Earnings Release

3Q19

São Paulo, October 28, 2019 – Pursuant to legal provisions, Banco PAN S.A. ("PAN", "Bank", "Banco PAN" or "Company") and its subsidiaries announce their results for the quarter ended September 30, 2019, accompanied by the Independent Auditor's Report. The Bank's operating and financial information, except when otherwise stated, is presented based on consolidated figures and in Brazilian reais, pursuant to Brazilian Corporate Law and Brazilian Accounting Practices.

ESSENCE and REBRANDING

On July 15, 2019, we announced the launch of our new brand positioning, consolidating our profound transformation, broadening our focus to final consumers (B2C) and reinforcing the operations with business partners (B2B). We are focused on offering credit and access to information to our clients, allowing them to transform their challenges into achievements, offering financial solutions to more than 189 million Brazilians in C, D and E income classes (low-income individuals).

On October 2019, we implemented the soft launch of the digital account for our employees and some clients and soon we will launch it to the public in general. We will deliver an experience based on transparency, simplicity and customization, always thinking about the needs of our clients, who will have a complete and integrated platform of banking products and services. PAN is also building an ecosystem of partnerships to offer non-banking services in order to build customer loyalty.

We believe to have competitive advantages over our direct competitors and new entrants based on three pillars: (i) extensive credit experience for C, D and E income classes, using non-structured data combined with advanced modeling techniques, such as Machine Learning, (ii) a broad product distribution base and a high organic flow of new clients and (iii) available capital and funding.

We ended 3Q19 with 4.7 million clients, having received 550,000 credit applications per month (over 700,000 just in September) and obtained 123,000 new clients per month in the third quarter of 2019.

FINANCIAL HIGHLIGHTS

✓ On September 2019, we concluded the **primary offering of 63.3 million new preferred shares** and a **secondary public offering of 63.3 million preferred shares held by CAIXAPAR** ('Follow-on'), resulting in a **total amount of R$1.04 billion** and a **capital increase of R$521.8 million**, which will enable us to increase our credit portfolio, increasing investments in innovation and technology to improve our processes, advancing in the omnichannel strategy for credit origination, without physical limitations, through digital and paperless platforms, offering credit at competitive rates. This combination enables scalability and efficiency gains across multiple channels.

✓ The **On-balance Credit Portfolio** ended the quarter at **R$23.6 billion** in 3Q19, increasing by **5%** from R$22.5 billion in 2Q19 and **20%** from R$19.7 billion in 3Q18;

✓ **Monthly average retail origination** reached **R$1,777 million in 3Q19,** up **10%** from R$1,614 million in 2Q19 and **24%** from R$1,428 million in 3Q18;

✓ Issuance of **172,000 new conventional credit cards** in 3Q19, 210% higher than in 3Q18;

✓ Time deposits reached **R$12.0 billion**, up 44% year on year, corresponding to 52% of total funding;

✓ **Net income of R$134.5 million** in 3Q19, up **14%** from R$117.7 million in 2Q19 and **174%** from R$49.1 million in 3Q18;

✓ **Accumulated net income of R$348.4 million** in 2019, up **136%** from R$147.9 million in 9M18;

✓ **Managerial net interest margin of 18.5% p.y.** in 3Q19, versus 18.8% p.y. in 2Q19 and 15.6% p.y. in 3Q18;

✓ **Accounting ROE of 11.9% p.y.** in 3Q19, versus 11.2% p.y. in 2Q19 and 4.9% p.y. in 3Q18;

- ✓ **Adjusted ROE** (unaudited) of **23.7% p.y.** in 3Q19, versus 23.9% p.y. in 2Q19 and 13.5% p.y. in 3Q18;
- ✓ **Shareholders' equity** ended the quarter at **R$4.8 billion**, while the **Basel ratio** stood at **15.7%**, considering the Capital Increase of R$ 522 million from the Primary Offering, still pending approval by the Brazilian Central Bank.

DIGITAL HIGHLIGHTS

- ✓ Loans formalized digitally surpassed the mark of **R$1.2 billion**;
- ✓ In the vehicle financing segment, investments in technology led to a **42% performance increase** of the commercial officers in the last 12 months;
- ✓ Overdue credit recovered through digital platforms totaled **R$161 million** in 3Q19;
- ✓ The volume of credit overdue between 30 and 180 days recovered through digital platforms reached **42.2%** of total credit recovered in 3Q19.

MAIN INDICATORS

R$ MM	3Q19	2Q19	3Q18	Δ 3Q19/ 2Q19	Δ 3Q19/ 3Q18
Retail Origination	5,333	4,841	4,282	10%	24%
Credit Assignments without Recourse	1,097	1,079	1,148	2%	-5%
Total Credit Portfolio	23,550	22,535	19,704	5%	20%
Total Assets	31,548	30,210	28,514	4%	14%
Funding	23,280	22,430	20,680	4%	13%
Shareholders' Equity	4,831	4,227	4,047	14%	19%
Managerial Interest Margin	1,085	1,056	832	3%	30%
Managerial Interest Margin (% p.y.)	18.5%	18.8%	15.6%	-0.3 p.p.	3.1 p.p.
Income before Taxes	187.8	164.5	102.8	14%	83%
Net Income	134.6	117.7	49.1	14%	174%
Accounting ROE (% p.y.)	11.9%	11.2%	4.9%	0.7 p.p.	7.0 p.p.
Adjusted ROE - unaudited (% p.y.)	23.7%	23.9%	13.5%	-0.2 p.p.	10.2 p.p.
Basel Ratio	15.7%	13.0%	14.0%	2.7 p.p.	1.7 p.p.
Common Equity Tier I	15.7%	13.0%	11.9%	2.7 p.p.	3.8 p.p.
Tier II	-	-	2.1%	-	-

ECONOMIC ENVIRONMENT

According to the Brazilian Central Bank's report, credit operations recorded a credit balance of R$3.4 trillion in September 2019, increasing by 1.0% in the monthly comparison and 5.8% over the 12-month period with an expansion of 11.3% in household portfolio and downturn of 0.9% corporate portfolio. The numbers reinforce the perception of a recovery in the credit market, mainly in credit to individuals.

Household credit reached R$1.1 trillion, up by 1.1% in the month and 16.3% in twelve months, with highlight to payroll-deductible loans and vehicle financing. Corporate loans ended the month of September with a balance of R$847 billion, increasing by 2.5% in the month and 9.3% over twelve months.

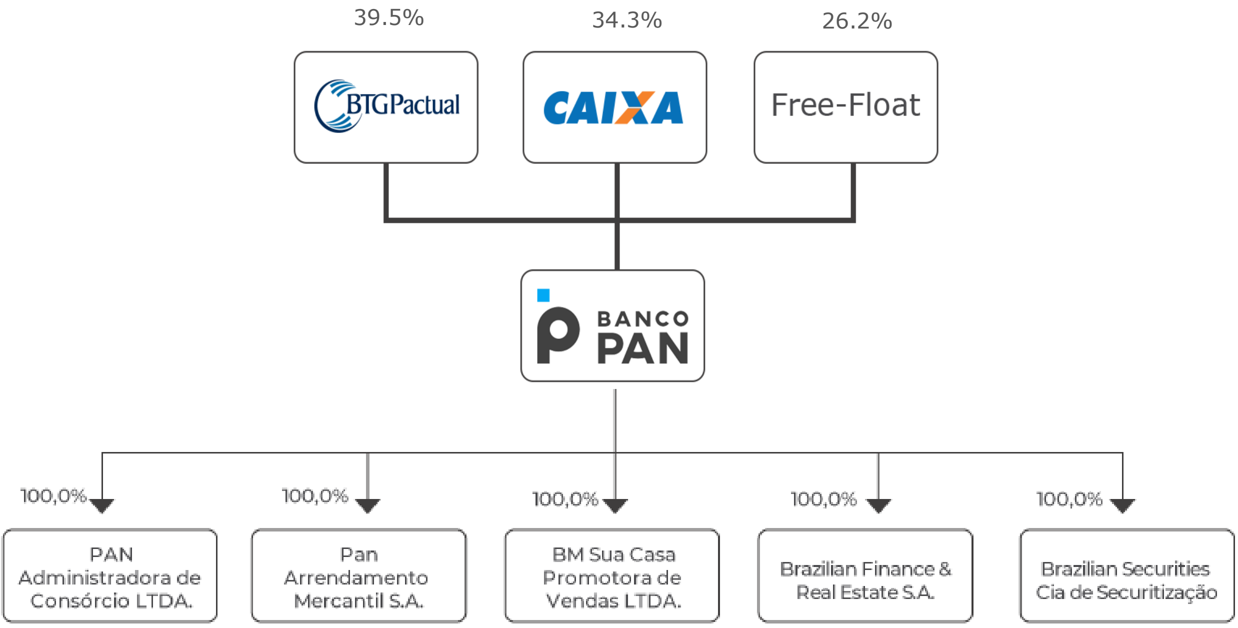
Inflation, as measured by the Broad Consumer Price Index (IPCA), ended September with a variation of -0,04% in the monthly comparison, but with an acceleration of 2.89% in the annual comparison, and a deceleration over the 3.37% index recorded in 2Q19. Overall, the prospects for inflation in 2019 improved significantly in the last two months of 3Q19, driven by lower inflation in household foods, leading to downward revisions in market forecasts.

