95%). Similar to the most recent IPCA results, the disclosure details were benign, showing a comfortable rhythm of prices that are more responsive to the economic cycle and the monetary policy.

BACEN's credit operations report for November was positive and reinforced the perspective of a recovery in the credit market, mainly in the credit offered to individuals, but also to legal entities, even though in a more moderate pace. The loan operations totaled R$ 3.2 trillion, with a growth of 1.1% in the month and of 4.4% in the last twelve months. In the credit offered to individuals, the free-fund operations had a growth of 2.1% in the month and 10.4% in twelve months, with highlights on lump sum credit card payments, financing of vehicles and personal credit.

In the labor market, according to the General List of Unemployed Persons (CAGED), in December a total net of 334 thousand job positions were terminated, which is within the market expectations, since it is common that, During December, dismissals of registered employees occur. At the end of 2018, the number of formal job positions in Brazil totaled 38.4 million (same period in 2017 - 37.9 million positions). This was the highest level achieved at the year-end since 2015, when there were 39.2 million formal job positions in Brazil.

BANK'S STRUCTURE

The Bank is a key institution among the Brazilian medium-sized banks, with focus on individuals (from the C, D, and E classes as well as government employees, retirees and pensioners from the National Institute of Social Security (INSS)) and on the offering of payroll-deductible credit (loan and credit card), financing of used cars and new motorcycles, common credit cards, and insurance.

With 2,195 employees, PAN has 60 PAN Service Branches in Brazil's major cities, distributed according to the GDP of each region (Southeast region: 31 - Northeast region: 12 - South: 9 - Mid-West: 5 - North: 3).

At the end of 2018, PAN had 654 bank correspondents originating payroll loans, as well as 7,176 multi-brand partner stores originating vehicle credits.

MAIN RESULTS

Origination of Credit Portfolio and Retail

During 4Q18, PAN originated a monthly average of R$ 1,490 million in new retail credits (3Q18 - R$ 1,428 million; 4Q17 - R$ 1,301 million). These growth results were leveraged by the volume of vehicle origination, which increased by 14% and 42%, respectively.

In 2018, the monthly average origination of new credit totaled R$ 1,453 million, thus remaining virtually stable when compared to the monthly average of R$ 1,476 million in 2017.

The Credit Portfolio balance totaled R$ 20,574 million at the end of 4Q18, an increase in relation to the balances of R$ 19,704 million in 3Q18 and to R$ 18,645 million in 4Q17. In twelve months, the portfolio increased by 10%, well above the results in the national credit system and with a great profitability, as leveraged by the payroll-deductible loan portfolio, which increased by 20%, and the Vehicles portfolio, which increased by 18%. On the other hand, the Corporate Credit and Real Estate portfolios, both in run off, decreased by 41% and 21% in twelve months, respectively.

In addition to retaining credits in its portfolios, another of the Bank's strategies is to grant credits without co-obligation to third parties, which amounted to R$ 900 million at 4Q18, thus totaling R$ 4,831 million in credits granted in 2018 (2017 - R$ 7,738 million). The Originated Credit Portfolio balance, which takes into consideration both credits retained in PAN's balance sheet and the balance of the portfolios assigned to Caixa, amounted to R$ 32.3 billion at the end of the year.

Payroll-deductibles (Loan and Credit Card)

The Bank's strategy concerning payroll-deductibles is to remain as a key player focusing on federal agreements, being among the five largest market originators of beneficiaries and INSS pensioners. In line with this strategy, the Bank has an innovative platform that allows the obtaining of 100% paperless payroll-deductible loans with facial biometric signature. This digital feature results in a more efficient, profitable operation and cost savings, in addition to more security and fast contracting, thus generating a better experience for all those involved. The payroll-deductible loan originated by the Bank via digital channels increased from 2.4% in June 2018 to 15.4% in December 2018.

The Bank originated R$ 10,047 million in payroll-deductible loans in 2018 (2017 - R$ 10,109 million). In 4Q18, R$ 2,160 million was granted as loans to public servants and INSS beneficiaries, in comparison with R$ 2,230 million originated in 3Q18 and R$ 1,980 million in 4Q17. Regarding payroll-deductible loans, R$ 197 million was originated in 4Q18, compared to R$ 165 million in 3Q18 and R$ 179 million in 4Q17.

The payroll-deductible loan portfolio ended 2018 with a balance of R$ 9,328 million, an increase of 6% when compared to R$ 8,834 million in 3Q18 and of 21% in comparison with the balance of R$ 7,687 million at the end of 2017, significantly above the growth achieved in the national credit system. The payroll-deductible credit card portfolio ended 2018 with a balance of R$ 1,496 million, an increase of 4% when compared with the balance of R$ 1,431 million of the previous quarter and an increase of 14%in relation to the balance of R$ 1,323 million at the end of 2017.

Financing of Vehicles

The Bank originates its vehicle financing in multi-brand stores, with a high degree of pulverization. The operation is focused on the financing of used cars (cars from four to eight years of use) and new motorcycles, obtaining the benefits of its expertise in credit and collection in order to optimize the risk vs. return ratio.

The Bank is the leading institution in this segment (excluding the automaker bank). The business in a specific niche ensures an excellent performance, working with low-income teenagers, obtaining gains with a long history as well as experience and knowledge about the credit business.

In relation to its digital transformation line, the Bank uses a simulator that allows the credit analysis from little information, in addition to the automatic payment in case of approval, which brings agility and improved experience for our commercial partner as well as our final customer. These investments in technology have led to a significant increase in the commercial area productivity, which increased 41% from June 2018 to December 2018.

The Bank originated R$ 4,169 million in new financings in 2018 (2017 - R$ 4,108 million). In 4Q18, R$ 1,244 million in new financing was originated, including light vehicles and motorcycles, in comparison with R$ 1,091 million in 3Q18 and R$ 873 million in 4Q17. This was a result of the new credit approach, implementation of the simulator, and the new hiring journey.

The light vehicle originations totaled R$ 995 million in 4Q18 (3Q18 - R$ 853 million; 4Q17 - R$ 691 million). In the motorcycle segment, the originations totaled R$ 249 million in 4Q18 (3Q18 - R$ 238 million; 4Q17 - R$ 183 million).

The vehicle financing portfolio totaled R$ 6,980 million at the end of the year, with an increase of 7% in relation to R$ 6,543 million in 3Q18 and of 18% in relation to R$ 5,906 million in 4Q17, also with an expressive increase in relation to the national credit system, with a great profitability.

Institutional Credit Cards

The card origination strategy is focused on co-branded partnerships and digital channels, such as market places. It also seeks the obtaining of proposals directly via PAN's website as well as call center offerings, with intensive use of analytics and CRM to leverage cross selling. Digital channels and the obtaining of proposals via website are becoming relevant and already represent 30% of all cards sold, in comparison to 19% at the end of 2017. Increase in efficiency and the evolution of know-how in these self-contracting channels is an important foundation for the growth of the complete digital banking practice.

In 2018, a new credit modeling was implemented based on social class and profile and using machine learning, which allowed more accuracy for limit establishment in new card issues, as well as more assertiveness in the maintenance of limits throughout the customer life cycle. In addition, improvements were made in the CRM and credit processes, which mapped more customers who are likely to acquire cards, thus increasing even more the cross sell efficiency, with an increase of 32% in relation to the previous process.

For customer convenience purposes, the Bank has invested in the digital journey construction, which changes customer relationships, in order to establish a daily loyalty connection with the Bank. In this regard, the Bank (i) launched in 3Q18 the exclusive APP for cards, which was downloaded over 122 thousand times in the first four months after its debut and is frequently used by more than 22% of the Bank's customers; (ii) made improvements in the awards program (now offering cash back) and amplified the number of virtual partners; and (iii) offered chat service and other self-service platforms.

During 4Q18, credit card transactions totaled R$ 866 million, with an increase in comparison with R$ 797 million in 3Q18 and a stable scenario in comparison with R$ 869 million in 4Q17. In 2018, the transactions carried out totaled R$ 3,221 million (2017 - R$ 3,231 million). The card portfolio registered a minor increase in 4Q18, totaling R$ 877 million (3Q18 - R$ 832 million; 4Q17 - R$ 916 million).

Insurance

PAN originated R$ 66 million in insurance premiums during 4Q18, therefore increasing by 11% the premium origination volume in relation to the previous quarter. The premiums which originated in the quarter included: R$ 55.3 million in credit protection insurance, R$ 4.0 million in housing project insurance; R$ 3.0 million in card insurance; and R$ 3.3 million in other insurance.

In 2018, the amounts originated from premiums totaled R$ 228 million, 15% above the R$ 198 million in 2017.

Credit for companies (run off)

The Corporate Credit portfolio, which includes endorsements and sureties, closed the quarter with a balance of R$ 995 million (3Q18 - R$ 1,114 million; 4Q17 - R$ 1,699 million). This portfolio presents an adequate risk diversification, with a high pulverization between sectors and economic groups, as well as possessing a high level of guarantees.

Real estate credit (run off)

The balance of real estate credits granted to individuals totaled R$ 547 million at the end of 4Q18 (3Q18 - R$ 572 million; 4Q17 - R$ 662 million). Credits granted to legal entities totaled R$ 255 million at the end of 4Q18 (3Q18 - R$ 277 million; 4Q17 - R$ 354 million).

Funding

The funding totaled R$ 20.3 billion at the end of 2018, with an increase in diversification and extension of funding periods. The major sources of funding activities include: (i) time deposits, R$ 9.1 billion, or 45% of the total; (ii) interbank deposits, R$ 7.5 billion, or 37% of the total; (iii) bonds issued abroad, R$ 1.8 billion, or 9% of the total; (iv) financial bills, R$ 915 million, or 5% of the total; (v) real estate and agribusiness letters of credit, R$ 522 million, or 3% of the total; and (vi) other funding sources, R$ 434 million, or 2% of the total funding.

The sharp expansion in the funds obtained as time deposits contributes to the distribution of the funding base, in addition to reflecting the significant acceptance of the Bank's products by the retail market via digital distribution platforms. The Bank also offers to its direct customers the PAN Investimentos app, which allows the opening of an account in three minutes. The Bank has already obtained over R$ 165 million via this digital initiative, which is advancing even more.

In accordance with Article 8 of BACEN Circular Letter 3,068/01, PAN declares that it has the financial capacity and the intention to hold to maturity all the securities classified as "held to maturity" in its financial statements.

Results

Management Net Financial Margin (NIM)

The management net financial margin remains robust and reflects the current product mix and strong spreads, thus evidencing the good quality of the credit portfolio held by the Bank.

In 2018, the NIM was 15.8% p.a. (2017 - 16.6% p.a.). In 4Q18, the NIM was 15.5% p.a. (3Q18 - 15.6% p.a.; 4Q17 - 17.5%). These variations are related to the different volumes and the portfolio granting mix.

Expenses with allowances for losses and recovery of credits

In 4Q18, the expenses with the allowances for loan losses totaled R$ 277 million, while the recovery of credits previously written-off amounted to R$ 59 million. Therefore, the net expense with the allowances for loan losses totaled R$ 218 million, compared to R$ 204 million in 3Q18 and R$ 210 million in 4Q17. The small increase in the quarterly comparison is related to the corporate real estate portfolio, which is now in run off and has a residual balance. In 2018, the net expense with the allowances for loan losses totaled R$ 923 million, virtually stable compared with R$ 906 million recorded in 2017.

The recovery of default debts via digital platforms totaled R$ 575 million in 2018 (2017 - R$ 409 million), that is, an increase of 40%.

Costs and Expenses

Personnel and administrative expenses totaled R$ 265 million in 4Q18, with a decrease of 4% in comparison with R$ 276 million recorded in the previous quarter and of 3% when compared to R$ 272 million in 4Q17. In the annual perspective, these expenses totaled R$ 1,069 million in 2018 (2017 - R$ 1,117 million), a decrease of 4%. Personnel expenses decreased by 9% in the same period.

Credit origination expenses totaled R$ 199 million in the quarter, compared to R$ 196 million in 3Q18 and R$ 207 million in 4Q17. In 2018, credit origination expenses totaled R$ 829 million (2017 - R$ 985 million), a decrease of 16%.

At the same time, taking into account its constant seeking for improvement in efficiency, the Bank has optimized its costs structure, as evidenced by the evolution in the number of employees and the continuing increase in the percentage of officers and employees who work with technology and digital products.

Net Result

The Bank had a pre-tax profit of R$ 136 million in 4Q18 (3Q18 - profit of R$ 103 million; 4Q17 - profit of R$ 128 million). During the 2018 year, profit before taxation amounted to R$ 457 million (2017 - R$ 253 million), an increase of 80% in the year.

Net revenue at 4Q18 totaled R$ 73.6 million (3Q18 - R$ 49.1 million; 4Q17 - R$ 54.9). In 2018, net profit totaled R$ 221.5 million (2017 - R$ 212.6 million)

The major factors underlying the results for the most recent quarters were: (i) maintenance of robust financial margins; (ii) a controlled allowance for losses on credits; and (iii) continued cost reductions.

The annualized average return on equity at 4Q18 and 2018 was 7.2% and 5.8%, respectively, while the adjusted return (unaudited) was 17.3% and 15.5%, respectively. The adjustment consists in the adequacy of two remaining legacies: (I) the excess of financial expenses on fixed Bank Deposit Certificates (CDBs) issued between 2005 and 2008 (with average maturity in 2023), compared with what the Bank pays on an annual basis for the same period in the market; and (ii) the tax credit surplus from tax losses, in relation to the banking market, arising from accounting mismatches found in 2010 and the results from the tax credit sale made in 2017.

Equity and capital

PAN's consolidated equity totaled R$ 4,096 million in December 2018, (September 2018 - R$ 4,047 million; December 2017 - R$ 3,556 million).

The Prudential Conglomerate Basel Index at the end of 2018 was 14.1%, of which 12.2% for Principal Capital, in comparison with 14.0%, with 11.9% for Principal Capital, registered at the end of 3Q18, and with 13.3%, with 9.8% for Principal Capital, registered at the end of 2017.

INDEPENDENT AUDITORS

PricewaterhouseCoopers Auditores Independentes ("PwC") has been our auditor since the first quarter of 2011. Pursuant to the terms of instruction 381 of the Brazilian Securities Commission (CVM), PwC has not been contracted or provided any other services to PAN during the year, other than those related to the external audit. This policy 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.

ACKNOWLEDGMENTS

We thank our employees for their efforts and engagement in the execution of PAN's business strategy and also thank our customers, investors, and partners, who honor us with their continuous support and trust.

São Paulo, February 1, 2019

PAN

BANCO PAN S.A. AND ITS SUBSIDIARIES

BALANCE SHEETS AT DECEMBER 31, 2018 AND DECEMBER 31, 2017

(All amounts in thousands of reais - R$)

ASSETS	Note	Bank		Consolidated	
		12/31/2018	12/31/2017	12/31/2018	12/31/2017
CURRENT ASSETS		**10.875.103**	**11.850.630**	**10.950.678**	**11.973.625**
Cash and cash equivalents	5	**16.374**	**6.536**	**19.714**	**10.748**
Short-term interbank investments	6.a	**3.897**	**1.032.983**	**3.897**	**1.032.983**
Investments in the open market		-	1.017.242	-	1.017.242
Investments in interbank deposits		3.897	15.741	3.897	15.741
Marketable securities and derivative financial instruments	7	**356.959**	**342.998**	**360.888**	**366.369**
Own portfolio	7.a	216.196	163.421	219.350	186.752
Linked to repurchase commitments	7.a	113.400	164.612	113.400	164.612
Derivative financial instruments	7.c	27.363	14.232	27.363	14.232
Subject to guarantees	7.a	-	733	775	773
Interbank investments		**4.493**	**26.484**	**4.493**	**26.484**
Credits - Deposits at the Brazilian Central Bank		549	1.299	549	1.299
Local correspondents		3.944	25.185	3.944	25.185
Loan operations	8	**7.912.848**	**7.582.563**	**7.912.848**	**7.582.563**
Credit operations - private sector		8.795.475	8.414.167	8.795.475	8.414.167
(Allowance for doubtful accounts)	8.c	(882.627)	(831.604)	(882.627)	(831.604)
Leasing operations	8	**-**	**-**	**-**	**176**
Leasing operations receivable		-	-	29	222
(Allowance for lease losses)	8.c	-	-	(29)	(46)
Other credits		**2.215.249**	**2.488.355**	**2.273.380**	**2.572.085**
Foreign exchange portfolio	9.a	38.858	68.169	38.858	68.169
Income receivable		1.667	7.134	1.760	1.935
Negotiation and intermediation of receivables		2.474	2.700	2.474	2.700
Real estate receivables	10	-	-	5.161	9.852
Securities and credits receivable	8 e 11	834.489	844.269	835.472	844.269
(Allowance for other doubtful accounts)	8.c	(106.450)	(71.467)	(106.450)	(71.467)
Sundry	11	1.444.211	1.637.550	1.496.105	1.716.627
Other assets		**365.283**	**370.711**	**375.458**	**382.217**
Other assets	12.a	392.529	399.874	403.834	410.837
(Provision for impairment)	12.a	(53.628)	(66.897)	(54.925)	(68.244)
Prepaid expenses	12.b	26.382	37.734	26.549	39.624
LONG-TERM RECEIVABLES		**15.565.691**	**13.150.611**	**16.079.228**	**13.676.959**
Marketable securities and derivative financial instruments	7	**1.622.983**	**1.272.078**	**1.852.776**	**1.520.139**
Own portfolio	7.a	997.016	101.629	1.225.198	347.523
Linked to repurchase agreements	7.a	155.777	906.822	155.777	906.822
Derivative financial instruments	7.c	251.795	157.135	251.795	157.135
Subject to guarantees	7.a	218.395	106.492	220.006	108.659
Loan operations	8	**10.344.899**	**8.806.221**	**10.344.899**	**8.806.221**
Credit operations - private sector		10.663.658	9.107.530	10.663.658	9.107.530
(Allowance for doubtful accounts)	8.c	(318.759)	(301.309)	(318.759)	(301.309)
Other credits		**3.520.409**	**2.952.046**	**3.803.881**	**3.227.909**
Specific claims		-	-	1.023	809
Real estate receivables	10	-	-	1.806	4.155
Securities and credits receivable	8 e 11	79.216	72.550	79.216	72.550
(Allowance for other doubtful accounts)	8.c	(23.788)	(16.956)	(23.788)	(16.956)
Sundry	11	3.464.981	2.896.452	3.745.624	3.167.351
Other assets		**77.400**	**120.266**	**77.672**	**122.690**
Prepaid expenses	12.b	77.400	120.266	77.672	122.690
PERMANENT ASSETS		**1.198.008**	**1.152.020**	**200.525**	**183.740**
Investments		**1.006.416**	**978.525**	**1.144**	**379**
Participations in subsidiaries	13.a	1.005.272	978.146	-	-
Other investments	13.b	1.144	379	1.144	379
Property and equipment in use	14	**24.093**	**27.690**	**24.093**	**27.690**
Other property and equipment in use		70.991	69.211	70.991	69.249
(Accumulated depreciation)		(46.898)	(41.521)	(46.898)	(41.559)
Intangible assets	15	**167.499**	**145.805**	**175.288**	**155.671**
Intangible assets		420.884	359.582	442.804	381.430
(Accumulated depreciation)		(253.385)	(213.777)	(267.516)	(225.759)
TOTAL ASSETS		**27.638.802**	**26.153.261**	**27.230.431**	**25.834.324**

