Financial Statements

Banco BTG Pactual S.A.

December 31, 2015

with independent auditors' report on the financial statements

BANCO BTG PACTUAL S.A.

Financial Statements

December 31, 2015

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A free translation from Portuguese into English of the Independent Auditors' Report on individual financial statement prepared in accordance with the accounting practices adopted in Brazil applicable to institutions authorized to operate by the Central Bank of Brazil.

Independent Auditors' Report on individual financial statements

To the Shareholders and Management of
Banco BTG Pactual S.A.
Rio de Janeiro – RJ

We have audited the individual financial statements of Banco BTG Pactual S.A. (the "Bank"), which comprise the balance sheet as of December 31, 2015 and the related individual statements of income, changes in shareholders' equity and cash flows for the year then ended, and a summary of significant accounting practices and other explanatory notes.

Management's responsibility for the individual financial statements

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

Auditors' responsibility

Our responsibility is to express an opinion on these individual 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 these financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the individual 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 preparation and fair presentation of the Bank's individual 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 Bank´s internal control. An audit also includes evaluating the appropriateness of accounting practices used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the individual financial statements referred to above present fairly, in all material respects, the financial position of Banco BTG Pactual S.A. at December 31, 2015, the performance of its operations and its respective cash flows for the year then ended, in accordance with the accounting practices adopted in Brazil applicable to institutions authorized to operate by the Central Bank of Brazil.

Emphases of matters

1. As of December 31, 2015, the jointly controlled subsidiary Banco Pan S.A. had deferred tax assets recorded on its balance sheet amounting to R$ 3.1 billion, recognized based on long-term deferred tax realization projection. This projection was reviewed by Banco Pan S.A.'s management based on current and future scenarios analysis and approved by its Board of Directors on February 1st, 2016, for which the main assumptions used were the macroeconomics indexes for production and funding costs. The realization of these tax credits, within the estimated realization period, depends on delivery of these projections and business plan as approved by the management of Banco Pan S.A. Our opinion is not qualified with respect to this matter.

2. We draw attention to Note nº 1 to the individual financial statements, which indicates that the Bank has been affected by a series of media news regarding its main shareholder and former key member of senior management. The referred Note also includes relevant information which impacts the Bank's operations, the investigation process, and measures implemented to maintain liquidity related to dividend distributions, among other information. Our opinion is not qualified with respect to this matter.

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Other matters

Individual statement of value added

We have also audited the individual statement of value added (SVA), for the year ended December 31, 2015, prepared under the responsibility of Bank's management, for which the financial statement presentation mentioned above is required by Brazilian Corporate Law, as supplementary information under the accounting practices applicable to institutions accredited by the Central Bank of Brazil. This statement was subject to the same audit procedures described above and, in our opinion, is fairly presented, in all material respects, in relation to the financial statements taken as a whole.

Consolidated financial statements

The Bank has prepared a full set of consolidated financial statements as of December 31, 2015 and for the year then ended in accordance with accounting practices adopted in Brazil applicable to institutions authorized to operate by the Central Bank of Brazil for which we issued an unqualified separate independent auditors' report, with the same emphases of matters described above, dated February 19, 2016.

Rio de Janeiro, February 19, 2016.

ERNST & YOUNG
Auditores Independentes S.S.
CRC-2SP 015.199/F-6

Rodrigo De Paula
Accountant CRC – 1SP 224.036/O-8

Grégory Gobetti
Accountant CRC – 1PR 039.144/O-8

BANCO BTG PACTUAL S.A.

Balance sheets
As at December 31
(In thousands of reais)

	Note	2015	2014
Assets			
Current assets		102,219,796	113,696,343
Cash at banks	6	1,797,797	590,257
Interbank investments	7	28,543,123	38,523,326
Open market investments		24,700,061	33,913,671
Interbank deposits		3,843,062	4,609,655
Securities and derivative financial instruments		41,565,350	45,562,656
Own portfolio	8	19,367,547	18,385,437
Subject to repurchase agreements	8	1,839,558	1,961,591
Subject to unrestricted repurchase agreements	8	591,054	529,059
Derivative financial instruments	9	18,786,665	23,351,175
Subject to guarantees	8	980,526	1,335,394
Interbank transactions		1,545,249	1,144,756
Deposits in the Central Bank of Brazil		1,545,249	1,144,674
Correspondent banks		-	82
Loans	10	4,831,928	7,297,529
Loans		5,602,431	7,719,084
Transferred loans with coobligation		85,436	176,698
Allowance for loan losses		(855,939)	(598,253)
Other receivables		23,909,418	20,471,447
Foreign exchange portfolio	11	11,747,172	9,273,814
Income receivable	12	80,969	1,653,945
Securities trading and brokerage	11	5,630,097	6,852,466
Sundry	12	6,668,584	2,733,086
Allowance for losses on other receivables		(217,404)	(41,864)
Other assets		26,931	106,372
Temporary investments		-	52,149
Other assets		3,220	21,504
Prepaid expenses		23,711	32,719
Long-term-assets		35,507,733	25,319,769
Interbank investments	7	37,752	89,979
Open market investments		37,752	76,782
Interbank deposits		-	13,197
Securities and derivative financial instruments		19,212,728	12,575,425
Own portfolio	8	1,170,826	5,101,124
Subject to repurchase agreements	8	1,215,735	4,309,692
Derivative financial instruments	9	14,669,915	3,091,775
Subject to guarantees	8	2,156,252	72,834
Interbank transactions		303,639	1,853
Restricted credits – National Housing System		303,639	1,853
Loans	10	9,951,398	8,618,700
Loans		10,230,472	8,821,747
Allowance for loan losses		(279,074)	(203,047)
Other receivables		5,884,378	4,021,651
Securities trading and brokerage	11	-	1,381,419
Sundry	12	5,890,871	2,656,259
Allowance for losses on other receivables		(6,493)	(16,027)
Other assets		117,838	12,161
Temporary investments		52,149	-
Other assets		19,371	-
Prepaid expenses		57,502	23,345
Provision for losses		(11,184)	(11,184)
Permanent assets		26,215,890	13,758,699
Investments		26,055,354	13,586,258
Investments in subsidiaries, associates and jointly controlled entities - in Brazil	13	25,466,173	11,659,812
Investments in subsidiaries, associates and jointly controlled entities - abroad	13	582,181	1,919,150
Other investments		9,867	10,163
Allowance for losses		(2,867)	(2,867)
Property and equipment in use		55,994	67,154
Other property and equipment in use		139,897	136,384
Accumulated depreciation		(83,903)	(69,230)
Deferred charges		3,994	4,679
Amortization and expansion costs		28,703	28,703
Accumulated amortization		(24,709)	(24,024)
Intangible assets	14	100,548	100,608
Other intangible assets		172,022	146,799
Accumulated amortization		(71,474)	(46,191)
Total assets		163,943,419	152,774,811

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

BANCO BTG PACTUAL S.A.

Balance sheets
As at December 31
(In thousands of reais)

	Note	2015	2014
Liabilities			
Current liabilities		87,576,574	102,207,023
Deposits	15	19,860,893	22,256,869
Demand deposits		130,554	170,686
Interbank deposits - with associates, jointly controlled ans subsidiaries		2,996,401	1,923,373
Interbank deposits		1,386,036	665,026
Time deposits		15,347,902	19,497,784
Open market funding	15	22,233,520	32,975,524
Own portfolio		2,940,158	6,017,903
Third-party portfolio		15,242,238	17,345,931
Unrestricted portfolio		4,051,124	9,611,690
Funds from securities issued and accepted	15	9,545,203	8,011,326
Real estate, mortgage, credit and similar notes		7,139,045	5,111,559
Securities issued abroad		2,388,076	2,867,941
Certificate of structured transactions		18,082	31,826
Interbank transactions		7,168	3,063
Unsettled receipts and payments		7,168	3,063
Loans and onlending	15	1,353,632	3,070,492
Loans in Brazil		141,460	-
Loans abroad		1,202,662	3,060,972
Onlending in Brazil – official institutions		9,510	9,520
Derivative financial instruments	9	17,560,372	23,476,842
Derivative financial instruments		17,560,372	23,476,842
Other liabilities		17,015,786	12,412,907
Collection and payments of tax and similar charges		1,476	2,393
Foreign exchange portfolio	11	11,611,589	8,518,361
Social and statutory	16	892,901	507,200
Tax and social security	16	462,183	41,972
Securities trading and brokerage	11	2,977,003	2,789,791
Subordinated debt	15	657,178	-
Sundry	16	413,456	553,190
Long-term liabilities		56,612,528	35,751,884
Deposits	15	4,792,125	1,628,777
Interbank deposits		89,331	104,793
Time deposits		4,702,794	1,523,984
Open market funding	15	3,195,486	4,451,108
Own portfolio		365,049	418,269
Third-party portfolio		-	568,180
Unrestricted portfolio		2,830,437	3,464,659
Funds from securities issued and accepted	15	9,867,904	12,154,656
Real estate, mortgage, credit and similar notes		6,396,484	8,215,409
Securities issued abroad		3,471,420	3,939,247
Loans and onlending	15	2,358,294	1,648,303
Loans in Brazil		7,355	-
Loans abroad		1,622	-
Onlending in Brazil – official institutions		2,349,317	1,648,303
Derivative financial instruments	9	21,860,792	3,126,899
Derivative financial instruments		21,860,792	3,126,899
Other liabilities		14,537,927	12,742,141
Tax and social security	16	872,071	831,624
Subordinated debt	15	7,278,787	7,418,556
Debt instrument eligible to equity	15	5,160,397	3,497,836
Sundry	16	1,226,672	994,125
Deferred income		95,518	137,042
Shareholders' equity	19	19,658,799	14,678,862
Capital stock - domiciled in Brazil		4,687,289	4,687,289
Capital stock - domiciled Abroad		2,493,237	1,719,574
Fair value of assets available for sale		143,614	40,442
Income reserves		12,467,053	8,231,557
Treasury shares		(132,394)	-
Total liabilities and shareholders' equity		163,943,419	152,774,811

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

BANCO BTG PACTUAL S.A.

Statements of income

Year and semester ended December 31
(In thousands of reais, except for earnings per share)

	Note	2015		2014
		2nd semester	Year	Year
Financial income		7,488,010	13,259,775	10,303,647
Loans		1,298,925	2,438,607	1,776,397
Securities		6,113,706	10,694,827	7,558,644
Foreign exchange		-	-	943,392
Mandatory investments		75,379	126,341	25,214
Financial expenses		(13,731,558)	(22,577,326)	(11,139,956)
Funding operations		(5,018,743)	(10,313,092)	(8,055,674)
Borrowing and onlending		(3,430,569)	(5,510,708)	(1,901,770)
Derivative financial instruments		(5,274,871)	(6,100,882)	(635,355)
Foreign exchange		317,757	(125,083)	-
Allowance for loan losses and other receivables	10	(325,132)	(527,561)	(547,157)
Net financial income		(6,243,548)	(9,317,551)	(836,309)
Other operating income (expenses)		4,575,705	7,986,728	3,609,467
Income from services rendered	20	547,387	1,003,560	992,888
Personnel expenses		(144,529)	(286,496)	(205,221)
Other administrative expenses	23	(311,902)	(511,311)	(466,711)
Tax charges	24	198,628	148,847	(126,537)
Equity pick up in subsidiaries, associates and jointly controlled entities	13	3,997,704	7,319,016	3,322,172
Other operating income	21	1,042,774	1,284,177	205,723
Other operating expenses	22	(754,357)	(971,065)	(112,847)
Operating income		(1,667,843)	(1,330,823)	2,773,158
Non-operating income (expenses)	2	3,101,043	4,137,411	22,343
Income before taxation and profit sharing		1,433,200	2,806,588	2,795,501
Income tax and social contribution	18	2,167,210	3,360,198	688,411
Provision for income tax		(217,327)	(222,787)	(9,754)
Provision for social contribution		(174,979)	(178,255)	(4,343)
Deferred income tax and social contribution		2,559,516	3,761,240	702,508
Statutory profit sharing		(208,390)	(543,288)	(115,759)
Net income for the semester / year		3,392,020	5,623,498	3,368,153
Interest on equity		(492,754)	(914,754)	(600,000)
Weighted average numbers of share outstanding		2,782,171,032	2,748,536,622	2,714,902,212
Net income per share - R$		1.22	2.05	1.24

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

BANCO BTG PACTUAL S.A.

Statements of changes in shareholders' equity

Year and semester ended December 31

(In thousands of reais, except for dividends and interest on equity per share)

	Note	Capital	Income reserves				Fair value adjustments	Treasury shares	Retained earnings	Total
			Legal	Unrealized	Statutory	Total				
Balances as at December 31, 2013		6,406,863	458,187	1,078,592	4,073,264	5,610,043	57,543	-	-	12,074,449
Changes in fair value of assets available for sale - jointly controlled	13	-	-	-	-	-	(4,247)	-	-	(4,247)
Changes in fair value of assets available for sale		-	-	-	-	-	(12,854)	-	-	(12,854)
Intermediate interest on equity (R$0.11 per share)	19	-	-	-	-	-	-	-	(301,800)	(301,800)
Intermediate dividends (R$0.05 per share)	19	-	-	-	-	-	-	-	(146,639)	(146,639)
Net income for the year		-	-	-	-	-	-	-	3,368,153	3,368,153
Net income allocation										-
Income reserve		-	168,408	1,388,515	1,064,591	2,621,514	-	-	(2,621,514)	-
Interest on equity (R$0.11 per share)	19	-	-	-	-	-	-	-	(298,200)	(298,200)
Balances as at December 31, 2014		6,406,863	626,595	2,467,107	5,137,855	8,231,557	40,442	-	-	14,678,862
Balances as at December 31, 2014		6,406,863	626,595	2,467,107	5,137,855	8,231,557	40,442	-	-	14,678,862
Capital increase	19	773,663	-	-	-	-	-	-	-	773,663
Own shares acquired	1	-	-	-	-	-	-	(452,188)	-	(452,188)
Own shares sold	1	-	-	-	(319,794)	(319,794)	-	319,794	-	-
Changes in fair value of assets available for sale		-	-	-	-	-	107,343	-	-	107,343
Changes in fair value of assets available for sale - jointly controlled	13	-	-	-	-	-	(4,171)	-	-	(4,171)
Intermediate interest on equity (R$0.16 per share)	19	-	-	-	-	-	-	-	(422,000)	(422,000)
Dividends paid by previous years (R$0.04 per share)	19	-	-	-	(106,130)	(106,130)	-	-	-	(106,130)
Intermediate dividends (R$0.02 per share)	19	-	-	-	(47,324)	(47,324)	-	-	-	(47,324)
Net income for the year		-	-	-	-	-	-	-	5,623,498	5,623,498
Net income allocation										
Income reserve		-	281,175	2,922,002	1,505,567	4,708,744	-		(4,708,744)	-
Interest on equity (R$0.18 per share)	19	-	-	-	-	-	-	-	(492,754)	(492,754)
Balances as at December 31, 2015		7,180,526	907,770	5,389,109	6,170,174	12,467,053	143,614	(132,394)	-	19,658,799
Balances as at June 30, 2015		6,406,863	738,169	2,467,107	5,031,725	8,237,001	(62,720)	-	1,697,904	16,279,048
Capital increase		773,663	-	-	-	-	-	-	-	773,663
Own shares acquired	1	-	-	-	-	-	-	(452,188)	-	(452,188)
Own shares sold	1	-	-	-	(319,794)	(319,794)	-	319,794	-	
Changes in fair value of assets available for sale		-	-	-	-	-	209,026	-	-	209,026
Changes in fair value of assets available for sale - jointly controlled	13	-	-	-	-	-	(2,692)	-	-	(2,692)
Intermediate dividends (R$0.02 per share)	19	-	-	-	(47,324)	(47,324)	-	-	-	(47,324)
Net income for the semester		-	-	-	-	-	-	-	3,392,020	3,392,020
Net income allocation										
Legal reserve		-	169,601	2,922,002	1,505,567	4,597,170	-	-	(4,597,170)	-
Interest on equity (R$0.18 per share)	19	-	-	-	-	-	-	-	(492,754)	(492,754)
Balances as at December 31, 2015		7,180,526	907,770	5,389,109	6,170,174	12,467,053	143,614	(132,394)	-	19,658,799

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

BANCO BTG PACTUAL S.A.

