

**2Q17**

***Earnings Results***

**2<sup>nd</sup> quarter 2017**

Banco  
**PAN**

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.

# 2Q17 Highlights

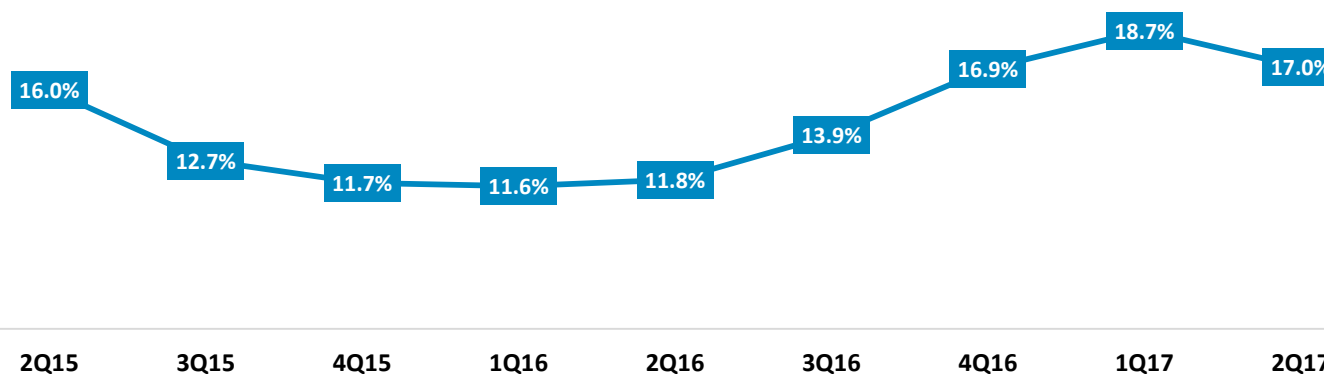
- ✓ The Loan Portfolio closed 2Q17 at R\$ 19.5 billion, increasing 7% in 12 months;
- ✓ After repositioning products, PAN originated a monthly retail average of R\$ 1,460 million in 2Q17;
- ✓ Net expenses on loan provisions decreased 30% in the quarter to R\$ 195 million;
- ✓ Net Interest Margin was 17.0% p.y. In 2Q17;
- ✓ PAN showed the best Income from Operations of the last years for the first half, a profit of R\$ 108 million;
- ✓ Net Income of R\$ 42.8 million in 2Q17, against Net Income of R\$ 3.7 million in 1Q17 and loss of R\$ 128.4 million in 2Q16; and
- ✓ Shareholders' Equity ended the quarter at R\$ 3,460 million and the Basel Ratio increased 0.3 percentage points to 11.6%.

Main Indicators (R\$ MM)	2Q17	1Q17	2Q16	Δ 2Q17/ 1Q17	Δ 2Q17/ 2Q16
<b>Total Retail Credit Origination</b>	<b>4,381</b>	<b>5,681</b>	<b>5,243</b>	<b>-23%</b>	<b>-16%</b>
<b>Assignments without Recourse</b>	<b>2,218</b>	<b>2,588</b>	<b>2,081</b>	<b>-14%</b>	<b>7%</b>
<b>Total Credit Portfolio</b>	<b>19,491</b>	<b>20,136</b>	<b>18,180</b>	<b>-3%</b>	<b>7%</b>
Retail Portfolio	16,639	16,950	14,821	-2%	12%
Corporate Portfolio	2,852	3,186	3,359	-10%	-15%
<b>Total Assets</b>	<b>27,240</b>	<b>27,613</b>	<b>27,035</b>	<b>-1%</b>	<b>1%</b>
<b>Funding</b>	<b>20,201</b>	<b>20,751</b>	<b>19,479</b>	<b>-3%</b>	<b>4%</b>
<b>Shareholders' Equity</b>	<b>3,460</b>	<b>3,418</b>	<b>3,422</b>	<b>1%</b>	<b>1%</b>
<b>Interest Margin</b>	<b>890</b>	<b>981</b>	<b>628</b>	<b>-9%</b>	<b>42%</b>
<b>Net Results</b>	<b>42.8</b>	<b>3.7</b>	<b>(128)</b>	<b>1066%</b>	<b>-</b>
<b>Net Interest Margin (% - p.y.)</b>	<b>17.0%</b>	<b>18.7%</b>	<b>11.8%</b>	<b>-1.7 p.p.</b>	<b>5.2 p.p.</b>
<b>Basel Ratio</b>	<b>11.6%</b>	<b>11.3%</b>	<b>14.0%</b>	<b>0.3 p.p.</b>	<b>-2.4 p.p.</b>
Common Equity Tier I	8.5%	8.1%	10.0%	0.4 p.p.	-1.5 p.p.
Tier II	3.1%	3.2%	4.0%	-0.1 p.p.	-0.9 p.p.

