

3Q14 Earnings Results



PAN

Disclaimer

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Risks and uncertainties related to the bank's businesses, to the competitive and market environment, to the macro-economical conditions and other factors described in "Risk Factors" in the Reference Form, filed with the Comissão de Valores Mobiliários, may cause effective results to differ materially from such plans, objectives, expectations, projections and intentions.

Highlights

- ✓ **Credit assets monthly average origination of R\$ 1,332.5 million in 3Q14, 10.1% up** on the monthly average of R\$ 1,210.1 million in **2Q14** and **13.6% up** on the monthly average of R\$ 1,173.0 million in **3Q13**;
- ✓ **Loan Portfolio with Retained Result totaled R\$ 16.4 billion, 3.5% up** on the R\$ 15.9 billion in **2Q14** and **14.9% up** on the R\$ 14.3 billion in **3Q13**;
- ✓ **Portfolios with risk category between “AA” to “C” reached 90.6% of Total Loan Portfolio**, compared to 89.9% in 2Q14 and 85.9% in 3Q13;
- ✓ **Allowance for loan losses net expense came to R\$ 160.4 million in 3Q14, 11.5% down** from the R\$ 181.3 million in **2Q14**;
- ✓ **Consolidated Net Loss of R\$ 69.7 million in 3Q14**, compared to the net loss of R\$ 70.4 million in 2Q14 and the net loss of R\$ 20.5 million in 3Q13; and
- ✓ **After the capitalization of R\$ 1,331.6 million, Consolidated Shareholders’ Equity reached R\$ 3,408.1 million and the Basel ratio stood at 18.1% in 3Q14.**

