

Earnings Results

Banco
PAN

2Q18

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 suit. 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.

2Q18

Highlights

- ✓ Net Income of **R\$42.2 million** in 2Q18, versus Net Income of R\$56.6 million in 1Q18 and Net Income of R\$42.8 million in 2Q17;
- ✓ Net Income of **R\$ 99 million** in 1H18, versus Net Income of R\$46 million in 1H17;
- ✓ The Total Credit Portfolio ended 2Q18 at **R\$19.4 billion** versus a portfolio of R\$19.1 billion at the end of 1Q18 and R\$19.5 billion in 2Q17;
- ✓ Average monthly retail origination of **R\$1,356 million** in 2Q18;
- ✓ Managerial Net Income of **17.6% p.y.** in 2Q18, versus a margin of 18.1% in 1Q18 and 17.0% in 2Q17;
- ✓ Reduction of **R\$ 152 million**, 14%, in total expenses in the 1S18 versus 1S17;
- ✓ Funding through **time deposits doubled in 12 months**, totaling R\$ 7,0 billion; and
- ✓ Shareholders' Equity ended the quarter at **R\$4,016 million** and the Basel Ratio stood at **13.7%**.

Strong interest margin and recurring income from operations

P&L Statement (R\$ MM)	2Q18	1Q18	2Q17	Δ 2Q18/ 1Q18	Δ 2Q18/ 2Q17
Interest Margin	898	905	890	-1%	1%
Interest Margin (% p.y.)	17.6%	18.1%	17.0%	-0.5p.p.	0.6 p.p.
Credit Provisions	(310)	(294)	(246)	-5%	-26%
Gross Income from Finan. Intermed. (Adjusted)	588	611	644	-4%	-9%
Administrative and Personnel Expenses	(278)	(250)	(278)	-11%	-
Origination Expenses	(198)	(236)	(244)	16%	19%
Tax Expenses	(40)	(45)	(64)	11%	37%
Others	29	39	22	-24%	35%
Income Before Tax	101	117	80	-14%	25%
Income and Social Contribution Tax	(59)	(61)	(38)	4%	-54%
Net Income/ (Loss)	42.2	56.6	42.8	-25%	-1%

6th consecutive quarter of net profit

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

Strategy focused on co-branded partnerships, digital channels and cross sell through CRM



Vehicle Financing

Financing through multibrand dealers

Mostly cars from 4 to 8 years and new motorcycles



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)



2Q18

Highlights

6,271 multi-brand vehicle dealers

728 brokers for payroll

60 sales points

4.4 mm active clients

2.2 mm credit cards

2,204 employees

Digital Transformation

More than 200 people exclusively dedicated

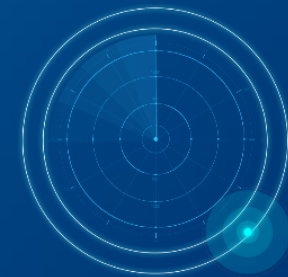


Payroll
(Loans + Credit Card)

Vehicles

Credit Card

CRM
(20 million clients over time)



Customer Service

Investments

Collection





Strategic Positioning

Retail Credit

Monthly average Origination (R\$ MM)

