

2Q14 Earnings Results

Banco **PAN**

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.

Highlights

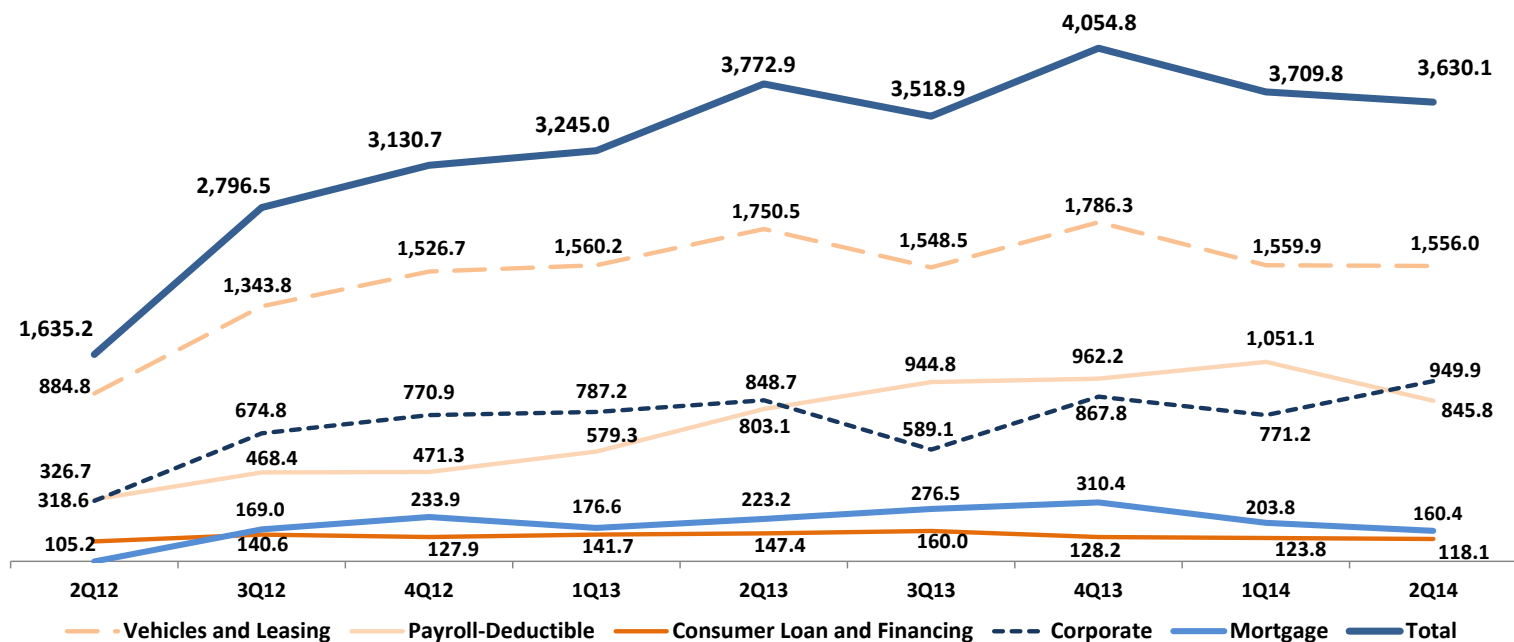
- ✓ **Credit assets monthly average origination of R\$1,223.3 million in 1H14, 4.6% up** on the monthly average of R\$1,169.6 million in **1H13**;
- ✓ **Credit assets monthly average origination of R\$1,210.0 million in 2Q14**, versus R\$1,236.6 million in 1Q14 and R\$1,257.6 million in 2Q13;
- ✓ **Loan Portfolio with Retained Result totaled R\$15.9billion**, in line with the R\$15.8billion in 1Q14 and **13.5% higher** than the R\$14.0 billion in 2Q13;
- ✓ **Portfolios with risk category between “AA” to “C” reached 89.9% of Total Loan Portfolio**, in comparison to 89.8% in 1Q14 and 85.5% in 2Q13;
- ✓ **Allowance for loan losses net expense came to R\$352.1 million in 1H14, 20.4% down** from the R\$442.4 million recorded in **1H13**;
- ✓ **Net Interest Margin stood at 12.1%**, above the 11.7% in 1Q14 and 2.7p.p. down on 2Q13;
- ✓ **Consolidated Net Loss of R\$70.4 million in 2Q14**, compared to the net loss of R\$78.6 million in 1Q14 and net income of R\$12.7million in 2Q13;
- ✓ **Consolidated Shareholders’ Equity of R\$2,156.9 million and Basel ratio of 11.5% in 2Q14**; and
- ✓ The Board of Directors has approved an ongoing **capital increase** with the issuance of common and preferred shares **up to R\$1.5 billion**.

NIM and P&L Statement

Net Interest Margin (BRL Million)	2Q14	1Q14	2Q13	Δ 2Q14 / 1Q14	Δ 2Q14 / 2Q13
1. Income from Financial Intermediation Before ALL	530.9	507.9	603.6	4.5%	-12.0%
2. Average Interest-Earning Assets	18,374.3	18,161.1	17,246.2	1.2%	6.5%
- Average Loan Portfolio	15,826.6	15,487.4	13,468.5	2.2%	17.5%
- Opening Balance	15,816.5	15,158.3	13,005.6	4.3%	21.6%
- Closing Balance	15,836.7	15,816.5	13,931.4	0.1%	13.7%
- Average Securities and Derivatives	1,713.1	1,704.4	1,996.6	0.5%	-14.2%
- Opening Balance	1,670.6	1,738.2	1,974.6	-3.9%	-15.4%
- Closing Balance	1,755.6	1,670.6	2,018.7	5.1%	-13.0%
- Average Interbank Investments	834.7	969.3	1,781.1	-13.9%	-53.1%
- Opening Balance	708.0	1,230.7	1,278.7	-42.5%	-44.6%
- Closing Balance	961.3	708.0	2,283.4	35.8%	-57.9%
(1) / (2) Net Interest Margin - NIM (% p.a.)	12.1%	11.7%	14.8%	3.5%	-18.2%
Gross Profit (BRL Million)	2Q14	1Q14	2Q13	Δ 2Q14 / 1Q14	Δ 2Q14 / 2Q13
Revenue from Financial Intermediation	865.2	893.0	1,116.8	7.5%	-14.1%
Lending Operations	1,133.4	999.8	1,025.4	13.4%	10.5%
Leasing Operations	9.2	10.5	18.6	-11.7%	-50.3%
Commissions due to credit assignments	(89.1)	(38.2)	(86.4)	-133.0%	-3.2%
Expenses for credit assignments	(169.6)	(94.5)	(61.7)	20.5%	21.7%
Securities transactions	50.6	56.5	77.7	-10.4%	-34.9%
Derivative transactions	(70.8)	(41.1)	81.9	-72.3%	-186.4%
Foreign exchange transactions	1.4	0.1	61.3	2452.7%	-97.7%
Expenses on Financial Intermediation	(680.3)	(621.2)	(738.6)	-9.5%	7.9%
Funding Operations and Derivatives Transactions	(415.7)	(386.2)	(471.9)	-7.6%	11.9%
Loan Operations	(13.1)	1.0	(41.3)	-1372.0%	68.4%
Allowance for Loan Losses	(251.5)	(236.0)	(225.4)	-6.6%	-11.6%
Gross Profit from Financial Intermediation	184.9	271.8	378.2	2.8%	-26.1%
Other Operating Revenues (Expenses)	(286.3)	(390.9)	(349.0)	2.6%	-9.1%
Income from Operations	(101.3)	(119.1)	29.2	14.9%	-447.1%
Non Operating Expenses	(14.0)	(14.4)	(22.2)	2.8%	37.2%
Income and Social Contribution Taxes	(26.1)	(3.5)	(46.6)	-636.7%	44.0%
Deferred tax credits and Others	71.0	58.3	52.4	21.8%	35.7%
Net Income	(70.4)	(78.6)	12.7	10.5%	-652.0%

