Earnings Release

4Q18

Banco PAN

São Paulo, February 5, 2019 – Pursuant to legal provisions, Banco PAN S.A. ("PAN", "Bank", "Banco PAN" or "Company") and its subsidiaries announce their results for the year ended December 31, 2018, accompanied by the Independent Auditor's Report. The Bank's operating and financial information, except when otherwise stated, is presented based on consolidated figures and in Brazilian reais, pursuant to Brazilian Corporate Law and Brazilian Accounting Practices.

SILENT REVOLUTION AND PURSPOSE

In recent years, PAN has carried out a **silent revolution**, restructured its internal services and processes, hired outstanding professionals in their areas of activity and invested heavily in technology. **Through 2019**, it will further expand its portfolio by becoming a **full digital bank** offering **no-fees** checking account and credit card, and several other credit products and services **for low-income individuals** (C, D and E classes), backed by its **expertise in credit**.

Its purpose is to change the view of low-income individuals regarding access to credit and banking services. Thus, PAN has invested in innovation and simplification of its processes, advancing in the **strategy of omnichannel credit origination and without physical limitations**, through **digital and paperless platforms**, offering credit at **competitive rates**. This combination enables **scalability** and **efficiency gains** across multiple channels.

PAN believes to have **competitive advantages** over its direct competitors and new entrants based on three pillars: (i) **available capital and funding**, being the 2nd Brazilian private medium bank in total assets, (ii) **extensive credit experience** for low-income individuals, using non structured data combined with advanced modeling techniques, such as machine learning and (iii) a **broad base and a high organic flow of new clients**.

The Bank manages a portfolio of 4.3 million customers and has captured 80,000 new clients per month during 2018.

FINANCIAL HIGHLIGHTS

- ✓ **Income before taxes of R$456.9 million in 2018**, up **80%** from R$253.3 million in 2017;
- ✓ **Net income of R$73.6 million in 4Q18**, versus net income of R$49.1 million in 3Q18 and R$54.9 million in 4Q17;
- ✓ **Net income of R$221.5 million in 2018,** versus net income of R$212.6 million in 2017;
- ✓ **Adjusted ROE of 17.3% p.y. in 4Q18 and 15.5% p.y. in 2018;**
- ✓ **The Credit Portfolio ended 2018 at R$20.6 billion**, moving up **4%** over the previous quarter and **10%** over the previous year;
- ✓ **Monthly average retail origination of R$1,489 million in 4Q18**, up **4%** in the quarter and up **15%** in the year;
- ✓ **Managerial net interest margin of 15.5% p.y. in 4Q18 and 15.8% p.y. in 2018;**
- ✓ **Shareholders' equity ended the year at R$4,096 million and the Basel Ratio at 14.1%.**

MAIN INDICATORS

Main Indicators (R$ MM)	2018	2017	4Q18	3Q18	4Q17	Δ 2018/ 2017	Δ4Q18/ 3Q18	Δ4Q18/ 4Q17
Retail Origination	17,438	17,709	4,468	4,283	3,902	-2%	4%	15%
Credit Assignments without Recourse	4,831	7,738	900	1,148	1,312	-38%	-22%	-31%
Total Credit Portfolio	20,574	18,645	20,574	19,704	18,645	10%	4%	10%
Total Assets	27,230	25,834	27,230	27,736	25,834	5%	-2%	5%
Funding	20,256	17,885	20,256	20,680	17,885	13%	-2%	13%
Shareholders' Equity	4,096	3,556	4,096	4,047	3,556	15%	1%	15%
Managerial Interest Margin	3,471	3,622	837	832	885	-4%	1%	-5%
Managerial Interest Margin (% p.y.)	15.8%	16.6%	15.5%	15.6%	17.5%	-0.8 p.p.	-0.1 p.p.	-2.0 p.p.
Income before Taxes	456.9	253.3	135.9	102.8	128.4	80%	32%	6%
Net Income	221.5	212.6	73.6	49.1	54.9	4%	50%	34%
ROE (% p.y.)	5.8%	6.1%	7.2%	4.9%	6.2%	-0.3 p.p.	2.3 p.p.	1.0 p.p.
Adjusted ROE (% p.y.)	15.5%	10.0%	17.3%	13.5%	16.4%	5.5 p.p.	3.8 p.p.	0.9 p.p.
Basel Ratio	14.1%	13.3%	14.1%	14.0%	13.3%	0.8 p.p.	0.1 p.p.	0.8 p.p.
Common Equity Tier I	12.2%	9.8%	12.2%	11.9%	9.8%	2.4 p.p.	0.3 p.p.	2.4 p.p.
Tier II	1.9%	3.5%	1.9%	2.1%	3.5%	-1.6 p.p.	-0.2 p.p.	-1.6 p.p.

ECONOMIC ENVIRONMENT

In November, industrial production increased 0.1% over the previous month after recording negative figures for four consecutive months, when it recorded an accumulated reduction of 2.8%. In the first eleven months of 2018, the sector grew 1.5%, but fell 0.9% year on year at the end of November.

On the demand side, retail sales grew 2.9% over the previous month and 4.4% over November 2017. Growth came to 2.5% in the first eleven months and 2.6% in the last 12 months. Expanded retail sales (including vehicles and building materials) climbed 5.8% over November 2017, with an upturn of 5.4% in from January to November 2018.

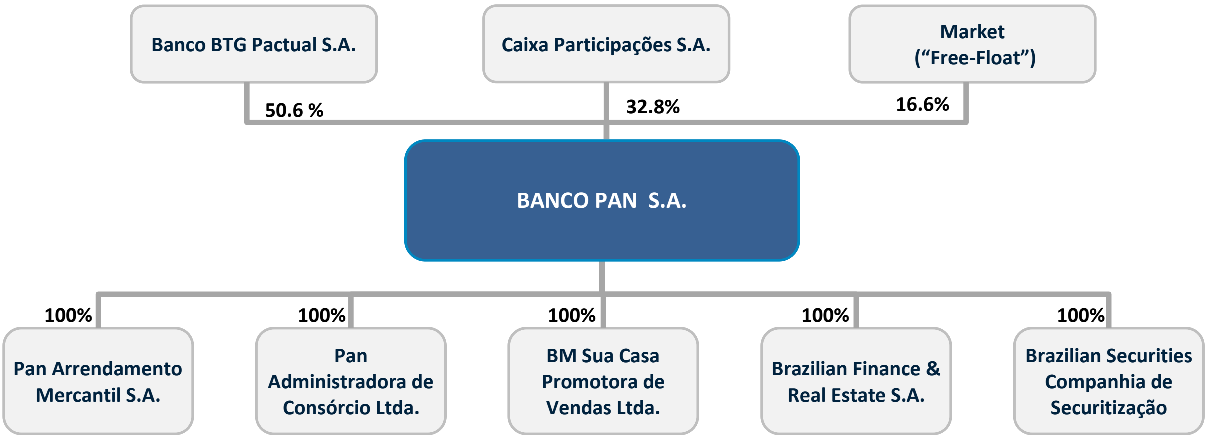
Inflation, as measured by the IPCA consumer price index, edged up 0.15% in December, closing 2018 at 3.75%, versus 2.95% in 2017. Similarly to the latest IPCA results, the report details were benign, as prices were more responsive to the economic cycle and the monetary policy.

The Brazilian Central Bank's credit operations report for November was positive, reinforcing the perception of a recovery in the credit market, mainly in the individual segment, but also in the corporate segment, although at a more moderate pace. The balance of credit operations totaled R$3.2 trillion, climbing 1.1% in the month and 4.4% in the last 12 months. Non-earmarked individual credit rose 2.1% over the last month and 10.4% over the last 12 months, led by credit card purchases (payable in a single installment), vehicle financing and consumer loans.

With regard to the labor market, according to the CAGED, there was a net reduction of 334 thousand formal jobs in December, in line with market expectations, given the seasonal layoffs of registered employees in the last month of the year. In 2018, Brazil ended the year with 38.4 million formal jobs, up from 37.9 million at the end of 2017. The country ended 2018 with the highest number of jobs since 2015, when Brazil ended the year with 39.2 million formal jobs.

