

1Q14 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

- ✓ **Monthly Average Origination of credit assets of BRL 1,237.1 million** in the **1Q14**, **8.6% down** on the BRL 1,353.4 million monthly average recorded in the **4Q13** and **14.4% up** on the BRL 1,081.7 million recorded in the **1Q13**;
- ✓ **Total Credit Portfolio reached BRL 16.2 billion**, **3.4% higher** than the BRL 15.7 billion in the **4Q13** and **15.8% higher** than the BRL 14.0 billion in the **1Q13**;
- ✓ **Credit Portfolio with Retained Results reached BRL 15.8 billion**, **4.3% up** on the BRL 15.2 billion in the **4Q13** and **21.6% up** on the BRL 13.0 billion in the **1Q13**;
- ✓ **Credit portfolios with risk category between "AA" and "C" reached 89.8% of Total Credit Portfolio**, **3.0 pp above** the **4Q13** and **5.9 pp above** the **1Q13**;
- ✓ **Allowance for loan losses expenses of BRL 170.8 million** in the **1Q14**, **13.2% down on the BRL 196.7 million** reported in the **4Q13** and **36.1% down on the BRL 267.2 million** reported in the **1Q13**;
- ✓ **Net Interest Margin reached 11.7%**, **0.1 p.p. higher** than the **4Q13** and **7.0 p.p. lower** than the **1Q13**;
- ✓ **Consolidated net loss of BRL 78.6 million in the 1Q14**, versus a net loss of BRL 182.9 million in the **4Q13** and a net profit of BRL 39.0 million in the **1Q13**;
- ✓ **Consolidated shareholders' equity of BRL 2,226.0 million and Basel Ratio of 12.1%** in the **1Q14**.

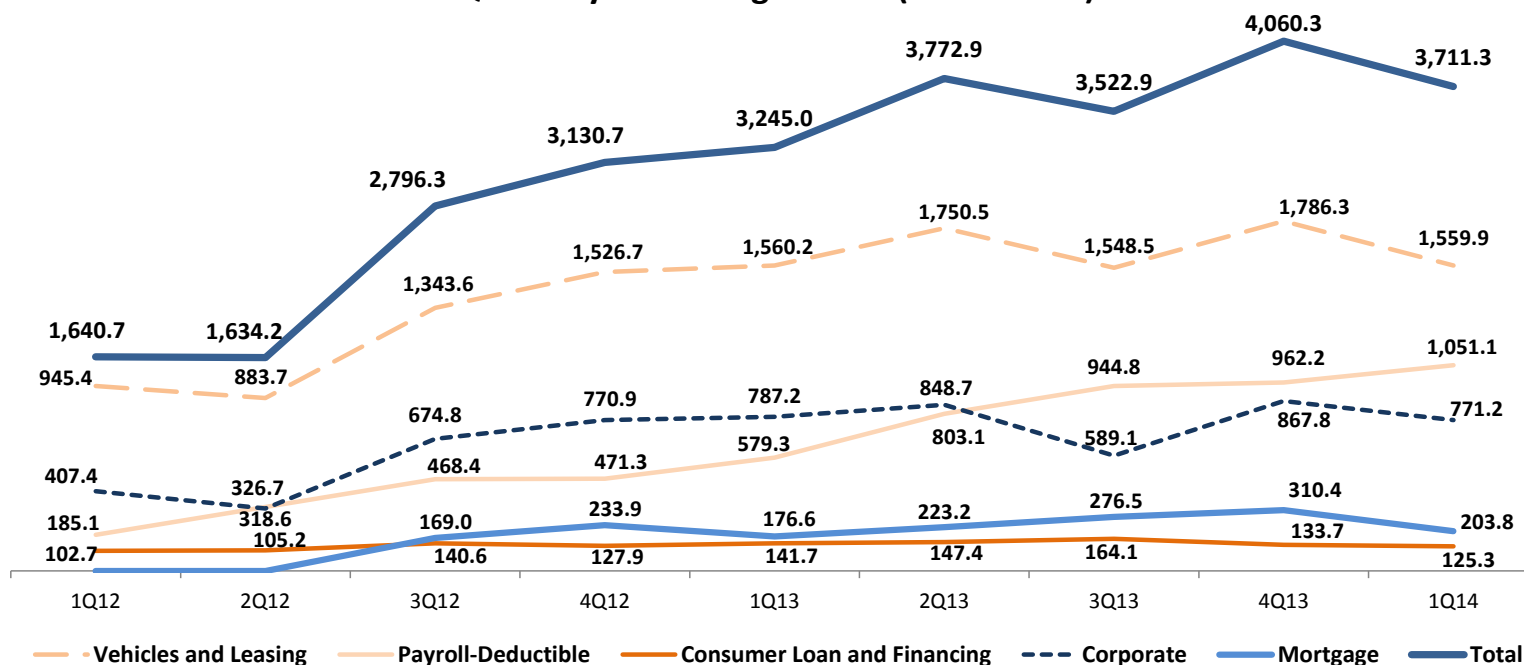
NIM and P&L Statement

Net Interest Margin (BRL Million)	1Q14	4Q13	1Q13	Δ 1Q14 / 4Q13	Δ 1Q14 / 1Q13
1. Income from Financial Intermediation Before LLP	507.9	504.9	696.3	0.6%	-27.1%
2. Average Interest-Earning Assets	18,161.1	18,134.6	15,895.4	0.1%	14.3%
- Average Loan Portfolio	15,487.4	14,701.9	12,786.3	5.3%	21.1%
- Opening Balance	15,158.3	14,245.6	12,567.1	6.4%	20.6%
- Closing Balance	15,816.5	15,158.3	13,005.6	4.3%	21.6%
- Average Securities and Derivatives	1,704.4	1,819.7	2,215.0	-6.3%	-23.1%
- Opening Balance	1,738.2	1,901.2	2,455.5	-8.6%	-29.2%
- Closing Balance	1,670.6	1,738.2	1,974.6	-3.9%	-15.4%
- Average Interbank Investments	969.3	1,612.9	894.1	-39.9%	8.4%
- Opening Balance	1,230.7	1,995.2	509.4	-38.3%	141.6%
- Closing Balance	708.0	1,230.7	1,278.7	-42.5%	-44.6%
(1) / (2) Net Interest Margin - NIM (% p.y.)	11.7%	11.6%	18.7%	0.5%	-37.6%

