

## Banco Pan Earnings Release – 4Q15

February 1, 2016

### Conference Call – Portuguese

February 2, 2016  
10:30 a.m. (Brasília) / 7:30 a.m. (US-EST)  
Connection number: +55 (11) 2188-0155  
Access code: Banco Pan  
Replay: Available until February 9, 2016  
Access number: +55 (11) 2188-0400  
Code: Banco Pan

### Conference Call – English

February 2, 2016  
12:00 noon (Brasília) / 9:00 a.m. (US-EST)  
Connection number: +1 (412) 317-2507  
Access code: Banco Pan  
Replay: Available until February 9, 2016  
Access number: +1(412) 317-0088  
Code: 10079275



**São Paulo, February 1, 2016** – Banco Pan S.A. (“Pan”, “Bank” or “Company”) and its subsidiaries, pursuant to legal provisions, releases its results for the year ended on December 31, 2015, 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\$ 1,573 million in 2015**, 16% up on the monthly average of R\$ 1,357 million in 2014;
- ✓ **Retail credit origination monthly average of R\$ 1,437 million in 4Q15**, 11% down from the monthly average of R\$ 1,614 million in 3Q15;
- ✓ **Corporate Loan Portfolio, including Guarantees Issued, ended 2015 at R\$ 4,124 million**, compared to R\$ 4,184 million as of 2014;
- ✓ **Credit Portfolio with Retained Results ended 2015 at R\$ 17,603 million**, compared to R\$ 17,536 million as of 2014;
- ✓ **Monthly Average Portfolio of R\$ 18,114 million in 2015**, 11% higher than the Average Portfolio of R\$ 16,257 million in 2014;
- ✓ **Net Allowance for Loan Losses Expenditure of R\$ 723 million in 2015**, compared to R\$ 677 million in 2014;
- ✓ **Managerial Net Interest Margin of 12.4% in 2015**, compared to 10.2% in 2014;
- ✓ **Managerial Net Interest Margin of 11.7% in 4Q15**, compared to 12.7% in 3Q15;
- ✓ **Net Income of R\$ 33.7 million in 4Q15, resulting in a Consolidated Net Income of R\$ 8.1 million in 2015**, compared to the Net Income of R\$ 7.8 million in 2014; and
- ✓ **Consolidated Shareholders’ Equity of R\$ 3,644 million and Basel Ratio of 16.5% at the end of 2015, with Common Equity Tier I of 11.9%.**

## Main Indicators

| Main Indicators (R\$ MM)              | 2015           | 2014           | Δ 2015 / 2014    |
|---------------------------------------|----------------|----------------|------------------|
| Credit Portfolio with Retained Result | 17,603.4       | 17,536.0       | 0.4%             |
| Total Assets                          | 26,097.1       | 25,500.4       | 2.3%             |
| Total Funding                         | 19,088.8       | 19,154.1       | -0.3%            |
| <b>Net Income</b>                     | <b>8.1</b>     | <b>7.8</b>     | <b>2.9%</b>      |
| <b>Shareholders' Equity</b>           | <b>3,643.8</b> | <b>3,634.5</b> | <b>0.3%</b>      |
| <b>Basel Index</b>                    | <b>16.5%</b>   | <b>18.7%</b>   | <b>-2.2 p.p.</b> |

## Economic Scenario

Regarding economic activity, industrial production decreased by 2.4% in November compared to the previous month (seasonally adjusted). The quarterly moving average registered a monthly drop of 1.6% in November, standing at negative territory for more than a year.

As for demand, restricted retail sales (excluding vehicles and building materials) increased 1.5% in November compared to the previous month, positively impacted by sales from the Black Friday period, followed by moderate growth of the extended retail sales, which grew by 0.5% in the period. The monthly survey of the service sector showed a sharp fall, registering an annual decline of 6.3% in November. For the quarter ended in November, the annual slowdown reached 5.6%.

On the foreign front, the current account deficit reached US\$ 2.9 billion in November, influenced mainly by the deficits of US\$ 2.4 billion in services and US\$ 1.7 billion in revenues. In the year, the current account deficit registered an improvement of US\$ 56.4 billion, particularly influenced by the sharper decline in imports, which dropped by 24% in the year, versus a decline of 16% in exports over the same period.

As for inflation, December's IPCA consumer price index climbed by 0.96% over the previous month, well above the average of 0.63% per month recorded from 2000 to 2014. With this result, inflation ended 2015 at 10.7% p.a., compared to 6.4% p.a. recorded at the end of 2014, pressured by the increase of 18.1% of administered prices (versus 5.3% in 2014) and the increase of 8.5% of market prices (which increased 6.7% in 2014).

Unemployment measured by the PNAD (National Household Sample Survey) increased to 9.0% in the three months through October. This was the eleventh consecutive monthly increase in the unemployment rate. The employed population and average income indicators continue the deteriorating trend, recording declines of 0.3% and 1.0% compared to the quarter ended in September, followed by wages that fell 1.2% per year above inflation.

Regarding the formal employment, the Ministry of Labor's official employment registry (Caged) for November showed net reduction of 131 thousand jobs, the worst monthly result since the start of the historical series in 1992. In the year, the number of positions reduced 945.4 thousand - a record for the period.

As for the credit market, the results of November showed a renewed moderation in the lending volume, with an increase of 7.4% over the lending volume registered in November 2014. In real terms, the loan operations decreased by 2.7% in November year on year, reinforcing the continued weakening trend. The result still reflects the strong growth of the earmarked loan portfolio, which showed annual growth of 0.6% in November, and the continuing decline in non-earmarked credit volume, which declined by 5.8% in November year on year.

The average non-earmarked credit rate for individuals had an annual growth of 64.8%, and the average non-earmarked credit rate for companies increased 30.2% year on year, results that made both remain at their highest level since the start of the historical series in March 2011.

Individual default recorded new growth of 0.4 p.p. in the monthly comparison, closing November with a 5.8% increase in 12 months, while corporate default increased by 1.0 p.p. compared to the previous month, closing November with a 4.5% increase in 12 months. The continued uncertain scenario over growth prospects, aggravated by negative consumer and business confidence levels, in addition to the behavior of the job market, continue to exert moderating pressure on lending levels.

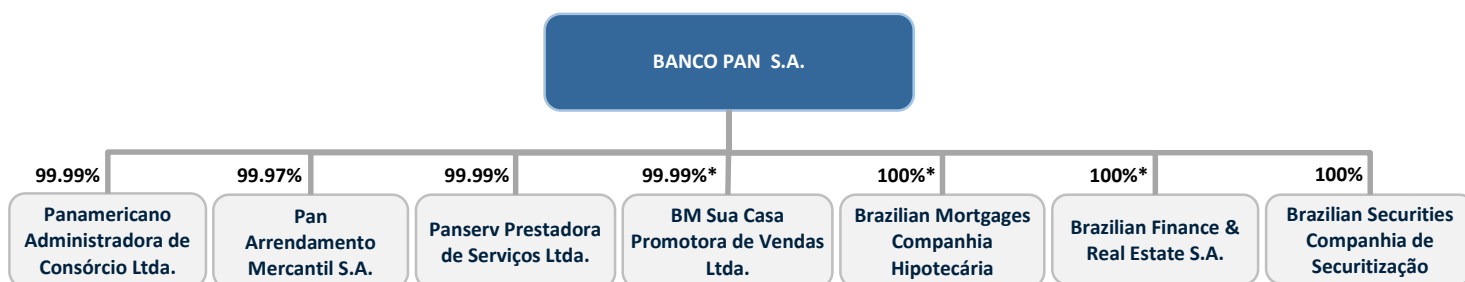
Regarding the fiscal situation, the primary consolidated public sector deficit reached R\$ 19.6 billion in November, influenced by the R\$ 21.7 billion deficit recorded by the Federal Government and the R\$ 0.25 billion deficit by State-owned companies, partially offset by the R\$ 2.4 billion by the states and municipalities. This is the seventh consecutive primary deficit, which reached R\$ 71.9 billion, reversing the austerity seen in the first four months of the year, with a surplus of R\$ 32.5 billion. Therefore, the primary deficit for the year reached R\$ 39.5 billion in November.

Among the reasons for another negative federal government accounts results, there was a sharp decline in net revenue, which fell 19.6% in the year, despite the annual decline of 4.2% in expenses.

As for debt indicators, gross debt grew again and reached 65.1% of GDP, while net debt increased by 34.3% of GDP. The nominal deficit was practically stabilized at a record level of 9.3% of GDP, higher than the 6.0% GDP recorded in December 2014. In addition to the deterioration in the primary result, interest has held strong pressure on the expansion of the public deficit.

## Subsidiaries

Below are the controlled companies by Pan at the end of 2015.



\*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.

