

***Earnings***

***Release***

***1<sup>st</sup> Quarter 2017***

Banco  
**PAN**

São Paulo, May 08, 2017 – Banco Pan S.A. (“Pan”, “Bank” or “Company”) and its subsidiaries, pursuant to legal provisions, hereby releases its results for the quarter ended on March 31, 2017 accompanied by the Independent Auditor’s Report. The Bank’s operating and financial information, except when otherwise stated, is reported based on consolidated figures and in Brazilian reais, pursuant to Brazilian Corporate Law and the Accounting Practices adopted in Brazil.

## 1Q17 HIGHLIGHTS

- ✓ **Retail credit origination monthly average of R\$1,894 million in 1Q17**, versus R\$1,825 million in 4Q16 and R\$1,486 million in 1T16;
- ✓ **The Total Credit Portfolio reached R\$ 20.1 billion in 1Q17**;
- ✓ **The credit rated between “AA” and “C”, according to the BACEN Resolution nº 2,682, represented 93.3% of the Retail Credit Portfolio in 1Q17**;
- ✓ **The Managerial Net Interest Margin was 18.7% p.y. in 1Q17**, versus 16.9% p.y. in 4Q16 and 11.6% p.y. in 1Q16;
- ✓ **Net Income of R\$3.7 million in 1Q17**, compared to the Net Income of R\$196.8 thousand in 4Q16 and to the Net Loss of R\$96.1 million in 1Q16; and
- ✓ **Shareholders’ Equity of R\$3,418 million in 1Q17**.

Main Indicators (R\$ MM)	1Q17	4Q16	1Q16	Δ 1Q17 / 4Q16	Δ 1Q17 / 1Q16
<b>Retail Credit Origination</b>	<b>5,681</b>	<b>5,474</b>	<b>4,459</b>	<b>4%</b>	<b>27%</b>
<b>Assignments without Recourse</b>	<b>2,588</b>	<b>2,891</b>	<b>2,242</b>	<b>-10%</b>	<b>15%</b>
<b>Total Credit Portfolio</b>	<b>20,136</b>	<b>19,196</b>	<b>17,454</b>	<b>5%</b>	<b>15%</b>
Retail Portfolio	16,950	16,007	13,713	6%	24%
Corporate Portfolio	3,186	3,190	3,741	0%	-15%
<b>Total Assets</b>	<b>27,613</b>	<b>27,506</b>	<b>27,445</b>	<b>0%</b>	<b>1%</b>
<b>Funding</b>	<b>20,751</b>	<b>19,790</b>	<b>19,281</b>	<b>5%</b>	<b>8%</b>
<b>Shareholders’ Equity</b>	<b>3,418</b>	<b>3,412</b>	<b>3,550</b>	<b>0%</b>	<b>-4%</b>
<b>Interest Margin</b>	<b>983</b>	<b>896</b>	<b>606</b>	<b>10%</b>	<b>62%</b>
<b>Net Results</b>	<b>3.7</b>	<b>0.2</b>	<b>(96.1)</b>	<b>-</b>	<b>-</b>
<b>Net Interest Margin (% p.y.)</b>	<b>18.7%</b>	<b>16.9%</b>	<b>11.6%</b>	<b>1.8 p.p.</b>	<b>7.1 p.p.</b>
<b>Basel Ratio</b>	<b>11.3%</b>	<b>13.2%</b>	<b>14.5%</b>	<b>-1.9 p.p.</b>	<b>-3.2 p.p.</b>
Common Equity Tier I	8.1%	9.4%	10.5%	-1.3 p.p.	-2.4 p.p.
Tier II	3.2%	3.8%	4.0%	-0.6 p.p.	-0.8 p.p.



## Economic Environment

After showing a strong momentum at the end of 2016, industrial production reported stable levels at the beginning of 2017, with a 0.1% increase in February and, thus, does not show signs of a solid recovery yet.

As for demand, the Monthly Retail Survey of February showed a decline of 0.2% in restricted retail, accumulating a decrease of 3.2% when compared to the same period of the previous year, while the extended retail (which includes sales of vehicles and construction materials) showed a 1.4% increase for the month and a 4.2% decrease on an annual perspective.

March IPCA inflation registered a monthly variation of 0.25%, in line with market consensus, bringing the 12-month inflation down to 4.57% in comparison to the 12-month inflation of 4.76% recorded on February.

Regarding the job market, employment indicators reported by Caged – a general registry of employed and unemployed workers - showed a net reduction of 63.6 thousand jobs in March. When compared with February, the service sector recorded the worst performance, especially in the housing and food segments. According to PNAD (National Sample Survey of Households), the rate of unemployment rose from 12.0% in December 2016 to 13.7% in March 2017, a 9.8% increase in the number of unemployed people.

In relation to the credit market, the latest figures published by the Central Bank suggest a stabilization in margin, a combination of the reduction in outstanding corporate loans and an increase in loans for individuals, indicating that after significant adjustments, families seem to be more confident in returning to the credit market. In addition, default rates maintained their downward trend for individuals while increasing for corporate clients.

## Operational and Commercial Agreements

Since 2011, after the execution of the Shareholders Agreement by Caixa Econômica Federal (“Caixa”), through its fully owned subsidiary Caixa Participações S.A., and Banco BTG Pactual S.A. (“BTG Pactual”) establishing the controlling block, Operational and Commercial Cooperation Agreements were signed between the controlling shareholders and the Company to reaffirm their commitment to a strategic partnership. Among the measures with a direct influence on Pan’s capital structure and liquidity, it is worth mentioning in particular: (i) Caixa’s commitment to acquire the Company’s loans without recourse whenever Pan plans to assign them; and (ii) the strengthening of liquidity through interbank deposits from both controlling shareholders, BTG Pactual and Caixa. These are long-term agreements, with update forecast, and provide Pan with funding alternatives at a competitive cost.

In addition, Pan has maintained a cooperation agreement with Caixa for the structuring, distribution and sale of products and services, and all of these agreements demonstrate not only these shareholders’ strong and continuing support for the Company, but also the complementarity and alignment of interests among all three institutions.

## Subsidiaries

Below are the companies controlled by PAN by the end of the quarter:



## Distribution Network

With 2,617 employees, PAN and its subsidiaries have 99 exclusive branches in the major cities of Brazil, geographically distributed according to each region's GDP.

The Bank had 901 correspondent banks originating payroll-deductible loans and was also actively present in 10,472 authorized vehicle dealers and resellers during the 1Q17.



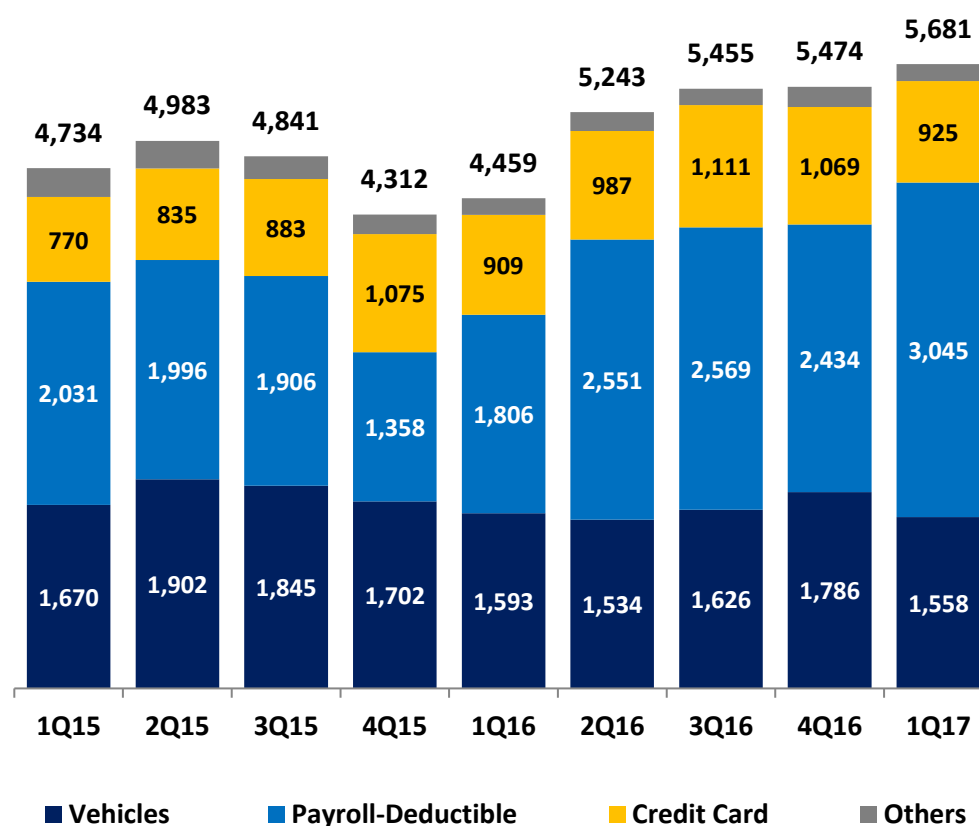
## Retail Origination

During the first quarter of 2017, Pan reached a monthly average credit origination of R\$1,894 million, 4% above the monthly average of R\$1,825 million in 4Q16 and 27% above the monthly average of R\$1,486 million in 1Q16, driven by the volume of payroll-deductible loans.