Loan Portfolio - Asset Origination

Quarterly Asset Origination (BRL Million)



Average Monthly Origination – By Product (BRL Million)

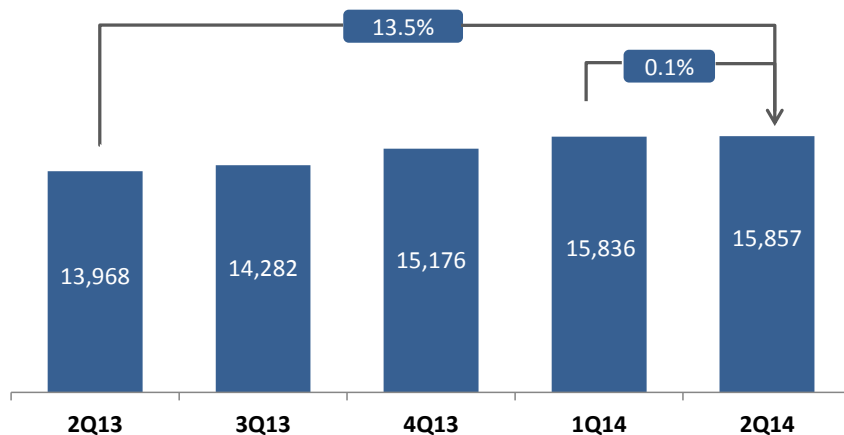
Products	2Q14		1Q14		2Q13		Δ 2Q14/ 1Q14	Δ 2Q14/ 2Q13
	Production	Part.	Production	Part.	Production	Part.		
Vehicles and Leasing	518.7	42.9%	520.0	42.0%	583.5	46.4%	-0.3%	-11.1%
Payroll-Deductible	281.9	23.3%	350.4	28.3%	267.7	21.3%	-19.5%	5.3%
Corporate	316.6	26.2%	257.1	20.8%	282.9	22.5%	23.2%	11.9%
Real Estate	53.5	4.4%	67.9	5.5%	74.4	5.9%	-21.3%	-28.1%
Consumer Loan and Financing	39.4	3.3%	41.3	3.3%	49.1	3.9%	-4.6%	-19.9%
Total	1,210.0	100.0%	1,236.6	100.0%	1,257.6	100.0%	-2.1%	-3.8%

Credit Portfolio

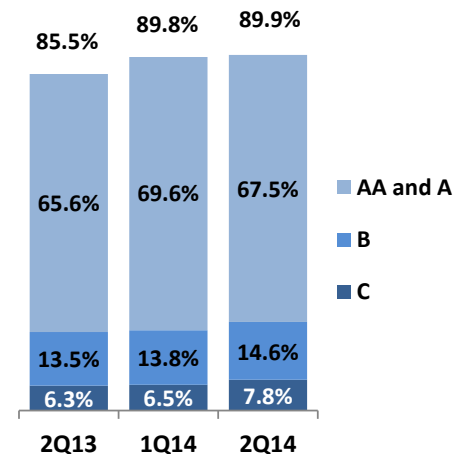
Expanded Credit Portfolio “on balance sheet” (BRL Million)

Type of Loans (BRL MM)	2Q14	Part. %	1Q14	Part. %	2Q13	Part. %	Δ 2Q14 / 1Q14	Δ 2Q14 / 2Q13
Vehicle Financing	7,922.7	50.0%	8,342.2	52.7%	7,532.9	53.9%	-5.0%	5.2%
Corporate	3,660.4	23.1%	3,342.9	21.1%	2,956.4	21.2%	9.5%	23.8%
Payroll Deduction Loans	2,268.8	14.3%	2,187.5	13.8%	1,412.2	10.1%	3.7%	60.7%
Real Estate	644.4	4.1%	602.2	3.8%	521.1	3.7%	7.0%	23.7%
Credit Cards	600.9	3.8%	583.5	3.7%	650.0	4.7%	3.0%	-7.6%
Amounts with Credit Characteristics Receivable	532.4	3.4%	527.7	3.3%	523.8	3.7%	0.9%	1.6%
Leasing Operations	80.8	0.5%	108.6	0.7%	216.2	1.5%	-25.6%	-62.6%
Consumer Loans	78.3	0.5%	86.3	0.5%	87.6	0.6%	-9.3%	-10.6%
Renegotiations	47.2	0.3%	34.8	0.2%	28.2	0.2%	35.6%	67.3%
Guarantees Issued	20.4	0.1%	20.4	0.1%	36.7	0.3%	0.0%	-44.5%
Others	0.8	0.0%	0.8	0.0%	3.0	0.0%	0.4%	-72.4%
Portfolio of Credit	15,857.1	100.0%	15,836.9	100.0%	13,968.1	100.0%	0.1%	13.5%
Portfolio of Credit Assigned with Recourse	244.8		369.9		796.2		-33.8%	-69.3%
Total Portfolio of Credit	16,101.9		16,206.8		14,764.4		-0.6%	9.1%

Credit Portfolio with Retained Result (BRL Million)