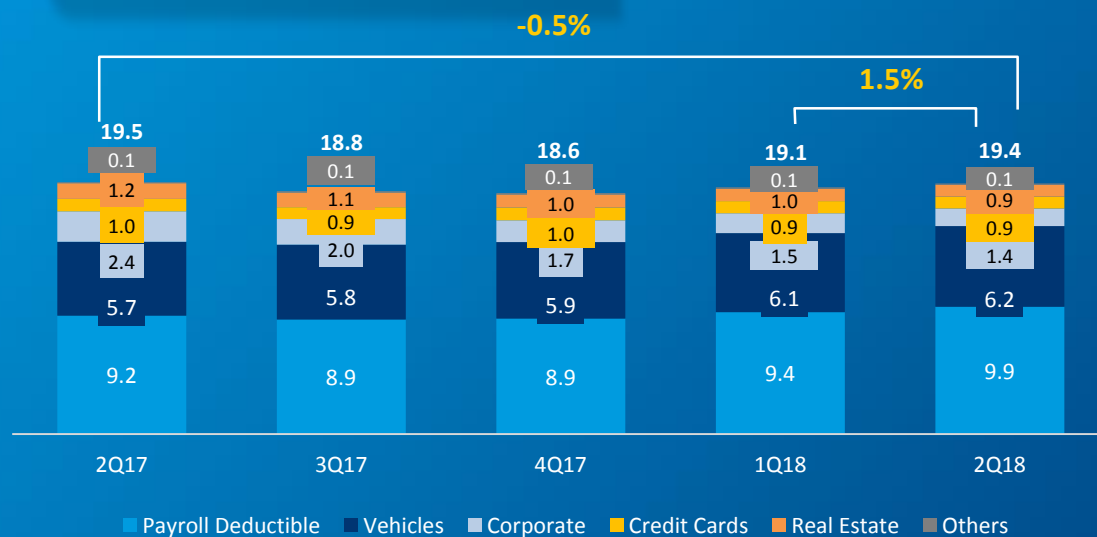


Credit

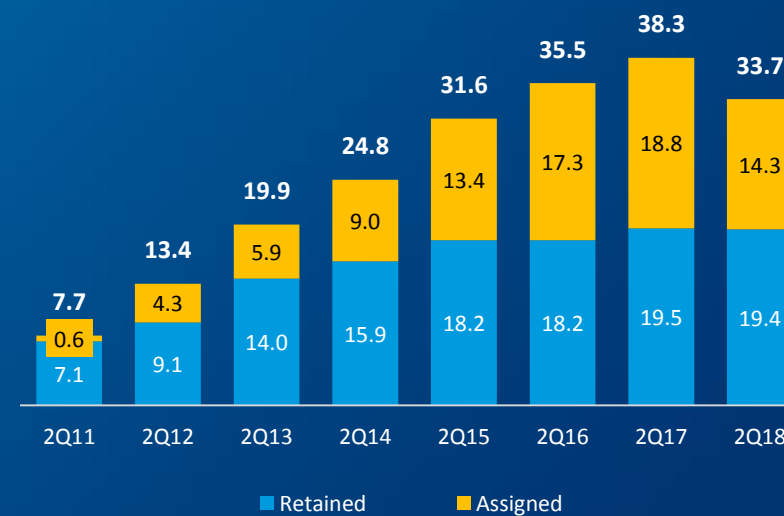
Portfolio

R\$ MM	2Q18	Part. %	1Q18	Part. %	2Q17	Part. %	Δ 2Q18/ 1Q18	Δ 2Q18/ 2Q17
Payroll Deductible (Loans + Credit Card)	9,858	50%	9,441	49%	9,166	47%	4%	8%
Vehicle Financing	6,243	32%	6,112	32%	5,720	29%	2%	9%
Corporate Loans	1,367	7%	1,545	8%	2,852	12%	-12%	-42%
Real Estate	923	5%	968	5%	716	6%	-5%	-23%
Credit Cards	900	5%	930	5%	952	5%	-3%	-5%
Others	106	1%	106	1%	85	1%	1%	25%
On Balance Credit Portfolio	19,397	100%	19,101	100%	19,491	100%	2%	-

On Balance Portfolio (R\$ Bi)



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



Retail Credit

quality



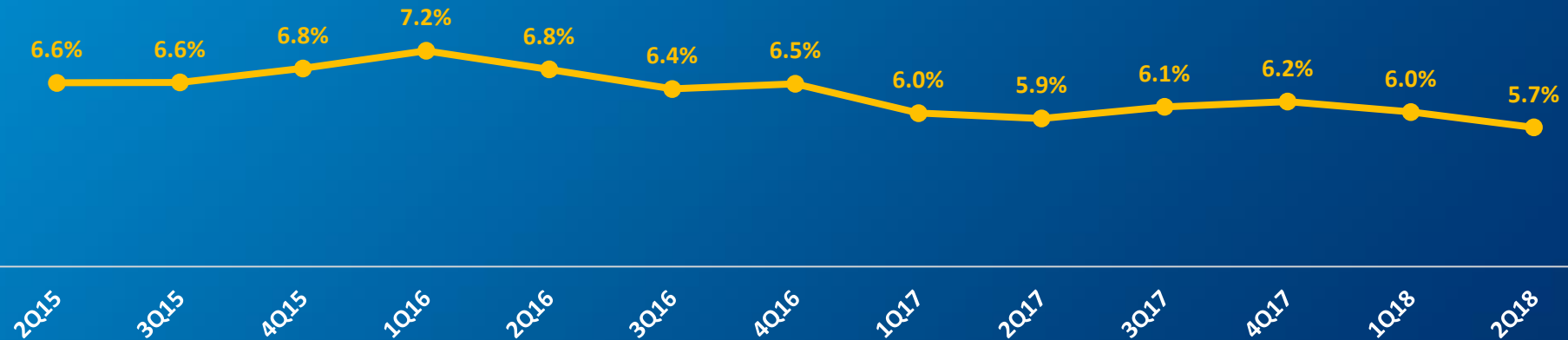
Machine Learning models

Unstructured Data

Intensive use of analytics

Collection increased through digital channels (more than 20% share)

