Earnings Release 2Q19

São Paulo, August 6, 2019 – Pursuant to legal provisions, Banco PAN S.A. ("PAN", "Banco", "Banco PAN" or "Company") and its subsidiaries announce their results for the quarter ended on June 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, the Bank announced the launch of its new brand positioning, broadening its focus to the final consumer (B2C) and reinforcing its business model with business partners (B2B), highlighting that PAN is a bank that offers credit and access to information to its clients, aiming to transform their challenges into achievements. Based on the attributes of "enthusiasm, empowerment and proximity", the rebranding includes the renewal of PAN's visual identity, the change in the way of communication and the launch of a new advertising campaign under the signature "*Pra quem faz*" ("For those who make").

In recent years, PAN has restructured its internal services and processes, heavily invested in technology and hired outstanding professionals in their areas of activity. PAN has become a new bank, with the ambition of becoming the benchmark in financial solutions for the 160 million low-income individuals (C, D and E income classes).

Over the second half of 2019, PAN will launch the digital account, offering its clients a full and integrated platform of products and financial services. PAN will deliver an experience focused on transparency, simplicity and customization, prioritizing the customer's needs. In addition, PAN is also building an ecosystem of partnerships to offer non-banking services, to engage clients on a daily basis.

Thus, regarding credit, PAN continue to invest in innovation and simplification of its processes, advancing in the omnichannel strategy of 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.

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

The Bank manages a portfolio of 4.6 million clients and has captured approximately 113k new clients per month during the second quarter of 2019.

FINANCIAL HIGHLIGHTS

- ✓ **Net Income of R$117.7 million** in 2Q19, an increase of **22%** over the Net Income of R$96.1 million in 1Q19 and **179%** higher than the R$42.2 million Net Income in 2Q18;
- ✓ **Accumulated Net Income of R$213.8 million** in 1H19, an increase of **116%** over the R$98.8 million Accumulated Net Income in the 1H18.
- ✓ **ROE of 11.2% p.y.** in 2Q19, versus a return of 9.3% p.y. in 1Q19 and 4.2% p.y. in 2Q18;
- ✓ **Adjusted ROE** (unaudited) of **23.9% p.y.** in 2Q19, versus a return of 21.0% p.y. in 1Q19 and 12.2% p.y. in 2Q18;
- ✓ The **Credit Portfolio** ended the quarter at **R$22.5 billion** in 2Q19, increasing by **4%** over the R$21.7 billion recorded in 1Q19 and **16%** over the R$19.4 billion in 2Q18;
- ✓ **Monthly average retail origination of R$1,614 million** in 2Q19, up by **2%** against the R$1,590 million originated in the previous quarter and **19%** over the R$1,356 million recorded in 2Q18;
- ✓ **Managerial Net Interest Margin of 18.8% p.y.** in 2Q19, versus a margin of 15.0% p.y. in 1Q19 and 17.6% p.y. in 2Q18;

✓ **Shareholders' Equity** ended the quarter at **R$4.2 billion** and the **Basel Ratio** at **13.0%**.

MAIN INDICATORS

R$ MM	2Q19	1Q19	2Q18	Δ 2Q19/ 1Q19	Δ 2Q19/ 2Q18
Retail Origination	4,842	4,769	4,069	2%	19%
Credit Assignments without Recourse	1,079	867	1,159	24%	-7%
Total Credit Portfolio	22,535	21,754	19,397	4%	16%
Total Assets	30,210	28,514	26,679	6%	13%
Funding	22,430	21,541	19,146	4%	17%
Shareholders' Equity	4,227	4,154	4,016	2%	5%
Managerial Interest Margin	1,056	818	898	29%	18%
Managerial Interest Margin (% p.y.)	18.8%	15.0%	17.6%	3.8 p.p.	1.2 p.p.
Income before Taxes	164.5	127.2	100.8	29%	63%
Net Income	117.7	96.1	42.2	22%	179%
Accounting ROE (% p.y.)	11.2%	9.3%	4.2%	1.9 p.p.	7.0 p.p.
Adjusted ROE (% p.y.)	23.9%	21.0%	12.2%	2.9 p.p.	11.7 p.p.
Basel Ratio	13.0%	13.8%	13.7%	-0.8 p.p.	-0.7 p.p.
Common Equity Tier I	13.0%	11.9%	11.7%	1.1 p.p.	1.3 p.p.
Tier II	-	1.9%	2.0%	-1.9 p.p.	-2.0 p.p.

ECONOMIC ENVIRONMENT

The Brazilian Central Bank's credit operations report recorded a credit balance of R$3.3 trillion in June, increasing 0.4% in the monthly comparison and 5.1% over the 12-month period. The figures reinforce the perception of a recovery in the credit market, mainly in credit to individuals. Household credit reached R$1.0 trillion, up by 0.7% in the month and 14.2% in twelve months, with highlight to consumer loans (payroll-deductible and non-deductible) and vehicle financing. Corporate loans ended the month of June with a balance of R$826 billion, increasing by 2.1% in the month and 9% over twelve months.

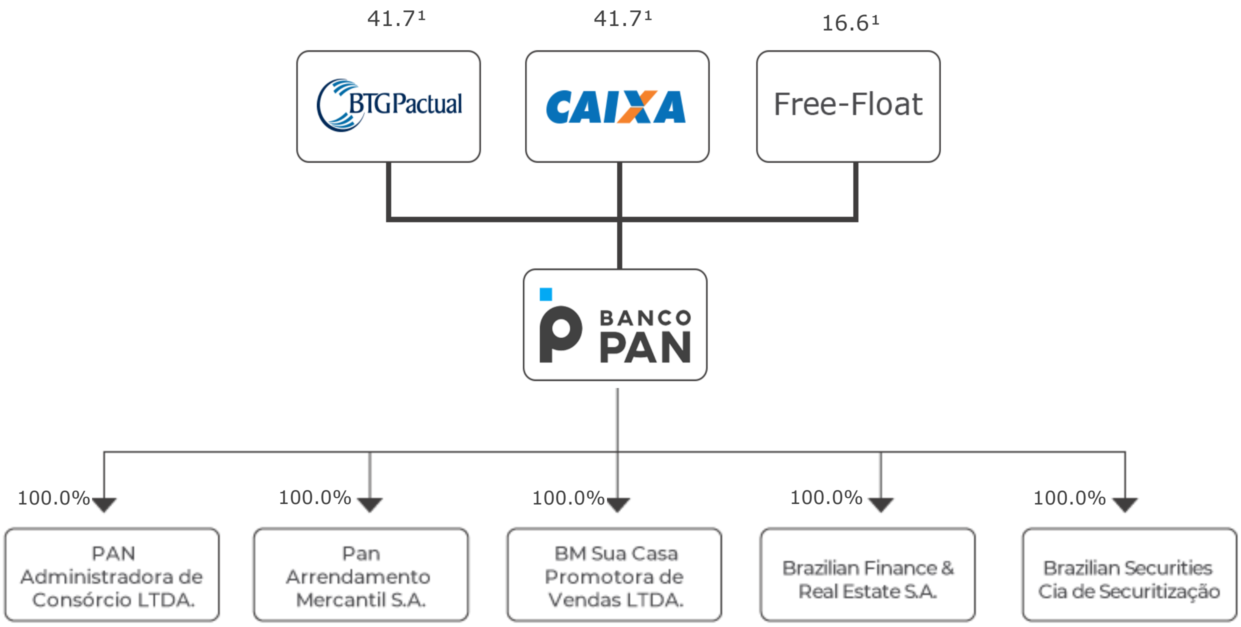
Inflation, measured by the IPCA index, ended June at +0.01%, with an acceleration of 3.37% in the annual comparison, driven by lower inflation in household food, fuel and electricity.