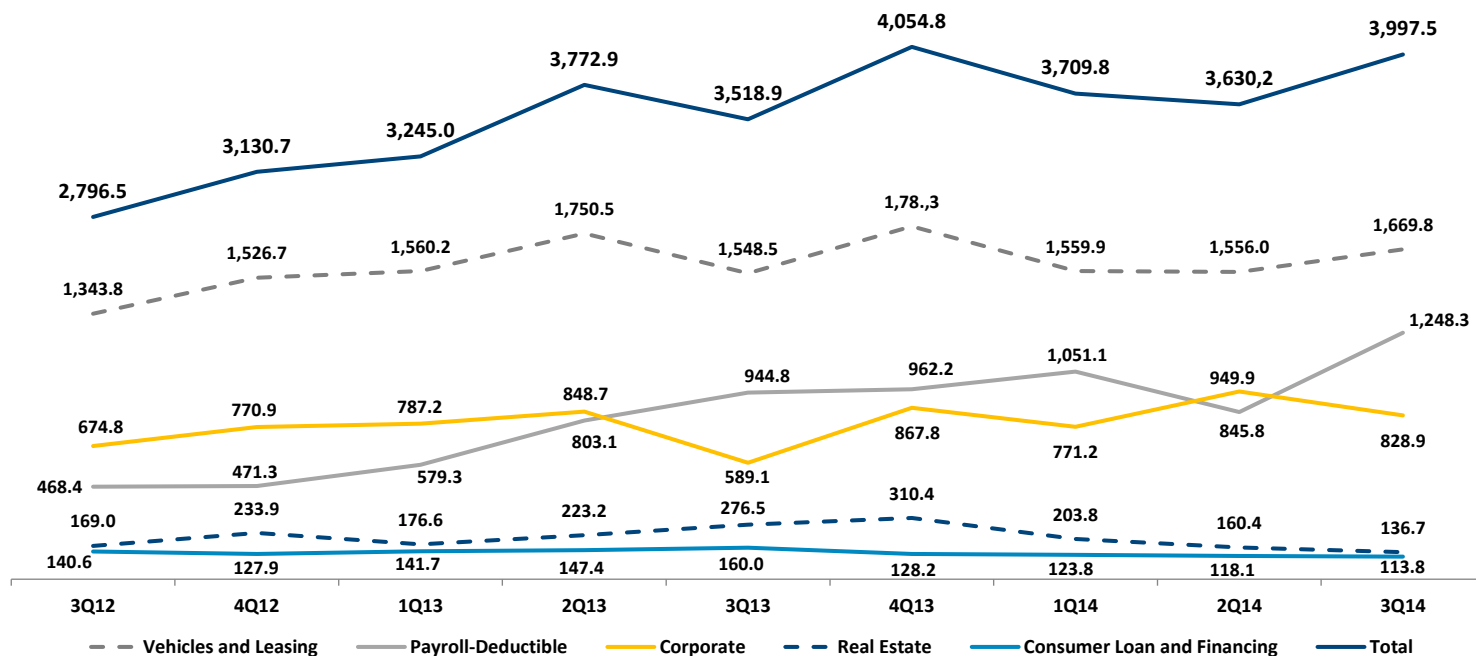
NIM and P&L Statement

Net Interest Margin (R\$ MM)	3Q14	2Q14	3Q13	Δ 3Q14 / 2Q14	Δ 3Q14 / 3Q13
1. Income from Financial Intermediation Before ALL	442.7	530.9	559.7	-16.6%	-20.9%
2. Average Interest-Earning Assets	19,808.1	18,374.3	18,187.7	7.8%	8.9%
- Average Loan Portfolio	16,110.7	15,826.6	14,088.5	1.8%	14.4%
- Average Securities and Derivatives	2,031.4	1,713.1	1,960.0	18.6%	3.6%
- Average Interbank Investments	1,666.1	834.7	2,139.3	99.6%	-22.1%
(1) / (2) Net Interest Margin - NIM (% p.a.)	9.2%	12.1%	12.9%	(23.4%)	(28.3%)
P&L Statement (R\$ MM)	3Q14	2Q14	3Q13	Δ 3Q14 / 2Q14	Δ 3Q14 / 3Q13
Revenue from Financial Intermediation	1.179,4	959,7	930,8	22,9%	26,7%
Lending Operations	1.038,8	1.133,4	1.050,7	-8,3%	-1,1%
Leasing Operations	7,4	9,2	17,1	-20,1%	-56,7%
Commissions due to credit assignments	(45,9)	(89,1)	(92,5)	48,5%	50,4%
Expenses for credit assignments	(67,9)	(75,1)	(75,2)	9,6%	9,6%
Securities transactions	76,0	50,6	66,6	50,1%	14,1%
Derivative transactions	115,1	(70,8)	(51,0)	262,6%	325,7%
Foreign exchange transactions	56,0	1,4	15,1	3891,2%	271,1%
Expenses on Financial Intermediation	(966,3)	(680,3)	(596,7)	-42,1%	-61,9%
Funding Operations and Derivatives Transactions	(716,7)	(415,7)	(359,2)	-72,4%	-99,5%
Loan Operations	(20,0)	(13,1)	(11,9)	-53,4%	-68,5%
Allowance for Loan Losses	(229,6)	(251,5)	(225,6)	8,7%	-1,7%
Gross Profit from Financial Intermediation	213,1	279,4	334,1	-23,7%	-36,2%
Other Operating Revenues (Expenses)	(323,4)	(380,8)	(343,8)	15,1%	5,9%
Income from Operations	(110,3)	(101,3)	(9,7)	-8,8%	-1033,7%
Non Operating Expenses	(14,3)	(14,0)	(20,4)	-2,4%	29,9%
Income and Social Contribution Taxes	11,2	(26,1)	9,8	143,1%	14,2%
Deferred tax credits and Others	43,7	71,0	(0,3)	-38,5%	16270,0%
Net Income	(69,6)	(70,4)	(20,5)	1,0%	-239,2%

Loan Portfolio - Asset Origination

Quarterly Asset Origination

(R\$ MM)



Average Monthly Origination by Product

(R\$ MM)

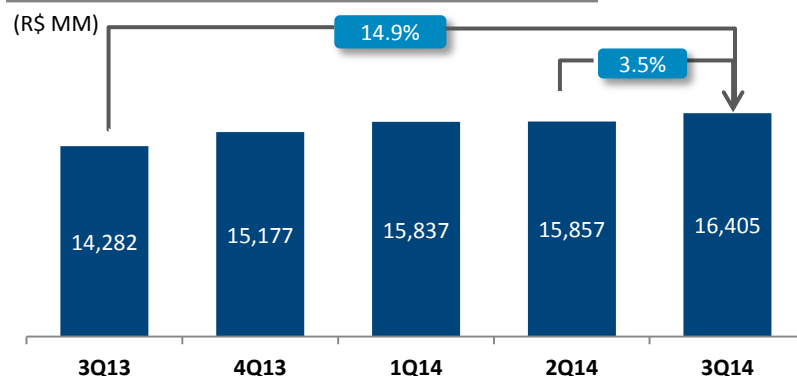
Products	3Q14		2Q14		3Q13		Δ 3Q14 / Δ 3Q14 /	
	Production	%	Production	%	Production	%	2Q14	3Q13
Vehicles and Leasing	556.6	41.8%	518.7	42.9%	516.2	44.0%	7.3%	7.8%
Payroll-Deductible	416.1	31.2%	281.9	23.3%	314.9	26.8%	47.6%	32.1%
Corporate	276.3	20.7%	316.6	26.2%	196.4	16.7%	-12.7%	40.7%
Real Estate	45.6	3.4%	53.5	4.4%	92.2	7.9%	-14.8%	-50.5%
Consumer Loan and Financing	37.9	2.8%	39.4	3.3%	53.3	4.5%	-3.6%	-28.9%
Total	1,332.5	100.0%	1,210.1	100.0%	1,173.0	100.0%	10.1%	13.6%

Credit Portfolio

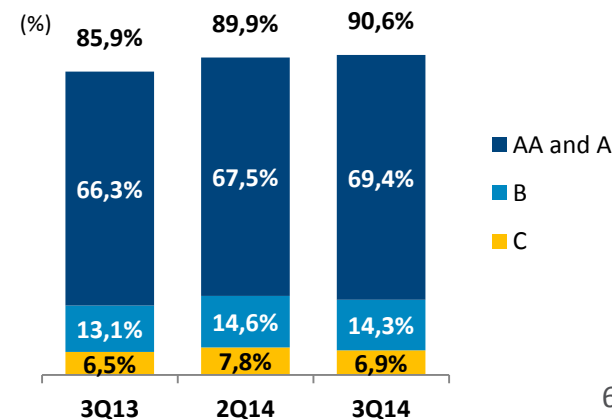
Expanded Credit Portfolio “on balance sheet”

