

**Banco Pan S.A.
and subsidiaries**

**Interim accounting information at
June 30, 2019
and report on review**



Report on review of interim accounting information

To the Board of Directors and Stockholders
Banco Pan S.A.

Introduction

We have reviewed the accompanying interim parent company accounting information of Banco Pan S.A. (“Bank”), comprising the balance sheet as at June 30, 2019 and the statements of income, changes in equity and cash flows for the six-month period then ended, as well as the accompanying interim consolidated accounting information of Banco Pan S.A. and subsidiaries (“Consolidated”), which comprise the consolidated balance sheet as at June 30, 2019 and the consolidated statements of income and cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory information.

Management is responsible for the preparation and fair presentation of this interim accounting information in accordance with accounting practices adopted in Brazil, applicable to institutions authorized to operate by the Brazilian Central Bank (BACEN). Our responsibility is to express a conclusion on this interim accounting information based on our review.

Scope of review

We conducted our review in accordance with Brazilian and International Standards on Reviews of Interim Financial Information (NBC TR 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity and ISRE 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review of interim information consists in making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Brazilian and International Standards on Auditing and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying parent company and consolidated interim accounting information does not present fairly, in all material respects, the financial position of Banco Pan S.A. and of Banco Pan S.A. and its subsidiaries as at June 30, 2019, and the parent company financial performance and cash flows for the six-month period then ended, as well as the consolidated financial performance and cash flows for the six-month period then ended, in accordance with accounting practices adopted in Brazil applicable to institutions authorized to operate by BACEN.



Banco Pan S.A.

Emphasis of matter

Deferred tax credits

Note 31b discloses that Banco Pan S.A. and its subsidiaries had tax credit assets of R\$ 2.9 billion recorded at June 30, 2019 based on their expected realization. The Bank's management reviewed the current and forecast scenario study approved by the Board of Directors on July 29, 2019 and used to project realization of the tax credits. Macroeconomic and production indicators and funding costs were among the key assumptions used. The realization of these tax credits depends on the actual results achieving the business plan goals approved by management. Our conclusion is not qualified in respect of this matter.

Other matters

Statements of value added

We have also reviewed the parent company and consolidated statements of value added for the six-month period ended June 30, 2019, which are presented as supplementary information. These statements have been subjected to the same review procedures described above and, based on our review, nothing has come to our attention that causes us to believe that they are not prepared, in all material respects, in relation to the interim accounting information taken as a whole.

São Paulo, July 29, 2019

PricewaterhouseCoopers
Auditores Independentes
CRC 2SP000160/O-5

Tatiana Fernandes Kagohara Gueorguiev
Contadora CRC 1SP245281/O-6

Management Report

2Q19

DEAR STOCKHOLDERS,

The Management of Banco Pan S.A. ("PAN", "Bank", or "Company") and its subsidiaries present its Management Report and related quarterly information for the period ended June 30, 2019, together with the independent auditor's report on review.

The information presented is in conformity with Law 4,595/64 (National Financial System Law) and Law 6,404/76 (Brazilian Corporate Law), with the Standards of the National Monetary Council (CMN), Brazilian Central Bank (BACEN), and Brazilian Securities Commission (CVM), as well as with other statutory regulations.

OUR ESSENCE AND NEW POSITIONING

On July 15, 2019, the Bank announced its new brand position, expanding its focus on end consumers (B2C) and strengthening its operations with its business partners (B2B), highlighting that it is a bank that gives credit and access to information so that our customers can transform their challenges into achievements. Based on the attributes "enthusiasm, protagonism and closeness", our rebranding includes the renewal of our visual identity, a change in the way we communicate, and the launch of a new advertising campaign with the signature "Pra quem faz - For those that make it happen".

In recent years, PAN has restructured its internal services and processes, invested heavily in technology and hired professionals that are leaders in their fields. PAN has become a new bank, with an ambition to be the benchmark for financial solutions for the 160 million Brazilians in social classes C, D and E.

Throughout the second half of 2019, with the launch of its digital account, PAN customers will have access to a complete and integrated banking products and services platform. The Bank shall deliver an experience based on transparency, simplicity and customization, putting the needs of our customers first. In addition, PAN is building a partnership ecosystem to provide non-banking services to further build customer loyalty.

In addition, with regard to credit, the Bank continues to invest in innovation and in simplifying its processes, advancing its omnichannel loan origination strategy, without physical limitations, through digital and paperless platforms, which enable us to expand our offer of loans at competitive rates. This combination promotes scalability and efficiency gains across various channels.

The Bank has leading edges over its direct competitors and new market players based on three pillars: (i) available capital and funding (ii) broad experience in providing credit to the C, D, and E classes, using unstructured data, together with advanced modeling techniques, such as Machine Learning; and (iii) a broad base and organic flow of new customers.

The Bank manages a portfolio of 4.6 million customers and signed up approximately 113 thousand new customers per month over the second quarter of 2019.

ECONOMIC ENVIRONMENT

According to BACEN's credit report, the balance of credit operations totaled R\$ 3.3 trillion in June, increasing 0.4% in the month and 5.1% year-on-year. The figures disclosed reiterate the perception of a recovery in the credit market, especially in general purpose credit to individuals. General purpose credit to households reached a balance of R\$ 1 trillion, up 0.7% in the month and 14.2% in the 12-month period, highlights of which were personal credit (payroll and non-payroll deductible credit) and vehicle financing. General purpose credit to companies ended June with a balance of R\$ 826 billion, up 2.1% in the month and 9% in the last 12 months.

Inflation measured by the IPCA ended June with a monthly variation of 0.01%, while year-on-year, the index increased by 3.37%, due to lower inflation for food products, fuels and electric energy.

The Central Bank of Brazil Monthly Projection of Economic Activity Index (IBC-Br) indicated the first positive result after four consecutive monthly reductions, up 0.54% compared to April. The 12-month accumulated index increased by 1.31%, while the accumulated index for the year increased by 0.94%.

With respect to the labor market, according to the General Employed and Unemployed Persons Register (CAGED), in the quarter ended May, the unemployment rate (not seasonally adjusted) was 12.3%, affecting more than 13 million people. In the first five months of 2019, the CAGED balance was positive of 351,063 job openings, showing modest signs of improvement. In the period of 12 months until May, the balance is positive of 474,299 job openings.

BANK STRUCTURE

The Bank is a key player among the Brazilian medium-sized banks. It focuses on granting loans to individuals (from the C, D, and E social classes as well as government employees, retirees and pensioners from the National Institute of Social Security - INSS) and on offering payroll-deductible credit (loan and credit card), financing of pre-owned cars and new motorcycles, conventional credit cards and insurance.

The Bank has 2,321 employees and 60 PAN Service Branches operate in Brazil's major cities, mirroring each region's GDP contribution (Southeast region: 31, Northeast region: 12, South: 9, Midwest: 5 and North: 3).

At the end of 2Q19, PAN had 627 bank correspondents working with payroll-deductible loans and 8,303 multi-brand partner stores offering vehicle financing.

Origination of Credit Portfolio and Retail

During 2Q19, PAN originated a monthly average of R\$ 1,614 million new retail credits 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 financing, which grew 40% in the period, in addition to the increase in payroll-deductibles, which increased 16% compared to the second quarter of 2018. Thus, origination in the second quarter was even higher than in the first quarter (a quarter with typically higher origination, due to the seasonality of Payroll-Deductibles).

The Credit Portfolio totaled R\$ 22,536 million at the end of 2Q19, an increase of 4% in relation to R\$ 21,754 million in 1Q19 and 16% higher in relation to the R\$ 19,397 million posted in 2Q18. The core portfolio, which is comprised of payroll-deductible portfolios (loans and credit cards), vehicle financing, and credit cards, grew by 23% in the last 12 months, driven by the increase in the Payroll-Deductible Credit and Vehicle portfolios, which grew by 25% and 24% in the period, respectively. On the other hand, the Corporate Credit and Real Estate portfolios, both in runoff terms, decreased by 37% and 30% in the 12 months, respectively.

In addition to retaining credits in its portfolios, the Bank also assigns credits without co-obligation to third parties. This practice totaled R\$ 1,079 million in 2Q19 against R\$ 867 million assigned in the first quarter of 2019 and R\$ 1,159 million recorded in the second quarter of 2018.

The Originated Credit Portfolio balance, which includes both credits on PAN's balance sheet and the balance of portfolios assigned to controlling shareholders, totaled R\$ 31.8 billion at the end of the quarter. The decrease in the Originated Portfolio can be explained by the reduction in the credits assigned in recent quarters, whether to retain them in the portfolio or assign them to other institutions.

Payroll-deductibles (Loan and Credit Card)

In April, PAN launched an innovative platform for all business partners. It allows the contracting of payroll-deductible loans. The process is totally paperless, and features facial recognition signature. Partner engagement in the use of this new tool delivered a high performance, achieving 36% of eligible contracts at the end of July. This digital feature results in a more efficient, profitable operation through cost savings, with enhanced security and speedier loan contracting, thus generating a more favorable experience for all parties.

The platform, combined with market positioning and the relationship with business partners, allows PAN to pursue its strategy of maintaining its place as a significant player in federal agreements, and among the 5 largest originators in the INSS beneficiary and pensioner loan market.

In 2Q19, loans to public servants and INSS beneficiaries totaled R\$ 2,554 million compared to R\$ 2,561 million in the first quarter of 2019 and R\$ 2,224 million in the second quarter of 2018, equivalent to a 15% increase in 12 months. Payroll-deductible credit cards offered in 2Q19 totaled R\$ 232 million against R\$ 208 million offered in the first quarter of 2019 and R\$ 155 million in the second quarter of 2018, representing a significant increase of 50% in 12 months.

The payroll-deductible loan portfolio ended the quarter at R\$ 10,628 million, an increase of 4% when compared to R\$ 10,178 million in the first quarter of 2019, and growth of 25% in comparison with the balance of R\$ 8,520 million in the second quarter of 2018, significantly above the national credit system growth rate. The payroll-deductible credit card portfolio ended the quarter with a balance of R\$ 1,657 million, an increase of 5% when compared with the balance of R\$ 1,574 million for the previous quarter and a 19% increase on the balance of R\$ 1,391 million at the end of 2Q18.

Financing of Vehicles

The Bank also offers pre-owned car (cars with four to eight years of use) and new motorcycle financing, building on its expertise in credit and collection in order to optimize the risk vs. return ratio. The Bank originates pre-owned car financing through multi-brand partner stores and, in the first quarter of 2019, it also resumed operating in dealerships, bringing greater dispersion to the operation.

The Bank is the leading institution in this segment (excluding the auto manufacturer banks). Doing business in this niche market provides for an excellent opportunity to work with low-income young people, initiating long term relationship gains as well as promoting experience and knowledge of credit offerings.

For its digital transformation, the Bank has developed a unique App that allows financing simulation and credit analysis based on minimal data, in addition to follow-up on proposals and vehicle inspection issuance reports, improving agility and the experience both for our commercial partner and the final customer. These investments in technology have led to a significant increase in commercial area productivity, of 42% from June 2018 to June 2019.

In 2Q19, the Bank originated R\$ 1,239 million of new financing including light vehicles and motorcycles, in comparison to R\$ 1,243 million in 1Q19 and R\$ 882 million in 2Q18. This was a result of the new credit approach, implementation of the simulator and the new hires.

Light vehicle operations totaled R\$ 941 million in 2Q19 (1Q19 - R\$ 988 million; 2Q18 - R\$ 669 million), whereas the motorcycle segment operations totaled R\$ 298 million in 2Q19 (1Q19 - R\$ 255 million; 2Q18 - R\$ 213 million).

The vehicle financing portfolio totaled R\$ 7,786 million at the end of the quarter, an increase of 5% in relation to R\$ 7,411 million in 1Q19 and 25% in relation to R\$ 6,243 million in 2Q18.

Payments (Credit Cards)

PAN constantly invests in building its customers' digital journey, seeking to improve their experience, and enhance customer relationships and interaction with the Bank. With this in mind it launched chatbot and human-friendly audio response units offering convenience and a fast credit card customer service. Furthermore, the Bank delivers continuous improvement of its card App by expanding self-service capabilities, financial control and tracking of expenses. Since its debut, in 3Q18, the App has been downloaded over 750 thousand times.

PAN issued 93,000 conventional credit cards in the second quarter, up 51% from the same period last year, leveraged by the increase in sales. This move is in line with significant changes in cross-selling, with increased efficiency in analytics and CRM, broadening relationships with digital partners (market places) and improvements to the product procurement journey directly through the PAN website.

During 2Q19, credit card transactions totaled R\$ 817 million, an 8% increase in comparison with R\$ 757 million recorded in 1Q19 and 4% higher than the R\$ 787 million posted in 2Q18. At the close of 2Q19, the card portfolio balance totaled R\$ 862 million (1Q19 - R\$ 834 million; 2Q18 - R\$ 846 million).

Insurance

PAN's insurance premiums in 2Q19 were R\$ 65.4 million, virtually stable in relation to the previous quarter and with an increase of 20% in relation to 2Q18. Premiums originated in the quarter included: R\$ 54.3 million in credit protection insurance, R\$ 3.6 million in housing project insurance; R\$ 3.2 million in card insurance; and R\$ 4.4 million in other insurance.

Credit for companies (in runoff)

The Corporate Credit portfolio, which includes endorsements and sureties, totaled R\$ 866 million at 1Q19 (1Q19 - R\$ 930 million; 2Q18 - R\$ 1,367 million). The non-surety portfolio balance net of the provision was only R\$ 256 million at the end of this quarter. This portfolio presents an adequate risk diversification across broad sectors and economic groups. It is also characterized by a high level of guarantee.

Real estate credit (in runoff)

Real estate credits granted to individuals totaled R\$ 488 million in 2Q19 (1Q19 - R\$ 515 million; 2Q18 - R\$ 597 million). Credits granted to legal entities totaled R\$ 157 million in 2Q19, with only R\$ 12 million not provisioned (1Q19 - R\$ 222 million; 2Q18 - R\$ 326 million).

Funding

The balance of funds raised totaled R\$ 22.4 billion at the close of the second quarter of 2019, with a decrease in controlling shareholders' funds, increased diversification and longer maturities. The current composition of funding demonstrates the strong dispersion of the PAN funding base, which opened as follows at the end of the quarter: (i) R\$ 11.8 billion in time deposits, representing 53% of the total; (ii) R\$ 6.6 billion in interbank deposits, or 29% of the total; (iii) R\$ 1.8 billion related to issuance of securities abroad, or 9% of the total; (iv) R\$ 1.3 billion related to issues of financial bills, or 6% of the total; (v) real estate and agribusiness letters of credit, with a balance of R\$ 558 million, or 2% of the total; and (vi) other sources of financing, which corresponded to R\$ 304 million, equivalent to 1% of total funding.

Funding through time deposits grew by 69% in 12 months, contributing to the dispersion of the funding base. Another highlight of the quarter was the first public issuance of Senior Financial Letters by PAN, at the amount of R\$ 450 million, which contributed to the 111% increase in the balance raised in this type compared to the second quarter of 2018.

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

Results

Management Net Financial Margin (NIM)

In the second quarter of 2019, NIM was 18.8% p.a. compared to 15% p.a. in the first quarter of 2019 and 17.6% p.a. in the second quarter of 2018. In the second quarter of 2019, NIM was 18.8% p.a. compared to 15% p.a. in the first quarter of 2019 and 17.6% p.a. in the second quarter of 2018.

Expenses with allowances for losses and recovery of credits

In 2Q19, the allowances for losses totaled R\$ 341 million, against R\$ 276 million in 1Q19 and R\$ 310 million in 2Q18. Provisions related to the retail banking portfolio remained stable, and the increase is related to the near total provisioning of the corporate entity real estate portfolio and the early accrual of provisions from the Companies portfolio.

The recovery of credits previously written-off as loss amounted to R\$ 62 million in 2Q19. Therefore, the net allowance for losses expense totaled R\$ 280 million (1Q19 - R\$ 223 million; 2Q18 - R\$ 257 million).

The recovery of overdue credits via digital platforms amounted to R\$ 145 million in the second quarter of 2019, representing a 6% increase compared to the R\$ 137 million recovered in the first quarter of 2019.

Costs and Expenses

Personnel and administrative expenses totaled R\$ 290 million in 2Q19, compared to R\$ 273 million recorded in 1Q19 and R\$ 278 million in 2Q18. The increase is dispersed between the increase in the number of employees, adjustment of salaries and fees, as well as the beginning of the deferral of digital transformation expenses, among others.

Credit origination expenses totalled R\$ 264 million in 2Q19 (1Q19 - R\$ 219 million; 2Q18 - R\$ 198 million). In this quarter, the Bank prepaid expenses of R\$ 31 million related to the stock of commissions on originated operations that would be deferred until December 2019, supported by BACEN Circular No. 3,738/ 14.

Net Result

In the second quarter of 2019, PAN recorded profit of R\$ 117.7 million, the best operating profit ever recorded by the Bank, with 22% growth compared to the R\$ 96.1 million profit in the first quarter of 2019 and an increase of 179% compared to R\$ 42.2 million in the second quarter of 2018. Accumulated Net Income in the first half of the year totalled R\$ 213.8 million, an increase of 116% compared to R\$ 98.8 million in the first half of 2018. The key factors underlying the results for the most recent quarters were: (i) improvement in the financial margin; and (ii) recurring credit provisions being brought under control.

The annualized average return on equity for 2Q19 was 11.2% (1Q19 - 9.3%; 2Q18 - 4.2%), while the adjusted return (unaudited) was 23.9% in 2Q19 (1Q19 - 21%; 2Q18 - 12.2%). The adjustment reflects two remaining legacies: (i) higher financial expenses from fixed Bank

Deposit Certificates (CDBs) issued between 2005 and 2008 (with average maturity in 2023), compared to the Bank's annual market rate for the same period; and (ii) excess tax credit from tax losses, when compared to the banking market, arising from accounting inconsistencies in 2010.

Equity and capital

PAN's consolidated equity was R\$ 4,227 million at June 30, 2019, (March 31, 2019 - R\$ 4,154 million; June 30, 2018 - R\$ 4,016 million).

