Earnings Release

4Q19

São Paulo, February 5, 2020 – Pursuant to legal provisions, Banco PAN S.A. ("PAN", "Bank", "Banco PAN" or "Company") and its subsidiaries announce their results for the fiscal year ended December 31, 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.

LAUNCH OF THE DIGITAL ACCOUNT

It is with great satisfaction that we announce the launch of our Digital Account focusing on individuals from C, D and E income classes (low-income individuals). Our clients now have access to a complete checking account: 100% digital, without maintenance fee, with a free monthly transfer package, 24-hour withdrawals, deposit slips, utilities payments, in addition to several credit products and services.

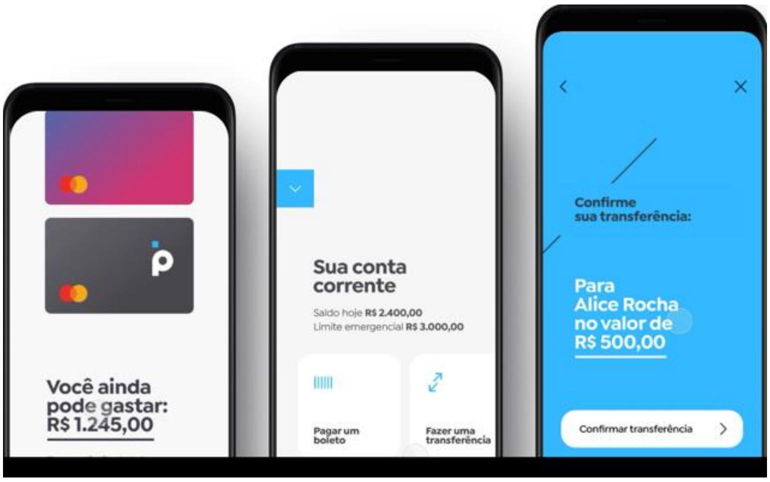
When opening the account, our clients will receive a no fee multiple card (credit and/or debit) and may have access to an emergency limit and personal credit with personalized pricing and limits. Browsing the Bank's app will not consume mobile internet and, in addition, we will offer discounts at drugstores, supermarkets and online stores through agreements with several partners. Another advantage is that clients will be able to register their debit card to the payment of some digital services such as Netflix, Spotify and Uber.

As transparency is one of the main pillars of our digital strategy, we have developed a clear and intuitive credit card bill, with the aim of providing the customer with a full understanding of the amounts charged. Additionally, we have a team prepared to answer all questions and make any clarification about the digital account, with the possibility of service via chatbot.

We believe that credit is the main instrument for attracting, engaging and monetizing our customers. The use of data is a great advantage of the account, allowing our credit and pricing models to be even more assertive in pricing and limits, delivering our clients exactly what they need.

In addition to credit, the app will also include a financial planning and organization platform in this first semester, creating an environment of goals and objectives through gamification to encourage conscious consumption and show how it is possible to save money. Throughout 2020, new credit products, insurances, simple investment options and new services, such as bus ticket and mobile top up, will also be available.

The launch takes place after a short period of 'soft launch', with around 40,000 people. The customer acquisition strategy for the digital account will be based on six sources of attraction: offering to the active and former PAN customer base; flow of potential customers requesting credit on a monthly basis; digital marketing; physical distribution network; new origination partners; and a 'member get member' program.



The digital account is a natural evolution of our business and will be a relevant tool to optimize opportunities for cross sell and upsell, increasing our product portfolio and our customers loyalty. Today, we have already more than 4.9 million clients and a high organic flow of new clients and credit proposals every month.

2019 HIGHLIGHTS

Digital Strategy

In 2019, we have consolidated our digital strategy with the following highlights:

- ✓ In April, we launched the digital formalization platform to payroll loans, exceeding **R$2.0 billion** of loans formalized through this platform in 2019;
- ✓ At the end of October, we launched the digital formalization platform for vehicle financing and, until December, the volume of loans formalized through this method totaled **R$198 million**;
- ✓ In the vehicle financing segment, investments in technology led to a **30% performance increase** of the commercial officers in the last 12 months;
- ✓ The volume of credit overdue recovered through digital platforms totaled **R$611 million** in 2019.

Rebranding

2019 was also marked by the launch of our new brand positioning. The rebranding included the renewal of PAN's visual identity, the change in the way of communication, bringing a simpler and closer approach to our clients.

Capital Markets

In 2019, we successfully intensified our interaction with the Capital Markets, with emphasis on:

- ✓ Primary and secondary offers of preferred shares in the total amount of R$ 1.04 billion, which generated an important dispersion in the base of local and foreign investors as well as an increase of almost 10 times in the daily trading volume of our shares;
- ✓ Issuance of Public Senior Bank Notes in the total amount of R$ 450 million, expanding our institutional investor base.

FINANCIAL HIGHLIGHTS

- ✓ The **On-balance Credit Portfolio** ended 2019 at **R$23.8 billion**, increasing by **16%** from R$20.6 billion in 2018;
- ✓ **The Core Portfolio**, comprising payroll-deductible loans and credit cards, vehicle financing and conventional credit cards, moved up by **20%** in the last 12 months;
- ✓ **Monthly average retail origination** reached **R$1,846 million in 4Q19**, up **4%** from R$1,777 million in 3Q19 and **24%** from R$1,490 million in 4Q18;
- ✓ We had **4.9 million clients** at the end of 2019, versus 4.3 million at the end of 2018;
- ✓ **Managerial net interest margin of 19.9% p.y.** in 4Q19, versus 18.4% p.y. in 3Q19 and 15.6% p.y. in 4Q18;
- ✓ **Net income of R$167.6 million** in 4Q19, up **25%** from R$134.6 million in 3Q19 and **128%** from R$73.6 million in 4Q18;
- ✓ **Accumulated net income of R$515.9 million** in 2019, up **133%** from accumulated net income of R$221.5 million in 2018;
- ✓ **Accounting ROE of 13.7% p.y.** in 4Q19 and **11.4% p.y.** in 2019, versus 5.8% in 2018;
- ✓ **Adjusted ROE** (unaudited) of **24.6% p.y.** in 4Q19 and **22.5% p.y.** in 2019, versus 15.5% in 2018;
- ✓ **Shareholders' equity** ended the fiscal year at **R$4.9 million** and the **Basel Ratio stood at 15.6%** (considering the 2019 Capital Increase approved on January, 2020).

MAIN INDICATORS

R$ MM	4Q19	3Q19	4Q18	2019	2018	Δ 4Q19/ 3Q19	Δ 4Q19/ 4Q18	Δ 2019/ 2018
Retail Origination	5,539	5,333	4,468	20,481	17,443	4%	24%	17%
Credit Assignments without Recourse	1,680	1,097	900	4,723	4,831	53%	87%	-2%
Total Credit Portfolio	23,785	23,550	20,574	23,785	20,574	1%	16%	16%
Total Assets	32,798	31,548	27,230	32,798	27,230	4%	20%	20%
Funding	23,715	23,280	20,256	23,715	20,256	2%	17%	17%
Shareholders' Equity	4,926	4,831	4,096	4,926	4,096	2%	20%	20%
Managerial Interest Margin	1,225	1,083	839	4,183	3,473	13%	46%	20%
Managerial Interest Margin (% p.y.)	19.9%	18.4%	15.6%	16.9%	15.9%	1.5 p.p.	4.3 p.p.	1.0 p.p.
Net Income	167.6	134.6	73.6	515.9	221.5	25%	128%	133%
Accounting ROE (% p.y.)	13.7%	11.9%	7.2%	11.4%	5.8%	1.9 p.p.	6.5 p.p.	5.6 p.p.
Adjusted ROE -unaudited (% p.y.)	24.6%	23.4%	17.3%	22.5%	15.5%	1.2 p.p.	7.3 p.p.	7.1 p.p.
Basel Ratio[1]	15.6%	15.7%	14.1%	15.6%	14.1%	2.7 p.p.	1.5 p.p.	1.5 p.p.
Common Equity Tier I	15.6%	15.7%	12.1%	15.6%	12.2%	-0.1 p.p.	3.4 p.p.	3.4 p.p.
Tier II	-	-	1.9%	-	1.9%	-	-	-

ECONOMIC ENVIRONMENT

According to the Brazilian Central Bank's report, credit operations recorded a credit balance of R$ 3.5 trilion in December 2019, increasing by 1.6% in the monthly comparison and 6.5% over the 12-month period with an expansion of 11.7% in household portfolio and 0.2% in the corporate portfolio.