The IBC-Br index (monthly preview of the economic activity index measured by the Brazilian Central Bank) recorded its first positive result in May after four consecutive months of reduction, increasing by 0.54% over April. The 12-month accumulated index increased by 1.31%, while the 12-month index increased by 0.94%.

As for the labor market, according to CAGED, the unemployment rate was 12.3% in the quarter ended in May (without seasonal adjustment), reaching more than 13 million individuals. During the first five months of 2019, the CAGED balance was positive by 351,063 job positions, showing modest signs of improvement. In 12 months as of May, the balance was positive by 474,299 job positions.

CORPORATE STRUCTURE

Since 2011, PAN is jointly controlled by Caixa Participações S.A. ("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.



[1] Ownership interest after the exercise of the Call Option by CAIXAPAR, related to the right to acquire 50% of the shares subscribed and paid-in by the co-controlling shareholder BTG Pactual within the scope of the Capital Increase in 2018, still pending authorization by the regulatory bodies. Ownership composition prior to the exercise of the option: (i) BTG Pactual S.A.: 50.6%; (ii) CAIXAPAR: 32.8%; (iii) Free-Float: 16.6%.

DISTRIBUTION NETWORK

PAN is one of the leading mid-sized retail banks in Brazil and is focused on granting credit to individuals (C, D and E classes, public employees and Social Security retirees and pensioners), offering payroll-deductible loans (personal and credit card loans), used vehicle financing, new motorcycle financing, conventional credit cards and insurance.

With 2,321 employees, PAN has 60 points of service in Brazil's major cities, distributed in accordance with each region's GDP (Southeast: 31, Northeast: 12, South: 9, Midwest: 5 and North: 3).

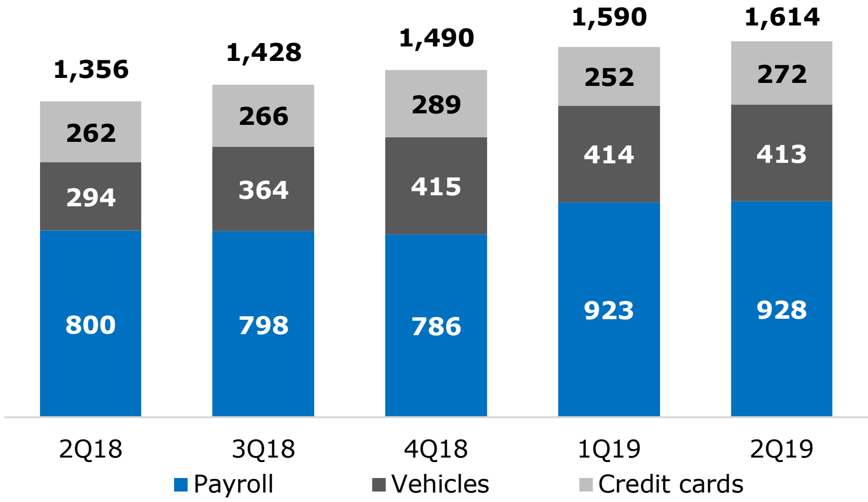
PAN ended the second quarter of 2019 with 627 brokers as partners offering payroll-deductible loans and 8,303 multi-brand and single-brand vehicle dealers.

Asset Origination – Retail

During the second quarter of 2019, PAN originated a monthly average of R$1,614 million in new retail credit, against R$1,590 million in the first quarter of 2019 and R$1,356 million in the second quarter of 2018. The growth observed in the annual comparison was mainly driven by the origination volume of vehicle financings, which increased by 40% in the period, in addition to the increase in payroll-deductible loans, which increased by 16% when compared to the originated volume in 2Q18. Thus, the origination in the 2nd quarter has been higher than the origination in the 1st quarter, which has a typically stronger origination due to the seasonality of payroll loans.

Average Monthly Origination of Retail Products (R$ MM)

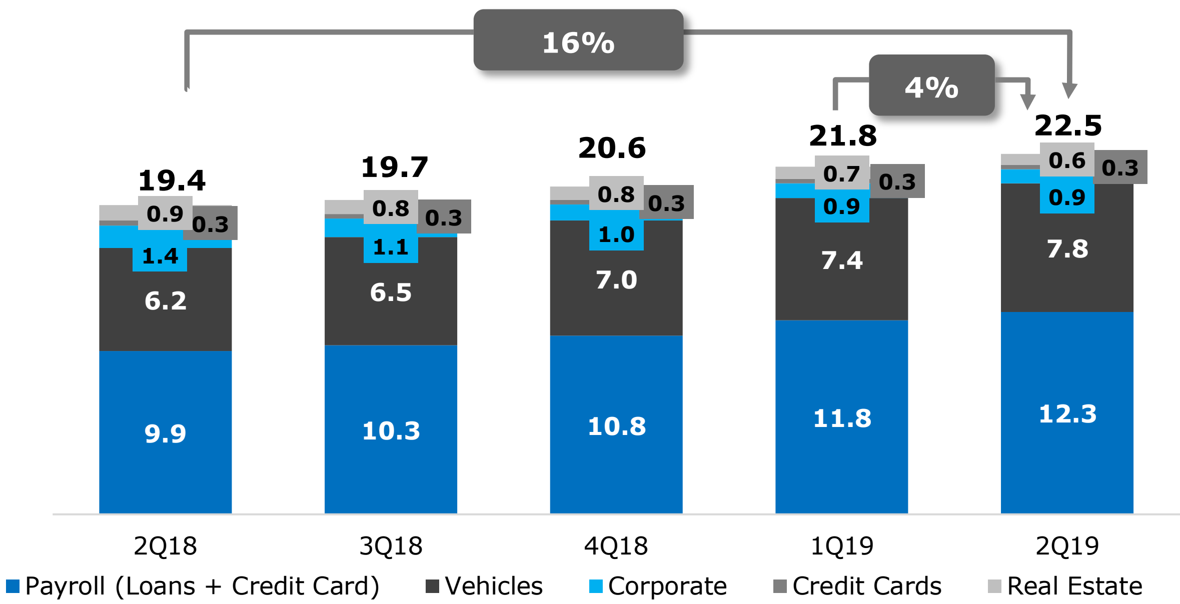
Products	2Q19	1Q19	2Q18	Δ2Q19/ 1Q19	Δ 2Q19/ 2Q18
Payroll Deductible (Loans + Credit Cards)	928	923	800	1%	16%
Vehicles	413	414	294	-	40%
Credit Cards	272	252	262	8%	4%
Total	**1,614**	**1,590**	**1,356**	**2%**	**19%**



Credit Portfolio

Total Credit Portfolio ended 2Q19 at R$22,536 million, 4% higher than the balance of R$21,754 million in 1Q19 and up by 16% versus the balance of R$19,397 million in 2Q18. The Core Portfolio, comprised by payroll-deductible (loans and cards), vehicle financing and credit cards, increased by 23% in the last 12 months, driven by the increase in vehicle financings and payroll deductible loans, which grew by 25% and 24%, respectively, during the period. The Corporate and Real Estate Credit portfolios, both in run off, fell by 37% and 30%, respectively, over a 12-month period.

