

**3Q17**

***Earnings Results***

3<sup>rd</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.

# 3Q17 Highlights

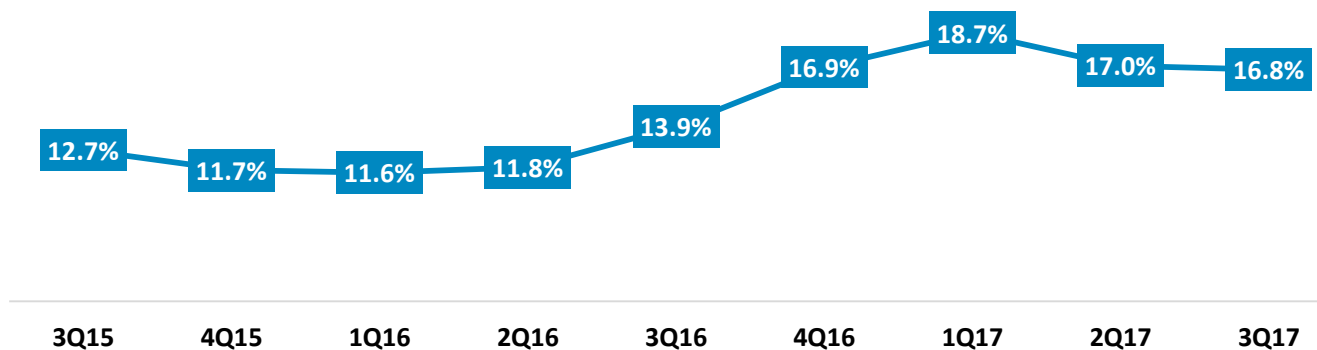
- ✓ Net Income of R\$ 111.3 million in 3Q17, against Net Income of R\$ 42.8 million in 2Q17 and Net Loss of R\$ 13.0 million in 3Q16;
- ✓ The Loan Portfolio closed 3Q17 at R\$ 18.8 billion, remaining stable over the 3Q16;
- ✓ PAN originated a monthly retail average of R\$ 1.248 million in 3Q17, due to its strategic repositioning;
- ✓ Net Interest Margin was 16.8% p.y. in 3Q17;
- ✓ Shareholders' Equity ended the quarter at R\$ 3,522 million and the Basel Ratio increased 0.6 percentage points to 12.2%;
- ✓ Subsequent Events:
  - ✓ Sale of 10.1% of Stone Pagamentos S.A. for R\$ 229 million on October 31, 2017; and
  - ✓ Capital Increase of R\$ 400 million announced on November 6, 2017.

Main Indicators (R\$ MM)	3Q17	2Q17	3Q16	Δ 3Q17/ 2Q17	Δ 3Q17/ 3Q16
<b>Total Retail Credit Origination</b>	<b>3,745</b>	<b>4,381</b>	<b>5,455</b>	<b>-15%</b>	<b>-31%</b>
<b>Assignments without Recourse</b>	<b>1,619</b>	<b>2,218</b>	<b>2,647</b>	<b>-27%</b>	<b>-39%</b>
<b>Total Credit Portfolio</b>	<b>18,799</b>	<b>19,491</b>	<b>18,716</b>	<b>-4%</b>	<b>0%</b>
Retail Portfolio	16,364	16,639	15,541	-2%	5%
Corporate Portfolio	2,435	2,852	3,175	-15%	-23%
<b>Total Assets</b>	<b>26,993</b>	<b>27,240</b>	<b>27,896</b>	<b>-1%</b>	<b>-3%</b>
<b>Funding</b>	<b>19,229</b>	<b>20,201</b>	<b>19,820</b>	<b>-5%</b>	<b>-3%</b>
<b>Shareholders' Equity</b>	<b>3,522</b>	<b>3,460</b>	<b>3,412</b>	<b>2%</b>	<b>3%</b>
<b>Interest Margin</b>	<b>867</b>	<b>890</b>	<b>752</b>	<b>-3%</b>	<b>15%</b>
<b>Net Results</b>	<b>111</b>	<b>43</b>	<b>(13)</b>	<b>160%</b>	<b>-</b>
<b>Net Interest Margin (% - p.y.)</b>	<b>16.8%</b>	<b>17.0%</b>	<b>14.2%</b>	<b>-0.2 p.p.</b>	<b>2.6 p.p.</b>
<b>Basel Ratio</b>	<b>12.2%</b>	<b>11.6%</b>	<b>13.4%</b>	<b>0.6 p.p.</b>	<b>-1.2 p.p.</b>
Common Equity Tier I	9.0%	8.5%	9.6%	0.5 p.p.	-0.6 p.p.
Tier II	3.2%	3.1%	3.9%	0.1 p.p.	-0.7 p.p.

