

**Operator:**

Good morning, ladies and gentlemen, and welcome to Banco PanAmericano's conference call to discuss the 4Q and year of 2012 results. This event is being broadcast simultaneously on the Internet, both audio and slideshow, which can be accessed on the Company's IR website: [www.panamericano.com.br/ir](http://www.panamericano.com.br/ir), with the respective presentation.

We would like to inform you that all participants will be in listen-only mode during the Company's presentation. After the Company's remarks are completed, there will be a question and answer session. At that time further instructions will be given. Should any participant need assistance during this call, please press \*0 to reach the operator.

Forward-looking statements are subject to known and unknown risks and uncertainties that could cause the Company's actual results to differ from those in the forward-looking statements. Such statements speak only as of the date they are made, and the Company is under no obligation to update them in light of future developments.

Now, I will turn the conference over to Mr. Willy Jordan, IR Officer, who will begin the presentation. Mr. Willy, you may begin your conference, sir.

**Willy Jordan:**

Good morning. I would like to thank you all for participating in this conference call of Banco PanAmericano and its subsidiaries for the 4Q12. After deploying a series of operational restructuring actions, and with the consolidation of several initiatives to diversify PanAmericano's business strategy, such as those which enabled our entry in the market of new car financing and the dealership network, corporate and real estate credit, besides the readjustment of our operations in payroll deductible loans, we could verify in the 4Q12 the consolidation of PanAmericano's business generation on a higher level of financial volume, and in a more diversified composition of our business lines. These results are in line with the strategy established since the beginning of our administration, as we have informed on several occasions, and show precisely the maturity of the initiatives mentioned.

Starting with the highlights of the 3Q, on page three of our presentation, we see that the origination of credit assets maintained its growth trajectory, reaching a monthly average of R\$993 million in the 4Q12, 13% higher than the R\$878.5 million of the 3Q12, and 51.8% higher than the R\$654 million of the 4Q11.

The projection growth in the 4Q12 was driven by the higher origination of micro-financing, real estate, and corporate loans, while payroll deductible loans remain practically stable in relation to the previous quarter.

With all this, the total expanded credit portfolio stood at R\$13.8 billion at the end of the 4Q, up 4.4% from the R\$13.2 billion portfolio of September 2012 and 27.1% higher than the R\$10.8 billion from December 2011.

More importantly, as we have been saying, if you look at the growth of the credit portfolio with retained results, which exclude loans refined with recourse and thus provides a measure of the Company's revenue earnings portfolio. This portfolio has kept growth faster than the total credit portfolio, as the portfolios assigned with recourse in the past matures.

So, this credit portfolio with retained results reached R\$12.6 billion at the end of the 4Q, with a growth of 6.8% over the previous quarter and 44.1% over the same quarter of 2011.

The net interest margin stood at 19.8% in the 4Q, 4.4 p.p. higher than in the 3Q and 6.3 p.p. higher than in the same period of last year. These variations were largely due to the growth of the average income earnings assets and also due to the different amounts of credit assignments without recourse in the quarters here compared.

The costs and expenses, excluding the variable expenses related to commissions from credit assignments without recourse and the payment of variable compensation to employees meanwhile, totaled R\$367.1 million in the 4Q12, 7.1% lower than the previous quarter on the same comparison basis, and despite the merger of BFRE, a slight increase of 0.5% over the 4Q11. These results demonstrate that spending discipline has been maintained, with strict control over costs and expenses, even in view of the merger of BFRE and the growth in the origination of loans during the periods here compared, reminding you that with the origination growth we have a higher expense of commissions.

The allowance for loan losses expenses, as we see in the following point, was R\$339.5 million in the 4Q, 20.5% less than the expense of R\$427 million in the previous quarter, reflecting the trend indicated by the improvement in the early indicators of credit quality of the portfolios originated since the end of 2011. Such indicators suggest that the allowance for loan losses at similar percentage of the loan portfolio should continue to gradually increase in the coming quarters.

Equally important was the increase in the recovery that has been previously written off against the allowance for loan losses, which was the result of a complete review of the collection process that included reductions in the number of advisory services and the implementation of a new collection management system that seeks to better align the interests of the Bank with those of the collection advisory service providers.

As a result, the revenue from the recovery of loans in a year totaled R\$43.6 million in the 4Q, up 12.7% from the previous quarter, and 108.6% higher than the revenue in the 4Q11. As a result, the net expense on the allowance for loan losses totaled R\$295.9 million in the 4Q, down 23.8% from the net expense of R\$388.2 million in the 3Q12.

PanAmericano recorded a consolidated net loss of R\$38.4 million in the 4Q, compared with a loss of R\$197.9 million in the previous quarter, meaning a substantial reduction of over 80% in the period. Our consolidated shareholders' equity was thus of R\$2,489 million in the end of December.