Gross Profit (BRL Million)	1Q14	4Q13	1Q13	Δ 1Q14 / 4Q13	Δ 1Q14 / 1Q13
Revenue from Financial Intermediation	893.0	950.0	885.8	-6.0%	0.8%
Lending Operations	999.8	1,035.1	952.2	-3.4%	5.0%
Leasing Operations	10.5	13.7	17.7	-23.4%	-40.8%
Commissions due to credit assignments	(38.2)	(66.1)	(73.2)	42.2%	47.8%
Expenses for credit assignments	(94.5)	(150.0)	(46.9)	37.0%	-101.7%
Securities transactions	56.5	71.7	124.7	-21.2%	-54.7%
Derivative transactions	(41.1)	18.9	(103.3)	-317.0%	60.2%
Foreign exchange transactions	0.1	26.7	14.6	-99.8%	-99.6%
Expenses on Financial Intermediation	(621.2)	(690.8)	(497.3)	10.1%	-24.9%
Funding Operations and Derivatives Transactions	(386.2)	(415.8)	(181.6)	7.1%	-112.6%
Loan Operations	1.0	(29.2)	(7.9)	103.5%	113.0%
Allowance for Loan Losses	(236.0)	(245.8)	(307.7)	4.0%	23.3%
Gross Profit from Financial Intermediation	271.8	259.1	388.5	4.9%	-30.0%
Other Operating Revenues (Expenses)	(390.9)	(406.5)	(321.7)	3.8%	-21.5%
Income from Operations	(119.1)	(147.3)	66.8	19.2%	-278.3%
Non Operating Expenses	(14.4)	(4.3)	(8.7)	-233.4%	-65.7%
Income and Social Contribution Taxes	(3.5)	37.6	(57.8)	-109.4%	93.9%
Deferred tax credits and Others	58.3	(68.9)	38.7	184.7%	50.8%
Net Income	(78.6)	(182.9)	39.0	57.0%	-301.6%

Loan Portfolio - Asset Origination

Quarterly Asset Origination¹ (BRL Million)



Average Monthly Origination¹ – By Product (BRL Million)

Products	1Q14		4Q13		1Q13		Δ 1Q14/ 4Q13	Δ 1Q14/ 1Q13
	Production	Part.	Production	Part.	Production	Part.		
Vehicles and Leasing	520,0	42,0%	595,4	42,4%	520,1	0,5	-12,7%	0,0%
Payroll-Deductible	350,4	28,3%	320,7	24,4%	193,1	0,2	9,2%	81,4%
Corporate	257,1	20,8%	289,3	22,1%	262,4	0,3	-11,1%	-2,0%
Real Estate	67,9	5,5%	103,5	7,9%	58,9	0,1	-34,3%	15,4%
Consumer Loan and Financing	41,8	3,4%	44,6	3,2%	47,2	0,0	-6,3%	-11,6%
Total	1.237,1	100,0%	1.353,4	100,0%	1.081,7	100%	-8,6%	14,4%

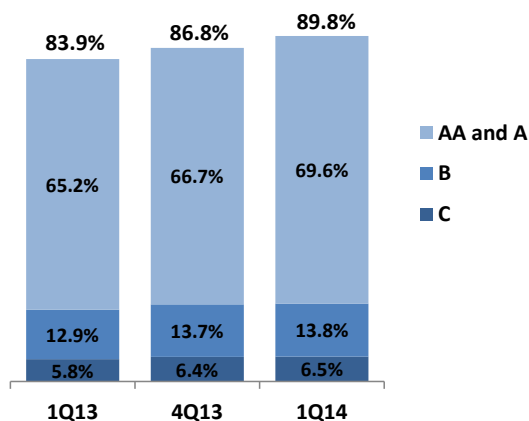
¹From the 1st quarter of 2014, the credit asset origination shall be considered as the total amount financed.

Credit Portfolio

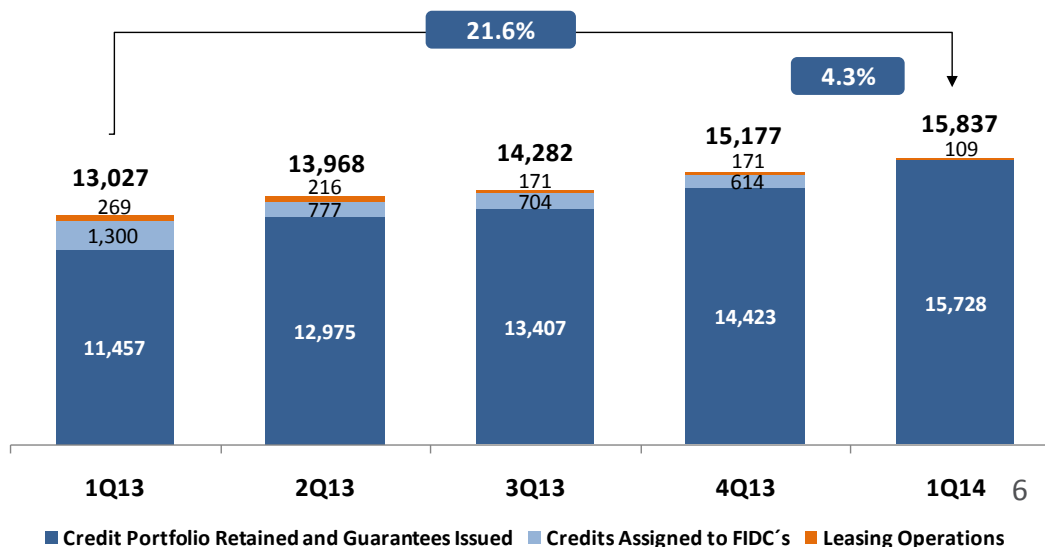
Expanded Credit Portfolio “on balance sheet” (BRL Million)

Type of Loans (BRL Million)	1Q14	Part. %	4Q13	Part. %	1Q13	Part. %	Δ 1Q14 / 4Q13	Δ 1Q14 / 1Q13
Consumer Lending Operations (Vehicle Financing)	8,342.2	52.7%	8,135.8	53.6%	8,158.7	58.3%	2.5%	2.2%
Corporate	3,342.9	21.1%	3,249.0	21.4%	2,643.8	18.9%	2.9%	26.4%
Payroll Deduction Loans	2,187.5	13.8%	1,730.5	11.4%	1,545.4	11.0%	26.4%	41.6%
Real Estate	602.2	3.8%	648.3	4.3%	464.2	3.3%	-7.1%	29.7%
Credit Cards	583.5	3.7%	573.6	3.8%	281.1	2.0%	1.7%	107.6%
Amounts with Credit Characteristics Receivable	527.7	3.3%	560.1	3.7%	488.9	3.5%	-5.8%	7.9%
Leasing Operations	108.6	0.7%	139.2	0.9%	269.1	1.9%	-22.0%	-59.7%
Consumer Loans	86.3	0.5%	93.1	0.6%	91.8	0.7%	-7.3%	-6.0%
Renegotiations	34.8	0.2%	27.7	0.2%	29.7	0.2%	25.5%	17.0%
Guarantees Issued	20.4	0.1%	18.5	0.1%	21.1	0.2%	10.2%	-3.6%
Others	0.8	0.0%	0.8	0.0%	5.7	0.0%	-0.6%	-85.4%
Total Expanded Credit Portfolio	15,836.9	100%	15,176.7	100%	13,999.5	100.0%	4.3%	13.1%

