



**Investor
Presentation
4Q19**

DISCLAIMER

This presentation may include statements representing Banco PAN's expectations about future events or results. These statements are based upon projections and analyses which reflects views and/or expectations of the Management with regards to its performance and the future of its business.

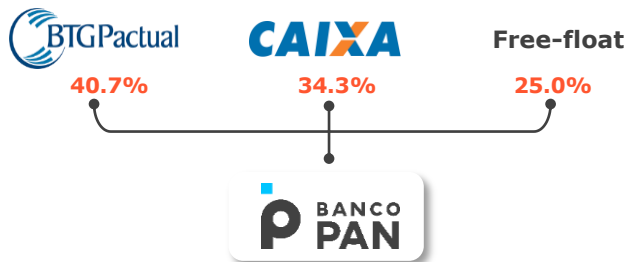
Risks and uncertainties related to the bank's businesses, to the competitive and market environment, to the macro economical conditions and other factors described in "Risk Factors" in the Reference Form, reported to the Comissão de Valores Mobiliários (CVM), may cause effective results to differ materially from such plans, objectives, expectations, projections and intentions.



01. Corporate Overview

Sponsorship
from **Strong Shareholders**

Corporate Structure



Board of Directors

CAIXA

Pedro Guimarães
(Vice Chairman)

Eduardo Dacache

Caio Megale*

BTGPactual

Amos Genish
(Chairman)

Sérgio Cutolo

Alexandre Camara

Roberto Sallouti

**Independent
Members**

Fábio Carvalho

Fábio Pinheiro

Marcelo Torresi

* Pending approval by Central Bank of Brazil

TEAM & RATINGS

EXECUTIVE TEAM

Skilled Senior Management

CARLOS EDUARDO GUIMARÃES – CEO

**ALEX SANDER
GONÇALVES**

CCO

DIOGO CIUFFO

Director of Digital Bank &
Means of Payment

MAURO DUTRA*

CFO & IRO

**DERMEVAL BICALHO
CARVALHO**

CRO, Compliance,
Ombudsman & Cyber
Security Officer

RATINGS

(long term)

FitchRatings

B+ | A (br)
Stable Outlook

**STANDARD
& POOR'S**

B+ | brAA -
Stable Outlook

Other areas:

Credit & Collection
Strategic Information
Legal Office
Operations & IT
Marketing, HR & Partnerships

* Pending approval by Central Bank of Brazil

What Makes Banco PAN Unique...

1

Long track-record in credit for the low-income individuals in Brazil, with strong position in its core markets

2

Sizable Client Base with 4.9mm managed clients and organic flow of new clients

3

R\$23.8 Bn Credit Portfolio and 24.6% p.y. Adjusted (unaudited) Return on Equity on 4Q19

4

Ongoing digitalization process and strong competitive advantages in a large addressable market with potential for transformation

5

Full Digital Bank to boost future growth with low execution risk to monetize

6

Capital and Funding

PAN at
a Glance

TARGET AUDIENCE

Low- income
individuals



4.9 million managed clients

~500k credit requests per month

~115k new clients per month



Payroll

Loans and Credit Cards:

- Public employees,
- INSS Pensioners and retirees



Vehicles and motorcycles loans

- Used vehicles: mainly 4 to 8 years of usage
- New motorcycles



+600

brokers originating
payroll-loans



+11.5 thousand

multi-brand &
single-brand dealers



60

points of service



Credit Card

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

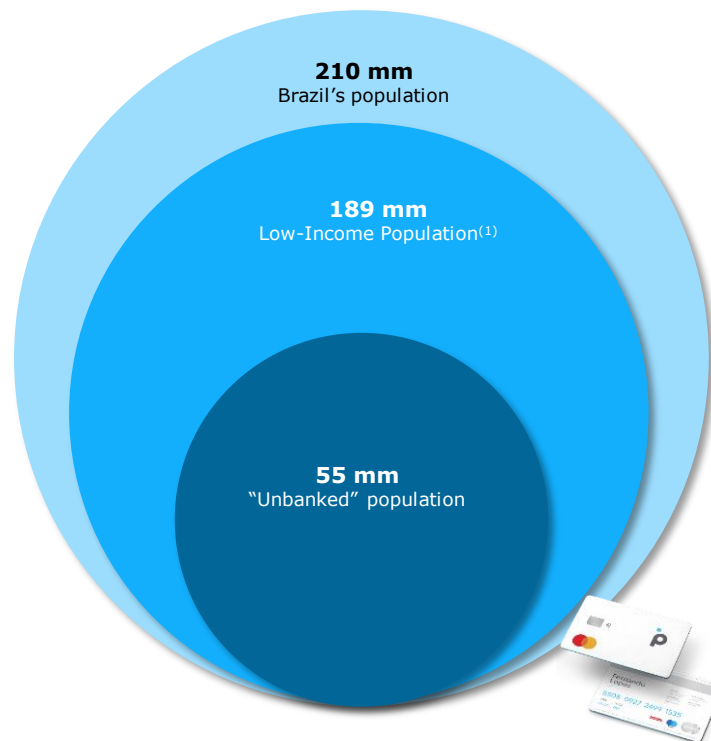
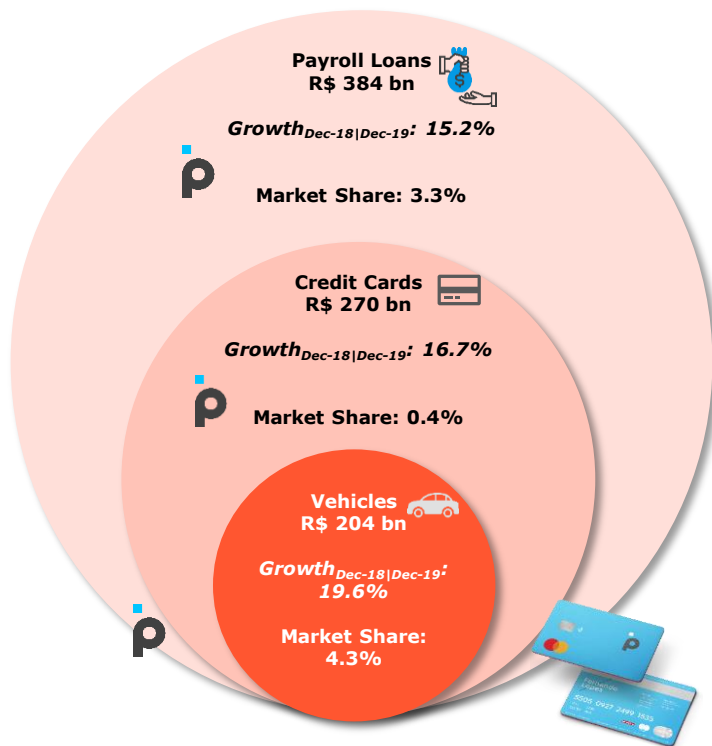


