Combined financial statements

BTG Pactual Group

June 30, 2015
with independent auditors' review report

BTG Pactual Group

Combined Financial Statements

June 30, 2015

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A free translation from Portuguese into English of the independent auditors' review report on interim combined financial statement prepared in accordance with the accounting practices adopted in Brazil applicable to institutions authorized to operate by the Central Bank of Brazil together with the criteria for preparation of interim combined financial statements presented in Note 3.

Independent auditors' review report

To the Shareholders and Management of
BTG Pactual Group
São Paulo-SP

We have reviewed the interim combined financial statements of BTG Pactual Group ("Group") (comprised by the companies described in Note 3) for the quarter ended June 30, 2015, which comprise the combined balance sheet as of June 30, 2015 and the related combined statements of income for the three and six-month period then ended, changes in shareholders' equity and cash flows for the six-month period then ended, and a summary of significant accounting practices and other explanatory notes.

Management is responsible for the preparation and fair presentation of these interim combined financial statements in accordance with the accounting practices adopted in Brazil applicable to institutions authorized to operate by the Central Bank of Brazil together with the criteria for preparation of interim combined financial statements presented in Note 3. Our responsibility is to express a conclusion on these interim combined financial statements based on our review.

Scope of review

We conducted our review in accordance with Brazilian and International Standards on Review Engagements (NBC TR 2410 - *Revisão de Informações Intermediárias Executada pelo Auditor da Entidade* and ISRE 2410 – Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim combined financial statements referred above have not been prepared, in all material respects, in accordance with the accounting practices adopted in Brazil applicable to institutions authorized to operate by the Central Bank of Brazil together with the criteria for preparation of interim combined financial statements presented in Note 3.

Building a better working world

Emphasis of matters

As of June 30, 2015, the jointly controlled subsidiary Banco Pan S.A. has deferred tax assets recorded on its balance sheet amounting to R$ 2.9 billion, recognized based on long-term deferred tax realization projection. This deferred tax realization 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 August 3, 2015, which 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 bodies of Banco Pan S.A. Our conclusion is not qualified in respect to this matter.

Rio de Janeiro, August 5, 2015.

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



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



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

BTG Pactual Group

Combined balance sheets

As at June, 30 2015 and December 31, 2014
(In thousands of reais)

	Note	30/06/2015	31/12/2014
Assets			
Current assets		163,078,218	176,411,168
Cash at banks	6	1,766,360	1,674,397
Short-term interbank investments	7	41,566,979	44,422,242
Open market investments		37,505,908	39,812,194
Interbank deposits		4,061,071	4,610,048
Securities and derivative financial instruments		82,368,367	89,091,708
Own portfolio	8	23,401,784	22,687,178
Subject to repurchase agreements	8	21,589,042	30,534,145
Subject to unrestricted repurchase agreements	8	372,455	529,059
Derivative financial instruments	9	35,749,233	31,770,634
Subject to guarantees	8	1,255,853	3,570,692
Interbank transactions		953,085	1,162,128
Unsettled receivables - Restricted credits		711	-
Deposits in the Central Bank of Brazil		933,193	1,145,666
Restricted credits – National Housing System		19,060	16,380
Correspondent banks		121	82
Loans	10	7,179,168	7,992,383
Loans		7,728,115	8,054,889
Assigned loans		137,017	176,698
Allowance for loan losses		(685,964)	(239,204)
Other receivables		29,064,673	31,889,267
Foreign exchange portfolio	11	3,819,671	9,350,680
Income receivable	12	940,321	887,736
Securities trading and brokerage	11	12,452,571	13,810,319
Sundry	12	12,141,995	9,013,203
Allowance for losses on other receivables	10	(289,885)	(1,172,671)
Other assets		179,586	179,043
Temporary Investments		52,149	52,149
Other assets		105,836	145,069
Prepaid expenses		75,671	35,950
Provision for losses		(54,070)	(54,125)
Long-term-assets		36,282,616	34,118,714
Long-term interbank investments	7	-	13,197
Interbank deposits		-	13,197
Securities and derivative financial instruments		18,878,777	18,067,550
Own portfolio	8	4,821,102	5,944,958
Derivative financial instruments	9	5,807,592	4,825,229
Subject to repurchase agreements	8	6,160,301	5,666,730
Subject to guarantees	8	2,089,782	1,630,633
Interbank transactions		338,453	1,853
Restricted credits – National Housing System		338,453	1,853
Loans	10	11,336,910	10,154,542
Loans		11,671,067	10,775,261
Allowance for loan losses		(334,157)	(620,719)
Other receivables		5,720,220	5,841,077
Income receivable	12	438,193	567,161
Securities trading and brokerage	11	817,816	1,381,419
Sundry	12	4,528,484	3,908,524
Allowance for losses on other receivables	10	(64,273)	(16,027)
Other assets		8,256	40,495
Prepaid expenses		8,256	40,495
Permanent assets		9,684,116	7,795,930
Investments		8,624,868	6,877,578
Investments in associates and jointly controlled entities	13	8,593,081	6,836,825
Other investments		35,285	44,989
Allowance for losses		(3,498)	(4,236)
Property and equipment in use		278,118	138,437
Property in use		143,012	6,831
Other property and equipment in use		266,045	241,352
Accumulated depreciation		(130,939)	(109,746)
Deferred charges		22,521	22,209
Organization and expansion costs		72,288	65,510
Accumulated amortization		(49,767)	(43,301)
Intangible assets	14	758,609	757,706
Other intangible assets		1,382,921	1,232,229
Accumulated amortization		(624,312)	(474,523)
Total assets		209,044,950	218,325,812

