



ParanáBanco

Earnings Release | 3Q18



R\$ 53.5
 millions
Recurring net income
 Growth of 6.5% versus 2Q18.



16.6%
Recurring ROAE
 Growth of 6.5% versus 2Q18.



24.0%
Capital Adequacy Ratio
 Increase of 1.9 p.p. versus 2Q18.



R\$ 1.55 billion
Cash
 High liquidity maintained.

RATINGS

S&P Global
 Ratings

brAA+
 National Scale
BB-
 Global Scale
 July 2018

FitchRatings

AA-(bra)
 Low Credit Risk
 May 2018

RISKbank

10.64
 Low Risk Medium Term 1
 (up to 2 years)
 Very Secure
 (Base date: Jun/2018)
 Oct 2018

The analyses contained herein have been prepared based on the financial statements disclosed under Bacen Resolution No. 4,403 of March 26, 2015, which does not require the preparation of consolidated financial statements. Therefore, non-financial institutions jointly controlled by Paraná Banco, that is Junto Seguros and Junto Resseguros, have been recognized using the equity pickup methodology based on Paraná Banco's 50.5% interest.

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KEY INDICATORS

Balance Sheet (R\$ millions)	3Q18	2Q18	3Q18 x 2Q18	3Q17	3Q18 x 3Q17	9M18	9M17	9M18 x 9M17
Total Assets	5.592,2	5.710,3	(2,1%)	5.472,1	2,2%	5.592,2	5.472,1	2,2%
Loan Operations	3.416,8	3.496,8	(2,3%)	3.697,6	(7,6%)	3.416,8	3.697,6	(7,6%)
Allowance for Loan Losses (ALL)	214,9	253,0	(15,1%)	183,5	17,1%	214,9	183,5	17,1%
Total Deposits	4.028,7	4.178,4	(3,6%)	4.024,0	0,1%	4.028,7	4.024,0	0,1%
Cash	1.553,5	1.635,4	(5,0%)	1.133,8	37,0%	1.553,5	1.133,8	37,0%
Shareholders' Equity	1.383,0	1.346,7	2,7%	1.272,9	8,7%	1.383,0	1.272,9	8,7%
Income Statement (R\$ millions)	3Q18	2Q18	3Q18 x 2Q18	3Q17	3Q18 x 3Q17	9M18	9M17	9M18 x 9M17
Net interest income (ex ALL)	144,3	164,1	(12,1%)	167,1	(13,6%)	489,0	465,0	5,2%
Personnel Expenses	(12,2)	(11,9)	2,7%	(12,5)	(2,8%)	(35,6)	(35,0)	1,9%
Administrative Expenses	(37,6)	(32,9)	14,1%	(50,7)	(25,9%)	(122,5)	(153,8)	(20,4%)
Net Income	53,5	50,3	6,5%	74,9	(28,6%)	157,8	142,1	11,1%
Recurring Net Income	53,5	50,3	6,5%	74,9	(28,6%)	157,8	152,3	3,6%
Performance Indicators (%)	3Q18	2Q18	3Q18 x 2Q18	3Q17	3Q18 x 3Q17	9M18	9M17	9M18 x 9M17
Recurring ROAE	16,6	15,9	0,7 p.p.	25,8	(9,2 p.p.)	16,7	17,4	(0,7 p.p.)
Recurring ROAA (Total Assets)	3,8	3,7	0,1 p.p.	5,7	(1,9 p.p.)	3,9	3,8	0,1 p.p.
Recurring ROAA (Loan Portfolio)	6,3	5,8	0,5 p.p.	8,4	(2,1 p.p.)	6,1	5,6	0,5 p.p.
Net Interest Margin - NIM	11,9	14,0	(2,1 p.p.)	14,8	(2,9 p.p.)	14,0	13,4	0,6 p.p.
Basel Ratio	24,0	22,1	1,9 p.p.	21,4	2,6 p.p.	24,0	21,4	2,6 p.p.
Efficiency Ratio (ex ALL)	39,3	31,3	8,0 p.p.	42,3	(3,0 p.p.)	36,6	45,0	(8,4 p.p.)
Loan Portfolio Quality (%)	3Q18	2Q18	3Q18 x 2Q18	3Q17	3Q18 x 3Q17	9M18	9M17	9M18 x 9M17
Allowance for Loan Losses (ALL)/Loan Portfolio	6,3	7,2	(0,9 p.p.)	5,0	1,3 p.p.	6,3	5,0	1,3 p.p.
NPL (overdue > 60 days/loan portfolio)	5,3	6,3	(1,0 p.p.)	4,6	0,7 p.p.	5,3	4,6	0,7 p.p.
Delinquency Index (> 90 days/loan portfolio)	4,3	5,4	(1,1 p.p.)	3,0	1,3 p.p.	4,3	3,0	1,3 p.p.
Delinquency Index (> 180 days/loan portfolio)	3,4	3,9	(0,4 p.p.)	1,7	1,8 p.p.	3,4	1,7	1,8 p.p.
Loss coverage (written-off credits/loan portfolio)	0,53	0,48	0,05 p.p.	0,60	(0,07 p.p.)	1,7	2,4	(0,7 p.p.)

Paraná Banco has been operating in the Brazilian financial system for 40 years, increasingly strengthening its relations with clients and partners. A pioneer in granting loans to government employees, and one of the first financial institutions to agree on a partnership with the INSS, Paraná Banco's network of own stores and franchised correspondents has a good geographic footprint, bringing it closer to business partners and payroll deductible lending clients.

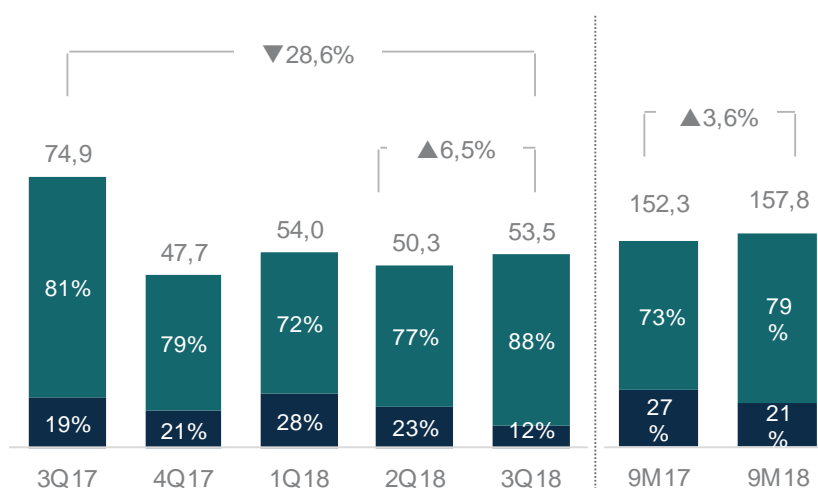
Technological innovation has increasingly permeated the banking system, reason why the Bank has worked hard in its own digital transformation for the negotiation of its credit and investment products, in order to align these products to client needs and deliver a positive experience.

PROFITABILITY

Paraná Banco ended the third quarter with **recurring net income** of R\$ 53.5 million, up 6.5% sequentially. In 9M18, recurring net income went up by 3.6% year-over-year, totaling R\$ 157.8 million versus R\$ 152.3 million in 9M17. An improvement in the allowance for loan losses and the sale of the partnership with retailers for consumer finance in the period were the key drivers of this result. In 3Q18, recurring net income fell 28.6% year-over-year. It is important to note that in 3Q17 we paid interest on equity for such an amount that created a significant increment in profit or loss due to tax benefits.

As illustrated below, the Insurance Group contributed 12% of Paraná Banco's recurring net income for the quarter through equity pickup, or R\$ 6.2 million. In 9M18 it reached 21%, versus 27% in 9M17. We will discuss the Insurance Group's result below.