Retail Asset Origination Monthly Average (R\$ MM)

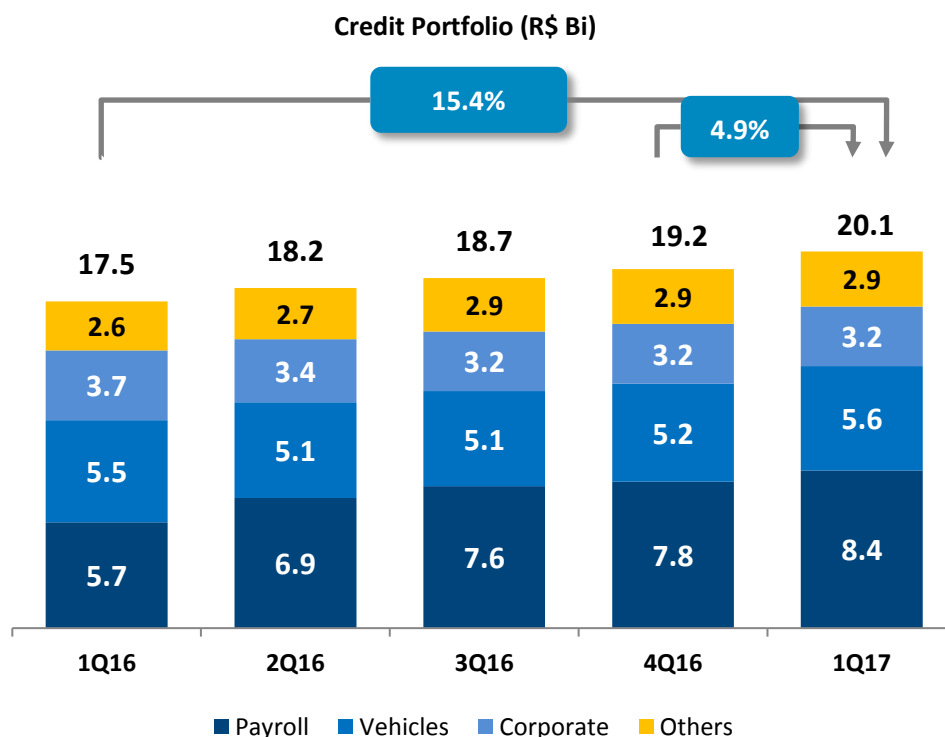
Products	1Q17	4Q16	1Q16	Δ 1Q17/ 4Q16	Δ 1Q17/ 1Q16
<b>Payroll-Deductible</b>	<b>1,015</b>	<b>811</b>	<b>602</b>	<b>25%</b>	<b>69%</b>
<b>Vehicles</b>	<b>519</b>	<b>595</b>	<b>531</b>	<b>-13%</b>	<b>-2%</b>
<b>Credit Cards</b>	<b>308</b>	<b>356</b>	<b>303</b>	<b>-14%</b>	<b>2%</b>
Conventional	256	294	247	-13%	4%
Payroll-Deductible	52	63	56	-17%	-7%
<b>Others</b>	<b>51</b>	<b>61</b>	<b>50</b>	<b>-17%</b>	<b>2%</b>
<b>Total</b>	<b>1,894</b>	<b>1,825</b>	<b>1,486</b>	<b>4%</b>	<b>27%</b>

Quarterly Retail Asset Origination (R\$ MM)



## Credit Portfolio

The Credit Portfolio, which includes retail and corporate loans, ended 1Q17 at R\$20,136 million, reporting a 5% increase when compared to the R\$19,196 million portfolio in 4Q16 and 15% higher than the R\$17,454 million portfolio registered in 1Q16.



The table below gives a breakdown of the Credit Portfolio by operational segment:

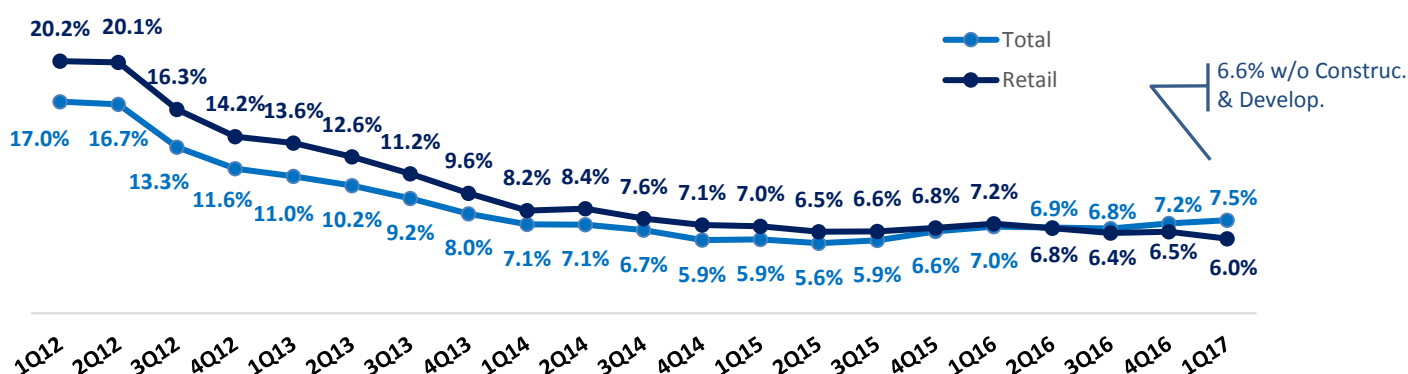
Type of Loan (R\$ MM)	1Q17	Part. %	4Q16	Part. %	1Q16	Part. %	Δ 1Q17/4Q16	Δ 1Q17/1Q16
Payroll Deductible Loans	8,435	42%	7,836	41%	5,658	32%	8%	49%
Vehicle Financing	5,572	28%	5,231	27%	5,452	31%	7%	2%
Corporate and Guarantees	3,186	16%	3,190	17%	3,741	21%	-	-15%
Payroll Deductible Credit Cards	1,126	6%	1,072	6%	611	4%	5%	84%
Real Estate	762	4%	774	4%	897	5%	-2%	-15%
Conventional Credit Cards	340	2%	344	2%	374	2%	-1%	-9%
Others	714	4%	748	4%	720	4%	-5%	-1%
<b>Credit Portfolio</b>	<b>20,136</b>	<b>100%</b>	<b>19,196</b>	<b>100%</b>	<b>17,454</b>	<b>100%</b>	<b>5%</b>	<b>15%</b>

The table below presents the total loan portfolio by maturity on March 31, 2017:

R\$ MM	Up to 30 days	From 31 to 90 days	From 91 to 180 days	From 181 to 360 days	More than 360 days	Total
Payroll-Deductible Loans	294	453	647	1,164	5,877	8,435
Vehicle Financing	541	522	715	1,201	2,595	5,572
Corporate and Guarantees	805	300	563	478	1,040	3,186
Payroll-Deductible Credit Cards	1,099	8	2	4	12	1,126
Real Estate	25	26	39	69	603	762
Credit Cards	292	12	15	13	7	340
Others	409	134	89	47	35	714
<b>Total</b>	<b>3,466</b>	<b>1,455</b>	<b>2,070</b>	<b>2,976</b>	<b>10,169</b>	<b>20,136</b>
<b>Part (%)</b>	<b>17%</b>	<b>7%</b>	<b>10%</b>	<b>15%</b>	<b>51%</b>	<b>100%</b>

The chart below presents the evolution of non-performing loans over 90 days of Pan, considering the outstanding balance of contracts. Excluding the Construction & Development loans, the indicator would be 6.6% in 1Q17.