Insurance

Fee business over insurance premiums originated in vehicle finance, payroll loans and credit cards

Total of R\$164 billion consumer credit origination since 2011

Brazil: a Large and Growing Addressable Market



Source: IBGE and Brazilian Central Bank

Note: (1) Considers population with monthly income below R\$5.0 thousand per month / family or 5 minimum wages (R\$ 5,214 per month)



03. Full Digital Bank

FULL

DIGITAL BANK



- Transparency
- Customized credit
- Suitable rates & limits
- Assertive use of data

Available on
app stores:

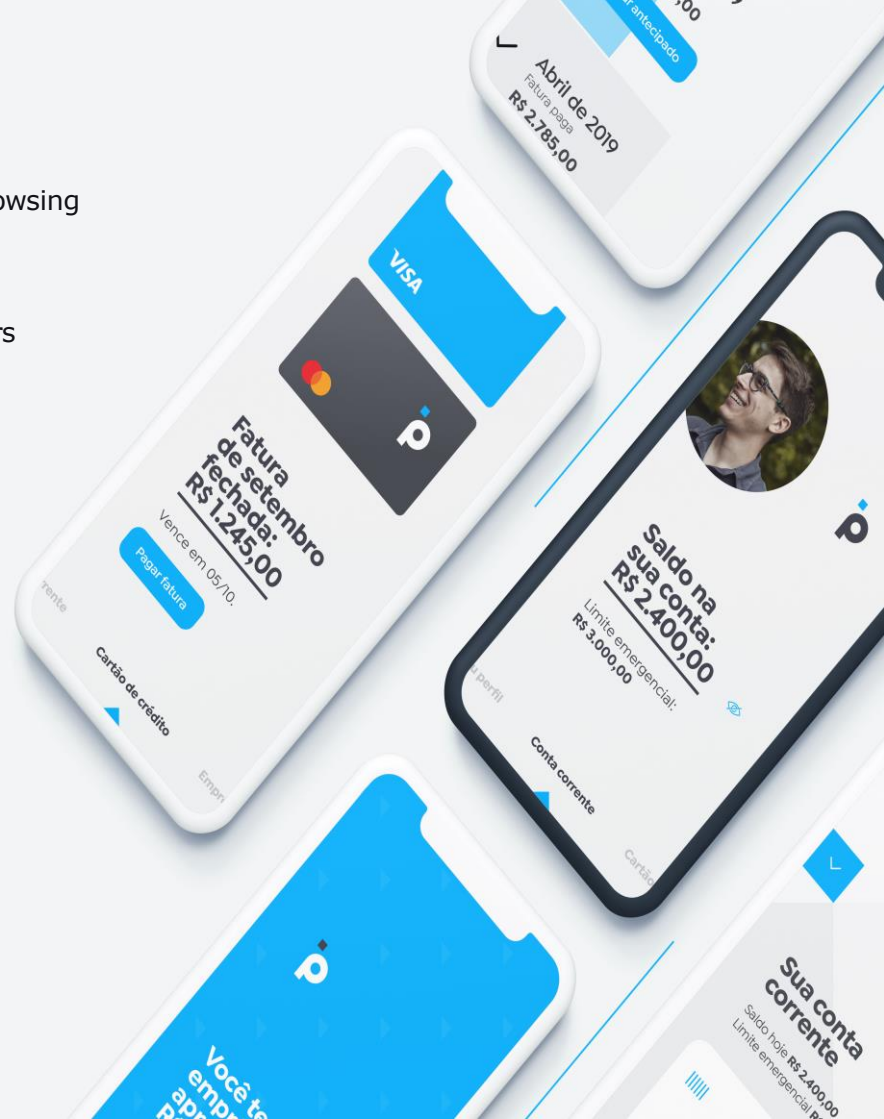


- Full Digital Account
- Money Transfers & Transactions Scheduling
- Payments
- Cash in
- Emergency limit
- Personal Loans
- Multiple Card
- Chat service
- Sponsored Browsing
- No fee
- Unique design
- Exclusive offers

**We are focused
on low-income
individuals.**

Coming Soon:

- New credit products
- Insurances
- Simple options of investments
- Financial education
- Other services