Recurring Net Income
(R\$ millions)



(R\$ millions)	3Q17	4Q17	1Q18	2Q18	3Q18	9M17	9M18
Recurring Net Income	74,9	47,7	54,0	50,3	53,5	152,3	157,8
Bank	60,9	37,5	39,1	38,8	47,3	110,8	125,2
Participation of controlled institutions	14,0	10,2	14,9	11,5	6,2	41,5	32,6

Recurring ROAE (return on average equity) increased by 0.7 p.p. in 3Q18 year-over-year, closing the quarter at 16.6%. In 9M18 it dropped 0.7 p.p. year-over-year. The Bank has maintained its conservative approach of increasing the allowance for loan losses due to the fiscal crisis state governments have been through, as we have already mentioned in previous releases.

Recurring ROAA (return on average assets) increased by 0.1 p.p. in 3Q18 year-over-year, closing the quarter at 3.8%, the same growth rate recorded in 9M18 versus 9M17.

Our profitability indicators are illustrated on the table below.

Performance Indicators ^(a) (%)	3Q18	2Q18	3Q18 x 2Q18	3Q17	3Q18 x 3Q17	9M18	9M17	9M18 x 9M17
Recurring ROAE	16,6	15,9	0,7 p.p.	25,8	(9,2 p.p.)	16,7	17,4	(0,7 p.p.)
Recurring ROAA (Total Assets)	3,8	3,7	0,1 p.p.	5,7	(1,9 p.p.)	3,9	3,8	0,1 p.p.
Recurring ROAA (Credit Loan) ^(b)	6,3	5,8	0,5 p.p.	8,4	(2,1 p.p.)	6,1	5,6	0,5 p.p.

(a) ROAE: Annualized calculation uses the present quarter's net income divided by the average of the shareholders' equity of the present and previous quarter.

ROAA: Annualized calculation uses the present quarter's net income divided by the average of the assets of the current and previous quarter.

(b) Loan Portfolio excluding Cash (investments and equivalents).

FINANCIAL PERFORMANCE

Net interest income

Net interest income was up 31.7% in 3Q18 sequentially, totaling R\$128.1 million. This improvement is due to the decrease of 75.8% in the allowance for loan losses in the quarter. On the other hand, funding expenses rose 14.6% in the period due to the recognition of hedging to mitigate a market risk deriving from a prefixed payroll deductible lending exposure. In 9M18 versus 9M17, net interest income fell 2.7% due to the decrease in the loan portfolio following the discontinuation of the corporate loan portfolio, and, more recently, the partnership with retailers for consumer finance.

Interest revenue amounted to R\$ 228.7 million in 3Q18, down 0.5% sequentially and 15% year-over-year, reflecting the reduction of our loan portfolio.

Interest expense amounted to R\$100.6 million in 3Q18, down 24.1% sequentially, also due to the lower allowance for loan losses in the period. In 9M18 versus 9M17, interest expense fell 22.3%, primarily due to the Selic benchmark rate cut by the Bacen.

Ultimately, net interest income ex-provision for allowance for loan losses to R\$144.3 million in 3Q18, down 12.1% sequentially. In 9M18 versus 9M17, net interest income was up 5.2%, totaling R\$ 489 million.

Net Interest Income (R\$ millions)	3Q18	2Q18	3Q18 x 2Q18	3Q17	3Q18 x 3Q17	9M18	9M17	9M18 x 9M17
Interest Income	228,7	229,8	(0,5%)	269,0	(15,0%)	709,5	821,5	(13,6%)
Loan Operations	203,6	208,0	(2,1%)	241,6	(15,7%)	644,8	730,0	(11,7%)
Result from marketable securities operations	25,1	21,8	15,1%	27,4	(8,2%)	64,7	91,5	(29,3%)
Interest Expenses	(100,6)	(132,6)	(24,1%)	(137,0)	(26,6%)	(357,4)	(459,7)	(22,3%)
Funding operations in the market	(80,2)	(70,0)	14,6%	(102,5)	(21,8%)	(220,7)	(357,7)	(38,3%)
Result from derivate financial instruments	(4,2)	4,3	(199%)	0,6	(793,3%)	0,2	1,1	(81%)
Allowance for loan losses	(16,2)	(66,8)	(75,8%)	(35,1)	(53,9%)	(136,9)	(103,1)	32,7%
Net Interest Income	128,1	97,2	31,7%	132,0	(2,9%)	352,1	361,8	(2,7%)
Net Interest Income (ex ALL)	144,3	164,1	(12,1%)	167,1	(13,6%)	489,0	465,0	5,2%

Paraná Banco's net interest margin (**NIM**) reached 11.9% in 3Q18, down 2.1 p.p. sequentially, partially due to the result from derivatives (hedge). In 9M18 versus 9M17, it was up by 0.6 p.p..

NIM (R\$ millions)	3Q18	2Q18	3Q18 x 2Q18	3Q17	3Q18 x 3Q17	9M18	9M17	9M18 x 9M17
Net interest income before ALL	144,3	164,1	(12,1%)	167,1	(13,6%)	489,0	465,0	5,2%
Loan operations (average)	5.069,5	4.927,7	2,9%	4.762,2	6,5%	4.914,3	4.878,0	0,7%
Interbank funds invested (average)	1.420,5	1.197,9	18,6%	896,2	58,5%	1.182,3	945,8	25,0%
Marketable securities and derivatives (average)	194,8	194,8	0,0%	184,9	5,3%	193,8	206,3	(6,1%)
Average performing assets	3.454,2	3.535,0	(2,3%)	3.681,0	(6,2%)	3.538,2	3.725,9	(5,0%)
Net Interest Margin (%)	11,9%	14,0%	(2,1 p.p.)	14,8%	(2,9 p.p.)	14,0%	13,4%	0,6 p.p.

OPERATING EXPENSES

Personnel & administrative expenses, and efficiency ratio

Paraná Banco has been investing a great amount in the improvement of processes and technological aspects of its payroll deductible lending operation, and consequently in the improvement of customer relations and experience, therefore delivering a better performance.

The **efficiency ratio, net of the allowance for loan losses**, closed 3Q18 at 39.3%, an improvement of 3 p.p. year-over-year. Sequentially, it fell 8 p.p. due to the higher operating expense and commission caused by the increase in production of payroll deductible lending and by the result from derivatives (hedge). Operating expenses were up 8.3% in 3Q18 sequentially, totaling R\$56.6 million. In 9M18, operating expenses fell 13.4% year-over-year.

Operating revenues totaled R\$ 144.1 million in 3Q18, down 13.6% sequentially; in 9M18, they rose 6.4% year-over-year.

Efficiency Ratio (R\$ millions)	3Q18	2Q18	3Q18 x 2Q18	3Q17	3Q18 x 3Q17	9M18	9M17	9M18 x 9M17
Total Expenses	(56,6)	(52,3)	8,3%	(69,9)	(19,1%)	(180,4)	(208,4)	(13,4%)
Personnel Expenses	(12,2)	(11,9)	2,7%	(12,5)	(2,8%)	(35,6)	(35,0)	1,9%
Taxes expenses	(6,9)	(7,5)	(8,4%)	(6,8)	1,8%	(22,3)	(19,6)	13,6%
Other administrative expenses	(37,6)	(32,9)	14,1%	(50,7)	(25,9%)	(122,5)	(153,8)	(20,4%)
Others	(14,5)	(11,8)	22,8%	(13,2)	9,2%	(39,2)	(34,4)	14,0%
Specialized Technical Services	(13,7)	(14,0)	(1,5%)	(12,1)	13,1%	(39,5)	(35,8)	10,2%
Commission Expenses	(9,4)	(7,2)	30,4%	(25,3)	(63,0%)	(43,8)	(83,6)	(47,6%)
Total Income	144,1	166,9	(13,6%)	165,4	(12,8%)	493,3	463,5	6,4%
Net interest income (ex ALL)	144,3	164,1	(12,1%)	167,1	(13,6%)	489,0	465,0	5,2%
Other operating income/expenses	(2,4)	0,3	(876,7%)	(4,3)	(45,1%)	(3,3)	(9,5)	(65,4%)
<i>Labor-related contingencies</i>	(7,0)	(0,5)	1187,0%	(3,1)	122,9%	(8,7)	(7,8)	12,4%
<i>Other operating income/expenses</i>	4,6	0,8	445,1%	(1,2)	(494,0%)	5,5	(1,7)	(423,5%)
Service fee income	2,2	2,5	(9,2%)	2,6	(14,9%)	7,6	7,9	(4,5%)
Efficiency Ratio without ALL	39,3%	31,3%	8,0 p.p.	42,3%	(3,0 p.p.)	36,6%	45,0%	(8,4 p.p.)