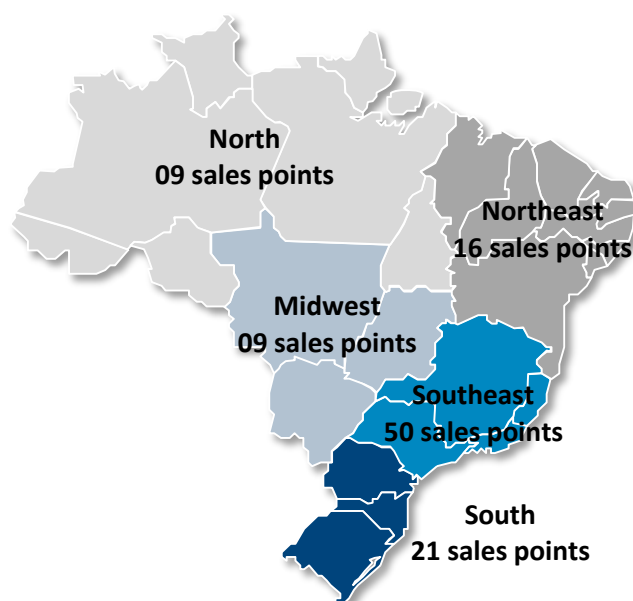
In addition, since 2012, Pan has maintained a cooperation agreement with Caixa establishing a cooperation regime for the structuring, distribution and sale of products and services, including the joint preparation and implementation of plans for the development of products and services for both institutions. 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 3,311 employees, Pan has presence in major cities of the Brazilian territory, geographically distributed according to each region’s GDP. Carrying on the process of integrating Panserv Prestadora de Serviços Ltda. (“Panserv”) and BM Sua Casa Promotora de Vendas Ltda. (“Pan Sua Casa”) networks, the number of exclusive points-of-sale fell from 108 at the end of September 2015 to 105 at the end of December 2015. This reduction aims to optimize the group’s distribution network and reduce operating costs.

The Bank is also actively present in 10,250 authorized vehicle dealers and resellers, has 1,278 correspondent banks originating payroll-deductible loans and 1,404 real estate brokers generating loans. The Bank also maintains a call center with 141 workstations, which received 723,627 calls in 4Q15.



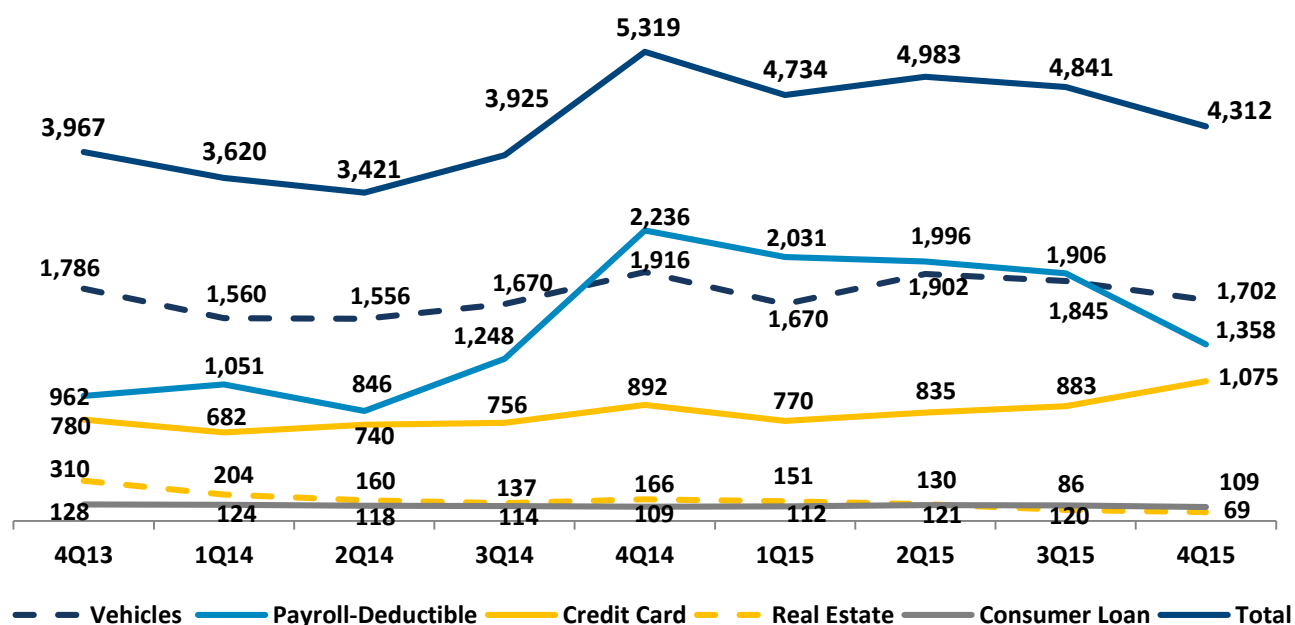
## Retail Origination

Despite of retail slowdown in Brazilian economic activity and higher domestic interest rates, Pan reached a monthly average credit origination of R\$ 1,573 million in 2015, 16% higher than the monthly average of R\$ 1,357 million in 2014. In the fourth quarter, Pan retail origination was impacted by market movements, recording a monthly average of R\$ 1,437 million, 11% lower than the monthly average of R\$ 1,614 million registered in 3Q15.

**Retail Asset Origination Monthly Average (R\$ MM)**

| Products           | 2015         | 2014         | 4Q15         | 3Q15         | Δ 2015/<br>2014 | Δ 4Q15 /<br>3Q15 |
|--------------------|--------------|--------------|--------------|--------------|-----------------|------------------|
| Vehicles           | 593          | 558          | 567          | 615          | 6%              | -8%              |
| Payroll-Deductible | 608          | 448          | 453          | 635          | 35%             | -29%             |
| Credit Cards       | 297          | 256          | 358          | 294          | 16%             | 22%              |
| Real Estate        | 36           | 56           | 23           | 29           | -35%            | -20%             |
| Consumer Loan      | 39           | 39           | 36           | 40           | -1%             | -10%             |
| <b>Total</b>       | <b>1,573</b> | <b>1,357</b> | <b>1,437</b> | <b>1,614</b> | <b>16%</b>      | <b>-11%</b>      |

**Quarterly Retail Asset Origination (R\$ MM)**



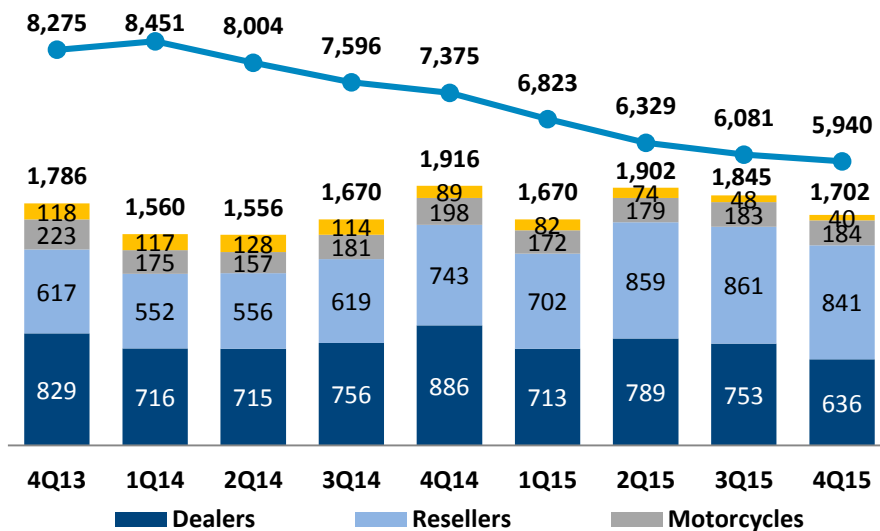
Products

Vehicle Financing

The Bank is actively present in 10,250 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.

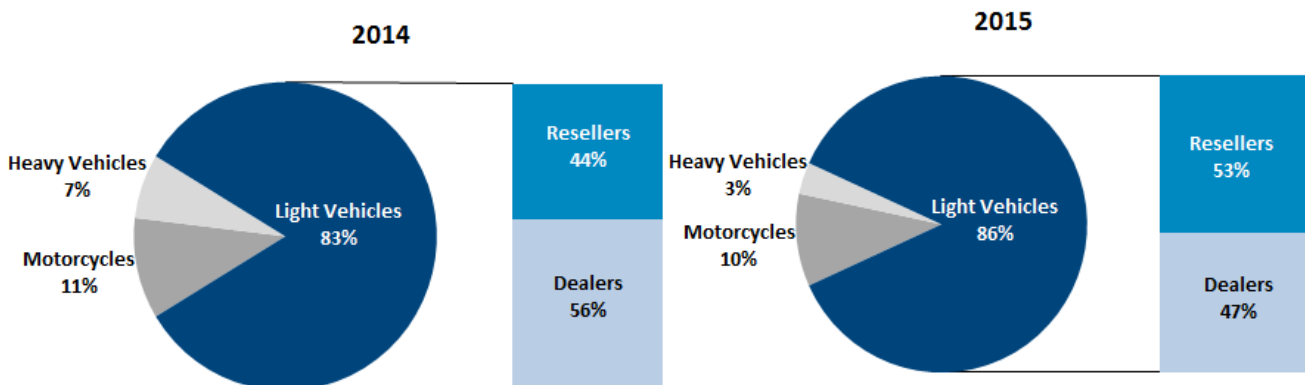
Despite the sector slowdown and the more conservative criteria on credit concessions, Pan disbursed R\$ 1,702 million in new vehicle financing in 4Q15, 8% lower than the R\$ 1,845 million originated in 3Q15. In 2015, the vehicle credit origination totaled R\$ 7,118 million, 6% higher than the R\$ 6,702 originated in 2014.

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



Light vehicles financing showed a reduction in the monthly average origination of R\$ 492 million compared to the average of R\$ 538 million in 3Q15. The origins segregation guarantees the Portfolio diversification, in line with the Bank’s strategy, and Pan originated 53% of light vehicles through Resellers and 47% through Dealers.