Credit Portfolio (R$ Bn)



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

R$ MM	2Q19	Part. %	1Q19	Part. %	2Q18	Part. %	Δ2Q19/ 1Q19	Δ2Q19/ 2Q18
Payroll Deductible (Loans + Credit Cards)	12,285	54%	11,751	54%	9,911	51%	5%	24%
Vehicle Financing	7,786	35%	7,411	34%	6,243	32%	5%	25%
Corporate Loans and Guarantees	866	4%	930	4%	1,367	7%	-7%	-37%
Credit Cards	862	4%	834	4%	846	4%	3%	2%
Real Estate	645	3%	737	3%	923	5%	-12%	-30%
Others	91	-	91	-	106	1%	-	-15%
Total	**22,535**	**100%**	**21,754**	**100%**	**19,397**	**100%**	**4%**	**16%**

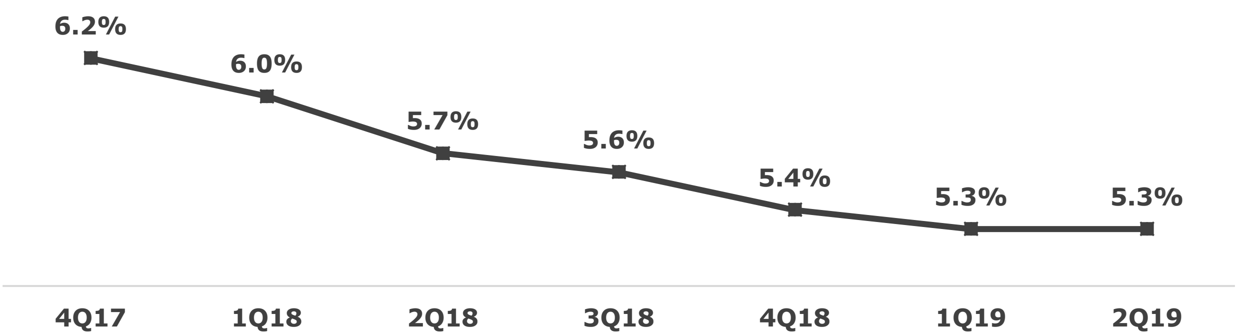
The table below shows the total loan portfolio by maturity on June 30, 2019:

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	370	531	754	1,355	7,618	10,628
Vehicle Financing	641	669	948	1,622	3,906	7,786
Payroll-Deductible Credit Cards	1,614	18	11	7	8	1,657
Corporate Loans and Guarantees	335	27	48	51	405	866
Credit Cards	491	174	118	72	8	862
Real Estate	134	19	61	49	382	645
Others	17	7	10	18	38	91
Total	**3,601**	**1,445**	**1,951**	**3,173**	**12,365**	**22,535**
Share (%)	**16%**	**6%**	**9%**	**14%**	**55%**	**100%**

Retail Credit Portfolio

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

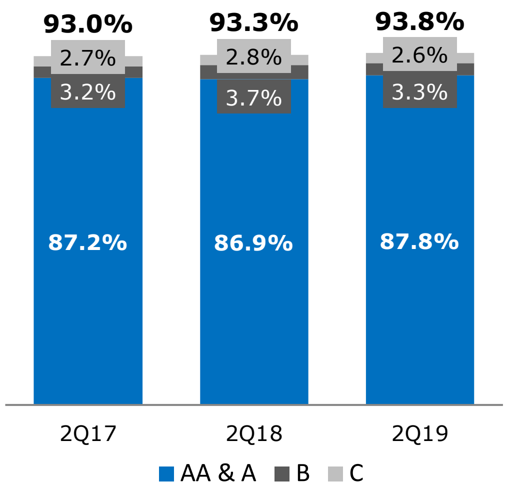
Non-performing Loans, Over 90 Days (%)



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

R$ MM	2Q19	Share %	1Q19	Share %	2Q18	Share %	Δ2Q19/ 1Q19	Δ2Q19/ 2Q18
"AA" to "C"	20,176	94%	19,352	94%	16,520	93%	4%	22%
"D" to "H"	1,335	6%	1,250	6%	1,184	7%	7%	13%
Total	**21,511**	**100%**	**20,602**	**100%**	**17,704**	**100%**	**4%**	**22%**

% of Credit rated between AA and C (CMN Resolution 2,682)

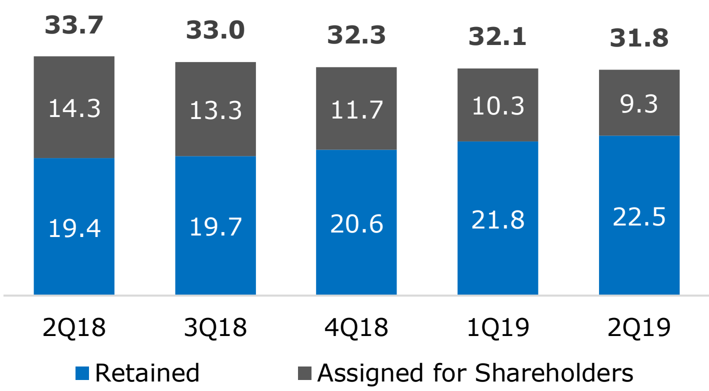


Originated Credit Portfolio

Besides retaining credits in its portfolio, PAN's strategy also includes the assignment of credits without recourse, which totaled R$1,079 million in 2Q19, against R$867 million in 1Q19 and R$1,159 million in 2Q18.

The originated credit portfolio, which considers both, credits retained in PAN's balance sheet and the balance of the portfolios assigned to shareholders, ended the quarter at R$31.8 billion. The reduction in the originated credit portfolio is related to the decline in the credit assignments in the last quarters, either to increase the retained portfolio or increase the assignments to other financial institutions.

Originated Credit Portfolio Evolution (R$ Bn)



Products

Payroll-Deductible (Loans and Credit Cards)

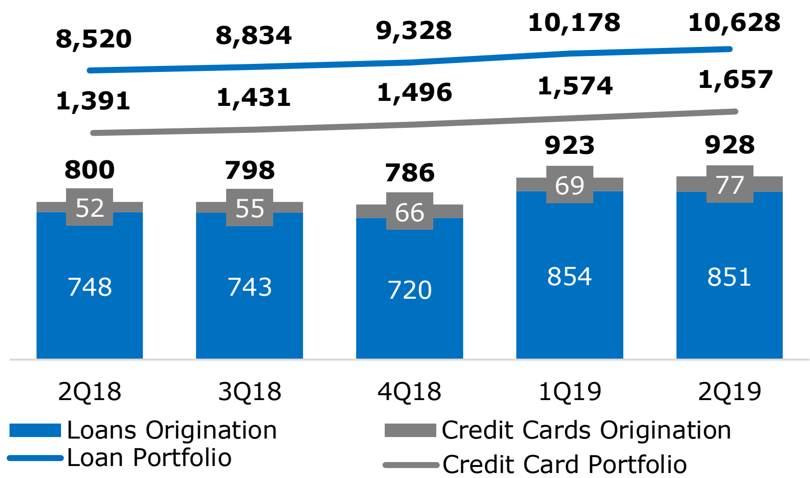
On April 2019, PAN has launched an innovative platform to all its business partners that allows clients to contract payroll-deductible loans through a 100% paperless method, confirming it by facial biometrics. The engagement of the commercial partners shows the efficiency of the new platform, that reached an average of 27% of the eligible contracts being formalized digitally over the 2Q19. This technology improves efficiency and profitability, resulting in cost savings, enhanced security and a faster process, thus creating an outstanding experience to all those involved.