As for the labor market, according to CAGED, the unemployment rate was 11.8% in the quarter ended in August (without seasonal adjustment), reaching more than 12.6 million individuals. The index remained stable in relation to the 2Q19, but decreased 30bps when compared to the same period of 2018.

CORPORATE STRUCTURE

Since 2011, PAN is jointly controlled by Caixa Participações S.A. - CAIXAPAR ("CaixaPar"), a fully owned subsidiary of Caixa Econômica Federal (jointly "Caixa conglomerate"), and by Banco BTG Pactual S.A. ("BTG Pactual") through a Shareholders' Agreement.

The chart below shows the shareholding structure after approval of the primary offering in September 2019, also reflecting the exercise of the call option by CAIXAPAR, within the scope of the capital increase approved in April 2018:



DISTRIBUTION NETWORK

We are one of the leading mid-sized retail banks in Brazil, focusing on C, D and E income class individuals, civil servants and INSS retirees and pensioners, offering payroll-deductible loans and credit cards, used vehicle loans, new motorcycle financing, conventional credit cards and insurance.

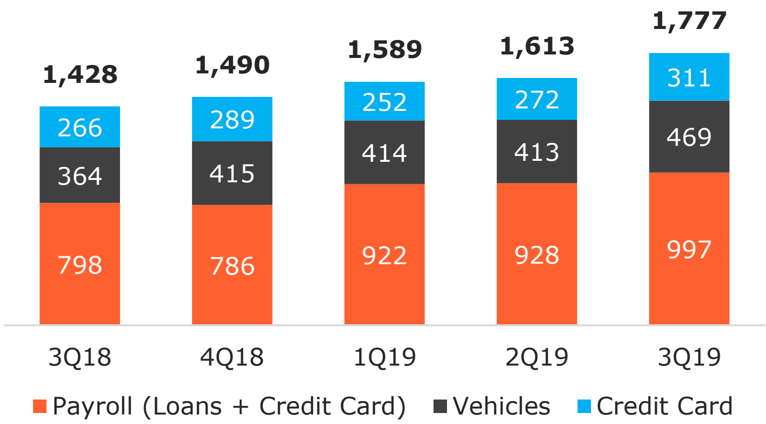
With 2,413 employees, we have 60 points of service in Brazil's major cities with national presence through an asset light structure, operating via digital platforms with over 640 brokers as partners offering payroll-deductible loans and more than 9,700 multi-brand and single-brand vehicle dealers.

Asset Origination

In 3Q19, we originated a monthly average of R$1,777 million in new credit, against R$1,614 million in 2Q19 and R$1,428 million in 3Q18. The growth observed in the annual comparison was mainly driven by the origination volume of vehicle financing, which rose by 29% in the period, and the increase in payroll-deductible loans, up 25% over 3Q18.

Average Monthly Origination (R$ MM)

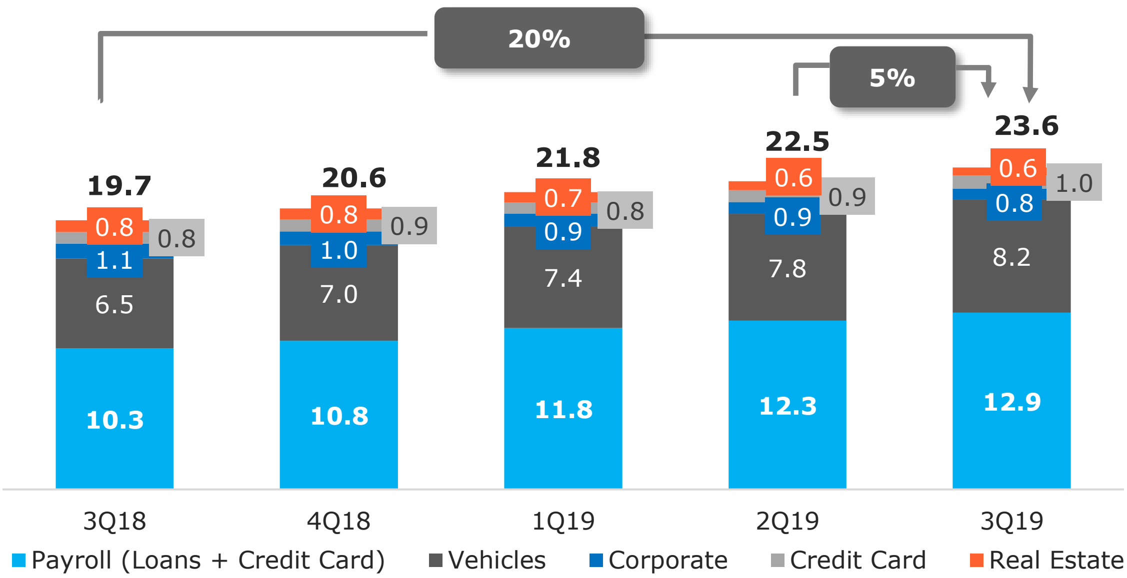
Products	3Q19	2Q19	3Q18	Δ3Q19/ 2Q19	Δ 3Q19/ 3Q18
Payroll Deductible (Loans + Credit Cards)	997	928	798	7%	25%
Vehicles	469	413	364	14%	29%
Credit Cards	311	272	266	14%	17%
Total	**1,777**	**1,614**	**1,428**	**10%**	**24%**



Credit Portfolio

The on-balance credit portfolio ended the quarter with a balance of R$23,550 million, 5% higher than the R$22,536 million recorded in 2Q19 and 20% higher than the R$19,704 million posted in 3Q18. The Core portfolio, comprising payroll-deductible loans and credit cards, vehicle financing and conventional credit cards, increased by 25% in the last 12 months. The Corporate and Real Estate Credit portfolios, both in run off, fell by 27% and 32%, respectively, over a 12-month period.