Type of Loans (R\$ MM)	3Q14	Part. %	2Q14	Part. %	3Q13	Part. %	Δ 3Q14 / 2Q14	Δ 3Q14 / 3Q13
Vehicle Financing	7.537,0	45,9%	7.922,7	50,0%	7.809,5	54,7%	-4,9%	-3,5%
Corporate	3.659,1	22,3%	3.660,4	23,1%	2.977,0	20,8%	0,0%	22,9%
Payroll Deduction Loans ¹	3.168,1	19,3%	2.268,8	14,3%	1.471,1	10,3%	39,6%	115,4%
Real Estate	704,2	4,3%	644,4	4,1%	562,3	3,9%	9,3%	25,2%
Credit Cards	587,4	3,6%	600,9	3,8%	599,7	4,2%	-2,2%	-2,0%
Amounts with Credit Characteristics Receivable	545,4	3,3%	532,4	3,4%	539,8	3,8%	2,4%	1,0%
Consumer Loans	74,4	0,5%	78,3	0,5%	82,2	0,6%	-5,0%	-9,5%
Leasing Operations	58,6	0,4%	80,8	0,5%	171,4	1,2%	-27,5%	-65,8%
Renegotiations	49,7	0,3%	47,2	0,3%	31,3	0,2%	5,3%	58,7%
Guarantees Issued	20,4	0,1%	20,4	0,1%	36,8	0,3%	0,1%	-44,6%
Others	0,8	0,0%	0,8	0,0%	1,3	0,0%	-3,4%	-39,3%
Credit Portfolio	16.405,1	100,0%	15.857,1	100,0%	14.282,4	100,0%	3,5%	14,9%
Portfolio of Credit Assigned with Recourse ²	156,7		244,8		634,1		-36,0%	-75,3%
Total Credit Portfolio	16.561,8		16.101,9		14.916,5		2,9%	11,0%

Credit Portfolio with Retained Result



Portfolio Quality

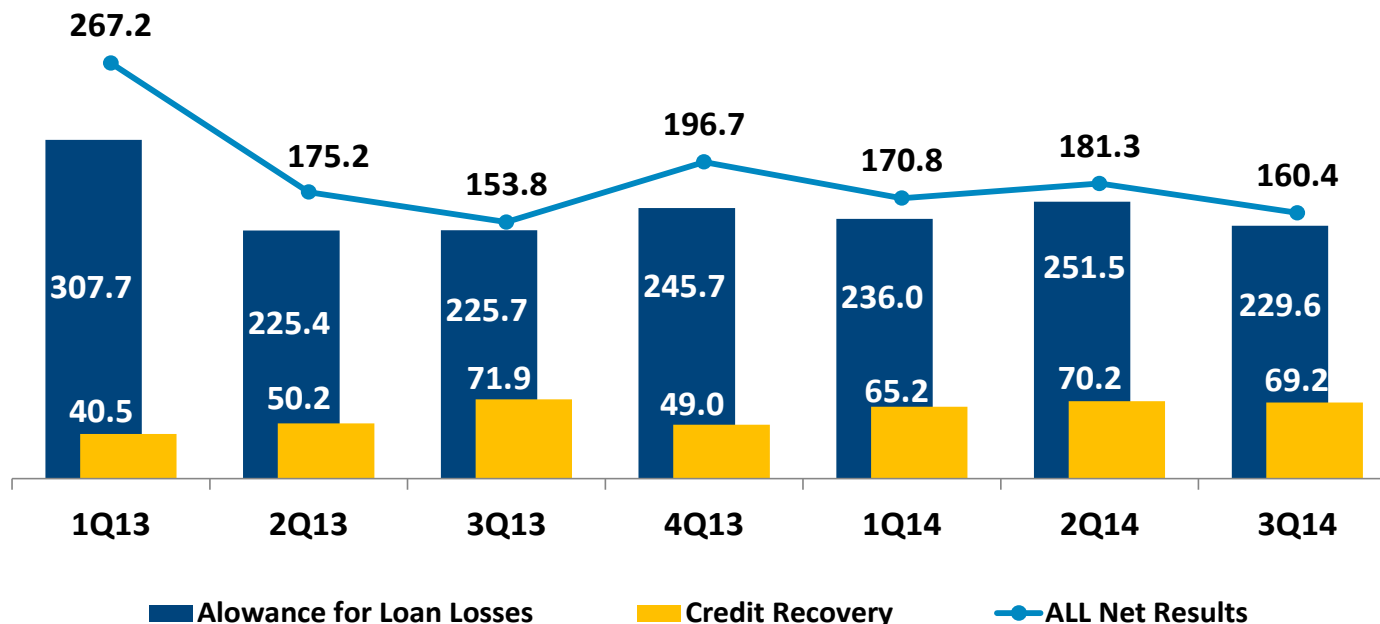


Costs and Expenses

G&A Expenses (R\$ MM)	3Q14	2Q14	3Q13	Δ 3Q14 / 2Q14	Δ 3Q14 / 3Q13
Personnel expenses	107.3	97.4	110.9	10.2%	-3.2%
Other administrative expenses	252.6	250.6	237.8	0.8%	6.2%
Tax expenses	43.2	42.4	57.0	1.9%	-24.2%
Total	403.1	390.4	405.7	3.3%	-0.6%

Allowance for Loan Losses and Credit Recovery

(R\$ MM)



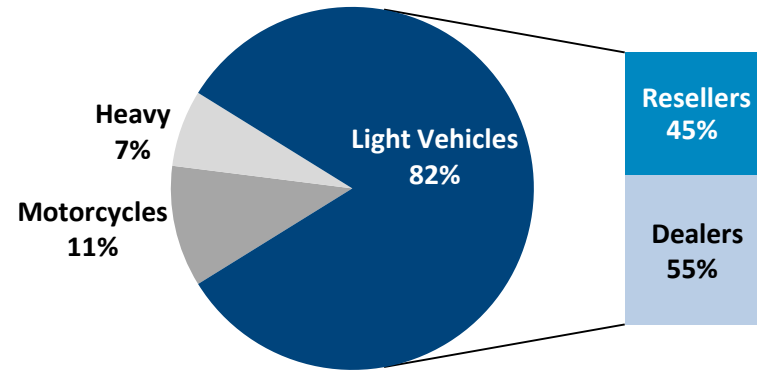
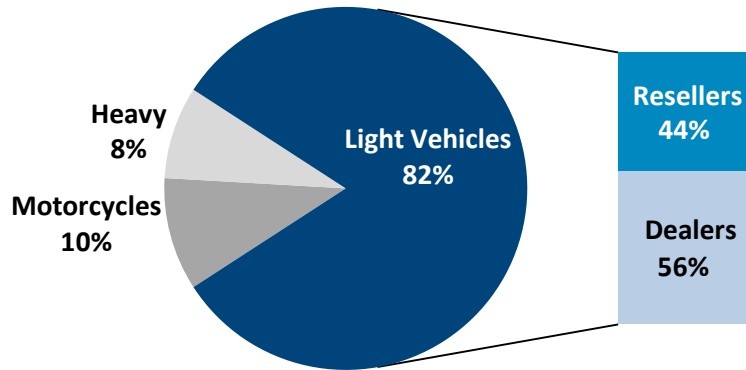
Vehicle Loans