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

PAN

BANCO PAN S.A. AND ITS SUBSIDIARIES
BALANCE SHEETS AT DECEMBER 31, 2018 AND DECEMBER 31, 2017
(All amounts in thousands of reais - R$)

LIABILITIES AND EQUITY	Note	Bank		Consolidated	
		12/31/2018	12/31/2017	12/31/2018	12/31/2017
CURRENT LIABILITIES		**14.317.936**	**15.334.491**	**14.048.259**	**15.100.675**
Deposits	16.a	**10.793.243**	**9.572.581**	**10.494.341**	**9.314.782**
Demand deposits		17.369	25.543	17.319	25.439
Interbank deposits		7.685.730	8.938.498	7.429.710	8.697.973
Time deposits		3.090.144	608.540	3.047.312	591.370
Funds obtained in the open market	16.b	**162.094**	**1.493.292**	**162.094**	**1.493.292**
Own portfolio		162.094	976.236	162.094	976.236
Third-party portfolio		-	517.056	-	517.056
Funds from acceptance and issuance of securities	16.c	**621.507**	**1.547.841**	**621.507**	**1.547.944**
Funds from real estate securities, mortgages, letters of credit and similar		621.507	1.547.841	621.507	1.547.944
Interbank investments	17	**728.628**	**851.219**	**728.628**	**851.219**
Receipts and payments pending settlement		615.912	654.035	615.912	654.035
Local correspondents		112.716	197.184	112.716	197.184
Interdependent operations		**14**	**4.509**	**14**	**4.509**
Third-party funds in transit		14	4.509	14	4.509
Derivative financial instruments	7.c	**91.760**	**73.129**	**91.760**	**73.129**
Derivative financial instruments		91.760	73.129	91.760	73.129
Other obligations		**1.920.690**	**1.791.920**	**1.949.915**	**1.815.800**
Levying and collection of taxes and similar charges		4.921	6.761	4.921	6.761
Social and statutory		135.971	162.262	136.232	162.530
Taxes and social security	21.a	44.390	38.310	58.210	51.342
Negotiation and intermediation of receivables		3.941	2.464	7.336	5.923
Subordinated debts	19	208.154	93.275	208.154	93.275
Sundry	21.b	1.523.313	1.488.848	1.535.062	1.495.969
LONG-TERM LIABILITIES		**9.224.930**	**7.262.854**	**9.086.236**	**7.177.733**
Deposits	16.a	**6.378.610**	**4.562.264**	**6.116.903**	**4.340.771**
Interbank deposits		33.728	32.175	33.728	32.175
Time deposits		6.344.882	4.530.089	6.083.175	4.308.596
Funds obtained in the open market	16.b	**107.430**	**106.022**	**98.093**	**98.195**
Own portfolio		107.430	106.022	98.093	98.195
Funds from acceptance and issuance of securities	16.c	**628.454**	**697.500**	**628.454**	**701.611**
Funds from real estate securities, mortgages, letters of credit and similar securities		628.454	697.500	628.454	701.611
Derivative financial instruments	7.c	**83.361**	**129.514**	**83.361**	**129.514**
Derivative financial instruments		83.361	129.514	83.361	129.514
Other obligations		**2.027.075**	**1.767.554**	**2.159.425**	**1.907.642**
Social and statutory	21.a	-	-	81.270	80.459
Subourdinated debts	19	1.769.978	1.681.720	1.769.978	1.681.720
Sundry	21.b	257.097	85.834	308.177	145.463
RESULTS OF FUTURE PERIODS		**17**	**92**	**17**	**92**
EQUITY		**4.095.919**	**3.555.824**	**4.095.919**	**3.555.824**
Share capital:	22	3.653.410	3.460.732	3.653.410	3.460.732
Domiciled in the country		3.290.152	3.065.825	3.290.152	3.065.825
Domiciled abroad		363.258	394.907	363.258	394.907
Capital reserve		207.322	-	207.322	-
Revenue reserves		243.295	108.495	243.295	108.495
Carrying value adjustments		(8.108)	(13.403)	(8.108)	(13.403)
TOTAL LIABILITIES AND EQUITY		**27.638.802**	**26.153.261**	**27.230.431**	**25.834.324**

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

BANCO PAN S.A. E EMPRESAS CONTROLADAS

STATEMENT OF INCOME

SECOND HALF OF 2018 AND YEARS ENDED DECEMBER 31, 2018 AND 2017

(All amounts in thousands of reais unless otherwise stated)

	Note	Bank	Bank		Consolidated	
		Second half of 2018	12/31/2018	12/31/2017	12/31/2018	12/31/2017
INCOME FROM FINANCIAL INTERMEDIATION		**3.494.461**	**7.075.335**	**7.718.405**	**7.099.373**	**7.780.348**
Income from credit operations	8.g	3.543.410	6.892.720	7.703.911	6.901.778	7.779.351
Result from leasing operations	8.g	-	-	-	259	947
Results from operations with marketable securities	7.h	89.520	168.538	290.822	183.259	287.158
Derivative financial instruments	7.g	(141.372)	27	(294.869)	27	(305.649)
Result of foreign exchange operations	9.b	1.239	12.386	18.541	12.386	18.541
Result of compulsory investments		1.664	1.664	-	1.664	-
EXPENSES ON FINANCIAL INTERMEDIATION		**(1.540.431)**	**(3.193.281)**	**(3.450.702)**	**(3.159.715)**	**(3.524.913)**
Result from market funding operations	16.d	(1.003.569)	(2.052.911)	(2.393.933)	(2.019.310)	(2.403.592)
Borrowing and onlending operations	18	-	-	-	-	(1.509)
Allowance for losses	8.c	(536.862)	(1.140.370)	(1.056.769)	(1.140.405)	(1.119.812)
GROSS RESULT ON FINANCIAL INTERMEDIATION		**1.954.030**	**3.882.054**	**4.267.703**	**3.939.658**	**4.255.435**
OTHER OPERATING INCOME (EXPENSES)		**(1.703.193)**	**(3.418.788)**	**(4.140.470)**	**(3.461.382)**	**(4.154.444)**
Revenue from services rendered	23	183.260	348.217	377.557	377.558	403.236
Equity in the results of subsidiaries	13.a	5.586	25.824	(56.223)	-	(2.993)
Personnel expenses	24	(208.520)	(413.713)	(458.037)	(420.712)	(463.572)
Other administrative expenses	25	(853.882)	(1.728.801)	(2.041.176)	(1.762.999)	(2.086.040)
Tax expenses	26	(81.292)	(160.665)	(202.248)	(172.312)	(220.000)
Other operating income	27.a	194.173	292.413	218.327	327.544	262.646
Other operating expenses	27.b	(942.518)	(1.782.063)	(1.978.670)	(1.810.461)	(2.047.721)
OPERATING PROFIT		**250.837**	**463.266**	**127.233**	**478.276**	**100.991**
NON-OPERATING PROFIT (LOSS)	**28**	**(16.394)**	**(21.512)**	**153.924**	**(21.410)**	**152.303**
PROFIT BEFORE TAXATION ON THE RESULT AND PARTICIPATIONS		**234.443**	**441.754**	**281.157**	**456.866**	**253.294**
PROVISION FOR INCOME TAX AND SOCIAL CONTRIBUTION	**32.a**	**(111.692)**	**(220.239)**	**(68.551)**	**(235.351)**	**(40.688)**
Income tax		(1.677)	(5.188)	(665)	(11.321)	(1.379)
Social contribution		(1.854)	(5.140)	(1.377)	(8.061)	(557)
Deferred tax asset		(108.161)	(209.911)	(66.509)	(215.969)	(38.752)
NET PROFIT		**122.751**	**221.515**	**212.606**	**221.515**	**212.606**
INTEREST ON CAPITAL	**22.d**	**48.081**	**86.715**	**69.800**	**86.715**	**69.800**
EARNINGS PER OUTSTANDING SHARE - R$		0,11	0,19	0,23	-	-
(Represented by 1,141,806,121 shares at 12/31/2018 and 929,040,163 shares at 12/31/2017)						

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

BANCO PAN S.A.

STATEMENT OF CHANGES IN PARENT COMPANY EQUITY
SECOND HALF OF 2018 AND YEARS ENDED DECEMBER 31, 2018 AND 2017
(All amounts in thousands of reais)

	Share capital	Capital reserve	Revenue reserves		Carrying value adjustments	Retained earnings/accumulated deficit	Total
			Legal	For integrity of equity			
AT DECEMBER 31, 2016	**3,460,732**	**-**	**-**	**-**	**(14,259)**	**(34,311)**	**3,412,162**
Capital increase (Note 22.b)	400,000	-	-	-	-	-	**400,000**
Capital to be paid up (Note 22.b)	(400,000)	-	-	-	-	-	**(400,000)**
Carrying value adjustments	-	-	-	-	856	-	**856**
Profit for the period	-	-	-	-	-	212,606	**212,606**
Allocation:							
Legal reserve (Note 22.c)	-	-	8,915	-	-	(8,915)	**-**
Transfer from retained earnings to revenue reserve (Note 22.c)	-	-	-	99,580	-	(99,580)	**-**
Interest on capital provisioned (Note 22.d)	-	-	-	-	-	(69,800)	**(69,800)**
AT DECEMBER 31, 2017	**3,460,732**	**-**	**8,915**	**99,580**	**(13,403)**	**-**	**3,555,824**
AT DECEMBER 31, 2017	**3,460,732**	**-**	**8,915**	**99,580**	**(13,403)**	**-**	**3,555,824**
Capital increase (Note 22.b)	192,678	207,322	-	-	-	-	**400,000**
Carrying value adjustments	-	-	-	-	5,295	-	**5,295**
Profit for the period	-	-	-	-	-	221,515	**221,515**
Allocation:							
Legal reserve (Note 22.c)	-	-	11,076	-	-	(11,076)	**-**
Transfer from retained earnings to revenue reserve (Note 22.c)	-	-	-	123,724	-	(123,724)	**-**
Interest on capital provisioned (Note 22.d)	-	-	-	-	-	(86,715)	**(86,715)**
AT DECEMBER 31, 2018	**3,653,410**	**207,322**	**19,991**	**223,304**	**(8,108)**	**-**	**4,095,919**
AT JUNE 30, 2018	**3,653,410**	**207,322**	**8,915**	**99,580**	**(12,979)**	**60,130**	**4,016,378**
Carrying value adjustments	-	-	-	-	4,871	-	**4,871**
Profit for the second half of 2018	-	-	-	-	-	122,751	**122,751**
Allocation:							
Legal reserve (Note 22.c)	-	-	11,076	-	-	(11,076)	**-**
Transfer from retained earnings to revenue reserve (Note 22.c)	-	-	-	123,724	-	(123,724)	**-**
Interest on capital provisioned (Note 22.d)	-	-	-	-	-	(48,081)	**(48,081)**
AT DECEMBER 31, 2018	**3,653,410**	**207,322**	**19,991**	**223,304**	**(8,108)**	**-**	**4,095,919**

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

PAN

BANCO PAN S.A. AND ITS SUBSIDIARIES

STATEMENTS OF CASH FLOWS
SECOND HALF OF 2018 AND YEARS ENDED DECEMBER 31, 2018 AND 2017
(All amounts in thousands of reais - R$)

	Bank	Bank		Consolidated	
	Second half of 2018	12/31/2018	12/31/2017	12/31/2018	12/31/2017
CASH FLOWS FROM OPERATING ACTIVITIES:					
PROFIT	**122.751**	**221.515**	**212.606**	**221.515**	**212.606**
Adjustments that do not affect cash flow:					
Depreciation and amortization	12.136	26.597	32.108	26.644	32.379
Amortization of goodwill	12.454	23.930	18.811	25.053	25.053
Constitution of provision for contingencies	163.072	282.604	479.377	285.322	514.398
Reversal for devaluation of assets not for own use	(13.733)	(19.210)	(14.557)	(19.511)	(17.003)
Profit/Loss on the sale of assets not for own use	21.802	31.298	5.960	31.253	8.688
Impairment loss	8.678	9.791	38.083	10.035	39.422
Equity in results of the subsidiaries	(5.586)	(25.824)	56.223	-	2.993
Loss on disposal of investments	-	-	(183.384)	-	(183.384)
Allowance for losses	536.862	1.140.370	1.056.769	1.140.405	1.119.812
Income tax and social contribution - deferred	108.161	209.911	66.509	215.969	38.752
Adjusted profit	**966.597**	**1.900.982**	**1.768.505**	**1.936.685**	**1.793.716**
Changes in assets and liabilities:					
Decrease (increase) in interbank investments	614.305	873.374	770.814	873.374	95.112
(Increase) decrease in marketable securities	(417.768)	(439.901)	(110.679)	(396.802)	65.667
(Increase) decrease in derivative financial instruments	69.194	(135.313)	63.381	(135.213)	46.915
Decrease (increase) in interbank investments	(12.968)	(100.600)	37.742	(100.600)	37.742
(Increase) decrease in credit operations	(1.786.171)	(3.009.333)	(1.694.532)	(3.009.368)	(654.991)
Decrease in leasing operations	-	-	-	176	894
(Increase) decrease in other credits	(269.624)	(506.977)	169.301	(492.776)	422.080
(Increase) decrease in other assets	(93.206)	(157.004)	(184.932)	(153.770)	7.296
Increase (decrease) in deposits	1.448.189	3.037.008	(414.044)	2.955.691	(678.981)
(Decrease) increase in funds obtained in the open market	(634.346)	(1.329.790)	(428.708)	(1.331.300)	(433.137)
(Decrease) increase in acceptances and issue of securities	485.141	101.929	998.639	96.699	190.140
(Decrease) increase in other liabilities	(125.198)	272.713	(171.575)	252.159	(366.639)
(Decrease) increase in interdependent accounts	(574)	(4.495)	(2.276)	(4.495)	(2.276)
(Decrease) in result of future years	(26)	(75)	(702)	(75)	(702)
Payment of income tax and social contribution	30.480	25.971	5.052	42.330	7.866
NET CASH PROVIDED BY OPERATING ACTIVITIES	**274.025**	**528.489**	**805.986**	**532.715**	**530.702**
CASH FLOWS FROM INVESTING ACTIVITIES:					
Disposal of assets not for own use	100.231	184.980	128.344	185.331	128.915
Disposal of investments	-	-	229.000	-	229.000
Increase in investments	(765)	(765)	(250.000)	(765)	-
Purchases of property and equipment in use	(2.305)	(6.644)	(1.938)	(6.644)	(1.938)
Additions to intangible assets	(36.753)	(63.023)	(37.935)	(63.094)	(18.381)
Dividends received	5.378	5.378	2.726	-	-
(Increase) in available-for-sale marketable securities	(249.553)	(570.541)	(1.078.292)	(570.541)	(1.078.292)
Decrease in available-for-sale marketable securities	524.373	810.628	860.652	810.628	860.652
(Increase) in held-to-maturity marketable securities	(402.555)	(402.555)	-	(402.555)	-
Decrease in held-to-maturity marketable securities	237.565	345.200	714.924	345.200	714.924
NET CASH PROVIDED BY INVESTING ACTVITIES	**175.616**	**302.658**	**567.481**	**297.560**	**834.880**
CASH FLOWS FROM FINANCING ACTIVITIES:					
Issue of funds from acceptance and issue of securities	693.498	693.498	1.275.387	693.498	1.275.387
Funds from acceptance and issue of securities	(1.379.151)	(1.790.807)	(2.371.680)	(1.790.807)	(2.371.680)
Redemption of subordinated debts	(143.948)	(209.912)	(122.350)	(209.912)	(122.350)
Capital increase	-	400.000	-	400.000	-
Interest on capital paid	(69.800)	(69.800)	-	(69.800)	-
NET CASH USED IN FINANCING ACTVITIES	**(899.401)**	**(977.021)**	**(1.218.643)**	**(977.021)**	**(1.218.643)**
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(449.760)**	**(145.874)**	**154.824**	**(146.746)**	**146.939**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR (Note 5)	**466.134**	**162.248**	**7.424**	**166.460**	**19.521**
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR (Note 5)	**16.374**	**16.374**	**162.248**	**19.714**	**166.460**
ADDITIONAL INFORMATION ON CASH FLOWS					
Interest paid	(836.082)	(1.936.806)	(3.088.457)	(1.926.508)	(3.097.099)
Interest received	3.466.483	7.511.366	7.756.809	7.532.365	7.824.811
Transfer of assets not for own use	(840)	(2.006)	(8.574)	(2.006)	(8.633)
Unrealized gains on securities available for sale	7.380	7.993	1.515	7.993	1.515

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

BANCO PAN S.A. AND ITS SUBSIDIARIES

STATEMENTS OF VALUE ADDED
SECOND HALF OF 2018 AND YEARS ENDED DECEMBER 31, 2018 AND 2017
(All amounts in thousands of reais - R$)

