

PAN

Earnings Release

3Q16

São Paulo, November 07, 2016 – Banco Pan S.A. (“Pan”, “Bank” or “Company”) and its subsidiaries, pursuant to legal provisions, hereby releases its results for the quarter ended September 30, 2016, 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.

Highlights

- ✓ **Retail credit origination monthly average of R\$ 1,818 million;**
- ✓ **The Credit Portfolio ended the 3Q16 at R\$ 18.7 billion;**
- ✓ **The credits rated between “AA” and “C”, according to the BACEN Resolution nº 2,682, represented 92.3% of the Retail Credit Portfolio;**
- ✓ **The Corporate Loan Portfolio, including Guarantees Issued, ended at R\$ 3,175 million;**
- ✓ **The Managerial Net Interest Margin was 13.9% in 3Q16;**
- ✓ **Net result was negative in R\$ 13.0 million in 3Q16; and**
- ✓ **Shareholders’ Equity stood at R\$ 3,412 million and Basel Ratio came to 13.4%.**

Main Indicators (R\$ MM)	3Q16	2Q16	3Q15	Δ 3Q16/ 2Q16	Δ 3Q16/ 3Q15
Total Retail Credit Origination	5,455	5,243	4,841	4%	13%
Assignments without Recourse	2,647	2,081	3,159	27%	-16%
Total Credit Portfolio	18,716	18,180	17,978	3%	4%
Retail Portfolio	15,541	14,821	13,383	5%	16%
Corporate Portfolio	3,175	3,359	4,595	-5%	-31%
Total Assets	27,896	27,035	26,380	3%	6%
Funding	19,820	19,479	19,410	2%	2%
Shareholders’ Equity	3,412	3,422	3,602	0%	-5%
Interest Margin	751	629	655	20%	15%
Net Results	(13)	(128)	44	90%	-
Net Interest Margin (%)	13.9%	11.9%	12.7%	2.0 p.p.	1.2 p.p.
Basel Ratio	13.4%	14.0%	16.3%	-0.6 p.p.	-2.9 p.p.
Common Equity Tier I	9.6%	10.0%	11.8%	-0.4 p.p.	-2.2 p.p.
Tier II	3.8%	4.0%	4.5%	-0.2 p.p.	-0.7 p.p.



Economic Environment

Regarding economic activity, industrial production significantly decreased in August, with a monthly variation of 3.8%, seasonally adjusted, after an increase of 0.1% the previous month. In the annual comparison, industrial production fell by 5.2% in August, making a retraction of 8.2% in 2016.

As for demand, data related to the retail and the service sectors continued to indicate deterioration. The poor performance of the retail and the service sectors suggests that job and credit market conditions are still posing a challenge to any potential short-term sustainable recovery, despite the improvement in confidence indicators. While the Monthly Service Survey (MSS) for August registered a fall of 3.6% in the annual comparison, after an annual decline of 4.5% recorded in July, the Monthly Retail Survey showed a retraction in restricted retail, decreasing 5.5% over the year, and extended retail falling 7.7% in the same period.

As for inflation, the IPCA-15 consumer price index recorded a 0.19% variation in the first half of October, slowing down in relation to the variation in the same period of 2015. The 12-month inflation figure maintained the downward trend, registering 7.7% in the first half of October, compared to 8.3% recorded in the first half of September.

Unemployment measured by the PNAD (National Household Sample Survey) increased to 11.8% in August, compared to 8.8% in the same period last year. The working population indicator deterioration has intensified, with a decline of 2.2% over the year, compared to the decline of 1.8% recorded in July. Average income indicators increased by 0.6% year-over-year, compared to 0.5% in July. Regarding formal employment, the Ministry of Labor's official employment registry (Caged) showed a net reduction of 34,000 jobs in August. Excluding seasonal effects, the result is equivalent to a net reduction of 89,000 jobs.

As for the credit market, a decelerated increase was recorded in the third quarter, reaching 0.2% in twelve months, compared to 0.9% in July. In real terms, loan operations had an annual decrease of 8.9%, compared to 7.8% in July, reinforcing the signs of moderation in lending volumes. The default rate for non-earmarked credit operations presented little change in margins. The seasonally adjusted average household default rate remained stable at 6.2%, with growth of 0.6% in the year. In sum, the credit indicators for August continue to retreat, with an increase in interest rates and spreads, although family default was reduced and the feeling of creditors has improved.

In terms of the tax situation, the federal government's primary balance was, once again, recorded as a deficit of R\$20.4 billion in August. As for the consolidated tax result, the primary balance recorded in August was a deficit of R\$22.3 billion in the monthly comparison. In the last twelve months, the primary deficit was 2.8% of GDP.

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

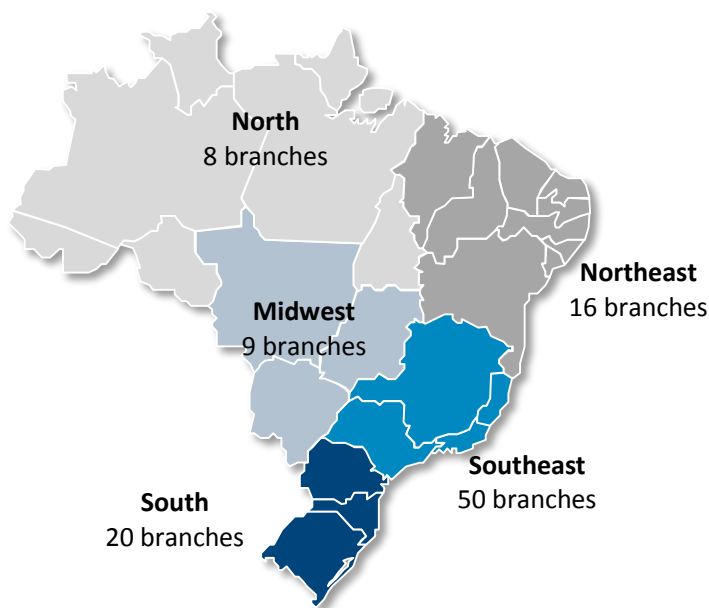
Below are the companies controlled by Pan in September 30, 2016.



Distribution Network

With 2,962 employees, the Bank and its subsidiaries have 103 exclusive branches in the major cities of Brazil, geographically distributed according to each region’s GDP.

The Bank is also actively present in 10,526 authorized vehicle dealers and resellers, has 1,191 correspondent banks originating payroll-deductible loans and 958 real estate brokers generating loans.