Credit Portfolio (R$ Bn)



The table below gives a breakdown of the credit portfolio by segment:

R$ MM	3Q19	Share %	2Q19	Share %	3Q18	Share %	Δ3Q19/ 2Q19	Δ3Q19/ 3Q18
Payroll Deductible (Loans and Credit Cards)	12,882	55%	12,285	55%	10,265	52%	5%	25%
Vehicles	8,224	35%	7,786	35%	6,543	33%	6%	26%
Corporate Loans and Guarantees	811	3%	866	4%	1,114	6%	-6%	-27%
Credit Cards	953	4%	862	4%	832	4%	11%	15%
Real Estate	579	2%	645	3%	849	4%	-10%	-32%
Other	101	-	91	-	102	1%	12%	-1%
Total	**23,550**	**100%**	**22,535**	**100%**	**19,704**	**100%**	**5%**	**20%**

The table below shows the total loan portfolio by maturity on September 30, 2019:

R$ MM	Up to 30 days	From 31 to 90 days	From 91 to 180 days	From 181 to 360 days	Over 360 days	Total
Payroll-Deductible Loans	391	549	782	1,410	8,018	11,150
Vehicles	656	714	996	1,705	4,154	8,224
Payroll-Deductible Credit Cards	1,686	22	11	7	7	1,732
Corporate Loans and Guarantees	310	34	21	35	412	811
Credit Cards	554	188	131	74	7	953
Real Estate	123	18	26	47	365	579
Other	17	8	12	19	45	101
Total	**3,737**	**1,534**	**1,978**	**3,296**	**13,005**	**23,550**
Participação (%)	**16%**	**7%**	**8%**	**14%**	**55%**	**100%**

Retail Credit Portfolio

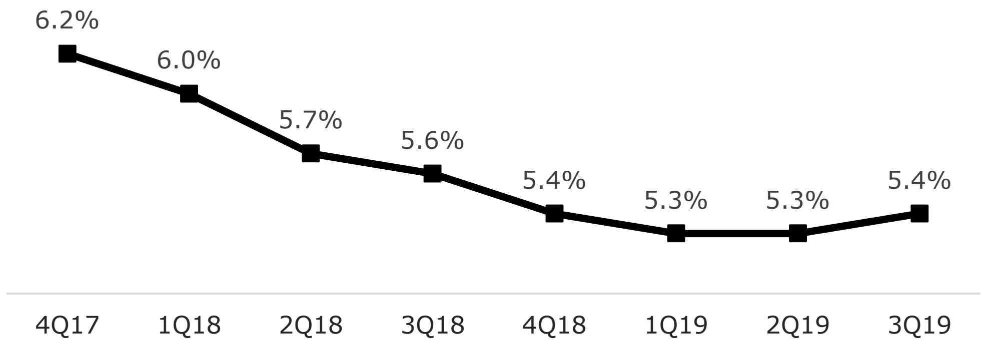
Over the last few years, we have expanded the use of analytical solutions, migrating from traditional modeling to more robust techniques, using machine learning and deep learning to improve our credit analysis tools. We currently use 36 credit analysis models, 22 of which were developed using artificial intelligence tools.

To apply these models, we use more than 1,100 structured and unstructured variables, captured in interactions with our clients and with the help of external partners. We have evolved from a methodology that basically consisted in the analysis of the client's credit history, to models with a broader approach, including the client's consumption profile, socioeconomic data, employment history and geolocation.

This change led to an increase in our approval rate, improvements in granting and limit maintenance processes, advances in the automation of credit decision-making processes and a reduction in default indicators, with monthly, weekly and daily model monitoring processes.

The chart below presents the evolution of non-performing retail loans more than 90 days overdue, considering the outstanding balance of contracts.

Non-Performing Retail Loans Overdue More than 90 Days (%)



The ratings of Banco PAN's retail credit portfolio are shown below, recorded on the balance sheet by risk rating, pursuant to Resolution 2,682 of the National Monetary Council ("CMN"):

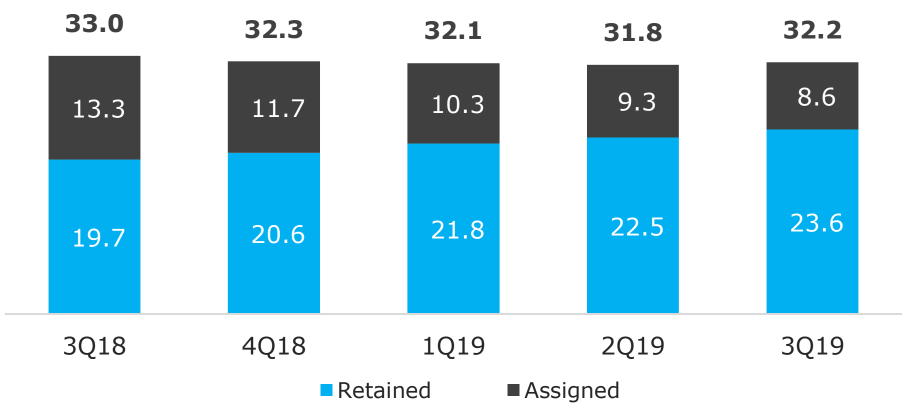
R$ MM	3Q19	Share %	2Q19	Share %	3Q18	Share %	Δ3Q19/ 2Q19	Δ3Q19/ 3Q18
"AA" to "C"	21,209	94%	20,176	94%	17,136	94%	5%	24%
"D" to "H"	1,416	6%	1,335	6%	1,177	6%	6%	20%
Total	**22,625**	**100%**	**21,511**	**100%**	**18,313**	**100%**	**5%**	**24%**

Originated Credit Portfolio

Besides retaining credits on our portfolio, our strategy also includes the assignment of credits without recourse, which totaled R$1,097 million in 3Q19, against R$1,079 million in 2Q19 and R$1,148 million in 3Q18.

The originated credit portfolio, which considers both credit in our balance sheet ("on-balance portfolio") and the portfolio assigned to the controlling shareholders ("off-balance portfolio"), ended the quarter at R$32.2 billion. The reduction in the off-balance portfolio was due to the decline in credit assignments in recent quarters, designed to increase either our retained portfolio or the assignments we make to other financial institutions.

Originated Credit Portfolio Evolution (R$ Bn)



Products

Payroll Deductible (Loans and Credit Cards)

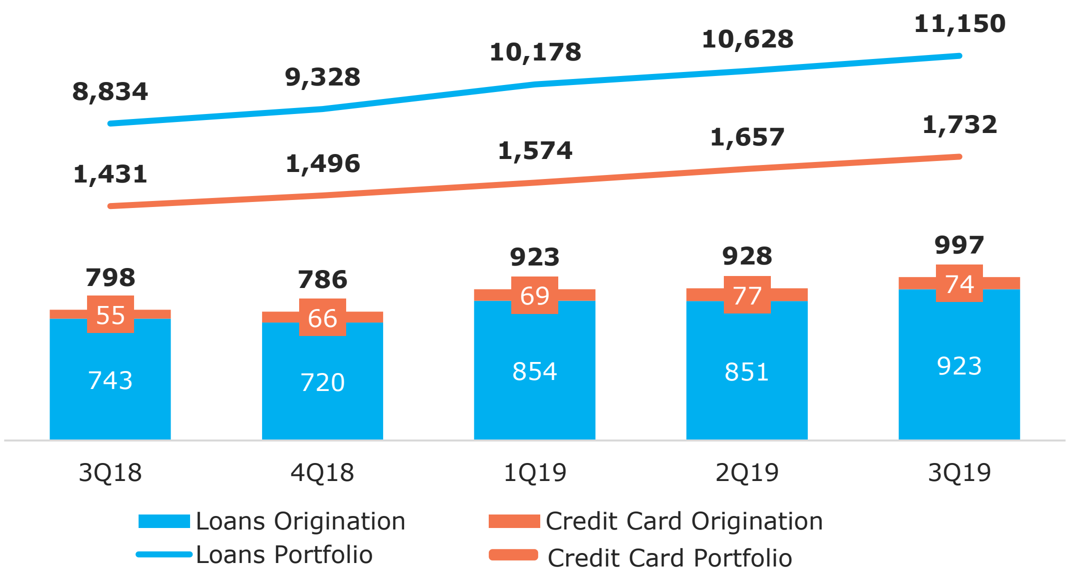
In April 2019, we launched an innovative platform for all our business partners that allows clients to contract payroll-deductible loans through a 100% paperless method, authenticated by facial biometrics. This paperless technology improves efficiency and profitability, resulting in cost savings, enhanced security and greater speed, thus improving the experience of all those involved. Until September 2019, the total volume of loans formalized digitally exceeded R$1.2 billion.