Statements of cash flows

Year and semester ended December 31
(In thousands of reais)

	Note	2015		2014
		2nd semester	Year	Year
Operating activities				
Net income for the semester / year		3,392,020	5,623,498	3,368,153
Adjustments to net income		(5,018,394)	(8,166,263)	(2,351,736)
Equity pick up in subsidiaries, associates and jointly controlled entities	13	(4,092,513)	(7,413,825)	(3,336,038)
Interest expense with subordinated debt and debt instrument eligible to equity		1,520,129	2,876,070	1,636,901
Permanent assets exchande variation		(1,076)	(1,076)	-
Goodwill amortization		94,809	94,809	13,866
Deferred income tax and social contribution	18	(2,559,516)	(3,761,240)	(702,508)
Depreciation and amortization	23	19,773	38,999	36,043
Adjusted (loss) / net income for the semester / year		(1,626,374)	(2,542,765)	1,016,417
Operational activities				
Short-term interbank investments		7,189,717	3,383,415	(369,322)
Securities and derivative financial instruments		13,365,657	9,820,789	158,063
Loans		540,041	618,132	(1,786,507)
Other receivables and other assets		(10,200,040)	(1,546,649)	564,197
Interbank transactions		(578,042)	(698,174)	550
Other liabilities		10,412,810	4,024,134	(2,656,808)
Deferred income		(49,748)	(41,524)	159
Deposits		873,114	767,372	2,776,119
Open market funding		(24,294,823)	(11,997,626)	5,948,079
Loans and onlending		(809,515)	(1,006,869)	18,136
Cash (used in) / provided by operating activities		(5,177,203)	780,235	5,669,083
Investing activities				
Acquisition of investments and capital increase	13	(1,049,899)	(9,191,346)	(3,567,424)
Sale of investments	13	4,157,462	4,838,667	2,047,338
Sale of other investments		(225)	296	48
Acquisition of property and equipment in use and deferred charges		937	(3,599)	(7,677)
Acquisition of intagible assets	14	(11,458)	(22,414)	(29,056)
Dividends and interest on equity received	13	919,885	931,502	360,756
Cash provide by / (used in) investing activities		4,016,702	(3,446,894)	(1,196,015)
Financing activities				
Acquisition / sale of treasury shares		(452,188)	(452,188)	-
Funds from securities issued and accepted		(2,954,889)	(752,875)	4,692,153
Subordinated debt and debt instrument eligible to equity		(711,566)	(696,099)	2,530,775
Interest on equity	19	(422,000)	(720,200)	(548,700)
Dividends distributed	19	(47,324)	(153,454)	(278,829)
Cash (used in) / provided by financing activities		(4,587,967)	(2,774,816)	6,395,399
(Decrease) / increase in cash and cash equivalents	25	(5,748,468)	(5,441,475)	10,868,467
Balance of cash and cash equivalents				
At the beginning of the semester / year		21,370,710	21,063,717	10,195,250
At the end of the semester / year		15,622,242	15,622,242	21,063,717
(Decrease) / increase in cash and cash equivalents		(5,748,468)	(5,441,475)	10,868,467
Noncash transactions		2,888,251	3,109,895	(370,700)
Interest on equity		70,754	492,754	-
Transfer of shares BTGP E&P		-	-	(2,278,746)
Credit renegotiation		1,202,770	1,202,770	-
Subsidiary merger	13	773,663	773,663	-
Dividends / interest on equity receivable	13	(369,338)	26,274	1,908,046
Debentures converted	13	-	(985,979)	-
Sale of investments	13	402	390,413	-
Assets transfer, held for sale		1,210,000	1,210,000	-

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

BANCO BTG PACTUAL S.A.

Statements of value added

Year and semester ended December 31
(In thousands of reais)

	Note	2015		2014
		2nd semester	Year	Year
Income		11,099,725	18,186,297	10,864,597
Financial income		7,488,010	13,259,775	10,303,647
Services rendered	20	547,387	1,003,560	992,888
Allowance for loan losses and other receivables	10	(325,132)	(527,561)	(547,157)
Other		3,389,460	4,450,523	115,219
Expenses		(13,406,426)	(22,049,765)	(10,592,799)
Financial brokerage		(13,406,426)	(22,049,765)	(10,592,799)
Inputs acquired from third parties		(270,338)	(429,712)	(387,712)
Materials, energy and other		(3,442)	(6,359)	(4,927)
Outsourced services		(266,896)	(423,353)	(382,785)
Gross value added		(2,577,039)	(4,293,180)	(115,914)
Depreciation and amortization		(19,773)	(38,999)	(36,043)
Net value added produced by the entity		(2,596,812)	(4,332,179)	(151,957)
Value added received through transfer		3,997,704	7,319,016	3,322,172
Equity pick up in subsidiaries, associates and jointly controlled entities	13	3,997,704	7,319,016	3,322,172
Value added to be distributed		1,400,892	2,986,837	3,170,215
Distribution of value added		1,400,892	2,986,837	3,170,215
Personnel		352,919	829,784	320,980
Direct compensation		286,267	744,723	245,149
Benefits		60,252	73,079	24,713
FGTS – government severance pay fund		6,400	11,982	51,118
Taxes, fees and contributions		(2,365,838)	(3,509,045)	(561,874)
Federal		(2,383,991)	(3,545,301)	(595,295)
Municipal		18,153	36,256	33,421
Remuneration of third party capital		21,791	42,600	42,956
Rent		21,791	42,600	42,956
Remuneration of shareholders		3,392,020	5,623,498	3,368,153
Interest on equity		492,754	914,754	600,000
Dividends declared		47,324	47,324	146,639
Retained earnings		2,851,942	4,661,420	2,621,514

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

1. Operations

Banco BTG Pactual S.A. (''Bank'' or "BTG Pactual") is incorporated as a multiple Bank, operating jointly with its subsidiaries ("the Group"), offering financial products and services relating to commercial, including exchange, and investment portfolios, credit, financing and investment, leasing and real estate loans.

The transactions are conducted as part of a group of institutions fully participating in the financial market, and certain transactions are intermediated by other institutions of the BTG Pactual Group.

The Bank and BTG Pactual Participations Ltd (the "Companies") have units listing on NYSE Euronext in Amsterdam and BM&F BOVESPA in São Paulo. Each unit issued, corresponds to 1 common share and 2 preferred shares, class A, of Bank and 1 common share and 2 preferred shares, class B of BTG Pactual Participations Ltd. All units listed and traded in Amsterdam remained wholly interchangeable with the units in Brazil.

Since November 25, 2015, Group has been affected by a series of news regarding Mr. André Santos Esteves, and has taken measures to ensure the Group ability to function in the normal course of business. Even though BTG Pactual is not part of any investigation or accusation, the news impacted the price of units and bonds, and the Management decided to adopt a series of actions to reduce the use of balance sheet, conserve liquidity and preserve capital.

Shareholding control and Board of Directors

On November 29, 2015, Mr. André Santos Esteves renounced all his executive positions at BTG Pactual; the Board of Directors appointed: (i) Mr. Persio Arida as Chairman of the Board of Directors, (ii) Mr. John Huw Gwili Jenkins as Vice-Chairman of the Board of Directors and (iii) Mr. Marcelo Kalim and Mr. Roberto Balls Sallouti as Co-Chief Executive Officers. Furthermore, on December 2, 2015, an exchange of shares was held between Mr. André Santos Esteves and the Top Seven Partners – a group composed of Messrs. Marcelo Kalim, Roberto Balls Sallouti, Persio Arida, Antonio Carlos Canto Porto Filho, James Marcos de Oliveira, Renato Monteiro dos Santos and Guilherme da Costa Paes, partners and members of the senior management of BTG Pactual – was held, resulting in the change of the Companies' current controlling shareholder, which will now be exercised by the Top Seven Partners, through a holding company established by them. The Central Bank of Brazil approved the new structure on December 3, 2015.

Special Committee

On December 4, 2015, the Board of Directors created a Special Committee, consisting of a majority of independent/non-executive members of the Board of Directors, to oversee and direct an internal investigation of issues raised as a result of the arrest of Mr. André Santos Esteves. The Special Committee hired the law firms Quinn Emanuel Urquhart & Sullivan, LLP and Veirano Advogados (together, "Legal Counsel") to conduct the independent investigation on its behalf. The Board of Directors granted the Special Committee and Legal Counsel authority to require full cooperation from the Group, its management and its employees in the investigation and unlimited access to information requested by the Special Committee and Legal Counsel.

The investigation is still in progress but, as of the date of these financial statements, Legal Counsel are engaged in an extensive review of documents related to issues under investigation, conducted interviews with certain relevant personnel, and are engaging third parties to conduct financial analysis of certain transactions. The Special Committee and Legal Counsel have indicated that, based on the work completed to date, they have found no evidence to conclude that the Group, its management or any of its employees were engaged in corrupt or fraudulent activities or other violations of law. The investigation is ongoing and is expected to be concluded in April 2016.

Units buyback Program

On November 25, 2015, the Board of Directors approved a shares repurchase program that envisioned the acquisition of up to 10% of the free-float (approximately 23 million units). On December 13, 2015, the Board of Directors approved the cancellation of the repurchased shares (approximately 20 million units), as well as the approval of the continuity of the share repurchase program of up to approximately 21 million units.

As a result of the buyback program, during the year approximately 31,973,542 common shares and 63,947,084 preferred shares (correspondent to R$452,188) were repurchased by the Bank. As at December 31, 2015, approximately 12,072,730 common shares and 24,145,460 preferred shares (correspondent to R$132,394) are held in treasury and 19,900,812 common shares and 39,801,624 preferred shares (correspondent to R$319,794) had been canceled during the year.

Liability Repurchase

During the year ended December 31, 2015 the Group repurchased liabilities and early liquidated liabilities, including some of the outstanding balance of senior and subordinated non-cumulative perpetual notes (tier I), with no impact on our capital base.

Communication

In accordance with the rules issued by *Comissão de Valores Mobiliários* ("CVM"), the *Banco Central do Brasil* ("BACEN") and other regulators, the Bank is providing all required information, as well as making voluntary disclosure.

Risk and Liquidity Management

In order to guarantee a conservative and adequate liquidity level, after the events previously described we have adopted certain measures:

a. Credit Portfolio

The Group in advance sold or settled positions from the credit portfolio, in the total amount of approximately R$10 billion until December 31, 2015.

b. Fundo Garantidor de Crédito ("FGC")

On December 4, 2015 a Memorandum of Understanding with the FGC was executed to extend a credit line up to the amount of R$6,0 billion, guaranteed by part of the Bank loan portfolio (basically Debentures and Bank Credit Certificate) and personally guaranteed by the controlling shareholders (Top Seven Partners); such collateral represents 120% of the credit line. As of December 31, 2015, the amount of R$5,0 billion had been withdrawn from such credit line.

c. Depósitos a Prazo com Garantia Especial ("DPGE")

This is a fixed income financial product, with no partial or anticipated maturity, that offers investors extended guarantees, in value terms, provided by the FGC in the case of an intervention, liquidation or insolvency recognized by the competent party of the financial institution. As of December 31, 2015 BTG Pactual had issued approximately R$1,7 billion.

d. Asset and investments sales

The Group sold assets and stakes in investments during the year ended December 31, 2015, detailed information regarding such transactions are presented in notes 2 and 26.

Additionally, in connection with the material fact from December 4, 2015, related to agreements with the FGC, additional measures were implemented, aiming to preserve the Group liquidity, comprising (i) strict the dividend distribution to the minimum amount required by our by-laws (1% of adjusted net income), (ii) defer the payment of interest on equity declared to shareholder's, on December 2015, (iii) suspension of payment of variable compensation to managers and the fixed remuneration increase, (iv) suspension of any loans to the partnership members.

The Bank board of directors understands that those measures are sufficient to fulfill the Group obligation's in both the short and medium terms, and strengthen its current liquidity. The cash level, measured by high quality liquid assets was higher than as at November 11, 2015. On December 31, 2015, short-term liquidity KPI is equivalent to 111% to the Bank.

The financial statements were approved by Bank's Management on February 19, 2016, and they contain a true and fair view of the development and results of the Bank. Management evaluated the Bank' and its subsidiaries' capacity to continue operating as usual and has concluded that the Bank and its subsidiaries have funds to continue their operations in the future. Additionally, Management is not aware of any material uncertainty that may create significant doubts on its ability to continue operating. Therefore, the financial statements were prepared based on this principle.

2. Corporate restructuring and acquisitions

Corporate reorganizations

As at September 2015, ENEVA SA bankruptcy process was complete. As a result, part of the loans held by the Bank was converted into interest in the company and the Bank has also contributed new assets in the company. As at December 31, 2015, the Bank has a stake equivalent to 49.7% of the total capital of ENEVA.

Banco Pan S.A. ("Banco Pan"), Bank and Caixa Participações S.A. - CAIXAPAR ("Caixapar"), on August 21, 2014, executed a purchase and sale agreements through which Banco Pan sold (i) its 100% interest in Pan Seguros S.A. to BTG Pactual Seguradora S.A. ("BTGP Seguradora"), a Bank's subsidiary, as well as (ii) its 100% interest in Pan Corretora S.A. to BTG Pactual and Caixapar, for the total combined amount of R$580,000, which will be adjusted by the 100% positive variation of DI (interbank deposit) rate until the closing of the transactions. This transaction generated goodwill of R$ 393,668. Caixapar, within the scope of the transactions, protected its right to maintain, after the closing of the transactions, its current condition as co-controlling shareholder of Pan Seguros S.A. The Bank concluded and liquidated the transaction on December 29, 2014. After the acquisition were made the merger of the BTGP Seguradora by Pan Seguros S.A. In May 2015, the transfer of 49% of interest on Pan Seguros S.A. to the Caixapar was concluded.

On June 13, 2014, Banco Pan approved a R$3,0 billion capital increase through the issuance of: (i) up to R$1,5 billion of 443,786,982 new nominative and non-par shares, of which up to 242,566,348 are common shares and up to 201,220,634 preferred shares, at the issuance price of R$ 3.38 per common or preferred share, for private subscription by Banco Pan's shareholders; and (ii) up to R$1.5 billion of redeemable preferred shares with a term of five years, which will receive annual, fixed, cumulative priority dividends of 104% of the CDI over the issue price and which will not be traded on the BM&FBOVESPA. The issuance of the redeemable preference shares was cancelled on December 5, 2014.

The Bank and Caixapar exercised their respective pre-emptive rights in connection with the capital issuance described in (i) and made a total capital contribution of R$651 million and R$576 million respectively, which generated negative goodwill of R$22 million, maintaining the condition of joint holders of all voting shares and 80.7% of Banco Pan's total capital stock. The creation and issuance of the new class of shares described above were reconsidered by the shareholder's.

On April 15, 2014, SUSEP approved BTG Pactual PV Holding LTDA. (subsequently had changed the name for BTG Pactual Vida e Previdência S.A.) to operate pension plan products.

On January 24, 2014 Banco BTG Pactual received licenses from the Luxembourg Ministry of Finance to the Bank's new offshore branch as well as its local subsidiary. Further infrastructure and operational processes were implemented initiate the business activities in 2014.

On April 22, 2013 the Central Bank of Brazil approved the formation of Banco BTG Pactual Chile in Santiago (Chile), with initial capital of US$50 million. This transaction was approved by Chilean authorities on December 17, 2014.

Acquisitions and disposals

As at October 30, 2015, the Bank sold one of its energy trader's entity with contracts evaluated in R$1.8 billion for the total amount of R$2 billion, of which R$200 million was received on the transaction date and the remaining amount will be received over five years in semiannual installments.

