

**Operator:**

Good morning, ladies and gentlemen, and welcome to Banco PanAmericano's conference call to discuss the 3Q12 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](http://www.panamericano.com.br/ir), with the respective presentation.

We would also 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 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 over to Mr. Willy Jordan, IR Officer, who will begin the presentation. Mr. Willy, you may begin your conference call, sir.

**Willy Jordan:**

Thank you. Good morning. I would like to thank you all for participating in this conference call of Banco PanAmericano and its subsidiaries for the 3Q12. Starting with the highlights of the 3Q, on page three of our presentation, we had on July 19th the conclusion of the acquisition of the BFRE, with the transfer of all of its shares to PanAmericano. Thus, as of that date we began consolidating in the balance sheet end results of BRFE and its subsidiaries, as already shown in the financial statements of this quarter.

We saw in the 3Q a significant growth in credit assets origination, which reached a monthly average of R\$878.5 million already including BFRE's monthly average production of R\$77 million.

This quarter's origination was 70% higher than the previous quarters' average origination, and 37% higher than the production in the 3Q11. The origination growth is the result of PanAmericano's strategic redirectioning and operational restructuring evolution, including the incorporation of BFRE's operation, together with a gradual improvement in economic activity and the stabilization of the default rates of individuals in Brazil.

With all this, we could accelerate the production in the main business lines. In vehicle financing, which remains our main segment, production was 52% higher than in the 2Q, with the grant of more than R\$1.2 billion in new loans. We maintain a spread out base of origination, where the ten largest group of dealers and resellers account for only 10% of our overall origination. We also kept a balance between new and used cars in our credit portfolio.

The payroll loan operations, as a result of the area's process and restructuring, grew by 44% over the previous quarter, reaching a monthly average production of R\$155 million in the 3Q.

The corporate loans area had also a very good quarter, with a monthly average production of more than R\$119 million, representing a growth of 80% over the previous quarter, reaching a

credit portfolio of R\$1.4 billion, a 150% growth in the last 12 months.

Thus, the total credit portfolio totaled R\$13.2 billion, already including BFRE's portfolio of R\$1.2 billion, which represents an increase of 22.5% over the previous quarter.

The balance of the credit portfolio with retained results, which excludes from the total portfolio the credits assigned with recourse and, thus, represents the credit portfolio that yields revenues for PanAmericano, reached R\$11.8 billion in the 3Q, a growth of 29% over the previous quarter and 52.5% over the same quarter of 2011. Our funding base also rose, following the growth in the need for assets financing, reaching R\$14.1 billion.

As part of our reorganization process, we recorded a consolidated net loss of R\$198 million in the 3Q, impacted mainly by our decision to assign a relatively low volume of credit portfolios in the quarter, totaling R\$343 million, and also by the still high allowance for loan losses.

It is worth noting, nevertheless, that this expense fell by 3.3% in the quarter, already reflecting the trend indicated by the improved credit quality of the portfolios originated since the end of 2011. Our consolidated shareholders' equity was, thus, of R\$2.528 billion at the end of September.

We believe that PanAmericano's recovery process has evolved as expected. The accumulation of a credit portfolio with higher retained results, driven by the higher assets origination, the gradual improvement of our default rate, and more attractive funding costs should be reflected in gradually better operational results in the coming quarters.

Moving to page four, it shows our shareholding structure in September. There were no significant changes in the shareholding structure in comparison to the previous quarters, thus we maintained the participation of investors domiciled in Brazil slightly above 50%, while the distribution between individuals and corporate shareholders also practically did not change, with the free float remaining quite concentrated in corporate investments.

On page five we have the main income statement items. In the comparison of the 3Q12 with the 2Q12 and with the same quarter of 2011, the main changes, as we mentioned before, were due to the different values of credit portfolio assignments without recourse performed in each period.

