

PAN

Earnings Release – 1Q16

May 2, 2016



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Ações com Tag Along
Diferenciado* **ITAG**

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São Paulo, May 2, 2016 – Banco Pan S.A. (“Pan”, “Bank” or “Company”) and its subsidiaries, pursuant to legal provisions, releases its results for the quarter ended on March 31, 2016, accompanied by the Independent Auditor’s Report. The Bank’s operating and financial information, except when otherwise stated, are reported based on consolidated figures and in Brazilian reais, pursuant to the Brazilian Corporation Law and the Accounting Practices adopted in Brazil.

HIGHLIGHTS

- ✓ **Retail credit origination monthly average of R\$ 1,486 million in 1Q16**, 3% up on the monthly average of R\$ 1,437 million in 4Q15, and 6% down from the monthly average of R\$ 1,578 million in 1Q15;
- ✓ **Corporate Loan Portfolio**, including Guarantees Issued, ended 1Q16 at **R\$ 3,741 million**, compared to R\$ 4,124 million in 4Q15 and R\$ 4,194 million in 1Q15;
- ✓ **Credit Portfolio with Retained Results ended 1Q16 at R\$ 17,5 billion**, compared to R\$ 17,6 billion in 4Q15 and R\$ 17,9 billion in 1Q15;
- ✓ **Managerial Net Interest Margin of 11.6% in 1Q16**, compared to 11.7% in 4Q15 and 11.1% in 1Q15;
- ✓ **Net Losses of R\$ 96.1 million in 1Q16**, compared to Net Income of R\$ 33.7 million in 4Q15 and Net Losses of R\$ 73.5 million in 1Q15; and
- ✓ **Consolidated Shareholders’ Equity of R\$ 3,550 million and Basel Ratio of 14.5% at the end of 1Q16**, with **Common Equity Tier I of 10.5%**.

Main Indicators

Main Indicators (R\$MM)	1Q16	4Q15	1Q15	Δ1Q16/ 4Q15	Δ1Q16/ 1Q15
Credit Portfolio with Retained Result	17,454	17,603	17,867	-1%	-2%
Total Assets	27,445	26,097	26,033	5%	5%
Total Funding	19,281	19,104	19,085	1%	1%
Net Income	(96.1)	33.7	(73.5)	-	-31%
Shareholders' Equity	3,550	3,644	3,559	-3%	-0,2%
Basel Index	14.5%	16.5%	16.8%	-2 p.p.	-2.3 p.p.

Economic Scenario

Regarding economic activity, industrial production fell by 2.5% in February compared to the previous month (seasonally adjusted), the sharpest monthly decline in over two years. The quarterly moving average registered a monthly drop of 1.0% in the same month, remaining in negative territory for 16 months.

As for demand, retail sales moved up in February after falling sharply in the previous months. This upturn was observed in both restricted retail (excluding vehicles and building materials), which climbed by 1.2% in the month, and extended retail, up by 1.8% in the same period. The respective increases of 3.8% and 3.3% in vehicle and building material sales contributed to the 1.8% upturn in extended retail sales. Despite the positive result, job and credit market conditions are still posing a challenge to short-term sustainable recovery.

On the foreign front, the current account deficit reached US\$1.9 billion at the end of February, due to larger outflows in the dividends and profit remittance lines. The year-to-date current account deficit fell to US\$46.3 billion, from US\$58.9 billion in the same period in 2015. Despite the significant improvement in the current account deficit, there was also an important decline in the main funding sources of the balance of payments, which totaled US\$66.4 billion in the last twelve months, below the US\$84.3 billion recorded in 2015.

As for inflation, the IPCA-15 consumer price index recorded a 0.43% variation in March, slowing down in relation to February, with administered prices falling by 0.4% in the month and free prices increasing by 0.7%. Despite the substantial slowdown, the twelve-month result remained under pressure at 9.95% p.a.

Unemployment measured by the PNAD (National Household Sample Survey) increased to 9.5% in January, 2.7 p.p. higher than in the same period in 2015, the highest year-on-year upturn since the beginning of the historical series in 2012. The working population and average income indicators are still deteriorating, recording declines of 1.1% and 2.5%, respectively, compared with the same period in 2015, accompanied by a 3.6% year-on-year reduction in the number of private sector employees.

Regarding the formal employment, the Ministry of Labor's official employment registry (Caged) showed a net reduction of 105,000 jobs in February. Excluding seasonal effects, the result is equivalent to a net reduction of 181,000 jobs. All the sectors recorded a loss in the monthly comparison, led by the manufacturing and services sectors.

As for the credit market, February was marked by considerable moderation in lending volume, which increased by a mere 5.3% over the same period in 2015. In real terms, loan operations decreased by 4.6% in the annual comparison, reinforcing the signs of continued weakening.

The default rate for non-earmarked credit operations remained virtually stable. The average household default rate edged down, closing February at 6.1% p.a. In sum, the credit indicators for February reinforced the signs of deceleration in lending volume, interest rate increase and high default rates, in line with the deterioration of economic activity indicators, especially those related to the job market.

In terms of the tax situation, the public sector’s consolidated primary balance was a deficit of R\$23.0 billion, influenced by the R\$26.4 billion negative result from the federal government. State-owned companies recorded a R\$0.7 billion surplus, while states and municipalities recorded a R\$2.7 billion result. The federal government deficit is still influenced by the real decline in the main tax bases, such as revenue, profitability, income, production, imports, financial transactions and payroll, while primary expenses are still on the rise.

Subsidiaries

Below are the controlled companies by Pan in March 31, 2016.



*Intragroup reorganization pending approval from the Brazilian Central Bank

Operational and Commercial Agreements

Since 2011, after the establishment of the controlling block by Caixa Econômica Federal (“Caixa”) and Banco BTG Pactual S.A. (“BTG Pactual”), 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 particularly worth mentioning: (i) Caixa 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 were expected to be adjusted and provide to Pan funding alternatives at a competitive cost.

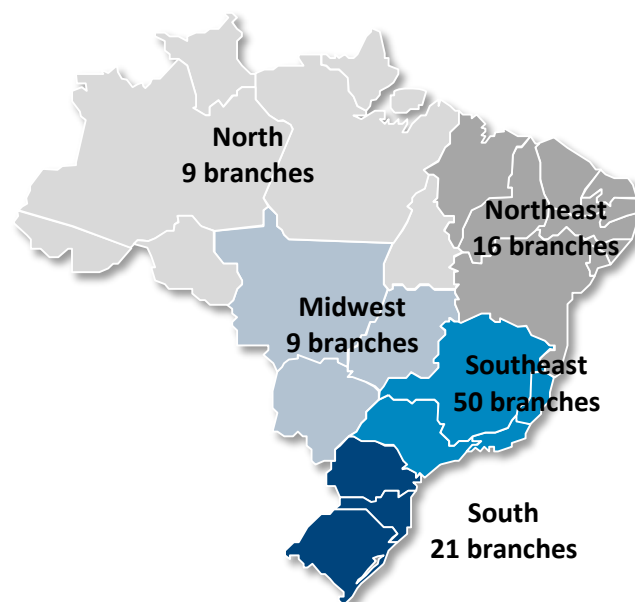
In addition, since 2012, Pan has maintained a cooperation agreement with Caixa establishing a cooperation regime for the structuring, distribution and sale of products and services, including the joint preparation and implementation of plans for the development of products and services for both institutions. The aim is to create synergies and seize opportunities for expanding the product portfolios, among others, considering the complementary nature of their businesses.

The various operational and commercial agreements signed since the formation of Pan’s current controlling structure, not only demonstrate these shareholders’ strong and continuing support for the Company, but also the complementarity and alignment of interests among all three institutions.

Distribution Network

With 3,128 employees, the Bank has 105 exclusive branches in the major cities of Brazil, geographically distributed according to the each region’s GDP.

The Bank is also actively present in 10,292 authorized vehicle dealers and resellers, has 1,151 correspondent banks originating payroll-deductible loans and 1,293 real estate brokers generating loans. The Bank also maintains a call center with 169 workstations, which received 662,146 calls in 1Q16.



