

Operator:

Good morning, ladies and gentlemen, and welcome to Banco PanAmericano's conference call to discuss the 2Q12 results. This event is also being broadcast simultaneously on the Internet, both audio and slideshow, which can be accessed on the Company's IR website www.panamericano.com.br/ir, with the respective presentation.

We would also like to remind you that this call is being recorded. We would like to inform you that all participants will be in listen-only mode during the Company's presentation. After the Company's remarks are completed, there will be a question and answer session. At that time further instructions will be given. Should any participant need assistance during this call, please press *0 to reach the operator.

Forward-looking statements are subject to known and unknown risks and uncertainties that could cause the Company's actual results to differ from those expressed in the forward-looking statements. Such statements speak only as of the date they are made, and the Company is under no obligation to update them in light of future developments.

Now, I will turn the conference to Mr. José Luiz Acar, CEO, who will begin the presentation. Mr. José, you may begin your conference, sir.

José Luiz Acar:

Thank you. Good morning. I would like to thank you all for participating in this conference call to discuss the results of Banco PanAmericano and its subsidiaries for the 2Q12.

Starting with the 2Q12 highlights on page three of our presentation, in May PanAmericano concluded its capital increase of approximately R\$1.759 billion, which was approved by the Central Bank on June 8th. The aim of the operation was to raise the funds needed to support our growth and product diversification strategy. With the conclusion of the capital increase, PanAmericano's consolidated shareholders' equity closed the 2Q at R\$2.727 billion, including the result of the period.

Also in the 2Q, a Shareholders' Meeting on April 25th approved the acquisition of BFRE. On June 11th, the Central Bank approved the transfer of control of Brazilian Mortgages to PanAmericano, and we were therefore able to conclude the acquisition of BFRE on July 19th. Thus, our 3Q financial statements will include the consolidation of BFRE and its results.

To strengthen our new operations in the real estate market, we signed a commercial agreement with Caixa Econômica Federal last April, through which Caixa will purchase real estate credit bills and mortgage-backed securities, issued by PanAmericano or its subsidiaries. In addition, BTG Pactual and Caixa signed an amendment to the operational cooperation agreement entered into with PanAmericano on January 31st, 2011, to formalize the injection, by BTG Pactual, of additional funds and interbank deposit certificates or bank deposit certificates issued by PanAmericano, providing even further support for our growth strategy.

Given the conclusion of the capital increase, which provided PanAmericano with substantial capital and liquidity, management decided not to assign credit portfolios in the 2Q. This decision took into account the need to accumulate a larger portfolio with retained results, ensuring a basis for more stable results. As part of restructuring process, therefore, PanAmericano did not assign credits without recourse in the quarter, adding to this fact the

increase in the market delinquency ratios PanAmericano reported a R\$262.5 million loss in the 2Q12, versus net income of R\$2.9 million in the 1Q, when R\$1.26 billion in credit portfolios were assigned without recourse. Our Basel ratio closed June at 20.13%, and the operational margin stood at more than R\$1 billion.

I would like to highlight the management decision not to assign credit portfolios in the 2Q does not mean that such assignments have been ruled out in the coming quarters. This instrument remains part of our business model and therefore we will decide in each quarter the amount to be assigned aiming for the balance between the need to accumulate a larger portfolio and the possibility of anticipating future results. As loan originations move up in the coming months, as we forecasted, it will be natural for new assignments to take place.

The balance of the credit portfolio with retained result, which excludes loans granted by recourse and thus provides a measure of PanAmericano's revenue earning portfolio, totaled R\$9.1 billion in the 2Q12, 9.6% up on the 1Q12 and 29.4% more than in the 2Q11. This substantial growth was driven exactly by management's decision not to assign credit portfolios in the period. The total expanded credit portfolio came to R\$10.8 billion, 5.7% up on the 1Q12.