03. Operational & Financial Highlights

HIGHLIGHTS

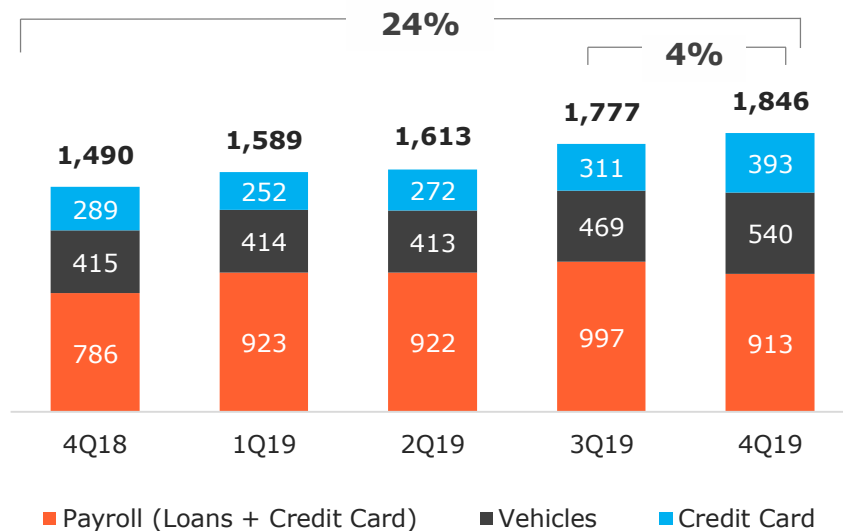
- **Credit Portfolio of R\$23.8 billion** in 2019 (+16% in 12 months, +20% on 'core' portfolio);
- **Monthly average retail origination of R\$1,846 million** in 4Q19 (+4% over 3Q19 and +24% in 12 months);
- **4.9 million clients** in 2019, versus 4.3 million in 2018;
- **Managerial Net Interest Margin of 19.9% p.y.** in 4Q19 (18.4% p.y. in 3Q19 and 15.6% p.y. in 4Q18);
- **Net Income of R\$167.6 million** in 4Q19 (+25% over 3Q19 and +128% in 12 months);
- **Accumulated Net Income of R\$515.9 million** in 2019 (+133% in 12 months | R\$ 221.5 million in 2018);
- **ROAE of 13.7% p.y.** in 4Q19 and **11.4% p.y.** in 2019 (5.8% in 2018);
- **Adjusted ROE (unaudited) of 24.6% p.y.** in 4Q19 and **22.5% p.y.** in 2019 (15.5% in 2018); and
- **Shareholders' Equity of R\$4.9 billion** and **Basel Ratio of 15.6%** (considering the Capital Increase approved on January, 2020).

RETAIL

CREDIT



Monthly average
R\$ MM



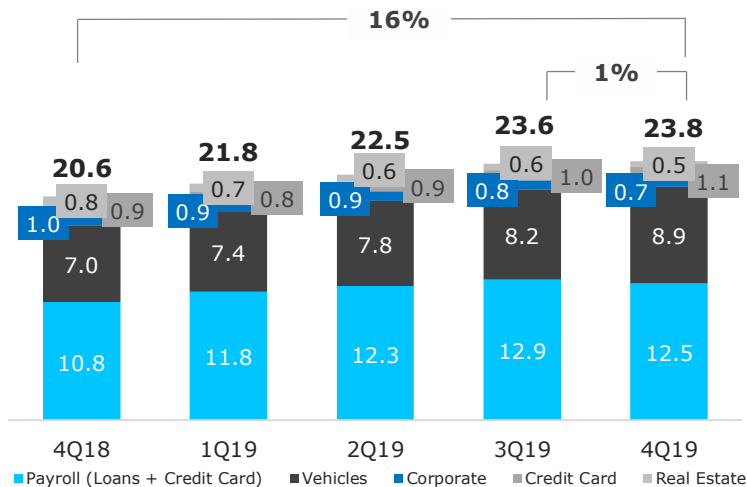
Credit PORTFOLIO



R\$ MM	4Q19	Part. %	3Q19	Part. %	4Q18	Part. %	Δ 4Q19/ 3Q19	Δ 4Q19/ 4Q18
Payroll Deductible (Loans + Credit Card)	12,506	53%	12,882	55%	10,824	52%	-3%	16%
Vehicles	8,854	37%	8,224	35%	6,980	33%	8%	27%
Credit Cards	1,087	5%	953	4%	877	4%	14%	24%
Corporate Loans	732	3%	811	4%	995	6%	-10%	-26%
Real Estate	496	2%	579	2%	802	4%	-14%	-38%
Others	110	-	101	-	97	1%	9%	14%
TOTAL	23,785	100%	23,550	100%	20,574	100%	1%	16%