OPERATING PERFORMANCE

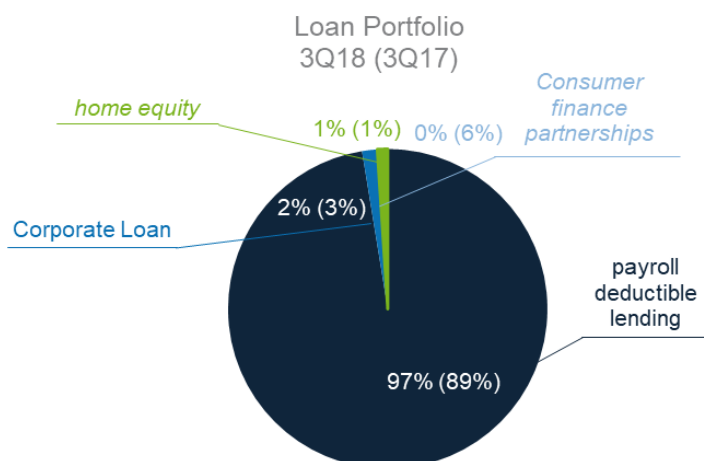
Loan Portfolio

As reported in previous releases, Paraná Banco has invested in the **digital transformation** of its key product—payroll deductible lending to government employees. This strategy has led to the discontinuation of the corporate and home equity loan portfolios, and the partnership with retailers for consumer finance, the latter settled this quarter.

Therefore, Paraná Banco's overall loan portfolio reached R\$ 3.4 billion by the end of 3Q18, a decrease of 2.3% sequentially and of 7.6% year-over-year.

Loan Portfolio (R\$ millions)	3Q18	2Q18	3Q18 x 2Q18	3Q17	3Q18 x 3Q17
Loan Portfolio	3.416,8	3.496,8	(2,3%)	3.697,6	(7,6%)
Payroll deductible lending	3.328,7	3.338,3	(0,3%)	3.308,6	0,6%
Corporate Loans	52,5	60,8	(13,7%)	120,6	(56,5%)
Home Equity	35,6	36,7	(3,0%)	44,2	(19,5%)
Consumer finance partnerships	nd	60,9	nd	224,2	nd

The graph below shows the loan portfolio breakdown. Payroll deductible lending corresponded to 97% of the overall portfolio, up from 89% last year. In the period, corporate loans, accounted for 2% of the overall portfolio, and home equity, for 1%.



Loan Portfolio – Quality

The allowance for loan losses closed the quarter at R\$ 214.9 million, down 15.1% sequentially, due to the reversal of the recently settled partnership with retailers for consumer finance.

Loan Portfolio Quality (R\$ millions)	3Q18	2Q18	3Q18 x 2Q18	3Q17	3Q18 x 3Q17
ALL	214,9	253,0	(15,1%)	183,5	17,1%
Overdue (> 60 days)	180,4	220,6	(18,2%)	169,1	6,7%
Overdue (> 90 days)	147,1	190,0	(22,6%)	110,9	32,6%
Overdue (> 180 days)	116,9	134,7	(13,2%)	61,1	91,5%
Total Portfolio* (a)	3.417	3.497	(2,3%)	3.697	(7,6%)
Coverage Index (ALL/ > 60 days)	119,1%	114,7%	4,4 p.p.	108,5%	10,6 p.p.
Coverage Index (ALL/ > 90 days)	146,1%	133,1%	13,0 p.p.	165,5%	(19,3 p.p.)
Coverage Index (ALL/ > 180 days)	183,8%	187,8%	(4,0 p.p.)	300,5%	(116,7 p.p.)
ALL / Total Portfolio	6,3%	7,2%	(0,9 p.p.)	5,0%	1,3 p.p.
Losses recovered (b)	18,2	16,7	9,0%	22,0	(17,6%)
Loss level (b/a)	0,53%	0,48%	0,05 p.p.	0,60%	(0,07 p.p.)

* Excluding guarantees

The table below shows the A to H rating according to Central Bank's Resolution 2,682/99. In 3Q18, 92.2% of the loan portfolio was rated A to C.

A to H Rating | Loan Portfolio

(R\$ millions)

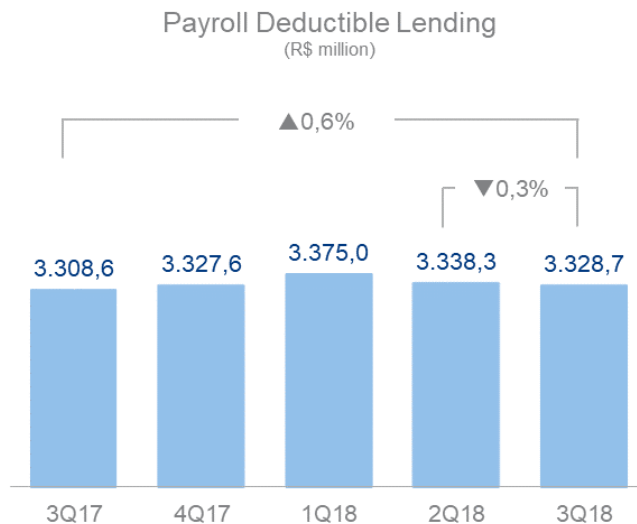
Status	3Q18 Portfolio	% of portfolio	Total Allowance	2Q18 Portfolio	% of portfolio	Total Allowance	
92,2%	A	3.012,5	88,2%	15,1	3.025,7	86,5%	15,1
	B	84,1	2,5%	0,8	103,9	3,0%	1,0
	C	54,9	1,6%	1,6	43,4	1,2%	1,3
	D	18,7	0,5%	1,9	23,9	0,7%	2,4
	E	58,8	1,7%	17,6	78,0	2,2%	23,4
	F	14,2	0,4%	7,1	15,9	0,5%	7,9
	G	136,5	4,0%	133,5	150,5	4,3%	146,3
	H	37,3	1,1%	37,3	55,5	1,6%	55,5
	Total	3.416,8	100,0%	214,9	3.496,8	100,0%	253,0

PAYROLL DEDUCTIBLE LENDING

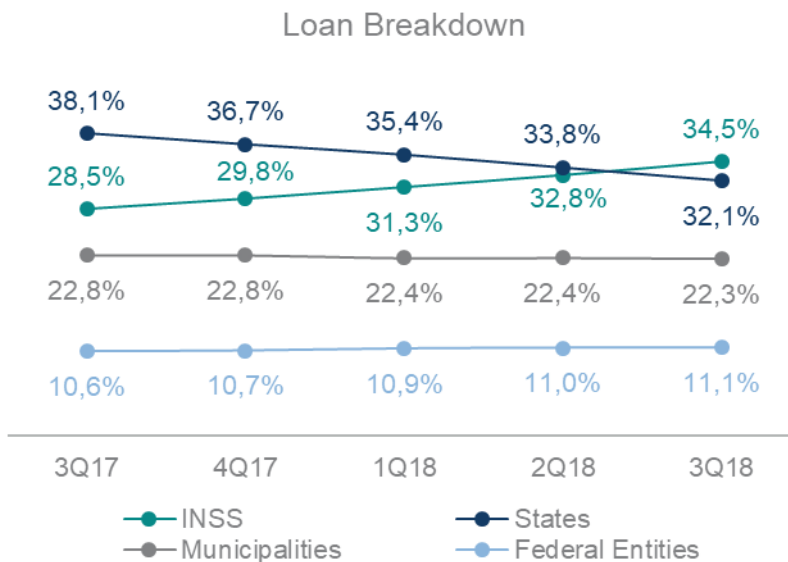
Aware of the technological evolution the world has been through, **Paraná Banco** has been revising its business model, using new technologies and seeking opportunities to understand every step of the client's journey, therefore improving the relationship, delivering product efficiency and agility.

