

# PAN

## **Banco Pan** **Financial Statements**

At year-end 2015



**BANCO PAN S.A. AND SUBSIDIARIES**

**BALANCE SHEETS AT DECEMBER 31, 2015 AND 2014**

(All amounts in thousands of reais)

(A free translation of the original in Portuguese)

ASSETS	Note	Bank		Consolidated		LIABILITIES AND EQUITY	Note	Bank		Consolidated	
		12/31/2015	12/31/2014	12/31/2015	12/31/2014			12/31/2015	12/31/2014		
<b>CURRENT ASSETS</b>		<b>10.794.892</b>	<b>9.668.009</b>	<b>11.374.915</b>	<b>10.623.486</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>
Cash and cash equivalents	5	43.156	36.507	48.043	47.298	Deposits	16.a	10.613.117	9.829.149	10.610.077	9.760.907
Short-term interbank deposits	6.a	1.626.065	1.075.581	1.168.723	952.847	Demand deposits		75.647	107.184	73.247	107.002
Investments in the open market		1.084.203	823.674	1.084.203	823.674	Interbank deposits		10.060.290	8.614.458	10.060.044	8.546.399
Interbank deposits		541.862	251.907	84.520	129.173	Term deposits		477.180	1.107.507	476.786	1.107.506
Marketable securities and derivative financial instruments	7	219.766	620.932	287.390	724.561	Funds obtained in the open market	16.b	1.543.421	158.988	1.543.420	147.672
Own portfolio	7.a	81.691	216.700	144.005	252.284	Own portfolio		1.121.672	158.988	1.121.671	147.672
Linked to repurchase commitments	7.a	63.296	159.007	68.606	180.113	Third-party portfolio		152.179	-	152.179	-
Derivative financial instruments	7.c	62.769	86.232	62.769	92.710	Free-movement portfolio		269.570	-	269.570	-
Linked to the Central Bank of Brazil		-	30.483	-	30.483	Funds from acceptances and issuance of securities	16.c	2.114.167	2.766.722	2.705.900	3.495.960
Subject to guarantees		12.010	128.510	12.010	168.971	Funds from real estate securities, mortgages, letters of credit and similar securities		2.114.167	1.993.112	2.705.900	2.722.350
Interbank		21.357	48.107	21.357	48.107	Obligations for marketable securities abroad		-	773.610	-	773.610
Credits - Deposits at the Central Bank of Brazil		2.959	2.917	2.959	2.917	Interbank		102.786	107.299	102.786	107.299
Correspondents in the country		18.398	45.190	18.398	45.190	Correspondents in the country	17	102.786	107.299	102.786	107.299
Credit operations	8	6.135.018	5.819.806	6.821.182	6.537.148	Interdependent		28.988	4.041	28.988	4.041
Credit operations - private sector		6.725.520	6.303.257	7.494.684	7.101.564	Resources of third parties in transit		28.988	4.041	28.988	4.041
(Allowance for losses)	8.c	(590.502)	(483.451)	(673.502)	(564.416)	Borrowings	18.a	-	-	1.096	68.317
Leasing operations	8	-	-	3.632	27.112	Domestic		-	-	-	1.703
Leasing operations receivable		-	-	5.444	32.098	Foreign		-	-	1.096	66.614
(Allowance for lease losses)	8.c	-	-	(1.812)	(4.986)	Derivative financial instruments	7.c	3.393	37.208	3.393	13.559
Other credits		2.330.686	1.875.345	2.475.530	2.044.687	Derivative financial instruments		3.393	37.208	3.393	13.559
Foreign exchange portfolio	9.a	245.201	532.656	245.201	532.656	Other obligations		1.522.385	1.282.878	1.593.391	1.500.631
Income receivable		1.234	-	1.485	297	Levy and collection of taxes and similar charges		10.714	8.802	11.040	8.893
Negotiation and intermediation of receivables		4.169	17.529	5.233	18.593	Foreign exchange portfolio	9.a	6	664	6	664
Real estate receivables	10	-	-	7.218	86.309	Social and statutory		2.679	1.540	3.222	2.303
Securities and credits receivable	8 and 11	842.258	700.934	855.990	706.797	Tax and social security	21.a	35.499	48.599	59.203	125.369
(Allowance for losses)	8.c	(62.063)	(43.848)	(62.298)	(43.910)	Negotiation and intermediation of securities		10.153	7.737	45.341	95.008
Sundry	11	1.299.887	668.074	1.422.701	743.945	Subordinated debts	19	250.782	95.409	250.782	95.409
Other assets		418.844	191.731	549.058	241.726	Sundry	21.b	1.212.552	1.120.127	1.223.797	1.172.985
Other assets	12.a	140.922	85.397	281.697	141.722						
(Provision for impairment)	12.a	(34.134)	(31.820)	(45.923)	(39.999)						
Prepaid expenses	12.b	312.056	138.154	313.284	140.003						



**BANCO PAN S.A. AND SUBSIDIARIES**

**BALANCE SHEETS AT DECEMBER 31, 2015 AND 2014**

(All amounts in thousands of reais)

(continued)

ASSETS	Note	Bank		Consolidated		LIABILITIES AND EQUITY	Note	Bank		Consolidated	
		12/31/2015	12/31/2014	12/31/2015	12/31/2014			12/31/2015	12/31/2014	12/31/2015	12/31/2014
<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>	<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>
<b>Interbank investments</b>	6.a	<b>85.732</b>	<b>72.979</b>	<b>21.021</b>	<b>4.690</b>	<b>Deposits</b>	16.a	<b>1.608.419</b>	<b>1.815.409</b>	<b>1.487.034</b>	<b>1.713.617</b>
Interbank deposits		85.732	72.979	21.021	4.690	Interbank deposits		36.803	85.122	36.803	85.122
<b>Marketable securities and derivative financial instruments</b>	7	<b>2.139.409</b>	<b>1.664.832</b>	<b>2.540.071</b>	<b>1.897.226</b>	Term deposits		1.571.616	1.730.287	1.450.231	1.628.495
Own portfolio	7.a	262.759	492.643	589.496	714.325	<b>Funds obtained in the open market</b>	16.b	<b>100.551</b>	<b>1.028.368</b>	<b>94.298</b>	<b>1.028.368</b>
Linked to repurchase commitments	7.a	1.211.406	889.972	1.285.331	900.684	Own portfolio		100.551	870.359	94.298	870.359
Derivative financial instruments	7.c	621.324	255.521	621.324	255.521	Third-party portfolio		-	158.009	-	158.009
Subject to guarantees		43.920	26.696	43.920	26.696	<b>Funds from acceptances and issuance of securities</b>	16.c	<b>831.259</b>	<b>1.204.068</b>	<b>1.298.243</b>	<b>1.672.091</b>
<b>Credit operations</b>	8	<b>7.642.370</b>	<b>8.183.741</b>	<b>8.360.231</b>	<b>8.838.215</b>	Funds from real estate securities, mortgages, letters of credit and similar securities		831.259	1.204.068	1.298.243	1.672.091
Credit operations - private sector		7.914.310	8.461.800	8.662.534	9.146.332	<b>Borrowings</b>	18.a	-	-	<b>153.634</b>	<b>100.000</b>
(Allowance for losses)	8.c	(271.940)	(278.059)	(302.303)	(308.117)	Domestic		-	-	-	100.000
<b>Leasing operations</b>	8	-	-	<b>3.863</b>	<b>7.810</b>	Foreign		-	-	153.634	-
Leasing operations receivable		-	-	4.275	9.244	<b>Derivative financial instruments</b>	7.c	<b>26.358</b>	<b>1.639</b>	<b>13.037</b>	<b>1.639</b>
(Allowance for lease losses)	8.c	-	-	(412)	(1.434)	Derivative financial instruments		26.358	1.639	13.037	1.639
<b>Other credits</b>		<b>2.978.998</b>	<b>2.883.997</b>	<b>3.381.965</b>	<b>3.379.768</b>	<b>Other payables</b>		<b>2.662.216</b>	<b>2.154.915</b>	<b>2.816.414</b>	<b>2.250.204</b>
Foreign exchange portfolio	9.a	-	12.461	-	12.461	Tax and social security	21.a	-	-	93.799	55.383
Specific claims		-	-	1.444	724	Negotiation and intermediation of securities		-	-	-	1.606
Real estate receivables	10	-	-	32.561	69.971	Subordinated debts	19	2.107.153	1.460.874	2.107.153	1.460.874
Securities and credits receivable	8 and 11	100.479	29.358	100.479	37.901	Sundry	21.b	555.063	694.041	615.462	732.341
(Allowance for losses)	8.c	(15.832)	(5.610)	(15.832)	(5.663)						
Sundry	11	2.894.351	2.847.788	3.263.313	3.264.374	<b>RESULTS OF FUTURE YEARS</b>		<b>1.565</b>	<b>1.605</b>	<b>1.565</b>	<b>1.605</b>
<b>Other assets</b>		<b>136.756</b>	<b>466.919</b>	<b>137.683</b>	<b>467.227</b>	Results of future years		1.565	1.605	1.565	1.605
Prepaid expenses	12.b	136.756	466.919	137.683	467.227	<b>NON-CONTROLLING INTERESTS</b>		-	-	<b>19</b>	<b>20</b>
						Non-controlling interests		-	-	19	20
<b>PERMANENT ASSETS</b>		<b>1.024.265</b>	<b>1.086.298</b>	<b>277.343</b>	<b>281.994</b>	<b>EQUITY</b>		<b>3.643.797</b>	<b>3.634.486</b>	<b>3.643.797</b>	<b>3.634.486</b>
<b>Investments</b>		<b>937.500</b>	<b>1.018.965</b>	<b>3.471</b>	<b>796</b>	<b>Capital:</b>	23	<b>3.460.732</b>	<b>3.460.732</b>	<b>3.460.732</b>	<b>3.460.732</b>
Subsidiaries	13.a	934.029	1.018.170	-	-	Domiciled in the country		3.080.704	3.211.194	3.080.704	3.211.194
Other investments	13.b	3.471	795	3.471	796	Domiciled abroad		380.028	249.538	380.028	249.538
<b>Property and equipment in use</b>	14	<b>30.912</b>	<b>32.671</b>	<b>50.128</b>	<b>55.369</b>	Capital reserve		195.208	195.208	195.208	195.208
Other property and equipment in use		51.731	47.282	81.088	76.488	Revenue reserves		7.719	2.819	7.719	2.819
(Accumulated depreciation)		(20.819)	(14.611)	(30.960)	(21.119)	Carrying value adjustments		(19.862)	(24.273)	(19.862)	(24.273)
<b>Intangible assets</b>	15.b	<b>55.853</b>	<b>34.662</b>	<b>223.744</b>	<b>225.829</b>						
Intangible assets		99.067	70.870	353.220	323.136						
(Accumulated amortization)		(43.214)	(36.208)	(129.476)	(97.307)						
<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>TOTAL LIABILITIES</b>		<b>24.802.422</b>	<b>24.026.775</b>	<b>26.097.092</b>	<b>25.500.416</b>

The accompanying notes are an integral part of these financial statements.



**BANCO PAN S.A. AND SUBSIDIARIES**

**STATEMENT OF INCOME**

**SECOND SIX-MONTH PERIOD OF 2015 AND YEARS ENDED DECEMBER 31, 2015 AND 2014**

(All amounts in thousands of reais unless otherwise stated)

(A free translation of the original in Portuguese)

	Note	Bank			Consolidated	
		2H15	12/31/2015	12/31/2014	12/31/2015	12/31/2014
<b>INCOME FROM FINANCIAL INTERMEDIATION</b>		<b>3.826.825</b>	<b>7.357.768</b>	<b>4.828.194</b>	<b>7.699.199</b>	<b>5.156.895</b>
Income from credit operations	8.g	3.064.589	6.097.774	4.397.584	6.385.682	4.650.649
Result of leasing operations	8.g	-	-	-	9.281	34.371
Results from operations with securities	7.h	201.355	363.077	215.649	386.636	261.607
Result with derivative financial instruments	7.g	458.846	713.142	105.490	733.825	100.797
Result of foreign exchange operations	9.b	102.035	183.775	109.471	183.775	109.471
<b>EXPENSES ON FINANCIAL INTERMEDIATION</b>		<b>(2.484.601)</b>	<b>(4.579.878)</b>	<b>(3.043.210)</b>	<b>(4.823.575)</b>	<b>(3.248.204)</b>
Market funding operations	16.d	(2.006.532)	(3.630.621)	(2.158.002)	(3.755.337)	(2.249.755)
Borrowings and onlendings operations	18.b	-	-	(19.302)	(43.340)	(44.728)
Allowance for losses	8.c	(478.069)	(949.257)	(865.906)	(1.024.898)	(953.721)
<b>GROSS PROFIT ON FINANCIAL INTERMEDIATION</b>		<b>1.342.224</b>	<b>2.777.890</b>	<b>1.784.984</b>	<b>2.875.624</b>	<b>1.908.691</b>
<b>OTHER OPERATING INCOME (EXPENSES)</b>		<b>(1.379.579)</b>	<b>(2.879.392)</b>	<b>(2.160.648)</b>	<b>(3.000.040)</b>	<b>(2.267.173)</b>
Income from services rendered	24	236.591	450.606	355.751	480.926	400.056
Equity in the results of investees	13.a	895	(39.073)	3.741	-	-
Income from insurance premiums	22.a	-	-	-	-	169.395
Expenses on insurance claims	22.b	-	-	-	-	(45.401)
Personnel expenses	25	(156.397)	(303.245)	(220.960)	(528.521)	(453.342)
Other administrative expenses	26	(973.780)	(1.878.587)	(1.371.573)	(1.748.473)	(1.306.768)
Tax expenses	27	(91.145)	(184.022)	(127.067)	(243.759)	(195.857)
Other operating income	28.a	154.097	216.237	122.048	250.715	155.872
Other operating expenses	28.b	(549.840)	(1.141.308)	(922.588)	(1.210.928)	(991.128)
<b>OPERATING RESULT</b>		<b>(37.355)</b>	<b>(101.502)</b>	<b>(375.664)</b>	<b>(124.416)</b>	<b>(358.482)</b>
<b>NON-OPERATING RESULT</b>	<b>29</b>	<b>(30.178)</b>	<b>(54.462)</b>	<b>326.750</b>	<b>(74.422)</b>	<b>318.347</b>
<b>LOSS BEFORE TAXATION ON THE RESULT AND OWNERSHIP INTERESTS</b>		<b>(67.533)</b>	<b>(155.964)</b>	<b>(48.914)</b>	<b>(198.838)</b>	<b>(40.135)</b>
<b>PROVISION FOR INCOME TAX AND SOCIAL CONTRIBUTION</b>	<b>33.a</b>	<b>145.503</b>	<b>164.016</b>	<b>53.544</b>	<b>206.888</b>	<b>47.959</b>
Provision for income tax		(140)	(618)	(13.029)	9.661	(5.673)
Provision for social contribution		(385)	(741)	(7.933)	(2.397)	(45.290)
Deferred tax asset		146.028	165.375	74.506	199.624	98.922
<b>NON-CONTROLLING INTERESTS</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>2</b>	<b>(1)</b>
<b>PROFIT</b>		<b>77.970</b>	<b>8.052</b>	<b>4.630</b>	<b>8.052</b>	<b>7.823</b>
<b>INTEREST ON CAPITAL</b>		<b>(3.152)</b>	<b>(3.152)</b>	<b>(1.811)</b>	<b>(3.152)</b>	<b>(1.811)</b>
<b>EARNINGS PER OUTSTANDING SHARE - R\$</b>						
(Represented by 929,040,163 shares at December 31, 2015 and December 31, 2014)		<u>0,08</u>	<u>0,01</u>	<u>-</u>		

The accompanying notes are an integral part of these financial statements.



**BANCO PAN S.A. AND SUBSIDIARIES**

**STATEMENT OF VALUE ADDED**  
**SECOND SIX-MONTH PERIOD OF 2015 AND YEARS ENDED DECEMBER 31, 2015 AND 2014**  
 (All amounts in thousands of reais)

(A free translation of the original in Portuguese)

	<b>Bank</b>			<b>Consolidated</b>	
	<b>2H15</b>	<b>12/31/2015</b>	<b>12/31/2014</b>	<b>12/31/2015</b>	<b>12/31/2014</b>
<b>INCOME</b>	<b>2.931.759</b>	<b>5.457.834</b>	<b>3.528.737</b>	<b>5.673.243</b>	<b>3.870.464</b>
Financial intermediation	3.826.825	7.357.768	4.828.194	7.699.199	5.156.895
Services rendered	236.591	450.606	355.751	480.926	400.056
Allowance for losses	(478.069)	(949.257)	(865.906)	(1.024.898)	(953.721)
Other operating losses	(653.587)	(1.401.283)	(789.302)	(1.481.984)	(732.766)
<b>EXPENSES ON FINANCIAL INTERMEDIATION</b>	<b>(2.006.532)</b>	<b>(3.630.621)</b>	<b>(2.177.304)</b>	<b>(3.798.677)</b>	<b>(2.294.482)</b>
<b>INPUTS ACQUIRED FROM THIRD PARTIES</b>	<b>(712.398)</b>	<b>(1.383.595)</b>	<b>(985.553)</b>	<b>(1.195.706)</b>	<b>(858.362)</b>
Materials, energy and other	(1.015)	(1.896)	(1.263)	(3.701)	(2.409)
Third-party services	(76.204)	(149.911)	(135.141)	(190.092)	(187.338)
Commissions paid to correspondent banks	(635.179)	(1.231.788)	(849.149)	(1.001.913)	(668.615)
<b>GROSS VALUE ADDED</b>	<b>212.829</b>	<b>443.618</b>	<b>365.880</b>	<b>678.860</b>	<b>717.620</b>
<b>DEPRECIATION AND AMORTIZATION</b>	<b>(15.647)</b>	<b>(36.839)</b>	<b>(35.468)</b>	<b>(54.618)</b>	<b>(54.194)</b>
<b>NET VALUE ADDED PRODUCED BY THE ENTITY</b>	<b>197.182</b>	<b>406.779</b>	<b>330.412</b>	<b>624.242</b>	<b>663.426</b>
<b>VALUE ADDED RECEIVED THROUGH TRANSFER</b>	<b>895</b>	<b>(39.073)</b>	<b>3.741</b>	<b>-</b>	<b>-</b>
Equity in the results of investees	895	(39.073)	3.741	-	-
<b>TOTAL VALUE ADDED TO BE DISTRIBUTED</b>	<b>198.077</b>	<b>367.706</b>	<b>334.153</b>	<b>624.242</b>	<b>663.426</b>
<b>DISTRIBUTION OF VALUE ADDED</b>	<b>198.077</b>	<b>367.706</b>	<b>334.153</b>	<b>624.242</b>	<b>663.426</b>
<b>Personnel</b>	<b>136.072</b>	<b>264.288</b>	<b>193.867</b>	<b>454.317</b>	<b>390.319</b>
Direct remuneration	107.833	213.020	160.294	355.317	302.265
Benefits	19.355	34.942	21.788	71.156	63.413
Government Severance Indemnity Fund (FGTS)	7.182	13.130	8.627	24.339	20.671
Other	1.702	3.196	3.158	3.505	3.970
<b>Taxes, fees and contributions</b>	<b>(32.784)</b>	<b>60.736</b>	<b>101.670</b>	<b>113.033</b>	<b>215.236</b>
Federal	(44.375)	38.880	84.497	67.496	183.964
State	-	1	101	13	49
Municipal	11.591	21.855	17.072	45.524	31.223
<b>Remuneration of third party capital</b>	<b>16.819</b>	<b>34.630</b>	<b>33.986</b>	<b>48.842</b>	<b>50.047</b>
Rentals	16.819	34.630	33.986	48.842	50.047
<b>Remuneration of own capital</b>	<b>77.970</b>	<b>8.052</b>	<b>4.630</b>	<b>8.050</b>	<b>7.824</b>
Interest on capital provisioned	3.152	3.152	1.811	3.152	1.811
Retained earnings	74.818	4.900	2.819	4.900	6.012
Non-controlling interests in retained earnings	-	-	-	(2)	1

The accompanying notes are an integral part of these financial statements.



**BANCO PAN S.A.**

**STATEMENT OF CHANGES IN EQUITY  
SECOND SIX-MONTH PERIOD OF 2015 AND YEARS ENDED DECEMBER 31, 2015 AND 2014**

(All amounts in thousands of reais)

(A free translation of the original in Portuguese)

	<b>Revenue reserves</b>						<b>Total</b>
	<b>Capital</b>	<b>Capital reserve</b>	<b>Legal</b>	<b>For integrity of equity</b>	<b>Carrying value adjustments</b>	<b>Retained earnings (accumulated deficit)</b>	
<b>AT DECEMBER 31, 2013</b>	<b>2.867.020</b>	-	-	-	<b>(16.286)</b>	<b>(542.681)</b>	<b>2.308.053</b>
Capital increase (Note 23.a)	593.712	737.889	-	-	-	-	<b>1.331.601</b>
Absorption of loss (Note 23b)	-	(542.681)	-	-	-	542.681	-
Carrying value adjustment	-	-	-	-	(7.987)	-	<b>(7.987)</b>
Profit	-	-	-	-	-	4.630	<b>4.630</b>
<b>Allocation:</b>							
Legal reserve (Note 23.c)	-	-	232	-	-	(232)	-
Retained earnings allocated to revenue reserves (Note 24.c)	-	-	-	2.587	-	(2.587)	-
Interest on capital provisioned (Note 23.c)	-	-	-	-	-	(1.811)	<b>(1.811)</b>
<b>AT DECEMBER 31, 2014</b>	<b>3.460.732</b>	<b>195.208</b>	<b>232</b>	<b>2.587</b>	<b>(24.273)</b>	<b>-</b>	<b>3.634.486</b>
<b>AT DECEMBER 31, 2014</b>	<b>3.460.732</b>	<b>195.208</b>	<b>232</b>	<b>2.587</b>	<b>(24.273)</b>	<b>-</b>	<b>3.634.486</b>
Carrying value adjustments	-	-	-	-	4.411	-	<b>4.411</b>
Profit	-	-	-	-	-	8.052	<b>8.052</b>
<b>Allocations:</b>							
Legal reserve (Note 23.c)	-	-	403	-	-	(403)	-
Retained earnings allocated to revenue reserves (Note 24.c)	-	-	-	4.497	-	(4.497)	-
Interest on capital provisioned (Note 23.c)	-	-	-	-	-	(3.152)	<b>(3.152)</b>
<b>AT DECEMBER 31, 2015</b>	<b>3.460.732</b>	<b>195.208</b>	<b>635</b>	<b>7.084</b>	<b>(19.862)</b>	<b>-</b>	<b>3.643.797</b>
<b>AT JUNE 30, 2015</b>	<b>3.460.732</b>	<b>195.208</b>	<b>232</b>	<b>2.587</b>	<b>(27.934)</b>	<b>(69.918)</b>	<b>3.560.907</b>
Carrying value adjustments	-	-	-	-	8.072	-	<b>8.072</b>
Profit	-	-	-	-	-	77.970	<b>77.970</b>
<b>Allocations:</b>							
Legal reserve (Note 23.c)	-	-	403	-	-	(403)	-
Retained earnings allocated to revenue reserves (Note 24.c)	-	-	-	4.497	-	(4.497)	-
Interest on capital provisioned (Note 23.c)	-	-	-	-	-	(3.152)	<b>(3.152)</b>
<b>AT DECEMBER 31, 2015</b>	<b>3.460.732</b>	<b>195.208</b>	<b>635</b>	<b>7.084</b>	<b>(19.862)</b>	<b>-</b>	<b>3.643.797</b>

The accompanying notes are an integral part of these financial statements.