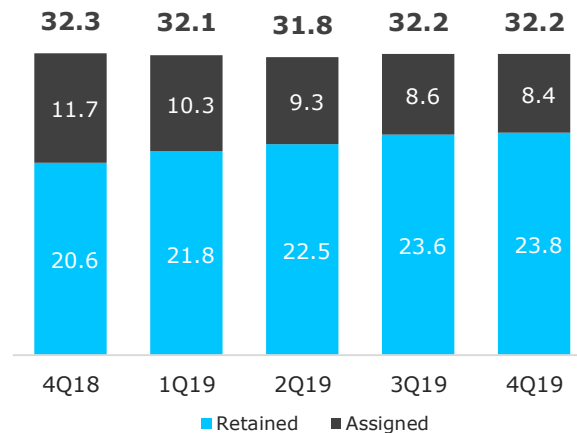
On Balance Portfolio

R\$ Bi



Originated Portfolio

R\$ Bi

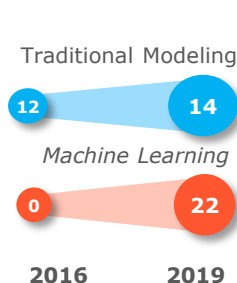


Machine Learning & Deep Learning Models

Unstructured Data

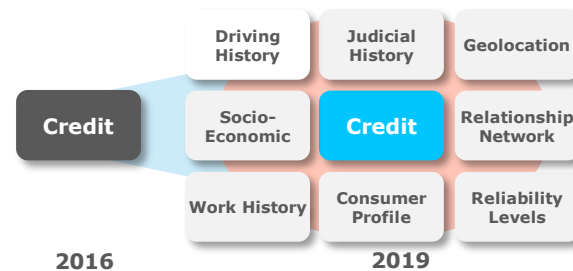
Intensive use of analytics

Increase in credit collection through digital channels



~300 variables

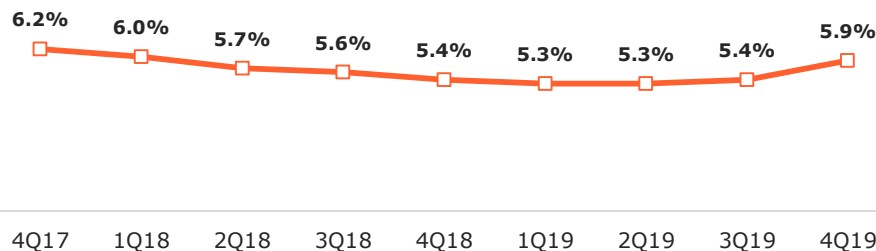
~1,100 variables



Retail Credit Portfolio

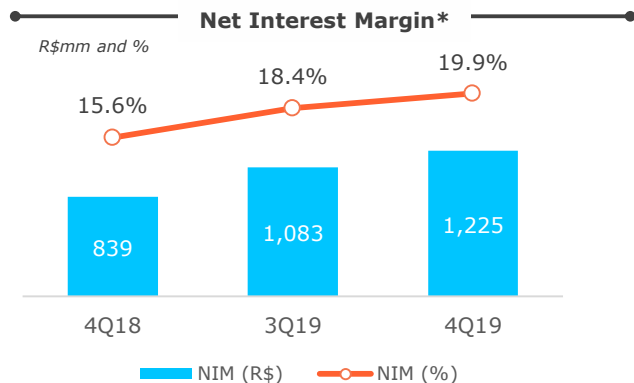
Credit Quality

90-day NPL Ratio

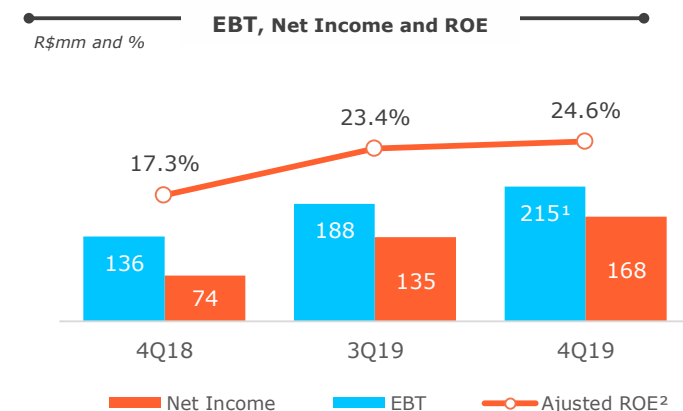
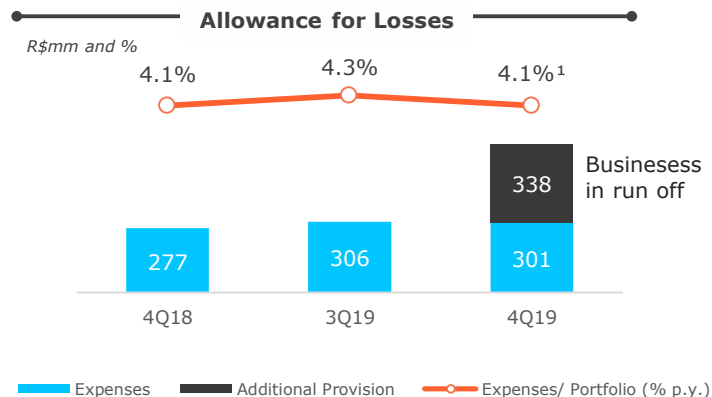
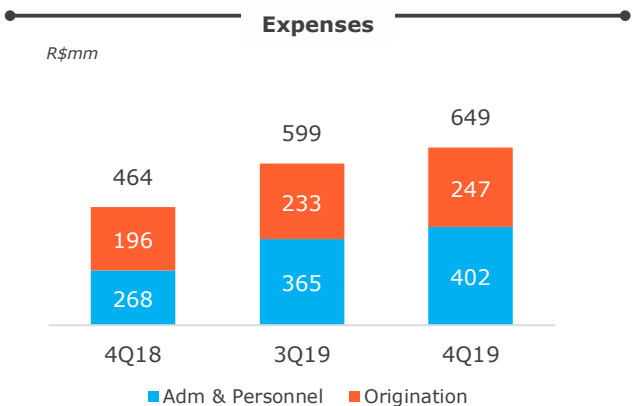