The Prudencial Conglomerate Basel Index at the end of 2Q19 was 13.0%, fully comprised of Principal Capital, in comparison with 13.8%, with 11.9% for Principal Capital, registered at the end of 1Q19 and with 13.7%, with 11.7% for Principal Capital, registered at 2Q18.

INDEPENDENT AUDITORS

PricewaterhouseCoopers Auditores Independentes ("PwC") has been our auditor since the first quarter of 2011. In 2019, pursuant to the content of CVM Instruction 381, PAN contracted a Compliance Review Service under the requirements of the General Data Protection Act (LGPD) with PwC, amounting to R\$ 250 thousand. This policy complies with principles that preserve the auditor's independence, consistent with internationally accepted standards, according to which the auditor should not audit its own work, exercise management functions for its customer or promote its customer's interests.

ACKNOWLEDGMENTS

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

São Paulo, July 29, 2019.


BANCO PAN S.A. AND ITS SUBSIDIARIES
BALANCE SHEETS AT JUNE 30, 2019 AND DECEMBER 31, 2018

(All amounts in thousands of reais - R\$)

ASSETS	Note	Bank		Consolidated	
		6/30/2019	12/31/2018	6/30/2019	12/31/2018
CURRENT ASSETS		13,158,447	10,875,103	13,234,239	10,950,678
Cash and cash equivalents	5	1,670	16,374	3,810	19,714
Short-term interbank investments	6.a	317,024	3,897	317,024	3,897
Investments in the open market		310,050	-	310,050	-
Investments in interbank deposits		6,974	3,897	6,974	3,897
Marketable securities and derivative financial instruments	7	382,303	356,959	402,495	360,888
Own portfolio	7.a	2,556	216,196	22,673	219,350
Linked to repurchase commitments	7.a	73,946	113,400	73,946	113,400
Derivative financial instruments	7.a / 7.c	251,744	27,363	251,744	27,363
Subject to guarantees	7.a	54,057	-	54,132	775
Interbank investments		401,997	4,493	401,997	4,493
Payables and receivables to be settled		26,168	-	26,168	-
Credits - Deposits at the Brazilian Central Bank		372,159	549	372,159	549
Local correspondents		3,670	3,944	3,670	3,944
Loan operations	8	8,608,813	7,912,848	8,608,813	7,912,848
Credit operations - private sector		9,522,611	8,795,475	9,522,611	8,795,475
(Allowance for doubtful accounts)	8.c	(913,798)	(882,627)	(913,798)	(882,627)
Leasing operations	8	-	-	-	-
Leasing operations receivable		-	-	3	29
(Allowance for lease losses)	8.c	-	-	(3)	(29)
Other credits		3,086,665	2,215,249	3,130,784	2,273,380
Foreign exchange portfolio	9.a	37,440	38,858	37,440	38,858
Income receivable		5,355	1,667	2,203	1,760
Negotiation and intermediation of receivables	7.c	6,888	2,474	6,888	2,474
Real estate receivables	10	-	-	1,873	5,161
Securities and credits receivable	8 / 11	819,925	834,489	820,878	835,472
(Allowance for other doubtful accounts)	8.c	(123,944)	(106,450)	(123,944)	(106,450)
Sundry	11	2,341,001	1,444,211	2,385,446	1,496,105
Other assets		359,975	365,283	369,316	375,458
Other assets	12.a	380,918	392,529	390,380	403,834
(Provision for impairment)	12.a	(49,738)	(53,628)	(50,936)	(54,925)
Prepaid expenses	12.b	28,795	26,382	29,872	26,549
LONG-TERM RECEIVABLES		16,252,617	15,565,691	16,770,555	16,079,228
Marketable securities and derivative financial instruments	7	1,227,195	1,622,983	1,449,666	1,852,776
Own portfolio	7.a	719,519	997,016	941,896	1,225,198
Linked to repurchase agreements	7.a	320,422	155,777	320,422	155,777
Derivative financial instruments	7.a / 7.c	-	251,795	-	251,795
Subject to guarantees	7.a	187,254	218,395	187,348	220,006
Loan operations	8	11,612,234	10,344,899	11,612,234	10,344,899
Credit operations - private sector		11,959,354	10,663,658	11,959,354	10,663,658
(Allowance for doubtful accounts)	8.c	(347,120)	(318,759)	(347,120)	(318,759)
Other credits		3,363,305	3,520,409	3,657,807	3,803,881
Real estate receivables	10	-	-	3,109	1,806
Securities and credits receivable	8 / 11	101,129	79,216	101,129	79,216
Allowance for losses	8.c	(35,216)	(23,788)	(35,216)	(23,788)
Sundry	11	3,297,392	3,464,981	3,588,785	3,746,647
Other assets		49,883	77,400	50,848	77,672
Prepaid expenses	12.b	49,883	77,400	50,848	77,672
PERMANENT ASSETS		1,214,351	1,198,008	204,948	200,525
Investments		1,017,263	1,006,416	1,144	1,144
Participations in subsidiaries	13.a	1,016,119	1,005,272	-	-
Other investments:	13.b	1,144	1,144	1,144	1,144
Property and equipment in use	14	23,654	24,093	23,654	24,093
Other property and equipment in use		74,729	70,991	74,729	70,991
(Accumulated depreciation)		(51,075)	(46,898)	(51,075)	(46,898)
Intangible assets	15	173,434	167,499	180,150	175,288
Intangible assets		447,464	420,884	469,384	442,804
(Accumulated depreciation)		(274,030)	(253,385)	(289,234)	(267,516)
TOTAL ASSETS		30,625,415	27,638,802	30,209,742	27,230,431



BANCO PAN S.A. AND ITS SUBSIDIARIES
BALANCE SHEETS AT JUNE 30, 2019 AND DECEMBER 31, 2018

(All amounts in thousands of reais - R\$)

LIABILITIES AND EQUITY	Note	Bank		Consolidated	
		6/30/2019	12/31/2018	6/30/2019	12/31/2018
CURRENT LIABILITIES		16,316,421	14,317,936	16,019,132	14,048,259
Deposits	16.a	10,706,495	10,793,243	10,384,236	10,494,341
Demand deposits		21,209	17,369	20,994	17,319
Interbank deposits		6,869,150	7,685,730	6,610,027	7,429,710
Time deposits		3,816,136	3,090,144	3,753,215	3,047,312
Funds obtained in the open market	16.b	611,819	162,094	611,819	162,094
Own portfolio		301,769	162,094	301,769	162,094
Third-party portfolio		310,050	-	310,050	-
Funds from acceptance and issuance of securities	16.c	541,793	621,507	541,793	621,507
Funds from real estate securities, mortgages, letters of credit and similar		541,793	621,507	541,793	621,507
Interbank investments	17	771,210	728,628	771,210	728,628
Receipts and payments pending settlement		620,434	615,912	620,434	615,912
Local correspondents		150,776	112,716	150,776	112,716
Interdependent operations		235	14	235	14
Third-party funds in transit		235	14	235	14
Derivative financial instruments	7.c	119,943	91,760	119,943	91,760
Derivative financial instruments		119,943	91,760	119,943	91,760
Other obligations		3,564,926	1,920,690	3,589,896	1,949,915
Levying and collection of taxes and similar charges		21,988	4,921	21,988	4,921
Foreign Exchange Portfolio	9.a	1,914	-	1,914	-
Social and statutory		29,087	135,971	29,087	136,232
Tax and social security	20.a	36,035	44,390	45,044	58,210
Negotiation and intermediation of receivables		17,819	3,941	21,288	7,336
Subordinated debts	18	1,807,680	208,154	1,807,680	208,154
Sundry	20.b	1,650,403	1,523,313	1,662,895	1,535,062
LONG-TERM LIABILITIES		10,082,432	9,224,930	9,964,048	9,086,236
Deposits	16.a	8,334,837	6,378,610	8,070,839	6,116,903
Interbank deposits		572	33,728	-	33,728
Time deposits		8,334,265	6,344,882	8,070,839	6,083,175
Funds obtained in the open market	16.b	98,334	107,430	88,983	98,093
Own portfolio		98,334	107,430	88,983	98,093
Funds from acceptance and issuance of securities	16.c	1,334,198	628,454	1,334,198	628,454
Funds from real estate securities, mortgages, letters of credit and similar		1,334,198	628,454	1,334,198	628,454
Derivative financial instruments	7.c	3,315	83,361	3,315	83,361
Derivative financial instruments		3,315	83,361	3,315	83,361
Other obligations		311,748	2,027,075	466,713	2,159,425
Social and statutory		83,639	-	83,639	-
Tax and social security	20.a	64,466	-	149,678	81,270
Subordinated debts	18	8,135	1,769,978	8,135	1,769,978
Sundry	20.b	155,508	257,097	225,261	308,177
RESULTS OF FUTURE PERIODS		6	17	6	17
EQUITY		4,226,556	4,095,919	4,226,556	4,095,919
Share capital:	21	3,653,410	3,653,410	3,653,410	3,653,410
Domiciled in the country		3,327,994	3,290,152	3,327,994	3,290,152
Domiciled abroad		325,416	363,258	325,416	363,258
Capital reserve		207,322	207,322	207,322	207,322
Revenue reserves		243,295	243,295	243,295	243,295
Carrying value adjustments		(7,646)	(8,108)	(7,646)	(8,108)
Retained earnings		130,175	-	130,175	-
TOTAL LIABILITIES AND EQUITY		30,625,415	27,638,802	30,209,742	27,230,431

The accompanying notes are an integral part of this quarterly information.



BANCO PAN S.A. AND ITS SUBSIDIARIES

STATEMENTS OF INCOME

FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2019 AND 2018

(All amounts in thousands of reais unless otherwise stated)

	Note	Bank		Consolidated	
		1H19	1H18	1H19	1H18
INCOME FROM FINANCIAL INTERMEDIATION		3,793,719	3,580,874	3,815,290	3,608,178
Income from credit operations	8.g	3,800,758	3,349,310	3,804,333	3,353,998
Income from leasing operations	8.g	-	-	276	180
Income from operations with marketable securities	7.h	60,779	79,018	78,499	101,454
Derivative financial instruments	7.g	(72,248)	141,399	(72,248)	141,399
Income from foreign exchange operations	9.b	4,430	11,147	4,430	11,147
EXPENSES ON FINANCIAL INTERMEDIATION		(1,727,570)	(1,652,850)	(1,709,760)	(1,636,875)
Result from market funding operations	16.d	(1,110,285)	(1,049,342)	(1,092,500)	(1,033,266)
Allowance for losses	8.c	(617,285)	(603,508)	(617,260)	(603,609)
GROSS RESULT ON FINANCIAL INTERMEDIATION		2,066,149	1,928,024	2,105,530	1,971,303
OTHER OPERATING INCOME (EXPENSES)		(1,755,715)	(1,715,595)	(1,791,094)	(1,748,386)
Revenue from services rendered	22	184,509	164,957	198,506	179,015
Equity in the results of subsidiaries	13.a	10,761	20,238	-	-
Personnel	23	(225,597)	(205,193)	(226,314)	(205,962)
Other administrative expenses	24	(965,991)	(874,919)	(980,190)	(892,383)
Tax	25	(83,887)	(79,373)	(88,756)	(85,609)
Other operating income	26.a	169,780	98,240	179,015	108,077
Other operating expenses	26.b	(845,290)	(839,545)	(873,355)	(851,524)
OPERATING PROFIT		310,434	212,429	314,436	222,917
NON-OPERATING LOSS	27	(22,592)	(5,118)	(22,740)	(4,784)
PROFIT BEFORE TAXATION ON THE RESULT AND PARTICIPATIONS		287,842	207,311	291,696	218,133
PROVISION FOR INCOME TAX AND SOCIAL CONTRIBUTION	31.a	(74,028)	(108,547)	(77,882)	(119,369)
Income tax		(39,947)	(3,511)	(45,666)	(9,700)
Social contribution		(24,560)	(3,286)	(26,879)	(5,793)
Deferred tax asset		(9,521)	(101,750)	(5,337)	(103,876)
NET PROFIT		213,814	98,764	213,814	98,764
INTEREST ON CAPITAL	21.c	(83,639)	(38,634)	(83,639)	(38,634)
EARNINGS PER OUTSTANDING SHARE - R\$		0.19	0.09		

(Represented by 1,141,806,121 shares at 6/30/2019 and 6/30/2018)

The accompanying notes are an integral part of this quarterly information.



BANCO PAN S.A.

**STATEMENTS OF CHANGES IN PARENT COMPANY EQUITY
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2019 AND 2018**
(All amounts in thousands of reais)

	Share capital	Capital reserve	Revenue reserves		Carrying value adjustments	Retained earnings/ accumulated deficit	Total
			Legal reserve	For integrity of equity			
AT DECEMBER 31, 2017	3,460,732	-	8,915	99,580	(13,403)	-	3,555,824
Funds for capital increase	192,678	207,322	-	-	-	-	400,000
Carrying value adjustments	-	-	-	-	424	-	424
Profit for the period	-	-	-	-	-	98,764	98,764
Allocation:							
Interest on capital provisioned (Note 21.c)	-	-	-	-	-	(38,634)	(38,634)
AT JUNE 30, 2018	3,653,410	207,322	8,915	99,580	(12,979)	60,130	4,016,378
AT DECEMBER 31, 2018	3,653,410	207,322	19,991	223,304	(8,108)	-	4,095,919
Carrying value adjustments	-	-	-	-	462	-	462
Profit for the period	-	-	-	-	-	213,814	213,814
Allocation:							
Interest on capital provisioned (Note 21.c)	-	-	-	-	-	(83,639)	(83,639)
AT JUNE 30, 2019	3,653,410	207,322	19,991	223,304	(7,646)	130,175	4,226,556

The accompanying notes are an integral part of this quarterly information.


BANCO PAN S.A. AND ITS SUBSIDIARIES
**STATEMENTS OF VALUE ADDED
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2019 AND 2018**

(All amounts in thousands of reais)

	Bank		Consolidated	
	1H19	1H18	1H19	1H18
INCOME	2,674,806	2,407,866	2,691,982	2,447,879
Financial intermediation	3,793,719	3,580,874	3,815,290	3,608,178
Services rendered	184,509	164,957	198,506	179,015
Allowance for losses	(617,285)	(603,508)	(617,260)	(603,609)
Other operating expenses	(686,137)	(734,457)	(704,554)	(735,705)
EXPENSES ON FINANCIAL INTERMEDIATION	(1,110,285)	(1,049,342)	(1,092,500)	(1,033,266)
INPUTS ACQUIRED FROM THIRD PARTIES	(922,907)	(840,471)	(936,850)	(857,718)
Materials, energy and other	(2,171)	(1,695)	(2,176)	(1,699)
Third-party services	(142,515)	(136,628)	(151,084)	(146,822)
Commissions payable to correspondent banks	(539,206)	(466,116)	(542,535)	(469,757)
Others	(239,015)	(236,032)	(241,055)	(239,440)
Data processing	(95,832)	(87,319)	(95,906)	(87,416)
Financial system services	(64,633)	(65,945)	(65,039)	(66,469)
Communication	(22,931)	(23,027)	(23,036)	(23,187)
Asset search and seizure expenses	(15,452)	(14,312)	(15,464)	(14,349)
Advertising, promotions and publicity	(15,123)	(14,346)	(15,316)	(14,648)
Transport	(2,617)	(2,298)	(2,624)	(2,308)
Maintenance and conservation of property	(2,840)	(2,656)	(2,844)	(2,661)
Fees and emoluments	(2,965)	(2,126)	(3,278)	(2,621)
Travel	(2,507)	(1,026)	(2,510)	(1,030)
Others	(14,115)	(22,977)	(15,038)	(24,751)
GROSS VALUE ADDED	641,614	518,053	662,632	556,895
DEPRECIATION AND AMORTIZATION	(29,918)	(26,426)	(30,502)	(27,012)
NET VALUE ADDED PRODUCED BY THE ENTITY	611,696	491,627	632,130	529,883
VALUE ADDED RECEIVED IN TRANSFER	10,761	20,238	-	-
Equity in the results of subsidiaries	10,761	20,238	-	-
TOTAL VALUE ADDED TO BE DISTRIBUTED	622,457	511,865	632,130	529,883
DISTRIBUTION OF VALUE ADDED	622,457	511,865	632,130	529,883
Personnel	194,836	177,826	195,444	178,478
Direct remuneration	147,288	137,491	147,720	137,911
Benefits	34,146	29,990	34,289	30,183
FGTS	10,293	9,075	10,326	9,113
Other	3,109	1,270	3,109	1,271
Taxes, fees and contributions	188,676	215,288	197,550	232,462
Federal	180,148	207,912	188,722	224,789
State	4	4	4	4
Municipal	8,524	7,372	8,824	7,669
Remuneration of third-party capital	25,131	19,987	25,322	20,179
Rentals	25,131	19,987	25,322	20,179
Remuneration of own capital	213,814	98,764	213,814	98,764
Interest on capital provisioned	83,639	38,634	83,639	38,634
Retained earnings	130,175	60,130	130,175	60,130

The accompanying notes are an integral part of this quarterly information.