Share in new Vehicle Financing

(%)

2Q14

3Q14



Spread Out Origination

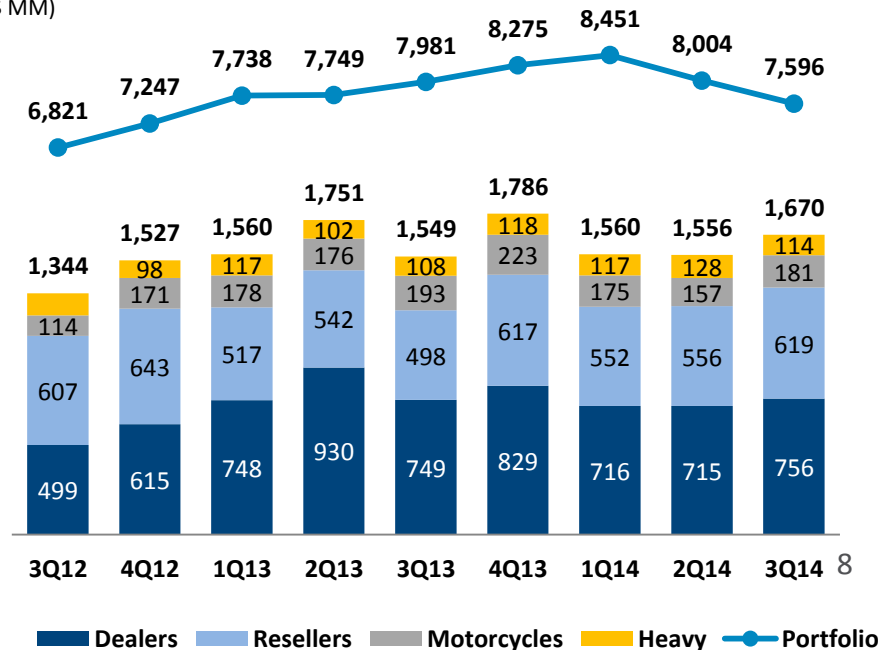
(%)

Origination by Group*	Sep/14
Largest Group	2.1%
2 nd Largest Group	1.9%
3 rd Largest Group	1.3%
10 largest groups	11.3%
50 largest groups	24.6%

* % of total origination of vehicle financing by economic group (dealers network)

Evolution of Portfolio and Production by Product

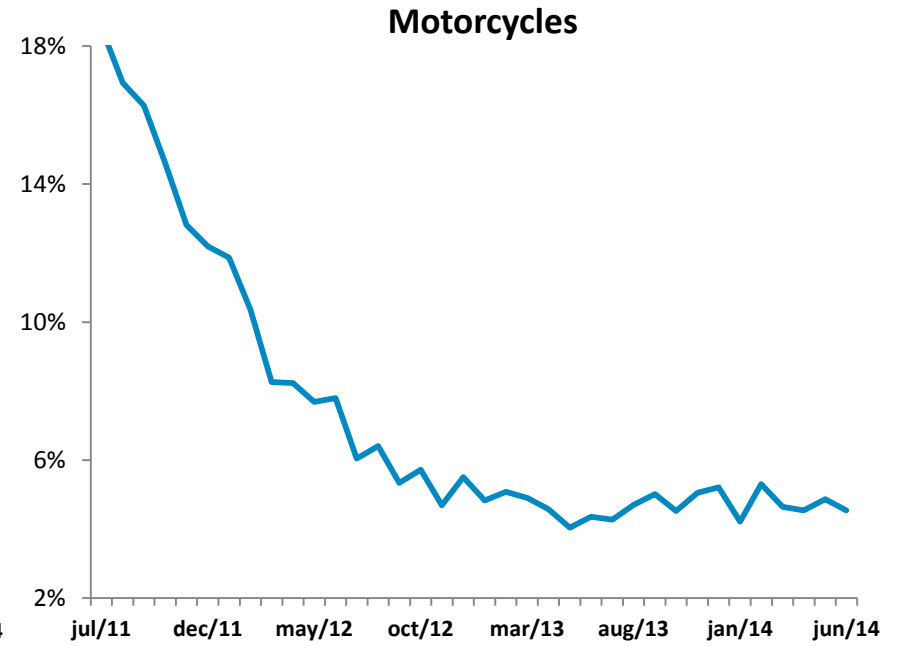
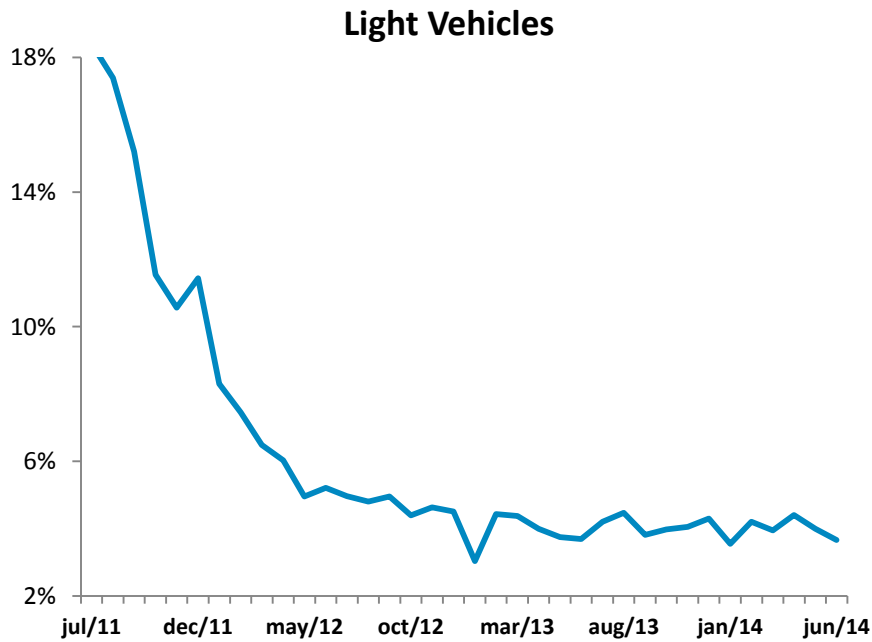
(R\$ MM)