	Bank	Bank		Consolidated	
	Second half of 2018	12/31/2018	12/31/2017	12/31/2018	12/31/2017
INCOME	**2.434.959**	**4.882.666**	**5.522.149**	**4.944.001**	**5.526.726**
Financial intermediation	3.494.461	7.075.335	7.718.405	7.099.373	7.780.348
Services rendered	183.260	348.217	377.557	377.558	403.236
Allowance for losses	(536.862)	(1.140.370)	(1.056.769)	(1.140.405)	(1.119.812)
Other operating expenses	(705.900)	(1.400.516)	(1.517.044)	(1.392.525)	(1.537.046)
EXPENSES ON FINANCIAL INTERMEDIATION	**(1.003.569)**	**(2.052.911)**	**(2.393.933)**	**(2.019.310)**	**(2.405.101)**
INPUTS ACQUIRED FROM THIRD PARTIES	**(819.364)**	**(1.661.531)**	**(1.964.202)**	**(1.695.300)**	**(2.008.374)**
Materials, energy and other	(1.505)	(3.200)	(3.193)	(3.209)	(3.201)
Third-party services	(116.167)	(220.294)	(290.230)	(239.842)	(310.408)
Commissions paid to banking correspndents	(446.307)	(912.423)	(1.111.933)	(919.633)	(1.117.353)
Others	**(255.385)**	**(525.614)**	**(558.846)**	**(532.616)**	**(577.412)**
Data processing	(87.811)	(175.130)	(171.698)	(175.344)	(172.512)
Financial system services	(61.792)	(127.737)	(158.311)	(128.693)	(161.707)
Communication	(24.035)	(47.062)	(44.125)	(47.332)	(44.325)
Asset search and seizure expenses	(29.971)	(29.971)	(39.422)	(30.066)	(39.534)
Advertising, promotions, and publicity	(11.994)	(26.340)	(22.425)	(26.838)	(23.538)
Transport	(2.676)	(4.974)	(5.605)	(4.994)	(5.633)
Maintenance and conservation of property	(2.495)	(5.151)	(4.966)	(5.161)	(4.976)
Travel	(2.289)	(3.315)	(4.177)	(3.323)	(4.197)
Others	(32.322)	(105.934)	(108.117)	(110.865)	(120.990)
GROSS VALUE ADDED	**612.026**	**1.168.224**	**1.164.014**	**1.229.391**	**1.113.251**
DEPRECIATION AND AMORTIZATION	**(24.590)**	**(50.527)**	**(50.919)**	**(51.697)**	**(57.432)**
NET VALUE ADDED PRODUCED BY THE ENTITY	**587.436**	**1.117.697**	**1.113.095**	**1.177.694**	**1.055.819**
VALUE ADDED RECEIVED IN TRANSFER	**5.586**	**25.824**	**(56.223)**	**-**	**(2.993)**
Equity in the results of the subsidiaries	5.586	25.824	(56.223)	-	(2.993)
TOTAL VALUE ADDED TO BE DISTRIBUTED	**593.022**	**1.143.521**	**1.056.872**	**1.177.694**	**1.052.826**
DISTRIBUTION OF VALUE ADDED	**593.022**	**1.143.521**	**1.056.872**	**1.177.694**	**1.052.826**
Personnel	**179.510**	**357.336**	**396.992**	**363.244**	**401.760**
Compensation	135.639	273.130	302.138	278.575	305.795
Benefits	32.356	62.346	66.246	62.714	67.010
FGTS - Government Severance Pay Fund	9.501	18.576	25.325	18.670	25.667
Others	2.014	3.284	3.283	3.285	3.288
Taxes, fees, and contributions	**221.994**	**437.282**	**332.608**	**465.165**	**323.373**
Federal	213.672	421.584	314.967	448.846	299.415
State	1	5	10	5	10
Municipal	8.321	15.693	17.631	16.314	23.948
Remuneration of third party capital	**20.686**	**40.673**	**44.866**	**41.055**	**45.287**
Rentals	20.686	40.673	44.866	41.055	45.287
Remuneration of own capital	**170.832**	**308.230**	**282.406**	**308.230**	**282.406**
Retained earnings	122.751	221.515	212.606	221.515	212.606
Interest on capital provisioned	48.081	86.715	69.800	86.715	69.800

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

1) OPERATIONS

Banco Pan S.A. ("Bank" or "PAN") is a corporation authorized to operate as a multi-service bank. It operates, directly and indirectly, via its subsidiaries in offering payroll loans, payroll-linked credit cards, vehicle financing, institutional credit cards and loans to the vehicle and real estate consortium markets. In addition, the Bank has a portfolio of "run off" financing for companies, construction financing for developers and builders; real estate financing for individuals; consumer credit, financing for purchases of machinery and equipment, foreign exchange transactions, acquisition of real estate receivables, and vehicle and other asset leasing operations. The benefits of services rendered among the Bank and its subsidiaries (“Group”) and the costs of operational and administrative structures are absorbed, jointly or individually, by these companies.

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

Through a stockholders' agreement, the Bank is jointly controlled by Banco BTG Pactual S.A. and Caixa Econômica Federal (Federal Savings and Loans Bank), through its wholly-owned subsidiary Caixa Participações S.A.

The Bank's shareholding structure at 12/31/2018 was as follows:

Stockholders	Common	%	Preferred	%	Total	%
Banco BTG Pactual S.A.	395,396,081	60.10	182,266,325	37.60	577,662,406	50.60
Caixa Participações S.A.	262,164,546	39.90	112,732,358	23.30	374,896,904	32.80
Market	8	-	189,246,803	39.10	189,246,811	16.60
Total	**657,560,635**	**100.00**	**484,245,486**	**100.00**	**1,141,806,121**	**100.00**

2) PRESENTATION OF THE FINANCIAL STATEMENTS

The parent company 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.

The Brazilian Accounting Pronouncements Committee (CPC) has issued pronouncements, as part of the convergence process with international accounting standards, approved by CVM, but not all of these have been ratified by BACEN. Consequently, in preparing its financial statements, the Bank adopted, where applicable, the following pronouncements that have already been ratified by BACEN:

1. CPC 01 (R1) - Impairment of Assets - ratified by CMN Resolution 3,566/08;

2. CPC 03 (R2) - Statement of Cash Flows - ratified by CMN Resolution 3,604/08;

3. CPC 05 - Related-party Disclosures - ratified by CMN Resolution 3,750/09;

4. CPC 25 - Provisions, Contingent Liabilities and Contingent Assets - ratified by CMN Resolution 3,823/09;

5. CPC 24 - Events after the Reporting Period - ratified by CMN Resolution 3,973/11;

6. CPC 10 (R1) - Share-based Payment - ratified by CMN Resolution 3,989/11;

7. CPC 23 - Accounting Policies, Changes in Estimates and Correction of Errors - ratified by CMN Resolution 4,007/11;

8. Basic Conceptual Pronouncement (R1) - Conceptual Framework for Financial Reporting - ratified by CMN Resolution 4,144/12;

9. CPC33 (R1) - Employee Benefits - ratified by CMN Resolution 4,424/15;

10. CPC 04 (R1) - Intangible Assets - ratified by CMN Resolution 4,534/16;

11. CPC 27 - Property and Equipment - ratified by CMN Resolution 4,535/16; and

12. CPC 02 (R2) - Effects of Changes in Foreign Exchange Rates and Conversion of Financial Statements - ratified by CMN Resolution 4,524/16.

The parent company and consolidated financial statements for the year ended 12/31/2018 were authorized for issue by the Board of Directors and Executive Board on 2/1/2019.

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

Direct subsidiaries	Total equity interest %	
	12/31/2018	12/31/2017
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
Brazilian Mortgages Companhia Hipotecária. (1)	-	-

(1) Company merged into Banco PAN S.A. on 6/28/2017 (approved by BACEN on 11/16/2017).

3) SIGNIFICANT ACCOUNTING PRACTICES

a) Cash and cash equivalents and functional and presentation currency:

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.

The parent company and consolidated financial statements are presented Brazilian Reais (Real), 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 when 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) Interbank investments:

Interbank investments are presented at cost plus related earnings up to the balance sheet date.

d) Marketable securities:

Marketable securities are recorded at the investment amount plus income earned through the balance sheet date, based on the yield rate and maturity, adjusted to fair value, where applicable. These 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 period;

- 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 results for the period 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 period.

e) 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 to use them or not as hedging instruments. Appreciation or depreciation in value are 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 and 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 results for the period.

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 for interim periods and rate extrapolations for longer periods are utilized.

Future cash flows, discounted to present value by future interest curves, obtained based on information issued by B3 S.A., were utilized to measure the fair 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. or at the Organized Counter for Assets and Derivatives (CETIP S.A.). 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 operations, and the nominal amounts of these transactions are recorded in memorandum accounts.

The balances of assets and liabilities and the results are shown in Notes 7c and 7g.

f) Credit operations:

Loan and leasing operations, advances on foreign exchange contracts and other credits with credit concession characteristics are classified based on management's opinion as to their risk level, considering the economic scenario, past experience, and specific and global risks related to the operation, debtors and guarantors, in compliance with the parameters and guidelines established by 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, delinquency periods before settlement 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 credit 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 they are written-off against the existing allowance and 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 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 credit operation or when relevant new facts justify a change in risk level, the operation can be reclassified to a lower risk category.

The allowance for losses 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 allowance for loan losses related to loan assignments with co-obligation is calculated based on the same guidelines established by BACEN for unassigned loan operations.

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

From January 1, 2012, 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 period.

  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:

  In transactions for the disposal 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 separately to the result for the period over the remaining term of the transaction; and

  In 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 period over the remaining term of the transaction.

h) Assets not for own use:

These assets mainly 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 the repossessed assets.

i) Prepaid expenses:

Prepaid expenses relate to funds applied in advance payments, whose related benefits or services 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. This group mainly consists of commissions paid to correspondent banks and expenses on securities issued abroad.

As from January 2, 2015, PAN adopted the accounting registration criteria for the remuneration of correspondent banks, determined by BACEN Circular 3,693/13 with subsequent amendments introduced by BACEN Circular 3,738/14.

j) Other current assets and long-term receivables:

These assets are stated at cost plus related income and monetary and exchange variations, less the corresponding provision for adjustment to realizable value, where applicable.

k) Investments:

Investments in subsidiaries and associates 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.

l) Property and equipment:

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

The assets are stated at cost of acquisition less accumulated depreciation and adjusted 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.

Property and equipment acquired as from January 1, 2017 are stated in conformity with Resolution 4,535/16.

m) Intangible assets:

Intangible assets correspond to the rights acquired over non-physical assets for maintaining the business or which are exercised for this purpose.

The assets are stated at acquisition or formation cost, less accumulated amortization and an adjustment for impairment, where applicable, and mainly comprise goodwill paid for the future profitability of an investment, licenses and expenses on the acquisition and development of software. Intangible assets are amortized on the straight line method over the estimated period of their use.

The intangible assets acquired as from January 1, 2017 are stated in conformity Resolution 4,534/16.

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

Deferred tax assets on temporary additions are realized on the utilization and/or reversal of the corresponding provisions in respect of which they were recorded. Deferred tax assets on tax losses are realized as taxable income is generated, up to the limit of 30% of taxable income for the reporting period. These deferred tax assets are recognized based on their expected realization, which is periodically reviewed, considering the technical studies and analyses prepared by management.

The provision for income tax is recorded at 15% of taxable income, plus a 10% surtax. Social contribution on net income is calculated for financial institutions at the rate of 20% (rate increase from 15% to 20% based on Law 13,169, dated 10/6/2015 for the period from 9/1/2015 and 12/31/2018), and, for the other companies, the rate is 9%.

o) 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 period when the carrying amount of an asset exceeds its recoverable amount, 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.

p) 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.

q) 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.

r) Current and long-term liabilities:

Known or estimated liabilities, charges and risks are presented at monetarily adjusted amounts through the balance sheet date. Liabilities in foreign currency are translated into local currency at the exchange rates in effect on the balance sheet date, as disclosed by BACEN.

s) Contingent assets and liabilities and legal obligations (taxes and social security):

Contingent assets and contingent liabilities and legal obligations (tax and social security) are recognized, measured and disclosed in conformity with CMN Resolution 3,823/09, which approved CPC Accounting Standard 25 - Provisions, Contingent Assets and Contingent Liabilities, the main criteria of which are as follows:

- Contingent assets - not recorded in the financial statements, except when there is evidence that their realization is guaranteed.

- Contingent liabilities - recorded in the financial statements when, based on the opinion of the Bank's management and legal advisors, the risk of losing an administrative or legal action is deemed probable, and whenever the amounts involved can be reliably measured. Contingent liabilities classified as possible losses by the legal advisors are disclosed in the notes to the financial statements, when significant, whereas those classified as remote losses require neither provision nor disclosure.

- 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.

t) 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 securities are settled.

u) Earnings per share:

Earnings per share are calculated based on the number of outstanding shares at the balance sheet date.

v) 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) deferred tax assets; (ii) depreciation rates of property and equipment and amortization of intangible assets; (iii) provisions necessary to absorb the potential risks arising from contingent liabilities; (iv) provision for loss on assets not for own use; (v) allowance for loan and lease losses; (vi) impairment of non-financial assets; and (vii) estimated fair value of specific financial instruments. The actual settlement amounts of these financial or non-financial assets and liabilities could differ from these estimates.

w) Events after the reporting period:

Events which have occurred between the reporting date of the financial statements and the date of its approval by management are divided into:

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 OPERATIONS BY BUSINESS SEGMENT

a) Consolidated Balance Sheet:

Assets	Financial (1)(2)	Consortium (3)	Securitization (4)	Sales promoter (5)	Other (6)	Eliminations (7)	Total
Current	10,892,961	38,852	34,345	12,270	16,900	(44,650)	10,950,678
Long-term receivables	15,758,361	30,752	189,484	206,637	166,381	(272,387)	16,079,228
Permanent assets	843,226	257	1,424	2,603		(646,985)	200,525
Total at 12/31/2018	**27,494,548**	**69,861**	**225,253**	**221,510**	**183,281**	**(964,022)**	**27,230,431**
Total at 12/31/2017	**26,021,581**	**65,297**	**229,714**	**222,940**	**168,030**	**(873,238)**	**25,834,324**

Liabilities	Financial (1)(2)	Consortium (3)	Securitization (4)	Sales promoter (5)	Other (6)	Eliminations (7)	Total
Current	14,064,962	10,895	11,666	495	4,891	(44,650)	14,048,259
Long-term liabilities	9,333,650	9,014	872	7,690	7,397	(272,387)	9,086,236
Results of future periods	17	-	-	-	-	-	17
Equity	4,095,919	49,952	212,715	213,325	170,993	(646,985)	4,095,919
Total at 12/31/2018	**27,494,548**	**69,861**	**225,253**	**221,510**	**183,281**	**(964,022)**	**27,230,431**
Total at 12/31/2017	**26,021,581**	**65,297**	**229,714**	**222,940**	**168,030**	**(873,238)**	**25,834,324**

b) Consolidated statement of income:

	Financial (1)(2)	Consortium (3)	Securitization (4)	Sales promoter (5)	Other (6)	Eliminations (7)	Total
Income from financial intermediation	7,075,594	3,059	7,396	8,500	23,086	(18,262)	7,099,373
Expenses on financial intermediation	(3,177,977)	-	-	-	-	18,262	(3,159,715)
Gross result	**3,897,617**	**3,059**	**7,396**	**8,500**	**23,086**	**-**	**3,939,658**
Other operating income (expenses)	(3,430,448)	4,688	(6,202)	(3,279)	(4,191)	(21,950)	(3,461,382)
Non-operating results	(21,498)	-	13	-	75	-	(21,410)
Provision for IRPJ and CSLL	(224,156)	(2,618)	(376)	(1,775)	(6,426)	-	(235,351)
Net result at 12/31/2018	**221,515**	**5,129**	**831**	**3,446**	**12,544**	**(21,950)**	**221,515**
Net result at 12/31/2017	**212,606**	**2,555**	**(2,706)**	**5,940**	**11,459**	**(17,248)**	**212,606**

(1) Represented by Banco PAN S.A., Pan Arrendamento Mercantil S.A., and Brazilian Mortgages Companhia Hipotecária.
(2) Brazilian Mortgages Companhia Hipotecária was merged into Banco Pan on 6/28/2017 (approved by BACEN on 11/16/2017).
(3) Represented by Pan Administradora de Consórcio Ltda.
(4) Represented by Brazilian Securities Companhia de Securitização.
(5) Represented by BM Sua Casa Promotora de Vendas Ltda.
(6) Represented by Brazilian Finance & Real Estate S.A.
(7) Eliminations between companies in different segments.

5) CASH AND CASH EQUIVALENTS

	Bank		Consolidated	
	12/31/2018	12/31/2017	12/31/2018	12/31/2017
Funds in local currency	313	234	3,653	4,447
Funds in foreign currency	16,061	6,302	16,061	6,301
Subtotal (cash)	**16,374**	**6,536**	**19,714**	**10,748**
Short-term interbank investments (1)	-	155,712	-	155,712
Total	**16,374**	**162,248**	**19,714**	**166,460**

(1) Includes transactions 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.

6) INTERBANK INVESTMENTS

a) Composition and maturities:

Bank and Consolidated	Up to 30 days	31 to 90 days	91 to 180 days	181 to 360 days	More than 360 days	12/31/2018	12/31/2017
Money market investments:							
Own portfolio position	**-**	**-**	**-**	**-**	**-**	**-**	**504,764**
Financial Treasury Bills (LFT)	-	-	-	-	-	-	695
National Treasury Notes (NTN) -	-	-	-	-	-	-	504,069
Third-party portfolio position	**-**	**-**	**-**	**-**	**-**	**-**	**512,478**
National Treasury Notes (NTN) -	-	-	-	-	-	-	512,478
Interbank deposits	**-**	**-**	**3,897**	**-**	**-**	**3,897**	**15,741**
Total at 12/31/2018	**-**	**-**	**3,897**	**-**	**-**	**3,897**	**-**
Total at 12/31/2017	**1,024,502**	**-**	**6,536**	**1,945**	**-**	**-**	**1,032,983**

b) Income from interbank investments:

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

	Bank		Consolidated	
	12/31/2018	12/31/2017	12/31/2018	12/31/2017
Income from investments in purchase and sale agreements:	**65,448**	**66,782**	**65,448**	**66,782**
Own portfolio position	58,357	27,856	58,357	27,856
Third-party portfolio position	6,805	36,969	6,805	36,969
Sold position	286	1,957	286	1,957
Income from interbank deposits	**888**	**45,753**	**888**	**9,900**
Total (Note 7h)	**66,336**	**112,535**	**66,336**	**76,682**

7) MARKETABLE SECURITIES AND DERIVATIVE FINANCIAL INSTRUMENTS

a) Composition of portfolio:

The portfolio of marketable securities and derivative financial instruments at 12/31/2018 and 12/31/2017, by type of paper, was comprised as follows:

	Bank		Consolidated	
	12/31/2018	12/31/2017	12/31/2018	12/31/2017
Marketable securities	**1,700,784**	**1,443,709**	**1,934,506**	**1,715,141**
Own portfolio:	**1,213,212**	**265,050**	**1,444,548**	**534,275**
Bank Deposit Certificates (CDB)	-	-	428	403
Mortgage-backed securities (CRI)	-	-	230,908	268,823
Financial Treasury Bills (LFT)	621,156	87,599	621,156	87,598
National Treasury Bills (LTN)	200,450	106,436	200,450	106,436
National Treasury Notes (NTN)	391,264	70,673	391,264	70,673
Social Development Fund (FDS)	342	342	342	342
Subject to repurchase agreements:	**269,177**	**1,071,434**	**269,177**	**1,071,434**
Financial Treasury Bills (LFT)	112,407	686,262	112,407	686,262
National Treasury Bills (LTN)	-	191,773	-	191,773
National Treasury Notes (NTN)	156,770	193,399	156,770	193,399
Subject to guarantees:	**218,395**	**107,225**	**220,781**	**109,432**
Financial Treasury Bills (LFT)	218,395	107,225	218,395	107,226
Bank Deposit Certificates (CDB)	-	-	2,386	2,206
Derivative financial instruments:	**279,158**	**171,367**	**279,158**	**171,367**
Difference receivable on swaps	275,298	171,366	275,298	171,366
Options	3,860	1	3,860	1
Total	**1,979,942**	**1,615,076**	**2,213,664**	**1,886,508**

b) Analysis by category and term (Bank and Consolidated):