# Managerial Net Interest Margin

## Interest Margin at strong level

Managerial Net Interest Margin (R\$ MM)	3Q17	2Q17	3Q16	Δ 3Q17/ 2Q17	Δ 3Q17/ 3Q16
<b>Income from Financial Intermediation Before ALL</b>	<b>874</b>	<b>903</b>	<b>768</b>	<b>-3%</b>	<b>14%</b>
(+) Exchange Rate Variation	(7)	(13)	(15)	-44%	-54%
<b>1. Interest Margin</b>	<b>867</b>	<b>890</b>	<b>752</b>	<b>-3%</b>	<b>15%</b>
<b>2. Average Interest-Earning Assets</b>	<b>21,866</b>	<b>22,239</b>	<b>22,231</b>	<b>-2%</b>	<b>-2%</b>
- Average Loan Portfolio	18,868	19,525	18,176	3%	4%
- Average Securities and Derivatives	2,342	2,530	2,732	-7%	-14%
- Average Interbank Investments	656	184	1,323	257%	-50%
<b>(1/2) Managerial Net Interest Margin (% p.y.)</b>	<b>16.8%</b>	<b>17.0%</b>	<b>14.2%</b>	<b>-0.2 p.p.</b>	<b>2.6 p.p.</b>



## Positive Income from Operations and net profit of R\$ 111 million in 3Q17

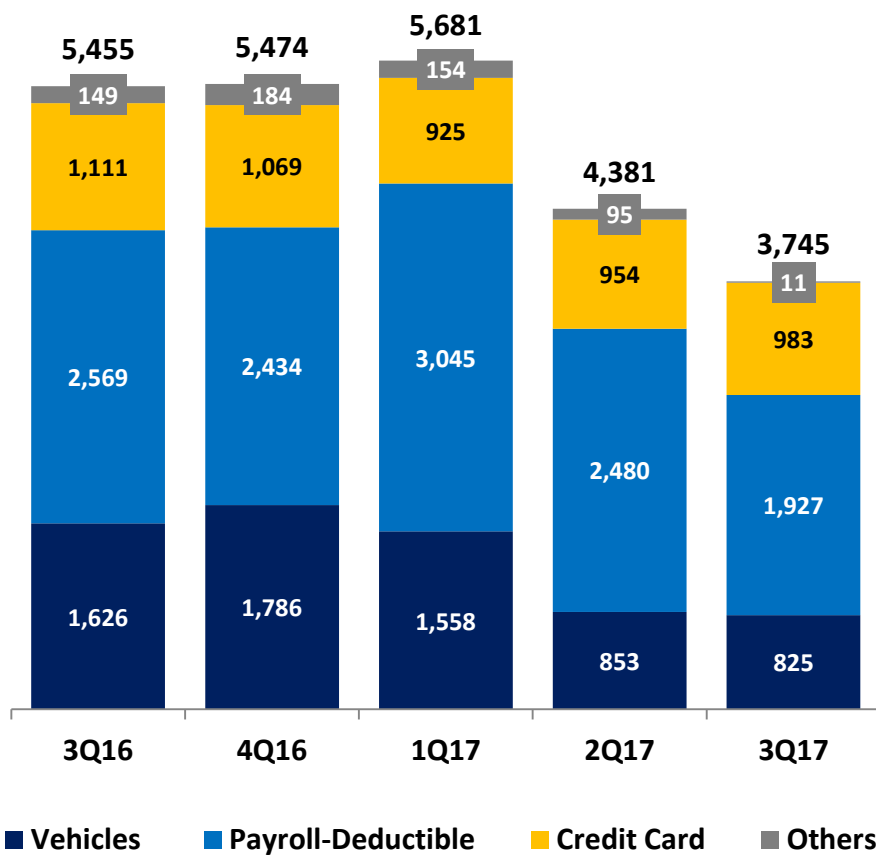
R\$ MM	3Q17	2Q17	3Q16	Δ 3Q17/ 2Q17	Δ 3Q17/ 3Q16
<b>Interest Margin</b>	<b>867</b>	<b>890</b>	<b>752</b>	<b>-3%</b>	<b>15%</b>
Credit Provisions	(276)	(246)	(246)	12%	12%
<b>Gross Income from Financial Intermediation (Adjusted)</b>	<b>590</b>	<b>644</b>	<b>506</b>	<b>-8%</b>	<b>17%</b>
Other Operating Revenues (Expenses)	(16)	31	68	-	-
Administrative and Personnel Expenses	(275)	(278)	(295)	-1%	-7%
Origination Expenses	(234)	(244)	(255)	-4%	-9%
Tax Expenses	(44)	(64)	(67)	-31%	-34%
<b>Income from Operations</b>	<b>21</b>	<b>90</b>	<b>(44)</b>	<b>-76%</b>	<b>-</b>
Non Operating Expenses	1	(9)	(14)	-	-
Income and Social Contribution Taxes	89	(38)	45	-	99%
<b>Net Income/ (Loss)</b>	<b>111</b>	<b>43</b>	<b>(13)</b>	<b>160%</b>	<b>-</b>

# Retail Credit Origination

## Strategic repositioning

### Quarterly Origination

(R\$ MM)



### Monthly Average

(R\$ MM)