Vehicle Loans

Delinquency per Vintage*

(%)

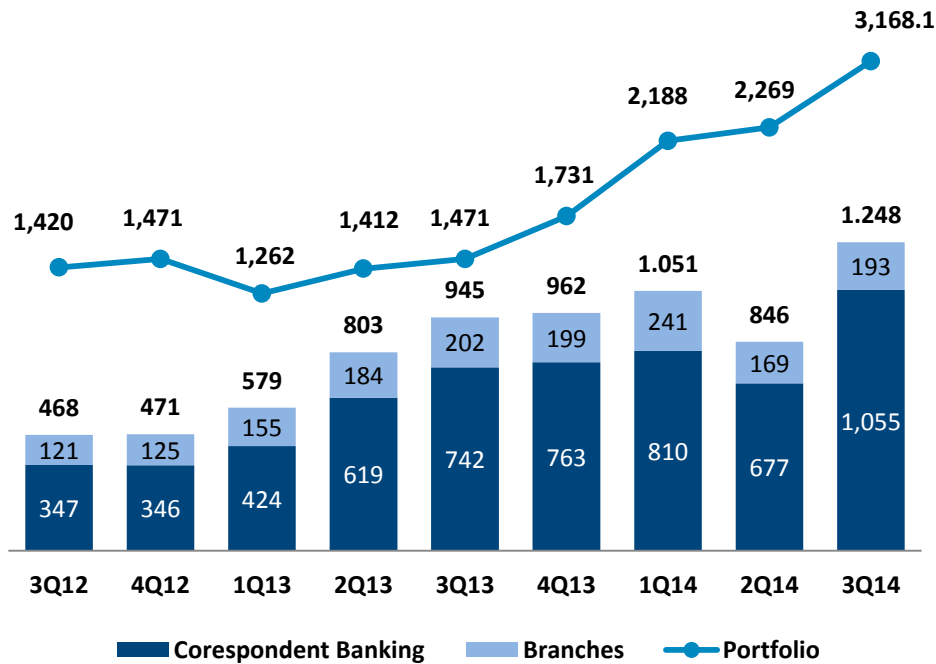


* % of non performing loans over 30 days 3 months after concession

Payroll Deduction Loans

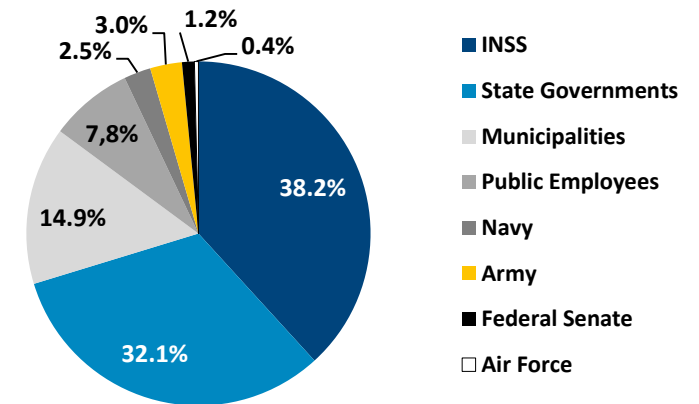
Evolution of Portfolio and Production

(R\$ MM)



Production by Segment

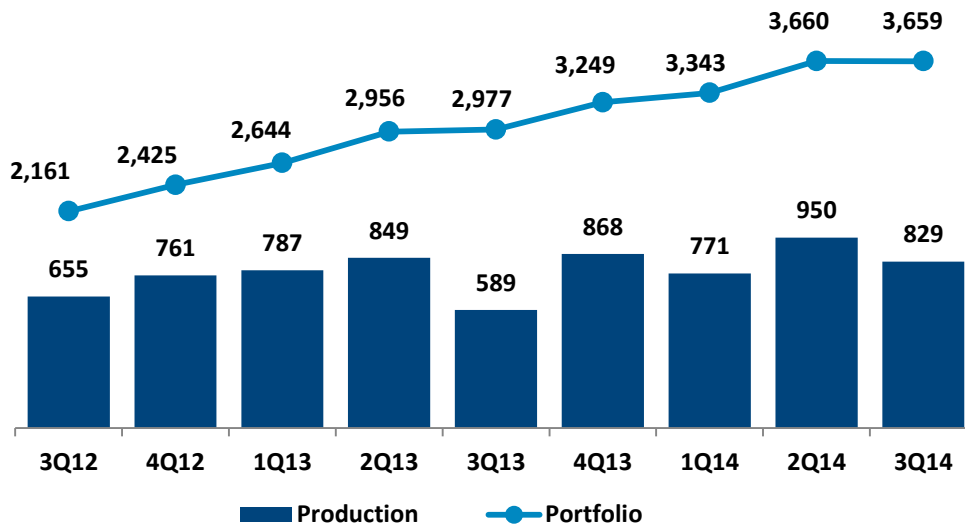
(%)