**COBAN S.A. AND SUBSIDIARIES**

**STATEMENT OF CASH FLOWS**  
**SIX-MONTH PERIOD OF 2015 AND YEARS ENDED DECEMBER 31, 2015 AND 2014**  
 amounts in thousands of reais

(A free translation of the original in Portuguese)

	Bank			Consolidated	
	2H15	12/31/2015	12/31/2014	12/31/2015	12/31/2014
<b>CASH FLOW FROM OPERATING ACTIVITIES:</b>					
<b>NET</b>	<b>77.970</b>	<b>8.052</b>	<b>4.630</b>	<b>8.052</b>	<b>7.823</b>
adjustments not affecting cash:					
depreciation and amortization	9.824	25.194	23.823	29.565	29.141
amortization of goodwill	5.823	11.645	11.645	25.053	25.053
provision for contingencies	36.182	135.385	161.839	148.345	216.558
reversal of provision for impairment of assets not for own use	(5.048)	(7.063)	(24.018)	(14.305)	(28.301)
loss on sale of assets not for own use	33.240	59.590	80.842	75.254	86.048
impairment loss	4.386	4.386	809	15.991	10.867
loss on sale of investment	-	-	(386.530)	-	(386.530)
equity in the results of investees	(895)	39.073	(3.741)	-	-
allowance for losses	478.069	949.257	865.906	1.024.898	953.721
income tax and social contribution - deferred	(146.028)	(165.375)	(74.506)	(199.624)	(98.922)
<b>Adjusted profit</b>	<b>493.523</b>	<b>1.060.144</b>	<b>660.699</b>	<b>1.113.229</b>	<b>815.458</b>
changes in assets and liabilities:					
increase in short-term interbank investments	(753.908)	(469.694)	(463.066)	(138.664)	(343.837)
decrease in marketable securities	(631.069)	268.089	(814.743)	134.599	(758.922)
increase in derivative financial instruments	(89.953)	(351.436)	(124.974)	(334.630)	(128.370)
decrease (increase) in interbank investments	66.070	22.237	(51.041)	22.237	(42.081)
decrease (increase) in credit operations	495.304	(723.098)	(3.786.807)	(830.948)	(3.634.382)
decrease in leasing operations	-	-	-	27.427	80.927
decrease in other credits	(353.573)	(384.967)	(469.370)	(233.416)	(421.921)
decrease in other assets	(3.179)	(17.691)	(287.663)	(139.779)	(281.112)
decrease in deposits	420.205	576.978	1.989.341	622.587	2.203.242
decrease in funds obtained in the open market	383.477	456.616	94.760	461.678	89.043
decrease in funds from the issue of securities	340.907	836.013	569.065	697.469	510.156
decrease in other liabilities	515.990	759.801	783.740	645.416	140.950
decrease in interdependent accounts	20.191	24.947	3.438	24.947	3.438
decrease in results of future year	(243)	(40)	(855)	(40)	(855)
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	<b>903.742</b>	<b>2.057.899</b>	<b>(1.897.476)</b>	<b>2.072.112</b>	<b>(1.768.266)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>					
disposal of property and equipment in use	-	-	17	-	2.726
disposal of assets not for own use	47.851	64.249	15.228	86.651	24.113
decrease in investments via merger	38.393	38.393	-	-	-
acquisition/disposal of investments	(3.807)	(6.483)	439.407	(2.676)	386.488
acquisition of property and equipment in use	(3.605)	(6.614)	(3.474)	(8.573)	(9.481)
additions to intangible assets	(26.281)	(38.433)	(22.959)	(40.318)	(22.042)
dividends and interest on capital received	4.088	4.088	82.960	-	-
<b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>	<b>56.639</b>	<b>55.200</b>	<b>511.179</b>	<b>35.084</b>	<b>381.804</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>					
increase in financial bills	(345.590)	(694.002)	(459.457)	(694.002)	(459.457)
increase in obligations for marketable securities abroad	(1.020.161)	(1.041.293)	(37.191)	(1.041.293)	(37.191)
increase in subordinated debts	(83.653)	(148.378)	(99.915)	(148.378)	(99.915)
decrease/issuance of agrifinancing letters of credit	(108.741)	(126.082)	35.774	(126.082)	35.774
capital increase	-	-	1.331.601	-	1.331.601
interest on capital provisioned/paid	(3.152)	(3.152)	(1.811)	(3.152)	(1.811)
changes in non-controlling interests	-	-	-	(1)	(1)
<b>NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES</b>	<b>(1.561.297)</b>	<b>(2.012.907)</b>	<b>769.001</b>	<b>(2.012.908)</b>	<b>769.000</b>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(600.916)</b>	<b>100.192</b>	<b>(617.296)</b>	<b>94.288</b>	<b>(617.462)</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE SIX-MONTH PERIOD (YEAR)</b>	<b>997.615</b>	<b>296.507</b>	<b>913.803</b>	<b>307.298</b>	<b>924.760</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE SIX-MONTH PERIOD (YEAR) (Note 5)</b>	<b>396.699</b>	<b>396.699</b>	<b>296.507</b>	<b>401.586</b>	<b>307.298</b>
<b>ADDITIONAL INFORMATION ON CASH FLOW</b>					
interest paid	(1.362.579)	(2.519.473)	(1.846.264)	(2.620.950)	(3.025.433)
interest received	3.043.415	6.051.230	4.553.201	6.195.536	4.541.904
transfer of assets not for own use	(24.845)	(46.560)	(48.439)	(47.001)	(48.439)
realized losses on securities available for sale	12.101	6.556	(12.114)	6.556	(12.114)

accompanying notes are an integral part of these financial statements.



## NOTES TO THE PARENT COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS AT DECEMBER 31, 2015

(All amounts in thousands of reais unless otherwise stated)

### 1) OPERATIONS

Banco Pan S.A. (the "Bank" or "PAN") is a corporation authorized to operate as a multi-service bank, directly or indirectly, through its subsidiaries, in the following markets: consumer financing; personal credit; payroll-linked lending; financing for the purchase of vehicles, machinery and equipment; foreign exchange; financing for companies; construction financing for developers and builders; real estate financing for individuals; acquisition of real estate receivables and issue of mortgage-backed securities ("CRI"), leasing of vehicles and other assets; as well as consortium purchase plans for vehicles and real estate. The benefits of services rendered between the Group companies and the costs of operational and administrative structures are absorbed, jointly or individually, by these companies.

As a business strategy and for securing the necessary funding for its operations, the Bank has adopted the policy of assigning the receivables comprising its loan portfolio to other financial institutions. The assignment of loans enables the immediate recognition of the related revenue and expenses, as well as decreases risk assets and ensures that capital is adequately maintained (Note 3g). These results are recorded in the individual financial statements under 'Income from financial intermediation', and the portion corresponding to operations previously effected with FIDCs (Investment Funds in Credit Rights) is eliminated and appropriated over the period of the loan operations, for purposes of the consolidated financial statements, as described in Note 2.

Presented below is the Bank's current shareholding structure:

Shareholders	Common	%	Preferred	%	Total	%
Banco BTG Pactual S.A.	272,865,193	51.00	102,031,711	25.90	374,896,904	40.35
Caixa Participações S.A. - Caixapar	262,164,546	49.00	112,732,358	28.61	374,896,904	40.35
Board of Directors	4	-	104	-	108	-
Market	4	-	179,246,243	45.49	179,246,247	19.30
<b>Total</b>	<b>535,029,747</b>	<b>100.00</b>	<b>394,010,416</b>	<b>100.00</b>	<b>929,040,163</b>	<b>100.00</b>

#### • Sale of equity interest of Pan Seguros and Pan Corretora

The Bank and its controllers, in accordance with Brazilian Securities Commission (CVM) Instruction 358/02, informed its shareholders and the market that the Board of Directors approved at a meeting on August 21, 2014, by a favorable vote of all independent directors, the sale of the equity interests held by the Bank in the entities Pan Seguros S.A. ("PAN Seguros") and Panamericano Administração e Corretagem de Seguros e de Previdência Privada Ltda. ("PAN Corretora").

In this context, purchase and sale agreements were formalized, through which the Bank sold: (i) the entire equity interest held in PAN Seguros to BTG Pactual Seguradora S.A. ("BTGP Seguradora"), a subsidiary of BTG Pactual; and (ii) the entire equity interest held in PAN Corretora to BTG Pactual and Caixapar, for the combined total amount of R\$ 580,000, which was restated by the positive variation of 100% of the Interbank Deposit (DI) rate until the end of the closure of operations.

On December 29, 2014, after all the necessary regulatory approvals, including approval by the Brazilian Central Bank, all the operations covered by the purchase and sales contracts were concluded, resulting in a gain of R\$ 386,530 before taxes, and possible future disbursements for certain contingencies related to the Bank's management period will be indemnified by the Bank.

This sale will permit the Bank to maintain its focus on the origination of credit, remaining with additional revenue resulting from the growing business of insurance, since the Bank formalized, also in the context of operations, a distribution agreement with Pan Seguros valid for 20 years from the closure of operations, through which Pan Seguros will utilize the Bank's branches to market their insurance products.





## NOTES TO THE PARENT COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS AT DECEMBER 31, 2015

(All amounts in thousands of reais unless otherwise stated)

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### 2) PRESENTATION OF THE FINANCIAL STATEMENTS

The individual ("Parent company") financial statements of Banco PAN are presented together with the financial statements of the Bank and its subsidiaries and special-purpose entities, which are the FIDCs, ("Consolidated"), and have been prepared in accordance with accounting practices adopted in Brazil applicable to institutions authorized to operate by the Brazilian Central Bank (BACEN), in compliance with the provisions of Law 4,595/64 (National Financial System Law) and Law 6,404/76 (Brazilian Corporation Law) and the changes introduced by Law 11,638/07 and 11,941/09, for recording the transactions, as well as the standards and instructions established by BACEN, Resolutions of the National Monetary Council (CMN), and the Brazilian Securities Commission (CVM), where applicable.

The Brazilian Accounting Pronouncements Committee (CPC) has issued pronouncements, as part of the convergence process with international accounting standards, approved by CVM, but not all of these have been ratified by BACEN. Accordingly, in preparing its financial statements, where applicable, the Bank adopted the following pronouncements that have already been ratified by BACEN:

1. CPC 01 - Impairment of Assets - ratified by CMN Resolution 3,566/08;
2. CPC 03 - Statement of Cash Flows - ratified by CMN Resolution 3,604/08;
3. CPC 05 - Related-party Disclosures - ratified by CMN Resolution 3,750/09;
4. CPC 25 - Provisions, Contingent Liabilities and Contingent Assets - ratified by CMN Resolution 3,823/09;
5. CPC 24 - Events after the Reporting Period - ratified by CMN Resolution 3,973/11;
6. CPC 10 (R1) - Share-based Payment - ratified by CMN Resolution 3,989/11;
7. CPC 23 - Accounting Policies, Changes in Estimates and Correction of Errors - ratified by CMN Resolution 4,007/11;
8. CPC 00 (R1) - Conceptual Framework for Financial Reporting - ratified by CMN Resolution 4,144/12; and
9. CPC 33 (R1) - Employee Benefits - approved by CMN Resolution 4,424/15, which will become effective as from January 1, 2016.

The parent company and consolidated financial statements, for the year ended 12/31/2015, were authorized for issue by the Board of Directors and Executive Board on 2/1/2016.

The subsidiaries included in the consolidation and the corresponding equity interest of the parent company are as follows:



NOTES TO THE PARENT COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS  
AT DECEMBER 31, 2015

(All amounts in thousands of reais unless otherwise stated)

Direct/Indirect subsidiaries	Total equity interest %	
	12/31/2015	12/31/2014
Pan Arrendamento Mercantil S.A. (1)	99.97	99.97
Panserv Prestadora de Serviços Ltda.	99.99	99.99
Pan Holding S.A. (2) (3)	-	100.00
Brazilian Finance & Real Estate S.A. (4)	100.00	100.00
BM Sua Casa Promotora de Vendas Ltda. (4)	99.99	99.99
Brazilian Securities Companhia de Securitização (4)	100.00	100.00
BMSR II Participações S.A. (5)	-	100.00
Brazilian Mortgages Companhia Hipotecária (6)	100.00	100.00
Panamericano Administradora de Consórcio Ltda.	99.99	99.99

- (1) The corporate name of Panamericano Arrendamento Mercantil S.A. was altered to Pan Arrendamento Mercantil S.A. on September 25, 2015.
- (2) The corporate name of Ourinvest Real Estate Holding SA was altered to Pan Holding S.A. on June 26, 2015.
- (3) The Extraordinary General Meeting approved the split-up of Pan Holding S.A. on September 30, 2015.
- (4) After the split-up of Pan Holding S.A., the company became a subsidiary directly controlled by Banco Pan S.A. on September 30, 2015.
- (5) Company merged into Brazilian Mortgages Companhia Hipotecária on September 30, 2015; and
- (6) After the merger of BMSR II Participações S.A., the company became a subsidiary directly controlled by Banco Pan S.A. on September 30, 2015.

## 2.1) Consolidated financial statements

The investment funds that were controlled by Banco PAN (Caixa CDC FIDC and Caixa Master CDC FIDC) were terminated on January 20, 2014. This process generated a positive result in January 2014 of R\$ 3,193, according to the reconciliation of the result shown below:

	12/31/2014
	Equity
<b>Banco PAN - Parent company</b>	<b>4,630</b>
<b>Effects of elimination of assignments to FIDCs:</b>	
Unearned income in assignments	13,033
Recognition of cost of commissions on credits assigned	(7,711)
Tax effects	(2,129)
<b>Banco PAN - Consolidated</b>	<b>7,823</b>

More information about the FIDCs is contained in the financial statements for the year ended December 31, 2014.

## 2.2) Reclassification for comparability purposes

Statement of income	Bank			Consolidated		
	12/31/2014	Reclass.	12/31/2014	12/31/2014	Reclass.	12/31/2014
	Originally published		Reclass.	Originally published		Reclass.
Funding operations	(2,140,884)	(17,118)	(2,158,002)	(2,232,637)	(17,118)	(2,249,755)
Other operating expenses	(939,706)	17,118	(922,588)	(1,008,246)	17,118	(991,128)

Refers to expenses related to credits assigned with risk retention which had been recorded in Other operating expenses and was then reclassified to Market funding operations.



## NOTES TO THE PARENT COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS AT DECEMBER 31, 2015

(All amounts in thousands of reais unless otherwise stated)

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### 3) SIGNIFICANT ACCOUNTING PRACTICES

#### a) Cash and cash equivalents and functional and presentation currency:

Cash and cash equivalents comprise cash in local and foreign currencies, investments in the money market, interbank deposits, bank certificates of deposit and fixed-income funds, with maturities at the original investment date equal to or less than 90 days and which present an immaterial risk of change in fair value, which are utilized by the Bank to manage its short-term commitments.

The parent company and consolidated financial statements are presented in reais, which is the Bank's functional currency.

#### b) Determination of the results of operations:

Income and expenses are recorded on the accrual basis of accounting, and are prorated when resulting from financial transactions. Financial income and expenses are calculated based on the exponential method, except when resulting from foreign transactions or discounted notes, which are calculated on the straight-line method. Transactions with floating rates or indexed to foreign currencies are adjusted up to the balance sheet date at agreed-upon rates.

#### c) Interbank investments:

Interbank investments are presented at cost plus related earnings up to the balance sheet date.

#### d) Marketable securities:

Marketable securities are recorded at the investment amount plus income earned through the balance sheet date, based on the yield rate and maturity, adjusted to fair value, where applicable. They are classified in the following categories:

- Trading securities - securities acquired for the purpose of being actively and frequently traded are adjusted to fair value, with the increase or decrease arising from this adjustment reflected in the result for the year.
- Available-for-sale securities - securities that cannot be classified as trading securities or held-to-maturity securities are adjusted to fair value, with the increase or decrease arising from this adjustment reflected in a separate account in equity, net of tax effects. Unrealized gains and losses are recognized in the results for the year when effectively realized.
- Held-to-maturity securities - securities which the Bank intends and has the necessary means to hold in its portfolio to maturity. They are stated at cost plus related earnings with a corresponding entry to the result for the year.

#### e) Derivative financial instruments:

The derivative financial instruments consist of futures, swaps and forwards. These financial instruments are classified, on the date the transaction is contracted, considering management's intention to use them or not as hedging instruments. The valuations or devaluations are recognized in the income or expense accounts of the corresponding financial instruments, in accordance with BACEN Circular 3,082/02, and Circular Letter 3,026/02.



## NOTES TO THE PARENT COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS AT DECEMBER 31, 2015

(All amounts in thousands of reais unless otherwise stated)

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Operations with derivative financial instruments are valued at market value, accounting for the appreciation or depreciation in the results. The gains or losses on derivative financial instruments considered as a market risk hedge, whether realized or unrealized, are also recorded in the result for the year. CMN Resolution 4,277/13 was enacted on October 31, 2013 and established minimum requirements and prudent adjustments to be observed in the pricing of financial instruments measured at fair value, effective as from June 2015.

The Bank uses derivative financial instruments mainly to hedge against unfavorable variations in the fair value of the positions assumed.

The fair values of derivative financial instruments and their respective hedged items are determined based on available market information, mainly the prices and rates released by São Paulo Commodities, Futures and Stock Exchange (BM&FBOVESPA). Where applicable, mathematical models of rate interpolation for interim periods and rate extrapolation for longer periods are utilized.

Future cash flows, discounted to present value by future interest curves, obtained based on information released by BM&FBOVESPA, were utilized to measure the fair value of swaps.

The marking to market of futures contracts, such as interest contracts (1-day DI), exchange contracts (DOL) and exchange coupons (DDI), is determined based on the market price in a unique price (PU) format which is released daily by BMF&BOVESPA. Based on this price, the adjustments are recorded in assets or liabilities and appropriated daily to the results as income or expense.

Derivative financial instrument transactions (futures, forwards and swaps) are registered at BM&FBOVESPA or at the Organized Counter for Assets and Derivatives (CETIP S.A.). The differences receivable and payable are recorded in the respective derivative financial instrument balance sheet accounts, with a corresponding entry to results from derivative financial instruments in the statement of income, and the nominal amounts of these transactions are recorded in memorandum accounts.

The foreign currency forwards with no physical delivery, i.e. non-deliverable forwards (NDF), are traded in the over-the-counter (OTC) market and consist of contracts for the purchase or sale of foreign currency at a future date and at a pre-established exchange rate. Financial settlement occurs based on the difference between the contracted exchange rate and the spot rate at the time of settlement. Future interest rate curves, obtained based on information released by BM&FBOVESPA, were used to price the NDFs.

The balances of assets and liabilities and the result are shown in Notes 7(c) and 7(g).

### **f) Credit operations:**

Operations of loans and leasing, advances on foreign exchange contracts and other credits with credit concession characteristics are classified based on management's opinion as to their risk level, considering the economic scenario, past experience, and specific and global risks related to the operation, debtors and guarantors, in compliance with the parameters and guidelines established by CMN Resolution 2,682/99, which requires a periodic portfolio analysis and the classification of risk into nine levels, where AA represents minimum risk and H maximum risk. Additionally, the length of delay in settlement defined in this Resolution and a double count for transactions with an unexpired term exceeding 36 months are also taken into consideration when rating customer risk.



## NOTES TO THE PARENT COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS AT DECEMBER 31, 2015

(All amounts in thousands of reais unless otherwise stated)

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Income from credit operations past due for more than 60 days, regardless of the risk level, is only recognized when realized. Operations classified in level H remain at this level for six months, after which they are written-off against the existing allowance and controlled in a memorandum account and no longer presented in the Bank's balance sheet.

Renegotiated transactions remain, at least, at the same rating at which they were classified prior to the renegotiation. Renegotiated loan operations that had already been written-off against the allowance and that were recorded in memorandum accounts are classified in level H, and any gains resulting from the renegotiation are recognized as income only when effectively received. When there is a significant amortization of a credit operation or when relevant new facts justify a change in risk level, the operation can be reclassified to a lower risk category.

The allowance for losses is determined at an amount which is sufficient to cover probable losses and considers CMN and BACEN rules and instructions, as well as the assessments carried out by management in determining credit risk.

The allowance for loan losses related to loan assignments with co-obligation is calculated based on the same guidelines established by BACEN for unassigned loan operations.

### **g) Transactions for the sale or transfer of financial assets:**

From January 1, 2012, as determined by CMN Resolution 3,533/08, transactions for the sale or transfer of financial assets are classified and recorded as follows:

- The following procedures are observed for recording the sale or transfer of financial assets classified in the category of transactions with a substantial transfer of risks and rewards:

In transactions involving the sale of assets, the financial asset which is being sold or transferred is written-off from the account in which the original transaction was recorded. The gain or loss determined in the transaction is separately appropriated to the result for the year.

In transactions involving the purchase of assets, the financial asset acquired is recorded at the amount paid, based on the nature of the original transaction.

- The following procedures are observed for recording the sale or transfer of financial assets classified in the category of transactions with substantial retention of risks and rewards:

In transactions for the sale of assets, the financial asset, which is the object of the sale or transfer, remains recorded in assets at the full amount. The amounts received as a result of the transaction are recorded in assets, with a corresponding entry in liabilities for the obligation assumed, and the income and expenses are appropriated separately to the result for the year over the remaining term of the transaction; and

In transactions for the purchase of assets, the amounts paid are recorded in assets as a right receivable and the income is appropriated to the result for the year over the remaining term of the transaction.

### **h) Assets for own use:**

These assets mainly comprise repossessed assets and assets received in lieu of payment, which are available for sale, which are adjusted through the constitution of a valuation allowance, where applicable, calculated based on the historical losses on the sale of the repossessed assets.



## NOTES TO THE PARENT COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS AT DECEMBER 31, 2015

(All amounts in thousands of reais unless otherwise stated)

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### **i) Prepaid expenses:**

Prepaid expenses relate to funds applied in advance payments, the related benefits or services of which will occur or be provided in future periods. These expenses are appropriated to the result for the year in which the future benefits are generated. This group mainly consists of commissions paid to correspondent banks, expenses for securities issued abroad and selling expenses for insurance policies.

As from January 2, 2015, PAN adopted the accounting registration criteria for the remuneration of correspondent banks, determined by BACEN Circular 3,693/13 with subsequent amendments introduced by BACEN Circular 3,738/14, thereby opting for the activating of 2/3 of the value of such remuneration. In the year ended December 31, 2015, the amount recorded in expenses relating to 1/3 of the commissions at the time of origination was R\$ 125,445.

### **j) Other current assets and long-term receivables:**

These assets are stated at cost plus related income and monetary and exchange variations, less the corresponding provision for adjustment to realizable value, where applicable.

### **k) Investments:**

Investments in subsidiaries are accounted for on the equity method. Other investments are stated at cost of acquisition, less the corresponding provision for loss and impairment, where applicable.

### **l) Property and equipment:**

Property and equipment correspond to the rights acquired over physical assets acquired for maintaining the business or which are exercised for this purpose, including those arising from transactions which transfer the risks, rewards and control over assets to the Bank. The assets mainly consist of properties, installations and leasehold improvements and furniture and equipment in use.

The assets are stated at cost of acquisition less accumulated depreciation and adjusted for impairment, where applicable. Depreciation is calculated on the straight-line method at annual rates which consider the estimated economic useful lives of the assets.

### **m) Intangible assets:**

Intangible assets correspond to the rights acquired over non-physical assets for maintaining the business or which are exercised for this purpose.

The assets are stated at acquisition or formation cost, less accumulated amortization and adjusted for impairment, where applicable, and mainly comprise goodwill paid for the future profitability of an investment and expenses for the acquisition and development of software. Intangible assets are amortized on the straight line method over the estimated period of their use.

### **n) Income tax and social contribution (assets and liabilities):**

Deferred tax assets on temporary additions are realized on the utilization and/or reversal of the corresponding provisions in respect of which they were recorded. Deferred tax assets on tax losses are realized as taxable income is generated, up to the limit of 30% of taxable income for the reporting period. These deferred tax assets are recognized based on their expected realization, which is periodically reviewed, considering the technical studies and analyses prepared by management.



## NOTES TO THE PARENT COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS AT DECEMBER 31, 2015

(All amounts in thousands of reais unless otherwise stated)

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The provision for income tax (IRPJ) is recorded at 15% of taxable income, plus a 10% surtax. Social contribution on net income (CSLL) is calculated for financial companies at the rate of 15% up to August 2015 and of 20% as from September 2015. For the other companies, the rate is 9%.

Provisions for other taxes and social contributions are recorded pursuant to the specific applicable legislation.

**o) Impairment of non-financial assets:**

Non-financial assets are subject to an annual evaluation of their recoverable values, or more frequently if conditions or circumstances indicate the possibility of loss in value. Any losses identified are recognized in the result for the year when the carrying amount of the assets exceeds their recoverable amounts, determined as follows:

- i. Potential sales or realization amount less corresponding expenses; or
- ii. Value in use calculated based on the cash generating unit.

A cash-generating unit is the smallest identifiable group of assets that generates cash inflows, which are largely independent of the cash inflows from other assets or groups of assets.

**p) Deposits and funds obtained in the market:**

Deposits and funds obtained in the market are stated at the amounts of the liabilities and consider, where applicable, the charges payable up to the balance sheet date, recognized on a daily pro rata basis.

**q) Specific accounting policies of the insurance segment:**

As mentioned in Note 1, on December 29, 2014 the Bank sold its equity interest formerly held in PAN Insurance and PAN Brokerage. Consequently, the accounting policies of the insurance segment are not presented in these financial statements. More details of the accounting practices of this segment are disclosed in the consolidated financial statements of December 31, 2014.