90 days NPL (%)



Efficiency gain

G&A Expenses (R\$ MM)	2Q18	1Q18	2Q17	Δ 2Q18/ 1Q18	Δ 2Q18/ 2Q17
Personnel expenses	104	101	113	3%	-8%
Administrative expenses	172	150	164	17%	6%
1. Subtotal I	278	250	278	11%	-
Comission Expenses (upfront)	85	117	101	-27%	-16%
Deferred Comissions and other exp.	113	119	143	-5%	21%
2. Subtotal II – Credit Origination	198	236	244	-16%	-19%
3. Total (I + II)	476	486	521	-2%	-9%

Number of Employees



Payroll-Deducted: Loans and Credit Cards

Origination focusing on federal risk

Overview

Operations exclusively with public sector servants, retirees and INSS pensioners (**market top 5**)

Average ticket of R\$ 5.7k

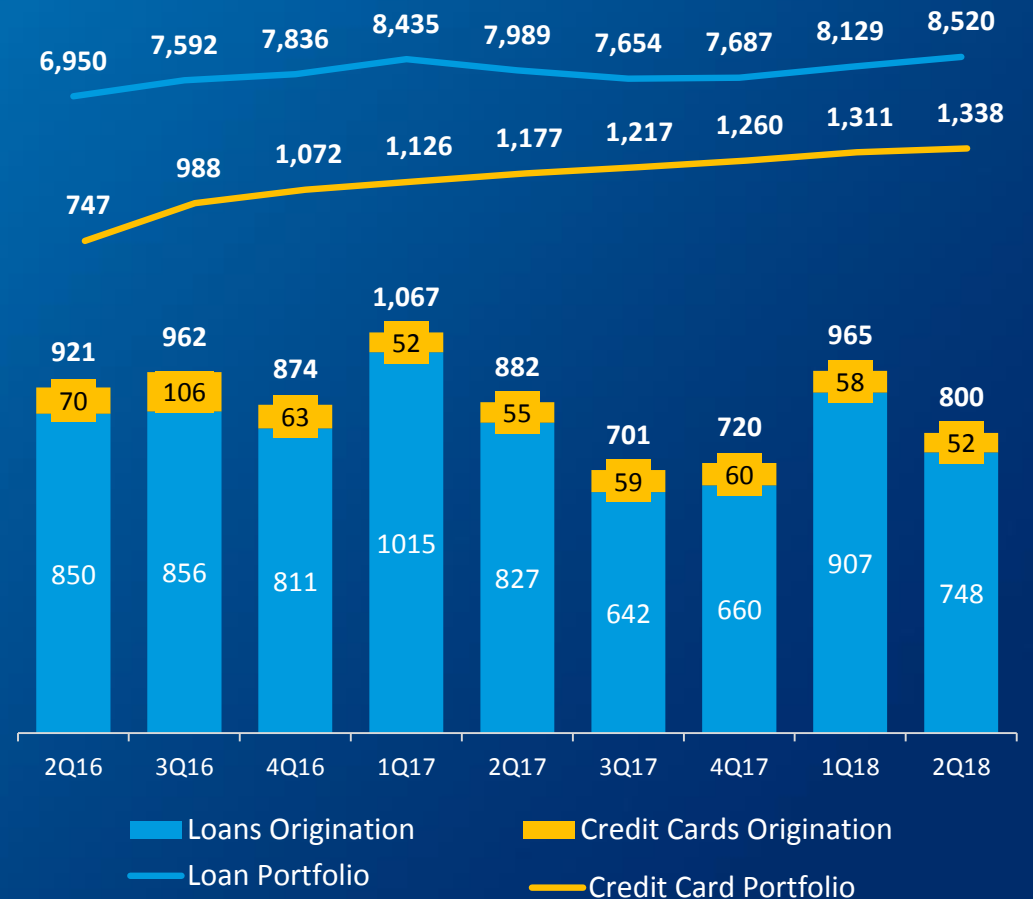
Duration of 35 months

Origination by segment (Loans and Credit Cards)

	2Q18	1Q18	2Q17
Federal	81%	87%	87%
INSS	59%	64%	58%
SIAPE	12%	11%	20%
Armed Forces	10%	12%	9%
States	18%	11%	12%
Municipalities	1%	2%	1%
Total Geral (R\$ MM)	2,399	2,895	2,647