Household credit reached R$1.1 trillion, up by 1.9% in the month and 16.6% in twelve months, with highlight to credit card, payroll-deductible loans and vehicle financing. Corporate loans ended the month of December with a balance of R$905 billion, increasing by 4.6% in the month 11.2% over twelve months.

Inflation, as measured by the Broad Consumer Price Index (IPCA), ended December with na increase of 1.15% in the monthly comparison, and an acceleration of 4.31% in the annual comparison, exceeding the 3.75% index recorded in 2018. Much of the pressure on margin was caused by the external shock in protein prices, with concentration in the last two months of the year. However, side effects are already contaminating the core of inflation through processed foods and food-related services. While rising protein prices led inflation to hit the center of the Central Bank target in 2019, it also reduced the risk of a significant bullish shock in 2020.

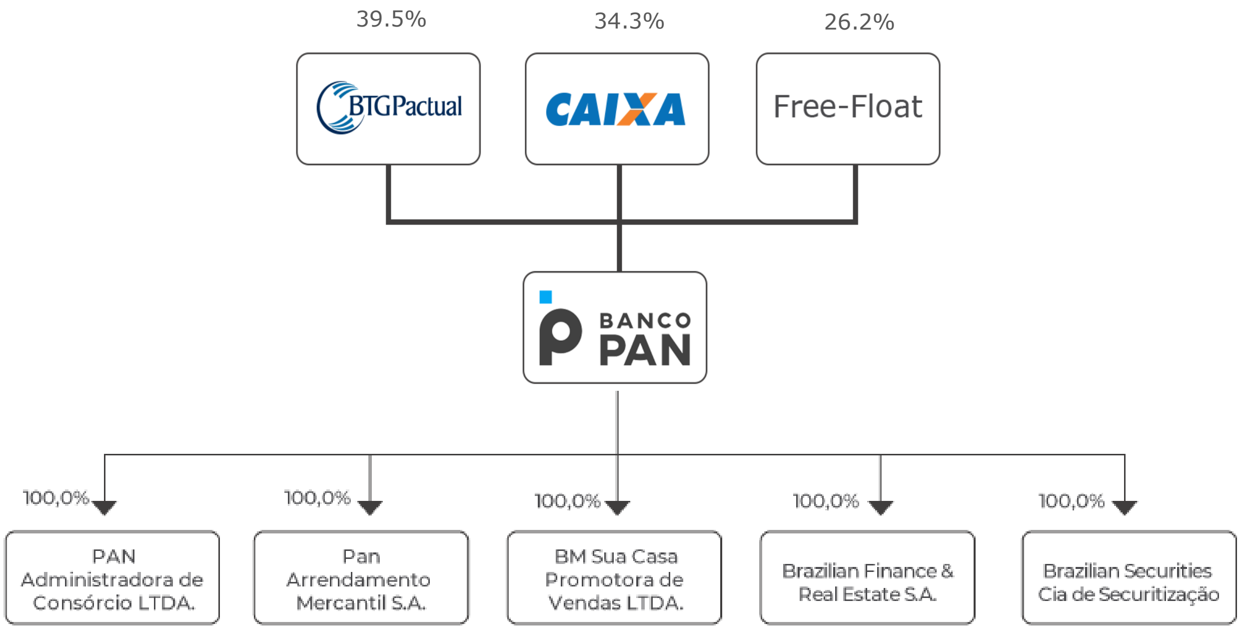
As for the labor market, according to CAGED, Brazil created 644,000 net payroll jobs in 2019, marking an improvement over 2018, when 529,000 net payroll jobs were created, and the best year since 2013. The numbers from the last quarter of 2019 reinforces the scenario of economic recovery, with all sectors of the economy registering positive balance in job creation in 2019.

[1] Basel Index considering the Capital Increase of R$ 522 million approved by the Brazilian Central Bank on January, 2020.

CORPORATE STRUCTURE

Since 2011, PAN has been 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:



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 2,458 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 more than 640 brokers as partners offering payroll-deductible loans and more than 11,500 multi-brand and single-brand vehicle dealers.

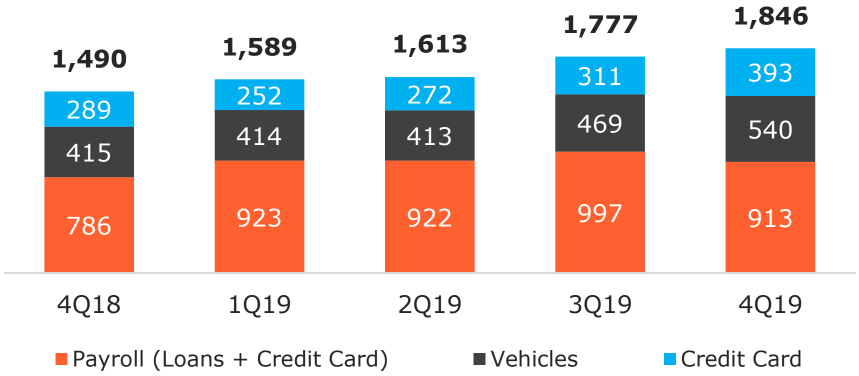
Asset Origination

In 4Q19, we originated a monthly average of R$1,846 million in new credit, against R$1,777 million in 3Q19 and R$1,490 million in 4Q18, an increase of 4% in the quarter and 24% in 12 months.

In 2019, the average monthly origination of new credits was R$1,706 million, up 17% from R$1,453 million in 2018. The growth observed in the annual comparison was mainly driven by the origination volume of vehicle financing, which rose by 32% in the period, and the increase in payroll-deductible loans, up 12% over 2018.

Average Monthly Origination (R$ MM)

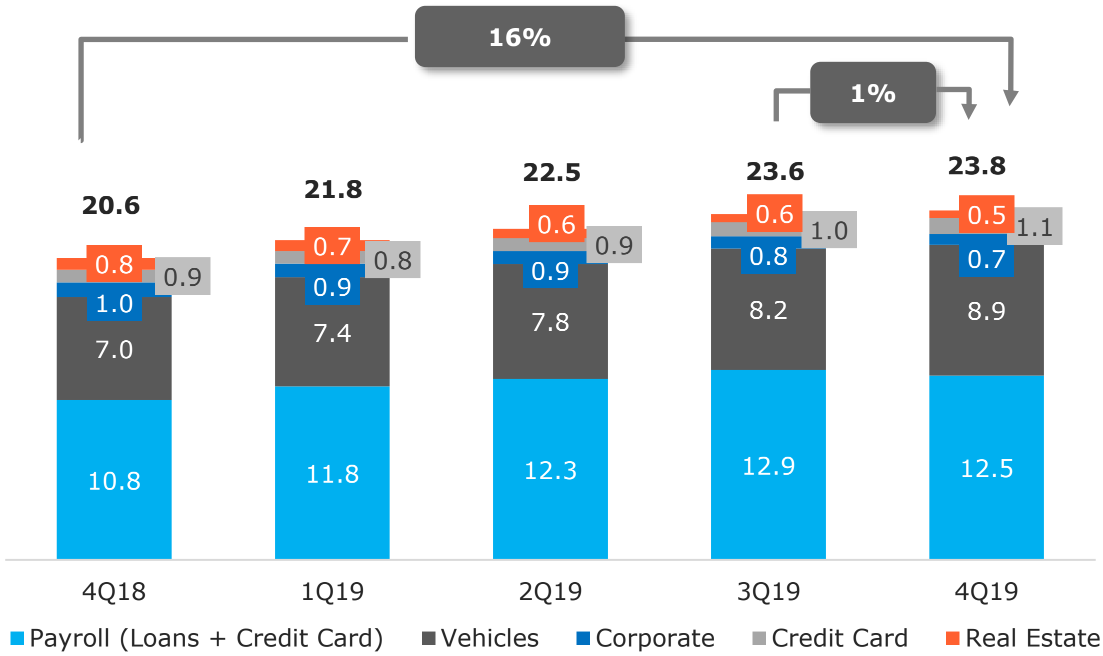
Products	4Q19	3Q19	4Q18	2019	2018	Δ4Q19/ 3Q19	Δ4Q19/ 4Q18	Δ2019/ 2018
Payroll Deductible (Loans + Credit Cards)	913	997	786	940	838	-8%	16%	12%
Vehicles	540	469	415	459	347	15%	30%	32%
Credit Cards	393	311	289	307	268	26%	36%	15%
Total	**1,846**	**1,777**	**1,490**	**1,706**	**1,453**	**4%**	**24%**	**17%**