This platform combined with PAN's positioning in the market and the relationship with its business partners enables the Bank to maintain its strategy to to remain as a major player focused on federal codes, ranking among the top 5 largest players in the origination of credits for Social Security (INSS) retirees and pensioners.

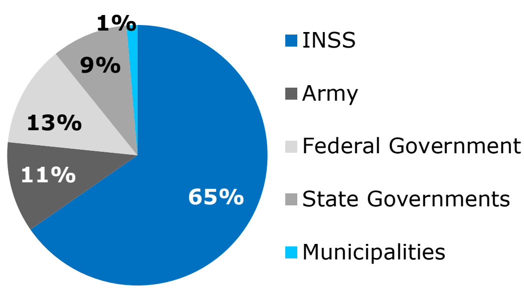
During 2Q19, PAN granted a total of R$2,554 million in loans to public employees and Social Security (INSS) retirees and beneficiaries, versus R$2,561 million in 1Q19 and R$2,224 million originated in 2Q18, representing a 15% growth in 12 months. Payroll-deductible credit card originations reached R$232 million in 2Q19, versus R$208 million in 1Q19 and R$155 million in 2Q18, representing an expressive growth of 50% in a 12-month period.

The payroll-deductible loan portfolio ended the quarter at R$10,628 million, up by 4% over the R$10,178 million recorded in 1Q19 and 25% over the R$8,520 million recorded in 2Q18, significantly higher than the increase presented by the national credit system. The payroll-deductible credit card portfolio ended the quarter at R$1,657 million, a 5% growth versus the R$1,574 million recorded in the previous quarter and up by 19% over the balance of R$1,391 million at the end of 2Q18.

Portfolio Evolution and Monthly Origination Average (R$ MM)



Quarterly Origination (%)



Vehicle Financing

The Bank operation focuses on used vehicle (from 4 to 8 years of usage) and new motorcycle financing, capturing the benefits from the Bank's expertise in credit and collection to optimize the risk/return ratio of these operations. PAN operates in the vehicle financing segment through multi-brand and, in the 1st quarter of 2019, reestablished the origination through single-brand vehicle dealers, increasing the fragmentation on this operation.

PAN is the market leader in motorcycle financings, excluding automaker financing companies. Benefiting from its credit knowledge and long-term experience, PAN´s strategy of concentrating its operation in a specific niche has resulted in an excellent performance among low-income young adults.

As part of its digital transformation agenda, PAN uses a simulator that allows credit pre-analysis based on just a few information, as well as automatic payment in case of approval, 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 sales team productivity, which has already advanced 42% from June 2018 to June 2019.

In 2Q19, PAN originated R$1,239 million in new financings, including light vehicles and motorcycles, compared to R$1,243 million in 1Q19 and R$882 million in 2Q18, reflecting the new credit approach, the credit simulator and the new credit concession journey.

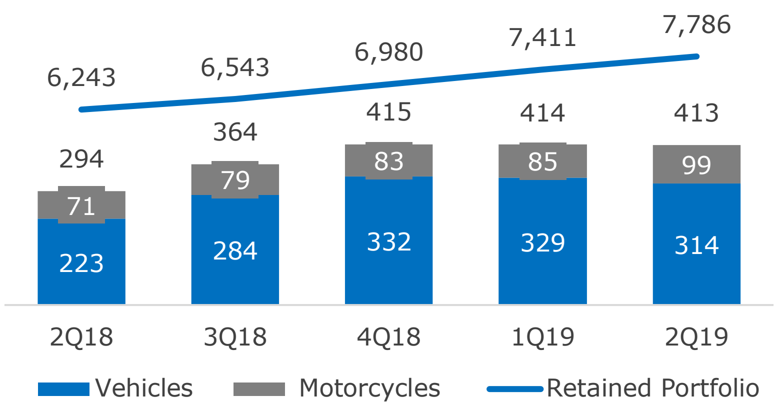
Light vehicle financing origination amounted to R$941 million in 2Q19, versus R$988 million originated in 1Q19 and R$669 million in 2Q18, while motorcycle financing origination reached R$298 million in 2Q19, versus R$255 million in 2Q19 and R$213 million in 2Q18.

The chart below shows the origination details in these segments:

2Q19	Vehicles	Motorcycles
Origination (R$MM)	941	298
Market Share	5.1%	21.2%
Ranking	6	2
Avg. Maturity (months)	46	41
% Down Payment	41%	23%

The vehicle financing portfolio ended the quarter at R$7,786 million, increasing by 5% versus the R$7,411 million recorded in 1Q19 and by 25% from the R$6,243 million recorded at the end of 2Q18.

Portfolio Evolution and Average Monthly Origination (R$ MM)



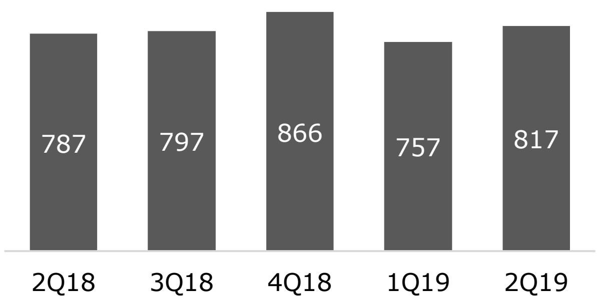
Payment Methods (Conventional Credit Cards)

PAN constantly invests in the construction of the digital journey, aiming to provide a better customer experience and improve the relationship by establishing daily interaction with its clients. To achieve this, PAN offers a chatbot and an URA contact center, bringing convenience and agility to assist its credit card clients. In addition, PAN has also invested in the improvement of its credit card APP, expanding self-service, financial control and expense monitoring. Since its launch, in 3Q18, the APP obtained more than 750 thousand downloads.

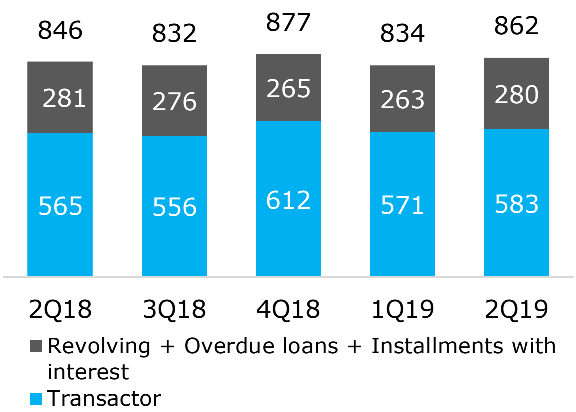
PAN issued 93 thousand conventional credit cards in the 2Q19, 51% higher than the amount recorded in the same period of the previous year, leveraged by the increase in sales actions. This movement is aligned with relevant changes in cross sell efforts, increased efficiency in analytics and CRM, expanded relationship with digital partners (market places) and significant improvements in the product acquisition journey directly through PAN's website.

During the second quarter of 2019, credit card transactions totaled R$817 million, increasing by 8% over the R$757 million in transactions registered in 1Q19, and by 4% over the R$787 million recorded in 2Q18. The credit card portfolio ended the quarter at R$862 million, versus a balance of R$834 million and R$846 million, in 1Q19 and 2Q18, respectively.