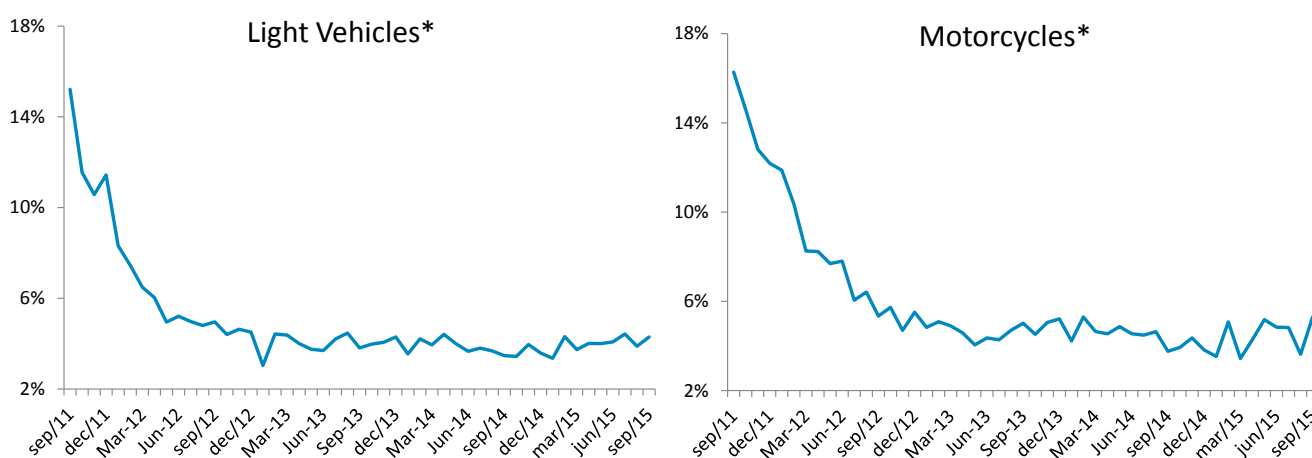
% in New Vehicle Financing



Accompanying the market trajectory, the heavy vehicle segment also declined in production, recording a monthly average origination of R\$ 13 million in 4Q15, compared to the average of R\$ 16 million in the previous quarter.

Motorcycle financing reached a monthly average of R\$ 61 million in 4Q15, remaining stable to the 3Q15 monthly average.

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.

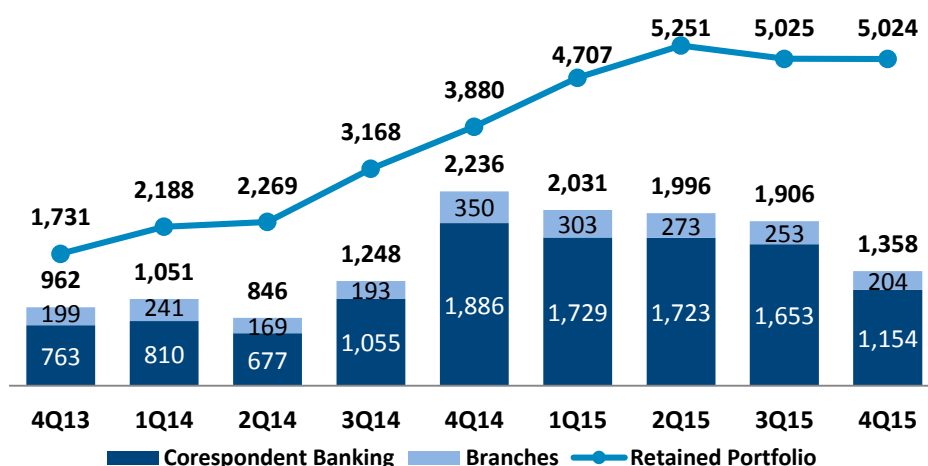


\* % of non-performing loans over 30 days 3 months after concession

## Consumer Loans

In 4Q15, Pan disbursed R\$ 1,358 million in new payroll-deductible loans for public servants and social security beneficiaries, 29% lower than the R\$ 1,906 million originated in the previous quarter. This quarter, Pan became more conservative and, as the market, saw a reduction in the credit volume in relation to the 3rd quarter. In the annual comparison, Pan originated R\$ 7,291 million in payroll-deductible loans in 2015, registering an increase of 36% compared to the R\$ 5,381 million originated in 2014.

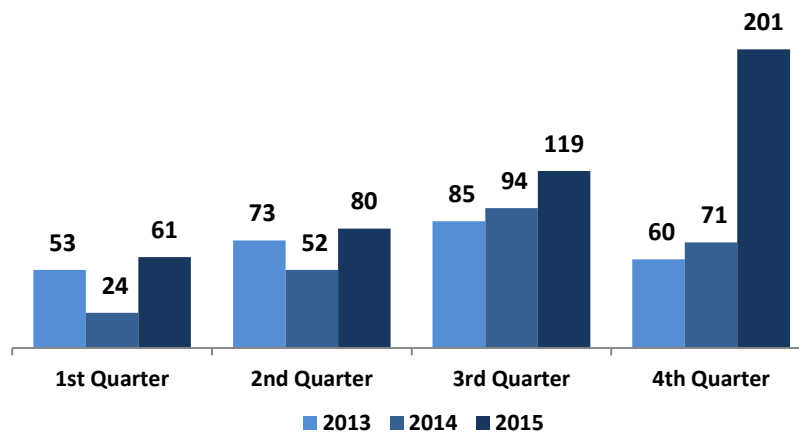
Evolution of Payroll-Deductible Loan Portfolio and Origination by sales channel (R\$ MM)





Consumer loans accounted for R\$ 109 million of new loan disbursements in 4Q15, a drop of 10% compared to the R\$ 120 million disbursed in 3Q15. During 2015, consumer loans totaled R\$ 462 million, remaining stable in comparison to the R\$ 464 million disbursed in 2014.

The Bank also operates with consortium sales, which resulted in a total income of R\$ 201 million in 4Q15, 69% more than in the previous quarter. In 2015, the total volume from this business was of R\$ 462 million, 91% higher than the R\$ 241 million in 2014.

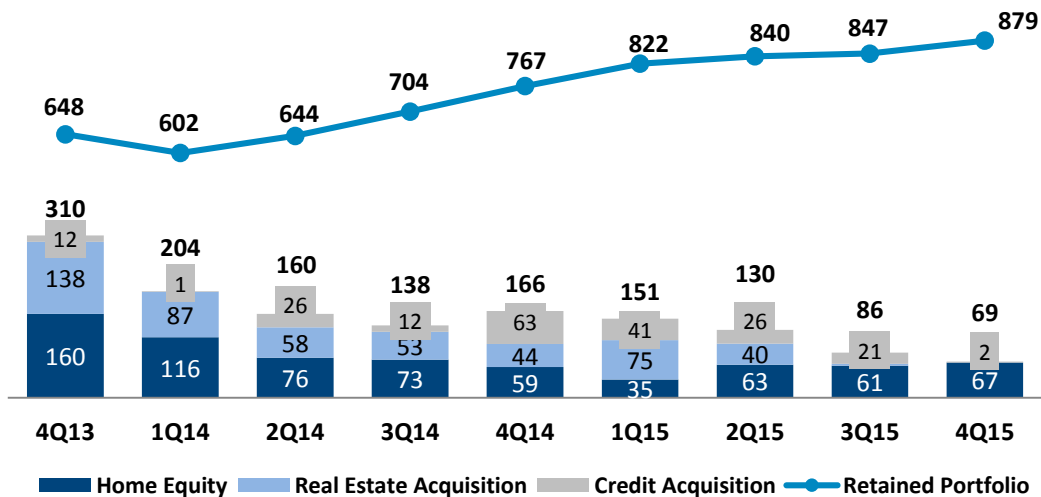


**Real Estate Loans**

Real estate loans origination totaled R\$ 69 million in 4Q15, allocated as follows: (i) R\$ 67 million to individuals in Home Equity (Crédito Fácil); and (ii) R\$2 million in loans acquired by Brazilian Securities Companhia de Securitização (“Brazilian Securities”) for securitization purposes. In 2015, the origination totaled R\$ 436 million, down 35% compared to the R\$ 667 million originated in 2014 due to conservatism and more profitable products targeting.

The real estate loan portfolio ended December 2015 at R\$ 879 million, 15% higher than the R\$ 767 million recorded at the end of December 2014.

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

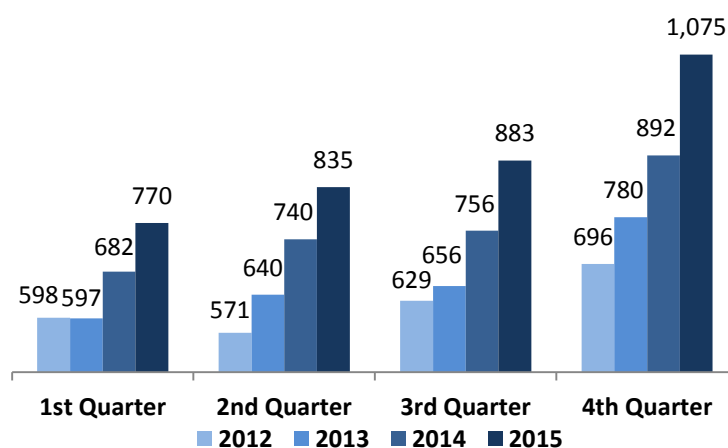


### Credit Cards

Pan closed 4Q15 with a base of 1.9 million credit cards, due to the higher margin and withdrawal by INSS pensioners (Social Security Service), as well as the expansion and the greater efficiency of conventional cards' distribution channels.

The transaction volume totaled R\$ 1,075 million in 4Q15, 22% higher than the R\$ 883 million registered in 3Q15. In the annual comparison, the transaction volume totaled R\$ 3,562 million in 2015, an increase of 16% compared to the R\$ 3,070 million traded in 2014.