**r) Specific accounting policies of the consortium segment:**

The management fee is recognized when received from the consortium groups. Commissions on sales of quotas are recorded when the consortium quotas are sold and other income and expenses are recorded monthly on the accrual basis.

The liabilities for unclaimed funds are recorded at the amount to be returned to the members of the discontinued consortium groups, including remuneration equal to that generated by their quotas in the investment funds in which the active groups hold investments.

**s) Current and long-term liabilities:**

Known or estimated liabilities, charges and risks are presented at the monetarily adjusted amounts through the balance sheet date. Liabilities in foreign currency are translated into local currency at the exchange rates in effect on the balance sheet date, as disclosed by BACEN.

**t) Contingent assets and liabilities and legal obligations (taxes and social security):**

Contingent assets and contingent liabilities and legal obligations (tax and social security) are recognized, measured and disclosed in conformity with CMN Resolution 3,823/09, which approved CPC Accounting Standard 25 - Provisions, Contingent Assets and Contingent Liabilities, the main criteria of which are as follows:



## NOTES TO THE PARENT COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS AT DECEMBER 31, 2015

(All amounts in thousands of reais unless otherwise stated)

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- Contingent assets - not recorded in the financial statements, except when there is evidence that their realization is guaranteed.
- Contingent liabilities - recorded in the financial statements when, based on the opinion of the Bank's management and legal advisors, the risk of losing an administrative or legal action is deemed probable, and whenever the amounts involved can be reliably measured. Contingent liabilities classified as a possible loss by the legal advisors are disclosed in the notes to the financial statements, when significant, while those classified as a remote loss require neither provision nor disclosure; and
- Legal obligations (tax and social security) - correspond to amounts related to lawsuits challenging the legality and constitutionality of certain taxes and contributions, which, regardless of the likelihood of success, are recognized at the full amount in the financial statements.

### **u) Residual benefit of securitized transactions:**

The benefit corresponds to the residual balance, net of any guarantees provided, of the separate equity of the securitized transactions which, in accordance with Law 9,514/97, will be reintegrated to the common equity of the securitization company when the lien is released and the related mortgage-backed securities are settled.

### **v) Earnings per share:**

Earnings per share are calculated based on the number of outstanding shares at the balance sheet date.

### **w) Use of accounting estimates:**

The preparation of financial statements requires management to make estimates and assumptions, to the best of its judgment, that affect the reported amounts of certain financial or non-financial assets and liabilities, income and expenses, and other transactions, such as: (i) deferred tax assets; (ii) depreciation of property and equipment and amortization of intangible assets; (iii) provisions necessary to absorb the potential risks arising from contingent liabilities; (iv) technical insurance provisions; (v) provisions for losses on assets not for own use; (vi) allowances for loan and lease losses; (vii) impairment of non-financial assets, and (viii) estimated fair value of specific financial instruments. The actual settlement amounts of these financial or non-financial assets and liabilities could differ from the estimates.

### **x) Events after the reporting period:**

Events which have taken place between the reporting date of the financial statements and the date of their approval by the management bodies are divided into:

i) events that require adjustment, related to conditions existing at the reporting date of the financial statements; and

ii) events that do not require adjustment, related to conditions which did not exist at the reporting date of the financial statements.





NOTES TO THE PARENT COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS  
AT DECEMBER 31, 2015

(All amounts in thousands of reais unless otherwise stated)

4) **BALANCE SHEET AND STATEMENT OF OPERATIONS BY BUSINESS SEGMENT**

a) **Consolidated Balance Sheet:**

Assets	Financial (1)(2)	Consortium (3)	Securitization (4)	Sales promoter (5)	Other (7)(8)	Eliminations (9)	Total
Current	11,215,161	8,877	96,893	57,795	23,722	(27,533)	11,374,915
Long-term receivables	13,930,024	27,648	300,632	197,857	129,633	(140,960)	14,444,834
Fixed assets	849,011	85	3,212	23,993	-	(598,958)	277,343
<b>Total at 12/31/2015</b>	<b>25,994,196</b>	<b>36,610</b>	<b>400,737</b>	<b>279,645</b>	<b>153,355</b>	<b>(767,451)</b>	<b>26,097,092</b>
<b>Total at 12/31/2014</b>	<b>25,718,335</b>	<b>41,455</b>	<b>339,125</b>	<b>267,048</b>	<b>816,722</b>	<b>(1,682,269)</b>	<b>25,500,416</b>

Liabilities	Financial(1)(2)	Consortium (3)	Securitization (4)	Sales promoter (5)	Other (7)(8)	Eliminations (9)	Total
Current	16,545,152	7,960	27,100	28,830	7,543	(27,533)	16,589,051
Long-term liabilities	5,803,663	12,077	161,249	24,140	2,491	(140,960)	5,862,660
Deferred income	1,565	-	-	-	-	-	1,565
Non-controlling interests	19	-	-	-	-	-	19
Equity	3,643,797	16,573	212,388	226,675	143,321	(598,958)	3,643,797
<b>Total at 12/31/2015</b>	<b>25,994,196</b>	<b>36,610</b>	<b>400,737</b>	<b>279,645</b>	<b>153,355</b>	<b>(767,451)</b>	<b>26,097,092</b>
<b>Total at 12/31/2014</b>	<b>25,718,335</b>	<b>41,455</b>	<b>339,125</b>	<b>267,048</b>	<b>816,722</b>	<b>(1,682,269)</b>	<b>25,500,416</b>



NOTES TO THE PARENT COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS  
AT DECEMBER 31, 2015

(All amounts in thousands of reais unless otherwise stated)

**b) Consolidated Statement of Income:**

Statement of income	Financial (1)(2)	Consortium (3)	Securitization (4)	Sales promoter (5)	Insurance (6)	Other (7)(8)	Eliminations (9)	Total
- Income from financial intermediation	7,598,439	2,042	63,732	33,102	-	17,448	(15,564)	7,699,199
- Expenses of financial intermediation	(4,810,113)	-	(28,855)	-	-	-	15,564	(4,823,404)
<b>Gross profit from financial intermediation</b>	<b>2,788,326</b>	<b>2,042</b>	<b>34,877</b>	<b>33,102</b>	<b>-</b>	<b>17,448</b>	<b>-</b>	<b>2,875,795</b>
- Other operating income (expenses)	(2,917,230)	(2,897)	(45,749)	(23,545)	-	(10,790)	-	(3,000,211)
- Equity in the results of investees	(17,289)	-	-	-	-	(45,222)	62,511	-
- Non-operating income/expenses	(72,627)	108	(750)	(1,169)	-	16	-	(74,422)
- Provision for IRPJ and CSLL	206,631	236	4,304	(2,003)	-	(2,280)	-	206,888
- Non-controlling interests	2	-	-	-	-	-	-	2
<b>Profit at 12/31/2015</b>	<b>(12,187)</b>	<b>(511)</b>	<b>(7,318)</b>	<b>6,385</b>	<b>-</b>	<b>(40,828)</b>	<b>62,511</b>	<b>8,052</b>
<b>Profit at 12/31/2014</b>	<b>14,418</b>	<b>(1,898)</b>	<b>8,714</b>	<b>10,831</b>	<b>54,267</b>	<b>(58,076)</b>	<b>(20,433)</b>	<b>7,823</b>

- (1) Represented by the companies Banco Pan S.A., Pan Arrendamento Mercantil S.A., Brazilian Mortgages Companhia Hipotecária and BMSR II Participações S.A.;
- (2) BMSR II Participações S.A was merged into Brazilian Mortgages Companhia Hipotecária at September 30, 2015;
- (3) Represented by the company Panamericano Administradora de Consórcio Ltda.;
- (4) Represented by the company Brazilian Securities Companhia de Securitização;
- (5) Represented by the companies Panserv Prestadora de Serviços Ltda. and BM Sua Casa Promotora de Vendas Ltda.;
- (6) Represented by the companies Pan Seguros S.A. and Panamericano Administração e Corretagem de Seguros e de Previdência Privada Ltda., sold on December 29, 2014;
- (7) Represented by the companies Brazilian Finance & Real Estate S.A. and Pan Holding S.A.;
- (8) The company Pan Holding S.A. was split-off at September 30, 2015; and
- (9) Eliminations between companies in different segments.



NOTES TO THE PARENT COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS  
AT DECEMBER 31, 2015

(All amounts in thousands of reais unless otherwise stated)

5) CASH AND CASH EQUIVALENTS

	Bank		Consolidated	
	12/31/2015	12/31/2014	12/31/2015	12/31/2014
Funds in local currency	12,171	30,275	17,058	41,065
Funds in foreign currency	30,985	6,232	30,985	6,233
<b>Total available funds (cash)</b>	<b>43,156</b>	<b>36,507</b>	<b>48,043</b>	<b>47,298</b>
Short-term interbank investments (1)	353,543	260,000	353,543	260,000
<b>Total cash and cash equivalents</b>	<b>396,699</b>	<b>296,507</b>	<b>401,586</b>	<b>307,298</b>

(1) Includes transactions with maturities at the original investment date equal to or less than 90 days and which present an immaterial risk of change in fair value.

6) INTERBANK INVESTMENTS

a) Composition and maturities:

Bank	Up to 30 days	31 to 90 days	91 to 180 days	181 to 360 days	Over 360 days	12/31/2015	12/31/2014
<b>Money market investments:</b>							
<b>Own portfolio position</b>							
• Financial Treasury Bills (LFT)	-	-	-	-	-	-	260,000
• National Treasury Bills (LTN)	18,000	-	-	-	-	18,000	-
• National Treasury Notes (NTN)	-	640,289	-	-	-	640,289	398,726
<b>Subtotal</b>	<b>18,000</b>	<b>640,289</b>	-	-	-	<b>658,289</b>	<b>658,726</b>
<b>Third-party portfolio position</b>							
• National Treasury Notes (NTN)	-	156,047	-	-	-	156,047	164,948
<b>Subtotal</b>	-	<b>156,047</b>	-	-	-	<b>156,047</b>	<b>164,948</b>
<b>Short position</b>							
• National Treasury Notes (NTN)	-	269,867	-	-	-	269,867	-
<b>Subtotal</b>	-	<b>269,867</b>	-	-	-	<b>269,867</b>	-
<b>Interbank deposits</b>	<b>14,158</b>	<b>36,229</b>	<b>49,284</b>	<b>442,191</b>	<b>85,732</b>	<b>627,594</b>	<b>324,886</b>
<b>Total at 12/31/2015</b>	<b>32,158</b>	<b>1,102,432</b>	<b>49,284</b>	<b>442,191</b>	<b>85,732</b>	<b>1,711,797</b>	-
<b>Total at 12/31/2014</b>	<b>455,936</b>	<b>439,469</b>	<b>7,331</b>	<b>172,845</b>	<b>72,979</b>	-	<b>1,148,560</b>

Consolidated	Up to 30 days	31 to 90 days	91 to 180 days	181 to 360 days	Over 360 days	12/31/2015	12/31/2014
<b>Money market investments:</b>							
<b>Own portfolio position</b>							
• Financial Treasury bills - LFT	-	-	-	-	-	-	260,000
• National Treasury Bills (LTN)	18,000	-	-	-	-	18,000	-
• National Treasury Notes (NTN)	-	640,289	-	-	-	640,289	398,726
<b>Subtotal</b>	<b>18,000</b>	<b>640,289</b>	-	-	-	<b>658,289</b>	<b>658,726</b>
<b>Third-party portfolio position</b>							
• National Treasury Notes (NTN)	-	156,047	-	-	-	156,047	164,948
<b>Subtotal</b>	-	<b>156,047</b>	-	-	-	<b>156,047</b>	<b>164,948</b>
<b>Short position</b>							
National Treasury Notes (NTN)	-	269,867	-	-	-	269,867	-
<b>Subtotal</b>	-	<b>269,867</b>	-	-	-	<b>269,867</b>	-
<b>Interbank deposits</b>	<b>427</b>	<b>19,906</b>	<b>4,120</b>	<b>60,067</b>	<b>21,021</b>	<b>105,541</b>	<b>133,863</b>
<b>Total at 12/31/2015</b>	<b>18,427</b>	<b>1,086,109</b>	<b>4,120</b>	<b>60,067</b>	<b>21,021</b>	<b>1,189,744</b>	-
<b>Total at 12/31/2014</b>	<b>455,936</b>	<b>439,469</b>	<b>7,331</b>	<b>50,111</b>	<b>4,690</b>	-	<b>957,537</b>



NOTES TO THE PARENT COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS  
AT DECEMBER 31, 2015

(All amounts in thousands of reais unless otherwise stated)

**b) Income from interbank investments:**

This income is classified in the results as arising from operations with securities:

	Bank		Consolidated	
	12/31/2015	12/31/2014	12/31/2015	12/31/2014
<b>Income from investments in purchase and sale agreements:</b>				
- Own portfolio position	28,144	31,499	28,144	31,499
- Third-party portfolio position	61,185	35,662	61,185	35,662
- Short position	27,688	-	27,688	-
<b>Subtotal</b>	<b>117,017</b>	<b>67,161</b>	<b>117,017</b>	<b>67,161</b>
Income from interbank deposits	45,486	28,904	11,300	14,909
<b>Total (Note 7h)</b>	<b>162,503</b>	<b>96,065</b>	<b>128,317</b>	<b>82,070</b>

**7) MARKETABLE SECURITIES AND DERIVATIVE FINANCIAL INSTRUMENTS**

**a) Composition of portfolio:**

The portfolio of marketable securities and derivative financial instruments at December 31, 2015 and December 31, 2014, by type of paper, was comprised as follows:

	Bank		Consolidated	
	12/31/2015	12/31/2014	12/31/2015	12/31/2014
<b>Own portfolio:</b>	<b>344,450</b>	<b>709,343</b>	<b>733,501</b>	<b>966,609</b>
Bank Deposit Certificates (CDB)	-	-	1,938	1,568
Mortgage-backed securities (CRI)	-	-	347,403	249,326
Financial Treasury Bills (LFT)	177,483	361,243	217,066	367,456
National Treasury Bills (LTN)	64,654	-	64,654	-
National Treasury Notes (NTN)	101,996	347,243	101,996	347,243
Quotas in investment funds	-	555	27	714
Social Development Fund (FDS)	317	302	317	302
Other	-	-	100	-
<b>Subject to repurchase agreements:</b>	<b>1,274,702</b>	<b>1,048,979</b>	<b>1,353,937</b>	<b>1,080,797</b>
Financial Treasury Bills (LFT)	100,590	533,087	163,909	533,087
National Treasury Bills (LTN)	726,020	-	726,020	-
National Treasury Notes (NTN)	448,092	515,892	448,092	515,892
Bank Deposit Certificates (CDB)	-	-	12,784	18,710
Quotas in fixed income funds	-	-	3,132	13,108
<b>Linked to Central Bank</b>	<b>-</b>	<b>30,483</b>	<b>-</b>	<b>30,483</b>
Financial Treasury Bills (LFT)	-	30,483	-	30,483
<b>Subject to guarantees:</b>	<b>55,930</b>	<b>155,206</b>	<b>55,930</b>	<b>195,667</b>
Financial Treasury Bills (LFT)	16,810	150,672	16,810	191,133
National Treasury Notes (NTN)	39,120	4,534	39,120	4,534
<b>Total marketable securities</b>	<b>1,675,082</b>	<b>1,944,011</b>	<b>2,143,368</b>	<b>2,273,556</b>
<b>Derivative financial instruments:</b>	<b>684,093</b>	<b>341,753</b>	<b>684,093</b>	<b>348,231</b>
Difference receivable on swaps	684,093	341,753	684,093	348,231
<b>Total</b>	<b>2,359,175</b>	<b>2,285,764</b>	<b>2,827,461</b>	<b>2,621,787</b>



NOTES TO THE PARENT COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS  
AT DECEMBER 31, 2015

(All amounts in thousands of reais unless otherwise stated)

**b) Analysis by category and term (Bank and consolidated)**

Bank	12/31/2015								12/31/2014	
	No stated maturity	Up to 12 months	1 to 3 years	3 to 5 years	More than 5 years	Carrying amount (1) (2)	Adjusted cost	Mark-to-market adjustment	Carrying amount (1) (2)	Mark-to-market adjustment
<b>Trading securities</b>										
- Financial Treasury Bills (LFT)	-	-	-	-	3,703	3,703	3,702	1	-	-
- National Treasury Notes (NTN)	-	-	-	311	1,198	1,509	1,499	10	475,980	(4,374)
<b>Total trading securities</b>	-	-	-	<b>311</b>	<b>4,901</b>	<b>5,212</b>	<b>5,201</b>	<b>11</b>	<b>475,980</b>	<b>(4,374)</b>
<b>Available-for-sale securities</b>										
- Financial Treasury Bills (LFT)	-	-	-	277,110	14,070	291,180	291,142	38	1,075,485	(61)
- National Treasury Notes (NTN)	-	-	-	189,179	-	189,179	190,812	(1,633)	-	-
<b>Total available-for-sale securities</b>	-	-	-	<b>466,289</b>	<b>14,070</b>	<b>480,359</b>	<b>481,954</b>	<b>(1,595)</b>	<b>1,075,485</b>	<b>(61)</b>
<b>Securities held to maturity (3)</b>										
- National Treasury Bills (LTN)	-	-	652,679	137,995	-	790,674	790,674	-	-	-
- National Treasury Notes (NTN)	-	156,680	206,180	27,291	8,369	398,520	398,520	-	391,689	-
- Quotas in investment funds	-	-	-	-	-	-	-	-	555	-
- Social Development Fund (FDS)	317	-	-	-	-	317	317	-	302	-
<b>Total securities held to maturity</b>	<b>317</b>	<b>156,680</b>	<b>858,859</b>	<b>165,286</b>	<b>8,369</b>	<b>1,189,511</b>	<b>1,189,511</b>	<b>-</b>	<b>392,546</b>	<b>-</b>
<b>Total</b>	<b>317</b>	<b>156,680</b>	<b>858,859</b>	<b>631,886</b>	<b>27,340</b>	<b>1,675,082</b>	<b>1,676,666</b>	<b>(1,584)</b>	<b>1,944,011</b>	<b>(4,435)</b>



NOTES TO THE PARENT COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS  
AT DECEMBER 31, 2015

(All amounts in thousands of reais unless otherwise stated)

Consolidated	12/31/2015								12/31/2014	
	No maturity	Up to 12 months	1 to 3 years	3 to 5 years	More than 5 years	Carrying amount (1) (2)	Adjusted cost	Mark-to-market adjustment	Carrying amount (1) (2)	Mark-to-market adjustment
<b>Trading securities:</b>										
- Financial Treasury Bills (LFTs) -	-	-	-	-	3,703	3,703	3,702	1	-	-
- National Treasury Notes (NTN)	-	-	-	311	1,198	1,509	1,499	10	475,980	(4,374)
- Bank Deposit Certificates (CDB)	-	-	-	-	-	-	-	-	20,277	-
- Quotas in investment funds	27	-	-	-	-	27	27	-	13,267	-
<b>Total trading securities</b>	<b>27</b>	<b>-</b>	<b>-</b>	<b>311</b>	<b>4,901</b>	<b>5,239</b>	<b>5,228</b>	<b>11</b>	<b>509,524</b>	<b>(4,374)</b>
<b>Available-for-sale securities:</b>										
- Financial Treasury Bills (LFT)	-	-	-	380,012	14,070	394,082	394,043	39	1,122,160	(75)
- National Treasury Notes (NTN)	-	-	-	189,179	-	189,179	190,812	(1,633)	-	-
- Bank Deposit Certificates (CDB)	-	2,965	11,757	-	-	14,722	14,722	-	-	-
- Quotas in investment funds	3,132	-	-	-	-	3,132	3,132	-	-	-
- Mortgage-backed securities (CRI)	-	61,500	86,827	82,329	116,747	347,403	376,168	(28,765)	249,326	(36,707)
<b>Total available-for-sale securities</b>	<b>3,132</b>	<b>64,465</b>	<b>98,584</b>	<b>651,520</b>	<b>130,817</b>	<b>948,518</b>	<b>978,877</b>	<b>(30,359)</b>	<b>1,371,486</b>	<b>(36,782)</b>
<b>Securities held to maturity (3):</b>										
- National Treasury Bills (LTN)	-	-	652,679	137,995	-	790,674	790,674	-	-	-
- National Treasury Notes (NTN)	-	156,680	206,180	27,291	8,369	398,520	398,520	-	391,689	-
- Quotas in investment funds	-	-	-	-	-	-	-	-	555	-
- Social Development Fund (FDS)	317	-	-	-	-	317	317	-	302	-
- Other	-	-	-	100	-	100	100	-	-	-
<b>Total securities held to maturity</b>	<b>317</b>	<b>156,680</b>	<b>858,859</b>	<b>165,386</b>	<b>8,369</b>	<b>1,189,611</b>	<b>1,189,611</b>	<b>-</b>	<b>392,546</b>	<b>-</b>
<b>Total</b>	<b>3,476</b>	<b>221,145</b>	<b>957,443</b>	<b>817,217</b>	<b>144,087</b>	<b>2,143,368</b>	<b>2,173,716</b>	<b>(30,348)</b>	<b>2,273,556</b>	<b>(41,156)</b>

(1) The fair value of securities was determined based on prices and rates prevailing at the balance sheet dates, released by the Brazilian Association of Financial and Capital Market Institutions (ANBIMA) and the São Paulo Commodities, Futures and Stock Exchange (BM&FBOVESPA). In the case of the mortgage-backed securities, the fair value was determined using internal models and data based on observable market parameters.

(2) This column presents the carrying amount subsequent to the mark-to-market adjustment, in accordance with item (2), except for the securities classified as held to maturity, the market value of which was lower than the adjusted cost by R\$ 45,332 (December 31, 2014 - higher by R\$ 2,738).

(3) In compliance with the provisions of Article 8 of BACEN Circular 3,068/2001, Banco PAN declares that it has both the financial ability and the intention to hold to maturity the securities classified in the 'securities held to maturity' category.



NOTES TO THE PARENT COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS  
AT DECEMBER 31, 2015

(All amounts in thousands of reais unless otherwise stated)

**c) Derivative financial instruments:**

Bank	12/31/2015				12/31/2014			
	Notional value	Carrying amount	Restated cost	Mark-to-market	Notional value	Carrying amount	Restated cost	Mark-to-market
<b>Asset position:</b>	<b>2,834,742</b>	<b>684,093</b>	<b>684,292</b>	<b>(199)</b>	<b>1,965,401</b>	<b>341,753</b>	<b>372,059</b>	<b>(30,306)</b>
- Swap (1)	2,822,272	684,093	684,292	(199)	1,949,030	341,753	372,059	(30,306)
- Currency forwards	12,470	-	-	-	16,371	-	-	-
<b>Liability position:</b>	<b>2,834,742</b>	<b>(29,751)</b>	<b>(20,647)</b>	<b>(9,104)</b>	<b>1,965,401</b>	<b>(38,847)</b>	<b>(511)</b>	<b>305</b>
- Swap (1)	2,822,272	(29,127)	(20,397)	(8,730)	1,949,030	(38,641)	-	-
- Currency forwards	12,470	(624)	(250)	(374)	16,371	(206)	(511)	305
<b>Subtotal - net position</b>	<b>-</b>	<b>654,342</b>	<b>663,645</b>	<b>(9,303)</b>	<b>-</b>	<b>302,906</b>	<b>371,548</b>	<b>(30,001)</b>
<b>Futures</b>	<b>-</b>	<b>(5,984)</b>	<b>(5,984)</b>	<b>-</b>	<b>-</b>	<b>9,746</b>	<b>9,746</b>	<b>-</b>
- Asset position	6,649,854	4,169	4,169	-	3,366,446	17,483	17,484	-
- Liability position	6,649,854	(10,153)	(10,153)	-	3,366,446	(7,737)	(7,738)	-
<b>Total</b>	<b>9,484,596</b>	<b>648,358</b>	<b>657,661</b>	<b>(9,303)</b>	<b>-</b>	<b>312,652</b>	<b>381,294</b>	<b>(30,001)</b>

Consolidated	12/31/2015				12/31/2014			
	Notional value	Carrying amount	Restated cost	Mark-to-market	Notional value	Carrying amount	Restated cost	Mark-to-market
<b>Asset position:</b>	<b>2,697,158</b>	<b>684,093</b>	<b>684,307</b>	<b>(214)</b>	<b>1,786,223</b>	<b>348,231</b>	<b>379,148</b>	<b>(30,947)</b>
- Swap (1)	2,684,688	684,093	684,307	(214)	1,769,852	348,231	379,163	(30,932)
- Currency forwards	12,470	-	-	-	16,371	-	(15)	(15)
<b>Liability position:</b>	<b>2,697,158</b>	<b>(16,430)</b>	<b>(5,233)</b>	<b>(11,197)</b>	<b>1,786,223</b>	<b>(15,198)</b>	<b>(13,476)</b>	<b>(1,722)</b>
- Swap (1)	2,684,688	(15,806)	(4,983)	(10,823)	1,769,852	(14,992)	(12,965)	(2,027)
- Currency forwards	12,470	(624)	(250)	(374)	16,371	(206)	(511)	305
<b>Subtotal - net position</b>	<b>-</b>	<b>667,663</b>	<b>679,074</b>	<b>(11,411)</b>	<b>-</b>	<b>333,033</b>	<b>365,672</b>	<b>(32,669)</b>
<b>Futures</b>	<b>-</b>	<b>(5,984)</b>	<b>(5,984)</b>	<b>-</b>	<b>-</b>	<b>9,746</b>	<b>9,746</b>	<b>-</b>
- Asset position	6,649,854	4,169	4,169	-	3,366,446	17,483	17,483	-
- Liability position	6,649,854	(10,153)	(10,153)	-	3,366,446	(7,737)	(7,737)	-
<b>Total</b>	<b>9,347,012</b>	<b>661,679</b>	<b>673,090</b>	<b>(11,411)</b>	<b>-</b>	<b>342,779</b>	<b>375,418</b>	<b>(32,669)</b>

(1) Hedge Accounting: these financial instrument transactions were basically realized to protect liability transactions involving Euro Medium-Term Notes, Foreign Borrowings, and Subordinated Debts abroad indexed to the U.S. dollar (the hedged items), classified as fair value hedges. The effectiveness determined for the hedge portfolio complies with the determinations of BACEN Circular 3,082/02 (Note 7f).