Subsidiaries

Since 2011, PAN is jointly controlled by Caixa Participações S.A. ("CaixaPar"), a fully owned subsidiary of Caixa Econômica Federal (jointly "Caixa conglomerate"), and by Banco BTG Pactual S.A. ("BTG Pactual"), through a Shareholders' Agreement valid until February 2027, regardless of any difference in the number of shares.



DISTRIBUTION NETWORK

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

With 2,195 employees, PAN has 60 points of services in Brazil's major cities, distributed in accordance with each region's GDP (Southeast: 31, Northeast: 12, South: 9, Midwest: 5 and North: 3).

PAN closed 2018 with 654 brokers for payroll-deductible loans and 7,176 multi-brand vehicle dealers.

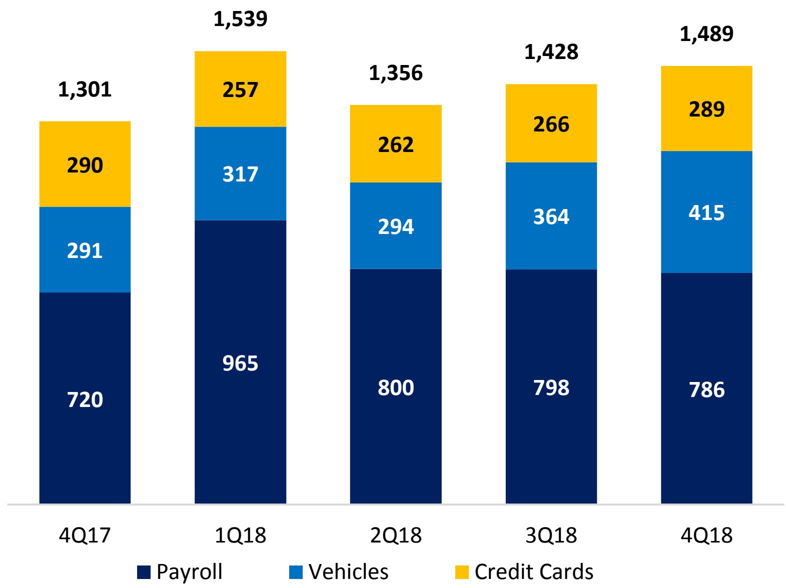
Asset Origination – Retail

In 4Q18, PAN originated a monthly average of R$1,490 million in new retail credit, against R$1,428 million in 3Q18 and R$1,301 million in 4Q17. Origination increased fueled by vehicle financing, up 14% in the quarter and 42% over 4Q17.

In 2018, monthly new credit origination averaged R$1,453 million, virtually in line with the R$1,476 million recorded in 2017.

Average Monthly Origination of Retail Products (R$ MM)

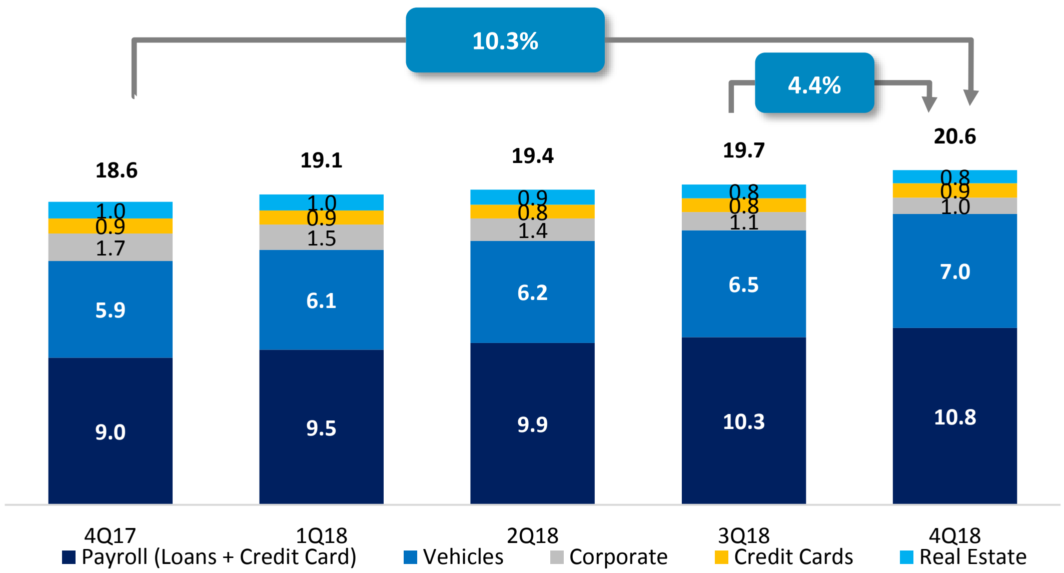
Products	2018	2017	4Q18	3Q18	4Q17	Δ 2018 / 2017	Δ 4Q18/ 3Q18	Δ 4Q18/ 4Q17
Payroll Deductible (Loans + Credit Cards)	837	842	786	798	720	-1%	-2%	9%
Vehicles	347	342	415	364	291	1%	14%	42%
Credit Cards	269	270	289	266	290	0%	9%	-
Others	-	22	-	-	-	-	-	-
Total	**1,453**	**1,476**	**1,490**	**1,428**	**1,301**	**-2%**	**4%**	**15%**



Credit Portfolio

The total Credit Portfolio ended 4Q18 at R$20,574 million, up from R$19,704 million in 3Q18 and R$18,645 million in 4Q17. Over the last 12 months, the total portfolio increased 10%, well above the observed in the national credit system with sound profitability, driven by the payroll deductible (+20%) and vehicle (+18%) portfolios, while the corporate and real estate credit portfolios, both in run off, fell 41% and 21%, respectively, in the same period.

Credit Portfolio (R$ Bn)



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

R$ MM	4Q18	Share %	3Q18	Share %	4Q17	Share %	Δ4Q18/ 3Q18	Δ4Q18 / 4Q17
Payroll Deductible (Loans + Credit Cards)	10,824	53%	10,265	52%	9,009	48%	5%	20%
Vehicle Financing	6,980	34%	6,543	33%	5,906	32%	7%	18%
Corporate Loans and Guarantees	995	5%	1,114	6%	1,699	9%	-11%	-41%
Credit Cards	877	5%	832	4%	916	5%	6%	-4%
Real Estate	802	3%	849	4%	1,016	5%	-6%	-21%
Others	97	-	102	1%	99	1%	-5%	-2%
Total	**20,574**	**100%**	**19,704**	**100%**	**18,645**	**100%**	**4%**	**10%**

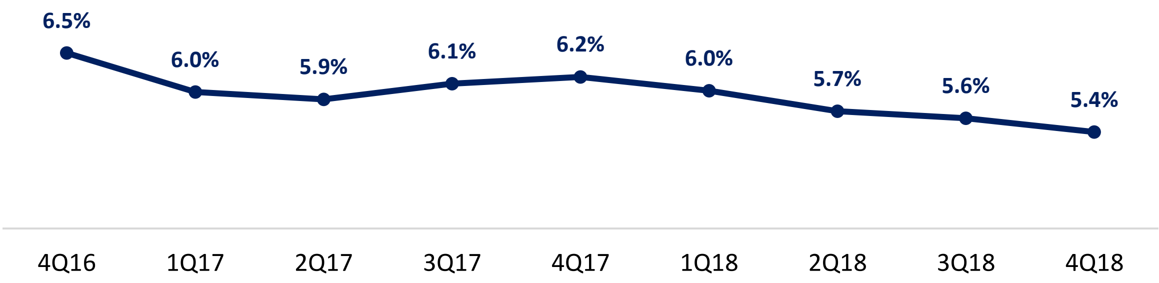
The table below shows the total loan portfolio by maturity on December 31, 2018:

R$ MM	Up to 30 days	From 31 to 90 days	From 91 to 180 days	From 181 to 360 days	Over 360 days	Total
Payroll-Deductible Loans	341	477	672	1,210	6,627	9,328
Vehicle Financing	559	629	850	1,458	3,484	6,980
Payroll-Deductible Credit Cards	1,448	21	10	7	10	1,496
Corporate Loans and Guarantees	379	32	59	101	424	995
Credit Cards	489	184	127	71	7	877
Real Estate	258	21	30	56	437	802
Others	8	9	12	20	48	97
Total	**3,482**	**1,372**	**1,759**	**2,923**	**11,038**	**20,574**
Share (%)	**17%**	**7%**	**9%**	**14%**	**53%**	**100%**

Retail Credit Portfolio

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

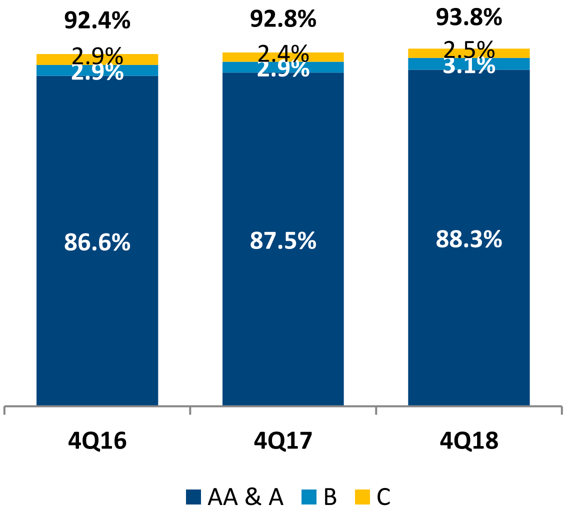
90 Days Non-Performing Retail Loans (%)



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

R$ MM	4Q18	Share %	3Q18	Share %	4Q17	Share %	Δ 4Q18/ 3Q18	Δ 4Q18/ 4Q17
"AA" to "C"	18,134	94%	17,136	94%	15,395	93%	6%	18%
"D" to "H"	1,191	6%	1,177	6%	1,197	7%	1%	-
Total	**19,325**	**100%**	**18,313**	**100%**	**16,591**	**100%**	**6%**	**16%**

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

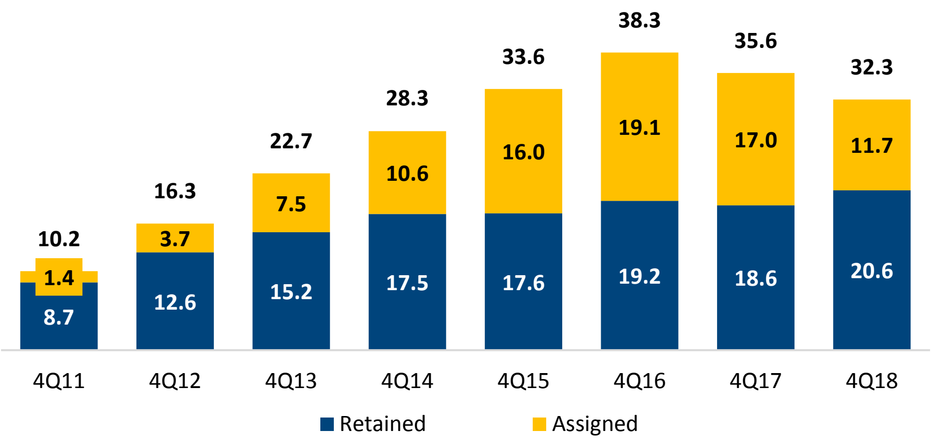


Originated Credit Portfolio

In addition to retaining credits in its portfolio, PAN's strategy also includes the assignment of credits without recourse, which amounted to R$900 million in 4Q18, totaling R$4,831 million in 2018, compared to R$ 7,738 million assigned in 2017.

The originated credit portfolio balance, which takes into account both credit in PAN's balance sheet and the balance of the portfolios assigned to Caixa, ended the quarter at R$32.3 billion. The reduction in the originated credit portfolio relates to a decline in the assignments to Caixa, allowing increase on the retained portfolio or assignments to other financial institutions.

Originated Credit Portfolio Evolution (R$ Bn)

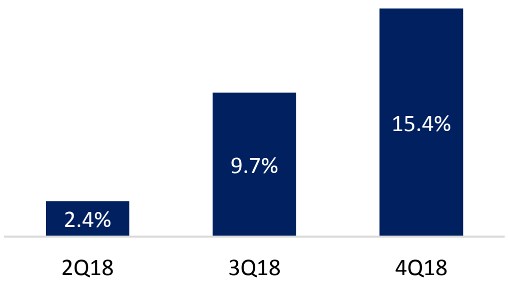


Products

Payroll-Deductible Loans and Credit Cards

In the payroll-deductible segment, PAN's strategy is to remain as a major player focused on federal codes, ranking among the top five largest originators for Social Security (INSS) retirees and pensioners on the market. In line with this strategy, PAN offers an innovative platform that allows clients to contract payroll-deductible loans through a paperless method, confirming it with facial biometrics. This technology improves efficiency and profitability, resulting in cost savings, enhanced security and a faster process, thus creating an outstanding experience to all those involved. PAN's proper payroll origination through digital channels has increased from 2.4% in June 2018 to 15.4% in December 2018.

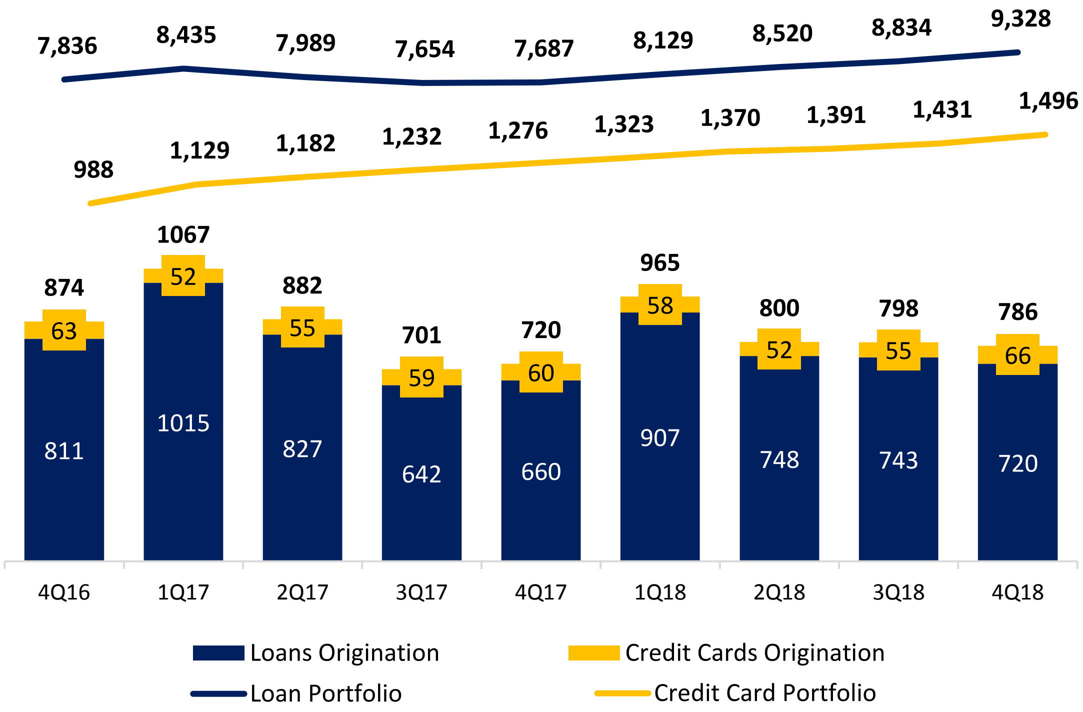
Proper Origination - Digital Channels



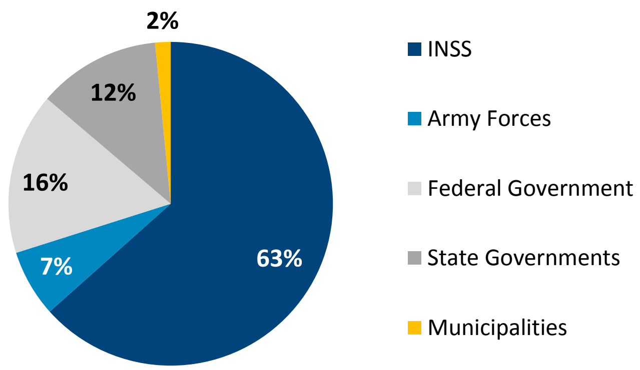
In 2018, PAN originated a total of R$10,047 million in payroll-deductible loans, versus R$10,109 million in 2017. In 4Q18, PAN granted loans to public employees and Social Security (INSS) retirees and pensioners totaling R$2,160 bbbmillion, versus R$2,230 million in 3Q18 and R$1,980 million in 4Q17. In the payroll-deductible credit card, PAN originated R$197 million in 4Q18, versus R$165 million in 3Q18 and R$179 million in 4Q17.