Transaction Volume (R\$ MM)

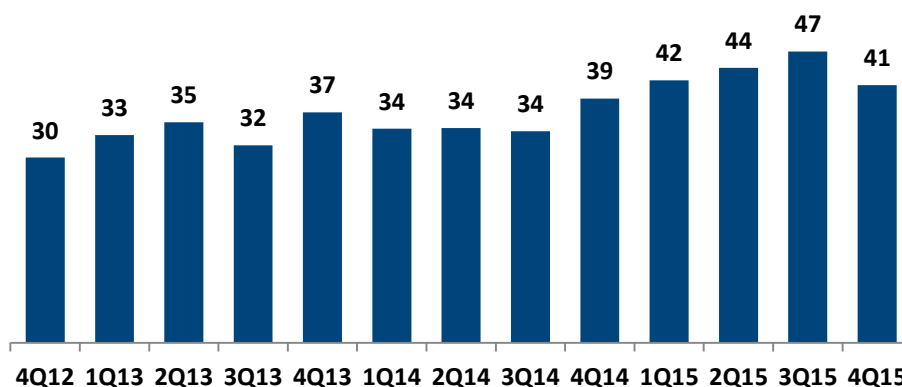


### Insurance

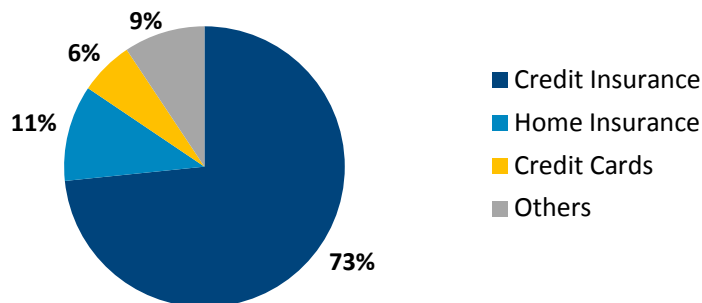
Based on the operational distribution agreement signed with Pan Seguros S.A., valid until December 2034, Pan originated R\$ 41 million in insurance premiums in 4Q15, 12% lower than the previous quarter. In 2015, Pan originated a total of R\$ 174 million in premiums, 23% over the volume of R\$ 142 million originated in 2014.

Among the premiums originated in 4Q15 are R\$ 30 million in credit insurance ('Pan Protege'), R\$ 5 million in home insurance, R\$ 3 million in credit card insurance and R\$ 4 million in other products.

Insurance Premiums originated by Pan (R\$ MM)



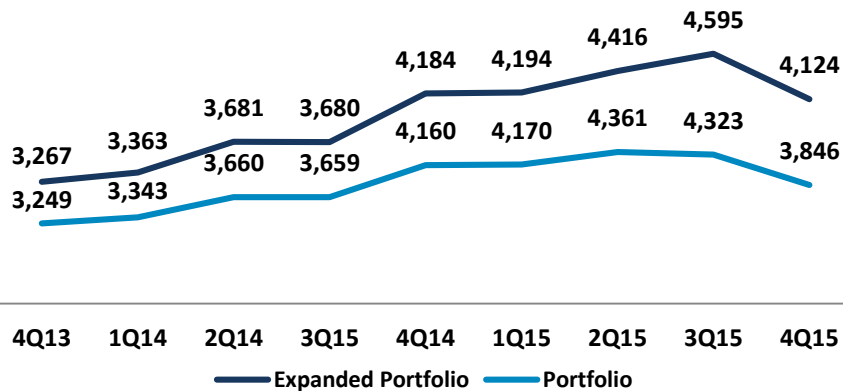
Insurance Premium by Product (%)



Corporate Loans

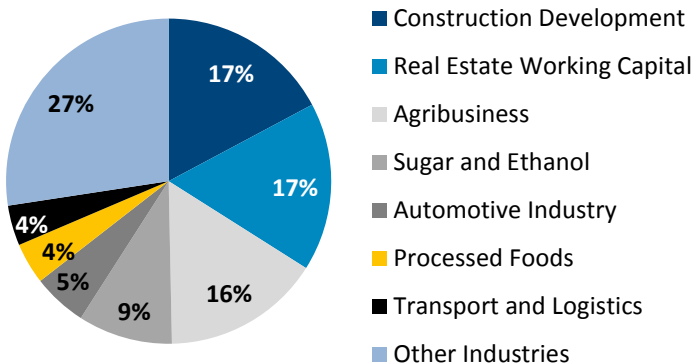
Pan’s Expanded Corporate Loan Portfolio, including R\$ 278 million in Guarantees Issued, reached a total amount of R\$ 4,124 million in 2015, compared to the R\$ 4,184 million portfolio in December 2014. At the end of 2015, this portfolio had an amount of R\$ 202 million in ACC (foreign exchange contract advances) operations in US dollar.

Corporate Loan Portfolio Evolution (R\$ MM)

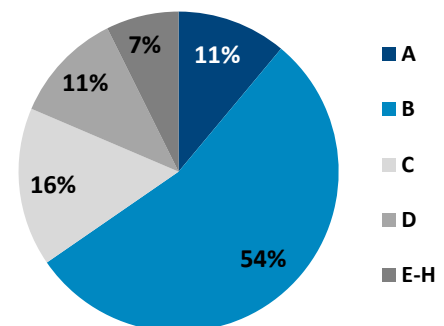


The bank operates with a risk control policy, which consists of maintaining a diversified loan portfolio by industries and by economic groups. The 10 largest clients jointly account for just 3% of the total portfolio in 4Q15.

Corporate Loan Portfolio by Industry (%)



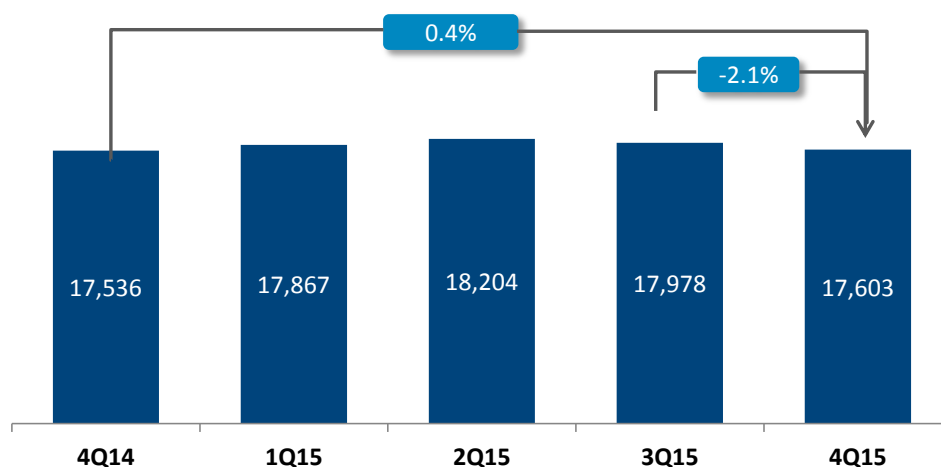
Corporate Loan Portfolio by Rating (%)



## Credit Portfolio

The Credit Portfolio with Retained Results, which includes retail and corporate loans, ended 4Q15 at R\$ 17,603 million, 2% down over the R\$ 17,978 million recorded in 3Q15 and practically stable in comparison to the R\$ 17,536 million portfolio reported in 4Q14.

During the 4Q15, credit assignments without recourse (including vehicle, payroll and real estate loans) totaled R\$ 2,148 million, totaling R\$ 10,488 million in 2015.



The table below gives a breakdown of the loan portfolio by operational segment:

| Type of Loans (R\$ MM)               | 4Q15          | Part. %     | 3Q15          | Part. %     | 4Q14          | Part. %     | Δ 4Q15/<br>3Q15 | Δ 4Q15/<br>4Q14 |
|--------------------------------------|---------------|-------------|---------------|-------------|---------------|-------------|-----------------|-----------------|
| Vehicle Financing                    | 5,940         | 34%         | 6,081         | 34%         | 7,375         | 42%         | -2%             | -19%            |
| Payroll Deduction Loans <sup>1</sup> | 5,024         | 29%         | 5,025         | 28%         | 3,880         | 22%         | 0%              | 29%             |
| Corporate                            | 3,846         | 22%         | 4,323         | 24%         | 4,160         | 24%         | -11%            | -8%             |
| Real Estate                          | 879           | 5%          | 847           | 5%          | 767           | 4%          | 4%              | 15%             |
| Credit Cards                         | 854           | 5%          | 714           | 4%          | 597           | 3%          | 20%             | 43%             |
| Guarantees Issued                    | 278           | 2%          | 272           | 2%          | 24            | 0%          | 2%              | 0%              |
| Others                               | 783           | 4%          | 716           | 4%          | 734           | 4%          | 9%              | 7%              |
| <b>Total</b>                         | <b>17,603</b> | <b>100%</b> | <b>17,978</b> | <b>100%</b> | <b>17,536</b> | <b>100%</b> | <b>-2%</b>      | <b>0.4%</b>     |

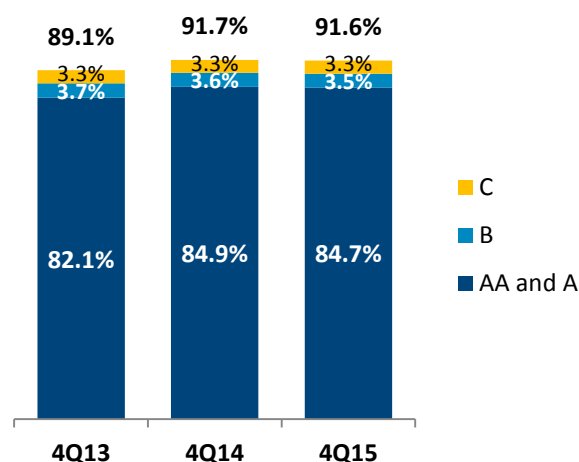
<sup>1</sup>The payroll-deductible loan portfolio contains credits assigned with the retention of risks and benefits, pursuant to Central Bank Resolution 3533/08.