Credit Portfolio

The on-balance credit portfolio ended 4Q19 with a balance of R$23,785 million, virtually in line with the R$23,550 million recorded in 3Q19 due to the higher volume of payroll credit assignments this quarter, and 16% higher than the R$20,574 million posted in 4Q18. The Core portfolio, comprising payroll-deductible loans and credit cards, vehicle financing and credit cards, increased by 20% in the last 12 months. The Corporate and Real Estate Credit portfolios, both in run off, fell by 26% and 38%, respectively, over a 12-month period.

Credit Portfolio (R$ Bi)



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

R$ MM	4Q19	Part. %	3Q19	Part. %	4Q18	Part. %	Δ4Q19/ 3Q19	Δ4Q19/ 4Q18
Payroll Deductible (Loans & Credit Cards)	12,506	53%	12,882	55%	10,824	52%	-3%	16%
Vehicles	8,854	37%	8,224	35%	6,980	33%	8%	27%
Credit Cards	1,087	5%	953	4%	877	4%	14%	24%
Corporate Loans and Guarantees	732	3%	811	4%	995	6%	-10%	-26%
Real Estate	496	2%	579	2%	802	4%	-14%	-38%
Other	110	-	101	-	97	1%	9%	14%
Total	**23,785**	**100%**	**23,550**	**100%**	**20,574**	**100%**	**1%**	**16%**

The table below shows the total loan portfolio by maturity on December 31, 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	386	523	742	1,346	7,688	10,684
Vehicles	689	769	1,055	1,840	4,501	8,854
Payroll-Deductible Credit Cards	1,775	23	11	7	6	1,822
Credit Cards	639	213	151	79	5	1,087
Corporate Loans and Guarantees	228	15	52	24	412	732
Real Estate	62	18	26	46	344	496
Other	18	9	12	21	51	110
Total	**3,798**	**1,571**	**2,048**	**3,362**	**13,005**	**23,785**
Participation (%)	**16%**	**7%**	**9%**	**14%**	**55%**	**100%**

Retail Credit Portfolio

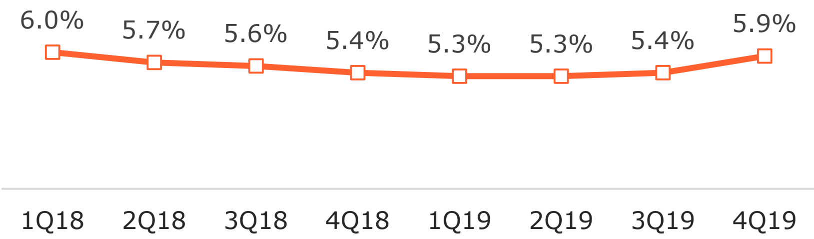
Over the last few years, we have expanded the use of analytical solutions, migrating from traditional modeling to more robust techniques, using machine learning and deep learning to improve our credit analysis tools. We currently use 36 credit analysis models, 22 of which were developed using artificial 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 of an 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 the 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 overdue more than 90 days, considering the outstanding balance of contracts. This quarter, the payroll-deductible portfolio registered a decrease of 3% maily due to an increase in the volume of credit assignements. The decrease of this credit portfolio has resulted not only in a growth deceleration of the retail portfolio but also in a change in the mix of products/clients. Both movements has resulted in a movement of 0.4% in the NPL index. It is worth mentioning that ALL expenses/portfolio has remained stable, as well as the NPL ratios and the level of spreads of each business.

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



Main variations in 4Q19:

+ 0.2% payroll-deductible portfolio dynamics;

+ 0.2% change of mix (products/clients)

Below we present the ratings of our retail credit portfolio, recorded on the balance sheet by risk rating, pursuant to Resolution 2,682 of the National Monetary Council ("CMN"):

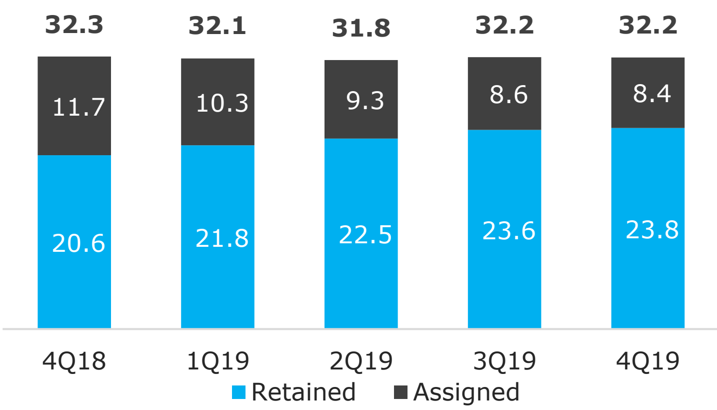
R$ MM	4Q19	Part. %	3Q19	Part. %	4Q18	Part. %	Δ4Q19/ 3Q19	Δ4Q19/ 4Q18
"AA" a "C"	21,208	92%	21,209	94%	18,134	94%	-	17%
"D" a "H"	1,791	8%	1,416	6%	1,191	6%	27%	50%
Total	**22,999**	**100%**	**22,625**	**100%**	**19,325**	**100%**	**2%**	**19%**

Originated Credit Portfolio

Besides retaining credits on portfolio, our strategy also includes the assignment of credits without recourse, which totaled R$1,680 million in 4Q19, against R$1,097 million in 3Q19. In 2019, credits assignments totaled R$4,723 million, down from R$4,831 million in 2018.

The originated credit portfolio, which considers the credit portfolio in our balance sheet ("on-balance portfolio") and the portfolio assigned to the controlling shareholders ("off-balance portfolio"), has remained stable at R$32.2 billion.

Originated Credit Portfolio Evolution (R$ Bn)



Products

Payroll Deductible (Loans and Credit Cards)

In April 2019, we launched an innovative digital 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. Since the launch, the total volume of loans formalized digitally exceeded R$2.0 billion. In December 2019, 33% of the contracts were formalized through this platform.

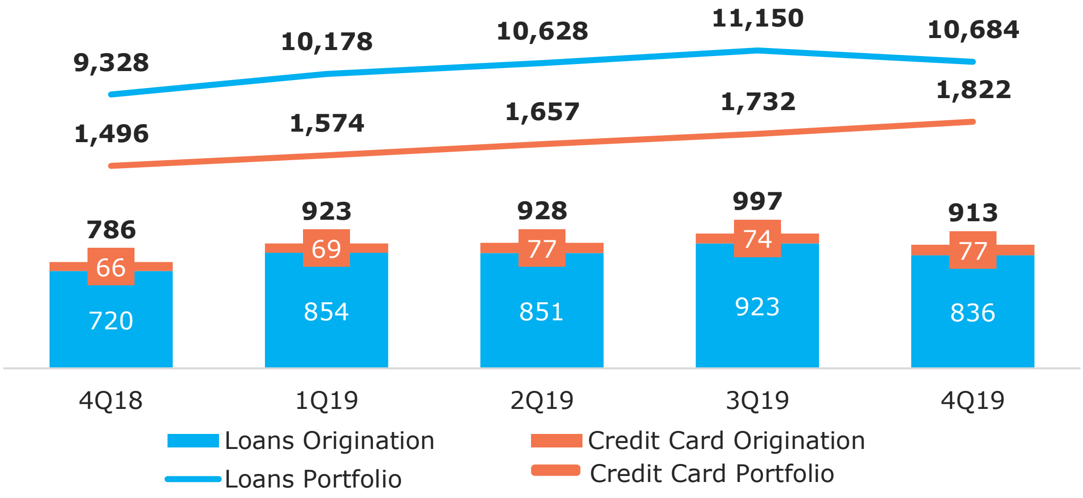
This platform, combined with our positioning in the market and the relationship with our business partners, enables us to remain as a major player focused on federal partnerships, ranking among the largest players in the origination of credits for Social Security (INSS) retirees and pensioners.