Products	3Q17	2Q17	Δ 3Q17/ 2Q17
Payroll	642	827	-22%
Vehicles	275	284	-3%
Credit Cards	328	318	3%
Institutional	269	263	2%
Payroll	59	55	7%
Others	4	32	-89%
<b>Total</b>	<b>1,248</b>	<b>1,460</b>	<b>-15%</b>

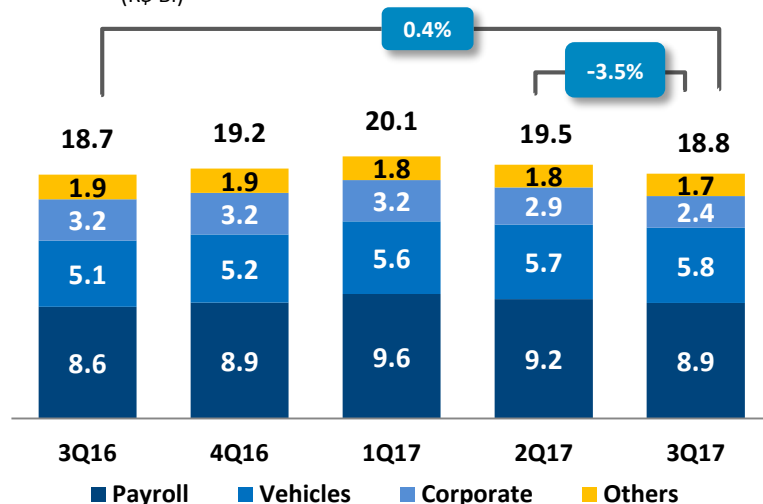
# Credit Portfolio

## Portfolio mix with focus on payroll

R\$ MM	3Q17	Part. %	2Q17	Part. %	3Q16	Part. %	Δ 3Q17/ 2Q17	Δ 3Q17/ 3Q16
Payroll Loans	7,654	41%	7,989	41%	7,592	41%	-4%	1%
Vehicle Financing	5,779	31%	5,720	29%	5,084	27%	1%	14%
Corporate Loans	2,435	13%	2,852	15%	3,175	17%	-15%	-23%
Payroll Credit Cards	1,217	6%	1,177	6%	988	5%	3%	23%
Credit Cards	928	5%	952	5%	965	5%	-3%	-4%
Real Estate	693	4%	716	4%	804	4%	-3%	-14%
Others	93	0%	85	0%	108	1%	9%	-14%
<b>On Balance Credit Portfolio</b>	<b>18,799</b>	<b>100%</b>	<b>19,491</b>	<b>100%</b>	<b>18,716</b>	<b>100%</b>	<b>-4%</b>	<b>0%</b>

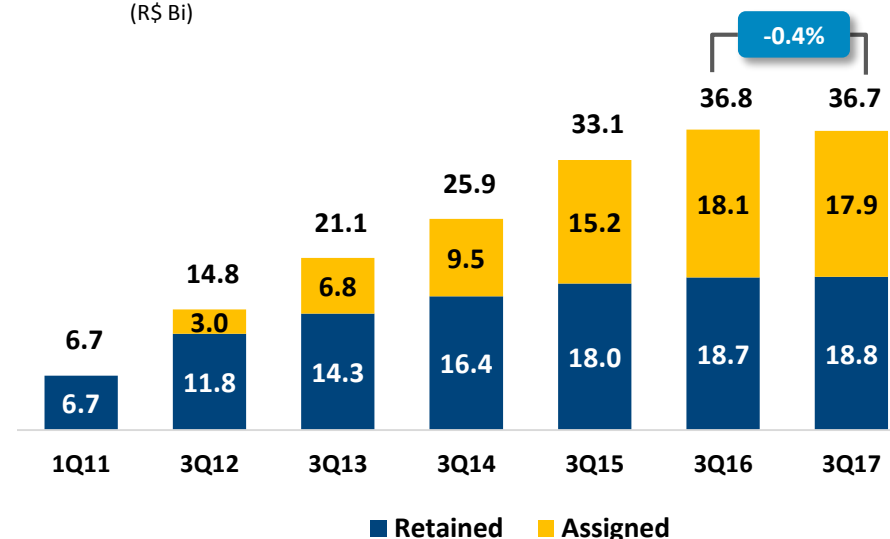
### On Balance Portfolio

(R\$ Bi)