# Managerial Net Interest Margin

## Strong Interest Margin

Managerial Net Interest Margin (R\$ MM)	2Q17	1Q17	2Q16	Δ 2Q17/ 1Q17	Δ 2Q17/ 2Q16
<b>Income from Financial Intermediation Before ALL</b>	<b>903</b>	<b>993</b>	<b>675</b>	<b>-9%</b>	<b>34%</b>
(+) Exchange Rate Variation	(13)	(13)	(48)	-1%	73%
<b>1. Interest Margin</b>	<b>890</b>	<b>981</b>	<b>628</b>	<b>-9%</b>	<b>42%</b>
<b>2. Average Interest-Earning Assets</b>	<b>22,239</b>	<b>22,421</b>	<b>22,131</b>	<b>-1%</b>	<b>-</b>
- Average Loan Portfolio	19,525	19,379	17,543	1%	11%
- Average Securities and Derivatives	2,530	2,481	2,653	2%	-5%
- Average Interbank Investments	184	561	1,935	-67%	-91%
<b>(1/2) Managerial Net Interest Margin (% p.y.)</b>	<b>17.0%</b>	<b>18.7%</b>	<b>11.8%</b>	<b>-1.7 p.p.</b>	<b>5.2 p.p.</b>



## Income from Operations improved, reaching a profit of R\$ 108 million in 1H17

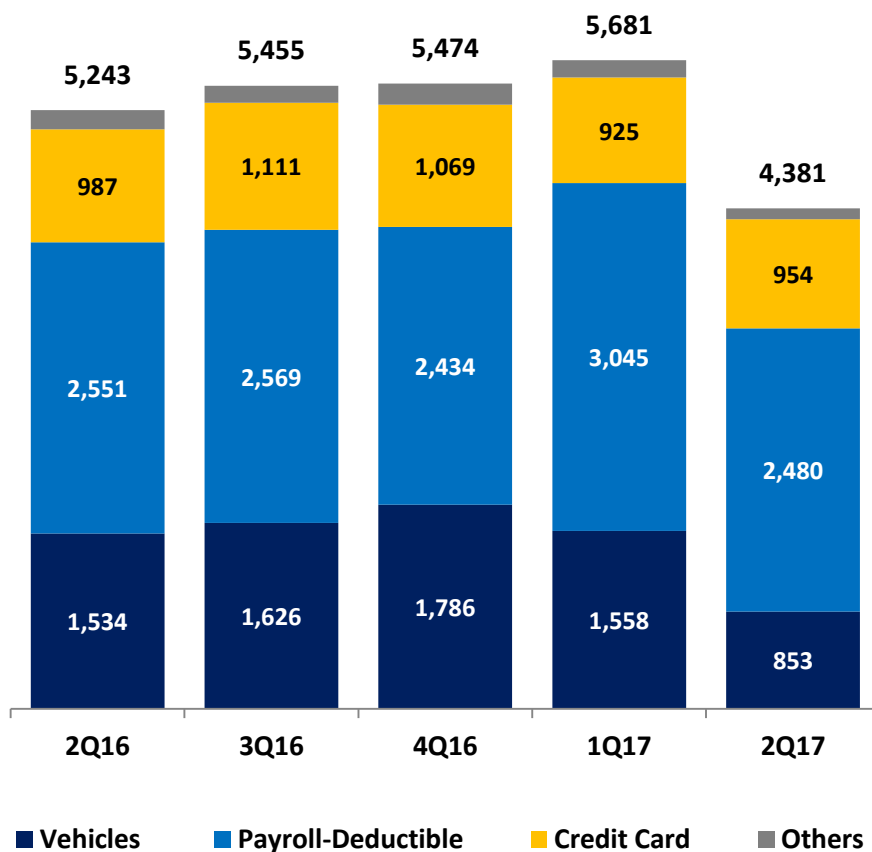
R\$ MM	2Q17	1Q17	2Q16	Δ 2Q17/ 1Q17	Δ 2Q17/ 2Q16
<b>Interest Margin</b>	<b>903</b>	<b>993</b>	<b>675</b>	<b>-9%</b>	<b>34%</b>
Credit Provisions	(246)	(328)	(271)	25%	9%
<b>Gross Income from Financial Intermediation (Adjusted)</b>	<b>657</b>	<b>665</b>	<b>405</b>	<b>-1%</b>	<b>62%</b>
Other Operating Revenues (Expenses)	31	28	-11	-9%	-
Administrative and Personnel Expenses	(278)	(293)	(276)	5%	-
Origination Expenses	(244)	(300)	(225)	19%	-8%
Tax Expenses	(64)	(70)	(50)	8%	-27%
<b>Income from Operations</b>	<b>90</b>	<b>18</b>	<b>(206)</b>	<b>-</b>	<b>-</b>
Non Operating Expenses	(9)	4	(17)	-	49%
Income and Social Contribution Taxes	(38)	(18)	95	-108%	-
<b>Net Income/ (Loss)</b>	<b>42.8</b>	<b>3.7</b>	<b>(128)</b>	<b>-</b>	<b>-</b>

# Retail Credit Origination

## Strategic repositioning

### Quarterly Origination

(R\$ MM)



### Monthly Average

(R\$ MM)

Products	2Q17	1Q17	Δ 2Q17/ 1Q17
Payroll	827	1,015	-19%
Vehicles	284	519	-45%
Credit Cards	318	308	3%
Institutional	263	256	3%
Payroll	55	52	6%
Others	32	51	-38%
<b>Total</b>	<b>1,460</b>	<b>1,894</b>	<b>-23%</b>