In April, 2015, the Bank through one of its subsidiaries, converted debentures in the amount of R$985,978, issued by Rede D'Or, and received shares equivalent to 21.1% of its equity, which generated a goodwill in the amount of R$649,807. In May, 2015, Rede D'Or received a capital increase which diluted the Bank interest to 19.4% and generated an equity pickup gain of R$269,174, net of proportional goodwill amortization. Additionally, during the year ended December 31, 2015, BTG Pactual sold its remaining investment in Rede D'Or and recognized an approximate gain of R$2.7 Billion. Also, the sale contracts contain terms that might change the receivable amount of the Bank, in case of Rede D'Or not reaches certain conditions precedent. On December 31, 2015, the Bank estimated that the value of a potential terms is not significative.

On December 31, 2015, the Bank affirmed a sale commitment of its full ownership in Recovery do Brasil Consultoria S.A ("Recovery"), by the total amount of R$1.2 billion, as per described: (i) transfer of ordinary shares, equivalents to 81.94% of Recovery share capital; (ii) transfer of shares issued by Fundo de Investimento em Direitos Creditórios NPL I ("FIDC NPL I"), equivalents to 69.34% of the fund's total investment, and; (iii) transfer of debentures not convertible issued by Renova Companhia Securitizadora de Créditos Financeiros S.A. ("Renova"). On the same date, the referred assets were transferred to held for sale, measured at fair value, as per presented into Note 12(b). The transaction generated an approximate gain of R$560 million.

BTG Pactual Group has entered into a joint venture to establish a reinsurance business operating through a number of regulated reinsurance entities. As part of the growth strategy of the joint venture, as at July 10, 2014, the Bank acquired 100% of the shares of Ariel Re (Holdings) Limited's operations ("Ariel"), a non-life international reinsurance group, based in London and Bermuda, that specializes in property catastrophe reinsurance. On January 12, 2015, the acquisition of Ariel was approved by the Brazilian Central Bank and on February 3, 2015, it was settled. In April 2015, the transfer of 50% of interest on Ariel to the joint venture was concluded.

On July 14, 2014, Banco BTG Pactual entered into a definitive share purchase agreement of BSI, providing for its acquisition, directly or indirectly, of 100% of its capital shares, a Swiss financial institution subsidiary of Generali Group. Banco BTG Pactual believes the business of BSI has complementary geographic and client coverage to its existing client portfolio with limited overlap. On September 30, 2015, the acquisition was concluded and the aggregate consideration paid by Banco BTG Pactual was CHF1,248 million (R$4,935 million) as per the exchange rate on the date of acquisition, and it consisted of: (i) CHF1,048 million (R$4,162 million) in cash totally paid in September 2015, and (ii) shares in the amount of CHF200 million (R$773 million). The transaction generated a negative goodwill of CHF27 million (R$109 million).

In addition, Generali NV used part of the cash proceeds CHF50 million (R$203 million) to fund the acquisition of a corresponding number of equity interests of BTG Pactual Participations needed to form units of the BTG Pactual Group. The shares issuance, mentioned above, was approved by the Brazilian Central Bank on November 3, 2015. Generali NV and BTG Pactual Group are currently in the administrative process of delivering effectively the share and forming the Units.

On December 19, 2014, was approved by BACEN, the acquisition of certain credits and rights held by Fundo Garantidor de Créditos ("FGC"), against Banco Bamerindus do Brasil S/A ("Bamerindus"), in Extrajudicial Liquidation (the "Institution"), and other companies in the Institution's economic group. In connection with the transaction and approval, BTG Pactual paid R$107 million in December 2014, and will pay four annual instalments of R$87 million, index to CDI, up to 2018, to the FGC. This transaction generated a negative goodwill of R$ 26,551. Also in December 19, 2014, the Institution and its subsidiaries, extrajudicial liquidation process concluded, and the Institution's name changed to Banco Sistema S.A. The Institution's assets do not include the Bamerindus brand.

The transaction resulted in BTG Pactual acquiring control of the Institution and its subsidiaries, with an interest greater than 98% of its total and voting capital.

3. Presentation of the financial statements

The Bank's financial statements were prepared in accordance with accounting practices adopted in Brazil, applicable to the institutions authorized to operate by the Central Bank of Brazil (BACEN), in accordance with the standards and instructions of the Conselho Monetário Nacional (CMN), BACEN and Securities and Exchange Commission (CVM), when applicable.

The preparation of the financial statements in accordance with the accounting practices adopted in Brazil requires Management to use its judgment to determine and register accounting estimates. Assets and liabilities subject to these estimates and assumptions primarily relate to deferred income tax assets and liabilities, to the allowance for loan losses and other receivables, the provision for taxes and contributions with suspended eligibility, the provision for contingent liabilities and fair value measurement on financial instruments. The settlement of transactions involving these estimates may result in amounts that differ from those estimated due to inaccuracies inherent to its determination. The Bank periodically reviews these estimates and assumptions.

Functional currency

The items included in the Bank's financial statements are measured using the currency of the main economic environment in which the Bank operates (functional currency). The financial statements are presented in reais (R$), which is the Bank's functional currency. Assets and liabilities were translated into reais using the closing rate at the reporting date, while income and expense accounts were translated at the average monthly rate.

The financial statements of the foreign branch, originally stated in US dollars, were translated into reais using the closing rate at the reporting dates.

Reclassification of financial statements

The Bank has revised its previously issued statement of cash flows as at December 31, 2014 resulting in decrease in financing activities of R$1,636,901, and an increase in the same amount in operational activities. This review was in order to apply accounting practices consistent with those applied as at December 31, 2015.

4. Significant accounting practices

The most relevant accounting practices adopted by the Bank are the following:

a. Cash and cash equivalents

For the purposes of statements of cash flows, cash and cash equivalents include, pursuant to CMN Resolution 3604/08, cash, bank deposits and highly-liquid short-term investments with original maturities up to 90 days, subject to an insignificant risk of change in value.

b. Short-term interbank investments, remunerated deposits at the Central Bank of Brazil, time and interbank deposits, open market funding, funds from securities issued and accepted, loans and onlending, subordinated debts and other asset and liability transactions

The transactions with clauses of adjustment for inflation/exchange rate adjustment and transactions with fixed interest rates are recorded at present value, net of transaction costs, calculated on a "*pro rata die"* basis, based on the effective rate of the transactions.

c. Securities

Measured and classified in accordance with the criteria established by BACEN Circular Letter 3068 of November 8, 2001, under the following categories:

i. Trading securities

Acquired with the purpose of being actively and frequently traded. Trading securities are initially recognized at cost plus income earned, and adjusted to fair value and accounted for in income (loss).

ii. Available for sale securities

These are securities that are neither classified as trading securities nor as held-to-maturity securities. They are stated at cost, with interest recorded on profit or loss, and subsequently adjusted to fair value, with a corresponding entry to a separate account under shareholders' equity, net of tax effects, which will only be recorded in profit or loss after the effective realization.

iii. Held to maturity securities

These are securities that the Bank has intention and ability to hold to maturity. They are stated at cost, with interest recorded on profit or loss. Decreases in the fair value of available-for-sale and held-to-maturity securities below their respective restated costs, related to non-temporary reasons, are recorded in profit or loss as realized losses.

According to BACEN Circular Letter 3068/01, trading securities are recorded in the balance sheet, in current assets, regardless of their maturity.

d. Derivative financial instruments

These are classified according to Management's intention, on the transaction date, considering whether such transactions will be conducted to hedge against risk or not.

The transactions using financial instruments performed on their own, or that does not comply with hedge criteria (mainly derivatives used to manage the global risk exposure), are accounted for at fair value, with gains and losses, realized or unrealized, recognized directly in income (loss) for the period.

Derivative financial instruments used to mitigate the risks arising from exposures to changes in the fair value of financial assets and financial liabilities and that are highly correlated in relation to changes in their fair value in relation to the fair value of the hedged item, both in the beginning and throughout the agreement, and deemed as effective in the reduction of risk associated to the exposure to be hedged, are deemed as hedge and are classified according to their nature:

- Market risk hedge: financial instruments included in this category, as well as their related hedged financial assets and liabilities, are measured at fair value, and their realized or unrealized related gains or losses are recorded in income (loss) for the period; and

- Cash flow hedge: the instruments classified in this category are measured at fair value, and the effective portion of the appreciation or depreciation are recorded in a separate account under shareholders' equity, net of tax effects. The non-effective portion of the respective hedge is directly recorded in income (loss) for the period.

e. Fair value of securities, derivative financial instruments and other rights and obligations

The fair value of securities, derivative financial instruments and other rights and obligations, whenever applicable, is calculated based on market price, price evaluation models, or based on the price determined for other financial instruments with similar characteristics. Therefore, at the time of financial settlement of these transactions, results may differ from the estimates. The daily adjustments of transactions performed in the futures market are recorded as effective income and expense when generated or incurred. The premium paid or received upon performance of transactions in the stock option market, other financial assets and commodities are recorded in the respective assets accounts for amounts paid or received, adjusted at market price against their results.

The transactions performed in the forward market of financial assets and commodities are registered by the final retained value, deducted from the difference between this amount and the price of the good or right adjusted at market prices, at the adequate assets or liabilities account. The income and expenses are recorded according to the maturity of their agreements.

Assets and liabilities resulting from swap and currency forward transactions of non-deliverable forward agreements (NDF) are recognized in assets and liabilities at their carrying amount, adjusted at fair value, with a corresponding entry to income (loss).

The notional amount of the agreements is recorded in memorandum accounts.

f. Financial instruments – net presentation

Financial assets and liabilities are presented as net in the balance sheet if, and only if, there is a current and enforceable legal right to offset the amounts recorded and if there is an intention to simultaneously realize the asset and settle the liability.

g. Sale or transfer of financial assets with substantial retention of risks and benefits

Financial assets remain on the transferor's balance sheet when the transferor sells or transfers a financial asset and retains all or substantially all of the risks and benefits of the asset. In such case, a financial liability is recognized for the consideration received for such asset.

h. Loans and other receivables (transactions with loan characteristics)

Recorded at present value, calculated on a "*pro rata die"* basis on the index variation and on the agreed interest rate, updated up to 59th day of default, provided the expected receipt. As from the 60th day, the recognition in income (loss) occurs at the time of effective receipt of installments. Renegotiated transactions are maintained at least in the same level in which they were classified before the renegotiation and, if they had already been written off, they are classified as level H; gains are recorded in income when actually received.

i. Allowance for loan losses

Recognized based on an analysis of loan risk losses at an amount deemed sufficient to cover possible losses, pursuant to CMN Resolution 2682, of December 21, 1999, described below.

Allowances are recorded for loans, based on the classification of the client's risk, due to the periodical analysis of client quality and of activity industries and not only upon default.

Considering exclusively the default, written off loans against losses are carried after 360 days from the credit due date or after 540 days, for transactions maturity term exceeding 36 months.

The allowance for loan losses and other receivables is estimated based on the analysis of transactions and specific risks presented in each portfolio, in accordance with the criteria established by CMN Resolution 2682/99.

j. Investments

Subsidiaries, associates and jointly controlled entities are accounted for under the equity method. Other investments in permanent assets are stated at cost, less allowance for losses, when applicable.

k. Goodwill or negative goodwill

Goodwill or negative goodwill is calculated based on the difference between the amount paid at the acquisition date and the net carrying amount of the assets acquired.

Goodwill and negative goodwill, recorded on the basis of expected future results of the acquired subsidiaries, are amortized in line with the cash flow projections underlying the transaction or when the investment is written off, due to sale or impairment, before projections are accomplished.

Negative goodwill is recognized in investments for jointly controlled entities, and in deferred income to subsidiaries, until the investment is realized.

l. Property and equipment in use and deferred charges

These are stated at cost. Depreciation is calculated on a straight-line basis based on the economic useful lives of the assets. Deferred charges correspond mainly to leasehold improvements. Amortization is calculated using the straight-line basis over the estimated period of usage and/or disposal.

m. Intangible assets

Corresponds to acquired rights that have as their subject intangible assets destined to the entities' maintenance or used for such purpose, in accordance with CMN Resolution 3642, of November 26, 2008. Comprised by (i) goodwill paid in acquisition transferred to intangible asset due to incorporation of acquirer's equity by the acquired, or consolidation of the company, and (ii) for acquired rights of management contracts, and (iii) softwares and leasehold improvements. Amortization is calculated using the straight-line basis over the period in which the rights generate benefits.

n. Impairment

Whenever there is clear evidence that the assets are value at an unrecoverable amount, it is recorded as loss in the lower of results for the period. This procedure is performed at least at the end of each fiscal year.

Assets subject to impairment are deducted, when applicable, of provision for losses that is calculated according to the value in use or fair value less costs to sell the assets. The main estimates used in determining the provision are: expectation of future cash flows, discount rates, illiquidity, among others.

o. Income tax and social contribution

The provisions for income tax and social contribution are recorded based on book income adjusted by additions and deductions provided by the tax legislation. Deferred income tax and social contribution are calculated on temporary differences, whenever the realization of these amounts is considered as probable, at the rate of 15% for income tax, plus a 10% surtax on the annual taxable income exceeding R$240, and 20% for social contribution of financial institutions and 9% for non-financial institutions.

p. Contingent assets and liabilities, legal, tax and social security obligations

Recognized according to the criteria described below:

i. Contingent assets

Contingent assets are not recognized in the financial statements, except when there is evidence ensuring their realization and when they are no longer subject to appeals.

ii. Contingent liabilities

Contingent liabilities are recognized in the financial statements when, based on the opinion of the legal counsel and management, the risk of loss in an legal or administrative proceeding is considered probable, and whenever the amounts involved can be measured reliably. Contingent liabilities assessed by the legal advisors as possible losses are only disclosed in the notes to the financial statements, while those classified as remote losses do not require the recording of provisions or disclosure.

iii. Legal obligation – tax and social security

Legal liabilities refer to lawsuits challenging the legality or constitutionality of certain taxes and contributions. The amount under dispute is measured and recorded.

q. Earnings per share

Calculated based on the weighted average numbers of shares outstanding for the period.

r. Revenue recognition

Revenues and expenses are recorded on the accrual basis.

5. Risk management

The Bank's committee structure allows for the inputs from the entire organization and ensures that the decisions are implemented effectively. The main committees involved in risk management activities are: (i) Management Committee, which approves policies, defines overall limits and is ultimately responsible for managing risks, (ii) New Business Committee, which assesses the feasibility and supervises the implementation of proposals for new businesses and products, (iii) Credit Risk Committee, which is responsible for approving new loans according to the guidelines set forth by the Bank's Risk Committee, (iv) Market Risk Committee, which is responsible for monitoring market risk, including the use of our risk limits

(Value at Risk – VaR and Stress Test), and approving exceptions, (v) Operational Risk Committee, which assesses the main operational risks for the internal policies and regulatory risks established, (vi) AML (Anti Money Laundering) Compliance Committee, which is responsible for establishing policy rules and reporting potential problems related to money laundering, (vii) CFO Committee, which is responsible for monitoring liquidity risk, including cash and cash equivalents and capital structure, (viii) Audit Committee, which is responsible for independent verification of compliance with internal controls and assessment of maintenance of the accounting records.