BANCO PAN S.A. AND ITS SUBSIDIARIES

**STATEMENTS OF CASH FLOWS
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2019 AND 2018**

(All amounts in thousands of reais)

	Bank		Consolidated	
	1H19	1H18	1H19	1H18
CASH FLOWS FROM OPERATING ACTIVITIES:				
PROFIT	213,814	98,764	213,814	98,764
Adjustments that do not affect cash flow:				
Depreciation and amortization	17,953	14,461	17,976	14,486
Amortization of goodwill	11,965	11,965	12,526	12,526
Constitution of provision for civil, labor and tax contingencies	71,000	119,532	93,461	124,141
Reversal/(devaluation) of other assets	(5,074)	(5,477)	(5,175)	(5,600)
Disposal of other assets	26,481	9,496	26,730	9,285
Impairment loss	1,185	1,113	1,185	1,113
Equity in the results of subsidiaries	(10,761)	(20,238)	-	-
Allowance for losses	617,285	603,508	617,260	603,609
Deferred income tax and social contribution	9,521	101,750	5,337	103,876
Adjusted profit	953,369	934,874	983,114	962,200
Changes in assets and liabilities:				
Decrease (increase) in interbank investments	(3,077)	259,069	(3,077)	259,069
Decrease in marketable securities	342,917	50,769	334,551	86,462
Decrease (increase) in derivative financial instruments	(24,449)	(204,507)	(24,449)	(204,507)
(Increase) in interbank investments	(354,922)	(87,632)	(354,922)	(87,632)
(Increase) in credit operations	(2,580,585)	(1,223,162)	(2,580,560)	(1,223,515)
Decrease in leasing operations	-	-	-	176
(Increase) in other credits	(723,638)	(237,842)	(716,472)	(225,881)
(Increase) in other assets	(86,621)	(63,798)	(86,628)	(62,739)
Increase in deposits	1,869,479	1,588,819	1,843,831	1,514,598
Increase/(decrease) in funds obtained in the open market	440,629	(695,444)	440,615	(695,319)
Increase in acceptances and issue of securities	46,301	57,134	46,301	56,963
Increase in other liabilities	132,359	397,911	134,079	402,356
Increase/(decrease) in interdependent accounts	221	(3,921)	221	(3,921)
(Decrease) in results of future years	(11)	(49)	(11)	(49)
Payment of income tax and social contribution	(24,264)	(4,509)	(30,085)	(12,680)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	(12,292)	767,712	(13,492)	765,581
CASH FLOWS FROM INVESTING ACTIVITIES:				
Disposal of assets not for own use	96,854	84,749	96,854	84,919
Purchase of property and equipment in use	(3,753)	(4,339)	(3,753)	(4,339)
Additions to intangible assets	(31,367)	(26,270)	(31,367)	(26,270)
NET CASH PROVIDED BY INVESTING ACTIVITIES	61,734	54,140	61,734	54,310
CASH FLOWS FROM FINANCING ACTIVITIES:				
Issue of funds from acceptance and issue of securities	964,933	220,737	964,933	220,737
Funds from acceptance and issuance of securities	(385,204)	(1,072,739)	(385,204)	(1,072,739)
Issue of subordinated debt	8,000	-	8,000	-
Redemption of subordinated debt	(267,500)	(65,964)	(267,500)	(65,964)
Capital increase	-	400,000	-	400,000
Interest on capital paid	(74,325)	-	(74,325)	-
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	245,904	(517,966)	245,904	(517,966)
Increase/ (decrease) in cash and cash equivalents	295,346	303,886	294,146	301,925
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD (NOTE 5)	16,374	162,248	19,714	166,460
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (NOTE 5)	311,720	466,134	313,860	468,385
ADDITIONAL INFORMATION ON CASH FLOWS				
Interest paid	(1,019,128)	(1,100,724)	(1,017,881)	(1,099,468)
Interest received	4,407,620	4,044,883	4,413,869	4,064,758
Transfer of assets not for own use	1,674	(1,166)	1,674	(1,166)
Unrealized gains/(losses) on securities available for sale	(667)	613	(667)	613

The accompanying notes are an integral part of this quarterly information.



1) Operations

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

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

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

The Bank's shareholding structure at 6/30/2019 was as follows:

Stockholders	Common	%	Preferred	%	Total	%
Banco BTG Pactual S.A.	395,396	60.13	182,266	37.64	577,662	50.58
Caixa Participações S.A.	262,165	39.87	112,732	23.28	374,897	32.83
Market	-	-	189,247	39.08	189,247	16.59
Total	657,561	100.00	484,245	100.00	1,141,806	100.00

2) Presentation Of the Quarterly Information

The parent company quarterly information of Banco PAN is presented together with the quarterly information of the Bank and its subsidiaries ("Consolidated"), and has been prepared in accordance with accounting practices adopted in Brazil applicable to institutions authorized to operate by the Brazilian Central Bank (BACEN), observing the provisions of Law 4,595/64 (National Financial System Law) and Law 6,404/76 (Brazilian Corporation Law) and the changes introduced by Laws 11,638/07 and 11,941/09, for the recording of transactions, associated with the standards and instructions established by the Brazilian Central Bank (BACEN), and the Resolutions of the National Monetary Council (CMN), and the Brazilian Securities Commission (CVM), where applicable.

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

1. CPC 01 - Impairment of Assets - ratified by CMN Resolution 3,566/08;
2. CPC 03 - Statement of Cash Flows - ratified by CMN Resolution 3,604/08;



3. CPC 05 - Related-party Disclosures - ratified by CMN Resolution 3,750/09;
4. CPC 25 - Provisions, Contingent Liabilities and Contingent Assets - ratified by CMN Resolution 3,823/09;
5. CPC 24 - Events after the Reporting Period - ratified by CMN Resolution 3,973/11;
6. CPC 10 (R1) - Share-based Payment - ratified by CMN Resolution 3,989/11;
7. CPC 23 - Accounting Policies, Changes in Estimates and Correction of Errors - ratified by CMN Resolution 4,007/11;
8. Basic Conceptual Pronouncement (R1) - Conceptual Framework for Financial Reporting - ratified by CMN Resolution 4,144/12;
9. CPC 33 (R1) - Employee Benefits - ratified by CMN Resolution 4,424/15;
10. CPC 04 (R1) - Intangible Assets - ratified by CMN Resolution 4,534/16;
11. CPC 27 - Property, Plant and Equipment - ratified by CMN Resolution 4,535/16; and
12. CPC 02 (R2) - Effects of Changes in Foreign Exchange Rates and Conversion of Financial Statements - ratified by CMN Resolution 4,524/16.

The parent company and consolidated interim accounting information was authorized for issue by the Board of Directors and Executive Board on 7/29/2019.

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

Direct subsidiaries	Total equity interest %	
	6/30/2019	12/31/2018
Pan Arrendamento Mercantil S.A.	100.00	100.00
Brazilian Finance & Real Estate S.A.	100.00	100.00
Brazilian Securities Companhia de Securitização.	100.00	100.00
Pan Administradora de Consórcio Ltda.	100.00	100.00
BM Sua Casa Promotora de Vendas Ltda.	100.00	100.00

3) Significant Accounting Practices

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

Cash and cash equivalents comprise cash in local and foreign currencies, investments in the money market, interbank deposits, bank certificates of deposit and fixed-income funds, with maturities at the original investment date equal to or less than 90 days and which present an immaterial risk of change in fair value, which are utilized by the Bank to manage its short-term commitments.

The parent company and consolidated interim accounting information is presented in Brazilian Reais (Real), which is the Bank's functional currency.



b) Determination of the results of operations:

Income and expenses are recorded on the accrual basis of accounting, and are prorated when resulting from financial transactions. Financial income and expenses are calculated based on the exponential method, except for foreign transactions or discounted notes, which are calculated on the straight-line method. Transactions with floating rates or indexed to foreign currencies are adjusted up to the balance sheet date at agreed-upon rates.

c) Interbank investments:

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

d) Marketable securities:

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

- Trading securities - securities acquired for the purpose of being actively and frequently traded are adjusted to fair value, with the increase or decrease arising from this adjustment reflected in the result for the period;
- Available-for-sale securities - securities that cannot be classified as trading securities or held-to-maturity securities are adjusted to fair value, with the increase or decrease arising from this adjustment reflected in a separate account in equity, net of tax effects. Unrealized gains and losses are recognized in the results for the period when effectively realized; and
- Held-to-maturity securities - securities which the Bank intends and has the ability to hold in its portfolio to maturity. These are stated at cost of acquisition, plus related earnings with a corresponding entry to results for the period.

e) Derivative financial instruments:

The derivative financial instruments consist of futures, swaps and forwards. These financial instruments are classified, on the date the transaction is contracted, reflecting management's intention whether or not to use them as hedging instruments. Appreciation or depreciation in value are recognized in the income or expense accounts of the corresponding financial instruments, in accordance with BACEN Circular 3,082/02 and Circular Letter 3,026/02.

Derivative financial instruments are valued at market values and appreciation or depreciation recorded in the results. The gains or losses on derivative financial instruments considered as a market risk hedge, whether realized or unrealized, are also recorded in the results for the period.

The Bank uses derivative financial instruments mainly to hedge against unfavorable variations in the market value of positions held.

The market values of derivative financial instruments and their respective hedged items are determined based on available market information, mainly the prices and rates provided by B3 S.A., the Brazilian commodities, futures and stock exchange. Where applicable, mathematical models of rate interpolations for interim periods and rate extrapolations for longer periods are utilized.



Future cash flows, discounted to present value by future interest curves, obtained based on information issued by B3 S.A., were utilized to measure the market value of swaps.

The marking to market of futures contracts, such as interest contracts (1-day DI), foreign exchange contracts (DOL) and foreign exchange coupons (DDI), is determined based on the market price in a unique price (PU) format, which is released daily by B3 S.A. Based on this price, the daily adjustments are recorded in assets or liabilities and allocated daily to the results as income or expenses.

Derivative financial instrument transactions (futures, forwards, and swaps) are registered at B3 S.A. or at the Organized Counter for Assets and Derivatives (CETIP S.A.). The differences receivable and payable are recorded in the respective derivative financial instrument balance sheet accounts, with a corresponding entry to results from derivative financial instruments in the statement of income, and the nominal amounts of these transactions are recorded in memorandum accounts.

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

f) Credit operations:

Loan and leasing operations, advances on foreign exchange contracts, real estate receivables, and other credits with credit concession characteristics are classified based on management's opinion as to their risk level, considering the economic scenario, past experience, and specific and global risks related to the operation, debtors and guarantors, in compliance with the parameters and guidelines established by CMN Resolution 2,682/99, which requires a periodic portfolio analysis and the classification of risk into nine levels. Level AA represents the minimum risk and H the maximum risk. Additionally, delinquency periods before settlement as defined in this Resolution and a doubling up for transactions with an unexpired term exceeding 36 months are also taken into consideration when rating customer risk.

Income from credit operations past due for more than 60 days, regardless of the risk level, is only recognized when realized. Operations classified in level H remain at this level for six months, after which they are written-off against the existing allowance and controlled in a memorandum account and no longer presented in the Bank's balance sheet.

Renegotiated transactions remain, at least, at the same rating at which they were classified prior to renegotiation. Renegotiated loan operations that had already been written-off against the allowance and that were recorded in memorandum accounts are classified in level H, and any gains resulting from the renegotiation are recognized as income only when effectively received. When there is a significant amortization of a credit operation or when relevant new facts justify a change in risk level, the operation can be reclassified to a lower risk category.

The allowance for losses is determined at an amount which is sufficient to cover probable losses and considers CMN and BACEN rules and instructions, as well as the assessments carried out by management in determining credit risk.

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



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

From January 1, 2012, as determined by CMN Resolution 3,533/08, transactions for the sale or transfer of financial assets are classified and recorded as described below:

- The following procedures are observed for recording the sale or transfer of financial assets classified in the category of transactions with a substantial transfer of risks and benefits:

In transactions involving the disposal of assets, the financial asset being sold or transferred is written-off from the account in which the original transaction was recorded. The gain or loss determined in the transaction is separately appropriated to the result for the period.

In transactions involving the purchase of assets, the financial asset acquired is recorded at the amount paid, based on the nature of the original transaction.

- The following procedures are observed for recording the sale or transfer of financial assets classified in the category of transactions with substantial retention of risks and benefits:

In transactions for the disposal of assets, the financial asset, which is the object of the sale or transfer, remains recorded in assets at the full amount. The amounts received as a result of the transaction are recorded in assets, with a corresponding entry in liabilities for the obligation assumed, and the income and expenses are appropriated separately to the result for the year over the remaining term of the transaction; and

In transactions for the purchase of assets, the amounts paid are recorded in assets as a right receivable and the income is appropriated to the result for the year over the remaining term of the transaction.

h) Assets not for own use:

These assets mainly comprise repossessed assets or assets received in lieu of payment, which are available for sale, and which are adjusted through a valuation allowance, where applicable, calculated based on the historical losses on the sale of the repossessed assets.

i) Prepaid expenses:

Prepaid expenses relate to funds applied in advance payments, whose related benefits or services will occur or be provided in future periods. These expenses are appropriated to the result of the period in which the future benefits are generated. This group mainly consists of commissions paid to correspondent banks and expenses on securities issued abroad.

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



j) Other current assets and long-term receivables:

These assets are stated at cost plus related income and indexation/interest accruals and exchange gains/losses, less the corresponding provision for adjustment to realizable value, where applicable.

k) Investments:

Investments in subsidiaries are accounted for on the equity method. Other investments are stated at cost of acquisition, less the corresponding provision for loss and impairment, where applicable.

l) Property and equipment:

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

The assets are stated at cost of acquisition less accumulated depreciation and adjusted for impairment, where applicable. Depreciation is calculated on the straight-line method at annual rates which consider the estimated economic useful lives of the assets.

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

m) Intangible assets:

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

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

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

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

Provisions for income tax and social contribution due are recorded based on profit as adjusted by additions and deductions established by the applicable tax law. Deferred tax assets on temporary additions are realized on the utilization and/or reversal of the corresponding provisions in respect of which they were recorded. Deferred tax assets on tax loss carry-forwards are realized as taxable income is generated, up to the limit of 30% of taxable income for the reporting period. These deferred tax assets are recognized based on their expected realization, which is periodically reviewed, considering the technical studies and analyses prepared by management.

Tax rates and calculation bases are detailed in Note 31.

o) Impairment of non-financial assets:

Non-financial assets are subject to an annual evaluation of their recoverable values, or more frequently if conditions or circumstances indicate the possibility of loss in value. Any losses identified are recognized in the result for the period when the carrying amount of an asset exceeds its recoverable amount, determined as follows:



- i. Potential sales or realization amount less corresponding expenses; or
- ii. Value in use calculated based on the cash generating unit.

A cash-generating unit is the smallest identifiable group of assets that generates cash inflows, which are largely independent of the cash inflows from other assets or groups of assets.

p) Deposits and funds obtained in the market:

Deposits and funds obtained in the market are stated at the amounts of the liabilities and consider, where applicable, the charges payable up to the balance sheet date, recognized on a daily pro rata basis.

q) Specific accounting policies of the consortium segment:

The management fee is recognized when received from the consortium groups. Commissions on sales of quotas are recorded when the consortium quotas are sold and other income and expenses are recorded monthly on the accrual basis.

The liabilities for unclaimed funds are recorded at the amount to be returned to the members of the discontinued consortium groups, including remuneration equal to that generated by their quotas in the investment funds in which the active groups hold investments.

r) Current and long-term liabilities:

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

s) Provisions, contingent assets and liabilities and legal obligations (taxes and social security):

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

- Contingent assets - not recorded in the quarterly information, except when there is evidence that their realization is guaranteed.
- Provisions - recorded in the quarterly information when, based on the opinion of the Bank's management under advice of legal advisors, the risk of losing an administrative or legal action is considered to be probable, and whenever the amounts involved can be reliably measured.
- Contingent liabilities are not recognized because they are considered as possible losses and, therefore, are only to be disclosed in the notes to the quarterly information when significant. Those classified as remote losses require neither provision nor disclosure; and
- Legal obligations (tax and social security) - correspond to amounts related to lawsuits challenging the legality and constitutionality of certain taxes and contributions, which, regardless of the likelihood of success, are recognized at the full amount in the quarterly information.



t) Residual benefit in securitized transactions:

The benefit corresponds to the residual balance, net of any guarantees provided, of the separate equity of the securitized transactions which, in accordance with Law 9,514/97, will be reintegrated to the common equity of the securitization company when the lien is released and the related mortgage-backed and agribusiness securities are settled.

u) Earnings per share:

Earnings per share are calculated based on the number of outstanding shares at the quarterly information date.

v) Use of accounting estimates:

The preparation of quarterly information requires management to make estimates and assumptions, to the best of its judgment, that affect the reported amounts of certain financial or non-financial assets and liabilities, income and expenses, and other transactions, such as: (i) deferred tax assets; (ii) depreciation rates of property and equipment and amortization of intangible assets; (iii) provisions necessary to absorb the potential risks arising from civil, labor or tax liabilities; (iv) provision for loss on assets not for own use; (v) allowance for loan and lease losses; (vi) impairment of non-financial assets; and (vii) estimated fair value of specific financial instruments. The actual settlement amounts of these financial or non-financial assets and liabilities could differ from these estimates.

w) Events after the reporting period:

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

- i. events that require adjustment, related to conditions existing at the reporting date of the quarterly information; and
- ii. events that do not require adjustment, related to conditions which did not exist at the reporting date of the quarterly information.

**4) Balance Sheet and Statement of Income by Business Segment****a) Consolidated Balance Sheet:**

Assets	Financial (1)	Consortiu m (2)	Securitization (3)	Others (4)	Eliminations (5)	Total
Current assets and long-term receivables	29,632,812	72,655	224,501	417,329	(342,503)	30,004,794
Cash and cash equivalents	1,670	177	2,135	16	(188)	3,810
Short-term interbank investments	317,024	9,351	-	-	(9,351)	317,024
Marketable securities and derivative financial instruments	1,609,498	48,406	152,900	367,704	(326,347)	1,852,161
Interbank investments	401,997	-	-	-	-	401,997
Loan and leasing operations (6)	20,221,047	-	-	-	-	20,221,047
Other receivables and other assets	7,081,576	14,721	69,466	49,609	(6,617)	7,208,755
Permanent assets	870,141	235	1,225	2,240	(668,893)	204,948
Total at 6/30/2019	30,502,953	72,890	225,726	419,569	(1,011,396)	30,209,742
Total at 12/31/2018	27,494,548	69,861	225,253	404,791	(964,022)	27,230,431

Liabilities	Financial (1)	Consortium (2)	Securitization (3)	Others (4)	Eliminations (5)	Total
Current and long-term payables	26,276,391	19,085	12,556	17,651	(342,503)	25,983,180
Deposits	18,781,610	-	-	-	(326,535)	18,455,075
Funds obtained in the open market	710,153	-	-	-	(9,351)	700,802
Funds from issuance of securities	1,875,991	-	-	-	-	1,875,991
Interbank and interbranch accounts	771,445	-	-	-	-	771,445
Derivative financial instruments	123,258	-	-	-	-	123,258
Other obligations	4,013,934	19,085	12,556	17,651	(6,617)	4,056,609
Deferred income	6	-	-	-	-	6
Equity	4,226,556	53,805	213,170	401,918	(668,893)	4,226,556
Total at 6/30/2019	30,502,953	72,890	225,726	419,569	(1,011,396)	30,209,742
Total at 12/31/2018	27.494.548	69.861	225.253	404.791	(964.022)	27.230.431

b) Consolidated statement of income:

	Financial (1)	Consortium (2)	Securitization (3)	Others (4)	Eliminations (5)	Total
Income from financial intermediation	3,793,996	1,687	7,404	22,122	(9,919)	3,815,290
Expenses on financial intermediation	(1,719,679)	-	-	-	9,919	(1,709,760)
Gross result	2,074,317	1,687	7,404	22,122	-	2,105,530
Other operating income (expenses)	(1,770,928)	4,151	(3,766)	782	(21,333)	(1,791,094)
Non-operating results	(22,615)	-	(125)	-	-	(22,740)
Provision for IRPJ and CSLL	(66,960)	(1,985)	(1,174)	(7,763)	-	(77,882)
Net result at 6/30/2019	213,814	3,853	2,339	15,141	(21,333)	213,814
Net result at 6/30/2018	98,764	1,759	(1,801)	18,672	(18,630)	98,764

(1) Represented by Banco PAN S.A. and Pan Arrendamento Mercantil S.A.