Transactions Volume (R$ MM)



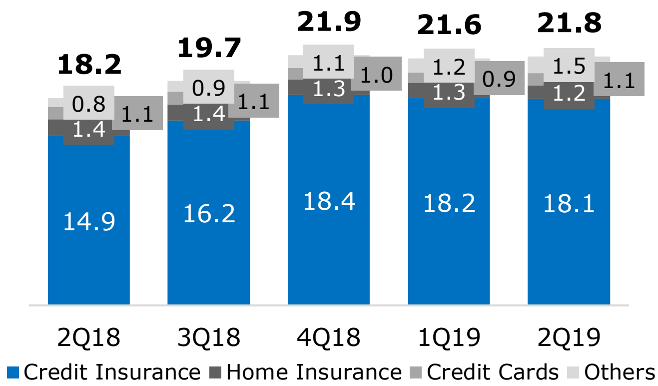
Credit Portfolio (R$MM)



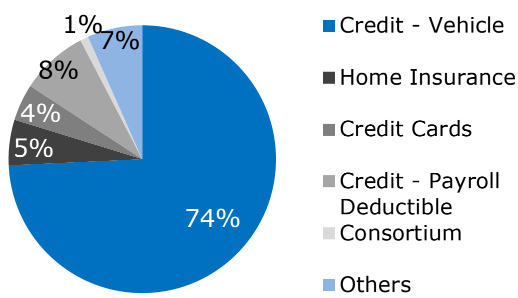
Insurance

PAN originated R$65.4 million in insurance premiums during 2Q19, stable when compared to the origination in the previous quarter, but 20% higher than in 2Q18. Premiums originated in the 2Q19 includes: R$54.3 million in credit insurance, R$3.6 million in home insurance, R$3.2 million in credit card insurance and R$4.4 million in other insurance products.

Monthly Average Premium Origination (R$ MM)



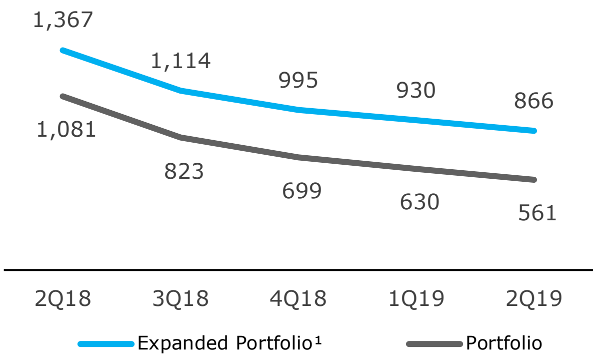
Quarterly Origination by Product (%)



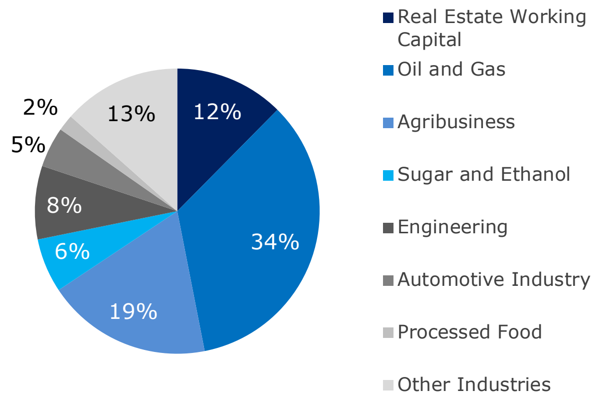
Corporate Credit (run off)

The Corporate Credit portfolio, including guarantees, ended the quarter at R$866 million, versus R$930 million at the end of 1Q19 and a balance of R$1,367 million in 2Q18. The Credit Portfolio net of provisions (without guarantees) ended the quarter at R$ 256 million. This portfolio has appropriate risk diversification and high segmentation across industries and economic groups, as well as substantial guarantees.

Portfolio Evolution (R$ MM)

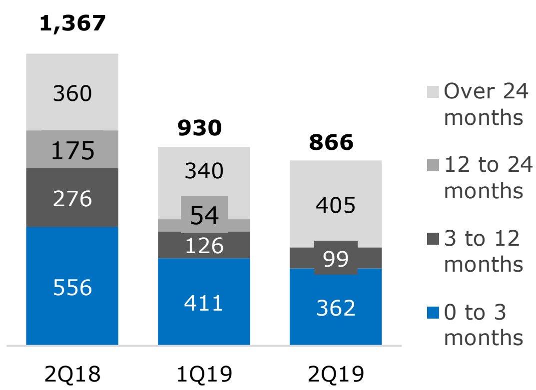


Portfolio by Industry (%)

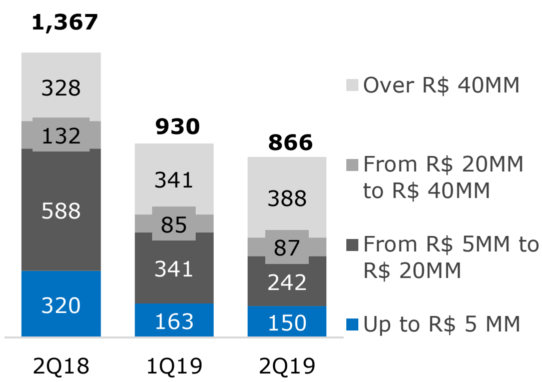


[1]Includes issuance of guarantees.

Portfolio Maturity (R$ MM)



Portfolio by Ticket (R$ MM)



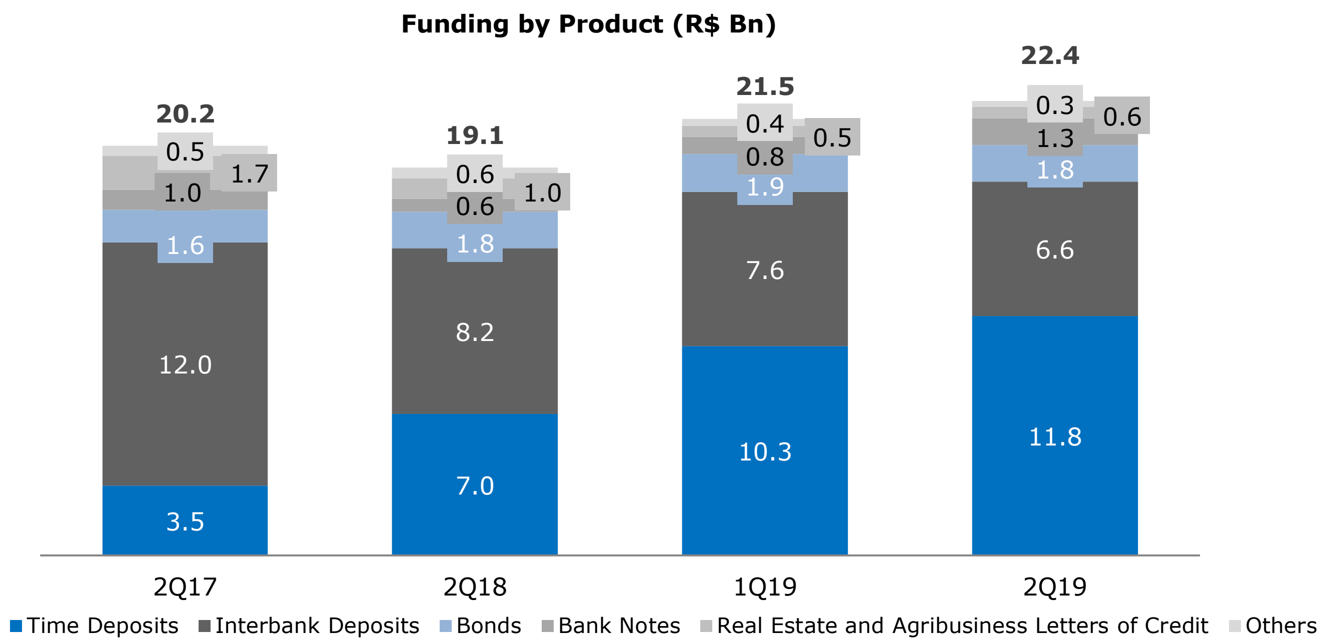
Real Estate Credit (*run off*)