Corporate Loans

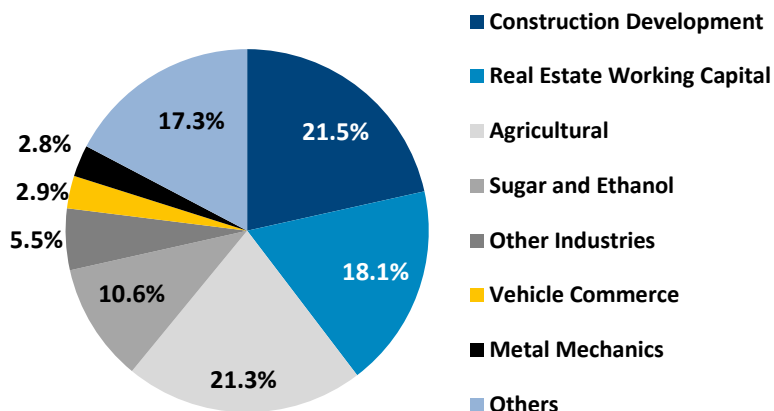
Evolution of Portfolio and Production

(R\$ MM)



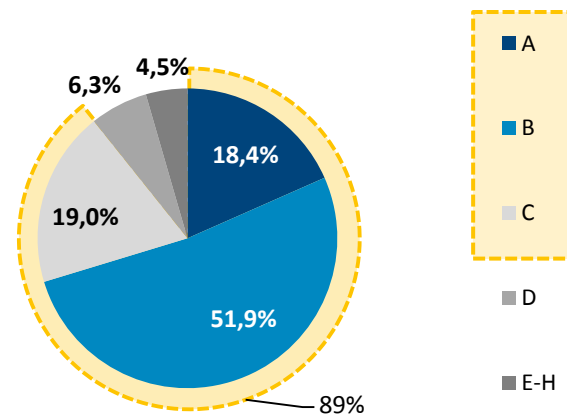
Corporate Loan Portfolio by Industry

(%)



Credit Portfolio by Rating

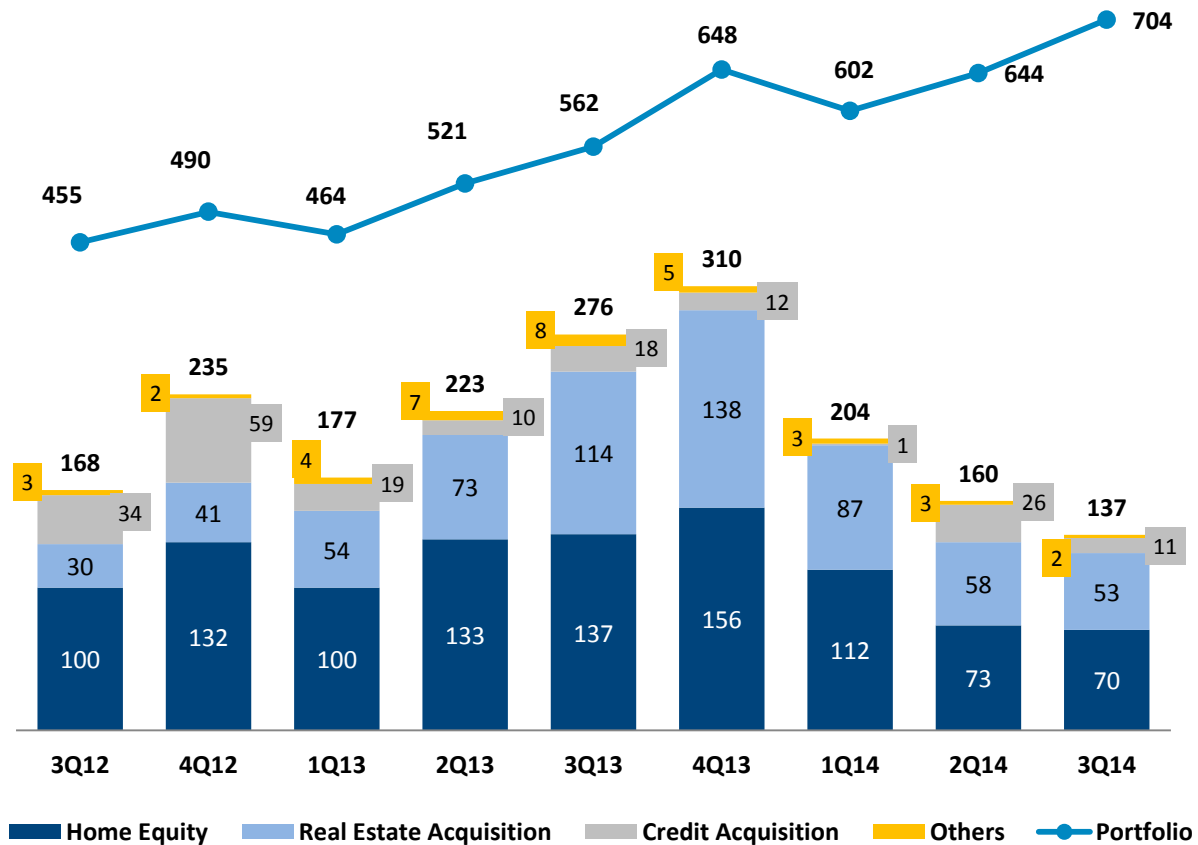
(%)