NOTES TO THE PARENT COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS  
AT DECEMBER 31, 2015

(All amounts in thousands of reais unless otherwise stated)

d) Composition by maturity (notional value):

Bank	Up to 30 days	31 to 90 days	91 to 180 days	181 to 360 days	Over 360 days	12/31/2015	12/31/2014
<b>Swap</b>	<b>37,336</b>	<b>13,284</b>	<b>69,357</b>	<b>63,900</b>	<b>2,638,365</b>	<b>2,822,272</b>	<b>1,949,030</b>
- U.S. dollar X CDI	20,000	-	46,406	44,086	939,832	1,050,324	1,506,035
- CDI x U.S. dollar	8,087	8,765	15,753	17,850	36,659	87,114	110,263
- CDI x fixed rate	1,415	1,534	2,621	1,964	1,433,477	1,441,011	28,953
- Fixed rate x U.S. dollar	7,864	2,985	4,577	-	28,599	44,025	6,041
- Libor x CDI	-	-	-	-	-	-	67,817
- CDI x Libor	-	-	-	-	137,584	137,584	55,253
- Libor x CDI	-	-	-	-	62,214	62,214	-
- Libor x U.S. dollar	-	-	-	-	-	-	87,334
- U.S. dollar x Libor	-	-	-	-	-	-	87,334
<b>Currency forwards</b>	-	-	<b>6,340</b>	<b>6,130</b>	-	<b>12,470</b>	<b>16,371</b>
- Fixed rate x U.S. dollar	-	-	6,340	6,130	-	12,470	16,371
<b>Futures</b>	<b>450,229</b>	<b>128,672</b>	<b>1,734,830</b>	<b>210,271</b>	<b>4,125,852</b>	<b>6,649,854</b>	<b>3,366,446</b>
- DDI	162,854	59,297	127,540	147,563	141,104	638,858	887,119
- DI	187,803	11,341	1,607,290	62,708	3,984,748	5,853,890	2,333,112
- U.S. dollar	99,572	58,034	-	-	-	157,606	146,215
<b>Total</b>	<b>487,595</b>	<b>141,956</b>	<b>1,810,527</b>	<b>280,301</b>	<b>6,764,217</b>	<b>9,484,596</b>	<b>5,331,847</b>

Consolidated	Up to 30 days	31 to 90 days	91 to 180 days	181 to 360 days	Over 360 days	12/31/2015	12/31/2014
<b>Swap</b>	<b>37,366</b>	<b>13,284</b>	<b>69,357</b>	<b>63,900</b>	<b>2,500,781</b>	<b>2,684,688</b>	<b>1,769,852</b>
- U.S. dollar X CDI	20,000	-	46,406	44,086	939,832	1,050,324	1,557,570
- CDI x U.S. dollar	8,087	8,765	15,753	17,850	36,659	87,114	34,701
- CDI x fixed rate	1,415	1,534	2,621	1,964	1,433,477	1,441,011	28,953
- Fixed rate x U.S. dollar	7,864	2,985	4,577	-	28,599	44,025	6,041
- Libor x CDI	-	-	-	-	62,214	62,214	-
- CDI x Libor	-	-	-	-	-	-	55,253
- Libor x U.S. dollar	-	-	-	-	-	-	87,334
<b>Currency forwards</b>	-	-	<b>6,340</b>	<b>6,130</b>	-	<b>12,470</b>	<b>16,371</b>
- Fixed rate x U.S. dollar	-	-	6,340	6,130	-	12,470	16,371
<b>Futures</b>	<b>450,229</b>	<b>128,672</b>	<b>1,734,830</b>	<b>210,271</b>	<b>4,125,852</b>	<b>6,649,854</b>	<b>3,366,446</b>
- DDI	162,854	59,297	127,540	147,563	141,104	638,858	887,119
- DI	187,803	11,341	1,607,290	62,708	3,984,748	5,853,890	2,333,112
- U.S. dollar	99,572	58,034	-	-	-	157,606	146,215
<b>Total</b>	<b>487,595</b>	<b>141,956</b>	<b>1,810,527</b>	<b>280,301</b>	<b>6,626,633</b>	<b>9,347,012</b>	<b>5,152,669</b>

e) Place of negotiation and counterparties:

Notional value	Bank		Consolidated	
	12/31/2015	12/31/2014	12/31/2015	12/31/2014
Central System for Custody and Financial Settlement of Securities (CETIP) (over the counter)	2,834,742	1,965,401	2,697,158	1,786,223
BM&FBOVESPA	6,649,854	3,366,446	6,649,854	3,366,446
<b>Total</b>	<b>9,484,596</b>	<b>5,331,847</b>	<b>9,347,012</b>	<b>5,152,669</b>

**Counterparties:** At 12/31/2015, they were distributed as follows: BM&F 71.14%, Financial Institutions 26.94%, Corporate Entities 1.51% and other 0.41%.





NOTES TO THE PARENT COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS  
AT DECEMBER 31, 2015

(All amounts in thousands of reais unless otherwise stated)

f) Hedge Accounting - Market Value:

	Bank		Consolidated	
	12/31/2015	12/31/2014	12/31/2015	12/31/2014
<b>Hedge instrument</b>				
<b>Asset position</b>	<b>2,497,447</b>	<b>2,541,880</b>	<b>2,579,697</b>	<b>2,541,880</b>
Swap (Bonds and Notes) - U.S. DOLLAR POSITION	2,497,447	2,541,880	2,497,447	2,541,880
Swap (BID) - U.S. DOLLAR POSITION	-	-	82,250	-
<b>Hedged item</b>				
<b>Liabilities</b>	<b>(2,203,182)</b>	<b>(2,197,119)</b>	<b>(2,279,703)</b>	<b>(2,197,119)</b>
Marketable securities/Foreign Borrowings (Bonds and Notes)	(2,203,182)	(2,197,119)	(2,203,182)	(2,197,119)
Marketable securities/Foreign Borrowings (BID)	-	-	(76,521)	-

g) Result with derivative financial instruments:

	Bank			Consolidated		
	12/31/2015			12/31/2015		
	Revenue	Expense	Net	Revenue	Expense	Net
Swap	2,048,841	(1,263,043)	785,798	2,162,349	(1,355,868)	806,481
Currency forwards	28,553	(32,086)	(3,533)	28,553	(32,086)	(3,533)
Options	2,210	(2,178)	32	2,210	(2,178)	32
Futures	1,871,347	(1,940,502)	(69,155)	1,871,347	(1,940,502)	(69,155)
<b>12/31/2015</b>	<b>3,950,951</b>	<b>(3,237,809)</b>	<b>713,142</b>	<b>4,064,459</b>	<b>(3,330,634)</b>	<b>733,825</b>
<b>12/31/2014</b>	<b>1,692,645</b>	<b>(1,587,155)</b>	<b>105,490</b>	<b>1,719,730</b>	<b>(1,618,933)</b>	<b>100,797</b>

h) Securities transactions

	Bank		Consolidated	
	12/31/2015	12/31/2014	12/31/2015	12/31/2014
Fixed income securities	200,574	119,362	258,319	179,537
Result of subordinated quotas	-	222	-	-
Short-term interbank investments (Note 6b)	162,503	96,065	128,317	82,070
<b>Total</b>	<b>363,077</b>	<b>215,649</b>	<b>386,636</b>	<b>261,607</b>



NOTES TO THE PARENT COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS  
AT DECEMBER 31, 2015

(All amounts in thousands of reais unless otherwise stated)

8) CREDIT OPERATIONS

Presented below is information at 12/31/2015 and 12/31/2014 on the portfolio of loan and leasing operations, advances on foreign exchange contracts and other receivables with similar characteristics:

a) Analysis of the portfolio by type of operation:

	Bank				Consolidated			
	12/31/2015		12/31/2014		12/31/2015		12/31/2014	
	Amount	%	Amount	%	Amount	%	Amount	%
Consumer financing	5,929,863	37.57	7,333,628	45.91	5,929,863	34.23	7,333,628	41.88
Payroll-linked loans	4,491,946	28.46	3,304,403	20.69	4,491,946	25.93	3,304,403	18.87
Working capital	1,965,511	12.45	2,026,995	12.69	1,965,511	11.34	2,026,995	11.57
Export financing	740,102	4.69	799,863	5.01	740,102	4.27	799,863	4.57
Housing financing	11,266	0.07	13,771	0.09	627,108	3.62	772,077	4.41
Financing provided to credit card holders (1)	853,919	5.41	596,778	3.74	853,919	4.93	596,778	3.41
Loans with real estate guarantees	-	-	-	-	720,063	4.16	528,656	3.02
Credits linked to the assignment of credit (2)	419,142	2.66	575,176	3.60	419,142	2.4	575,176	3.28
Financing of real estate developments	-	-	-	-	181,482	1.05	195,877	1.12
Personal credit	48,249	0.31	70,555	0.44	48,249	0.28	70,555	0.40
Renegotiated loans	67,027	0.42	42,172	0.26	67,027	0.39	42,172	0.24
Leasing operations (3)	-	-	-	-	9,719	0.06	41,342	0.24
Overdraft accounts	112,788	0.71	-	-	112,788	0.65	-	-
Other	17	-	1,716	-	17	-	1,716	0.01
<b>Total credit operations</b>	<b>14,639,830</b>	<b>92.75</b>	<b>14,765,057</b>	<b>92.44</b>	<b>16,166,937</b>	<b>93.31</b>	<b>16,289,238</b>	<b>93.02</b>
Other receivables (4)	942,737	5.97	730,292	4.57	956,469	5.52	744,698	4.25
Advances on foreign exchange contracts and income receivable (5)	202,360	1.28	478,083	2.99	202,360	1.17	478,083	2.73
<b>Total</b>	<b>15,784,927</b>	<b>100.00</b>	<b>15,973,432</b>	<b>100.00</b>	<b>17,325,766</b>	<b>100.00</b>	<b>17,512,019</b>	<b>100.00</b>

(1) Financing provided to Visa and MasterCard credit card holders;

(2) Operations of payroll - linked loans assigned with the substantial retention of risks and benefits of the financial assets involved in the transaction (Note 8f);

(3) Recorded at present value;

(4) Refers to credit card receivables and securities receivable with credit concession characteristics.

(5) Advances on foreign exchange contracts are recorded as a reduction of "Other Liabilities" (Note 9).



NOTES TO THE PARENT COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS  
AT DECEMBER 31, 2015

(All amounts in thousands of reais unless otherwise stated)

**b) Analysis of the portfolio by risk levels and maturity:**

Days	Bank										
	Risk Levels										
	Abnormal course of operations										
	AA	A	B	C	D	E	F	G	H	Total at 12/31/2015	Total at 12/31/2014
<b>Falling due</b>	-	<b>802,526</b>	<b>464,857</b>	<b>382,163</b>	<b>214,067</b>	<b>161,862</b>	<b>70,889</b>	<b>66,983</b>	<b>265,709</b>	<b>2,429,056</b>	<b>2,258,348</b>
01 to 30	-	29,395	23,500	16,847	8,692	4,145	2,886	2,881	11,739	100,085	82,552
31 to 60	-	26,879	21,005	15,620	10,601	4,812	3,023	2,873	11,853	96,666	73,278
61 to 90	-	27,141	25,421	15,255	8,686	15,466	2,888	3,580	11,673	110,110	79,186
91 to 180	-	74,180	51,791	49,420	24,668	21,893	8,153	8,125	32,813	271,043	221,447
181 to 365	-	144,244	94,882	80,854	45,704	37,273	18,206	16,682	60,490	498,335	427,098
Over 365	-	500,687	248,258	204,167	115,716	78,273	35,733	32,842	137,141	1,352,817	1,374,787
<b>Past due</b>	-	<b>57,242</b>	<b>65,540</b>	<b>68,294</b>	<b>100,727</b>	<b>101,899</b>	<b>49,734</b>	<b>44,212</b>	<b>246,056</b>	<b>733,704</b>	<b>547,137</b>
01 to 14	-	50,466	15,675	11,280	14,802	27,336	1,556	1,135	8,975	131,225	89,063
15 to 30	-	6,776	46,421	10,219	10,606	2,801	1,512	1,719	8,223	88,277	84,385
31 to 60	-	-	3,444	43,185	13,514	14,415	3,086	2,852	14,258	94,754	70,500
61 to 90	-	-	-	2,613	42,221	6,199	4,376	2,919	14,029	72,357	54,300
91 to 180	-	-	-	997	14,852	48,205	34,106	28,264	48,969	175,393	111,605
181 to 365	-	-	-	-	4,732	2,943	5,098	7,323	151,602	171,698	137,284
<b>Subtotal</b>	-	<b>859,768</b>	<b>530,397</b>	<b>450,457</b>	<b>314,794</b>	<b>263,761</b>	<b>120,623</b>	<b>111,195</b>	<b>511,765</b>	<b>3,162,760</b>	<b>2,805,485</b>
<b>Allowance required</b>	-	<b>4,299</b>	<b>5,304</b>	<b>13,514</b>	<b>31,479</b>	<b>79,128</b>	<b>60,312</b>	<b>77,836</b>	<b>511,765</b>	<b>783,637</b>	<b>679,216</b>

Days	Risk Levels										
	Normal course of operations										
	AA	A	B	C	D	E	F	G	H	Total at 12/31/2015	Total at 12/31/2014
<b>Falling due</b>	-	<b>10,213,298</b>	<b>1,603,464</b>	<b>455,001</b>	<b>266,948</b>	<b>32,997</b>	<b>18,395</b>	<b>15,378</b>	<b>16,686</b>	<b>12,622,167</b>	<b>13,167,947</b>
01 to 30	-	1,189,680	116,034	44,493	18,391	1,686	1,317	854	5,917	1,378,372	1,091,305
31 to 60	-	375,467	96,365	26,640	10,851	10,129	404	145	1,015	521,016	507,746
61 to 90	-	347,462	76,346	42,374	3,712	334	9,422	126	820	480,596	534,679
91 to 180	-	934,650	277,593	71,766	103,338	16,618	944	3,096	1,611	1,409,616	1,548,174
181 to 365	-	1,567,927	455,483	95,437	44,451	1,086	1,674	2,341	1,792	2,170,191	2,360,164
Over 365	-	5,798,112	581,643	174,291	86,205	3,144	4,634	8,816	5,531	6,662,376	7,125,879
<b>Subtotal</b>	-	<b>10,213,298</b>	<b>1,603,464</b>	<b>455,001</b>	<b>266,948</b>	<b>32,997</b>	<b>18,395</b>	<b>15,378</b>	<b>16,686</b>	<b>12,622,167</b>	<b>13,167,947</b>
<b>Allowance required</b>	-	<b>51,067</b>	<b>16,035</b>	<b>13,650</b>	<b>26,695</b>	<b>9,899</b>	<b>9,197</b>	<b>10,765</b>	<b>16,686</b>	<b>153,994</b>	<b>122,689</b>
<b>Total</b>	-	<b>11,073,066</b>	<b>2,133,861</b>	<b>905,458</b>	<b>581,742</b>	<b>296,758</b>	<b>139,018</b>	<b>126,573</b>	<b>528,451</b>	<b>15,784,927</b>	<b>15,973,432</b>
<b>Total allowance</b>	-	<b>55,366</b>	<b>21,339</b>	<b>27,164</b>	<b>58,174</b>	<b>89,027</b>	<b>69,509</b>	<b>88,601</b>	<b>528,451</b>	<b>937,631</b>	<b>801,905</b>

NOTES TO THE PARENT COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS  
AT DECEMBER 31, 2015

(All amounts in thousands of reais unless otherwise stated)

Days	Consolidated											
	Risk Levels										Total at 12/31/2015	Total at 12/31/2014
	Abnormal course of operations											
AA	A	B	C	D	E	F	G	H				
<b>Falling due</b>	-	<b>913,581</b>	<b>525,473</b>	<b>426,785</b>	<b>258,244</b>	<b>174,002</b>	<b>79,042</b>	<b>69,507</b>	<b>275,806</b>	<b>2,722,440</b>	<b>2,570,777</b>	
01 to 30	-	31,230	24,427	17,572	9,242	4,326	2,964	2,933	11,919	104,613	88,020	
31 to 60	-	28,683	21,913	16,330	11,132	4,991	3,100	2,926	12,038	101,113	78,423	
61 to 90	-	28,908	26,307	15,955	9,207	15,639	2,963	3,631	11,858	114,468	86,306	
91 to 180	-	79,283	54,349	51,447	26,192	22,395	11,335	8,274	33,311	286,586	235,455	
181 to 365	-	153,482	99,616	84,441	48,600	38,195	18,600	16,909	61,344	521,187	451,946	
Over 365	-	591,995	298,861	241,040	153,871	88,456	40,080	34,834	145,336	1,594,473	1,630,627	
<b>Past due</b>	-	<b>59,180</b>	<b>131,780</b>	<b>107,859</b>	<b>143,752</b>	<b>135,818</b>	<b>88,841</b>	<b>87,753</b>	<b>251,245</b>	<b>1,006,228</b>	<b>680,089</b>	
01 to 14	-	52,032	58,007	11,427	14,841	27,375	25,503	1,151	9,034	199,370	96,073	
15 to 30	-	7,148	69,017	16,140	10,920	2,812	1,515	1,720	11,511	120,783	105,320	
31 to 60	-	-	4,756	75,583	24,803	25,827	3,686	13,437	14,347	162,439	122,524	
61 to 90	-	-	-	3,390	73,092	6,446	4,414	2,941	14,127	104,410	68,706	
91 to 180	-	-	-	1,319	15,364	70,030	48,469	61,050	49,315	245,547	117,117	
181 to 365	-	-	-	-	4,732	3,328	5,254	7,454	152,911	173,679	170,139	
Over 365	-	-	-	-	-	-	-	-	-	-	210	
<b>Subtotal</b>	-	<b>972,761</b>	<b>657,253</b>	<b>534,644</b>	<b>401,996</b>	<b>309,820</b>	<b>167,883</b>	<b>157,260</b>	<b>527,051</b>	<b>3,728,668</b>	<b>3,250,866</b>	
<b>Allowance required</b>	-	<b>4,864</b>	<b>6,572</b>	<b>16,040</b>	<b>40,199</b>	<b>92,946</b>	<b>83,942</b>	<b>110,082</b>	<b>527,051</b>	<b>881,696</b>	<b>758,279</b>	

Days	Risk Levels											
	Normal course of operations										Total at 12/31/2015	Total at 12/31/2014
	AA	A	B	C	D	E	F	G	H			
<b>Falling due</b>	-	<b>10,850,688</b>	<b>1,715,691</b>	<b>631,244</b>	<b>308,708</b>	<b>37,551</b>	<b>18,657</b>	<b>15,378</b>	<b>19,180</b>	<b>13,597,097</b>	<b>14,261,153</b>	
01 to 30	-	1,213,815	127,858	64,609	18,415	1,694	1,320	854	5,932	1,434,497	1,205,033	
31 to 60	-	385,852	109,221	42,578	17,183	10,137	407	145	1,030	566,553	562,640	
61 to 90	-	358,399	107,177	44,524	3,735	342	9,425	126	835	524,563	562,528	
91 to 180	-	981,570	278,104	139,965	112,462	17,914	953	3,096	1,654	1,535,718	1,741,327	
181 to 365	-	1,629,736	498,874	157,393	60,383	3,916	1,690	2,341	3,521	2,357,854	2,617,227	
Over 365	-	6,281,316	594,457	182,175	96,530	3,548	4,862	8,816	6,208	7,177,912	7,572,398	
<b>Subtotal</b>	-	<b>10,850,688</b>	<b>1,715,691</b>	<b>631,244</b>	<b>308,708</b>	<b>37,551</b>	<b>18,657</b>	<b>15,378</b>	<b>19,180</b>	<b>13,597,097</b>	<b>14,261,153</b>	
<b>Allowance required</b>	-	<b>54,254</b>	<b>17,157</b>	<b>18,938</b>	<b>30,871</b>	<b>11,265</b>	<b>9,328</b>	<b>10,765</b>	<b>19,180</b>	<b>171,758</b>	<b>161,088</b>	
<b>Total</b>	-	<b>11,823,449</b>	<b>2,372,944</b>	<b>1,165,888</b>	<b>710,704</b>	<b>347,371</b>	<b>186,540</b>	<b>172,638</b>	<b>546,231</b>	<b>17,325,766</b>	<b>17,512,019</b>	
<b>Total allowance</b>	-	<b>59,118</b>	<b>23,729</b>	<b>34,978</b>	<b>71,070</b>	<b>104,211</b>	<b>93,270</b>	<b>120,847</b>	<b>546,231</b>	<b>1,053,454</b>	<b>919,367</b>	

c) Activity in the allowance for losses (1):

	Bank		Consolidated	
	12/31/2015	12/31/2014	12/31/2015	12/31/2014
<b>At the beginning of the year</b>	<b>842,259</b>	<b>976,135</b>	<b>959,818</b>	<b>1,496,516</b>
- Balance of credits that returned to the Bank's portfolio (2)	-	402,018	-	-
- Allowance constituted/reversed	949,257	865,906	1,024,898	953,721
- Write off against allowance (2)	(836,903)	(1,401,800)	(914,280)	(1,490,419)
<b>At the end of the year</b>	<b>954,613</b>	<b>842,259</b>	<b>1,070,436</b>	<b>959,817</b>
<b>- Credit recoveries (3)</b>	<b>259,249</b>	<b>249,396</b>	<b>302,334</b>	<b>276,423</b>
<b>- Effect on results (4)</b>	<b>(690,008)</b>	<b>(616,510)</b>	<b>(722,564)</b>	<b>(677,298)</b>

(1) Includes: (i) other receivables with features of credit operations; (ii) foreign exchange transactions; and (iii) allowance for losses on credits assigned with coobligation prior to CMN Resolution CMN 3,533/08.

(2) The credit rights funds, FIDC's Caixa CDC and Caixa Master CDC, were terminated on January 20, 2014 (Note 2), and the credit operations portfolio of these funds was incorporated into the Bank's own portfolio. The FIDC's do not adopt the accounting policy of writing-off credit operations as losses, in accordance with CMN Resolution 2,682/99. Therefore, the Bank examined the portfolio received from the FIDC's terminated and realized a write-off against the allowance in the amount of R\$ 344,378 (Caixa CDC R\$ 55,962 and Caixa Master R\$ 288,416).

(3) In the year ended 12/31/2015, credits previously written-off against the allowance, totaling R\$ 302,334, were recovered (credits of R\$ 259,249 in the Bank, R\$ 6,794 referring to lease operations and R\$ 36,291 of real estate credits).

(4) Expense of allowance constituted less revenue from credits recovered.



