

2Q16 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

- ✓ **Retail credit origination monthly average of R\$ 1,747 million in 2Q16**, 18% up on the monthly average of R\$ 1,486 million in 1Q16, and 5% up from the monthly average of R\$ 1,661 million in 2Q15;
- ✓ **Corporate Loan Portfolio, including Guarantees Issued, ended 2Q16 at R\$ 3,359 million**, compared to R\$ 3,741 million in 1Q16 and R\$ 4,416 million in 2Q15;
- ✓ **Credit Portfolio with Retained Results ended 2Q16 at R\$ 18.2 billion**, compared to R\$ 17.5 billion in 1Q16 and R\$ 18.2 billion in 2Q15;
- ✓ **Managerial Net Interest Margin of 11.8% in 2Q16**, compared to 11.6% in 1Q16 and 16.0% in 2Q15;
- ✓ **Net Losses of R\$ 128.4 million in 2Q16**, compared to Net Losses of R\$ 96.1 million in 1Q16 and Net Income of R\$ 3.6 million in 2Q15; and
- ✓ **Consolidated Shareholders' Equity of R\$ 3,422 million and Basel Ratio of 14.0% at the end of 2Q16, with Common Equity Tier I of 10.0%.**

Managerial Interest Margin and Net Result

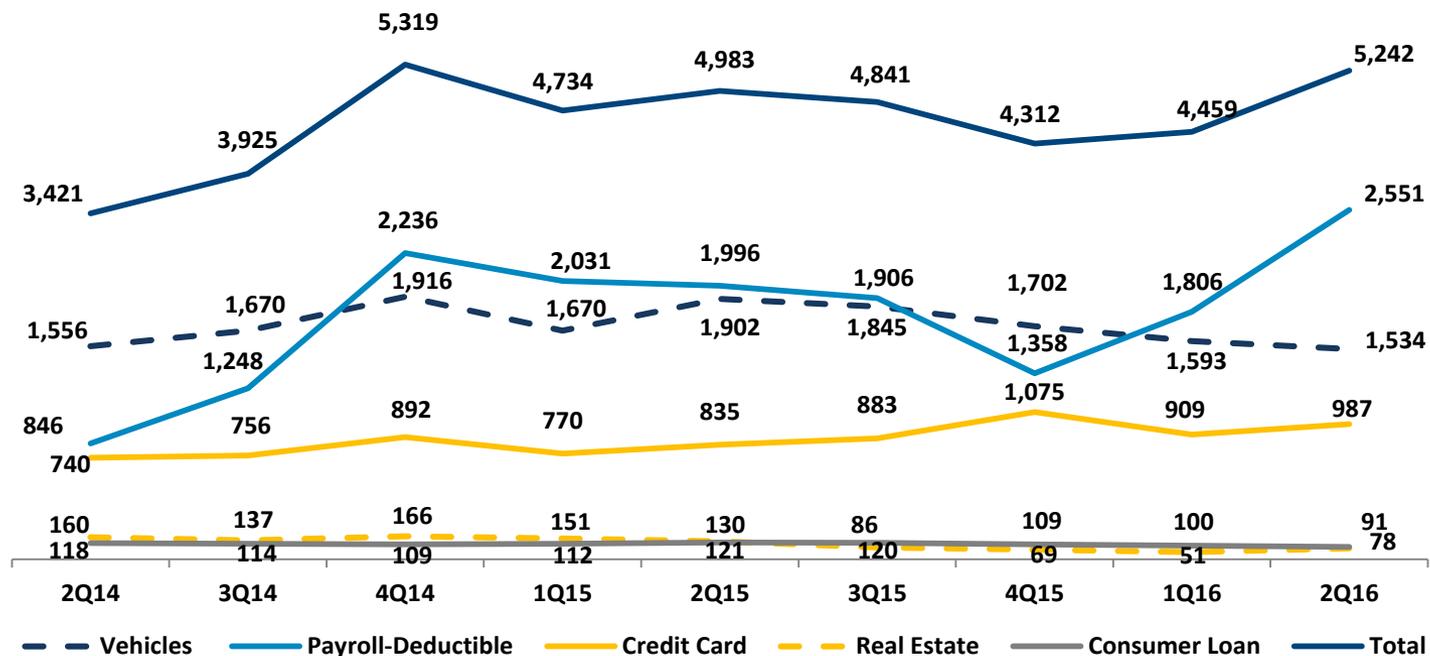
Managerial Net Interest Margin (R\$ MM)	2Q16	1Q16	2Q15	Δ 2Q16/ 1Q16	Δ 2Q16/ 2Q15
Gross Income from Financial Intermediation	405	309	647	31%	-37%
(+) Allowance for Loan Losses	271	296	273	-9%	-1%
Income from Financial Intermediation Before ALL	675	605	921	12%	-27%
(+) Exchange Rate Variation	(48)	1	(109)	-	56%
1. Managerial Net Interest Margin	628	606	812	4%	-23%
(-) Result from Credit Assignments	198	187	332	6%	-40%
2. Managerial Net Interest Margin without Credit Assignments	429	420	480	2%	-11%
3. Average Interest-Earning Assets	22,131	21,883	21,519	1%	3%
- Average Loan Portfolio	17,543	17,253	17,996	2%	-3%
- Average Securities and Derivatives	2,653	2,795	2,315	-5%	15%
- Average Interbank Investments	1,935	1,835	1,208	5%	60%
(1)/(3) Managerial Net Interest Margin (% p.a.)	11.8%	11.6%	16%	0.2 p.p.	-4.2 p.p.
(2)/(3) Man. Net Int. Marg. without Credit Assig. (% p.a.)	8.2%	7.9%	9.2%	0.3 p.p.	-1.0 p.p.