(2) Represented by Pan Administradora de Consórcio Ltda.

(3) Represented by Brazilian Securities Companhia de Securitização.

(4) Represented by BM Sua Casa Promotora de Vendas Ltda. and Brazilian Finance & Real Estate S.A.

(5) Eliminations between companies in different segments.

(6) Net allowance for losses.



5) Cash and Cash Equivalents

	Bank		Consolidated	
	6/30/2019	12/31/2018	6/30/2019	12/31/2018
Funds in local currency	219	313	2,359	3,653
Funds in foreign currency	1,451	16,061	1,451	16,061
Subtotal (cash)	1,670	16,374	3,810	19,714
Short-term interbank investments (1)	310,050	-	310,050	-
Total	311,720	16,374	313,860	19,714

(1) Includes transactions with maturities at the original investment date equal to or less than 90 days and which present an immaterial risk of change in fair value.

6) Short-term interbank investments

a) Composition and maturities:

Bank and Consolidated	Up to 30 days	31 to 90 days	91 to 180 days	181 to 360 days	6/30/2019	12/31/2018
Money market investments:						-
Third-party portfolio position	310,050	-	-	-	310,050	-
National Treasury Bills (LTN)	310,050	-	-	-	310,050	-
Income from interbank deposits	-	-	-	6,974	6,974	3,897
Total at 6/30/2019	310,050	-	-	6,974	317,024	-
Total at 12/31/2018	-	-	-	3,897	-	3,897

b) Income from interbank investments:

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

	Bank		Consolidated	
	6/30/2019	6/30/2018	6/30/2019	6/30/2018
Income from investments in purchase and sale agreements:	8,189	27,569	8,189	27,569
Own portfolio position	8,138	20,584	8,138	20,584
Third-party portfolio position	51	6,742	51	6,742
Short position	-	243	-	243
Income from interbank deposits	119	706	119	706
Total (Note 7.h)	8,308	28,275	8,308	28,275

**7) Marketable Securities and Derivative Financial Instruments****a) Composition of portfolio:**

The portfolio of marketable securities and derivative financial instruments at 6/30/2019 and 12/31/2018, by security, was comprised as follows:

	Bank		Consolidated	
	6/30/2019	12/31/2018	6/30/2019	12/31/2018
Marketable securities	1,357,754	1,700,784	1,600,417	1,934,506
Own portfolio:	722,075	1,213,212	964,569	1,444,548
Bank Deposit Certificates (CDB)	-	-	-	428
Mortgage-backed securities (CRI)	-	-	242,494	230,908
Financial Treasury Bills (LFT)	277,966	621,156	277,966	621,156
National Treasury Bills (LTN)	604	200,450	604	200,450
National Treasury Notes (NTN)	443,163	391,264	443,163	391,264
Social Development Fund (FDS)	342	342	342	342
Subject to repurchase agreements:	394,368	269,177	394,368	269,177
Financial Treasury Bills (LFT)	210,105	112,407	210,105	112,407
National Treasury Notes (NTN)	184,263	156,770	184,263	156,770
Subject to guarantees:	241,311	218,395	241,480	220,781
Financial Treasury Bills (LFT)	241,311	218,395	241,311	218,395
Bank Deposit Certificates (CDB)	-	-	169	2,386
Derivative financial instruments:	251,744	279,158	251,744	279,158
Difference receivable on swaps	251,744	275,298	251,744	275,298
Options	-	3,860	-	3,860
Total	1,609,498	1,979,942	1,852,161	2,213,664



b) Analysis by category and term:

Bank	6/30/2019					12/31/2018				
	No stated maturity	Up to 12 months	From 1 to 3 years	3 to 5 years	Over 5 years	Net book value (1) (2) (3)	Adjusted cost	Mark-to-market adjustment	Net book value (1) (2) (3)	Mark-to-market adjustment
Trading securities	-	604	15,438	774	36,610	53,426	53,420	6	401,225	1,091
Financial Treasury Bills (LFT)	-	-	15,438	774	36,610	52,822	52,818	4	293,848	11
National Treasury Bills (LTN)	-	604	-	-	-	604	602	2	585	7
National Treasury Notes (NTN)	-	-	-	-	-	-	-	-	106,792	1,073
Available-for-sale securities	-	129,613	464,474	82,473	-	676,560	676,663	(103)	658,114	93
Financial Treasury Bills (LFT)	-	129,613	464,474	82,473	-	676,560	676,663	(103)	658,110	93
National Treasury Notes (NTN)	-	-	-	-	-	-	-	-	4	-
Securities held to maturity	342	-	266,627	169,934	190,865	627,768	627,768	-	641,445	-
National Treasury Bills (LTN)	-	-	-	-	-	-	-	-	199,865	-
National Treasury Notes (NTN)	-	-	266,627	169,934	190,865	627,426	627,426	-	441,238	-
Social Development Fund (FDS)	342	-	-	-	-	342	342	-	342	-
Total	342	130,217	746,539	253,181	227,475	1,357,754	1,357,851	(97)	1,700,784	1,184



Notes to quarterly information

Consolidated	6/30/2019								12/31/2018	
	No states maturity	Up to 12 months	From 1 to 3 years	3 to 5 years	Over 5 years	Net book value (1)(2)(3)	Adjusted cost	Mark-to-market adjustment	Net book value (1) (2) (3)	Mark-to-market adjustment
Trading securities	-	604	15,438	774	36,610	53,426	53,420	6	401,225	1,091
Financial Treasury Bills (LFT)	-	-	15,438	774	36,610	52,822	52,818	4	293,848	11
National Treasury Bills (LTN)	-	604	-	-	-	604	602	2	585	7
National Treasury Notes (NTN)	-	-	-	-	-	-	-	-	106,792	1,073
Available-for-sale securities	-	149,805	686,945	82,473	-	919,223	930,817	(11,594)	891,836	(12,270)
Financial Treasury Bills (LFT)	-	129,613	464,474	82,473	-	676,560	676,663	(103)	658,110	93
National Treasury Notes (NTN)	-	-	-	-	-	-	-	-	4	-
Bank Deposit Certificates (CDB)	-	75	94	-	-	169	169	-	2,814	-
Mortgage-backed securities (CRI)	-	20,117	222,377	-	-	242,494	253,985	(11,491)	230,908	(12,363)
Securities held to maturity:	342	-	266,627	169,934	190,865	627,768	627,768	-	641,445	-
National Treasury Bills (LTN)	-	-	-	-	-	-	-	-	199,865	-
National Treasury Notes (NTN)	-	-	266,627	169,934	190,865	627,426	627,426	-	441,238	-
Social Development Fund (FDS)	342	-	-	-	-	342	342	-	342	-
Total	342	150,409	969,010	253,181	227,475	1,600,417	1,612,005	(11,588)	1,934,506	(11,179)

(1) Brazilian Association of Financial and Capital Market Institutions ("ANBIMA") and ("B3 S.A."). In the case of mortgage-backed securities, the market value is determined using internal models, using data based on observable market parameters;

(2) This column presents the carrying amount subsequent to mark-to-market adjustment, according to item (2), except for securities classified as held to maturity, whose market value was higher than the adjusted cost by R\$ 24,430 (12/31/2018 - higher by R\$ 8,502); and in compliance with the provisions of article 8 of BACEN Circular 3,068 / 01, Banco PAN declares that it has both the financial ability and the intention to hold to maturity the securities classified in the held-to-maturity category; and

(3) The maturities of the securities were considered, regardless of their accounting classification.



c) Derivative financial instruments:

Bank and Consolidated	6/30/2019				12/31/2018			
	Notional value	Carrying amount	Adjusted cost	Mark-to-market	Notional value	Carrying amount	Adjusted cost	Mark-to-market
Asset position:		251,744	238,024	13,720		279,158	281,148	(1,990)
Swap	3,263,322	251,744	238,024	13,720	4,096,404	275,298	279,127	(3,829)
Options to be exercised	-	-	-	-	1,919,163	3,860	2,021	1,839
Liability position:		(123,258)	(98,175)	(25,083)		(175,121)	(126,221)	(48,900)
Swap	3,263,322	(123,258)	(98,175)	(25,083)	4,096,404	(172,218)	(124,963)	(47,255)
Options issued	-	-	-	-	1,916,550	(2,903)	(1,258)	(1,645)
Subtotal		128,486	139,849	(11,363)		104,037	154,927	(50,890)
Futures:		(3,344)	(3,344)	-		967	967	-
Asset position	16,800,457	6,888	6,888	-	12,498,311	2,474	2,474	-
Liability position	16,800,457	(10,232)	(10,232)	-	12,498,311	(1,507)	(1,507)	-
Total		125,142	136,505	(11,363)		105,004	155,894	(50,890)

d) Composition by maturity (notional value):

Bank and Consolidated	Up to 30 days	From 31 to 90 days	From 91 to 180 days	From 181 to 360 days	Over 360 days	6/30/2019	12/31/2018
Swap	576,858	-	52,114	2,595,578	38,772	3,263,322	4,096,404
U.S. Dollar vs. CDI	-	-	52,114	1,087,145	-	1,139,259	1,128,662
CDI vs. U.S. Dollar	-	-	-	-	-	-	1,137
CDI vs. Fixed rate	576,858	-	-	1,508,433	38,772	2,124,063	2,942,174
Fixed rate vs. U.S. dollar	-	-	-	-	-	-	24,431
Options	-	-	-	-	-	-	3,835,713
Shares purchased	-	-	-	-	-	-	1,919,163
Shares sold	-	-	-	-	-	-	1,916,550
Futures	2,480,806	28,859	551,012	5,759,213	7,980,567	16,800,457	12,498,311
DDI	1,916	-	-	7,568	146,373	155,857	177,838
DI	2,478,890	-	551,012	5,751,645	7,834,194	16,615,741	12,291,388
U.S. dollar	-	28,859	-	-	-	28,859	29,085
Total	3,057,664	28,859	603,126	8,354,791	8,019,339	20,063,779	20,430,428

e) Place of negotiation and counterparties:

Bank and Consolidated	6/30/2019	12/31/2018
Central System for Custody and Financial Settlement of Securities (CETIP) (over the counter)	3,263,322	4,096,404
B3 S.A. (Exchange)	16,800,457	16,334,024
Total	20,063,779	20,430,428

Counterparties: At 6/30/2019, distributed as follows in the Bank and Consolidated: B3 S.A. 83.74% and Financial Institutions 16.26%.



f) Hedge accounting- market value

Bank and Consolidated	6/30/2019	12/31/2018
Financial Instruments		
Asset position	2,788,219	2,717,544
Swaps - U.S. dollar (1)	1,884,545	1,909,407
Futures DI1 B3 S.A. - Fixed rate - Brazilian reais (2)	903,674	808,137
Liability position	(9,316,942)	(6,199,812)
Swaps - fixed rate - Brazilian reais (3)	-	(399,926)
Futures DI1 B3 S.A. - Fixed rate - Brazilian reais (3)	(9,316,942)	(5,799,886)
Hedged item		
Asset position	7,964,921	5,988,784
Credit operations (3)	7,964,921	5,988,784
Liability position	(2,699,990)	(2,588,584)
Subordinated debt abroad (1)	(1,806,841)	(1,790,563)
Time deposit certificates (2)	(893,149)	(798,021)

(1) Used to hedge funding operation abroad;

(2) Used to hedge against the fixed interest risk of long-term deposit certificates; and

(3) This *hedged* item includes retail credit operations for Payroll and Vehicles loans.

g) Result with derivative financial instruments:

Bank and Consolidated	6/30/2019			6/30/2018		
	Income	Expense	Net	Income	Expense	Net
Swap	431,740	(425,398)	6,342	514,397	(308,293)	206,104
Options	1,722	(1,297)	425	327	(1,481)	(1,154)
Futures	635,009	(714,024)	(79,015)	976,571	(1,040,122)	(63,551)
Total	1,068,471	(1,140,719)	(72,248)	1,491,295	(1,349,896)	141,399

h) Results from operations with marketable securities:

	Bank		Consolidated	
	6/30/2019	6/30/2018	6/30/2019	6/30/2018
Fixed income securities	52,471	50,743	70,191	73,179
Short-term interbank investments (Note 6.b)	8,308	28,275	8,308	28,275
Total	60,779	79,018	78,499	101,454



8) Credit operations

a) Composition of the portfolio by type of operation:

	Bank				Consolidated			
	6/30/2019		12/31/2018		6/30/2019		12/31/2018	
	Amount	%	Amount	%	Amount	%	Amount	%
Payroll-deductible loan (1)	9,501,678	42.74	8,276,322	40.81	9,501,678	42.74	8,276,322	40.81
Vehicles (1)	7,786,375	35.03	6,979,927	34.42	7,786,375	35.03	6,979,927	34.42
Financing - credit cards (2)	1,870,614	8.41	1,702,804	8.40	1,870,614	8.41	1,702,804	8.40
Bank overdrafts	911,948	4.10	747,020	3.68	911,948	4.11	747,020	3.68
Loans with real estate guarantees	337,636	1.52	429,784	2.12	337,636	1.52	429,784	2.12
Working capital	203,451	0.92	320,166	1.58	203,451	0.92	320,166	1.58
Credits linked to the assignment of loans (3)	214,021	0.96	305,115	1.50	214,021	0.96	305,115	1.50
Housing financing	247,169	1.11	269,740	1.33	247,169	1.11	269,740	1.33
Export financing	106,256	0.48	156,619	0.77	106,256	0.48	156,619	0.77
Renegotiated loans	90,679	0.41	96,722	0.48	90,679	0.41	96,722	0.48
Real estate development financing	7,724	0.04	45,643	0.23	7,724	0.03	45,643	0.23
Personal credit	113	-	68	-	113	-	68	-
Leasing operations (4)	-	-	-	-	3	-	29	-
Total credit operations	21,277,664	95.72	19,329,930	95.32	21,277,667	95.72	19,329,959	95.32
Other receivables (5)	921,054	4.14	913,705	4.51	922,007	4.14	914,688	4.51
Advances against Exchange Contracts (ACC) and income receivable (6)	31,318	0.14	33,966	0.17	31,318	0.14	33,966	0.17
Subtotal	22,230,036	100.00	20,277,601	100.00	22,230,992	100.00	20,278,613	100.00
(+/-) Adjustment to market value (1)	204,301	-	129,203	-	204,301	-	129,203	-
Total	22,434,337	-	20,406,804	-	22,435,293	-	20,407,816	-

(1) Contracts including hedge accounting transactions (Note 7f);

(2) Financing provided to Visa and MasterCard credit card holders.

(3) Payroll-linked loan operations assigned with substantial retention of risks and benefits (Note 8.III);

(4) Recorded at present value.

(5) Credit card receivables and credit instruments receivable with loan characteristics.

(6) Advances on foreign exchange contracts are recorded as a reduction of "Other Liabilities" (Note 9).