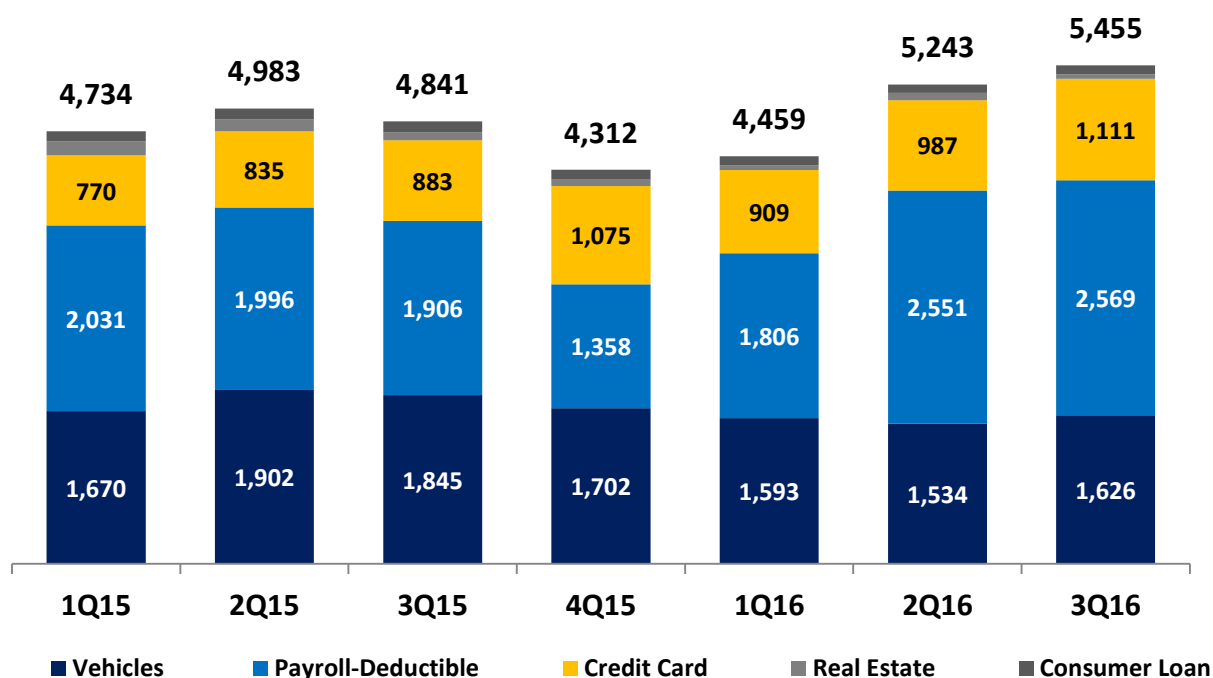
Retail Origination

Despite the scenario, Pan reached a monthly average credit origination of R\$1,818 million in 3Q16, driven by card volumes and payroll loans and vehicle financing. Therefore, the average monthly origination in 3Q16 grew by 4% compared to the monthly average of R\$1,748 million in 2Q16 and by 13% compared to the monthly average of R\$1,614 million in 3Q15.

Retail Asset Origination Monthly Average (R\$ MM)

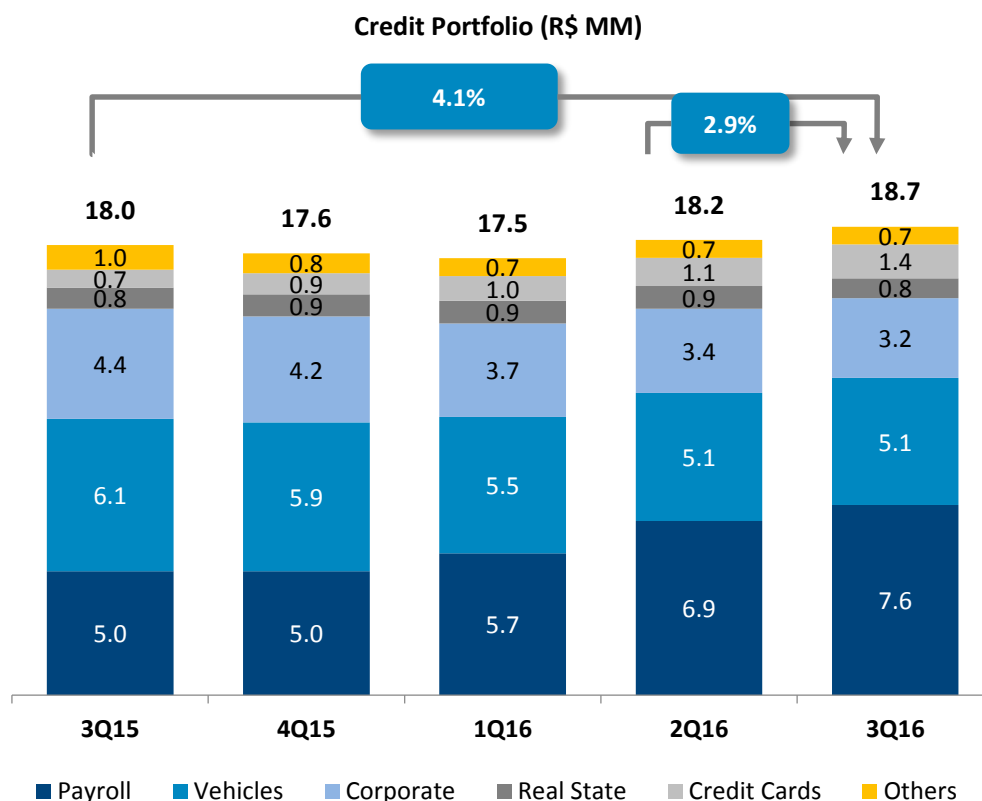
Products	3Q16	2Q16	3Q15	Δ 3Q16/ 2Q16	Δ 3Q16/ 3Q15
Payroll-Deductible	856	850	635	1%	35%
Vehicles	542	511	615	6%	-12%
Credit Cards	370	329	294	13%	26%
Conventional	265	259	267	2%	-1%
Payroll-Deductible	105	70	27	50%	288%
Real Estate	16	26	29	-38%	-43%
Consumer Loan	33	30	40	10%	-17%
Total	1,818	1,748	1,614	4%	13%

Quarterly Retail Asset Origination (R\$ MM)



Credit Portfolio

The Credit Portfolio, which includes retail and corporate loans, ended 3Q16 at R\$ 18,716 million, 3% higher than the R\$18,180 million portfolio in 2Q16 and 4% higher than the R\$ 17,978 million portfolio reported in 3Q15, with payroll loans, that have a lower credit risk, increasing its share



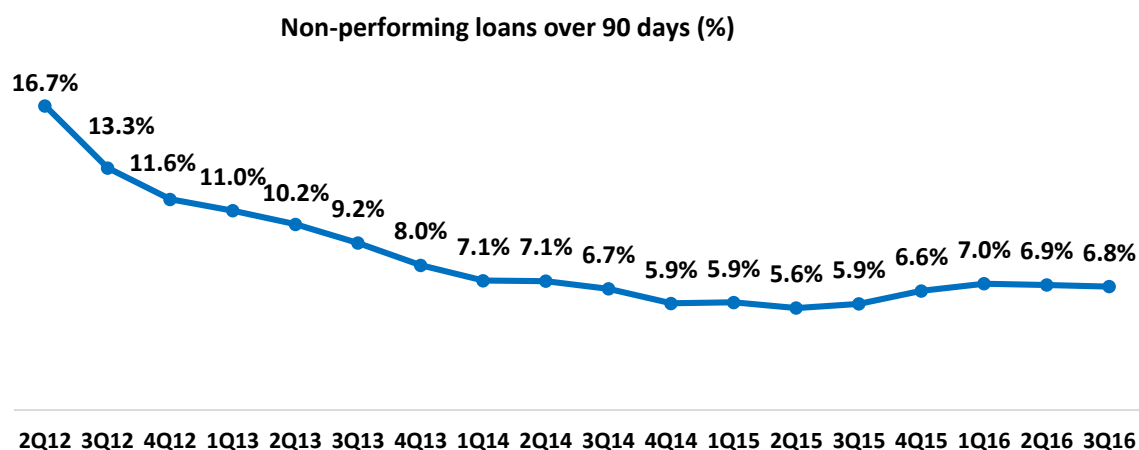
The table below gives a breakdown of the Credit Portfolio by operational segment:

Type of Loan (R\$ MM)	3Q16	Part. %	2Q16	Part. %	3Q15	Part. %	Δ 3Q16/2Q16	Δ 3Q16/3Q15
Payroll Deductible Loans	7,592	41%	6,950	38%	5,025	34%	9%	51%
Vehicle Financing	5,084	27%	5,126	28%	6,081	28%	-1%	-16%
Corporate	3,175	17%	3,359	18%	4,595	26%	-5%	-31%
Payroll Deductible Credit Cards	988	5%	747	4%	384	2%	32%	157%
Real Estate	804	4%	905	5%	847	5%	-11%	-5%
Conventional Credit Cards	368	2%	383	2%	330	2%	-4%	11%
Others	705	4%	710	4%	716	4%	-1%	-2%
Credit Portfolio	18,716	100%	18,180	100%	17,978	100%	3%	4%

The table below presents the total loan portfolio by maturity on September 30, 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	289	438	626	1,133	5,106	7,592
Vehicle Financing	494	457	648	1,054	2,431	5,084
Corporate	649	320	262	895	1,049	3,175
Payroll Deductible Credit Cards	959	10	2	4	13	988
Real Estate	25	28	38	70	642	804
Conventional Credit Cards	313	15	17	14	9	368
Others	394	128	90	50	43	705
Total	3,124	1,396	1,683	3,219	9,293	18,716
Part (%)	17%	7%	9%	17%	50%	100%

The chart below presents the non-performing loans over 90 days of Pan, considering the balance of contracts, that shows a positive trend in 2016.