P&L Statement (R\$ MM)	2Q16	1Q16	2Q15	Δ 2Q16/ 1Q16	Δ 2Q16/ 2Q15
Managerial Net Interest Margin	429	420	480	5%	-8%
Result from Credit Assignments	198	187	332	0%	44%
Net Interest Margin with Credit Assignments	628	606	812	4%	-22%
Allowance for Loan Losses	(271)	(296)	(273)	9%	1%
Gross Income from Financial Intermediation (Adjusted)	357	310	538	15%	-34%
Other Operating Revenues (Expenses)	(11)	50	2	-	-
Administrative and Personnel Expenses	(502)	(465)	(447)	-8%	-12%
Tax Expenses	(50)	(52)	(67)	3%	25%
Income from Operations	(206)	(157)	26	-31%	-
Non Operating Expenses	(17)	(13)	(14)	-31%	-22%
Income and Social Contribution Taxes	95	74	(8)	28%	-
(Loss)/ Net Income	(128.4)	(96.1)	3.6	-34%	-

Credit Origination: Retail

Quarterly Asset Origination by Product

(R\$ MM)



Average Monthly Origination by Product

(R\$ MM)

Products	2Q16	1Q16	2Q15	Δ 2Q16/ 1Q16	Δ 2Q16/ 2Q15
Payroll Deductible	850	602	665	41%	28%
Vehicles	511	531	634	-4%	-19%
Credit Cards	329	303	278	9%	18%
Real Estate	26	17	43	53%	-40%
Consumer Loan	30	33	40	-9%	-25%
Total	1,747	1,486	1,661	18%	5%

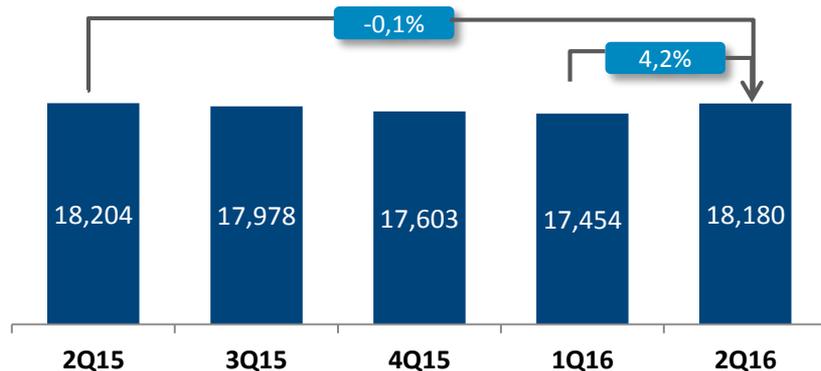
Credit Portfolio

Expanded Credit Portfolio “on balance sheet” by segment

Type of Loans (R\$ MM)	2Q16	Part. %	1Q16	Part. %	2Q15	Part. %	Δ 2Q16 / 1Q16	Δ 2Q16 / 2Q15
Payroll Deductible Loans ¹	6,950	38%	5,658	32%	5,250	29%	23%	32%
Vehicle Financing	5,126	28%	5,452	31%	6,329	35%	-6%	-19%
Corporate	3,086	17%	3,466	20%	4,361	24%	-11%	-29%
Credit Cards	1,130	6%	985	6%	656	4%	15%	72%
Real Estate	905	5%	897	5%	840	5%	1%	8%
Guarantees Issued	273	2%	275	2%	55	0%	-1%	496%
Others	710	4%	720	4%	712	4%	-1%	0%
Credit Portfolio	18,180	100%	17,454	100%	18,203	100%	4%	0%

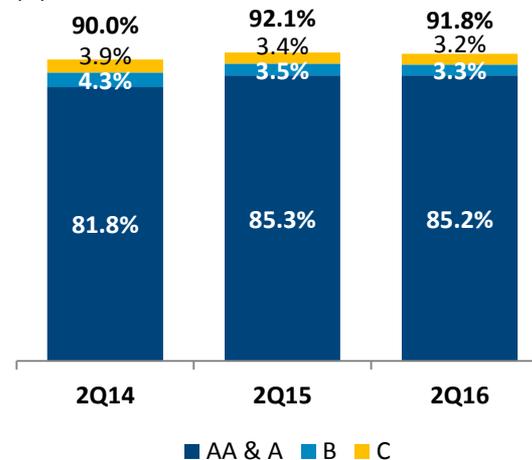
Credit Portfolio with Retained Result

(R\$ MM and %)



Retail Portfolio Quality

(%)