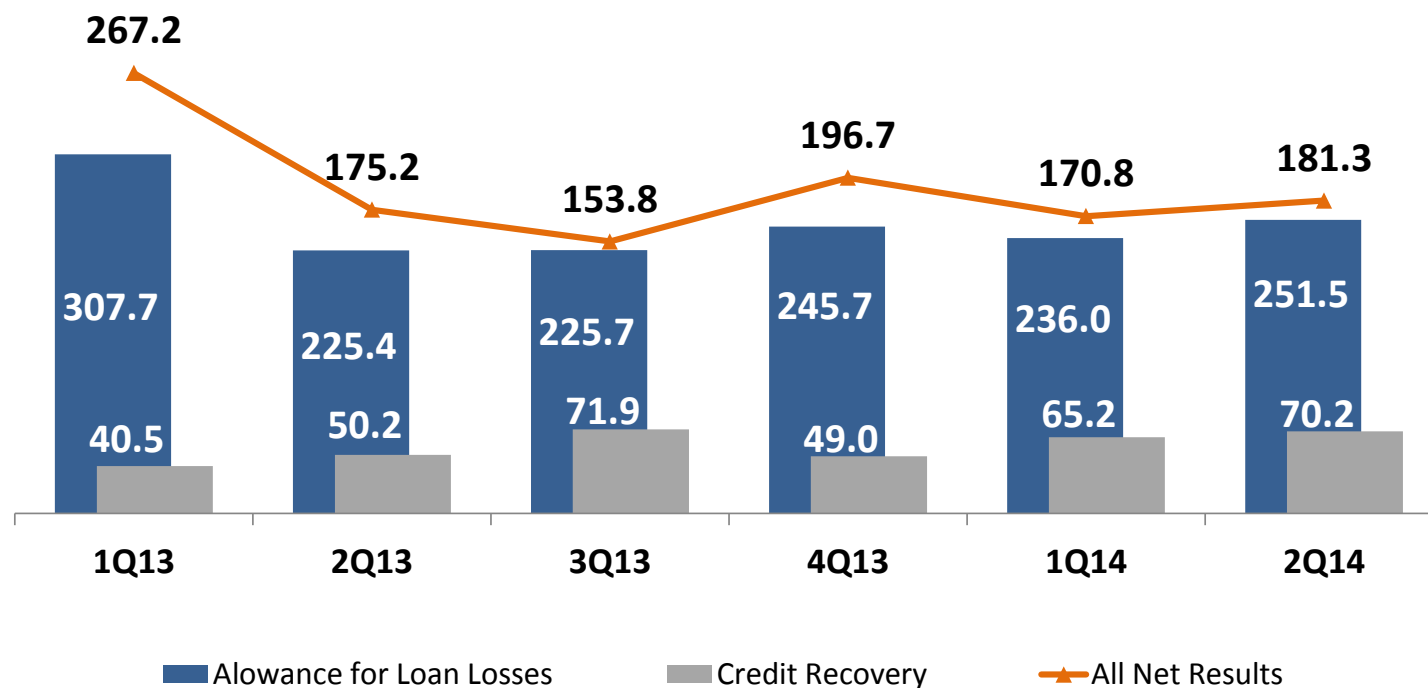


Portfolio Quality



Allowance for Loan Losses and Credit Recovery

Allowance for Loan Losses and Credit Recovery (BRL Million)

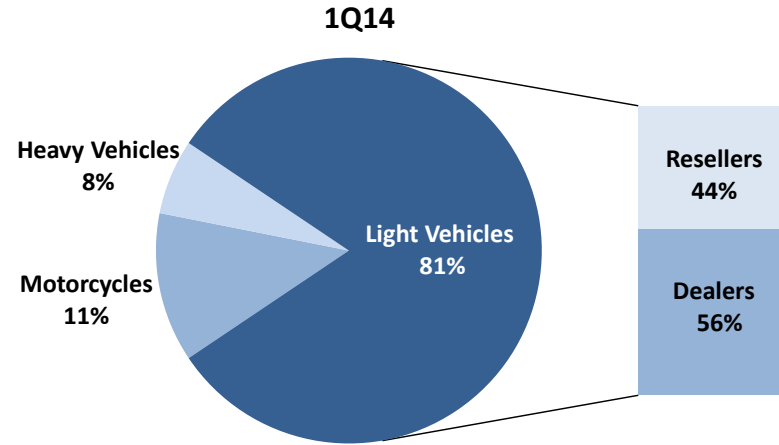
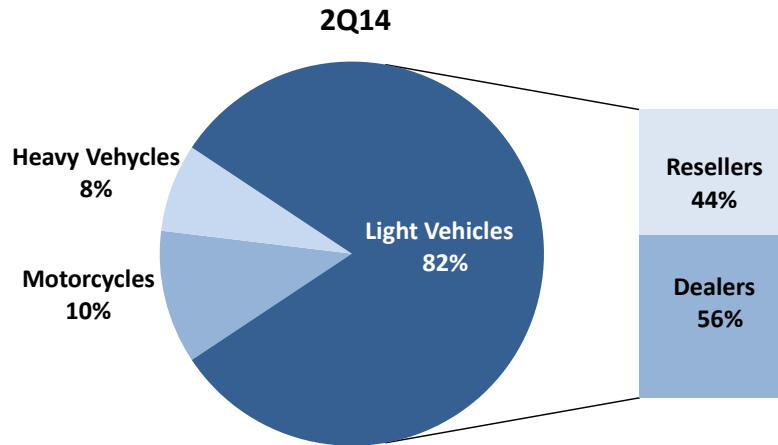


Costs and Expenses

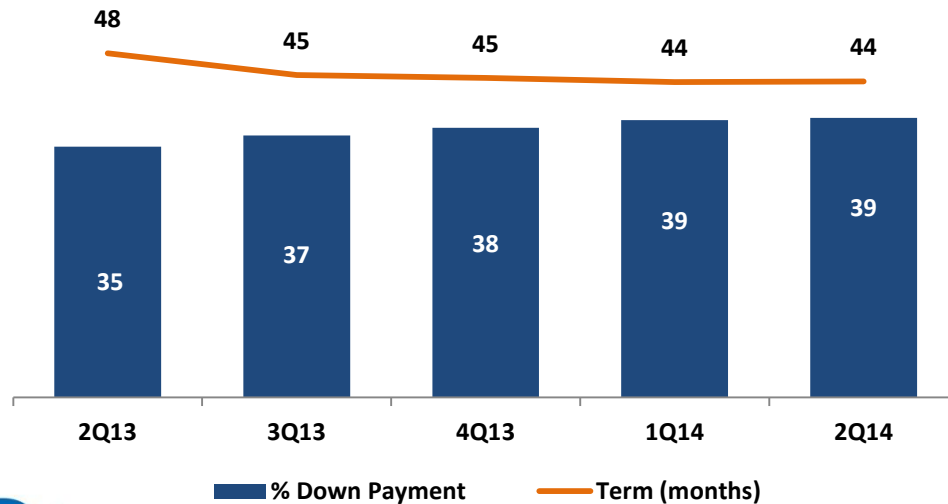
G&A Expenses (BRL thousand)	2Q14	1Q14	2Q13	Δ 2Q14 / 1Q14	Δ 2Q14 / 2Q13
Personnel expenses	97,395	112,592	103,094	-13.5%	-5.5%
Other administrative expenses	250,586	231,825	244,299	8.1%	2.6%
Tax expenses	42,380	49,837	53,086	-15.0%	-20.2%
Total	390,361	394,254	400,479	-1.0%	-2.5%