NOTES TO THE PARENT COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS  
AT DECEMBER 31, 2015

(All amounts in thousands of reais unless otherwise stated)

d) Classification by area of economic activity:

Area of economic activity	Bank				Consolidated			
	12/31/2015		12/31/2014		12/31/2015		12/31/2014	
	Amount	%	Amount	%	Amount	%	Amount	%
<b>Individuals</b>	<b>12,100,600</b>	<b>76.66</b>	<b>12,304,840</b>	<b>77.03</b>	<b>12,971,002</b>	<b>74.87</b>	<b>13,084,082</b>	<b>74.71</b>
<b>Agribusiness</b>	<b>676,591</b>	<b>4.29</b>	<b>850,832</b>	<b>5.33</b>	<b>676,591</b>	<b>3.91</b>	<b>850,832</b>	<b>4.86</b>
Sugar and ethanol	252,963	1.61	254,408	1.59	252,963	1.46	254,408	1.45
Agribusiness and animal protein	423,628	2.68	596,424	3.74	423,628	2.45	596,424	3.41
<b>Commercial</b>	<b>706,584</b>	<b>4.48</b>	<b>900,677</b>	<b>5.64</b>	<b>707,341</b>	<b>4.08</b>	<b>902,770</b>	<b>5.16</b>
Wholesale and retail	706,584	4.48	900,677	5.64	707,341	4.08	902,770	5.16
<b>Basic industries</b>	<b>445,576</b>	<b>2.82</b>	<b>407,578</b>	<b>2.55</b>	<b>446,065</b>	<b>2.57</b>	<b>408,674</b>	<b>2.33</b>
Auto parts	11,814	0.07	25,953	0.16	11,814	0.07	25,953	0.15
Chemical industry	49,269	0.31	39,728	0.25	49,269	0.28	39,728	0.22
Other industries	308,810	1.96	267,792	1.67	309,299	1.79	268,888	1.54
Paper and pulp	65,280	0.41	61,670	0.39	65,280	0.38	61,670	0.35
Textiles	10,403	0.07	12,435	0.08	10,403	0.05	12,435	0.07
<b>Services</b>	<b>1,855,576</b>	<b>11.75</b>	<b>1,509,505</b>	<b>9.45</b>	<b>2,524,767</b>	<b>14.57</b>	<b>2,265,661</b>	<b>12.94</b>
Construction and real-estate development	886,401	5.62	736,407	4.61	1,550,243	8.95	1,480,487	8.45
Financial	113,421	0.72	26,284	0.16	113,421	0.65	26,284	0.16
Vehicle rental	31,621	0.19	26,723	0.17	31,621	0.18	26,723	0.15
Media, IT and Telecom	18,647	0.12	31,490	0.21	18,647	0.11	31,490	0.18
Other services	609,792	3.86	505,378	3.16	615,140	3.55	517,454	2.95
Health, security and education	4,636	0.03	11,369	0.07	4,636	0.03	11,369	0.07
Transportation and logistics	177,374	1.12	152,208	0.95	177,374	1.02	152,208	0.87
Utilities	13,684	0.09	19,646	0.12	13,685	0.08	19,646	0.11
<b>Total</b>	<b>15,784,927</b>	<b>100.00</b>	<b>15,973,432</b>	<b>100.00</b>	<b>17,325,766</b>	<b>100.00</b>	<b>17,512,019</b>	<b>100.00</b>



NOTES TO THE PARENT COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS  
AT DECEMBER 31, 2015

(All amounts in thousands of reais unless otherwise stated)

e) Concentration of credit operations:

Largest borrowers	Bank				Consolidated			
	12/31/2015		12/31/2014		12/31/2015		12/31/2014	
	Amount	%	Amount	%	Amount	%	Amount	%
10 largest borrowers	465,059	2.95	488,228	3.06	545,855	3.15	495,971	2.83
50 next largest borrowers	1,039,428	6.58	1,137,556	7.12	1,392,001	8.04	1,224,305	6.99
100 next largest borrowers	1,099,030	6.96	1,175,001	7.36	1,361,446	7.86	1,312,034	7.49
Other borrowers	13,181,410	83.51	13,172,647	82.46	14,026,464	80.95	14,479,709	82.69
<b>Total</b>	<b>15,784,927</b>	<b>100.00</b>	<b>15,973,432</b>	<b>100.00</b>	<b>17,325,766</b>	<b>100.00</b>	<b>17,512,019</b>	<b>100.00</b>

f) Transactions for the sale or transfer of financial assets:

I. Assignments with substantial transfer of risks and benefits:

In the years ended 12/31/2015 and 12/31/2014, credits were assigned to financial institutions as presented below:

	Bank					
	12/31/2015			12/31/2014		
	Assignment amount	Present value	Result (1)	Assignment amount	Present value	Result (1)
Consumer financing	5,706,863	5,296,568	410,295	4,117,462	3,835,484	281,978
Payroll-linked loans	6,241,440	5,025,384	1,216,056	2,896,180	2,294,770	601,410
Bank credit notes	-	-	-	69,313	67,317	1,996
Housing financing	170,341	168,463	1,878	193,501	190,768	2,733
Real estate development financing	2,853	2,830	23	17,936	17,648	288
Loans with real estate guarantees	-	-	-	278,893	262,179	16,714
<b>Total</b>	<b>12,121,497</b>	<b>10,493,245</b>	<b>1,628,252</b>	<b>7,573,285</b>	<b>6,668,166</b>	<b>905,119</b>

	Consolidated					
	12/31/2015			12/31/2014		
	Assignment amount	Present value	Result (1)	Assignment amount	Present value	Result (1)
Consumer financing	5,706,863	5,296,568	410,295	4,117,462	3,835,484	281,978
Payroll-linked loans	6,241,440	5,025,384	1,216,056	2,896,180	2,294,770	601,410
Bank credit notes	-	-	-	69,313	67,317	1,996
Housing financing	170,341	163,052	7,289	193,691	183,323	10,368
Real estate development financing	2,853	2,766	87	17,936	16,952	984
Loans with real estate guarantees	-	-	-	278,893	244,554	34,339
<b>Total</b>	<b>12,121,497</b>	<b>10,487,770</b>	<b>1,633,727</b>	<b>7,573,475</b>	<b>6,642,400</b>	<b>931,075</b>

(1) Recorded in income from credit operations.

II. Assignments with substantial retention of risks and benefits:

Assignments after CMN Resolution 3,533/08

The responsibilities for loans assigned with substantial retention of risks and benefits amounted to R\$ 419,142, in Banco PAN and Consolidated (R\$ 575,176 at December 31, 2014), calculated at present value by applying the agreed contract rates. Obligations in the amount of R\$ 489,692 (R\$ 690,009 at December 31, 2014) were assumed for these credits.



NOTES TO THE PARENT COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS  
AT DECEMBER 31, 2015

(All amounts in thousands of reais unless otherwise stated)

**Assignment prior to CMN Resolution 3,533/08**

In the fourth quarter of 2015, all credit assignments were repurchased with substantial retention of risks and benefits prior to Resolution 3,533/08. At 12/31/2014, these credits amounted to R\$ 96,940 in Banco Pan and Consolidated, calculated at present value by applying the agreed contract rates.

The present value determined based on the credit assignment rates totaled R\$ 99,112 at December 31, 2014 in Banco PAN and Consolidated, for which an allowance for losses was recorded in the amount of R\$ 20,787, calculated based on the same criteria adopted for calculating the allowance for losses for unassigned operations, and recorded in the "Other liabilities - sundry" account (Note 21b).

**g) Income on loan and leasing operations:**

	Bank		Consolidated	
	12/31/2015	12/31/2014	12/31/2015	12/31/2014
Consumer financing	1,460,885	1,637,684	1,460,885	1,638,151
Profit on credit assignments (Note 8f)	1,628,252	905,119	1,633,727	931,075
Payroll-linked loans	1,185,966	613,766	1,185,966	613,766
Export financing	680,353	335,532	680,353	335,532
Credit cards	438,772	350,845	438,777	350,845
Working capital	394,507	258,146	394,507	258,146
Recovery of credits written off as losses (1)	259,249	249,396	302,334	276,423
Personal credit	27,688	34,519	27,688	34,519
Renegotiated loans	7,981	4,651	7,976	4,651
Housing loans	1,811	611	91,954	119,884
Credit rights	317	2,612	317	2,612
Income from real estate developments	-	-	28,005	25,299
Income from loans with real estate guarantees	-	-	127,995	72,765
Leasing, net of expenses (2)	-	-	2,486	16,649
Other	11,993	4,703	11,993	4,703
<b>Total</b>	<b>6,097,774</b>	<b>4,397,584</b>	<b>6,394,963</b>	<b>4,685,020</b>

(1) In the Consolidated, this balance includes loan and leasing operations; and

(2) Does not include the recovery of lease receivables written off as losses.

**9) FOREIGN EXCHANGE PORTFOLIO**

**a) Balance sheet accounts:**

Bank and Consolidated	12/31/2015	12/31/2014
<b>Assets - Other receivables</b>		
Foreign exchange purchases pending settlement	233,525	526,576
Income receivable	11,676	18,541
<b>Total assets</b>	<b>245,201</b>	<b>545,117</b>
<b>Liabilities - Other liabilities</b>		
Liabilities for exchange purchases	190,690	460,206
Advances on foreign exchange contracts	(190,684)	(459,542)
<b>Total liabilities</b>	<b>6</b>	<b>664</b>

**b) Income from foreign exchange transactions:**

Bank and Consolidated	12/31/2015	12/31/2014
Income from export financing	759,326	399,088
Foreign exchange gains and losses	(575,551)	(289,617)
<b>Total</b>	<b>183,775</b>	<b>109,471</b>



NOTES TO THE PARENT COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS  
AT DECEMBER 31, 2015

(All amounts in thousands of reais unless otherwise stated)

**10) REAL ESTATE RECEIVABLES**

These receivables comprise portfolios of housing loans acquired by Brazilian Securities, which could be utilized to guarantee the future issuance of mortgage-backed securities (CRIs).

Consolidated	Final maturity	Index	% interest p.a.	12/31/2015	12/31/2014
Tranches 95 and 96 (1)	9/8/2027	Referential Rate (TR)	8.65	6,182	7,769
Real estate credit note (CCI)	1/22/2044	National Civil Construction Index (INCC)/General Market Price index (IGPM) /Savings Account/Interbank Deposit Certificate (CDI) and with no monetary restatement	0 to 20.05	33,597	148,511
<b>Total</b>				<b>39,779</b>	<b>156,280</b>

(1) These tranches were securitized.

**Credit quality:**

The real estate receivable contracts include a clause which places a lien on the financed property.

The real estate receivables are considered to be good quality assets, since they are only acquired when they present characteristics, such as: guarantees, payment history and other factors, which demonstrate a high probability of realization, to enable their securitization.

**11) OTHER RECEIVABLES - SUNDRY**

	Bank		Consolidated	
	12/31/2015	12/31/2014	12/31/2015	12/31/2014
Deferred tax assets (Note 33b)	2,686,160	2,508,625	3,061,285	2,861,023
Securities and credits receivable (1)	942,737	730,292	956,469	744,698
Taxes and contributions to be offset	204,598	281,584	276,376	353,118
Amounts receivable from credit assignments	921,297	431,705	921,297	431,705
Judicial and tax deposits	205,857	158,456	243,404	195,600
Amounts receivable from affiliates	41,346	43,443	30,607	53,577
Amounts receivable from payroll-linked loans (2)	62,814	27,038	62,814	27,038
Advances for payments	5,849	19,618	6,603	20,483
Residual benefit of securitized transactions (3)	-	-	8,433	10,211
Salary and other advances	908	697	1,526	1,336
Other	65,409	44,696	73,669	54,228
<b>Total</b>	<b>5,136,975</b>	<b>4,246,154</b>	<b>5,642,483</b>	<b>4,753,017</b>

(1) Refers to credit card receivables and securities receivable with credit concession characteristics.

(2) Refers basically to amounts received and not yet transferred to the Bank by State and Municipal governments, the transfers of which are being negotiated by the Bank, which constitutes a full allowance for losses, and transfers in arrears for more than 180 days, the balance of which at 12/31/2015 amounted to R\$ 13,710 (R\$ 11,724 at December 31, 2014).

(3) Refers to operations originating from Brazilian Securities Companhia de Securitização.



NOTES TO THE PARENT COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS  
AT DECEMBER 31, 2015

(All amounts in thousands of reais unless otherwise stated)

**12) OTHER ASSETS**

**a) Assets not for own use and other:**

	Residual value							
	Bank				Consolidated			
	Cost	Allowance for losses	12/31/2015	12/31/2014	Cost	Allowance for losses	12/31/2015	12/31/2014
Vehicles	38,426	(11,501)	26,925	17,622	39,158	(12,803)	26,355	19,215
Vehicles under special regime	22,663	(18,668)	3,995	3,399	25,739	(18,668)	7,071	2,165
Property	77,161	(3,965)	73,196	32,191	214,128	(14,452)	199,676	79,978
<b>Total assets not for own use</b>	<b>138,250</b>	<b>(34,134)</b>	<b>104,116</b>	<b>53,212</b>	<b>279,025</b>	<b>(45,923)</b>	<b>233,102</b>	<b>101,358</b>
Other items	2,672	-	2,672	365	2,672	-	2,672	365
<b>Total other assets</b>	<b>140,922</b>	<b>(34,134)</b>	<b>106,788</b>	<b>53,577</b>	<b>281,697</b>	<b>(45,923)</b>	<b>235,774</b>	<b>101,723</b>

**b) Prepaid expenses:**

	Bank		Consolidated	
	12/31/2015	12/31/2014	12/31/2015	12/31/2014
Commissions paid to correspondent banks	439,368	594,552	439,444	595,444
Expenses for issuance of securities abroad	6,451	7,969	6,481	8,110
Other	2,993	2,552	5,042	3,676
<b>Total</b>	<b>448,812</b>	<b>605,073</b>	<b>450,967</b>	<b>607,230</b>



NOTES TO THE PARENT COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS  
AT DECEMBER 31, 2015

(All amounts in thousands of reais unless otherwise stated)

13) INVESTMENTS

a) Subsidiaries:

Companies	Capital	Adjusted Equity	Number of shares/quotas held (in thousands)			Consolidated Percentage ownership	Adjusted profit (loss)	Balance of investments		Equity accounting adjustment (1) Year ended	
			Comm. (ON)	Pref. (PN)	Units			12/31/2015	12/31/2014	12/31/2015	12/31/2014
Pan Arrendamento Mercantil S.A. (2)(3)	141,521	62,447	11	-	-	99.97	(5,456)	62,429	67,882	(5,454)	3,908
Panserv Prestadora de Serviços Ltda. (3)(4)(5)	22,061	33,187	-	-	5,061	99.99	(701)	33,186	33,886	(700)	4,418
Panamericano Administradora de Consórcio (3)(6)(13)	12,388	16,573	-	-	14,077	99.99	(511)	16,572	13,496	(130)	(778)
Pan Holding S.A. (7)(8)(9)(10)(3)	-	-	-	-	-	-	(43,389)	-	902,906	(43,388)	(58,074)
Brazilian Securities Companhia de Securitização (3)(11)	174,201	212,389	77,865	-	-	100.00	(7,317)	214,690	-	19,753	-
Brazilian Finance & Real Estate S.A. (3)(11)	107,662	143,321	-	-	-	100.00	9,996	143,321	-	2,774	-
Brazilian Mortgages Companhia Hipotecária (3)(11)	236,631	195,981	480	480	-	100.00	(36,972)	266,202	-	(5,956)	-
BM Sua Casa Promotora de Vendas Ltda. (3)(11)	179,264	193,489	-	-	179,264	99.99	7,086	197,629	-	(5,972)	-
Pan Seguros S.A.(12)	-	-	-	-	-	-	-	-	-	-	47,020
Panamericano Adm. e Corretagem de Seguros e Previdência Privada Ltda.(12)	-	-	-	-	-	-	-	-	-	-	7,247
<b>Total</b>								<b>934,029</b>	<b>1,018,170</b>	<b>(39,073)</b>	<b>3,741</b>

- (1) Considers results determined by the companies subsequent to acquisition and includes equity variations in the investees not derived from results, as well as adjustments arising from the equalization of accounting principles, where applicable.
- (2) The corporate name of Panamericano Arrendamento Mercantil S.A. was altered to Pan Arrendamento Mercantil S.A. on September 25, 2015.
- (3) Companies whose financial statements for the year ended 12/31/2015 were audited by the same independent auditor as that of Banco PAN.
- (4) On January 31, 2014, approval was given for the payment of dividends amounting to R\$ 17,000.
- (5) On December 30, 2014, the capital increase in Panserv Prestadora de Serviços Ltda. in the amount of R\$ 17,000 was approved.
- (6) On October 28, 2014, the Bank acquired the participation previously held by Pan Seguros S.A.
- (7) At December 31, 2014, the carrying amount included goodwill on acquisition of the investment amounting to R\$ 88,307, net of accumulated amortization (Note 15a).
- (8) The corporate name of Ourinvest Real Estate Holding S.A. was altered to Pan Holding S.A. on June 26, 2015.
- (9) On December 30, 2014, the capital increase in Pan Holding S.A. in the amount of R\$ 83,000 was approved.
- (10) Company completely spun off at 9/30/2015 (awaiting the approval of BACEN).
- (11) Companies directly controlled by the Bank as from September 30, 2015; previously these companies were directly controlled by Pan Holding S.A. The carrying amount of the related investments includes goodwill on acquisition, net of amortization, which amounted to R\$ 88,271 (Brazilian Mortgages Companhia Hipotecária R\$ 80,874, BM Sua Casa Promotora de Vendas Ltda. R\$ 4,782 and Brazilian Securities Companhia de Securitização R\$ 2,615) (awaiting the approval of BACEN).
- (12) Companies disposed of on 12/29/2014.
- (13) On 11/5/2015, Banco Pan acquired from Pan Arrendamento Mercantil 2,958 quotas (21.01% of the total) of the company Panamericano Administradora de Consórcio. As a result, Banco Pan became the direct owner of 99.99% of this company's capital.

NOTES TO THE PARENT COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS  
AT DECEMBER 31, 2015

(All amounts in thousands of reais unless otherwise stated)

**b) Other Investments:**

	Bank		Consolidated	
	12/31/2015	12/31/2014	12/31/2015	12/31/2014
Stone Pagamentos S.A.	3,092	415	3,092	415
Câmara Interbancária de Pagamentos	379	380	379	380
Other	-	-	-	1
<b>Total</b>	<b>3,471</b>	<b>795</b>	<b>3,471</b>	<b>796</b>

**14) PROPERTY AND EQUIPMENT**

**a) Property and equipment:**

Property and equipment are stated at cost of acquisition, less depreciation calculated on the straight-line method at annual rates which take into consideration the economic useful lives of the assets

Bank	Annual depreciation rate	Cost	Depreciation	Residual value	
				12/31/2015	12/31/2014
Facilities, furniture and equipment in use	10%	27,484	(10,144)	17,340	20,520
Security and communications systems	10%	1,404	(372)	1,032	1,097
Data processing systems	20%	22,494	(10,165)	12,329	10,773
Transportation systems	20%	349	(138)	211	281
<b>Total at 12/31/2015</b>		<b>51,731</b>	<b>(20,819)</b>	<b>30,912</b>	<b>-</b>
<b>Total at 12/31/2014</b>		<b>47,282</b>	<b>(14,611)</b>	<b>-</b>	<b>32,671</b>

Consolidated	Annual depreciation rate	Cost	Depreciation	Residual value	
				12/31/2015	12/31/2014
Facilities, furniture and equipment in use	10%	56,667	(20,234)	36,433	43,128
Security and communications systems	10%	1,408	(375)	1,033	1,100
Data processing systems	20%	22,664	(10,213)	12,451	10,859
Transportation systems	20%	349	(138)	211	282
<b>Total at 12/31/2015</b>		<b>81,088</b>	<b>(30,960)</b>	<b>50,128</b>	<b>-</b>
<b>Total at 12/31/2014</b>		<b>76,488</b>	<b>(21,119)</b>	<b>-</b>	<b>55,369</b>

**b) Change in property and equipment:**

	Bank	Consolidated
<b>At 12/31/2014</b>	<b>32,671</b>	<b>55,369</b>
Purchases	6,305	8,453
Amount released	(112)	(1,479)
Depreciation	(7,952)	(12,215)
<b>At 12/31/2015</b>	<b>30,912</b>	<b>50,128</b>

NOTES TO THE PARENT COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS  
AT DECEMBER 31, 2015

(All amounts in thousands of reais unless otherwise stated)

**15) INTANGIBLE ASSETS**

**a) Goodwill:**

Goodwill on the acquisition of an investment amounted to R\$ 116,449 (Consolidated - R\$ 250,532), based on the related expected future profitability, and is being amortized on the straight-line basis over a ten-year period or upon realization. This goodwill is recorded in the financial statements under investments and in the consolidated financial statements under intangible assets.

The amortization of goodwill totaled R\$ 11,645 in the parent company and R\$ 25,053 in the Consolidated for the year ended 12/31/2015.

**b) Intangible assets acquired comprise the following:**

Bank	Amortization rate	Cost	Amortization	Residual value	
				12/31/2015	12/31/2014
Expenses with software development	20% to 50%	99,045	(43,193)	55,852	34,660
Other	10%	22	(21)	1	2
<b>Total at 12/31/2015</b>		<b>99,067</b>	<b>(43,214)</b>	<b>55,853</b>	<b>-</b>
<b>Total at 12/31/2014</b>		<b>70,870</b>	<b>(36,208)</b>	<b>-</b>	<b>34,662</b>

Consolidated	Amortization rate	Cost	Amortization	Residual value	
				12/31/2015	12/31/2014
Expenses with software development	20% to 50%	102,666	(43,856)	58,810	35,841
Goodwill (Note 15a)	10%	250,532	(85,599)	164,933	189,986
Other	10%	22	(21)	1	2
<b>Total at 12/31/2015</b>		<b>353,220</b>	<b>(129,476)</b>	<b>223,744</b>	<b>-</b>
<b>Total at 12/31/2014</b>		<b>323,136</b>	<b>(97,307)</b>	<b>-</b>	<b>225,829</b>

**c) Activity in intangible assets by class:**

Bank	Expenses with software design	Other	Total
<b>At 12/31/2014</b>	<b>34,660</b>	<b>2</b>	<b>34,662</b>
Additions	44,489	-	44,489
Disposals	(6,056)	-	(6,056)
Amortization for the year	(17,241)	(1)	(17,242)
<b>At 12/31/2015</b>	<b>55,852</b>	<b>1</b>	<b>55,853</b>

Consolidated	Expenses with software design	Goodwill (Note 15a)	Other	Total
<b>At 12/31/2014</b>	<b>35,841</b>	<b>189,986</b>	<b>2</b>	<b>225,829</b>
Additions	47,263	-	-	47,263
Disposals	(6,945)	-	-	(6,945)
Amortization for the year	(17,349)	(25,053)	(1)	(42,403)
<b>At 12/31/2015</b>	<b>58,810</b>	<b>164,933</b>	<b>1</b>	<b>223,744</b>



NOTES TO THE PARENT COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS  
AT DECEMBER 31, 2015

(All amounts in thousands of reais unless otherwise stated)

**16) DEPOSITS, FUNDS OBTAINED IN THE OPEN MARKET AND FUNDS FROM ACCEPTANCE AND ISSUANCE OF SECURITIES**

**a) Deposits:**

Bank	Up to 30 days	31 to 90 days	91 to 180 days	181 to 360 days	Over 360 days	12/31/2015	12/31/2014
• Demand deposits (1)	75,647	-	-	-	-	75,647	107,184
• Interbank deposits	10,001,076	6,200	11,129	41,885	36,803	10,097,093	8,699,580
• Time deposits	53,975	232,382	87,543	103,280	1,571,616	2,048,796	2,837,794
<b>Total at 12/31/2015</b>	<b>10,130,698</b>	<b>238,582</b>	<b>98,672</b>	<b>145,165</b>	<b>1,608,419</b>	<b>12,221,536</b>	-
<b>Total at 12/31/2014</b>	<b>8,386,596</b>	<b>516,565</b>	<b>317,878</b>	<b>608,110</b>	<b>1,815,409</b>	-	<b>11,644,558</b>

Consolidated	Up to 30 days	31 to 90 days	91 to 180 days	181 to 360 days	Over 360 days	12/31/2015	12/31/2014
• Demand deposits (1)	73,247	-	-	-	-	73,247	107,002
• Interbank deposits	10,001,077	6,200	11,129	41,638	36,803	10,096,847	8,631,521
• Time deposits	53,974	232,382	87,149	103,280	1,450,231	1,927,017	2,736,001
<b>Total at 12/31/2015</b>	<b>10,128,298</b>	<b>238,582</b>	<b>98,278</b>	<b>144,918</b>	<b>1,487,034</b>	<b>12,097,111</b>	-
<b>Total at 12/31/2014</b>	<b>8,386,414</b>	<b>516,565</b>	<b>317,878</b>	<b>540,050</b>	<b>1,713,617</b>	-	<b>11,474,524</b>

(1) Classified as up to 30 days, without considering average historical turnover.