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

Bank	Risk Levels										
	Abnormal course of operations										
	AA	A	B	C	D	E	F	G	H	Total at 6/30/2019	Total at 12/31/2018
Falling due	-	1,264,003	539,753	464,999	229,688	123,778	107,717	69,682	347,680	3,147,300	2,752,974
01 to 30	-	51,532	24,420	21,479	14,509	6,213	7,410	3,453	15,663	144,679	127,800
31 to 60	-	50,079	23,334	19,421	10,116	5,606	5,898	3,099	13,883	131,436	121,440
61 to 90	-	43,881	21,836	18,841	9,475	5,459	5,188	3,056	13,556	121,292	112,182
91 to 180	-	135,295	61,969	54,397	30,358	15,585	16,162	8,694	43,459	365,919	316,735
181 to 365	-	235,060	106,574	93,331	51,233	26,250	22,128	14,651	66,165	615,392	539,025
Over 365	-	748,156	301,620	257,530	113,997	64,665	50,931	36,729	194,954	1,768,582	1,535,792
Past due	-	76,930	125,383	69,394	112,180	55,346	98,841	75,484	541,918	1,155,476	1,245,872
01 to 14	-	66,558	5,011	10,758	5,939	2,915	3,013	2,037	7,769	104,000	94,452
15 to 30	-	10,372	113,416	9,963	5,544	3,090	2,983	1,733	16,981	164,082	142,267
31 to 60	-	-	6,956	41,585	11,697	6,187	19,508	3,561	16,746	106,240	171,481
61 to 90	-	-	-	5,310	79,249	6,598	7,532	4,053	16,948	119,690	134,710
91 to 180	-	-	-	1,778	5,668	29,663	36,958	31,973	88,368	194,408	173,881
181 to 365	-	-	-	-	-	1,751	2,980	3,279	224,407	232,417	307,489
Over 365	-	-	-	-	4,083	5,142	25,867	28,848	170,699	234,639	221,592
Subtotal	-	1,340,933	665,136	534,393	341,868	179,124	206,558	145,166	889,598	4,302,776	3,998,846
Allowance required	-	6,705	6,651	16,032	34,187	53,737	103,279	101,616	889,598	1,211,805	1,153,353



Notes to quarterly information

Bank	Risk Levels										
	Normal course of operations										
	AA	A	B	C	D	E	F	G	H	Total at 6/30/2019	Total at 12/31/2018
Falling due	-	17,588,010	91,072	48,536	17,387	16,157	77,435	53,334	35,329	17,927,260	16,278,755
01 to 30	-	2,257,922	14,379	7,072	1,807	421	380	9,328	8,664	2,299,973	2,107,232
31 to 60	-	594,524	8,186	1,587	1,533	384	302	283	1,158	607,957	599,696
61 to 90	-	564,229	7,371	1,905	998	359	8,171	302	1,174	584,509	538,319
91 to 180	-	1,506,267	15,653	5,789	5,417	3,666	2,637	34,869	10,619	1,584,917	1,442,319
181 to 365	-	2,500,361	18,971	9,336	2,817	1,899	20,500	1,136	2,983	2,558,003	2,384,107
Over 365	-	10,164,707	26,512	22,847	4,815	9,428	45,445	7,416	10,731	10,291,901	9,207,082
Subtotal	-	17,588,010	91,072	48,536	17,387	16,157	77,435	53,334	35,329	17,927,260	16,278,755
Allowance required	-	87,940	911	1,456	1,739	4,847	38,717	37,334	35,329	208,273	178,271
Total (1)	-	18,928,943	756,208	582,929	359,255	195,281	283,993	198,500	924,927	22,230,036	20,277,601
Total allowance	-	94,645	7,562	17,488	35,926	58,584	141,996	138,950	924,927	1,420,078	1,331,624

Consolidated	Risk Levels										
	Abnormal course of operations										
	AA	A	B	C	D	E	F	G	H	Total at 6/30/2019	Total at 12/31/2018
Falling due	-	1,264,003	539,753	464,999	229,688	123,778	107,717	69,682	347,680	3,147,300	2,752,974
01 to 30	-	51,532	24,420	21,479	14,509	6,213	7,410	3,453	15,663	144,679	127,800
31 to 60	-	50,079	23,334	19,421	10,116	5,606	5,898	3,099	13,883	131,436	121,440
61 to 90	-	43,881	21,836	18,841	9,475	5,459	5,188	3,056	13,556	121,292	112,182
91 to 180	-	135,295	61,969	54,397	30,358	15,585	16,162	8,694	43,459	365,919	316,735
181 to 365	-	235,060	106,575	93,331	51,233	26,250	22,128	14,651	66,165	615,392	539,025
Over 365	-	748,156	301,620	257,530	113,997	64,665	50,931	36,729	194,954	1,768,582	1,535,792
Past due	-	76,930	125,383	69,394	112,180	55,346	98,841	75,484	541,921	1,155,479	1,245,901
01 to 14	-	66,558	5,011	10,758	5,939	2,915	3,013	2,037	7,769	104,000	94,461
15 to 30	-	10,372	113,416	9,963	5,544	3,090	2,983	1,733	16,981	164,082	142,267
31 to 60	-	-	6,956	41,585	11,697	6,187	19,508	3,561	16,746	106,240	171,486
61 to 90	-	-	-	5,310	79,249	6,598	7,532	4,053	16,948	119,690	134,715
91 to 180	-	-	-	1,778	5,668	29,663	36,958	31,973	88,368	194,408	173,891
181 to 365	-	-	-	-	-	1,751	2,980	3,279	224,410	232,420	307,489
Over 365	-	-	-	-	4,083	5,142	25,867	28,848	170,699	234,639	221,592
Subtotal	-	1,340,933	665,136	534,393	341,868	179,124	206,558	145,166	889,601	4,302,779	3,998,875
Allowance required	-	6,705	6,651	16,032	34,187	53,737	103,279	101,616	889,601	1,211,808	1,153,382

Consolidated	Risk Levels										
	Normal course of operations										
	AA	A	B	C	D	E	F	G	H	Total at 6/30/2019	Total at 12/31/2018
Falling due	953	17,588,010	91,072	48,536	17,387	16,157	77,435	53,334	35,329	17,928,213	16,279,738
01 to 30	953	2,257,922	14,379	7,072	1,807	421	380	9,328	8,664	2,300,926	2,108,215
31 to 60	-	594,524	8,186	1,587	1,533	384	302	283	1,158	607,957	599,696
61 to 90	-	564,229	7,371	1,905	998	359	8,171	302	1,174	584,509	538,319
91 to 180	-	1,506,267	15,653	5,789	5,417	3,666	2,637	34,869	10,619	1,584,917	1,442,319
181 to 365	-	2,500,361	18,971	9,336	2,817	1,899	20,500	1,136	2,983	2,558,003	2,384,107
Over 365	-	10,164,707	26,512	22,847	4,815	9,428	45,445	7,416	10,731	10,291,901	9,207,082
Subtotal	953	17,588,010	91,072	48,536	17,387	16,157	77,435	53,334	35,329	17,928,213	16,279,738
Allowance required	-	87,940	911	1,456	1,739	4,847	38,717	37,334	35,329	208,273	178,271
Total (1)	953	18,928,943	756,208	582,929	359,255	195,281	283,993	198,500	924,930	22,230,992	20,278,613
Total allowance	-	94,645	7,562	17,488	35,926	58,584	141,996	138,950	924,930	1,420,081	1,331,653

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



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

	Bank		Consolidated	
	6/30/2019	6/30/2018	6/30/2019	6/30/2018
Opening balance	1,432,555	1,266,038	1,432,584	1,266,083
Allowance constituted	617,285	603,508	617,260	603,609
Write off against allowance	(559,746)	(471,640)	(559,747)	(471,642)
Closing balance	1,490,094	1,397,906	1,490,097	1,398,050
Credit recoveries (2)	119,849	98,410	123,726	103,270
Effect on results (3)	(497,436)	(505,098)	(493,534)	(500,339)

(1) Includes: (i) other receivables with characteristics of credit operations; (ii) foreign exchange transactions; (iii) other receivables without characteristics of credit operations (Note 11);

(2) In the six-month period ended 6/30/2019, credits previously written-off against the allowance, totaling R\$ 123,726 were recovered (recovered credits of R\$ 119,849 in the Bank, R\$ 303 referring to lease operations, recovered credits of R\$ 3,574 in Brazilian Finance & Real Estate); and

(3) Expense of allowance constituted less income from credits recovered.

d) Classification by area of economic activity:

	Bank				Consolidated			
	6/30/2019		12/31/2018		6/30/2019		12/31/2018	
	Amount	%	Amount	%	Amount	%	Amount	%
Individuals	20,580,205	92.58	18,558,064	91.52	20,580,205	92.58	18,558,064	91.52
Services	1,218,643	5.47	1,264,689	6.24	1,219,599	5.47	1,265,701	6.24
Construction and real-estate development	392,832	1.75	536,051	2.64	393,785	1.75	537,034	2.65
Other services	498,368	2.24	434,776	2.14	498,371	2.24	434,805	2.14
Financial	225,264	1.01	195,852	0.97	225,264	1.01	195,852	0.97
Transportation and logistics	39,223	0.18	46,537	0.23	39,223	0.18	46,537	0.23
Utilities	55,182	0.25	44,225	0.22	55,182	0.25	44,225	0.22
Media, IT and Telecom	6,037	0.03	4,777	0.02	6,037	0.03	4,777	0.02
Vehicle rental	1,634	0.01	2,323	0.01	1,634	0.01	2,323	0.01
Health, security and education	103	-	148	0.01	103	-	148	-
Commercial	301,924	1.36	289,530	1.42	301,924	1.36	289,530	1.42
Wholesale and retail	301,924	1.36	289,530	1.42	301,924	1.36	289,530	1.42
Basic industries	61,637	0.28	90,873	0.45	61,637	0.28	90,873	0.45
Paper and pulp	32,887	0.15	32,384	0.16	32,887	0.15	32,384	0.16
Other industries	6,782	0.03	23,798	0.12	6,782	0.03	23,798	0.12
Textiles	15,300	0.07	15,366	0.08	15,300	0.07	15,366	0.08
Auto parts	-	-	12,072	0.05	-	-	12,072	0.05
Chemical industry	6,668	0.03	7,253	0.04	6,668	0.03	7,253	0.04
Agribusiness	67,627	0.31	74,445	0.37	67,627	0.31	74,445	0.37
Sugar and ethanol	40,982	0.19	42,846	0.21	40,982	0.19	42,846	0.21
Agribusiness and animal protein	26,645	0.12	31,599	0.16	26,645	0.12	31,599	0.16
Total (1)	22,230,036	100.00	20,277,601	100.00	22,230,992	100.00	20,278,613	100.00

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



e) Concentration of credit operations:

Largest borrowers	Bank				Consolidated			
	6/30/2019		12/31/2018		6/30/2019		12/31/2018	
	Amount	%	Amount	%	Amount	%	Amount	%
10 largest borrowers	462,438	2.08	431,785	2.13	462,438	2.08	431,785	2.13
50 next largest borrowers	693,759	3.12	723,978	3.57	693,759	3.12	723,978	3.57
100 next largest borrowers	339,722	1.53	389,057	1.92	339,722	1.53	389,057	1.92
Other borrowers	20,734,117	93.27	18,732,781	92.38	20,735,073	93.27	18,733,793	92.38
Total	22,230,036	100.00	20,277,601	100.00	22,230,992	100.00	20,278,613	100.00

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

I. Transactions with substantial transfer of risks and benefits:

In the six-month periods ended 6/30/2019 and 6/30/2018, credits were assigned to financial institutions as presented below:

Bank and Consolidated	6/30/2019			6/30/2018		
	Assignment amount	Present value	Result (1)	Assignment amount	Present value	Result (1)
Payroll-deductible loan	2,608,120	1,946,425	661,695	3,603,620	2,782,853	820,767
Total (Note 8.g)	2,608,120	1,946,425	661,695	3,603,620	2,782,853	820,767

(1) Recorded in income from loan operations (Note 8g).

II. Transactions with substantial retention of risks and benefits:

Assignment after CMN Resolution 3,533/08

The responsibilities for loans assigned with substantial retention of risks and benefits amounted to R\$ 214,021, in Banco PAN and Consolidated (R\$ 305,115 at 12/31/2018), calculated at present value using the agreed contract rates. Obligations in the amount of R\$ 283,053 (R\$ 416,401 at 12/31/2018) were assumed for these credits (Note 20.b).

g) Income from credit and leasing operations:

	Bank		Consolidated	
	6/30/2019	6/30/2018	6/30/2019	6/30/2018
Profit on credit assignments (Note 8.f)	661,695	820,767	661,695	820,767
Assignment performance bonus (1)	463,253	342,565	463,253	342,565
Payroll-deductible loan	1,078,880	865,016	1,078,880	865,016
Vehicles	900,178	774,300	900,178	774,300
Credit cards	375,639	358,261	375,639	358,261
Recovery of credits written off as losses	119,849	98,410	123,726	103,270
Working capital/overdraft accounts	69,579	85,723	69,579	85,723
Income from loans with real estate guarantees	29,729	42,299	29,729	42,299
Export financing	10,826	47,052	10,826	47,052
Renegotiated loans	9,189	10,646	9,189	10,646
Housing loans	6,248	7,714	6,248	7,714
Income from real estate developments	549	2,464	549	2,464
Others	46	216	20	224
Adjustment to market value - Retail Portfolio (2)	75,098	(106,123)	75,098	(106,123)
Total	3,800,758	3,349,310	3,804,609	3,354,178

(1) We reclassified from "Profit on credit assignments" to "Assignment performance bonus"; and

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

**9) Foreign Exchange Portfolio****a) Balance sheet accounts:**

Bank and Consolidated	6/30/2019	12/31/2018
Assets - Other receivables		
Exchange purchases pending settlement	26,122	27,802
Income receivable	11,318	11,056
Total assets	37,440	38,858
Liabilities - Other liabilities		
Liabilities for exchange purchases	21,914	22,910
Advances on foreign exchange contracts	(20,000)	(22,910)
Total liabilities	1,914	-

b) Result on foreign exchange transactions:

Bank and Consolidated	6/30/2019	6/30/2018
Income from export financing	15,276	28,399
Foreign exchange variations	(10,846)	(17,252)
Total	4,430	11,147

10) Real Estate Receivables

Consolidated	Final maturity	Charges	% interest p.a.	6/30/2019	12/31/2018
Real estate credit note (CCI)	11/15/2034	INCC/IGPM /Savings Account /CDI and with no indexation accruals	0 to 20.05	4.982	6.967
Total				4.982	6.967

11) Other Credits - Sundry

	Bank		Consolidated	
	6/30/2019	12/31/2018	6/30/2019	12/31/2018
Tax credits (Note 31.b)	2,681,017	2,690,503	2,927,570	2,933,004
Amounts receivable from credit assignments	2,382,519	1,652,816	2,382,519	1,652,816
Securities and credits receivable (1)	921,054	913,705	922,007	914,688
Judicial and tax deposits	198,341	204,335	221,263	228,062
Taxes and contributions to be offset	239,501	222,792	299,812	285,564
Amounts receivable from payroll-linked loans (2)	42,417	43,125	42,417	43,125
Amounts receivable from affiliates	20,191	12,527	18,040	10,352
Advances for payments	4,814	7,958	5,505	8,650
Residual benefit of securitized transactions (3)	-	-	5,512	7,495
Salary and other advances	877	1,119	940	1,171
Others (4)	68,716	74,017	70,653	72,513
Total	6.559.447	5.822.897	6.896.238	6.157.440

(1) Includes: (i) amounts receivable related to payment transactions made with credit cards amounting to R\$ 648,808 (R\$ 669,608 at 12/31/2018) and (ii) securities receivable with credit concession characteristics amounting to R\$ 272,246 in the Bank and R\$ 273,199 in the Consolidated (12/31/2018 - R\$ 244,097 in the Bank and R\$ 245,080 in Consolidated).

(2) Refer mainly to: (i) amounts received and not yet transferred to the Bank by State and Municipal governments, whose transfers are being negotiated by the Bank, which constitutes a full allowance for losses, and for transfers in arrears for more than 180 days, the balance of which at June 30, 2019 amounted to R\$ 55,434 (R\$ 89,756 at 12/31/2018) (Note 8.c).

(3) Refers to operations originating from Brazilian Securities Companhia de Securitização; and

(4) Includes allowance for other receivables without credit characteristics of R\$ 14,582 (12/31/2018 - R\$ 11,175) (Note 8.c).

**12) Other Assets****a) Assets not for own use and other:**

Residual value	Bank				Consolidated			
	Cost	Provision for losses	6/30/2019	12/31/2018	Cost	Provision for losses	6/30/2019	12/31/2018
Assets not for own use:	380,591	(49,738)	330,853	338,619	390,052	(50,936)	339,116	348,627
Property	351,387	(40,932)	310,455	311,343	360,173	(41,500)	318,673	321,287
Vehicles	29,204	(8,806)	20,398	27,276	29,879	(9,436)	20,443	27,340
Others	327	-	327	282	328	-	328	282
Total	380,918	(49,738)	331,180	338,901	390,380	(50,936)	339,444	348,909

b) Prepaid expenses:

	Bank		Consolidated	
	6/30/2019	12/31/2018	6/30/2019	12/31/2018
Commissions paid to correspondent banks (1)	-	36,572	-	36,572
Financial system services	52,299	51,139	54,021	51,574
Data processing	6,200	6,247	6,200	6,247
Expenses for issuance of securities abroad	1,138	1,897	1,138	1,897
Others	19,041	7,927	19,361	7,931
Total	78,678	103,782	80,720	104,221

(1) In the second quarter of 2019, the Bank prepaid expenses related to the stock of commissions on originated operations that were being deferred, pursuant to BACEN Circular 3,738.

**13) Investments****a) Subsidiaries:**

Companies	Share Capital	Adjusted equity	Number of shares/ quotas held (in thousands)			Participation in capital	Adjusted results	Balance of Investments		Equity accounting adjustment (1) Six-month period ended	
			Common	Preferred	Units			%	6/30/2019	6/30/2019 12/31/2018	6/30/2019
Pan Arrendamento Mercantil S.A. (2)	356,736	344,209	11	-	-	100.00	(10,572)	344,209	354,781	(10,572)	1,608
Pan Administradora de Consórcio Ltda. (2)	42,388	53,805	-	-	48.168	100.00	3,853	53,805	49,952	3,853	1,759
Brazilian Securities Companhia de Securitização (2)(3)(4)	174,201	213,170	77,865	-	-	100.00	2,339	214,248	213,968	2,339	(1,801)
Brazilian Finance & Real Estate S.A. (2)	107,662	178,504	0,2	0,5	-	100.00	7,193	178,504	170,993	7,193	6,963
BM Sua Casa Promotora de Vendas Ltda. (3)	179,864	223,414	-	-	179.864	100.00	7,948	225,353	215,578	7,948	11,709
Total								1,016,119	1,005,272	10,761	20,238

(1) It considers the results determined by the companies subsequent to acquisition and includes equity variations in the investees not derived from results, as well as adjustments arising from the equalization of accounting principles, when applicable;

(2) Companies whose financial information for the six-month period ended June 30, 2019 was reviewed by the same independent auditor as that of Banco Pan;

(3) The carrying amounts of the related investments include goodwill on acquisition, net of amortization, amounting to R\$ 3,017, BM Sua Casa Promotora de Vendas Ltda. R\$ 1,939 and Brazilian Securities Companhia de Securitização R\$ 1,078;

(4) Company audited by other independent auditors at 06/30/2018 and 12/31/2018.