The payroll-deductible loan portfolio closed 2018 at R$9,328 million, up 6% from R$8,834 million on September 30, 2018 and 21% more than the R$7,687 million recorded on December 31, 2017, significantly higher than the national credit system. Meanwhile, the payroll-deductible credit card portfolio closed the year at R$1,438 million, 4% more than the R$1,377 million recorded in the previous quarter and up 14% from R$1,260 at the end of 2017.

Portfolio Evolution and Monthly Origination Average (R$ MM)



Quarterly Origination by Codes (%)



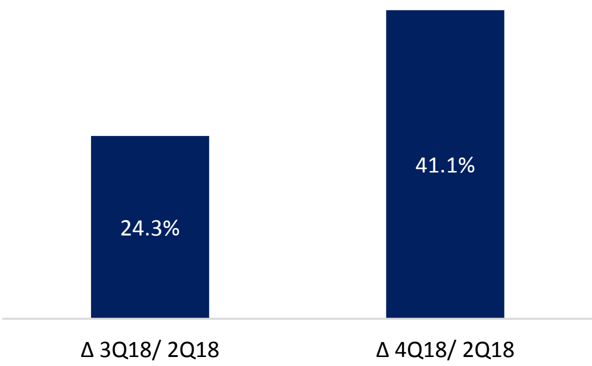
Vehicle Financing

The Bank operates in the vehicle financing segment through multi-brand vehicle dealers with a high level of fragmentation. The operation focus on used vehicle (from 4 to 8 years of usage) and new motorcycle financing, capturing the benefits from the Bank's expertise in credit and collection in order to optimize the risk/return ratio of these operations.

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

As part of its digital transformation agenda, PAN has developed a simulator that allows credit pre-analysis based on just a few pieces of information, as well as automatic payment in case of approval, increasing agility and providing a better experience for its commercial partners and end customers. These and other investments in technology have allowed a significant increase in the sales team productivity, which has already advanced 41% between June 2018 and December 2018.

Productivity Increase



In 2018, PAN originated a total of R$4,169 million in new vehicle financing, versus R$4,108 million in 2017. In 4Q18, PAN originated R$1,244 million in new financing, including light vehicles and motorcycles, versus R$1,091 million in 3Q18 and R$873 million in 4Q17, reflecting the new credit approach, the credit simulator and the new credit concession journey.

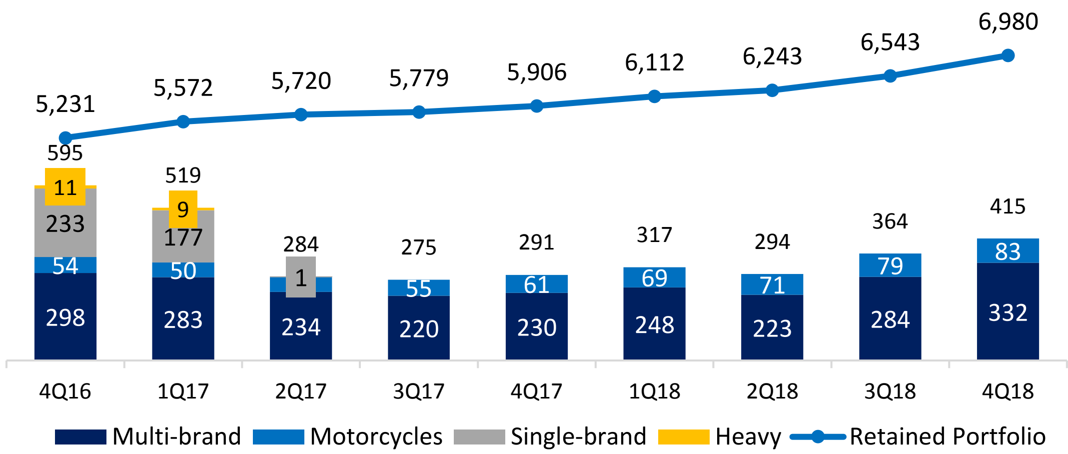
Light vehicle financing origination amounted to R$995 million in 4Q18, versus R$853 million in 3Q18 and R$691 million in 4Q17, while motorcycle financing origination came to R$294 million in 4Q18, versus R$238 million in 3Q18 and R$183 million in 4Q17.

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

4Q18	Light Vehicles	Motorcycles
Origination (R$ MM)	995	249
Market Share	5.7%	18.7%
Ranking	6	2
Avg. Maturity (months)	46	40
% Down Payment	40.1%	25.1%

The vehicle financing portfolio closed the year at R$6,980 million, up 7% from R$6,543 million in 3Q18 and up 18% from R$5,906 million in 4Q17.

Portfolio Evolution and Average Monthly Origination (R$ MM)



Conventional Credit Cards

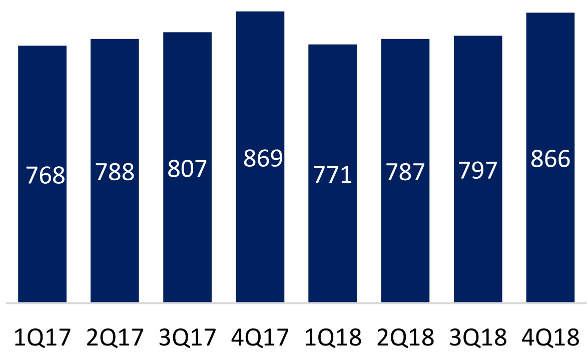
The credit card strategy consists on the origination through co-branded partnerships, digital channels such as market places, PAN's website and call-center, with an intensive usage of analytics and CRM to drive the cross sell. The origination through digital channels and website is becoming relevant, already representing 30% of the total number of cards sold, compared to 19% at the end of 2017. The efficiency gains and the evolution in the know-how of these self-contracting channels are an important tool to the development of a full digital bank.

In 2018, PAN implemented a new credit modeling based on social classes and profile, using machine learning, which allowed a greater accuracy in the definition of credit limits for new clients, as well as greater assertiveness in the maintenance of limit throughout the cycles of customers' lives. In addition, improvements have been made on CRM and credit processes, which mapped out a larger customer base prone to acquire credit cards, further increasing the efficiency of cross sell, which increased 32% in relation to the previous process.

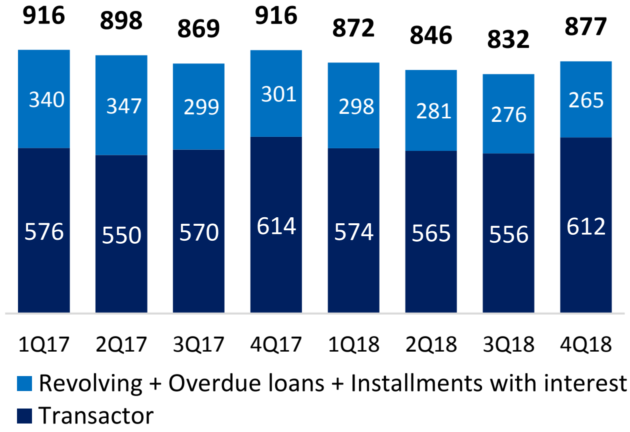
In order to provide convenience and aiming to establish a daily connection and fidelity of its clients, PAN has invested in the construction of a digital journey, improving the relationship with them. In this sense, PAN has: (i) launched an exclusive APP in the third quarter of 2018, which obtained more than 122 thousand downloads in the first four months after launch and has already engaged 22% of clients as heavy users; (ii) enhanced the rewards program, offering cashback and expanding the number of virtual partners, and (iii) providing online chat services and other self-service platforms.