**b) Funds obtained in the open market:**

Bank	Up to 30 days	31 to 90 days	91 to 180 days	181 to 360 days	Over 360 days	12/31/2015	12/31/2014
<b>Own Portfolio</b>	<b>1,121,672</b>	-	-	-	<b>100,551</b>	<b>1,222,223</b>	<b>1,029,347</b>
• National Treasury Bills (LTN)	685,340	-	-	-	-	685,340	-
• Financial Treasury Bills (LFT)	-	-	-	-	100,551	100,551	531,461
• National Treasury Notes (NTN)	436,332	-	-	-	-	436,332	497,886
<b>Third-party portfolio</b>	<b>152,179</b>	-	-	-	-	<b>152,179</b>	<b>158,009</b>
• National Treasury Notes (NTN)	152,179	-	-	-	-	152,179	158,009
<b>Free Movement Portfolio</b>	-	<b>269,570</b>	-	-	-	<b>269,570</b>	-
• National Treasury Notes (NTN)	-	269,570	-	-	-	269,570	-
<b>Total at 12/31/2015</b>	<b>1,273,850</b>	<b>269,570</b>	-	-	<b>100,551</b>	<b>1,643,972</b>	-
<b>Total at 12/31/2014</b>	-	<b>63,462</b>	-	<b>95,526</b>	<b>1,028,368</b>	-	<b>1,187,356</b>

Consolidated	Up to 30 days	31 to 90 days	91 to 180 days	181 to 360 days	Over 360 days	12/31/2015	12/31/2014
<b>Own Portfolio</b>	<b>1,121,671</b>	-	-	-	<b>94,298</b>	<b>1,215,969</b>	<b>1,018,031</b>
• National Treasury Bills (LTN)	685,340	-	-	-	-	685,340	-
• Financial Treasury Bills (LFT)	-	-	-	-	94,298	94,298	520,145
• National Treasury Notes (NTN)	436,332	-	-	-	-	436,332	497,886
<b>Third-party portfolio</b>	<b>152,179</b>	-	-	-	-	<b>152,179</b>	<b>158,009</b>
• National Treasury Notes (NTN)	152,179	-	-	-	-	152,179	158,009
<b>Free Movement Portfolio</b>	-	<b>269,570</b>	-	-	-	<b>269,570</b>	-
• National Treasury Notes (NTN)	-	269,570	-	-	-	269,570	-
<b>Total at 12/31/2015</b>	<b>1,273,850</b>	<b>269,570</b>	-	-	<b>94,298</b>	<b>1,637,718</b>	-
<b>Total at 12/31/2014</b>	-	<b>52,368</b>	-	<b>95,304</b>	<b>1,028,368</b>	-	<b>1,176,040</b>

NOTES TO THE PARENT COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS  
AT DECEMBER 31, 2015

(All amounts in thousands of reais unless otherwise stated)

**c) Funds from acceptance and issuance of securities:**

Bank	Up to 30 days	31 to 90 days	91 to 180 days	181 to 360 days	Over 360 days	12/31/2015	12/31/2014
<b>Marketable securities - local</b>							
• Financial Bills (LF)	9,328	405,276	177,715	367,763	595,190	1,555,272	2,006,698
• Agribusiness letters of credit (LCA)	117,579	204,608	145,874	186,563	170,440	825,064	846,959
• Real estate letters of credit (LCI)	26,020	163,608	166,833	143,000	65,629	565,090	343,523
<b>Subtotal</b>	<b>152,927</b>	<b>773,492</b>	<b>490,422</b>	<b>697,326</b>	<b>831,259</b>	<b>2,945,426</b>	<b>3,197,180</b>
<b>Securities - Foreign (1)</b>							
• Euro Medium-Term Notes	-	-	-	-	-	-	773,610
<b>Subtotal</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>773,610</b>
<b>Total at 12/31/2015</b>	<b>152,927</b>	<b>773,492</b>	<b>490,422</b>	<b>697,326</b>	<b>831,259</b>	<b>2,945,426</b>	<b>-</b>
<b>Total at 12/31/2014</b>	<b>103,656</b>	<b>590,890</b>	<b>712,248</b>	<b>1,359,928</b>	<b>1,204,068</b>	<b>-</b>	<b>3,970,790</b>

Consolidated	Up to 30 days	31 to 90 days	91 to 180 days	181 to 360 days	Over 360 days	12/31/2015	12/31/2014
<b>Marketable securities - local</b>							
• Mortgage-backed securities (CRI)	8,633	-	-	-	-	8,633	10,420
• Financial Bills (LF)	9,328	405,276	177,715	367,763	595,190	1,555,272	2,006,698
• Agribusiness letters of credit (LCA)	117,579	204,608	145,874	186,563	170,440	825,064	840,982
• Real estate letters of credit (LCI)	39,535	305,789	279,784	457,452	532,614	1,615,174	1,536,341
<b>Subtotal</b>	<b>175,075</b>	<b>915,674</b>	<b>603,373</b>	<b>1,011,778</b>	<b>1,298,243</b>	<b>4,004,143</b>	<b>4,394,441</b>
<b>Securities - Foreign (1)</b>							
• Euro Medium-Term Notes	-	-	-	-	-	-	773,610
<b>Subtotal</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>773,610</b>
<b>Total at 12/31/2015</b>	<b>175,075</b>	<b>915,674</b>	<b>603,373</b>	<b>1,011,778</b>	<b>1,298,243</b>	<b>4,004,143</b>	<b>-</b>
<b>Total at 12/31/2014</b>	<b>217,662</b>	<b>877,491</b>	<b>841,445</b>	<b>1,559,362</b>	<b>1,672,091</b>	<b>-</b>	<b>5,168,051</b>

- (1) Settled on August 4, 2015. The marking to market of overseas funding was accounted for in the result of funds obtained in the market operations, which amounted to an expense of R\$ 10,523 in the year ended 12/31/2015 (income of R\$ 6,871 in the year ended 12/31/2014). This operation had a market risk hedge (Notes 3e and 7e).

NOTES TO THE PARENT COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS  
AT DECEMBER 31, 2015

(All amounts in thousands of reais unless otherwise stated)

**d) Expenses on deposits, funds obtained in the open market, funds from the issuance of securities and subordinated debt:**

	Bank		Consolidated	
	12/31/2015	12/31/2014	12/31/2015	12/31/2014
Interbank deposits	1,103,722	831,531	1,103,339	823,431
Term deposits	503,265	422,142	488,971	393,454
Financial bills	283,832	253,264	283,832	253,264
Exchange variation	828,454	224,007	828,454	232,107
Securities issued abroad and subordinated debt	215,585	162,456	215,585	162,456
Real estate letters of credit (LCI)	62,688	26,198	201,725	144,865
Purchase and sale commitments	224,850	119,258	223,793	119,258
Agribusiness letters of credit (LCA)	112,023	79,978	111,740	79,938
Funds raised abroad - subordinated debt and securities abroad	218,021	14,051	218,021	14,051
Contributions to the Deposit Guarantee Fund (FGC)	7,094	7,999	8,790	9,755
Credits assigned with retention of risk	71,087	17,118	71,087	17,118
Funding through FIDCs	-	-	-	58
<b>Total</b>	<b>3,630,621</b>	<b>2,158,002</b>	<b>3,755,337</b>	<b>2,249,755</b>

**17) INTERBANK ACCOUNTS - LOCAL CORRESPONDENTS**

The accounts refer to the receipt of portions of contracts assigned and assets repossessed relating to contracts assigned to be transferred to the assignees, updated at the rates agreed in the contracts.

The accounts are represented by consumer direct credit, personal loans, payroll loans and home loans, which amounted to R\$ 102,786 at December 31, 2015 (R\$ 107,299 at December 31, 2014).

**18) BORROWINGS**

**a) Balance sheet accounts:**

Consolidated	1 to 30 days	31 to 90 days	91 to 180 days	181 to 360 days	Over 360 days	12/31/2015	12/31/2014
Local	-	-	-	-	-	-	101,703
Foreign	1,096	-	-	-	153,634	154,730	66,614
<b>Total at 12/31/2015</b>	<b>1,096</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>153,634</b>	<b>154,730</b>	<b>-</b>
<b>Total at 12/31/2014</b>	<b>-</b>	<b>-</b>	<b>68,317</b>	<b>-</b>	<b>100,000</b>	<b>-</b>	<b>168,317</b>

**b) Result on borrowings:**

Borrowings	Bank		Consolidated	
	12/31/2015	12/31/2014	12/31/2015	12/31/2014
Local	-	-	17,752	16,696
Foreign	-	19,302	25,588	28,032
<b>Total</b>	<b>-</b>	<b>19,302</b>	<b>43,340</b>	<b>44,728</b>



NOTES TO THE PARENT COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS  
AT DECEMBER 31, 2015

(All amounts in thousands of reais unless otherwise stated)

**19) SUBORDINATED DEBT**

Presented below is the composition of the tranches and balances restated to the balance sheet dates:

Maturity	Original term in years	Amount of the operation	Currency	Remuneration	Bank and Consolidated	
					12/31/2015	12/31/2014
<b>Foreign (1):</b> 2020	10	US\$ 500,000	US\$	8.50% p.a.	2,203,182	1,423,509
<b>Local:</b> 2018 (2)	06	R\$ 10,000	R\$	100.0% of CDI rate + 1.35% p.a.	14,876	12,965
2019 (3)	06	R\$ 100,000	R\$	100.0% of IPCA rate + 5.60% p.a.	139,287	119,296
2019 (4)	05	R\$ 500	R\$	111% of CDI	589	513
<b>Total</b>					<b>2,357,935</b>	<b>1,556,283</b>

(1) The mark to market adjustment of the subordinated debts was recorded in the result of funds obtained in the market operations, the amount of which was an expense of R\$ 207,498 in the year ended December 31, 2015 (expense of R\$ 20,922 in the year ended at December 31, 2014. This operation has a market risk hedge (Notes 3e and 7c).

(2) Subordinated Financial Bills issued on May 22, 2012, maturing on May 22, 2018.

(3) Subordinated Financial Bills issued on June 5, 2013, maturing on April 5, 2019.

(4) Subordinated Financial Bills issued on October 13, 2014, maturing on October 14, 2019.

**20) CONTINGENT LIABILITIES AND LEGAL OBLIGATIONS (TAX AND SOCIAL SECURITY)**

**a) Legal obligations:**

The subsidiary Panamericano Arrendamento Mercantil S.A. is challenging in the courts the levying on financial revenue of the contributions to the Social Integration Program (PIS) and Social Contribution on Revenues (COFINS) as established under Law 9,718/98, and, based on the interim court decisions issued, has not been paying these contributions, but has constituted provisions for the full amount in dispute.

On July 29, 2014, the Company suspended the existing litigation and enrolled in the Tax Recovery Program (REFIS), to obtain the benefits instituted by Article 39, item I of Law 12,865, of October 9, 2013, as amended Law 12,973 of May 13, 2014, paying in full the debts related to PIS and COFINS for the years from 2006 to 2013.

**b) Provisions classified as probable loss:**

The Bank is a party to labor, civil and tax lawsuits arising in the normal course of its business. The corresponding provisions are constituted for processes, whenever losses are deemed probable, based on the opinion of the legal advisors, the type and complexity of the lawsuits and recent court sentences. The provision recorded is sufficient to cover the risk of loss arising from these lawsuits.

**Labor claims**

The claims have been brought by former employees and service providers, to obtain the payment of labor amounts in general, particularly overtime, based on the interpretation of Article 224 of the Consolidation of Labor Laws (CLT), or ancillary responsibility in lawsuits involving service providers.

The claims are managed individually through a computerized system and the provisions are constituted case by case, based on the criteria described above. Provisions are constituted for the full amount in the case of lawsuits with unfavorable court decisions.





NOTES TO THE PARENT COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS  
AT DECEMBER 31, 2015

(All amounts in thousands of reais unless otherwise stated)

**Civil**

These processes comprise payables for condemnatory actions relating to damages, protests of bills and notes, returned checks, inclusion of debtor names in the credit restriction register and the restitution of amounts.

The processes are managed individually through a computerized system and the provisions are constituted case by case when there is a likelihood of probable loss, considering the opinion of the legal advisors, the nature and complexity of the lawsuits and recent court decisions.

The related amounts are fully provided in the case of lawsuits with an unfavorable court decision. For calculating the value at risk in the other actions, the historical loss index of the processes concluded in the prior twelve months is applied to the amount claimed.

**I- Provisions segregated by nature:**

	Bank		Consolidated	
	12/31/2015	12/31/2014	12/31/2015	12/31/2014
Civil	141,534	167,038	153,638	180,478
Labor claims	98,623	69,739	132,741	96,602
Tax processes	3,635	3,173	17,317	26,824
<b>Total (1)</b>	<b>243,792</b>	<b>239,950</b>	<b>303,696</b>	<b>303,904</b>

(1) Note 21b.

**II- Change in provisions:**

Bank	12/31/2015			
	Civil	Labor	Tax	Total
<b>At 12/31/2014</b>	<b>167,038</b>	<b>69,739</b>	<b>3,173</b>	<b>239,950</b>
Amount released	(89,418)	(41,977)	(148)	(131,543)
Additions, net of amounts reversed	63,914	70,861	610	135,385
<b>At 12/31/2015</b>	<b>141,534</b>	<b>98,623</b>	<b>3,635</b>	<b>243,792</b>

Consolidated	12/31/2015			
	Civil	Labor	Tax	Total
<b>At 12/31/2014</b>	<b>180,478</b>	<b>96,602</b>	<b>26,824</b>	<b>303,904</b>
Amount released	(96,828)	(50,618)	(1,107)	(148,553)
Additions, net of amounts reversed	69,988	86,757	(8,400)	148,345
<b>At 12/31/2015</b>	<b>153,638</b>	<b>132,741</b>	<b>17,317</b>	<b>303,696</b>

There are no other significant administrative actions in progress for non-compliance with National Financial System rules or that could require the payment of fines, which could have a material effect on the financial position of the Bank or its subsidiaries.

**III- Contingent liabilities classified as possible losses:**

In the third quarter of 2012, a tax assessment notice was issued against Pan Arrendamento Mercantil S.A. by the Brazilian Federal Revenue Service, through which the tax authority claimed income tax and social contribution on net income allegedly owed for the tax years 2007 and 2008, totaling R\$ 19,166, including fines and arrears interest. The process is at the Board of Tax Appeals, awaiting judgment of the Voluntary Appeal of the company.

In the final quarter of 2012, three tax assessment notices were issued against Banco Pan S.A. by the Brazilian Federal Revenue Service, through which the tax authority claimed income tax and social contribution on net income allegedly owed for the tax years 2007 and 2008, totaling R\$ 170,475, including fines and arrears interest. The process is at the Board of Tax Appeals, awaiting judgment of the Voluntary Appeal of the company.



NOTES TO THE PARENT COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS  
AT DECEMBER 31, 2015

(All amounts in thousands of reais unless otherwise stated)

In the final quarter of 2013, tax assessment notices were issued against Pan Arrendamento Mercantil S.A. by the São Paulo municipal tax authority for Service Tax (ISS) payable on the guaranteed residual value (VRG) charged by the company in lease transactions during the period from 2008 to 2012, totaling R\$ 43,656 (not restated), including fines and arrears interest. The objection and appeals filed by the company to the Municipal Board of Taxes of São Paulo were finally and irrevocably considered as being without merit. The company filed an action for annulment against the city of São Paulo and is awaiting the court judgment.

Management, based on the opinion of its legal advisors, classified the likelihood of loss on these processes as possible.

**21) OTHER LIABILITIES**

**a) Tax and social security:**

	Bank		Consolidated	
	12/31/2015	12/31/2014	12/31/2015	12/31/2014
Social contribution on revenues (COFINS)	12,426	14,089	15,118	17,685
Withholding tax at source on payments to third parties	6,969	8,416	7,315	8,814
Taxes and contributions on salaries	8,703	523	15,429	2,752
Government social integration program (PIS)	2,019	2,290	2,559	3,058
Service tax (ISS)	2,066	1,769	3,044	3,996
Withholding tax on fixed-income securities	1,896	550	2,075	550
Taxes and contributions on income	1,420	20,962	13,664	34,333
Provision for deferred income tax (Note 33e)	-	-	93,798	109,541
Other	-	-	-	23
<b>Total</b>	<b>35,499</b>	<b>48,599</b>	<b>153,002</b>	<b>180,752</b>

**b) Sundry:**

	Bank		Consolidated	
	12/31/2015	12/31/2014	12/31/2015	12/31/2014
Assignment with co-obligation - Payroll (1)	489,692	690,009	489,692	690,009
Amounts payable to establishments related to credit card purchases	664,694	629,151	664,709	629,151
Provision for contingent liabilities (Note 20b)	243,792	239,950	303,696	303,904
Accrued liabilities	245,515	102,957	263,554	126,627
Collections	51,281	59,785	51,521	60,020
Amounts payable to affiliates	34,505	36,162	14,759	45,875
Amounts payable to correspondent banks	3,529	152	3,590	162
Allowance for loan assignment losses (Note 8c)	566	19,567	566	19,567
Specific consortium amounts	-	-	7,366	11,445
Other	34,041	36,435	39,806	18,566
<b>Total</b>	<b>1,767,615</b>	<b>1,814,168</b>	<b>1,839,259</b>	<b>1,905,326</b>

(1) Refer to the obligations assumed for credit assignment operations, with substantial retention of risks and benefits, prior to CMN Resolution 3,533/08, and pledges (Note 8f).



NOTES TO THE PARENT COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS  
AT DECEMBER 31, 2015

(All amounts in thousands of reais unless otherwise stated)

**22) TECHNICAL PROVISIONS - INSURANCE AND REINSURANCE:**

The balances are not being presented as a result of the sale of Pan Seguros on December 29, 2014.

**Result from insurance operations**

**a) Income earned from insurance premiums, by line:**

Lines (1)	12/31/2014
<b>Personal Insurance</b>	<b>168,852</b>
Personal injury (DPVAT)	42,451
Group personal accident	8,980
Unemployment/loss of income	6,174
Installment credits	106,429
Income protection from unforeseen events	993
Group life	845
Housing insurance - Installment credits	2,135
Housing insurance - Other coverage	642
Microinsurance	203
<b>Casualty insurance</b>	<b>543</b>
Extended warranty - Goods in General	541
Other	2
<b>Total</b>	<b>169,395</b>

(1) Net result of the variation in technical provisions for premiums.

**b) Claims incurred, by line:**

Line	12/31/2014
<b>Personal Insurance</b>	<b>45,341</b>
DPVAT	37,224
Income protection from unforeseen events	(660)
Unemployment/loss of income	(232)
Group personal accident	(451)
Reinsurance	38
Group life	(576)
Installment credits	8,852
Housing insurance - Installment credits	277
Housing insurance - Other coverage	68
Microinsurance	45
Assistance	756
<b>Casualty insurance</b>	<b>60</b>
Extended warranty - Goods in General	60
<b>Total</b>	<b>45,401</b>



NOTES TO THE PARENT COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS  
AT DECEMBER 31, 2015

(All amounts in thousands of reais unless otherwise stated)

**23) EQUITY**

**a) Composition of capital in number of shares:**

At 12/31/2015 and 12/31/2014, fully subscribed and paid-up capital totaled R\$ 3,460,732 and comprised nominative registered shares, with no par value, as presented in the table below:

	12/31/2015	12/31/2014
Common	535,029,747	535,029,747
Preferred	394,010,416	394,010,416
<b>Total</b>	<b>929,040,163</b>	<b>929,040,163</b>

On June 13, 2014, the Board of Directors of PAN approved a capital increase, within the limit of authorized capital, in the aggregate amount of up to R\$ 1,500,000,000.00 (one billion and five hundred million reais) at an issue price of R\$ 3.38 per ordinary or preferential share.

After the period for the exercise of preferential rights and the realization of the allocation of unsubscribed shares, the Board of Directors approved, on August 24, 2014, the final quantities of shares in the capital increase. Consequently, 242,566,348 common shares and 151,397,741 preferred shares were subscribed, totaling the amount of R\$ 1,331,599, of which (i) R\$ 593,712 was allocated to Capital and (ii) R\$ 737,887 to the Capital Reserve. BACEN approved the operation on August 29, 2014.

The Board of Directors meeting on November 3, 2014 approved the absorption of the accumulated losses incurred up to December 31, 2013, in the amount of R\$ 542,679, through the partial utilization of the balance of the Capital Reserve. The approved absorption was ratified by the Ordinary and Extraordinary General Meeting on April 30, 2015.

**b) Revenue reserves:**

Legal reserve - pursuant to its bylaws, the Bank shall appropriate 5% of net income, after the deduction of accumulated losses and the income tax provision, to the legal reserve, the balance of which should not exceed 20% of the Bank's paid-up capital. However, in accordance with Article 193, paragraph 1, of Corporation Law 6,404/76, the Bank could opt not to appropriate a portion of its net income to the legal reserve in the year in which the balance of this reserve plus the capital reserves exceeds 30% of capital.

Reserve for integrity of equity - the purpose of this reserve is to ensure that there are sufficient funds to meet the Bank's regulatory and operational capital requirements. The reserve can be converted into capital by a decision of the Board of Directors. Observing the limit of authorized capital, the appropriation could be formed, in accordance with the proposal of the Board of Directors, with up to 100% of the net income remaining after the annual appropriations, but may not exceed the amount of the Bank's capital.

**c) Dividends and interest on own capital:**

The shareholders are entitled to a minimum dividend calculated based on 25% of annual net income, adjusted pursuant to Article 202 of Law 6,404/76. This percentage in the Bank is currently 35%, as approved at the Extraordinary General Meeting held on January 18, 2012.

The Board of Directors meeting held on February 1, 2016 approved the payment of interest on capital for 2015, to be discussed at the General Meeting, which also decides on the accounts for 2015 presented by management. The gross amount of the interest is R\$ 3,152, of which R\$ 0.003392520 represents the gross value per share (R\$ 0.002881753, net of withholding income tax of 15%). The interest on capital for the years ended December 31, 2015 and December 31, 2014 can be presented as follows.



NOTES TO THE PARENT COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS  
AT DECEMBER 31, 2015

(All amounts in thousands of reais unless otherwise stated)

	12/31/2015	% (1)	12/31/2014	% (1)
<b>Profit</b>	<b>8,052</b>		<b>4,630</b>	
(-) Legal reserve	(403)		(232)	
<b>Calculation basis</b>	<b>7,649</b>		<b>4,398</b>	
<b>Interest on capital (gross) provisioned</b>	<b>3,152</b>	<b>41.2%</b>	<b>1,811</b>	<b>41.2%</b>
Withholding income tax on interest on capital	(472)		(272)	
<b>Interest on capital (net) provisioned</b>	<b>2,677</b>	<b>35.0%</b>	<b>1,539</b>	<b>35.0%</b>

(1) Percentage of interest on capital on the calculation basis.