This platform, combined with our positioning in the market and the relationship with our business partners, enables us to remain as a major player focused on federal partnerships, ranking among the largest players in the origination of credits for Social Security (INSS) retirees and pensioners.

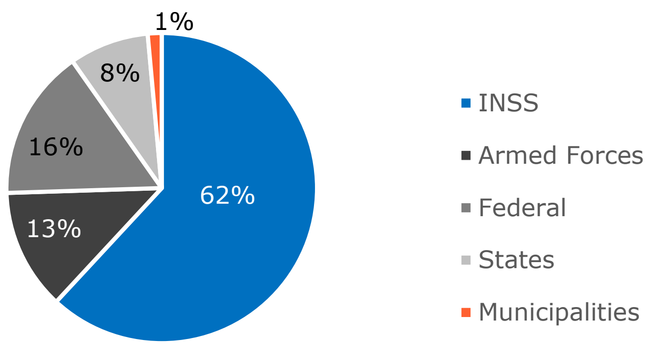
In 3Q19, we granted a total of R$2,770 million in loans to civil servants and INSS retirees and pensioners, versus R$2,554 million in 2Q19 and R$2,230 million in 3Q18, an annual increase of 24%. In the payroll-deductible credit card segment, we originated R$222 million in 3Q19, versus R$231 million in 2Q19 and R$164 million in 3Q18, increasing by 35% over 12 months.

The payroll-deductible loan portfolio ended 3Q19 at R$11,150 million, up 5% from R$10,628 million on June 30, 2019 and 26% over the R$8,834 million recorded on September 31, 2018, significantly outpacing the growth in the national credit system. Meanwhile, the payroll-deductible credit card portfolio closed the quarter at R$1,732 million, 5% more than the R$1,657 million recorded in the previous quarter and up 21% from R$1,431 million at the end of 3Q18.

Portfolio Evolution and Average Monthly Origination (R$ MM)



Quarterly Origination by Partnership (%)



Vehicle Financing

Our operation is focused in used vehicle (mostly from four to eight years of usage) and new motorcycle financing, capturing the benefits from its expertise in credit and collection in order to optimize the risk/return ratio of these operations. We operate in the vehicle financing segment through multi-brand and single-brand vehicle dealers, increasing the fragmentation of this operation.

We are the market leader in motorcycle financing, excluding captive financing. Benefiting from our credit knowledge and long-term experience, our strategy of concentrating its operation in a specific niche has resulted in an excellent performance among low-income young adults.

In the digital transformation line, we have an exclusive app that simulates financing and offers credit pre-analysis based on a few information, in addition to monitoring applications and issuing vehicle reports, increasing agility and providing a better experience for its commercial partners and final customers. These and other investments in technology have allowed a significant increase in the productivity of our sales team, which improved by 42% from September 2018 to September 2019.

In October 2019, we launched the digital formalization platform for vehicle financing (similar to the one used for payroll-deductible loans) in order to increase efficiency gains.

In 3Q19, we originated R$1,408 million in new financing, including light vehicles and motorcycles, versus R$1,239 million in 2Q19 and R$1,091 million in 3Q18, due to a new approach to credit, the introduction of a simulator and a new contracting journey.

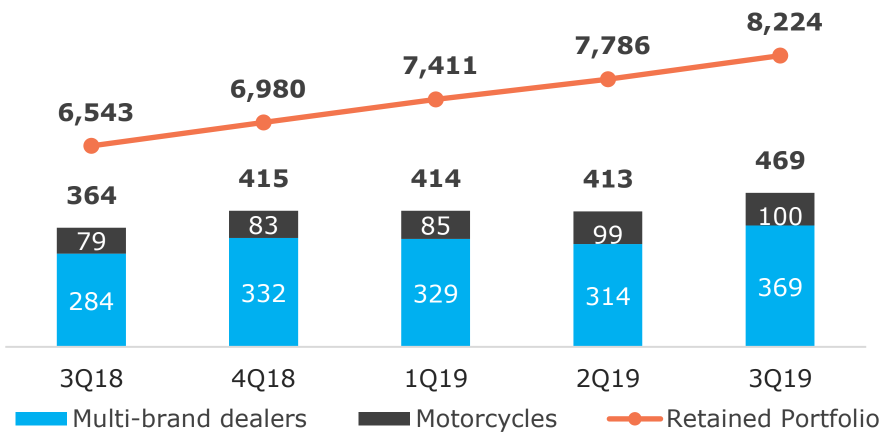
Light vehicle financing origination amounted to R$1,109 million in 3Q19, versus R$941 million in 2Q19 and R$853 million in 3Q18, while motorcycle financing origination came to R$300 million in 3Q19 versus R$298 million in 2Q19 and R$238 million in 3Q18.

The chart below shows more details on origination in these segments:

3Q19	Light Vehicles	Motorcycles
Origination (R$ MM)	1,109	300
Market Share	5%	18%
Ranking	6	2
Avg. Maturity (months)	45	40
% Down Payment	43%	24%

The vehicle financing portfolio ended the quarter at R$8,224 million, up 6% from R$7,786 million in 2Q19 and 26% higher than the R$6,543 million recorded in 3Q18.

Portfolio Evolution and Average Monthly Origination (R$ MM)



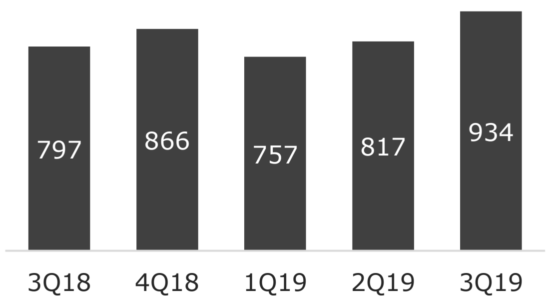
Payment Methods (Credit Cards)

We constantly invested in building the clients' digital journey, seeking to improve their experience, enhance relationships and increase client interactions with the Bank. To achieve this, we offer a chatbot and a humanized IVR (interactive voice response), bringing convenience and agility to assist our credit card clients. In addition, we are continuously investing in the improvement of our credit card app, expanding self-service, financial control and expense monitoring. Since its launch, in 3Q18, the app has been downloaded more than 1 million times.

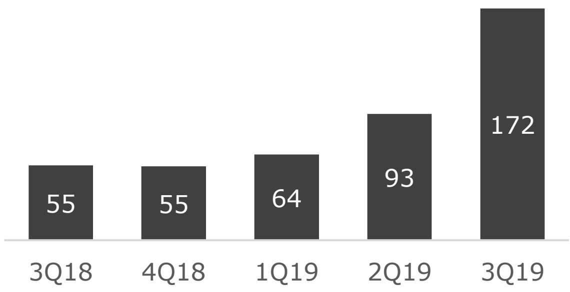
We have issued 172 thousand conventional credit cards in 3Q19, 210% more than the amount recorded in the same period of the previous year, leveraged by the increase in sales actions. This movement is aligned with relevant changes in cross-selling efforts, increased efficiency in analytics and CRM, expanded relationship with digital partners (market places), significant improvements in the product acquisition journey directly through our website and partnerships in the issuance of co-branded cards. On August 2019, we ventured into the cashback market, with the sale of co-branded cards in partnership with Mooba, a cashback platform with over 800 online partners and more than 2 million clients.

Credit card transactions totaled R$934 million in 3Q19, up 14% from R$817 million in 2Q19 and 17% from the R$797 million recorded in 3Q18. The monthly volume of app accesses reached 2.3 million in September, 70% more than in June 2019. The credit card portfolio ended the quarter at R$953 million, versus a balance of R$862 million in 2Q19 and R$832 million in 3Q18.