Real Estate Loans

Evolution of Portfolio and Production

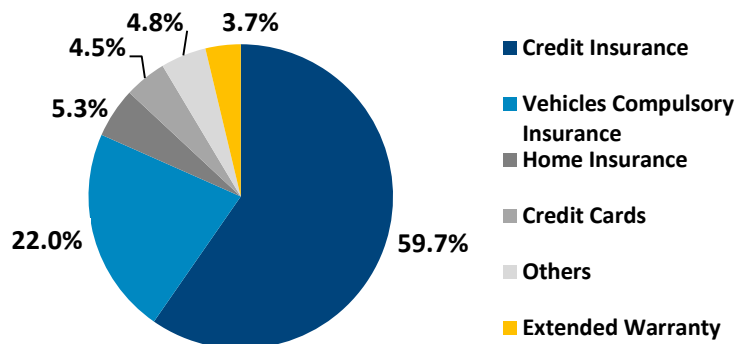
(R\$ MM)



Insurance – Pan Seguros

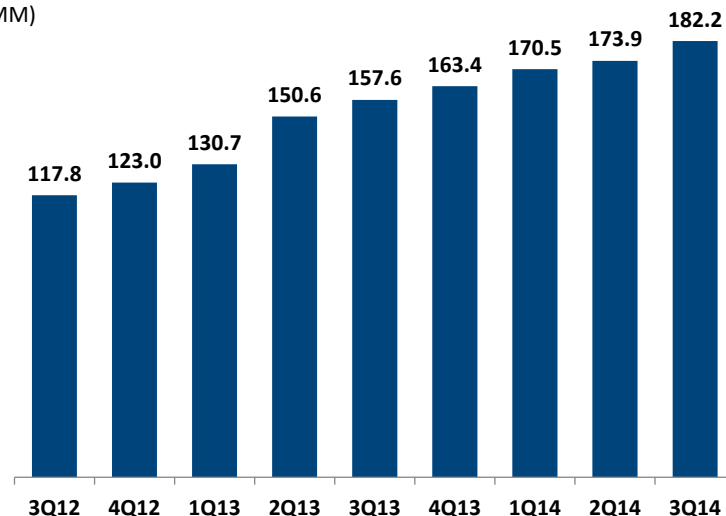
Insurance Premiums by Product

(%)



Insurance Premiums³

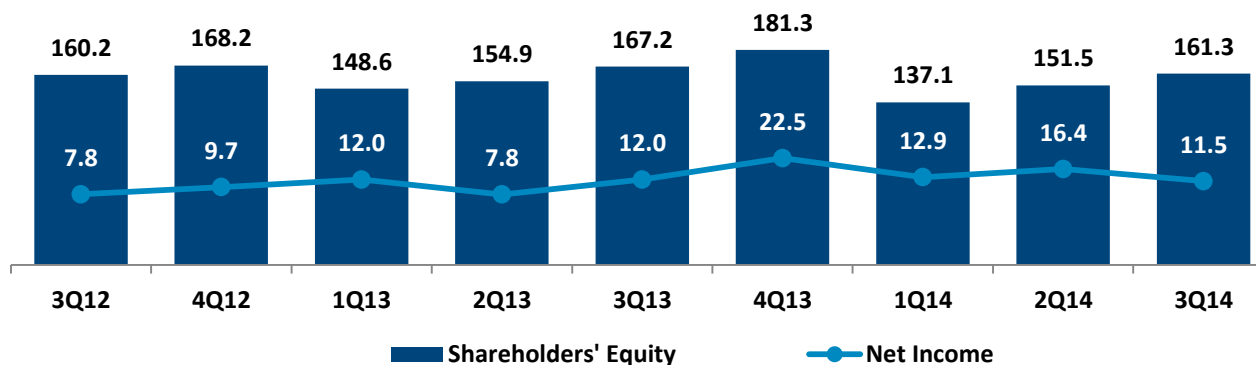
(R\$ MM)



³12 months accumulated results

Shareholder's Equity and Net Income

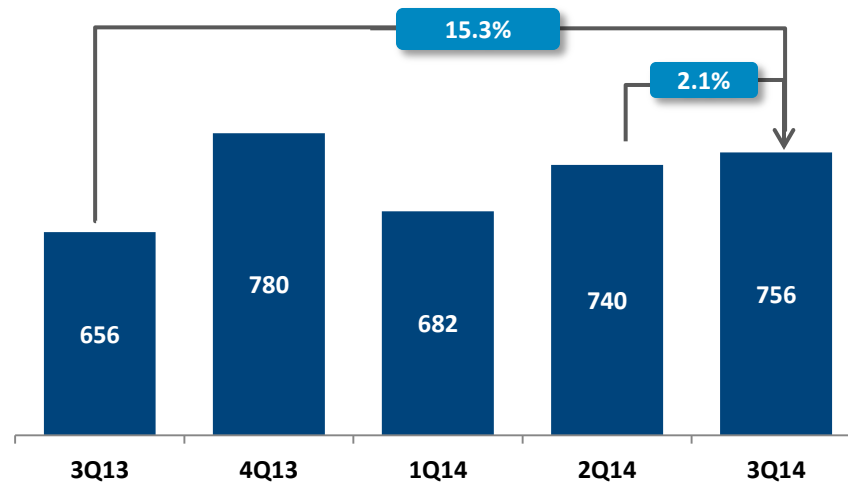
(R\$ MM)