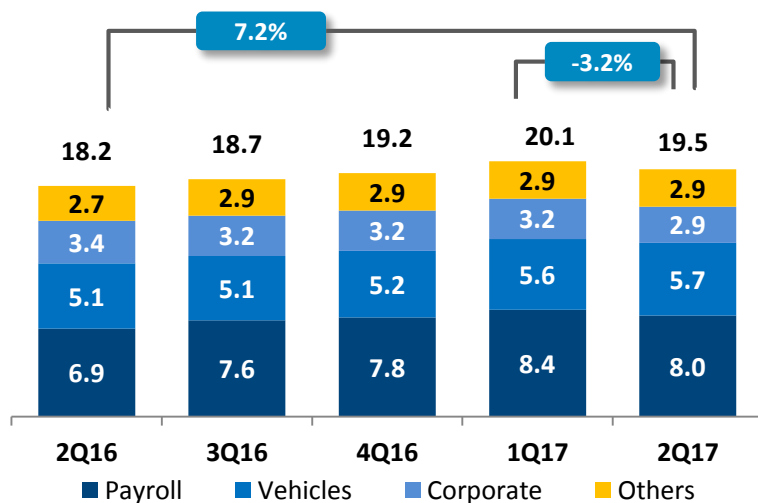
# Credit Portfolio

## Portfolio mix with focus on payroll

R\$ MM	2Q17	Part. %	1Q17	Part. %	2Q16	Part. %	Δ 2Q17/ 1Q17	Δ 2Q17/ 2Q16
Payroll Loans	7,989	41%	8,435	42%	6,950	32%	-5%	15%
Vehicle Financing	5,720	29%	5,572	28%	1,534	31%	3%	12%
Corporate Loans	2,852	15%	3,186	16%	3,359	21%	-10%	-15%
Payroll Credit Cards	1,177	6%	1,126	6%	611	4%	5%	57%
Credit Cards	952	5%	973	5%	975	5%	-2%	-2%
Real Estate	716	4%	762	4%	905	5%	-6%	-21%
Others	85	0%	82	0%	117	1%	3%	-28%
<b>On Balance Credit Portfolio</b>	<b>19,491</b>	<b>100%</b>	<b>20,136</b>	<b>100%</b>	<b>17,454</b>	<b>100%</b>	<b>-3%</b>	<b>7%</b>

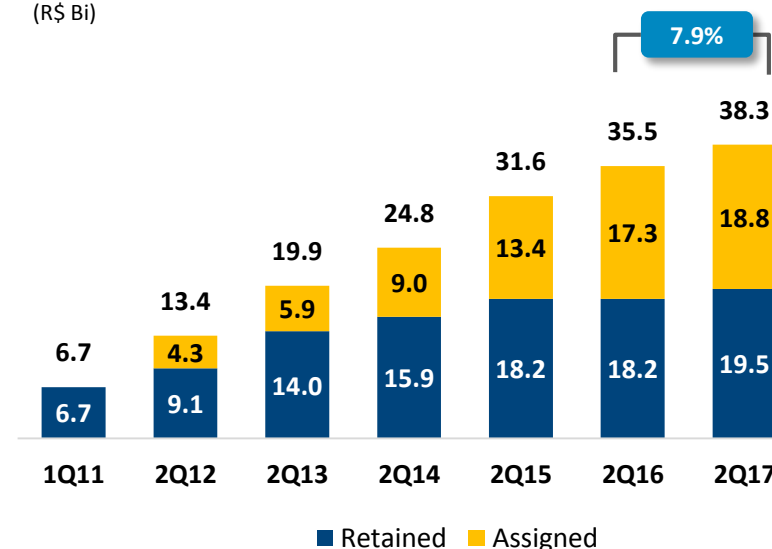
### On Balance Portfolio

(R\$ Bi)



### Originated Portfolio (On + Off Balance)

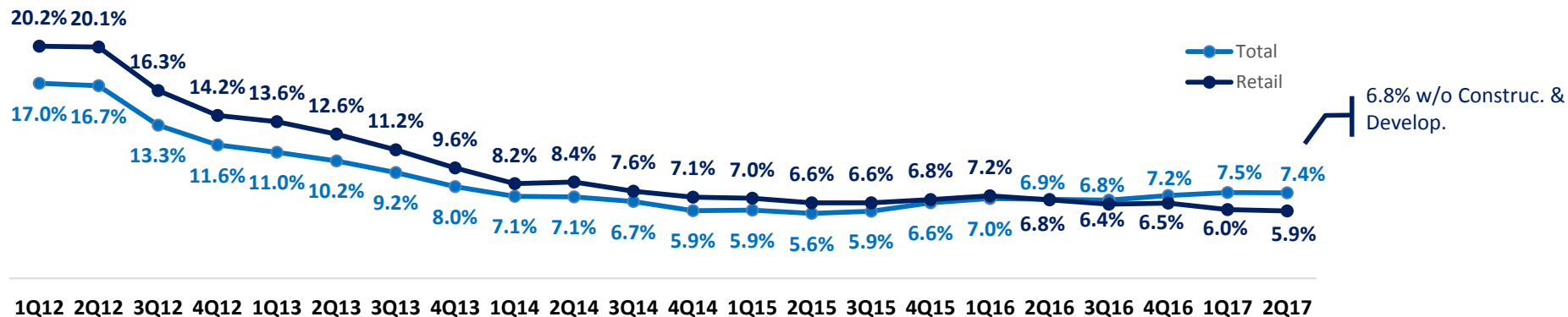
(R\$ Bi)