Bank	12/31/2018								12/31/2017	
	No stated maturity	Up to 12 months	1 to 3 years	3 to 5 years	More than 5 years	Book value (1)(2)(3)	Adjusted cost	Mark-to-market adjustment	Book value (1)(2)(3)	Mark-to-market adjustment
Trading securities	**-**	**1,711**	**18,445**	**105,810**	**275,259**	**401,225**	**400,134**	**1,091**	**50,757**	**591**
Financial Treasury Bills (LFT)	-	-	18,445	1,472	273,931	293,848	293,837	11	27,486	23
National Treasury Bills (LTN)	-	586	-	-	-	586	579	7	21,608	567
National Treasury Notes (NTN)	-	1,125	-	104,338	1,328	106,791	105,718	1,073	1,663	1
Available-for-sale securities	**-**	**-**	**565,132**	**92,978**	**4**	**658,114**	**658,029**	**85**	**853,640**	**266**
Financial Treasury Bills (LFT)	-	-	565,132	92,978	-	658,110	658,025	85	853,600	266
National Treasury Notes (NTN)	-	-	-	-	4	4	4	-	40	-
Securities held to maturity	**342**	**327,543**	**261,720**	**51,840**	**-**	**641,445**	**641,445**	**-**	**539,312**	**-**
National Treasury Bills (LTN)	-	199,865	-	-	-	199,865	199,865	-	276,601	-
National Treasury Notes (NTN)	-	127,678	261,720	51,840	-	441,238	441,238	-	262,369	-
Social Development Fund (FDS)	342	-	-	-	-	342	342	-	342	-
Total	**342**	**329,254**	**845,297**	**250,628**	**275,263**	**1,700,784**	**1,699,608**	**1,176**	**1,443,709**	**857**

Consolidated	12/31/2018								12/31/2017	
	No stated maturity	Up to 12 months	1 to 3 years	3 to 5 years	More than 5 years	Book value (1)(2)(3)	Adjusted cost	Mark-to-market adjustment	Book value (1)(2)(3)	Mark-to-market adjustment
Trading securities:	**-**	**1,711**	**18,445**	**105,810**	**275,259**	**401,225**	**400,134**	**1,091**	**50,757**	**591**
Financial Treasury Bills (LFTs)	-	-	18,445	1,472	273,931	293,848	293,837	11	27,486	23
National Treasury Bills (LTN)	-	586	-	-	-	586	579	7	21,608	567
National Treasury Notes (NTN)	-	1,125	-	104,338	1,328	106,791	105,718	1,073	1,663	1
Available-for-sale securities:	**-**	**3,929**	**794,925**	**92,978**	**4**	**891,836**	**904,106**	**(12,270)**	**1,125,072**	**(20,263)**
Financial Treasury Bills (LFT)	-	-	565,132	92,978	-	658,110	658,025	85	853,600	266
National Treasury Notes (NTN)	-	-	-	-	4	4	4	-	40	-
Bank Deposit Certificates (CDB)	-	1,200	1,613	-	-	2,813	2,792	21	2,609	-
Mortgage-backed securities (CRI)	-	2,729	228,180	-	-	230,909	243,285	(12,376)	268,823	(20,529)
Securities held to maturity:	**342**	**327,543**	**261,720**	**51,840**	**-**	**641,445**	**641,445**	**-**	**539,312**	**-**
National Treasury Bills (LTN)	-	199,865	-	-	-	199,865	199,865	-	276,601	-
National Treasury Notes (NTN)	-	127,678	261,720	51,840	-	441,238	441,238	-	262,369	-
Social Development Fund (FDS)	342	-	-	-	-	342	342	-	342	-
Total	**342**	**333,183**	**1,075,090**	**250,628**	**275,263**	**1,934,506**	**1,945,685**	**(11,179)**	**1,715,141**	**(19,672)**

(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 fair value was determined using internal models and data based on observable market parameters.
(2) This column presents the carrying amount subsequent to the mark-to-market adjustment, in accordance with item (1), except for the securities classified as held to maturity, whose market value was higher than the adjusted cost by R$ 8,502 (12/31/2017 - higher by R$ 15,565). In order to comply with Article 8 of BACEN Circular 3,068/2001, 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:

Bank and Consolidated	12/31/2018				12/31/2017			
	Notional value	Carrying amount	Adjusted cost	Mark-to-market	Notional value	Carrying amount	Adjusted cost	Mark-to-market
Asset position:		**279,158**	**281,148**	**(1,990)**		**171,367**	**162,086**	**9,281**
Swaps	4,096,404	275,298	279,127	(3,829)	5,700,441	171,366	161,886	9,480
Options to be exercised	1,919,163	3,860	2,021	1,839	12,390,000	1	200	(199)
Liability position:		**(175,121)**	**(126,221)**	**(48,900)**		**(202,643)**	**(133,359)**	**(69,284)**
Swaps	4,096,404	(172,218)	(124,963)	(47,255)	5,700,441	(202,642)	(133,309)	(69,333)
Options issued	1,916,550	(2,903)	(1,258)	(1,645)	12,385,000	(1)	(50)	49
Subtotal		**104,037**	**154,927**	**(50,890)**		**(31,276)**	**28,727**	**(60,003)**
Futures		**967**	**967**	**-**		**240**	**240**	**-**
Asset position	12,498,311	2,474	2,474	-	13,604,787	2,700	2,700	-
Liability position	12,498,311	(1,507)	(1,507)	-	13,604,787	(2,460)	(2,460)	-
Total		**105,004**	**155,894**	**(50,890)**		**(31,036)**	**28,967**	**(60,003)**

d) Composition by maturity (notional value):

Bank and Consolidated	Up to 30 days	31 to 90 days	91 to 180 days	181 to 360 days	More than 360 days	12/31/2018	12/31/2017
Swaps	**328,538**	**-**	**565,377**	**626,324**	**2,576,165**	**4,096,404**	**5,700,441**
U.S. dollar x CDI	-	-	51,373	49,466	1,027,823	1,128,662	1,113,477
CDI x U.S. dollar	-	-	-	-	1,137	1,137	1,705
CDI x Fixed rate	304,107	-	514,004	576,858	1,547,205	2,942,174	4,564,621
Fixed rate x U.S. dollar	24,431	-	-	-	-	24,431	20,638
Options	**3,699,500**	**136,213**	**-**	**-**	**-**	**3,835,713**	**24,775,000**
Shares purchased	1,850,100	69,063	-	-	-	1,919,163	12,390,000
Shares sold	1,849,400	67,150	-	-	-	1,916,550	12,385,000
Futures	**1,105,052**	**24,241**	**179,583**	**3,838,698**	**7,350,737**	**12,498,311**	**13,604,787**
DDI	7,746	-	19,103	1,902	149,087	177,838	227,153
DI	1,092,462	-	160,480	3,836,796	7,201,650	12,291,388	13,346,140
U.S. dollar	4,844	24,241	-	-	-	29,085	31,494
Total	**5,133,090**	**160,454**	**744,960**	**4,465,022**	**9,926,902**	**20,430,428**	**44,080,228**

e) Place of negotiation and counterparties:

Bank and Consolidated	12/31/2018	12/31/2017
Central System for Custody and Financial Settlement of Securities (CETIP) (over the counter)	4,096,404	5,700,441
B3 S.A. (Exchange)	16,334,024	38,379,787
Total	**20,430,428**	**44,080,228**

Counterparties: At 12/31/2018, they were distributed as follows in the Bank and Consolidated: B3 S.A. 79.95% (85.14%), Financial Institutions 19.93% (14.70%), and other 0.12% (0.16%).

f) Accounting Hedge - market value

Bank and Consolidated	12/31/2018	12/31/2017
Financial Instruments		
Asset position	**2,717,544**	**2,460,546**
Swaps - U.S. dollar (1)	1,909,407	1,766,600
Futures DI1 B3 S.A. Fixed rate - Brazilian reais (2)	808,137	693,946
Liability position	**(6,199,812)**	**(9,189,705)**
Swaps - fixed rate - Brazilian reais (3)	(399,926)	(1,161,696)
Futures DI1 B3 S.A. - fixed rate - Brazilian reais (3)	(5,799,886)	(8,028,009)
Hedged item		
Asset position	**5,988,784**	**6,936,653**
Credit operations (3)	5,988,784	6,936,653
Liability position	**(2,588,584)**	**(2,269,978)**
Subordinated debt abroad (1)	(1,790,563)	(1,585,191)
Time deposit certificates (2)	(798,021)	(684,787)

(1) Used as protection of the funding operation abroad;
(2) Used as protection against the fixed interest risk of long-term deposit certificates.
(3) This hedged item includes the following retail credit operations: Payroll loans and Vehicles.

g) Result with derivative financial instruments:

	Bank			Consolidated		
	12/31/2018			12/31/2018		
	Revenue	Expense	Net	Revenue	Expense	Net
Swaps	967,166	(816,935)	150,231	967,166	(816,935)	150,231
Options	3,950	(4,152)	(202)	3,950	(4,152)	(202)
Futures	1,930,289	(2,080,291)	(150,002)	1,930,289	(2,080,291)	(150,002)
Total at 12/31/2018	**2,901,405**	**(2,901,378)**	**27**	**2,901,405**	**(2,901,378)**	**27**
Total at 12/31/2017	**1,896,791**	**(2,191,660)**	**(294,869)**	**1,896,490**	**(2,202,139)**	**(305,649)**

h) Result from operations with securities:

	Bank		Consolidated	
	12/31/2018	12/31/2017	12/31/2018	12/31/2017
Fixed income securities	102,202	178,287	116,923	210,476
Short-term interbank investments (Note 6b)	66,336	112,535	66,336	76,682
Total	**168,538**	**290,822**	**183,259**	**287,158**

8) CREDIT OPERATIONS

a) Composition of the portfolio by type of operation:

	Bank				Consolidated			
	12/31/2018		12/31/2017		12/31/2018		12/31/2017	
	Amount	%	Amount	%	Amount	%	Amount	%
Payroll-deductible loan (1)	8,276,322	40.82	6,978,491	37.99	8,276,322	40.82	6,978,491	37.99
Vehicles (1)	6,979,927	34.42	5,904,742	32.15	6,979,927	34.42	5,904,742	32.15
Financing - credit cards (2)	1,702,804	8.41	1,561,446	8.51	1,702,804	8.41	1,561,446	8.51
Bank overdrafts	747,020	3.68	547,716	2.98	747,020	3.68	547,716	2.98
Loans with real estate guarantees	429,784	2.12	527,441	2.87	429,784	2.12	527,441	2.87
Working capital	320,166	1.57	846,915	4.61	320,166	1.57	846,915	4.61
Credits linked to the assignment of loans(3)	305,115	1.49	159,643	0.87	305,115	1.49	159,643	0.87
Housing financing	269,740	1.33	355,679	1.93	269,740	1.33	355,679	1.93
Export financing	156,619	0.77	328,497	1.79	156,619	0.77	328,497	1.79
Renegotiated loans	96,722	0.48	97,601	0.52	96,722	0.48	97,601	0.52
Real estate development financing	45,643	0.23	73,371	0.41	45,643	0.23	73,371	0.41
Personal credit (1)	68	-	1,384	0.01	68	-	1,384	0.01
Leasing operations (4)	-	-	-	-	29	-	222	-
Total credit operations	**19,329,930**	**95.32**	**17,382,926**	**94.64**	**19,329,959**	**95.32**	**17,383,148**	**94.64**
Other receivables (5)	913,705	4.51	916,819	4.99	914,688	4.51	916,819	4.99
Advances against Exchange Contracts (ACC) and income receivable (6)	33,966	0.17	67,143	0.37	33,966	0.17	67,143	0.37
Subtotal	**20,277,601**	**100.00**	**18,366,888**	**100.00**	**20,278,613**	**100.00**	**18,367,110**	**100.00**
(+/-) Adjustment to market value (1)	129,203	-	138,771	-	129,203	-	138,771	-
Total	**20,406,804**	**-**	**18,505,659**	**-**	**20,407,816**	**-**	**18,505,881**	**-**

(1) Contracts including hedge accounting transactions (Note 7f).
(2) Financing provided to Visa and MasterCard credit card holders.
(3) Payroll-linked loan operations assigned with substantial retention of risks and benefits (Note 8fII).
(4) Recorded at present value.
(5) Credit card receivables and credit instruments receivable with loan characteristics.
(6) Advances on foreign exchange contracts are recorded as a reduction of "Other Liabilities" (Note 9).

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

Bank	Bank Risk Levels Abnormal course of operations										
	AA	A	B	C	D	E	F	G	H	Total at 12/31/2018	Total at 12/31/2017
Falling due	-	**1,131,844**	**459,388**	**405,004**	**189,931**	**118,241**	**75,921**	**54,710**	**317,935**	**2,752,974**	**2,512,962**
01 to 30	-	50,811	20,907	19,663	8,526	5,043	5,466	2,546	14,838	127,800	111,991
31 to 60	-	45,827	21,066	19,670	8,628	5,117	3,610	2,550	14,972	121,440	109,145
61 to 90	-	44,493	18,744	16,659	8,179	4,561	3,294	2,322	13,930	112,182	105,750
91 to 180	-	121,031	55,152	48,730	25,090	13,038	9,017	6,553	38,124	316,735	286,917
181 to 365	-	209,912	92,127	78,260	44,747	23,346	15,753	11,276	63,604	539,025	487,393
Up to 365	-	659,770	251,392	222,022	94,761	67,136	38,781	29,463	172,467	1,535,792	1,411,766
Past due	-	**71,078**	**96,097**	**60,605**	**161,053**	**108,933**	**151,767**	**139,502**	**456,837**	**1,245,872**	**1,136,338**
01 to 14	-	62,133	4,823	9,760	7,084	2,640	1,711	1,112	5,189	94,452	99,407
15 to 30	-	8,945	85,805	8,691	3,633	22,048	1,701	1,407	10,037	142,267	100,747
31 to 60	-	-	5,469	36,554	49,957	9,545	47,653	2,579	19,724	171,481	122,486
61 to 90	-	-	-	4,184	92,115	16,557	4,343	2,597	14,914	134,710	77,442
91 to 180	-	-	-	1,416	4,181	39,841	45,042	35,845	47,556	173,881	238,259
181 to 365	-	-	-	-	-	11,633	2,757	3,082	290,017	307,489	267,140
Up to 365	-	-	-	-	4,083	6,669	48,560	92,880	69,400	221,592	230,857
Subtotal	**-**	**1,202,922**	**555,485**	**465,609**	**350,984**	**227,174**	**227,688**	**194,212**	**774,772**	**3,998,846**	**3,649,300**
Allowance required	**-**	**6,015**	**5,555**	**13,968**	**35,098**	**68,152**	**113,844**	**135,949**	**774,772**	**1,153,353**	**1,018,624**

	Bank Risk Levels Normal course of operations										
	AA	A	B	C	D	E	F	G	H	Total at 12/31/2018	Total at 12/31/2017
Falling due	-	15,896,762	147,724	49,554	25,040	50,725	51,297	17,330	40,323	16,278,755	14,717,588
01 to 30	-	2,053,048	9,623	5,903	1,377	356	33,024	261	3,640	2,107,232	2,038,387
31 to 60	-	585,333	5,118	1,859	4,334	1,242	316	229	1,265	599,696	640,590
61 to 90	-	522,218	8,030	1,408	824	285	3,907	168	1,479	538,319	515,525
91 to 180	-	1,389,445	33,601	6,077	3,372	4,079	3,125	498	2,122	1,442,319	1,474,682
181 to 365	-	2,292,742	38,834	6,889	8,097	15,656	5,134	9,334	7,421	2,384,107	2,280,090
Up to 365	-	9,053,976	52,518	27,418	7,036	29,107	5,791	6,840	24,396	9,207,082	7,768,314
Subtotal	**-**	**15,896,762**	**147,724**	**49,554**	**25,040**	**50,725**	**51,297**	**17,330**	**40,323**	**16,278,755**	**14,717,588**
Allowance required	**-**	**79,483**	**1,477**	**1,487**	**2,504**	**15,218**	**25,648**	**12,131**	**40,323**	**178,271**	**202,712**
Total (1)	**-**	**17,099,684**	**703,209**	**515,163**	**376,024**	**277,899**	**278,985**	**211,542**	**815,095**	**20,277,601**	**18,366,888**
Total allowance	**-**	**85,498**	**7,032**	**15,455**	**37,602**	**83,370**	**139,492**	**148,080**	**815,095**	**1,331,624**	**1,221,336**

Consolidated	Risk Levels Abnormal course of operations										
	AA	A	B	C	D	E	F	G	H	Total at 12/31/2018	Total at 12/31/2017
Falling due	-	**1,131,844**	**459,388**	**405,004**	**189,931**	**118,241**	**75,921**	**54,710**	**317,935**	**2,752,974**	**2,513,066**
01 to 30	-	50,811	20,907	19,663	8,526	5,043	5,466	2,546	14,838	127,800	112,001
31 to 60	-	45,827	21,066	19,670	8,628	5,117	3,610	2,550	14,972	121,440	109,158
61 to 90	-	44,493	18,744	16,659	8,179	4,561	3,294	2,322	13,930	112,182	105,785
91 to 180	-	121,031	55,152	48,730	25,090	13,038	9,017	6,553	38,124	316,735	286,932
181 to 365	-	209,912	92,127	78,260	44,747	23,346	15,753	11,276	63,604	539,025	487,424
Up to 365	-	659,770	251,392	222,022	94,761	67,136	38,781	29,463	172,467	1,535,792	1,411,766
Past due	-	**71,078**	**96,097**	**60,605**	**161,053**	**108,933**	**151,767**	**139,502**	**456,866**	**1,245,901**	**1,136,397**
01 to 14	-	62,133	4,823	9,760	7,084	2,640	1,711	1,112	5,198	94,461	99,415
15 to 30	-	8,945	85,805	8,691	3,633	22,048	1,701	1,407	10,037	142,267	100,747
31 to 60	-	-	5,469	36,554	49,957	9,545	47,653	2,579	19,729	171,486	122,499
61 to 90	-	-	-	4,184	92,115	16,557	4,343	2,597	14,919	134,715	77,453
91 to 180	-	-	-	1,416	4,181	39,841	45,042	35,845	47,566	173,891	238,284
181 to 365	-	-	-	-	-	11,633	2,757	3,082	290,017	307,489	267,142
Over 365	-	-	-	-	4,083	6,669	48,560	92,880	69,400	221,592	230,857
Subtotal	**-**	**1,202,922**	**555,485**	**465,609**	**350,984**	**227,174**	**227,688**	**194,212**	**774,801**	**3,998,875**	**3,649,463**
Allowance required	**-**	**6,015**	**5,555**	**13,968**	**35,098**	**68,152**	**113,844**	**135,949**	**774,801**	**1,153,382**	**1,018,669**