In regard to loan origination, the new car, payroll-deductible loan, and corporate loan portfolios moved up strongly in the 2Q12, reinforcing PanAmericano's growth strategy in lower-risk segments. New cars financing increased by 26.1% over the 1Q12.

Origination of payroll-deductible loans averaged R\$107 million per month in the 2Q12, continuing with the gradual acceleration that has been taking place since January, after the area's processes were restructured.

Finally, corporate loans increased by 9.3% over the previous quarter and by 130% over the 2Q11, reaching R\$1.2 billion, underlining the continued growth of this portfolio over the last 12 months.

Thank you once again for being with us, and I will now turn the floor to Willy, who will present the Bank's numbers of the quarter.

Willy Jordan:

Thank you, Acar, and good morning for all. I will follow the presentation going to page four. This page shows our shareholding structure on June 30th, after the completion of the capital increase. There was an increase in the free float, mostly due to the decision by TPG-Axon, a fund that was one of BFRE shareholders, to exercise its option to use part of the payment from the sale of its BFRE shares to subscribe to PanAmericano shares. Thus, as previously announced, TPG received subscription rights to 30,095,978 preferred shares of PanAmericano, representing 12.4% of all preferred shares and 5.6% of the total capital of the Bank after the capital increase. These shares were subscribed and paid in May.

Another consequence of the capital increase was the higher share of foreign investors in our shareholding structure. At the close of the 1H, only 52.4% of the free float was held by investors residing in Brazil. The institutional/individual investor ratio remained practically unchanged, however with a strong institutional concentration.

Page five show the main income statement items. As already mentioned, the main difference between the 2Q12 and the 1Q12 and the 2Q11, was due to the fact that there were no credit

assignments without recourse in the 2Q12, whereas such credit assignments without recourse totaled R\$1.216 billion in the 1Q12 and R\$734 million in the 2Q11.

This absence of credit assignments without recourse was reflected directly in the lending operations line, where we can see a big reduction over the previous quarter, precisely because there were no anticipated earnings from assigned portfolios. The derivatives transactions line has benefited from the depreciation of the Brazilian Real in the 2Q12 and also underwent a substantial change. In any case, as we are always reminding here in these conferences, since our derivatives portfolio is designed to protect debt with foreign currency exposure, the derivatives result has an almost identical corresponding expense entry under funding operations and derivative transactions. Looking at these two lines together, therefore, there is no significant variation over the quarters.

There was also an increase in the allowance for loan losses expense, reflecting the effect of rising delinquency, especially if we look at these quarters' expenses in the vintages that were originated in 2011. Nevertheless, it is important to highlight that the early indicators related to the most recent loan vintages have shown consistent improvement of these vintages since the end of 2011, indicating that this improvement should be reflected in the future decline in the allowance for loan losses likely from the 4Q12.

Thus with the absence of credit portfolio assignments without recourse and the increase in the expenses with provisions for loan losses, we had a lower net income and a narrower net financial margin in the quarter, as we can see on the table here on page five.

On the next page we have our credit origination. Given high delinquency and our ongoing restructuring process, we have adopted a more conservative approach towards the origination of new loans, including more rigorous approval criteria, which have been actually in place since the end of 2011. As a result, credit origination in the 2Q12 averaged R\$517 million per month, 0.2% up on the R\$515.8 million recorded in the 1Q12 and 3.8% more than the R\$498.2 million reported in the 2Q11.

The negative effects of still low origination, however, should be more than offset by declining default in the Company's loan portfolios over time. This improvement should be fueled by more rigorous approval criteria and the expansion of the new cars, payroll loan, and corporate loan portfolios, as well as the real estate financing business that will come with the incorporation of BFRE, reinforcing PanAmericano's growth strategy in lower-risk segments, as Acar already highlighted.