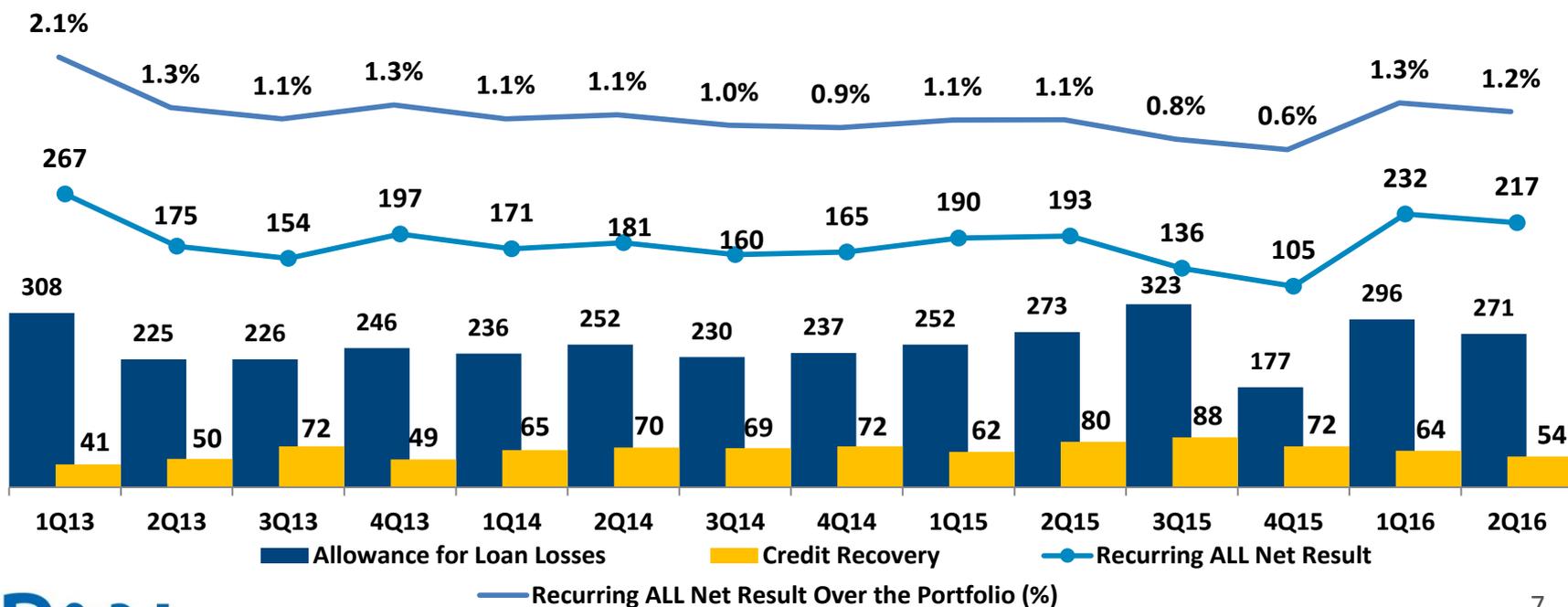


Costs and Expenses

G&A Expenses (R\$ MM)	2Q16	1Q16	2Q15	Δ 2Q16/ 1Q16	Δ 2Q16/ 2Q15
Personnel expenses	115	138	133	-17%	-14%
Administrative expenses	162	147	153	10%	6%
1. Subtotal I	276	285	285	-3%	-3%
Comission Expenses - BACEN Circular 3,738	83	54	35	53%	134%
Deferred Comissions and other origination expenses	143	126	127	13%	13%
2. Subtotal II – Credit Origination	225	180	162	25%	39%
3. Total (I + II)	502	465	447	8%	12%

Allowance for Loan Losses and Credit Recovery

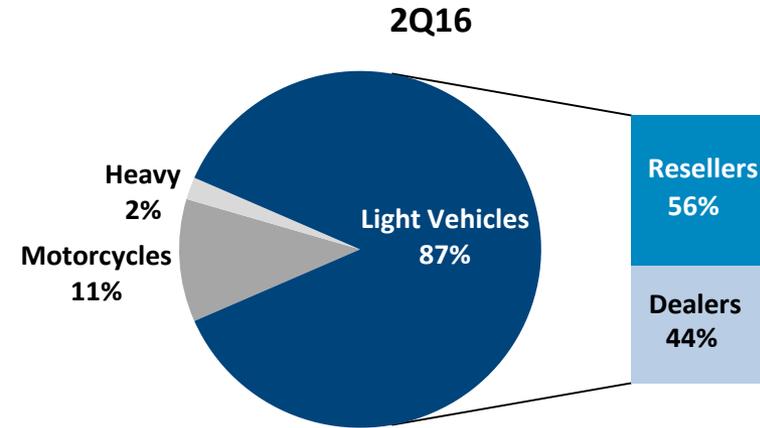
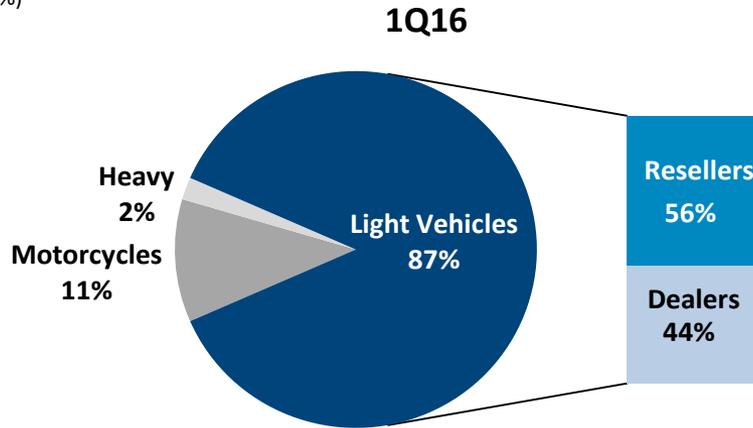
(R\$ MM and %)