	Risk Levels Normal course of operations										
	AA	A	B	C	D	E	F	G	H	Total at 12/31/2018	Total at 12/31/2017
Falling due	**983**	**15,896,762**	**147,724**	**49,554**	**25,040**	**50,725**	**51,297**	**17,330**	**40,323**	**16,279,738**	**14,717,647**
01 to 30	983	2,053,048	9,623	5,903	1,377	356	33,024	261	3,640	2,108,215	2,038,401
31 to 60	-	585,333	5,118	1,859	4,334	1,242	316	229	1,265	599,696	640,603
61 to 90	-	522,218	8,030	1,408	824	285	3,907	168	1,479	538,319	515,529
91 to 180	-	1,389,445	33,601	6,077	3,372	4,079	3,125	498	2,122	1,442,319	1,474,691
181 to 365	-	2,292,742	38,834	6,889	8,097	15,656	5,134	9,334	7,421	2,384,107	2,280,109
Up to 365	-	9,053,976	52,518	27,418	7,036	29,107	5,791	6,840	24,396	9,207,082	7,768,314
Subtotal	**983**	**15,896,762**	**147,724**	**49,554**	**25,040**	**50,725**	**51,297**	**17,330**	**40,323**	**16,279,738**	**14,717,647**
Allowance required	**-**	**79,483**	**1,477**	**1,487**	**2,504**	**15,218**	**25,648**	**12,131**	**40,323**	**178,271**	**202,712**
Total (1)	**983**	**17,099,684**	**703,209**	**515,163**	**376,024**	**277,899**	**278,985**	**211,542**	**815,124**	**20,278,613**	**18,367,110**
Total allowance	**-**	**85,498**	**7,032**	**15,455**	**37,602**	**83,370**	**139,492**	**148,080**	**815,124**	**1,331,653**	**1,221,382**

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

c) Change in the allowance for losses (1):

	Bank		Consolidated	
	12/31/2018	12/31/2017	12/31/2018	12/31/2017
Opening balance	**1,266,038**	**1,071,651**	**1,266,084**	**1,248,715**
Balance resulting from the merger (2)	-	209,422	-	-
Allowance constituted	1,140,370	1,056,769	1,140,405	1,119,812
Write off against allowance	(973,853)	(1,071,804)	(973,905)	(1,102,443)
At the end of the year	**1,432,555**	**1,266,038**	**1,432,584**	**1,266,084**

Credit recoveries (3)	**236,286**	**259,963**	**245,603**	**271,959**
Effect on results (4)	**(904,084)**	**(796,806)**	**(894,802)**	**(847,853)**

(1) Includes: (i) other receivables with characteristics of credit operations; (ii) foreign exchange transactions; (iii) other receivables without characteristics of credit operations (Note 11);
(2) Brazilian Mortgages was merged into Banco PAN on 6/28/2017.
(3) In the year ended 12/31/2018, credits previously written-off against the allowance, totaling R$ 245,603, were recovered (recovered credits of R$ 236,286 in the Bank, R$ 258 referring to lease operations, recovered credits of R$ 9,058 in Brazilian Finance & Real Estate).
(4) Expense of allowance constituted less income from credits recovered.

d) Classification by area of economic activity:

	Bank				Consolidated			
	12/31/2018		12/31/2017		12/31/2018		12/31/2017	
	Amount	%	Amount	%	Amount	%	Amount	%
Individuals	**18,558,064**	**91.52**	**15,924,109**	**86.71**	**18,558,064**	**91.52**	**15,924,109**	**86.71**
Services	**1,264,689**	**6.24**	**1,625,171**	**8.84**	**1,265,701**	**6.24**	**1,625,393**	**8.84**
Construction and real-estate development	536,051	2.64	906,967	4.94	537,034	2.64	906,967	4.94
Other services	434,776	2.14	411,091	2.22	434,805	2.14	411,313	2.22
Financial	195,852	0.97	141,823	0.77	195,852	0.97	141,823	0.77
Transportation and logistics	46,537	0.23	98,995	0.54	46,537	0.23	98,995	0.54
Utilities	44,225	0.22	37,162	0.21	44,225	0.22	37,162	0.21
Media, IT and Telecom	4,777	0.02	4,792	0.03	4,777	0.02	4,792	0.03
Vehicle rental	2,323	0.01	18,591	0.11	2,323	0.01	18,591	0.11
Health, security and education	148	0.01	5,750	0.02	148	0.01	5,750	0.02
Commercial	**289,530**	**1.42**	**385,709**	**2.11**	**289,530**	**1.42**	**385,709**	**2.11**
Wholesale and retail	289,530	1.42	385,709	2.11	289,530	1.42	385,709	2.11
Basic industries	**90,873**	**0.45**	**191,814**	**1.03**	**90,873**	**0.45**	**191,814**	**1.03**
Paper and pulp	32,384	0.16	64,942	0.35	32,384	0.16	64,942	0.35
Other industries	23,798	0.12	84,821	0.46	23,798	0.12	84,821	0.46
Textiles	15,366	0.08	20,599	0.11	15,366	0.08	20,599	0.11
Auto parts	12,072	0.05	12,072	0.06	12,072	0.05	12,072	0.06
Chemical industry	7,253	0.04	9,380	0.05	7,253	0.04	9,380	0.05
Agribusiness	**74,445**	**0.37**	**240,085**	**1.31**	**74,445**	**0.37**	**240,085**	**1.31**
Sugar and ethanol	42,846	0.21	118,589	0.65	42,846	0.21	118,589	0.65
Agribusiness and animal protein	31,599	0.16	121,496	0.66	31,599	0.16	121,496	0.66
Total (1)	**20,277,601**	**100.00**	**18,366,888**	**100.00**	**20,278,613**	**100.00**	**18,367,110**	**100.00**

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

e) Concentration of credit operations:

Largest borrowers	Bank				Consolidated			
	12/31/2018		12/31/2017		12/31/2018		12/31/2017	
	Amount	%	Amount	%	Amount	%	Amount	%
10 largest borrowers	431,785	2.13	400,087	2.18	431,785	2.13	400,087	2.18
50 next largest borrowers	723,978	3.57	874,191	4.76	723,978	3.57	874,191	4.76
100 next largest borrowers	389,057	1.92	682,770	3.72	389,057	1.92	682,770	3.72
Other borrowers	18,732,781	92.38	16,409,840	89.34	18,733,793	92.38	16,410,062	89.34
Total	**20,277,601**	**100.00**	**18,366,888**	**100.00**	**20,278,613**	**100.00**	**18,367,110**	**100.00**

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

I. Transactions with substantial transfer of risks and benefits:

In the years ended 12/31/2018 and 12/31/2017, credits were assigned to financial institutions as presented below:

Bank and Consolidated	12/31/2018			12/31/2017		
	Assignment amount	Present value	Result (1)	Assignment amount	Present value	Result (1)
Consumer financing	-	-	-	922,651	592,687	329,964
Payroll-linked loans	7,014,441	4,831,377	2,183,064	9,848,957	7,145,059	2,703,898
Total (Note 8g)	**7,014,441**	**4,831,377**	**2,183,064**	**10,771,608**	**7,737,746**	**3,033,862**

(1) Recorded in income from loan operations.

II. Transactions with substantial retention of risks and benefits:

Assignment after CMN Resolution 3,533/08

The responsibilities for loans assigned with substantial retention of risks and benefits amounted to R$ 305,115, in Banco PAN and Consolidated (R$ 159,643 at 12/31/2017), calculated at present value using the agreed contract rates. Obligations in the amount of R$ 416,401 (R$ 204,360 at 12/31/2017) were assumed for these credits (Note 21b).

g) Income from credit and leasing operations:

	Bank		Consolidated	
	12/31/2018	12/31/2017	12/31/2018	12/31/2017
Profit on credit assignments (Note 8f)	2,183,064	3,033,862	2,183,064	3,033,862
Payroll-deductible loan	1,812,209	1,839,792	1,812,209	1,839,792
Vehicles	1,607,280	1,452,798	1,607,280	1,452,798
Credit cards	720,069	691,541	720,069	691,541
Recovery of credits written off as losses	236,286	269,803	245,602	271,959
Working capital/overdraft accounts	151,478	259,963	151,478	269,803
Income from loans with real estate guarantees	86,869	34,301	86,869	76,051
Export financing	64,762	112,640	64,762	112,640
Renegotiated loans	21,292	17,616	21,292	17,616
Housing loans	15,221	14,048	15,221	33,170
Income from real estate developments	3,238	1,377	3,238	4,459
Personal credit	189	2,166	189	2,166
Leasing, net of expenses	-	-	9	437
Other	331	506	323	506
Adjustment to market value - Retail Portfolio (1)	(9,568)	(26,502)	(9,568)	(26,502)
Total	**6,892,720**	**7,703,911**	**6,902,037**	**7,780,298**

(1) Marked-to-market of accounting hedge on the retail credits: payroll-deductible loans, vehicles, and personal credit.

9) FOREIGN EXCHANGE PORTFOLIO

a) Balance sheet accounts:

Bank and Consolidated	12/31/2018	12/31/2017
Assets - Other receivables		
Exchange purchases pending settlement	27,802	57,474
Income receivable	11,056	10,695
Total assets	**38,858**	**68,169**
Liabilities - Other liabilities		
Liabilities for exchange purchases	22,910	56,448
Advances on foreign exchange contracts	(22,910)	(56,448)
Total liabilities	**-**	**-**

b) Result on foreign exchange transactions:

Bank and Consolidated	12/31/2018	12/31/2017
Income from export financing	49,721	123,521
Foreign exchange variations	(37,335)	(104,980)
Total	**12,386**	**18,541**

10) REAL ESTATE RECEIVABLES

Consolidated	Final maturity	Charges	% interest p.a.	12/31/2018	12/31/2017
Tranches 95 and 96 (1)(2)	5/1/2023	Referential Rate (TR)	8.65	-	4,010
Real estate credit note (CCI)	11/15/2034	National Civil Construction Index (INCC)/General Market Price index (IGPM) /Savings Account/Interbank Deposit Certificate (CDI) and with no monetary restatement	0 to 20.05	6,967	9,997
Total				**6,967**	**14,007**

(1) These tranches were securitized.
(2) In October 2018, due to the termination of series 95, Brazilian Securities was no longer responsible for any occasional insufficiency of funds for the financial settlement of this CRI. Series 96 has been reclassified to the Company's separate equity.

11) OTHER CREDITS

	Bank		Consolidated	
	12/31/2018	12/31/2017	12/31/2018	12/31/2017
Deferred tax assets (Note 32b)	2,690,503	2,900,329	2,933,004	3,151,336
Amounts receivable from credit assignments	1,652,816	916,550	1,652,816	916,550
Securities and credits receivable (1)	913,705	916,819	914,688	916,819
Judicial and tax deposits	204,335	246,994	228,061	280,307
Taxes and contributions to be offset	222,792	198,490	285,564	250,160
Amounts receivable from payroll-linked loans (2)	43,125	108,460	43,125	108,460
Amounts receivable from affiliates	12,527	42,304	10,352	39,691
Advances for payments	7,958	11,558	8,650	12,249
Residual benefit of securitized transactions (3)	-	-	7,796	11,214
Salary and other advances	1,119	1,291	1,171	1,352
Other (4)	74,017	108,026	71,190	112,659
Total	**5,822,897**	**5,450,821**	**6,156,417**	**5,800,797**

(1) Includes: (i) amounts receivable related to payment transactions made with credit cards amounting to R$ 669,608 (R$ 676,792 at 12/31/2017). The accounting for this asset was modified by BACEN Circular Letter 3,828/17; and (ii) securities receivable with credit concession characteristics amounting to R$ 244,097 in the Bank and R$ 245,080 in the Consolidated (12/31/2017 - R$ 233,960 in the Bank and R$ 240,027 in Consolidated).
(2) Refer mainly to: (i) amounts received and not yet transferred to the Bank by State and Municipal governments, whose transfers are being negotiated by the Bank, which constitutes a full allowance for losses, and for transfers in arrears for more than 180 days, the balance of which at December 31, 2018 amounted to R$ 89,756 (R$ 43,084 at 12/31/2017) (Note 8(c)).
(3) Refers to operations originating from Brazilian Securities Companhia de Securitização.
(4) Includes allowance for other receivables without credit characteristics of R$ 11,175 (12/31/2017 - R$ 1,618) (Note 8(c)).

12) OTHER ASSETS

a) Assets not for own use and other:

Residual value	Bank				Consolidated			
	Cost	Provision for losses	12/31/2018	12/31/2017	Cost	Provision for losses	12/31/2018	12/31/2017
Assets not for own use	**392,247**	**(53,628)**	**338,619**	**332,664**	**403,552**	**(54,925)**	**348,627**	**342,280**
Property	354,803	(43,460)	311,343	310,152	365,414	(44,127)	321,287	319,618
Vehicles	37,444	(10,168)	27,276	22,512	38,138	(10,798)	27,340	22,662
Other items	**282**	**-**	**282**	**313**	**282**	**-**	**282**	**313**
Total	**392,529**	**(53,628)**	**338,901**	**332,977**	**403,834**	**(54,925)**	**348,909**	**342,593**

b) Prepaid expenses:

	Bank		Consolidated	
	12/31/2018	12/31/2017	12/31/2018	12/31/2017
Commissions paid to banking correspondents	93,958	144,902	94,393	148,072
Expenses for issuance of securities abroad	1,897	3,415	1,897	3,415
Other	7,927	9,683	7,931	10,827
Total	**103,782**	**158,000**	**104,221**	**162,314**

13) INVESTMENTS

a) Subsidiaries:

Companies	Share capital	Adjusted equity	Number of shares/quotas held (in thousands)			Participation in capital	Adjusted result	Balance of Investments		Equity accounting adjustment (1) Year ended	
			Common	Preferred	Units	%	12/31/2018	12/31/2018	12/31/2017	12/31/2018	12/31/2017
Pan Arrendamento Mercantil S.A. (2)	356,736	354,781	11	-	-	100.00	3,873	354,781	350,907	3,873	(4,483)
Pan Administradora de Consórcio (2)(7)	42,388	49,952	-	-	48,168	100.00	5,129	49,952	45,067	5,129	2,555
Brazilian Securities Companhia de Securitização (3)(4)(7)	174,201	212,716	77,865	-	-	100.00	830	213,968	212,473	830	(2,706)
Brazilian Finance & Real Estate S.A. (2)(7)	107,662	170,993	0.2	0.5	-	100.00	12,544	170,993	160,422	12,544	11,459
BM Sua Casa Promotora de Vendas Ltda. (2)(3)	179,864	213,325	-	-	179,864	100.00	3,448	215,578	209,277	3,448	5,940
Stone Pagamentos S.A. (4)(5)	-	-	-	-	-	-	-	-	-	-	(2,993)
Brazilian Mortgages Companhia Hipotecária (6)	-	-	-	-	-	-	-	-	-	-	(65,995)
Total								**1,005,272**	**978,146**	**25,824**	**(56,223)**

(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 year ended 12/31/2018 were audited 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$ 3,505 - BM Sua Casa Promotora de Vendas Ltda. R$ 2,253 and Brazilian Securities Companhia de Securitização R$ 1,252.
(4) Company audited by other independent auditors.
(5) In October 2017, Banco PAN sold its entire investment in Stone Pagamentos S.A. for R$ 229,000 (Note 33g).
(6) Company merged into Banco PAN on June 28, 2017 and approved by BACEN on November 16, 2017.
(7) Companies with dividends to be paid up to 12/31/2019 totaling R$ 3,332 (Pan Administradora de Consórcio - R$ 244; Brazilian Finance & Real Estate S.A. - R$ 2,656; and Brazilian Securities Companhia de Securitização - R$ 432).

b) Other Investments:

Bank and Consolidated	12/31/2018	12/31/2017
Asset and Security Registration Center (Certa)	765	-
Interbank Payment Chamber (CIP)	379	379
Total	**1,144**	**379**

14) PROPERTY AND EQUIPMENT

a) Property and equipment comprise the following:

	Annual depreciation rate	Cost	Depreciation	Residual value	
				12/31/2018	12/31/2017
Facilities, furniture and equipment in use	10%	41,303	(26,898)	14,405	19,965
Security and communications systems	10%	1,782	(891)	891	807
Data processing systems	20%	27,906	(19,109)	8,797	6,918
Total at 12/31/2018 (Bank and Consolidated)		**70,991**	**(46,898)**	**24,093**	**-**
Total at 12/31/2017 (Bank)		**69,211**	**(41,521)**	**-**	**27,690**
Total at 12/31/2017 (Consolidated)		**69,249**	**(41,559)**	**-**	**27,690**

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 12/31/2017	**19,965**	**807**	**6,918**	**27,690**
Purchases	544	315	5,785	6,644
Reductions	(1,334)	-	(137)	(1,471)
Depreciation	(4,770)	(231)	(3,769)	(8,770)
At 12/31/2018	**14,405**	**891**	**8,797**	**24,093**

15) INTANGIBLE ASSETS

The amortization of goodwill for the year ended 12/31/2018 totaled R$ 23,930 in the Bank and R$ 25,053 in the Consolidated (Note 27(b)).

a) Intangible assets comprise the following:

Bank	Amortization rate	Cost	Amortization	Residual value	
				12/31/2018	12/31/2017
Expenses with software development	20% to 50%	191,370	(106,113)	85,257	40,611
Goodwill	10%	229,514	(147,272)	82,242	105,194
Total at 12/31/2018		**420,884**	**(253,385)**	**167,499**	**-**
Total at 12/31/2017		**359,582**	**(213,777)**	**-**	**145,805**

Consolidated	Amortization rate	Cost	Amortization	Residual value	
				12/31/2018	12/31/2017
Expenses with software development	20% to 50%	192,272	(106,758)	85,514	40,844
Goodwill	10%	250,532	(160,758)	89,774	114,827
Total at 12/31/2018		**442,804**	**(267,516)**	**175,288**	**-**
Total at 12/31/2017		**381,430**	**(225,759)**	**-**	**155,671**

b) Changes in intangible assets by category:

Bank	Expenses with software development	Goodwill	Total
At 12/31/2017	**40,611**	**105,194**	**145,805**
Additions	63,023	-	63,023
Reductions	(550)	-	(550)
Amortization	(17,827)	(22,952)	(40,779)
At 12/31/2018	**85,257**	**82,242**	**167,499**

Consolidated	Expenses with software development	Goodwill	Total
At 12/31/2017	**40,844**	**114,827**	**155,671**
Additions	63,094	-	63,094
Reductions	(550)	-	(550)
Amortization	(17,874)	(25,053)	(42,927)
At 12/31/2018	**85,514**	**89,774**	**175,288**