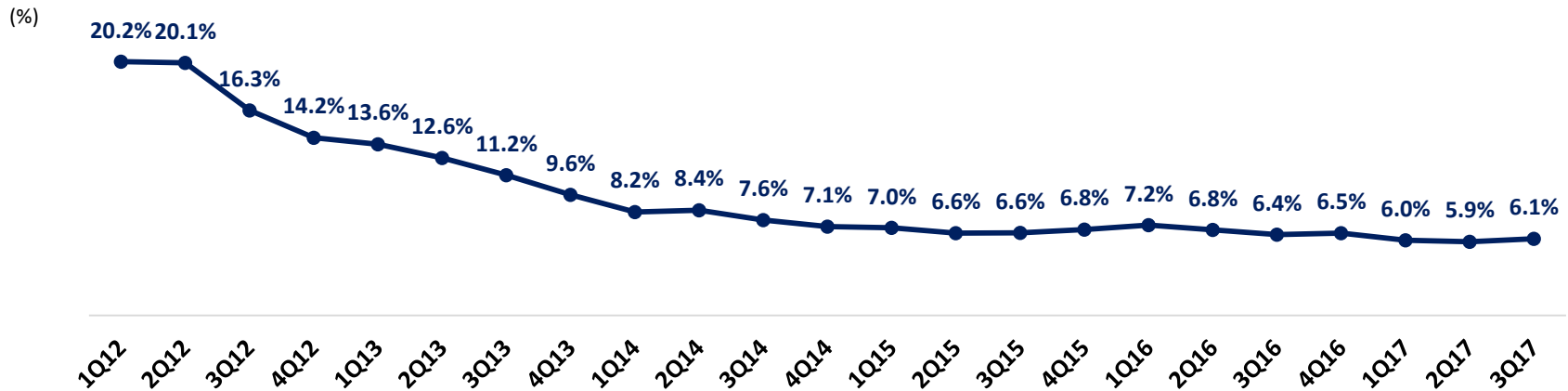
### Originated Portfolio (On + Off Balance)

(R\$ Bi)

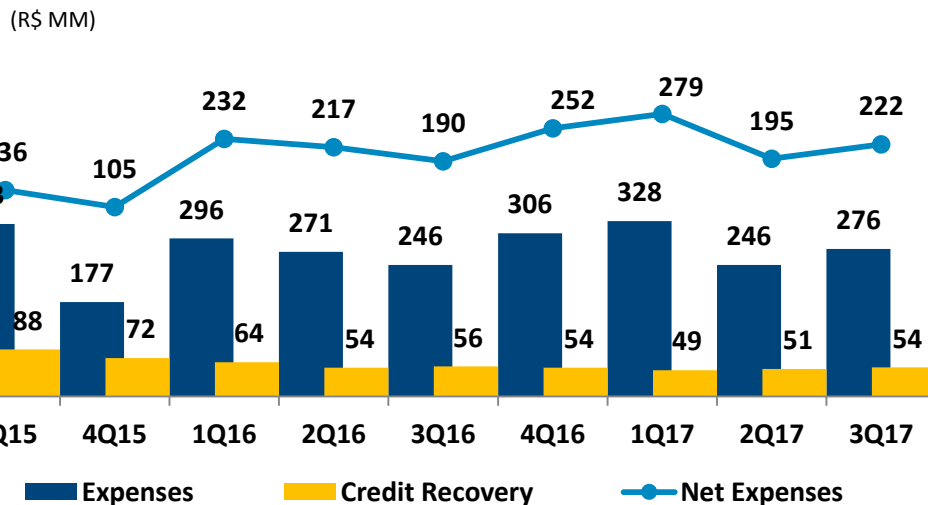


# Credit Quality

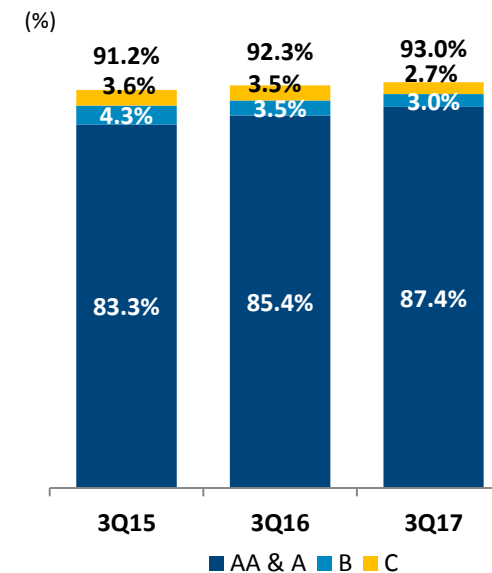
## Retail Non-performing loans over 90 days