Portfolio Quality ¹



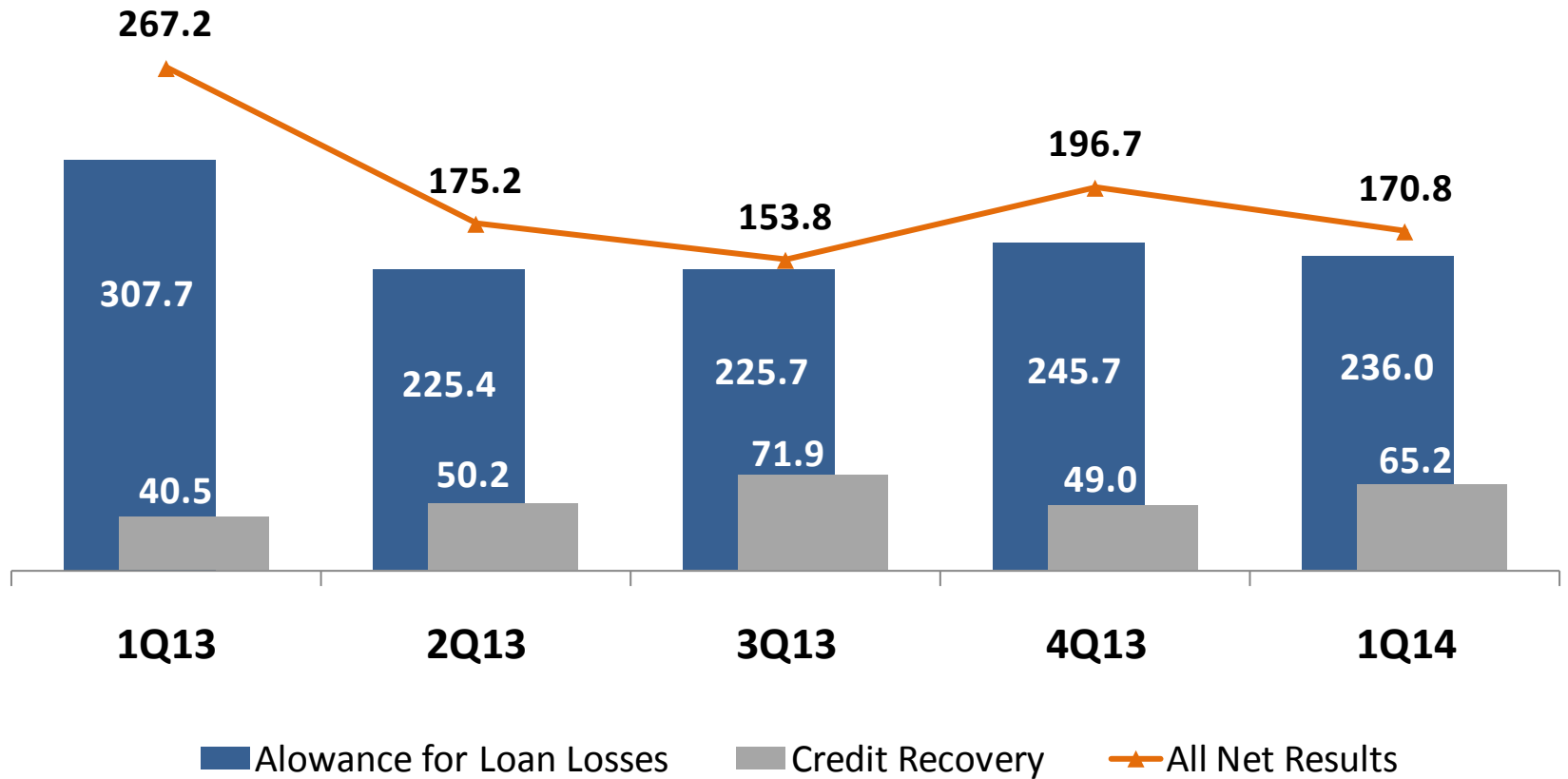
Credit Portfolio with Retained Result (BRL Million)



¹ % Credits classified from AA to C (Resolution 2,682 from CMN)

Allowance for Loan Losses and Credit Recovery

Allowance for Loan Losses and Credit Recovery (BRL Million)

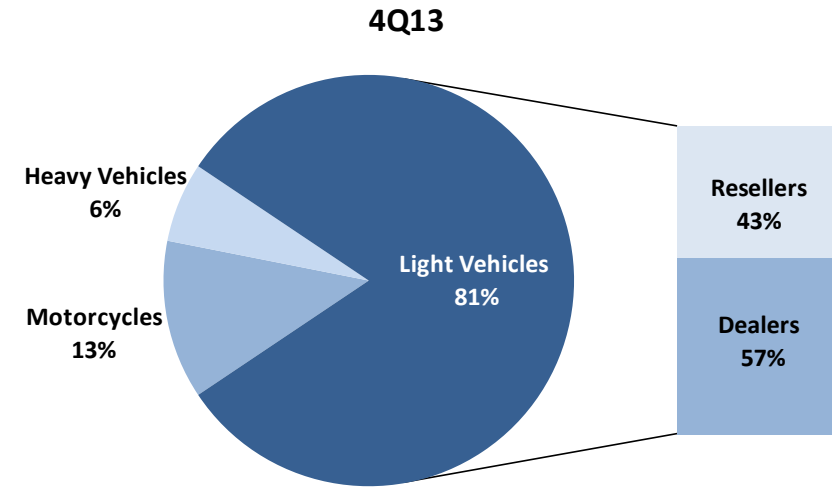
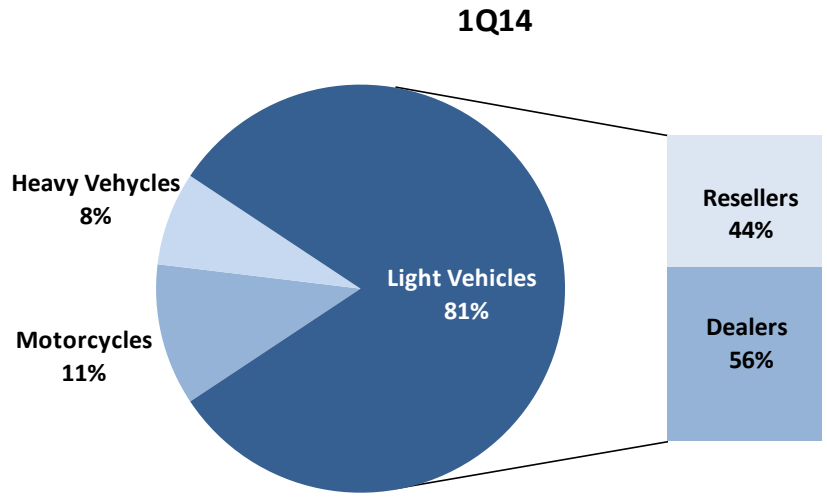


