

# *Earnings Results*

Banco  
**PAN**

1Q18

A photograph of three business professionals in an office setting. A man in a white shirt and glasses is pointing at a laptop held by a woman in a dark blazer. Another person is partially visible in the background. The scene is brightly lit, likely from a window.

# *Disclaimer*

This presentation may include statements representing expectations about future events or results of Banco PAN. These statements are based upon projections and analyses which reflect present views and/or expectations of the Management of the Bank with regards to its performance and to the future of its business.

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.

# 1Q18

## Highlights

- ✓ Net Income of **R\$56.6 million** in 1Q18, versus Net Income of R\$54.9 million in 4Q17 and Net Income of R\$3.7 million in 1Q17;
- ✓ The Total Credit Portfolio ended 1Q18 at **R\$19.1 billion** versus a portfolio of R\$18.6 billion at the end of 4Q17 and R\$20.1 billion in 1Q17;
- ✓ Average monthly retail origination of **R\$1,539 million** in 1Q18;
- ✓ Managerial Net Income of **18.1% p.y.** in 1Q18, versus a margin of 17.5% in 4Q17 and 18.7% in 1Q17;
- ✓ Shareholders' Equity ended the quarter at **R\$3,990 million** and the Basel Ratio advanced to **14.2%**;

### Recent events:

- ✓ Capital Increase in the amount of R\$400 million, approved by the Brazilian Central Bank.



## Strong interest margin and recurring income from operations

P&L Statement (R\$ MM)	1Q18	4Q17	1Q17	Δ 1Q18/ 4Q17	Δ 1Q18/ 1Q17
Interest Margin	905	885	981	2%	-8%
Interest Margin (% p.y.)	18.1%	17.5%	18.7%	0.6p.p.	-0.6 p.p.
Credit Provisions	(294)	(269)	(328)	9%	-10%
<b>Gross Income from Finan. Intermed. (Adjusted)</b>	<b>611</b>	<b>615</b>	<b>653</b>	<b>-1%</b>	<b>-6%</b>
Administrative and Personnel Expenses	(251)	(272)	(293)	-7%	-14%
Origination Expenses	(236)	(207)	(300)	14%	-21%
Tax Expenses	(45)	(43)	(70)	7%	-35%
Others	39	34	32	12%	20%
<b>Income Before Tax</b>	<b>117</b>	<b>128</b>	<b>22</b>	<b>-9%</b>	<b>437%</b>
Income and Social Contribution Tax	(61)	(74)	(18)	17%	234%
<b>Net Income/ (Loss)</b>	<b>57</b>	<b>55</b>	<b>4</b>	<b>3%</b>	<b>1441%</b>

**P & L**  
statement



# PAN at a Glance

## Overview



### Payroll Loans

Loans and credit cards with payroll deductions to INSS Pensioners, Retirees and Public Servants (mostly federal)



### Credit Cards

Credit Card to individuals exploring partnerships with retailers and service providers



### Vehicle Financing

Financing through multibrand dealers

Mostly Vehicles from 4 to 8 years



### Insurance

Fee business over insurance premiums originated in vehicle, payroll and credit card



### Others

Run-off portfolio: Corporate Loans, Home Equity and vehicles financed through single-brand dealers

## Origination network

(Payroll and Vehicle)



**1Q18**  
Highlights

**R\$ 4.0** billion Shareholders' Equity

**6,093** multi-brand vehicle dealers

**764** brokers for payroll

**60** sales points

**4.4** mm active clients

**2.2** mm credit cards

**2,158** employees

# Digital Transformation



More than 150 people exclusively involved

**Payroll**  
(Loans + Credit Card)

**Vehicles**

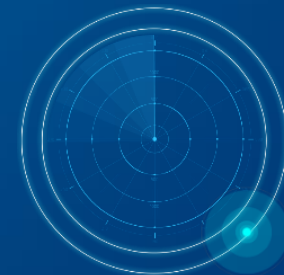


**CRM**

**Collection**

**Credit Card**

**Investments**





## Strategic Positioning

## Retail Credit

Monthly average Origination (R\$ MM)