16) DEPOSITS, FUNDS OBTAINED IN THE OPEN MARKET AND FUNDS FROM ACCEPTANCE AND ISSUANCE OF SECURITIES

a) Deposits:

Bank	Up to 30 days	31 to 90 days	91 to 180 days	181 to 360 days	More than 360 days	12/31/2018	12/31/2017
Demand deposits (1)	17,369	-	-	-	-	17,369	25,543
Interbank deposits	7,215,628	228,208	11,803	230,091	33,728	7,719,458	8,970,673
Term deposits (2)	145,925	504,796	671,846	1,767,577	6,344,882	9,435,026	5,138,629
Total at 12/31/2018	**7,378,922**	**733,004**	**683,649**	**1,997,668**	**6,378,610**	**17,171,853**	**-**
Total at 12/31/2017	**8,371,992**	**565,276**	**144,418**	**490,895**	**4,562,264**		**14,134,845**

Consolidated	Up to 30 days	31 to 90 days	91 to 180 days	181 to 360 days	More than 360 days	12/31/2018	12/31/2017
Demand deposits (1)	17,319	-	-	-	-	17,319	25,439
Interbank deposits	7,215,628	204,664	4,063	5,355	33,728	7,463,438	8,730,148
Term deposits (2)	145,925	504,796	671,846	1,724,745	6,083,175	9,130,487	4,899,966
Total at 12/31/2018	**7,378,872**	**709,460**	**675,909**	**1,730,100**	**6,116,903**	**16,611,244**	**-**
Total at 12/31/2017	**8,371,888**	**533,828**	**144,418**	**264,648**	**4,340,771**	**-**	**13,655,553**

(1) Classified as from 1 to 30 days, without considering average historical turnover.
(2) Hedge accounting transactions (Note 7f).

b) Funds obtained in the open market:

Bank	Up to 30 days	31 to 90 days	91 to 180 days	181 to 360 days	More than 360 days	12/31/2018	12/31/2017
Own portfolio	**162,094**	**-**	**-**	**-**	**107,430**	**269,524**	**1,082,258**
National Treasury Bills (LTN)	-	-	-	-	-	-	201,059
Financial Treasury Bills (LFT)	4,996	-	-	-	107,430	112,426	685,033
National Treasury Notes (NTN)	157,098	-	-	-	-	157,098	196,166
Third-party portfolio	**-**	**-**	**-**	**-**	**-**	**-**	**517,056**
National Treasury Notes (NTN)	-	-	-	-	-	-	517,056
Total at 12/31/2018	**162,094**	**-**	**-**	**-**	**107,430**	**269,524**	**-**
Total at 12/31/2017	**1,493,292**	**-**	**-**	**-**	**106,022**	**-**	**1,599,314**

Consolidated	Up to 30 days	31 to 90 days	91 to 180 days	181 to 360 days	More than 360 days	12/31/2018	12/31/2017
Own portfolio	**162,094**	**-**	**-**	**-**	**98,093**	**260,187**	**1,074,431**
National Treasury Bills (LTN)	-	-	-	-	-	-	201,059
Financial Treasury Bills (LFT)	4,996	-	-	-	98,093	103,089	677,206
National Treasury Notes (NTN)	157,098	-	-	-	-	157,098	196,166
Third-party portfolio	**-**	**-**	**-**	**-**	**-**	**-**	**517,056**
National Treasury Notes (NTN)	-	-	-	-	-	-	517,056
Total at 12/31/2018	**162,094**	**-**	**-**	**-**	**98,093**	**260,187**	**-**
Total at 12/31/2017	**1,493,292**	**-**	**-**	**-**	**98,195**	**-**	**1,591,487**

c) Funds from acceptance and issuance of securities

Bank	Up to 30 days	31 to 90 days	91 to 180 days	181 to 360 days	More than 360 days	12/31/2018	12/31/2017
Marketable securities - local							
Financial Bills (LF)	152,920	395	1,151	7,271	566,069	727,806	812,593
Agribusiness letters of credit (LCA)	-	26	-	3,904	2,393	6,323	103,631
Real estate letters of credit (LCI)	24,145	50,710	49,802	331,183	59,992	515,832	1,329,117
Total at 12/31/2018	**177,065**	**51,131**	**50,953**	**342,358**	**628,454**	**1,249,961**	**-**
Total at 12/31/2017	**118,573**	**539,645**	**380,741**	**508,882**	**697,500**	**-**	**2,245,341**

Consolidated	Up to 30 days	31 to 90 days	91 to 180 days	181 to 360 days	More than 360 days	12/31/2018	12/31/2017
Marketable securities - local							
Mortgage-backed securities (CRI)	-	-	-	-	-	-	4,214
Financial Bills (LF)	152,920	395	1,151	7,271	566,069	727,806	812,593
Agribusiness letters of credit (LCA)	-	26	-	3,904	2,393	6,323	103,631
Real estate letters of credit (LCI)	24,145	50,710	49,802	331,183	59,992	515,832	1,329,117
Total at 12/31/2018	**177,065**	**51,131**	**50,953**	**342,358**	**628,454**	**1,249,961**	**-**
Total at 12/31/2017	**118,583**	**539,663**	**380,766**	**508,932**	**701,611**	**-**	**2,249,555**

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

	Bank		Consolidated	
	12/31/2018	12/31/2017	12/31/2018	12/31/2017
Time deposits	921,248	629,582	903,518	610,191
Interbank deposits	559,774	1,201,229	544,435	1,191,234
Foreign exchange variation	258,910	22,337	258,910	22,337
Marketable securities issued abroad and subordinated debts	162,342	140,244	162,342	140,244
Housing loan bills	55,076	99,652	55,076	138,729
Financial bills (LF)	60,800	104,665	60,800	104,665
Purchase and sale commitments	38,455	141,167	37,923	140,625
Credits assigned with retention of risk	39,791	43,243	39,791	43,243
Contributions to the deposit guarantee fund	10,597	7,833	10,597	8,343
Agribusiness letters of credit	3,552	18,324	3,552	18,324
Funds raised abroad - Subordinated debt	(57,634)	(14,343)	(57,634)	(14,343)
Total	**2,052,911**	**2,393,933**	**2,019,310**	**2,403,592**

17) INTERBANK ACCOUNTS

Bank and Consolidated	12/31/2018	12/31/2017
Receipts and payments pending settlement	615,912	654,035
Local correspondents (1)	112,716	197,184
Total	**728,628**	**851,219**

(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 consumer financing, payroll-linked loans, and real-estate financing.

18) BORROWINGS

Until October 2017, the company Brazilian Securities had a borrowing with the Inter-American Development Bank (IDB) that was subject to accounting hedge. In the year ended 12/31/2017, this operation generated an interest expense of R$ (3,169), together with a foreign exchange variation expense of R$ (1,660).

19) SUBORDINATED DEBTS

Presented below is the composition of the tranches and balances restated to the balance sheet dates:

					Bank and Consolidated	
Maturity	Original term in years	Amount of the operation	Currency	Remuneration	12/31/2018	12/31/2017
Foreign (1):						
2020	10	US$ 456,792	US$	8.50% p.a.	1,790,563	1,585,191
Local:						
2018 (2)	06	R$ 10,000	R$	100% of CDI rate + 1.35% p.a.	-	19,152
2019 (3)	06	R$ 100,000	R$	100% of IPCA rate + 1.35% p.a.	186,757	169,895
2019 (4)	05	R$ 500	R$	111% of CDI	812	757
Total					**1,978,132**	**1,774,995**

(1) The mark-to-market adjustment of the subordinated debts was accounted for in the result of operations of funds obtained in the market, which represented an income of R$ 57,634 in the year ended 12/31/2018 (income of R$ 14,343 in the year ended 12/31/2017). This operation has a market risk hedge (Note 7f).
(2) Subordinated Financial Bills issued on May 22, 2012, settled on May 22, 2018.
(3) Subordinated Financial Bills issued on June 5, 2013, maturing on April 5, 2019.
(4) Subordinated Financial Bills issued on October 13, 2014, maturing on October 14, 2019.Subordinated Financial Bills issued on 6/5/2013, maturing on 4/5/2019.

20) CONTINGENT LIABILITIES AND LEGAL OBLIGATIONS (TAX AND SOCIAL SECURITY)

Provisions classified as probable losses:

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 processes, whenever losses are deemed probable, supported by the position 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 claims

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

The claims are managed individually through a computerized system. Cognizance suits have provisions accounted for based on the historic losses for proceedings paid in the last twelve months. Lawsuits with an unfavorable court decision are settled and provisioned according to their respective stage.

Civil

These processes comprise payables for condemnatory actions relating to damages, protests of bills and notes, returned checks, inclusion of debtor names in the credit restriction register and the restitution of amounts.

The processes are managed individually through a computerized system and the provisions are constituted case by case when there is a likelihood of probable loss, considering the opinion of the legal advisors, the nature and complexity of the lawsuits and recent court decisions.

The related amounts are fully provided in respect of lawsuits with unfavorable court decisions. For calculating the value at risk in the other actions, the historical loss index of the processes concluded in the prior 12 months is applied to the amounts claimed.

There are no other significant administrative actions 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.

I. Provisions segregated by nature:

	Bank		Consolidated	
	12/31/2018	12/31/2017	12/31/2018	12/31/2017
Civil	276,363	281,191	290,599	294,968
Labor claims	279,008	358,731	290,927	381,513
Tax	1,002	931	27,341	23,178
Total (Note 21b)	**556,373**	**640,853**	**608,867**	**699,659**

II. Change in provisions:

Bank	Civil	Labor	Tax	Total
At 12/31/2017	**281,191**	**358,731**	**931**	**640,853**
Reductions/Adjustment	(147,508)	(219,568)	(8)	(367,084)
Constituted, net of amounts reversed	142,680	139,845	79	282,604
At 12/31/2018	**276,363**	**279,008**	**1,002**	**556,373**

Consolidated	Civil	Labor	Tax	Total
At 12/31/2017	**294,968**	**381,513**	**23,178**	**699,659**
Reductions/Adjustment	(155,343)	(220,676)	(95)	(376,114)
Constituted, net of amounts reversed	150,974	130,090	4,258	285,322
At 12/31/2018	**290,599**	**290,927**	**27,341**	**608,867**

There are no other significant administrative actions 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.

I. Contingent liabilities classified as possible losses:

In the third quarter 2012, a tax assessment notice was issued against Pan Arrendamento Mercantil S.A. by the Brazilian Federal Revenue Service (RFB), through which the tax authority assessed income tax and social contribution on net income allegedly owed for the tax years 2007 and 2008, totaling R$ 19,167, including fines and arrears interest. Upon judgment of the Voluntary Appeal, the entity is waiting for the opening of the period for filling of request for clarification and an occasional notice of a Special Appeal by the General Counsel to the National Treasury (PGFN).

In the final quarter of 2012, three tax assessment notices were issued against Banco PAN S.A. by the Brazilian Federal Revenue Service, through which the tax authority assessed income tax and social contribution on net income allegedly owed for the tax years 2007 and 2008, totaling R$ 170,477, including fines and arrears interest. Two tax assessment notices are suspended as requested by the Administrative Board of Tax Appeals. The third notice is waiting the result of the diligence in order for the decision on the Company's Voluntary Appeal be issued.

In the final quarter of 2013, tax assessment notices were issued against Pan Arrendamento Mercantil S.A. by the São Paulo municipal tax authority for Service Tax (ISS) payable on the guaranteed residual value (VRG) charged by the company in lease transactions during the period from 2008 to 2012, totaling R$ 43,656 (not restated), including fines and arrears interest. The objection and appeals filed by the company with the Municipal Board of Taxes of São Paulo were finally and irrevocably considered as being without merit. The municipality filed a tax foreclosure and the company filed an action for annulment against the municipality of São Paulo, which had a partial favorable outcome in the lower court. This proceeding is currently waiting decisions to be issued on the appeals and counter appeals related to the Municipality's claim.

In the first quarter of 2015, two tax assessment notices were issued against Banco Pan S.A., relating to the fiscal year 2010, one of which was issued for income tax and social contribution payable due to the disallowance of unsupported operating expenses, adjustments of net income for the year, and unauthorized eliminations, the non-restated principal of which, plus fines, amounts to R$ 6,077. The other assessment notice was issued based on the unacceptability of having certain swap-related expenses deducted from the Social Integration Program (PIS) and Social Contribution on Revenues (COFINS) calculation bases, the non-restated principal of which, plus fines, amounts to R$ 3,320. Both proceedings are at the Administrative Board of Tax Appeals. The first process was partially accepted, and this led to the filling of a motion for resettlement by the General Counsel to the National Treasury (PGFN). After a decision on this matter is issued, the Bank will challenge the motion for resettlement with the Superior Branch of the Administrative Board of Tax Appeals. The second process is suspended as requested by the Administrative Board of Tax Appeals.

During last quarter of 2016, Banco PAN S.A. received a tax assessment notice regarding an alleged lack of payment of social security contributions for the amounts distributed as profit sharing of Banco PAN's employees from January to October 2012, amounting to R$ 3,099. The matter is awaiting judgment on the administrative challenge by the Brazilian Federal Revenue Service (RFB) Trial Panel.

During last quarter of 2017, the RFB issued three tax assessment notices against Banco PAN S.A. and, as a result, tax credits were constituted in respect of: (i) social security, mainly as regards the profit sharing of employees distributed in 2013; (ii) Withholding Income Tax (IRRF), as regards an alleged capital gain on the acquisition of an ownership interest abroad in 2013; and (iii) income tax and social contribution related to 2012. The total claimed in these proceedings, plus fines and interest on arrears, amounts to R$ 111,411. Due to the presentation of the administrative appeal, the proceedings are currently awaiting judgment by the RFB Trial Panel, except for the social security proceeding, which was denied and resulted in the presentation of a Voluntary Appeal in the Administrative Board of Tax Appeals.

Management, based on the opinion of its legal advisors, classified the likelihood of loss on these proceedings as possible.

21) OTHER LIABILITIES

a) Tax and social security:

	Bank		Consolidated	
	12/31/2018	**12/31/2017**	**12/31/2018**	**12/31/2017**
Social Contribution on Revenues (COFINS)	12,225	10,550	12,605	11,674
Taxes and contributions on salaries	12,108	13,335	12,578	13,483
Taxes and contributions on income	9,052	2,042	17,846	9,256
Withholding tax at source on payments to third parties	7,085	5,977	7,140	6,061
Government Social Integration Program (PIS)	1,987	1,714	2,060	1,910
Service tax (ISS)	1,474	1,287	1,520	1,330
Withholding tax on fixed-income securities	459	3,405	460	3,405
Provision for deferred income tax (Note 32e)	-	-	85,271	84,682
Total	**44,390**	**38,310**	**139,480**	**131,801**

b) Sundry obligations:

	Bank		Consolidated	
	12/31/2018	**12/31/2017**	**12/31/2018**	**12/31/2017**
Provision for payments to be effected	599,977	538,115	600,657	538,886
Provision for contingent liabilities (Note 20)	556,373	640,853	608,867	699,659
Assignment with co-obligation - Payroll (1)	416,401	204,360	416,401	204,360
Collections	131,114	121,936	131,355	122,177
Credit card transactions	27,682	18,980	27,682	18,980
Amounts payable to affiliates	6,283	16,544	5,345	15,250
Specific consortium amounts	-	-	9,186	7,831
Other	42,580	33,894	43,746	34,289
Total	**1,780,410**	**1,574,682**	**1,843,239**	**1,641,432**

(1) Refers to the obligations assumed for credit assignment operations, with substantial retention of risks and benefits, prior to CMN Resolution 3,533/08, and pledges (Note 8f - II).

22) EQUITY

a) Composition of capital in number of shares:

At 12/31/2018 and 12/31/2017, fully subscribed and paid-up capital totaled R$ 3,653,410 and R$ 3,460,732, respectively, and comprised nominative registered shares, with no par value, as presented in the table below:

	12/31/2018	12/31/2017
Common	657,560,635	535,029,747
Preferred	484,245,486	394,010,416
Total	**1,141,806,121**	**929,040,163**

b) Changes in capital and number of shares:

BACEN approved on 4/18/2018 (as published in the Official Gazette on 4/20/2018) the capital increase through common and preferred shares that was approved on 2/7/2018 by PAN's Board of Directors. This increase was made within the authorized capital limit, amounting to R$ 400,000,001.04, through the issue of new registered, book-entry shares with no par value, in the same proportion of the existing common and preferred shares.

Number of shares	Common	Preferred	Total
Outstanding at 12/31/2017	**535,029,747**	**394,010,416**	**929,040,163**
Capital increase	122,530,888	90,235,070	212,765,958
After the capital increase	**657,560,635**	**484,245,486**	**1,141,806,121**

Note 33h discloses other related information.

c) Revenue reserves:

Legal reserve - pursuant to its Bylaws, the Bank appropriates 5% of net income, after the deduction of accumulated losses and the income tax provision, to the legal reserve, the balance of which cannot 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 can opt not to appropriate a portion of its net income to the legal reserve in the year in which the balance of this reserve plus the capital reserves exceeds 30% of capital.