# Credit Quality

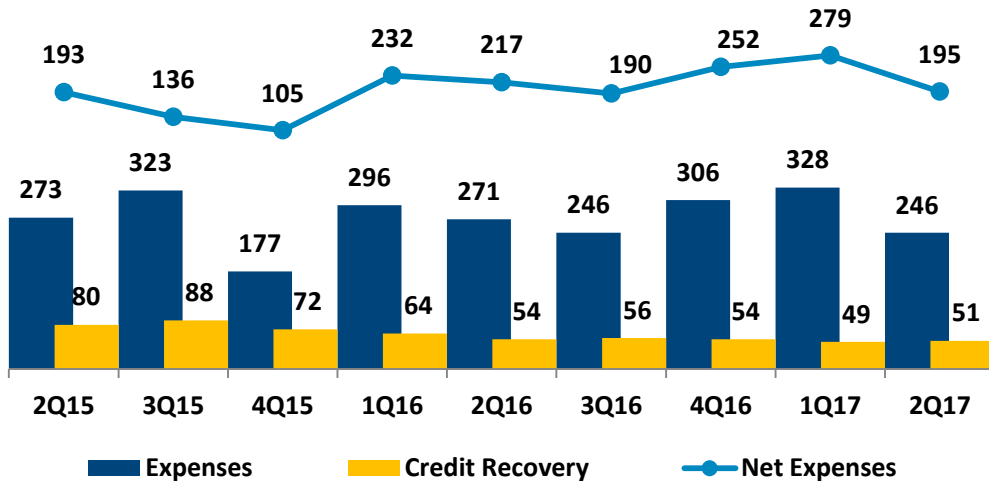
## Non-performing loans over 90 days

(%)



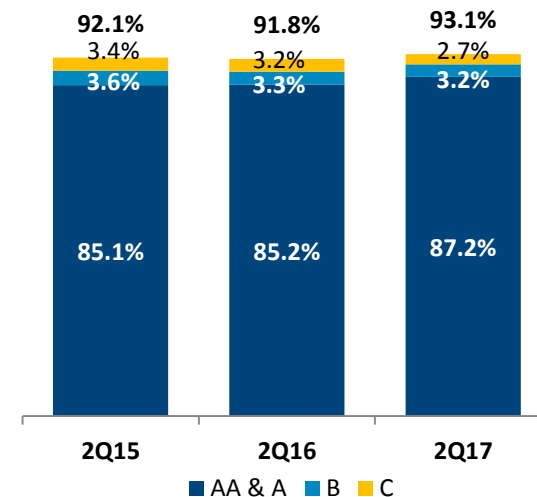
## Provisioning Expenses and Credit Recovery

(R\$ MM)



## Retail Credits - AA to C

(%)





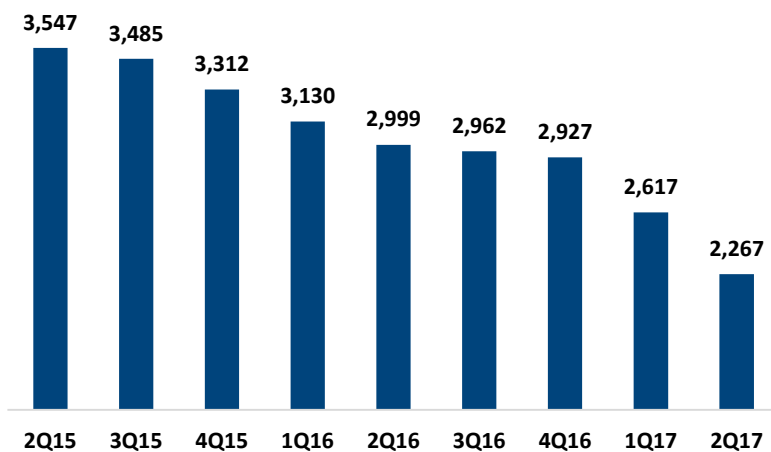
# Costs and Expenses

## Efficiency gain

G&A Expenses (R\$ MM)	2Q17	1Q17	2Q16	Δ 2Q17/ 1Q17	Δ 2Q17/ 2Q16
Personnel expenses	113	133	115	-15%	-1%
Administrative expenses	164	160	162	3%	2%
<b>1. Subtotal I</b>	<b>278</b>	<b>293</b>	<b>276</b>	<b>-5%</b>	<b>-</b>
Comission Expenses - BACEN Circular 3,738	101	152	90	-34%	12%
Deferred Comissions and other origination expenses	143	148	136	-3%	5%
<b>2. Subtotal II - Credit Origination</b>	<b>244</b>	<b>300</b>	<b>225</b>	<b>-19%</b>	<b>8%</b>
<b>3. Total (I + II)</b>	<b>521</b>	<b>593</b>	<b>502</b>	<b>-12%</b>	<b>4%</b>

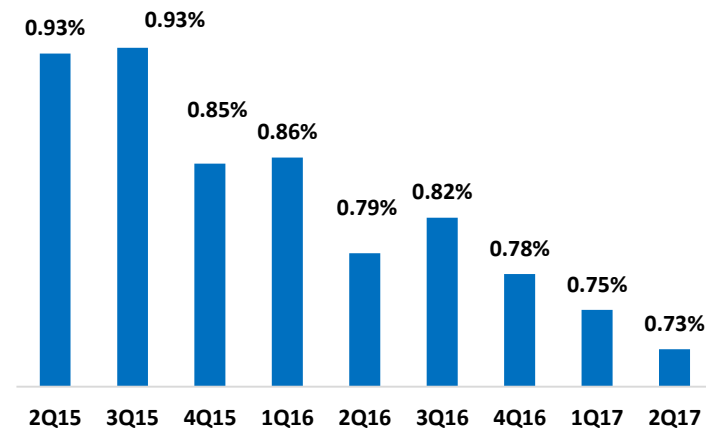
## Number of Employees

(#)