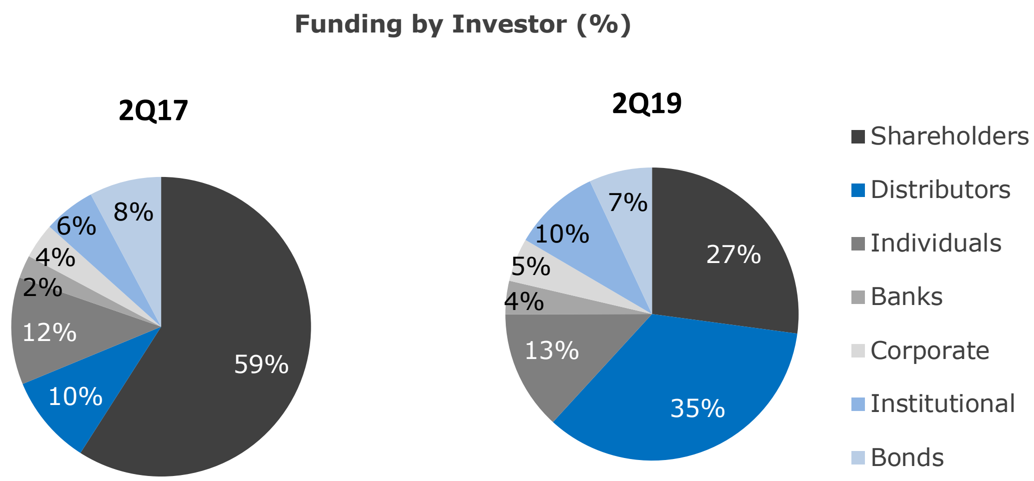
Real estate credit granted to individuals totaled R$488 million at the end of 2Q19, versus R$515 million in 1Q19 and R$597 million in 2Q18. Real estate credit granted to companies stood at R$157 million at the end of the second quarter of 2019 (being R$ 12 million net of provisions), versus R$222 million in 1Q19 and R$326 million in 2Q18.

Funding

The Funding ended the second quarter of 2019 at R$22.4 billion, with a lower volume of resources from controlling shareholders, a greater diversity and extension in funding maturities. The current funding composition illustrates the strong dispersion of PAN's funding sources, which presented the following breakdown at the end of the quarter: (i) time deposits, totaling R$11.8 billion, or 53% of the total amount; (ii) interbank deposits, totaling R$6.6 billion, or 29% of the total amount; (iii) bonds issued abroad, totaling R$1.8 billion, or 9% of the total amount; (iv) bank notes in the amount of R$1.3 billion, or 6% of the total amount; (v) real estate and agribusiness letters of credit, totaling R$558 million, or 2% of the total amount; and (vi) other funding sources totaling R$304 million, or 1% of the total funding amount.

Funding through time deposits increased by 69% in 12 months, contributing to the dispersion of the funding. Additionally, is important to highlight the issuance of PAN's first Public Senior Bank Notes, in the amount of R$450 million, increasing 111% the funds raised through bank notes over the 2Q18.





Funding Sources[2] R$ MM	2Q19	Share %	1Q19	Share %	2Q18	Share %	Δ 2Q19/ 1Q19	Δ 2Q19/ 2Q18
Time Deposits	11,824	53%	10,315	48%	6,986	36%	15%	69%
Interbank Deposits	6,610	29%	7,621	35%	8,163	43%	-13%	-19%
Bonds	1,807	9%	1,870	9%	1,807	9%	-3%	0%
Bank Notes	1,327	6%	844	4%	628	3%	57%	111%
LCI and LCA	558	2%	540	3%	1,002	5%	3%	-44%
Others	304	1%	352	2%	560	3%	-14%	-46%
Total	**22,430**	**100%**	**21,541**	**100%**	**19,146**	**100%**	**4%**	**17%**

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)	162	952	338	333	222	202	194	2	2

Results

Managerial Net Interest Margin – NIM

In 2Q19, NIM came in at 18.8% p.y. versus 15.0% p.y. in 1Q19 and 17.6% p.y. in 2Q18. These variations are related to the different volume of credits assigned in each quarter, as well as the spreads of credit that continue to rise.

R$ MM	2Q19	1Q19	2Q18	Δ 2Q19/ 1Q19	Δ 2Q19/ 2Q18
Income from Financial Intermediation before ALL	**1,058**	**821**	**906**	**29%**	**17%**
(+) Exchange Rate Variation	(2)	(3)	(8)	36%	75%
1. Managerial Net Interest Margin	**1,056**	**818**	**898**	**29%**	**18%**
2. Average Interest-Earning Assets	**23,948**	**22,996**	**21,717**	**4%**	**10%**
- Average Loan Portfolio	21,843	20,867	18,965	5%	15%
- Average Securities and Derivatives	1,807	1,988	1,874	-9%	-4%
- Average Interbank Investments	298	141	878	111%	-66%
(1/2) Net Interest Margin - NIM (% p.y.)	**18.8%**	**15.0%**	**17.6%**	**3.8 p.p.**	**1.2 p.p.**

[2] In accordance with Article 8 of Central Bank Circular 3,068/01, PAN declares that it has the financial capacity and the intention of holding to maturity those securities classified as "held-to-maturity securities" in its financial statements.

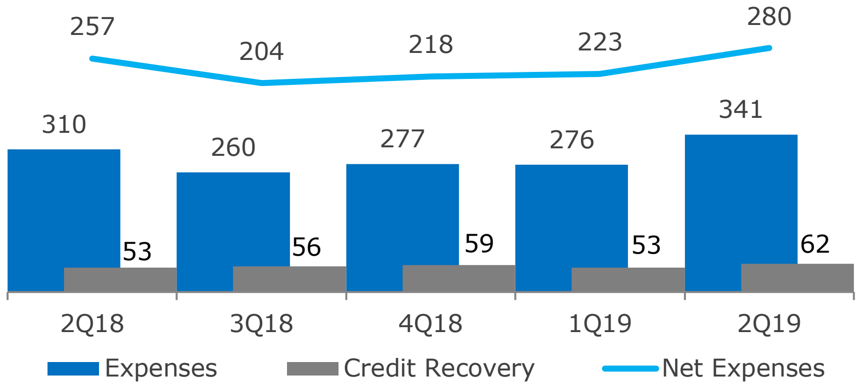
Allowance for Loan Losses and Credit Collection

In 2Q19, allowance for loan losses totaled R$341 million, versus R$276 million in 1Q19 and R$310 million in 2Q18. The retail portfolio provisions were stable on the quarter, and the total increase relates to significant provisioning on developer loans and to the anticipation of provisions on Corporate loans.

Collection of credit previously written-off came to R$62 million in 2Q19. Thus, the allowance for loan losses less credit collection totaled R$280 million, versus R$223 million in 1Q19 and R$257 million in 2Q18.