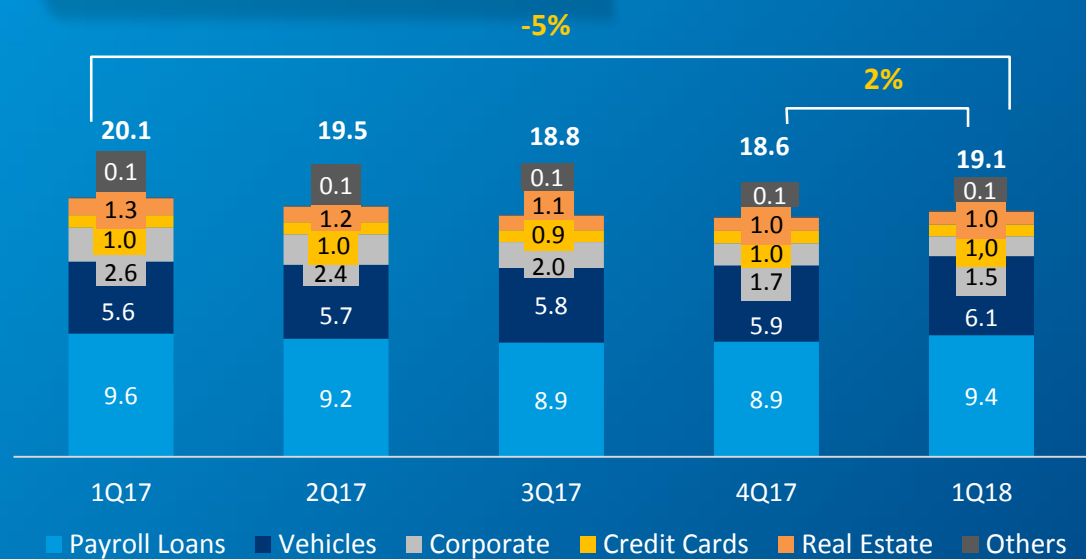


# Credit

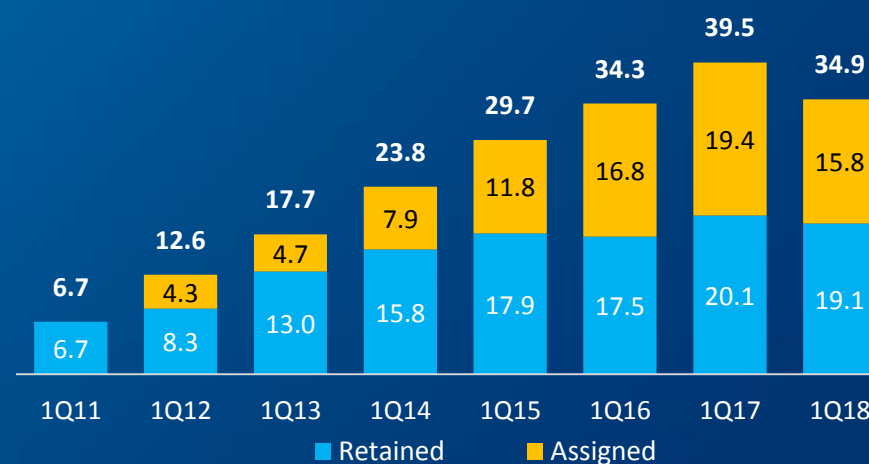
## Portfolio

R\$ MM	1Q18	Part. %	4Q17	Part. %	1Q17	Part. %	Δ 1Q18/ 4Q17	Δ 1Q18/ 1Q17
Payroll Loans	9,441	49%	8,947	48%	9,561	46%	6%	-1%
Vehicle Financing	6,112	32%	5,906	32%	5,572	27%	3%	10%
Corporate Loans	1,545	8%	1,699	9%	2,631	14%	-9%	-41%
Real Estate	968	5%	1,016	5%	1,318	7%	-5%	-27%
Credit Cards	930	5%	978	5%	973	5%	-5%	-4%
Others	106	1%	99	1%	82	-	7%	28%
<b>On Balance Credit Portfolio</b>	<b>19,101</b>	<b>100%</b>	<b>18,645</b>	<b>100%</b>	<b>20,136</b>	<b>100%</b>	<b>2%</b>	<b>-5%</b>

On Balance Portfolio (R\$ Bi)



Originated Portfolio (On + Off Balance) (R\$ Bi)