Credit Cards

Transactions Volume

(R\$ MM)



Funding

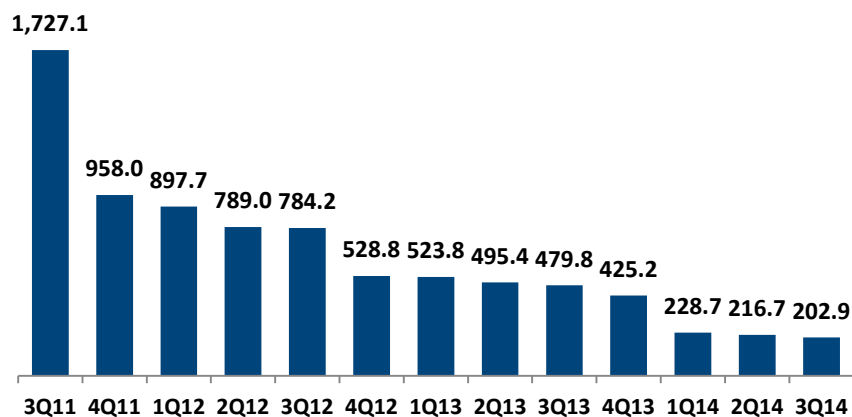
Funding Sources (R\$ MM)	3Q14	Part. %	2Q14	Part. %	3Q13	Part. %	Δ 3Q14 / 2Q14	Δ 3Q14 / 3Q13
Interbank Deposits	8,370.3	41.6%	8,431.3	45.0%	5,008.8	29.6%	-0.7%	67.1%
Time Deposits	2,666.3	13.2%	2,750.5	14.7%	3,032.5	17.9%	-3.1%	-12.1%
Bank notes	2,251.7	11.2%	2,083.0	11.1%	2,175.0	12.8%	8.1%	3.5%
Real Estate and Agribusiness Letters of Credit	2,180.4	10.8%	2,254.4	12.0%	2,040.7	12.0%	-3.3%	6.8%
Bonds	2,048.4	10.2%	1,833.3	9.8%	1,850.5	10.9%	11.7%	10.7%
Repurchase Agreements (REPO)	1,472.3	7.3%	689.8	3.7%	1,535.6	9.1%	113.4%	-4.1%
Assigned Credit Operations ⁴	591.5	2.9%	0.0	0.0%	0.0	0.0%	0.0%	0.0%
Loans	225.5	1.1%	324.7	1.7%	385.5	2.3%	-30.6%	-41.5%
Credit Assignments to other Financial Institutions ⁵	156.7	0.8%	244.8	1.3%	634.1	3.7%	-36.0%	-75.3%
Other	168.3	0.8%	140.8	0.8%	276.7	1.6%	19.6%	-39.2%
Total	20,131.4	100.0%	18,752.7	100.0%	16,939.4	100.0%	7.4%	18.8%

⁴ Assigned Credit Operations refers to credits assigned with substantial retention of risks and rewards in accordance with Resolution 3.533/08

⁵ Balance of credit operations assigned to other financial institutions before 2011

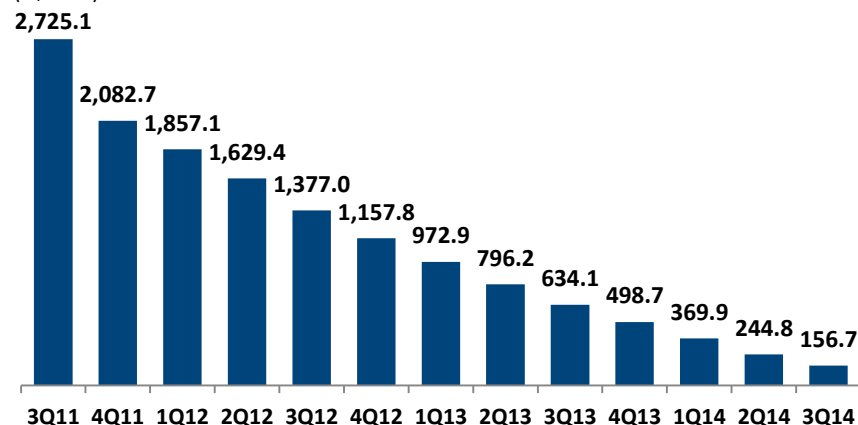
DPGE

(R\$ MM)



Credits Assigned with Recourse⁵

(R\$ MM)



Basel Ratio and Operating Margin

R\$ MM	3Q14	2Q14	3Q13
1. Reference Shareholders' Equity (PR)	3,553.6	2,203.6	2,624.0
Common Equity Tier I	2,505.4	1,157.4	1,742.2
Tier II	1,048.2	1,046.2	881.8
2. Required Reference Shareholders' Equity	2,159.3	2,108.0	1,903.0
Risk Weighted Assets - PEPR	1,955.4	1,910.6	1,694.8
Exchange Variation Risk - PCAM	14.6	0.5	0.0
Interest (pre-fixed) - PJUR1	10.0	18.3	40.1
Operational Risk - POPR	179.2	178.5	167.8
Basel Ratio (1 / (2 / 11%))	18.1%	11.5%	15.2%
Common Equity Tier I	12.8%	6.0%	10.1%
Tier II	5.3%	5.5%	5.1%
3. Banking Positioning Risk - RBAN	68.9	54.9	186.7
Operating Margin (1 - 2 - 3)	1,325.4	40.6	534.4

- ✓ Capital Increase of R\$ 1.33 billion concluded on Aug/14.

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