Vehicle Loans

Share in new Vehicle Financing

(%)



Spread Out Origination

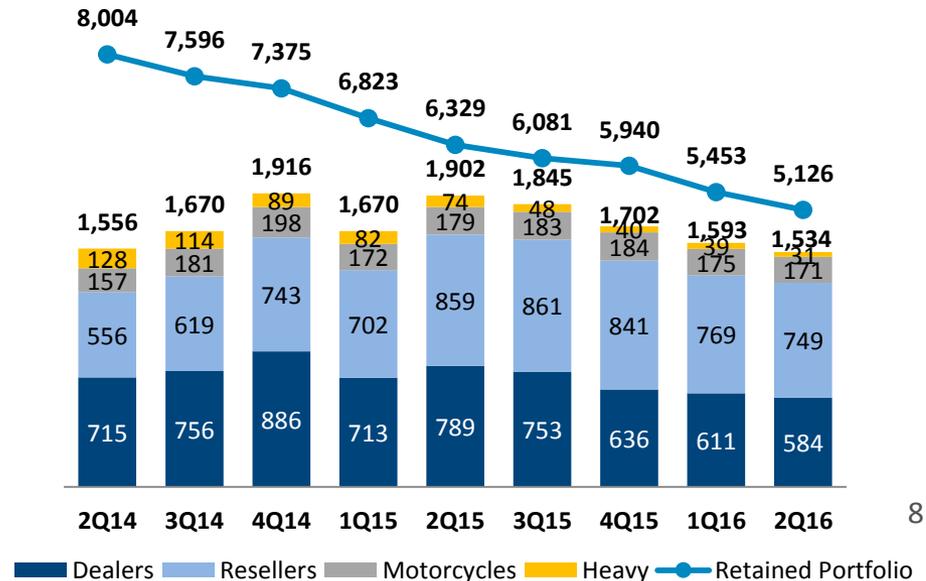
(%)

Origination by Group*	2Q16
Largest Group	2%
2 nd Largest Group	2%
3 rd Largest Group	1%
10 largest groups	11%
50 largest groups	21%

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

Evolution of Portfolio and Production by Product

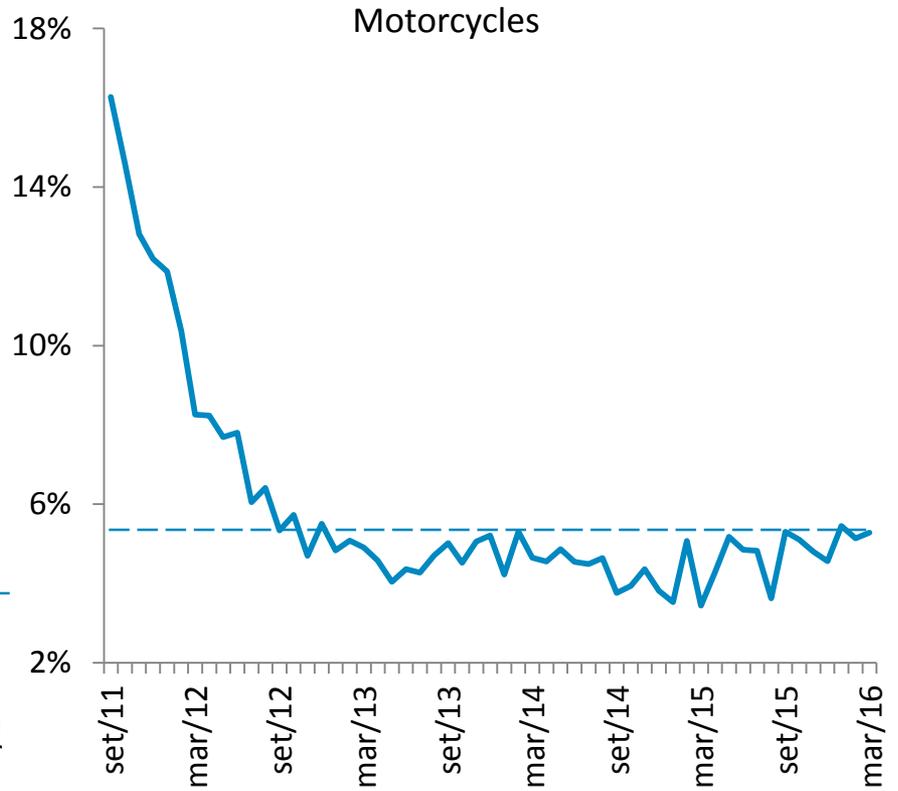
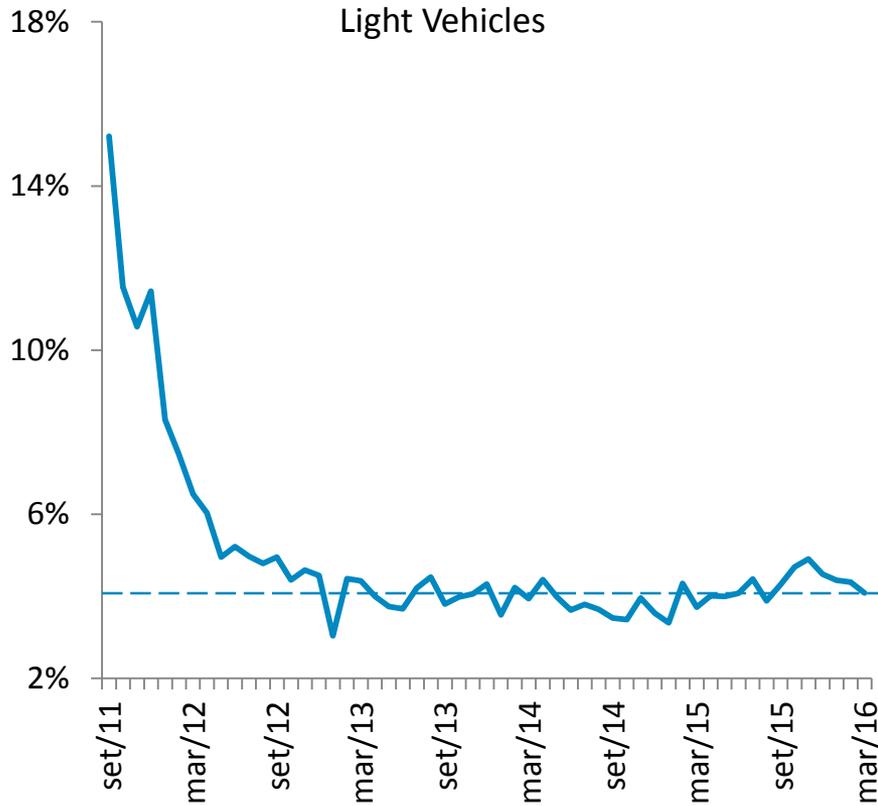
(R\$ MM)