Evolution of portfolio and monthly avg. origination

(R\$ MM)



Vehicle

Financing



Overview

Credit and collection expertise

Present in **6,271** multi brand vehicle dealers

Average ticket of **R\$ 18.1k**

Duration of **17 months**

Average LTV of **62%**



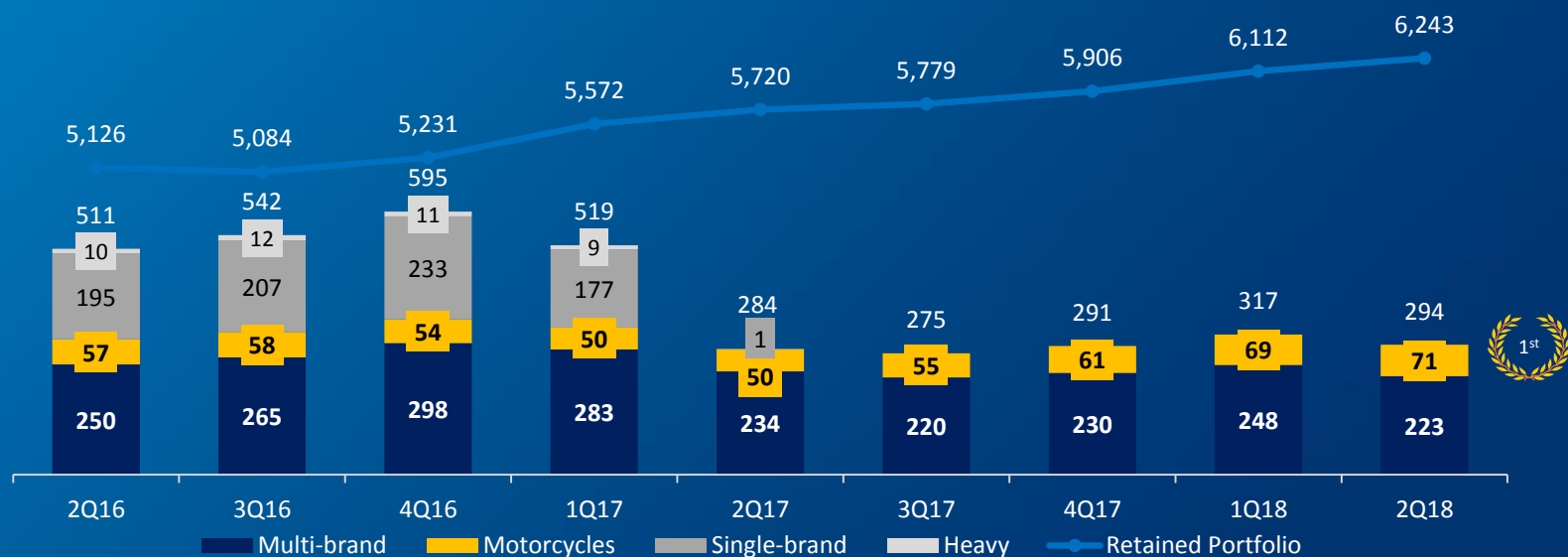
Information on Origination

	Light		Motorcycles	
	2Q18	2Q17	2Q18	2Q17
Origination (R\$ MM)	669	704	213	149
Average tenor (month)	43	45	39	39
Downpayment	37%	41%	24%	25%



Evolution of portfolio and monthly avg. origination

(R\$ MM)