The Bank monitors and controls risk exposure through several and different, supplemental internal systems, including credit, financial, operational, compliance, tax and legal systems. The Bank believes that the involvement of the Committees (including their subcommittees) with management and continuous risk control promotes a strict risk control culture in the organization as a whole. The Bank's commissions comprise senior members of the business units and senior members of the control departments, which do not depend on the business areas.

a. Operating limits

	2015	2014
Reference Shareholders' Equity	19,658,799	14,678,862
Tier I	22,348,819	16,736,911
Common Equity	17,206,110	13,239,075
Complementary equity	5,142,708	3,497,836
Tier II	3,977,264	4,545,445
Reference Shareholders' Equity (PR) - (a)	26,326,083	21,282,356
Required Reference Shareholders' Equity (PRE)	18,742,699	13,402,263
Total exposure risk-weighted - (b)	18,742,699	13,402,263
Credit risk	13,766,340	7,657,999
Operational risk	83,440	644,830
Market risk	4,892,919	5,099,434
Basel ratio - (a/b*11%)	15.5%	17.5%
Tier I capital	13.1%	13.7%
Tier II capital	2.3%	3.8%
Fixed assets ratio	69.9%	78.5%
Fixed assets to equity capital ratio	13,156,602	10,634,053
Status for fixed assets to equity capital ratio	9,193,675	8,352,612
Amount of margin or insufficient	3,962,927	2,281,441

The resolutions 4.192/13 and 4.278/13 issued by the CMN regulates the requirements on Minimum Required Capital for Tier I and Additional Capital and Resolution 4.193/13 institute the Additional for the Main Capital. Credit risk was calculated based on the Circular BACEN 3.644/13, 3.652/13, 3.679/13 and 3.696/14, market risk based on Circulars 3.634, 3.635, 3.636, 3.637, 3.638, 3.639, 3.641 and 3.645, of 2013 and Circulars-Letters 3.310/08 and 3.498/11, and operational risk based on Circulars 3.640/13 and 3.675/13 and Circular-Letter 3.625/13 for operating risk.

The Bank has chosen the basic indicator approach to measure operating risk.

As at December 31, 2015 and 2014 the Bank was in compliance with all operating limits.

b. Market risk

VaR is the potential loss of value of the trading positions due to adverse movements in the market during a defined period within a specific level of confidence. Together with the Stress Test, VaR is used to measure the exposure of the Bank's positions at market risk. The Bank uses a historical simulation for calculation of VaR, applying real distributions and correlation amongst assets, not using Greek approximations and standard distributions. VaR may be measured in accordance with different periods, historical data and reliable levels. The accuracy of the market risk methodology is tested through daily back testing that compares the compliance between VaR estimates and gains and losses realized.

The VaR presented below was calculated for a one-day period, at a confidence level of 95.0% and one-year historical data. Reliable level of 95.0% means that there is one within twenty changes that the day trade net income remains below estimated VaR. Therefore, insufficiencies arising from net income expected from trading in a single day exceeding the reported VaR would be expected to occur, on average, around once a month. Losses in a single day may exceed the VaR reported in material amounts. Losses may also occur more frequently or accrue during a longer period, such as the number of consecutive trading days. As it is backed up by historical data, VaR's accuracy is limited to its capacity to predict unprecedented market changes, as historical distributions in market risk factors may not produce accurate prognostics of future market risk. VaR methodologies and assumptions on different distributions may produce a materially different VaR. In addition, VaR calculated for a one-day period does not consider the market risk of positions that may not be settled or offset with hedges within the term of one day. As previously mentioned, the Bank uses stress test models as a complement to VaR method for its daily risk activities.

The table below contains the Bank's daily average VaR for the years ended as follows:

In millions of R$	**2015**	**2014**	**2013**
Daily average VaR	125.6	73.0	52.5

c. Credit risk

All of the Bank's and its subsidiaries' counterparties are subject to strict credit risk analyses focusing mainly on an assessment of their paying ability, based on simulations of cash flows, debt leverage and schedule, asset quality, interest coverage and working capital. Qualitative aspects, such as strategic guidance, business sector, expert areas, efficiency, regulatory environment and market share, are regularly assessed and used to supplement the credit analysis process. The Bank's counterparties credit limits and its subsidiaries are established by the Credit Committee and are regularly reviewed. The measurement and monitoring of the total risk to which the Bank and its subsidiaries are exposed cover all the financial instruments that may generate counterparty risks, such as private bonds, derivatives, guarantees given, possible settlement risks among others.

d. Liquidity risk

The Bank and its subsidiaries manage liquidity risk by concentrating their portfolio in high-level credit and highly-liquid assets, using funds obtained from prime counterparties at competitive rates. The Bank and its subsidiaries maintain a solid capital structure and a low level of leverage. Additionally, any mismatching between assets and liabilities is carefully monitored, considering the impact of extreme market conditions in order to assess their ability to realize assets or to reduce leverage.

e. Operating risk

In line with the BACEN guidelines and the Basel Committee concepts, an operating risk management policy applicable to the Bank and to its local and foreign subsidiaries was defined.

The policy establishes a set of principles, procedures and tools that enable risk management to be permanently adjusted to the nature and complexity of products, services, activities, processes and systems.

The Bank and its subsidiaries have a strong culture in managing operational risk, which takes into account the assessment, monitoring, simulation and validation of risks, based on consistent internal controls. The mechanisms for managing and controlling operational risks are continually improved with a view to comply with the requirements of regulatory agencies, rapidly adjusting to changes and anticipating future trends, among which the New Basel Capital Accord propositions are to be highlighted.

6. Cash at banks

Cash refer basically to deposits abroad in prime banks.

7. Interbank investments

	2015					2014
	Total	Up to 90 days	90 to 365 days	1 to 3 years	Over 3 years	Total
Open market investments	24,737,813	16,916,342	7,783,719	37,752	-	33,990,453
Own portfolio	3,176,135	1,147,380	2,007,168	21,587	-	3,482,198
Federal government bonds	2,943,597	914,842	2,007,168	21,587	-	2,177,712
Corporate bonds	54,374	54,374	-	-	-	1,293,088
Federal foreign government bonds	178,164	178,164	-	-	-	11,398
Third-party portfolio	18,071,753	13,300,375	4,755,213	16,165	-	26,834,834
Federal government bonds	18,061,782	13,290,404	4,755,213	16,165	-	26,518,805
Corporate bonds	9,971	9,971	-	-	-	291,858
Federal foreign government bonds	-	-	-	-	-	24,171
Short position	3,489,925	2,468,587	1,021,338	-	-	3,673,421
Federal government bonds	3,489,925	2,468,587	1,021,338	-	-	3,673,421
Interbank investments	3,843,062	3,843,062	-	-	-	4,622,852
Interbank deposit certificates	310,000	310,000	-	-	-	2,660,453
Investments in foreign currency - overnight	3,533,062	3,533,062	-	-	-	1,962,399
	28,580,875	20,759,404	7,783,719	37,752	-	38,613,305

As at December 31, 2015 the collateral received in repurchase agreements amounts to R$23,374,462 (December 31, 2014- R$32,887,202), whereas the collateral granted amounts to R$24,096,869 (December 31, 2014 – R$35,711,793).

8. Securities

a. Summary by type of portfolio

The breakdown by type of instrument and contractual maturity of the portfolio are as follows:

	2015							2014
	Cost	Market	Up to 90 days	90 to 365 days	1 to 3 years	3 to 5 years	Over 5 years	Market
Own portfolio	21,759,623	20,538,373	17,565,995	486,402	1,437,108	258,178	790,690	23,486,561
Federal government bonds	230,033	226,032	-	47,622	55,320	100,845	22,245	906,728
Brazilian foreign debt securities	2,083	2,083	-	-	2	-	2,081	19,682
Debentures/Eurobonds (i)	934,896	907,416	1,304	262,798	387,370	57,614	198,330	5,037,383
Bank credit certificate	-	-	-	-	-	-	-	37,042
Certificate of real estate receivables	253,231	253,231	67,168	94,096	47,657	30,978	13,332	989,327
Investment fund quotes								
Multimarket	16,198,702	15,655,749	15,655,749	-	-	-	-	7,807,137
Shares	21,026	21,026	21,026	-	-	-	-	319,178
FIDC - Credit rights	31,854	31,854	-	-	31,854	-	-	743,080
Equity investment fund	1,133,083	1,133,083	-	-	873,886	-	259,197	2,875,678
Real estate	40,490	40,490	-	-	40,490	-	-	283,669
Shares	2,413,952	1,766,595	1,766,595	-	-	-	-	1,359,209
Promissory notes	121,261	121,250	54,141	67,109	-	-	-	2,282,620
Others	363,267	363,819	12	95	529	68,741	294,442	785,113
Foreign government bonds	15745	15745	0	14682	0	0	1063	40715
Unrestricted portfolio	593,661	591,054	-	-	-	182,032	409,022	529,059
Federal government bonds	593,661	591,054	-	-	-	182,032	409,022	529,059
Subject to repurchase agreements	3,141,329	3,055,293	401,252	882,396	834,015	220,061	717,569	6,271,283
Federal government bonds	1,612,465	1,612,800	321,051	851,847	113,308	98,821	227,773	616,025
Corporate bonds / Eurobonds (i)	916,418	830,047	4,650	1,185	663,453	121,240	39,519	5,650,596
Certificate of real estate receivables	450,277	450,277	-	-	-	-	450,277	-
Others	162,169	162,169	75,551	29,364	57,254	-	-	4,662
Subject to guarantees	3,299,944	3,136,778	91,505	838,042	718,347	1,352,234	136,650	1,408,228
Federal government bonds	285,511	285,568	-	234,589	35,304	15,675	-	937,714
Corporate bonds / Eurobonds (i)	2,857,994	2,759,705	-	603,453	683,043	1,336,559	136,650	343,703
Shares	156,439	91,505	91,505	-	-	-	-	112,397
Others	-	-	-	-	-	-	-	14,414
Trading securities	22,694,491	21,631,381	17,937,431	1,180,857	1,334,654	462,996	715,443	17,256,756
Available for sale securities	6,100,066	5,690,117	121,321	1,025,983	1,654,816	1,549,509	1,338,488	14,438,375
	28,794,557	**27,321,498**	**18,058,752**	**2,206,840**	**2,989,470**	**2,012,505**	**2,053,931**	**31,695,131**

(i) Substantially securities issued by Brazilian companies.

b. Trading securities

	2015							2014
	Cost	Market	Up to 90 days	90 to 365 days	1 to 3 years	3 to 5 years	Over 5 years	Market
Own portfolio	19,820,842	18,824,881	17,444,674	65,057	1,123,008	153,013	39,129	14,654,850
Federal government bonds	230,033	226,032	-	47,622	55,320	100,845	22,245	906,728
Brazilian foreign debt securities	2,083	2,083	-	-	2	-	2,081	19,682
Debentures/Eurobonds (i)	289,694	285,934	1,304	2,753	215,969	52,168	13,740	1,573,941
Investment fund quotes								
Multimarket	16,198,702	15,655,749	15,655,749	-	-	-	-	7,807,137
Shares	21,026	21,026	21,026	-	-	-	-	319,178
FIDC - Credit rights	31,854	31,854	-	-	31,854	-	-	743,080
Equity investment fund	577,263	779,373	-	-	779,373	-	-	1,936,113
Real estate	40,490	40,490	-	-	40,490	-	-	283,669
Shares	2,413,952	1,766,595	1,766,595	-	-	-	-	392,862
Others	-	-	-	-	-	-	-	631,745
Foreign government bonds	15,745	15,745	-	14,682	-	-	1,063	40,715
Unrestricted portfolio	593,661	591,054	-	-	-	182,032	409,022	529,059
Federal government bonds	593,661	591,054	-	-	-	182,032	409,022	529,059
Subject to repurchase agreements	1,838,038	1,838,373	401,252	881,211	176,342	112,276	267,292	1,022,736
Federal government bonds	1,612,465	1,612,800	321,051	851,847	113,308	98,821	227,773	616,025
Corporate bonds / Eurobonds (i)	63,404	63,404	4,650	-	5,780	13,455	39,519	402,049
Foreign private securities	-	-	-	-	-	-	-	4,662
Others	162,169	162,169	75,551	29,364	57,254	-	-	-
Subject to guarantees	441,950	377,073	91,505	234,589	35,304	15,675	-	1,050,111
Federal government bonds	285,511	285,568	-	234,589	35,304	15,675	-	937,714
Shares	156,439	91,505	91,505	-	-	-	-	112,397
	22,694,491	**21,631,381**	**17,937,431**	**1,180,857**	**1,334,654**	**462,996**	**715,443**	**17,256,756**

(i) Substantially securities issued by Brazilian companies.

c. Available-for-sale securities

	2015							2014
	Cost	Market	Up to 90 days	90 to 365 days	1 to 3 years	3 to 5 years	Over 5 years	Market
Own portfolio	1,938,781	1,713,492	121,321	421,345	314,100	105,165	751,561	8,831,711
Shares	-	-	-	-	-	-	-	966,347
Debentures (i)	645,202	621,482	-	260,045	171,401	5,446	184,590	3,463,442
Bank credit certificate	-	-	-	-	-	-	-	37,042
Certificate of real estate receivables	253,231	253,231	67,168	94,096	47,657	30,978	13,332	989,327
Promissory notes	121,261	121,250	54,141	67,109	-	-	-	2,282,620
Others	363,267	363,819	12	95	529	68,741	294,442	153,368
Investment fund quotes								
Equity investment fund	555,820	353,710	-	-	94,513	-	259,197	939,565
Subject to repurchase agreements	1,303,291	1,216,920	-	1,185	657,673	107,785	450,277	5,248,547
Debentures (i)	853,014	766,643	-	1,185	657,673	107,785	-	5,248,547
Certificate of real estate receivables	450,277	450,277	-	-	-	-	450,277	-
Subject to guarantees	2,857,994	2,759,705	-	603,453	683,043	1,336,559	136,650	358,117
Debentures	2,857,994	2,759,705	-	603,453	683,043	1,336,559	136,650	343,703
Others	-	-	-	-	-	-	-	14,414
	6,100,066	**5,690,117**	**121,321**	**1,025,983**	**1,654,816**	**1,549,509**	**1,338,488**	**14,438,375**

(i) Substantially securities issued by Brazilian companies.

d. Reclassification of securities

Management classifies the securities according to its trading intention. No reclassifications or changes in intention were made by Management during the year ended in December 31, 2015. During the year ended December 31, 2014 the Bank's Management reclassified R$10,334,333 from the category trading securities for available to sale securities, with no effect on current gain or loss.

9. Derivative financial instruments

The Bank actively engages in risk intermediation transactions involving derivative financial instruments, providing necessary hedging for its own needs and its clients aiming to reduce market, currency and interest rate risk exposures. Certain derivatives may be associated with operations involving securities or rights and obligations.

The risk underlying these operations is managed though strict control policies, the establishment of strategies, definitions of limits, among other monitoring techniques. The limits of risk exposure are determined by the Risk Committee and by type of instrument and counterparty concentration, among others.

Transactions conducted in Brazil are traded, registered or held in custody by BM&FBovespa and CETIP S.A. – OTC Clearing House; transactions conducted abroad are traded and registered with prime brokers. The Bank uses different financial instruments to achieve economical hedge such as options, forwards, futures and swaps with periodic adjustment. The use of these instruments is to hedge positions in the cash markets, aiming to improve the risk level in the portfolio, where the risk monitoring committees deemed necessary.

As at the year ended December 31, 2015 and 2014, the Bank does not have derivative financial instruments classified as hedge accounting. However, it has the policy to economically hedge its exposures to foreign currencies, including exposures in subsidiaries or to associates, using derivatives or other financial instruments. The policy aims to mitigate any effect from changes in foreign currency on assets and liabilities, other than those ones for trading purpose.

a. Recognized in memorandum and balance sheet accounts

The notional amounts of transactions with financial instruments are recorded in memorandum accounts and the adjustment/premium in balance sheet accounts. The assumed positions arising from transactions with derivative financial instruments, demonstrated below, considers the provisions of BACEN Circular 3641/13, which determines the exclusion of agreements in currency, gold and other assets linked to foreign exchange exposure, with maturity in the first business day following the date the exchange exposure is verified. The receivable leg and payable leg are presented separately for Swap, Non-Deliverable Forward (NDF) and Deliverable Forward (DF) derivatives in the table below.