Costs and Expenses

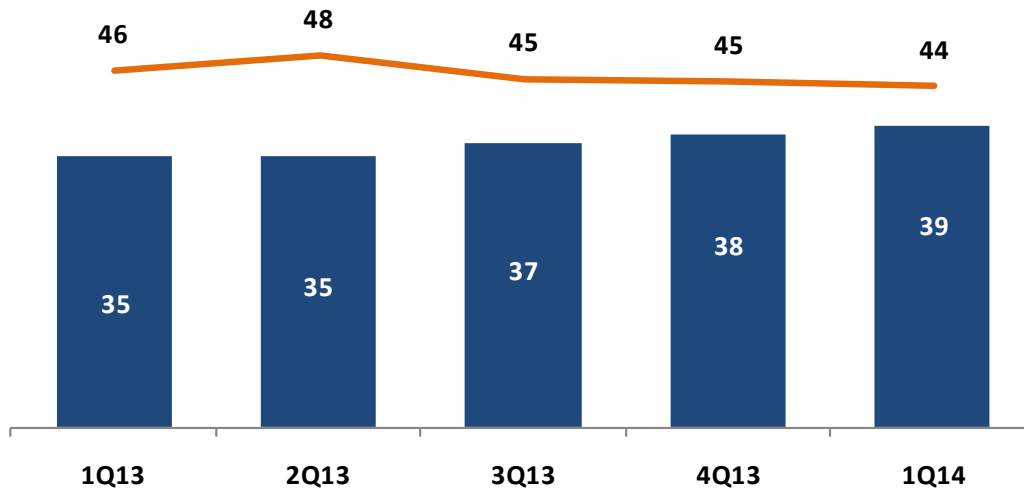
G&A (BRL thousand)	1Q14	4Q13	1Q13	Δ 1Q14 / 4Q13	Δ 1Q14 / 1Q13
Personnel expenses	112,592	117,095	99,216	-3.8%	13.5%
Other administrative expenses	231,825	244,642	218,419	-5.2%	6.1%
Tax expenses	49,837	55,035	52,334	-9.4%	-4.8%
Total	394,254	416,772	369,969	-5.4%	6.6%

Asset Origination - Vehicle

% Share in New Financing (Vehicles)



Loan Average Term and Down Payment



Spread Out Origination

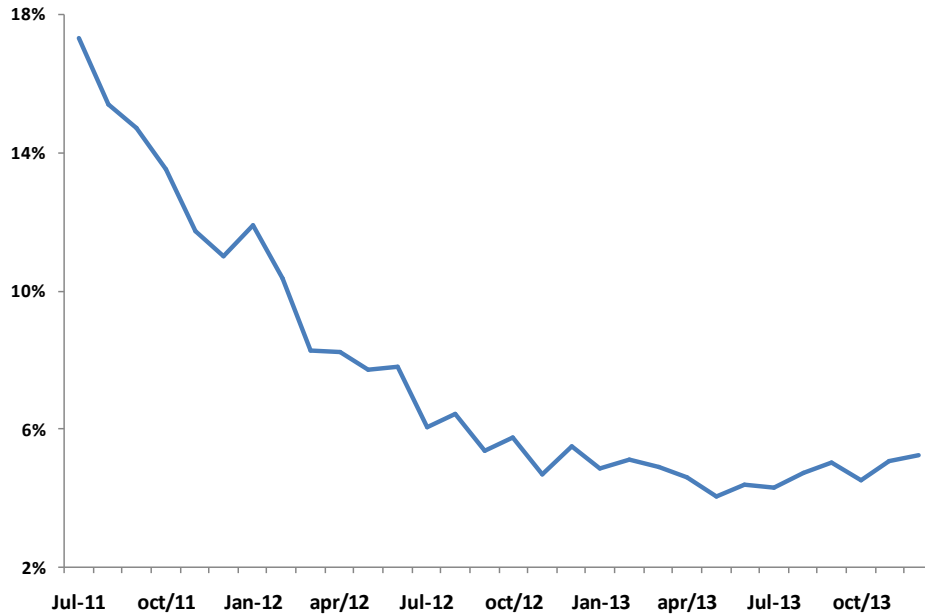
% origination by group*	Mar/14
Largest group	2.46%
2 nd largest group	2.26%
3 rd largest group	1.46%
10 largest groups	13.43%
50 largest groups	28.41%

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

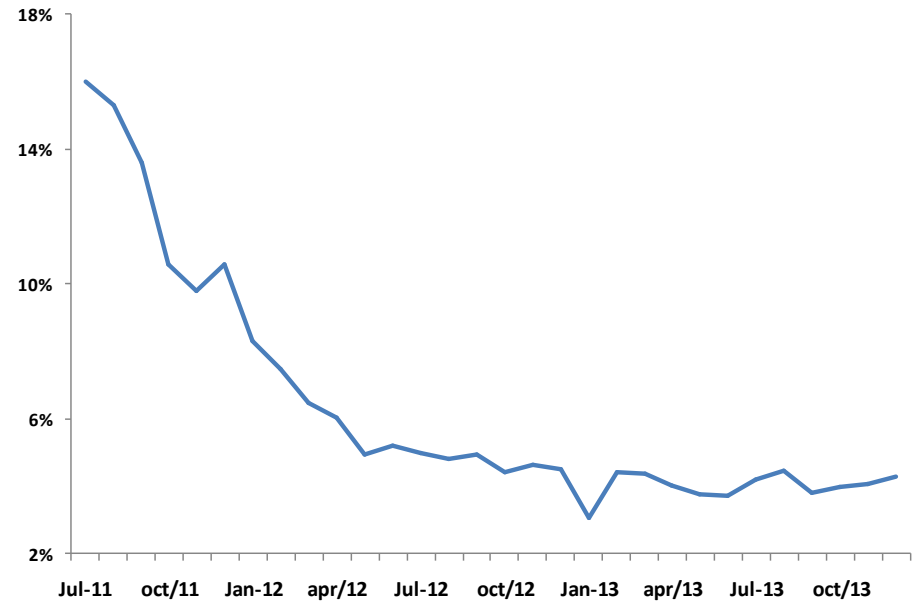
Asset Origination - Vehicle

Delinquency per Vintage (Vehicles)

Delinquency per Vintage - Motorcycles*



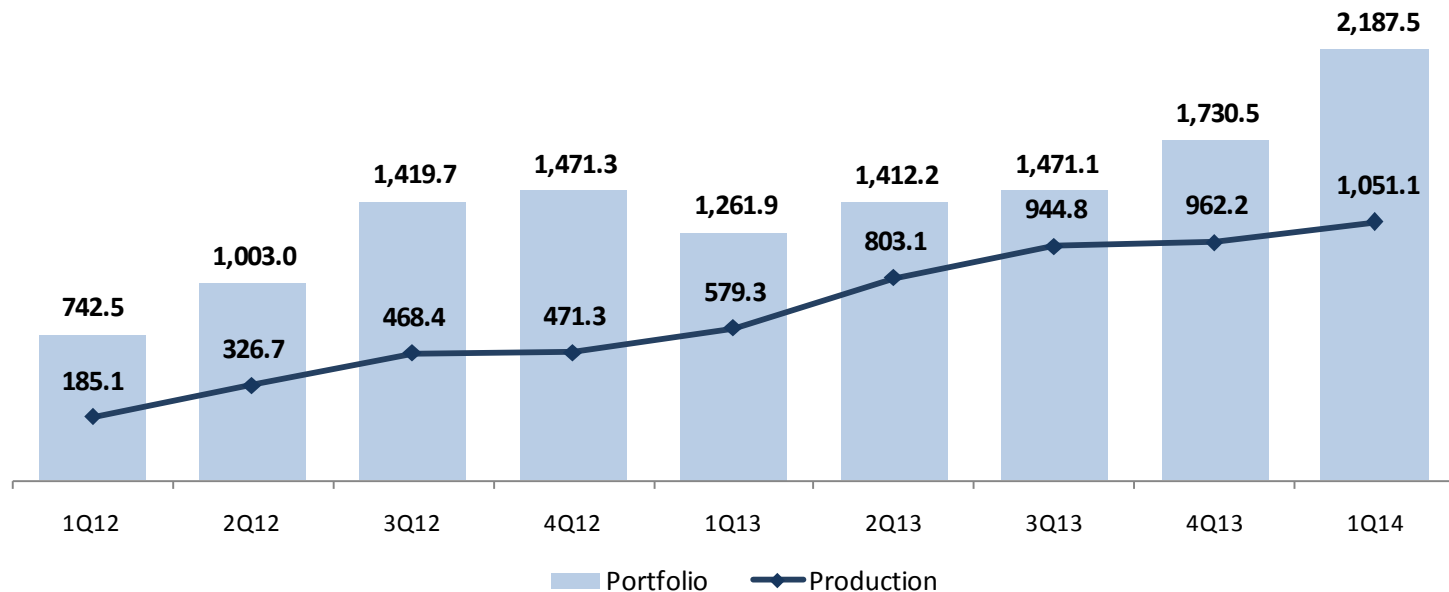
Delinquency per Vintage - Light Vehicles*