Main variations in 4Q19:

- + 0.2% payroll-deductible portfolio dynamics;
- + 0.2% change of mix (products/clients)



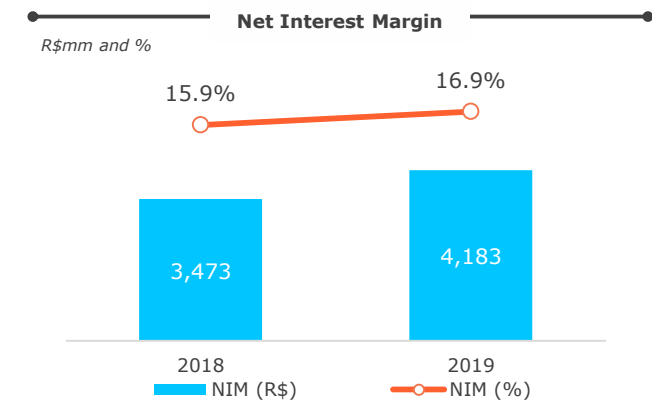
*NIM: Managerial Net Interest Margin



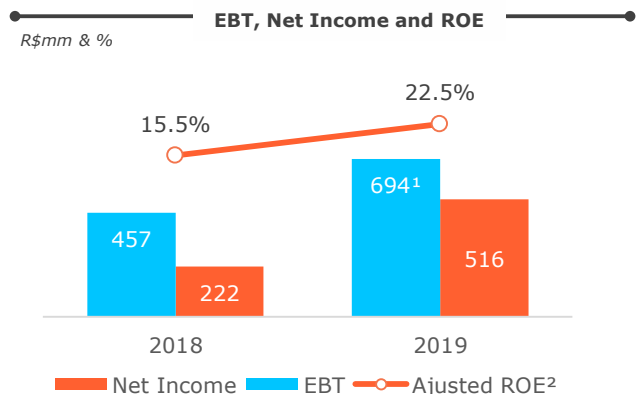
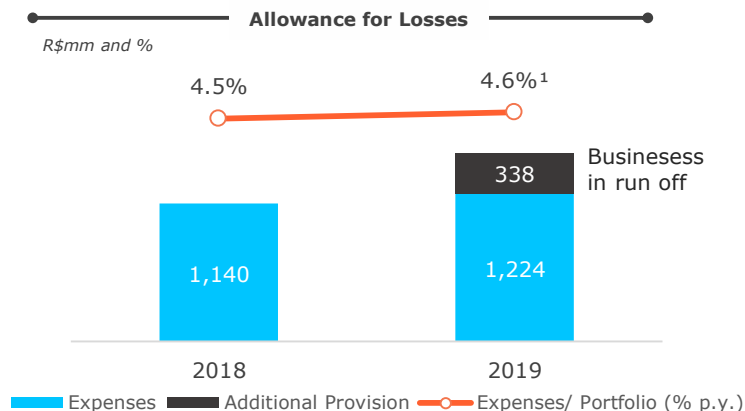
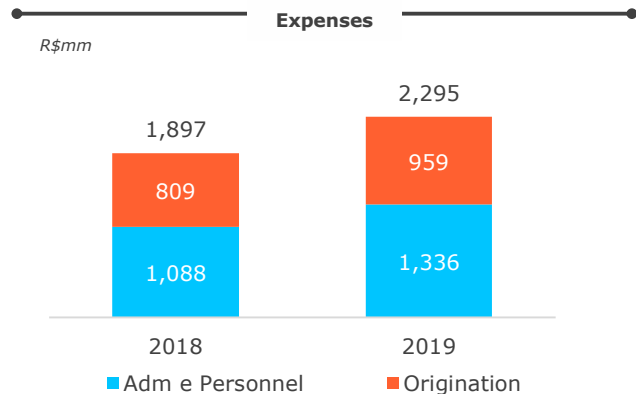
Note: (1) The ALL expenses/portfolio and EBT do not consider the additional provision made in 4Q19 due to the increase on "CSLL" tax rate (Constitutional Amendment n. 103/2019)

(2) Unaudited adjusted ROAE includes (i) excess of funding expenses (27% p.a. vs. 120% CDI), as an adjustment to the Net Income, and (ii) excess of DTA related to losses arising from the accounting inconsistencies found in 2010.

EARNINGS – 2019 vs 2018



*NIM: Managerial Net Interest Margin



Note: (1) The ALL expenses/portfolio and EBT do not consider the additional provision made in 4Q19 due to the increase on "CSLL" tax rate (Constitutional Amendment n. 103/2019)

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P&L Statement



R\$ MM	4Q19	3Q19	4Q18	2019	2018	Δ4Q19/ 3Q19	Δ4Q19/ 4Q18	Δ2019/ 2018
Interest Margin	1,225	1,083	839	4,183	3,473	13%	46%	20%
Interest Margin (%)	19.9%	18.4%	15.6%	16.9%	15.9%	1,5 p.p.	4,3 p.p.	1,0 p.p.
Credit Provisions ¹	(301)	(306)	(277)	(1,224)	(1,140)	1%	-9%	-7%
Gross Income from Finan. Intermed.¹	923	778	562	2,958	2,331	19%	64%	27%
Income from services	115	104	103	418	378	10%	11%	11%
Administrative and Personnel Expenses	(402)	(365)	(268)	(1,336)	(1,088)	-10%	-50%	-23%
Expenses with Comissions	(190)	(182)	(152)	(756)	(634)	-5%	-26%	-19%
Others expenses with origination	(56)	(52)	(44)	(203)	(175)	-9%	-26%	-16%
Tax Expenses	(74)	(60)	(45)	(223)	(172)	-23%	-66%	-29%
Others	(100)	(35)	(21)	(164)	(182)	-183%	-	10%
Income Before Tax¹	215	188	136	694	457	14%	58%	52%
Provision for Income Tax and Social Contribution	(57)	(53)	(62)	(188)	(235)	-7%	1%	20%
Net tax credit gain (CSLL)	196	-	-	196	-	-	-	-
Additional Provision (net of taxes)	(186)	-	-	(186)	-	-	-	-
Net Income	167.6	134.6	73.6	515.9	221.5	25%	128%	133%