## Subtotal I / Originated Portfolio

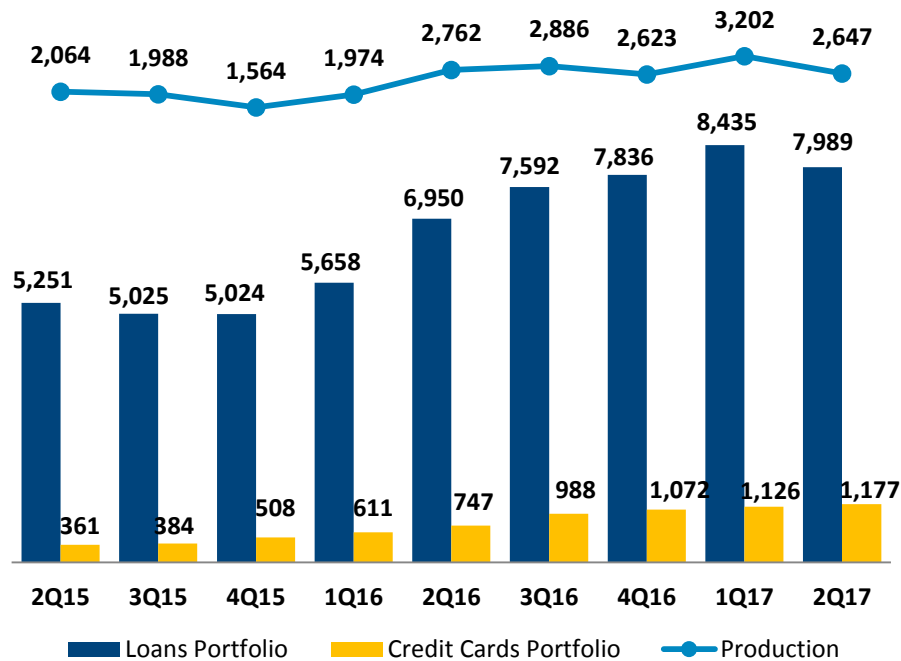
(%)



# Payroll-Deducted: Loans and Credit Cards

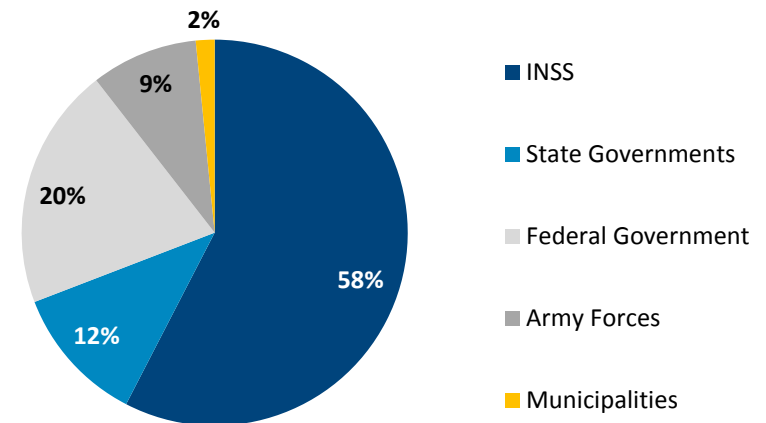
## Evolution of Portfolio and Origination

(R\$ MM)



## Origination by Segment (2Q17)

(%)

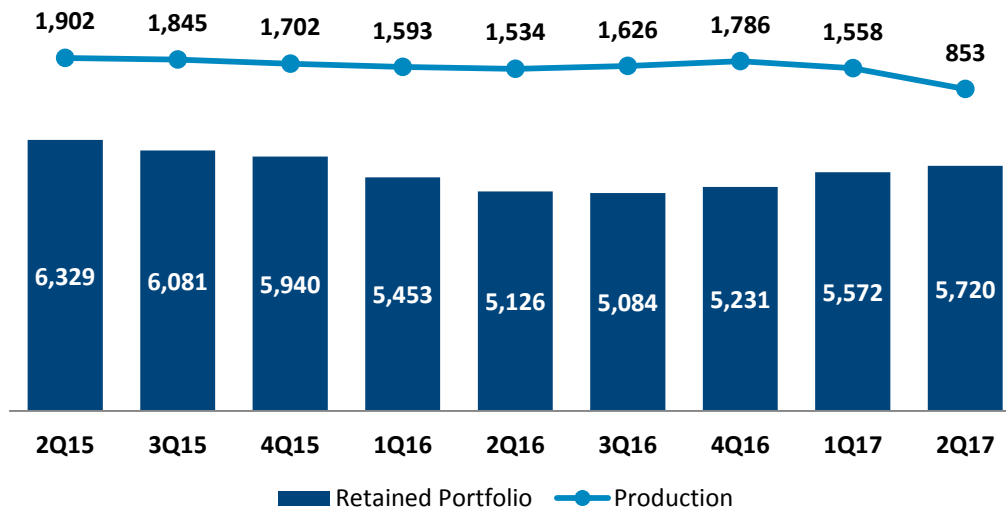


**87% in federal risk**

# Vehicle Financing

## Portfolio and Origination

(R\$ MM)