**b) Other Investments:**

Bank and Consolidated	6/30/2019	12/31/2018
Asset and Security Registration Center (Certa)	765	765
Interbank Payment Chamber (CIP)	379	379
Total	1.144	1.144

14) Property and equipment**a) Property and equipment comprise the following:**

Bank and Consolidated	Annual depreciation rate	Cost	Depreciation	Residual value	
				6/30/2019	12/31/2018
Facilities, furniture and equipment in use	10%	42,392	(29,152)	13,240	14,405
Security and communications systems	10%	1,791	(1,025)	766	891
Data processing systems	20%	30,546	(20,898)	9,648	8,797
Total at 6/30/2019		74,729	(51,075)	23,654	-
Total at 12/31/2018		70,991	(46,898)	-	24,093

b) Changes in property and equipment by category:

Bank and Consolidated	Facilities, furniture and equipment in use	Security and communications systems	Data processing systems	Total
Balance at 12/31/2018	14,405	891	8,797	24,093
Purchases	1,089	9	2,655	3,753
Depreciation	(2,254)	(134)	(1,804)	(4,192)
Balance at 6/30/2019	13,240	766	9,648	23,654

15) Intangible assets:**a) Intangible assets comprise the following:**

Bank	Amortization rate	Cost	Amortization	Residual value	
				6/30/2019	12/31/2018
Expenses with software development	20% to 50%	217,950	(115,282)	102,668	85,257
Goodwill	10%	229,514	(158,748)	70,766	82,242
Total at 6/30/2019		447,464	(274,030)	173,434	-
Total at 12/31/2018		420.884	(253.385)	-	167.499

Consolidated	Amortization rate	Cost	Amortization	Residual value	
				6/30/2019	12/31/2018
Expenses with software development	20% to 50%	218,852	(115,950)	102,902	85,514
Goodwill	10%	250,532	(173,284)	77,248	89,774
Total at 6/30/2019		469,384	(289,234)	180,150	-
Total at 12/31/2018		442,804	(267,516)	-	175,288



b) Changes in intangible assets by category:

Bank	Expenses with software development	Goodwill	Total
Balance at 12/31/2018	85,257	82,242	167,499
Additions	31,367	-	31,367
Reductions	(195)	-	(195)
Amortization	(13,761)	(11,476)	(25,237)
At 6/30/2019	102,668	70,766	173,434

Consolidated	Expenses with software development	Goodwill	Total
Balance at 12/31/2018	85,514	89,774	175,288
Additions	31,367	-	31,367
Reductions	(195)	-	(195)
Amortization	(13,784)	(12,526)	(26,310)
At 6/30/2019	102,902	77,248	180,150

16) Deposits, funds obtained in the open market and funds from acceptance and issuance of securities

a) Deposits

Bank	Up to 30 days	31 to 90 days	91 to 180 days	181 to 360 days	Over 360 days	6/30/2019	12/31/2018
Demand deposits (1)	21,209	-	-	-	-	21,209	17,369
Interbank deposits	6,445,534	375,121	17,033	31,462	572	6,869,722	7,719,458
Term deposits (2)	532,821	671,755	779,143	1,832,417	8,334,265	12,150,401	9,435,026
Total at 6/30/2019	6,999,564	1,046,876	796,176	1,863,879	8,334,837	19,041,332	-
Total at 12/31/2018	7,378,922	733,004	683,649	1,997,668	6,378,610	-	17,171,853

Consolidated	Up to 30 days	31 to 90 days	91 to 180 days	181 to 360 days	Over 360 days	6/30/2019	12/31/2018
Demand deposits (1)	20,994	-	-	-	-	20,994	17,319
Interbank deposits	6,219,542	375,107	12,517	2,861	-	6,610,027	7,463,438
Term deposits (2)	532,821	671,142	736,614	1,812,638	8,070,839	11,824,054	9,130,487
Total at 6/30/2019	6,773,357	1,046,249	749,131	1,815,499	8,070,839	18,455,075	-
Total at 12/31/2018	7,378,872	709,460	675,909	1,730,100	6,116,903	-	16,611,244

(1) Classified as from 1 to 30 days, without considering average historical turnover.

(2) Hedge accounting transactions (Note 7.f).

b) Funds obtained in the open market

Bank	Up to 30 days	31 to 90 days	91 to 180 days	181 to 360 days	Over 360 days	6/30/2019	12/31/2018
Own portfolio	294,435	-	-	7,334	98,334	400,103	269,524
Financial Treasury Bills (LFT)	104,403	-	-	7,334	98,334	210,071	112,426
National Treasury Notes (NTN)	190,032	-	-	-	-	190,032	157,098
Third-party portfolio	310,050	-	-	-	-	310,050	-
National Treasury Notes (NTN)	310,050	-	-	-	-	310,050	-
Total at 6/30/2019	604,485	-	-	7,334	98,334	710,153	-
Total at 12/31/2018	162,094	-	-	-	107,430	-	269,524



Consolidated	Up to 30 days	31 to 90 days	91 to 180 days	181 to 360 days	Over 360 days	6/30/2019	12/31/2018
Own portfolio	294,435	-	-	7,334	88,983	390,752	260,187
Financial Treasury Bills (LFT)	104,403	-	-	7,334	88,983	200,720	103,089
National Treasury Notes (NTN)	190,032	-	-	-	-	190,032	157,098
Third-party portfolio	310,050	-	-	-	-	310,050	-
National Treasury Notes (NTN)	310,050	-	-	-	-	310,050	-
Total at 6/30/2019	604,485	-	-	7,334	88,983	700,802	-
Total at 12/31/2018	162,094	-	-	-	98,093	-	260,187

c) Funds from acceptance and issuance of securities

Bank and Consolidated	Up to 30 days	31 to 90 days	91 to 180 days	181 to 360 days	Over 360 days	6/30/2019	12/31/2018
Financial Bills	343	7,191	-	33,092	1,277,721	1,318,347	727,806
Agribusiness letters of credit (LCA)	2,494	402	276	1,785	539	5,496	6,323
Real estate letters of credit (LCI)	204,679	82,156	101,598	107,777	55,938	552,148	515,832
Total at 6/30/2019	207,516	89,749	101,874	142,654	1,334,198	1,875,991	-
Total at 12/31/2018	177,065	51,131	50,953	342,358	628,454	-	1,249,961

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

	Bank		Consolidated	
	6/30/2019	6/30/2018	6/30/2019	6/30/2018
Time deposits	666,908	356,855	657,250	348,612
Interbank deposits	257,128	279,565	249,262	271,976
Marketable securities issued abroad and subordinated debts	86,047	79,453	86,047	79,453
Funds raised abroad - subordinated debt (Note 18)	36,871	(31,979)	36,871	(31,979)
Financial bills	34,534	30,380	34,534	30,380
Foreign exchange variations	(19,459)	250,231	(19,459)	250,231
Credits assigned with retention of risk	17,079	15,230	17,079	15,230
Housing loan bills	16,086	33,527	16,086	33,527
Purchase and sale commitments	8,324	28,373	8,063	28,129
Contributions to the deposit guarantee fund	6,604	5,143	6,604	5,143
Agribusiness letters of credit	163	2,564	163	2,564
Total	1,110,285	1,049,342	1,092,500	1,033,266

17) Interbank accounts

Bank and Consolidated	6/30/2019	12/31/2018
Receipts and payments pending settlement	620,434	615,912
Local correspondents (1)	150,776	112,716
Total	771,210	728,628

(1) Refer to the receipt of installments related to contracts assigned to be transferred to the assignees, updated at the agreed contractual rates. The accounts are represented by consumer financing, payroll-linked loans, and real-estate financing.



18) Subordinated debts

Tranches and balances updated to the balance sheet dates are as follows:

Amount of the operation	Bank and Consolidated	
	6/30/2019	12/31/2018
Foreign:		
(1) US\$ 456,792	1,806,841	1,790,563
Local:		
(2) R\$ 100,000	-	186,757
(3) R\$ 500	844	812
(4) R\$ 8,000	8,130	-
Total	1,815,815	1,978,132

(1) The mark-to-market adjustment of the subordinated debts was accounted for in the result of operations of funds obtained in the market, which represented an expense of R\$ 36,871 in the quarter ended 6/30/2019 (income of R\$ 31,979 in the quarter ended 6/30/2018). This transaction had a market risk hedge (Note 7.f.)

(2) Subordinated Financial Bills issued on June 5, 2013, maturing on April 5, 2019.

(3) Subordinated Financial Bills issued on October 13, 2014, maturing on October 14, 2019.

(4) Subordinated Financial Bills issued on April 18, 2019, maturing on April 16, 2027.

19) Provisions, contingent assets and liabilities and legal obligations (tax and social security):

Provisions

The Bank is a party to labor, civil and tax lawsuits arising in the normal course of its business. The corresponding provisions are constituted for all civil and labor processes and for tax processes whenever losses are deemed probable, supported by the history of losses, position of the legal advisors, the type and complexity of the lawsuits, and recent court sentences. The provision recorded is sufficient to cover the risk of loss arising from these lawsuits.

Labor claims

The claims have been brought by former employees and service providers, to obtain the rights as bank payroll employees, and, in particular, overtime, based on Article 224 of the Consolidation of Labor Laws (CLT), or ancillary responsibility in lawsuits involving service providers.

Labor claims are under the responsibility of external legal counsel and managed individually through a computerized system.

Despite the engagement and assessment by specialized legal counsel labor claims are provisioned to reflect the history of loss in similar lawsuits that were concluded in the last 12 or 24 months, depending on the plaintiff.

Civil

These are condemnatory lawsuits to pay, indemnify or review claims and tariffs.

Civil lawsuits that are managed via a computerized system are as follows:



1) lawsuits with common characteristics

In the methodology used to calculate civil provisions for lawsuits with common characteristics, a statistical model is applied before the decisions is handed down to calculate the average loss over the last 12 months by cluster.

2) unique civil lawsuits

The provision is recorded individually when the likelihood of loss is assessed as probable, based on the advice of internal legal counsel, legal firms, nature and complexity of the related lawsuits, and the applicable case law.

There are no significant administrative actions for non-compliance with National Financial System rules and regulations or that could require the payment of fines, which could have a material effect on the financial position of the Bank or its subsidiaries.

I. Provisions segregated by nature:

	Bank		Consolidated	
	6/30/2019	12/31/2018	6/30/2019	12/31/2018
Civil	309,064	276,363	323,038	290,599
Labor claims	212,563	279,008	222,737	290,927
Tax	1,146	1,002	48,849	27,341
Total (Note 20.b)	522,773	556,373	594,624	608,867

II. Changes in provisions:

Bank	Civil	Labor	Tax	Total
At 12/31/2018	276,363	279,008	1,002	556,373
Reductions/adjustment	(54,969)	(49,464)	(167)	(104,600)
Constituted, net of amounts reversed	87,670	(16,981)	311	71,000
At 6/30/2019	309,064	212,563	1,146	522,773

Consolidated	Civil	Labor	Tax	Total
At 12/31/2018	290,599	290,927	27,341	608,867
Reductions/adjustment	(57,813)	(49,724)	(167)	(107,704)
Constituted, net of amounts reversed	90,252	(18,466)	21,675	93,461
At 6/30/2019	323,038	222,737	48,849	594,624



I. Contingent liabilities classified as possible losses:

In the third quarter of 2012, a tax assessment notice was issued against Pan Arrendamento Mercantil S.A. by the Brazilian Federal Revenue Service (RFB), through which the tax authority assessed income tax and social contribution on net income allegedly owed for the tax years 2007 and 2008, totaling R\$ 19,167, including fines and interest on arrears. A decision was issued for the Voluntary Appeal, Pan filed requests for clarification, which are now waiting the related decision.

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

In final quarter of 2013, tax assessment notices were issued against Pan Arrendamento Mercantil S.A. by the São Paulo municipal tax authority for Services Tax (ISS) payable on guaranteed residual value (VRG) charged on lease transactions from 2008 to 2012, totaling R\$ 43,656, including fines and interest on arrears. The objection and appeals filed with the Municipal Board of Taxes of São Paulo were irrevocably considered as having being without merit in the final instance. The municipality filed a tax foreclosure and the entity filed an action for annulment against the municipality of São Paulo, which obtained a partially favorable outcome in the court of appeals. This proceeding is currently awaiting a decision to be issued on the requests for clarification.

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

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



During the last quarter of 2017, the RFB issued three tax assessment notices against Banco PAN S.A. through which tax credits were constituted for: (i) social security, mainly profit sharing to employees in 2013; (ii) Withholding Income Tax (IRRF), for an alleged capital gain on the acquisition of an ownership interest abroad in 2013; and (iii) income tax and social contribution related to 2012. The total claims plus fines and interest on arrears, amount to R\$ 111,411. In the first of the two proceedings the Voluntary Appeal of the Bank at the Administrative Board of Tax Appeals was deemed to be without merit. As a result the Bank filed requests for clarification. The second proceeding is awaiting a decision on the Voluntary Appeal with the Administrative Board of Tax Appeals. An administrative appeal was filed for the third proceeding, which is now awaiting the decision of the RFB Trial Panel.

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

20) Other Liabilities

a) Tax and social security:

	Bank		Consolidated	
	6/30/2019	12/31/2018	6/30/2019	12/31/2018
Social Contribution on Revenues (COFINS)	14,065	12,225	14,591	12,605
Taxes and contributions on salaries	10,959	12,108	10,995	12,578
Taxes and contributions on income	37,777	9,052	45,677	17,846
Withholding tax at source on payments to third parties	7,236	7,085	7,282	7,140
Government Social Integration Program (PIS)	2,286	1,987	2,383	2,060
Service tax (ISS)	1,368	1,474	1,411	1,520
Withholding tax on fixed-income securities	121	459	121	460
Provision for deferred income tax (Note 31.b/e)	26,689	-	112,262	85,271
Total	100,501	44,390	194,722	139,480

b) Sundry obligations:

	Bank		Consolidated	
	6/30/2019	12/31/2018	6/30/2019	12/31/2018
Provision for payments to be effected	790,371	599,977	791,123	600,657
Civil, labor and tax provisions (Note 19)	522,773	556,373	594,624	608,867
Assignment with co-obligation (1)	283,053	416,401	283,053	416,401
Collections	101,773	131,114	102,014	131,355
Credit card transactions	40,466	27,682	41,408	27,682
Amounts payable to affiliates	9,601	6,283	8,472	5,345
Specific consortium amounts	-	-	9,238	9,186
Others	57,874	42,580	58,224	43,746
Total	1,805,911	1,780,410	1,888,156	1,843,239

(1) Refer to the obligations assumed by credit assignment operations, with substantial retention of risks and benefits (Note 8.f - II).



21) Equity

a) Composition of share capital

At 6/30/2019 and 12/31/2018, fully subscribed and paid-up capital totaled R\$ 3,653,410 and comprised nominative registered shares, with no par value, as below:

	6/30/2019	12/31/2018
Common	657,560,635	657,560,635
Preferred	484,245,486	484,245,486
Total	1,141,806,121	1,141,806,121

b) Revenue reserves

Legal reserve - pursuant to its Bylaws, the Bank appropriates 5% of net income, after the deduction of accumulated losses and the income tax provision, to the legal reserve, the balance of which should not exceed 20% of the Bank's paid-up capital. However, in accordance with Article 193, paragraph 1, of Corporation Law 6,404/76, the Bank may opt not to appropriate a portion of its net income to the legal reserve in the year in which the balance of this reserve plus the capital reserves exceeds 30% of capital.

Reserve for integrity of equity - the purpose of the reserve is to ensure that there are sufficient funds to meet the Bank's regulatory and operational capital requirements. The reserve can be converted into capital by a decision of the Board of Directors. Observing the limit of authorized capital, the reserve could be formed, in accordance with the Board of Directors' proposal, with up to 100% of the net income remaining after the annual appropriations, but may not exceed the amount of the Bank's capital.

c) Interest on capital

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

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

	6/30/2019	% (1)	6/30/2018	% (1)
Profit before legal reserve	213,814		98,764	
(-) Legal reserve	(10,691)		(4,938)	
Calculation base	203,123		93,827	
Interest on capital (gross) provisioned	83,639	41,2%	38,634	41,2%
Withholding income tax on interest on capital	(12,546)		(5,795)	
Interest on capital (net) provisioned	71,093	35,0%	32,839	35,0%

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

**22) Income from services rendered**

	Bank		Consolidated	
	6/30/2019	6/30/2018	6/30/2019	6/30/2018
Loan operations	94,076	74,716	94,090	74,735
Credit cards	57,761	62,462	57,761	62,462
Business intermediation	27,015	21,548	27,015	21,548
Consortium plan management	-	-	13,836	13,931
Others	5,657	6,231	5,804	6,339
Total	184,509	164,957	198,506	179,015

23) Personnel expenses

	Bank		Consolidated	
	6/30/2019	6/30/2018	6/30/2019	6/30/2018
Payroll	134,781	131,189	135,213	131,609
Social charges	41,054	36,442	41,196	36,597
Benefits (Note 30)	34,146	29,990	34,289	30,183
Fees (Note 28.b)	12,507	6,302	12,507	6,302
Others	3,109	1,270	3,109	1,271
Total	225,597	205,193	226,314	205,962

24) Other administrative expenses

	Bank		Consolidated	
	6/30/2019	6/30/2018	6/30/2019	6/30/2018
Commissions paid to correspondent banks	539,206	466,116	542,535	469,757
Third-party services	142,515	136,628	151,084	146,822
Data processing	95,832	87,319	95,906	87,416
Financial system services	64,633	65,945	65,039	66,469
Rentals	25,131	19,987	25,322	20,179
Communication	22,931	23,027	23,036	23,187
Depreciation and amortization	17,953	14,461	17,976	14,486
Advertising, promotions and publicity	15,123	14,346	15,316	14,648
Expenses for search and seizure of assets	15,452	14,312	15,464	14,349
Transportation	2,617	2,298	2,624	2,308
Maintenance and conservation of property	2,840	2,656	2,844	2,661
Fees and charges	2,965	2,126	3,278	2,621
Travel	2,507	1,026	2,510	1,030
Water, power and gas	1,371	1,093	1,376	1,097
Consumption materials	800	602	800	602
Others	14,115	22,977	15,080	24,751
Total	965,991	874,919	980,190	892,383

**25) Tax Expenses**

	Bank		Consolidated	
	6/30/2019	6/30/2018	6/30/2019	6/30/2018
Social contribution on revenues (COFINS)	62,832	60,398	65,843	63,773
Social Integration Program (PIS)	10,210	9,814	10,772	10,441
Services Tax (ISS)	8,390	7,247	8,675	7,543
Taxes and charges	2,455	1,914	3,466	3,852
Total	83,887	79,373	88,756	85,609

26) Other Operating Income and Expenses**a) Other operating income**

	Bank		Consolidated	
	6/30/2019	6/30/2018	6/30/2019	6/30/2018
Recovery of charges and expenses (1)	137,294	76,054	138,346	76,509
Reversal of provisions	4,982	666	8,879	4,154
Indexation/ interest accruals and foreign exchange gains	26,840	18,938	27,743	19,693
Residual benefit in securitized transactions	-	-	1,005	956
Others	664	2,582	3,042	6,765
Total	169,780	98,240	179,015	108,077