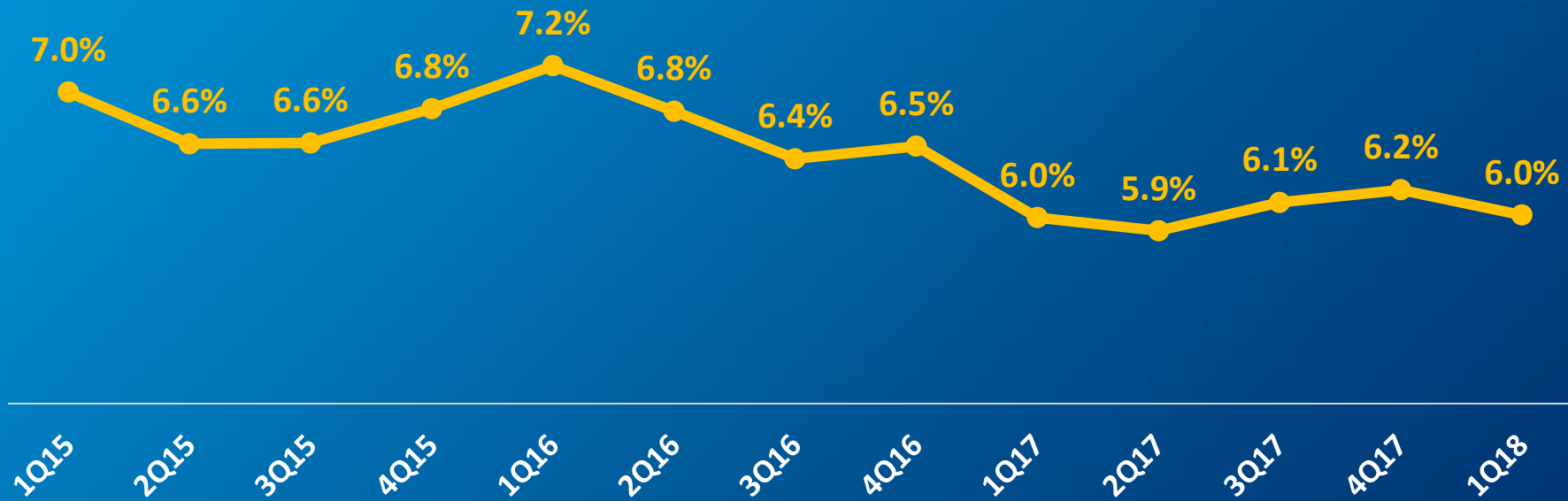


# Retail Credit

## *quality*



90 days NPL (%)



## Efficiency gain

G&A Expenses (R\$ MM)	1Q18	4Q17	1Q17	Δ 1Q18/ 4Q17	Δ 1Q18/ 1Q17
Personnel expenses	101	116	133	-13%	-24%
Administrative expenses	150	155	160	-3%	-6%
<b>1. Subtotal I</b>	<b>251</b>	<b>272</b>	<b>293</b>	<b>-7%</b>	<b>-14%</b>
Comission Expenses (upfront)	117	83	152	41%	-23%
Deferred Comissions and other exp.	119	124	148	-4%	-19%
<b>2. Subtotal II – Credit Origination</b>	<b>236</b>	<b>207</b>	<b>300</b>	<b>14%</b>	<b>-21%</b>
<b>3. Total (I + II)</b>	<b>488</b>	<b>479</b>	<b>593</b>	<b>2%</b>	<b>-18%</b>

### Number of Employees

(#)



### Subtotal I / Originated Portfolio

(%)





# Payroll-Deducted: Loans and Credit Cards

Origination focusing on federal risk

## Overview

Operations exclusively with public sector servants, retirees and INSS pensioners

Average ticket of R\$ 3.6k

Duration of 35 months

## Origination by segment (Loans and Credit Cards)

	1Q18	4Q17	1Q17
<b>Federal</b>	<b>87%</b>	<b>86%</b>	<b>86%</b>
INSS	64%	62%	65%
SIAPE	11%	14%	11%
Armed Forces	12%	10%	10%
<b>States</b>	<b>11%</b>	<b>13%</b>	<b>12%</b>
<b>Municipalities</b>	<b>2%</b>	<b>1%</b>	<b>2%</b>
<b>Total Geral (R\$ MM)</b>	<b>2,895</b>	<b>2,159</b>	<b>3,202</b>