## Retail Credit Portfolio

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), are shown below:

| Category of Risk (R\$ MM) | 4Q15          | Part. %     | 3Q15          | Part. %     | 4Q14          | Part. %     | Δ 4Q15/<br>3Q15 | Δ 4Q15 /<br>4Q14 |
|---------------------------|---------------|-------------|---------------|-------------|---------------|-------------|-----------------|------------------|
| "AA" to "C"               | 12,238        | 92%         | 12,134        | 91%         | 12,317        | 92%         | 1%              | 1%               |
| "D" to "H"                | 1,129         | 8%          | 1,168         | 9%          | 1,133         | 8%          | -3%             | 0%               |
| <b>Total</b>              | <b>13,367</b> | <b>100%</b> | <b>13,302</b> | <b>100%</b> | <b>13,449</b> | <b>100%</b> | <b>0%</b>       | <b>-1%</b>       |

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



## Maturity of Loan Operations

The table below presents the total loan portfolio by maturity on December 31, 2015:

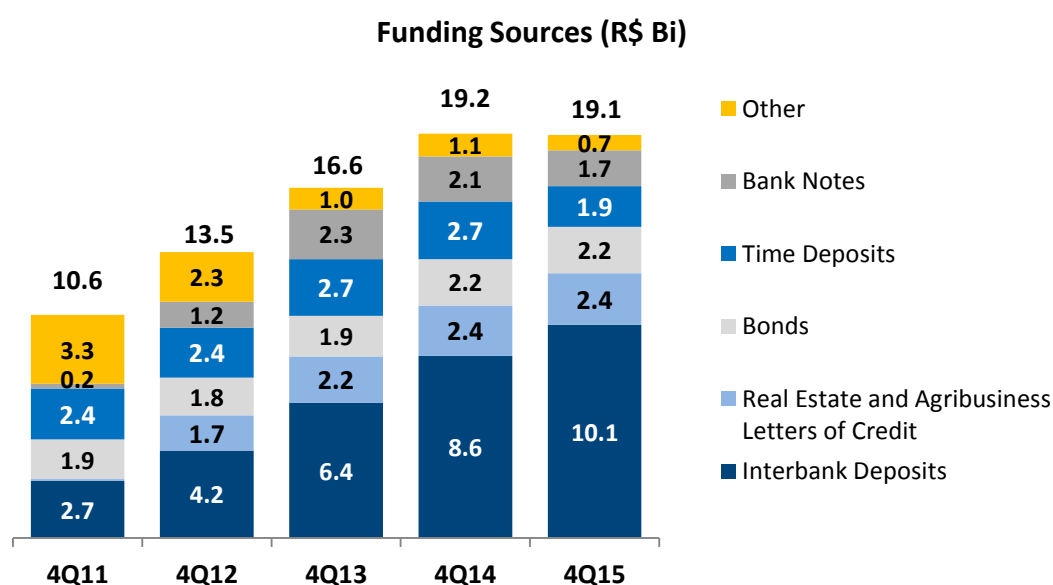
| Maturity Per Type of Credit Operation (R\$ MM) | Up to 30 days | From 31 to 90 days | From 91 to 180 days | From 181 to 360 days | More than 360 days | Total         |
|--|---------------|--------------------|---------------------|----------------------|--------------------|---------------|
| Vehicle Financing                              | 472           | 400                | 573                 | 1,109                | 3,385              | 5,940         |
| Payroll Deduction Loans <sup>2</sup>           | 197           | 288                | 407                 | 736                  | 3,396              | 5,024         |
| Corporate                                      | 641           | 406                | 683                 | 875                  | 1,242              | 3,846         |
| Real Estate                                    | 33            | 27                 | 39                  | 72                   | 707                | 879           |
| Credit Cards                                   | 771           | 22                 | 21                  | 23                   | 17                 | 854           |
| Others   | 431           | 178                | 117                 | 87                   | 248                | 1,061         |
| <b>Total</b>                                   | <b>2,545</b>  | <b>1,323</b>       | <b>1,840</b>        | <b>2,902</b>         | <b>8,994</b>       | <b>17,603</b> |
| <b>Mat. Part.%</b>                             | <b>14%</b>    | <b>8%</b>          | <b>10%</b>          | <b>16%</b>           | <b>51%</b>         | <b>100%</b>   |

<sup>2</sup>The payroll-deductible loan portfolio contains credits assigned with the retention of risks and benefits, pursuant to Central Bank Resolution 3533/08.

## Funding

Funding volume closed December 2015 at R\$ 19.1 billion, with a slight decrease compared to the R\$ 19.4 billion recorded in September 2015 and to the R\$ 19.2 billion at the end of 2014. The main funding sources were: (i) time deposits and interbank deposits, which amounted to R\$ 12 billion, 63% of the total; (ii) real estate and agribusiness letters of credit totaling R\$ 2.4 billion, 13% of the total; (iii) bonds issued abroad, totaling R\$ 2.2 billion, 12% of the total; (iv) bank notes totaling R\$ 1.7 billion, 9% of the total; and (v) other funding sources, corresponding to R\$ 726 million, 4% of the total.

| Funding Sources (R\$ MM)                       | 4Q15          | Part. %     | 3Q15          | Part. %     | 4Q14          | Part. %     | Δ 4Q15 / 3Q15 | Δ 4Q15 / 4Q14 |
|--|---------------|-------------|---------------|-------------|---------------|-------------|---------------|---------------|
| Interbank Deposits                             | 10,097        | 53%         | 8,617         | 44%         | 8,632         | 45%         | 17%           | 17%           |
| Time Deposits                                  | 1,927         | 10%         | 3,097         | 16%         | 2,736         | 14%         | -38%          | -30%          |
| Real Estate and Agribusiness Letters of Credit | 2,440         | 13%         | 2,717         | 14%         | 2,377         | 12,4%       | -10%          | 3%            |
| Bonds  | 2,203         | 12%         | 2,154         | 11%         | 2,197         | 11%         | 2%            | 0%            |
| Bank Notes                                     | 1,695         | 9%          | 1,978         | 10%         | 2,139         | 11%         | -14%          | -21%          |
| Others   | 726           | 4%          | 833           | 4%          | 1,073         | 6%          | -13%          | -32%          |
| <b>Total</b>                                   | <b>19,089</b> | <b>100%</b> | <b>19,396</b> | <b>100%</b> | <b>19,154</b> | <b>100%</b> | <b>-2%</b>    | <b>0%</b>     |



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

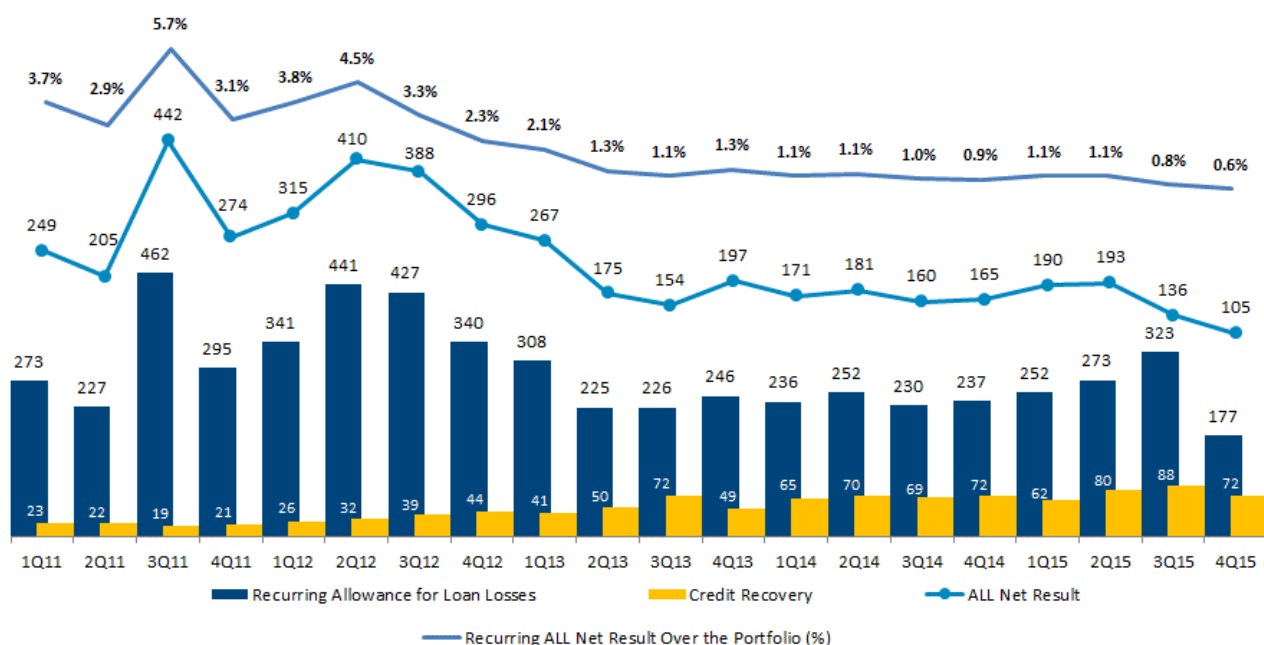
In 2015, Pan's Managerial Net Interest Margin stood at 12.4% compared to 10.2% in 2014. In 4Q15, the Managerial Net Interest Margin stood at 11.7% compared to 12.7% registered in the previous quarter.