Transaction Volume (R$ MM)



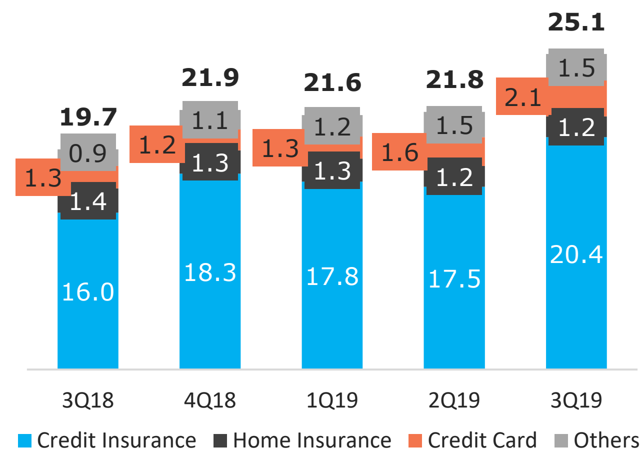
# of Credit Cards Issued (thousand)



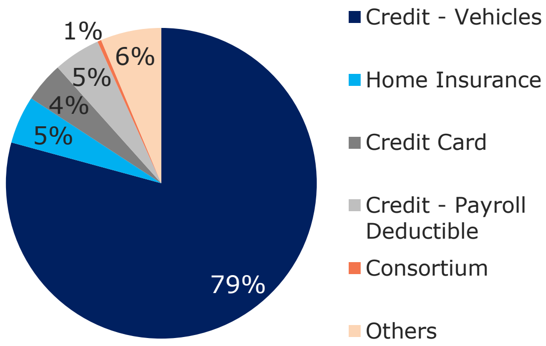
Insurance

PAN originated R$75.4 million in insurance premiums during 3Q19, 28% higher than in 3Q18. Premiums originated in 3Q19 included R$61.1 million from credit insurance, R$3.6 million from home insurance, R$6.2 million from credit card insurance and R$4.6 million from other insurance products.

Average Monthly Premium Origination (R$ MM)



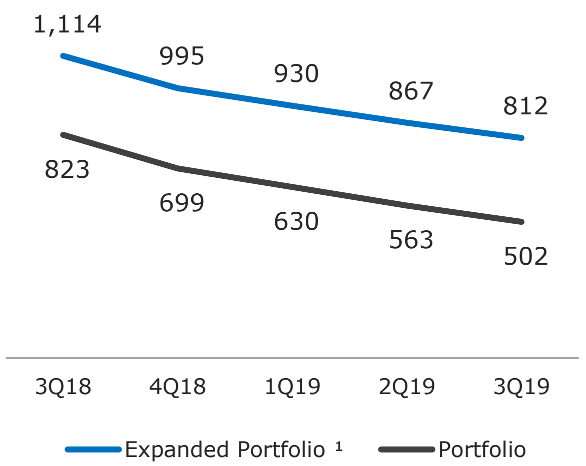
Quarterly Origination by Product (%)



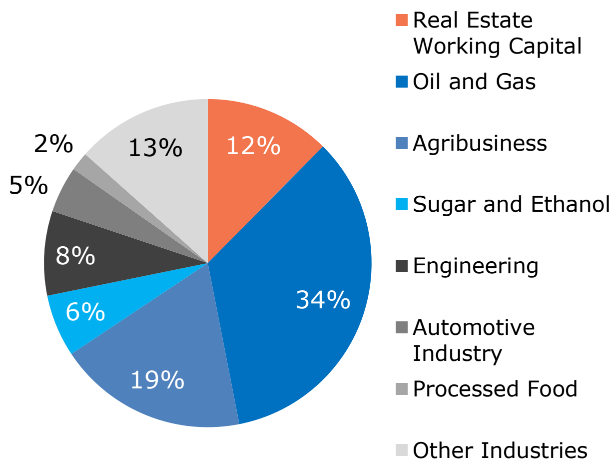
Corporate Credit (run off)

The Corporate Credit portfolio, including guarantees, closed the quarter at R$811 million, down from R$866 million on June 30, 2019 and R$1,114 million on September 30, 2018. This portfolio has appropriate risk diversification and high segmentation across industries and economic groups, as well as substantial guarantees.

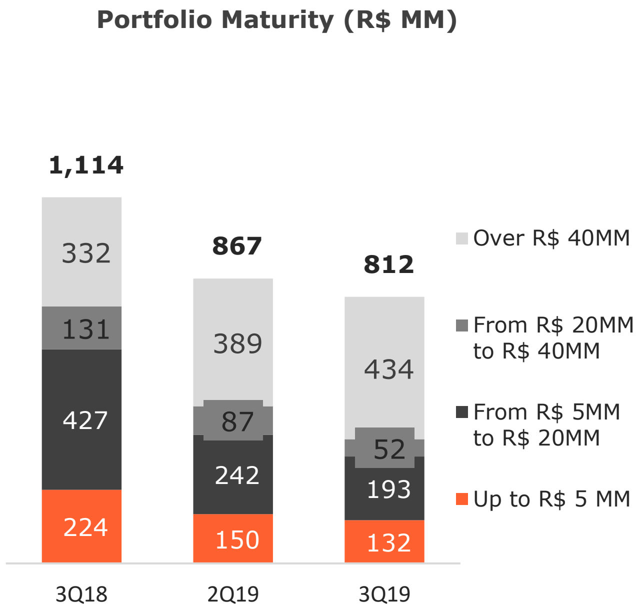
Portfolio Evolution (R$ MM)

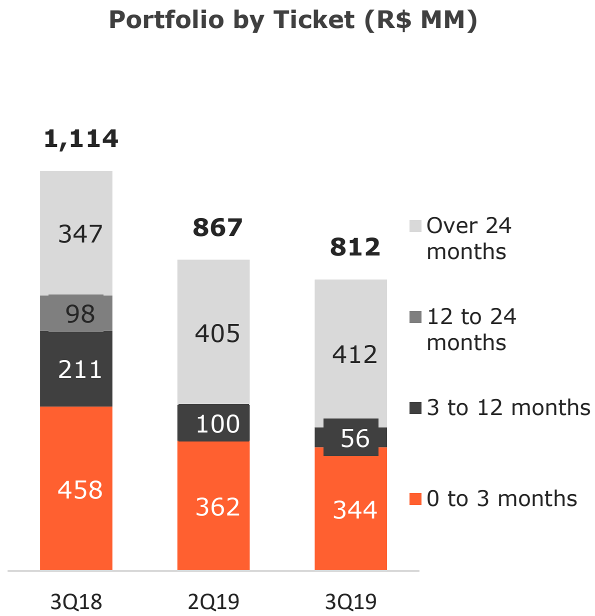


Portfolio by Industry (%)



[1]Including guarantees issued





Real Estate Credit (run off)

Real estate credit granted to individuals totaled R$465 million at the end of 3Q19, versus R$488 million at the close of 2Q19 and R$572 million at the end of 3Q18. Real estate credit granted to companies stood at R$113 million at the end of the quarter, versus R$157 million at the close of 2Q19 and R$277 million at the end of 3Q18.

Digital Account

Since 2011, we have originated credit operations totaling more than R$158 million. We have had more than 10 million clients during our existence, and we currently have a client base of 4.7 million and a growing flow of new clients seeking credit operations. In September 2019, we received more than 700,000 new credit applications. We believe this organic flow of clients will allow us to offer digital accounts at a low acquisition cost.

We have a technological development framework that has been transforming the operation of our core products, making them digitally scalable. This technology increases efficiency in the origination of payroll-deductible credit, vehicle financing, credit cards, consumer loans and overdraft that will be offered in the digital account. These products do not depend on face-to-face interactions with clients or manual flows for credit granting and formalization.

In addition, our Digital Account interface has been developed after extensive research with potential clients, focusing on delivering the best experience for low-income individuals. Through intensive use of data, we will seek to offer credit solutions that more accurately meet our clients' needs in terms of rates and credit limits, as well as provide an open platform for offering third-party products and services, expanding the range of products.