With an eye on the future, every day is a new step towards **digital transformation, innovation, efficiency, focusing on the client.**

Paraná Banco's payroll deductible lending portfolio closed 3Q18 at R\$3.3 billion, unchanged compared to 2Q18 and 3Q17, according to the graph below.

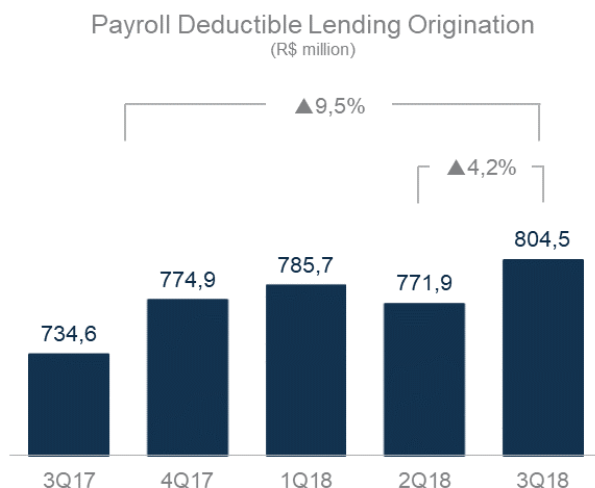


The **payroll deductible lending portfolio** is distributed among the INSS, and state, city and federal government agreements. According to the graph below, 34.5% of this portfolio corresponded to the INSS agreement in the quarter, reflecting the Bank's strategy of reducing its exposure to state-government agreements. Agreements with state governments corresponded to 32.1% of the overall portfolio in 3Q18, city governments, to 22.3%, and federal governments accounted for 11.1%.



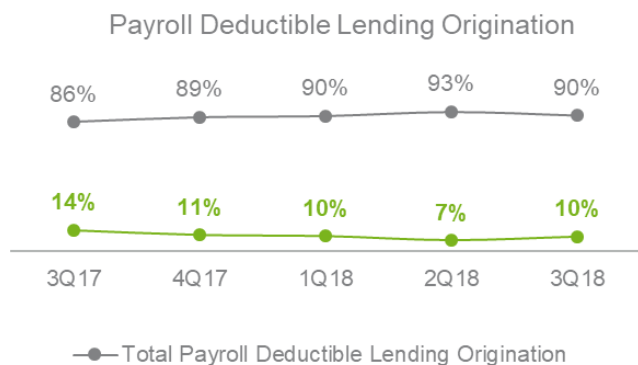
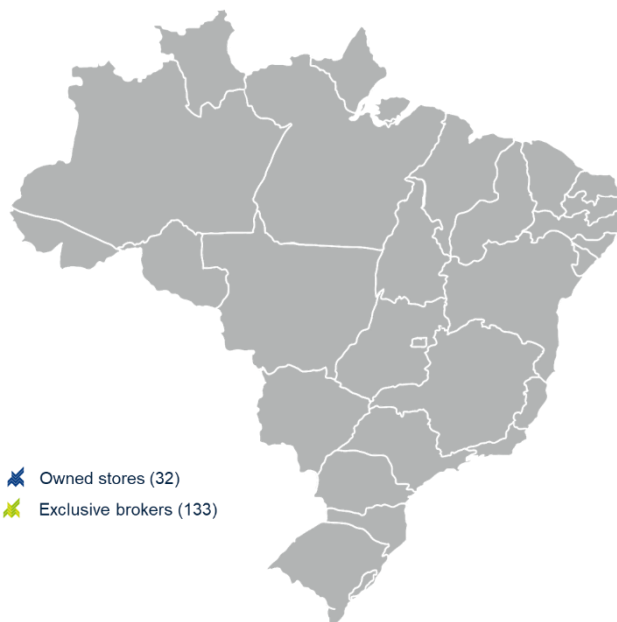
Payroll Deductible Lending - Production

As mentioned before, the digital transformation will allow for a higher growth compared to production through physical channels—which are currently important production channels, recording growth of 4.2% versus 2Q18 and 9.5% year-over-year, totaling R\$ 804.5 million.

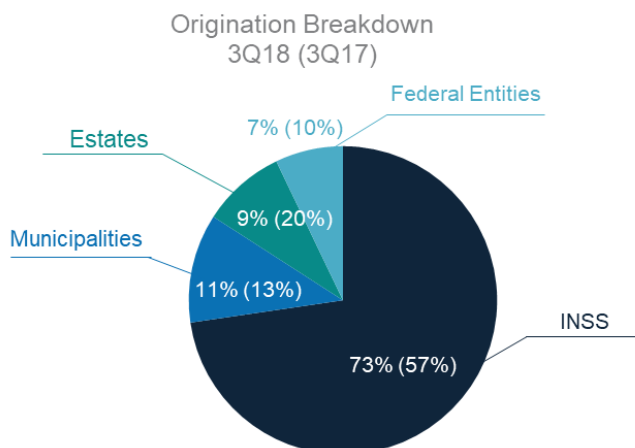


The map shows the geographic distribution of our priority channels in the country. We closed the third quarter with 32 owned stores and 133 exclusive brokers.

These channels accounted for 90% of our production in the quarter, according to the graph below.



The graph below shows production broken down by agreements. The highlight of the quarter was the INSS agreement, which rose by 28 p.p. year-over-year, closing the quarter at 73%. This reflects our strategy of increasing this agreement's production, and reducing our exposure to state- and city-government agreements given the impact of the uncertainties regarding fiscal issues. In the quarter, 81% of the production corresponded to refinancing transactions.



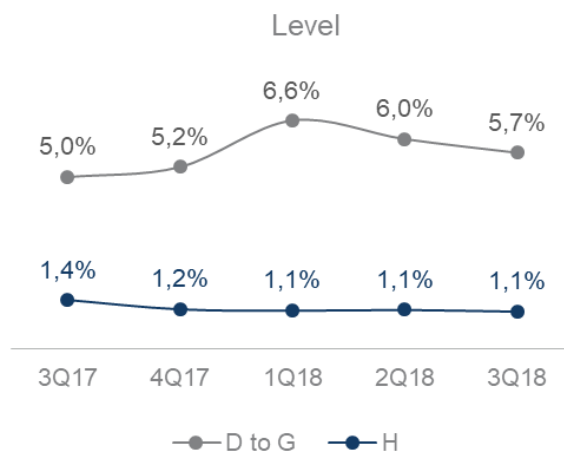
Payroll Deductible Lending – Quality

Below you will find information on the **quality** of Paraná Banco's **payroll deductible lending portfolio**.

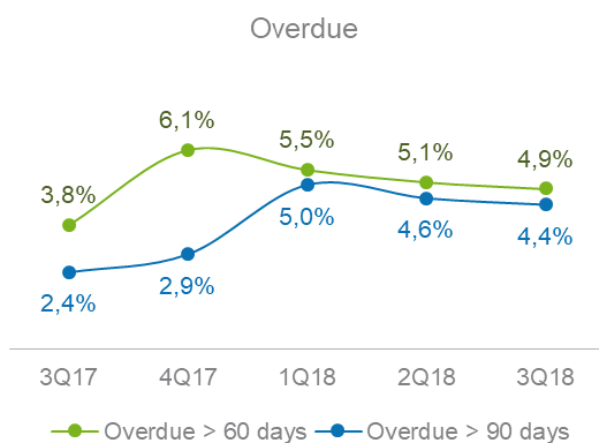
Levels D to G fell 0.3 p.p. sequentially to 5.7% of the portfolio in 3Q18.