## 24) INCOME FROM SERVICES RENDERED

	Bank		Consolidated	
	12/31/2015	12/31/2014	12/31/2015	12/31/2014
Loan operations	287,605	257,708	287,605	257,708
Credit cards	105,108	85,445	105,108	85,445
Commissions / brokerage	49,251	5,748	49,533	27,624
Collection services	1,570	1,107	1,570	1,107
Consortium plan management	-	-	22,174	14,329
Structuring of transactions / funds	-	-	300	885
Other	7,072	5,743	14,636	12,958
<b>Total</b>	<b>450,606</b>	<b>355,751</b>	<b>480,926</b>	<b>400,056</b>

## 25) PERSONNEL EXPENSES

	Bank		Consolidated	
	12/31/2015	12/31/2014	12/31/2015	12/31/2014
Salaries	196,733	148,988	322,796	285,123
Social charges	52,087	35,720	98,543	83,694
Benefits	34,942	21,788	71,156	63,413
Fees	16,287	11,306	32,521	17,142
Other	3,196	3,158	3,505	3,970
<b>Total</b>	<b>303,245</b>	<b>220,960</b>	<b>528,521</b>	<b>453,342</b>

## 26) OTHER ADMINISTRATIVE EXPENSES

	Bank		Consolidated	
	12/31/2015	12/31/2014	12/31/2015	12/31/2014
Commissions paid to correspondent banks	1,231,788	849,149	1,001,913	668,615
Third-party services	149,911	135,141	190,092	187,338
Financial system services	148,789	77,060	152,407	80,021
Data processing	110,849	74,821	113,518	77,610
Rentals	34,630	33,986	48,842	50,047
Communications	38,030	39,552	43,816	44,926
Depreciation and amortization	25,194	23,823	29,565	29,141
Advertising, promotions and publicity	22,915	25,676	26,773	31,679
Expenses for search and seizure of assets	24,827	14,200	25,058	14,211
Maintenance and repair of assets	2,483	4,365	4,918	8,747
Travel	6,195	5,608	8,739	8,269
Transportation	4,365	5,864	5,077	6,998
Fees and charges	3,807	26,100	8,735	26,775
Consumption materials	584	591	804	899
Other	74,220	55,637	88,216	71,492
<b>Total</b>	<b>1,878,587</b>	<b>1,371,573</b>	<b>1,748,473</b>	<b>1,306,768</b>

NOTES TO THE PARENT COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS  
AT DECEMBER 31, 2015

(All amounts in thousands of reais unless otherwise stated)

**27) TAX EXPENSES**

	Bank		Consolidated	
	12/31/2015	12/31/2014	12/31/2015	12/31/2014
Social contribution on revenues (COFINS)	133,966	92,686	162,114	130,523
Services tax (ISS)	21,241	16,822	35,062	32,576
Social Integration Program (PIS)	21,769	15,061	27,519	22,445
Taxes and charges	7,046	2,498	19,064	10,313
<b>Total</b>	<b>184,022</b>	<b>127,067</b>	<b>243,759</b>	<b>195,857</b>

**28) OTHER OPERATING INCOME AND EXPENSES**

**a) Other operating income:**

	Bank		Consolidated	
	12/31/2015	12/31/2014	12/31/2015	12/31/2014
Recovery of charges and expenses	63,275	36,287	71,557	42,343
Monetary variation gains	116,172	37,722	121,103	50,122
Residual benefit of securitized transactions	-	-	7,564	6,657
Reversal of provisions	9,013	2,548	20,884	4,501
Amortization of negative goodwill - Banco Cruzeiro do Sul	-	15,877	-	15,877
Other	27,777	29,614	29,607	36,372
<b>Total</b>	<b>216,237</b>	<b>122,048</b>	<b>250,715</b>	<b>155,872</b>

**b) Other operating expenses:**

	Bank		Consolidated	
	12/31/2015	12/31/2014	12/31/2015	12/31/2014
Assignment of loans	472,375	381,139	472,375	368,574
Provisions	139,253	161,446	165,717	210,876
Loss on loan/financing operations and frauds	53,545	45,098	55,003	45,113
Monetary variation losses	398,000	210,298	399,568	220,749
Discounts granted	27,128	31,686	28,174	34,568
Amortization of goodwill	11,645	11,645	25,053	25,053
Liens	25,476	22,877	25,502	22,896
Enrollment in REFIS	-	12,952	-	9,017
Insurance policy management	-	-	-	225
Other	13,886	45,447	39,536	54,057
<b>Total</b>	<b>1,141,308</b>	<b>922,588</b>	<b>1,210,928</b>	<b>991,128</b>

**29) NON-OPERATING RESULT**

	Bank		Consolidated	
	12/31/2015	12/31/2014	12/31/2015	12/31/2014
Result on sale of other assets	(59,590)	(80,842)	(75,254)	(86,048)
Reversal/impairment of other assets	7,063	24,018	14,305	28,301
Impairment of non-financial assets	(4,386)	(809)	(15,991)	(10,867)
Gain on disposal of investment	-	386,530	-	386,530
Other	2,451	(2,147)	2,518	431
<b>Total</b>	<b>(54,462)</b>	<b>326,750</b>	<b>(74,422)</b>	<b>318,347</b>



NOTES TO THE PARENT COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS  
AT DECEMBER 31, 2015

(All amounts in thousands of reais unless otherwise stated)

**30) RELATED-PARTY TRANSACTIONS AND BALANCES**

Transactions with related parties (direct and indirect) are carried out under conditions and rates which are compatible with the average terms practiced with third parties effective on the contract dates.

**a) Balances and transactions with related parties:**

	Maximum term	Bank			
		12/31/2015	12/31/2014	12/31/2015	12/31/2014
		Assets (liabilities)	Assets (liabilities)	Revenue (expenses)	Revenue (expenses)
<b>Short-term interbank investments (a)</b>					
Banco BTG Pactual S.A.		-	-	13,039	18,995
Brazilian Mortgages Cia Hipotecária	12/27/2016	466,298	122,734	26,853	8,100
Caixa Econômica Federal	-	-	-	2,539	3,651
Pan Arrendamento Mercantil S.A.	11/1/2018	55,756	68,289	7,334	5,937
<b>Total</b>		<b>522,054</b>	<b>191,023</b>	<b>49,765</b>	<b>36,683</b>
<b>Loan assignment (b)</b>					
Caixa Econômica Federal	-	921,297	426,692	-	-
<b>Total</b>		<b>921,297</b>	<b>426,692</b>	-	-
<b>Other credits</b>					
Banco BTG Pactual S.A.	No term	456	-	-	-
Caixa Econômica Federal	No term	25,376	12,773	-	-
Pan Seguros S.A.	No term	4,583	3,055	-	-
Panamericana Adm. e Corret. de Seg.de Prev. Privada Ltda.	No term	11	16	-	-
Brazilian Mortgages Companhia Hipotecária	No term	3,958	5,294	-	-
Pan Arrendamento Mercantil S.A.	No term	13	15	-	-
Panserv Prestadora de Serviços Ltda.	No term	432	446	-	-
BM sua Casa Promotora de Vendas Ltda.	No term	21	39	-	-
Brazilian Securities Companhia de Securitização (j)	No term	2,764	2,491	-	-
Panamericano Administradora de Consórcio Ltda.	No term	1	-	-	-
Brazilian Finance & Real Estate S.A. (j)	No term	3,732	-	-	-
<b>Total</b>		<b>41,347</b>	<b>24,129</b>	-	-
<b>Demand deposits (c)</b>					
Pan Seguros S.A.	No term	(245)	(1,889)	-	-
Panamericana Adm. e Corret. de Seg.de Prev. Privada Ltda.	No term	(101)	(6)	-	-
Panamericano Administradora de Consórcio Ltda.	No term	(8)	(11)	-	-
Pan Arrendamento Mercantil S.A.	No term	(88)	(136)	-	-
Panserv Prestadora de Serviços Ltda.	No term	(5)	(12)	-	-
BM sua Casa Promotora de Vendas Ltda.	No term	(11)	(4)	-	-
Pan Holding S.A.	No term	-	(1)	-	-
Brazilian Finance & Real Estate S.A.	No term	(10)	(4)	-	-
Brazilian Mortgages Cia Hipotecária	No term	(2,273)	(8)	-	-
Brazilian Securities Companhia de Securitização	No term	(5)	(3)	-	-
Key management personnel	No term	(3)	(1)	-	-
<b>Total</b>		<b>(2,749)</b>	<b>(2,075)</b>	-	-
<b>Interbank deposits (d)</b>					
Banco BTG Pactual S.A.	1/4/2016	(310,000)	(2,518,107)	(213,264)	(241,269)
Caixa Econômica Federal	1/26/2016	(9,691,077)	(5,855,642)	(857,720)	(561,335)
Brazilian Mortgages Companhia Hipotecária	5/5/2016	(246)	(68,059)	(383)	(10,988)
<b>Total</b>		<b>(10,001,323)</b>	<b>(8,441,808)</b>	<b>(1,071,367)</b>	<b>(813,592)</b>



NOTES TO THE PARENT COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS  
AT DECEMBER 31, 2015

(All amounts in thousands of reais unless otherwise stated)

	Maximum term	Bank			
		12/31/2015	12/31/2014	12/31/2015	12/31/2014
		Assets (liabilities)	Assets (liabilities)	Revenue (expenses)	Revenue (expenses)
<b>Time deposits (e)</b>					
Panamericana Adm. e Corret. de Seg.de Prev. Privada Ltda.	11/23/2018	(14,569)	(18,690)	(1,948)	(925)
Panamericano Administradora de Consórcio Ltda.	12/14/2018	(7,837)	(7,615)	(985)	(1,727)
Panserv Prestadora de Serviços Ltda.	11/26/2018	(21,059)	(13,506)	(3,278)	(1,725)
Brazilian Securities Companhia de Securitização	9/1/2020	(37,735)	(3,063)	(1,471)	(1,367)
Brazilian Finance & Real Estate S.A.	12/12/2018	(49,656)	(55,201)	(6,096)	(371)
BM sua Casa Promotora de Vendas Ltda.	12/5/2018	(5,492)	(4,502)	(709)	(10,488)
BMSR II Participações S.A.	-	-	(763)	(69)	(23)
Pan Holding S.A.	-	-	(17,144)	(1,685)	(975)
<b>Total</b>		<b>(136,348)</b>	<b>(120,484)</b>	<b>(16,241)</b>	<b>(17,601)</b>
<b>Liabilities for purchase and sale commitments</b>					
Banco BTG Pactual S.A.	1/4/2016	(630,001)	-	(27,648)	(9,165)
Caixa Econômica Federal	1/4/2016	(901)	-	(932)	(456)
Panamericano Administradora de Consórcio Ltda.	2/28/2020	(6,254)	(11,316)	(1,057)	(250)
<b>Total</b>		<b>(637,156)</b>	<b>(11,316)</b>	<b>(29,637)</b>	<b>(9,871)</b>
<b>Funds from real-estate and agribusiness letters of credit and financial bills (f)</b>					
Banco BTG Pactual S.A.	2/23/2018	(404,366)	(389,144)	(31,068)	(37,999)
Brazilian Securities Companhia de Securitização	-	-	(5,977)	(283)	(39)
Caixa Econômica Federal	-	-	-	-	(342)
Key management personnel	1/28/2022	(30,719)	(27,181)	(3,566)	(1,383)
<b>Total</b>		<b>(435,085)</b>	<b>(422,302)</b>	<b>(34,917)</b>	<b>(39,763)</b>
<b>Derivative financial instruments (g)</b>					
Brazilian Securities Companhia de Securitização	2/15/2022	(13,321)	(23,503)	(47,697)	5,817
Banco BTG Pactual S.A.	2/15/2022	351,450	130,011	124,447	226,012
<b>Total</b>		<b>338,129</b>	<b>106,508</b>	<b>76,750</b>	<b>231,829</b>
<b>Other liabilities</b>					
Pan Seguros S.A.	No term	(14,756)	(11,036)	-	-
Pan Arrendamento Mercantil S.A.	No term	(36)	-	-	-
Panserv Prestadora de Serviços Ltda.	No term	(18,354)	(10,737)	-	-
Brazilian Mortgages Companhia Hipotecária	No term	(1,343)	(1,682)	-	-
Brazilian Finance & Real Estate S.A.	No term	(16)	-	-	-
<b>Total</b>		<b>(34,505)</b>	<b>(23,455)</b>	-	-
<b>Income from services rendered (h)</b>					
Pan Seguros S.A.	-	-	-	49,252	5,331
<b>Total</b>		-	-	<b>49,252</b>	<b>5,331</b>
<b>Personnel expenses (i)</b>					
Pan Seguros S.A.	-	-	-	(191)	(108)
<b>Total</b>		-	-	<b>(191)</b>	<b>(108)</b>
<b>Other administrative expenses</b>					
Panserv Prestadora de Serviços Ltda.	-	-	-	(245,950)	(271,259)
Pan Seguros S.A.	-	-	-	(2,071)	(1,725)
Banco BTG Pactual S.A.	-	-	-	(868)	(550)
BTG Pactual Corretora	-	-	-	(108)	(97)
Tecban S.A.	-	-	-	(990)	(948)
Câmara Interbancária de Pagamentos	-	-	-	(9,136)	(159)
Pan Holding S.A.	-	-	-	-	(230)





NOTES TO THE PARENT COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS  
AT DECEMBER 31, 2015

(All amounts in thousands of reais unless otherwise stated)

	Bank				
	Maximum term	12/31/2015	12/31/2014	12/31/2015	12/31/2014
		Assets (liabilities)	Assets (liabilities)	Revenue (expenses)	Revenue (expenses)
<b>Total</b>		-	-	(259,123)	(274,968)
<b>Income from loan assignments</b>					
Caixa Econômica Federal	-	-	-	1,628,252	903,123
Banco BTG Pactual S.A.	-	-	-	-	1,996
<b>Total</b>		-	-	<b>1,628,252</b>	<b>905,119</b>

- (a) Refer to the Bank's applications with rates equivalent to those of the CDI.  
 (b) Refers to the performance bonus of the assignment of credits without recourse.  
 (c) Refer to the outstanding balances of current accounts of affiliates held at the Bank.  
 (d) Refer to the funding through interbank deposits with rates equivalent to those of the CDI.  
 (e) Refer to the funding through time deposits made at the Bank.  
 (f) Refer to the capture of funds through agribusiness and real estate letters of credit and financial bills with rates at an average of 97.7% of the CDI.  
 (g) Refer to swaps.  
 (h) Refers to the commissions paid to the Bank for insurance intermediation and the commission paid to the correspondent for business intermediation.  
 (i) Refer to the portion of expenses on group life insurance that the Bank pays its employees.  
 (j) Dividends receivable amounting to: R\$ 2,389 from Brazilian Finance & Real Estate S.A. and R\$ 1,700 from Brazilian Securities Companhia de Securitização.

	Consolidated				
	Maximum term	12/31/2015	12/31/2014	12/31/2015	12/31/2014
		Assets (liabilities)	Assets (liabilities)	Revenue (expenses)	Revenue (expenses)
<b>Available funds (a)</b>					
Banco BTG Pactual S.A.	-	-	5	-	-
Caixa Econômica Federal	No term	2,403	-	-	-
<b>Total</b>		<b>2,403</b>	<b>5</b>	-	-
<b>Short-term interbank investments (b)</b>					
Banco BTG Pactual S.A.	-	-	-	13,039	18,995
Caixa Econômica Federal	-	-	-	2,539	3,651
<b>Total</b>		-	-	<b>15,578</b>	<b>22,646</b>
<b>Loan assignment (c)</b>					
Caixa Econômica Federal	-	921,297	426,692	-	-
<b>Total</b>		<b>921,297</b>	<b>426,692</b>	-	-
<b>Other credits</b>					
Banco BTG Pactual S.A.	No term	456	-	-	-
Caixa Econômica Federal	No term	25,376	12,773	-	-
Pan Seguros S.A.	No term	4,583	4,420	-	-
Panamericana Adm. e Corret. de Seg.de Prev. Privada Ltda.	No term	11	16,593	-	-
<b>Total</b>		<b>30,426</b>	<b>33,786</b>	-	-
<b>Demand deposits (d)</b>					
Pan Seguros S.A.	No term	(245)	(1,889)	-	-
Panamericana Adm. e Corret. de Seg.de Prev. Privada Ltda.	No term	(101)	(6)	-	-
Key management personnel	No term	(3)	(1)	-	-
<b>Total</b>		<b>(349)</b>	<b>(1,896)</b>	-	-
<b>Interbank deposits (e)</b>					
Banco BTG Pactual S.A.	1/4/2016	(310,000)	(2,518,107)	(213,264)	(241,269)
Caixa Econômica Federal	1/26/2016	(9,691,077)	(5,855,642)	(857,720)	(561,335)
<b>Total</b>		<b>(10,001,077)</b>	<b>(8,373,749)</b>	<b>(1,070,984)</b>	<b>(802,604)</b>
<b>Time deposits (f)</b>					
Panamericana Adm. e Corret. de Seg.de Prev. Privada Ltda.	11/23/2018	(14,569)	(18,690)	(1,948)	(925)
<b>Total</b>		<b>(14,569)</b>	<b>(18,690)</b>	<b>(1,948)</b>	<b>(925)</b>



NOTES TO THE PARENT COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS  
AT DECEMBER 31, 2015

(All amounts in thousands of reais unless otherwise stated)

	Maximum term	Consolidated			
		12/31/2015	12/31/2014	12/31/2015	12/31/2014
		Assets (liabilities)	Assets (liabilities)	Revenue (expenses)	Revenue (expenses)
<b>Liabilities for purchase and sale commitments</b>					
Banco BTG Pactual S.A.	1/4/2016	(630,001)	-	(27,648)	(9,165)
Caixa Econômica Federal	1/4/2016	(901)	-	(932)	(456)
<b>Total</b>		<b>(630,902)</b>	<b>-</b>	<b>(28,580)</b>	<b>(9,621)</b>
<b>Funds from real-estate and agribusiness letters of credit and financial bills (g)</b>					
Banco BTG Pactual S.A.	2/23/2018	(404,366)	(520,888)	(37,745)	(43,140)
Caixa Econômica Federal	-	-	-	-	(342)
Key management personnel	1/28/2020	(33,409)	(28,368)	(3,681)	(1,383)
<b>Total</b>		<b>(539,635)</b>	<b>(549,256)</b>	<b>(41,426)</b>	<b>(44,865)</b>
<b>Derivative financial instruments (h)</b>					
Banco BTG Pactual S.A.	2/15/2022	351,450	130,011	124,447	226,012
<b>Total</b>		<b>351,450</b>	<b>130,011</b>	<b>124,447</b>	<b>226,012</b>
<b>Other liabilities</b>					
Banco BTG Pactual S.A.	No term	-	(75)	-	-
BTG Pactual Gestora de Recursos Ltda.	No term	-	(19)	-	-
Pan Seguros S.A.	No term	(14,759)	(12,061)	-	-
<b>Total</b>		<b>(14,759)</b>	<b>(12,155)</b>	<b>-</b>	<b>-</b>
<b>Income from services rendered (i)</b>					
BTG Pactual Gestora de Recursos Ltda.	-	-	-	-	171
Pan Seguros S.A.	-	-	-	49,252	33,591
<b>Total</b>		<b>-</b>	<b>-</b>	<b>49,252</b>	<b>33,762</b>
<b>Personnel expenses (j)</b>					
Pan Seguros S.A.	-	-	-	(340)	(645)
<b>Total</b>		<b>-</b>	<b>-</b>	<b>(340)</b>	<b>(645)</b>
<b>Other administrative expenses</b>					
Pan Seguros S.A.	-	-	-	(2,071)	(1,782)
Banco BTG Pactual S.A.	-	-	-	(868)	(896)
BTG Pactual Corretora	-	-	-	(108)	(97)
Tecban S.A.	-	-	-	(990)	(948)
Câmara Interbancária de Pagamentos	-	-	-	(9,136)	(159)
<b>Total</b>		<b>-</b>	<b>-</b>	<b>(13,173)</b>	<b>(3,882)</b>
<b>Income from loan assignments</b>					
Caixa Econômica Federal	-	-	-	1,633,727	929,079
Banco BTG Pactual S.A.	-	-	-	-	1,996
<b>Total</b>		<b>-</b>	<b>-</b>	<b>1,633,727</b>	<b>931,075</b>

(a) Refer to the current accounts of the companies Pan Holding S.A. and Brazilian Mortgages Companhia Hipotecária.

(b) Refer to the Bank's applications with rates equivalent to those of the CDI.

(c) Refers to the performance bonus of the assignment of credits without recourse.

(d) Refer to the outstanding balances of current accounts of affiliates held at the Bank.

(e) Refer to the funding through interbank deposits with rates equivalent to those of the CDI.

(f) Refer to the funding through time deposits made at the Bank.

(g) Refer to the capture of funds through agribusiness and real estate letters of credit and financial bills with rates at an average of 97.7% of the CDI.

(h) Refer to swaps.



## NOTES TO THE PARENT COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS AT DECEMBER 31, 2015

(All amounts in thousands of reais unless otherwise stated)

- (i) Refers to the commissions paid to the Bank for insurance intermediation and the commissions paid to the correspondent for business intermediation.
- (j) Refer to the portion of expenses on group life insurance that the Bank pays to its employees.

### b) Key management remuneration:

At the Annual General Meeting held on April 30, 2015, the maximum amount of key management remuneration for 2015 was established at R\$ 35,000 (R\$ 29,445 in 2014) (Expenses for fees). The amount in the PAN Group for 2015 was R\$ 70,000 (R\$ 72,011 in 2014).

#### Short-term benefits provided to management (1)

	Bank		Consolidated	
	12/31/2015	12/31/2014	12/31/2015	12/31/2014
Expenses for fees	16,287	11,306	32,521	17,142
Social security contributions (INSS)	3,665	2,544	7,317	3,857
<b>Total</b>	<b>19,952</b>	<b>13,850</b>	<b>39,838</b>	<b>20,999</b>

(1) Recorded in the "Personnel expenses" account.

PAN provides no long-term benefits, related to employment contract rescissions or share-based remuneration, to its key management personnel.

#### • Other information

In accordance with the legislation in force, financial institutions may not grant loans or advances to the following:

- I. Directors and members of the advisory, administrative, supervisory or similar boards and their respective spouses and relatives up to the second degree;
- II. Individuals or legal entities holding an ownership interest of more than 10%; and
- III. Legal entities in which the financial institution itself and any of its directors or managers and their spouses and relatives up to the second degree hold an ownership interest of more than 10%.

### 31) FINANCIAL INSTRUMENTS

#### • Risk management

The Bank has exposure in assets and liabilities involving derivative financial instruments, which are recorded in balance sheet, income and expenses and memorandum accounts.

The Bank's management is responsible for establishing a risk policy and exposure limits. The control and compliance management area, which is independent of the business and operational areas, is responsible for identifying, assessing, monitoring and reporting compliance with the risk guidelines established by management.

#### • Capital management

The Bank considers that capital management is a strategic process designed to optimize the utilization of available capital, contribute to the achievement of its strategic objectives and comply with the minimum capital limits established by the regulatory authority.



## NOTES TO THE PARENT COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS AT DECEMBER 31, 2015

(All amounts in thousands of reais unless otherwise stated)

The Bank's capital management framework is compatible with the nature of its operations, the complexity of its products and services and its risk exposure and covers all the companies of the Group's financial conglomerate.

Capital management is a continuous process of (i) monitoring and controlling capital; (ii) assessing the need for capital to cover the potential risks to the Bank; and (iii) planning the capital targets and requirements. Capital management is based on the Bank's strategic objectives, business opportunities and the regulatory environment.

The Bank manages its capital based on a timely and prospective approach, in line with best practices and in compliance with the recommendations issued by the Basel Committee, through policies and strategies that anticipate the capital that could be required as a result of possible changes in market conditions and which are evaluated periodically by the Executive Board and Board of Directors.

### OPERATING LIMITS - BASEL ACCORD

PAN complies with the minimum capital requirements established by CMN Resolutions 4,192/13 and 4,193/13. The capital amounts required are calculated in accordance with BACEN Circular 3,644/13 for credit risk, BACEN Circulars 3,634/13 to 3,639/13, 3,641/13 and 3,645/13 for market risk and BACEN Circular 3,640/13 for operational risk.

The calculation of the capital indicators of the Financial Conglomerate basis (December 31, 2014) and Prudential Conglomerate (December 31, 2015) can be presented as follows:

Calculation basis - Basel ratio	12/31/2015	12/31/2014
Tier I reference equity	2,400,644	2,746,585
Core capital	2,400,644	2,746,585
Tier II reference equity	919,813	1,051,140
<b>Reference equity for comparison with risk-weighted assets (RWA)</b>	<b>3,320,457</b>	<b>3,797,725</b>
<b>Reference equity</b>	<b>3,320,457</b>	<b>3,797,725</b>
- Credit risk	18,806,986	18,382,573
- Market risk	324,085	310,106
- Operating risk	971,467	1,629,411
<b>Risk-weighted assets (RWA)</b>	<b>20,102,538</b>	<b>20,322,090</b>
<b>Basel ratio</b>	<b>16.52%</b>	<b>18.69%</b>
<b>Tier I capital</b>	<b>11.94%</b>	<b>13.52%</b>
<b>Core capital</b>	<b>11.94%</b>	<b>13.52%</b>

- **Credit risk**

Credit risk is defined as the possibility of the occurrence of losses related to the non-fulfillment by customers or counterparties of their corresponding financial obligations under the agreed terms, the devaluation of a loan agreement as a result of a deterioration in the borrower's risk rating, reductions in gains or remuneration, advantages granted in renegotiations and recovery costs.

The management of credit risks involves policies and strategies for monitoring, operating limits, risk mitigation techniques and procedures for maintaining the credit risk exposure at levels which are considered to be acceptable by the Bank.

- **Market risk**

This risk arises from the possibility of loss due to rate fluctuations and the mismatching of the terms and currencies of the consolidated asset and liability portfolios. These risks are managed daily through methodologies established by best practice guidelines.

NOTES TO THE PARENT COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS  
AT DECEMBER 31, 2015

(All amounts in thousands of reais unless otherwise stated)

The transactions are exposed to the following risk factors: fixed interest rates, interest rates linked to foreign exchange variations and their corresponding spot rates, interest rates linked to price indexes (INPC, INCC, IPCA and IGPM), as well as other interest rates (TR), exchange variations (US\$) and share price variations.