Asset Origination - Vehicle

% Share in New Financing (Vehicles)



Average Loan Term and % Down Payment



Spread Out Origination

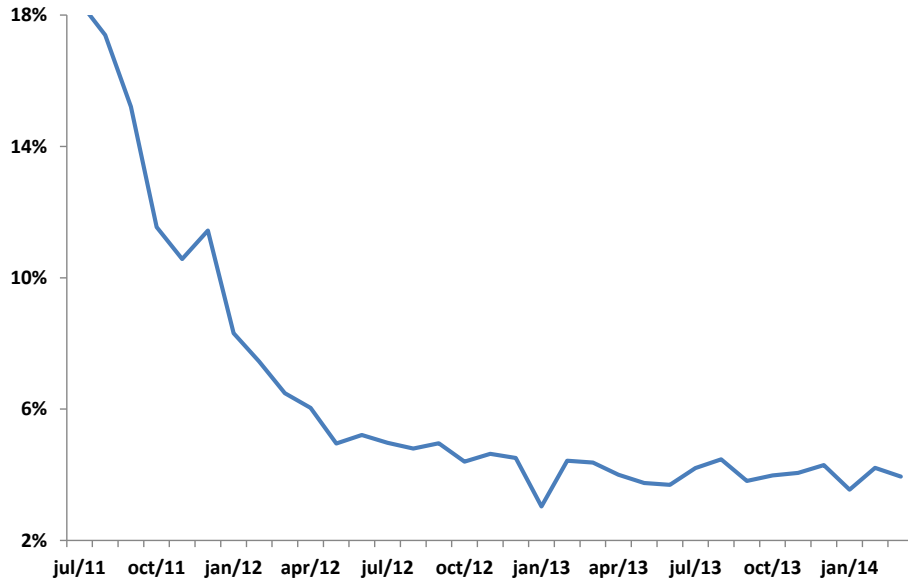
% origination by group*	Jun/14
Largest group	1.94%
2 nd largest group	1.70%
3 rd largest group	1.28%
10 largest groups	11.00%
50 largest groups	24.35%

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

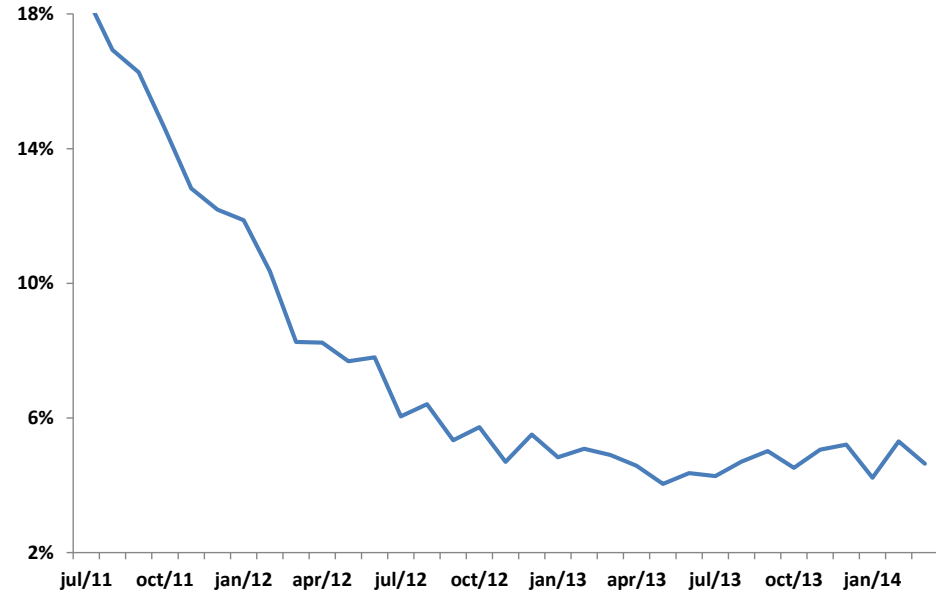
Asset Origination - Vehicle

Delinquency per Vintage (Vehicles)