Vehicle Loans

Delinquency per Vintage*

(%)

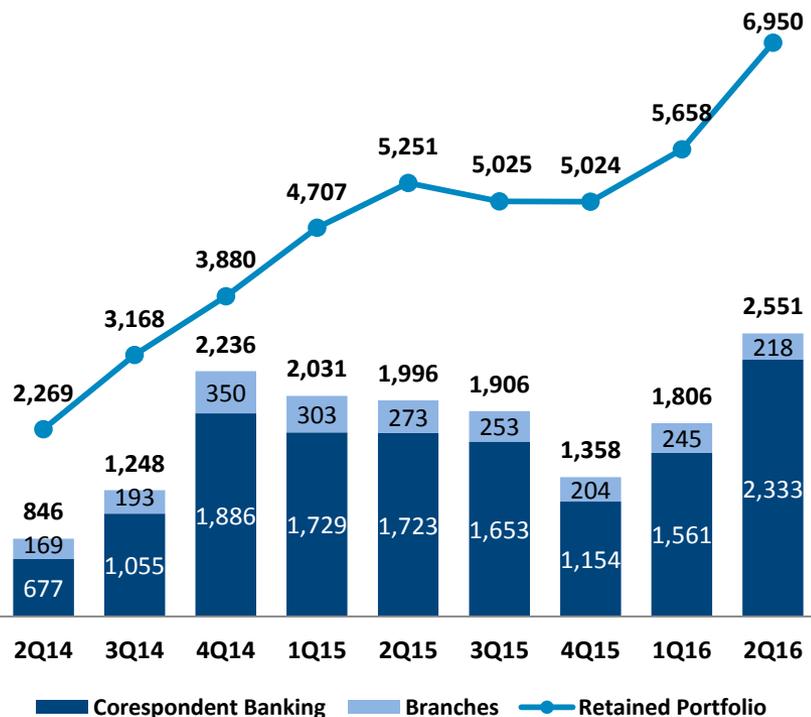


* % of non performing loans over 30 days 3 months after concession

Payroll Deduction Loans

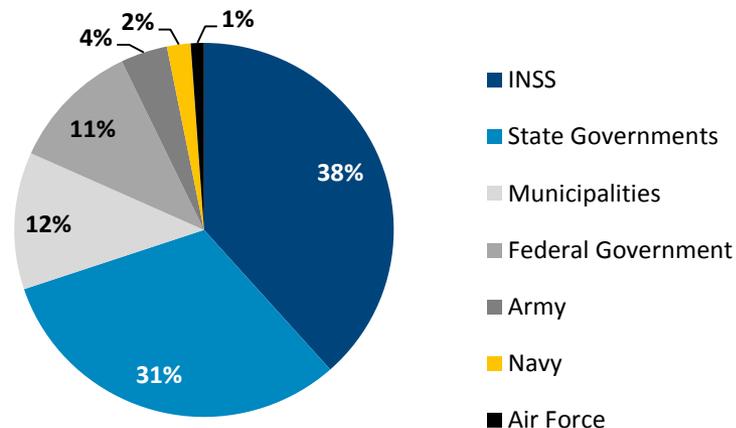
Evolution of Portfolio and Production

(R\$ MM)