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

BTG Pactual Group

Combined balance sheets

As at June, 30 2015 and December 31, 2014
(In thousands of reais)

	Note	30/06/2015	31/12/2014
Liabilities			
Current liabilities		144,870,132	154,993,285
Deposits	15	14,284,916	16,487,860
Demand deposits		292,041	168,293
Interbank deposits		807,790	665,026
Time deposits		13,185,085	15,654,541
Open market funding	15	57,507,083	66,280,115
Own portfolio		27,659,176	34,251,530
Third-party portfolio		15,864,100	18,264,525
Free trading portfolio		13,983,807	13,764,060
Funds from securities issued and accepted	15	11,198,935	10,117,776
Real estate, mortgage, credit and similar notes		6,335,219	5,110,792
Securities issued abroad		4,825,709	4,975,158
Certificate of structured transactions		38,007	31,826
Interbank transactions		8,800	3,063
Unsettled receipts and payments		8,800	3,063
Loans and onlending	15	8,713,838	6,956,332
Loans - Brazil		1,358,393	827,516
Loans - Abroad		7,346,565	6,119,296
Onlending in Brazil – official institutions		8,880	9,520
Derivative financial instruments		34,520,863	30,332,060
Derivative financial instruments	9	34,520,863	30,332,060
Other liabilities		18,635,697	24,816,079
Collection and payments of tax and similar charges		3,577	3,481
Foreign exchange portfolio	11	3,101,288	8,595,204
Social and statutory	16	1,010,827	1,208,328
Tax and social security	16	908,115	1,255,649
Securities trading and brokerage	11	8,634,290	11,623,039
Subordinated debt	15	76,596	-
Sundry	16	4,901,004	2,130,378
Long-term liabilities		43,542,295	43,715,795
Deposits	15	1,540,763	1,598,129
Interbank deposits		95,318	104,793
Time deposits		1,445,445	1,493,336
Open market funding	15	4,846,701	4,451,109
Own portfolio		334,933	418,271
Third-party portfolio		41,298	568,180
Free trading portfolio		4,470,470	3,464,658
Funds from securities issued and accepted	15	14,897,142	14,895,148
Real estate, mortgage, credit and similar notes		8,528,260	8,553,384
Securities issued abroad		6,368,882	6,341,764
Loans and onlending	15	2,383,346	2,752,370
Loans - Brazil		-	27,388
Loans - Abroad		312,475	1,076,679
Onlending in Brazil – official institutions		2,070,871	1,648,303
Derivative financial instruments		4,430,870	4,500,407
Derivative financial instruments	9	4,430,870	4,500,407
Other liabilities		15,443,473	15,518,632
Tax and social security	16	2,254,242	1,231,571
Securities trading and brokerage	11	-	1,381,419
Subordinated debt	15	8,114,469	7,418,556
Debt instrument eligible to equity	15	3,857,932	3,497,836
Sundry	16	1,216,830	1,989,250
Deferred income		186,400	171,144
Non-controlling interest		692,186	768,069
Shareholders' equity	19	19,753,937	18,677,519
Capital stock		10,809,399	10,175,965
Income reserves		8,290,376	8,284,932
Translation adjustment		(2,153,679)	(1,259,927)
Fair value adjustment		(506,119)	(212,703)
Retained earnings		3,313,960	1,689,252
Total liabilities and shareholders' equity		209,044,950	218,325,812