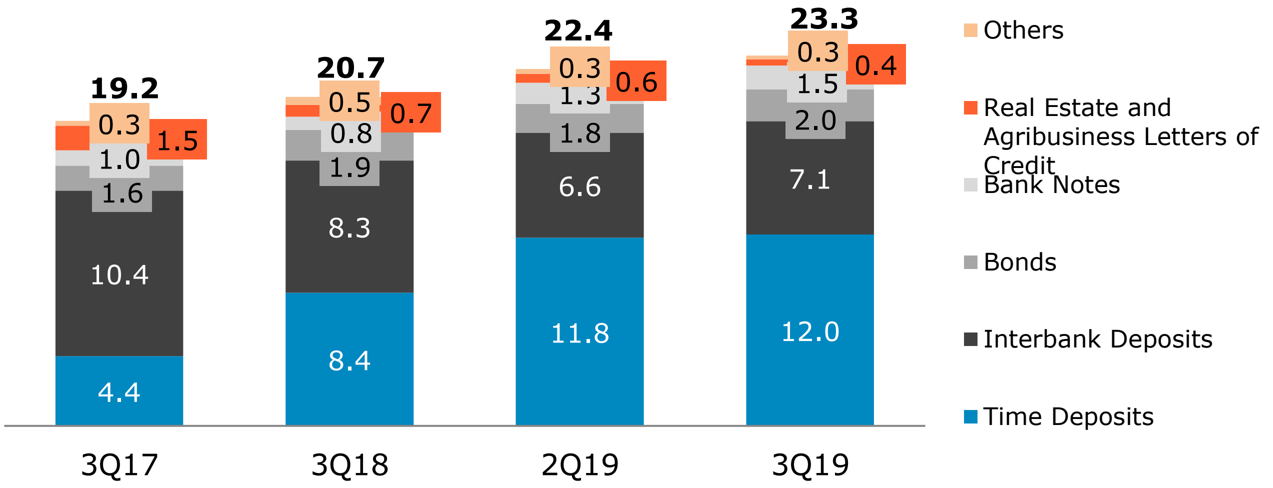
Funding

Funding ended the third quarter of 2019 at R$23.3 billion, with greater diversity and extension of funding maturities. Funding via time deposits moved up by 44% over the last 12 months, significantly contributing to the diversification of our funding base, broken down as follows at the end of 3Q19: (i) time deposits totaling R$12.0 billion, or 52% of the total; (ii) interbank deposits amounting to R$7.1 billion, or 31% of the total; (iii) bonds issued abroad totaling R$2 billion, or 9% of the total; (iv) bank notes equivalent to R$1.5

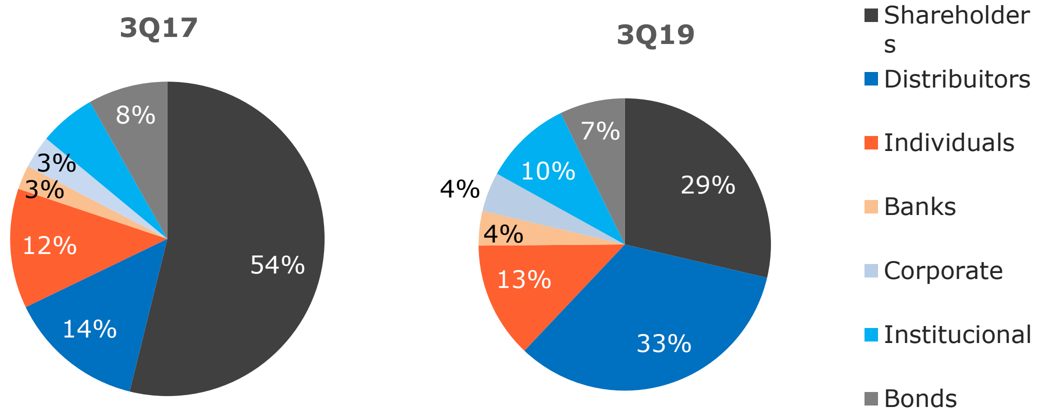
million, or 6% of the total; (v) real estate and agribusiness letters of credit (LCI and LCA) amounting to R$372 million, or 2% of the total; and (v) other funding sources totaling R$252 million, or 1% of the total.

Funding Sources [1] R$ MM	3Q19	Share %	2Q19	Share %	3Q18	Share %	Δ 3Q19/ 2Q19	Δ 3Q19/ 3Q18
Time Deposits	12,027	52%	11,824	53%	8,373	40%	2%	44%
Interbank Deposits	7,130	31%	6,610	29%	8,312	40%	8%	-14%
Bonds	1,989	9%	1,807	8%	1,932	9%	10%	3%
Bank Notes	1,509	6%	1,327	6%	815	4%	14%	85%
LCI and LCA	372	2%	558	2%	749	4%	-33%	-50%
Other	252	1%	304	1%	500	2%	-17%	-50%
Total	**23,280**	**100%**	**22,430**	**100%**	**19,146**	**100%**	**4%**	**13%**

Evolution of Funding Sources (R$ MM)



Funding by Investor (%)



[1] De acordo com o disposto no Artigo 8º da Circular nº 3.068/01 do Bacen, o PAN declara possuir capacidade financeira e intenção de manter até o vencimento os títulos classificados na categoria "títulos mantidos até o vencimento" em suas demonstrações financeiras.

The flow of fixed rate time deposits (issued between 2005 and 2008), which is subject of the adjustment in ROE, shows relevant maturities in 2020:

(R$ MM)	2019	2020	2021	2022	2023	2024	2025	2026	2027
Balance (FV)	4,634	3,274	2,706	2,004	1,417	775	27	15	-
Amortization (FV)	182	1,359	568	702	587	642	748	12	15
Amortization (PV)	172	1,017	358	353	235	214	205	3	3

Results

Managerial Net Interest Margin – NIM

NIM came to 18.5% p.y. in 3Q19, up from 18.8% p.y. in 2Q18 and down from 15.6% p.y. in 3Q18. This robust level was related to the spreads of credit operations.

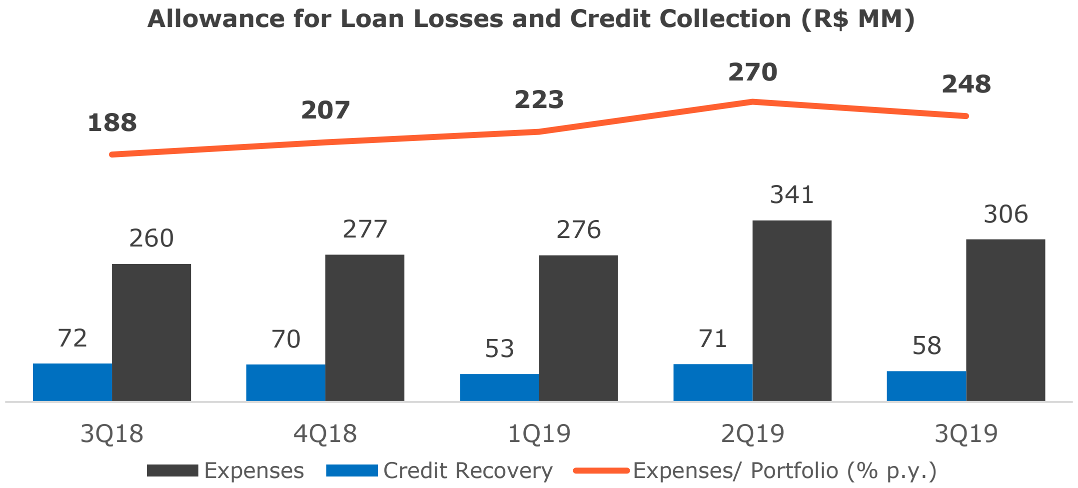
R$ MM	3Q19	2Q19	3Q18	Δ3Q19/ 2Q19	Δ3Q19/ 3Q18
Income from Financial Intermediation Before ALL	**1,082**	**1,058**	**837**	**2%**	**29%**
(+) Exchange Rate Variation	3	(2)	(5)	-	-
1. Managerial Net Interest Margin	**1,085**	**1,056**	**832**	**3%**	**30%**
2. Average Interest-Earning Assets	**25,057**	**23,948**	**22,567**	**5%**	**11%**
- Loan Portfolio	22,736	21,843	19,262	4%	18%
- Securities and Derivatives	2,132	1,807	1,926	18%	11%
- Interbank Investments	189	298	1,380	-37%	-86%
(1/2) Net Interest Margin - NIM (% p.y.)	**18.5%**	**18.8%**	**15.6%**	**-0.4 p.p.**	**2.9 p.p.**

Allowance for Loan Losses and Credit Collection

The allowance for loan losses totaled R$306 million in 3Q19, versus R$341 million in 2Q19 and R$260 million in 3Q18. Collection of credit previously written-off came to R$58 million in 3Q19. Thus, the allowance for loan losses less credit collection totaled R$248 million, versus R$270 million in 2Q19 and R$188 million in 3Q18.