Overdue credit collection through digital platforms totaled R$145 million in 2Q19, representing an increase of 6% versus the R$137 million credit collection in 1Q19.

Allowance for Loan Losses and Credit Collection (R$ MM)



Costs and Expenses

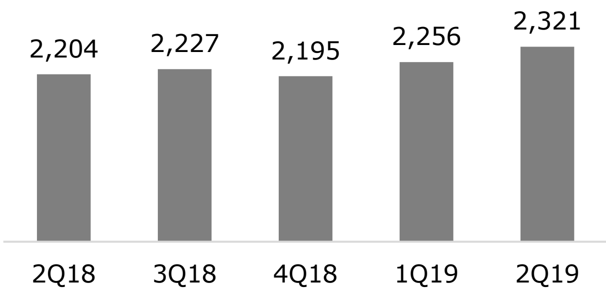
Personnel and administrative expenses totaled R$290 million in 2Q19, versus the R$273 million recorded in 1Q19 and the R$278 million recorded in 2Q18. This growth is related to the increase in the number of employees, annual wage increase, expenditure related to digital developments, among others.

Credit origination expenses totaled R$264 million at the end of the quarter, versus R$219 million in 1Q19 and R$198 million in 2Q18. In this quarter, PAN anticipated a total of R$31 million in commissions related to Brazilian Central Bank Circular 3,738/14, that would be expensed until December 2019.

Expenses (R$ MM)	2Q19	1Q19	2Q18	Δ 2Q19/ 1Q19	Δ 2Q19/ 2Q18
Personnel Expenses	114	112	105	1%	9%
Administrative Expenses	176	161	174	9%	1%
1. Subtotal I	**290**	**273**	**278**	**6%**	**4%**
Upfront Commission Expenses	105	98	85	7%	24%
Deferred Commissions and Origination Expenses	159	121	113	32%	40%
2. Subtotal II – Origination	**264**	**219**	**198**	**21%**	**33%**
3. Total (I + II)	**554**	**492**	**476**	**12%**	**16%**

Aiming a constant pursuit of efficiency gains, PAN has been optimizing its cost structure, increasing the percentage of executives and employees related to technology and digital products.

Number of Employees



Income Statement

Net income totaled R$117.7 million in 2Q19, the best operational result ever recorded by PAN, an increase of 22% over the net income of R$96.1 million in 1Q19 and 179% higher than the R$42.2 million net income in 2Q18. Accumulated net income for the first half of 2019 totaled R$213.8 million, an increase of 116% over the R$98.8 million accumulated net income in the same period of 2018.

The main factors supporting the last quarter's results were: (i) the financial margin improvement; and (ii) ongoing loan provisions under control.

Income Statement (R$ MM)	2Q19	1Q19	2Q18	Δ2Q19/ 1Q19	Δ2Q19/ 2Q18
Managerial Net Interest Margin	**1,056**	**818**	**898**	**29%**	**18%**
Allowance for Loan Losses	(341)	(276)	(310)	-24%	-10%
Gross Profit from Financial Intermediation	**715**	**542**	**588**	**32%**	**22%**
Personnel and Administrative Expenses	(290)	(273)	(278)	6%	4%
Origination Expenses	(264)	(219)	(198)	21%	33%
Tax Expenses	(43)	(46)	(40)	-6%	7%
Other	48	123	29	-61%	64%
Income before Taxes	**166**	**127**	**101**	**30%**	**64%**
Provision for Income Tax and Social Contribution	(47)	(31)	(59)	50%	-20%
Net Income	**117.7**	**96.1**	**42.2**	**22%**	**179%**

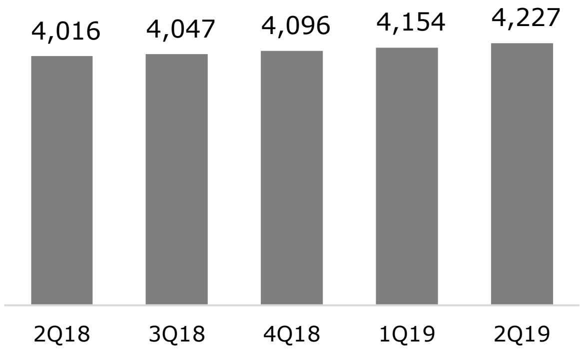
The annualized average ROE stood at 11.2% in 2Q19, compared to an average return of 9.3% in 1Q19 and 4.2% in 2Q18, while the adjusted average ROE (unaudited) was 23.9% in 2Q19, versus an adjusted average return of 21.0% in 1Q19 and 12.2% in 2Q18, respectively. The adjustment consists in the adequacy of two remaining legacies: (i) excess of financial expenses from fixed rate time deposits issued between 2005 and 2008 (with average maturity in 2023), compared to what PAN pays for the same term in the market and (ii) excess of deferred tax assets related to losses, compared to the banking sector average, arising from the accounting inconsistencies found in 2010.

R$ MM – Unaudited	2Q19	1Q19	2Q18
Net Income	**117.7**	**96.1**	**42.2**
Excess Fin. Exp. (net of taxes)	54.3	50.8	39.1
Adjusted Net Income	**172.0**	**146.9**	**81.3**
Average Shareholders' Equity	**4,190.3**	**4,125.0**	**4,003.3**
Excess Tax Assets - Tax Losses	1,311.2	1,325.1	1,335.3
Adjusted Average Shareholders' Equity	**2,879.1**	**2,799.9**	**2,668.0**
ROAE (p.y.)	**11.2%**	**9.3%**	**4.2%**
Adjusted ROAE (p.y.)	**23.9%**	**21.0%**	**12.2%**

Shareholders' Equity and Capital

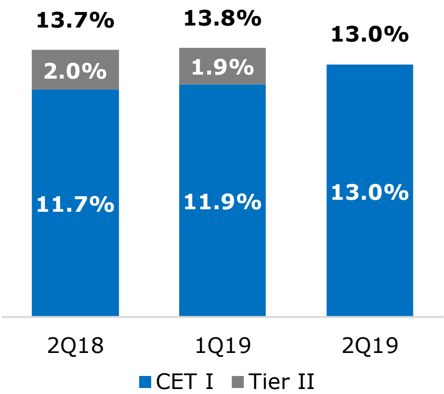
Shareholders' Equity

PAN's consolidated shareholders' equity amounted to R$4,227 million at the end of June 2019, versus R$4,154 million in March 2019 and R$4,016 million in June 2018.



Basel Ratio

The Basel Ratio of the Prudential Conglomerate ended the 2Q19 at 13.0% (entirely Tier I Common Equity), versus 13.8% (with 11.9% in Tier I Common Equity) at the end of 1Q19 and 13.7% (with 11.7% in Tier I Common Equity) in 2Q18.