	2015				2014
	Up to 6 months	6 to 12 months	Over 1 year	Total	Total
Futures market					
Long position	20,610,105	1,682,932	4,705,480	26,998,517	55,190,864
Currency	71,392	-	-	71,392	301,584
Interest rate	20,513,405	1,682,932	4,705,480	26,901,817	7,239,587
Index	-	-	-	-	47,649,693
Commodities	25,308	-	-	25,308	-
Short position	46,695,878	12,589,814	2,174,262	61,459,954	105,841,749
Currency	4,980,245	2,784,601	-	7,764,846	3,338,338

	2015				2014
	Up to 6 months	6 to 12 months	Over 1 year	Total	Total
Interest rate	41,418,080	9,311,657	2,174,262	52,903,999	35,695,532
Commodities	297,553	493,556	-	791,109	933,248
Index	-	-	-	-	65,874,631
Swap					
Long position	35,278,965	12,762,957	100,952,896	148,994,818	151,047,511
Currency	636,735	938,138	61,630,673	63,205,546	2,608,027
Interest rate	34,380,073	11,526,200	38,901,216	84,807,489	137,669,218
Commodities	-	-	-	-	8,846
Index	475	185,871	419,000	605,346	8,632,919
Equities	51,648	65,658	16	117,322	584,533
Other	210,034	47,090	1,991	259,115	1,543,968
Short position	35,278,965	12,762,957	100,952,896	148,994,818	151,047,511
Currency	243,416	296,983	5,949,790	6,490,189	2,608,027
Interest rate	33,855,662	11,614,769	92,631,271	138,101,702	137,669,218
Index	6,196	219,955	1,157,996	1,384,147	8,632,919
Equities	81,235	99,758	320,714	501,707	584,533
Commodities	-	-	-	-	8,846
Other	1,092,456	531,492	893,125	2,517,073	1,543,968
Credit derivatives					
Long position	-	-	136,668	136,668	432,164
Sovereign	-	-	136,668	136,668	185,934
Corporate	-	-	-	-	246,230
Short position	39,048	-	143,697	182,745	325,916
Corporate	39,048	-	143,697	182,745	325,916
Non-deliverable forward - NDF					
Long position	59,998,892	3,086,586	5,695,877	68,781,355	12,758,890
Currency	54,898,290	1,734,162	5,654,998	62,287,450	1,731,250
Index	-	-	-	-	10,239,256
Commodities	1,692,839	799,618	-	2,492,457	-
Interest rate	3,407,763	552,806	40,879	4,001,448	-
Other	-	-	-	-	788,384
Short position	59,998,892	3,086,586	5,695,877	68,781,355	12,758,890
Currency	54,630,719	1,708,344	5,693,460	62,032,523	11,027,640
Commodities	1,791,740	200,960	-	1,992,700	1,719,352
Interest rate	3,576,433	1,177,282	2,417	4,756,132	-
Other	-	-	-	-	11,898
Deliverable forward - DF					
Long position	28,723,050	3,732,613	555,660	33,011,323	60,462,160
Currency	28,596,944	3,611,533	555,660	32,764,137	60,447,299
Interest rate	4,018	60,540	-	64,558	-
Commodities	122,088	60,540	-	182,628	14,861
Short position	28,723,050	3,732,613	555,660	33,011,323	60,462,160
Currency	28,596,944	3,611,533	555,660	32,764,137	60,447,299
Interest rate	122,088	60,540	-	182,628	-
Commodities	4,018	60,540	-	64,558	14,861
Security forwards					
Long position	354,132	-	-	354,132	933,902
Interest rate	289,798	-	-	289,798	-
Government bonds	64,334	-	-	64,334	933,902
Short position	354,132	-	-	354,132	933,902
Interest rate	64,334	-	-	64,334	933,902
Government bonds	289,798	-	-	289,798	-
Options					
Long position					
Call option	6,759,373	1,335,203	57,454,578	65,549,154	21,315,068
Equities	293,968	-	121,883	415,851	235,735
Index	30,255	-	-	30,255	17,488,546

	2015				2014
	Up to 6 months	6 to 12 months	Over 1 year	Total	Total
Currency	6,364,864	1,335,203	57,332,695	65,032,762	3,589,287
Other	70,286	-	-	70,286	1,500
Put option	5,236,857	1,482,870	77,385,500	84,105,227	17,723,888
Equities	395,386	-	-	395,386	226,964
Index	-	-	-	-	14,509,849
Currency	4,841,471	1,478,648	77,385,500	83,705,619	2,987,075
Interest rate	-	4,222	-	4,222	-
Short position					
Call option	7,321,078	1,638,408	77,385,500	86,344,986	5,900,606
Equities	299,972	-	-	299,972	173,795
Index	25,212	-	-	25,212	2,129,081
Currency	6,925,608	1,638,408	77,385,500	85,949,516	3,597,730
Other	70,286	-	-	70,286	-
Put option	4,265,800	1,175,442	57,333,502	62,774,744	34,876,701
Equities	-	-	807	807	58,150
Index	-	-	-	-	31,660,845
Currency	4,265,800	1,175,442	57,332,695	62,773,937	3,157,706

b. By cost and market value

	2015					2014
	Cost	Market	Up to 6 months	6 to 12 months	Over 1 year	Total
Swaps						
Long position	1,151,867	2,693,427	233,046	185,882	2,274,499	959,330
Short position	2,513,610	2,994,088	162,689	144,310	2,687,089	1,658,267
Credit derivatives						
Long position	4,167	4,167	-	-	4,167	19,530
Short position	22,696	22,695	447	-	22,248	18,308
Non-deliverable forward - NDF						
Long position	2,133,595	2,187,506	1,395,964	115,053	676,489	736,418
Short position	1,843,544	1,922,144	1,093,673	138,781	689,690	642,178
Deliverable forward - DF						
Long position	15,439,736	15,448,876	13,903,218	1,290,921	254,737	21,922,396
Short position	15,453,056	15,451,212	13,905,440	1,296,353	249,419	21,996,903
Forward transaction						
Long position	353,813	353,813	353,813	-	-	1,749,139
Short position	353,648	353,648	353,648	-	-	1,749,573
Options market						
Long position	14,473,978	12,768,791	873,637	435,131	11,460,023	1,056,137
Short position	13,352,849	18,677,377	303,009	162,022	18,212,346	538,512
Long position	**33,557,156**	**33,456,580**	**16,759,678**	**2,026,987**	**14,669,915**	**26,442,950**
Short position	**33,539,403**	**39,421,164**	**15,818,906**	**1,741,466**	**21,860,792**	**26,603,741**

c. Notional value by counterparty

	2015					2014
	Clearing houses / stock exchange	Financial Institutions (i)	Companies	Individuals	Total	Total
Futures market						
Long position	26,518,644	479,873	-	-	26,998,517	55,190,864
Short position	59,954,084	1,505,870	-	-	61,459,954	105,841,749
Swap						
Long position	26,969,058	50,436,452	71,586,208	3,100	148,994,818	151,047,511
Short position	26,969,058	50,436,452	71,586,208	3,100	148,994,818	151,047,511
Credit derivatives						
Long position	-	136,668	-	-	136,668	432,164
Short position	-	182,745	-	-	182,745	325,916
Non-deliverable forward - NDF						
Long position	-	45,503,026	23,244,749	33,580	68,781,355	12,758,890
Short position	-	45,503,026	23,244,749	33,580	68,781,355	12,758,890
Deliverable forward - DF						
Long position	-	19,381,846	13,629,477	-	33,011,323	60,462,160
Short position	-	19,381,846	13,629,477	-	33,011,323	60,462,160
Forward transactions						
Long position	-	-	354,132	-	354,132	933,902
Short position	-	-	354,132	-	354,132	933,902
Options market						
Long position	179,287	149,008,270	461,866	4,958	149,654,381	39,038,956
Short position	351,410	148,602,104	164,445	1,771	149,119,730	40,777,307
Long position	**53,666,989**	**264,946,135**	**109,276,432**	**41,638**	**427,931,194**	**319,864,447**
Short position	**87,274,552**	**265,612,043**	**108,979,011**	**38,451**	**461,904,057**	**372,147,435**

(i) Includes investments funds.

d. Credit derivatives

	2015	2014
Credit swap		
Transferred risk		
Sovereign	136,668	185,934
Corporate	-	246,230
Risk received		
Corporate	(182,745)	(325,916)
	(46,077)	106,248

During the year ended on December 31, 2015 and 2014, there was no credit events related to triggering facts provided for in agreements.

According to CMN's resolutions, the effect on the calculation of the required reference shareholders' equity (PRE) as at December 31, 2015 is R$41,891 (December 31, 2014 – R$42,414).

e. Guarantee margin

Guarantee margin in transactions traded on BM&FBovespa and other stock exchanges with derivatives comprises federal government bonds and others, totaling R$2,934,274 (December 31, 2014 – R$919,466), and equities in the amount of R$91,505 (December 31, 2014 – R$112,397).

f. Fair value of financial instruments

The fair values of financial instruments are calculated as follows:

- Swaps: cash flows are discounted to present value based on yield curves reflecting the proper risk factors. These yield curves are mainly based on the prices traded on BM&FBovespa, Brazilian government bonds traded on the secondary or derivative market and securities traded abroad. These yield curves may be used to obtain the fair value of currency swaps, interest rate swaps and swaps based on other risk factors (commodities, stock market indexes, etc.).

- Futures and Forward: using stock exchange quotations or criteria identical to those described for swaps above.

- Options: the fair value of these instruments are calculated based on mathematical models (such as Black & Scholes) that use data containing implied volatility, interest rate yield curve and the fair value of the underlying asset. These data are obtained from different sources (normally prices from brokers and brokerage firms, Bloomberg and Reuters).

- Credit derivatives: the fair value of these instruments is calculated based on mathematical models largely adopted in the market that uses data relating to the issuer's credit spread and interest rate yield curve. These data are obtained from different sources (normally market prices, Bloomberg and Reuters).

- Securities and short selling: the fair value of government bonds are calculated based on prices disclosed by the Brazilian Association of Financial and Capital Market Entities (ANBIMA). The fair value of corporate bonds is calculated based on prices traded on the secondary market, prices of similar assets and market visibility of the Company's commercial departments. Shares are calculated based on the prices informed by BM&FBovespa. Fund quotas are valued based on quota prices disclosed by the custodian.

- Financial assets at fair value through profit (loss): The Bank estimates the fair values of the financial instruments by discounting cash flows to present value based on yield curves reflecting the proper risk factors.

10. Loans

Loans are classified in risk levels in accordance with the criteria established by CMN Resolution 2682/99. This classification takes into consideration, among others, a periodic analysis of the transaction, defaults, client history and guarantee, as applicable.

The allowance for loan losses is calculated based on classification of clients in the risk levels, as defined by the same Resolution.

Loans and other operations with loan characteristics are as follows:

a. Loans

i. By type of credit

Type of credit	2015		2014	
	Balance	Allowance	Balance	Allowance
Loans	11,803,700	(969,035)	12,522,183	(720,617)
Financing	1,603,783	(128,025)	2,321,933	(63,597)
FINAME/BNDES	2,424,105	(35,481)	1,687,922	(12,542)
Securities financing	1,315	-	8,793	-
Total	15,832,903	(1,132,541)	16,540,831	(796,756)

ii. By risk level and maturity

	2015						2014	
		Maturity						
Risk level	Overdue	Up to 6 months	6 to 12 months	Over 12 months	Total	Allowance	Total	Allowance
AA	-	959,169	406,542	4,616,390	5,982,101	-	5,006,331	-
A	-	943,104	113,628	2,990,314	4,047,046	(20,235)	5,303,949	(26,519)
B	-	194,118	521,620	1,440,458	2,156,196	(21,562)	3,471,519	(34,714)
C	566	1,001,366	121,907	114,931	1,238,770	(37,163)	699,704	(23,048)
D	851	137,529	39,353	876,193	1,053,926	(145,062)	670,839	(110,197)
E	45,995	396,770	50,038	73,824	566,627	(171,952)	1,290,936	(547,837)
F	50,069	12,063	2,248	38,961	103,341	(51,671)	77,986	(38,993)
G	-	-	-	-	-	-	13,731	(9,612)
H	143,268	27,965	434,262	79,401	684,896	(684,896)	5,836	(5,836)
Total	240,749	3,672,084	1,689,598	10,230,472	15,832,903	(1,132,541)	16,540,831	(796,756)

iii. By activity sector

Sector	2015	2014
Commerce	41,972	130,179
Industry	306,496	477,920
Services	14,407,981	14,545,084
Rural	258,270	317,573
Individuals	818,184	1,070,075
Total	15,832,903	16,540,831

b. Other receivables with loans characteristics and transferred loan

Exclusively comprised by securities and receivables, relating to credit rights acquisition transactions and transferred loan, as follows:

i. By risk level and maturity

	2015						2014	
		Maturity						
Risk level	Overdue	Up to 6 months	6 to 12 months	Over 12 months	Total	Allowance	Total	Allowance
AA	-	46,424	126	93,218	139,768	-	461,576	-
A	115	2,542	64,638	6,991	74,286	(371)	886,031	(4,431)
B	39,059	19,402	13,884	457,970	530,315	(5,303)	229,987	(2,300)
C	60,856	11,045	10,342	67,604	149,847	(4,495)	190,025	(5,701)
E	56,786	-	-	-	56,786	(22,715)	-	-
F	50,541	1,847	-	-	52,388	(26,194)	23,592	(11,796)
H	63,730	-	-	-	63,730	(63,730)	493	(493)
Total	271,087	81,260	88,990	625,783	1,067,120	(122,808)	1,791,704	(24,721)
Transfered loans with co-obligations					85,436	(2,472)	176,698	(4,796)
Securities and credits receivable (note 12(b))					981,684	(120,336)	1,615,006	(19,925)

ii. By activity sector

Sector	2015	2014
Individuals	93,915	153,052
Commerce	-	85,938
Rural	75,298	-
Services	897,907	1,552,714
Total	1,067,120	1,791,704

c. Advances in foreign exchange contracts

i. By risk level and maturity

	2015						2014	
		Maturity						
Risk level	Overdue	Up to 6 months	6 to 12 months	Over 12 months	Total	Allowance	Total	Allowance
AA	-	9,196	-	-	9,196	-	-	-
A	-	-	-	-	-	-	342,566	(1,713)
B	-	-	72,863	-	72,863	(879)	206,003	(2,060)
C	-	-	-	-	-	-	159,707	(4,791)
D	-	5,195	8,950	-	14,145	(2,733)	10,849	(1,085)
E	-	21,165	14,110	-	35,275	(12,246)	-	-
G	-	-	-	-	-	-	25,074	(17,552)
H	20,886	-	-	-	20,886	(20,886)	-	-
Total	20,886	35,556	95,923	-	152,365	(36,744)	744,199	(27,201)

ii. By activity sector

Sector	2015	2014
Industry	56,161	105,573
Services	96,204	638,626
Total	152,365	744,199

d. Credit risk concentration

	2015	%	2014	%
Largest debtors				
10 largest debtors	9,496,571	56%	7,213,541	38%
20 following largest debtors	3,253,712	19%	4,595,237	23%
50 following largest debtors	2,446,871	14%	3,932,932	21%
100 following largest debtors	1,366,692	8%	2,809,679	15%
200 following largest debtors	479,180	3%	525,345	3%
500 following largest debtors	9,362	0%	-	0%
Total	17,052,388	100%	19,076,734	100%

e. Allowance

Changes in the allowance for loan losses and other receivables with loan characteristics in the years ended:

	2015		2014
	2nd semester	Year	Year
Opening balances	(1,108,185)	(971,801)	(346,149)
Reversal/(recording) of allowance	(325,132)	(527,561)	(547,157)
Exchange rate variation	(134,304)	(94,951)	46,938
Portifolio acquisition	-	-	(146,842)
Credits written off as loss	125,272	151,964	21,409
Closing balances	(1,442,349)	(1,442,349)	(971,801)
Breakdown of closing balances			
Allowance for loan losses	(1,132,541)	(1,132,541)	(796,756)
Allowance for transferred loans	(2,472)	(2,472)	(4,796)
Allowance for other receivables	(120,336)	(120,336)	(19,925)
Allowance for advances on foreign exchange contracts	(36,744)	(36,744)	(27,201)
Provision for standby letters of credit	(150,256)	(150,256)	(123,123)
	(1,442,349)	(1,442,349)	(971,801)

f. Renegotiation/recovery of credits written off to loss

In 2015, the amount of R$1,458,054 were due to credit renegotiation (December 31, 2014 – R$268,794). Also in the year ended December 31, 2015 there were the amount of R$1,414 due to written off loans recuperation (December 31, 2014 – R$11,815).

g. Transferred loan

In 2015, there was no credit assignment with co-obligation (December 31, 2015 - R$193,456).