In 4Q19, we granted a total of R$2,508 million in loans to civil servants and INSS retirees and pensioners, versus R$2,770 million in 3Q19 and R$2,160 million in 4Q18, an annual increase of 16%. In the payroll-deductible credit card segment, we originated R$232 million in 4Q19, versus R$222 million in 3Q19 and R$199 million in 4Q18, increasing by 13% over 12 months.

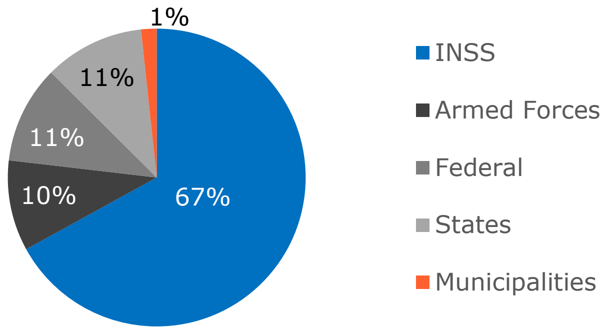
In 2019, we generated R$10,392 million in payroll-deductible loans and R$891 million in payroll-deductible credit card, compared to the R$9,356 million in payroll-deductible loans and R$696 million in payroll-deductible credit card originated in 2018, an increase of 12% in the total origination of payroll loans in the annual comparison.

The payroll-deductible loan portfolio closed 4Q19 at R$10,684 million, down 4% from R$11,150 million in 3Q19 and up 15% from R$9,328 million in 4Q18. Meanwhile, the payroll-deductible credit card portfolio closed the quarter at R$1,822 million, 5% more than the R$1,732 million recorded in the previous quarter and up 22% from R$1,496 million at the end of 2018.

Portfolio Evolution and Average Monthly Origination (R$ MM)



Quaterly Origination (%)



Vehicle Financing

As for payroll-deductible loan, 2019 was also a year of transformation regarding the way we offer vehicle financing. At the end of October, we launched the digital formalization platform that will further contribute to efficiency gains and has already shown important results. By the end of December 2019, the amount of credits formalized digitally totaled R$ 198 million. We also have an exclusive platform that simulates financing and offers credit pre-analysis based on few information, in addition to monitoring applications and issuing vehicle reports, increasing agility and providing a better experience for our commercial partners and final customers.

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 our public.

In 4Q19, we originated R$1,621 million in new financing, including light vehicles and motorcycles, versus R$1,408 million in 3Q19 and R$1,244 million in 4Q18, due to a new approach to credit, the introduction of a simulator and a new contracting journey.

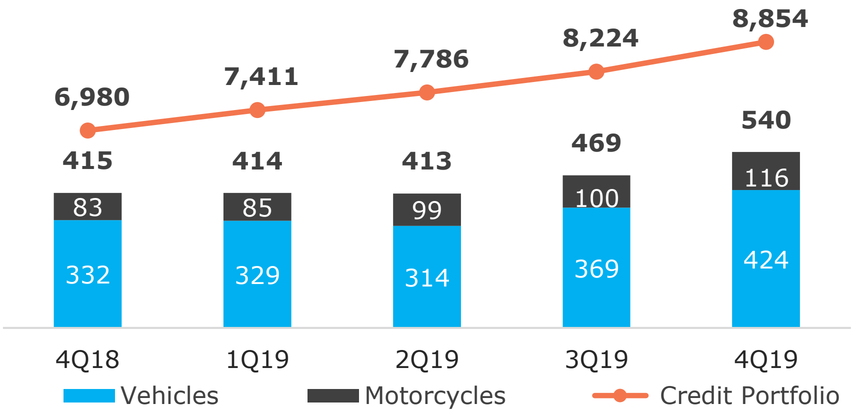
Light vehicle financing origination amounted to R$1,272 million in 4Q19, versus R$1,109 million in 3Q19 and R$995 million in 4Q18, while in the motorcycle financing, origination came to R$349 million in 4Q19, versus R$300 million in 3Q19 and R$249 million in 4Q18.

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

4Q19	**Light Vehicles**	**Motorcycles**
Origination (R$ MM)	1,272	349
Market Share	6%	21%
Ranking	6	2
Avg. Maturity (months)	46	41
% Down Payment	**43%**	**22%**

The vehicle financing portfolio ended the quarter at R$8,854 million, up 8% from R$8,224 million in 3Q19 and 27% higher than the R$6,980 million recorded in 4Q18.

Portfolio Evolution and Average Monthly Origination (R$ MM)



Payment Methods (Credit Cards)

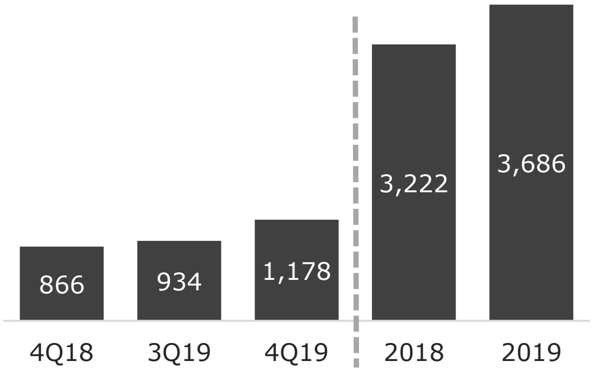
The continuous evolution of our customers' digital journey continues to be a priority. In addition to the availability of a chatbot and voice response unit (VRU), which provides convenience and agility in customer service, we have reformulated the app, with modern design thinking techniques, aiming at improving the user experience, enhance the relationship and increase the client interaction with the Bank.

In addition, we continue to invest in capturing new clients, especially in digital environments. We have implemented upgrades in the customer journey, allowing clients to contract the product directly through our website, increased investment in digital media and intensified the relationship with partners to expand the distribution of credit cards in marketplaces and the launch of co-branded cards.

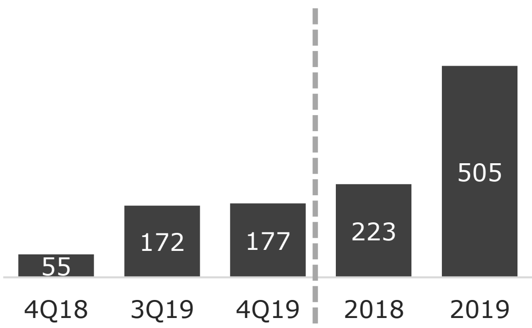
As a result of this strategy, we issued 177,000 new credit cards in 4Q19, registering a significant growth over the 55,000 credit cards issued in the same period of the 2018. Throughout 2019, we issued 505,000 credit cards, up from 223,000 in 2018, leveraged by the increase in sales initiatives, relevant changes in cross-selling and greater efficiency in analytics and CRM. We ended 2019 with approximately two thirds of our invoices issued digitally, an increase of more than 50% compared to the beginning of the year.

Credit card transactions totaled R$1,178 million in 4Q19, up 26% from R$934 million in 3Q19 and 36% from the R$866 million recorded in 4Q18. In 2019, transactions totaled R$3,686 million, up 14% from R$3,222 million in 2018, due not only to the number of cards issued, but also to the increase in promotions and incentive campaigns, as well as to the improvements in the delivery and use authorization processes.