Delinquency per Vintage - Light Vehicles*



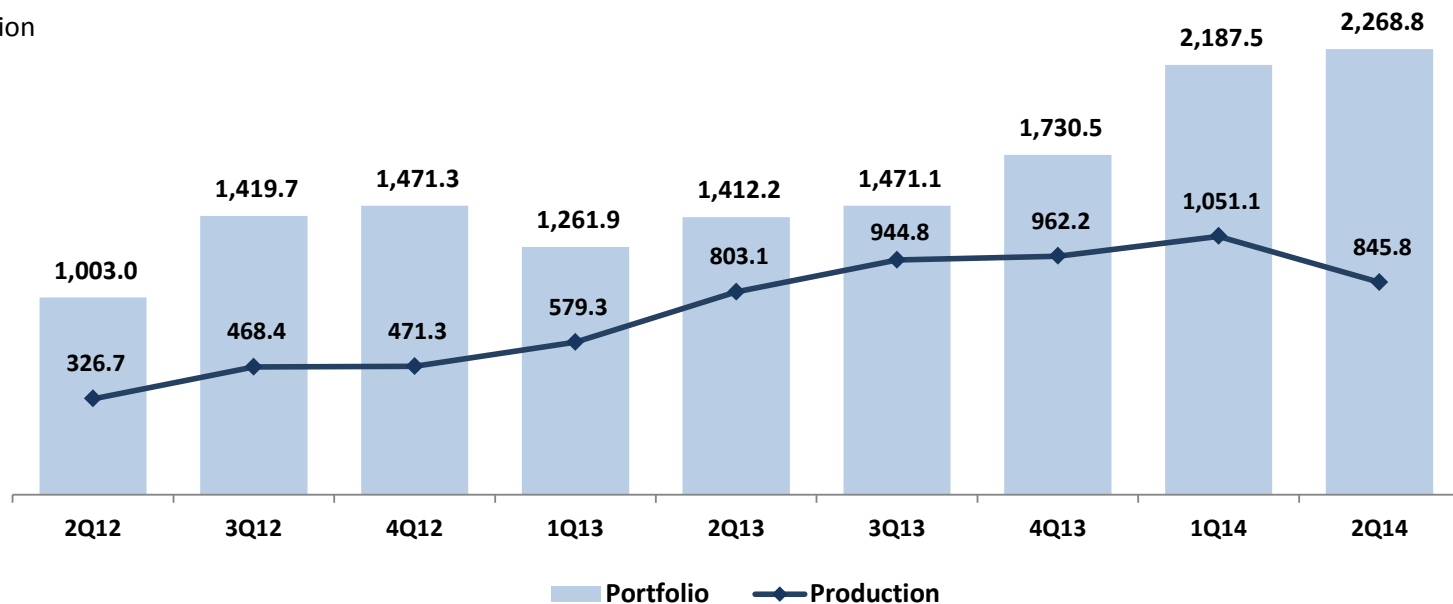
Delinquency per Vintage - Motorcycles*



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

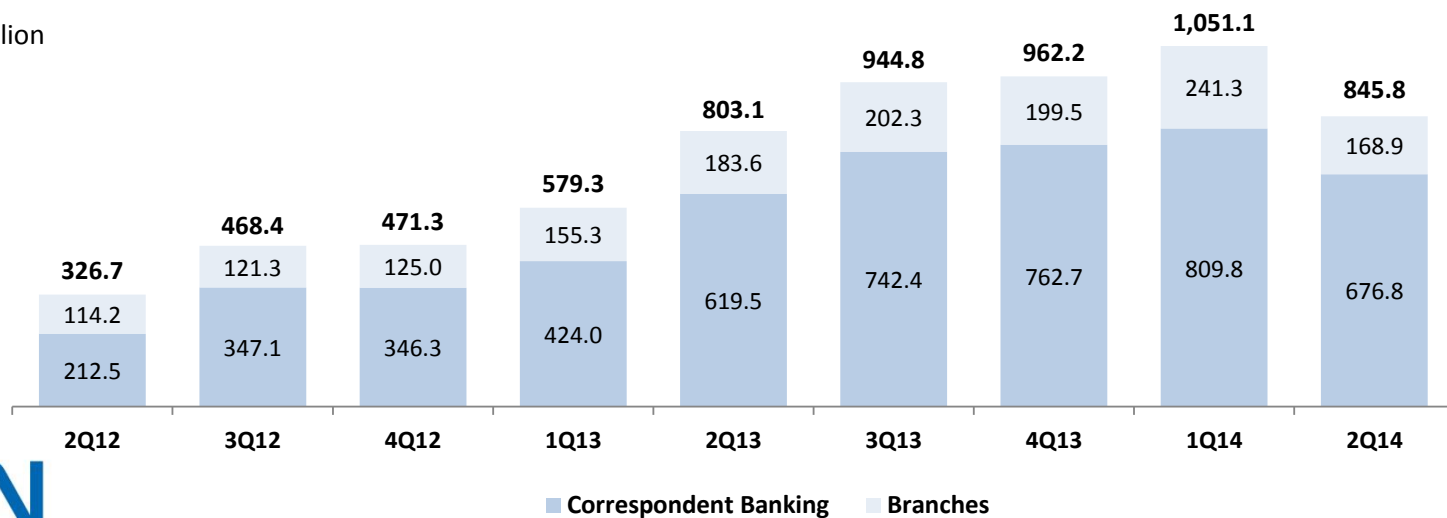
Payroll Deduction Loans

BRL Million



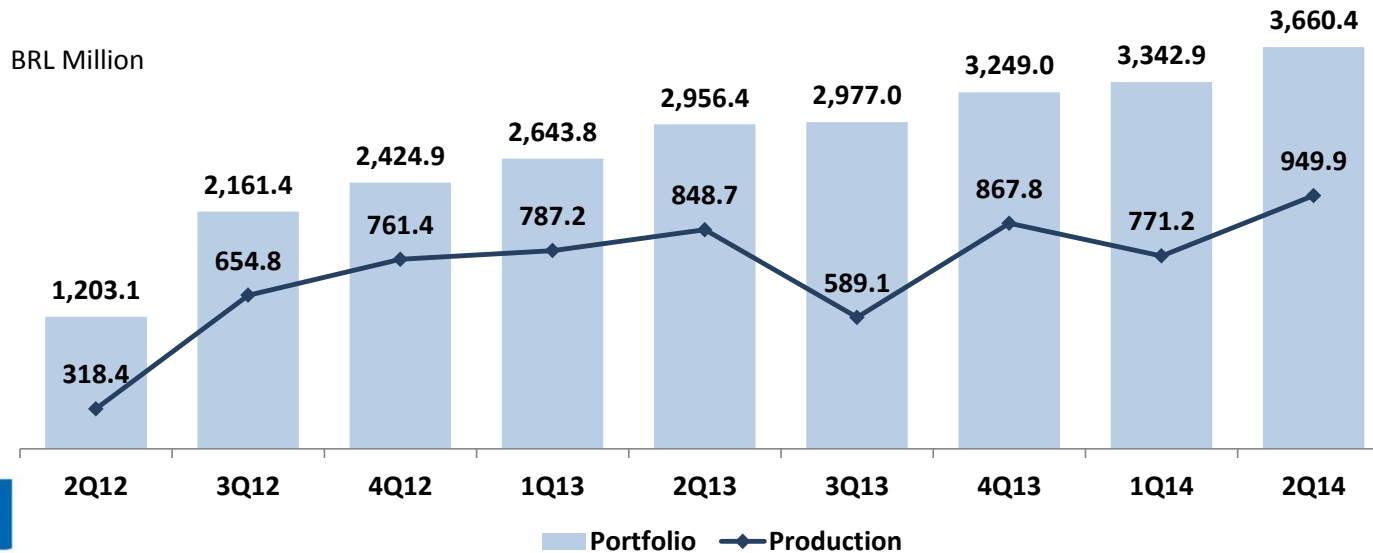
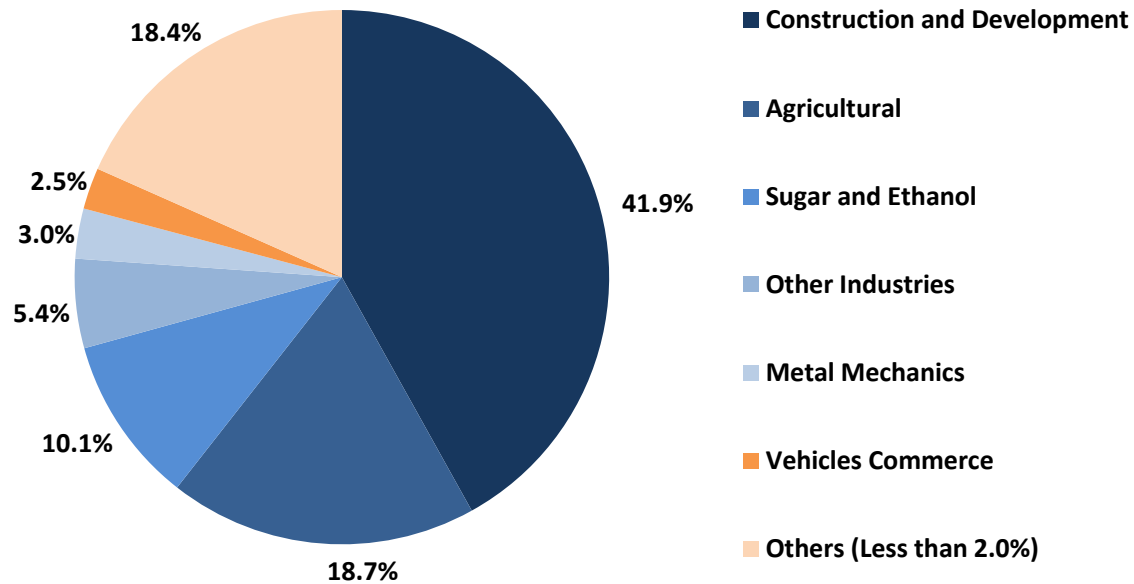
Origination by Sales Channel