## Evolution of portfolio and monthly avg. origination (R\$ MM)



# Vehicle

## Financing



### Overview

Present in **6,093** multi brand vehicle dealers

Average ticket of **R\$ 18.3k**

Duration of **18 months**

Average LTV of **63%**



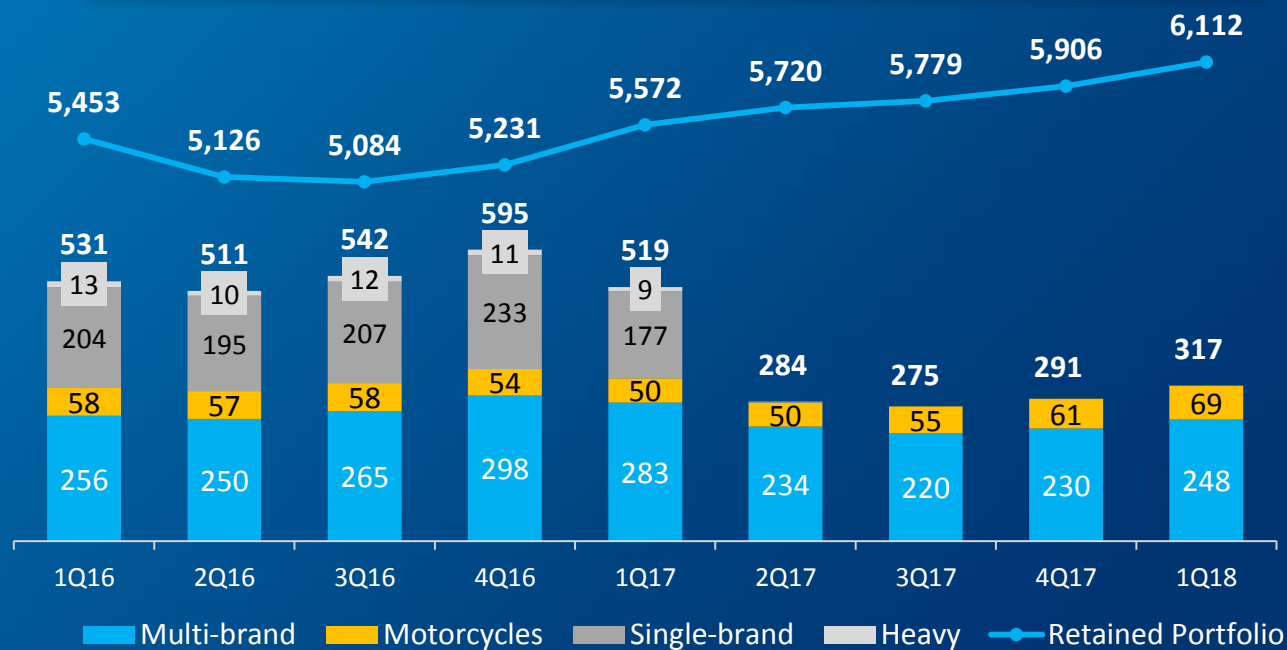
### Information on Origination

	Light		Motorcycles	
	1Q18	1Q17	1Q18	1Q17
Origination (R\$ MM)	745	850	207	149
Average tenor (month)	46	42	39	39
Downpayment	39%	42%	24%	23%



### Evolution of portfolio and monthly avg. origination

(R\$ MM)

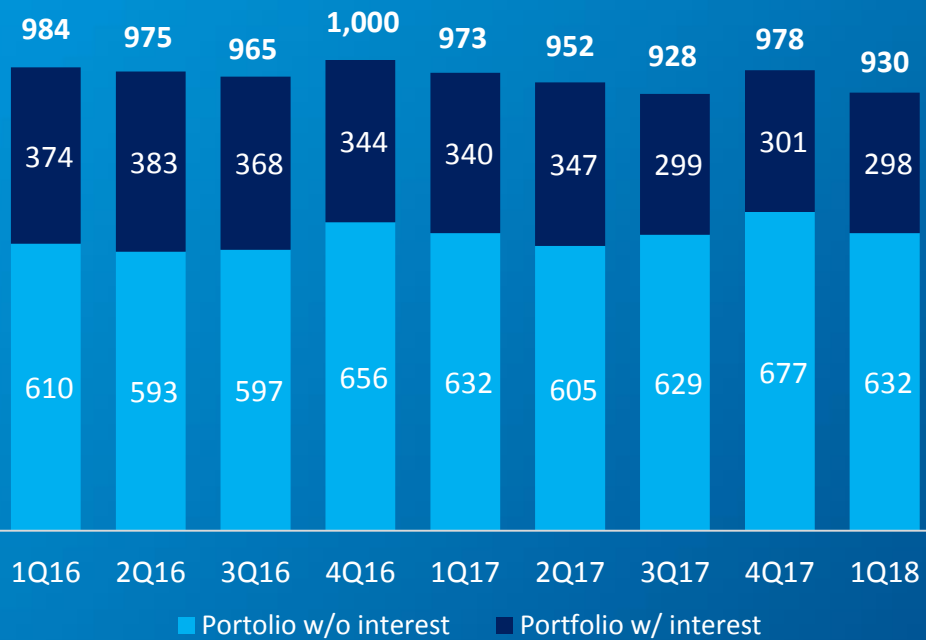


# Credit Cards and Insurance



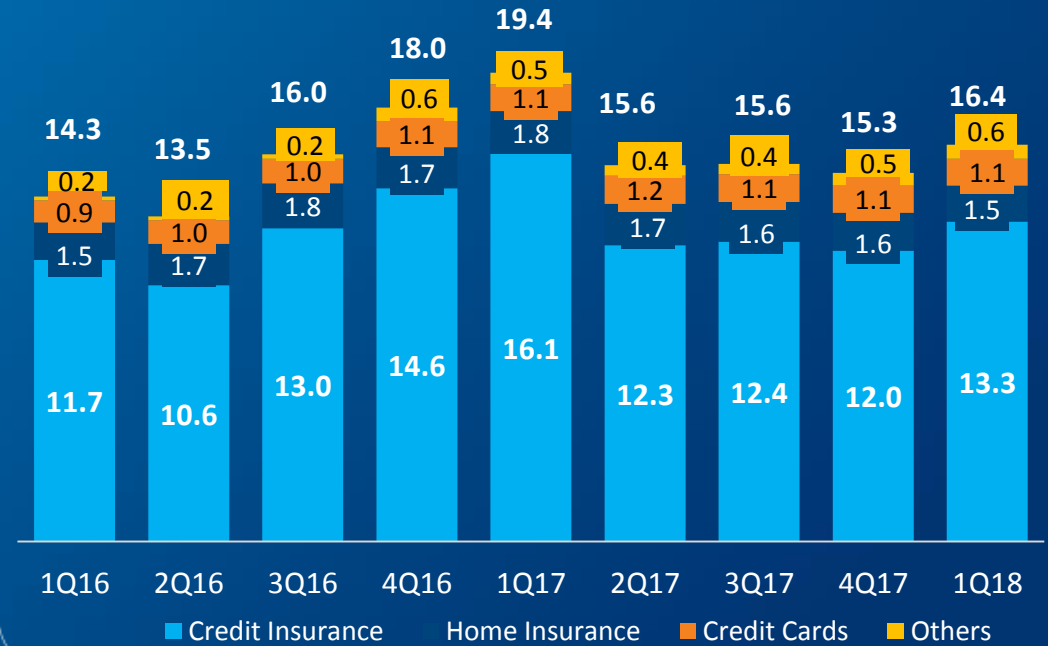
## Credit Card Portfolio

(R\$ MM)