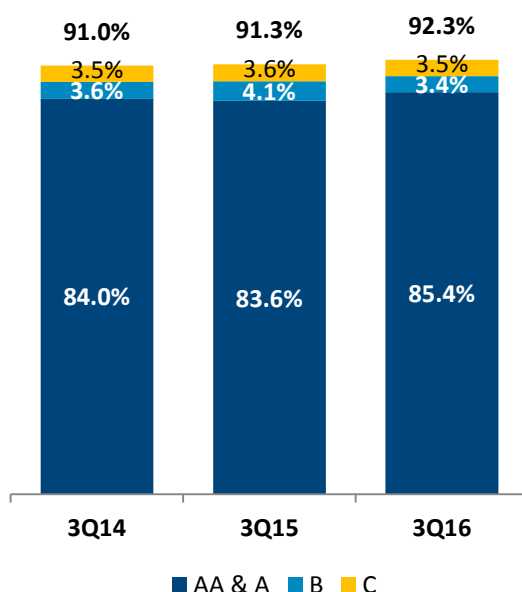


Retail Credit Portfolio

Below the ratings of Banco Pan's Retail Credit Portfolio are shown, recorded on the balance sheet by risk category, pursuant to Resolution nº 2,682 of the Brazilian Central Bank (BACEN):

Category of Risk (R\$ MM)	3Q16	Part. %	2Q16	Part. %	3Q15	Part. %	Δ 3Q16/ 2Q16	Δ 3Q16/ 3Q15
"AA" to "C"	14,343	92%	13,600	92%	12,134	91%	5%	18%
"D" to "H"	1,198	8%	1,221	8%	1,168	9%	-2%	3%
Total	15,541	100%	14,821	100%	13,302	100%	5%	17%

% of Retail Credits rated from AA to C

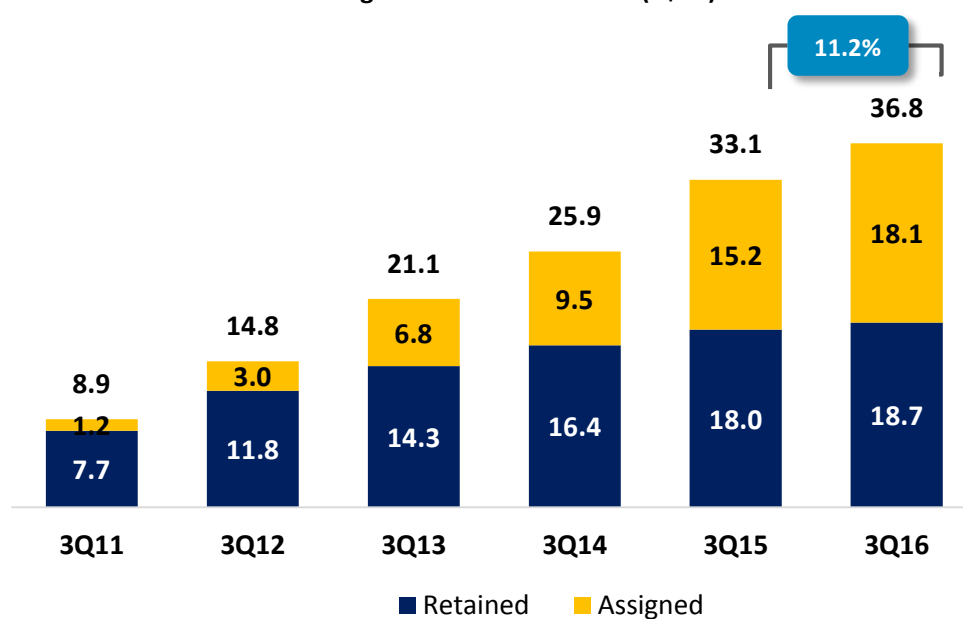


Originated Credit Portfolio

Pan has as a strategy of originating of credits to its own portfolio and also for credit assignments without recourse. During the 3rd quarter of 2016 credit assignments without recourse totaled R\$ 2,647 million including vehicles, payroll and real estate loans.

Thus, to demonstrate its ability to originate loans and 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

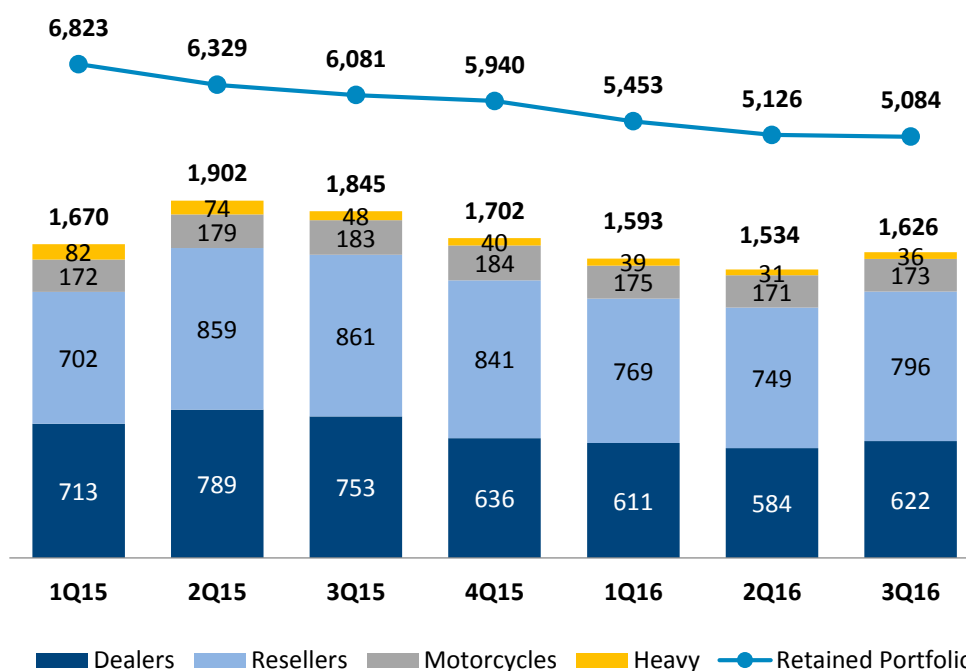
Vehicle Financing

The Bank is actively present in 10,526 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 10% of total origination.

Despite the sector’s slowdown and the more conservative criteria on credit concessions, Pan disbursed R\$1,626 million in new vehicle financing in 3Q16, 6% higher than the R\$1,534 million originated in 2Q16 and 12% lower than the R\$1,845 million originated in 3Q15.

The credit portfolio continued to decline due to the credit assignments without recourse, ending the quarter at R\$5,084 million.

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



Light vehicle financing registered a total of R\$1,418 million in 3Q16, higher than the R\$1,332 million of the previous quarter and lower than the R\$1,614 million of 3Q15. The origins segregation guarantees portfolio diversification, in line with the Bank’s strategy, with 56% of light vehicles originated through Resellers and 44% through Dealers in 3Q16, which came stable compared to the previous quarter.

Motorcycle financing presented an origination of R\$173 million in 3Q16, compared to R\$171 million originated in 2Q16 and R\$183 million originated in 2Q15.