Reserve for integrity of equity - the purpose of the reserve if 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 could be formed, in accordance with the Board of Directors' proposal, with up to 100% of the net income remaining after the annual appropriations, but may not exceed the amount of the Bank's capital.

d) Interest on capital:

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

The calculation of the provision for interest on capital is as follows:

	12/31/2018	% (1)	12/31/2017	% (1)
Profit before legal reserve	**221,515**		**212,606**	
Prior-year accumulated deficit	-		(34,311)	
Result before the legal reserve	**221,515**		**178,295**	
(-) Legal reserve	(11,076)		(8,915)	
Calculation basis	**210,439**		**169,380**	
Interest on capital (gross) provisioned	**86,715**	**41.2%**	**69,800**	**41.2%**
Withholding income tax on interest on capital	(13,007)		(10,470)	
Interest on capital (net) provisioned	**73,708**	**35.0%**	**59,330**	**35.0%**

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

23) INCOME FROM SERVICES RENDERED

	Bank		Consolidated	
	12/31/2018	12/31/2017	12/31/2018	12/31/2017
Loan operations	167,914	175,179	167,949	175,236
Credit cards	122,459	122,070	122,459	122,070
Business intermediation	46,224	69,857	46,224	69,857
Consortium plan management	-	-	28,907	24,188
Other	11,620	10,451	12,019	11,885
Total	**348,217**	**377,557**	**377,558**	**403,236**

24) PERSONNEL EXPENSES

	Bank		Consolidated	
	12/31/2018	12/31/2017	12/31/2018	12/31/2017
Payroll	260,482	282,650	261,691	284,535
Social charges	74,953	86,370	76,138	87,479
Benefits	62,346	66,246	62,714	67,010
Fees (Note 29b)	12,648	19,488	16,884	21,260
Other	3,284	3,283	3,285	3,288
Total	**413,713**	**458,037**	**420,712**	**463,572**

25) OTHER ADMINISTRATIVE EXPENSES

	Bank		Consolidated	
	12/31/2018	12/31/2017	12/31/2018	12/31/2017
Commissions paid to banking correspondents	912,423	1,111,933	919,633	1,117,353
Third-party services	220,294	290,230	239,842	310,408
Data processing	175,130	171,698	175,344	172,512
Financial system services	127,737	158,311	128,693	161,707
Communication	47,062	44,125	47,332	44,325
Rentals	40,673	44,866	41,055	45,287
Expenses for search and seizure of assets	29,971	39,422	30,066	39,534
Depreciation and amortization	26,597	32,108	26,644	32,379
Advertising, promotions and publicity	26,340	22,425	26,838	23,538
Maintenance and conservation of property	5,151	4,966	5,161	4,976
Fees and charges	5,025	5,732	5,995	8,749
Transportation	4,974	5,605	4,994	5,633
Travel	3,315	4,177	3,323	4,197
Consumption materials	1,014	746	1,014	746
Other	103,095	104,832	107,065	114,696
Total	**1,728,801**	**2,041,176**	**1,762,999**	**2,086,040**

26) TAX EXPENSES

	Bank		Consolidated	
	12/31/2018	12/31/2017	12/31/2018	12/31/2017
Social contribution on revenues (COFINS)	121,568	155,676	128,392	162,257
Social Integration Program (PIS)	19,755	25,297	21,022	26,495
Services tax (ISS)	15,496	16,712	16,108	17,316
Taxes and charges	3,846	4,563	6,790	13,932
Total	**160,665**	**202,248**	**172,312**	**220,000**

27) OTHER OPERATING INCOME AND EXPENSES

a) Other operating income:

	Bank		Consolidated	
	12/31/2018	12/31/2017	12/31/2018	12/31/2017
Recovery of charges and expenses	203,940	133,701	207,615	137,273
Monetary/foreign exchange variation gains	65,689	59,067	67,990	65,797
Residual benefit in securitized transactions	-	-	4,199	17,087
Reversal of provisions	750	10,425	18,733	14,823
Other	22,034	15,134	29,007	27,666
Total	**292,413**	**218,327**	**327,544**	**262,646**

b) Other operating expenses:

	Bank		Consolidated	
	12/31/2018	12/31/2017	12/31/2018	12/31/2017
Assignment of loans	1,296,240	1,264,077	1,296,240	1,268,734
Provisions	284,306	479,591	306,434	533,659
Loss on loan/financing operations and frauds	54,194	58,415	54,194	58,484
Monetary/foreign exchange variation losses	34,650	58,510	34,650	58,510
Amortization of goodwill (Note 15)	23,930	18,811	25,053	25,053
Liens	19,490	18,674	19,539	18,718
Discounts granted	16,803	18,306	16,803	18,316
Other	52,450	62,286	57,548	66,247
Total	**1,782,063**	**1,978,670**	**1,810,461**	**2,047,721**

28) NON-OPERATING INCOME

	Bank		Consolidated	
	12/31/2018	12/31/2017	12/31/2018	12/31/2017
Result on sale of other assets	(31,298)	(5,960)	(31,253)	(8,688)
Reversal/(devaluation) of provision for other assets	19,210	14,557	19,511	17,003
Impairment of non-financial assets	(9,791)	(38,083)	(10,035)	(39,422)
Result on disposal of investment (1)	-	183,384	-	183,384
Other	367	26	367	26
Total	**(21,512)**	**153,924**	**(21,410)**	**152,303**

(1) In October 2017, Banco PAN sold its entire investment in Stone Pagamentos S.A.

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	12/31/2018 Assets (liabilities)	12/31/2017 Assets (liabilities)	12/31/2018 Revenue (expenses)	12/31/2017 Revenue (expenses)
Short-term interbank investments (a)		**-**	**85,704**	**45,447**	**10,796**
Banco BTG Pactual S.A.	No term	-	85,704	44,332	6,132
Caixa Econômica Federal	No term	-	-	1,115	3,886
Pan Arrendamento Mercantil S.A.	-	-	-	-	778
Loan assignment (b)		**1,652,816**	**916,550**	-	-
Caixa Econômica Federal	No term	1,652,816	916,550	-	-
Other credits		**15,858**	**95,809**	-	**1,269**
Banco BTG Pactual S.A.(c)		-	47,904	-	1,269
Caixa Econômica Federal		5,858	33,886	-	-
Pan Seguros S.A.	No term	4,470	5,783	-	-
Panamericana Adm. e Corret. de Seg.de Prev. Privada Ltda.	No term	24	22	-	-
Brazilian Securities Companhia de Securitização (d)	No term	1,256	3,523	-	-
Pan Administradora de Consórcio Ltda.(d)	No term	251	129	-	-
Brazilian Finance & Real Estate S.A. (d)(e)	No term	3,999	4,562	-	-
Demand deposits (f)		**(480)**	**(498)**	-	-
Pan Seguros S.A.	No term	(343)	(324)	-	-
Panamericana Adm. e Corret. de Seg.de Prev. Privada Ltda.	No term	(35)	(8)	-	-
Pan Administradora de Consórcio Ltda.	No term	(16)	(32)	-	-
Pan Arrendamento Mercantil S.A.	No term	(20)	(54)	-	-
BM sua Casa Promotora de Vendas Ltda.	No term	(4)	(5)	-	-
Brazilian Finance & Real Estate S.A.	No term	(6)	(5)	-	-
Brazilian Securities Companhia de Securitização	No term	(3)	(8)	-	-
Key management personnel	No term	(53)	(62)	-	-
Interbank deposits (g)		**(7,367,646)**	**(8,759,564)**	**(542,928)**	**(1,183,881)**
Banco BTG Pactual S.A.	1/2/2019	(95,000)	(400,058)	(5,310)	(79,069)
Caixa Econômica Federal	1/24/2019	(7,016,627)	(8,118,981)	(522,280)	(1,094,817)
Pan Arrendamento Mercantil S.A.	12/20/2019	(256,019)	(240,525)	(15,338)	(9,995)
Time deposits (h)		**(325,222)**	**(291,684)**	**(21,481)**	**(23,445)**
Panamericana Adm. e Corret. de Seg.de Prev. Privada Ltda.	12/6/2021	(7,176)	(23,099)	(1,098)	(3,402)
Pan Administradora de Consórcio Ltda.	12/13/2021	(43,640)	(36,478)	(2,526)	(3,351)
Brazilian Securities Companhia de Securitização	12/13/2021	(143,918)	(111,562)	(8,183)	(8,786)
Brazilian Finance & Real Estate S.A.	12/6/2021	(90,600)	(82,273)	(6,197)	(6,772)
BM sua Casa Promotora de Vendas Ltda.	9/1/2021	(26,381)	(8,350)	(824)	(483)
Banco BTG Pactual S.A.	11/7/2022	(37,843)	(27,171)	(2,499)	(532)
Key management personnel	3/3/2022	(2,664)	(2,751)	(154)	(119)
Liabilities for purchase and sale commitments		**(89,336)**	**(907,946)**	**(1,928)**	**(37,522)**
Banco BTG Pactual S.A.	-	(79,999)	-	(1,146)	(35,653)
Caixa Econômica Federal	1/2/2019	-	(900,119)	(250)	(1,328)
Pan Administradora de Consórcio Ltda.	3/1/2023	(9,337)	(7,827)	(532)	(541)
Funds from real estate and agribusiness letters of credit and financial bills (i)		**(8,434)**	**(84,260)**	**(1,857)**	**(14,292)**
Banco BTG Pactual S.A.	8/11/2020	(3,758)	(49,336)	(1,539)	(7,235)

Brazilian Securities Companhia de Securitização		-	-	-	(1,061)
Key management personnel	7/31/2020	(4,676)	(34,924)	(318)	(3,390)
Derivative financial instruments (j)		**77,959**	**(50,739)**	**72,413**	**68,076**
Brazilian Securities Companhia de Securitização		-	-	-	10,780
Banco BTG Pactual S.A.	7/1/2020	77,959	(50,739)	72,413	57,296
Other obligations		**(6,283)**	**(16,544)**	-	-
Pan Seguros S.A.	No term	(5,345)	(15,250)	-	-
Brazilian Finance & Real Estate S.A.	No term	(730)	(993)	-	-
Brazilian Securities Companhia de Securitização	No term	(192)	(301)	-	-
Pan Administradora de Consórcio Ltda.	No term	(16)	-	-	-
Income from services rendered (k)	-	**-**	**-**	**48,249**	**64,015**
Pan Seguros S.A.	-	-	-	45,828	63,417
Pan Administradora de Consórcio Ltda.	-	-	-	207	598
Caixa Econômica Federal	-	-	-	2,214	-
Personnel expenses	-	**-**	**-**	**(270)**	**(289)**
Pan Seguros S.A.	-	-	-	(270)	(289)
Other administrative expenses	-	**-**	**-**	**(22,751)**	**(42,794)**
Pan Seguros S.A.	-	-	-	(6,067)	(16,287)
Banco BTG Pactual S.A.	-	-	-	(2,188)	(1,685)
BTG Pactual Corretora	-	-	-	(144)	(115)
Tecban S.A.	-	-	-	(1,112)	(1,490)
Interbank Payment Chamber	-	-	-	(13,240)	(23,217)
Income from tax credit assignments	**-**	**-**	**-**	**-**	**102,500**
Banco BTG Pactual S.A. (c)	-	-	-	-	102,500
Income from loan assignments	**-**	-	-	**1,807,570**	**2,859,668**
Caixa Econômica Federal	-	-	-	1,807,570	2,859,668

(a) Refer to the Bank's applications with rates equivalent to those of the CDI.
(b) Refers to the performance bonus on the assignment of credits without recourse.
(c) Amount resulting from the assignment made in 8/29/2017 (Note 32a).
(d) Balance accrued related to dividends to be paid up to 12/31/2019, of which: R$ 2,656 relates to Brazilian Finance & Real Estate S.A., R$ 432 to Brazilian Securities Companhia de Securitização, and R$ 244 to Pan Administradora de Consórcio Ltda.
(e) Balance provisioned of R$ 1,343, related to the remaining balance of the capital decrease of Brazilian Finance & Real Estate S.A., according to the Extraordinary General Meeting held on 9/18/2013.
(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 effected at the Bank.
(i) Refer to the capture of funds through agribusiness and real estate letters of credit and financial bills with rates at an average of 104.04% of the CDI.
(j) Refer to swaps.
(k) Refers to the commissions paid to the Bank for insurance intermediation and the commissions paid to the correspondent for business intermediation.

Consolidated	Maximum term	12/31/2018 Assets (liabilities)	12/31/2017 Assets (liabilities)	12/31/2018 Revenue (expenses)	12/31/2017 Revenue (expenses)
Available funds (a)		**769**	**1,150**	**-**	**-**
Caixa Econômica Federal	1/1/2019	769	1,150	-	-
Short-term interbank investments (b)		**-**	**85,704**	**45,447**	**9,968**
Banco BTG Pactual S.A.	No term	-	85,704	44,332	6,132
Caixa Econômica Federal	No term	-	-	1,115	3,886
Loan assignment (c)		**1,652,816**	**916,550**	-	-
Caixa Econômica Federal	No term	1,652,816	916,550	-	-
Other credits		**10,352**	**39,691**	**-**	**1,269**
Banco BTG Pactual S.A. (d)		-	-	-	1,269
Caixa Econômica Federal		5,858	33,886	-	-
Pan Seguros S.A.	No term	4,470	5,783	-	-
Panamericana Adm. e Corret. de Seg.de Prev. Privada Ltda.	No term	24	22	-	-
Demand deposits (e)		**(431)**	**(394)**	-	-
Pan Seguros S.A.	No term	(343)	(324)	-	-
Panamericana Adm. e Corret. de Seg.de Prev. Privada Ltda.	No term	(35)	(8)	-	-
Key management personnel		(53)	(62)	-	-
Interbank deposits (f)		**(7,111,627)**	**(8,519,039)**	**(527,590)**	**(1,173,886)**
Banco BTG Pactual S.A.	1/2/2019	(95,000)	(400,058)	(5,310)	(79,069)
Caixa Econômica Federal	1/24/2019	(7,016,627)	(8,118,981)	(522,280)	(1,094,817)
Time deposits (g)		**(47,683)**	**(53,021)**	**(3,751)**	**(4,053)**
Panamericana Adm. e Corret. de Seg.de Prev. Privada Ltda.	12/6/2021	(7,176)	(23,099)	(1,098)	(3,402)
Banco BTG Pactual S.A.	11/7/2022	(37,843)	(27,171)	(2,499)	(532)
Key management personnel	3/3/2022	(2,664)	(2,751)	(154)	(119)
Liabilities for purchase and sale commitments		**(79,999)**	**(900,119)**	**(1,396)**	**(36,981)**
Banco BTG Pactual S.A.	-	(79,999)	-	(1,146)	(35,653)
Caixa Econômica Federal	1/2/2019	-	(900,119)	(250)	(1,328)
Funds from real estate and agribusiness letters of credit and financial bills (h)		**(8,434)**	**(84,260)**	**(1,857)**	**(10,625)**
Banco BTG Pactual S.A.	8/11/2020	(3,758)	(49,336)	(1,539)	(7,235)
Key management personnel	7/31/2020	(4,676)	(34,924)	(318)	(3,390)
Derivative financial instruments (i)		**77,959**	**(50,739)**	**72,413**	**57,296**
Banco BTG Pactual S.A.	7/1/2020	77,959	(50,739)	72,413	57,296
Other obligations		**(5,345)**	**(15,250)**	**-**	**-**
Pan Seguros S.A.	No term	(5,345)	(15,250)	-	-
Income from services rendered (j)	-	-	-	**48,042**	**63,417**
Pan Seguros S.A.	-	-	-	45,828	63,417
Caixa Econômica Federal	-	-	-	2,214	-
Personnel expenses	**-**	**-**	**-**	**(271)**	**(292)**
Pan Seguros S.A.	-	-	-	(271)	(292)
Other administrative expenses	**-**	**-**	**-**	**(22,751)**	**(42,811)**
Pan Seguros S.A.	**-**	**-**	-	(6,067)	(16,287)
Banco BTG Pactual S.A.	-	-	-	(2,188)	(1,702)

BTG Pactual Corretora	-	-	-	(144)	(115)
Tecban S.A.	-	-	-	(1,112)	(1,490)
Interbank Payment Chamber	-	-	-	(13,240)	(23,217)
Income from tax credit assignments	-	-	-	-	**102,500**
Banco BTG Pactual S.A. (d)	-	-	-	-	102,500
Income from loan assignments	-	-	-	**1,807,570**	**2,859,668**
Caixa Econômica Federal	-	-	-	1,807,570	2,859,668

(a) Refer to current accounts of Brazilian Securities Companhia de Securitização, BM sua Casa Promotora de Vendas Ltda., and Brazilian Mortgages Companhia Hipotecária.
(b) Refer to the Bank's applications with rates equivalent to those of the CDI.
(c) Refers to the performance bonus on the assignment of credits without recourse.
(d) Amount resulting from the assignment made in 8/29/2017 (Note 32a);
(e) Refer to the outstanding balances of current accounts of affiliates 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 effected at the Bank.
(h) Refer to the capture of funds through agribusiness and real estate letters of credit and financial bills with rates at an average of 104.04% of the CDI.
(i) Refer to swaps.
(j) Refer to the commission paid to the Bank for insurance intermediation.

b) Key management remuneration:

At the Extraordinary General Meetings held on 4/27/2018, the maximum global amount of key management remuneration of the PAN Conglomerate for 2018 was approved at R$ 22,423 (R$ 28,400 in 2017).

Short-term benefits provided to management (1)

	Bank		Consolidated	
	12/31/2018	12/31/2017	12/31/2018	12/31/2017
Expenses with fees (Note 24)	12,648	19,488	16,884	21,260
Social security contributions (INSS)	2,846	4,385	3,799	4,784
Total	**15,494**	**23,873**	**20,683**	**26,044**

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

PAN does not provide long-term benefits or share-based remuneration to its key management personnel.

- **Other information**

In accordance with legislation effective at 12/31/2018, the Bank did not grant borrowings or advances to:

I. Directors and members of the advisory, administrative, supervisory or similar boards and their respective spouses and relatives up to the second degree.

II. Individuals or legal entities holding an ownership interest of more than 10%.

III. Legal entities in which the financial institution itself and any of its directors or managers and their spouses and relatives up to the second degree hold an ownership interest of more than 10%.

30) FINANCIAL INSTRUMENTS

- **Risk management**

The Bank has exposure with assets and liabilities involving derivative financial instruments, which are recorded in balance sheet, income and expenses and memorandum accounts.

The Bank's management is responsible for establishing 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 that capital management is 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 companies of the Group's financial conglomerate.

Capital management is a continuous process for (i) monitoring and controlling capital; (ii) assessing the need for capital to face the potential risks to the Institution; 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

Banco PAN complies 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 Prudential Capital of the Conglomerate were as follows:

Calculation basis - Basel index	12/31/2018	12/31/2017
Tier I reference equity	**2,273,783**	**1,784,926**
Core capital	**2,273,783**	1,784,926
Tier II reference equity	358,112	631,294
Reference equity for comparison with risk-weighted assets (RWA)	**2,631,895**	**2,416,220**
Reference equity	**2,631,895**	**2,416,220**
- Credit risk	16,104,846	15,583,707
- Market risk	311,627	195,002
- Operating risk	2,278,424	2,359,044
Risk-weighted assets (RWA)	**18,694,897**	**18,137,753**
Basel index	**14.08%**	**13.32%**
Tier I	**12.16%**	**9.84%**
Tier II	**1.92%**	**3.48%**

- **Credit risk**

Credit risk is the possibility of the occurrence of losses related to 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 Institution.

- **Market risk**

This risk arises from the possibility of loss due to rate fluctuations 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, realized with the intention of trading or for hedging other trading portfolio instruments. Transactions held 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. They consist of structural operations arising from the business lines of the organization and any related hedges.

Sensitivity analysis at 12/31/2018

Risk factors	Trading and Banking Portfolio exposures subject to variation:	SCENARIOS (*)		
		(1) Probable	(2) Possible	(3) Remote
Interest rates	Fixed interest rates	(644)	(126,516)	(246,897)
Coupon - other interest rates	Coupon rates of interest rates	(383)	(72,839)	(136,207)
Coupon - price index	Coupon rates of price indexes	(193)	(18,542)	(36,104)
Foreign currency	Foreign exchange rates	(99)	(2,483)	(4,965)
Foreign exchange coupon	Foreign exchange coupon rates	(4)	(400)	(808)
Total at 12/31/2018		**(1,323)**	**(220,780)**	**(424,981)**
Total at 12/31/2017		**(1,450)**	**(283,069)**	**(562,067)**

(*) Amounts gross of taxes.