## Monthly Avg. Insurance (Premium originated by PAN)

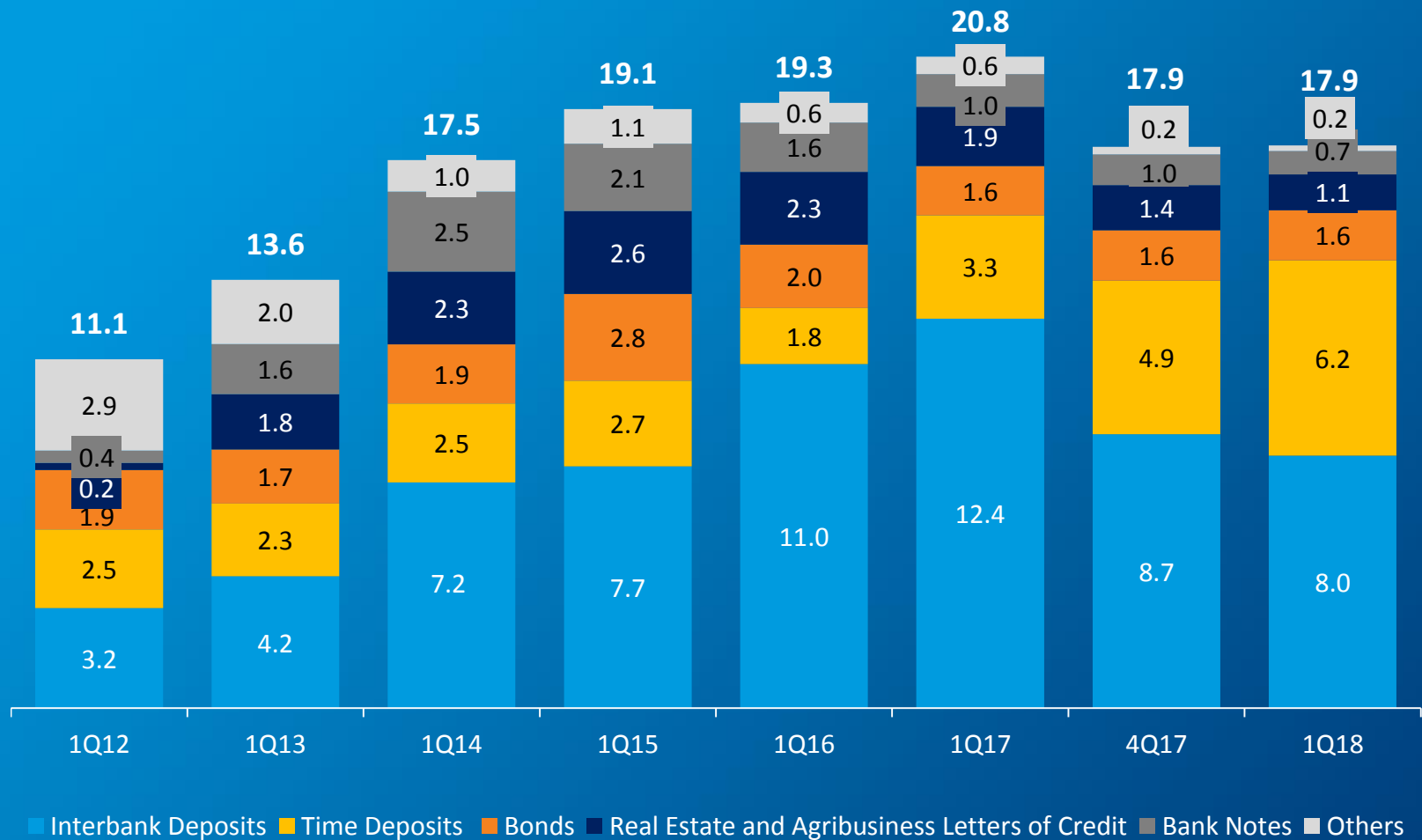
(R\$ MM)