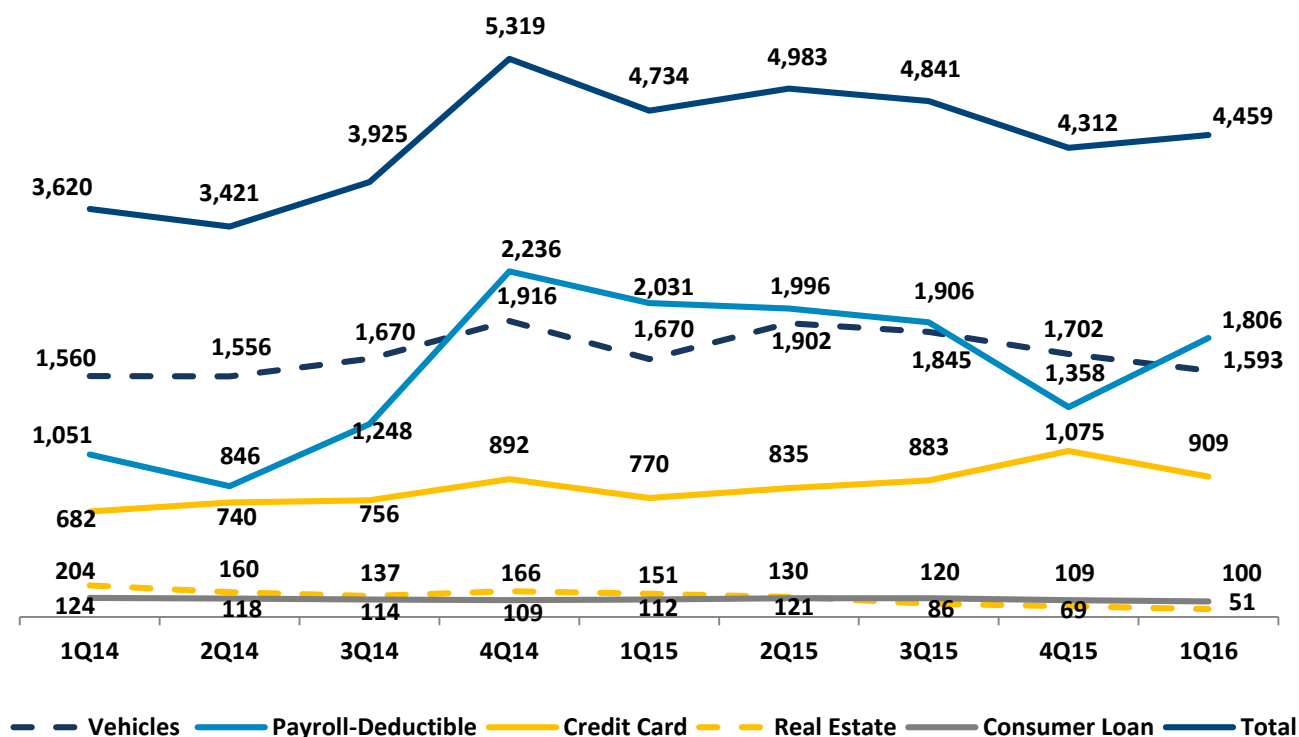
Retail Origination

Despite the retail slowdown in Brazilian economic activity, the higher domestic interest rates and the usual seasonality of the first quarter, Pan reached a monthly average credit origination of R\$ 1,486 million in 1Q16, 3% higher than the monthly average of R\$ 1,437 million in 4Q15, due to a resumption of payroll-deductible credit operations, and 6% lower than the monthly average of R\$ 1,578 million registered in 1Q15, which has been influenced by changes of payroll-deductible contract terms on important segments, such as INSS and Federal Employees, by the end of 2014.

Retail Asset Origination Monthly Average (R\$ MM)

Products	1Q16	4Q15	1Q15	Δ 1Q16/ 4Q15	Δ 1Q16/ 1Q15
Payroll-Deductible	602	453	677	33%	-11%
Vehicles	531	567	557	-6%	-5%
Credit Cards	303	358	257	-15%	18%
Real Estate	17	23	50	-27%	-66%
Consumer Loan	33	36	37	-8%	-11%
Total	1,486	1,437	1,578	3%	-6%

Quarterly Retail Asset Origination (R\$ MM)



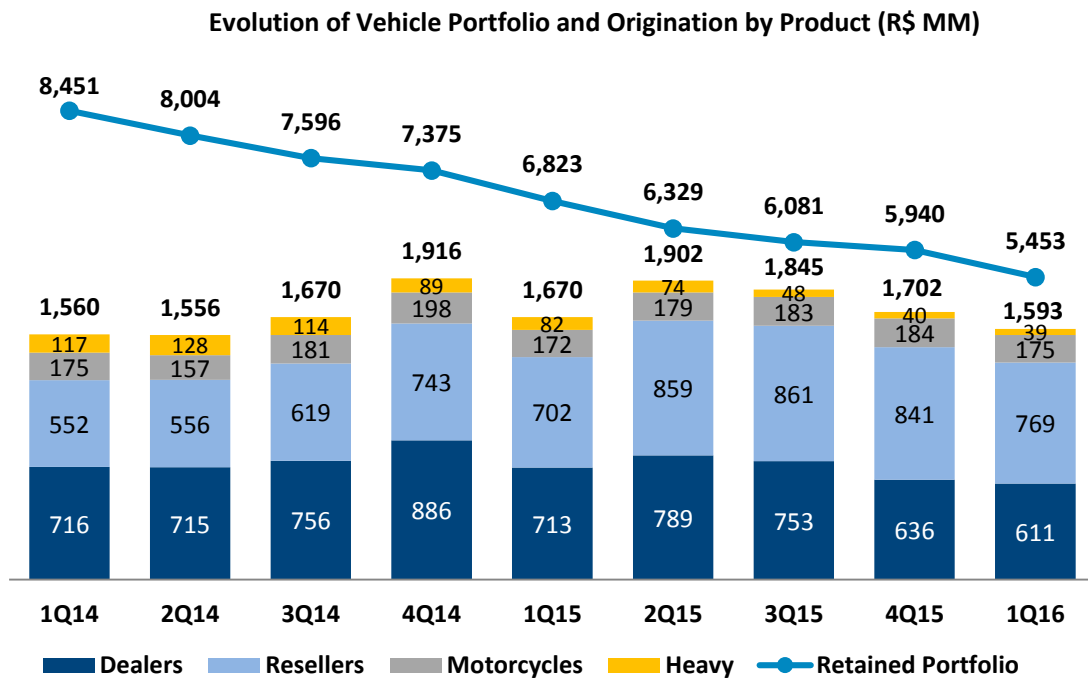
Products

Vehicle Financing

The Bank is actively present in 10,292 new and used vehicle dealers and resellers, with a high degree of loan origination fragmentation, whereby the 10 largest groups of dealers and resellers account for only 12% of total origination.

Despite the sector slowdown, the more conservative criteria on credit concessions and the seasonality in the quarterly comparison, Pan disbursed R\$ 1,593 million in new vehicle financing in 1Q16, 6% lower than the R\$ 1,702 million originated in 4Q15 and 5% lower than the R\$ 1,670 originated in 1Q15.

The credit portfolio continued to decline due to the credit assignments without recourse, ending the 1Q16 in R\$ 5,453 million, contributing to the diversification of the Bank’s Portfolio.

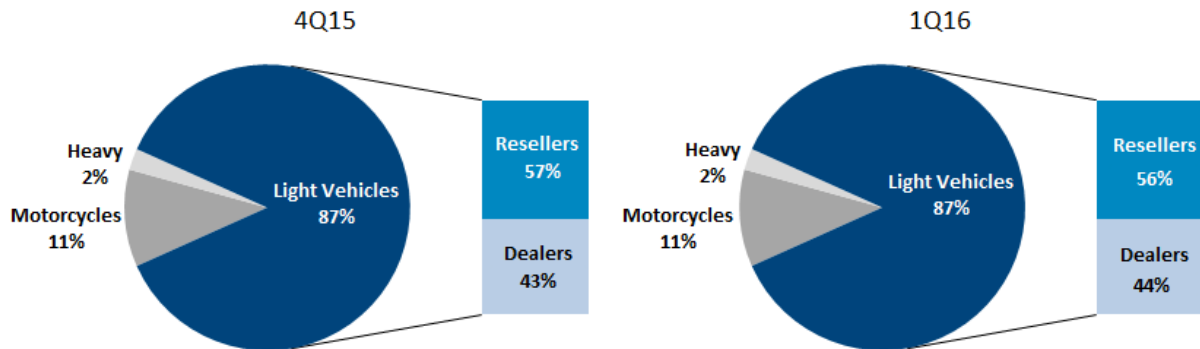


Light vehicles financing showed a reduction in the monthly average origination, registering a total of R\$ 460 million in 1Q16, compared to the average of R\$ 492 million in 4Q15 and R\$ 472 million in 1Q15. The origins segregation guarantees the Portfolio diversification, in line with the Bank’s strategy, with 56% of light vehicles originated through Resellers and 44% through Dealers during the 1Q16.