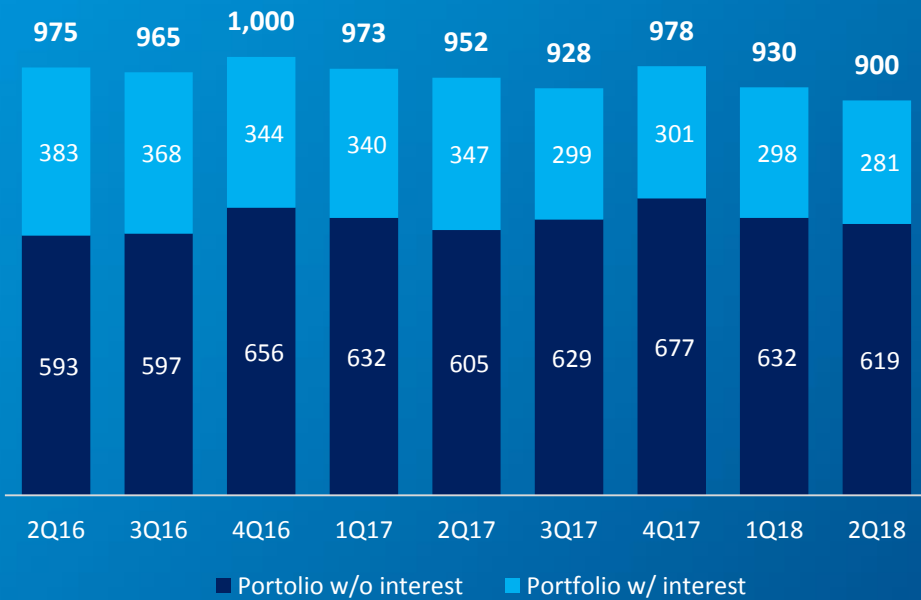


1st on motorcycling financing origination volumes excluding captive financial companies