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

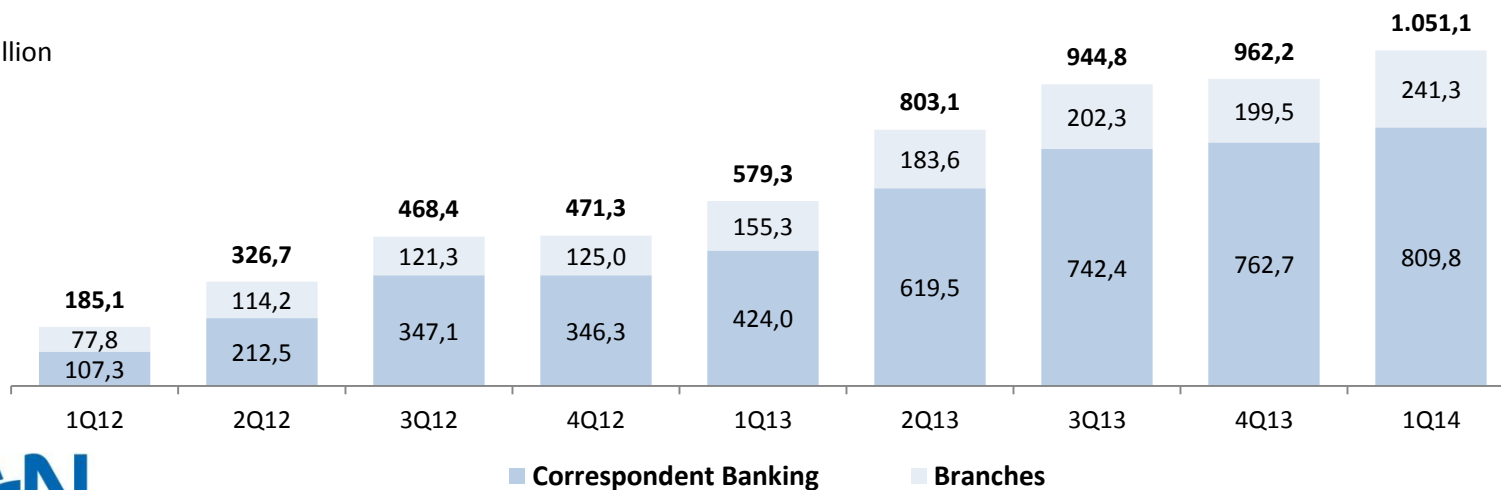
Payroll Deduction Loans

BRL Million



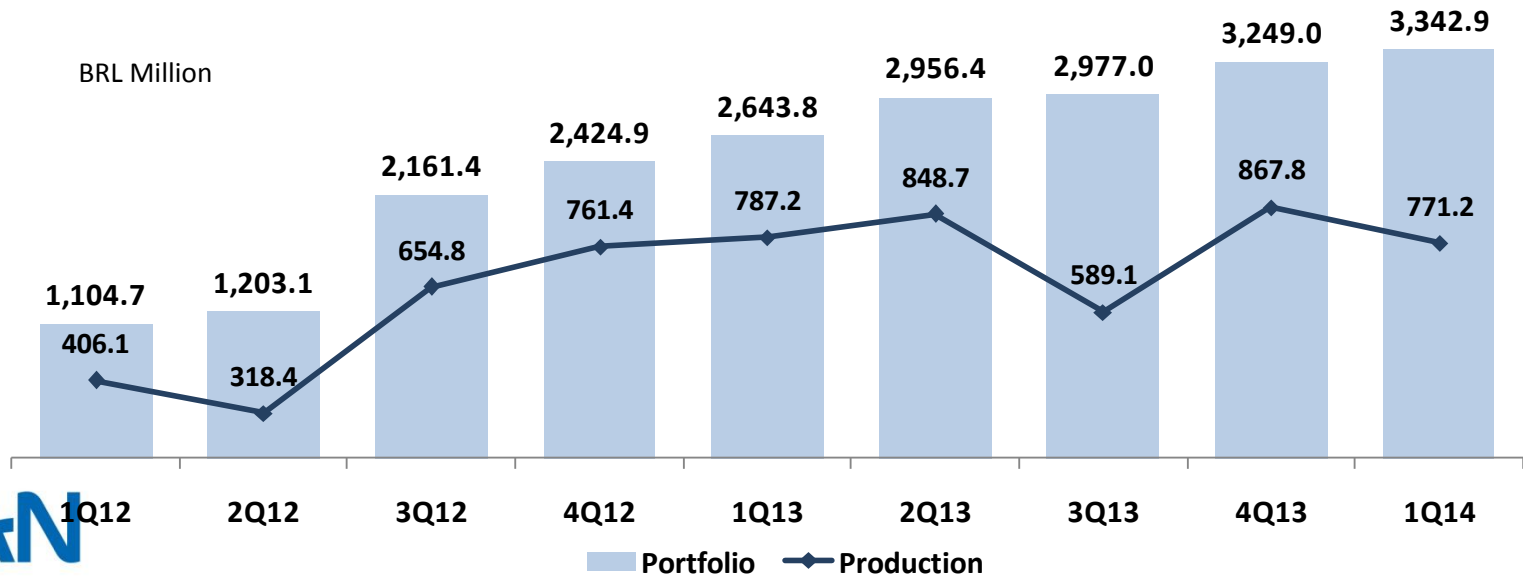
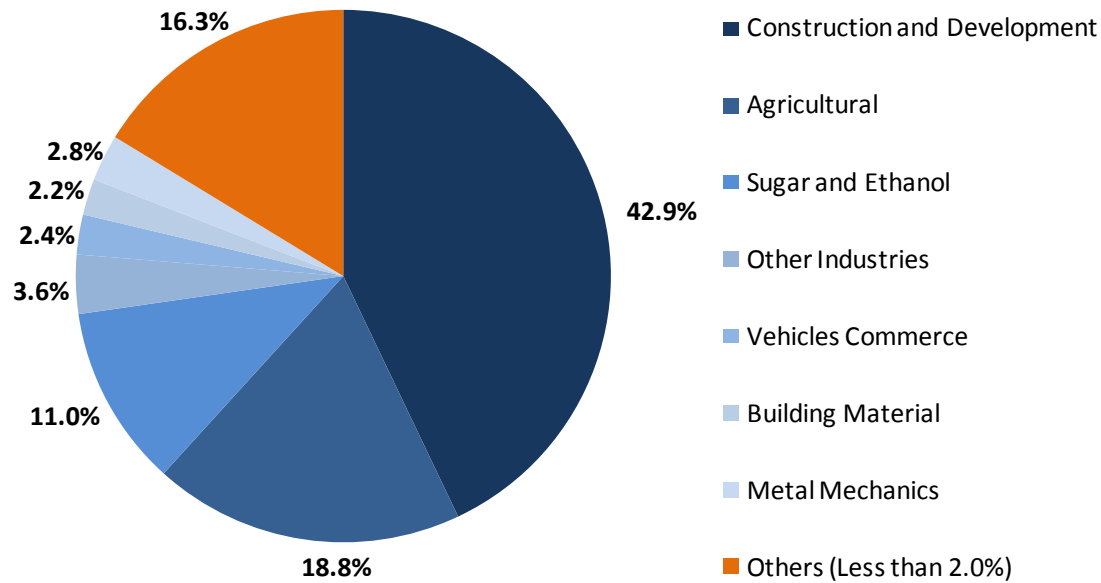
Origination by Sales Channel