11. Other receivables/obligations

a. Foreign exchange portfolio

	2015		2014	
	Assets	Liabilities	Assets	Liabilities
Unsettled exchange purchased/sold	1,580,853	10,246,983	2,403,783	6,950,193
Rights on foreign exchange sales	10,163,220	-	6,858,467	-
(-) Advances on foreign Exchange contracts (Note 10 (c))	3,489	(148,876)	15,820	(728,379)
(-) Advances in foreign currency received	(156)	-	-	-
(-) Advances in local currency received	(234)	-	(4,256)	-
Liability for foreign exchange purchase	-	1,513,482	-	2,296,547
	11,747,172	11,611,589	9,273,814	8,518,361
Current	11,747,172	11,611,589	9,273,814	8,518,361
Long term	-	-	-	-

Guarantees for foreign exchange transactions carried out through BM&FBovespa – Securities, Commodities and Futures Exchange (BM&FBovespa), are represented by federal government bonds in the amount of R$111,000 (December 31, 2014 - R$18,247).

b. Securities trading and brokerage

	2015		2014	
	Assets	Liabilities	Assets	Liabilities
Clearing houses	1,137,447	1,108,518	1,393,193	957,217
Commissions and brokerage payable	-	318	-	348
Debtors/creditors – pending settlement account	2,056,230	1,068,409	4,076,239	1,479,936
Unsettled third-party interbank investments	-	36	-	14,210
Creditors for stock loans	-	3,100	-	14,382
Securities trading and brokerage	2,436,420	796,622	2,764,453	323,698
	5,630,097	2,977,003	8,233,885	2,789,791
Current	5,630,097	2,977,003	6,852,466	2,789,791
Long term	-	-	1,381,419	-

“Debtors/creditors – pending settlement account” is basically represented by amounts pending settlement, relating to transactions involving the purchase and sale of securities and financial asset agreements at BM&FBovespa, and abroad through prime brokers, on the Bank’s behalf or on behalf of third parties.

“Other securities trading and brokerage” basically represents, in assets, intermediation transactions, and in liabilities, it refers basically to the short position of foreign governments bonds to be settled.

12. Other receivables

a. Income receivable

	2015	2014
Dividends and profit sharing	33,048	1,602,835
Receivables from services rendered	17,351	17,396
Management and performance fees from investment funds and portfolios	8,068	6,123
Distribution fees	11,744	18,122
Commissions on guarantees	10,751	9,460
Other	7	9
	80,969	1,653,945
Current	80,969	1,653,945
Long term	-	-

b. Sundry

	2015	2014
Deferred tax assets - IR/CS (Note 18)	5,082,936	1,536,172
Deferred tax assets - Others	358,964	33,427
Judicial deposits	884,726	821,789
Taxes to offset	576,561	399,508
Tax incentive options	1,317	1,317
Securities and credits receivable		
With loan characteristics (Note 10(b))	981,684	1,615,006
Without loan characteristics (ii)	126,703	5,344
Held for sale	1,176,377	-
Advance to suppliers	540,870	-
Sundry - Brazil (i)	2,829,119	967,635
Other	198	9,147
	12,559,455	5,389,345
Current	6,668,584	2,733,086
Long term	5,890,871	2,656,259

(i) Refes, basically to receivables from sale of investments. (Note 2).
(ii) On December 31, 2015, the line above has the amount of R$50,634, relative to allowance for losses, registered in “Other receivables - Allowance for losses in other receivables”.

13. Investments in subsidiaries, associates companies and jointly controlled entities

	Subsidiaries, associates and jointly controlled entities						
	Shareholders Equity		Net income (loss)			Equity interest	
	2015	2014	2nd semester	2015	2014	2015	2014
In Brazil							
BTG Pactual Asset Management S.A. DTVM	517,876	597,723	162,229	244,153	315,651	99.99%	99.99%
BTG Pactual Corretora de Títulos e Valores Mobiliários S.A.	394,091	359,463	72,669	120,411	43,082	99.99%	99.99%
BTG Pactual Serviços Financeiros S.A. DTVM	84,916	76,918	16,054	26,998	18,132	99.99%	99.99%
BTG Pactual Corretora de Mercadorias Ltda.	-	120,253	(4,720)	-	22,307	0.00%	99.99%
BTG Pactual Securitizadora S.A.	691	850	(59)	(158)	(62)	99.99%	99.99%
BTG Pactual Holding Internacional S.A.	13,406,793	5,422,972	2,507,438	3,951,297	556,768	99.99%	99.99%
BTG Pactual Comercializadora de Energia Ltda	1,916,607	1,134,088	(252,337)	50,997	478,873	99.99%	99.99%
Recovery do Brasil Consultoria Ltda.	-	78,060	(24,672)	-	19,622	0.00%	73.23%
BTG Pactual Vivere Participações S.A.	-	(16,008)	37,709	-	(19,531)	20.32%	20.32%
BR Properties S.A.	-	6,005,116	(65,062)	-	264,611	0.00%	0.12%
BW Properties S.A.	537,017	596,906	(127,242)	(133,947)	66,388	50.93%	57.62%
Warehouse 1 Empreendimentos Imobiliários S.A.	40,974	110,328	(25,777)	(5,621)	20,156	35.00%	35.00%
Max Casa XIX Empreendimentos Imobiliários S.A.	23,848	37,733	4,880	4,125	2,888	50.00%	50.00%
ACS Omicron Empreendimentos Imobiliários S.A.	9,624	17,375	870	1,344	1,803	44.74%	44.74%
BTG Pactual Commodities S.A.	-	295,868	(70,892)	-	(8,316)	0.00%	99.99%
BTG Pactual Holding de Seguros Ltda.	763,020	1,061,926	13,263	48,875	45,222	99.99%	99.99%
TTG Participações Holding	100,473	16,767	28,708	44,268	(1,194)	99.99%	99.99%
Pan Corretora S.A.	59,961	49,931	(39,901)	10,030	9,189	51.00%	51.00%
Banco Sistema S.A.	6,704,056	804,454	727,485	1,215,602	302,749	99.91%	98,84%
BTGP Corretora de Seguros S.A.	7,936	1,285	4,273	6,651	-	99.99%	0.00%
BTG Pactual Corretora de Resseguros Ltda	72	-	(30)	(30)	-	99.99%	0.00%
Jointly-controlled entities - In Brazil							
Banco Pan S.A.	3,643,797	3,634,486	77,970	8,052	7,823	40.35%	40.35%
Abroad							
BTG Pactual Overseas Corporation	30,122	-	60,252	293,317	470,126	99.99%	99.99%
Spring Valley Management LLC	-	-	-	-	174,471	0.00%	0.00%
BTG Pactual Chile Internacional Ltd.	50,152	32,217	(400)	2,791	18,338	99.99%	99.99%
Banco BTG Pactual Luxembourg S.A.	327,364	144,957	116,926	114,267	145,289	99.99%	99.99%
BTG Pactual S.A. Comisionista de Bolsa	137,910	89,785	(9,350)	1,522	11,573	99.99%	99.99%

		Changes in investments					
	2014	Aquisition / Increase / Transfer / (Sales)	Dividends paid	Equity pick up	Fair value adjustments	2015	Equity pick up in 2014
Subsidiaries and associates - In Brazil							
BTG Pactual Asset Management S.A. DTVM	597,721	-	(324,000)	244,153	-	517,874	315,651
BTG Pactual Corretora de Títulos e Valores Mobiliários S.A.	359,463	14,413	(55,500)	75,716	-	394,092	43,082
BTG Pactual Serviços Financeiros S.A. DTVM	76,918	-	(19,000)	26,998	-	84,916	18,132
BTG Pactual Corretora de Mercadorias Ltda.	120,254	(14,413)	(116,550)	10,709	-	-	22,307
BTG Pactual Securitizadora S.A.	848	-	-	(158)	-	690	(62)
BTG Pactual Holding Internacional S.A.	5,422,959	4,059,452	-	3,929,593	(5,210)	13,406,794	556,728
BTG Pactual Comercializadora de Energia Ltda.	1,134,085	731,522	-	50,988	-	1,916,595	478,872
Recovery do Brasil Consultoria Ltda. (ii)	57,163	(64,244)	(42,383)	49,464	-	-	15,442
Goodwill - Recovery do Brasil Consultoria Ltda. (ii)	2,556	(2,556)	-	-	-	-	-
BTG Pactual Vivere Participações S.A.	-	3,863	-	(3,863)	-	-	(8,937)
BR Properties S.A.	4,739	(4,739)	-	-	-	-	(678)
BW Properties S.A.	344,957	-	-	(71,470)	-	273,487	42,274
Goodwill – BW Properties S.A.	2,322	-	-	-	-	2,322	-
Warehouse 1 Empreendimentos Imobiliários S.A.	38,614	(5,075)	(17,899)	(1,300)	-	14,340	25,243
Max Casa XIX Empreendimentos Imobiliários S.A.	18,866	(7,500)	(1,889)	2,447	-	11,924	1,549
ACS Omicron Empreendimentos Imobiliários Ltda.	7,774	(5,369)	-	1,901	-	4,306	2,408
BTG Pactual Commodities S.A. (i)	295,869	(297,900)	-	2,031	-	-	(8,316)
TTG Participações Holding	55,865	340	-	44,268	-	100,473	244
BTGP E&P	-	-	-	-	-	-	539,106
BTG Pactual Holding de Seguros	1,061,926	(285,000)	(63,000)	48,875	218	763,019	45,222
BTGP Corretora de Seguros S.A.	1,285	-	-	6,651	-	7,936	1,185
Pan Corretora S.A.	25,465	-	-	5,115	-	30,580	-
Banco Sistema S.A.	795,122	5,003,201	(315,553)	1,215,080	-	6,697,850	299,237
Negative goodwill - Banco Sistema S.A.	(26,551)	-	-	-	-	(26,551)	-
Rede D'OR São Luiz S.A. (ii)	-	(378,574)	-	378,574	-	-	-
Goodwill - Rede D'OR São Luiz S/A	-	87,561	-	(87,561)	-	-	-
BPMB I Participações S.A.	-	77	-	(77)	-	-	-
BTG Pactual Corretora de Resseguros Ltda	-	102	-	(31)	-	71	-
	10,398,220	**8,835,161**	**(955,774)**	**5,928,103**	**(4,992)**	**24,200,718**	**2,388,689**
Jointly-controlled entities - In Brazil							
Banco Pan S.A.	1,372,936	-	(2,003)	5,045	821	1,376,799	(81,589)
Negative goodwill - Pan S.A.	(111,344)	-	-	-	-	(111,344)	-
	1,261,592	**-**	**(2,003)**	**5,045**	**821**	**1,265,455**	**(81,589)**
Total	**11,659,812**	**8,835,161**	**(957,777)**	**5,933,148**	**(4,171)**	**25,466,173**	**2,307,100**
Abroad							
Pactual Overseas Corporation (iii)	1,604,458	(2,667,586)	-	1,093,255	-	30,127	549,169
Spring Valley Management LLC (iii) (iv)	-	-	-	-	-	-	459,304
BTG Pactual Chile Internacional Ltd. (iii)	32,217	-	-	17,935	-	50,152	19,977
Banco BTG Pactual Luxembourg S.A.	144,957	-	-	182,407	-	327,364	(3,790)
BTG Pactual S.A. Comisionista de Bolsa (iii)	85,018	36,860	-	7,408	-	129,286	4,278
Goodwill - BTG Pactual S.A. Comisionista de Bolsa	52,500	-	-	(7,248)	-	45,252	(13,866)
Ariel Re (Holding) Limited (iii)	-	(92,111)	-	92,111	-	-	-
	1,919,150	**(2,722,837)**	**-**	**1,385,868**	**-**	**582,181**	**1,015,072**
Total	**13,578,962**	**6,112,324**	**(957,777)**	**7,319,016**	**(4,171)**	**26,048,354**	**3,322,172**

(i) Transfer company to subsidiary BTG Pactual Holding Internacional S.A.
(ii) Note 2.
(iii) The diference between equity pick up in subsidiaries and net income of subsidiaries refers to exchange variation.
(iv) Company sold.

14. Intangible asset

	Changes in intangible assets				
	2014	Acquisitions	Amortization expenses	Exchange variation	2015
Other intangible assets					
Cost					
Softwares	72,731	15,661	-	2,809	91,201
Leasehold improvements	74,068	6,753	-	-	80,821
Amortization					
Softwares	(29,540)	-	(14,911)	(1,733)	(46,184)
Leasehold improvements	(16,651)	-	(8,639)	-	(25,290)
	100,608	22,414	(23,550)	1,076	100,548

The intangible asset amortization period is 5 years.

15. Fund raising and loans onlending

a. Summary

	2015						2014
	Total	Up to 90 days	90 to 365 days	1 to 3 years	3 to 5 years	Over 5 years	Total
Deposits	24,653,018	13,965,737	5,895,156	3,900,868	757,879	133,378	23,885,646
Open market funding	25,429,006	20,098,523	2,134,997	1,388,569	17,715	1,789,202	37,426,632
Funds from securities issued and accepted	19,413,107	2,655,696	6,889,507	6,431,779	3,044,969	391,156	20,165,982
Loans and onlending	3,711,926	1,134,604	219,028	87,343	139,789	2,131,162	4,718,795
Subordinated debts and subordinated debt eligible to equity	13,096,362	-	657,178	2,298,319	7,690,033	2,450,832	10,916,392
Total	86,303,419	37,854,560	15,795,866	14,106,878	11,650,385	6,895,730	97,113,447

b. Deposits

	2015						2014
	Total	Up to 90 days	90 to 365 days	1 to 3 years	3 to 5 years	Over 5 years	Total
Demand deposits	130,554	130,554	-	-	-	-	170,686
Interbank deposits	4,471,768	3,857,508	524,929	69,050	20,281	-	2,693,192
Time deposits (i)	20,050,696	9,977,675	5,370,227	3,831,818	737,598	133,378	21,021,768
Total	24,653,018	13,965,737	5,895,156	3,900,868	757,879	133,378	23,885,646

(i) Include time deposit with special guarantee from FGC, with maturity until December 29, 2017. Vide Note 1.

The deposits have rates between 2.33% p.a and 19% p.a.

c. Open market funding

Open market funding has collateral on the following securities:

	2015						2014
	Total	Up to 90 days	90 to 365 days	1 to 3 years	3 to 5 years	Over 5 years	Total
Own portfolio	3,305,207	2,270,422	669,736	365,049	-	-	6,436,172
Federal government bonds	1,606,253	1,606,253	-	-	-	-	600,976
Corporate bonds	1,664,943	630,158	669,736	365,049	-	-	5,831,325
Federal foreign government bonds	34,011	34,011	-	-	-	-	3,871
Third-party portfolio	15,242,238	15,242,238	-	-	-	-	17,914,111
Federal government bonds	15,233,771	15,233,771	-	-	-	-	17,494,823
Corporate bonds	8,467	8,467	-	-	-	-	389,856
Federal foreign government bonds	-	-	-	-	-	-	29,432
Unrestricted portfolio (i)	6,881,561	2,585,863	1,465,261	1,023,520	17,715	1,789,202	13,076,349
Federal government bonds	6,881,561	2,585,863	1,465,261	1,023,520	17,715	1,789,202	13,076,349
	25,429,006	20,098,523	2,134,997	1,388,569	17,715	1,789,202	37,426,632

(i) From the unrestricted portfolio, R$3,489,295 (December 31, 2014 – R$3,660,021) refers to short position and R$3,392,266 (December 31, 2014 – R$9,416,328) to third-party portfolio.

d. Fund from securities issued and accepted

	2015						2014
	Total	Up to 90 days	90 to 365 days	1 to 3 years	3 to 5 years	Over 5 years	Total
Securities – Brazil	13,553,611	1,377,889	5,779,238	5,291,406	782,780	322,298	13,358,794
Financial bills	11,945,501	903,689	5,050,064	4,890,369	779,081	322,298	10,220,598
Mortgage bonds/letters of credit for agrobusiness	1,590,028	459,356	725,936	401,037	3,699	-	3,106,370
Structured transactions	18,082	14,844	3,238	-	-	-	31,826
Securities – abroad	5,859,496	1,277,807	1,110,269	1,140,373	2,262,189	68,858	6,807,188
Medium term notes (i)	5,553,012	1,233,083	910,737	1,093,979	2,246,355	68,858	6,654,274
Fixed rate notes and others	306,484	44,724	199,532	46,394	15,834	-	152,914
	19,413,107	2,655,696	6,889,507	6,431,779	3,044,969	391,156	20,165,982

(i) During the year, gains in the amount of approximately R$356,083 million relating to notes acquired was recognized by the Bank, below par.