Paraná Banco has maintained its conservative strategy for rating state government agreements given the fiscal deterioration seen in the last few years, and increased the provision for these agreements.

Level H remained unchanged at 1.1% of the portfolio in 3Q18 compared to 2Q18.



The graph below shows loans past due 60 days or more ended 3Q18 at 4.9%, down 0.2 p.p. sequentially. Loans past due 90 days or more fell by 0.2 p.p. in the same period.



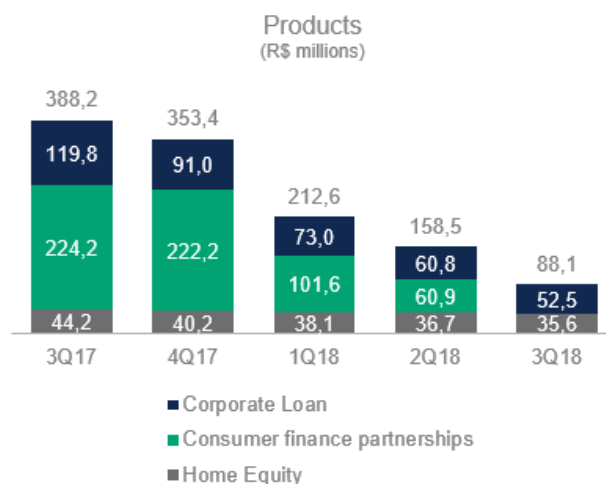
The table below shows the payroll deductible lending portfolio broken down by levels A to H, and their relative provisions. Loans rated A to C reached 93.3% of the overall portfolio in 3Q18.

A to H Rating | Payroll Deductible Lending
(R\$ millions)

Status	3Q18 Portfolio	% of portfolio	Total Allowance	2Q18 Portfolio	% of portfolio	Total Allowance	
93,3%	A	2.988,1	89,8%	14,9	2.981,0	89,3%	14,9
	B	73,1	2,2%	0,7	86,5	2,6%	0,9
	C	43,0	1,3%	1,3	31,2	0,9%	0,9
	D	17,3	0,5%	1,7	17,4	0,5%	1,7
	E	56,6	1,7%	17,0	65,0	1,9%	19,5
	F	8,7	0,3%	4,3	8,9	0,3%	4,4
	G	105,6	3,2%	102,9	110,4	3,3%	108,2
	H	36,4	1,1%	36,4	38,0	1,1%	38,0
	Total	3.328,7	100,0%	179,3	3.338,3	100,0%	188,6

PORTFOLIO RUNOFF

As mentioned in previous releases, Paraná Banco has decided to concentrate its production on payroll deductible lending. Therefore, the partnership with retailers for consumer finance has been recently settled, and two other portfolios are running off: corporate loans and home equity. These portfolios closed the quarter with a residual amount of R\$ 52.5 million and R\$ 35.6 million, respectively.



The table below shows these portfolios broken down by levels A to H, and their relative provisions. In the quarter, the provision for the corporate loan portfolio was at 64%.

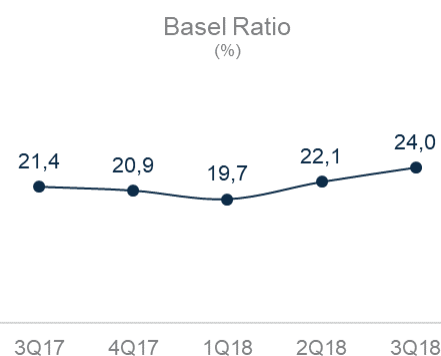
A to H Rating
(R\$ millions)

3Q18		Corporate Loan			Home Equity		
Status	Portfolio	% of portfolio	Total Allowance	Portfolio	% of portfolio	Total Allowance	
A	0,1	0,2%	0,0	24,2	68,1%	0,1	
B	8,7	16,5%	0,1	2,4	6,6%	0,0	
C	7,2	13,6%	0,2	4,7	13,2%	0,1	
D	0,3	0,6%	0,0	1,1	3,0%	0,1	
E	0,2	0,4%	0,1	2,0	5,6%	0,6	
F	5,3	10,1%	2,6	0,2	0,7%	0,1	
G	30,6	58,3%	30,4	0,3	0,8%	0,2	
H	0,2	0,3%	0,2	0,7	1,9%	0,7	
Total	52,5	100,0%	33,6	35,6	100,0%	2,0	

CAPITAL ADEQUACY RATIO

In 3Q18, Paraná Banco's **Capital Adequacy Ratio**, under the requirements of the Central Bank of Brazil (Basel III), was of 24%, up 1.9 p.p. sequentially and up 2.6 p.p. year-over-year, as illustrated by the graph. The portfolio runoff contributed to this increase, as mentioned before.

It is important to note that during 2018 we have applied the 100% deduction factor of investments in insurance to calculate the Reference Capital, under Bacen Resolution No. 4,192/2013.



Capital Adequacy (R\$ million)	3Q18	2Q18	3Q18 x 2Q18	3Q17	3Q18 x 3Q17
Reference equity	861,2	827,3	4,1%	803,1	7,2%
Stockholders' equity required	309,5	323,4	(4,3%)	347,0	(10,8%)
Margins on shareholders' equity required	551,7	503,9	9,5%	456,1	21,0%
Basel (%)	24,0	22,1	1,9 p.p.	21,4	2,6 p.p.

CORPORATE GOVERNANCE

Paraná Banco's current shareholding structure is illustrated below.

Shareholders	Common Shares	Preferred Shares	Total	%
Control Group and Related Person	40.745.600	40.248.014	80.993.614	99,4%
Management	450.481	0	450.481	0,6%
Total	41.196.081	40.248.014	81.444.095	100%

Base: september/2018

The table below shows payments made to shareholders referring to the result for the third quarter of 2018:

Approval Date	Value (R\$ thousand)	Value/Share (R\$)	Earnings
29/mar/18	16,0	0,20	
25/jun/18	27,1	0,33	JCP
24/sep/18	20,5	0,25	
Total	63,6	0,78	

LIQUIDITY

Paraná Banco maintained a **high liquidity** rate in 3Q18, according to the table below. The available cash balance was of R\$1.55 billion.

In the previous quarter, the Bank reported a cash balance of R\$ 1.64 billion, and the 3rd issue of financial bills for the amount of R\$ 309 million matured in July 2018. However, due to market uncertainties before the elections, the Bank adopted a conservative approach and chose to keep a high liquidity and increase funding ahead of the election results.

Liquidity (R\$ millions)	3Q18	2Q18	3Q18 x 2Q18	3Q17	3Q18 x 3Q17
Repurchase Agreement	1.359,3	1.418,3	(4,2%)	947,3	43,5%
Brazilian Federal Bond - Floating Rate	147,6	189,6	(22,2%)	179,4	(17,8%)
Brazilian Federal Bond in Guarantee (B3)	45,2	21,5	110,4%	1,2	3739,9%
Investment	1,5	6,0	(74,8%)	5,7	(73,7%)
Reserve Balance	nd	nd	nd	0,2	nd
Final Balance	1.553,5	1.635,4	(5,0%)	1.133,8	37,0%

FUNDING

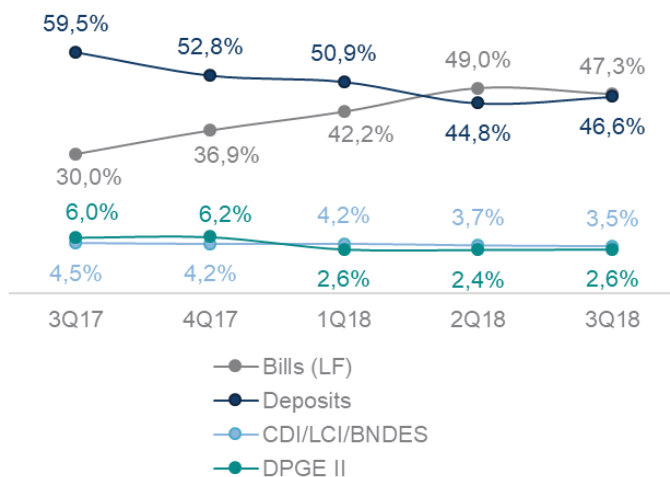
In line with our loan portfolio, Paraná Banco's overall funding portfolio closed the quarter at R\$4 billion, unchanged year-over-year and down 3.6% sequentially.