So, there were assignments of credit portfolios with a book value of approximately R\$343 million in the 3Q12, compared to the absence of credit assignments in the previous quarter, and the assignments of portfolios in the amount of R\$576.3 million in the 3Q11.

This effect of credit assignment is directly reflected in the line of lending operations, which have also benefited over the quarter, if you compare, by the accumulation of a greater credit portfolio with retained results, as we mentioned before. This evolution will be shown on the next slide.

The line of derivative transactions, as always remembered here, reflects basically the result from our derivatives portfolio, which aims to hedge the exposure of foreign currency denominated debt. So, this result in derivatives has an almost symmetric counterpart in the line of funding operation expenses. So, we need to always look at the sum of these two lines where we see that there is no important variation.

Nevertheless, as the exchange rate between the Real and the USD was almost flat in the quarter, we see this smaller derivative transactions result and, in counterpart, a lower funding operation expense. The allowance for loan losses was R\$427 million in the 3Q, which is still high, and, of course, negatively impacted the results of the 3Q.

It is worth noting, however, as I said before, that after reaching R\$441.4 million in the previous quarter, this expense is already coming down, reflecting the trend indicated by the improvement in the early indicators of the credit portfolios originated since the end of 2011, which will have a lagged effect on provision expenses in the end of 2012. As I said, the behavior of these early indicators suggests that this reduction in the allowance for loan losses should gradually improve over the coming quarters.

With the low volume of credit assignment during the quarter, which aims to accelerate the portfolio accumulation, and the still high allowance for loan losses, we have the negative result of R\$197.9 million in the last quarter.

In the next page we have the asset origination for the quarter. Our origination of credit assets grew significantly, as I said before, to reach the monthly average of R\$878.5 million, 69.9% higher than the R\$517 million origination in the 2Q12, and 37% higher than the R\$641.1 million origination in the 3Q11.

This growth was substantial in all the main business lines, including vehicle financing, payroll deductible loans, corporate loans, personal credit and consumer loans, as well as the already mentioned addition of real estate financing operations originated by BFRE.

The credit quality of our portfolio starts to benefit, as we can see in the chart in the bottom right corner of the page, from the more conservative approach in credit origination, which has been adopted since the end of 2011. This approach includes more restrictive credit approval criteria, as well as the growth in lower risk market segments, such as new car financing, payroll loans, and corporate loans.

On page seven we have more information on asset origination in vehicles. As we can see in the chart in the bottom of the page, the significant increase in origination was achieved even with the maintenance of more conservative criteria for approval of new loans, which reflected in lower tenors and higher down payments along the year. Moreover, we have maintained our strategy for light vehicle financing, which is based on the pursuit of a balanced mix of new cars and used cars financing.

On page eight we can see that PanAmericano disbursed R\$485.8 million in new payroll deductible loans in the 3Q12, 44.2% more than the R\$322.3 million disbursed in the previous quarter. The gradual expansion in payroll deductible loans is being driven by the ongoing restructuring of the area, which includes a revision of the credit approval processes and the operational procedures of each body.

Personal loans and consumer financing accounted for R\$132.5 million of the new loan disbursements between July and September, 33.9% higher than in the previous quarter. It is worth to highlight that the growth in our origination through our own branches helps us since its cost is already embedded in the Bank's fixed structure.

With regards to lower production in September in payroll deductible loans, I would like to highlight that September had only 19 working days, in comparison to 23 in August, for

example, thus origination per working day did not change significantly in the end of the quarter and is expected to be maintained or to be increased in the 4Q.

In the following page, page nine, we see our corporate loans where loan origination came to R\$573.4 million in the 3Q12, as I said before, 18.1% higher than in the 2Q12 and 63.2% more than in the same quarter of 2011. As a result, the portfolio closed September at R\$1.4 billion, 22.4% and 151.7% up on the 2Q12 and the same quarter in 2011, respectively.

Looking at the opening of our portfolio by industry, we can see that the portfolio is well diversified by sectors, with important participation in agricultural and construction and development.