BRL Million



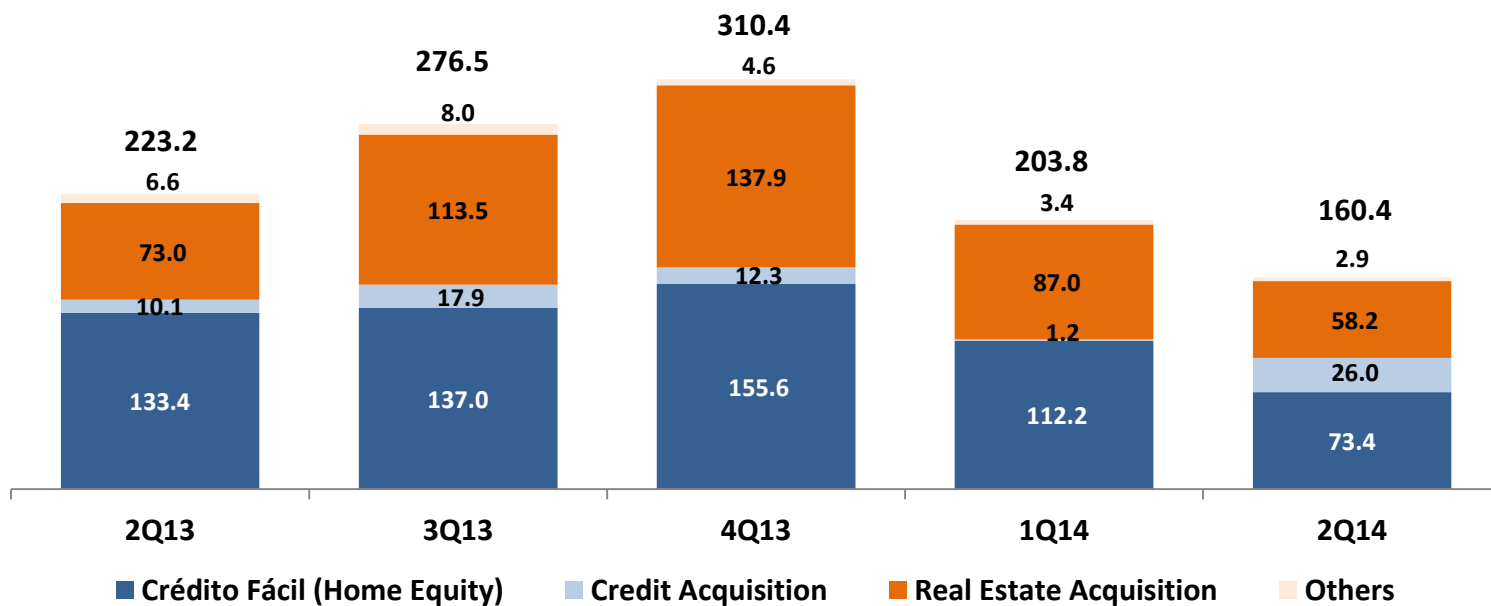
Corporate Loans

Corporate Loan Portfolio by Industry



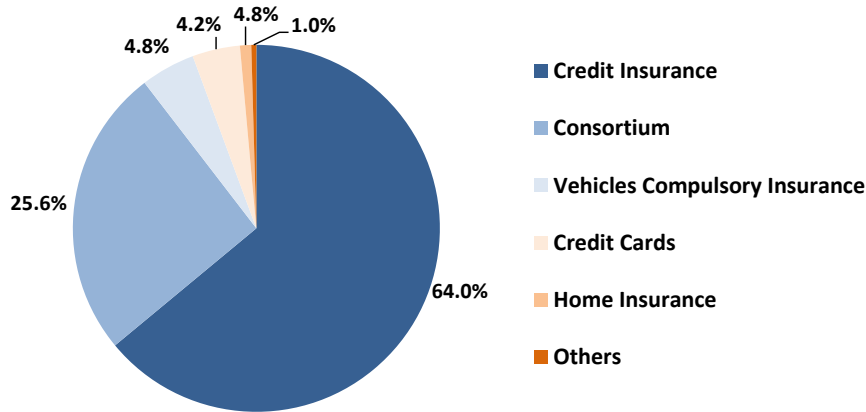
Origination – Real Estate

Origination by Product (BRL Million)