Note: (1) Unaudited - do not consider the additional provision made in 4Q19 due to the increase on "CSLL" tax rate (Constitutional Amendment n. 103/2019)

ROAE

ROAE and Adjusted ROAE
(Unaudited)

R\$ MM	4Q19	3Q19	4Q18	2019	2018
Net Income (A)	167.6	134.6	73.6	515.9	221.5
Excess of Financial expenses (net of taxes)	59.6	58.4	45.0	221.5	161.9
Adjusted Net Income (B)	227.2	193.0	118.7	737.4	383.4
Average Shareholders' Equity (C)	4,878	4,529	4,072	4,511	3,826
Excess of DTA related to losses	1,189	1,266	1,328	1,238	1,347
Adjusted Average Shareholders' Equity (D)	3,689	3,263	2,743	3,273	2,479
ROAE (p.y.) – A/C	13.7%	11.9%	7.2%	11.4%	5.8%
ROAE Adjusted (p.y.) – B/D	24.6%	23.4%	17.3%	22.5%	15.5%

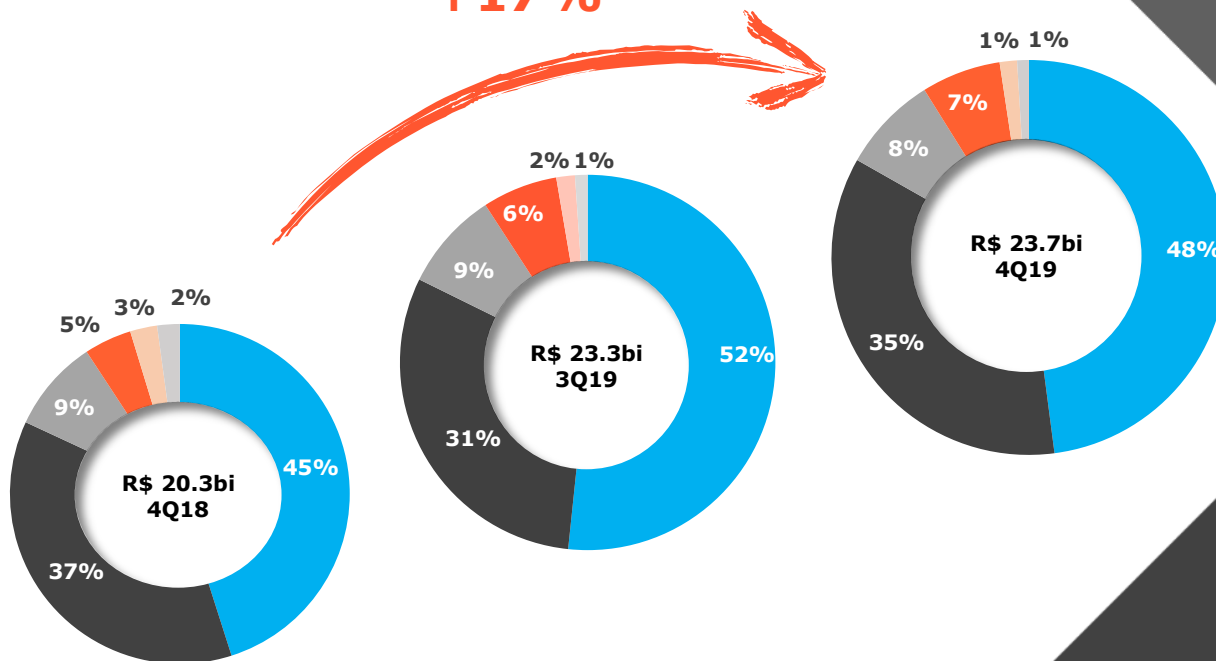
ROAE (unaudited) adjusted by two remaining legacies:

- (i) withdraw the excess of financial expenses from fixed rate time deposits issued between 2005 and 2008 (avg. maturity in 2023), compared to what PAN pays for the same term in the market; and
- (ii) exclusion of the excess of deferred tax assets related to losses arising from the accounting inconsistencies found in 2010.