Non-performing loans over 90 days (%)

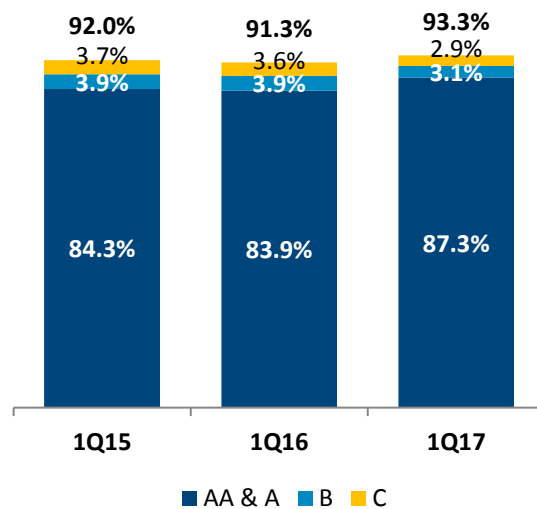


### Retail Credit Portfolio

The ratings of Banco Pan's Retail Credit Portfolio are shown below, recorded on the balance sheet by risk category, pursuant to Resolution nº 2,682 of the National Monetary Council ("CMN"):

Category of Risk (R\$ MM)	1Q17	Part. %	4Q16	Part. %	1Q16	Part. %	Δ 1Q17/4Q16	Δ 1Q17/1Q16
"AA" to "C"	15,808	93%	14,785	92%	12,526	91%	7%	26%
"D" to "H"	1,142	7%	1,221	8%	1,187	9%	-6%	-4%
<b>Total</b>	<b>16,950</b>	<b>100%</b>	<b>16,007</b>	<b>100%</b>	<b>13,713</b>	<b>100%</b>	<b>6%</b>	<b>24%</b>

**% of Retail Credits rated from AA to C (CMN Res. 2,682)**

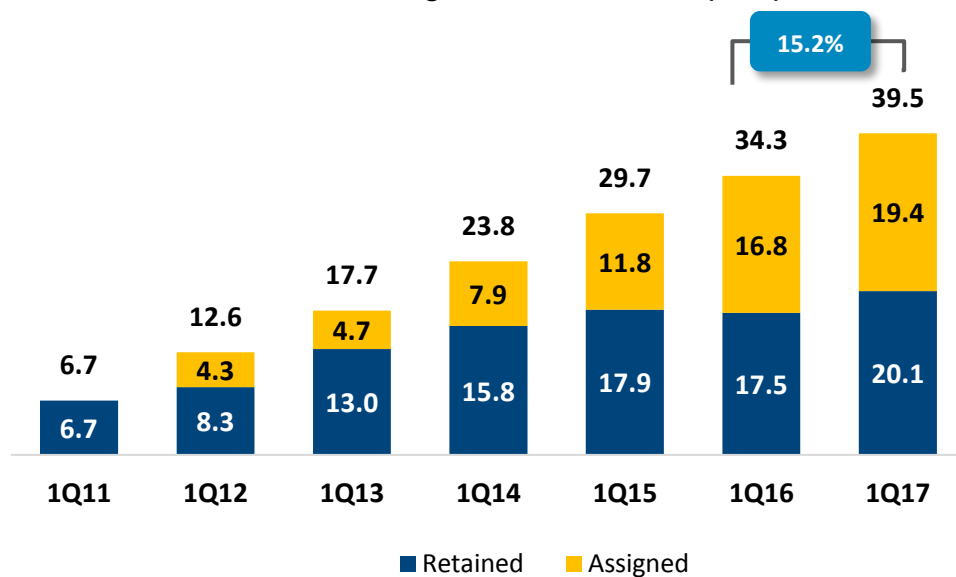


### Originated Credit Portfolio

In addition to retain credits in its own portfolio, Pan's strategy also includes the assignment of credits without recourse, which amounted to R\$2,588 million in 1Q17.

Thus, to demonstrate its ability in originating loans and, at the same time, its ability to obtain results from such assignments, we present the evolution of the originated portfolio, which considers the on-balance portfolio and the assigned portfolio.

**Evolution of the Originated Credit Portfolio (R\$ Bi)**





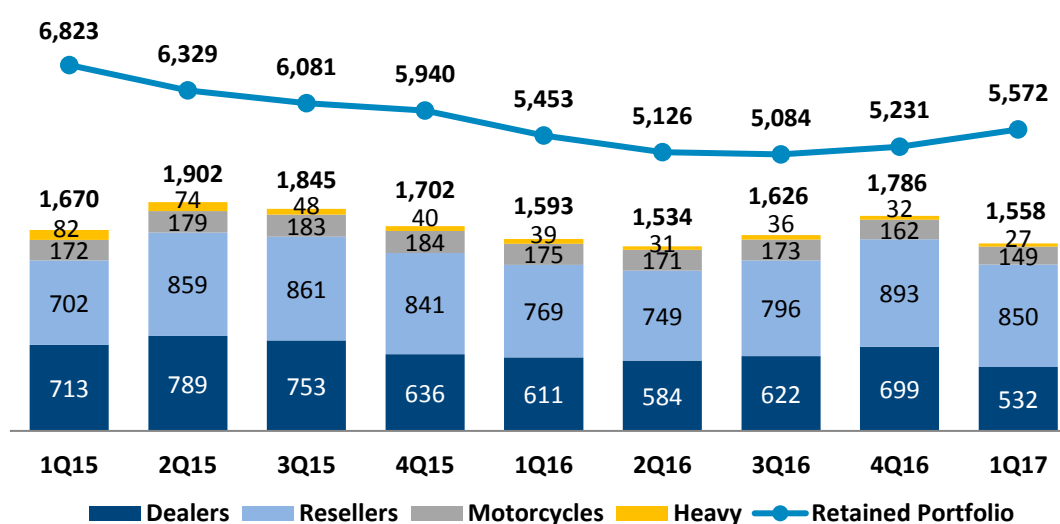
## Products

### Vehicle Financing

The Bank was actively present in 10,472 vehicle dealers and resellers during the 1Q17, with a high degree of loan origination fragmentation, whereby the 10 largest groups accounted for only 8% of total origination.

During 1Q17, a total of R\$1,558 million was disbursed in new vehicle financings, a drop of 13% when compared to the R\$1,786 million that were originated in 4Q16, and 2% below the origination amount of R\$1,593 million registered in 1Q16. The credit portfolio ended the quarter at R\$5,572 million, increasing 7% when compared to the R\$5,231 million registered at the end of 4Q16.

Evolution of Vehicle Portfolio and Origination Breakdown (R\$ MM)



Light vehicle financing reached R\$1,381 million in 1Q17, 13% below the R\$1,592 million originated in 4Q16 and practically stable to the R\$1,378 million registered in 1Q16. In the motorcycle segment, a total of R\$149 million were originated in the first quarter of 2017, lower than the R\$162 million originated in 4Q16 and R\$175 million originated in 1Q16.