In the quarter, corporate time deposits rose 12% sequentially, according to the table below. Financial bills rose 57.7% year-over-year, closing the quarter at R\$1.9 billion; again, the 3rd issue of financial bills matured in July.

Funding (R\$ millions)	3Q18	2Q18	3Q18 x 2Q18	3Q17	3Q18 x 3Q17
Total Funding	4.028,7	4.178,4	(3,6%)	4.024,0	0,1%
Total Deposits	2.078,0	2.086,4	(0,4%)	2.753,0	(24,5%)
<i>Individuals</i>	684,5	768,0	(10,9%)	914,3	(25,1%)
<i>Other Companies</i>	554,2	494,6	12,0%	609,2	(9,0%)
<i>Institutional Investors</i>	539,4	513,1	5,1%	842,9	(36,0%)
<i>Related Parties</i>	197,7	194,4	1,7%	262,6	(24,7%)
<i>Financial Institutions</i>	102,3	116,4	(12,1%)	123,9	(17,5%)
Demand Deposits	6,0	3,1	94,1%	6,0	0,2%
Financial Bills	1.906,6	2.049,4	(7,0%)	1.209,0	57,7%
LCI	29,7	28,9	2,9%	27,9	6,4%
BNDES/Finame onlending	8,4	10,6	(20,9%)	25,8	(67,6%)

The graph below shows our funding broken down by product. Financial bills represented 47.3% of the overall funding portfolio in the quarter, an increase of 17.3 p.p. year-over-year, followed by deposits (46.6%). Less representative, CDI, LCI, BNDES onlending and DGPE II together accounted for 6.1% of the overall funding portfolio. We maintain a recurrent issue of DPGE II in order to keep our systems up to date, as we consider this product an efficient contingency instrument.

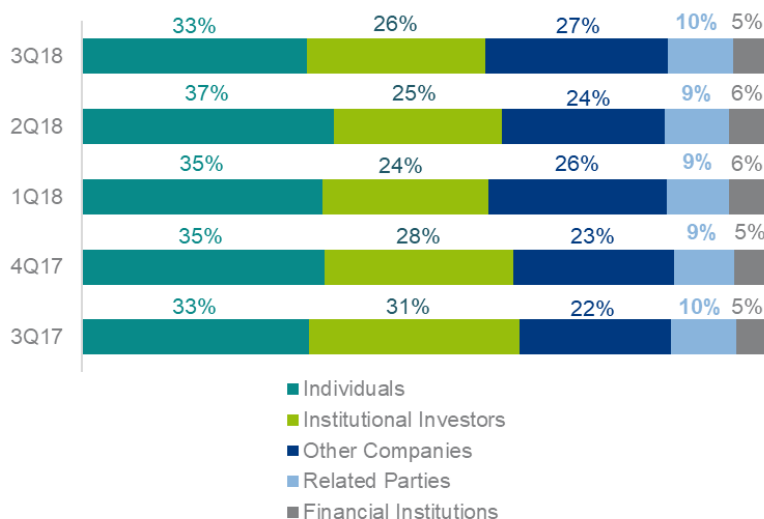
Funding Composition



The graph below shows changes in the profile of time deposit investors. Institutional investors had their share reduced in the quarter due to the migration to financial bill issues. On the other hand, corporate investors increased their share by 5 p.p., from 22% to 27% compared to 3Q17.

Individual investors reduced their share to 33% in 3Q18, as illustrated below, compared to 37% in 2Q18, basically due to a more restrictive funding policy in brokerage firms' platforms, which make up this portfolio. The Bank has invested to modernize its financial investment processes through the digital channel and the internet portal, which is expected to increase funding through these channels, in turn helping to diversify Paraná Banco's overall funding.

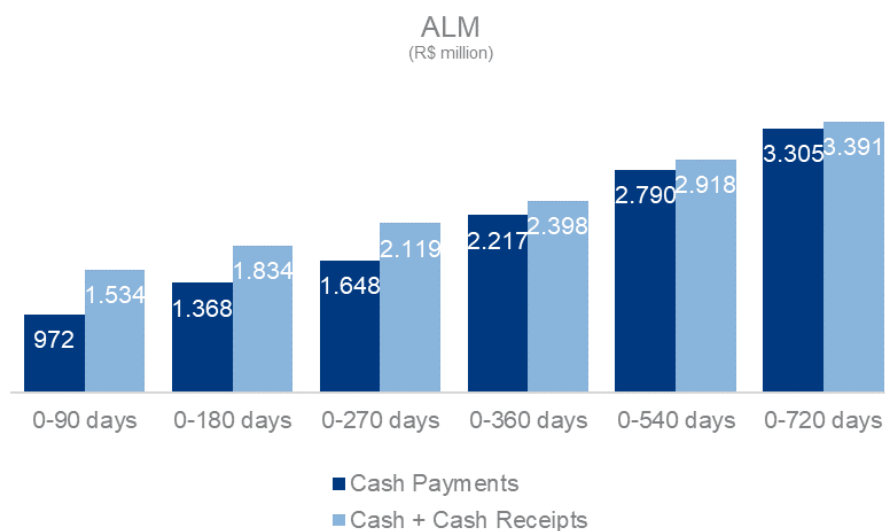
Investor Profile



ASSET AND LIABILITY MANAGEMENT (ALM)

The table below illustrates Paraná Banco's asset and liability management.

The Bank has maintained a positive correlation between assets and liabilities for all maturities up to 720 days, showing its assets and liabilities are managed conservatively and efficiently. One highlight here is that we consider liquidity funding transactions maturing in one day (D+1), which are therefore allocated to 0 to 90-day liabilities, reinforcing our prudence and conservatism.



In November 2018, JMalucelli Seguradora, as part of its digital transformation, was renamed **Junto Seguros S.A*** (Insurer), the first surety bond digital insurer in Brazil. The new name translates our partnership with and proximity to our clients, partners and employees. Through a 100% digital, agile, innovative, customer-centered platform and a unique environment available in any device, the company promises to raise policy quoting and issue to a new level.

The Insurer started operating in 1991 in Brazil and Latin America, as has been the market leader in surety bonds for over 20 years.

JMalucelli Resseguradora, renamed **Junto Resseguros S.A**** (Reinsurer), was founded in 2008 with the goal of covering 100% of the insurer's activities reinsurance. It was created as part of the strategy of capturing business opportunities created by the opening of the Brazilian reinsurance market, which used to be monopolized by Instituto de Resseguros do Brasil (IRB).

In 2010, a partnership was agreed on with U.S. insurer Travelers, one of the world's largest surety bond and property & casualty (P&C) insurers.