Funding

✓ Strong increase and dispersion of funding over the last quarters

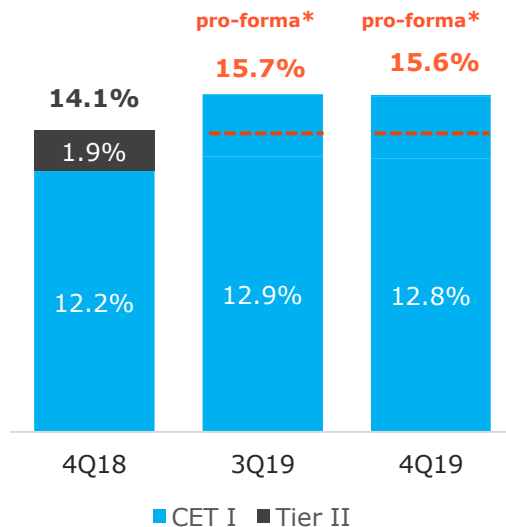
+17%



■ Time Deposits
 ■ Bonds
 ■ Real Estate & Agribusiness Letters of Credit
■ Interbank Deposits
 ■ Bank Notes
 ■ Others

BASEL

RATIO



R\$ MM	4Q18	3Q19	4Q19*
Reference Shareholders' Equity	2,632	2,465	3,081
CET I	2,274	2,465	3,073
Tier II	358	-	8
Required Reference Shareholders' Equity	1,963	2,013	2,073
RWA	18,694	19,175	19,745

* Basel Ratio considering the capital increase concluded on September, 2019, in the total amount of R\$522 mm, approved by the Central Bank of Brazil on January, 2020.



04. Business Lines

PAYROLL DEDUCTIBLE

LOANS AND CREDIT CARDS

Overview

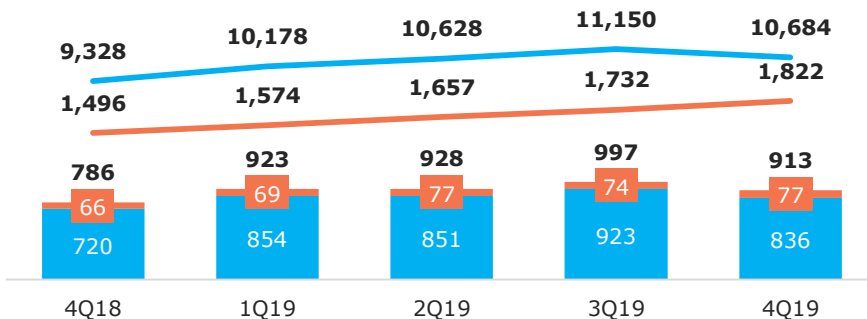
Exclusively for public sector employees, INSS (social security) retiree & pensioners

Average Ticket of **R\$5.2k**

Duration of **35 months**

Evolution of Portfolio & Monthly Avg. Origination

R\$ MM



	2018	2019
Federal	88%	88%
INSS – Social Security	62%	64%
SIAPE	16%	13%
Armed Forces	10%	11%
States	11%	10%
Municipalities	1%	1%
Total (R\$ MM)	10,052	11,283

12%

✓ +R\$ 2.0 bn of loans formalized digitally

■ Credit Card Origination ■ Loans Origination
— Loans Portfolio — Credit Card Portfolio

Overview

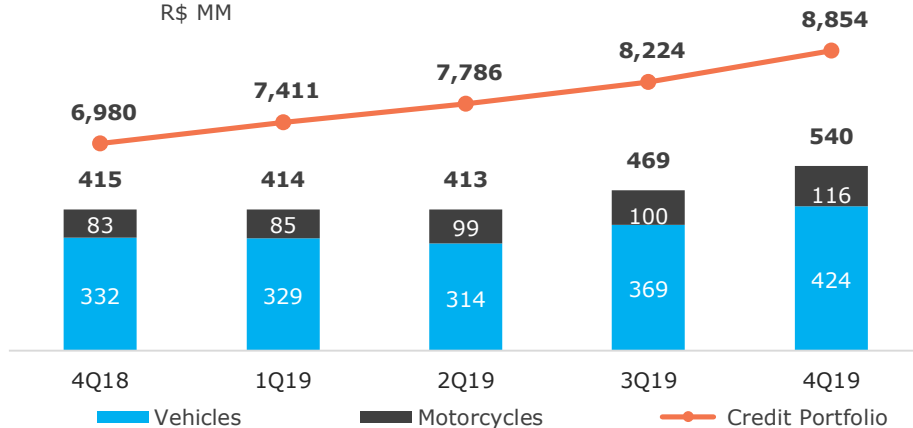
- Actively present in more than **11.5k** multi-brand & single-brand vehicle dealers
- Average Ticket: Vehicles: **R\$26k** / Motorcycles: **R\$12k**
- Duration of **18 months**

Information on Origination

	Light		Motorcycles	
	2018	2019	2018	2019
Origination R\$ MM	3,262	4,310	907	1,202
Avg. Tenor months	46	46	40	41
Downpayment %	40%	42%	25%	24%

Evolution of Portfolio & Monthly Avg. Origination

R\$ MM



✓ **Launch of digital formalization on oct/19**

MEANS OF PAYMENT

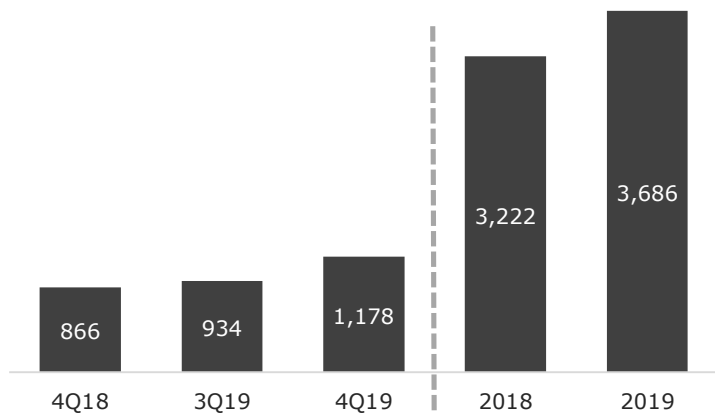


Highlights

- ✓ Significant improvements on client's digital journey and cross selling efforts
- ✓ Enhanced relationship with digital partners (market places)
- ✓ Launch of cobranded credit cards