The heavy vehicle segment recorded an origination of R\$27 million in 1Q17, which was lower than the R\$32 million and R\$39 million registered in 4Q16 and 1Q16, respectively. Below are more details on the origination activity in this segment:

1T17	Light Vehicles (new)	Light Vehicles (used)	Motorcycles	Heavy Vehicles
Origination (R\$MM)	302	1,079	149	27
Market Share	4.8%*	7.2%	17.0%	4.0%
Ranking	13º	5º	2º	4º
Avg. Rate (month)	1.58%	1.93%	2.50%	2.22%
Avg. Maturity (months)	42	45	39	44
% down payment	42.1%	41.9%	23.5%	45.5%

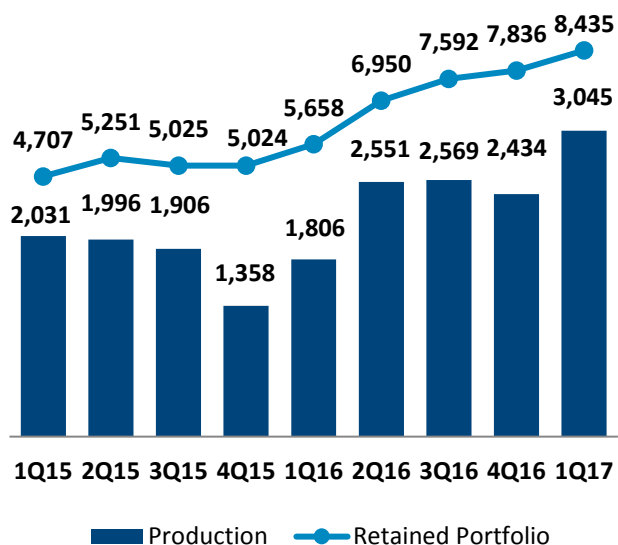
\* Without considering automakers' banks

### Payroll-Deductible Loans

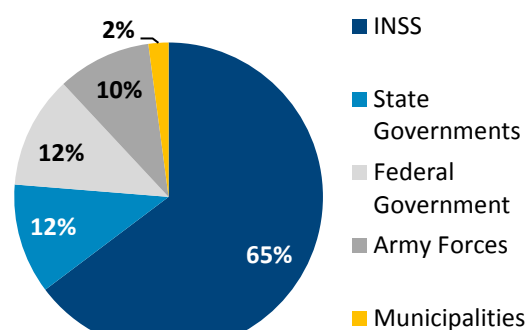
During the 1Q17, Pan disbursed R\$3,045 million in payroll-deductible loans for public servants and social security beneficiaries, a volume 25% higher than the R\$2,434 million registered in the previous quarter and 69% higher than the R\$1,806 million originated in 1Q16. This increase occurred due to the minimum wage readjustment.

The payroll-deductible portfolio reported an important growth, reaching R\$8,435 million at the end of 1Q17.

Evolution of Portfolio and Origination (R\$ MM)



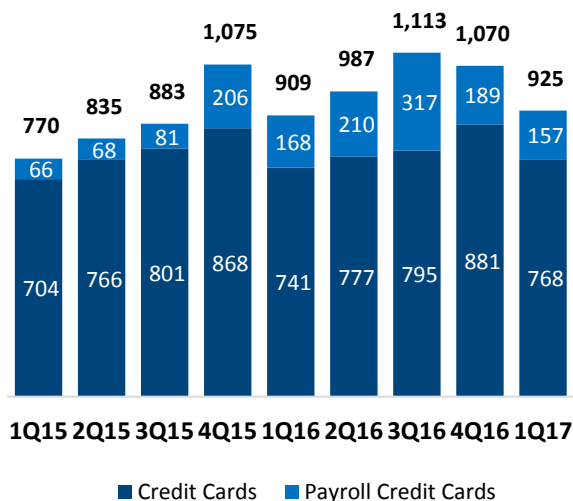
Quarter Origination By Segment (%)



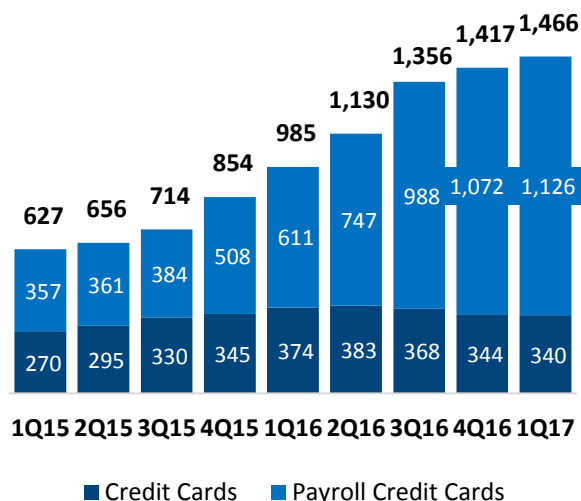
### Credit Cards – Payroll and Conventional Cards

The credit card segment ended 1Q17 with 2.1 million credit cards issued. The transaction volume of the credit card segment totaled R\$925 million in the quarter. The volume of the credit card portfolio evolved to R\$1,466 million at the end of the quarter, driven by the payroll-deductible credit card segment, which reached R\$1,126 million in total volume.

Transaction Volume (R\$ MM)



Transaction Volume (R\$ MM)

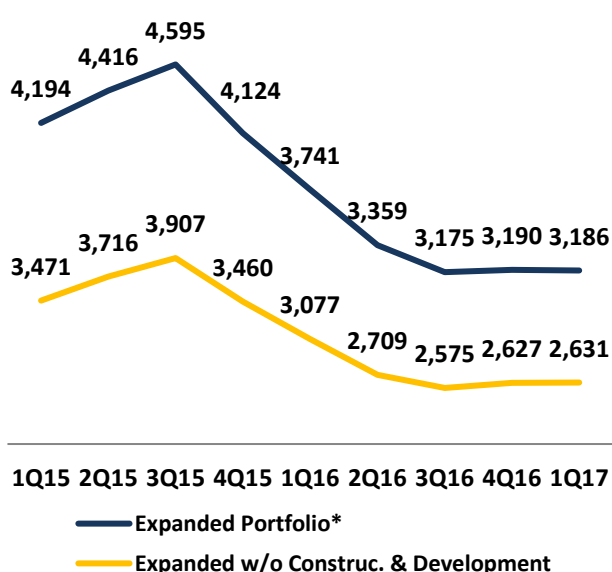


## Corporate Loans

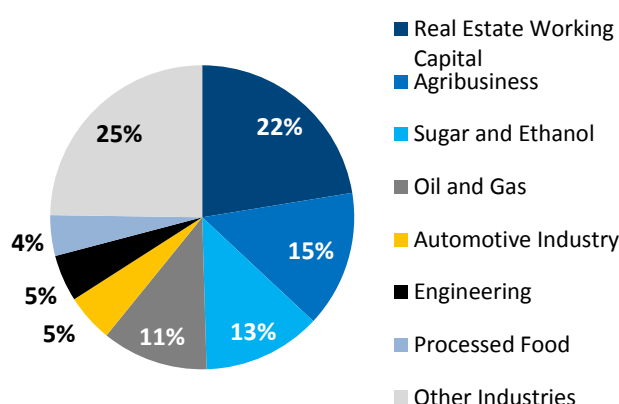
Reflecting the current economic environment, Pan's Expanded Corporate Loan Portfolio, which includes the R\$296 million in outstanding Guarantees Issued, totaled R\$3,186 million in 1Q17, against the R\$3,190 million registered in 4Q16 and the R\$3,359 million registered in 1Q16.

The Bank maintains its diversified risk policy and has a diversified loan portfolio by industries and by economic groups, in addition of maintaining a good level of guarantees. The 10 largest clients jointly account for only 4% of Pan's total portfolio in 1Q17.

Corporate Loan Portfolio Evolution (R\$ MM)



Corporate Loan Portfolio<sup>1</sup> by Industry (%)

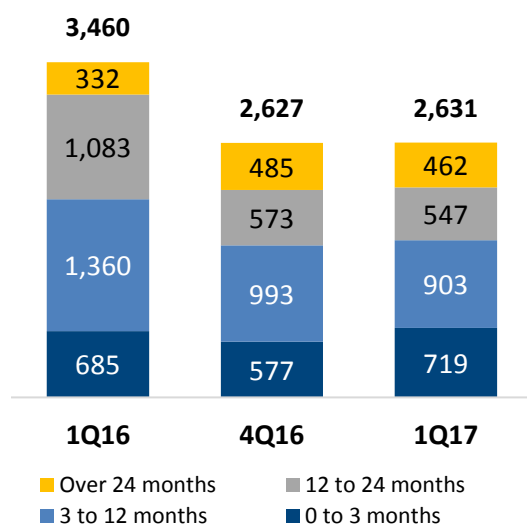


1Q15 2Q15 3Q15 4Q15 1Q16 2Q16 3Q16 4Q16 1Q17

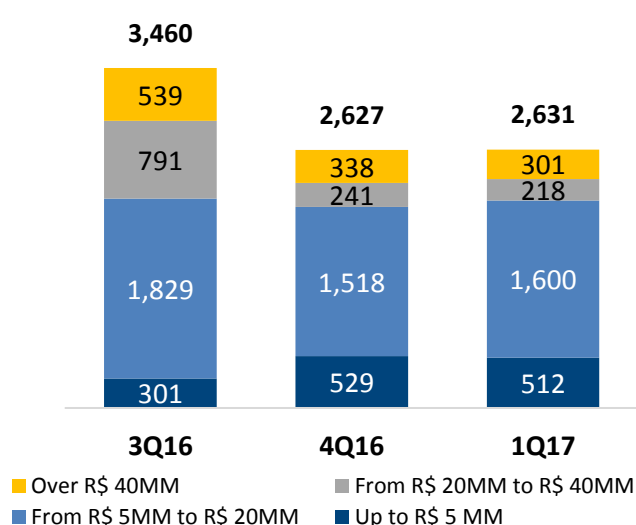
— Expanded Portfolio\*  
— Expanded w/o Construc. & Development