## Provisioning Expenses and Credit Recovery



## Retail Credits - AA to C





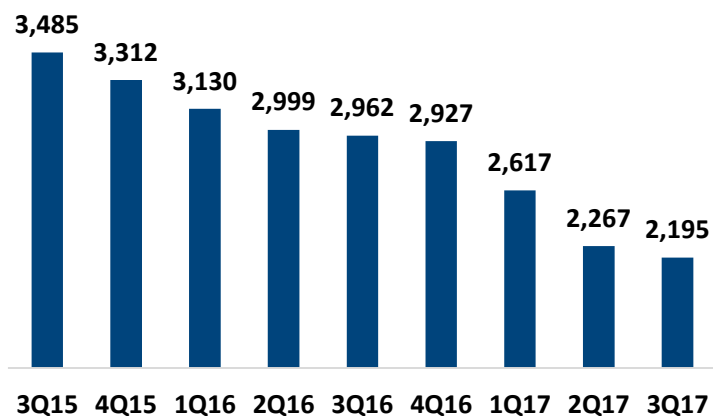
# Costs and Expenses

## Efficiency gain

G&A Expenses (R\$ MM)	3Q17	2Q17	3Q16	Δ 3Q17/ 2Q17	Δ 3Q17/ 3Q16
Personnel expenses	101	113	126	-11%	-20%
Administrative expenses	174	164	169	6%	3%
<b>1. Subtotal I</b>	<b>275</b>	<b>278</b>	<b>295</b>	<b>-1%</b>	<b>-7%</b>
Comission Expenses - BACEN Circular 3,738	97	101	95	-4%	2%
Deferred Comissions and other origination expenses	137	143	161	-4%	-15%
<b>2. Subtotal II - Credit Origination</b>	<b>234</b>	<b>244</b>	<b>256</b>	<b>-4%</b>	<b>-9%</b>
<b>3. Total (I + II)</b>	<b>509</b>	<b>521</b>	<b>551</b>	<b>-2%</b>	<b>-8%</b>

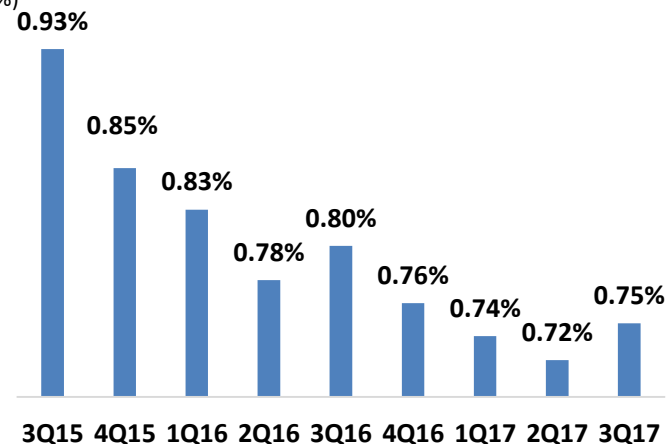
## Number of Employees

(#)



## Subtotal I / Originated Portfolio

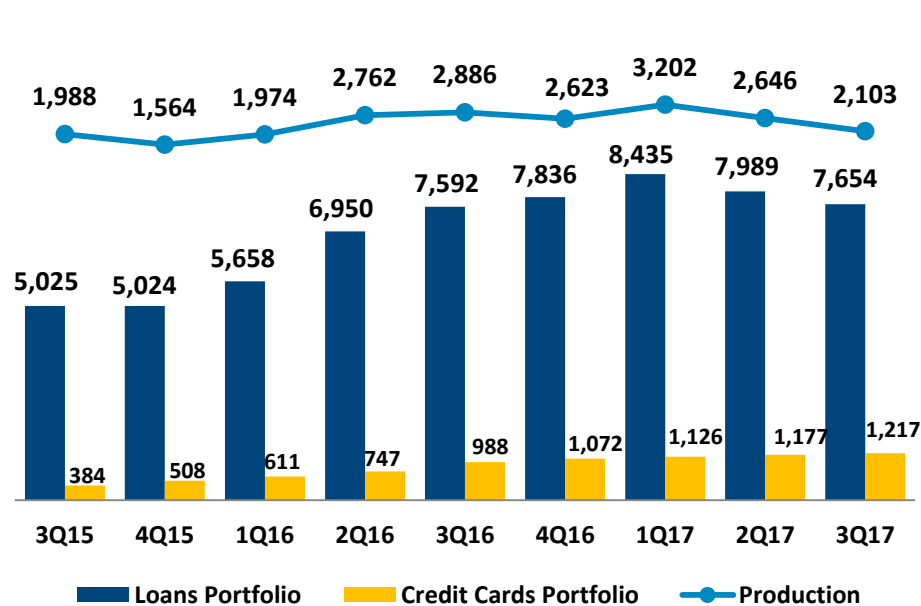
(%)



# Payroll-Deducted: Loans and Credit Cards

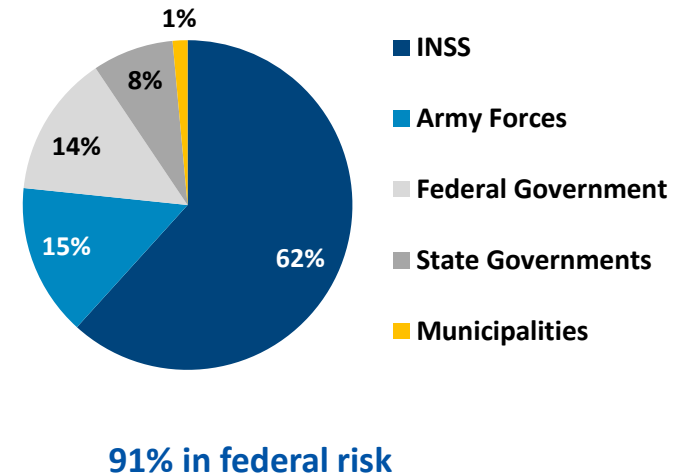
## Evolution of Portfolio and Origination

(R\$ MM)