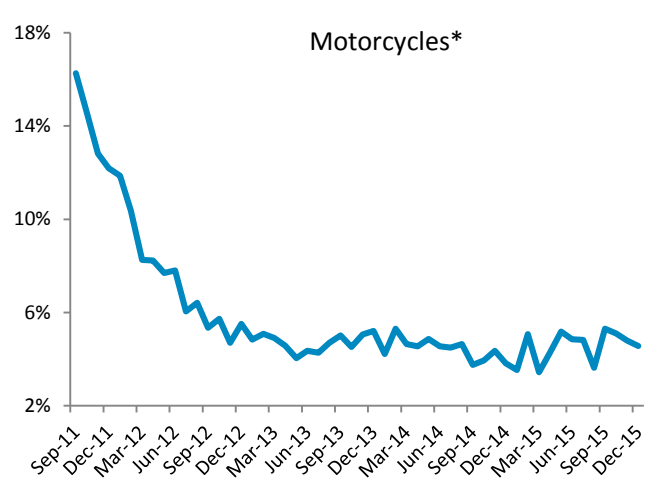
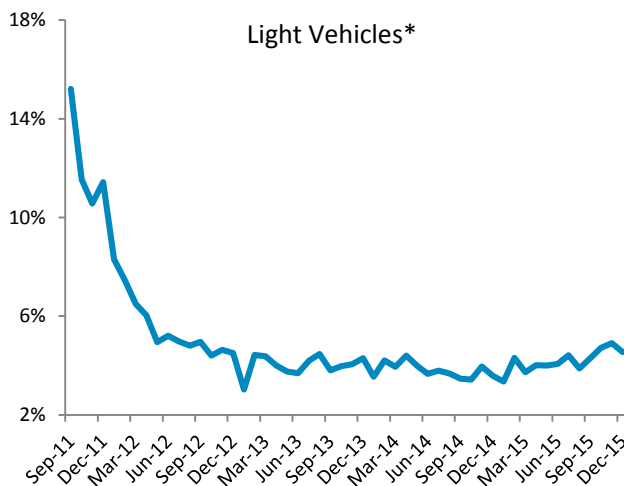
Motorcycle financing presented a monthly average of R\$ 58 million in 1Q16, lower than the averages of R\$ 61 million in 4Q15 and R\$ 57 million in 1Q15.

Accompanying the market trajectory, the heavy vehicle segment also declined in production, recording a monthly average origination of R\$ 13 million in 1Q16, remaining stable in comparison with the origination in 4Q15, but lower than the R\$ 27 million average in 1Q15.

% in New Vehicle Financing



Pan’s Management has been continuously fine-tuning the Bank’s credit approval models, systems and processes, generating a substantial improvement in the quality of the originated portfolios, as demonstrated by their quality indicators since the second half of 2011.



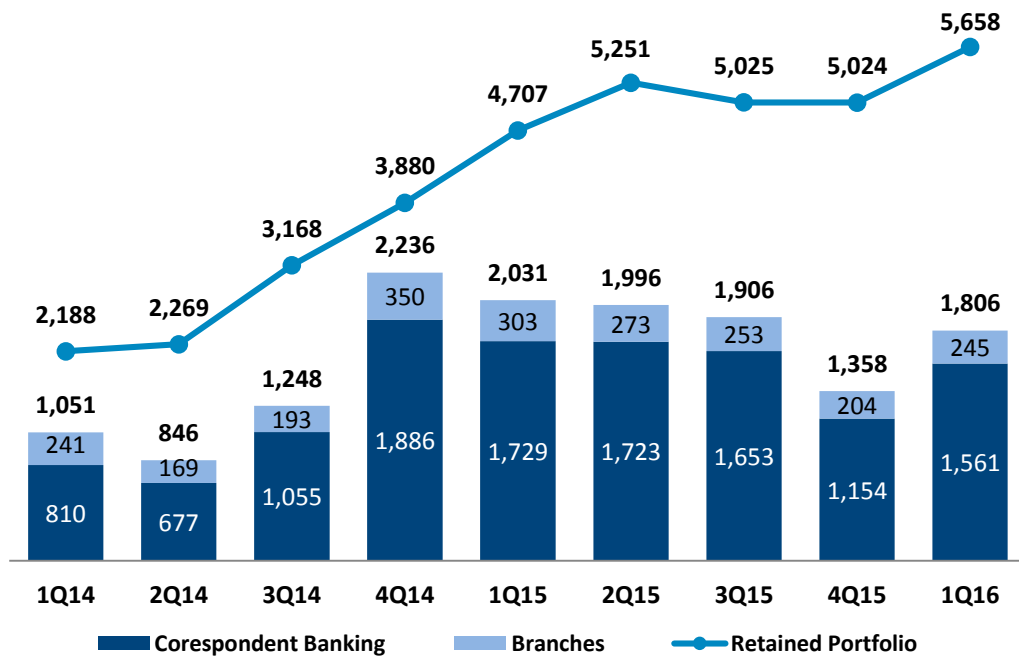
*% of non performing loans over 30 days 3 months after concession

Consumer Loans

In 1Q16, Pan disbursed R\$ 1,806 million in new payroll-deductible loans for public servants and social security beneficiaries, 33% over the R\$ 1,358 million originated in the previous quarter, taking advantage of the market recovery. In the annual comparison, it was observed an 11% reduction in relation to the R\$ 2,031 million originated in the 1Q15, since this quarter has been influenced by changes of payroll-deductible contract terms on important segments, such as INSS and Federal Employees, by the end of 2014.

The payroll-deductible credit portfolio has evolved positively during the 1Q16, reaching R\$ 5,658 million and contributing to the diversification of the Bank’s Portfolio.

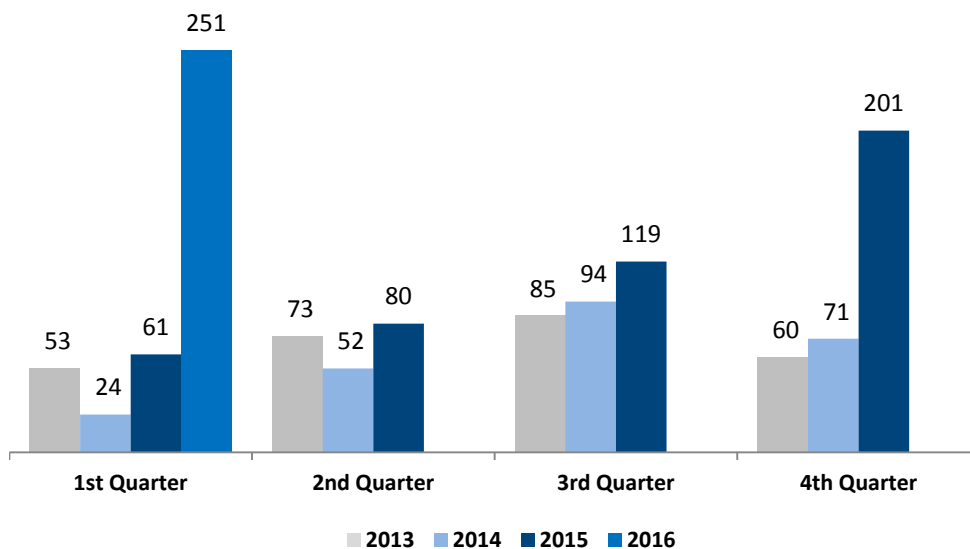
Evolution of Payroll-Deductible Loan Portfolio and Origination by sales channel (R\$ MM)



Consumer loans accounted for R\$ 100 million of new loan disbursements during the 1Q16, compared to R\$ 109 million disbursed in 4Q15 and R\$ 112 million in 1Q15.

The Bank also operates with consortium sales, which resulted in a total income of R\$ 251 million in 1Q16, volume higher than the R\$ 201 million in the previous quarter and the R\$ 61 million in the 1Q15.