Credit card transactions totaled R$866 million in 4Q18, up from R$797 million in 3Q18 and in line with the R$869 million recorded in 4Q17. In 2018, transactions totaled R$ 3,221 million, in line with the R$ 3,231 million in 2017. The credit card portfolio presented a slight increase, ending the quarter with a total balance of R$ 877 million, over the R$ 832 million in 3Q18 and R$ 916 million portfolio posted in 4Q17.

Trasactions Volume (R$ MM)



Credit Portfolio (R$ MM)

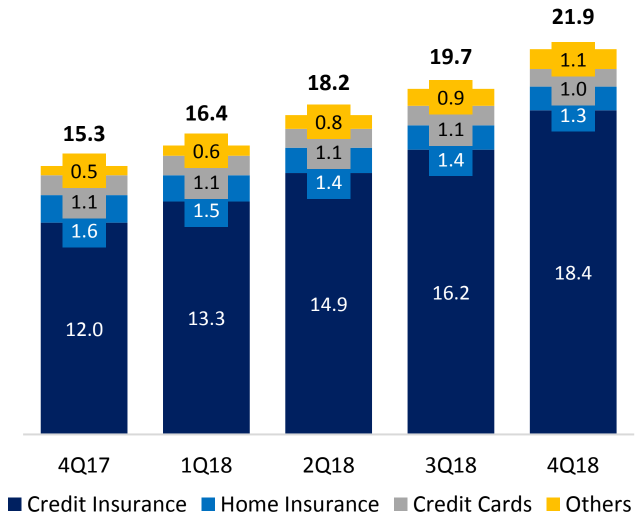


Insurance

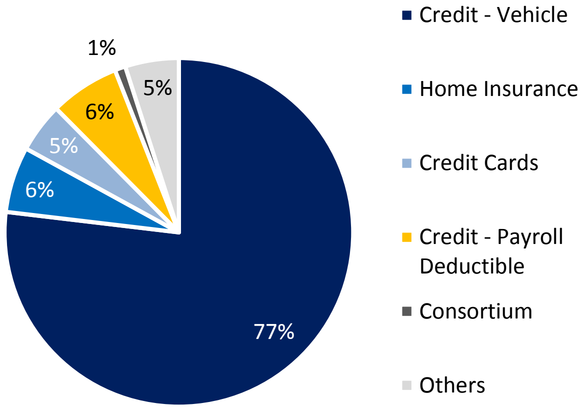
PAN originated R$66 million in insurance premiums in 4Q18, 11% more than in the previous quarter. In 2018, PAN originated R$228 million in premiums, up 15% from R$198 million in 2017.

Premiums originated in 4Q18 included R$55.3 million from credit insurance, R$4.0 million from home insurance, R$3.0 million from credit card insurance and R$3.3 million from other insurance products.

Monthly Average Premium Origination (R$ MM)



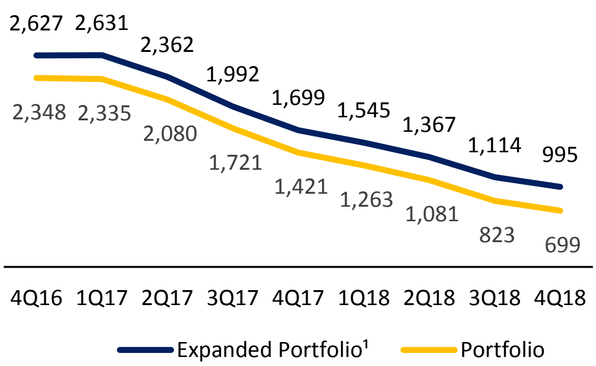
Quarterly Origination by Product (%)



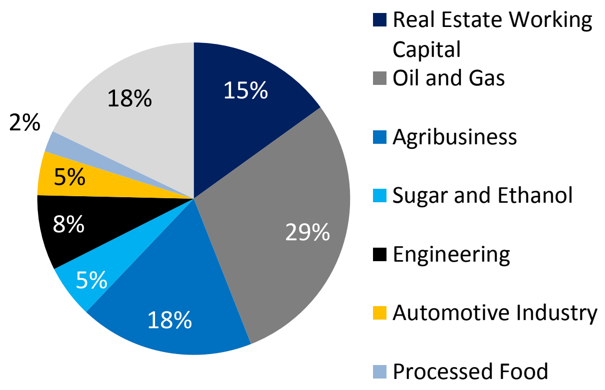
Corporate Credit (run off)

The Corporate Credit portfolio, including guarantees, closed the quarter at R$995 million, down from R$1,114 million on September 30, 2018 and R$1,699 million on December 31, 2017. This portfolio has appropriate risk diversification and high segmentation across industries and economic groups, as well as substantial guarantees.

Corporate Loan Portfolio Evolution (R$ MM)

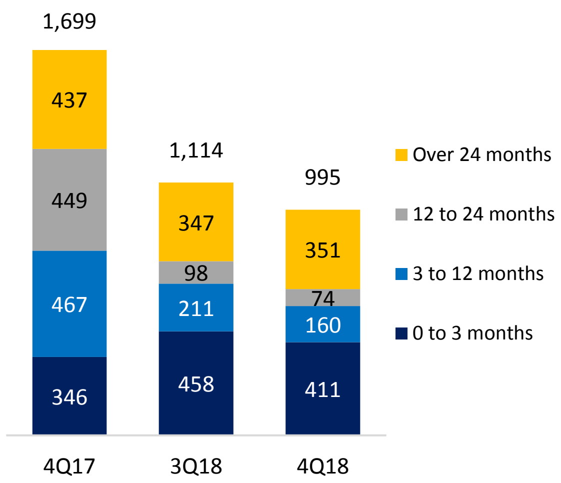


Portfolio by Industry (%)

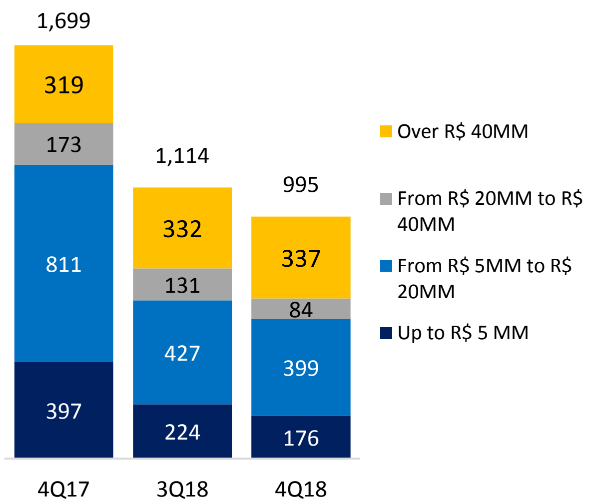


[1]Including guarantees issued

Maturity of the Portfolio (R$ MM)



Portfolio by Ticket (R$ MM)