Accompanying the market trajectory and Pan’s conservatism, the heavy vehicle segment recorded an origination of R\$36 million in 3Q16, compared to R\$ 31 million in the previous quarter and R\$ 48 million in 3Q15.

We present below additional information about the origination of the quarter, highlighting the conservatism and Pan's market position:

3Q16	Light-New	Light-Used	Motorcycles	Heavy
Origination (R\$MM)	376.1	1,041.5	172.5	36.0
Market Share	11.0%*	9.2%	24.0%	0.3%
Ranking	6º	5º	2º	9º
Average Rate	1.68%	2.08%	2.66%	2.37%
Average Tenor	46	45	40	44
Downpayment	37.9%	4,5%	22.8%	43.3%

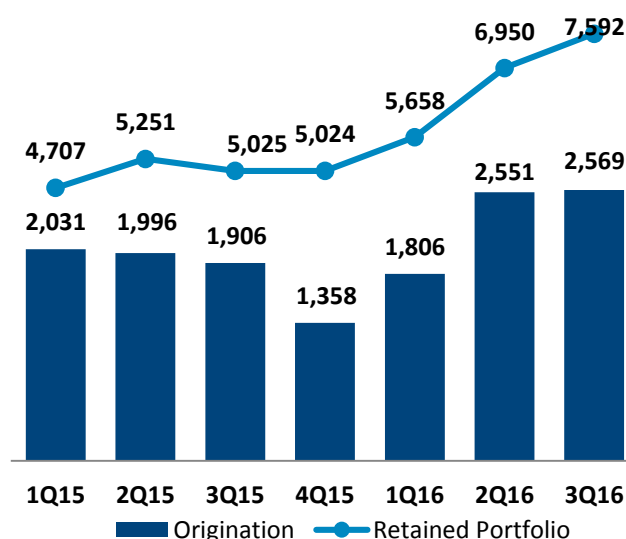
* Without automakers banks

Payroll-Deductible Loans

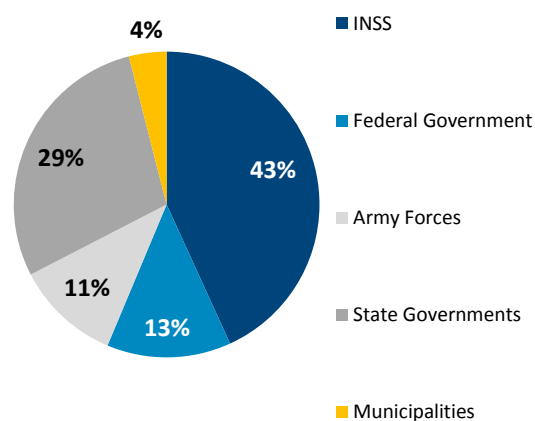
In 3Q16, Pan disbursed R\$2,569 million in new payroll-deductible loans for public servants and social security beneficiaries, stable when compared to the R\$2,551 million originated in the previous quarter. In the annual comparison, there has been a 35% increase in relation to the R\$1,906 million originated in 3Q15.

The payroll-deductible credit portfolio has significantly evolved, reaching R\$7,592 million and contributing to the diversification of the Bank's Portfolio.

Evolution of Portfolio and Origination (R\$ MM)



Quarter Origination By Segment(%)

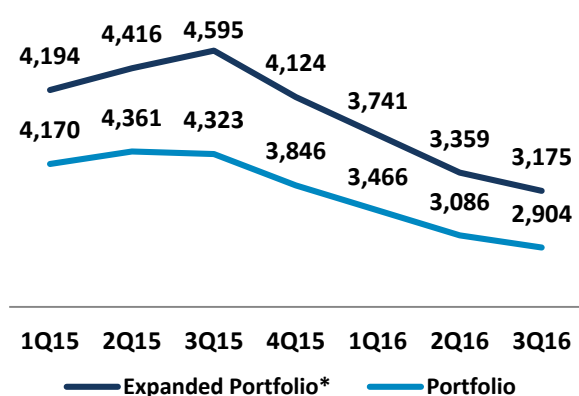


Corporate Loans

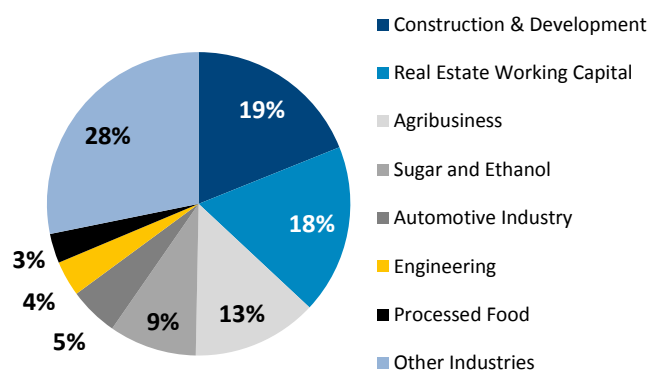
Reflecting the current economic environment, Pan's Expanded Corporate Loan Portfolio, including R\$271 million in Guarantees Issued, reached a total amount of R\$3,175 million in 3Q16, compared to the R\$3,359 million portfolio in the last quarter and R\$4,595 million portfolio in 3Q15.

The bank operates with a risk control policy, which consists of maintaining 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 just 4% of Pan's total portfolio in 3Q16.

Corporate Loan Portfolio Evolution (R\$ MM)

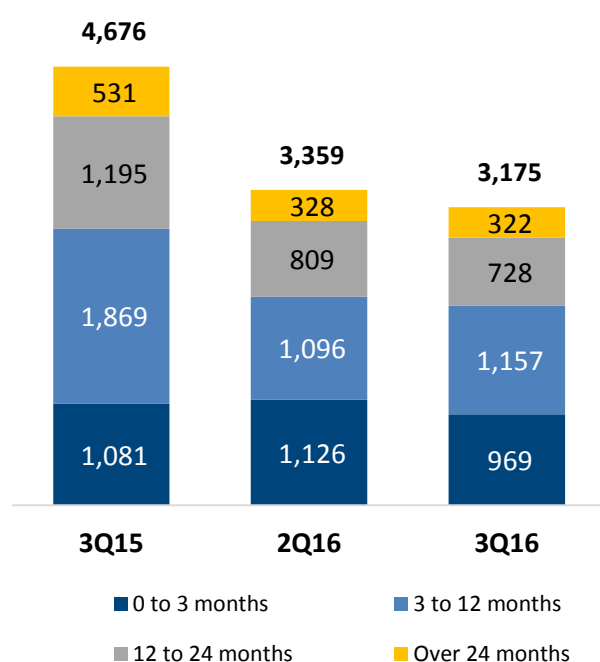


Corporate Loan Portfolio by Industry (%)

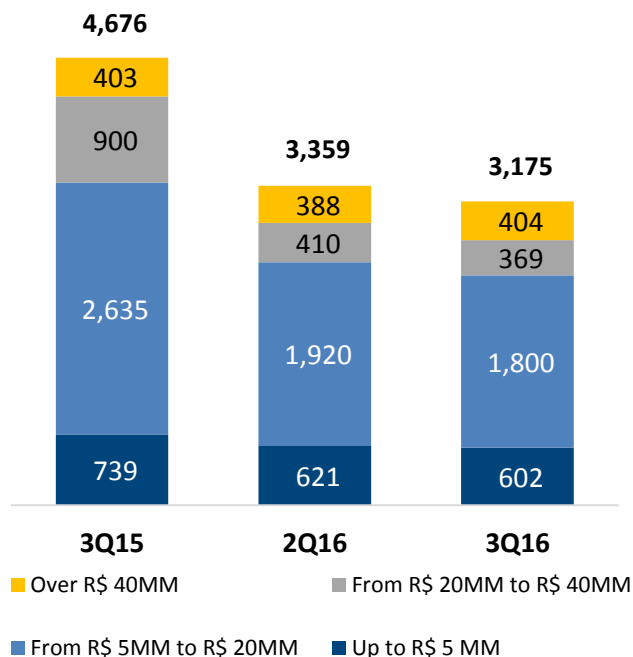


*Including Guarantees Issued

Maturity of the Portfolio (R\$ MM)