BRL Million



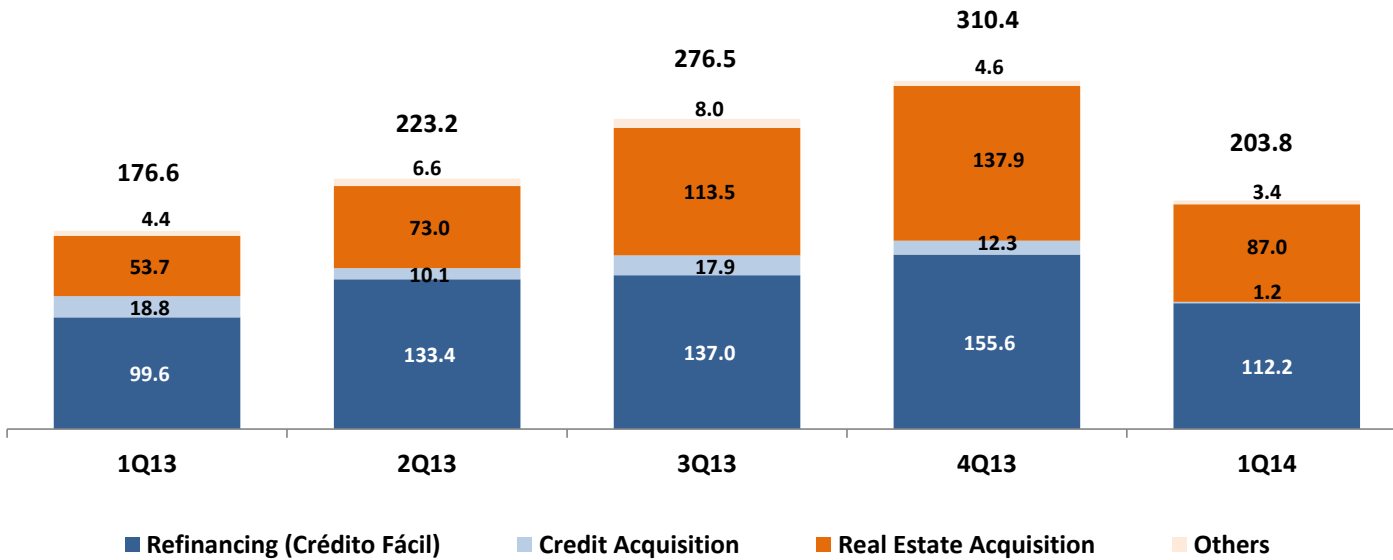
Corporate Loans

Corporate Loan Portfolio by Industry

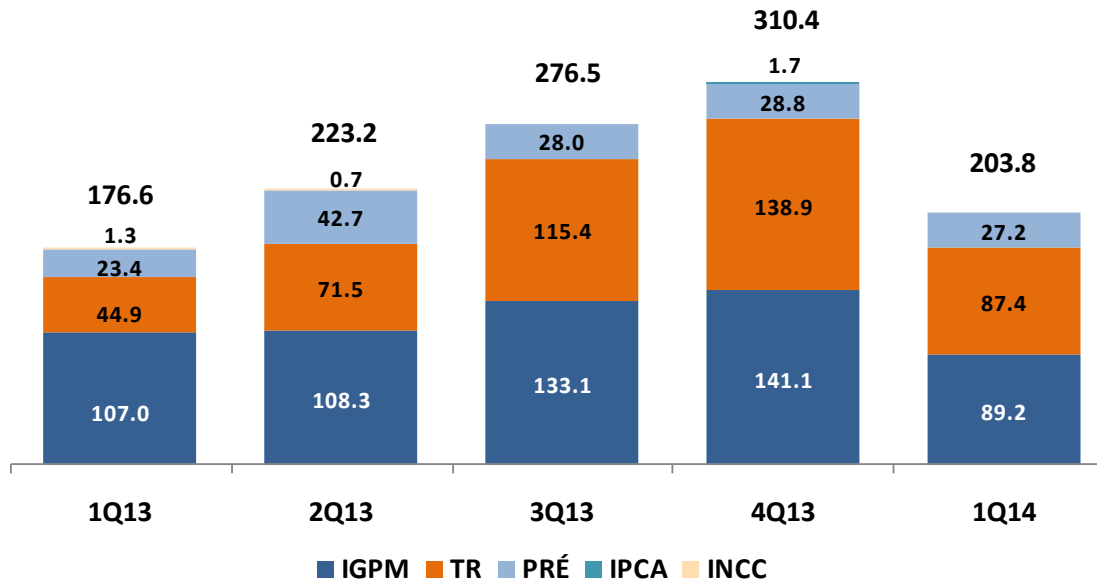


Origination – Real Estate

Origination by Product (BRL Million)

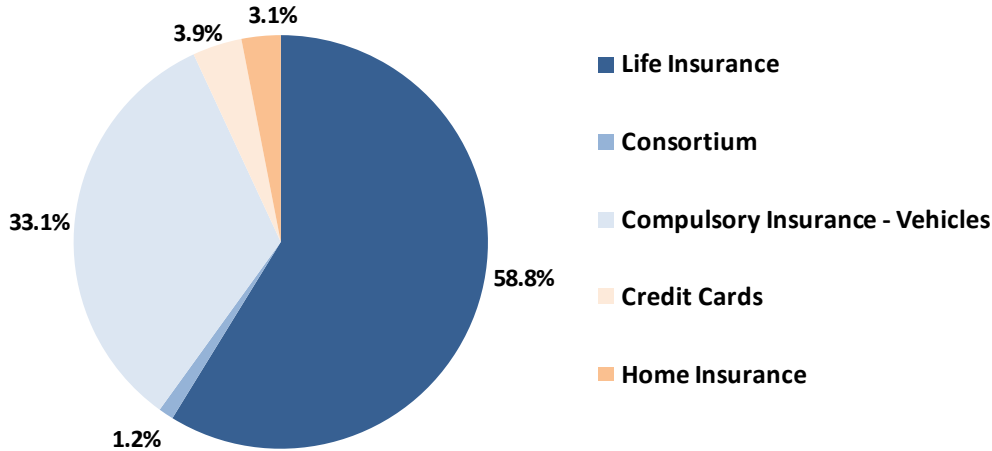


Origination by Index (BRL Million)