\*Including Guarantees Issued

Maturity of the Portfolio<sup>1</sup> (R\$ MM)



Portfolio<sup>1</sup> by ticket (R\$ MM)



<sup>1</sup> without loans for Construction & Development

### Consumer Loans

In the consumer loan segment, Pan originated R\$132 million in new loans in 1Q17, compared to the R\$114 million registered in 4Q16 and the R\$100 million registered in 1Q16.

### Consortium

Consortium sales registered a total of R\$37 million in 1Q17, compared to the R\$80 million registered in the previous quarter.

### Securitization

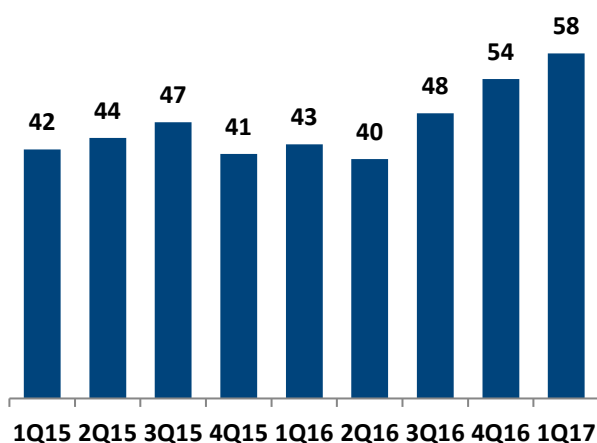
Brazilian Securities has been active in the securitization of receivables since 2000, having issued more than R\$16 billion in CRIs and CRAs in the market. In the last 12 months, the company acquired R\$59 million in receivables for securitization. In addition, it provides CRIs and CRAs issuance services to third parties, having issued R\$35 million during 1Q17.

### Insurance

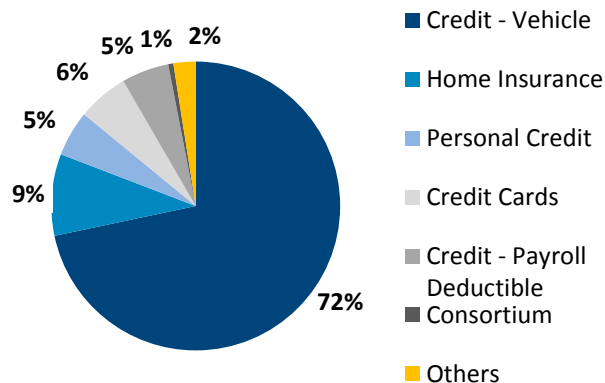
Based on the operational distribution agreement signed with Pan Seguros S.A., valid until December/2034, Pan originated R\$58 million in insurance premiums during 1Q17, 8% above the R\$48 million originated in 4Q16 and 36% higher than the R\$43 million originated in 1Q16, largely influenced by the increase in penetration on vehicle financing.

Among the premiums originated in the quarter, R\$48.2 million were for credit insurance, R\$5.3 million were for home insurance, R\$3.3 million were for credit card insurance and R\$1.4 million were for other insurance products.

**Insurance Premiums originated by Pan (R\$ MM)**



**Insurance Premium by Product (%)**

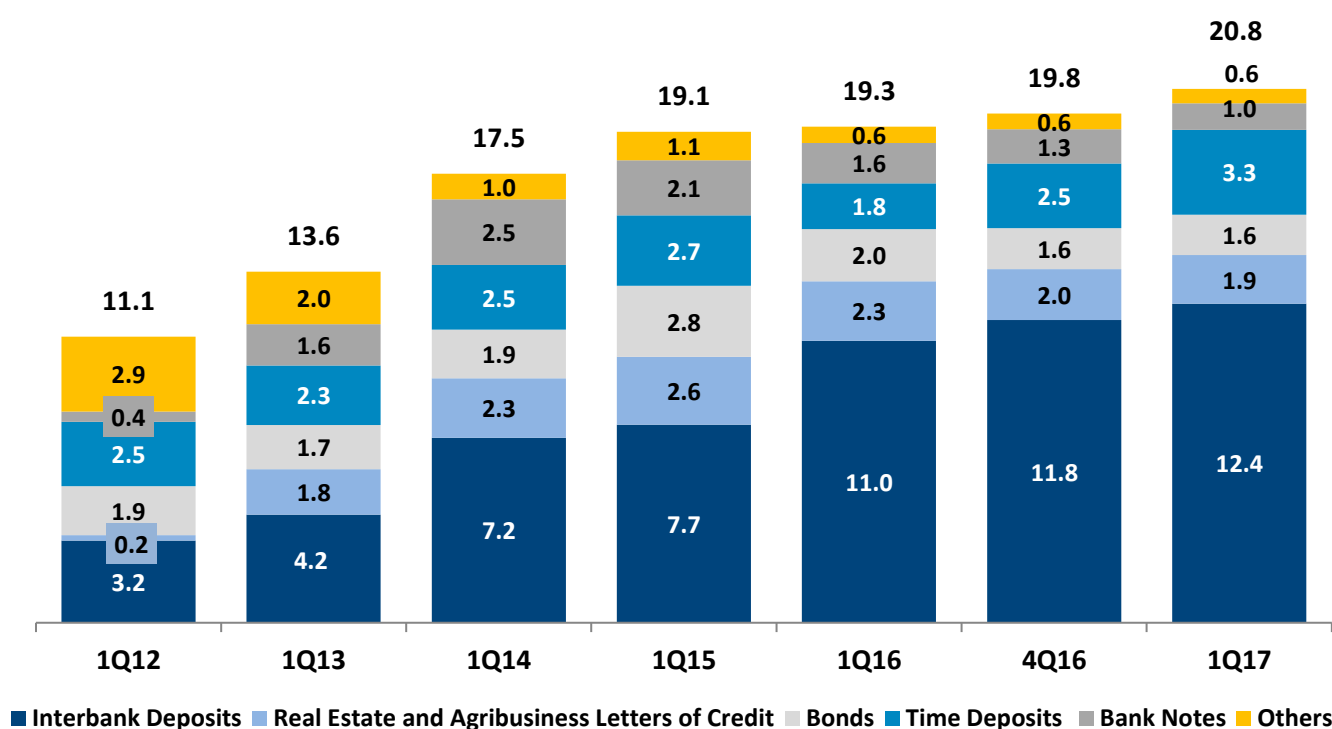


## Funding

The funding volume reached R\$20.8 billion at the end of March 2017, 5% higher than the R\$19.8 billion registered at the end of December 2016 and 8% higher than the balance recorded at the end of March 2016. Among the main sources of funding we highlight: (i) interbank deposits, which amounted to R\$12.4 billion, 60% of the total; (ii) time deposits which amounted to R\$3.3 billion, 16% of the total; (iii) real estate and agribusiness letters of credit (LCI and LCA) totaling R\$1.9 billion, 9% of the total; (iv) bonds issued abroad, totaling R\$1.6 billion, 8% of the total; (v) bank notes totaling R\$1.0 billion, 5% of the total; and (vi) other funding sources, corresponding to R\$554 million, 3% of the total.