Transaction Volume (R$ MM)



# of Credit Cards Issued (thousand)



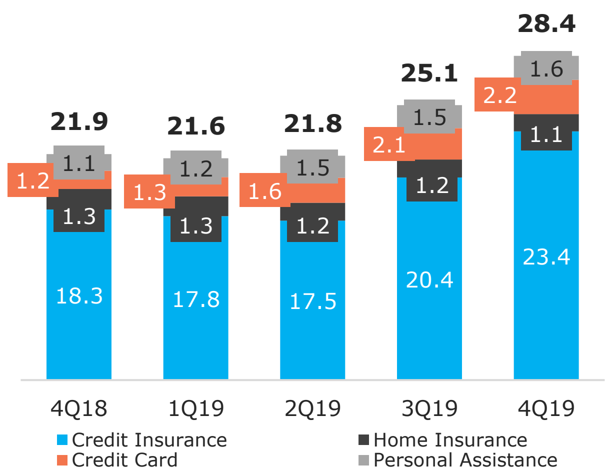
The credit card portfolio ended the quarter at R$1,087 million, up 14% from R$953 million in 3Q19 and 24% higher than the R$877 million recorded in 4Q18.

Insurance

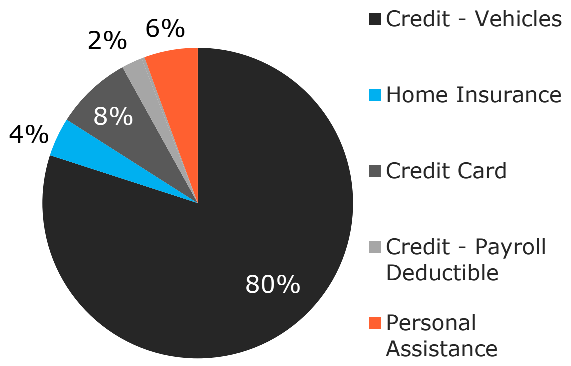
In 4Q19, we originated R$85.1 million in insurance premiums, 13% higher than the R$75.4 million originated in 3Q19 and 29% more than the R$65.7 million recorded in the 4Q18. Premiums originated in 4Q19 included R$70.2 million from credit insurance, R$6.8 million from credit card insurance, R$3.4 million from home insurance and R$4.7 million from other insurance products ('PAN Moto Assitance').

In 2019, PAN originated R$291 million in premiums, up 27% from R$228 million in 2018.

Average Monthly Premium Origination (R$ MM)



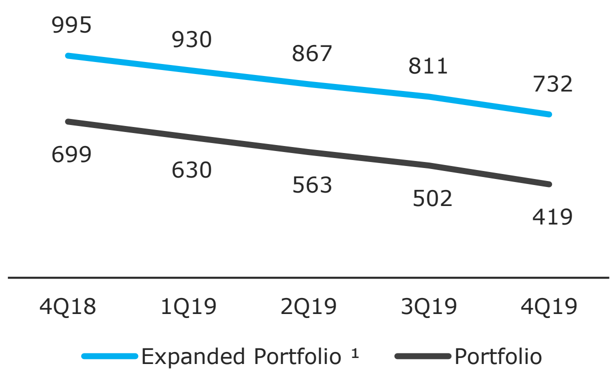
Quartely Origination by Product (%)



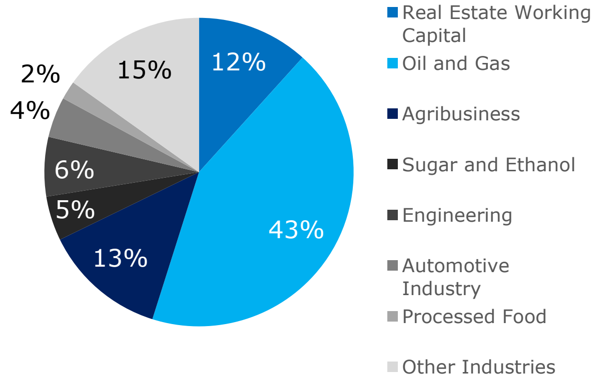
Corporate Credit (run off)

The Corporate Credit portfolio, including guarantees, ended the quarter at R$732 million, down from R$811 million in 3Q19 and R$995 million in 4Q18. This portfolio has appropriate risk diversification and high segmentation across industries and economic groups, as well as substantial guarantees. The portfolio (not considering guarantees issued) is fully provisioned.

Portfolio Evolution(R$ MM)

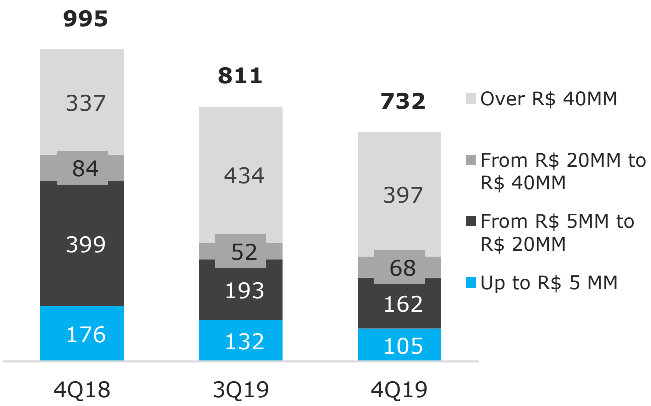


Portfolio by Industry (%)

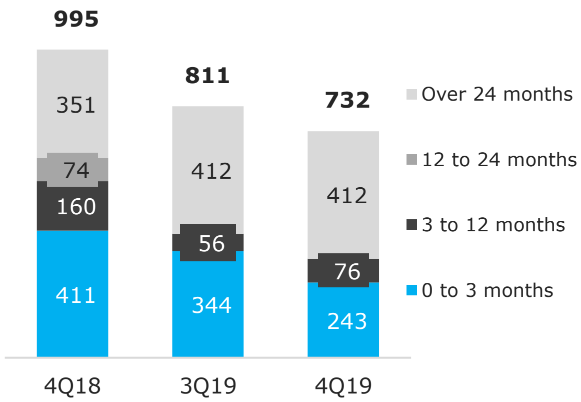


[1]Including guarantees issued

Portfolio Maturity (R$ MM)



Portfolio by Ticket (R$ MM)



Real Estate Credit (run off)

Real estate credit granted to individuals totaled R$442 million at the end of 4Q19, versus R$466 million at the end of 3Q19 and R$548 million at the end of 4Q18, with an conservativelevel of provisioning.

Real estate credit granted to companies stood at R$54 million at the end of 4Q19 (fully provisioned), versus R$113 million in 3Q19 and R$254 million in 4Q18.