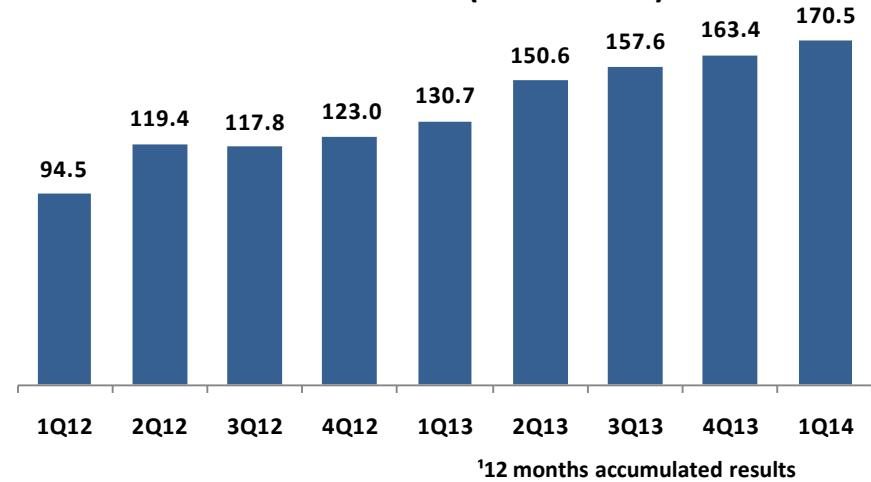


Insurance

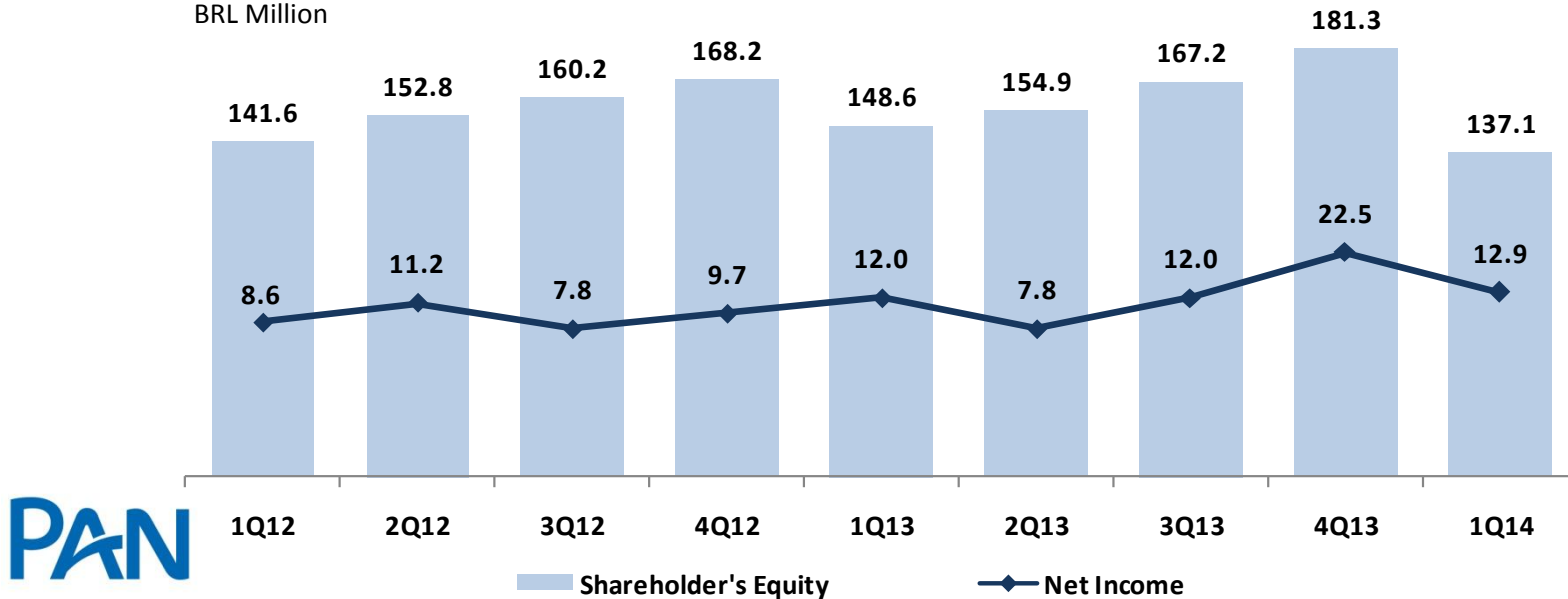
Insurance Premiums by Product



Insurance Premiums (BRL Million)¹



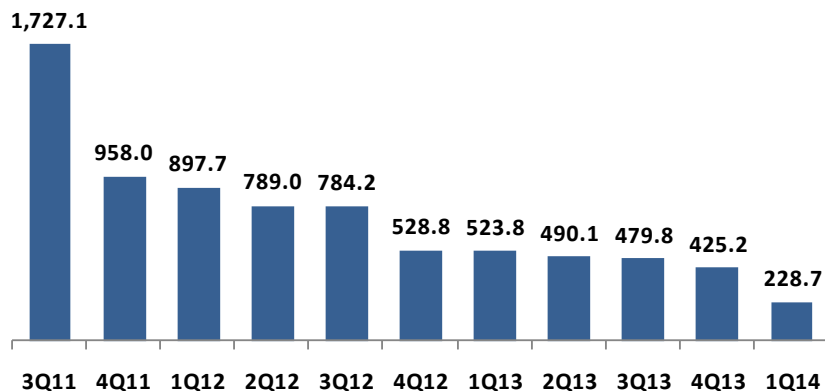
BRL Million



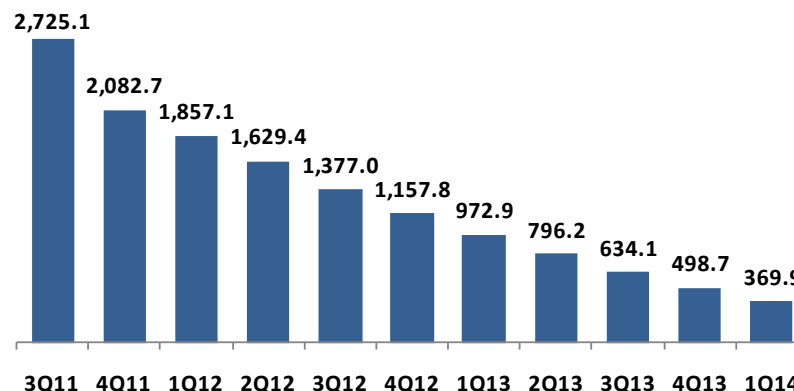
Funding

Funding Sources (BRL Million)	1Q14	Part. %	4Q13	Part. %	1Q13	Part. %	Δ 1Q14 / 4Q13	Δ 1Q14 / 1Q13
Interbank Deposits	7,189.3	39.3%	6,404.4	36.2%	4,203.7	28.1%	12.3%	71.0%
Time Deposits	2,511.9	13.7%	2,682.9	15.2%	2,315.7	15.5%	-6.4%	8.5%
-CDB	2,283.2	12.5%	2,257.7	12.8%	1,791.9	12.0%	1.1%	27.4%
-DPGE	228.7	1.2%	425.2	2.4%	523.8	3.5%	-46.2%	-56.3%
Banknotes	2,549.4	13.9%	2,345.1	13.3%	1,599.3	10.7%	8.7%	59.4%
-Subordinated	121.6	0.7%	117.3	0.7%	10.7	0.1%	3.6%	1031.2%
-Senior	2,427.8	13.3%	2,227.8	12.6%	1,588.6	10.6%	9.0%	52.8%
Letters of credit Real Estate and Agribusiness	2,314.7	12.7%	2,196.1	12.4%	1,760.0	11.8%	5.4%	31.5%
Committed	838.5	4.6%	1,087.0	6.1%	1,321.0	8.8%	-22.9%	-36.5%
Bonds	1,892.3	10.3%	1,931.2	10.9%	1,725.1	11.5%	-2.0%	9.7%
-Subordinated	1,233.0	6.7%	1,243.3	7.0%	1,140.5	7.6%	-0.8%	8.1%
-Senior	659.3	3.6%	687.9	3.9%	584.7	3.9%	-4.2%	12.8%
Loans	447.5	2.4%	339.8	1.9%	451.1	3.0%	31.7%	-0.8%
-Country	101.4	0.6%	101.4	0.6%	138.3	0.9%	0.0%	-26.7%
-International	346.1	1.9%	238.4	1.3%	312.8	2.1%	45.2%	10.6%
Credit Assignments to other Financial Institutions	369.9	2.0%	498.7	2.8%	972.9	6.5%	-25.8%	-62.0%
Other	183.6	1.0%	193.5	1.1%	614.3	4.1%	-5.1%	-70.1%
Total	18,297.1	100.0%	17,678.7	100.0%	14,963.2	100.0%	3.5%	22.3%