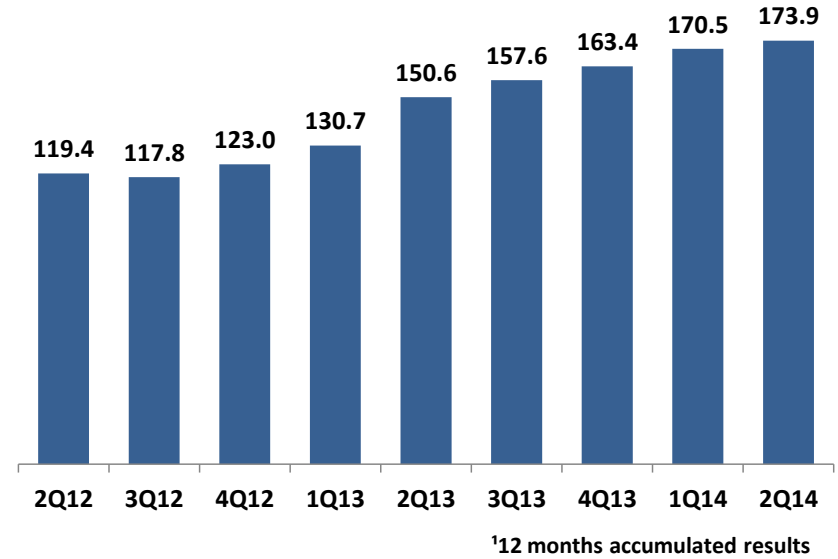


Insurance

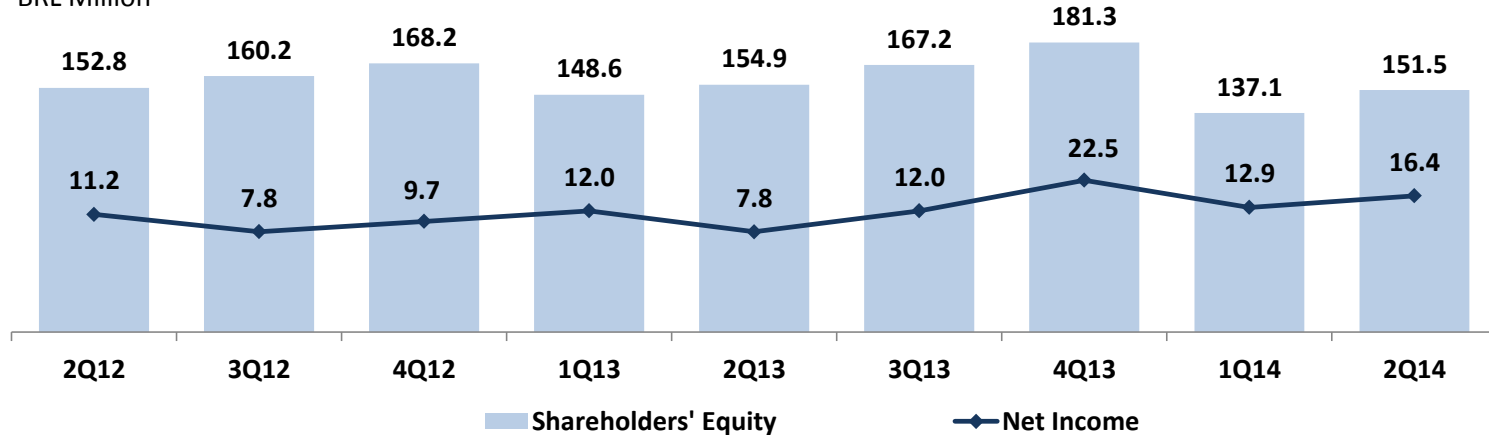
Insurance Premiums by Product



Insurance Premiums (BRL Million)¹



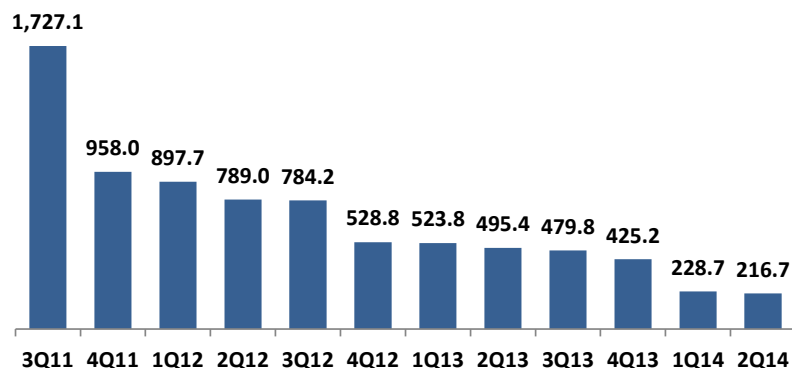
BRL Million



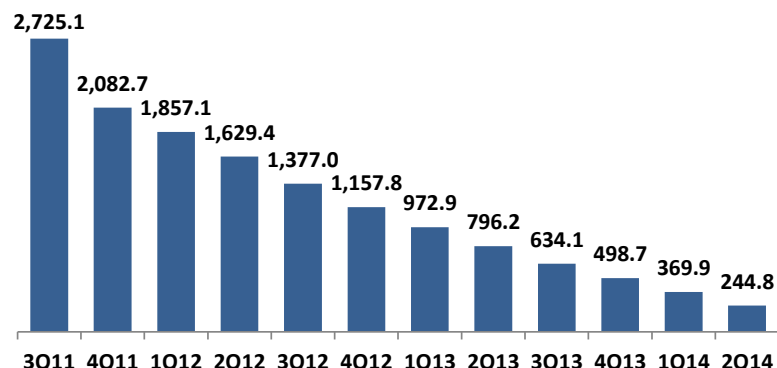
Funding

Funding Sources (BRL Million)	2Q14	Part. %	1Q14	Part. %	2Q13	Part. %	Δ 2Q14 / 1Q14	Δ 2Q14 / 2Q13
Interbank Deposits	8,431.3	45.0%	7,189.3	39.3%	5,199.0	30.3%	17.3%	62.2%
Time Deposits	2,750.5	14.7%	2,511.9	13.7%	2,822.3	16.5%	9.5%	-2.5%
-CDB	2,533.8	13.5%	2,283.2	12.5%	2,326.9	13.6%	11.0%	8.9%
-DPGE	216.7	1.2%	228.7	1.2%	495.4	2.9%	-5.2%	-56.3%
Real Estate and Agribusiness Letters of Credit	2,254.4	12.0%	2,314.7	12.7%	2,134.4	12.4%	-2.6%	5.6%
Bank notes	2,083.0	11.1%	2,549.4	13.9%	2,145.9	12.5%	-18.3%	-2.9%
-Senior	1,957.8	10.4%	2,427.8	13.3%	2,034.3	11.9%	-19.4%	-3.8%
-Subordinated	125.3	0.7%	121.6	0.7%	111.7	0.7%	3.0%	12.2%
Bonds	1,833.3	9.8%	1,892.3	10.3%	1,846.3	10.8%	-3.1%	-0.7%
-Subordinated	1,180.4	6.3%	1,233.0	6.7%	1,193.4	7.0%	-4.3%	-1.1%
-Senior	652.9	3.5%	659.3	3.6%	652.8	3.8%	-1.0%	0.0%
Committed	689.8	3.7%	838.5	4.6%	1,432.5	8.3%	-17.7%	-51.8%
Loans	324.7	1.7%	447.5	2.4%	428.4	2.5%	-27.4%	-24.2%
-Foreign	223.1	1.2%	346.1	1.9%	327.1	1.9%	-35.5%	-31.8%
-Domestic	101.6	0.5%	101.4	0.6%	101.3	0.6%	0.2%	0.3%
Credit Assignments to other Financial Institutions	244.8	1.3%	369.9	2.0%	796.2	4.6%	-33.8%	-69.2%
Other	140.8	0.8%	183.6	1.0%	350.9	2.0%	-23.3%	-59.9%
Total	18,752.7	100.0%	18,297.1	100.0%	17,155.8	100.0%	2.5%	9.3%