As at December 31, 2015, securities in Brazil were basically indexed o interest referenced rates (CDI) between 86% and 113% or inflation indexes (IPCA and IGPM) plus 1.2% p.a. to 7.8% p.a. (December 31, 2014 – indexed to (CDI) between 50% and 113% or inflation indexes (IPCA and IGPM) plus 1.2% p.a. to 7.8% p.a.).

On December 31, 2015, securities abroad have rates between 1.2% p.a. and 7% p.a. (December 31, 2014 – between 0.75% p.a. and 7% p.a.).

e. Loans and onlending

	2015						2014
	Total	Up to 90 days	90 to 365 days	1 to 3 years	3 to 5 years	Over 5 years	Total
Loans abroad	1,204,284	1,132,204	70,458	1,622	-	-	3,060,972
Foreign currency	160,766	90,308	70,458	-	-	-	-
Loans abroad	1,043,518	1,041,896	-	1,622	-	-	3,060,972
Loans - Brazil	148,815	-	141,460	-	-	7,355	-
Loans	148,815	-	141,460	-	-	7,355	-
Onlending in Brazil – official institution	2,358,827	2,400	7,110	85,721	139,789	2,123,807	1,657,823
FINAME/BNDES	2,358,827	2,400	7,110	85,721	139,789	2,123,807	1,657,823
	3,711,926	1,134,604	219,028	87,343	139,789	2,131,162	4,718,795

On December 31, 2015, loans and onlending have rates of 0.73% p.a. and 6% a.a. (December 31, 2014 – between 1.78% p.a. and 11.25% p.a.).

f. Subordinated debt and debt instrument eligible to equity

	2015					2014
Type - original currency	Issued amount (original currency)	Issued	Maturity	Total compensation a.a.	Net amount	Net amount
Financial bills - R$ (i)	4,161,000	15/04/2011	15/04/2021	Inflation plus fixed rates	6,084,766	5,403,116
Subordinated debt - US$	800,000	28/09/2012	15/09/2022	5.75%	1,851,199	2,015,440
Subordinated debt eligible to equity - US$ (ii)	1,300,000	12/09/2014	Callable at September 2019	8.75%	5,160,397	3,497,836
Total					13,096,362	10,916,392

(i) Financial bills have different maturities and have interests and principal generally amortized every six months beginning ast 2016.
(ii) During the year, gains in the amount of approximately R$67,108 million relating to notes acquired was recognized by the Bank, below par.

16. Other obligations

a. Social and statutory

	2015	2014
Dividends and profit sharing payable	459,703	298,200
Employees' profit sharing	433,198	209,000
	892,901	507,200
Current	892,901	507,200
Long-term	-	-

b. Tax and social security

	2015	2014
Tax and contributions to be collected	61,073	28,601
Tax and contribution payable	401,111	-
Deferred income tax and social contribution (Note 18)	9,598	21,902
Suspended-payment taxes and other tax liabilities (Note 17 (c))	862,472	823,093
	1,334,254	873,596
Current	462,183	41,972
Long-term	872,071	831,624

c. Sundry

	2015	2014
Payable for acquisition of assets and rights (i)	1,041,364	996,731
Allowance for accounts payable	44,650	59,792
Payable - subject to loans operations	104,211	196,266
Provision for guarantees (Note 10 (e))	150,256	123,123
Provision for contingent liabilities (Note 17 (c))	13,218	7,949
Other creditors - Brazil	229,858	163,454
Other creditors - Abroad	53,915	-
Other	2,656	-
	1,640,128	1,547,315
Current	413,456	553,190
Long-term	1,226,672	994,125

(i) Refers to amounts payable for the acquisition of investments (substantially Banco Pan S.A. and Banco Sistema S.A.).

17. Contingent assets and liabilities and legal obligations

The Bank's evaluates existing contingencies in relation to legal proceedings filed against these entities and recognizes a provision to cover probable losses on such proceedings. Management's judgment is based on the opinion of its internal and external legal counsel regarding the expected outcome for each proceeding.

a. Contingent assets

As at December 31, 2015 and 2014, the Bank did not record contingent assets.

b. Contingent liabilities classified as probable losses and legal obligations

i. Labor provisions

Comprise lawsuits filed by former employees, mostly claiming overtime and salary parity. The contingencies are recorded based on an analysis of the potential loss amounts, considering the current stage of the lawsuit and the opinion of external and internal legal counsel.

ii. Civil provisions

For civil lawsuits with chances of unfavourable outcome (pain and suffering and pecuniary injury, among others), contingency amounts are recorded based on the opinion of internal and external legal counsel.

iii. Tax and social security provisions

Tax and social security provisions are represented by legal and administrative proceedings of federal, state and municipal taxes, regarding legal obligations and contingent liabilities. The provisions are recognized based on the opinion of internal and external legal counselors and the court level to which each proceeding was submitted.

c. Breakdown and changes in provisions

The Bank's Management is challenging the constitutionality of certain procedures regarding federal taxes, in addition to being party to legal, tax and civil proceedings. Based on the opinion of its legal counsel, Management considers that the provisions recorded for such proceedings at December 31, 2015 are appropriate to cover probable losses arising therefrom.

The provisions recognized and their changes are as follows for the years ended December 31:

	2015				2014
	Tax	Civil	Labor	Total	Total
Balance at the beginning of the year	823,093	-	7,949	831,042	758,556
Recognition	114,571	-	12,538	127,109	136,603
Write-off / reversal	(75,192)	-	(7,269)	(82,461)	(64,117)
Balance at the end of the year	862,472	-	13,218	875,690	831,042
Suspended-payment taxes and other taxes contingencies (Note 16b)				862,472	823,093
Provision for contingent liabilities				13,218	7,949

The natures of the main provisions are presented below.

i. Suspended payment taxes and other taxes liabilities (Note 16b)

BTG Pactual Group has been challenging in court the legal nature of some taxes and contributions. The amounts relating to legal obligations and contingencies assessed a possible loss by the internal and external counsel is fully recorded in provision. The main legal disputes are the following:

COFINS ("Social security financing tax") - Challenge of the legal grounds for the levy of COFINS under rules established by Law 9718/98.

PIS ("Social integration program tax") - Challenge of the levy of PIS established by Constitutional Amendments 10 of 1996 and 17 of 1997.

CSL ("Social contribution tax") - Challenge of CSL payment required from financial institutions in the period from 1996 to 1998 at rates higher than those applied to legal entities in general, opposing the constitutional principle of equality.

As at December 31, 2015, the Bank was part to taxes lawsuits with a possible outcome, which were not recorded in provision. The descriptions of the main lawsuits are as follows:

- Lawsuits relating to the payment of profit sharing, challenging the payment of social security contribution on the amounts and non-deductibility of income tax and social contribution tax base. The amount claimed is R$852.5 million. Part of this amount is security by indemnity clause, as it refers to the period before the acquisition of the Bank by the current controllers.

- Lawsuits relating to the demutualization and IPO of BM&F Bovespa, challenging the taxation of PIS and Cofins on revenues earned from the sale of shares of the companies previously mentioned. The amount claimed is R$18.5 million. Part of this amount is security by indemnity clause, as it refers to the period before the acquisition of the Bank by the current controllers.

- In October 2012, we received a tax assessment, which in December 31, 2015 totalled R$2,139 million alleging that our use of the amortization of certain goodwill to reduce the amount of the IRPJ and CSLL taxes payable by us was inappropriate. Such goodwill was originated in connection with the acquisition of us by UBS in 2006. The amortization of such goodwill occurred from February 2007 to January 2012, although the tax assessment solely relates to the IRPJ and CSLL tax returns for the calendar years 2007, 2008 and 2009. The Bank presented a defense against this tax assessment. On February 2013, a first instance decision was issued, providing for a partial reduction of the tax assessment amount. On June 03, 2015, a second instance decision was issued, which cancel the isolated fine in the amount of R$329.7 million. Based on our analysis of applicable case law, including in recent similar cases, we believe that the tax assessment is without merit and that we will ultimately prevail in its appeal. In addition, on December 2015, the Bank received other tax assessment in the amount of R$1.643 million, which refers to 2010 and 2011, alleging that our use of the goodwill originated in the acquisition of Pactual by UBS, held on 2006, and in the buyback of Pactual by BTG, on 2009. As a result, the Bank not expect to incur any losses (other than the costs of the appeal) in connection with this matter, and have not established (and do not expect to establish) any related reserves on our financial statements. In addition to our assessment as to the validity of this tax assessment, in the event that we incur losses in connection with this matter, we believe we are entitled to be indemnified by third parties for part of these losses. Accordingly, in no event do we do not to incur any material losses in connection with this matter.

ii. Provision for other contingent liabilities

As at December 31, 2015, the bank was part to several civil, labor, lawsuits and other contingences with a possible outcome, which were not recorded in provisions.

18. Income tax and social contribution

The reconciliation of income tax and social contribution expenses with the figure obtained by applying the tax rate on income before these taxes is as follows:

	2015	2014
Tax base	2,263,300	2,679,742
Income before taxes and profit sharing	2,806,588	2,795,501
Statutory profit sharing	(543,288)	(115,759)
Interest on equity	(914,754)	(600,000)
Total charge of income tax and social contribution at the current rates	(539,418)	(831,897)
Permanent (additions) / deductions in taxation calculation	3,122,061	882,787
Equity pick up in subsidiaries and associates and jointly controlled companies in Brazil	1,928,639	758,829
Income / (loss) of foreign exchange on foreign investments	763,357	145,956
Income on foreign investments	46,692	(58,908)
Dividends	137,847	43,935
Other Permanent (additions) / deductions	245,526	(7,025)
Temporary (additions) / deductions on the taxation calculation	(2,853,366)	(283,867)
Reversal of provision for goodwill on the acquisition of investments	100,633	113,710
Fair value of securities and derivatives	(2,645,888)	(26,120)
Allowance for loan losses	(343,427)	(197,833)
Equity on interest	119,280	(119,280)
Tax contingencies and provision for suspended-payment taxes	13,390	(12,914)
Provision on investments	-	24,974
Other provisions	(97,354)	(66,404)
Effect of increase in social contribuition 5% (current tax)	(51,085)	-
Offset of tax losses carry forward - Brazil	(79,234)	218,880
Tax and social contribution expense	(401,042)	(14,097)
Temporary differences		
Recognition / (reversal) of the year	2,853,366	280,999
Recognition / (reversal) on losses in Brazil	79,234	236,102
Recognition / (reversal) on losses on Branches abroad	79,682	-
Recovery of income tax of investment abroad	212,813	185,407
Increase in social contribuition - effect of prior years	536,145	-
(Expenses) / revenues from deferred taxes assets	3,761,240	702,508
Total revenues / (expenses)	3,360,198	688,411

Income tax and social contributions are calculated and recorded in accordance with the criteria established by BACEN Circular Letter 3059/02, taking into account the period of realization.

Changes in deferred tax assets presented in "Other credits – Sundry" (Note 12(b)), are as follows:

Income tax and social contribution	2014	Recognition	Realization (i)	2015
Tax loss carryforward	221,444	-	-	221,444
Tax loss for the year	-	200,049	-	200,049
Interest on equity	119,280	-	(119,280)	-
Allowance for loan losses	370,928	498,661	(154,804)	714,785
Marked-to-market valuation of securities and derivatives	284,077	14,902,201	(12,149,000)	3,037,278
Goodwill on the acquisition of investment	196,907	-	(100,632)	96,275
Tax contingencies and provision for suspended-payment taxes	196,062	-	(16,381)	179,681
Other temporary differences	147,474	216,486	(136,084)	227,876
Increase in Social Contribuition - CSLL 5%	-	391,503	-	391,503
	1,536,172	16,208,900	(12,676,181)	5,068,891
Effects on other comprehensive income				
Marked-to-market adjustments on securities and derivatives	-	14,045	-	14,045
	1,536,172	16,222,945	(12,676,181)	5,082,936

(i) On December 31, 2015, the amount of R$228,521 (December 31, 2014 – R$185,407), refers to recovery paid taxes from investments abroad
(ii) Refers to the tax credit provision for loss on investment in the company BR Properties S.A..

The present value of tax credits, based on the expected realization of deferred tax assets, is as follows:

Description	Tax credits on temporary differences	Tax loss carry forwards	Total
2016	1,561,653	95,670	1,657,323
2017	1,453,345	65,003	1,518,348
2018	1,453,345	260,195	1,713,540
2019 onwards	179,680	-	179,680
	4,648,023	420,868	5,068,891
Present value	3,420,294	294,675	3,714,969

The Bank has deferred tax obligations in the amount of R$9,558 (December 31, 2014 - R$21,902) according to Note 16(b).

On May 21, 2015, Provisional Measure nº 675 (MP 675/15) was published which increased the rate of the Social Contribution on Net Profit of the financial and insurance sectors from 15% to 20% of taxable profit, from September, 2015. On October 7,2015, Law 13.169 was published which decrease the rate of the Social Contribution on Net Profit from 20% to 15% from 2019.

19. Shareholders' equity

a. Capital

As at December 31, 2015, fully subscribed and paid in capital consists of 2,756,103,006 shares (December 31, 2014 – 2,714,902,212), of which 1,404,405,002 common shares (December 31, 2014 – 1,390,671,404), 535,847,600 class A

preferred shares (December 31, 2014 – 508,380,404) and 815,850,404 class B preferred shares (December 31, 2014 – 815,850,404), all no-par, registered shares.

At Special General Meeting held on September 15, 2015, was approved capital increase of R$773,663, with issuance of 33,634,410 common shares and 67,268,820 Class A preferred shares, both nominative and without par value.

The common shares have right to one vote each in the deliberations of the General Assembly and participate on equal terms with the Class A Preferred Shares and Class B preferred shares in the distribution of profits.

Preferred shares Class A and B have no right to vote and have priority in capital reimbursement, without premium, and participate on equal terms with the common shares in the profits distribution.

The Class A Preferred Shares shall have the right to be included in aquisition public offer due to transfer of control of the Company, provided their holders to receive a minimum amount per share equal to 80% (eighty percent) of the amount paid by common share of the control block.

The Class B preferred shares are convertible into common shares, upon request by writing to the holder or the Bank without deliberation and board or shareholders meeting, provided that (i) such conversion occurs at the time of issuance of new shares by the Bank whether or not within the limit of authorized capital (unless the shareholder converting the shares is BTG Pactual Holding S.A.) (ii) upon conversion, BTG Pactual Holding S.A. (or its successor in any capacity, including by virtue of merger, division or other corporate reorganization) continues to hold directly or indirectly, more than 50% of common shares issued by the Bank and (iii) conversion is in accordance with the Company's shareholders' agreement. Class B preferred shares can be convertible into Class A preferred shares at the request of its holder, and provided that (i) the Bank is a public company with shares listed on stock exchanges and (ii) conversion is in accordance with the Company's shareholders' agreement.

b. Treasury shares

During the year ended December 31, 2015, the Bank approved buyback program and shares cancellation, as described in note 1.

c. Legal reserve

This reserve is established every six months at the rate of 5% of net income for the year, before any other allocation, limited to 20% of the capital.

d. Statutory reserve

According to the Bank's Bylaws, the purpose of this reserve is to maintain working capital and is limited to the balance of the capital.

e. Unrealized income reserve

Established considering undistributed dividends obtained in foreign branch.

f. Profit distribution

The shareholders are entitled to minimum dividends of 1% on net income in accordance with Article 202 of Law 6404/76.