Now, moving to page four of our presentation, we demonstrate here our shareholder composition in December 31<sup>st</sup>. There was a significant growth in the participation of investors domiciled in Brazil in comparison to the previous quarters. The participation of these investors has grown from a little over 50% in the 3Q to over 69% in the end of the 4Q12. Meanwhile, the distribution among individual and corporate shareholders hardly changed, remaining the free float remaining quite concentrated in corporate investors.

On page 5, we have the main items of the Income Statement. Comparing 4Q12 with 3Q12 and with the same quarter of 2011, the main changes, as I've mentioned before, were due to the growth of our Interest-Earning assets and also to the different amounts of loan portfolios assigned without recourse in each period. Thus, there were transfers of

portfolios of real estate loans, consumer credit and payroll loans in the amount of R\$1,054.1 million in 4Q12, without recourse, compared to the assignment without recourse of a mortgage loan portfolio of R\$ 342.8 million in 3Q12 and to the assignment of portfolios of consumer credits and payroll loans in the amount of R\$496.3 million in the 4Q11. This effect of disposals is directly reflected in the line of "Lending Operations", which also benefited over the quarters here compared from the accumulation of a larger loan portfolio with income withheld. We will show in the next few slides that evolution.

The line of "Derivative Transactions", as we always remind here, reflects the results with our derivatives portfolio. As our derivatives portfolio only aims to hedge the exposure of our foreign currency debt, the results with derivatives has almost symmetric counterpart in spending on "Funding Operations," so we need to always look at the sum of these two lines, where we see that there is no significant variation between the quarters compared. Anyway, as the price of the Real against the U.S. dollar was almost flat in the quarter, as in the previous quarter, there was little variation in these lines when comparing the 4Q12 with the 3Q12.

The allowance for loan losses, as mentioned before, was R \$339.5 million in the Q4 2012, 20.5% less than the expense of R\$427.0 million in the previous quarter. Meanwhile, the revenue from the recovery of loans in arrears totaled R\$43.6 million in 4Q12, 12.7% above the previous quarter and 108.6% higher than the same revenue in 4Q11. As a result, the net expense of allowance for loan losses was R\$295.9 million in Q4 2012, 23.8% less than the net expense of R\$388.2 million in the previous quarter.

On the next page we have the origination of loans. In an environment of moderate performance of economic activity and accommodation of the delinquency of individuals, combined with the maturation of the initiatives of strategic redirection and operational restructuring of Panamericano, the origination of loan assets maintained its growth trajectory, even when compared to the higher level of origination in the previous quarter, reaching a monthly average of R\$993.0 million in 4Q12, 13.0% up on the R\$878.5 million in 3Q12 and 51.8% from the R\$654.0 million in the 4Q11. The production growth in the Q4 was driven by the higher origination of vehicle financing, mortgages and corporate loans, while payroll loans remained practically stable compared to the previous quarter.

The quality of the loan portfolio continues to benefit ,as we see in the lower right corner of the figure, from the more conservative approach in the origination of new loans, which has been adopted since the end of 2011. This position includes, in addition to the more restrictive criteria for approval, also the growth of the portfolios of new cars, payroll and corporate loans, reinforcing our growth strategy in lower risk segments.

On page 7, we have more information about the origination of portfolios in the vehicle financing segment, which remained the main market segment of Panamericano. As we can see in the graphs at the bottom of the page, the most significant increase in origination was achieved even with the maintenance of more conservative criteria for approval of new loans, which were reflected in reducing average tenors and increasing average downpayments throughout the year. In addition, we maintained our strategy for the light vehicle segment, which is to seek a balance between the volumes of financing of new and used cars.

In payroll loans, on page 8, Panamericano granted R\$467.3 million in new financing in the 4Q12, 277.6% higher than the R\$123.8 million in the 4Q11. The segments of personal loans

and consumer credit accounted for granting R\$120.6 million in new financing between September and December, with a 5.4% growth over the same quarter of 2011. It is worth mentioning here the important growth of origination in our own branches throughout the year, where the cost of origination is already embedded in the bank's fixed cost.

On the next page, we see the granting of corporate loans, which was R\$692.0 million in the 4th quarter of 2012, a figure 20.7% higher than the R\$573.4 million in the third quarter of 2012 and 42.9% above the R\$484.3 million in the same quarter last year. Thus, the portfolio of corporate loans totaled R\$1.6637 billion in the end of December, with a growth of 15.3% and 93.5%, respectively, in the previous quarter and the 4Q11.

Moreover, it is worth noting that in December 31, 2012, PanAmericano had applications in corporate bonds in the amount of R\$44.0 million. Thus, the expanded loan portfolio for wholesale operations, including the operations of private securities, totaled R\$1,707.7 million in the end of 4Q12.

Looking at the breakdown of our corporate portfolio by industry, we find that the portfolio is well diversified by sector of activity of our clients, with the most important holdings of agribusiness and construction and development.