Portfolio by Segment

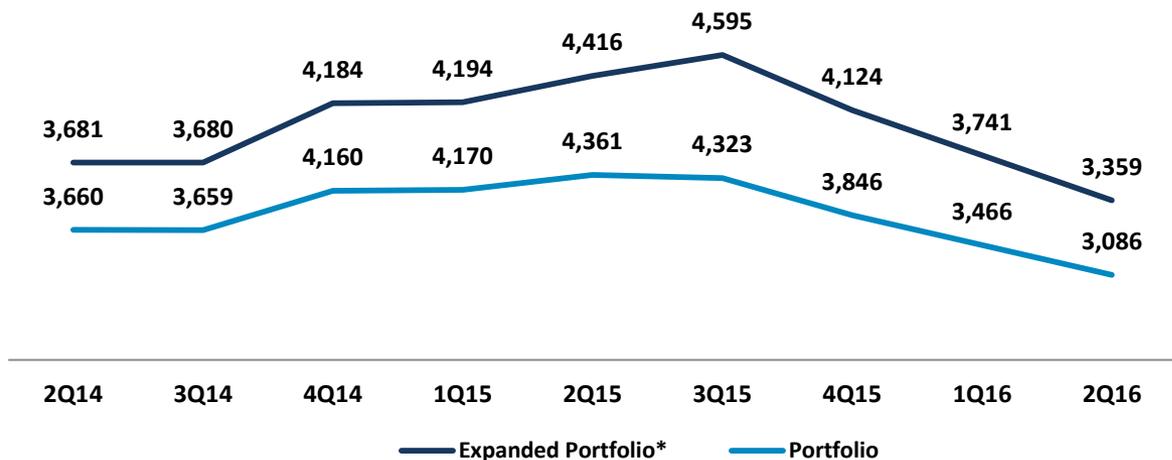
(%)



Corporate Loans

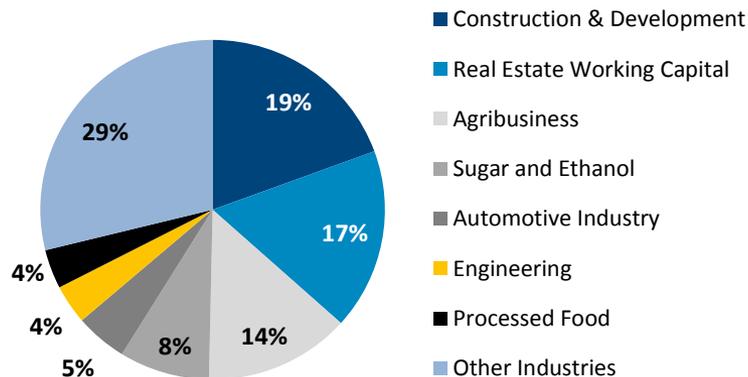
Evolution of Portfolio

(R\$ MM)



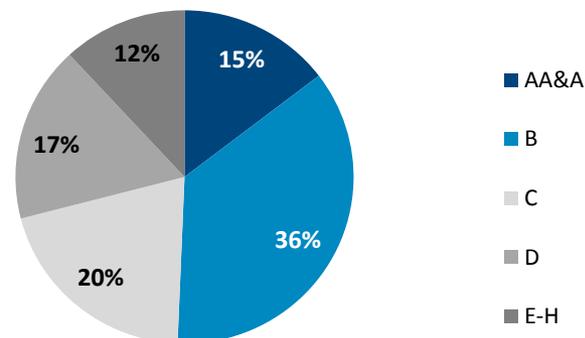
Corporate Loan Portfolio by Industry

(%)



Credit Portfolio by Rating (%)

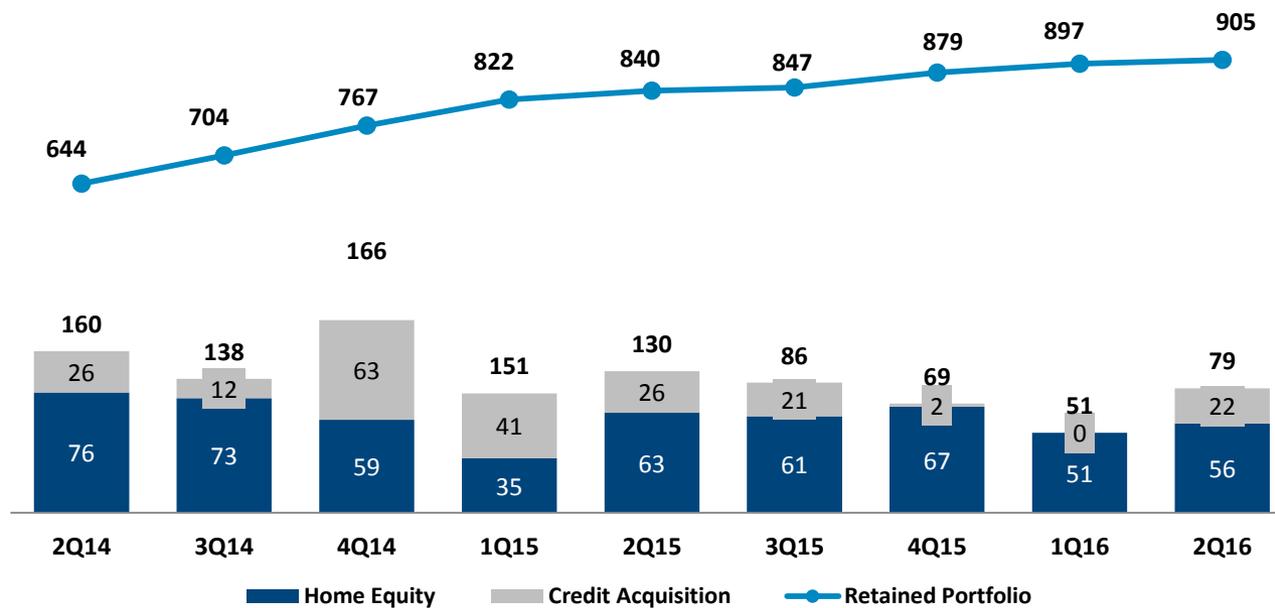
(%)