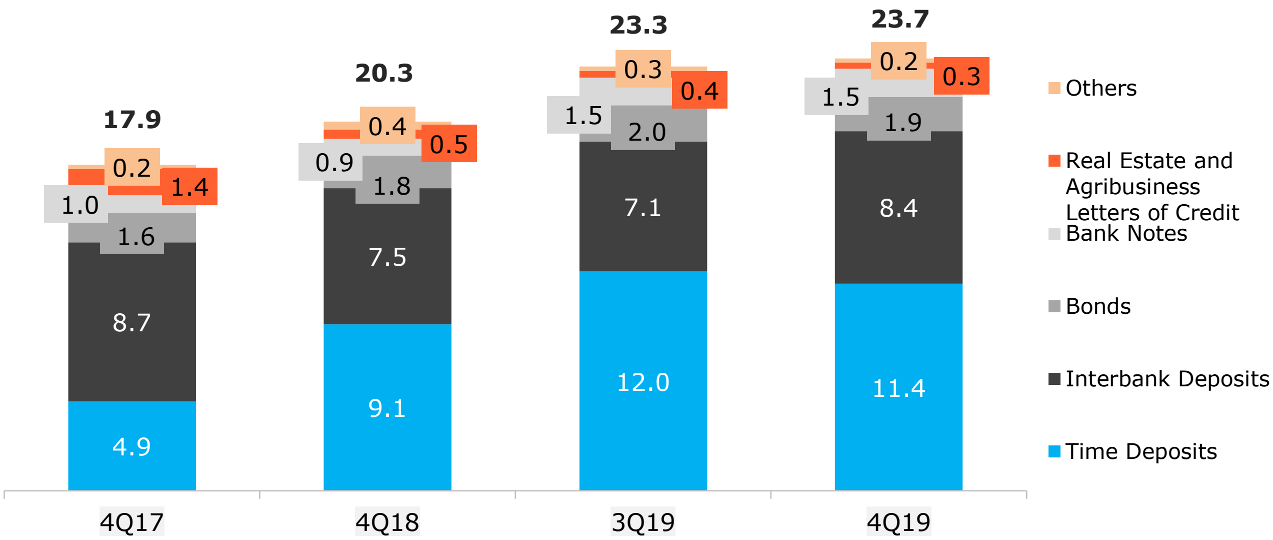
Funding

Funding ended 2019 at R$23.7 billion, with greater diversity and extension of funding maturities. Funding via time deposits moved up by 25% over the last 12 months, significantly contributing to the diversification of our funding base, broken down as follows at the end of 2019: (i) time deposits totaling R$11.4 billion, or 48% of the total; (ii) interbank deposits amounting to R$8.4 billion, or 35% of the total; (iii) bonds issued abroad totaling R$1.9 billion, or 8% of the total; (iv) bank notes equivalent to R$1.5 million, or 7% of the total; (v) real estate and agribusiness letters of credit (LCI and LCA) amounting to R$336 million, or 1% of the total; and (v) other funding sources totaling R$228 million, or 1% of the total.

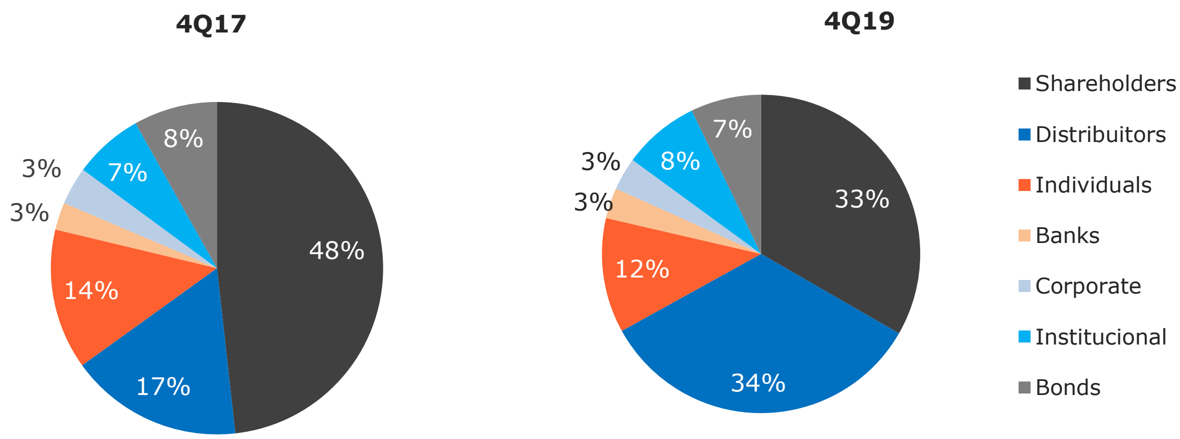
Funding Sources [2] R$ MM	4Q19	Part. %	3Q19	Part. %	4Q18	Part. %	Δ 4Q19/ 3Q19	Δ 4Q19/ 4Q18
Time Deposits	11,367	48%	12,027	52%	9,130	45%	-5%	25%
Interbank Deposits	8,366	35%	7,130	31%	7,463	37%	17%	12%
Bonds	1,877	8%	1,989	9%	1,791	9%	-6%	5%
Bank Notes	1,541	7%	1,509	6%	915	5%	2%	68%
LCI and LCA	336	1%	372	2%	522	3%	-10%	-36%
Other	228	1%	252	-	434	2%	-10%	-47%
Total	**23,715**	**100%**	**23,280**	**100%**	**20,256**	**100%**	**2%**	**17%**

[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.

Evolution of Funding Sources (R$ MM)



Funding by Investor (%)



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)	4,424	3,274	2,706	2,004	1,417	775	27	15	-
Amortization (FV)	-	1,150	568	702	587	642	748	12	15
Amortization (PV)	-	921	380	374	249	226	216	3	3

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Results

Managerial Net Financial Margin- NIM

NIM came to 19.9% p.y. in 4Q19, up from 18.4% p.y. in 3Q19 and down from 15.6% p.y. in 4Q18. This level is related to the robust spreads of our credit operations and the assignment of credit portfolio.

R$ MM	4Q19	3Q19	4Q18	2019	2018	Δ4Q19/ 3Q19	Δ4Q19/ 4Q18	Δ2019/ 2018
Income from Financial Intermediation Before ALL	**1,223**	**1,079**	**842**	**4,180**	**3,497**	**13%**	**45%**	**20%**
(+) Monetary Variation	2	4	-3	3	-24	-55%	-	110%
1. Managerial Net Interest Margin	**1,225**	**1,083**	**839**	**4,183**	**3,473**	**13%**	**46%**	**20%**
2. Average Interest-Earning Assets	**26,402**	**25,057**	**22,744**	**24,793**	**21,891**	**5%**	**16%**	**13%**
- Loan Portfolio	23,356	22,736	19,846	21,875	19,323	3%	18%	13%
- Securities and Derivatives	2,394	2,132	2,056	2,295	2,050	12%	16%	12%
- Interbank Investments	651	189	843	623	518	-	-23%	20%
(1/2) Net Interest Margin - NIM (% p.y.)	**19.9%**	**18.4%**	**15.6%**	**16.9%**	**15.9%**	**1.5 p.p.**	**4.3 p.p.**	**1.0 p.p.**

Increase in Social Contribution on Net Income tax rate

On November 12, 2019, the Constitutional Amendment 103/2019 ("Pension Reform") was published establishing an increase, from 15% to 20%, in Social Contribution on Net Income ("CSLL") tax rate applicable to banks. This tax change has generated an extraordinary result of R$ 337 million due to the increase in deferred tax assets and we have adopted the following measures:

(i) R$ 141 million write off of deferred tax assets (DTA) related to losses from PAN Arrendamento Mercantil (leasing Company) to avoid the increase in the consolidated stock of DTA; and
(ii) additional provision in the amount of R$338 million (R$186 million net of taxes) in run off portfolios, strengthening the Company's balance sheet.

Therefore, the increase in the CSLL tax rate resulted in a positive impact of R$10 million in 4Q19 Net Income.

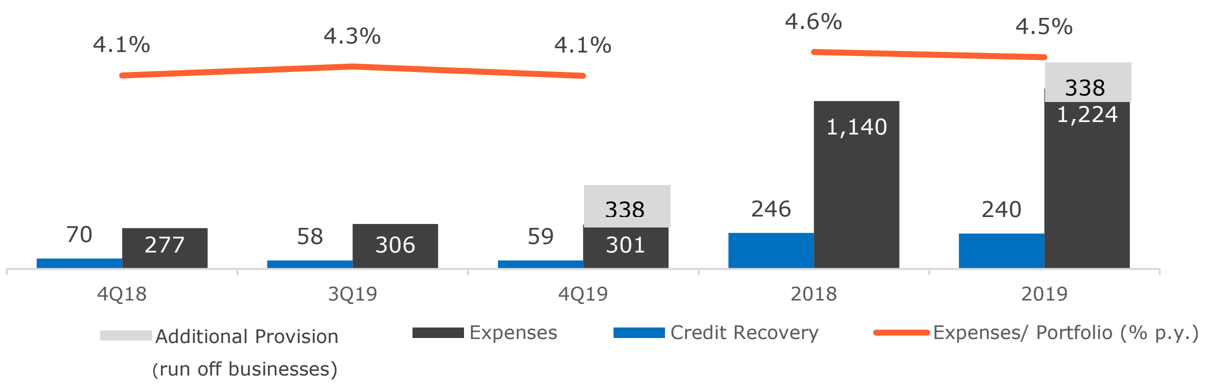
Allowance for Loan Losses and Credit Collection

Our strategy is driven by experienced professionals and analytical models that use artificial intelligence tools to assess the client's financial capacity and propensity to pay over the contracted debt. In 2019, we improved 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 (iii) 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$611 million in 2019.