(1) Includes the recovery of PIS and COFINS credits that are calculated based on commissions and expenses.

b) Other operating expenses

	Bank		Consolidated	
	6/30/2019	6/30/2018	6/30/2019	6/30/2018
Assignment of loans	684,605	621,226	684,605	621,226
Provisions	74,457	119,886	101,296	129,811
Loss on loan/financing operations and frauds	26,329	23,154	26,329	23,154
Discounts granted	20,008	17,479	20,008	17,479
Amortization of goodwill (Note 15)	11,965	11,965	12,526	12,526
Liens	11,700	8,917	11,736	8,945
Indexation accrual/foreign exchange losses	8,769	20,765	8,769	20,765
Others	7,457	16,153	8,086	17,618
Total	845,290	839,545	873,355	851,524

27) Non-operating loss

	Bank		Consolidated	
	6/30/2019	6/30/2018	6/30/2019	6/30/2018
Result on sale of other assets	(26,481)	(9,496)	(26,730)	(9,285)
Reversal/(devaluation) of provision for other assets	5,074	5,477	5,175	5,600
Impairment of nonfinancial assets	(1,185)	(1,113)	(1,185)	(1,113)
Others	-	14	-	14
Total	(22,592)	(5,118)	(22,740)	(4,784)



28) Balances and Transactions with Related Parties

Transactions with related parties (direct and indirect) are carried out under conditions and rates which are compatible with the average terms practiced with third parties effective on the contract dates.

a) Balances and transactions with related parties

Bank	Maturity	6/30/2019	12/31/2018	6/30/2019	6/30/2018
		Assets (liabilities)	Assets (liabilities)	Income (expenses)	Income (expenses)
Short-term interbank investments (a)		310,050	-	8,070	8,755
Banco BTG Pactual S.A.	7/1/2019	310,050	-	7,715	8,148
Caixa Econômica Federal	No term	-	-	355	607
Loan assignment (b)		2,116,071	1,652,816	463,253	342,565
Caixa Econômica Federal	No term	2,116,071	1,652,816	463,253	342,565
Other credits		23,523	15,858	-	-
Caixa Econômica Federal	No term	12,729	5,858	-	-
,Too Seguros S.A.	No term	5,291	4,470	-	-
Pan Adm. e Corret. de Seg.de Prev. Privada Ltda.	No term	21	24	-	-
Brazilian Securities Companhia de Securitização (c)	No term	1,105	1,256	-	-
Pan Administradora de Consórcio Ltda.(c)	No term	378	251	-	-
Brazilian Finance & Real Estate S.A. (c)(d)	No term	3,999	3,999	-	-
Demand deposits (e)		(778)	(480)	-	-
,Too Seguros S.A.	No term	(343)	(343)	-	-
Pan Adm. e Corret. de Seg.de Prev. Privada Ltda.	No term	(221)	(35)	-	-
Pan Administradora de Consórcio Ltda.	No term	(177)	(16)	-	-
Pan Arrendamento Mercantil S.A.	No term	(26)	(20)	-	-
BM sua Casa Promotora de Vendas Ltda.	No term	(3)	(4)	-	-
Brazilian Finance & Real Estate S.A.	No term	(4)	(6)	-	-
Brazilian Securities Companhia de Securitização	No term	(4)	(3)	-	-
Key management personnel	No term	-	(53)	-	-
Interbank deposits (f)		(6,406,416)	(7,367,646)	(243,996)	(272,838)
Banco BTG Pactual S.A.	7/1/2019	(130,022)	(95,000)	(4,112)	(1,615)
Caixa Econômica Federal	7/23/2019	(6,016,699)	(7,016,627)	(232,018)	(263,634)
Pan Arrendamento Mercantil S.A.	5/23/2022	(259,695)	(256,019)	(7,866)	(7,589)
Time deposits (g)		(384,114)	(352,222)	(11,533)	(10,096)
Pan Adm. e Corret. de Seg.de Prev. Privada Ltda.	5/30/2022	(6,539)	(7,176)	(244)	(661)
Pan Administradora de Consórcio Ltda.	6/13/2022	(48,406)	(43,640)	(1,427)	(1,223)
Brazilian Securities Companhia de Securitização	5/30/2022	(152,731)	(143,918)	(4,546)	(3,786)
Brazilian Finance & Real Estate S.A.	6/8/2022	(96,679)	(90,600)	(2,858)	(3,025)
BM sua Casa Promotora de Vendas Ltda.	6/6/2022	(28,530)	(26,381)	(827)	(210)
Banco BTG Pactual S.A.	6/27/2023	(48,168)	(37,843)	(1,537)	(1,127)
Key management personnel	5/10/2023	(3,061)	(2,664)	(94)	(64)
Liabilities for purchase and sale commitments		(509,433)	(89,336)	(3,394)	(1,428)
Banco BTG Pactual S.A.	-	-	(79,999)	(2,823)	(972)
Caixa Econômica Federal	7/1/2019	(500,082)	-	(311)	(212)
Pan Administradora de Consórcio Ltda.	2/28/2023	(9,351)	(9,337)	(260)	(244)
Funds from real estate and agribusiness letters of credit and financial bills (h)		(242,214)	(8,434)	(2,091)	(1,251)
Banco BTG Pactual S.A.	3/2/2022	(238,829)	(3,758)	(1,993)	(1,109)
Key management personnel	05/05/2020	(3,385)	(4,676)	(98)	(142)



Notes to quarterly information

Derivative financial instruments (i)		138,043	77,959	2,393	(130,089)
Banco BTG Pactual S.A.	7/1/2020	138,043	77,959	2,393	(130,089)
Other obligations		(9,602)	(6,283)	-	-
,Too Seguros S.A.	No term	(8,472)	(5,345)	-	-
Brazilian Finance & Real Estate S.A.	No term	(760)	(730)	-	-
Brazilian Securities Companhia de Securitização	No term	(369)	(192)	-	-
Pan Administradora de Consórcio Ltda.	No term	(1)	(16)	-	-
Income from services rendered (j)		-	-	27,548	23,133
,Too Seguros S.A.	-	-	-	26,872	21,432
Pan Administradora de Consórcio Ltda.	-	-	-	9	187
Caixa Econômica Federal	-	-	-	667	1,514
Personnel expenses		-	-	(130)	(140)
,Too Seguros S.A.	-	-	-	(130)	(140)
Other administrative expenses		-	-	(12,196)	(14,045)
,Too Seguros S.A.	-	-	-	(2,846)	(3,114)
Banco BTG Pactual S.A.	-	-	-	(1,508)	(1,197)
BTG Pactual Corretora	-	-	-	(53)	(80)
Tecban S.A.	-	-	-	(358)	(750)
Câmara Interbancária de Pagamentos	-	-	-	(7,431)	(8,904)
Income from loan assignments		-	-	357,610	595,659
Caixa Econômica Federal	-	-	-	297,568	595,659
Banco BTG Pactual S.A.	-	-	-	60,042	-

(a) Refers to the Bank's investments with rates equivalent to those of the CDI;

(b) Refers to the performance bonus on the assignment of credits without recourse.

(c) Balance accrued related to dividends to be paid up to 12/31/2019 of which: R\$ 2,656 relates to Brazilian Finance & Real Estate S.A., R\$ 432 to Brazilian Securities Companhia de Securitização, and R\$ 244 to Pan Administradora de Consórcio Ltda.

(d) Balance provisioned of R\$ 1,343, related to the remaining balance of the capital decrease of Brazilian Finance & Real Estate S.A., according to the Extraordinary General Meeting held on 9/18/2013.

(e) Refer to the outstanding balances of current accounts of affiliates held at the Bank.

(f) Refer to the funding through interbank deposits with rates equivalent to those of the CDI.

(g) Refer to the funding through time deposits effected at the Bank.

(h) Refer to the raising of funds through agribusiness and real estate letters of credit and financial bills with rates at an average of 104.38% of the CDI.

(i) Refer to swaps.

(j) Refer to the commissions paid to the Bank for insurance intermediation and the commissions paid to the correspondent for business intermediation.



Notes to quarterly information

Consolidated	Maturity	6/30/2019	12/31/2018	6/30/2019	6/30/2018
		Assets	Assets	Income	Income
		(liabilities)	(liabilities)	(expenses)	(expenses)
Available funds (a)		600	769	-	-
Caixa Econômica Federal	7/1/2019	600	769	-	-
Interbank investments (b)		310,050	-	8,070	8,755
Banco BTG Pactual S.A.	01/07/2019	310,050	-	7,715	8,148
Caixa Econômica Federal	No term	-	-	355	607
Loan assignment (c)		2,116,071	1,652,816	463,253	342,565
Caixa Econômica Federal	No term	2,116,071	1,652,816	463,253	342,565
Other credits		18,041	10,352	-	-
Caixa Econômica Federal	No term	12,729	5,858	-	-
,Too Seguros S.A.	No term	5,291	4,470	-	-
Pan Adm. e Corret. de Seg.de Prev. Privada Ltda.	No term	21	24	-	-
Demand deposits (d)		(564)	(431)	-	-
,Too Seguros S.A.	No term	(343)	(343)	-	-
Pan Adm. e Corret. de Seg.de Prev. Privada Ltda.	No term	(221)	(35)	-	-
Key management personnel	No term	-	(53)	-	-
Interbank deposits (e)		(6,146,721)	(7,111,627)	(236,130)	(265,249)
Banco BTG Pactual S.A.	7/1/2019	(130,022)	(95,000)	(4,112)	(1,615)
Caixa Econômica Federal	7/23/2019	(6,016,699)	(7,016,627)	(232,018)	(263,634)
Time deposits (f)		(57,768)	(47,683)	(1,875)	(1,852)
Pan Adm. e Corret. de Seg.de Prev. Privada Ltda.	5/30/2022	(6,539)	(7,176)	(244)	(661)
Banco BTG Pactual S.A.	6/27/2023	(48,168)	(37,843)	(1,537)	(1,127)
Key management personnel	5/10/2023	(3,061)	(2,664)	(94)	(64)
Liabilities for purchase and sale commitments		(500,082)	(79,999)	(3,134)	(1,184)
Banco BTG Pactual S.A.	-	-	(79,999)	(2,823)	(972)
Caixa Econômica Federal	7/1/2019	(500,082)	-	(311)	(212)
Funds from real estate and agribusiness letters of credit and financial bills (g)		(242,214)	(8,434)	(2,091)	(1,251)
Banco BTG Pactual S.A.	3/2/2022	(238,829)	(3,758)	(1,993)	(1,109)
Key management personnel	05/05/2020	(3,385)	(4,676)	(98)	(142)
Derivative financial instruments (h)		138,043	77,959	2,393	(130,089)
Banco BTG Pactual S.A.	7/1/2020	138,043	77,959	2,393	(130,089)
Other obligations		(8,472)	(5,345)	-	-
,Too Seguros S.A.	No term	(8,472)	(5,345)	-	-
Income from services rendered (i)		-	-	27,539	22,946
,Too Seguros S.A.	-	-	-	26,872	21,432
Caixa Econômica Federal	-	-	-	667	1,514
Personnel expenses		-	-	(130)	(140)
,Too Seguros S.A.	-	-	-	(130)	(140)
Other administrative expenses		-	-	(12,196)	(14,045)
,Too Seguros S.A.	-	-	-	(2,846)	(3,114)
Banco BTG Pactual S.A.	-	-	-	(1,508)	(1,197)
BTG Pactual Corretora	-	-	-	(53)	(80)
Tecban S.A.	-	-	-	(358)	(750)



Consolidated	Maturity	6/30/2019	12/31/2018	6/30/2019	6/30/2018
		Assets (liabilities)	Assets (liabilities)	Income (expenses)	Income (expenses)
Interbank Payment Chamber	-	-	-	(7,431)	(8,904)
Income from loan assignments				357,610	595,659
Caixa Econômica Federal	-	-	-	297,568	595,659
Banco BTG Pactual S.A.	-	-	-	60,042	-

(a) Refer to current accounts with Brazilian Securities Companhia de Securitização, BM Sua Casa Promotora de Vendas Ltda. and Brazilian Mortgages Companhia Hipotecária.

(b) Refers to the Bank's investments with rates equivalent to those of the CDI;

(c) Refers to the performance bonus on the assignment of credits without recourse.

(d) Refer to the outstanding balances of current accounts of affiliates held at the Bank.

(e) Refer to the funding through interbank deposits with rates equivalent to those of the CDI.

(f) Refer to the funding through time deposits effected at the Bank.

(g) Refer to the raising of funds through agribusiness and real estate letters of credit and financial bills with rates at an average of 104.38% of the CDI.

(h) Refer to swaps.

(i) Refer to the commission paid to the Bank for insurance intermediation.

b) Key management remuneration:

At the Extraordinary General Meeting held on 05/22/2019, the maximum overall amount for remuneration of the PAN Conglomerate Officers for the year 2019 was approved (irrespective of the year in which the amounts are paid) at the amount of R\$ 25,385 (R\$ 22,423 in 2018).

Short-term benefits provided to management (1)

Bank and Consolidated	6/30/2019	6/30/2018
Fees (Note 23)	12,507	6,302
Social security contributions (INSS)	2,814	1,418
Total	15,321	7,720

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

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

• Other information

Pursuant to legislation, the Bank carries out loan operations with parties considered as related parties. These operations are made only in market conditions, including within related limits, interest rates, grace periods, maturities and required guarantees. Criteria are in place to classify these operations according to their risks when recording the allowance for losses without additional or differentiated benefits in relation to the operations carried out with other similar customers.



29) Financial Instruments

- **Risk management**

The Bank operates with derivative financial instruments which are recorded in its balance sheet, income and expenses and memorandum accounts.

The Bank's management establishes a risk policy and exposure limits. The control and compliance management area, which is independent of the business and operational areas, is responsible for identifying, assessing, monitoring and reporting compliance with the risk guidelines established by management.

- **Capital management**

The Bank considers capital management to be a strategic process designed to optimize the utilization of available capital, contribute to the achievement of its strategic objectives and comply with the minimum capital limits established by the regulatory authority.

The Bank's capital management framework is compatible with the nature of its operations, the complexity of its products and services and its risk exposure and covers all the companies of the Group's financial conglomerate.

Capital management is a continuous process for (i) monitoring and controlling capital; (ii) assessing the need for capital to meet potential risks; and (iii) planning the capital targets and requirements. Capital management is based on the Bank's strategic objectives, business opportunities and the regulatory environment.

The Bank manages its capital based on a timely and prospective approach, in line with best practices and in compliance with the recommendations issued by the Basel Committee, through policies and strategies that anticipate the capital that could be required as a result of possible changes in market conditions, and which are reviewed periodically by the Executive Board and Board of Directors.

OPERATING LIMITS - BASEL ACCORD

Banco PAN complies with the minimum capital requirements established by CMN Resolutions 4,192/13 and 4,193/13. Required capital amounts are calculated in accordance with BACEN Circular 3,644/13 for credit risk, BACEN Circulars 3,634/13 to 3,639/13, 3,641/13 and 3,645/13 for market risk, and BACEN Circular 3,640/13 for operating risk.



The calculation of the indicators of Prudential Capital of the Conglomerate were as follows:

Calculation base - Basel index	6/30/2019	12/31/2018
Tier I reference equity	2,416,519	2,273,783
Core capital	2,416,519	2,273,783
Tier II reference equity	-	358,112
Reference equity for comparison with risk-weighted assets (RWA)	2,416,519	2,631,895
Reference equity	2,416,519	2,631,895
- Credit risk	16,337,460	16,104,846
- Market risk	3,799	311,627
- Operating risk	2,298,576	2,278,424
Risk-weighted assets (RWA)	18,639,835	18,694,897
Basel index	12.96%	14.08%
Tier I	12.96%	12.16%
Tier II	-	1.92%

- **Credit risk**

Credit risk can arise from losses from the non-fulfillment by customers or counterparties of their corresponding financial obligations under the agreed terms, the devaluation of a loan agreement as a result of a deterioration in the borrower's risk rating, decreased gains or remuneration, advantages granted in renegotiations and recovery costs.

Management of credit risks involves policies and strategies, operating limits, risk mitigation techniques and procedures for maintaining the credit risk exposure at levels which are considered to be acceptable by the Institution.

- **Market risk**

This risk arises from the possibility of loss from rate fluctuations and the mismatching of the terms and currencies of the consolidated asset and liability portfolios. These risks are managed daily through methodologies established by best practice guidelines.

The transactions are exposed to the following risk factors: fixed interest rates, interest rates linked to foreign exchange variations and their corresponding spot rates, interest rates linked to price indices (National Consumer Price Index (INPC), National Civil Construction Index (INCC), Amplified Consumer Price Index (IPCA) and the General Market Price Index (IGPM), as well as other interest rates (TR), foreign exchange variations (US\$) and share price variations.

The financial instruments are segregated into the following portfolios:

Trading portfolio: all transactions conducted with financial instruments, including derivatives, realized with the intention of trading or for hedging other trading portfolio instruments. Transactions held for trading are those intended for resale, for obtaining benefits from effective or expected changes in prices or arbitrage.

Banking portfolio: all transactions not classified in the trading portfolio. These consist of structural operations arising from the business lines of the organization and any related hedges.

**Sensitivity analysis:**

Risk factors	Trading and Banking Portfolio exposures subject to variation:	SCENARIOS(*)		
		(1) Probable	(2) Possible	(3) Remote
Interest rates	Fixed interest rates	(235)	(40,838)	(75,931)
Coupon - other interest rates	Coupon rates of interest rates	(176)	(10,043)	(18,878)
Coupon - price index	Coupon rates of price indices	(4)	(887)	(1,292)
Foreign currency	Foreign exchange rates	(13)	(323)	(646)
Foreign exchange coupon	Foreign exchange coupon rates	(1)	(141)	(280)
Total at 6/30/2019		(429)	(52,232)	(97,027)
Total at 12/31/2018		(1,323)	(220,780)	(424,981)

(*) Amounts gross of taxes.

The sensitivity analysis was effected based on the market data for the last day in March 2019, considering the adverse impact on the positions for each scenario. The effects do not consider the correlation between the scenario and the risk factors and tax effects.