| Managerial Net Interest Margin (R\$ MM)                       | 2015          | 2014          | 4Q15          | 3Q15          | Δ 2015 / 2014   | Δ 4Q15 / 3Q15    |
|---|---------------|---------------|---------------|---------------|-----------------|------------------|
| <b>Gross Income from Financial Intermediation</b>             | <b>1,896</b>  | <b>1,248</b>  | <b>527</b>    | <b>349</b>    | <b>52%</b>      | <b>51%</b>       |
| (+) Allowance for Loan Losses                                 | 1,025         | 954           | 177           | 323           | 7%              | -45%             |
| <b>Income from Financial Intermediation Before ALL</b>        | <b>2,921</b>  | <b>2,202</b>  | <b>704</b>    | <b>672</b>    | <b>33%</b>      | <b>5%</b>        |
| (+) Exchange Rate Variation                                   | (284)         | (185)         | (103)         | (17)          | -54%            | -501%            |
| <b>1. Managerial Net Interest Margin</b>                      | <b>2,637</b>  | <b>2,017</b>  | <b>601</b>    | <b>655</b>    | <b>31%</b>      | <b>-8%</b>       |
| (-) Credit Assignments Results                                | 652           | 245           | 118           | 104           | 166%            | 13%              |
| <b>2. Managerial Net Interest Margin w/o Assignments</b>      | <b>1,985</b>  | <b>1,772</b>  | <b>483</b>    | <b>550</b>    | <b>12%</b>      | <b>-12%</b>      |
| <b>3. Average Interest-Earning Assets</b>                     | <b>21,300</b> | <b>19,774</b> | <b>21,449</b> | <b>21,543</b> | <b>8%</b>       | <b>0%</b>        |
| - Average Loan Portfolio                                      | 17,502        | 16,500        | 17,516        | 17,927        | 6%              | -2%              |
| - Average Securities and Derivatives                          | 2,725         | 2,180         | 2,667         | 2,303         | 25%             | 16%              |
| - Average Interbank Investments                               | 1,074         | 1,094         | 1,266         | 1,313         | -2%             | -4%              |
| <b>(1)/(3) Manag. Net Interest Margin (% p.a.)</b>            | <b>12.4%</b>  | <b>10.2%</b>  | <b>11.7%</b>  | <b>12.7%</b>  | <b>2.2 p.p.</b> | <b>-1.0 p.p.</b> |
| <b>(2)/(3) Manag. Net Interest Margin w/o Assign. (% p.a)</b> | <b>9.3%</b>   | <b>9.0%</b>   | <b>9.3%</b>   | <b>10.6%</b>  | <b>0.3 p.p.</b> | <b>-1.3 p.p.</b> |

### Costs and Expenses

In 4Q15, the allowance for loan losses came to R\$ 177 million, while the recovery of credit previously written-off against the allowance for loan losses reached R\$ 72 million. Thus, the net expense of the allowance for loan losses in 4Q15 totaled R\$ 105 million. In 2015, the net expense of the allowance for loan losses totaled R\$ 723 million compared to the R\$ 677 million in 2014, an increase of 7% due to the increase of the Bank's Average Credit Portfolio.

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



Personnel and administrative expenses (Subtotal I) totaled R\$ 275 million in 4Q15, below the R\$ 277 million of the previous quarter. In 2015, these expenses totaled R\$ 1,087 million, growing below the same period inflation when compared to the expenses of R\$ 992 million in 2014.

The credit origination expenses (Subtotal II) totaled R\$ 173 million in 4Q15, against the R\$ 179 million recorded on the previous quarter. The annual increase, from R\$ 476 million in 2014 to R\$ 680 million in 2015, is in large part related to the change in the accounting rules of these expenses and also to the increase of credit origination volume.

| G&A Expenses (R\$ MM)                              | 2015         | 2014         | 4Q15       | 3Q15       | Δ 2015 / 2014 | Δ 4TQ15 / 3Q15 |
|--|--------------|--------------|------------|------------|---------------|----------------|
| Personnel expenses                                 | 529          | 453          | 138        | 129        | 17%           | 7%             |
| Administrative expenses                            | 559          | 539          | 137        | 148        | 4%            | -8%            |
| <b>1. Subtotal I</b>                               | <b>1,087</b> | <b>992</b>   | <b>275</b> | <b>277</b> | <b>10%</b>    | <b>-1%</b>     |
| Comission Expenses - BACEN Circular 3,738          | 124          | -            | 24         | 33         | 0%            | -27%           |
| Deferred Comissions and other origination expenses | 556          | 476          | 149        | 146        | 17%           | 2%             |
| <b>2. Subtotal II – Credit Origination</b>         | <b>680</b>   | <b>476</b>   | <b>173</b> | <b>179</b> | <b>43%</b>    | <b>-3%</b>     |
| <b>3. Total (I + II)</b>                           | <b>1,767</b> | <b>1,468</b> | <b>448</b> | <b>455</b> | <b>20%</b>    | <b>-2%</b>     |

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 consolidated net income of R\$ 33.7 million in 4Q15, versus a net income of R\$ 44.3 million in 3Q15. In 2015, the consolidated net income was of R\$ 8.1 million, against the positive result of R\$ 7.8 million recorded in 2014, when there was an one-off net gain of R\$ 231.9 million from the sale of Pan Seguros S.A. (“Pan Seguros”) and Panamericano Administração e Corretagem de Seguros e de Previdência Privada Ltda. (“Pan Corretora”).

The quarterly and annually 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\$ 2,148 million in 4Q15. In 2015, the total amount of credits assigned without recourse was of R\$ 10,488 million.

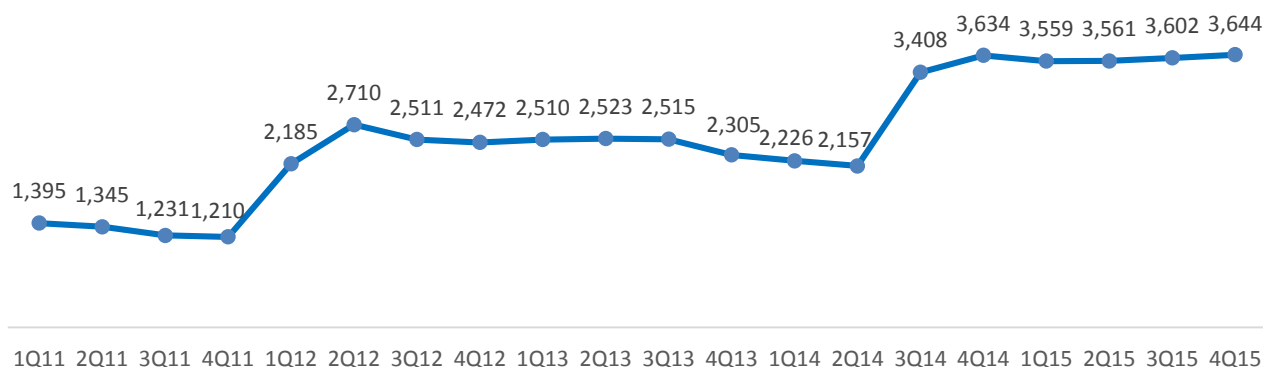
| P&L Statement (R\$ MM)                                       | 2015         | 2014         | 4Q15        | 3Q15         | Δ 2015 / 2014 | Δ 4Q15 / 4Q14 |
|--|--------------|--------------|-------------|--------------|---------------|---------------|
| <b>Net Interest Margin w/o Credit Assignments</b>            | <b>1,983</b> | <b>1,764</b> | <b>483</b>  | <b>550</b>   | <b>12%</b>    | <b>-12%</b>   |
| Result from Credit Assignments                               | 652          | 245          | 118         | 104          | 166%          | 13%           |
| <b>Net Interest Margin</b>                                   | <b>2,635</b> | <b>2,009</b> | <b>601</b>  | <b>655</b>   | <b>31%</b>    | <b>-8%</b>    |
| Allowance for Loan Losses                                    | (1,025)      | (954)        | (177)       | (323)        | -7%           | 45%           |
| <b>Gross Profit from Financial Intermediation (Adjusted)</b> | <b>1,610</b> | <b>1,056</b> | <b>425</b>  | <b>332</b>   | <b>52%</b>    | <b>28%</b>    |
| Other Operating Revenues (Expenses)                          | 277          | 242          | 223         | 6            | 15%           | n/a           |
| Administrative and Personnel Expenses                        | (1,767)      | (1,460)      | (448)       | (455)        | -21%          | 2%            |
| Tax Expenses   | (244)        | (196)        | (62)        | (61)         | -24%          | -1%           |
| <b>Income from Operations</b>                                | <b>(124)</b> | <b>(358)</b> | <b>139</b>  | <b>(180)</b> | <b>65%</b>    | <b>177%</b>   |
| Non Operating Expenses                                       | (74)         | (68)         | (34)        | (14)         | -9%           | -139%         |
| Revenue from the sale of Pan Seguros and Pan Corretora       | -            | 387          | -           | -            | -100%         | -             |
| Income and Social Contribution Taxes                         | 207          | 48           | (71)        | 238          | 331%          | -130%         |
| <b>Net Income</b>  | <b>8.1</b>   | <b>7.8</b>   | <b>33.7</b> | <b>44.3</b>  | <b>3%</b>     | <b>-24%</b>   |

## Shareholders' Equity and Capital

### Shareholders' Equity

Pan's Consolidated Shareholders' Equity totaled R\$ 3,644 million in December 2015, compared to R\$ 3,602 million in September 2015 and R\$ 3,634 million in December 2014.