Our credit recovery strategy is driven by experienced professionals and analytical models that use artificial intelligence tools, which, in turn, assess the client's propensity to pay and financial capacity against contracted debt. Throughout 2018, we implemented multi-variable collection scoring models using machine learning in order to divide clients into clusters so that we can offer them (i) personalized discount offers; (ii) renegotiation products (contract refinancing or payment of overdue debt in installments); and (ii) conciliatory and judicial actions.

This focus on collection score allowed us to define multiple possible offers and recommendations in human and digital interactions with clients, with integrations (Open API) that allow automatic negotiation and availability of payment slips. Overdue credit collection through digital platforms totaled R$161 million in 3Q19, representing an increase of 11% from R$146 million in 2Q19.



Costs and Expenses

Personnel and administrative expenses totaled R$365 million in 3Q19, versus R$292 million in 2Q19 and R$279 million in 3Q18. This growth occurred due to occasional expenses, such as costs with the follow on, in addition to the increase in the number of employees, salary readjustments, deferred expenditure related to the digital transformation and investments in publicity and marketing campaigns.

Credit origination expenses stood at R$233 million in the quarter, versus R$263 million in 2Q19 and R$192 million in 3Q18.

Expenses (R$ MM)	3Q19	2Q19	3Q18	Δ3Q19/ 2Q19	Δ3Q19/ 3Q18
Personnel Expenses	131	114	107	15%	23%
Administrative Expenses	234	178	164	31%	36%
1. Subtotal I	**365**	**292**	**279**	**25%**	**31%**
Commission Expenses	182	213	148	-15%	23%
Other Origination Expenses	52	50	44	3%	17%
2. Subtotal II - Originação	**233**	**263**	**192**	**-11%**	**21%**
3. Total (I + II)	**599**	**555**	**471**	**8%**	**27%**

As part of its constant pursuit of efficiency gains, PAN has been optimizing its cost structure, increasing the percentage of executives and employees focused on technology and digital products.

Income Statement

Net income totaled R$134.6 million in 3Q19, the best operational result ever recorded by PAN, an increase of 14% from R$117.7 million in 2Q19 and 174% higher than R$49.1 million recorded in 3Q18. The Accumulated net income totaled R$348.4 million, an increase of 136% from R$147.9 million in the first nine months of 2018.

The main factors that supported the results of recent quarters were: (i) a higher interest margin; and (ii) ongoing loan provisions under control.

Income Statement (R$ MM)	3Q19	2Q19	3QT18	Δ3Q19/ 2Q19	Δ3Q19/ 3Q18
Managerial Net Interest Margin	**1,087**	**1,056**	**832**	**3%**	**31%**
Allowance for Loan Losses	(306)	(341)	(260)	11%	-18%
Gross Profit from Financial Intermediation	**782**	**715**	**572**	**9%**	**37%**
Income from services rendered	104	99	95	5%	10%
Personnel and Administrative Expenses	(365)	(292)	(279)	-25%	-31%
Commission Expenses	182	213	148	-15%	23%
Other Origination Expenses	52	50	44	3%	17%
Tax Expenses	(60)	(43)	(42)	-39%	-43%
Other	(39)	(51)	(52)	27%	29%
Income before Taxes	**188**	**165**	**103**	**14%**	**83%**
Provision for Income Tax and Social Contribution	(53)	(47)	(54)	-14%	1%
Net Income	**134.6**	**117.7**	**49.1**	**14%**	**174%**

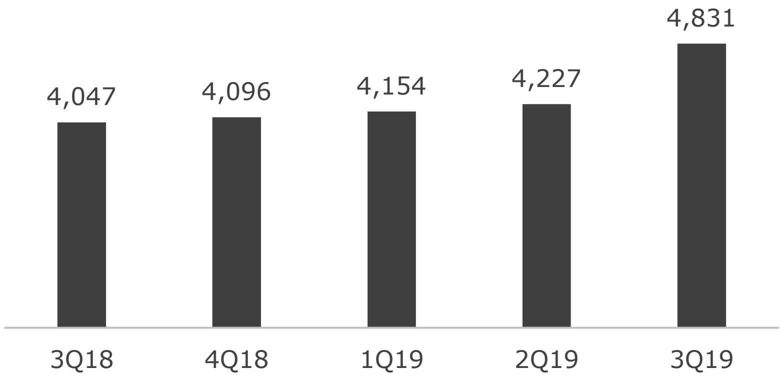
The annualized average ROE stood at 11.9% in 3Q19, versus 11.2% in 2Q19 and 4.9% in 3Q18, while the adjusted average ROE (unaudited) came to 23.7% in 3Q19, versus 23.9% in 2Q19 and 13.5% in 3Q18. The adjustment consists in the rectification of two remaining legacies: (i) excess financial expenses related to fixed rate time deposits issued between 2005 and 2008 (average maturity in 2023), versus what PAN currently pays for the same term in the market and (ii) excess deferred tax assets related to losses, compared to the banking sector average, arising from the accounting inconsistencies found in 2010.

R$ MM – Unaudited	3Q19	2Q19	3Q18
Net Income	**134.6**	**117.7**	**49.1**
Excess Interest Margin (Net of taxes)	58.4	54.3	41.9
Adjusted Net Income	**193.0**	**172.0**	**91.0**
Average Shareholders' Equity	**4,528.7**	**4,190.3**	**4,031.8**
Excess Tax Assets - Tax Losses	1,265.8	1,311.2	1,330.7
Adjusted Average Shareholders' Equity	**3,262.9**	**2,879.1**	**2,701.1**
ROAE (p.y.)	**11.9%**	**11.2%**	**4.9%**
Adjusted ROAE (p.y.)	**23.7%**	**23.9%**	**13.5%**

Shareholders’ Equity and Capital

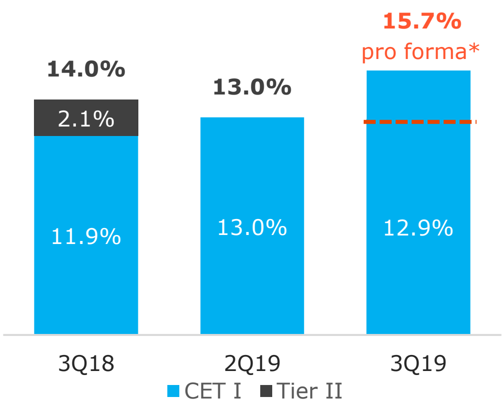
Shareholders’ Equity

PAN’s consolidated shareholders’ equity amounted to R$4,831 million in September 2019, versus R$4,227 million in June 2019 and R$4,047 million in September 2018.



Basel Ratio

The Basel Ratio of the Prudential Conglomerate (pro-forma, considering the capital increase of R$521 million) ended 3Q19 at 15.7% (entirely Tier I Common Equity), versus 13.0% (entirely Tier I Common Equity) at the end of 2Q19 and 14.0% (with 11.9% in Tier I Common Equity) in 3Q18.