Scenario 1: a one basis point (0.01%) stress factor (upward or downward) was applied to the forward interest rate structure in all vertices/terms. For example: Rate of 10% per annum becomes 10.01% p.a. or 9.99% p.a. For foreign currencies and shares, a 1% shock was applied to the effective price.

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

Scenario 3: A stress factor (increase or decrease) of 50% was applied to the rates (application of the multiplier of 1.50). For example: Rate of 10% p.a. becomes 15.00% p.a. or 5% p.a. For foreign currencies and shares, a 50% shock was applied to the effective price.

The results of scenarios (2) and (3) refer to simulations which involve significant stress situations, without considering correlated factors among the indices. They do not reflect possible variations arising from market dynamics, the probability of the occurrence of which is considered to be low, and also, from measures which could be taken by the Institution itself to mitigate any potential risks.

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

**Foreign Exchange Exposure**

The assets and liabilities linked to foreign currencies at 6/30/2019 and 12/31/2018 are presented below:

Assets - U.S. dollar	6/30/2019	12/31/2018
Credit operations (ACC/CCE)	39,684	61,150
Total assets	39,684	61,150

Liabilities - U.S. Dollar	6/30/2019	12/31/2018
Subordinated debts	1,806,841	1,790,563
Total liabilities	1,806,841	1,790,563

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

At 6/30/2019 and 12/31/2018, the position of derivative financial instruments in foreign currency was as follows:

	Notional value		Market value	
	6/30/2019	12/31/2018	6/30/2019	12/31/2018
Purchased position - U.S. Dollar				
Swap	1,139,259	1,128,662	1,884,545	1,909,407
DDI	76,968	74,556	76,968	74,556
Options	-	222	-	222
Total	1,216,227	1,203,440	1,961,513	1,984,185
Sold position - U.S. Dollar				
Swap	-	25,568	-	25,735
DDI	76,968	95,563	76,968	95,563
DOL	28,859	24,240	28,859	24,240
Options	-	67	-	67
Total	105,827	145,438	105,827	145,605

- Liquidity risk**

Liquidity risk is defined as the possibility of the Bank not being able to efficiently honor its expected and unexpected, current and future obligations, including those arising from related guarantees, without affecting its daily transactions and without incurring significant losses; as also, the possibility of the Bank not being able to negotiate a specific position at market price, due to the amount being significant in relation to the financial volume usually transacted or because of some market discontinuity.

The liquidity position, mismatching of primary risk factors and the rates and terms of assets and liabilities in the portfolio are constantly monitored.



The Bank maintains adequate liquidity levels, resulting from the quality of its assets and risk controls, in accordance with the Liquidity Risk Management Policy established and the regulatory requirements of the National Monetary Council (CMN Resolutions 2,804/00 and 4,090/12). The results of the gap analyses designed to assess liquidity risk are reported every two weeks to the Treasury Committee.

- **Operating risk**

This risk refers to the possibility of losses occurring as a result of the failure, deficiency or inadequacy of internal processes, people and systems, or external events. This definition includes legal risk, which is the risk related to the inadequacy or deficiencies in contracts entered into by the Bank, as well as any sanctions imposed as a result of non-compliance with legal provisions and indemnities for damages to third parties arising from the activities carried out by the Institution.

The operating risk management structure is comprised of the Group's different areas and committees that participate in the operating and legal risk management process, with their respective roles and responsibilities, and comply with the segregation of duties. These areas and committees seek synergy, efficiency, process efficacy and effectiveness, besides respecting risk limits and appetite defined by the Group's management.

In compliance with the requirements established by BACEN Circular No. 3,678 / 13, information about the risk management process is available, at www.bancopan.com.br/ri Risk Management Report.

- **Market value**

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

Consolidated	6/30/2019			12/31/2018		
	Net book value	Market value	Unrealized profit (loss)	Net book value	Market value	Unrealized profit (loss)
Marketable securities	1,600,417	1,624,504	24,087	1.934.506	1.943.008	8.502
- Trading securities	53,426	53,426	-	401.225	401.225	-
- Available-for-sale securities	919,223	919,223	-	891.836	891.836	-
- Securities held to maturity	627,768	651,855	24,087	641.445	649.947	8.502
Loan operations	22,435,293	20,563,453	(1,871,840)	20.407.816	19.335.393	(1.072.423)
Interbank deposits	6,610,027	6,634,121	(24,094)	7.463.438	7.411.443	51.995
Time deposits	11,824,054	13,609,083	(1,785,029)	9.130.487	10.762.081	(1.631.594)
Funds from issuance of securities	1,875,991	1,902,627	(26,636)	1.249.961	1.266.549	(16.588)
Subordinated debts	1,815,815	1,817,023	(1,208)	1.978.132	1.977.240	892
Unrealized profit (loss) pre tax			(3,684,720)			(2,659,216)

Determination of the market value of financial instruments:

- The market values of marketable securities, subordinated debts and derivative financial instruments are based on market price quotations at the balance sheet date. When market quotations are not available, the market values are based on pricing models or equivalent instruments.



- The market values of the loan and leasing operations are determined by discounting future flows at the rates practiced in the market for equivalent transactions at the balance sheet date.
- The market values of time and interbank deposits and borrowings and onlendings are calculated by applying the rates practiced for equivalent instruments to the existing assets and liabilities at the balance sheet date.

30) Employee Benefits

PAN offers a number of social benefits to its employees, including: (a) healthcare assistance; (b) dental care assistance; (c) life insurance; (d) meal vouchers; (e) food vouchers. In the quarter ended 6/30/2019 benefit expenses amounted to R\$ 34,146 and R\$ 34,289 in the Bank and in the Consolidated, respectively (R\$ 29,990 and R\$ 30,183 in the Bank and in the Consolidated, respectively, in the six-month period ended 6/30/2018).

31) Income tax and social contribution

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

	Bank		Consolidated	
	6/30/2019	6/30/2018	6/30/2019	6/30/2018
Profit (loss) before income tax and social contribution	287,842	207,311	291,696	218,133
Nominal rate (1) / (2)	40%	45%	-	-
Total income tax and social contribution (charge) credit at the nominal rate	(115,137)	(93,290)	(114,744)	(95,074)
Effect on tax calculation:				
Equity in the results of investees	4,304	9,107	-	-
Other amounts	36,805	(24,364)	36,862	(24,295)
Income tax and social contribution expense	(74,028)	(108,547)	(77,882)	(119,369)

(1) Standard rate: (i) the provision for income tax is recorded based on the rate of 15% of taxable profit, plus a 10% surcharge; (ii) the social contribution on net income for financial companies is calculated at the rate of 15% and at the rate of 9% for other companies.

(2) On October 7, 2015, Law No. 13,169 / 15 was published, arising from Provisional Measure (MP) No. 675/15, which raised from 15% to 20% the rate of Social Contribution on Net Income (CSLL) of financial institutions as from September 1, 2015. The collection was effective up to December 31, 2018, returning to the 15% level from 2019.

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

Bank	At 12/31/2018	Constitution	Amount realized	At 6/30/2019
Allowance for losses	914,183	251,093	(276,378)	888,898
Provision for civil contingencies	110,545	35,194	(22,113)	123,626
Provision for labor contingencies	111,603	11,066	(37,644)	85,025
Provision for tax contingencies	401	57	-	458
Provision for loss on assets not for own use	21,451	1,059	(2,614)	19,896
Mark-to-market adjustment of derivatives	29,873	37,445	(67,318)	-
Other provisions	236,522	122,021	(44,741)	313,802
Total deferred tax assets on temporary differences	1,424,578	457,935	(450,808)	1,431,705
Income tax and social contribution losses	1,265,925	-	(16,613)	1,249,312
Total deferred tax assets (Note 11)	2,690,503	457,935	(467,421)	2,681,017
Deferred tax liabilities (Note 31.e)	-	(26,689)	-	(26,689)
Deferred tax assets, net of deferred tax liabilities	2,690,503	431,246	(467,421)	2,654,328



Consolidated	At 12/31/2018	Constituted	Amount realized	At 6/30/2019
Allowance for losses	927,066	251,291	(276,464)	901,893
Provision for civil contingencies	115,667	36,165	(23,178)	128,654
Provision for labor contingencies	115,709	12,669	(39,731)	88,647
Provision for tax contingencies	10,936	9,095	(493)	19,538
Provision for loss on assets not for own use	21,704	1,072	(2,627)	20,150
Mark-to-market adjustment of derivatives	39,710	37,445	(68,930)	8,225
Other provisions	235,389	122,649	(44,575)	313,462
Total deferred tax assets on temporary differences	1,466,181	470,386	(455,998)	1,480,569
Income tax and social contribution losses	1,466,823	41	(19,863)	1,447,001
Total deferred tax assets (Note 11)	2,933,004	470,427	(475,861)	2,927,570
Deferred tax liabilities (Note 31.e)	(85,271)	(27,044)	53	(112,262)
Deferred tax assets, net of deferred tax liabilities	2,847,733	443,383	(475,808)	2,815,308

c) Expected realization of deferred tax assets from temporary differences and income tax and social contribution carry-forward losses:

The projected realization of deferred tax assets was based on the study of the current and future scenarios, effected at 6/30/2019. The key assumptions used for the projections were macroeconomic indicators, production indicators and cost of funding. This projected realization of deferred tax assets, and of the assumptions adopted, was approved by the Bank's Board of Directors on 7/29/2019.

Deferred income tax and social contribution assets will be realized as the temporary differences are reversed or when they qualify for tax deductibility, or upon the offset of the tax losses, a portion of which offset is being challenged at the administrative level.

The estimated realization of these assets is as follows:

Bank	Temporary differences		Income tax and social contribution losses		Total	
	6/30/2019	12/31/2018	6/30/2019	12/31/2018	6/30/2019	12/31/2018
2019	457,511	749,253	16,716	11,823	474,227	761,076
2020	588,324	437,430	57,011	67,569	645,335	504,999
2021	253,011	75,246	71,454	118,822	324,465	194,068
2022	21,426	52,004	117,081	98,689	138,507	150,693
2023	16,268	37,894	147,088	139,755	163,356	177,649
2024	34,726	31,874	150,897	147,571	185,623	179,445
2025	9,572	25,510	169,640	161,316	179,212	186,826
2026	8,452	8,407	168,039	166,654	176,491	175,061
2027	4,914	4,914	192,505	191,843	197,419	196,757
2028	37,501	2,046	158,881	161,883	196,382	163,929
Total	1,431,705	1,424,578	1,249,312	1,265,925	2,681,017	2,690,503



Consolidated	Temporary differences		Income tax and social contribution losses		Total	
	6/30/2019	12/31/2018	6/30/2019	12/31/2018	6/30/2019	12/31/2018
2019	458,429	753,850	18,034	13,146	476,463	766,996
2020	592,854	441,682	59,444	70,582	652,298	512,264
2021	259,923	80,382	78,619	127,041	338,542	207,423
2022	23,602	57,363	132,155	113,256	155,757	170,619
2023	21,051	39,751	163,123	157,013	184,174	196,764
2024	38,444	33,309	169,800	167,696	208,244	201,005
2025	9,998	26,790	192,196	184,167	202,194	210,957
2026	16,950	8,407	190,014	190,438	206,964	198,845
2027	4,914	4,914	216,138	215,995	221,052	220,909
2028	37,501	19,733	185,706	188,513	223,207	208,246
2029	16,903	-	2,812	-	19,715	-
Total	1,480,569	1,466,181	1,408,041	1,427,847	2,888,610	2,894,028

As of 6/30/2019, the present value of the tax credits, calculated considering Banco PAN's average funding rate totaled R\$ 1,928,103 and R\$ 2,038,975 in the Consolidated (R\$ 1,788,995 in Banco PAN and R\$ 1,894,365 in the Consolidated on 12/31/2018).

In accordance with Article 5, paragraph 2 of CVM Resolution 3,059/02, the deferred tax assets from tax losses excluding the nondeductible depreciation surplus credit from leasing operations, of R\$ 38,960 (R\$ 38,976 at 12/31/2018), are not restricted to the generation of profits based on a technical study.

d) Unrecorded deferred tax assets:

At 6/30/2019, there were tax losses of approximately R\$ 230,396 in Bank and Consolidated (R\$230,396 at 12/31/2018 in Bank and Consolidated), in relation to which tax credits were not recorded amounting to R\$ 92,158 in Bank and Consolidated (R\$92,158 at 12/31/2018), since they did not meet all of the conditions established by BACEN.

e) Deferred tax liabilities:

Consolidated	At 12/31/2018	Constitution	Amount realized	At 6/30/2019
Adjustment to market value of marketable and other securities	(6,982)	(27,098)	54	(34,026)
Surplus depreciation	(78,289)	-	53	(78,236)
Total (Note 20.a – 31.b)	(85,271)	(27,098)	107	(112,262)



32) Other Information

- a) Guarantees and sureties granted totaled R\$ 304,587 at 6/30/2019 (R\$ 286,407 at 6/30/2018).
- b) The policy of the Bank and its subsidiaries is to contract insurance covering cash, checks received as collateral and assets at amounts which are considered sufficient to cover potential losses.
- c) At 6/30/2019 and 12/31/2018, the Bank and its subsidiaries had no lease agreements for own acquisitions.
- d) Agreements for the Clearing and Settlement of Liabilities - CMN Resolution 3,263/05: the Bank entered into agreements for the clearing and settlement of liabilities in the ambit of the National Financial System (SFN), in respect of transactions with corporate entities whether or not they were SFN members. This resolution is designed to permit the compensation of credits and debits maintained with the same counterparty, whereby the maturity of the related rights and obligations can be accelerated to the date on which an event of default by either party occurs or in the case of the bankruptcy of the debtor.
- e) On January 20, 2015, Law No. 13,097 was enacted, converting Provisional Measure 656/14, which, among other measures, amends the rules on the deduction of losses on receivables for defaults on contracts as from October 8, 2014 (article 9 of Law 9,430/96). For defaults on contracts prior to this date, the previously existing rules continue to be applicable.
- f) On 3/13/2019, CAIXAPAR exercised its right to acquire 50% of the shares subscribed and paid up by the co-controlling stockholder BTG Pactual in relation to the Capital Increase approved by the Board of Directors on 11/6/2017; at the amount of R\$ 400,000,001.04 (four hundred million, one real and 40 cents) therefore, once all approvals are obtained, the Company's total capital will be as follows: (i) 41.7% held by CAIXAPAR; (ii) 41.7% held by BTG Pactual, and (iii) 16.6% held by non-controlling stockholders.



Declaration of the Board of Directors

In compliance with the determinations of Instruction 480/09, of the Brazilian Securities Commission, the Executive Board of Banco PAN declares that it has discussed, reviewed and agrees with the parent company and consolidated quarterly information for the six-month period ended 6/30/2019.



Declaration of the Board of Directors

In compliance with the determinations of Instruction 480/09, of the Brazilian Securities Commission, the Executive Board of Banco PAN S.A. declares that it has discussed, reviewed and agrees with the conclusion included in the Report on review of quarterly information of the independent auditors on the parent company and consolidated quarterly information as at and for the six-month period ended 6/30/2019.



São Paulo, July 29, 2019.

BOARD OF DIRECTORS

Gregório Moreira Franco
CRC 1SP219426/O-2
CONTADOR

SUMMARY OF AUDIT COMMITTEE REPORT

1ST HALF OF 2019

The Audit Committee ("Committee" or "COAUD") for Banco Pan S.A. ("Company" or "Institution") presents its report, in summary form, pursuant to CMN Resolution No. 3,198, of May 27, 2004, article 17, paragraph two, for publication with the respective financial statements for the 1st half of 2019, in order to express its opinion and to reveal information that it considers material to the knowledge and evaluation of its users.

The Committee fulfilled its legal duties, to: 1 - evaluate the effectiveness of internal and independent audits, as well as of the internal control and risk management systems; 2 - verify the Company's management compliance with the improvement recommendations issued by the auditors and decisions of external supervisory bodies; and 3 - review, prior to publication, the financial statements and their explanatory notes. The activities carried out by COAUD took place in accordance with its 2019 Work Plan, submitted to, and approved by, the Board of Directors.

The information was presented at the meetings held with the Company's strategic areas, in the reports produced, explaining the status of controls, accounting and risk management, as well as in the summaries, reports and presentations provided by internal and independent auditors. The Committee also made inquiries of management vis a vis the prevailing economic scenario and external events related to the operations performed and the possible impacts on the Institution's business. It also received clarifications from the Board of Directors about important matters for the Company.

It is important to stress that the Committee was informed that in this period there were no changes in criteria or material facts that could impact the Balance Sheet or the Institution's results, other than those stated in the Explanatory Notes, which include: 1 - performing work in the credit portfolio to measure the allowance for doubtful accounts - ADA, in which the Independent Auditor did not present any evidence of or actual non-compliance in the procedures adopted; 2 - efforts in the implementation and improvement of technology systems to support the Company's operations; 3 - a review of the labor contingency model; 4 - the raising through public offering of senior financial bills.

The Company's Business Plan was approved by the Board of Directors, including the use of tax credit balances. Similarly, regarding tax credits, the Independent Auditor maintained an emphasis of a matter paragraph in its report.

Having made such records and limiting its responsibilities to the reliability of the information received from the Institution's components, the Audit Committee considers that:

- a) The Institution has been promoting the improvement of internal controls and risk management, particularly in aspects related to formal documentation and governance. Management has implemented new technology systems, and has been implementing other processes that

allow the rectification of the points raised by the supervisory authority and auditors. It also made progress in the regulatory framework related to risk mitigation, with emphasis on the constant preparation and improvement of the 40 indicators stated in the Risk Appetite Statement (RAS);

- b) There is no material fact or evidence that could impair the effectiveness or independence of the internal and independent audits, which are compatible with the size and characteristics of the Company; and
- c) The individual and consolidated financial statements and the accompanying notes, together with the Management Report and Independent Auditor's Report, were prepared in accordance with current regulations, reflecting in their most relevant aspects, the Company's economic and financial situation.

São Paulo, July 26, 2019

MARCOS ANTONIO MACEDO CINTRA

Chairman

PEDRO PAULO LONGUINI

Committee Member

ROGÉRIO RODRIGUES BIMBI

Committee Member