## Origination by Segment (3Q17)

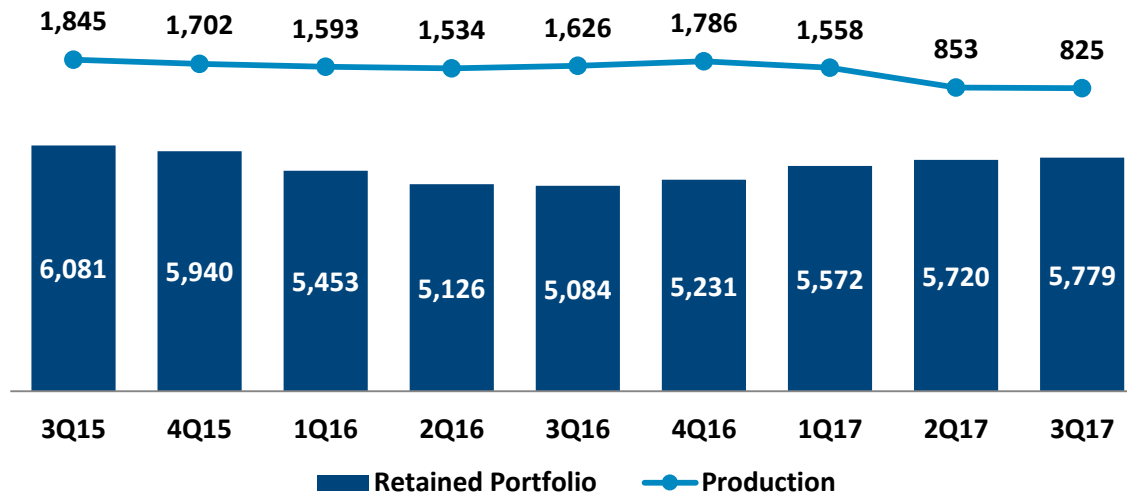
(%)



# Vehicle Financing

## Portfolio and Origination

(R\$ MM)



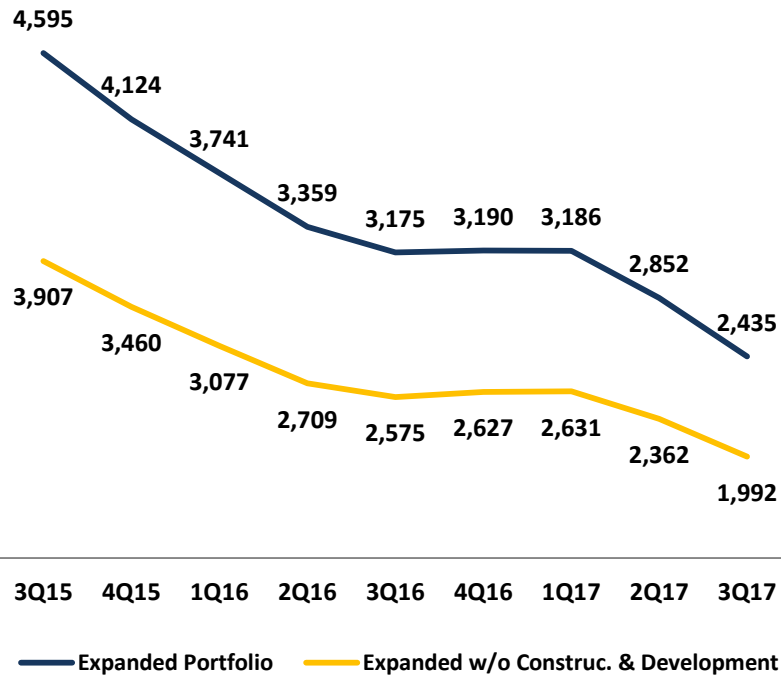
## Origination Information (3Q17)

3Q17	Light	Motorcycles
Origination (R\$ MM)	660	165
Market Share	4%	17%
Ranking	7th	3rd
Average Tenor (month)	46	39
Downpayment	40%	24%

# Corporate Loans

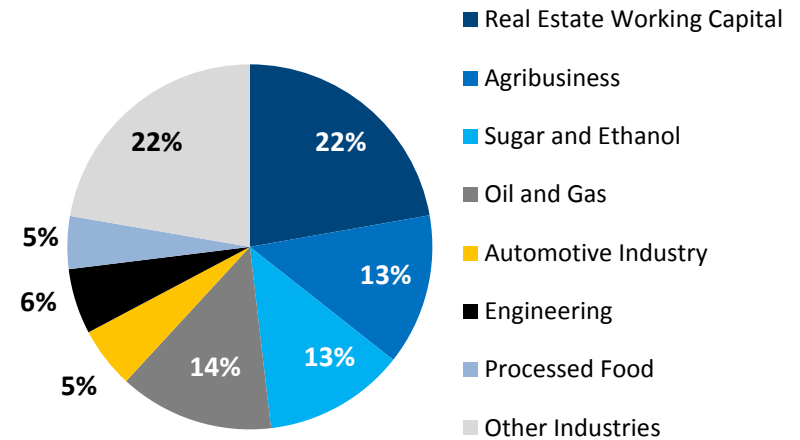
## Evolution of Credit Portfolio

(R\$ MM)