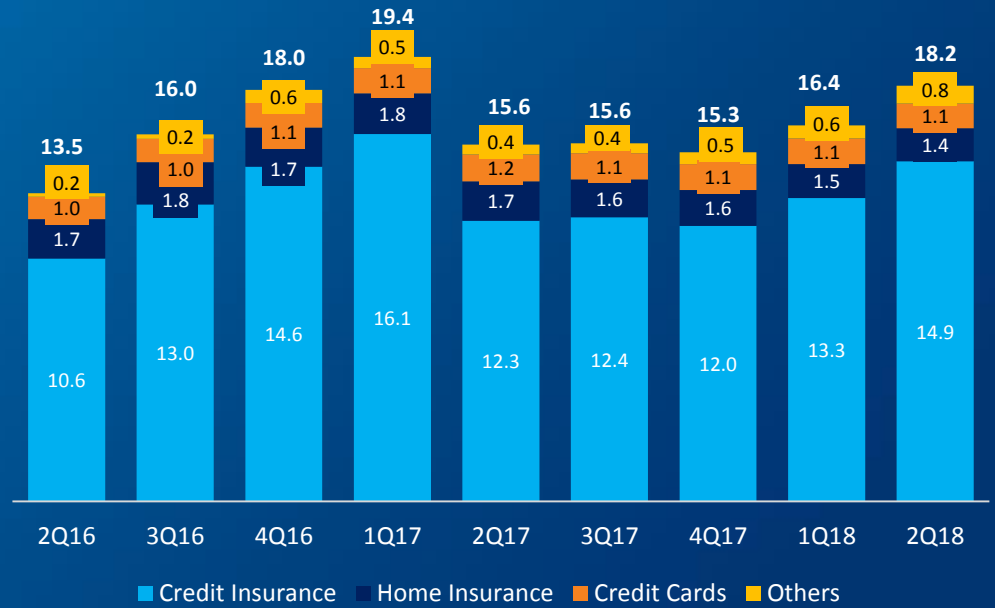
Credit Cards and Insurance



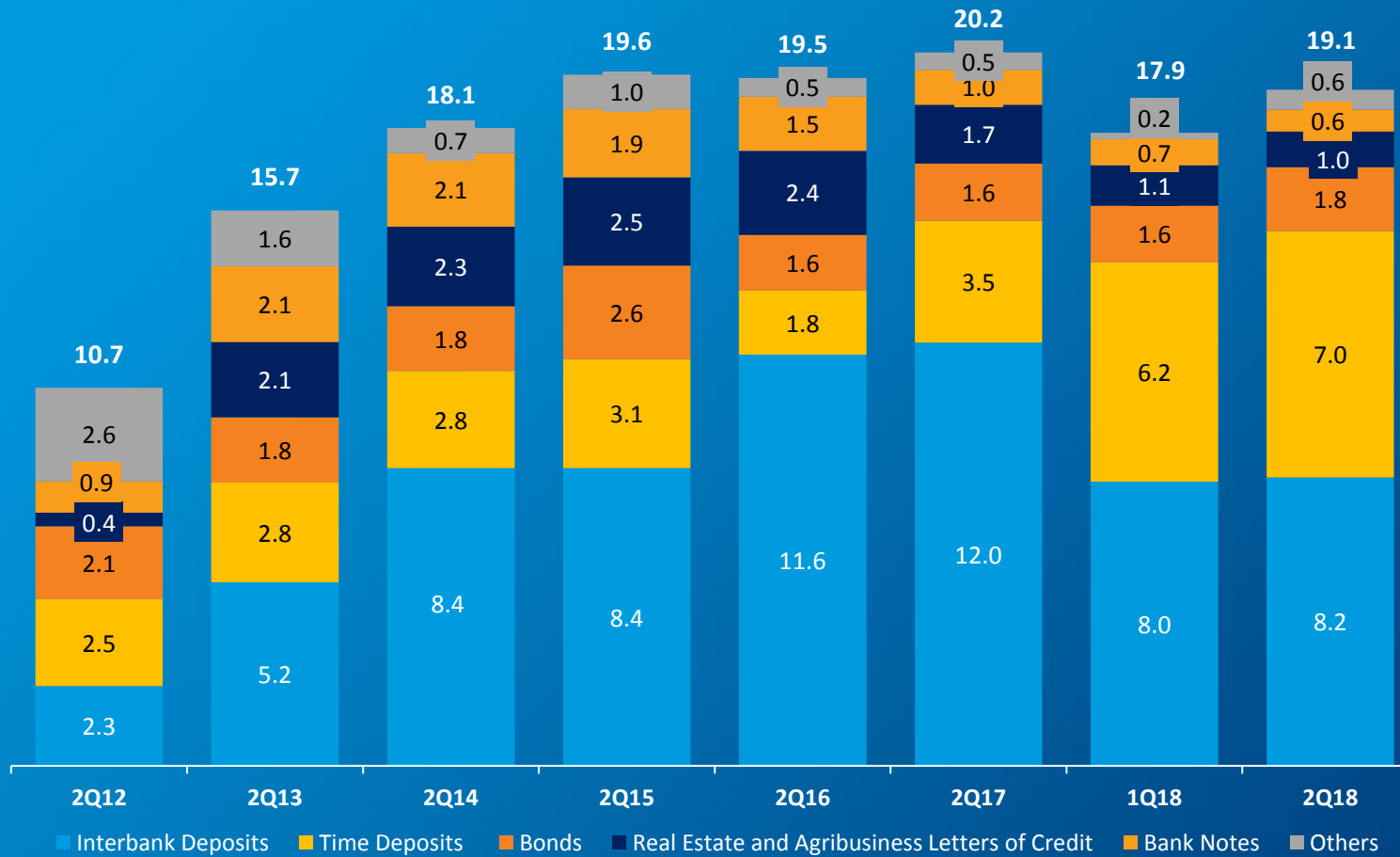
Credit Card Portfolio (R\$ MM)



Monthly Avg. Insurance (Premium originated by PAN) (R\$ MM)