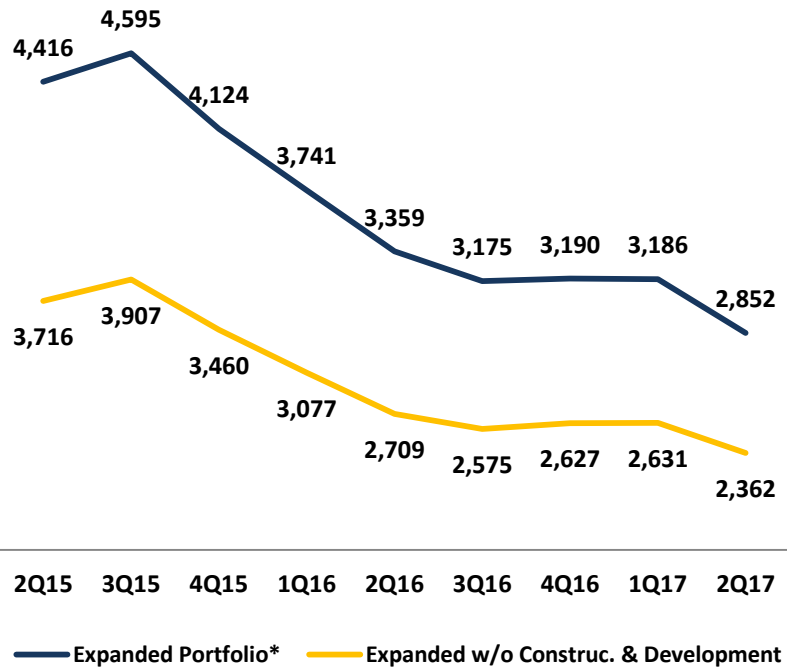
## Origination Information (2Q17)

2Q17	Light	Motorcycles
Origination (R\$ MM)	704	149
Market Share	5.5%	16.5%
Ranking	5th	2nd
Average Tenor (month)	45	39
Downpayment	41%	25%

# Corporate Loans

## Evolution of Portfolio

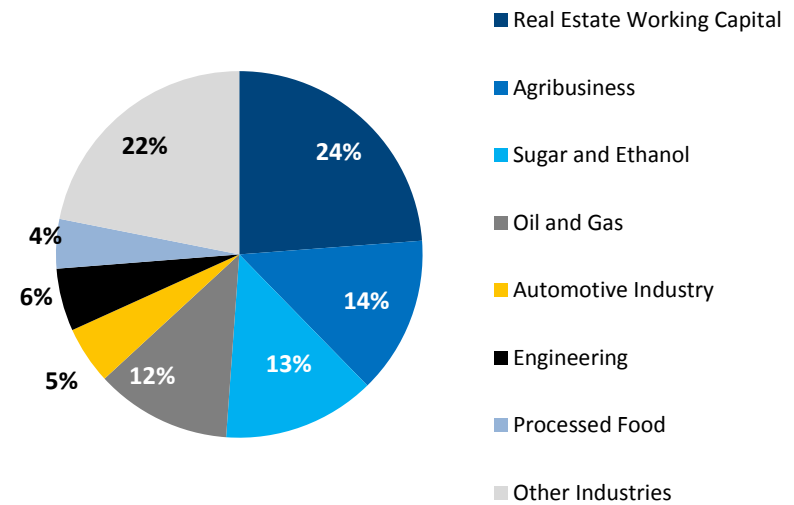
(R\$ MM)



\* Including Guarantees

## Corporate Loan Portfolio<sup>1</sup> by Industry (2Q17)

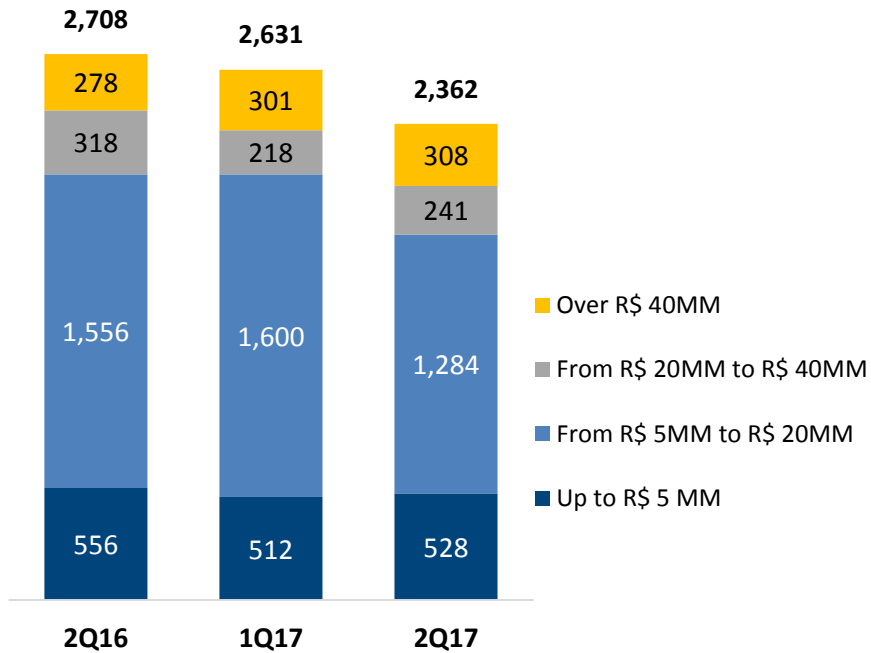
(%)