Portfolio by ticket (R\$ MM)

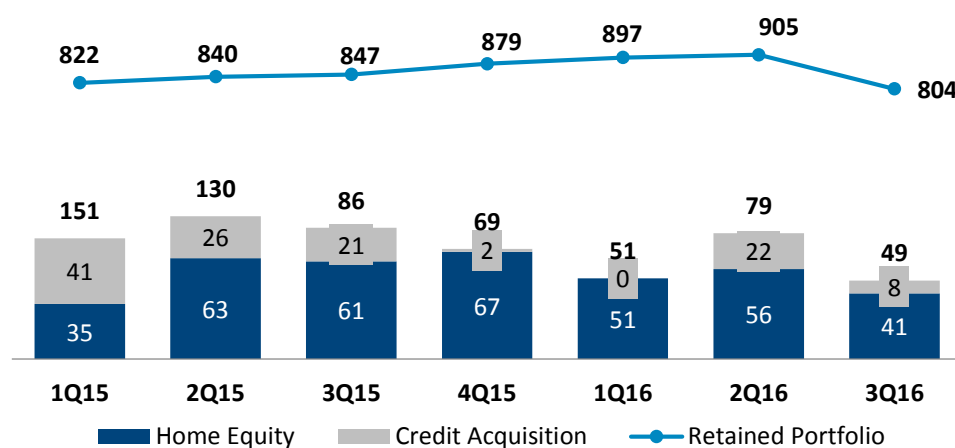


Real Estate Loans

Real estate loan origination totaled R\$ 49 million in 3Q16, allocated as follows: (i) R\$ 41 million to individuals in Home Equity (Crédito Fácil) and (ii) R\$ 8 million in loans acquired by Brazilian Securities Companhia de Securitização (“Brazilian Securities”) for securitization.

The real estate loan portfolio ended 3Q16 at R\$804 million, below previous quarter due to the credit assignments.

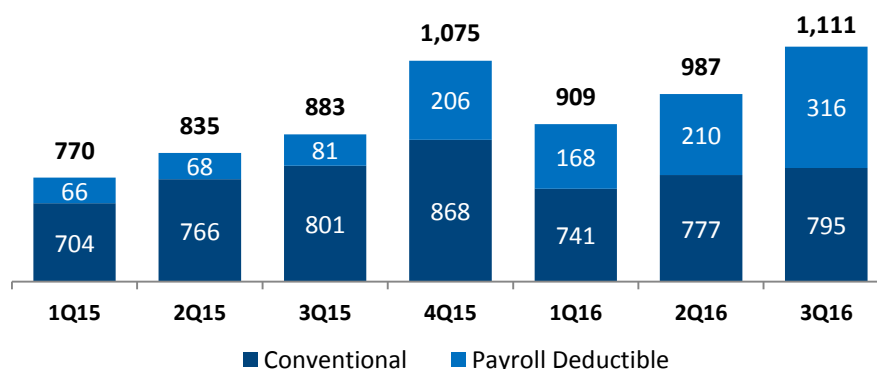
Evolution of Real Estate Origination by Product and total Portfolio (R\$ MM)



Credit Cards – Payroll and Conventional Cards

Pan closed 3Q16 with a base of 1.9 million credit cards. The transaction volume totaled R\$1.1 billion, 13% higher than the R\$987 million registered in the previous quarter and 26% higher than the R\$883 million registered in the 3Q15, with an increase of payroll cards transactions.

Transaction Volume (R\$ MM)



Consumer Loans

Consumer loans accounted for R\$100 million of new loan disbursements during 3Q16, compared to R\$91 million disbursed in 2Q16 and R\$120 million in 3Q15.

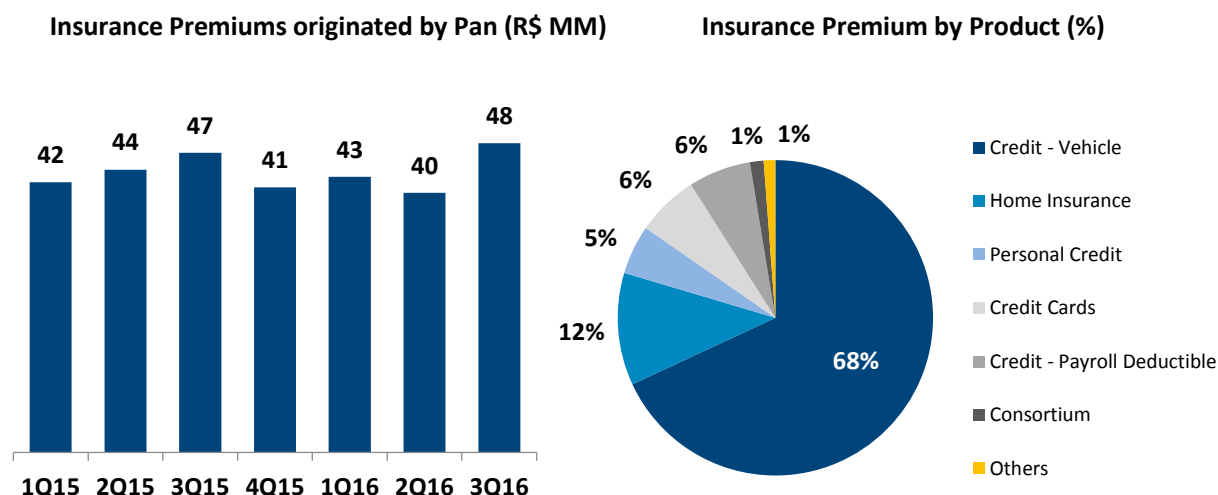
Consortium

Consortium sales registered R\$ 111 million in 3Q16, in line with the R\$ 119 million registered in 3Q15.

Insurance

Based on the operational distribution agreement signed with Pan Seguros S.A., valid until December/2034, Pan originated R\$48 million in insurance premiums in 3Q16, 20% higher than the R\$40 million originated in the 2Q16 and 3% higher than the R\$46 million originated in the 3Q15, largely influenced by the movement of vehicle financing origination.

Among the premiums originated in 2Q16, there are: R\$39 million in credit insurance, R\$5.5 million in home insurance, R\$3 million in credit card insurance and R\$570 thousands in other products.