Funding Sources (R\$ MM)	1Q17	Part. %	4Q16	Part. %	1Q16	Part. %	Δ 1Q17/ 4Q16	Δ 1Q17/ 1Q16
Interbank Deposits	12,406	60%	11,766	59%	10,958	57%	5%	13%
Time Deposits	3,297	16%	2,514	13%	1,787	9%	31%	85%
LCI and LCA	1,891	9%	1,977	10%	2,314	12%	-4%	-18%
Bonds	1,566	8%	1,594	8%	2,027	11%	-2%	-23%
Bank Notes	1,038	5%	1,328	7%	1,565	8%	-22%	-34%
Others	554	3%	611	3%	630	3%	-9%	-12%
<b>Total</b>	<b>20,751</b>	<b>100%</b>	<b>19,790</b>	<b>100%</b>	<b>19,281</b>	<b>100%</b>	<b>5%</b>	<b>8%</b>

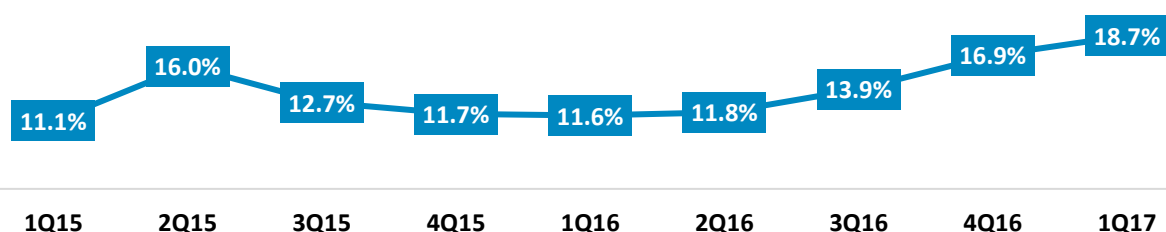
Evolution of Funding Sources (R\$ Bi)



## Results

### Managerial Net Interest Margin – NIM

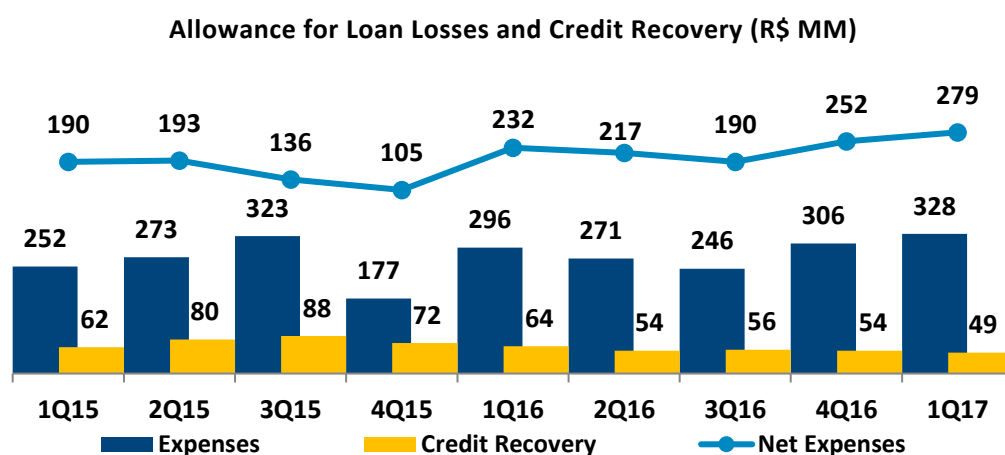
In 1Q17, managerial net interest margin stood at 18.7% p.y. compared to 16.9% p.y. registered in 4Q16 and 11.6% p.y. registered in 1Q16.



Managerial Net Interest Margin (R\$ MM)	1Q17	4Q16	1Q16	Δ 1Q17/ 4Q16	Δ 1Q17/ 1Q16
Income from Financial Intermediation Before ALL	995	912	605	9%	65%
(+) Exchange Rate Variation	(13)	(16)	1	20%	-
<b>1. Managerial Net Interest Margin</b>	<b>983</b>	<b>896</b>	<b>606</b>	<b>10%</b>	<b>62%</b>
<b>2. Average Interest-Earning Assets</b>	<b>22,421</b>	<b>22,475</b>	<b>21,883</b>	<b>-</b>	<b>2%</b>
- Average Loan Portfolio	19,379	18,681	17,253	4%	12%
- Average Securities and Derivatives	2,481	2,681	2,795	-7%	-11%
- Average Interbank Investments	561	1,113	1,835	-50%	-69%
<b>(1/2) Manag. Net Interest Margin (% p.y.)</b>	<b>18.7%</b>	<b>16.9%</b>	<b>11.6%</b>	<b>1.8 p.p.</b>	<b>7.1 p.p.</b>

### Allowance for Loan Losses and Credit Recovery

In 1Q17, the allowance for loan losses totaled R\$328 million, while the recovery of credit previously written-off against the allowance for loan losses was R\$49 million. Thus, the net expense of the allowance for loan losses in the quarter totaled R\$279 million.



## Costs and Expenses

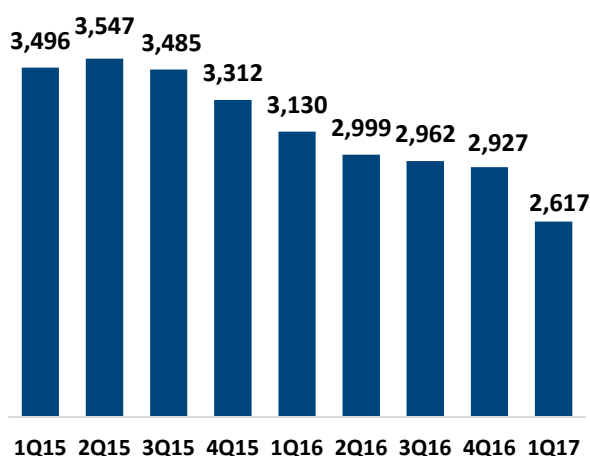
Personnel and administrative expenses (Subtotal I) totaled R\$293 million in 1Q17, practically stable to the R\$292 million registered in the previous quarter and 3% above the R\$283 million registered for the same period in 2016, with growth below the inflation for the period.

Credit origination expenses (Subtotal II) totaled R\$300 million at the end of the quarter, against the R\$239 million registered in 4Q16 and R\$182 million in 1Q16. This growth is mainly related to the increase in credit origination as well as to the change in the accounting rules for these expenses, according to the BACEN Circular 3,738/14.

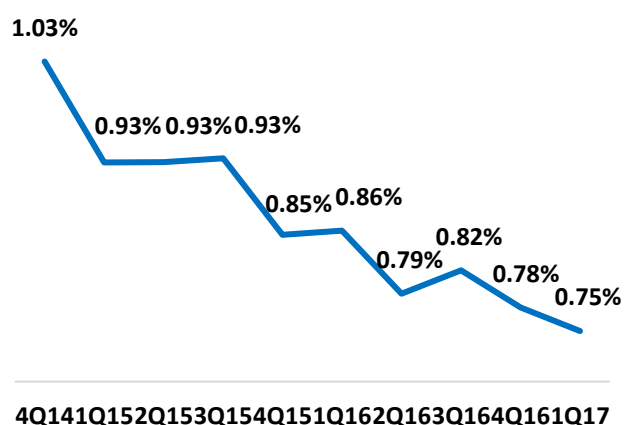
G&A Expenses (R\$ MM)	1Q17	4Q16	1Q16	Δ 1Q17/ 4Q16	Δ 1Q17/ 1Q16
Personnel expenses	133	130	138	2%	-4%
Administrative expenses	160	162	145	-1%	10%
<b>1. Subtotal I</b>	<b>293</b>	<b>292</b>	<b>283</b>	<b>-</b>	<b>3%</b>
Comission Expenses – BACEN Circular 3,738	152	92	54	65%	181%
Deferred Comissions and other origination expenses	148	147	128	1%	16%
<b>2. Subtotal II - Credit Origination</b>	<b>300</b>	<b>239</b>	<b>182</b>	<b>26%</b>	<b>65%</b>
<b>3. Total (I + II)</b>	<b>593</b>	<b>531</b>	<b>465</b>	<b>12%</b>	<b>28%</b>

Given the constant search for efficiency improvement, Pan is optimizing its cost structure, which generates short-term negative impacts on expenses, as evidenced by the evolution of the number of employees and by the ratio that considers Subtotal I expenses over the Originated Credit Portfolio that grows at a faster pace.