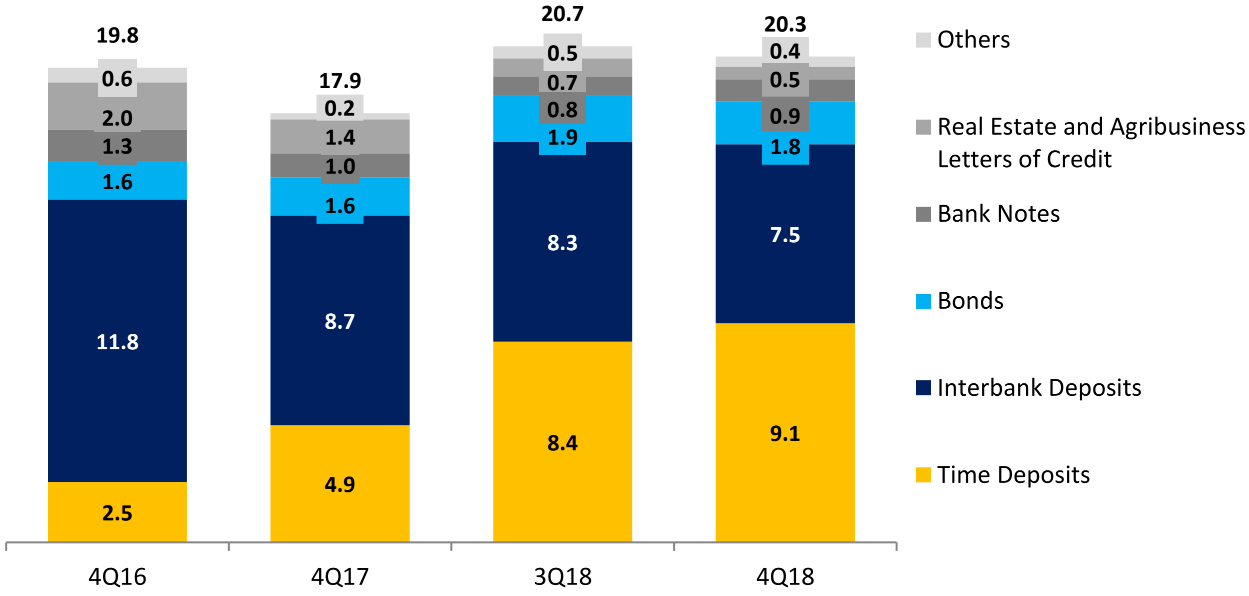
Real Estate Credit (run off)

Real estate credit granted to individuals totaled R$547 million at the end of 4Q18, versus R$572 million in 3Q18 and R$662 million at the end of 4Q17. Real estate credit granted to companies stood at R$255 million at the end of the quarter, versus R$277 million at the close of 3Q18 and R$354 million at the end of 4Q17.

Funding

Funding ended 2018 at R$20.3 billion, diversifying its client base and extending its maturity. The main funding sources at the end of the quarter were: (i) time deposits totaling R$9.1 billion, or 45% of the total; (ii) interbank deposits amounting to R$7.5 billion, or 37% of the total; (iii) bonds issued abroad totaling R$1.8 billion, or 9% of the total; (iv) bank notes equivalent to R$915 million, or 5% of the total; (v) real estate and agribusiness letters of credit (LCI and LCA) amounting to R$522 million, or 3% of the total; and (vi) other funding sources totaling R$434 million, or 2% of the total.

Evolution of Funding Sources (R$ Bn)



The strong expansion of funding through time deposits improves the funding base and reflects the significant acceptance of PAN products by the retail market through digital distribution platforms.

PAN also offers an exclusive app (“PAN Investimentos”) to its direct clients, allowing the account opening in 3 minutes and has captured more than R$ 165 million through this digital platform.

Funding Sources R$ MM	4Q18	Share %	3Q18	Share %	4Q17	Share %	Δ 4Q18/ 3Q18	Δ 4Q18/ 4Q17
Time Deposits	9,130	45%	8,373	41%	4,890	27%	9%	87%
Interbank Deposits	7,463	37%	8,312	40%	8,730	49%	-10%	-15%
Bonds	1,791	9%	1,932	9%	1,604	9%	-30%	-64%
Bank Notes	915	5%	815	4%	984	6%	12%	-7%
LCI and LCA	522	3%	749	4%	1,433	8%	-7%	12%
Others	434	2%	500	2%	244	1%	-13%	77%
Total	**20,256**	**100%**	**20,680**	**100%**	**17,886**	**100%**	**-2%**	**13%**

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

(R$ MM)	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Balance (FV)	4.815	4.634	3.274	2.706	2.004	1.417	775	27	15	-
Maturity (FV)	-	182	1.359	568	702	587	642	748	12	15
Maturity (PV)	-	147	852	305	301	201	183	176	2	2

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

Results

Managerial Net Interest Margin – NIM

The managerial net interest margin remains strong reflecting PAN's current portfolio mix with high spreads, emphasizing the quality of its credit portfolio.

In 2018, PAN recorded a managerial net interest margin of 15.8% p.y., versus 16.6% p.y. in 2017. The net interest margin closed 4Q18 at 15.5% p.y., versus 15.6% p.y. in 3Q18 and 17.5% p.y. in 4Q17. These variations are related to the different mix and volume of credits assigned.

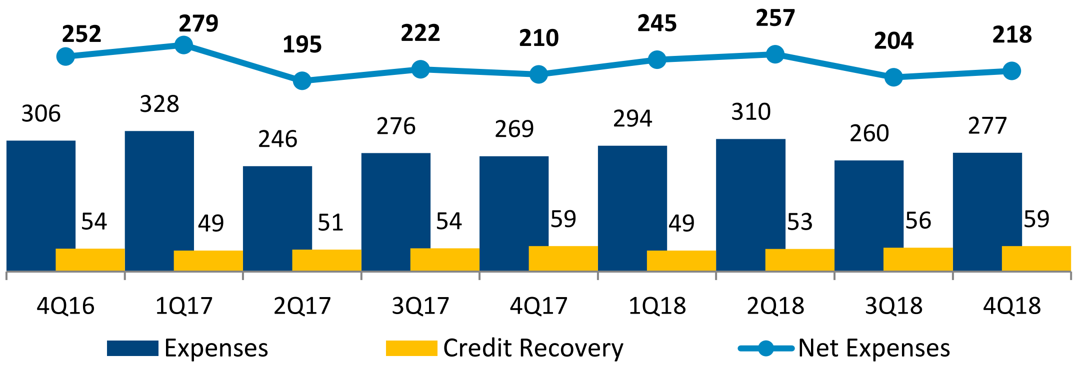
Managerial Net Interest Margin (R$ MM)	2018	2017	2016	4Q18	3Q18	4Q17	Δ 2018/ 2017	Δ4Q18/ 3Q18	Δ4Q18/ 4Q17
Income from Financial Intermediation before ALL	**3,495**	**3,659**	**3,041**	**840**	**837**	**889**	**-4%**	**-**	**-6%**
(+) Exchange Rate Variation	(24)	(37)	(78)	(3)	(5)	(4)	-34%	-43%	-28%
1. Managerial Net Interest Margin	**3,471**	**3,622**	**2,963**	**837**	**832**	**885**	**-4%**	**1%**	**-5%**
. 2. Average Interest-Earning Assets	**21,902**	**21,808**	**21,808**	**22,744**	**22,567**	**21,527**	**0%**	**1%**	**6%**
- Average Loan Portfolio	19,330	18,642	18,122	19,846	19,262	18,447	4%	3%	8%
- Average Securities and Derivatives	2,158	2,163	2,633	2,056	1,926	2,016	0%	7%	2%
- Average Interbank Investments	414	1,003	1,081	843	1,380	1,064	-59%	-39%	-21%
(1/3) Net Interest Margin - NIM (% p.y.)	**15.8%**	**16.6%**	**13.6%**	**15.5%**	**15.6%**	**17.5%**	**-0.8p.p.**	**-0.1p.p.**	**-2.0p.p.**

Allowance for Loan Losses and Credit Collection

In 4Q18, our allowance for loan losses totaled R$277 million, while the collection of credit previously written-off came to R$59 million. Thus, the allowance for loan losses less credit collection totaled R$218 million, versus R$204 million in 3Q18 and R$210 million in 4Q17. The slight increase in the quarterly comparison is related to the real estate loans for companies, which is in run off and present a residual balance. In 2018, the allowance for loan losses less credit collection came to R$923 million, virtually in line with the R$906 million recorded in 2017.

Overdue credit collection through digital platforms totaled R$ 575 million in 2018, over R$ 409 million in 2017, representing a 40% increase.