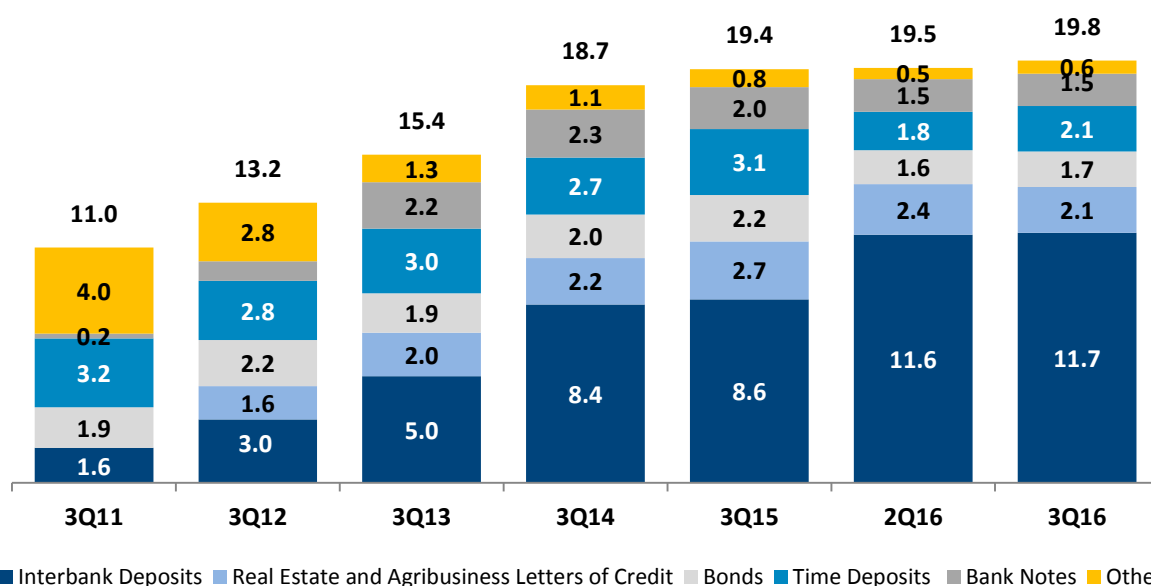


Funding

The funding volume closed September 2016 at R\$19.8 billion, close to the R\$19.5 billion recorded at the end of June and the R\$19.4 billion recorded in September 2015. The main funding sources were: (i) interbank deposits, which amounted to R\$ 11.7 billion, 59.2% of the total; (ii) real estate and agribusiness letters of credit (LCI and LCA) totaling R\$ 2.1 billion, 10.8% of the total; (iii) time deposits which amounted to R\$ 2.1 billion, 10.8% of the total; (iv) bonds issued abroad, totaling R\$1.7 billion, 8.4% of the total; (v) bank notes totaling R\$1.5 billion, 7.7% of the total; and (vi) other funding sources, corresponding to R\$ 617 million, 3.1% of the total.

Funding Sources (R\$ MM)	3Q16	Part. %	2Q16	Part. %	3Q15	Part. %	Δ 3Q16/2Q16	Δ 3Q16/3Q15
Interbank Deposits	11,742	59%	11,642	60%	8,617	44%	1%	36%
LCI and LCA	2,142	11%	2,382	12%	2,717	14%	-10%	-21%
Time Deposits	2,139	11%	1,814	9%	3,097	16%	18%	-31%
Bonds	1,662	8%	1,582	8%	2,168	11%	5%	-23%
Bank Notes	1,518	8%	1,533	8%	1,978	10%	-1%	-23%
Others	617	3%	526	3%	833	4%	17%	-26%
Total	19,820	100%	19,479	100%	19,410	100%	2%	2%

Evolution of Funding Sources (R\$ Bi)



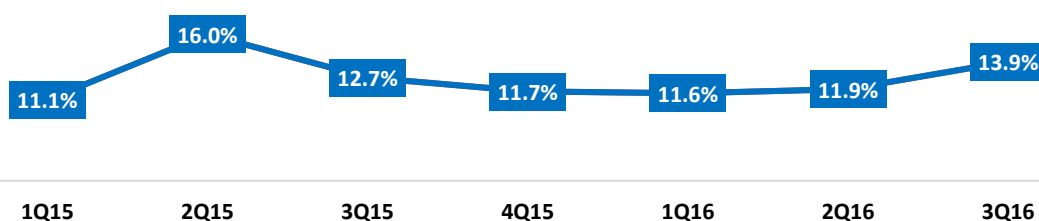
In accordance with Article 8 of BACEN nº 3068/01, Pan declares that it has the financial capacity and the intention of holding to maturity those securities classified under “held-to-maturity securities” in its financial statements.

Results

Managerial Net Interest Margin – NIM

In 3Q16, Pan’s managerial net interest margin stood at 13.9% compared to 11.9% registered in 2Q16 and 12.7% registered in 3Q15.

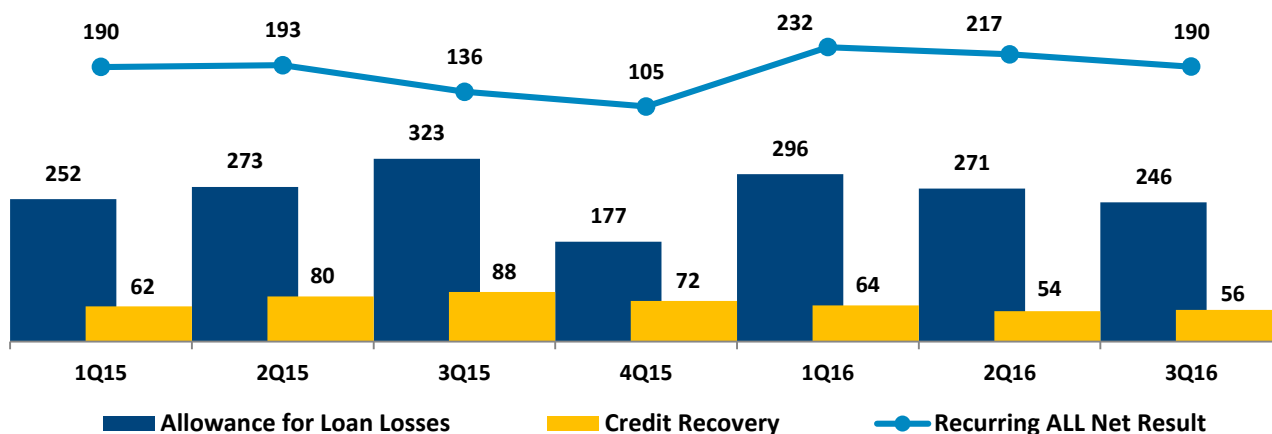
Managerial Net Interest Margin (R\$ MM)	3Q16	2Q16	3Q15	Δ3Q16 / 2Q16	Δ 3Q16 / 3Q15
Income from Financial Intermediation Before ALL	767	676	672	13%	14%
(+) Exchange Rate Variation	(15)	(48)	(17)	68%	10%
1. Managerial Net Interest Margin	751	629	655	20%	15%
2. Average Interest-Earning Assets	22,688	22,131	21,543	3%	5%
- Average Loan Portfolio	18,176	17,543	17,927	4%	1%
- Average Securities and Derivatives	2,343	2,653	2,303	-12%	2%
- Average Interbank Investments	2,169	1,935	1,313	12%	65%
(1/2) Manag. Net Interest Margin (% p.a.)	13.9%	11.9%	12.7%	2.0 p.p.	1.2 p.p.



Allowance for Loan Losses and Credit Recovery

In 3Q16, the allowance for loan losses came to R\$ 246 million, while the recovery of credit previously written-off against the allowance for loan losses reached R\$ 56 million. Thus, the net expense of the allowance for loan losses in 3Q16 totaled R\$ 190 million.

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



Costs and Expenses

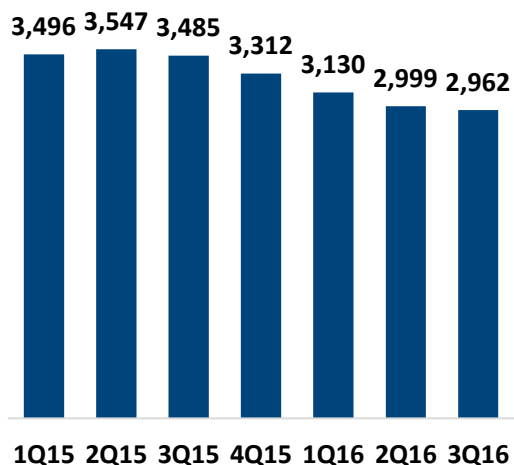
Personnel and administrative expenses (Subtotal I) totaled R\$295 million in 3Q16, up 7% compared to the R\$276 million registered in 2Q16 and down 2% compared to the R\$302 million registered in 3Q15, with a great influence from the reduction in personnel expenses.

The credit origination expenses (Subtotal II) totaled R\$226 million at the end of the quarter, compared to the R\$225 million recorded in 2Q16 and the R\$153 million at the end of 3Q15, increase mainly related to the expansion of origination of cards and payroll loans, which generate expenses concentrated in the beginning of the operation, offset by interest income over the operation.