DPGE (BRL Million)



Credit Portfolio Assigned with Recourse (BRL Million)



Basel Ratio and Operating Margin

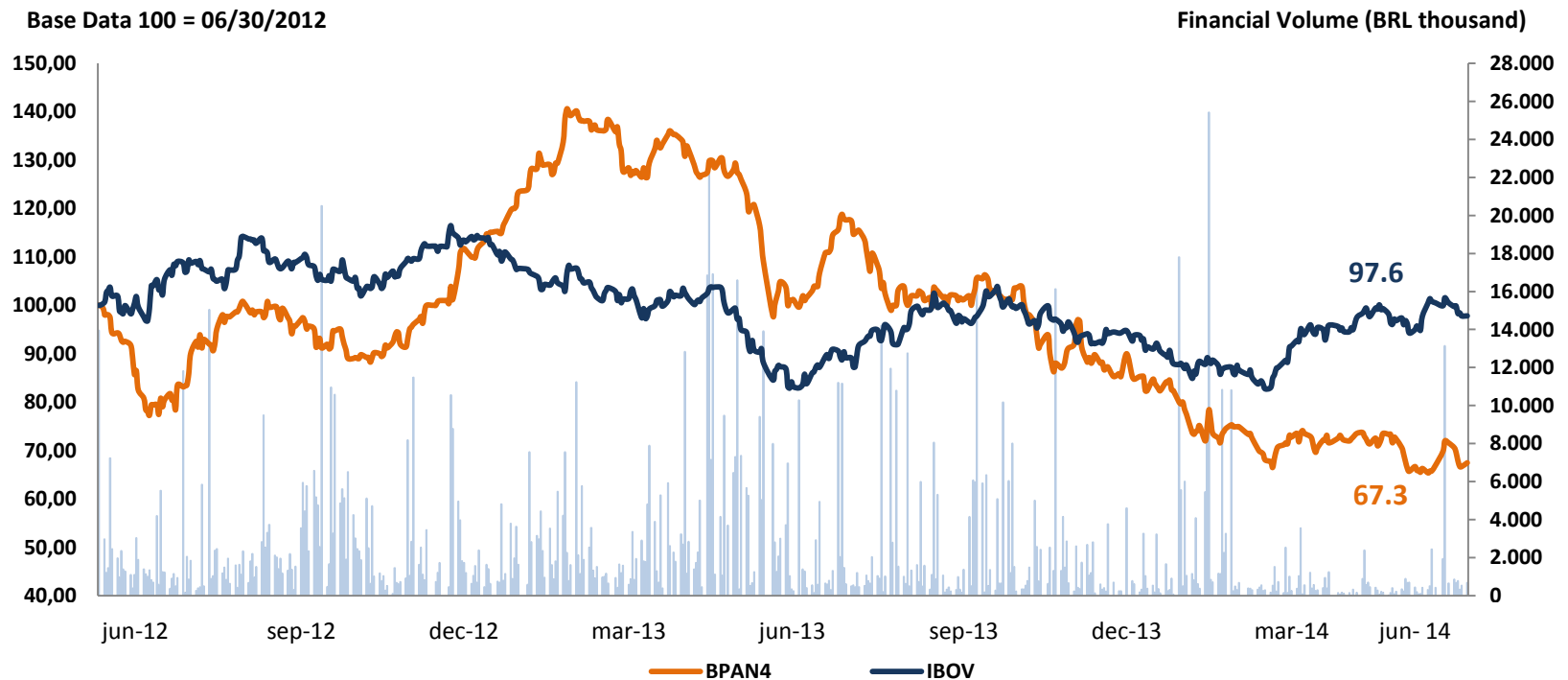
Basel Ratio and Operating Margin (BRL Million)

	2Q14	1Q14	2Q13
1. Adjusted Reference Shareholders' Equity	2,203.6	2,302.1	2,676.6
1.1 Reference Shareholders' Equity (PR)	2,203.6	2,302.1	2,676.6
Tier I	1,157.4	1,236.7	1,785.3
Tier II	1,046.2	1,065.4	891.3
2. Required Reference Shareholders' Equity	2,108.0	2,101.3	1,901.3
Risk Weighted Assets - PEPR	1,910.6	1,894.9	1,662.9
Exchange Variation Risk - PCAM	0.5	2.10	-
Interest (pre-fixed) - PJUR1	18.3	25.8	17.7
Interest (inflation) - PJUR3	-	-	6.1
Interest (interest) - PJUR4	-	-	-
Operational Risk - POPR	178.5	178.5	214.5
Basel Ratio (1 / (2 / 0,11))	11.50%	12.05%	15.49%
3. Banking Positioning Risk - RBAN	54.9	68.6	70.1
Operating Margin (1 - 2 - 3)	40.6	132.2	705.2

- ✓ Ongoing capital increase by common and preferred shares up to R\$1.5 billion.

Stock Performance

- ✓ From August, 5th, 2014 on, the ticker symbol for Banco Pan preferred shares has changed to BPAN4;
- ✓ Total trading value of R\$ 33.0 million in 2Q13, with a daily average of R\$ 560.1 thousand;
- ✓ In the 2Q14, Banco Pan's stocks depreciated 5.2%, starting the quarter quoted at BRL 3.63 and ending at BRL 3.44. In the same period, the Bovespa Index (IBOV) appreciated by 5.8%; and
- ✓ On June, 30th, 2014 Pan had a Market Value of BRL 1.8 billion.



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