It is worth noting that PanAmericano's credit origination showed a clear upward tendency throughout the quarter, thanks to the recovery in vehicle sales from the end of May and the results of the restructuring of payroll loans, personal and consumer loans, among others. As a result, loan origination, which averaged R\$517 million per month in the 2Q, was composed by an origination of R\$396.5 million in April, R\$516.5 million in May, and R\$638.2 million in June, as we can see in the graph. July figures have continued to demonstrate this growth trend, and without material changes in the economic environment, this recovery in our origination profile should be sustained throughout the 2H12.

Page seven provides additional information on the origination of portfolios in the vehicle-financing segment, which is still PanAmericano's largest business. As you can see in the graphs at the bottom of the page, management's more conservative approach was reflected in lower average terms and an increase in the down payment percentage for vehicle financing

throughout the year. The slight reduction in vehicle financing origination over the 1Q12 was concentrated in the motorcycle and used cars financing segment, with new cars being the only segment to record growth, in both relative and absolute terms.

On page eight, we have the opening of our expanded credit portfolio on balance sheet. On the first table, we can see that vehicle financing continues to be our largest business, as I have already mentioned, representing 61% of our total portfolio, followed by payroll-deductible loans with a share of 14.5%. The corporate loan portfolio reached almost R\$1.2 billion in June and is now our third largest portfolio, with a growth of 9.3% over the 1Q and more than a 130% over the 2Q11, indicating that this portfolio has been built up over the last four quarters.

The total expanded credit portfolio stood at R\$10.8 billion at the end of the 2Q12, 5.7% up on the R\$10.2 billion portfolio in March 2012 and 6% more than the R\$10.2 billion credit portfolio in June. More importantly, the balance of the credit portfolio with retained results, in the graph at the bottom left of the page, which excludes loans assigned with recourse and provides a more accurate measure of PanAmericano's revenue earning portfolio, increased by 9.6% over the 1Q12 and 29.4% over the 2Q11. The growth of this portfolio in the 2Q12 was driven exactly by the decision not to assign credit portfolios in the period. As Acar has already explained, this decision was based on the Bank's large capitalization after the capital increase and the improved quality of the most recently originated portfolios. This makes the retention of these portfolios very appealing and very attractive in terms of generating future results for PanAmericano.

As for funding, on page nine, we continue to record the exchange of more expensive liabilities inherited from the past by lines with lower market cost, reflecting the improvement in PanAmericano's credit risk perception. Funding in DPGE, which is a type of deposit guaranteed by the FGC in Brazil, was R\$789 million in June, 62% below 1Q11, reflecting exactly the change of this type of funding for other more attractive alternatives. The total balance of funding in the quarter was approximately R\$11.3 billion, following the funding needs for our asset base.

On page ten, we have on the right hand side the demonstration of the networth evolution in the quarter. Consolidated shareholders' equity closed June 2012 at R\$2,727.7 million versus R\$2,202.3 million in March 2012 and R\$1,227.3 million at the end of 2011. The upturn of our networth was due to the paying in of R\$1,758.9 million from the capital increase, being R\$971.5 million integralized in January 2012 by the controlling shareholders equivalent to all their subscription rights on common shares, and R\$787.4 million integralized in May 2012 by the holders of our preferred shares.

On the left side of the page, we show the opening of the calculation of our Basel ratio, which was 20.13%, and the operating margin, which was R\$1,065.5 million.

On page 11 finally, we have a chart that demonstrates our stock performance over the past 12 months. You can see that during this period our shares slightly outperformed the Ibovespa, recording average daily liquidity of R\$2.5 million in the 2Q12.

Now, at this point I thank you once again for being present here in this conference call, and I pass the floor back to the mediator to start the questions and answers session. Thank you.

Operator:

I am showing no questions at this time. So, I would like to turn the floor back over to Mr. Willy Jordan for his final remarks.

Willy Jordan:

Well, thank you once again for being present here. If you have any doubts, our Investor Relations team is more than available to support you. And we hope to see you again on our next quarter's conference call.

Operator:

Thank you. This concludes Banco PanAmericano's conference call. You may now disconnect, and have a great day.

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