The sensitivity analysis was effected based on the market data for the last day in March 2018, always considering the adverse impact on the positions for each vertex. The effects do not consider the correlation between the vertices and the risk factors and tax effects.

Scenario 1: a one basis point (0.01%) shock (upward or downward) was applied to the forward interest rate structure in all vertices/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% shock was applied to the effective price.

Scenario 2: A shock (increase or decrease) of 25% was applied to the rates (application of the multiplier of 1.25). For example: a 10% p.a. rate becomes 12.50% p.a. or 7.50% p.a. For foreign currencies and shares, a 25% shock was applied to the effective price.

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

It should be noted that the results of scenarios (2) and (3) refer to simulations which involve significant stress situations, without considering correlation factors among the indexes. 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, indexes, portfolio terms and arbitrage.

FOREIGN EXCHANGE EXPOSURE

The assets and liabilities linked to foreign currencies at 12/31/2018 and 12/31/2017 are presented below:

Assets - U.S. dollar	12/31/2018	12/31/2017
Credit operations (ACC/CCE)	61,150	140,212
Total assets	**61,150**	**140,212**

Liabilities - U.S. dollar	12/31/2018	12/31/2017
Subordinated debts	1,790,563	1,585,191
Total liabilities	**1,790,563**	**1,585,191**

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

At 12/31/2018 and 12/31/2017, the position of the derivative financial instruments, in foreign currency, was as follows:

	Notional value		Market value	
	12/31/2018	12/31/2017	12/31/2018	12/31/2017
Purchased position - U.S. Dollar				
Swaps	1,128,662	1,113,478	1,909,407	1,766,600
DDI	74,556	65,606	74,556	65,606
Options	222	-	222	-
Total	**1,203,440**	**1,179,084**	**1,984,185**	**1,832,206**
Sold position - U.S. dollar				
Swaps	25,568	22,343	25,735	22,802
DDI	95,563	151,990	95,563	151,990
DOL	24,240	29,053	24,240	29,053
Options	67	-	67	-
Total	**145,438**	**203,386**	**145,605**	**203,845**

- **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 transactions 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 usually transacted or because of some market discontinuity.

The liquidity position, mismatching of primary risk factors and the 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 designed to assess liquidity risk are reported fortnightly 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 legal provisions and indemnities for damages to third parties arising from the activities carried out by the Institution.

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 3,678/13, the information on the risk management process is available for consultation on the website:www.bancopan.com.br/ri "Risk Management Report".

- **Market value**

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

Consolidated	12/31/2018			12/31/2017		
	Book value	Market value	Unrealized profit (loss)	Book value	Market value	Unrealized profit (loss)
Marketable securities	1,934,506	1,943,008	8,502	1,715,141	1,730,706	15,565
- Trading securities	401,225	401,225	-	50,757	50,757	-
- Available-for-sale securities	891,836	891,836	-	1,125,072	1,125,072	-
- Securities held to maturity	641,445	649,947	8,502	539,312	554,877	15,565
Loan operations	20,407,816	19,335,393	(1,072,423)	18,505,881	18,866,656	360,775
Interbank deposits	7,463,438	7,411,443	51,995	8,730,148	8,731,510	(1,362)
Time deposits	9,130,487	10,762,081	(1,631,594)	4,899,966	6,464,406	(1,564,440)
Funds from issuance of securities	1,249,961	1,266,549	(16,588)	2,249,555	2,249,020	535
Subordinated debts	1,978,132	1,977,240	892	1,774,995	1,781,134	(6,139)
Unrealized profit (loss) with no tax effects			**(2,659,216)**			**(1,195,066)**

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 for equivalent instruments to the existing assets and liabilities at the balance sheet date.

31) EMPLOYEE BENEFITS

In line with 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 year ended 12/31/2018, the benefit expenses amounted to R$ 62,346 and R$ 62,714 in the Bank and in the Consolidated, respectively (R$ 66,246 and R$ 67,010 in the Bank and in the Consolidated, respectively, in the year ended 12/31/2017).

32) INCOME TAX AND SOCIAL CONTRIBUTION

a) Calculation of income tax and social contribution in the results:

	Bank		Consolidated	
	12/31/2018	**12/31/2017**	**12/31/2018**	**12/31/2017**
Profit (loss) before income tax and social contribution	**441,754**	**281,157**	**456,866**	**253,294**
Nominal rate (1) / (2)	45%	45%	-	-
Total income tax and social contribution (charge) credit at the nominal rate	(198,789)	(229,021)	(213,565)	(224,626)
Effect on tax calculation:				
Equity in the results of investees	11,621	(25,300)	11,621	(1,347)
Assignment of tax credit (3)	-	102,500	-	102,500
Other amounts	(33,071)	(19,229)	(33,407)	(19,715)
Income tax and social contribution expense	**(220,239)**	**(68,551)**	**(235,351)**	**(40,688)**

(1) In Consolidated, the nominal rate is not presented because different rates are used for financial segment and other companies.
(2) Law 13,169/15 was published on October 7, 2015, originating from Provisional Measure 675/15, which increased from 15% to 20% the Social Contribution on Net Income (CSLL) rate charged to financial institutions as from September 1, 2015. The collection is effective up to December 31, 2018, returning to 15% as from 2019.
(3) On 8/29/2017, in compliance with Provisional Measure (MP) 783/17, the Bank executed an onerous assignment contract with BTG Pactual S.A. regarding unrecognized assets on income tax and social contribution losses amounting to R$ 410,000. The transaction was carried out in the amount of R$ 102,500, which was accounted for at the time of the assignment.

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

Bank	At 12/31/2017	Constitution	Amount realized	At 12/31/2018
Allowance for losses	994,099	459,326	(539,242)	914,183
Provision for civil contingencies	124,228	59,510	(73,193)	110,545
Provision for labor contingencies	152,198	58,243	(98,838)	111,603
Provision for tax contingencies	373	370	(342)	401
Provision for loss on assets not for own use	14,510	23,400	(16,459)	21,451
Mark-to-market adjustment of derivatives	13,300	38,668	(22,095)	29,873
Other provisions	331,292	141,199	(235,969)	236,522
Total deferred tax assets on temporary differences	**1,630,000**	**780,716**	**(986,138)**	**1,424,578**
Income tax and social contribution losses	1,270,329	-	(4,404)	1,265,925
Total deferred tax assets (Note 11)	**2,900,329**	**780,716**	**(990,542)**	**2,690,503**

Consolidated	At 12/31/2017	Constitution	Amount realized	At 12/31/2018
Allowance for losses	1,008,738	460,497	(542,169)	927,066
Provision for civil contingencies	129,510	63,433	(77,276)	115,667
Provision for labor contingencies	160,288	59,839	(104,418)	115,709
Provision for tax contingencies	9,271	2,160	(495)	10,936
Provision for loss on assets not for own use	14,906	23,402	(16,604)	21,704
Mark-to-market adjustment of derivatives	22,062	44,768	(27,120)	39,710
Other provisions	332,725	141,334	(238,670)	235,389
Total deferred tax assets on temporary differences	**1,677,500**	**795,433**	**(1,006,752)**	**1,466,181**
Income tax and social contribution losses	1,473,836	1,077	(8,090)	1,466,823
Total deferred tax assets (Note 11)	**3,151,336**	**796,510**	**(1,014,842)**	**2,933,004**
Deferred tax liabilities (Note 32(e))	(84,682)	(710)	121	(85,271)
Deferred tax assets, net of deferred tax liabilities	**3,066,654**	**795,800**	**(1,014,721)**	**2,847,733**

c) Expected realization of deferred tax assets in respect of temporary differences and income tax and social contribution losses:

The projected realization of deferred tax assets was based on the study of the current and future scenarios, effected at 12/31/2018, with the main assumptions used in the projections being macroeconomic indicators, production indicators, and cost of funding. This projected realization of deferred tax assets, and of the assumptions adopted, was approved by the Bank's Board of Directors on 2/1/2019.

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 discussed 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 contribution losses		Total	
	12/31/2018	12/31/2017	12/31/2018	12/31/2017	12/31/2018	12/31/2017
2018	-	709,781	-	5,242	-	715,023
2019	749,253	484,304	11,823	1,766	761,076	486,070
2020	437,430	394,909	67,569	5,128	504,999	400,037
2021	75,246	296	118,822	46,915	194,068	47,211
2022	52,004	4,217	98,689	107,023	150,693	111,240
2023	37,894	10,122	139,755	165,648	177,649	175,770
2024	31,874	10,122	147,571	187,255	179,445	197,377
2025	25,510	8,890	161,316	215,567	186,826	224,457
2026	8,407	5,196	166,654	272,501	175,061	277,697
2027	4,914	2,163	191,843	263,284	196,757	265,447
2028	2,046	-	161,883	-	163,929	-
Total	**1,424,578**	**1,630,000**	**1,265,925**	**1,270,329**	**2,690,503**	**2,900,329**

Consolidated	Temporary differences		Income tax and social contribution losses		Total	
	12/31/2018	12/31/2017	12/31/2018	12/31/2017	12/31/2018	12/31/2017
2018	-	726,753	-	5,951	-	732,704
2019	753,850	491,831	13,146	5,908	766,996	497,739
2020	441,682	396,917	70,582	20,419	512,264	417,336
2021	80,382	2,614	127,041	65,430	207,423	68,044
2022	57,363	5,051	113,256	127,186	170,619	132,237
2023	39,751	10,956	157,013	186,983	196,764	197,939
2024	33,309	10,956	167,696	210,918	201,005	221,874
2025	26,790	9,724	184,167	240,913	210,957	250,637
2026	8,407	6,030	190,438	296,665	198,845	302,695
2027	4,914	16,668	215,995	274,450	220,909	291,118
2028	19,733	-	188,513	-	208,246	-
Total	**1,466,181**	**1,677,500**	**1,427,847**	**1,434,823**	**2,894,028**	**3,112,323**

At 12/31/2018, the present value of deferred tax assets, calculated based on the Bank's average funding rate, totaled R$ 1,788,995 in the Bank and R$ 1,894,365 in Consolidated (R$ 1,841,141 in the Bank and R$ 1,948,850 in Consolidated at 12/31/2017).

In accordance with Article 5, paragraph 2 of CVM Resolution 3,059/02, the deferred tax assets which originated from tax losses incurred by excluding the credit from excess depreciation, in the amount of R$ 38,976 (R$ 39,013 at 12/31/2017), are not subject to the generation of profits based on a technical study.

d) Unrecorded deferred tax assets:

At 12/31/2018 and 12/31/2017, there were tax losses of approximately R$ 230,396 in Bank and Consolidated, in relation to which tax credits were not recorded amounting to R$ 92,158 in Bank and in Consolidated at 12/31/2018 and 12/31/2017, since they did not meet all of the conditions established by BACEN.

e) Deferred tax liabilities:

Consolidated	At 12/31/2017	Constitution	Amount realized	At 12/31/2018
Mark-to-market adjustment of derivative financial instruments	(6,272)	(710)	-	(6,982)
Excess depreciation	(78,410)	-	121	(78,289)
Total (Note 21a - 32b)	**(84,682)**	**(710)**	**121**	**(85,271)**

33) OTHER INFORMATION

a) Guarantees and sureties granted totaled R$ 295,430 at 12/31/2018 (R$ 277,580 at 12/31/2017).

b) The policy of the Bank and its subsidiaries is to contract insurance for its cash, checks received as collateral and assets at amounts which are considered sufficient to cover potential losses.

c) At 12/31/2018 and 12/31/2017, the Bank and its subsidiaries did not have lease agreements for own acquisitions.

d) CMN Resolution 4,036/11 became effective on January 1, 2012 and permits the deferral of the net loss generated by the renegotiation of previously assigned credit operations. The maximum term for deferral is December 31, 2015, or the date of maturity of the renegotiated operations, whichever is earlier, based on the straight-line method. The Resolution has been in effect since January 1, 2012. The Bank did not utilize the option permitted by this Resolution.

e) Agreements for the Clearing and Settlement of Liabilities - CMN Resolution 3,263/05: the Bank entered into an agreement for the clearing and settlement of liabilities in the ambit of the National Financial System (SFN), in respect of transactions with corporate entities whether or not they were SFN members. This resolution is designed to permit the compensation of credits and debits maintained with the same counterparty, whereby 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.

f) On January 20, 2015, Law 13,097 was published, converting Provisional Measure 656/14, which, among other matters, amends the rules on the deduction of losses on receivables for defaults on contracts as from October 8, 2014 (art. 9,430/96). For defaults on contracts prior to this date, the previously existing rules continue to be applicable.

g) On 10/31/2017, Banco PAN concluded the sale of the Bank's investment in Stone Pagamentos S.A. ("Stone") on the execution of a Purchase and Sale Agreement and Other Covenants with DLP Pagamentos Brasil S.A. ("DLP"). The Company sold to DLP 480,311 common shares, which corresponded to 10.10% of Stone's share capital, for R$ 229,000.

h) Despite the new composition of the Bank's capital, the shared control of Banco Pan was not changed, which means that Caixa Participações S.A. - CAIXAPAR ("CaixaPar" and Banco BTG Pactual S.A. ("BTG Pactual") remain as the Bank's joint controlling parties. This reinforces the commitment of supporting Banco Pan in the execution of its business plan.

   In addition, as previously informed by the Bank, the controlling stockholders agreed that (i) CaixaPar will have the right to acquire from BTG Pactual 50% of the Bank's shares subscribed and paid up by BTG Pactual in relation to the Capital Increase; and (ii) BTG Pactual will have the right to sell to CaixaPar 50% of the Bank's shares that were subscribed and paid up in relation to the Capital Increase.

Declaration of the Board of Directors

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 approved the parent company and consolidated financial statements for the year ended 12/31/2018.

Declaration of the Board of Directors

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 audit opinion on the parent company and consolidated financial statements for the year ended 12/31/2018.

São Paulo, February 1, 2019

BOARD OF DIRECTORS

Gregório Moreira Franco
CRC 1SP219426/O-2
ACCOUNTANT

SUMMARY OF THE AUDIT COMMITTEE REPORT

SECOND HALF OF 2018

The Audit Committee of Banco Pan S.A. ("Bank") presents herein its summarized report in compliance with article 17, paragraph two, of Resolution 3,198 of the National Monetary Council (CMN), dated May 27, 2004, for publication with the respective accounting information for the second half of 2018, and it herein discloses its opinion and evidences information considered as relevant to be known and assessed by the accounting information users.

The Committee, in the performance of its legal duties, performs the following: (i) assesses the effectiveness of the independent and internal audits and of the internal control and risk management systems; (ii) verifies compliance by management with recommendations for improvement made by auditors and the requirements of external investigation agencies; and (iii) reviews the accounting information and the accompanying notes prior to publication. The activities were performed in conformity with the 2018 Work Plan as submitted to the Board of Directors.

Information was presented at the meetings held with the Bank's strategic areas in the reports prepared showing the situation of the controls, of the accounting, and of the risk management, as well as in the summaries, reports, and presentations provided by the internal and independent auditors. The Committee also queried management about the operations made and the possible impacts in the Bank's businesses as related to the economy and the external events. It was provided with clarifications by the Board of Directors on important matters related to the Bank's businesses.

The Committee was informed that no changes in criteria or relevant facts occurred that could impact the Bank's balance sheet or profit (loss) in this period in addition to those disclosed in the accompanying notes, of which the following should be emphasized: (i) the work performed in the credit portfolio to measure the allowance for losses, regarding which the independent auditors presented no evidence or inconformity in the procedures adopted, with highlight on the improvements made in the IT systems that support these operations.

The Board of Directors approved the Bank’s Business Plan, including those matters affecting the tax credit balances.

In this context and within the limits of responsibility defined by the information obtained from the Bank, the Audit Committee considers that:

a) The Bank is improving its internal controls and risk management systems, especially regarding formalization and governance. Management has implemented new technology systems and other components that allow for the correction of critical matters raised by the supervisory authority and the auditors. It also made improvements in the normative structure as related to the mitigation of risks, mainly in the preparation of the Risk Appetite Statement (RAS);

b) There is no material fact nor evidence that could compromise the effectiveness or the independence of the internal and external auditors, which are compatible with the Bank's size and features; and

c) The parent company and consolidated financial statements and the accompanying notes, together with the management report and the independent auditor's report, were prepared in accordance with the effective regulations and reflect, in all material respects, the Bank's financial position.

São Paulo (SP), February 1, 2019

MARCOS ANTONIO MACEDO CINTRA
President

PEDRO PAULO LONGUINI
Member

ROGÉRIO BIMBI
Member

BANCO PAN S.A. LISTED COMPANY
National Corporate Taxpayers' Registry/Ministry of Finance (CNPJ/MF) 59.285.411/0001-13 - Company Registration Identification Number (NIRE) 35.300.012.879

OPINION OF THE FISCAL COUNCIL

The Fiscal Council of Banco PAN S.A. ("Bank"), in the performance of its legal and statutory duties, examined the Bank's Management Report as well as the Bank's financial statements for the year ended December 31, 2018, and the notes to those statements. Based on: **(a)** the independent auditor's report issued by PricewaterhouseCoopers Auditores Independentes on February 1, 2019, which states that the auditors had sufficient access to the information necessary to prepare such report and the financial statements, and whose key audit matters are: **1** – the allowance for losses, concluding that the assumptions and criteria that management used are reasonable in all material respects in the context of the financial statements, according to Notes 3f and 8; **2** – the Information Technology environment, with IT system security procedures, testing of general technology and information security controls, automated controls of the technology-dependent information, and access restriction and segregation of duties, provided sufficient evidence for the audit of the Bank's financial statements; **3** – the tax credit, in relation to the deferred credits amounting to R$ 2.9 billion in Banco Pan S.A. and its subsidiaries, recognized based on the projected realizable non-current tax credits, whose realization depends on assumptions included in the Technical Study on the Feasibility of the Tax Credit Realization, prepared by management and approved by the Board of Directors on February 1, 2019, according to Notes 3n and 32b; **(b)** in the meeting with the independent auditors; **(c)** on the summarized Audit Committee report, dated February 1, 2019; and **(d)** in the analysis of documents, information, and clarifications that the Bank's Board of Directors, mainly the Controllership and Compliance Board, provided to the Fiscal Council.

The Fiscal Board considers that these documents: **(a)** properly reflect the activities developed in the year ended December 31, 2018, and the Bank's financial performance; and **(b)** may be assessed ad approved at the Bank's General Meeting of Stockholders.

São Paulo, February 1, 2019

Paulo Roberto Salvador Costa

Peter Edward Cortes Marsden Wilson

Rodrigo Toledo de Cabral Cota