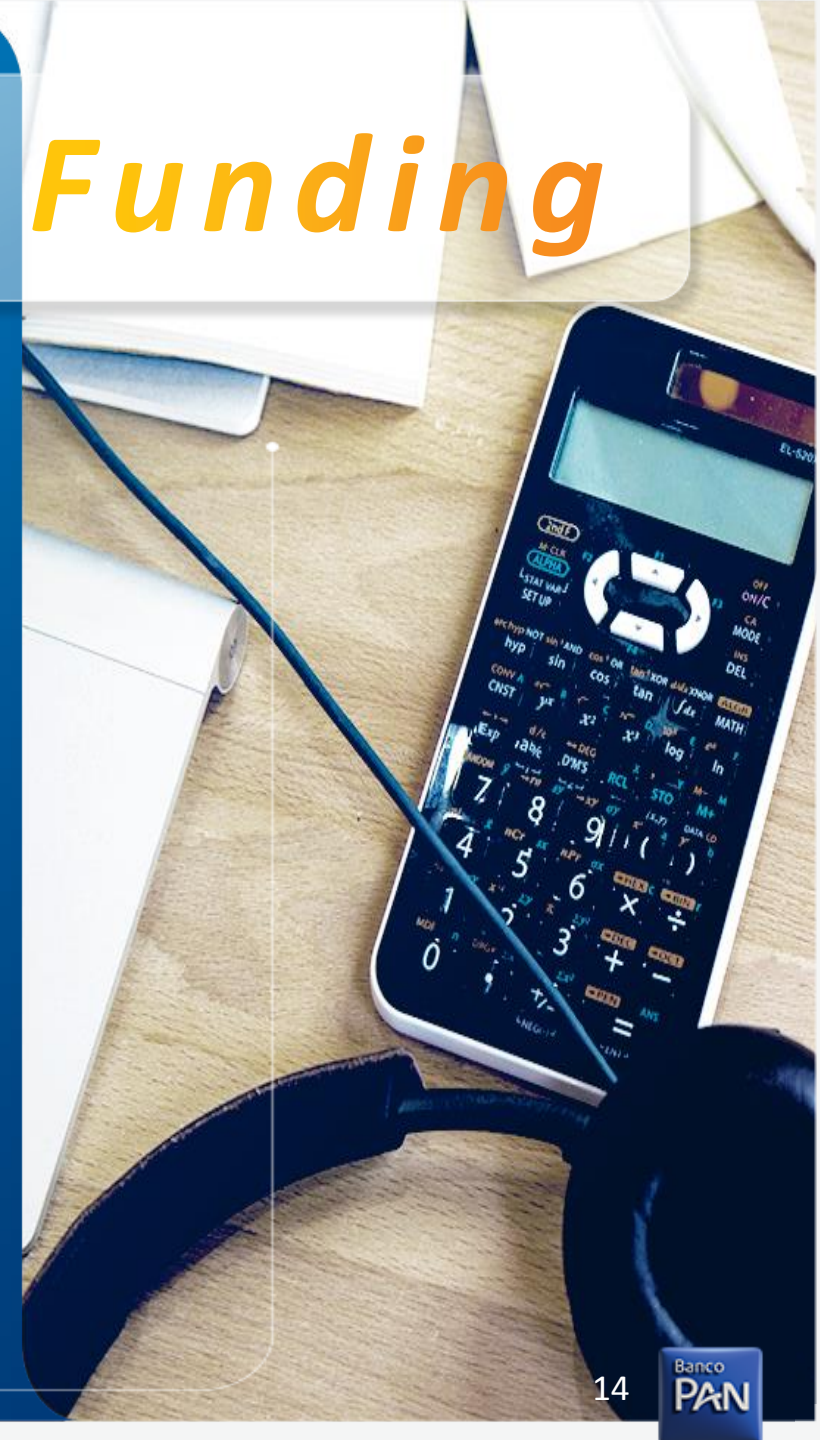


## APP PAN Investments for digital account

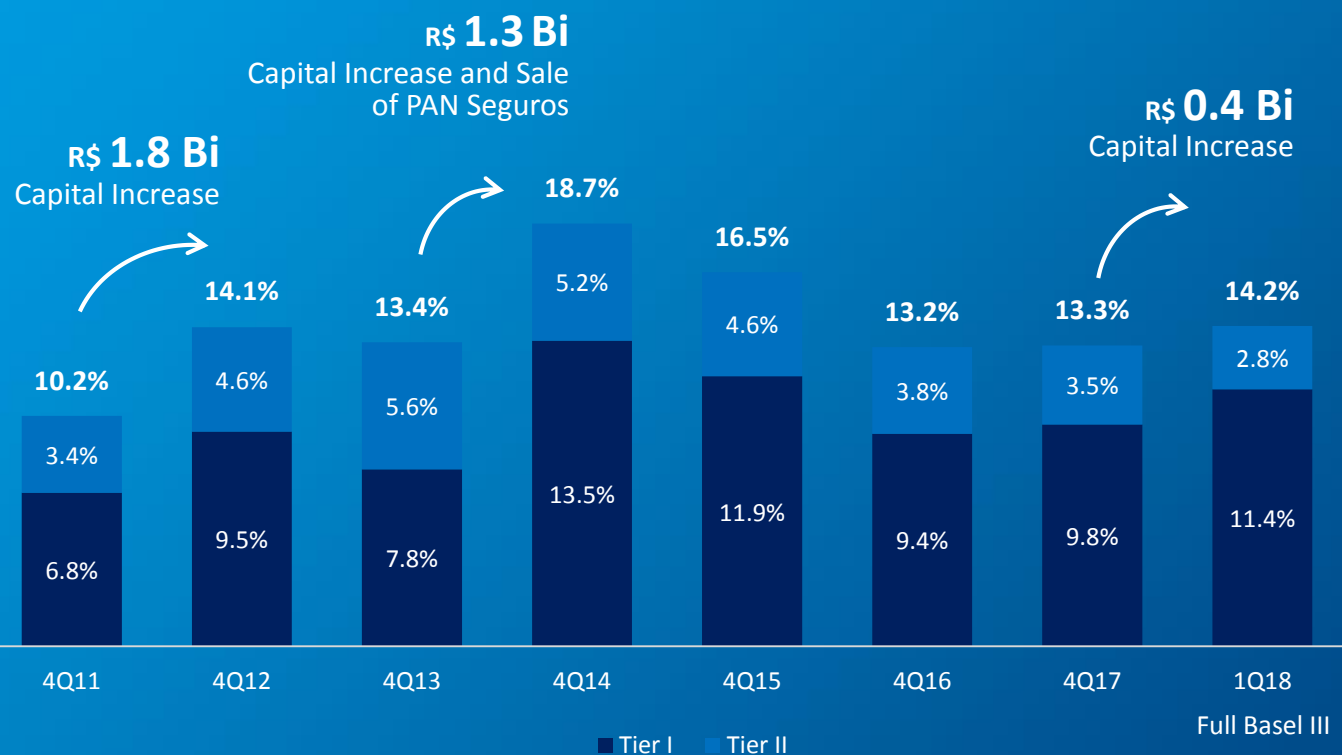
(R\$ Bi)



# Funding



# Capital Ratio



R\$ MM	1Q18	4Q17	1Q17
<b>Reference Shareholders' Equity</b>	<b>2,545</b>	<b>2,416</b>	<b>2,340</b>
Tier I	2,033	1,785	1,678
Tier II	513	631	661
<b>Required Reference Shareholders' Equity</b>	<b>1,880</b>	<b>1,904</b>	<b>2,172</b>
<b>RWA</b>	<b>17,903</b>	<b>18,140</b>	<b>20,682</b>



**Shareholder**  
support



**Experienced team**  
and **solid governance**

## *What makes Banco PAN attractive?*

Agile structure  
with **digital focus**



**Strong presence**  
on selected markets







# *Appendix I*

*Run-off  
Portfolio*

# Corporate Loans

Run-off portfolio, still maintaining client diversification and strong collateral monitoring