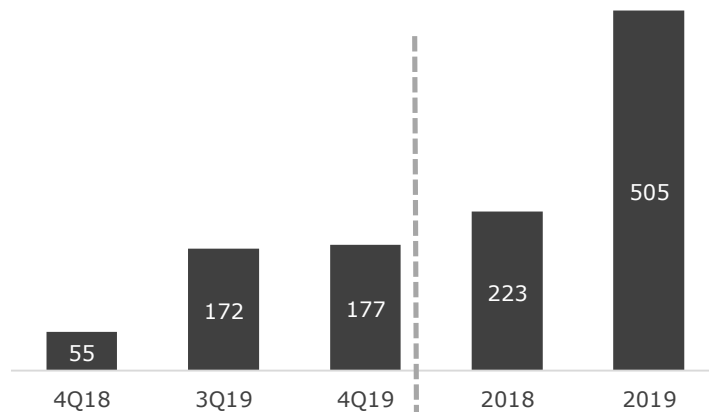
Transaction Volume

R\$ MM



of Credit Cards Issued

Thousand

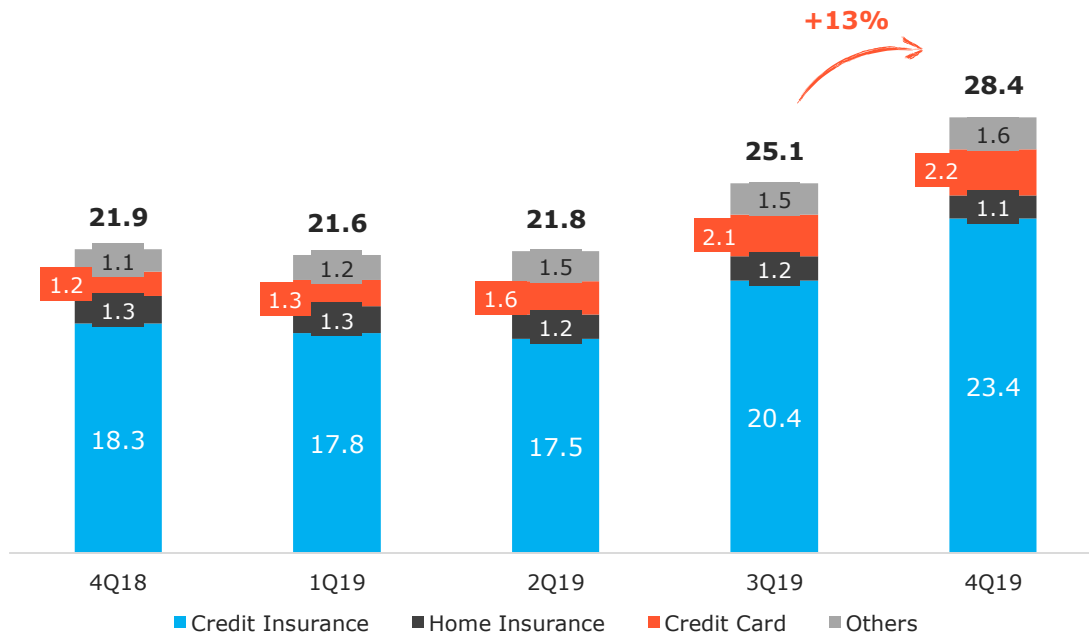


Insurance Premiums



Monthly Average

R\$ MM



APPENDIX





The change in Social Contribution on Net Income (“CSLL”) tax rate applicable to banks has generated an extraordinary result of R\$ 337 million due to the increase in deferred tax assets. In order to off set this impact, we have adopted the following measures:

- **R\$ 141 million write off of deferred tax assets (DTA) related to losses from PAN Arrendamento Mercantil (leasing Company) to avoid the increase in the consolidated stock of DTA;**
- **Additional provision in the amount of R\$338 million in run off portfolios (R\$186 million net of taxes) strengthening the Company’s balance sheet.**

Therefore, the increase in the CSLL tax rate resulted in a positive impact of R\$10 million in 4Q19 Net Income.

HISTORY

Started its operations with credit cards, vehicle financing, insurance and payroll loans

1994 – 1999

New BoD and Executive Officers appointed by Caixa and FGC with a special "Opening Balance Sheet" on November, 30

2010

Capital Increase of **R\$1.8 bi**

2012

Capital Increase of **R\$1.3 bi** and the sale of Pan Seguros S.A. for R\$580 mm

2014

Capital Increase of **R\$ 400 mm** and Launch of the Digital Project

2018

Follow on: Primary and Secondary Public Offering in the total amount of R\$ **1.04 bn**

2019

1st Issuance of Public Bank Notes and launch of PAN's new brand positioning



1991

Started operating as a commercial bank



2009

Signing of the Agreement for the entrance of Caixa in the controlling block of the Bank through CAIXAPAR



2011

Caixa & BTG Pactual took control of PAN and a new shareholders' agreement was signed. Renewal of the entire management team



2013

Launch of "Banco PAN" as the new Corporate Brand



2017

Sale of Stone Pagamentos S.A. for R\$ 229 mm

From 2011 to 2017 PAN went through a turnaround process...

More than 90% of the employees was hired after Jan/2011

Training and qualification of the new team

Revision of all credit concession process

Implementation of new controls, origination platforms and systems

Creation of new Committees and policies to strengthen the Corporate Governance



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