Consortium Total Income (R\$ MM)

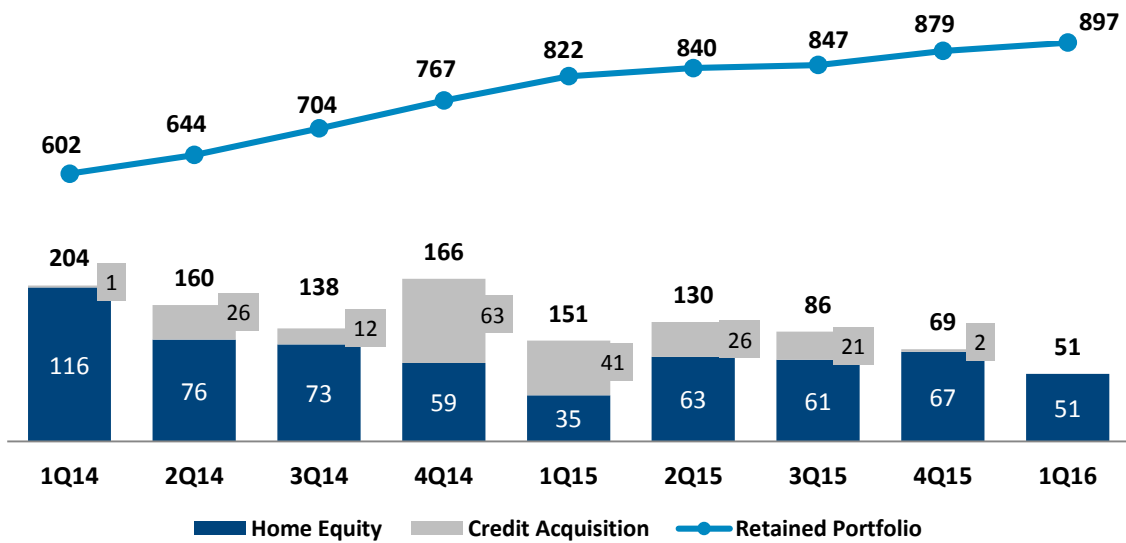


Real Estate Loans

Real estate loans origination totaled R\$ 51 million in 1Q16, specifically in Home Equity credits. The reduction in comparison to the last quarter reflects the seasonality of the first quarter.

The real estate loan portfolio ended the 1Q16 at R\$ 897 million, remaining stable in comparison to the R\$ 879 million portfolio at the end of December 2015.

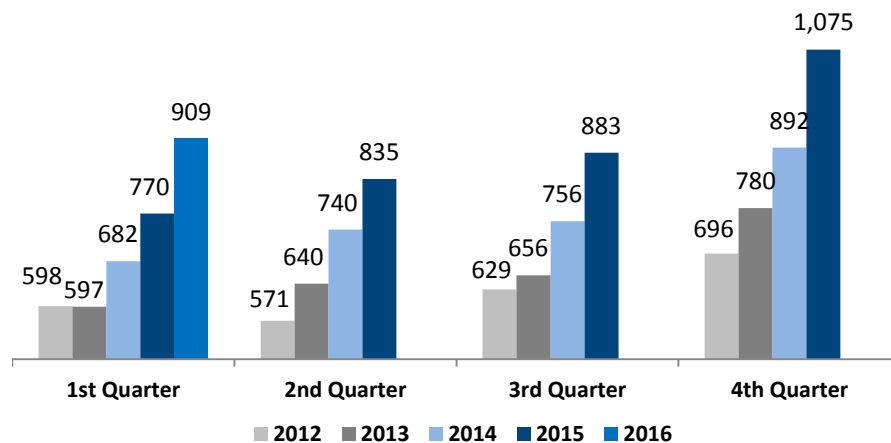
Evolution of Real Estate Origination by Product and total Portfolio (R\$ MM)



Credit Cards – Payroll and Conventional Cards

Pan closed 1Q16 with a base of 1.9 million credit cards. The transaction volume totaled R\$ 909 million, 18% higher than the R\$ 770 million registered in 1Q15, with an increase of payroll cards transactions.

Transaction Volume (R\$ MM)

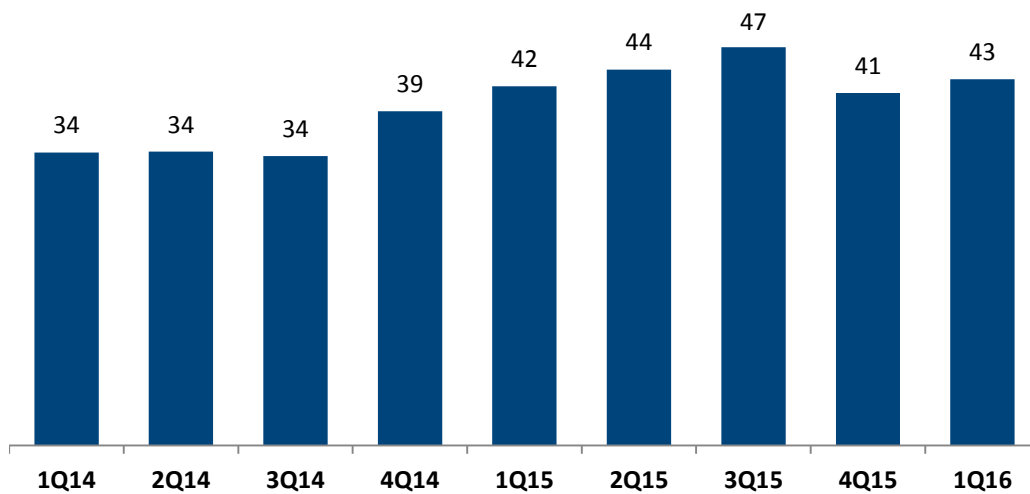


Insurance

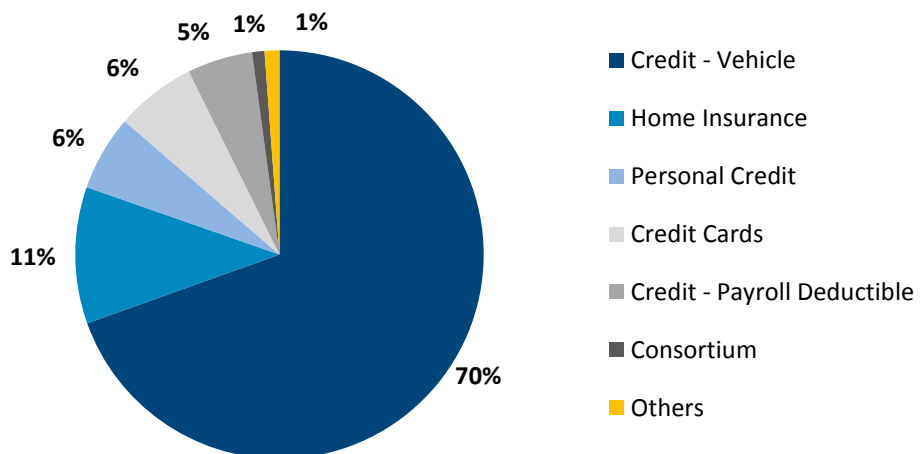
Based on the operational distribution agreement signed with Pan Seguros S.A., valid until December 2034, Pan originated R\$ 43 million in insurance premiums in 1Q16, more than the R\$ 41 million and R\$ 42 million originated in the 4Q15 and 1Q15, respectively.

Among the premiums originated in 4Q15 are R\$ 35 million in credit insurance, R\$ 5 million in home insurance, R\$ 3 million in credit card insurance and R\$ 1 million in other products.

Insurance Premiums originated by Pan (R\$ MM)



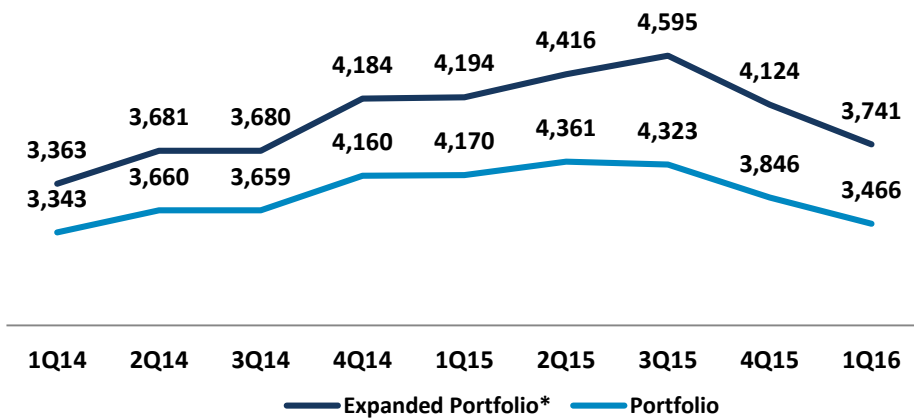
Insurance Premium by Product (%)



Corporate Loans

Pan’s Expanded Corporate Loan Portfolio, including R\$ 275 million in Guarantees Issued, reached a total amount of R\$ 3,741 in 1Q16, compared to the R\$ 4,124 million portfolio in 4Q15 and R\$ 4,194 million portfolio in 1Q15. By the end of March 2016, this portfolio had an amount of R\$ 117 million in ACC (foreign exchange contract advances) operations in US dollar.