## Corporate Loan Portfolio<sup>1</sup> by Industry (3Q17)

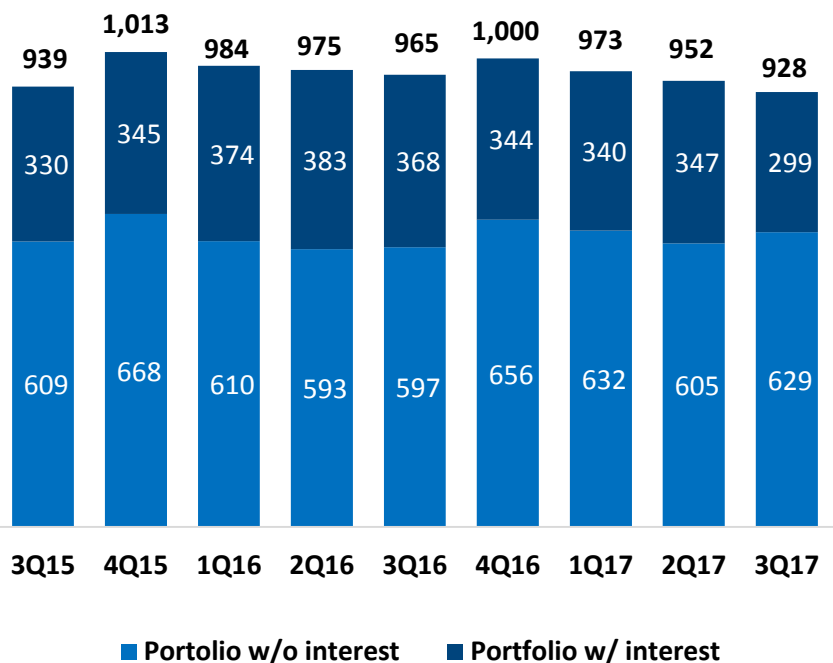
(%)



<sup>1</sup> without Construc. & Development

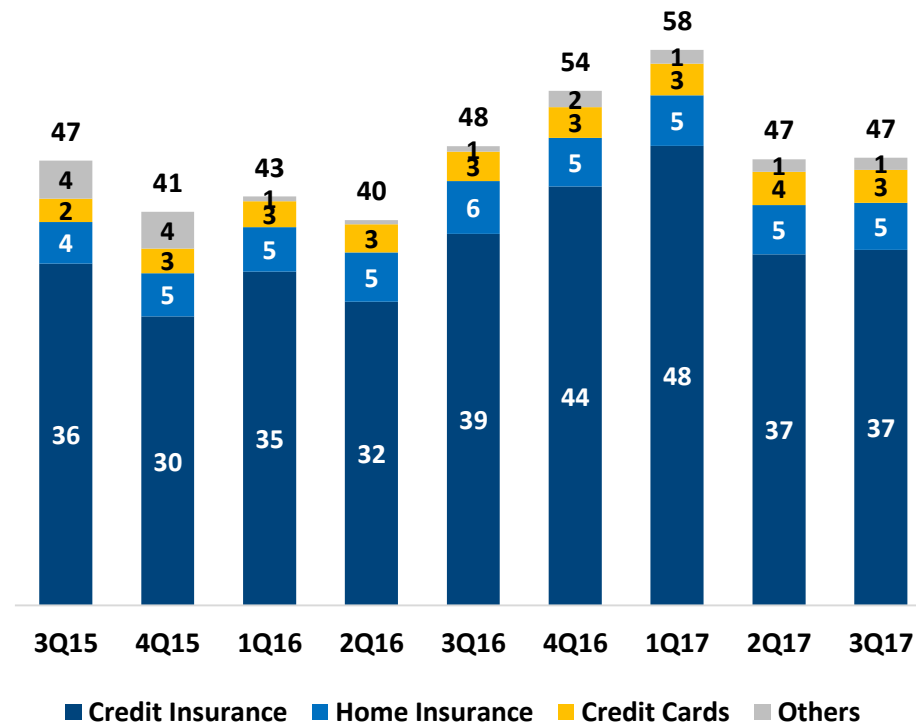
## Credit Card Portfolio

(R\$ MM)