1 – without Construc. & Development

## Portfolio by Ticket<sup>1</sup>

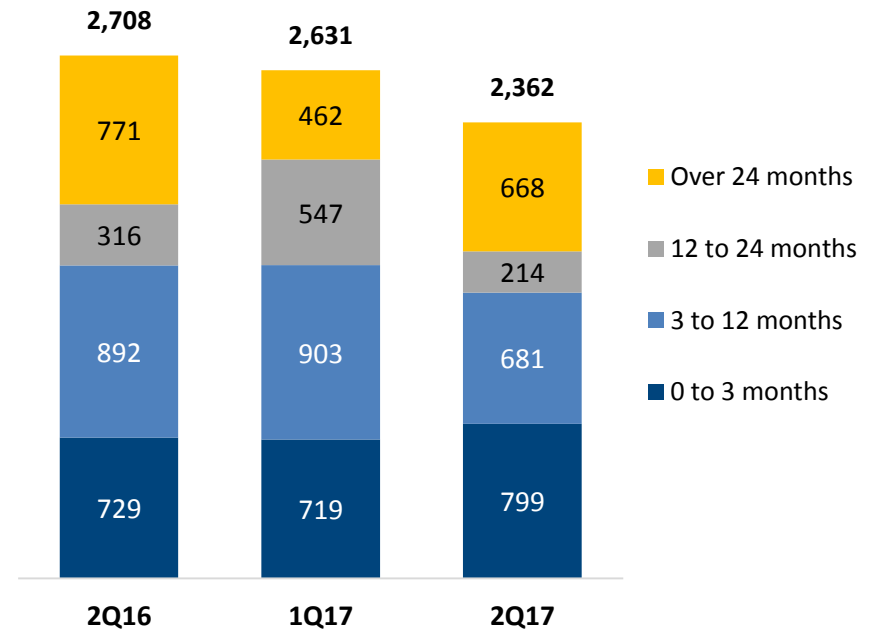
(R\$ MM)



**76% below R\$ 20MM**

## Maturity of the Portfolio<sup>1</sup>

(R\$ MM)

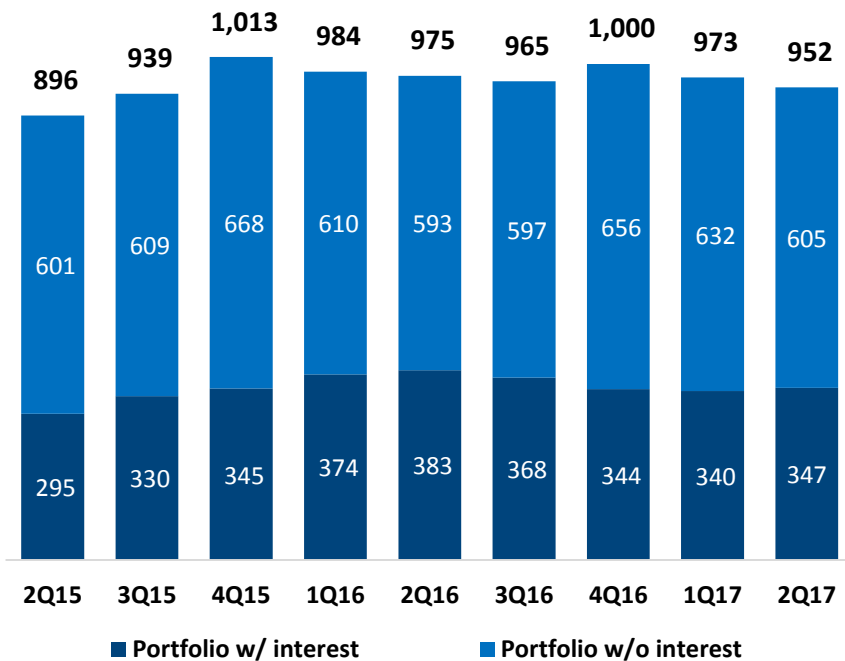


**63% matures in less than 12 months**

1 – without Construc. & Development

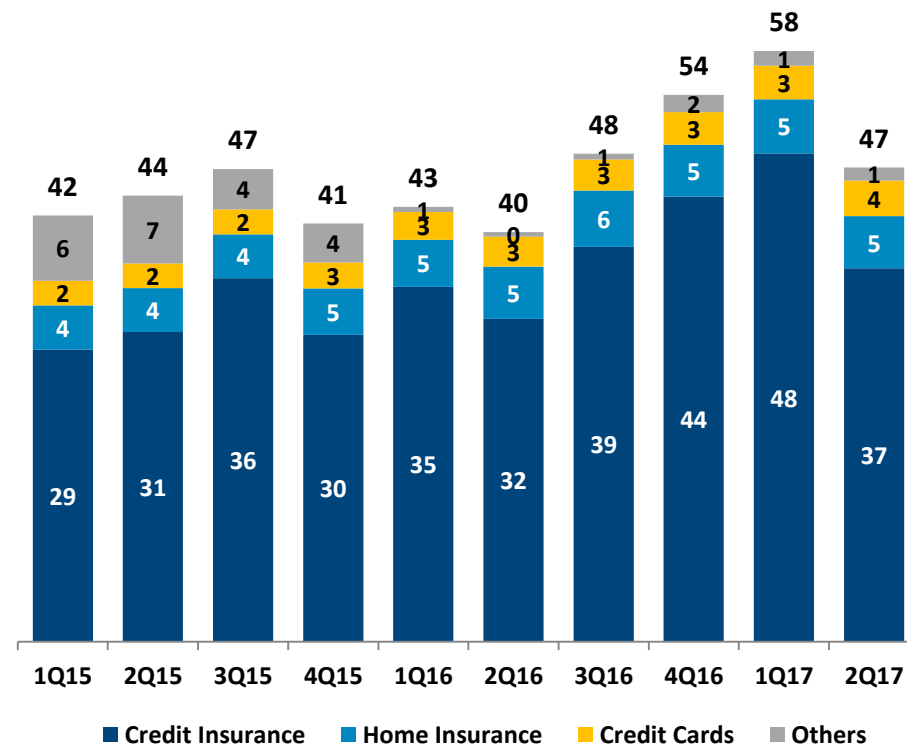
## Credit Card Portfolio

(R\$ MM)