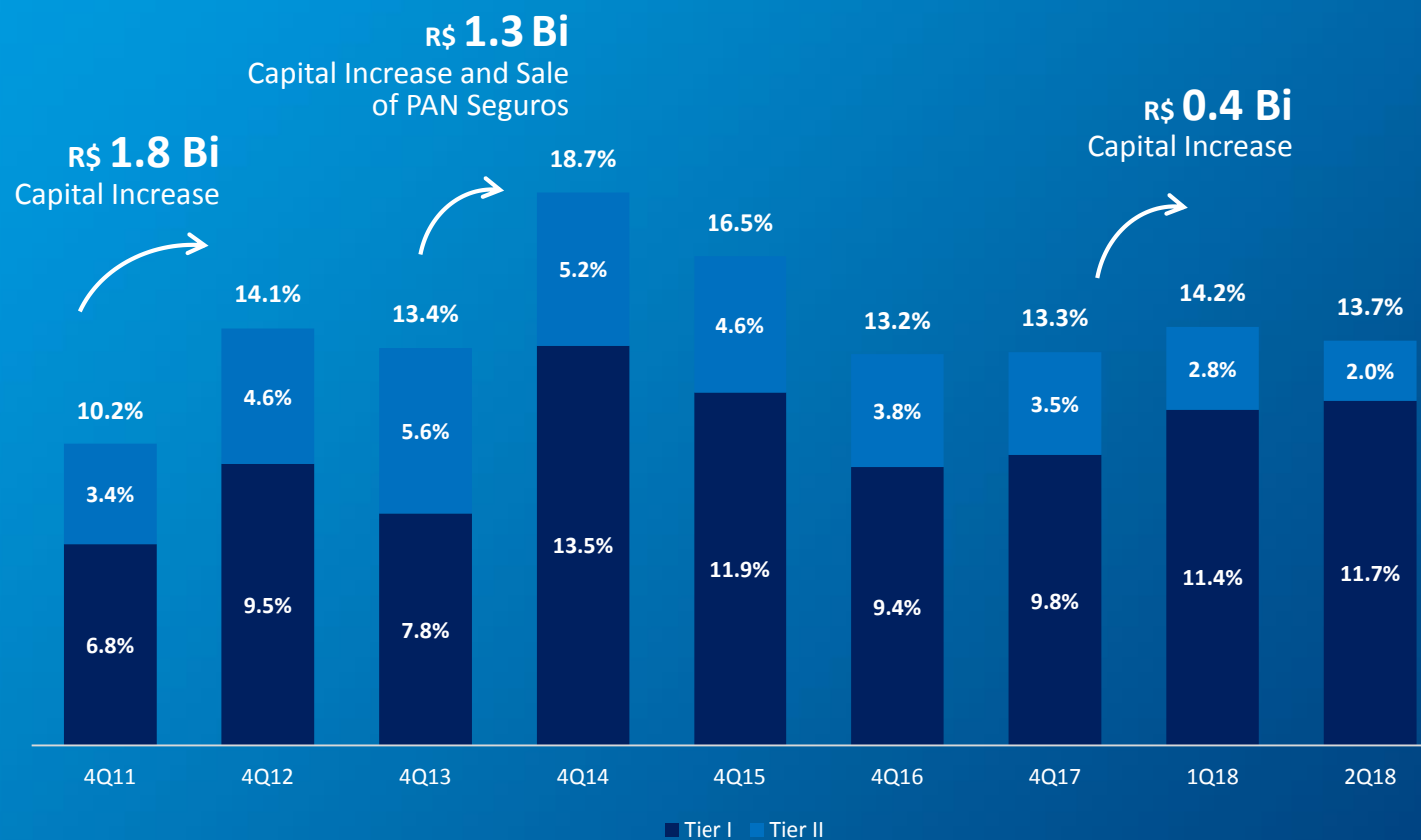
App PAN Investments for digital account



TB Balance doubled in the last 12 months

Funding

Capital Ratio



R\$ MM	2Q18	1Q18	2Q17
Reference Shareholders' Equity	2,438	2,545	2,323
Tier I	2,076	2,033	1,693
Tier II	362	513	630
Required Reference Shareholders' Equity	1,870	1,880	2,101
RWA	17,808	17,903	20,003



**Robust and
complementary
Shareholders**



**Funding and Capital
available**

What makes Banco PAN unique?

Digital Platforms
will generate
efficiency gains



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)



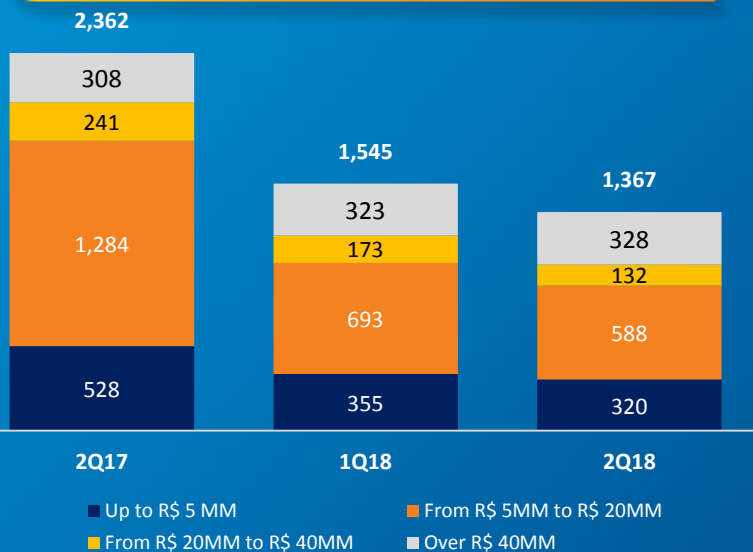
¹ Considering guarantees issued

Corporate Loans

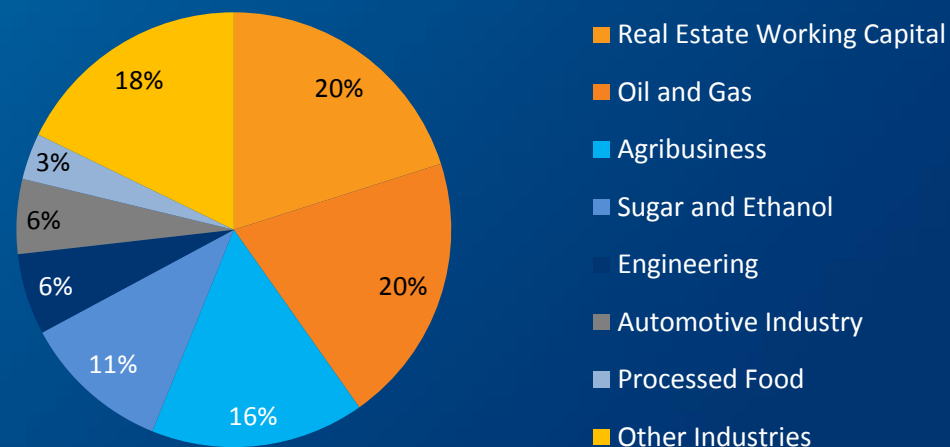
Run off portfolio, still maintaining client diversification and strong collateral monitoring