### Evolution of the Number of Employees



### Subtotal I / Originated Credit Portfolio



## Income Statement

In 1Q17, Pan reported a net income of R\$3.7 million, versus a net income of R\$196.8 thousand in 4Q16 and net loss of R\$96.1 million in 1Q16.

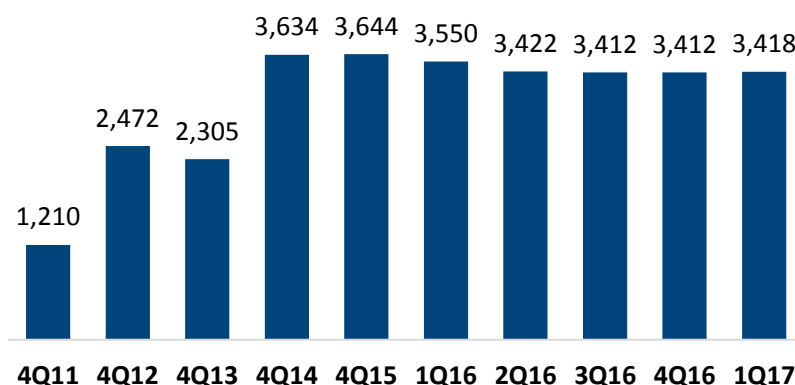
Along with the influences mentioned before, the results were impacted by the volume and mix of credits assigned without recourse in each period. Credit assignments without recourse (including vehicle, payroll and real estate loans) totaled R\$2,588 million in 1Q17, compared to R\$2,891 million in the previous quarter and R\$2,242 million in 1Q16.

P&L Statement (R\$ MM)	1Q17	4Q16	1Q16	Δ 1Q17/ 4Q16	Δ 1Q17/ 1Q16
<b>Net Interest Margin</b>	<b>983</b>	<b>896</b>	<b>606</b>	<b>10%</b>	<b>62%</b>
Credit Provisions	(328)	(306)	(296)	-7%	-11%
<b>Gross Profit from Financial Intermediation (Adjusted)</b>	<b>655</b>	<b>590</b>	<b>310</b>	<b>11%</b>	<b>111%</b>
Other Operating Revenues (Expenses)	26	29	50	-9%	-48%
Administrative and Personnel Expenses	(293)	(292)	(283)	-	3%
Origination Expenses	(300)	(239)	(182)	26%	65%
Tax Expenses	(70)	(66)	(52)	-6%	-34%
<b>Income from Operations</b>	<b>18</b>	<b>22</b>	<b>(157)</b>	<b>-18%</b>	<b>-</b>
Non Operating Expenses	3.7	(21.5)	(13)	-	-
Income and Social Contribution Taxes	(18)	(0.3)	74	-	-
<b>Net Income/ (Loss)</b>	<b>3.7</b>	<b>0.2</b>	<b>(96)</b>	<b>-</b>	<b>-</b>

## Shareholders' Equity and Capital

### Shareholders' Equity

Pan's Consolidated Shareholders' Equity totaled R\$3,418 million in March 2017, compared to R\$3,412 million in December 2016 and R\$3,550 million in March 2016.





## Basel Ratio and Operating Margin

The Prudential Conglomerate's Basel Ratio stood at 11.3% at the end of 1Q17 (with 8.1% in Tier I Common Equity), against 13.2% registered in 4Q16 (with 9.4% in Tier I Common Equity) and 14.5% registered in 1Q16 (with 10.5% in Tier I Common Equity). The Prudential Conglomerate's Operating Margin totaled R\$114 million in 1Q17.

R\$ MM	1Q17	4Q16	1Q16
<b>1. Reference Shareholder's Equity (PR)</b>	<b>2,340</b>	<b>2,688</b>	<b>2,920</b>
Common Equity Tier I	1,678	1,908	2,116
Tier II	661	779	804
<b>2. Required Reference Shareholders' Equity</b>	<b>2,172</b>	<b>2,133</b>	<b>2,118</b>
Risk Weighted Assets	1,933	1,963	1,892
Exchange Variation Risk	1	17	4
Interest (Pre-fixed)	52	17	99
Operational Risk	186	135	123
<b>Basel Ratio</b>	<b>11.3%</b>	<b>13.2%</b>	<b>14.5%</b>
<b>Common Equity Tier I</b>	<b>8.1%</b>	<b>9.4%</b>	<b>10.5%</b>
<b>Tier II</b>	<b>3.2%</b>	<b>3.8%</b>	<b>4.0%</b>

## Ratings

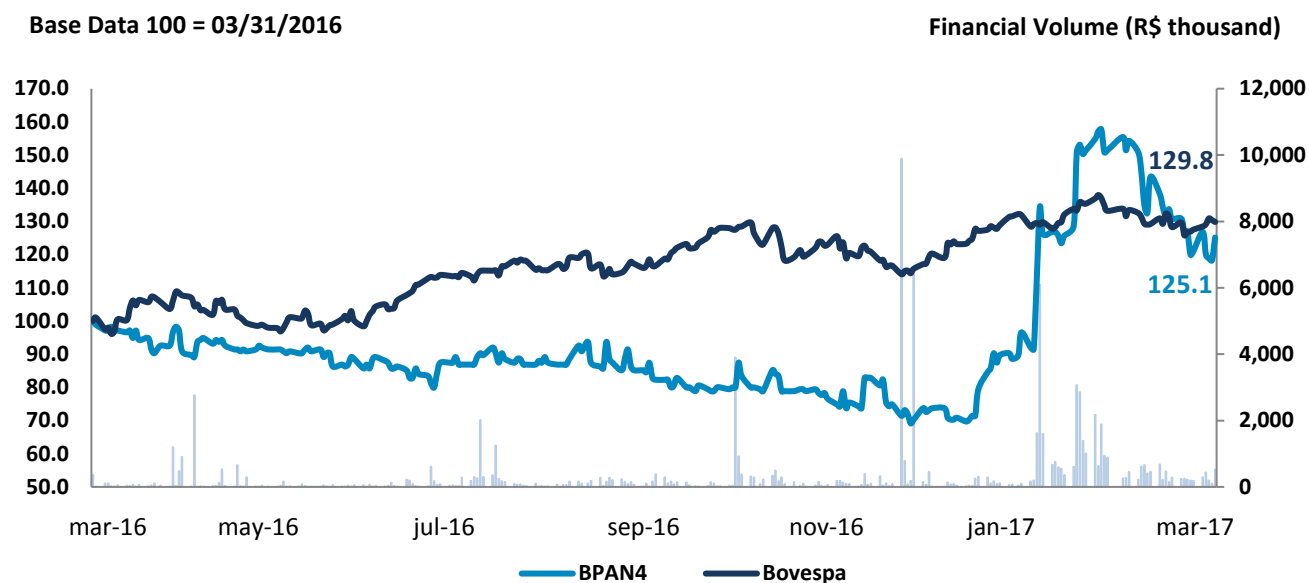
Pan's long term ratings are presented below:

Rating Agency	Global Scale (LT)	National Scale (LT)	Outlook
Fitch Ratings	BB-	A+ (bra)	Negative/Stable
Standard & Poor's	B+	brBBB-	Negative
Moody's	B1	Baa2.br	Stable
Riskbank	Low Risk for Medium Term 2 (-)   9.62		

## Stock Performance

Pan's shares (BPAN4) ended March at R\$2.19, up 70% over the R\$1.29 recorded at the end of 4Q16. The maximum price in the period was R\$2.76 per share, and minimum was R\$1.22 per share.

The total traded volume reached R\$37.7 million in 1Q17, with a daily average of R\$608 thousand. On March 31, 2017, Pan's market cap was R\$2.0 billion.