Going to page 10, we see that the PanAmericano granted R\$302.1 million in mortgage loans in 4Q12, 29.3% above the previous quarter, being: (i) R\$68.1 million in loans to corporations; (ii) R\$173.0 million in loans to individuals, divided between R\$131.6 million in refinancing operations, R\$41.5 million for real estate acquisition and R\$2.5 million in other modalities; and (iii) R\$58.5 million in loans acquired by Brazilian Securities for securitization.

Therefore, the mortgage loan portfolio reached R\$1,281.4 million at the end of December, of which R\$791.8 million in real estate financing for corporations and R\$489.6 million in loans to individuals. This value is 6.8% greater than the R\$1,200.1 million balance of this portfolio in the previous quarter.

On page 11, we have the breakdown of our loan portfolio. In the 1st table, we see that the vehicle financing segment kept the main share of the portfolio, as I said, with 57.5% of the On Balance credit portfolio, including leasing operations. Following, we have the corporate credit portfolio with a 13% participation, and then payroll loans, with a 11.7% share, representing the 3rd largest portfolio. The mortgage loan portfolio in 4Q12 reached a stake of 10.2% of our total portfolio.

The Total Loan Portfolio was R\$13.8 billion at the end of the 4th quarter, 4.4% higher than the portfolio of R\$13.2 billion in September 2012 and 27.1% higher than the R\$10.8 billion in December 2011. More importantly, the balance of the loan portfolio with retained results, in the graph of the bottom left corner, which excludes from the total portfolio the loans sold with recourse and, thus, provides a measure of the portfolio that yields revenue for PanAmericano, grew by 6.8% in the quarter and 44.1% over the same quarter of 2011.

On page 12, we show a comparison of administrative costs and expenses in the quarter with the previous quarter and the same quarter of 2011. Remember, as I said, that costs and expenses were impacted in the 2nd half of 2012 by the merger of BFRE. With it, we added 683 employees, reaching a total of 3,416 employees in the group. Thus, the sum of personnel expenses, taxes and other administrative expenses totaled R\$439.8 million in the

4Q12. Now, excluding the value of variable expenses related to commissions for credit assignment without recourse and the payment of variable compensation for employees, costs and expenses totaled R\$367.1 million, or 7.1% lower than in the previous quarter, in the same basis of comparison, and only 0.5% above the fourth quarter of 2011.

In the graph at the bottom of the page, we have the evolution of PLL expenses and recovery of loans in arrears. With the sum of these two effects, the net expense of allowance for loan losses was R\$295.9 million in 4Q12, which is 23.8% less than the net expense of R\$388.2 million in the previous quarter.

As for fundraising, on page 13, it is still showing the exchange of more expensive liabilities inherited from the past for more cost competitive lines, reflecting the improved perception of PanAmericano's credit risk by the market. Funding in DPGE were R\$526 million in September, down 33% from the prior quarter, reflecting exactly this type of exchange. Likewise, the outstanding borrowings through credit assignments with recourse has been gradually reduced as the portfolios assigned in the past mature, since PanAmericano didn't perform more assignments of this type under the current administration. Thus, the balance of R\$1,157.8 million in portfolios assigned with recourse in the end of the 4th quarter represented a decrease of 15.9% compared to the R\$1,377.0 million balance in the previous quarter and a decrease of 44.4 % compared to the R\$2,082.7 million at the end of 4Q11.

Total funding in the end of the quarter was about R\$14.1 billion, in line with the funding needs from our assets.

On page 14, we have the opening of the calculation of our Basel Index, which was 14.13% for the Financial Conglomerate and 11.68% in the consolidated economic and financial, while the operating margin stood at R\$494.1 million for the Financial Conglomerate and R\$84.4 million in economic-financial consolidated.

Finally, on page 15, we have a chart that demonstrates the performance of our stocks over the past 12 months. The total financial volume traded in the 4th quarter of 2012 was R\$117.6 million, with a daily average of R\$2.0 million, 39.0% lower than the daily average of the previous quarter.

On December 31, 2012, the market value of the Bank was R\$2.8 billion. The stock started the 4th quarter priced at R\$5.09 and ended the quarter at R\$5.15, with an appreciation of 1.16% in the period. The maximum price was R\$5.15 per share and the minimum was R\$4.50 per share in the quarter. In the same period, the Bovespa Index (IBOV) rose 2.3%.

I turn back the floor to the word mediator, to begin the question and answer session. Thanks again to all.

**Operator:**

There seems to be no questions at this time. I would like to turn the floor back over to Mr. Willy Jordan for his final remarks. Sir?

**Willy Jordan:**

Thank you all again. I would like to remind you that our Investor Relations department is more than available to solve any doubts that might remain when you analyze our results. And I hope to see you again in the next quarter. Thank you once again.

**Operator:**

This concludes Banco PanAmericano's conference call. You may now disconnect, and have a good day. Thank you.

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