Portfolio by Ticket (R\$ MM)

66% below
R\$ 20MM

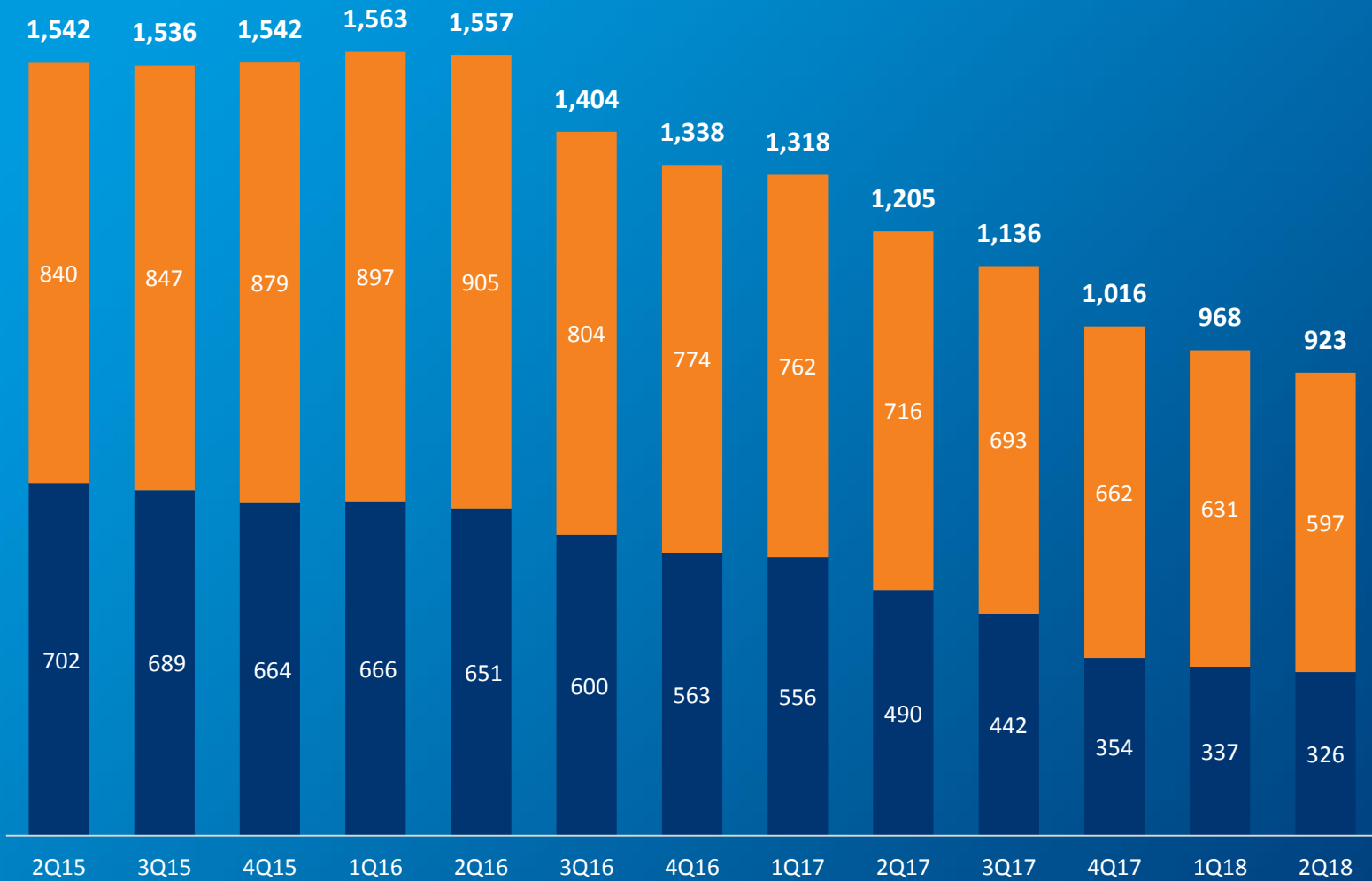


Corporate Loan Portfolio by Industry (2Q18)



Real Estate

Portfolio
(R\$ MM)



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