## Overview



Average ticket  
of **R\$ 14.5 million**



Duration of  
**12 months**

## Evolution of Portfolio (R\$ MM)



<sup>1</sup> Considering guarantees issued

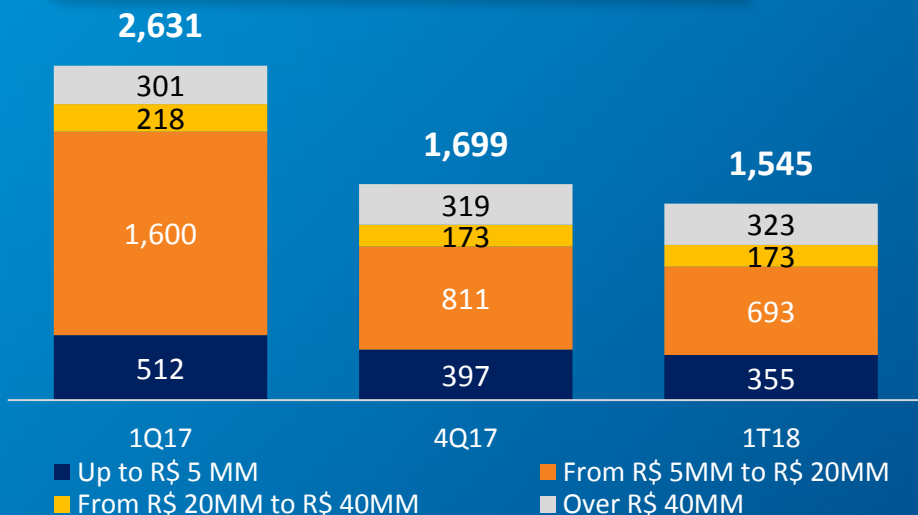


# Corporate Loans

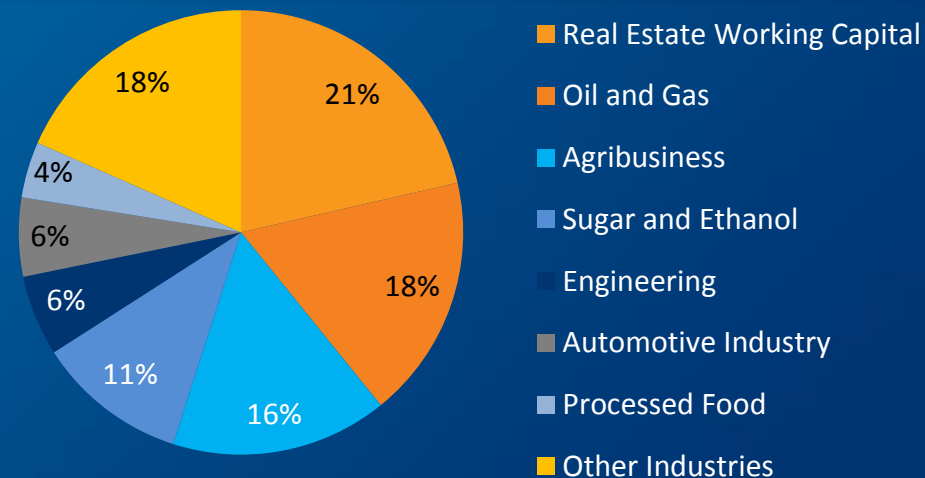
Run-off portfolio, still maintaining client diversification and strong collateral monitoring

## Portfolio by Ticket (R\$ MM)

64% below  
R\$ 20MM

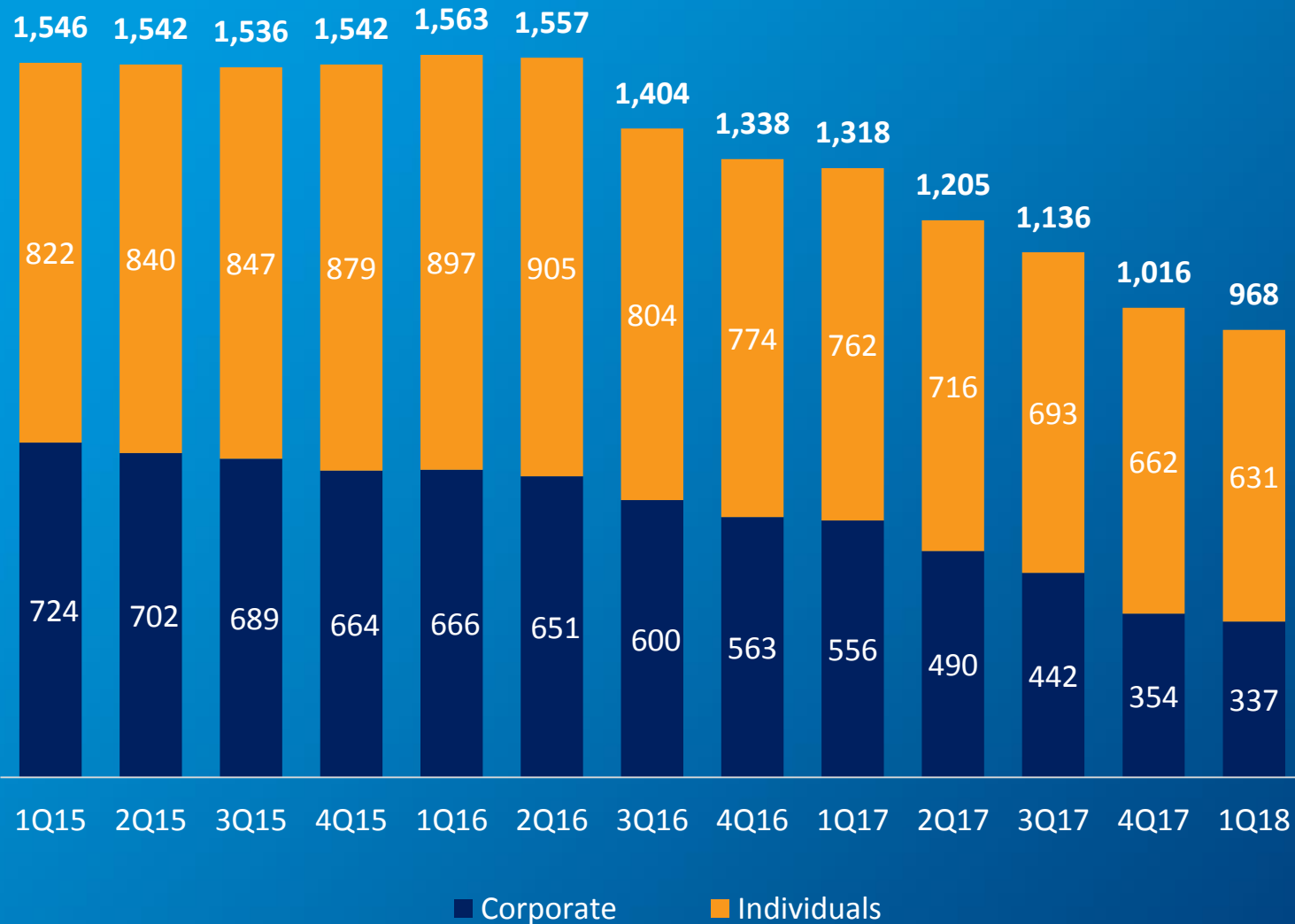


## Corporate Loan Portfolio by Industry (1Q18)



# Real Estate

Portfolio  
(R\$ MM)





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