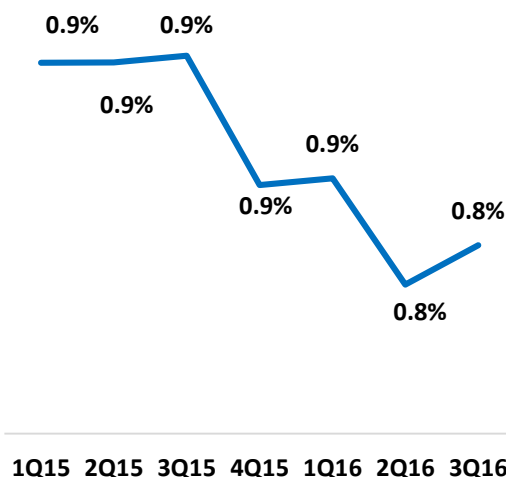
G&A Expenses (R\$ MM)	3Q16	2Q16	3Q15	Δ 3Q16/ 2Q16	Δ 3Q16/ 3Q15
Personnel expenses	126	115	129	10%	-2%
Administrative expenses	169	162	173	4%	-3%
1. Subtotal I	295	276	302	7%	-2%
Comission Expenses – BACEN Circular 3,738	95	90	33	5%	184%
Deferred Comissions and other origination expenses	161	136	120	19%	34%
2. Subtotal II - Credit Origination	256	225	153	13%	67%
3. Total (I + II)	550	502	455	10%	21%

Given the constant search for efficiency improvement, Pan is optimizing its cost structure, as evidenced by the evolution of the number of employees and also 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

Pan posted a net loss of R\$13.0 million in 3Q16, versus a net loss of R\$128.4 million in 2Q16 and net income of R\$44.3 million in 3Q15.

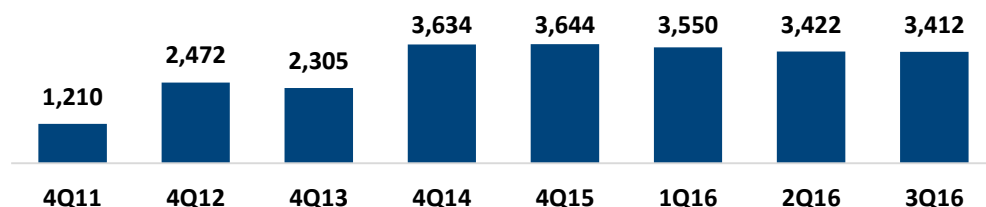
Along with the influences mentioned before, the quarterly results are impacted by the volume and mix of credits assigned without recourse in each period. Credit assignments without recourse (including vehicle, payroll and real estate loans) totaled R\$2,647 million in 3Q16.

P&L Statement (R\$ MM)	3Q16	2Q16	3Q15	Δ 3Q16/ 2Q16	Δ 3Q16/ 3Q15
Net Interest Margin	751	629	655	20%	15%
Allowance for Loan Losses	(246)	(271)	(323)	9%	24%
Gross Profit from Financial Intermediation (Adjusted)	505	358	332	41%	52%
Other Operating Revenues (Expenses)	68	(12)	6	-	1103%
Administrative and Personnel Expenses	(550)	(502)	(455)	-10%	-21%
Tax Expenses	(67)	(50)	(61)	32%	8%
Income from Operations	(44)	(206)	(180)	79%	76%
Non Operating Expenses	(14)	(17)	(14)	-19%	0%
Income and Social Contribution Taxes	45	95	238	-53%	-81%
(Loss)/Net Income	(13)	(128)	44	90%	-

Shareholders' Equity and Capital

Shareholders' Equity

Pan's Consolidated Shareholders' Equity totaled R\$3,412 million in September 2016, compared to R\$3,422 million in June 2016 and R\$3,602 million in September 2015.

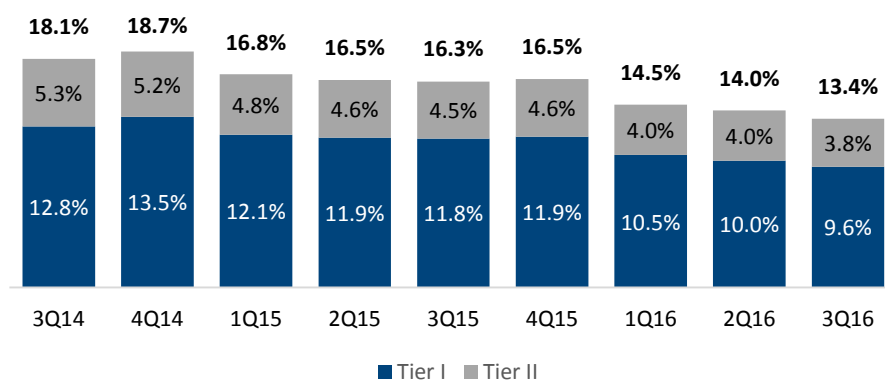


Basel Ratio and Operating Margin

The Prudential Conglomerate's Basel Ratio stood at 13.4% at the end of 3Q16 (9.6% for Tier I Common Equity), versus 14.0% in 2Q16 (10.0% for Tier I Common Equity) and 16.3% (11.8% for Tier I Common Equity) in 3Q15. The Prudential Conglomerate's Operating Margin came to R\$ 532 million in 3Q16.

R\$ MM	3Q16	2Q16	3Q15
1. Reference Shareholder's Equity (PR)	2,709	2,759	2,920
Common Equity Tier I	1,931	1,982	2,116
Tier II	778	777	804
2. Required Reference Shareholders' Equity	2,121	2,075	2,118
Risk Weighted Assets	1,943	1,890	1,892
Exchange Variation Risk	10	2	4
Interest (Pre-fixed)	33	59	99
Operational Risk	135	123	123
Basel Ratio (1 / (2 / 11%))	13.4%	14.0%	14.5%
Common Equity Tier I	9.6%	10.0%	10.5%
Tier II	3.8%	4.0%	4.0%
3. Banking Positioning Risk – RBAN	56	65	81
Operating Margin (1 - 2 - 3)	532	619	721

Basel Ratio (%)



Ratings

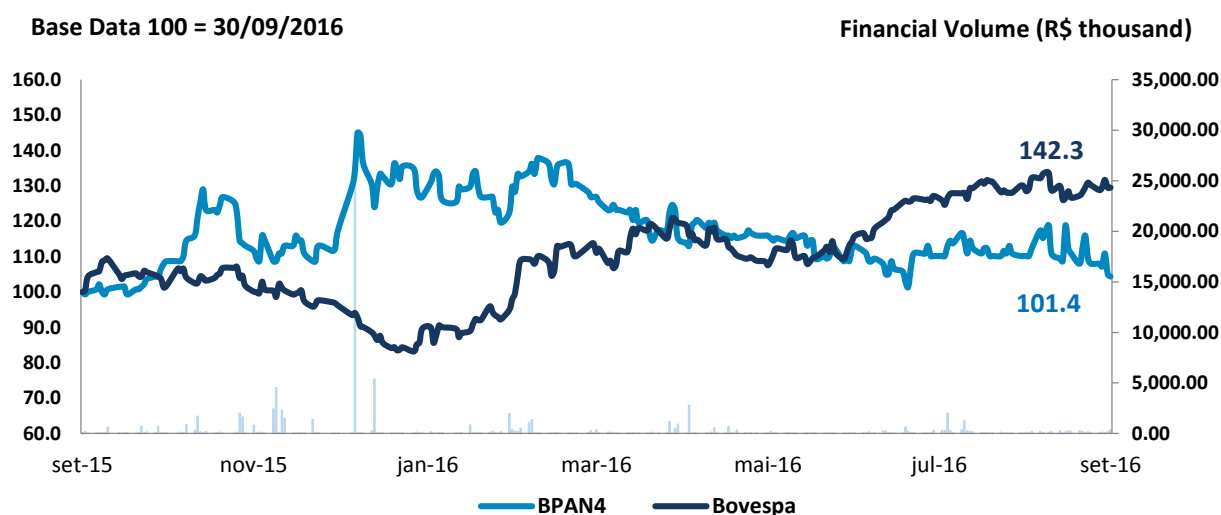
Pan's long term ratings are presented below:

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

Stock Performance

Pan's shares (BPAN4) closed 3Q16 at R\$1.44, down 7% over the R\$1.55 recorded at the end of the previous quarter, with respective highs and lows of R\$1.64 and R\$1.40.