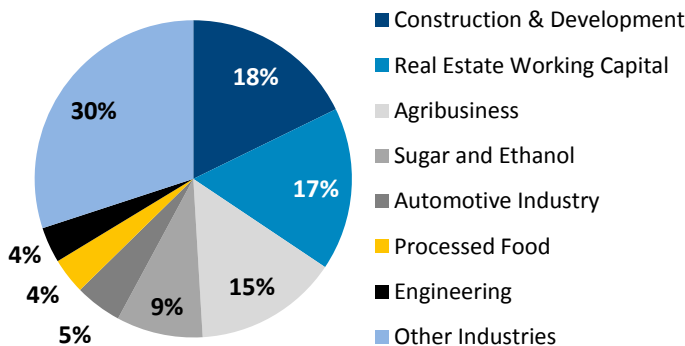
Corporate Loan Portfolio Evolution (R\$ MM)



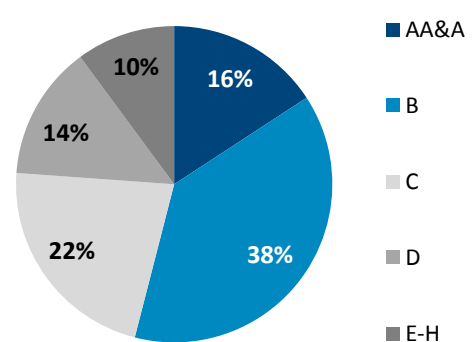
*Including Guarantees Issued

The bank operates with a risk control policy, which consists of maintaining a diversified loan portfolio by industries and by economic groups, besides maintaining a good level of guarantees for each operation. The 10 largest clients jointly account for just 4% of the total portfolio in 1Q16.

Corporate Loan Portfolio by Industry (%)



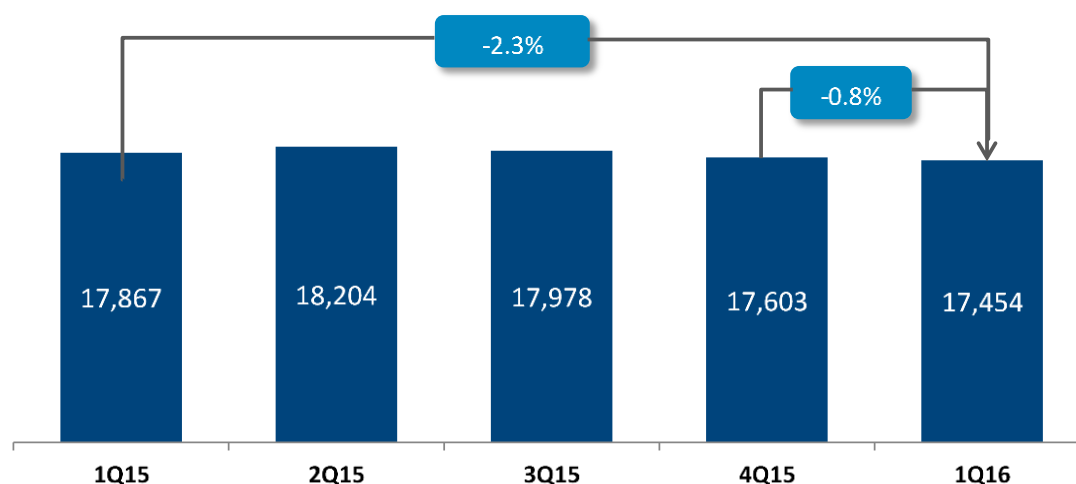
Corporate Loan Portfolio by Rating (%)



Credit Portfolio

The Credit Portfolio with Retained Results, which includes retail and corporate loans, ended the 1Q16 in R\$ 17,454 million, presenting a slight decline over the R\$ 17,603 million portfolio in 4Q15 and the R\$ 17,867 million portfolio reported in 1Q15. It is worth mentioning the rise of Payroll-deductible portfolio, exceeding the volume of vehicle financing portfolio at the end of 1Q16.

Credit Portfolio with Retained Results (R\$ MM)



During the 1Q16, credit assignments without recourse (including vehicle, payroll and real estate loans) totaled R\$ 2,242 million, contributing to the portfolio diversification as illustrated in the chart below.

Type of Loans (R\$ MM)	1Q16	Part. %	4Q15	Part. %	1Q15	Part. %	Δ 1Q16/ 4Q15	Δ 1Q16 / 1Q15
Payroll Deductible Loans ¹	5,658	32%	5,024	29%	4,707	26%	13%	20%
Vehicle Financing	5,452	31%	5,940	34%	6,823	38%	-8%	-20%
Corporate	3,466	20%	3,846	22%	4,170	23%	-10%	-17%
Real Estate	897	5%	879	5%	822	5%	2%	9%
Credit Cards	985	6%	854	5%	627	4%	15%	57%
Guarantees Issued	275	2%	278	2%	24	0%	-1%	-
Others	720	4%	783	4%	694	4%	-8%	4%
Total	17,454	100%	17,603	100%	17,867	100%	-1%	-2%

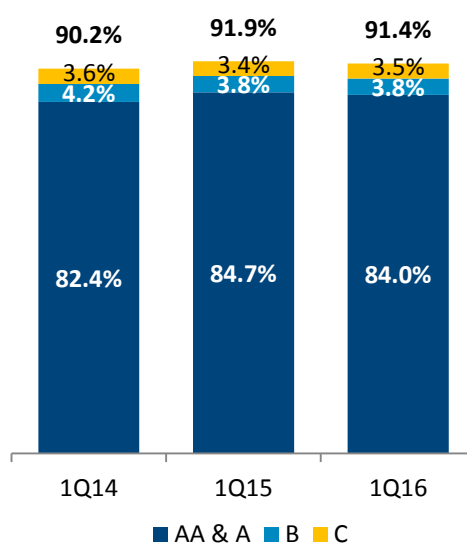
¹ Includes credits assigned with the retention of risks and benefits, pursuant to Central Bank Resolution 3,533/08.

Retail Credit Portfolio

Below are shown the ratings of Banco Pan's Retail Credit Portfolio recorded in the balance sheet by risk category, pursuant to Resolution 2,682 of the Brazilian Monetary Council (CMN):

Category of Risk (R\$ MM)	1Q16	Part. %	4Q15	Part. %	1Q15	Part. %	Δ 1Q16/ 4Q15	Δ 1Q16 / 1Q15
"AA" to "C"	12,526	91%	12,238	92%	12,624	92%	2%	-1%
"D" to "H"	1,187	9%	1,129	8%	1,105	8%	5%	7%
Total	13,713	100%	13,367	100%	13,729	100%	3%	0%

% of Retail Credits rated from AA to C (Resolution 2,682 of CMN)



The table below presents the total loan portfolio by maturity on March 31, 2016:

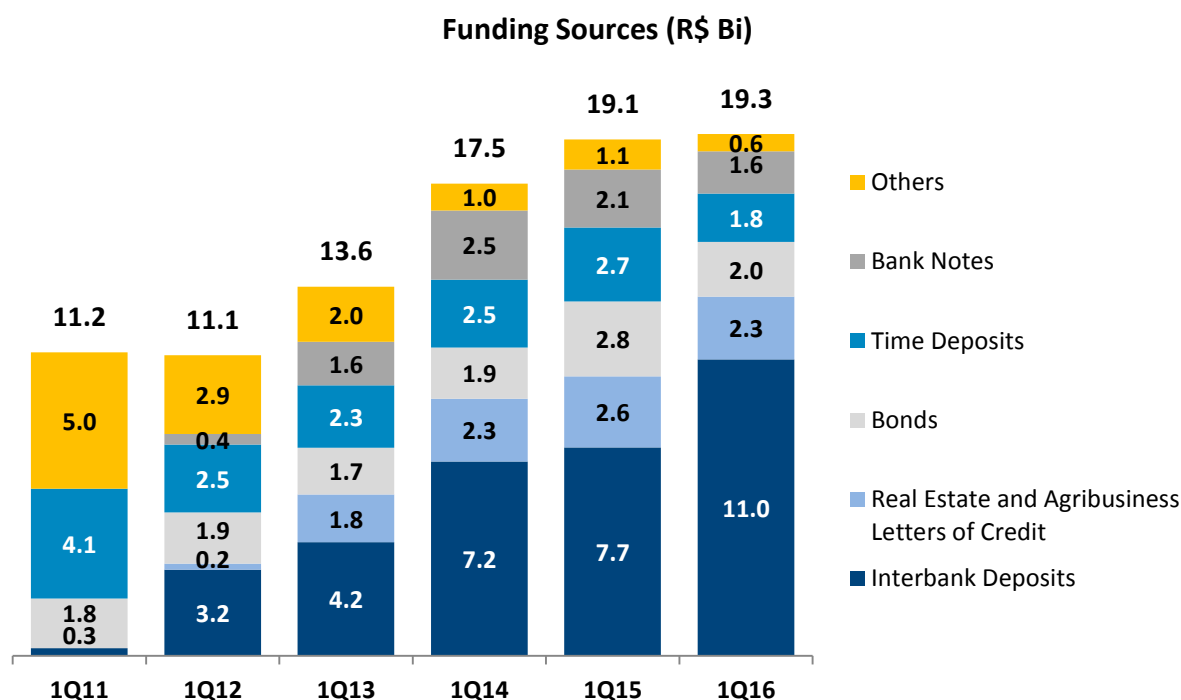
Maturity Per Type of Credit Operation (R\$ MM)	Up to 30 days	From 31 to 90 days	From 91 to 180 days	From 181 to 360 days	More than 360 days	Total
Payroll-Deductible Loans ²	212	321	459	824	3,842	5,658
Vehicle Financing	479	371	548	1,040	3,015	5,452
Corporate	556	584	677	583	1,066	3,466
Real Estate	31	29	43	76	718	897
Credit Cards	900	24	21	20	19	985
Others	402	158	102	58	275	995
Total	2,580	1,487	1,851	2,602	8,935	17,454
Mat. Part. (%)	15%	9%	11%	15%	51%	100%

² Includes credits assigned with the retention of risks and benefits, pursuant to Central Bank Resolution 3,533/08.

Funding

Funding volume closed March 2016 at R\$ 19.3 billion, with a slight increase compared to the R\$ 19.1 billion recorded in December 2015 and March 2015. The main funding sources were: (i) time deposits and interbank deposits, which amounted to R\$ 12.7 billion, 66% of the total; (ii) real estate and agribusiness letters of credit totaling R\$ 2.3 billion, 12% of the total; (iii) bonds issued abroad, totaling R\$ 2.0 billion, 11% of the total; (iv) bank notes totaling R\$ 1.6 billion, 8% of the total; and (v) other funding sources, corresponding to R\$ 630 million, 3% of the total.

Funding Sources (R\$ MM)	1Q16	Part. %	4Q15	Part. %	1Q15	Part. %	Δ 1Q16 / 4Q15	Δ 1Q16 / 1Q15
Interbank Deposits	10,958	57%	10,097	53%	7,700	40%	9%	42%
Time Deposits	1,787	9%	1,927	10%	2,737	14%	-7%	-35%
Real Estate and Agribusiness Letters of Credit	2,314	12%	2,440	13%	2,635	14%	-5%	-12%
Bonds	2,027	11%	2,218	12%	2,765	15%	-9%	-27%
Bank Notes	1,565	8%	1,695	9%	2,143	11%	-8%	-27%
Others	630	3%	726	4%	1,106	6%	-13%	-43%
Total	19,281	100%	19,104	100%	19,085	100%	1%	1%



In accordance with Article 8 of Central Bank Circular 3068/01, Pan declares that it has the financial capacity and the intention of holding to maturity those securities classified under “held-to-maturity securities” in its financial statements.

Results

Managerial Net Interest Margin – NIM

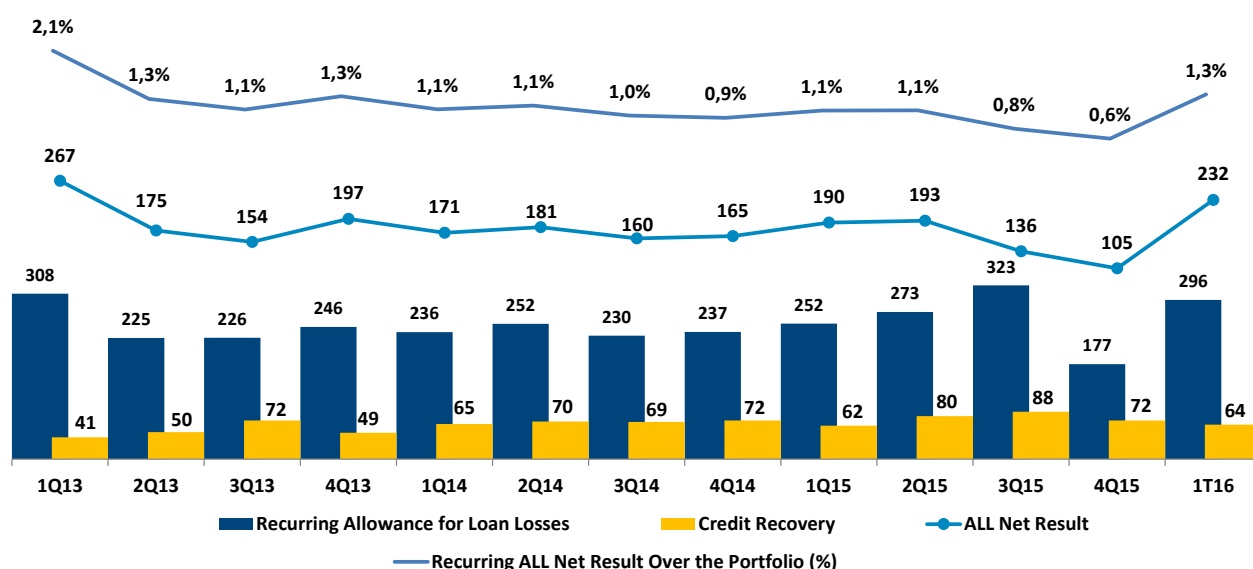
In 1Q16, Pan's Managerial Net Interest Margin stood at 11.6% compared to 11.7% in the previous quarter and 11.1% registered in 1Q15.

Managerial Net Interest Margin (R\$ MM)	1Q16	4Q15	1Q15	Δ 1Q16/4Q15	Δ 1Q16 / 1Q15
Gross Income from Financial Intermediation	309	527	370	-41%	-17%
(+) Allowance for Loan Losses	296	177	252	68%	18%
Income from Financial Intermediation Before ALL	605	704	622	-14%	-3%
(+) Exchange Rate Variation	1	(103)	(55)	101%	102%
1. Managerial Net Interest Margin	606	601	567	1%	7%
(-) Credit Assignments Results	187	118	97	58%	92%
2. Managerial Net Interest Margin w/o Assignments	420	483	470	-13%	-11%
3. Average Interest-Earning Assets	21,883	21,449	21,299	2%	3%
- Average Loan Portfolio	17,253	17,516	17,678	-2%	-2%
- Average Securities and Derivatives	2,795	2,667	2,576	5%	9%
- Average Interbank Investments	1,835	1,266	1,045	45%	76%
(1)/(3) Manag. Net Interest Margin (% p.a.)	11.6%	11.7%	11.1%	-0.1 p.p.	0.5 p.p.
(2)/(3) Manag. Net Interest Margin w/o Assign. (% p.a)	7.9%	9.3%	9.1%	-1.4 p.p.	-1.2 p.p.

Costs and Expenses

In 1Q16, the allowance for loan losses came to R\$ 296 million, while the recovery of credit previously written-off against the allowance for loan losses reached R\$ 64 million. Thus, the net expense of the allowance for loan losses in 1Q16 totaled R\$ 232 million.

Allowance for Loan Losses and Credit Recovery (R\$ MM and %)



Personnel and administrative expenses (Subtotal I) totaled R\$ 285 million in 1Q16, 4% over the R\$ 274 million of the previous quarter and 10% over the R\$ 260 million of the 1Q15.

The credit origination expenses (Subtotal II) totaled R\$ 180 million in 1Q16, compared to 173 million in 4Q15 and R\$ 157 million at the end of 1Q15. The annual increase is related to the change in the accounting rules of these expenses, introduced by the Central Bank Resolution 3,738 from 2014.