*Junto Seguros S.A (corporate name pending approval by SUSEP – former JMalucelli Seguradora S.A)

**Junto Resseguros S.A (corporate name pending approval by SUSEP – former JMalucelli Resseguradora S.A)

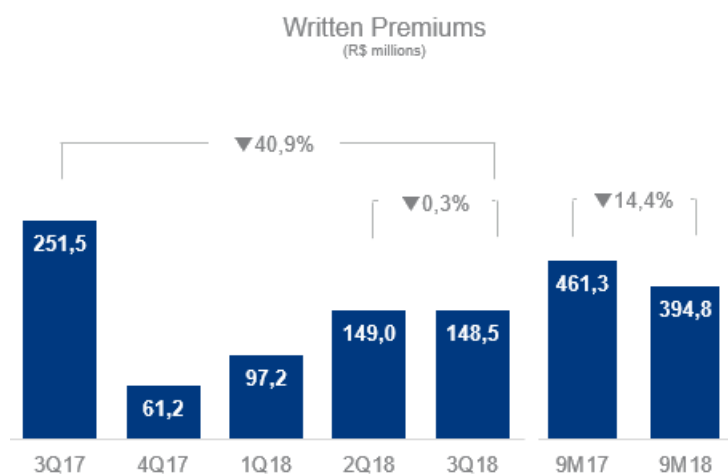
Junto Seguros

Junto Seguros reported **net income** of R\$ 4.8 million for 3Q18, down 64.2% sequentially due to investments in performance improvements, systems and business intelligence, and a non-recurring decrease in revenue from reinsurance operations. Net income dropped 65.1% year-over-year, impacted by the lower financial income caused by the decrease in the Selic benchmark rate and the increase in administrative expenses.

Junto Seguros (R\$ millions)	3Q18	2Q18	3Q18 x 2Q18	3Q17	3Q18 x 3Q17	9M18	9M17	9M18 x 9M17
Net Income	4,8	13,4	(64,2%)	13,8	(65,1%)	29,9	36,9	(19,0%)

* Represents 100% of net assets and net income not adjusted.

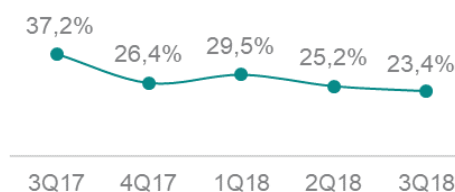
Direct surety bond and DPVAT **premiums** totaled R\$148.5 million in 3Q18, down 0.3% sequentially.



Written Premiums (R\$ millions)	3Q17	4Q17	1Q18	2Q18	3Q18	9M17	9M18
Total	251,5	61,2	97,2	149,0	148,5	461,3	394,8
Surety	243,8	55,9	84,5	141,4	143,1	426,3	369,0
DPVAT	7,7	5,4	12,7	7,6	5,5	35,0	25,8

The **loss ratio** (surety bond claims retained divided by premiums earned) was 23.4% in 3Q18, down 1.8 p.p. sequentially and down 13.8 p.p. year-over-year. For this calculation, we use 12-month values for each quarter.

Loss Ratio



Junto Seguros's efficiency ratio was 3.8 p.p. lower compared to 2Q18, closing the third quarter at 15.1%, reflecting investments in performance improvements and business intelligence.

Efficiency Ratio* (millions)	3Q18	2Q18	3Q18 x 2Q18	3Q17	3Q18 x 3Q17	9M18	9M17	9M18 x 9M17
Written Premium (a)	143,1	141,4	1,2%	243,8	(41,3%)	369,0	426,3	(13,4%)
Administrative Expenses (b)	(21,6)	(16,0)	34,8%	(15,9)	36,0%	(53,1)	(48,4)	9,8%
Efficiency Ratio (b/a) (%)	15,1	11,3	3,8 p.p.	6,5	8,6 p.p.	14,4	11,3	3,1 p.p.

*Considering only the operation of the Surety, disconsidering DPVAT.

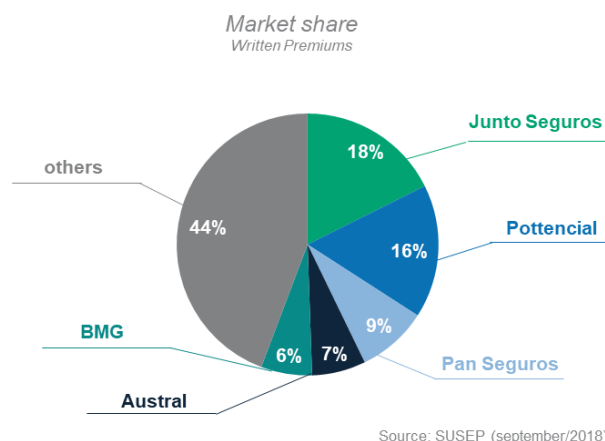
The table below shows the **combined ratio**, which demonstrates the company's operational performance as a ratio of operating expenses from the insurance business (retained claims, commission results, administrative expenses, and other operating revenues and expenses) to premiums earned. For this calculation, we use 12-month values for each quarter.

Junto Seguros ended 3Q18 with a combined ratio of 50.5%, an improvement of 13.5 p.p. year-over-year, and down 9.4 p.p. sequentially due to higher administrative expenses, as mentioned before, and lower revenue from reinsurance operations.

Combined Ratio* (R\$ millions)	3Q18	2Q18	3Q18 x 2Q18	3Q17	3Q18 x 3Q17
Retained Claims (a)	(16,6)	(18,3)	(9,4%)	(26,8)	(38,2%)
Commission Results (b)	41,4	39,2	5,5%	25,4	62,5%
Administrative Expenses (c)	(69,7)	(64,0)	8,9%	(64,0)	8,9%
Other Operating Revenues and Expenses (d)	9,2	13,3	(30,7%)	19,2	(52,0%)
Earned Premium (e)	70,8	72,5	(2,4%)	72,1	(1,8%)
Combined Ratio (%) (a+b+c+d)/e	50,5	41,1	9,4 p.p.	64,0	(13,5 p.p.)

*Considering only the operation of the Surety, disconsidering DPVAT.

In September 2018, Junto Seguros ranked first in **market share** in written premium production with an 18% share of the surety bonds market, in Susep's ranking.



Junto Resseguros

Junto Resseguros closed the quarter with **net income** of R\$ 7.3 million, down 33.1% sequentially due to the low amount of claims in the previous quarter, and down 33.4% year-over-year, mostly reflecting the decrease in financial income resulting from the decrease in the Selic benchmark rate.

Junto Resseguros (R\$ millions)	3Q18	2Q18	3Q18 x 2Q18	3Q17	3Q18 x 3Q17	9M18	9M17	9M18 x 9M17
Net Income	7,3	10,9	(33,1%)	11,0	(33,4%)	27,2	34,7	(21,6%)

* Represents 100% of net assets and net income not adjusted.

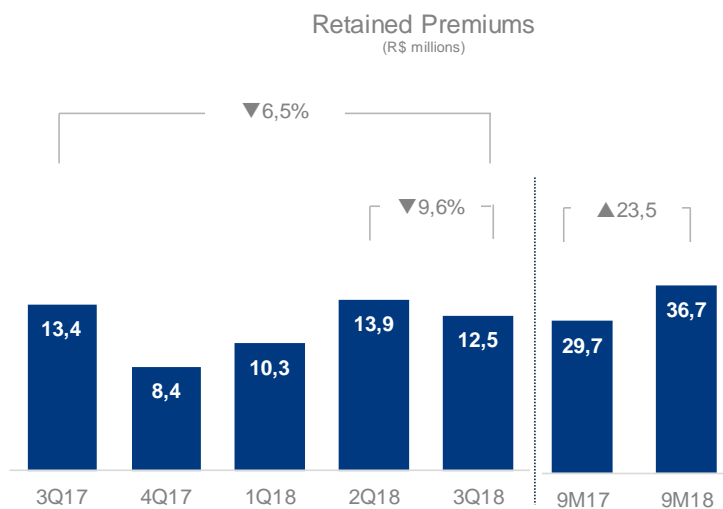
The table below shows the **combined ratio**, which demonstrates the company's operational performance as a ratio of operating expenses from the insurance business (retained claims, commission results, administrative expenses, and other operating revenues and expenses) to premiums earned. For this calculation, we use 12-month values for each quarter.

Junto Resseguros ended 3Q18 with a **combined ratio** of 32.6%, an improvement of 49.6 p.p. year-over-year, and of 0.5 p.p. sequentially.