In R\$ Million

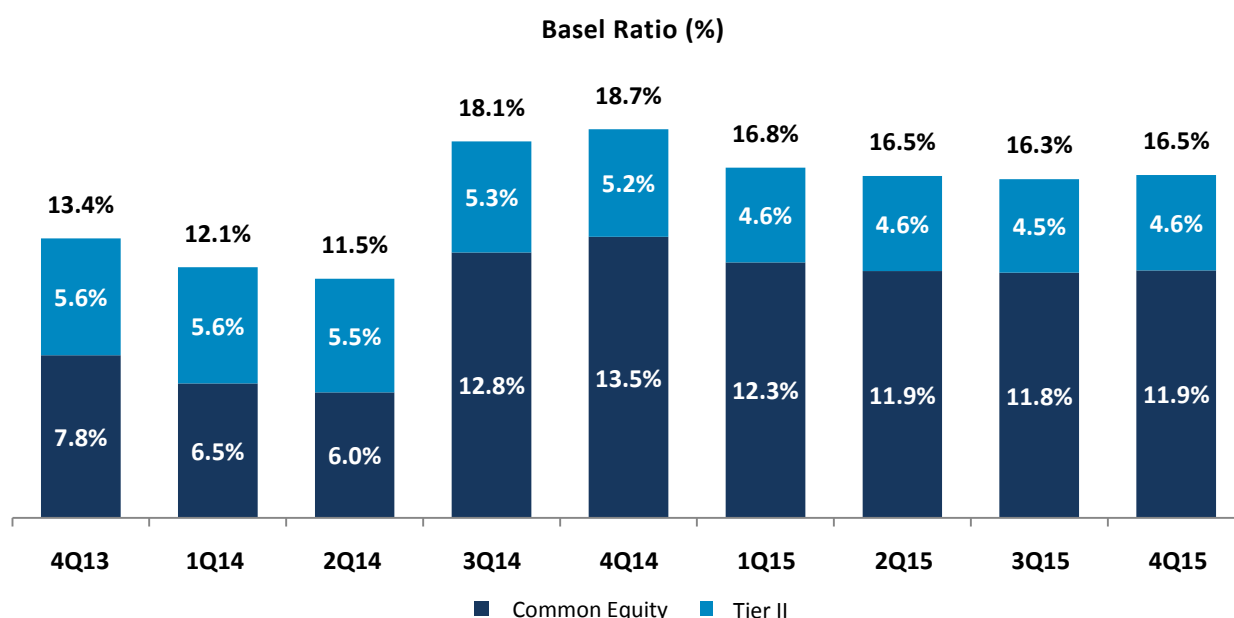


**Basel Ratio and Operating Margin**

The Prudential Group’s Basel Ratio stood at 16.5% on December 31, 2015 (11.9% for Tier I Common Equity), versus 16.3% in September and 18.7%, from the Financial Conglomerate, on December 31, 2014. The Prudential Group’s Operating Margin came to R\$ 1,036 million in 4Q15.

| R\$ MM  | 4Q15         | 3Q15         | 4Q14*        |
|---|--------------|--------------|--------------|
| <b>1. Reference Shareholders’ Equity (PR)</b>     | <b>3,321</b> | <b>3,302</b> | <b>3,798</b> |
| Common Equity Tier I                              | 2,401        | 2,385        | 2,747        |
| Tier II   | 920          | 917          | 1,051        |
| <b>2. Required Reference Shareholders’ Equity</b> | <b>2,211</b> | <b>2,225</b> | <b>2,235</b> |
| Risk Weighted Assets                              | 2,069        | 2,077        | 2,022        |
| Exchange Variation Risk (PCAM)                    | 19           | 6            | 7            |
| Interest (Pre-fixed)                              | 16           | 35           | 27           |
| Interest (Price Index)                            | -            | -            | -            |
| Operational Risk                                  | 107          | 107          | 179          |
| <b>Basel Ratio ( 1 / ( 2 / 11% ) )</b>            | <b>16.5%</b> | <b>16.3%</b> | <b>18.7%</b> |
| <b>Common Equity Tier I</b>                       | <b>11.9%</b> | <b>11.8%</b> | <b>13.5%</b> |
| <b>Tier II</b>                                    | <b>4.6%</b>  | <b>4.5%</b>  | <b>5.2%</b>  |
| <b>3. Banking Positioning Risk - RBAN</b>         | <b>73</b>    | <b>146</b>   | <b>68</b>    |
| <b>Operating Margin ( 1 - 2 - 3 )</b>             | <b>1,036</b> | <b>931</b>   | <b>1,494</b> |

\*Financial Conglomerate



### Ratings

During the 4Q15, Banco Pan ratings were reviewed due to the deterioration of macroeconomic scenario and the downgrade of the Brazilian sovereign rating. The figure below reflects the current ratings as of February 1<sup>st</sup>, 2016.

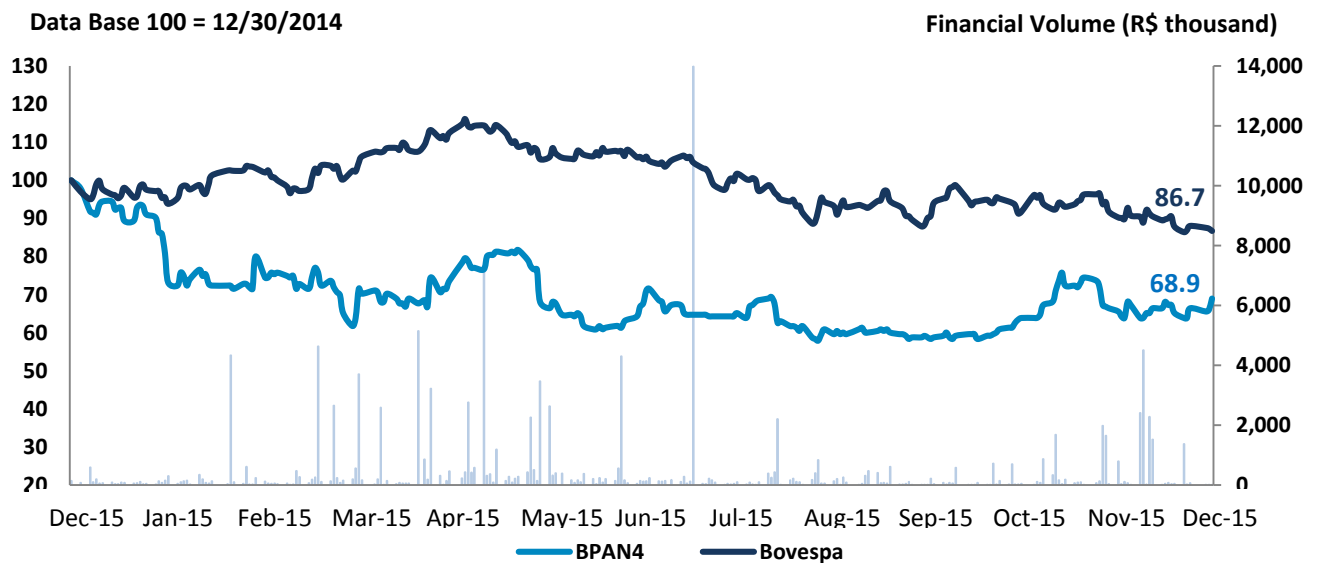
|                                    |  |
|------------------------------------|--|
| <b>Fitch</b><br>Ratings            | <b>BB-   A+ (br)</b><br>Negative Perspective |
| <b>STANDARD</b><br>& <b>POOR'S</b> | <b>BB-   brA-</b><br>Negative Perspective    |
| <b>MOODY'S</b>                     | <b>B1   Baa2.br</b><br>Stable Outlook        |
| <b>RISKbank</b>                    | Low Risk for<br>Medium Term                  |

### Stock Performance

Pan's preferred shares (BPAN4) are listed in the Corporate Governance Level 1 trading segment of the BM&FBOVESPA and are included in the Special Corporate Governance Stock Index (IGCX) and the Special Tag Along Stock Index (ITAG).

Pan's shares closed 4Q15 at R\$ 1.62, up on 17% over the R\$ 1.38 recorded at the end of the previous quarter, with respective highs and lows of R\$ 1.78 and R\$ 1.37.

The traded volume totaled R\$ 235 million in 4Q15, with a daily average of R\$ 394 thousand. On December 31, 2015, Pan's market cap was R\$ 1.5 billion.