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



Costs and Expenses

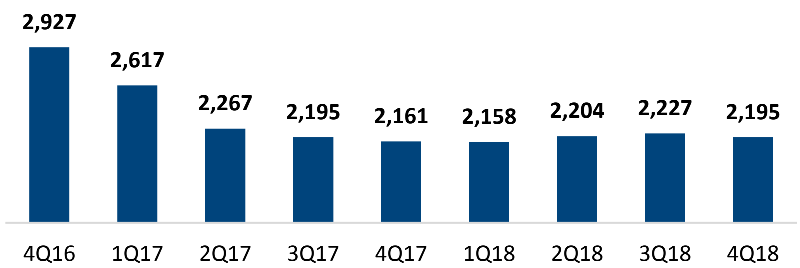
Personnel and administrative expenses totaled R$265 million in 4Q18, down 4% from R$276 million in the previous quarter and down 3% from R$272 million in 4Q17. In 2018, personnel and administrative expenses came to R$1,069 million in 2018, falling 4% from R$1,117 million in 2017, while personnel expenses dropped 9% in the same period.

Credit origination expenses stood at R$199 million in the quarter, versus R$196 million in 3Q18 and R$207 million in 4Q17. In 2018, commissions and other origination expenses came to R$829 million, versus R$985 million in 2017.

Expenses (R$ MM)	2018	2017	4Q18	3Q18	4Q17	Δ2018/ 2017	Δ4Q18/ 3Q18	Δ4Q18 / 4Q17
Personnel Expenses	421	464	108	107	116	-9%	1%	-7%
Administrative Expenses	649	654	157	169	155	-1%	-7%	1%
1. Subtotal I	**1,069**	**1,117**	**265**	**276**	**272**	**-4%**	**-4%**	**-3%**
Upfront Commission Expenses	366	433	83	82	83	-15%	2%	-
Deferred Commissions and Origination Expenses	463	552	116	114	124	-16%	1%	-6%
2. Subtotal II - Origination	**829**	**985**	**199**	**196**	**207**	**-16%**	**1%**	**-4%**
3. Total (I + II)	**1,898**	**2,102**	**464**	**472**	**479**	**-10%**	**-2%**	**-3%**

As a result of the constant pursuit of efficiency gains, PAN has been optimizing its cost structure, as shown by the reduction in the number of employees, while increasing the percentage of executives and employees related to technology and digital products.

Number of Employees



Income Statement

PAN posted income before taxes of R$136 million in 4Q18, versus R$103 million in 3Q18 and R$128 million in 4Q17. In 2018, income before taxes reached R$457 million, an increase of 80% from R$253 million in 2017.

Net income totaled R$73.6 million in 4Q18, versus R$49.1 million in 3Q18 and R$54.9 million in 4Q17. In 2018, net income stood at R$221.5 million, versus R$212.6 million in 2017.

The main factors supporting the last quarter's results are: (i) robust financial margin, (ii) loan provisions under control, and (iii) ongoing cost reduction.

Income Statement (R$ MM)	2018	2017	4Q18	3Q18	4Q17	Δ2018/ 2017	Δ4Q18/ 3Q18	Δ4Q18/ 4Q17
Managerial Net Interest Margin	**3,471**	**3,622**	**837**	**822**	**885**	**-4%**	**1%**	**-5%**
Allowance for Loan Losses	(1,140)	(1,120)	(277)	(260)	(269)	2%	-7%	-3%
Gross Profit from Financial Intermediation	**2,331**	**2,503**	**560**	**563**	**615**	**-7%**	**-2%**	**-9%**
Personnel and Administrative Expenses	(1,069)	(1,117)	(265)	(276)	(272)	-4%	4%	2%
Origination Expenses	(829)	(985)	(199)	(196)	(207)	-16%	-1%	4%
Tax Expenses	(172)	(220)	(45)	(42)	(43)	-22%	-6%	-5%
Other	196	73	85	54	34	169%	97%	149%
Income before Taxes	**456**	**253**	**136**	**103**	**128**	**80%**	**34%**	**6%**
Provision for Income Tax and Social Contribution	(235)	(41)	(62)	(54)	(74)	-	-16%	15%
Net Income	**221.5**	**212.6**	**73.6**	**49.1**	**54.9**	**4%**	**53%**	**34%**

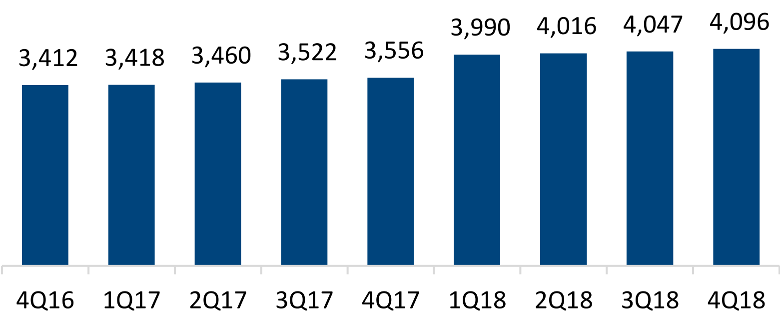
The ROAE stood at 7.2% this quarter and 5.8% in 2018, while the adjusted ROAE (unaudited) for both periods were 17.3% and 15.5%, respectively. The adjustment consists in the adequacy of two remaining legacies: (i) excess of financial expenses from fixed rate time deposits issued between 2005 and 2008 (with average maturity in 2023), compared to what PAN pays for the same term in the market and (ii) excess of deferred tax assets related to losses, compared to the banking sector average, arising from the accounting inconsistencies found in 2010, and the one-off result from the DTA sale in 2017.

R$ MM – Unaudited	2018	2017	4Q18	3Q18	4Q17
Net Income	**221.5**	**212.6**	**73.6**	**49.1**	**54.9**
Excess Fin. Exp. (net of taxes)	161.9	100.2	45.0	41.8	34.0
Exclusions from Results (sale of DTA – tax losses)	-	(102,5)	-	-	-
Adjusted Net Income	**383.4**	**210.3**	**118.7**	**91.0**	**88.9**
Average Shareholders' Equity	**3,825.9**	**3,484.0**	**4,071.6**	**4,031.8**	**3,539.1**
Excess Tax Assets - Tax Losses	1,347.1	1,377.7	1,328.4	1,330.7	1,365.5
Adjusted Average Shareholders' Equity	**2,478.8**	**2,106.3**	**2,743.2**	**2,701.1**	**2,173.6**
ROAE (p.y.)	**5.8%**	**6.1%**	**7.2%**	**4.9%**	**6.2%**
Adjusted ROAE (p.y.)	**15.5%**	**10.0%**	**17.3%**	**13.5%**	**16.4%**

Shareholders' Equity and Capital

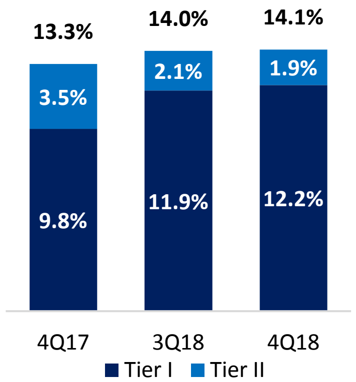
Shareholders' Equity

PAN's consolidated shareholders' equity amounted to R$4,096 million in December 2018, versus R$4,047 million in September 2018 and R$3,556 million in December 2017.



Basel Ratio

The Basel Ratio ended 4Q18 at 14.1% (with 12.2% in Tier I Common Equity), versus 14.0% (with 11.9% in Tier I Common Equity) on September 30, 2018 and 13.3% (with 9.8% in Tier I Common Equity) on December 31, 2017.