Real Estate Loans

Evolution of Portfolio and Production

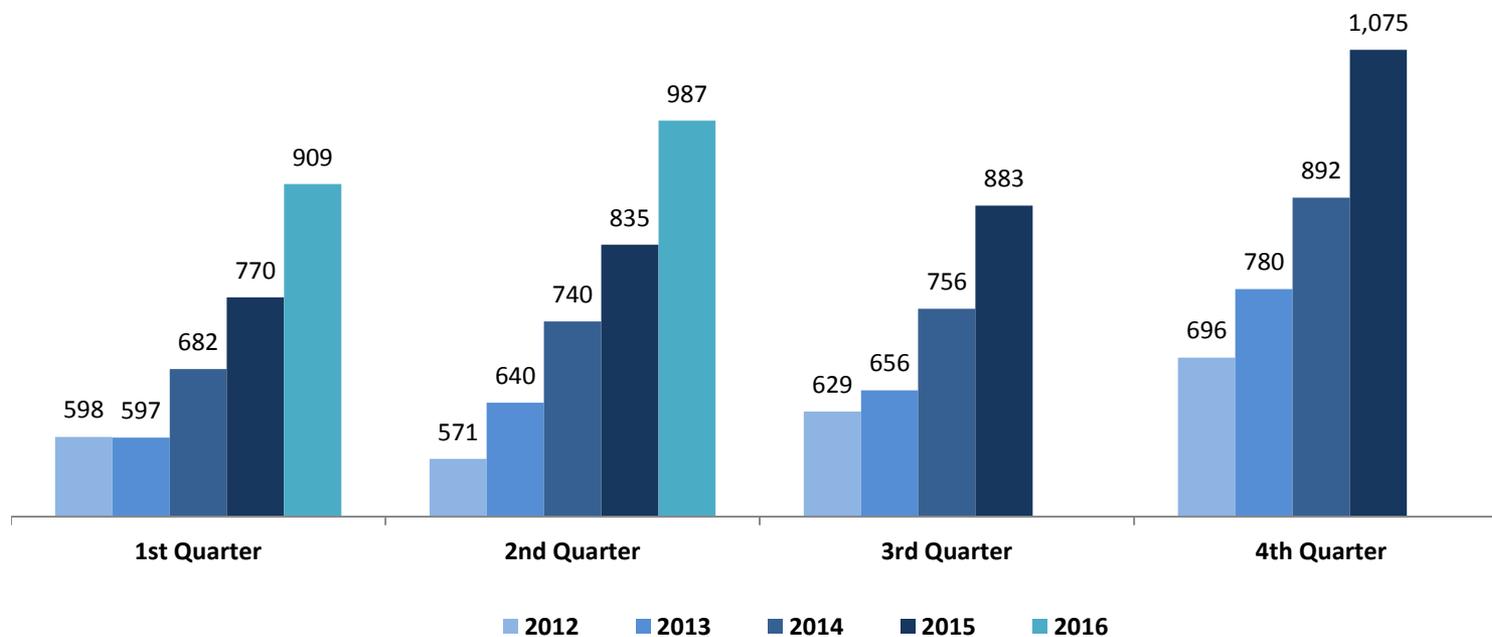
(R\$ MM)



Credit Cards

Transactions Volume

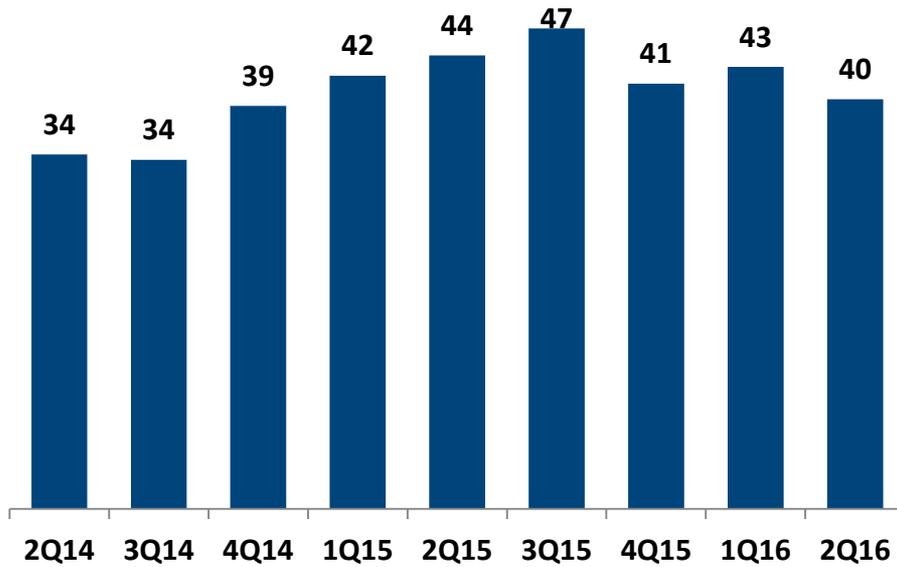
(R\$ MM)