## Insurance Premium – PAN’s Origination

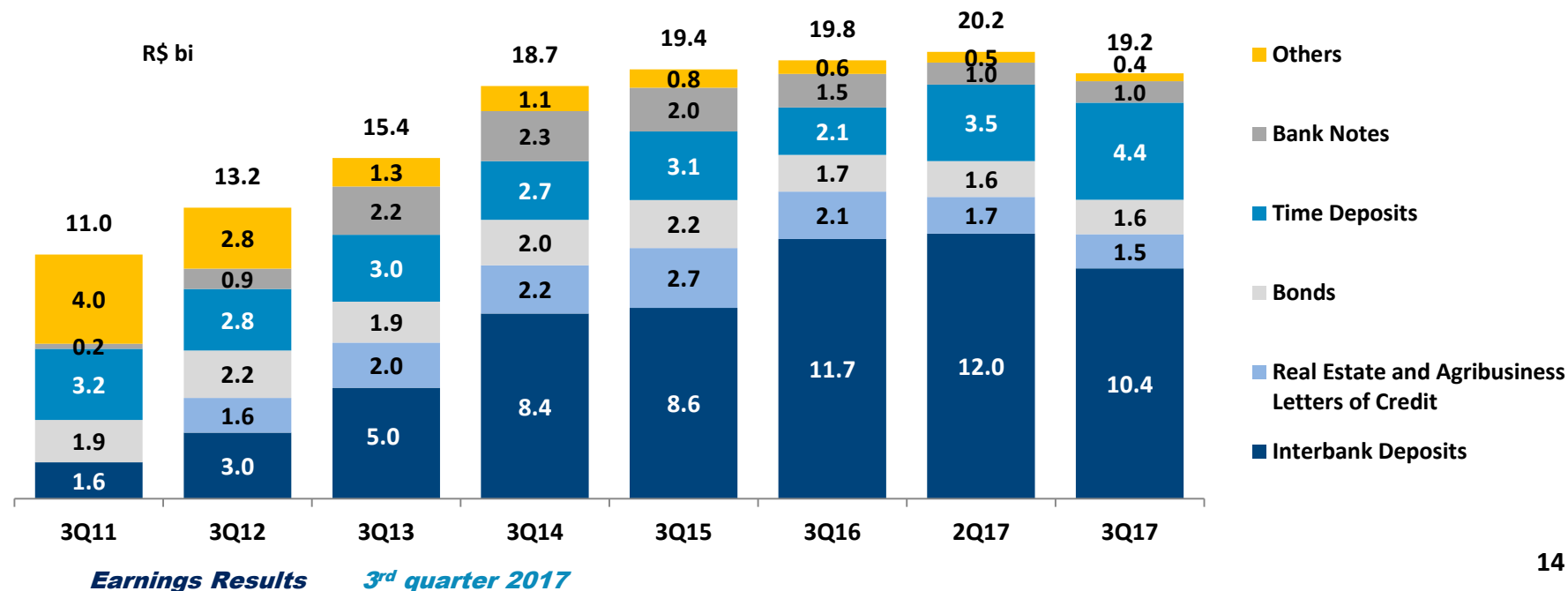
(R\$ MM)



# Funding

## App PAN Investments for opening a digital account

Funding Sources (R\$ MM)	3Q17	Part. %	2Q17	Part. %	3Q16	Part. %	Δ 3Q17/ 2Q17	Δ 3Q17/ 3Q16
Interbank Deposits	10,407	54%	11,981	59%	11,742	59%	-13%	-11%
Time Deposits	4,380	23%	3,454	17%	2,139	11%	27%	105%
Real Estate and Agribusiness Letters of Credit	1,568	8%	1,623	8%	1,662	8%	-3%	-6%
Bonds	1,541	8%	1,661	8%	2,142	11%	-7%	-28%
Bank Notes	975	5%	991	5%	1,518	8%	-2%	-36%
Others	356	2%	491	2%	617	3%	-27%	-42%
<b>Total</b>	<b>19,229</b>	<b>100%</b>	<b>20,201</b>	<b>100%</b>	<b>19,820</b>	<b>100%</b>	<b>-5%</b>	<b>-3%</b>



# Basel Ratio

## R\$ 400 million capital increase to strengthen Tier I

R\$ MM	3Q17 Pro-forma	3Q17	2Q17	3Q16
<b>1. Reference Shareholders' Equity (PR)</b>	<b>2,834</b>	<b>2,393</b>	<b>2,323</b>	<b>2,709</b>
Common Equity Tier I	2,203	1,762	1,693	1,931
Tier II	631	631	630	777
<b>2. Required Reference Shareholders' Equity</b>	<b>2,073</b>	<b>2,060</b>	<b>2,101</b>	<b>2,121</b>
Risk Weighted Assets	1,793	1,780	1,886	1,942
Exchange Variation Risk	4	4	1	10
Interest (Fixed)	24	24	27	33
Interest (Price Index)	4	4	0	0
Operational Risk	248	248	186	135
<b>Basel Ratio</b>	<b>14.4%</b>	<b>12.2%</b>	<b>11.6%</b>	<b>13.4%</b>
<b>Common Equity Tier I</b>	<b>11.2%</b>	<b>9.0%</b>	<b>8.5%</b>	<b>9.6%</b>
<b>Tier II</b>	<b>3.2%</b>	<b>3.2%</b>	<b>3.1%</b>	<b>3.9%</b>

The Capital Increase is subject to the applicable legal and regulatory approvals.

**IR Contacts:**

(55 11) 3264-5343 | [ri@grupopan.com](mailto:ri@grupopan.com) | [www.bancopan.com.br/ir](http://www.bancopan.com.br/ir)

**3<sup>rd</sup> quarter 2017**