Excluding the additional provisions in the run off businesses mentioned before , the allowance for loan losses totaled R$301 million in 4Q19, versus R$306 million in 3Q19 and R$277 million in 4Q18. Collection of credits previously written-off came to R$59 million in 4Q19. Thus, the allowance for loan losses less credit collection totaled R$243 million, versus R$248 million in 3Q19 and R$207 million in 4Q18.

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



Costs and Expenses

Personnel and administrative expenses totaled R$402 million in 4Q19, versus R$365 million in 3Q19 and R$268 million in 4Q18. This growth was due to a higher number of employees, investments and expenses related to the digital bank and investments in publicity and marketing campaigns. In 2019, expenses totaled R$1,336 million, compared to R$1,088 million in 2018.

Credit origination expenses stood at R$247 million in the quarter, versus R$233 million in 3Q19 and R$196 million in 4Q18. In 2019, origination expenses totaled R$959 million, compared to R$809 million in 2018.

Expenses (R$ MM)	4Q19	3Q19	4Q18	2019	2018	Δ4Q19/ 3Q19	Δ4Q19/ 4Q18	Δ2019/ 2018
Personnel Expenses	144	131	108	502	421	10%	34%	19%
Administrative Expenses	258	234	160	835	667	10%	62%	25%
1. Subtotal I	**402**	**365**	**268**	**1,336**	**1,088**	**10%**	**50%**	**23%**
Commission Expenses	190	182	152	756	634	5%	26%	16%
Other Origination Expenses	56	52	44	203	175	9%	26%	16%
2. Subtotal II - Origination	**247**	**233**	**196**	**959**	**809**	**6%**	**26%**	**18%**
3. Total (I + II)	**649**	**599**	**464**	**2,295**	**1,897**	**8%**	**40%**	**21%**

Income Statement

Net income totaled R$167.6 million in 4Q19, with an increase of 25% over R$134.6 million in 3Q19 and 128% higher than R$73.6 million recorded in 4Q18. 2019 net income totaled R$516 million, an increase of 133% from R$221.5 million in 2018.

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

Income Statement (R$ MM)	4Q19	3Q19	4Q18	Δ4Q19/ 3Q19	Δ4Q19/ 4Q18
Managerial Net Interest Margin	**1,225**	**1,083**	**839**	**13%**	**46%**
Allowance for Loan Losses[3]	-301	-306	-277	1%	-9%
Gross Profit from Financial Intermediation[3]	**923**	**778**	**562**	**19%**	**64%**
Income from services rendered	115	104	103	10%	11%
Personnel and Administrative Expenses	-402	-365	-268	-10%	-50%
Commission Expenses	-190	-182	-152	-5%	-26%
Other Origination Expenses	-56	-52	-44	-9%	-26%
Tax Expenses	-74	-60	-45	-23%	-66%
Other	-100	-35	-21	-183%	-
Income before Taxes[3]	**215**	**188**	**136**	**14%**	**58%**
Provision for Income Tax and Social Contribution	-57	-53	-62	-7%	8%
Net tax credit gain (CSLL)	196	-	-	-	-
Additional Provision (net of taxes)	-186	-	-	-	-
Net Income	**167.6**	**134.6**	**73.6**	**25%**	**128%**

Income Statement (R$ MM)	2019	2018	Δ2019/ 2018
Managerial Net Interest Margin	**4,183**	**3,471**	**20%**
Allowance for Loan Losses[3]	-1,224	-1,140	-7%
Gross Profit from Financial Intermediation[3]	**2,958**	**2,331**	**27%**
Income from services rendered	418	378	11%
Personnel and Administrative Expenses	-1,336	-1,088	-23%
Commission Expenses	-756	-634	-19%
Other Origination Expenses	-203	-175	-16%
Tax Expenses	-223	-172	-29%
Other	-164	-182	10%
Income before Taxes[3]	**694**	**457**	**52%**
Provision for Income Tax and Social Contribution	-188	-235	20%
Net tax credit gain (CSLL)	196	-	-
Additional Provision (net of taxes)	-186	-	-
Net Income	**515.9**	**221.5**	**133%**

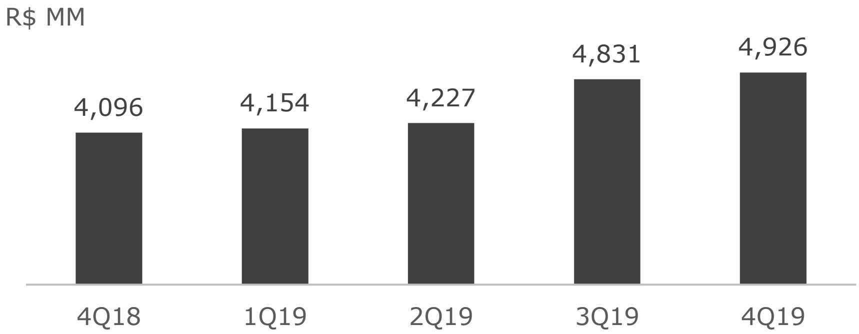
[3] Unaudited – Do not consider the additional ALL provision made in 4Q19 due to the increase on "CSLL" tax rate (Constitutional Amendment n. 103/2019).

The annualized average ROE stood at 13.7% in 4Q19, versus 11.9% in 3Q19 and 7.2% in 4Q18. The adjusted average ROE (unaudited) came to 24.6% in 4Q19, versus 23.4% in 3Q19 and 17.3% in 4Q18. In 2019, the return on average equity was 11.4%, compared to the 5.8% in 2018, and the adjusted ROE (unaudited) was 22.5% and 15.5%, respectively. 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	**4Q19**	**3Q19**	**4Q18**	**2019**	**2018**
Net Income	**167.6**	**134.6**	**73.6**	**515.9**	**221.5**
Excess Interest Margin (Net of taxes)	59.6	58.4	45.0	221.5	161.9
Adjusted Net Income	**227.2**	**193.0**	**118.7**	**737.4**	**383.4**
Average Shareholders' Equity	**4,878**	**4,529**	**4,072**	**4,511**	**3,826**
Excess Tax Assets - Tax Losses	1,189	1,266	1,328	1,238	1,347
Adjusted Average Shareholders' Equity	**3,689**	**3,263**	**2,743**	**3,273**	**2,479**
ROAE (p.y.)	**13.7%**	**11.9%**	**7.2%**	**11.4%**	**5.8%**
Adjusted ROAE (p.y.)	**24.6%**	**23.4%**	**17.3%**	**22.5%**	**15.5%**

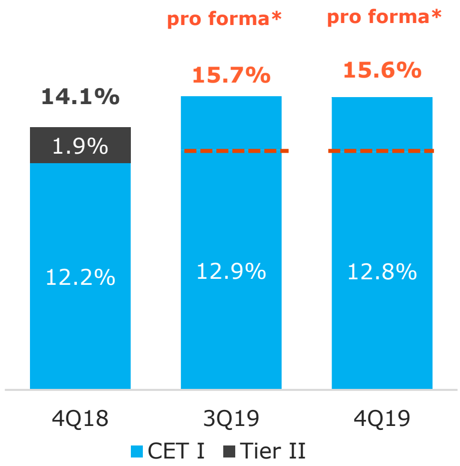
Shareholders' equity

PAN's consolidated shareholders' equity amounted to R$4,926 million in December 2019, versus R$4,831 million in September 2019 and R$4,096 million in December 2018.



Basel Ratio

The Basel Ratio of the Prudential Conglomerate ended 4Q19 at 15.6% (entirely Tier I Common Equity), versus 15.7% (entirely Tier I Common Equity) at the end of 3Q19 and 14.1%, (with 12.2% in Tier I Common Equity) in 4Q18.



R$ MM	4Q18	3Q19*	4Q19*
Reference Shareholders' Equity	**2,632**	**2,465**	**3,081**
Tier I	2,274	2,465	3,073
Tier II	358	-	8
Required Reference Shareholders' Equity	1,963	2,013	2,073
RWA	18,695	19,175	19,745

* Basel ratio considering the capital increase, in the total amount of R$522 million, approved by the Brazilian Central Bank on January, 2020.