Insurance

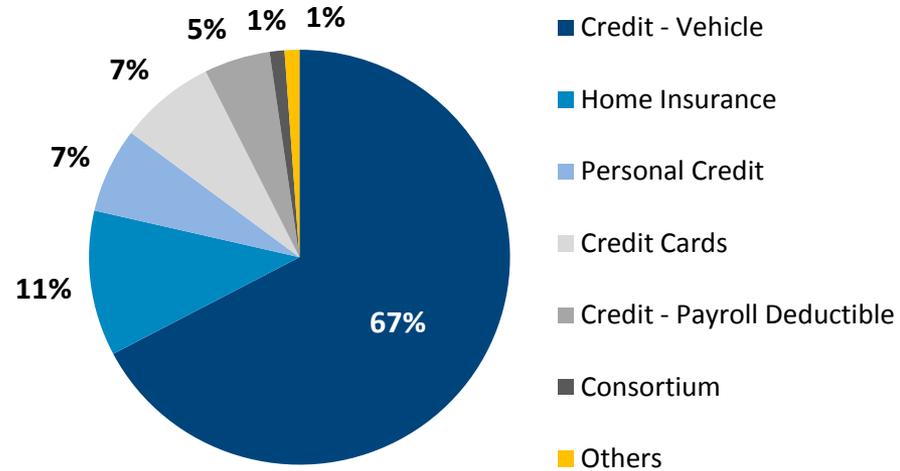
Insurance Premium – Pan’s Origination

(R\$ MM)



Insurance Premium – Origination by Product

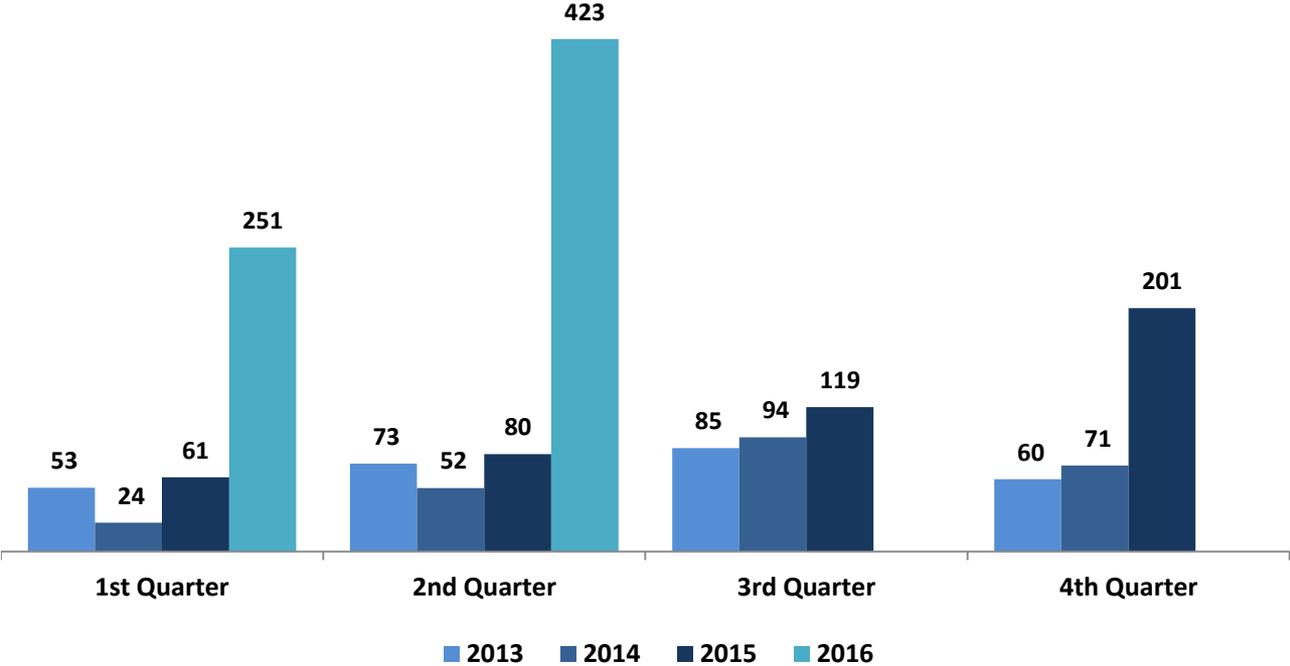
(%)



Consortium

Origination

(R\$ MM)



Funding

Funding Sources (R\$ MM)	2Q16	Part. %	1Q16	Part. %	2Q15	Part. %	Δ 2Q16 / 1Q16	Δ 2Q16 / 2Q15
Interbank Deposits	11,642	60%	10,958	57%	8,426	43%	6%	38%
Time Deposits	1,814	9%	1,787	9%	3,093	16%	1%	-41%
Real Estate and Agribusiness Letters of Credit	2,382	12%	2,314	12%	2,497	13%	3%	-5%
Bonds	1,582	8%	2,027	10%	2,647	13%	-22%	-40%
Bank Notes	1,533	8%	1,565	8%	1,936	10%	-2%	-21%
Others	526	3%	630	3%	974	5%	-16%	-46%
Total	19,479	100%	19,281	100%	19,573	100%	1%	0%

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