Source: Reuters

## APPENDIX

| <b>BALANCE SHEET AS OF DECEMBER 31, 2015 AND DECEMBER 31, 2014</b> |                   |                   |                     |                   |
|--|-------------------|-------------------|---------------------|-------------------|
| <i>(In thousands of Brazilian reais - R\$)</i>                     |                   |                   |                     |                   |
|  | <b>BANK</b>       |                   | <b>CONSOLIDATED</b> |                   |
| <b>ASSETS</b>  | <b>Dec/15</b>     | <b>Dec/14</b>     | <b>Dec/15</b>       | <b>Dec/14</b>     |
| <b>CURRENT ASSETS</b>  | <b>10,794,892</b> | <b>9,668,009</b>  | <b>11,374,915</b>   | <b>10,623,486</b> |
| Cash   | 43,156            | 36,507            | 48,043              | 47,298            |
| Interbank investments  | 1,626,065         | 1,075,581         | 1,168,723           | 952,847           |
| Securities and derivatives financial instruments                   | 219,766           | 620,932           | 287,390             | 724,561           |
| Interbank accounts   | 21,357            | 48,107            | 21,357              | 48,107            |
| Interbranch accounts   | -                 | -                 | -                   | -                 |
| Lending operations   | 6,135,018         | 5,819,806         | 6,821,182           | 6,537,148         |
| Lending operations - private sector                                | 6,725,520         | 6,303,257         | 7,494,684           | 7,101,564         |
| (Allowance for loan losses)  | (590,502)         | (483,451)         | (673,502)           | (564,416)         |
| Leasing operations   | -                 | -                 | 3,632               | 27,112            |
| Leasing operations   | -                 | -                 | 5,444               | 32,098            |
| (Allowance for doubtful lease receivables)                         | -                 | -                 | (1,812)             | (4,986)           |
| Other receivables  | 2,392,749         | 1,919,193         | 2,537,828           | 2,088,597         |
| (Allowance for loan losses)  | (62,063)          | (43,848)          | (62,298)            | (43,910)          |
| Other assets   | 418,844           | 191,731           | 549,058             | 241,726           |
| <b>LONG-TERM RECEIVABLES</b>                                       | <b>12,983,265</b> | <b>13,272,468</b> | <b>14,444,834</b>   | <b>14,594,936</b> |
| Interbank investments  | 85,732            | 72,979            | 21,021              | 4,690             |
| Securities and derivatives financial instruments                   | 2,139,409         | 1,664,832         | 2,540,071           | 1,897,226         |
| Lending operations   | 7,642,370         | 8,183,741         | 8,360,231           | 8,838,215         |
| Lending operations - Private Sector                                | 7,914,310         | 8,461,800         | 8,662,534           | 9,146,332         |
| (Allowance for loan losses)  | (271,940)         | (278,059)         | (302,303)           | (308,117)         |
| Leasing operations   | -                 | -                 | 3,863               | 7,810             |
| Leasing operations   | -                 | -                 | 4,275               | 9,244             |
| (Allowance for doubtful lease receivables)                         | -                 | -                 | (412)               | (1,434)           |
| Other receivables  | 2,994,830         | 2,889,607         | 3,397,797           | 3,385,431         |
| (Allowance for loan losses)  | (15,832)          | (5,610)           | (15,832)            | (5,663)           |
| Other assets   | 136,756           | 466,919           | 137,683             | 467,227           |
| <b>PERMANENT ASSETS</b>  | <b>1,024,265</b>  | <b>1,086,298</b>  | <b>277,343</b>      | <b>281,994</b>    |
| <b>TOTAL ASSETS</b>  | <b>24,802,422</b> | <b>24,026,775</b> | <b>26,097,092</b>   | <b>25,500,416</b> |
| <b>LIABILITIES</b>   | <b>Dec/15</b>     | <b>Dec/14</b>     | <b>Dec/15</b>       | <b>Dec/14</b>     |
| <b>CURRENT LIABILITIES</b>   | <b>15,928,257</b> | <b>14,186,285</b> | <b>16,589,051</b>   | <b>15,098,386</b> |
| Deposits   | 10,613,117        | 9,829,149         | 10,610,077          | 9,760,907         |
| Demand deposits  | 75,647            | 107,184           | 73,247              | 107,002           |
| Interbank deposits   | 10,060,290        | 8,614,458         | 10,060,044          | 8,546,399         |
| Time deposits  | 477,180           | 1,107,507         | 476,786             | 1,107,506         |
| Money market funding   | 1,543,421         | 158,988           | 1,543,420           | 147,672           |
| Funds from acceptance and issuance of securities                   | 2,114,167         | 2,766,722         | 2,705,900           | 3,495,960         |
| Interbank accounts   | 102,786           | 107,300           | 102,786             | 107,300           |
| Interbranch accounts   | 28,988            | 4,041             | 28,988              | 4,041             |
| Loan Liabilities   | -                 | -                 | 1,096               | 68,317            |
| Derivatives Financial Instruments                                  | 3,393             | 37,208            | 3,393               | 13,559            |
| Other liabilities  | 1,522,385         | 1,282,877         | 1,593,391           | 1,500,630         |
| <b>LONG-TERM LIABILITIES</b>                                       | <b>5,228,803</b>  | <b>6,204,399</b>  | <b>5,862,660</b>    | <b>6,765,919</b>  |
| Deposits   | 1,608,419         | 1,815,409         | 1,487,034           | 1,713,617         |
| Interbank deposits   | 36,803            | 85,122            | 36,803              | 85,122            |
| Time deposits  | 1,571,616         | 1,730,287         | 1,450,231           | 1,628,495         |
| Money market funding   | 100,551           | 1,028,368         | 94,298              | 1,028,368         |
| Funds from acceptance and issuance of securities                   | 831,259           | 1,204,068         | 1,298,243           | 1,672,091         |
| Loan Liabilities   | -                 | -                 | 153,634             | 100,000           |
| Derivatives financial instruments                                  | 26,358            | 1,639             | 13,037              | 1,639             |
| Other Liabilities  | 2,662,216         | 2,154,915         | 2,816,414           | 2,250,204         |
| Deferred Income  | 1,565             | 1,605             | 1,565               | 1,605             |
| <b>MINORITY INTEREST</b>   | <b>-</b>          | <b>-</b>          | <b>19</b>           | <b>20</b>         |
| <b>SHAREHOLDERS' EQUITY</b>  | <b>3,643,797</b>  | <b>3,634,486</b>  | <b>3,643,797</b>    | <b>3,634,486</b>  |
| Capital  | 3,460,732         | 3,460,732         | 3,460,732           | 3,460,732         |
| Adjustment to fair value - Securities and derivatives              | (19,862)          | (24,272)          | (19,862)            | (24,272)          |
| Retained earnings (losses)   | -                 | 2,818             | -                   | 2,818             |
| <b>TOTAL LIABILITIES</b>   | <b>24,802,422</b> | <b>24,026,775</b> | <b>26,097,092</b>   | <b>25,500,416</b> |

| <b>INCOME STATEMENT FOR THE YEARS ENDED ON DECEMBER 31, 2015 AND DECEMBER 31, 2014</b> |                    |                    |                     |                    |
|--|--------------------|--------------------|---------------------|--------------------|
| <i>(In thousands of Brazilian reais - R\$)</i>   |                    |                    |                     |                    |
|  | <b>BANK</b>        |                    | <b>CONSOLIDATED</b> |                    |
|  | <b>2015</b>        | <b>2014</b>        | <b>2015</b>         | <b>2014</b>        |
| <b>REVENUE FROM FINANCIAL INTERMEDIATION</b>   | <b>6,375,845</b>   | <b>4,154,779</b>   | <b>6,717,276</b>    | <b>4,471,228</b>   |
| Lending operations   | 4,469,522          | 3,492,465          | 4,761,236           | 3,753,945          |
| Results from Credit Assignments  | 646,329            | 231,704            | 651,804             | 245,408            |
| Securities transactions  | 363,077            | 215,649            | 386,636             | 261,607            |
| Derivative transactions  | 713,142            | 105,490            | 733,825             | 100,797            |
| Foreign exchange transactions  | 183,775            | 109,471            | 183,775             | 109,471            |
| <b>EXPENSES ON FINANCIAL INTERMEDIATION</b>  | <b>(4,579,878)</b> | <b>(3,026,092)</b> | <b>(4,823,575)</b>  | <b>(3,231,086)</b> |
| Funding operations   | (3,630,621)        | (2,140,884)        | (3,755,337)         | (2,232,637)        |
| Borrowings and onlendings  | -                  | (19,302)           | (43,340)            | (44,728)           |
| Allowance for loan losses  | (949,257)          | (865,906)          | (1,024,898)         | (953,721)          |
| <b>GROSS PROFIT FROM FINANCIAL INTERMEDIATION</b>                                      | <b>1,795,967</b>   | <b>1,128,687</b>   | <b>1,893,701</b>    | <b>1,240,142</b>   |
| <b>OTHER OPERATING INCOME (EXPENSES)</b>   | <b>(1,897,469)</b> | <b>(1,504,351)</b> | <b>(2,018,118)</b>  | <b>(1,598,627)</b> |
| Income from services rendered  | 450,606            | 355,751            | 480,926             | 400,056            |
| Equity in subsidiaries   | (39,073)           | 3,741              | -                   | -                  |
| Personnel Expenses   | (303,245)          | (220,960)          | (528,521)           | (453,342)          |
| Other Administrative Expenses  | (1,369,039)        | (1,079,483)        | (1,238,925)         | (1,006,793)        |
| Tax Expenses   | (184,022)          | (127,067)          | (243,759)           | (195,858)          |
| Other Operating Income   | 216,237            | 122,048            | 250,715             | 155,869            |
| Other Operating Expenses   | (668,933)          | (558,381)          | (738,554)           | (622,554)          |
| <b>INCOME FROM OPERATIONS</b>  | <b>(101,502)</b>   | <b>(375,664)</b>   | <b>(124,417)</b>    | <b>(358,485)</b>   |
| <b>NON OPERATING EXPENSES</b>  | <b>(54,462)</b>    | <b>326,750</b>     | <b>(74,422)</b>     | <b>318,347</b>     |
| <b>INCOME BEFORE TAXES</b>   | <b>(155,964)</b>   | <b>(48,914)</b>    | <b>(198,839)</b>    | <b>(40,138)</b>    |
| <b>INCOME AND SOCIAL CONTRIBUTION TAXES</b>  | <b>164,016</b>     | <b>53,544</b>      | <b>206,888</b>      | <b>47,959</b>      |
| Provision for Income tax   | (618)              | (9,177)            | 9,661               | (1,821)            |
| Provision for Social Contribution tax  | (741)              | (6,099)            | (2,397)             | (43,456)           |
| Deferred tax credits   | 165,375            | 68,820             | 199,624             | 93,236             |
| <b>MINORITY INTEREST</b>   | <b>-</b>           | <b>-</b>           | <b>2</b>            | <b>3</b>           |
| <b>NET INCOME</b>  | <b>8,052</b>       | <b>4,630</b>       | <b>8,052</b>        | <b>7,824</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.*