R$ MM	3Q19*	3Q19	2Q19	3Q18
Reference Shareholders’ Equity	**3,039**	**2,465**	**2,417**	**2,526**
Tier I	3,039	2,465	2,417	2,139
Tier II	0	0	0	386
Required Reference Shareholders’ Equity	2,027	2,013	1,958	1,893
RWA	19,306	19,175	18,648	18,032

* Basel ratio, considering the capital increase of R$522 million, still pending approval by the Brazilian Central Bank.

Ratings

PAN’s long-term corporate ratings are presented below:

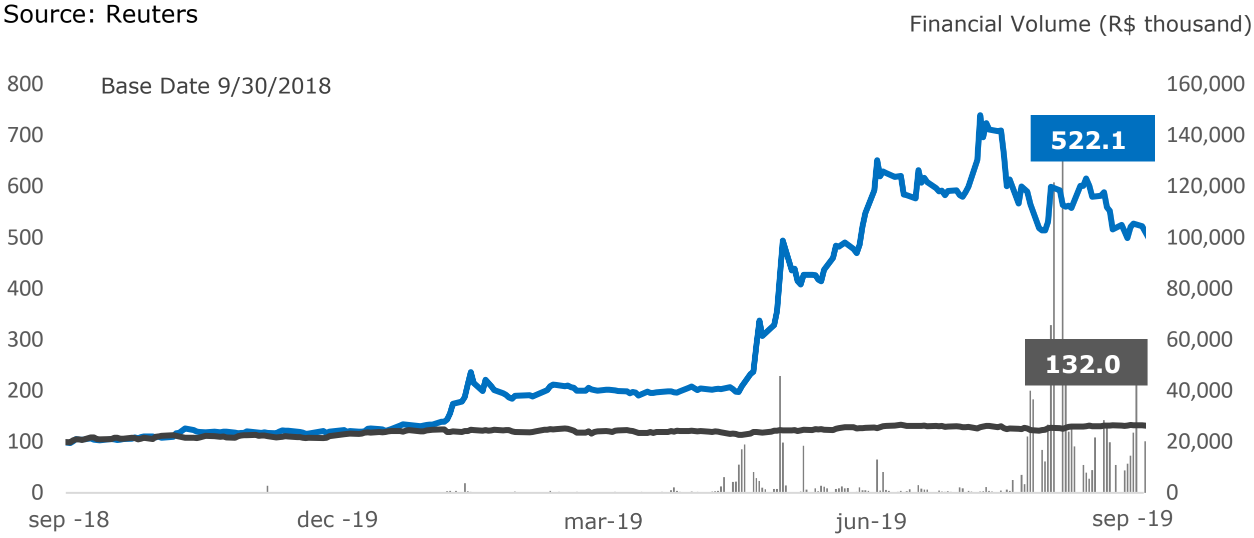
Rating Agency	Global Scale (LT)	National Scale (LT)	Outlook
Fitch Ratings	**B+**	**A (br)**	**Stable**
Standard & Poor’s	**B+**	**brAA-**	**Stable**
Riskbank	**Low Risk for Medium Term 1 | 9.38**		

Stock Performance

PAN's shares (BPAN4)[2] ended 3Q19 priced at R$8.51, with total traded volume of R$2,050.4 million (average trading volume of R$24.3 million), versus R$923.2 million in 2Q19 (average trading volume of R$4.24 million).

On September 30, 2019, PAN's market cap was R$10.3 billion, 2.5x its book value, versus R$10.2 billion on June 28, 2019, equivalent to 2.4x its book value.

Source: Reuters



[2] Listed on Corporate Governance Level 1 (special listing segment of the stock Market operated by B3) and in the following stock Market Index: IBRA, IFNC, IGCT, IGCX, ITAG and SMLL.

EXHIBITS

BALANCE SHEET AS OF SEPTEMBER 30 AND JUNE 30, 2019		
(In thousands of Brazilian reais - R$)	CONSOLIDATED	
ASSETS	**Sep/19**	**Jun/19**
CURRENT ASSETS	**12,934,906**	**13,235,292**
Cash	4,217	3,810
Interbank investments	59,998	317,024
Securities and derivatives financial instruments	821,580	402,495
Interbank accounts	307,452	401,997
Lending operations	8,891,242	8,608,813
Leasing operations	-	-
Other receivables	2,642,257	3,255,781
(Allowance for loan losses)	(133,070)	(123,944)
Other assets	341,230	369,316
LONG-TERM RECEIVABLES	**18,396,511**	**16,769,502**
Securities and derivatives financial instruments	1,590,396	1,449,666
Lending operations	12,205,955	11,612,234
Leasing operations	-	-
Other receivables	4,576,748	3,691,970
(Allowance for loan losses)	(40,234)	(35,216)
Other assets	63,646	50,848
PERMANENT ASSETS	**216,807**	**204,948**
TOTAL ASSETS	**31,548,224**	**30,209,742**
LIABILITIES	**Sep/19**	**Jun/19**
CURRENT LIABILITIES	**17,259,312**	**16,020,476**
Deposits	11,415,601	10,384,236
Demand deposits	15,216	20,994
Interbank deposits	7,130,328	6,610,027
Time deposits	4,270,057	3,753,215
Money market funding	158,006	611,819
Funds from acceptance and issuance of securities	599,450	541,793
Interbank accounts	824,548	771,210
Interbranch accounts	665	235
Derivatives Financial Instruments	100,514	119,943
Other liabilities	4,160,528	3,591,240
LONG-TERM LIABILITIES	**9,458,093**	**9,962,704**
Deposits	7,756,926	8,070,839
Interbank deposits	-	-
Time deposits	7,756,926	8,070,839
Money market funding	93,518	88,983
Funds from acceptance and issuance of securities	1,272,183	1,334,198
Derivatives financial instruments	-	3,315
Other Liabilities	335,466	465,369
Deferred Income	3	6
SHAREHOLDERS' EQUITY	**4,830,816**	**4,226,556**
Capital	3,653,410	3,653,410
Capital Increase	521,813	-
Capital Reserve	207,322	207,322
Income Reserve	243,295	243,295
Adjustments to equity valuation	(7,117)	(7,646)
Retained earnings (loss)	212,093	130,175
TOTAL LIABILITIES	**31,548,224**	**30,209,742**

(In thousands of Brazilian reais - R$)	CONSOLIDATED	
	3Q19	**2Q19**
REVENUE FROM FINANCIAL INTERMEDIATION	**1,765,023**	**1,611,837**
Lending operations	1,652,837	1,675,370
Securities transactions	39,695	40,732
Derivative transactions	72,265	(108,240)
Foreign exchange transactions	226	3,975
EXPENSES ON FINANCIAL INTERMEDIATION	**(988,189)**	**(895,474)**
Funding operations	(682,648)	(553,988)
Allowance for loan losses	(305,541)	(341,486)
GROSS PROFIT FROM FINANCIAL INTERMEDIATION	**776,834**	**716,363**
OTHER OPERATING INCOME (EXPENSES)	**(586,620)**	**(536,503)**
Income from services rendered	104,300	99,337
Personnel Expenses	(131,162)	(113,844)
Other Administrative Expenses	(467,612)	(441,204)
Tax Expenses	(59,991)	(43,100)
Other Operating Income	63,313	86,653
Other Operating Expenses	(95,468)	(124,345)
INCOME FROM OPERATIONS	**190,214**	**179,860**
NON OPERATING EXPENSES	**(2,396)**	**(15,375)**
INCOME BEFORE TAXES	**187,818**	**164,485**
INCOME AND SOCIAL CONTRIBUTION TAXES	**(53,267)**	**(46,778)**
Provision for Income tax	(52,330)	(40,513)
Provision for Social Contribution tax	(31,731)	(24,004)
Deferred tax credits	30,794	17,739
NET INCOME	**134,551**	**117,707**