## Appendix

<b>BALANCE SHEET AS OF MARCH 31, 2017 AND DECEMBER 31, 2016</b>				
<i>(In thousands of Brazilian reais - R\$)</i>				
	<b>BANK</b>		<b>CONSOLIDATED</b>	
<b>ASSETS</b>	<b>Mar/17</b>	<b>Dec/16</b>	<b>Mar/17</b>	<b>Dec/16</b>
<b>CURRENT ASSETS</b>	<b>12,302,056</b>	<b>12,726,831</b>	<b>12,472,469</b>	<b>12,942,074</b>
Cash	17,321	7,424	24,378	19,521
Interbank investments	776,400	1,638,795	123,374	966,835
Securities and derivatives financial instruments	794,352	692,063	824,052	719,629
Interbank accounts	46,445	17,875	46,445	17,875
Lending operations	7,734,977	7,382,991	8,205,353	7,911,474
Lending operations - private sector	8,488,225	8,112,020	9,151,328	8,784,513
(Allowance for loan losses)	(753,248)	(729,029)	(945,975)	(873,039)
Leasing operations	-	-	670	913
Leasing operations	-	-	923	1,541
(Allowance for doubtful lease receivables)	-	-	(253)	(628)
Other receivables	2,785,086	2,853,441	2,890,852	2,968,659
(Allowance for loan losses)	(58,180)	(58,028)	(58,813)	(58,747)
Other assets	205,655	192,270	416,158	395,915
<b>LONG-TERM RECEIVABLES</b>	<b>13,468,273</b>	<b>12,838,174</b>	<b>14,880,338</b>	<b>14,289,255</b>
Interbank investments	26,667	9,289	26,667	5,548
Securities and derivatives financial instruments	1,351,299	1,315,505	1,698,350	1,718,980
Lending operations	8,990,613	8,368,030	9,552,809	8,942,131
Lending operations - Private Sector	9,245,283	8,622,186	9,842,499	9,226,475
(Allowance for loan losses)	(254,670)	(254,156)	(289,690)	(284,344)
Leasing operations	-	-	82	157
Leasing operations	-	-	103	187
(Allowance for doubtful lease receivables)	-	-	(21)	(30)
Other receivables	2,912,136	2,883,347	3,412,309	3,357,827
(Allowance for loan losses)	(7,811)	(5,646)	(9,067)	(7,135)
Other assets	195,369	267,649	199,188	271,747
<b>PERMANENT ASSETS</b>	<b>1,017,486</b>	<b>1,024,414</b>	<b>260,006</b>	<b>274,247</b>
<b>TOTAL ASSETS</b>	<b>26,787,815</b>	<b>26,589,419</b>	<b>27,612,813</b>	<b>27,505,576</b>
<b>LIABILITIES</b>	<b>Mar/17</b>	<b>Dec/16</b>	<b>Mar/17</b>	<b>Dec/16</b>
<b>CURRENT LIABILITIES</b>	<b>17,409,773</b>	<b>17,843,025</b>	<b>18,167,820</b>	<b>18,359,987</b>
Deposits	12,906,350	12,089,046	12,866,189	12,067,954
Demand deposits	59,070	60,015	55,297	54,762
Interbank deposits	12,416,006	11,736,273	12,379,650	11,736,273
Time deposits	431,274	292,758	431,242	276,919
Money market funding	1,055,595	1,927,684	1,055,595	1,927,684
Funds from acceptance and issuance of securities	1,192,705	1,569,596	1,959,564	2,031,748
Interbank accounts	103,036	155,796	103,036	155,796
Interbranch accounts	13,998	6,785	13,998	6,785
Loan Liabilities	-	-	653	2,038
Derivatives Financial Instruments	66,355	33,996	66,355	33,996
Other liabilities	2,071,734	2,060,122	2,102,430	2,133,986
<b>LONG-TERM LIABILITIES</b>	<b>5,959,045</b>	<b>5,333,438</b>	<b>6,025,996</b>	<b>5,732,633</b>
Deposits	3,088,232	2,459,843	2,891,692	2,266,580
Interbank deposits	25,862	29,428	25,862	29,428
Time deposits	3,062,370	2,430,415	2,865,830	2,237,152
Money market funding	101,696	100,338	98,825	96,940
Funds from acceptance and issuance of securities	808,972	773,399	815,547	1,123,960
Loan Liabilities	-	-	128,775	132,063
Derivatives financial instruments	141,094	111,738	141,094	111,738
Other Liabilities	1,819,051	1,888,120	1,950,063	2,001,352
Deferred Income	1,101	794	1,101	794
<b>MINORITY INTEREST</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>SHAREHOLDERS' EQUITY</b>	<b>3,417,896</b>	<b>3,412,162</b>	<b>3,417,896</b>	<b>3,412,162</b>
Capital	3,460,732	3,460,732	3,460,732	3,460,732
Adjustments to equity valuation	(12,194)	(14,259)	(12,194)	(14,259)
Retained earnings (loss)	(30,642)	(34,311)	(30,642)	(34,311)
<b>TOTAL LIABILITIES</b>	<b>26,787,815</b>	<b>26,589,419</b>	<b>27,612,813</b>	<b>27,505,576</b>

<b>INCOME STATEMENT FOR THE QUARTERS ENDED ON MARCH 31, 2017 AND DECEMBER 31, 2016</b>				
<i>(In thousands of Brazilian reais - R\$)</i>				
	<b>BANK</b>		<b>CONSOLIDATED</b>	
	<b>1Q17</b>	<b>4Q16</b>	<b>1Q17</b>	<b>4Q16</b>
<b>REVENUE FROM FINANCIAL INTERMEDIATION</b>	<b>1,656,511</b>	<b>1,551,473</b>	<b>1,677,938</b>	<b>1,612,148</b>
Lending operations	1,209,311	1,123,084	1,250,983	1,181,119
Results from Credit Assignments	487,769	388,760	487,769	401,055
Securities transactions	106,489	111,305	93,353	103,904
Derivative transactions	(148,391)	(77,829)	(155,500)	(80,083)
Foreign exchange transactions	1,333	6,153	1,333	6,153
<b>EXPENSES ON FINANCIAL INTERMEDIATION</b>	<b>(942,257)</b>	<b>(930,893)</b>	<b>(1,010,604)</b>	<b>(1,005,879)</b>
Funding operations	(668,601)	(675,725)	(684,661)	(697,385)
Borrowings and onlendings	-	-	2,043	(2,927)
Allowance for loan losses	(273,656)	(255,168)	(327,986)	(305,567)
<b>GROSS PROFIT FROM FINANCIAL INTERMEDIATION</b>	<b>714,254</b>	<b>620,580</b>	<b>667,334</b>	<b>606,269</b>
<b>OTHER OPERATING INCOME (EXPENSES)</b>	<b>(673,828)</b>	<b>(586,029)</b>	<b>(647,230)</b>	<b>(584,163)</b>
Income from services rendered	112,285	125,587	118,200	132,066
Equity in subsidiaries	(51,104)	(35,832)	(2,851)	1,070
Personnel Expenses	(129,754)	(135,878)	(132,763)	(129,725)
Other Administrative Expenses	(446,915)	(383,779)	(460,438)	(401,427)
Tax Expenses	(63,767)	(60,217)	(69,722)	(66,007)
Other Operating Income	36,972	43,985	49,106	49,783
Other Operating Expenses	(131,545)	(139,895)	(148,762)	(169,923)
<b>INCOME FROM OPERATIONS</b>	<b>40,426</b>	<b>34,551</b>	<b>20,104</b>	<b>22,106</b>
<b>NON OPERATING EXPENSES</b>	<b>3,841</b>	<b>(14,871)</b>	<b>3,757</b>	<b>(21,555)</b>
<b>INCOME BEFORE TAXES</b>	<b>44,267</b>	<b>19,680</b>	<b>23,861</b>	<b>551</b>
<b>INCOME AND SOCIAL CONTRIBUTION TAXES</b>	<b>(43,266)</b>	<b>(19,484)</b>	<b>(18,203)</b>	<b>(355)</b>
Provision for Income tax	(277)	(1,694)	13,234	13,521
Provision for Social Contribution tax	(421)	(1,709)	(2,005)	(2,052)
Deferred tax credits	(42,568)	(16,081)	(29,432)	(11,824)
<b>MINORITY INTEREST</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET INCOME/ (LOSS)</b>	<b>3,669</b>	<b>197</b>	<b>3,669</b>	<b>197</b>

*This report may include statements that represent expectations on Banco Pan's future events or results and are based on projections and analysis that reflect the Bank's Management current views and/or expectations regarding its performance and the future of its business.*

*Risks and uncertainties related to the Bank's businesses, competitors and market, macroeconomic conditions and other factors described in "Risk Factors" in the Reference Form, filed at the Brazilian Securities and Exchange Commission, could cause results to differ materially from those plans, objectives, expectations, projections and intentions.*