R$ MM	4Q18	3Q18	4Q17
Reference Shareholders' Equity	**2,632**	**2,526**	**2,416**
Tier I	2,274	2,140	1,785
Tier II	358	386	631
Required Reference Shareholders' Equity	1,963	1,893	2,060
RWA	**18,695**	**18,032**	**18,138**

Ratings

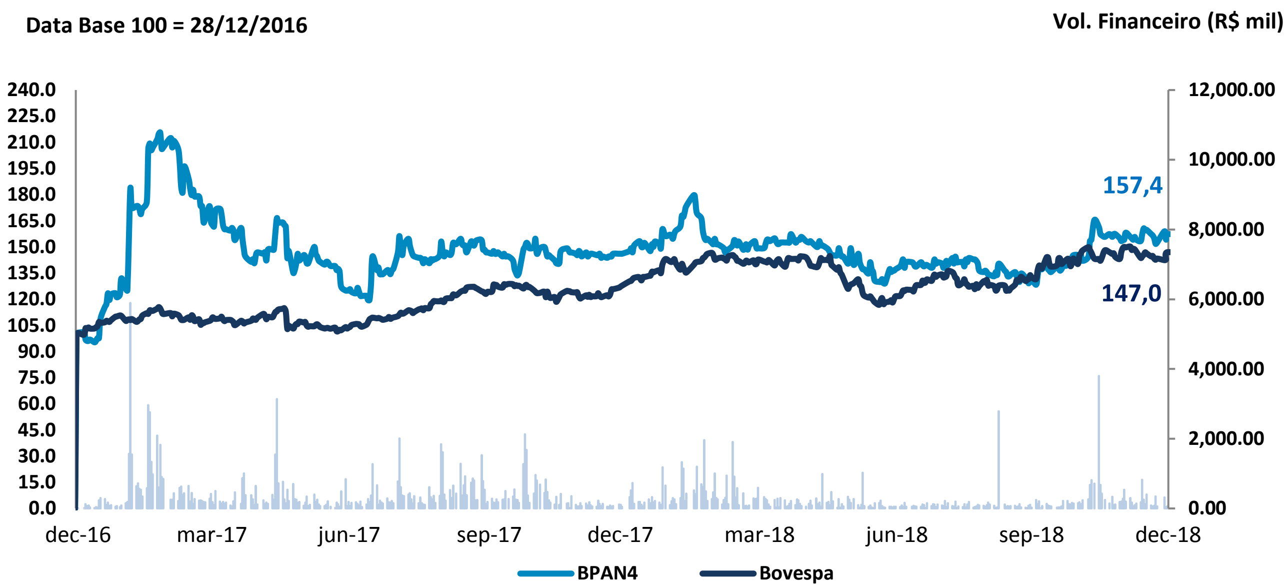
PAN's long-term corporate ratings are presented below:

Rating Agency	Global Scale (LT)	National Scale (LT)	Outlook
Fitch Ratings	B+	A (br)	Stable
Standard & Poor's	B+	brAA-	Negative
Riskbank	Low Risk for Medium Term 2 | 9.63		

Stock Performance

PAN's shares ended December at R$1.95, versus R$1.63 at the end of 3Q18. The maximum price in the period was R$2.05 per share, while the minimum price was R$1.59 per share.

The traded volume totaled R$9.0 million in 4Q18, with a daily average of R$144,700. On December 28, 2018, PAN's market cap was R$2.2 billion, equivalent to 45% of book value.



Source: Reuters

Exhibits

BALANCE SHEET AS OF DECEMBER 31 AND SEPTEMBER 30,2018		
(In thousands of Brazilian reais - R$)	CONSOLIDATED	
ASSETS	**Dec/18**	**Sep/18**
CURRENT ASSETS	**10.950.678**	**12.269.519**
Cash	19.714	7.578
Interbank investments	3.897	1.681.153
Securities and derivatives financial instruments	360.888	272.994
Interbank accounts	4.493	33.471
Lending operations	7.912.848	7.591.467
Lending operations - private sector	8.795.475	8.445.691
(Allowance for loan losses)	(882.627)	(854.224)
Leasing operations	-	-
Leasing operations	-	98
(Allowance for doubtful lease receivables)	-	(98)
Other receivables	2.379.830	2.367.704
(Allowance for loan losses)	(106.450)	(104.866)
Other assets	375.458	420.018
LONG-TERM RECEIVABLES	**16.079.228**	**15.269.280**
Interbank investments	-	-
Securities and derivatives financial instruments	1.852.776	1.624.537
Lending operations	10.344.899	9.781.216
Lending operations - Private Sector	10.663.658	10.098.391
(Allowance for loan losses)	(318.759)	(317.175)
Other receivables	3.827.669	3.799.202
(Allowance for loan losses)	(23.788)	(22.098)
Other assets	77.672	86.423
PERMANENT ASSETS	**200.525**	**197.656**
TOTAL ASSETS	**27.230.431**	**27.736.455**

LIABILITIES	Dec/18	Sep/18
CURRENT LIABILITIES	**13.961.544**	**14.775.638**
Deposits	10.494.341	10.807.180
Demand deposits	17.319	21.710
Interbank deposits	7.429.710	8.211.059
Time deposits	3.047.312	2.574.411
Money market funding	162.094	160.729
Funds from acceptance and issuance of securities	621.507	840.780
Interbank accounts	728.628	888.644
Interbranch accounts	14	184
Derivatives Financial Instruments	91.760	83.286
Other liabilities	1.863.200	1.994.835
LONG-TERM LIABILITIES	**9.172.951**	**8.913.608**
Deposits	6.116.903	5.899.352
Interbank deposits	33.728	101.033
Time deposits	6.083.175	5.798.319
Money market funding	98.093	96.613
Funds from acceptance and issuance of securities	628.454	543.475
Derivatives financial instruments	83.361	42.717
Other Liabilities	2.246.140	2.331.451
Deferred Income	17	27
SHAREHOLDERS' EQUITY	**4.095.919**	**4.047.182**
Capital	3.653.410	3.653.410
Income Reserve	243.295	108.495
Adjustments to equity valuation	(8.108)	(12.084)
Retained earnings (loss)	-	90.039
TOTAL LIABILITIES	**27.230.431**	**27.736.455**

INCOME STATEMENT *(In thousands of Brazilian reais - R$)*	**4Q18**	**3Q18**	**2018**	**2017**
REVENUE FROM FINANCIAL INTERMEDIATION	**1,281,011**	**1,382,034**	**5,514,530**	**6,063,937**
Lending operations	1,461,647	1,258,062	5,317,194	6,063,887
Securities transactions	20,689	62,780	184,923	287,158
Derivative transactions	(198,701)	57,329	27	(305,649)
Foreign exchange transactions	(2,624)	3,863	12,386	18,541
EXPENSES ON FINANCIAL INTERMEDIATION	**(718,416)**	**(804,424)**	**(3,159,715)**	**(3,524,913)**
Funding operations	(441,280)	(544,764)	(2,019,310)	(2,405,101)
Allowance for loan losses	(277,136)	(259,660)	(1,140,405)	(1,119,812)
GROSS PROFIT FROM FINANCIAL INTERMEDIATION	**562,595**	**577,610**	**2,354,815**	**2,539,024**
OTHER OPERATING INCOME (EXPENSES)	**(416,490)**	**(468,356)**	**(1,876,539)**	**(2,438,033)**
Income from services rendered	103,374	95,169	377,558	403,236
Equity in subsidiaries	-	-	-	(2,993)
Personnel Expenses	(108,006)	(106,744)	(420,712)	(463,572)
Other Administrative Expenses	(355,737)	(363,945)	(1,476,598)	(1,638,363)
Tax Expenses	(44,683)	(42,020)	(172,312)	(220,000)
Other Operating Income	125,164	94,303	327,544	262,646
Other Operating Expenses	(136,602)	(145,119)	(512,019)	(778,987)
INCOME FROM OPERATIONS	**146,105**	**109,254**	**478,276**	**100,991**
NON OPERATING EXPENSES	**(10,165)**	**(6,461)**	**(21,410)**	**152,303**
INCOME BEFORE TAXES	**135,940**	**102,793**	**456,866**	**253,294**
INCOME AND SOCIAL CONTRIBUTION TAXES	**(62,315)**	**(53,667)**	**(235,351)**	**(40,688)**
Provision for Income tax	3,133	(4,754)	(11,321)	(1,379)
Provision for Social Contribution tax	1,109	(3,377)	(8,061)	(557)
Deferred tax credits	(66,557)	(45,536)	(215,969)	(38,752)
NET INCOME	**73,625**	**49,126**	**221,515**	**212,606**