Ratings

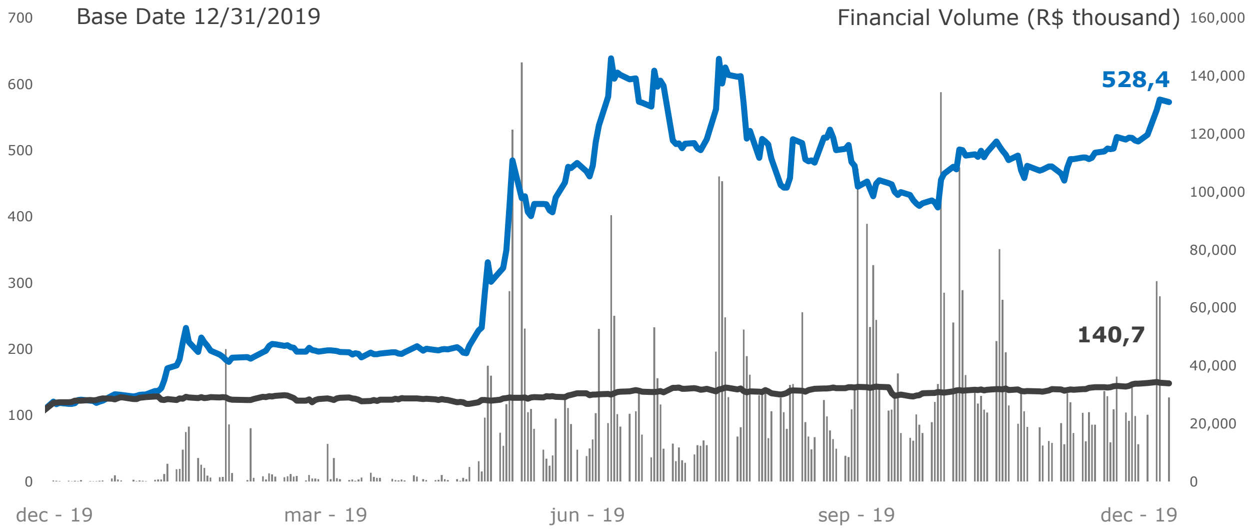
PAN's long-term corporate ratings are presented below:

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)[4] ended 2019 priced at R$10.60, and registered a daily trading average of R$32.3 million, versus an average of R$31.5 million traded per day in 3Q19. During 2019, the traded volume totaled R$20.8 million.

On December 30, 2019, PAN's market cap was R$12.8 billion (also considering the subscription receipts from the capital increase), 2.6x its book value.



Source: Reuters

[4] Listed in Corporate Governance Level 1 and in the following indexes: IBRA, IBXX, IFNC, IGTC, IGCX, ITAG and SMLL.

APPENDIX

BALANCE SHEET AS OF DECEMBER 31, 2018 AND DECEMBER 31, 2019 (In Thousand of Brazilian Reais – R$)		
ATIVO	**Dez/19**	**Dez/18**
CURRENT ASSETS	**14,774,118**	**10,950,678**
Cash	4,220	19,714
Interbank investments	1,242,794	3,897
Securities and derivatives financial instruments	781,696	360,888
Interbank accounts	127,540	4,493
Lending operations	8,901,566	7,912,848
Lending operations - private sector	9,892,003	8,795,475
(Allowance for loan losses)	(990,437)	(882,627)
Other receivables	3,565,347	2,379,830
(Allowance for loan losses)	(164,230)	(106,450)
Other assets	315,185	375,458
LONG-TERM RECEIVABLES	**17,809,017**	**16,079,228**
Interbank investments	-	-
Securities and derivatives financial instruments	1,594,059	1,852,776
Lending operations	11,986,053	10,344,899
Lending operations - Private Sector	12,593,392	10,663,658
(Allowance for loan losses)	(607,339)	(318,759)
Other receivables	4,238,781	3,827,669
(Allowance for loan losses)	(66,729)	(23,788)
Other assets	56,853	77,672
PERMANENTE	**214,996**	**200,525**
TOTAL ASSETS	**32,798,131**	**27,230,431**

LIABILITIES	**Dec/19**	**Dec/18**
CURRENT LIABILITIES	**19,105,384**	**14,048,259**
Deposits	12,613,029	10,494,341
Demand deposits	26,574	17,319
Interbank deposits	8,365,928	7,429,710
Time deposits	4,220,527	3,047,312
Money market funding	199,992	162,094
Funds from acceptance and issuance of securities	650,925	621,507
Interbank accounts	933,731	728,628
Interbranch accounts	247	14
Derivatives Financial Instruments	124,979	91,760
Other liabilities	4,582,481	1,949,915
LONG-TERM LIABILITIES	**8,766,579**	**9,086,253**
Deposits	7,146,950	6,116,903
Interbank deposits	-	33,728
Time deposits	7,146,950	6,083,175
Money market funding	95,812	98,093
Funds from acceptance and issuance of securities	1,217,399	628,454
Derivatives financial instruments	-	83,361
Other Liabilities	306,416	2,159,425
Deferred Income	2	17
SHAREHOLDERS' EQUITY	**4,926,168**	**4,095,919**
Capital	3,653,410	3,653,410
Capital Increase	521,812	-
Capital Reserve	207,322	207,322
Income Reserve	557,982	243,295
Adjustments to equity valuation	(14,358)	(8,108)
TOTAL LIABILITIES	**32,798,131**	**27,230,431**

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CONSOLIDATED INCOME STATEMENT AS OF DECEMBER 31,2019 AND DECEMBER 31,2018 (In Thousand of Brazilian Reais – R$)	4Q19	3Q19	2019	2018
REVENUE FROM FINANCIAL INTERMEDIATION	**1,672,609**	**1,761,168**	**6,404,955**	**5,516,722**
Lending operations	1,729,537	1,648,982	6,339,016	5,319,386
Securities transactions	44,173	39,695	162,367	184,923
Derivative transactions	(101,403)	72,265	(101,386)	27
Foreign exchange transactions	302	226	4,958	12,386
EXPENSES ON FINANCIAL INTERMEDIATION	**(751,328)**	**(988,203)**	**(3,449,291)**	**(3,159,715)**
Funding operations	(449,968)	(682,648)	(2,225,116)	(2,019,310)
Allowance for loan losses[5]	(301,360)	(305,555)	(1,224,175)	(1,140,405)
GROSS PROFIT FROM FINANCIAL INTERMEDIATION[5]	**921,281**	**772,965**	**2,955,664**	**2,357,007**
OTHER OPERATING INCOME (EXPENSES)	**(697,276)**	**(582,751)**	**(2,227,370)**	**(1,878,731)**
Income from services rendered	114,849	104,299	417,654	377,558
Personnel Expenses	(144,219)	(131,162)	(501,695)	(420,712)
Other Administrative Expenses	(504,675)	(467,612)	(1,793,331)	(1,476,588)
Tax Expenses	(74,028)	(59,991)	(222,775)	(172,312)
Other Operating Income	66,157	63,327	333,336	327,544
Other Operating Expenses	(155,360)	(91,612)	(460,559)	(514,221)
INCOME FROM OPERATIONS[5]	**224,005**	**190,214**	**728,294**	**478,276**
NON OPERATING EXPENSES	**(9,053)**	**(2,396)**	**(34,189)**	**(21,410)**
INCOME BEFORE TAXES	**214,952**	**187,818**	**694,105**	**456,866**
INCOME AND SOCIAL CONTRIBUTION TAXES	**(47,359)**	**(53,267)**	**(178,508)**	**(235,351)**
Provision for Income tax and Social Contribution	(57,052)	(53,267)	(188,201)	(235,351)
Net Tax Credit Gain (CSLL)	195,747	-	195,747	-
Additional Provision (net of taxes)	(186,054)	-	(186,054)	-
NET INCOME	**167,593**	**134,551**	**515,597**	**221,515**

[5] Unaudited - do not consider the additional provision made in 4Q19 due to the increase on "CSLL" tax rate (Constitutional Amendment n. 103/2019)