As at February 25, 2015, the Bank has approved the distribution of dividends, in the amount of R$106,130, equivalent to R$0.04 per share, which refers to prior periods. The payment of such dividends, occurred on March 10, 2015.

As at June 30, 2015 the Bank has accrued R$422,000 (June 30, 2014 – R$301,800), relating to interest on equity, equivalent to R$0.16 per share (June 30, 2014 - R$0.11 per share) which generated R$168,800 (June 30, 2014 – R$120,720) of tax benefit. These amounts were approved in the Special Shareholders' Meeting held on June 30, 2015 (June 2014 – August 5, 2014), and the payment occurred on March 5, 2015.

As at August 05, 2015, the Bank has approved the distribution of dividends in the amount of R$47,324, equivalent to R$0.02 per share. As at June 30, 2014 the Bank has accrued R$146,639, relating to intermediate dividends, equivalent to R$0.05 per share. These amounts were approved in the Special Shareholders' Meeting held on August 5, 2014 (2013 – February 18, 2014).

As at December 31, 2015 the Bank has accrued R$492,754 (December 31, 2014 - R$298,200), relating to interest on equity, equivalent to R$0.18 per share (December 31, 2014 – R$0.11 per share), which generated R$197,102 (December 31, 2014 - R$119,280) of tax benefit. These amounts were approved in the Special Shareholders' Meeting held on December 28, 2015 (December 31, 2014 – December 30, 2014).

20. Income from services rendered

	2015		2014
	2nd semester	Year	Year
Management and performance fee from investment funds and portfolios	149,634	297,250	218,946
Technical services	164,014	340,118	500,487
Commission on the placement of securities	81,418	92,735	42,856
Guarantees granted	144,496	258,683	165,967
Other services	7,825	14,774	64,632
	547,387	1,003,560	992,888

21. Other operating income

	2015		2014
	2nd semester	Year	Year
Recovery of charges and expenses	12,259	12,552	15,937
Reversal of allowances - other	14,225	39,915	-
Reimbursement of clients	1,247	1,247	62
Reversal of allowances - contingencies	3,437	38,027	7,963
Adjustment to inflation of judicial deposits	46,370	101,734	58,022
Exchange rate variation	225,204	225,797	144
Fair value of assets held for sale	560,582	560,582	-
Adjustments of receivables from sale	181,127	291,492	107,271
Other operating income	(1,677)	12,831	16,324
	1,042,774	1,284,177	205,723

22. Other operating expenses

	2015		2014
	2nd semester	Year	Year
Guarantees granted allowances	72,073	121,399	24,873
Expenses with taxes adjusted for inflation	77,834	140,569	1,383
Adjustment of amounts payable for acquisition of investments (i)	87,549	135,724	68,843
Discounts granted in renegotiation	289,139	289,139	-
Exchange rate variation - other	253,844	268,122	4,349
Expenses adjustment of taxes	(32,096)	366	1,404
Others	6,014	15,746	11,995
Total	754,357	971,065	112,847

(i) Refers to the update of the amounts payable for the acquisition of investments (basically Banco Pan S.A. and Banco Sistema S.A.).

23. Other administrative expenses

	2015		2014
	2nd semester	Year	Year
Outsourced services and consulting	119,263	173,274	120,689
Telecommunications and data processing	77,399	133,634	122,891
Leases and condominiums	26,456	51,756	53,193
Travel and lodging	16,392	28,719	30,250
Expenses of the financial system	24,226	40,601	32,298
Advertising and public relations	8,745	17,002	25,145
Depreciation/amortization	19,773	38,999	36,043
Others	19,648	27,326	46,202
Total	311,902	511,311	466,711

24. Tax charges

	2015		2014
	2nd semester	Year	Year
Suspended-payment taxes	45,470	87,693	70,012
ISS	50,212	71,602	28,349
PIS / COFINS - current and deferred taxes	(300,296)	(322,135)	(3,330)
Others	5,986	13,993	31,506
Total	(198,628)	(148,847)	126,537

25. Related parties

Institutions comprising the BTG Pactual Group invest their cash and cash equivalents mainly in funding products offered by the Bank.

Related-party balances, which are all carried at arms' length, are reflected in the following accounts:

	Relationship	Maturity	Assets/(Liabilities)		Revenues/(Expenses)	
			31/12/2015	31/12/2014	31/12/2015	31/12/2014
Assets						
Open market investments						
- FIM CP LS Investimento no Exterior	Subsidiary	14/12/2016	6,469,931	1,717,632	1,079,571	493,547
- FIM B-2 (i)	Related	04/01/2016	1,298,726	1,323,968	100,000	135,539
- Banco Pan S.A.	Jointly Controlled	04/01/2016	630,001	-	27,648	-
Interbank investments deposits						
- Banco Pan S.A.	Jointly Controlled	04/01/2016	310,000	2,518,106	213,264	176,482
Securities						
- BTG Investments LP (i)	Related	17/04/2018	200,362	177,301	16,806	-
- Banco Pan S.A.	Jointly Controlled	23/04/2020	23,040	55,135	(14,985)	-
Derivative financial instruments						
- FIM CP LS Investimento no Exterior	Subsidiary	01/07/2019	11,380,325	-	-	-
- BTG Pactual International Port Fund SPC - Class C	Subsidiary	20/07/2016	965,537	5,336,710	-	-
- BTG Pactual Commodities Absolute Return Ltd	Subsidiary	01/06/2018	764,257	1,382,100	-	-
- BTG Pactual Commodities S.A.	Subsidiary	31/05/2016	577,924	42,463	-	-
- Banco Pan S.A.	Jointly Controlled	22/04/2020	2,025	2,204	5,457	-
- Others	Subsidiary and Related	No maturity	1,428,636	386,843	127,218	20,836
Loans and Receivables						
- BSI UK Holding	Related	14/09/2025	3,663,406	-	-	-
Income Receivable						
- Banco Sistema S.A.	Subsidiary	No maturity	13,587	-	315,553	-
- BTG Pactual Asset Management S.A.- DTVM	Subsidiary	No maturity	7,142	-	24,000	-
- BTG Pactual Global Asset Management Limited	Subsidiary	No maturity	6,345	14,705	80,728	32,622
- Others	Subsidiary and Related	No maturity	1,005	321,521	60,461	-
Securities trading and brokerage						
- BTG Pactual Corretora de Títulos e Valores Mobiliários S.A.	Subsidiary	No maturity	66,316	-	-	-
- BTG Pactual Commodities (Switzerland) AS	Subsidiary	No maturity	40,855	-	-	-
- BTG Comisionista de Bolsa	Subsidiary	No maturity	35,300	-	-	-
- BTG Pactual International Port Fund SPC - Class C	Subsidiary	No maturity	12,191	80,296	-	-
Sundry						
- BPMB I S.A.	Subsidiary	No maturity	40,492	-	-	
- BTG Pactual Serviços Financeiros S.A.- DTVM	Subsidiary	No maturity	29,540	7,131	-	
- BTG Pactual Holding Internacional S.A.	Subsidiary	No maturity	6,694	-	-	-
- BTG Pactual Gestora de Recursos Ltda	Subsidiary	No maturity	5,033	30,435	-	-
- BTG Pactual Asset Management S.A.- DTVM	Subsidiary	No maturity	3,711	-	-	-
- Others	Subsidiary and Related	No maturity	7,223	85,938	-	-
Liabilities						
Interbank deposits						
- Banco Sistema S.A.	Subsidiary	04/01/2016	(2,500,000)	(1,349,447)	(451,549)	-
- BTG Pactual Corretora de Títulos e Valores Mobiliários S.A.	Subsidiary	23/09/2016	(375,105)	(272,950)	(38,442)	(20,463)
- Others	Subsidiary and Related	No maturity	(121,297)	(300,975)	(26,868)	(23,366)
Time deposits						
- BTG Pactual Global Fund	Subsidiary	02/01/2016	(1,202,613)	(304,865)	-	-
- BTG Pactual Absolute Return Master Fund I	Related	02/01/2016	(824,878)	-	-	-
- BTG Investments LP	Related	02/01/2016	(735,287)	-	(11,380)	-
- BTG Pactual International Port Fund SPC - Class C	Subsidiary	02/01/2016	(394,323)	(207,597)	-	-
- BTG Pactual US AM Corp.	Subsidiary	02/01/2016	(276,159)	(274,930)	-	-
- BTG Pactual US Capital, LLC	Subsidiary	02/01/2016	(266,257)	(193,696)	-	-

	Relationship	Maturity	Assets/(Liabilities) 31/12/2015	Assets/(Liabilities) 31/12/2014	Revenues/(Expenses) 31/12/2015	Revenues/(Expenses) 31/12/2014
-BTG Pactual Commodities Holding (UK) Limited	Subsidiary	02/01/2016	(261,819)	(185)	-	-
- BTG Pactual Proprietary Feeder (1) Limited	Related	02/01/2016	(221,463)	(78,977)	-	-
- BTG Pactual Commodities Absolute Return Ltd	Subsidiary	02/01/2016	(163,575)	(25,644)	-	-
- BTG Pactual Europe LLP	Subsidiary	02/01/2016	(147,001)	(153,978)	-	-
- BTG Pactual Commodities S.A.	Subsidiary	02/01/2016	(117,479)	-	(15,472)	-
- BSI SA	Subsidiary	02/01/2016	(83,878)	-	-	-
- Others	Subsidiary and Related	02/01/2016	(492,398)	(253,040)	(54,790)	-
Open market funding						
- Banco Sistema S.A.	Subsidiary	04/01/2016	(4,302,955)	-	(71,116)	-
- FIM CP LS Investimento no Exterior	Subsidiary	12/12/2016	(1,099,100)	-	(408,690)	-
- Others	Subsidiary and Related	No maturity	(423,314)	(530,867)	-	(1,150)
Funds from securities issued and accepted						
- BTGP Int Port Fund II Commodities	Subsidiary	27/11/2017	(626,527)	-	-	-
- FIM CP LS Investimento no Exterior	Subsidiary	27/11/2017	(596,836)	(24,777)	-	-
- Sócios e pessoal chave da administração	Partners	Sem Prazo	-	(41,636)	-	-
Securities issued abroad						
- BTG MB Investments LP	Related	18/09/2019	(404,162)	(1,418,052)	(140,015)	-
- BTG Investments LP (i)	Related	17/04/2018	(1,930,422)	-	(37,423)	-
Derivative financial instruments						
- FIM CP LS Investimento no Exterior	Subsidiary	01/07/2019	(17,546,994)	-	1,056,231	-
- BTG Pactual International Port Fund SPC - Class C	Subsidiary	20/07/2016	(1,397,738)	(5,379,296)	14,430	-
- BTG Pactual Commodities Absolute Return Ltd	Subsidiary	01/06/2018	(744,778)	(1,375,873)	-	-
- BTG Pactual Commodities (Switzerland) AS	Subsidiary	01/01/2016	(549,262)	(52,709)	-	-
'-Others	Subsidiary and Related	No maturity	(1,555,851)	(715,279)	(226,337)	-
Securities trading and brokerage						
- Covalis Master Feeder	Subsidiary	No maturity	(241,920)		-	-
-BTG Pactual Commodities Holding (UK) Limited	Subsidiary	No maturity	(88,556)		-	-
'-Others	Subsidiary and Related	No maturity	(1,585)	-	-	-
Instrumentos de dívida elegíveis a capital						
- FIM CP LS Investimento no Exterior	Related	29/04/2022	(29,691)	-	-	-
Sundry						
- Banco Sistema S.A.	Subsidiary	No maturity	(6,735)	-	-	-
- BPMB I S.A.	Subsidiary	No maturity	(5,723)	-	-	-
- BTG Pactual US Capital, LLC	Subsidiary	No maturity	(1,143)	-	-	-
'-Others	Subsidiary and Related	No maturity	(1,719)	(13,930)	-	-

(i) Subsidiaries of BTG Pactual Participations Ltd.

Total compensation paid in the year to key management personnel totaling R$61,012 (December 31, 2014 – R$41,080) is considered a short-term benefit.

26. Other information

a. Cash and cash equivalents

	2015	2014
Balances as at beginning of year		
Cash at banks	590,257	791,500
Open market investments	16,080,581	6,410,858
Interbank deposits	4,392,879	2,992,892
	21,063,717	10,195,250

	2015	2014
Balances as at end of year		
Cash at banks	1,797,797	590,257
Open market investments	9,981,383	16,080,581
Interbank deposits	3,843,062	4,392,879
	15,622,242	21,063,717

b. Commitments and responsibilities

The Bank's main commitments and responsibilities are as follows:

	2015	2014
Co-obligation and risks for guarantees granted	11,869,454	11,834,916
Responsibility for the management of funds and investment portfolio	11,023,259	11,995,057
Securities under custody	225,555,794	174,666,511
Securities trading and brokerage	1,514,796,291	1,375,531,702
Loans contracted to release	709,744	2,552,099
Commitments to be released	128,280	865,577

"Co-obligations and risks for guarantees granted" mainly comprises guarantees granted or assets allocated to exchange trading securities.

"Responsibility for the management of funds and investment portfolio" is recognized by the sum of the equity value of funds and investment portfolios.

"Securities under custody" reflects third-party public and private security positions under custody with SELIC, CETIP S.A. and BM&FBovespa S.A.

"Securities trading and brokerage" represents amounts from derivatives purchase and sale agreements related to third-party transactions.

"Loans contracted to release" register amounts related to loan contracts with clients to release.

The item "Commitments to be released" registers amounts related to the financial commitments of the Bank with its investees.

27. Subsequent events

As of January 12, 2016, the Bank announced that it is currently engaged in discussions regarding the potential sale of its shareholding interest in Pan Seguros S.A. and in Pan Corretora S.A. Until the date of its financial statements closing, the Bank cannot confirm (i) of the potential interested parties will reach an agreement regarding the terms and conditions related to the transaction, and (ii) should the potential interested parties enter into a binding instrument regarding the transaction, if eventual conditions precedent to be agreed upon among the parties will be effectively complied with, thus enabling the closing of the transaction.

As of January 14, 2016, the Bank informed that the Bank received indicative, non-binding offers from third parties regarding the acquisition of BSI S.A., and the Board of Directors has authorized the negotiation. Until the date of its financial statements closing, the Bank cannot confirm whether the potentially interested parties will reach an agreement regarding the terms and conditions relating to this transaction.

As at January 28, 2016 the Bank announced a cost reduction program, targeting a 25% decrease in total costs. As part of this program, BTG Pactual dismissed in this date 305 employees of a total of 1,653 in Brazil.

Following the buyback program and share cancellations, on December 15, 2016, were canceled 19,925,230 common shares and 39,850,460 preferred shares issued by the Bank. Also the Companies' Board of Directors approved, the acquisition of up to 19,068,708 units, in compliance with the limit of 10% of the outstanding shares, to be held in treasury.

On February 17, 2015, the sale transaction, described in Note 2, was approved by Conselho Administrativo de Defesa Econômica (CADE).

On February 18, 2016, short-term liquidity KPI is equivalent to 150% for the Prudencial Conglomerate.

On February 19, 2016, the Bank announced that it is in exclusive negotiations with EFG International, in relation to a potential acquisition of BSI S.A.. Until the date of its financial statements closing, the Bank cannot confirm whether the parties will reach an agreement regarding the terms and conditions relating to this transaction.