G&A Expenses(R\$ MM)	1Q16	4Q15	1Q15	Δ 1Q16/ 4Q15	Δ 1Q16 / 1Q15
Personnel expenses	138	138	129	-	7%
Administrative expenses	147	136	131	8%	12%
1. Subtotal I	285	274	260	4%	10%
Comission Expenses - BACEN Circular 3,738	54	25	32	119%	69%
Deferred Comissions and other origination expenses	126	148	125	-15%	1%
2. Subtotal II – Credit Origination	180	173	157	4%	15%
3. Total (I + II)	465	447	417	4%	12%

Pan's cost structure and its ability to generate revenues are subject to continuous analysis. Consequently, the Bank's cost structure is sized in accordance with Management's current expectations concerning future loan operation volumes and margins. If the economic and market scenarios deteriorate to such an extent as to interfere with the progress of the business plan, the cost structure will be adjusted accordingly.

Income Statement

Pan posted net losses of R\$ 96.1 million in 1Q16, versus a net income of R\$ 33.7 million in 4Q15 and net losses of R\$ 73.5 million in 1Q15.

The quarterly results are 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\$ 2,242 million in 1Q16.

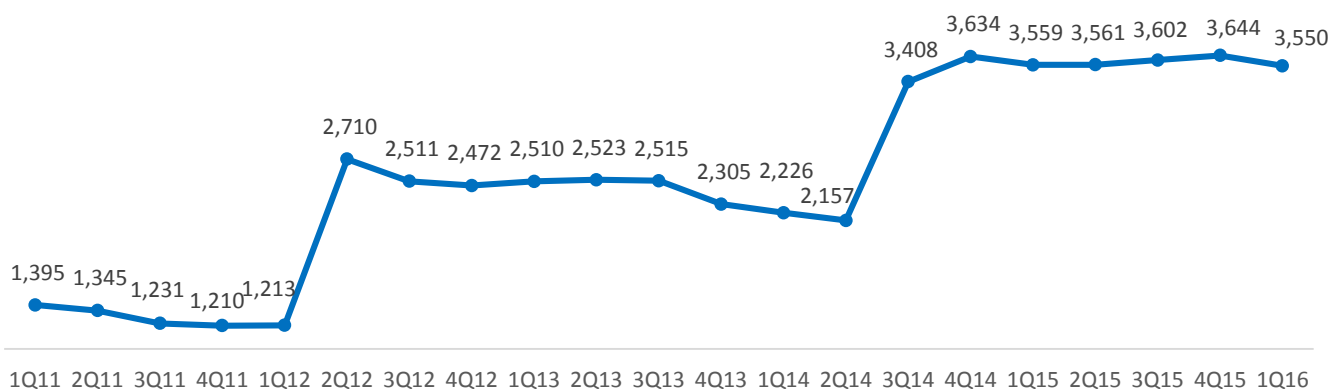
P&L Statement (R\$ MM)	1Q16	4Q15	1Q15	Δ 1Q16/ 4Q15	Δ 1Q16 / 1Q15
Net Interest Margin w/o Credit Assignments	420	483	470	-13%	-11%
Result from Credit Assignments	187	118	97	58%	92%
Net Interest Margin	606	601	567	1%	7%
Allowance for Loan Losses	(296)	(177)	(252)	-68%	-18%
Gross Profit from Financial Intermediation (Adjusted)	310	424	315	-27%	-2%
Other Operating Revenues (Expenses)	50	223	46	-78%	8%
Administrative and Personnel Expenses	(465)	(447)	(417)	-4%	-12%
Tax Expenses	(52)	(62)	(54)	16%	3%
Income from Operations	(157)	139	(109)	-213%	-44%
Non Operating Expenses	(13)	(34)	(12)	61%	-10%
Income and Social Contribution Taxes	74	(71)	48	-	55%
(Loss)/ Net Income	(96.1)	33,7	(73.5)	-	-31%

Shareholders' Equity and Capital

Shareholders' Equity

Pan's Consolidated Shareholders' Equity totaled R\$ 3,550 million in March 2016, compared to R\$ 3,644 million in December 2015 and R\$ 3,559 million in March 2015.

In R\$ Million

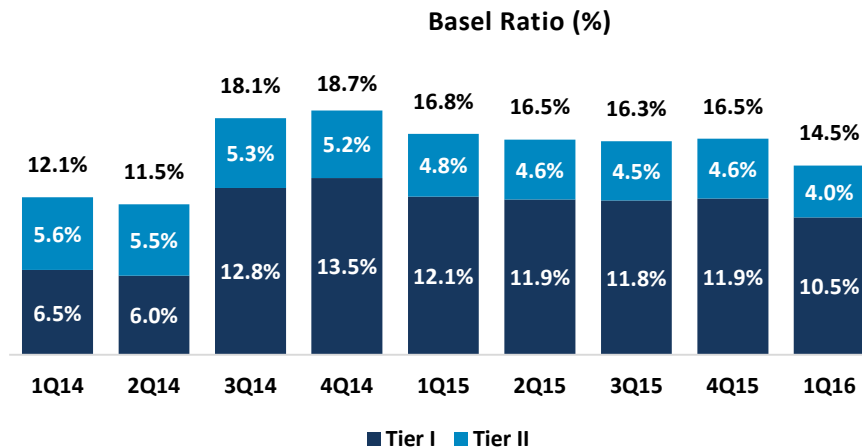


Basel Ratio and Operating Margin

The Prudential Group's Basel Ratio stood at 14.5% on March 31, 2016 (10.5% for Tier I Common Equity), versus 16.5% in December 2015 (11.9% for Tier I Common Equity) and 16.8% (12.1% for Tier I Common Equity) in March 2015. The ratio decrease is not only related to the adjustments made under the Basel III requirements but also to the quarterly loss. The Prudential Group's Operating Margin came to R\$ 721 million in 1Q16.

As of January 2016, the Capital Requirement was altered from 11% to 9.875%, totaling 10.5% when considering the capital conservation of 0.625%. The Tier I Capital requirement came to 6%, 4.5% for CET1.

R\$ MM	1Q16	4Q15	1Q15
1. Reference Shareholder's Equity (PR)	2,920	3,321	3,311
Common Equity Tier I	2,116	2,401	2,375
Tier II	804	920	936
2. Required Reference Shareholders' Equity	2,118	2,211	2,166
Risk Weighted Assets	1,892	2,069	2,026
Exchange Variation Risk	4	19	5
Interest (Pre-fixed)	99	16	57
Operational Risk	123	107	78
Basel Ratio (1 / (2 / 11%))	14.5%	16.5%	16.8%
Tier I	10.5%	11.9%	12.1%
Tier II	4.0%	4.6%	4.8%
3. Banking Positioning Risk - RBAN	81	73	68
Operating Margin (1 - 2 - 3)	721	1,036	1,078



Ratings

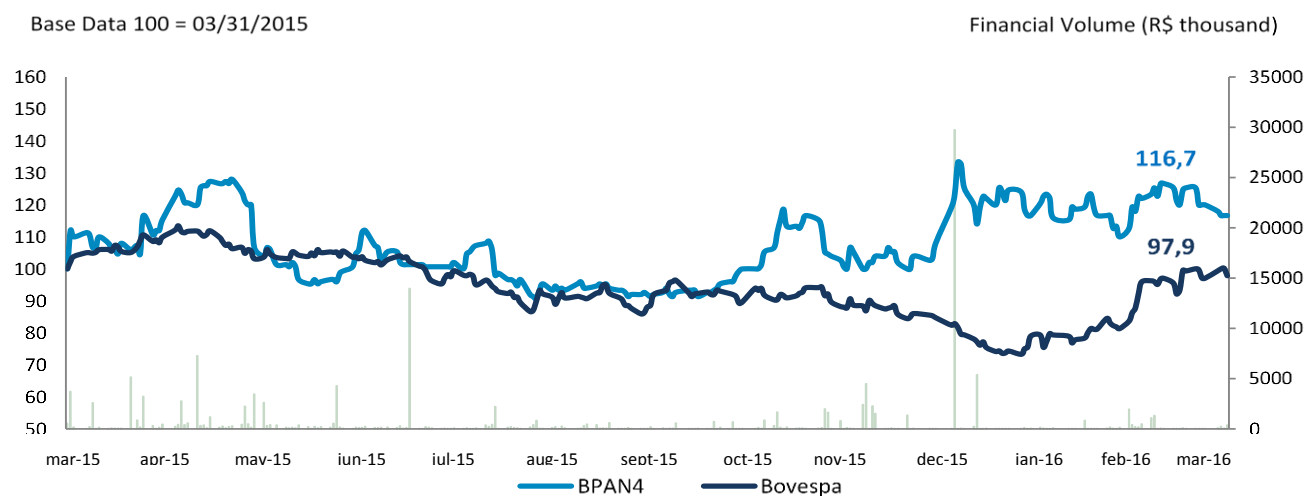
Pan’s long term ratings, global and international scale, are presented below:

Longo Term	Global	Local	Perspective
Fitch Ratings	BB-	A+ (br)	Negative
Standard & Poors’s	B+	brBBB-	Negative
Moody’s	B1	Baa2.br	Stable
Riskbank	Low Risk for Medium Term		

Stock Performance

Pan’s shares (BPAN4) closed 1Q16 at R\$ 1.75, up on 8% over the R\$ 1.62 recorded at the end of the previous quarter, with respective highs and lows of R\$ 2.00 and R\$ 1.65.