The traded volume totaled R\$ 10.8 million in 3Q16, with a daily average of R\$167 thousand. On September 30, 2016, Pan's market cap was R\$ 1.34 billion.



Source: Reuters

Attachments
BALANCE SHEET AS OF JUNE 30 AND MARCH 31, 2016
(In thousands of Brazilian reais - R\$)

ASSETS	BANK		CONSOLIDATED	
	Sep/16	Jun/16	Sep/16	Jun/16
CURRENT ASSETS	12,070,790	10,806,575	12,446,882	11,215,560
Cash	13,744	13,201	20,029	20,465
Interbank investments	1,730,334	1,775,612	1,179,569	1,339,355
Securities and derivatives financial instruments	780,185	192,429	833,320	257,737
Interbank accounts	42,834	46,134	42,834	46,134
Interbranch accounts	-	-	-	-
Lending operations	7,043,178	6,480,417	7,646,581	6,993,006
Lending operations - private sector	7,720,350	7,160,820	8,448,128	7,772,919
(Allowance for loan losses)	(677,172)	(680,403)	(801,547)	(779,913)
Leasing operations	-	-	1,766	2,701
Leasing operations	-	-	2,624	3,774
(Allowance for doubtful lease receivables)	-	-	(858)	(1,073)
Other receivables	2,289,576	2,136,719	2,369,175	2,217,388
(Allowance for loan losses)	(46,404)	(40,516)	(47,367)	(41,131)
Other assets	217,343	202,579	400,975	379,905
LONG-TERM RECEIVABLES	13,667,742	13,902,554	15,158,980	15,549,757
Interbank investments	85,745	109,369	74,969	51,572
Securities and derivatives financial instruments	1,708,602	1,932,360	2,089,210	2,284,365
Lending operations	8,306,215	8,175,977	8,932,052	9,036,321
Lending operations - Private Sector	8,586,858	8,455,546	9,242,781	9,386,635
(Allowance for loan losses)	(280,643)	(279,569)	(310,729)	(350,314)
Leasing operations	-	-	206	432
Leasing operations	-	-	233	511
(Allowance for doubtful lease receivables)	-	-	(27)	(79)
Other receivables	3,288,907	3,374,462	3,780,394	3,862,211
(Allowance for loan losses)	(12,145)	(23,434)	(12,483)	(23,434)
Other assets	290,418	333,820	294,632	338,290
PERMANENT ASSETS	996,349	964,964	290,292	269,795
TOTAL ASSETS	26,734,881	25,674,093	27,896,154	27,035,112
LIABILITIES	Sep/16	Jun/16	Sep/16	Jun/16
CURRENT LIABILITIES	18,167,659	17,742,221	18,827,898	18,602,450
Deposits	12,144,445	11,937,651	12,144,028	11,937,224
Demand deposits	44,581	46,753	44,178	46,326
Interbank deposits	11,710,145	11,609,181	11,710,145	11,609,181
Time deposits	389,719	281,717	389,705	281,717
Money market funding	2,470,939	2,116,291	2,470,939	2,116,291
Funds from acceptance and issuance of securities	1,819,064	1,925,436	2,431,592	2,720,156
Interbank accounts	113,326	109,343	113,326	109,343
Interbranch accounts	10,606	10,858	10,606	10,858
Loan Liabilities	-	-	677	385
Derivatives Financial Instruments	10,069	8,065	10,069	8,065
Other liabilities	1,599,210	1,634,577	1,646,661	1,700,128
LONG-TERM LIABILITIES	5,155,089	4,508,940	5,656,106	5,009,713
Deposits	1,963,196	1,729,468	1,781,106	1,565,307
Interbank deposits	31,367	32,543	31,367	32,543
Time deposits	1,931,829	1,696,925	1,749,739	1,532,764
Money market funding	98,701	97,005	94,750	92,337
Funds from acceptance and issuance of securities	715,060	677,298	1,082,007	1,052,904
Loan Liabilities	-	-	130,541	125,224
Derivatives financial instruments	177,765	181,261	177,765	181,261
Other Liabilities	2,200,367	1,823,908	2,389,937	1,992,680
Deferred Income	571	1,027	571	1,027
MINORITY INTEREST	-	-	17	17
SHAREHOLDERS' EQUITY	3,411,562	3,421,905	3,411,562	3,421,905
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	(14,663)	(17,286)	(14,663)	(17,286)
Retained earnings (loss)	(237,434)	(224,468)	(237,434)	(224,468)
TOTAL LIABILITIES	26,734,881	25,674,093	27,896,154	27,035,112

INCOME STATEMENT FOR THE QUARTERS ENDED ON SEPTEMBER 30 AND JUNE 30, 2016				
<i>(In thousands of Brazilian reais - R\$)</i>				
	BANK		CONSOLIDATED	
	3Q16	2Q16	3Q16	2Q16
REVENUE FROM FINANCIAL INTERMEDIATION	1,516,505	1,103,157	1,592,621	1,136,536
Lending operations	1,133,568	1,106,329	1,192,150	1,163,673
Results from Credit Assignments	292,022	198,437	309,018	198,435
Securities transactions	111,728	123,777	109,652	122,839
Derivative transactions	(25,352)	(321,342)	(22,738)	(344,367)
Foreign exchange transactions	4,539	(4,044)	4,539	(4,044)
EXPENSES ON FINANCIAL INTERMEDIATION	(1,018,645)	(692,705)	(1,071,204)	(731,653)
Funding operations	(787,090)	(447,749)	(816,921)	(477,971)
Borrowings and onlendings	-	-	(8,026)	16,891
Allowance for loan losses	(231,555)	(244,956)	(246,257)	(270,573)
GROSS PROFIT FROM FINANCIAL INTERMEDIATION	497,860	410,452	521,417	404,883
OTHER OPERATING INCOME (EXPENSES)	(542,567)	(596,057)	(564,957)	(610,655)
Income from services rendered	110,001	109,251	117,049	120,029
Equity in subsidiaries	36,453	(40,689)	32,087	-
Income from insurance premiums	-	-	-	-
Retained claims expenses	-	-	-	-
Personnel Expenses	(96,581)	(73,782)	(126,273)	(114,502)
Other Administrative Expenses	(450,536)	(403,334)	(424,220)	(387,343)
Tax Expenses	(52,569)	(37,966)	(66,609)	(50,369)
Other Operating Income	47,122	41,132	59,469	52,620
Other Operating Expenses	(136,457)	(190,669)	(156,460)	(231,090)
INCOME FROM OPERATIONS	(44,707)	(185,605)	(43,540)	(205,772)
NON OPERATING EXPENSES	(14,493)	(16,215)	(14,189)	(17,467)
INCOME BEFORE TAXES	(59,200)	(201,820)	(57,729)	(223,239)
INCOME AND SOCIAL CONTRIBUTION TAXES	46,234	73,454	44,763	94,872
Provision for Income tax	(76)	(32)	(1,671)	11,452
Provision for Social Contribution tax	(193)	(100)	(1,668)	(1,969)
Deferred tax credits	46,503	73,586	48,102	85,389
MINORITY INTEREST	-	-	-	1
(LOSS)/ NET INCOME	(12,966)	(128,366)	(12,966)	(128,366)

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.

PAN