DPGE (BRL Million)



Credit Portfolio Assigned with Recourse (BRL Million)



Basel Ratio and Operating Margin

Basel Ratio and Operating Margin (BRL Million)

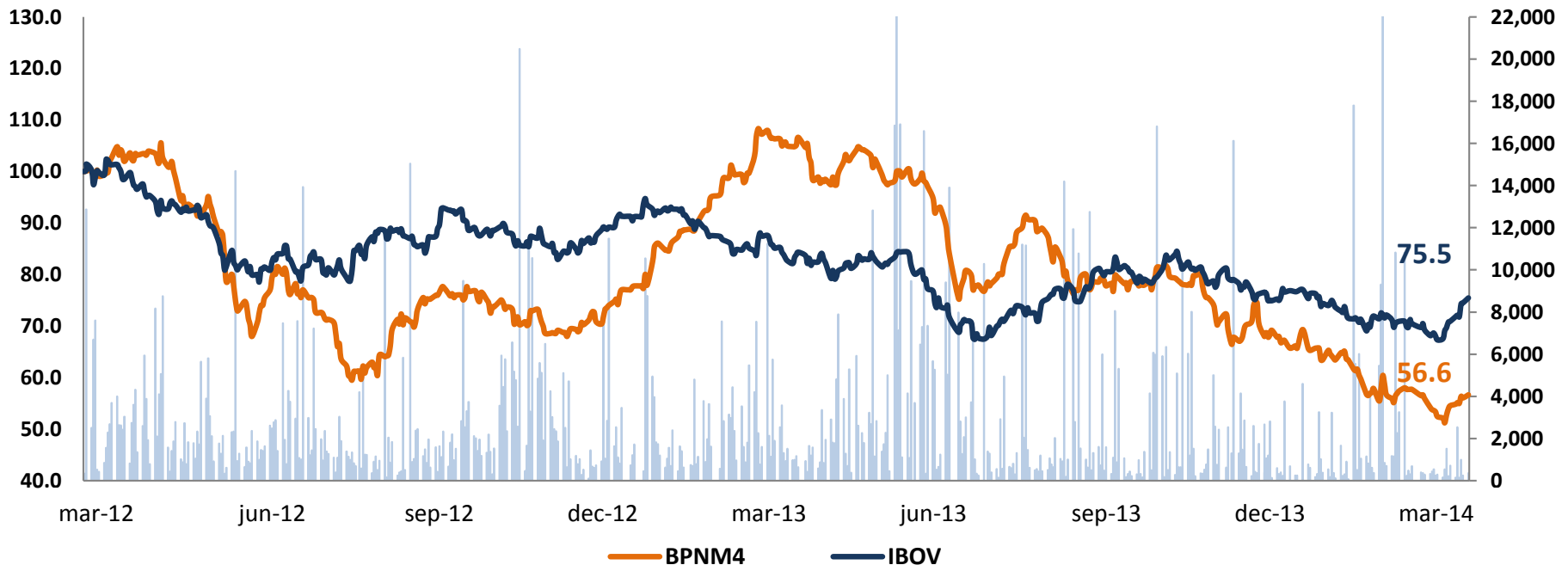
	1Q14	4Q13	1Q13
Capital Adequacy (BRL Million)	Financial	Financial	Financial
1. Adjusted Reference Shareholders' Equity	2,302.1	2,572.5	2,387.5
1.1 Reference Shareholders' Equity (PR)	2,302.1	2,572.5	2,413.9
Tier I	1,236.7	1,497.3	1,610.6
Tier II	1,065.4	1,075.2	803.3
2. Required Reference Shareholders' Equity	2,101.3	2,106.1	1,835.6
Risk Weighted Assets - PEPR	1,894.9	1,881.5	1,570.9
Exchange Variation Risk - PCAM	2.10	23.01	-
Interest (pre-fixed) - PJUR1	25.8	33.5	50.2
Interest (inflation) - PJUR3	-	0.3	-
Interest (interest) - PJUR4	-	-	-
Operational Risk - POPR	178.5	167.8	214.5
Shares Price Fluctuation - PACS	-	-	-
Basel Ratio (1 / (2 / 0,11))	12.05%	13.44%	14.31%
3. Banking Positioning Risk - RBAN	68.6	198.9	6.1
Operating Margin (1 - 2 - 3)	132.2	267.6	545.8

Stock Performance

- Total volume of BRL 106.5 million traded in the 1Q14, for a daily average of BRL 1.7 million, 47.1% lower than the daily average in the previous quarter.
- On March, 31st, 2014 Pan had a Market Value of BRL 2.0 million.
- In the 1Q14, Banco Pan's stocks depreciated 13.8%, starting the quarter quoted at BRL 4.35 and ending at BRL 3.75. In the same period, the Bovespa Index (IBOV) appreciated by 0.15%.

Data Base 100 = 03/01/2012

Financial Volume (BRL thousand)



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