The traded volume totaled R\$ 44.2 million in 1Q16, with a daily average of R\$ 738.3 thousand. On March 31, 2016, Pan’s market cap was R\$ 1.6 billion.



Source: Reuters

APPENDIX

BALANCE SHEET AS OF MARCH 31, 2016 AND DECEMBER 31, 2015				
<i>(In thousands of Brazilian reais - R\$)</i>				
	BANK		CONSOLIDATED	
ASSETS	Mar/2016	Dec/15	Mar/16	Dec/15
CURRENT ASSETS	11,886,812	10,794,892	12,325,866	11,374,915
Cash	43,767	43,156	51,838	48,043
Interbank investments	2,870,025	1,626,065	2,425,351	1,168,723
Securities and derivatives financial instruments	360,417	219,766	429,380	287,390
Interbank accounts	47,624	21,357	47,624	21,357
Lending operations	6,192,071	6,135,018	6,789,134	6,821,182
Lending operations - private sector	6,840,986	6,725,520	7,558,772	7,494,684
(Allowance for loan losses)	(648,915)	(590,502)	(769,638)	(673,502)
Leasing operations	-	-	4,388	3,632
Leasing operations	-	-	5,535	5,444
(Allowance for doubtful lease receivables)	-	-	(1,147)	(1,812)
Other receivables	2,228,607	2,392,749	2,274,795	2,537,828
(Allowance for loan losses)	(67,389)	(62,063)	(68,006)	(62,298)
Other assets	211,690	418,844	371,362	549,058
LONG-TERM RECEIVABLES	13,259,970	12,983,265	14,850,576	14,444,834
Interbank investments	105,102	85,732	54,471	21,021
Securities and derivatives financial instruments	1,968,883	2,139,409	2,333,809	2,540,071
Lending operations	7,584,077	7,642,370	8,380,532	8,360,231
Lending operations - Private Sector	7,846,582	7,914,310	8,671,161	8,662,534
(Allowance for loan losses)	(262,505)	(271,940)	(290,629)	(302,303)
Leasing operations	-	-	836	3,863
Leasing operations	-	-	867	4,275
(Allowance for doubtful lease receivables)	-	-	(31)	(412)
Other receivables	3,302,786	2,994,830	3,780,908	3,397,797
(Allowance for loan losses)	(20,866)	(15,832)	(20,866)	(15,832)
Other assets	319,988	136,756	320,886	137,683
PERMANENT ASSETS	998,825	1,024,265	268,568	277,343
TOTAL ASSETS	26,145,607	24,802,422	27,445,010	26,097,092
LIABILITIES	Mar/2016	Dec/15	Mar/16	Dec/15
CURRENT LIABILITIES	17,899,016	15,928,257	18,693,562	16,589,051
Deposits	11,321,942	10,613,117	11,320,959	10,610,077
Demand deposits	50,913	75,647	50,591	73,247
Interbank deposits	10,922,784	10,060,290	10,922,531	10,060,044
Time deposits	348,245	477,180	347,837	476,786
Money market funding	2,598,881	1,543,421	2,598,881	1,543,420
Funds from acceptance and issuance of securities	1,974,442	2,114,167	2,676,623	2,705,900
Interbank accounts	88,904	102,786	88,904	102,786
Interbranch accounts	17,592	28,988	17,592	28,988
Loan Liabilities	-	-	189	1,096
Derivatives Financial Instruments	161,676	3,393	161,676	3,393
Other liabilities	1,735,579	1,522,385	1,828,738	1,593,391
LONG-TERM LIABILITIES	4,695,183	5,228,803	5,200,022	5,862,660
Deposits	1,639,028	1,608,419	1,474,922	1,487,034
Interbank deposits	35,868	36,803	35,868	36,803
Time deposits	1,603,160	1,571,616	1,439,054	1,450,231
Money market funding	101,099	100,551	95,525	94,298
Funds from acceptance and issuance of securities	640,060	831,259	1,064,570	1,298,243
Loan Liabilities	-	-	142,356	153,634
Derivatives financial instruments	127,084	26,358	122,256	13,037
Other Liabilities	2,187,912	2,662,216	2,300,393	2,816,414
Deferred Income	1,366	1,565	1,366	1,565
MINORITY INTEREST	-	-	18	19
SHAREHOLDERS' EQUITY	3,550,042	3,643,797	3,550,042	3,643,797
Capital	3,460,732	3,460,732	3,460,732	3,460,732
Capital Reserve	195,208	195,208	195,208	195,208
Income Reserve	7,719	7,719	7,719	7,719
Adjustments to equity valuation	(17,515)	(19,862)	(17,515)	(19,862)
Retained earnings (loss)	(96,102)	-	(96,102)	-
TOTAL LIABILITIES	26,145,607	24,802,422	27,445,010	26,097,092

INCOME STATEMENT FOR THE QUARTERS ENDED ON MARCH 30, 2016 AND DECEMBER 31, 2015				
<i>(In thousands of Brazilian reais - R\$)</i>				
	BANK		CONSOLIDATED	
	1Q16	4Q15	1Q16	4Q15
REVENUE FROM FINANCIAL INTERMEDIATION	1,111,729	1,463,266	1,176,243	1,541,882
Lending operations	1,173,210	1,118,464	1,255,162	1,196,364
Results from Credit Assignments	186,475	117,718	186,655	117,877
Securities transactions	124,107	113,232	127,036	106,580
Derivative transactions	(364,170)	113,914	(384,717)	121,123
Foreign exchange transactions	(7,893)	(62)	(7,893)	(62)
EXPENSES ON FINANCIAL INTERMEDIATION	(807,532)	(956,899)	(867,223)	(1,014,838)
Funding operations	(553,581)	(795,028)	(581,497)	(826,683)
Borrowings and onlendings	-	-	10,305	(11,509)
Allowance for loan losses	(253,951)	(161,871)	(296,031)	(176,646)
GROSS PROFIT FROM FINANCIAL INTERMEDIATION	304,197	506,367	309,020	527,044
OTHER OPERATING INCOME (EXPENSES)	(448,956)	(370,285)	(465,724)	(388,526)
Income from services rendered	112,026	120,019	120,261	130,788
Equity in subsidiaries	(21,309)	9,637	-	-
Personnel Expenses	(85,800)	(84,209)	(138,315)	(138,066)
Other Administrative Expenses	(351,126)	(332,130)	(326,703)	(309,233)
Tax Expenses	(38,944)	(46,370)	(52,136)	(61,978)
Other Operating Income	123,187	45,153	129,574	53,091
Other Operating Expenses	(186,990)	(82,385)	(198,405)	(63,128)
INCOME FROM OPERATIONS	(144,759)	136,082	(156,704)	138,518
NON OPERATING EXPENSES	(14,027)	(19,278)	(13,287)	(33,876)
INCOME BEFORE TAXES	(158,786)	116,804	(169,991)	104,642
INCOME AND SOCIAL CONTRIBUTION TAXES	62,684	(83,126)	73,888	(70,967)
Provision for Income tax	(3,871)	(12,337)	(174)	(12,612)
Provision for Social Contribution tax	(2,374)	(7,512)	(1,501)	(10,323)
Deferred tax credits	68,929	(63,277)	75,563	(48,032)
MINORITY INTEREST	-	-	1	1
(LOSS)/ NET INCOME	(96,102)	33,677	(96,102)	33,677

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.