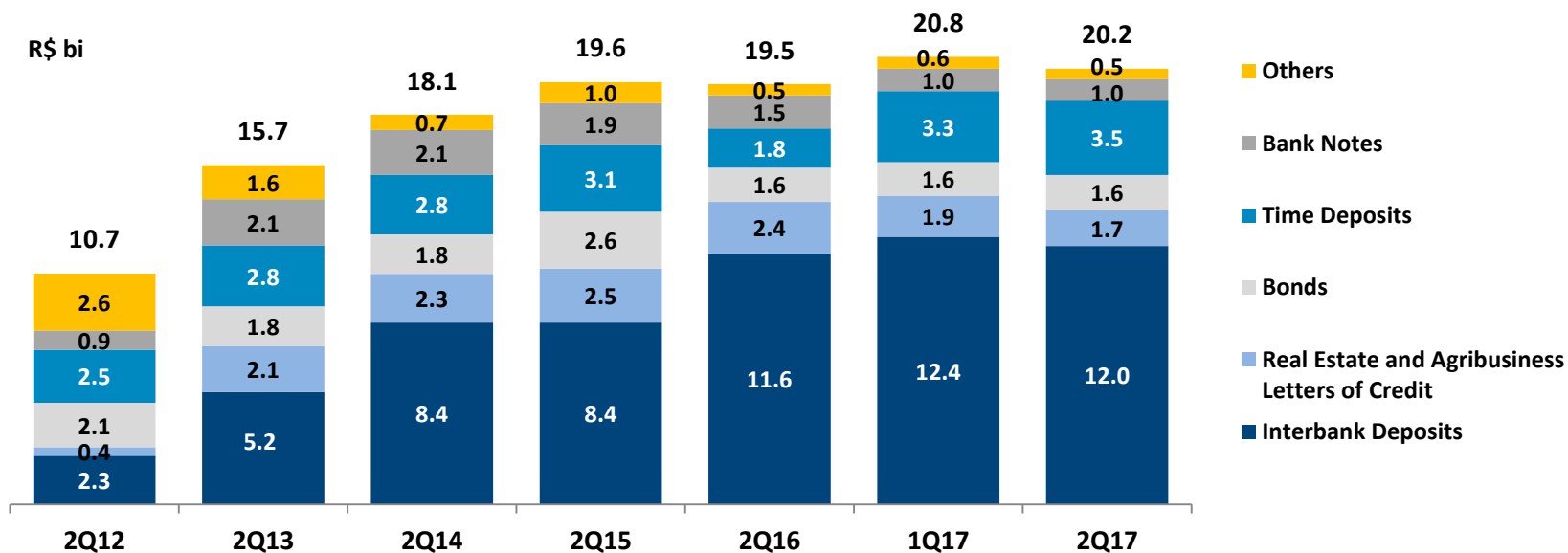
## Insurance Premium – PAN’s Origination

(R\$ MM)



## App PAN Investments for opening a digital account

Funding Sources (R\$ MM)	2Q17	Part. %	1Q17	Part. %	2Q16	Part. %	Δ 2Q17/ 1Q17	Δ 2Q17/ 2Q16
Interbank Deposits	11,981	59%	12,406	60%	11,642	60%	-3%	3%
Time Deposits	3,454	17%	3,297	16%	1,814	9%	5%	90%
Real Estate and Agribusiness Letters of Credit	1,661	8%	1,891	9%	2,382	12%	-12%	-30%
Bonds	1,623	8%	1,566	8%	1,582	8%	4%	3%
Bank Notes	991	5%	1,038	5%	1,533	8%	-5%	-35%
Others	491	2%	554	3%	526	3%	-11%	-7%
<b>Total</b>	<b>20,201</b>	<b>100%</b>	<b>20,751</b>	<b>100%</b>	<b>19,479</b>	<b>100%</b>	<b>-3%</b>	<b>4%</b>



R\$ MM	2Q17	1Q17	2Q16
<b>1. Reference Shareholders' Equity (PR)</b>	<b>2,323</b>	<b>2,340</b>	<b>2,709</b>
Common Equity Tier I	1,693	1,678	1,982
Tier II	630	661	777
<b>2. Required Reference Shareholders' Equity</b>	<b>2,101</b>	<b>2,172</b>	<b>2,075</b>
Risk Weighted Assets	1,886	1,933	1,890
Exchange Variation Risk	1	1	2
Interest (Fixed)	27	52	59
Operational Risk	186	186	123
<b>Basel Ratio</b>	<b>11.6%</b>	<b>11.3%</b>	<b>14.0%</b>
<b>Common Equity Tier I</b>	<b>8.5%</b>	<b>8.1%</b>	<b>10.0%</b>
<b>Tier II</b>	<b>3.1%</b>	<b>3.2%</b>	<b>4.0%</b>



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**2<sup>nd</sup> quarter 2017**