Moving to page ten, we can see that BFRE granted R\$231.9 million in new real estate financing in the 3Q12, being R\$98.3 million in credits for a corporate client and R\$133.6 million in credit for individuals. These last ones divided between R\$99.8 million in home equity loans, called crédito fácil, R\$30.3 million for the acquisition of new houses, and R\$3.4 million in other types of credits.

This way, the loan portfolio in real estate financing reached R\$1.2 billion in the end of September, being R\$744.7 million in real estate financing for corporate clients and R\$455.4 million in real estate financing for individuals. This value is 4.1% lower than the balance of the portfolio in the previous quarter and was impacted by the assignment of real estate credit portfolios in the value of R\$342.8 million in the 3Q12, without recourse, as we said before.

On page 11 we have the opening of our credit portfolio. In the first table, we can see that vehicle financing continues to be our main business segment, the largest segment in our credit portfolio, with 56% of the on-balance credit portfolio, a percentage that has been falling along the last quarters, even though origination was much higher, but it is falling as long as we advance in our business diversification and some other business segments have had higher increase in loan origination.

Vehicle financing is followed by payroll loans, which is the second largest segment, with 14% participation, and corporate loans, which represent our third largest portfolio, of R\$1.4 billion. The largest change to our credit portfolio was due to the entrance of the real estate portfolio coming from BFRE, of R\$1.2 billion, already representing 9.1% of our total portfolio.

The total credit portfolio reached R\$13.2 billion in the end of the 3Q, 22.5% larger than in the previous quarter, and 25.9% larger than the R\$10.5 billion credit portfolio in the same quarter of 2011.

More importantly, the balance of the credit portfolio with retained results, in the chart in the bottom left corner of the page, has increased by 29.3% in comparison with the previous quarter, and by 52.5% in relation to the same quarter of 2011.

With regards to funding, on page 12, it continues to show the exchange of more expenses liabilities inherited from the past for lines with more attractive market costs, reflecting the better credit risk perception of PanAmericano.

Our funding in DPGE, which is the funding instrument guaranteed by the SEC, was R\$784 million in September, 55.7% lower than the balance in the 3Q11, reflecting exactly this change for more attractive funding alternatives.

I think it is worth to highlight that the smaller decrease in the 3Q was due to the low concentration of maturity of such instruments in the 3Q. For the 4Q12 we have larger compensation of maturity, so we will see this funding from DPGE falling more significantly. The total balance of funding was of R\$14.1 billion in the end of the quarter, following the higher need for financing for our assets portfolio.

On page 13 we have the opening of our Basel ratio, which was 14.97% for the financial conglomerate and 12.19% in the consolidated economic and financial, while the operational margin stood at R\$603.3 million for the consolidated financial figures and R\$163.9 million for the consolidated economic financial figures.

On page 14, finally, we have a chart that demonstrates the performance of our stock in the last 12 months. The financial volume negotiated in the 3Q12 was R\$206.1 million, with a daily average of R\$3.3 million, which was 30.9% above the daily average of the previous quarter, showing an important increase in the liquidity of our stock after the completion of our capital increase.

On September 30th, 2012, the market value of the Bank was R\$2.7 billion. Our stock started the quarter quoted as R\$5.10 and ended the quarter at R\$5.08, a devaluation of 0.4% during the period.

I will now the floor back for the question and answer session. Thank you once again.

**Operator:**

It appears that we have no questions at this time. I would now like to turn the floor back over to Mr. Willy Jordan for his final remarks, sir.

**Willy Jordan:**

Thank you all once again, and we hope to see you again in our next quarter's conference call. Until then, our IR team is available by phone, email or any means to clarify any doubts that you might have over our results. Thank you very much.

**Operator:**

And we thank you, Mr. Jordan, and the rest of the management for your time, sir. This concludes Banco PanAmericano's conference call. You may now disconnect your line. Thank you everyone, and have a great day.

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