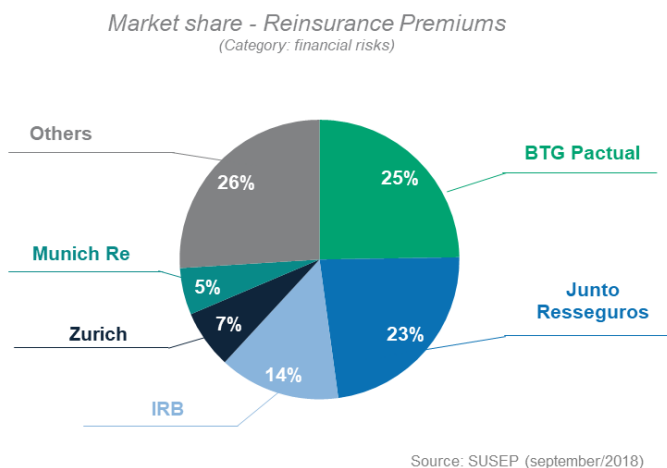
Combined Ratio* (R\$ millions)	3Q18	2Q18	3Q18 x 2Q18	3Q17	3Q18 x 3Q17
Retained Claims (a)	(9,1)	(8,7)	4,3%	4,2	(314,3%)
Commission Results (b)	(9,1)	(6,9)	32,1%	(7,7)	17,2%
Administrative Expenses (c)	(15,3)	(15,2)	0,7%	(14,9)	2,5%
Other Operating Revenues and Expenses (d)	20,4	18,4	11,0%	(11,3)	(280,7%)
Earned Premium (e)	40,1	37,5	7,1%	36,2	10,8%
Combined Ratio (%) (a+b+c+d)/e	32,6	33,1	(0,5 p.p.)	82,2	(49,6 p.p.)

*Considering only the operation of the Surety, disconsidering DPVAT.

Premiums retained by Junto Resseguros fell 6.5% year-over-year and 9.6% sequentially, reaching R\$12.9 million in 3Q18. In 9M18, retained premiums were up 23.5% year-over-year.



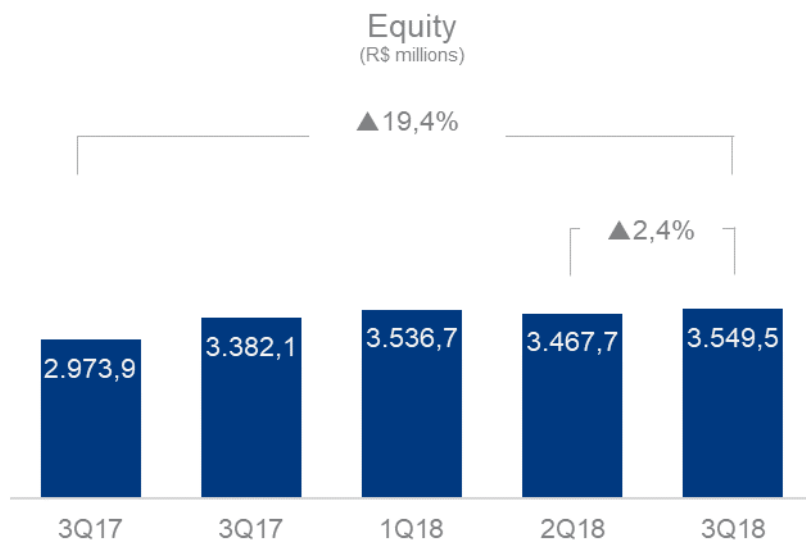
In September 2018, Junto Resseguros ranked 2nd in **market share** in the production of financial risk reinsurance premiums, with 24%, in Susep's ranking.



Founded in 1968, JMalucelli Investimentos is an asset manager operating in the multi-market, equities, and fixed income markets. The company's operations are accredited by the CVM and authorized by the Bacen, follow strict risk control protocols and serve the most diverse investor profiles. Its investment philosophy is to seek capital preservation and create wealth in the long term.

JMalucelli Investimentos closed 3Q18 with R\$3.5 billion in assets under management, up 19.4% year-over-year (R\$3 billion in 3Q17) and up 2.4% sequentially.

It currently manages five open-ended investment funds—two in equities, one in fixed income, two in multi-market—and 27 exclusive investment fund and managed portfolio products.



APPENDIX I – STATEMENT OF INCOME

Statement of Income (R\$ thousands)	3Q18	2Q18	3Q17
Interest Income	228.695	229.825	268.966
Loan operations	203.576	208.000	241.159
Income from marketable securities operations	25.119	21.825	27.375
Income from trade finance operations	-	-	432
Interest Expenses	(100.603)	(132.576)	(136.991)
Funding operations in the market	(80.200)	(70.008)	(102.507)
Income from derivative financial instruments	(4.229)	4.273	610
Allowance for loans losses	(16.174)	(66.841)	(35.094)
Net interest income	128.092	97.249	131.975
Other operating income (expenses)	(50.488)	(37.874)	(57.591)
Services fee income	2.247	2.475	2.639
Change in insurance technical allowances	(12.174)	(11.850)	(12.523)
Personnel expenses	(37.556)	(32.767)	(50.653)
Other administrative expenses	(6.884)	(7.517)	(6.762)
Tax expenses	6.248	11.480	14.020
Other operating income	5.544	3.078	1.301
Other operating expenses	(7.913)	(2.773)	(5.613)
Operating Income	77.604	59.375	74.384
Income Tax - current	(22.125)	(8.936)	2.497
Social contribution - current	(7.605)	(15.881)	3.344
Social contribution - current	(6.266)	(13.089)	2.531
Deferred Income tax and social contribution	(8.254)	20.034	(3.378)
Profit Sharing	(1.946)	(186)	(1.952)
Net Income	53.533	50.253	74.929

APPENDIX II – BALANCE SHEET

Balance Sheet (R\$ thousand)	3Q18	2Q18	3Q17
Assets			
Current	2.736.234	2.830.222	2.600.619
Cash and equivalents	237	677	576
Interfinancial liquidity investments	1.380.528	1.460.478	947.900
Marketable securities	194.808	196.250	186.992
Interfinancial relations	136	82	107
Loan operations	1.081.785	1.121.471	1.408.242
Loan operations	1.239.029	1.309.455	1.559.423
Allowance for losses with loan operations	(157.244)	(187.984)	(151.181)
Other loans	78.740	51.251	56.516
Other values and assets	-	13	286
Long-term assets	2.224.884	2.256.117	2.189.878
Loan operations	2.120.181	2.120.874	2.097.041
Loan operations	2.177.814	2.182.167	2.124.779
Allowance for losses with loan operations	(57.633)	(61.293)	(27.738)
Other loans	101.102	131.442	88.314
Other values and assets	3.601	3.801	4.523
Permanent	631.090	623.984	681.582
Investments	622.355	616.115	672.480
Property, plant and equipment in use	8.735	7.869	9.102
Total	5.592.208	5.710.323	5.472.079
Balance Sheet (R\$ thousand)			
	3Q18	2Q18	3Q17
Liabilities			
Current	2.204.683	2.252.800	2.504.490
Deposits	1.204.393	1.241.116	1.927.470
Open market funding	20.919	34.203	-
Proceeds from acceptances and issues of securities	833.236	836.787	400.934
Domestic onlendings	6.753	7.432	17.442
Interfinancial relations	-	49	25
Currency Borrowings	-	-	2.229
Other liabilities	139.382	133.213	156.390
Long-term liabilities	2.004.493	2.110.854	1.694.696
Deposits	879.614	848.384	831.527
Proceeds from acceptances and issues of securities	1.103.132	1.241.525	835.962
Domestic onlendings	1.619	3.146	8.392
Other liabilities	20.128	17.799	18.815
Income from future years	-	-	6
Shareholder's equity	1.383.032	1.346.669	1.272.887
Capital stock	768.359	768.359	768.359
Profits reserve	611.078	578.045	504.263
Adjustments to market value - marketable securities	265	265	265
Hedge	3.330	-	-
Total	5.592.208	5.710.323	5.472.079