The financial instruments are segregated into the following portfolios:

Trading portfolio: all transactions conducted with financial instruments, including derivatives, held with the intention of trading or for hedging other trading portfolio instruments. The portfolio held for trading is that intended for resale, for obtaining benefits from effective or expected changes in prices or the realization of arbitrage.

Banking portfolio: all transactions not classified in the trading portfolio. They consist of structural operations arising from the business lines of the organization and any related hedges.

**Sensitivity analysis at December 31, 2015**

Risk factors	Trading and Banking Portfolio exposures subject to variation:	SCENARIOS(*)		
		(1)Probable	(2)Possible	(3)Remote
Interest rates	Fixed interest rates	(1,850)	(758,474)	(1,540,199)
Coupon - other interest rates	Coupon rates of interest rates	(135)	(3,355)	(6,664)
Coupon - price index	Coupon rates of price indexes	(38)	(7,205)	(15,474)
Foreign currency	Foreign exchange rates	(159)	(3,975)	(7,951)
Exchange coupon	Exchange coupon rates	(4)	(326)	(467)
<b>Total at 12/31/2015</b>		<b>(2,186)</b>	<b>(773,335)</b>	<b>(1,570,755)</b>
<b>Total at 12/31/2014</b>		<b>(2,689)</b>	<b>(650,968)</b>	<b>(1,292,734)</b>

(\*) Amounts gross of taxes.

The sensitivity analysis was effected based on the market data for the last day in December 2015, always considering the adverse impact on the positions for each vertex. The effects do not consider the correlation between the vertices and the risk factors and tax effects.

**Scenario 1:** a one basis point (0.01%) shock (upward or downward) was applied to the forward interest rate structure in all vertices/terms. For example: a 10% p.a. rate becomes 10.01% p.a. or 9.99% p.a. For foreign currencies and shares, a 1% shock was applied to the effective price.

**Scenario 2:** a 25% shock (upward or downward) was applied to the rates (application of a multiplier of 1.25). For example: a 10% p.a. rate becomes 12.50% p.a. or 7.50% p.a. For foreign currencies and shares, a 25% shock was applied to the effective price.

**Scenario 3:** a 50% shock (upward or downward) was applied to the rates (application of a multiplier of 1.50). For example: a 10% p.a. rate becomes 15.00% p.a. or 5.00% p.a. For foreign currencies and shares, a 50% shock was applied to the effective price.

It should be noted that the results of scenarios (2) and (3) refer to simulations which involve significant stress situations, without considering correlation factors among the indexes. They do not reflect possible variations arising from market dynamics, the probability of the occurrence of which is considered to be low, and also, from measures which could be taken by the Bank itself to mitigate any potential risks.



NOTES TO THE PARENT COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS  
AT DECEMBER 31, 2015

(All amounts in thousands of reais unless otherwise stated)

**FOREIGN EXCHANGE EXPOSURE**

The assets and liabilities linked to foreign currencies at December 31, 2015 and 2014 are presented below:

Assets - U.S. dollar	12/31/2015	12/31/2014
Credit operations (ACC/CCE)	566,486	965,700
Other receivables	22,585	22,140
<b>Total assets</b>	<b>589,071</b>	<b>987,840</b>

Liabilities - U.S. dollar	12/31/2015	12/31/2014
Subordinated debt	2,203,182	1,423,509
Obligations for marketable securities abroad	-	773,610
Foreign borrowings	154,730	66,614
<b>Total liabilities</b>	<b>2,357,912</b>	<b>2,263,733</b>

The Bank uses derivative financial instruments for hedging purposes to meet its needs for managing market risks arising from the mismatching of currencies, indexes, portfolio terms and arbitrage.

At December 31, 2015 and 2014, the position of the derivative financial instruments, in foreign currency, was as follows:

	Notional value		Market value	
	12/31/2015	12/31/2014	12/31/2015	12/31/2014
Assets - U.S. dollar				
<i>Swap</i>	1,112,537	1,557,570	2,627,538	2,575,119
DDI	62,964	97,796	62,964	97,796
DOL	99,572	-	99,572	-
<b>Total</b>	<b>1,275,074</b>	<b>1,655,366</b>	<b>2,790,075</b>	<b>2,672,915</b>
Liabilities - U.S. dollar				
<i>Swap</i>	131,141	128,076	139,215	145,677
DDI	575,394	789,323	575,394	789,323
DOL	58,035	146,215	58,035	146,215
NDF	12,470	16,371	12,987	16,734
<b>Total</b>	<b>777,039</b>	<b>1,079,985</b>	<b>785,630</b>	<b>1,097,949</b>

• **Liquidity risk**

Liquidity risk is defined as the possibility of the Bank not being able to efficiently honor its expected and unexpected, current and future obligations, including those arising from related guarantees, without affecting its daily transactions and without incurring significant losses; and also, the possibility of the Bank not being able to negotiate a specific position at market price, due to the amount being significant in relation to the financial volume usually transacted or because of some market discontinuity.

The liquidity position, mismatching of primary risk factors and the rates and terms of assets and liabilities in the portfolio are constantly monitored.

The Bank maintains adequate liquidity levels, resulting from the quality of its assets and risk controls, in accordance with the Liquidity Risk Management Policy established and the regulatory requirements of the National Monetary Council (CMN Resolutions 2,804/00 and 4,090/12). The results of the gap analyses to assess liquidity risk are reported fortnightly to the Treasury Committee.



NOTES TO THE PARENT COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS  
AT DECEMBER 31, 2015

(All amounts in thousands of reais unless otherwise stated)

- **Operational risk**

This risk refers to the possibility of losses occurring as a result of the failure, deficiency or inadequacy of internal processes, people and systems, or external events. This definition includes legal risk which is the risk related to the inadequacy or deficiencies in contracts entered into by the Bank, as well as any sanctions imposed as a result of non-compliance with the legal provisions and indemnities for damages to third parties arising from the activities carried out by the Bank.

In order to comply with the principles of CMN Resolution 2,554/98 and Item III of Article 9 of CMN Resolution 3,380/06, the Conglomerate has an independent organizational framework responsible for the management and control of operational risks. The Internal Control, Compliance and Operational Risk area is also responsible for the prevention of money laundering and for Business Continuity activities.

In compliance with the requirements established by BACEN Circular 3,678/13, the information on the risk management process is available for consultation on the website: [www.bancopan.com.br/ri](http://www.bancopan.com.br/ri) "Risk Management Report".

- **Market value**

The net book and market values of the main financial instruments are presented below:

Item	12/31/2015			12/31/2014		
	Net book value	Market value	Unrealized profit (loss)	Net book value	Market value	Unrealized profit (loss)
<b>Marketable securities</b>	<b>2,143,368</b>	<b>2,098,036</b>	<b>(45,332)</b>	<b>2,273,556</b>	<b>2,276,294</b>	<b>2,738</b>
- Adjustment of trading securities	5,239	5,239	-	509,524	509,524	-
- Adjustment of available-for-sale securities	948,518	948,518	-	1,371,486	1,371,486	-
- Adjustment of securities held to maturity	1,189,611	1,144,279	(45,332)	392,546	395,284	2,738
Loan and leasing operations	17,325,766	18,527,053	1,201,287	17,512,019	18,974,188	1,462,169
Term deposits	1,927,017	2,612,617	(685,600)	2,736,001	3,267,850	(531,849)
Interbank deposits	10,096,847	10,099,971	(3,124)	8,631,521	8,454,482	177,039
Funds from issuance of securities	4,004,143	4,010,740	(6,597)	5,168,051	5,331,247	(163,196)
Borrowings	154,730	166,004	(11,274)	168,317	236,469	(68,152)
Subordinated debt	2,357,935	2,352,388	5,547	1,556,283	1,587,801	(31,518)
<b>Unrealized profit with no tax effects</b>			<b>454,906</b>			<b>847,231</b>

**Determination of the market value of financial instruments:**

- The market values of securities, subordinated debts and derivative instruments are based on market price quotations at the balance sheet date. When these market quotations are not available, the market values are based on pricing models or equivalent instruments;

- The market values of the loan or leasing operations are determined by discounting future flows at the rates practiced in the market for equivalent transactions at the balance sheet date;

- The market values of time and interbank deposits and borrowings and onlendings are calculated by applying to the existing assets and liabilities the rates practiced for equivalent instruments at the balance sheet date.



NOTES TO THE PARENT COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS  
AT DECEMBER 31, 2015

(All amounts in thousands of reais unless otherwise stated)

**32) EMPLOYEE BENEFITS**

On May 4, 2015, the National Superintendency of Complementary Pensions (PREVIC) approved the withdrawal of the sponsorship of the Bank for the Benefits Plan V of the Silvio Santos Group, because the Bank had ceased to be part of the same economic group of the companies that comprised the Benefits Plan V, and also because it did not form part of the policies/benefit plan adopted by the institution. In the year ended December 31 2015, the contributions amounted to R\$ 223 in the Bank and R\$ 230 in Consolidated (R\$ 567 in the Bank and R\$ 589 in Consolidated in the year ended December 31, 2014).

In line with best market practices, PAN offers a number of social benefits to its employees, including: (a) healthcare assistance; (b) dental care assistance; (c) life insurance; (d) meal vouchers; (e) food vouchers. In the year ended December 31 2015, these expenses amounted to R\$ 36,072 in the Bank and R\$ 69,373 in Consolidated (R\$ 22,711 in the Bank and R\$ 52,374 in Consolidated in the year ended December 31, 2014).

**33) INCOME TAX AND SOCIAL CONTRIBUTION**

**a) Calculation of income tax and social contribution in the results:**

	Bank		Consolidated	
	12/31/2015	12/31/2014	12/31/2015	12/31/2014
<b>Loss before income tax and social contribution</b>	<b>(155,964)</b>	<b>(48,914)</b>	<b>(198,838)</b>	<b>(40,135)</b>
Effective rate (1) / (2)	45%	40%	-	-
Total income tax and social contribution credit at the effective rates	70,184	19,566	89,670	10,766
<b>Effect on tax calculation:</b>				
Tax credit not activated before - utilized in the Tax Recovery Program (REFIS) (2)	-	32,911	-	32,911
Constitution of CSLL tax credit (3)	119,873	-	123,199	-
Investment in subsidiaries	(17,583)	1,496	-	-
Prior-year tax credit adjustment	-	-	(6)	(2,923)
Reclassification between companies - Goodwill on total spin-off	(14,436)	-	(1,210)	-
Other amounts	5,978	(429)	(4,765)	7,205
<b>Income tax and social contribution credit in the year</b>	<b>164,016</b>	<b>53,544</b>	<b>206,888</b>	<b>47,959</b>

(1) In Consolidated, the effective rate is not presented because different rates are used for financial segment and other companies.

(2) In accordance with Law 13,043, of 11/13/2014, Banco Pan formally requested to the Brazilian Federal Revenue Service (RFB) the anticipated settlement of the installment payments, under the terms of Law 11,941/09, with the offsetting of income tax and social contribution tax losses. As a result, the remaining installment balance, comprised of tax and social security debits in 2009, was settled with the payment in cash and utilization of the accumulated balances of income tax and social contribution losses of prior years.

(3) On October 7, 2015, Law 13,169/15 was published, originated from Provisional Measure 675/15, which increased from 15% to 20% the Social Contribution on Net Income (CSLL) rate charged to financial institutions as from September 1, 2015. The collection is effective up to December 31, 2018, returning to 15% as from 2019.

Based on these changes, the Bank recognized R\$ 119,873 and Pan Arrendamento Mercantil S.A. recognized R\$ 3,326, totaling R\$ 123,199, referring to the tax credits on temporary differences expected to be realized up to December 2018.



NOTES TO THE PARENT COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS  
AT DECEMBER 31, 2015

(All amounts in thousands of reais unless otherwise stated)

**b) Origin and activity in deferred income tax and social contribution assets:**

	Bank			
	At 12/31/2014	Additions	Amount realized	At 12/31/2015
Allowance for doubtful accounts	1,038,364	560,872	(500,527)	1,098,709
Provision for civil contingencies	66,815	16,484	(19,609)	63,690
Provision for labor contingencies	27,896	25,214	(8,729)	44,381
Provision for tax contingencies	1,269	336	(8)	1,597
Provision for loss on assets not for own use	12,728	3,973	(3,125)	13,576
Mark-to-market adjustment of derivatives	25,393	30,948	-	56,341
Other provisions	57,878	218,851	(146,414)	130,315
<b>Total deferred tax assets on temporary differences</b>	<b>1,230,343</b>	<b>856,678</b>	<b>(678,412)</b>	<b>1,408,609</b>
Tax losses and negative social contribution basis	1,278,282	26	(757)	1,277,551
<b>Deferred tax assets</b>	<b>2,508,625</b>	<b>856,704</b>	<b>(679,169)</b>	<b>2,686,160</b>

	Consolidated			
	At 12/31/2014	Additions	Amount realized	At 12/31/2015
Allowance for doubtful accounts	1,122,914	587,581	(519,686)	1,190,809
Provision for civil contingencies	72,086	18,981	(22,350)	68,717
Provision for labor contingencies	37,194	33,335	(14,218)	56,311
Provision for tax contingencies	10,716	2,429	(6,089)	7,056
Provision for loss on assets not for own use	14,595	6,006	(4,662)	15,939
Mark-to-market adjustment of derivatives	39,571	37,137	(11,898)	64,810
Other provisions	82,084	247,724	(168,376)	161,432
<b>Total deferred tax assets on temporary differences</b>	<b>1,379,160</b>	<b>933,193</b>	<b>(747,279)</b>	<b>1,565,074</b>
Tax losses and negative social contribution basis	1,481,863	37,194	(22,846)	1,496,211
<b>Total deferred tax assets</b>	<b>2,861,023</b>	<b>970,387</b>	<b>(770,125)</b>	<b>3,061,285</b>
Deferred tax liabilities (Note 33e)	(109,541)	(21,562)	37,305	(93,798)
<b>Deferred tax assets, net of deferred tax liabilities</b>	<b>2,751,482</b>	<b>948,825</b>	<b>(732,820)</b>	<b>2,967,487</b>

**c) Expected realization of deferred tax assets in respect of temporary differences and tax losses:**

The projected realization of deferred tax assets was based on a review of the study of the current and future scenarios, effected at December 31, 2015. The main assumptions utilized in the projections were based on macroeconomic indicators, production indicators, and cost of funding. This projected realization of deferred tax assets, including the assumptions adopted, was approved by the Bank's Board of Directors on February 1, 2016.

Deferred income tax and social contribution assets will be realized as the temporary differences are reversed or when they qualify for tax deductibility, or on the offset of tax losses, a portion of which are being discussed at the administrative level, with excellent prospects of success for the Bank.

NOTES TO THE PARENT COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS  
AT DECEMBER 31, 2015

(All amounts in thousands of reais unless otherwise stated)

The estimated realization of these assets is as follows:

	Bank					
	Temporary differences		Income tax and social contribution losses		Total	
	12/31/2015	12/31/2014	12/31/2015	12/31/2014	12/31/2015	12/31/2014
2015	-	398,656	-	772	-	399,428
2016	368,589	314,045	2,706	33,369	371,295	347,414
2017	565,549	260,795	7,450	27,739	572,999	288,534
2018	265,755	139,030	1,733	148,479	267,488	287,509
2019	155,558	103,247	77,218	163,679	232,776	266,926
2020	36,514	14,539	143,922	240,142	180,436	254,681
2021	50	31	199,861	334,811	199,911	334,842
2022	2,183	-	236,938	329,291	239,121	329,291
2023	5,240	-	283,446	-	288,686	-
2024	5,240	-	324,268	-	329,508	-
2025	3,931	-	9	-	3,940	-
<b>Total</b>	<b>1,408,609</b>	<b>1,230,343</b>	<b>1,277,551</b>	<b>1,278,282</b>	<b>2,686,160</b>	<b>2,508,625</b>

	Consolidated					
	Temporary differences		Income tax and social contribution losses		Total	
	12/31/2015	12/31/2014	12/31/2015	12/31/2014	12/31/2015	12/31/2014
2015	-	439,705	-	5,024	-	444,729
2016	384,363	338,815	10,397	51,558	394,760	390,373
2017	592,849	290,224	20,190	37,051	613,039	327,275
2018	288,168	160,698	16,116	156,775	304,284	317,473
2019	176,972	124,836	92,892	171,556	269,864	296,392
2020	66,724	16,031	156,416	249,736	223,140	265,767
2021	1,257	1,355	217,919	345,398	219,176	346,753
2022	10,883	469	250,655	341,217	261,538	341,686
2023	10,312	7,027	297,478	10,871	307,790	17,898
2024	10,312	-	338,297	11,311	348,609	11,311
2025	23,232	-	13,718	-	36,950	-
<b>Total</b>	<b>1,565,072</b>	<b>1,379,160</b>	<b>1,414,078</b>	<b>1,380,497</b>	<b>2,979,150</b>	<b>2,759,657</b>

At December 31, 2015, the present value of deferred tax assets, calculated based on the Bank's average funding rate, totaled R\$ 1,491,591 in the Bank and R\$ 1,640,235 in Consolidated (December 31, 2014 - R\$ 1,531,684 in the Bank and R\$ 1,690,678 in Consolidated).

In accordance with Article 5, paragraph 2 of CVM Resolution 3,059/02, the deferred tax assets which originated from tax losses arising from the exclusion of the credit from excess depreciation, in the amount of R\$ 82,135 (R\$ 101,366 at December 31, 2014), are not subject to the generation of profits based on a technical study.

**d) Unrecorded deferred tax assets:**

At December 31, 2015, Deferred tax assets of R\$ 452,206 in the Bank and Consolidated were not recorded in respect of tax losses of approximately R\$ 1,130,522 in the Bank and Consolidated (R\$ 1,137,970 at December 31, 2014 in the Bank and Consolidated), since they did not meet all of the conditions established by BACEN.

NOTES TO THE PARENT COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS  
AT DECEMBER 31, 2015

(All amounts in thousands of reais unless otherwise stated)

**e) Deferred tax liabilities:**

Consolidated	At 12/31/2014	Additions	Amount realized	At 12/31/2015
Mark-to-market adjustment of derivative financial instruments	(9,296)	(16,873)	16,002	(10,167)
Excess depreciation	(100,245)	(4,689)	21,303	(83,631)
<b>Total</b>	<b>(109,541)</b>	<b>(21,562)</b>	<b>37,305</b>	<b>(93,798)</b>

**34) OTHER INFORMATION**

- a) Guarantees and sureties granted totaled R\$ 277,656 at 12/31/2015 (R\$ 24,000 at 12/31/2014).
- b) The policy of the Bank and its subsidiaries is to contract insurance for its cash, checks received as collateral and assets in amounts which are considered sufficient to cover potential losses.
- c) At 12/31/2015 and 12/31/2014, the Bank and its subsidiaries did not have lease agreements for own acquisitions.
- d) CMN Resolution 4,036/11 became effective on January 1, 2012 and permits the deferral of the net loss generated by the renegotiation of previously assigned credit operations. The maximum term for deferral is December 31, 2015, or the date of maturity of the renegotiated operations, whichever is earlier, based on the straight-line method. The Bank does not utilize the option permitted by this Resolution.
- e) Agreements for the Clearance and Settlement of Liabilities - CMN Resolution 3,263/05: the Bank entered into an agreement for the clearance and settlement of liabilities in the ambit of the National Financial System (SFN), in respect of transactions with corporate entities whether or not SFN members. This resolution is designed to permit the compensation of credits and debits with the same counterparty, whereby the maturity of the related rights and obligations may be accelerated to the date on which an event of default by either party occurs or in the case of the bankruptcy of the debtor.
- f) On January 20, 2015, Law 13,097 was published, converting Provisional Measure 656/2014, which, among other matters, amends the rules on the deduction of losses on receivables for defaults on contracts as from October 8, 2014 (art. 9 of Law 9,430/96).

For defaulted contracts prior to this date, the previously existing rules continue to be applicable.



NOTES TO THE PARENT COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS  
AT DECEMBER 31, 2015

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Declaration of the Executive Board

In compliance with the determinations of Instruction 480/09, of the Brazilian Securities Commission, the Executive Board of Banco PAN S.A. declares that it has discussed, reviewed and agreed with the parent company and consolidated financial statements for the year ended December 31, 2015.



NOTES TO THE PARENT COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS  
AT DECEMBER 31, 2015

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Declaration of the Executive Board

In compliance with the determinations of Instruction 480/09, of the Brazilian Securities Commission, the Executive Board of Banco PAN S.A. declares that it has discussed, reviewed and agreed with the audit opinion expressed in the parent company and consolidated financial statements for the year ended December 31, 2015.



NOTES TO THE PARENT COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS  
AT DECEMBER 31, 2015

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São Paulo, February 1, 2016

**BOARD OF DIRECTORS**

**Chairman**

Miriam Aparecida Belchior

**Board Members**

Antonio Carlos Porto Filho  
Aod Cunha de Moraes Júnior  
Fábio de Barros Pinheiro  
Fabio Lenza  
Jorge Fontes Hereda  
Marcos Antônio Macedo Cintra  
Mateus Affonso Bandeira  
Marcos Bader  
Roberto Balls Sallouti

**EXECUTIVE BOARD**

**Chief Executive Officer**

José Luiz Acar Pedro

**Officers**

Alex Sander Moreira Gonçalves  
Carlos Eduardo Pereira Guimarães  
Eduardo Almeida Prado  
Eduardo Nogueira Domeque  
José Luiz Trevisan Ribeiro  
Leandro de Azambuja Micotti  
Maurício Antônio Quarezemin  
Paulo Alexandre da Graça Cunha

**FISCAL COUNCIL**

Marcelo Adilson Tavarone Torresi  
Paulo Roberto Salvador Costa (1)  
Glauben Teixeira de Carvalho (1)

**AUDIT COMMITTEE**

Marcelo Yugue  
Marcos Antonio Macedo Cintra  
Marcelo Terrazas

**ACCOUNTANT**

Gregório Moreira Franco  
CRC 1SP219426/O-2

(1) Substitutes.



(A free translation of the original in Portuguese)

**Banco Pan S.A.  
and subsidiaries**  
Financial statements at  
**December 31, 2015**  
and independent auditor's report



(A free translation of the original in Portuguese)

## **Independent auditor's report**

To the  
Board of Directors and Stockholders  
Banco Pan S.A.

We have audited the accompanying parent company financial statements of Banco Pan S.A. ("Bank"), which comprise the balance sheet as at December 31, 2015 and the statements of income, changes in equity and cash flows for the year and six-month period then ended, as well as the accompanying consolidated financial statements of Banco Pan S.A. and its subsidiaries ("Consolidated"), which comprise the consolidated balance sheet as at December 31, 2015 and the consolidated statements of income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### **Management's responsibility for the financial statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting practices adopted in Brazil, applicable to institutions authorized to operate by the Brazilian Central Bank (BACEN), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Brazilian and International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Banco Pan S.A.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Banco Pan S.A. and of Banco Pan S.A. and its subsidiaries as at December 31, 2015, and the parent company financial performance and cash flows, as well as the consolidated financial performance and cash flows, for the year and six-month period then ended, in accordance with accounting practices adopted in Brazil, applicable to institutions authorized to operate by the Brazilian Central Bank.

### **Emphasis of matter**

#### **Deferred tax credits**

As disclosed in Note 33 to the financial statements, deferred tax assets totaling R\$ 3.1 billion were recorded at December 31, 2015 in Banco Pan S.A. and its subsidiaries, which were recognized based on the financial projections for the realization of these deferred tax credits in the long-term. The projections for the realization of the deferred tax credits was reviewed by management, based on a study of current and future scenarios, and was approved by the Board of Directors on February 1, 2016. The main assumptions utilized for this projection were based on macroeconomic indicators, production indicators and cost of funding. The realization of the deferred tax assets within the estimated period is contingent on the materialization of the projected amounts and implementation of the business plan as approved by the management bodies. Our opinion is not qualified in respect of this matter.

### **Other matters**

#### **Statements of value added**

We have also audited the parent company and consolidated statements of value added for the year and six-month period ended December 31, 2015, which are the responsibility of the Bank's management. The presentation of these statements is required by the Brazilian corporate legislation for listed companies. These statements were subject to the same audit procedures described above and, in our opinion, are fairly presented, in all material respects, in relation to the financial statements taken as a whole.

São Paulo, February 1, 2016

PricewaterhouseCoopers  
Auditores Independentes  
CRC 2SP000160/O-5

Edison Arisa Pereira  
Contador CRC 1SP127241/O-0