R$ MM	2Q19	1Q19	2Q18
Reference Shareholders' Equity	**2,417**	**2,655**	**2,438**
Tier I	2,417	2,296	2,076
Tier II	-	358	361
Required Reference Shareholders' Equity	1,958	2,021	1,870
RWA	**18,648**	**19,244**	**17,808**

Ratings

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

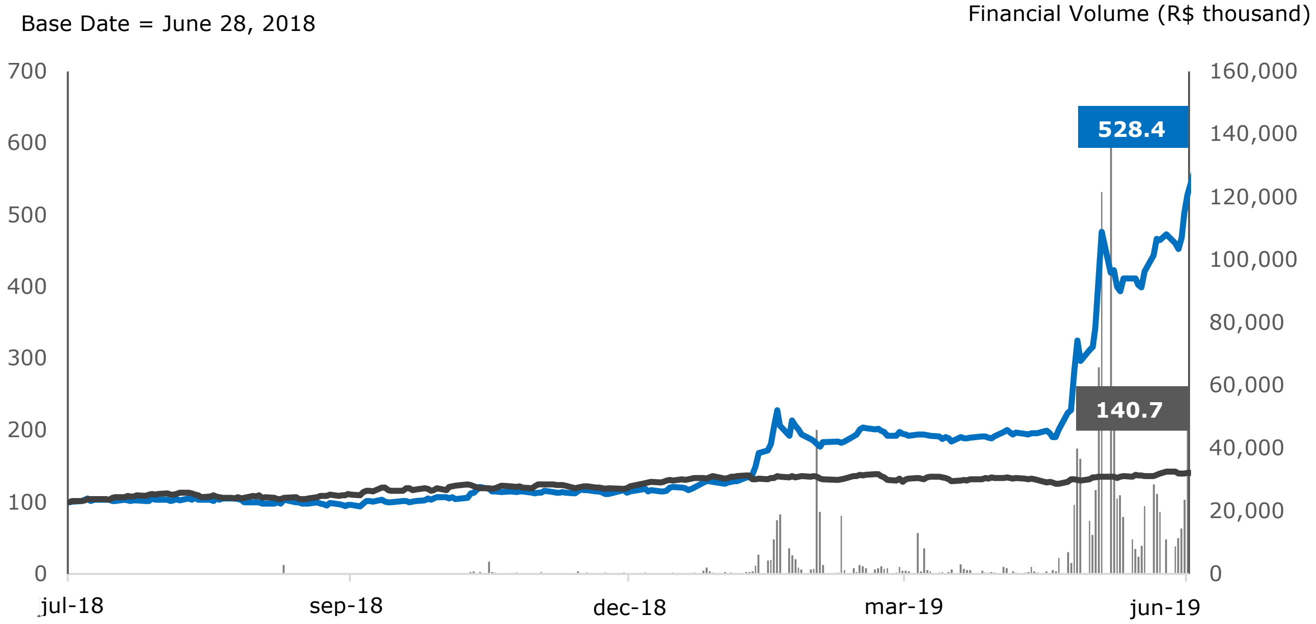
Rating Agency	Global Scale (LT)	National Scale (LT)	Outlook
Fitch Ratings	B+	A (br)	Stable
Standard & Poor's	B+	brAA-	Stable
Riskbank	Low Risk for Medium Term 1 + | 9.32		

Stock Performance

PAN's shares ended the 2Q19 priced at R$8.93, an increase of 174% over the R$3.26 at the end of 1Q19. In the first half of 2019, the shares registered an accumulated increase of 347%.

Traded volume totaled R$923.2 million in 2Q19 (average trading volume of R$4.24 million), versus the R$67.9 million traded in 1Q19 (average trading volume of R$1.13 million).

On June 28, 2019, PAN's market cap was R$10.2 billion, 2.4x its book value, versus the R$3.7 billion market cap on March 29, 2019, equivalent to 0.9x its book value.



Source: Reuters

EXHIBITS

BALANCE SHEET AS OF JUNE 30, 2019 AND MARCH 31, 2019		
(In thousands of Brazilian reais - R$)	CONSOLIDATED	
ASSETS	**Jun/19**	**Mar/19**
CURRENT ASSETS	**13,235,292**	**12,164,414**
Cash	3,810	6,947
Interbank investments	317,024	279,004
Securities and derivatives financial instruments	402,495	291,582
Interbank accounts	401,997	23,461
Lending operations	8,608,813	8,278,415
Leasing operations	-	-
Other receivables	3,255,781	3,007,759
(Allowance for loan losses)	(123,944)	(91,851)
Other assets	369,316	369,097
LONG-TERM RECEIVABLES	**16,769,502**	**16,147,596**
Securities and derivatives financial instruments	1,449,666	1,471,124
Lending operations	11,612,234	11,133,254
Leasing operations	-	-
Other receivables	3,691,970	3,494,048
(Allowance for loan losses)	(35,216)	(22,116)
Other assets	50,848	71,286
PERMANENT ASSETS	**204,948**	**201,937**
TOTAL ASSETS	**30,209,742**	**28,513,947**
LIABILITIES	**Jun/19**	**Mar/19**
CURRENT LIABILITIES	**16,020,476**	**14,733,829**
Deposits	10,384,236	11,274,953
Demand deposits	20,994	15,576
Interbank deposits	6,610,027	7,589,909
Time deposits	3,753,215	3,669,468
Money market funding	611,819	105,470
Funds from acceptance and issuance of securities	541,793	493,702
Interbank accounts	771,210	733,906
Interbranch accounts	235	239
Derivatives Financial Instruments	119,943	95,476
Other liabilities	3,591,240	2,030,083
LONG-TERM LIABILITIES	**9,962,704**	**9,626,037**
Deposits	8,070,839	6,677,127
Interbank deposits	-	31,369
Time deposits	8,070,839	6,645,758
Money market funding	88,983	89,582
Funds from acceptance and issuance of securities	1,334,198	697,865
Derivatives financial instruments	3,315	23,088
Other Liabilities	465,369	2,138,365
Deferred Income	6	10
SHAREHOLDERS' EQUITY	**4,226,556**	**4,154,081**
Capital	3,653,410	3,653,410
Capital Reserve	207,322	207,322
Income Reserve	243,295	243,295
Adjustments to equity valuation	(7,646)	(8,458)
Retained earnings (loss)	130,175	58,512
TOTAL LIABILITIES	**30,209,742**	**28,513,947**

INCOME STATEMENT AS OF JUNE 30 AND MARCH 31, 2019		
(In thousands of Brazilian reais - R$)	CONSOLIDATED	
	2Q19	1Q19
REVENUE FROM FINANCIAL INTERMEDIATION	**1,611,837**	**1,359,342**
Lending operations	1,675,370	1,285,128
Securities transactions	40,732	37,767
Derivative transactions	(108,240)	35,992
Foreign exchange transactions	3,975	455
EXPENSES ON FINANCIAL INTERMEDIATION	**(895,474)**	**(814,300)**
Funding operations	(553,988)	(538,512)
Allowance for loan losses	(341,486)	(275,788)
GROSS PROFIT FROM FINANCIAL INTERMEDIATION	**716,363**	**545,042**
OTHER OPERATING INCOME (EXPENSES)	**(536,503)**	**(410,466)**
Income from services rendered	99,337	99,168
Personnel Expenses	(113,844)	(112,470)
Other Administrative Expenses	(441,204)	(379,839)
Tax Expenses	(43,100)	(45,656)
Other Operating Income	86,653	117,213
Other Operating Expenses	(124,345)	(88,882)
INCOME FROM OPERATIONS	**179,860**	**134,576**
NON OPERATING EXPENSES	**(15,375)**	**(7,365)**
INCOME BEFORE TAXES	**164,485**	**127,211**
INCOME AND SOCIAL CONTRIBUTION TAXES	**(46,778)**	**(31,104)**
Provision for Income tax	(40,513)	(5,153)
Provision for Social Contribution tax	(24,004)	(2,875)
Deferred tax credits	17,739	(23,076)
NET INCOME	**117,707**	**96,107**