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

BTG Pactual Group

Combined statements of income

Quarters and semesters ended June 30
(In thousands of reais, except net income per share)

	Note	Quarter ended:		Semester ended:	
		30/06/2015	30/06/2014	30/06/2015	30/06/2014
Financial income		2,935,228	3,919,445	7,931,308	7,550,604
Loans		569,740	447,299	1,472,060	958,093
Securities		1,299,663	2,599,562	5,546,728	4,775,111
Derivative financial instruments		1,042,117	509,654	861,558	803,359
Foreign exchange		-	355,817	-	998,814
Mandatory investments		23,708	7,113	50,962	15,227
Financial expenses		(2,103,446)	(2,249,446)	(8,279,679)	(4,268,891)
Funding operations		(2,617,049)	(2,105,415)	(5,137,347)	(3,997,949)
Foreign exchange		195,945	-	(520,005)	-
Borrowing and onlending		307,029	(81,947)	(2,437,753)	(155,503)
Allowance for loan losses and other receivables	10	10,629	(62,084)	(184,574)	(115,439)
Net financial income		831,782	1,669,999	(348,371)	3,281,713
Other operating income (expenses)		(94,336)	(358,731)	786,479	(427,984)
Income from services rendered	20	673,778	592,790	1,120,312	1,148,571
Personnel expenses		(285,449)	(168,268)	(547,335)	(339,936)
Other administrative expenses	23	(258,536)	(308,716)	(652,695)	(568,101)
Tax charges		(221,547)	(114,942)	(215,919)	(196,757)
Equity in the earnings of associates and jointly controlled entities	13	(12,634)	(282,759)	893,589	(352,404)
Other operating income	21	533,241	87,760	1,019,543	184,959
Other operating expenses	22	(523,189)	(164,596)	(831,016)	(304,316)
Operating income		737,446	1,311,268	438,108	2,853,729
Non-operating income (expenses)	2	1,051,947	8,718	1,052,009	9,994
Income before taxation and profit sharing		1,789,393	1,319,986	1,490,117	2,863,723
Income tax and social contribution	18	(351,342)	(155,045)	875,583	(631,513)
Provision for income tax		(130,808)	(178,821)	(505,629)	(467,261)
Provision for social contribution		(59,073)	(91,419)	(161,072)	(218,393)
Deferred income tax and social contribution		(161,461)	115,195	1,542,284	54,141
Statutory profit sharing		(403,472)	(199,891)	(555,946)	(442,065)
Non-controlling interest		(11,271)	(3,005)	67,541	3,612
Net income for the quarter / semester		1,023,308	962,045	1,877,295	1,793,757
Interest on equity	19	(422,000)	(301,800)	(422,000)	(301,800)

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

BTG Pactual Group

Combined statements of changes in shareholders' equity

Semesters ended June 30

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

	Note	Capital	Increase in capital	Income reserves				Translation adjustment	Fair value adjustment	Retained earnings	Total
				Legal	Unrealized	Statutory	Total				
Balances as at December 31, 2013		9,730,959	-	458,188	1,078,592	4,120,705	5,663,418	(642,268)	(94,194)	1,432,944	16,090,859
Cummulative translation adjustment		(198,787)	-	-	-	-	-	291,362	9,075	(95,332)	6,318
Net income for the semester		-	-	-	-	-	-	-	-	1,793,757	1,793,757
Fair value adjustment - Available-for-sale securities	13	-	-	-	-	-	-	-	(18,504)	-	(18,504)
Net income allocations											
Income reserve		-	-	90,339	-	-	90,339	-	-	(90,339)	-
Interest on equity (R$0.11 per share)		-	-	-	-	-	-	-	-	(301,800)	(301,800)
Dividends paid (R$0.04 per share)		-	-	-	-	-	-	-	-	(146,639)	(146,639)
Balances as at June 30, 2014		9,532,172	-	548,527	1,078,592	4,126,638	5,753,757	(350,906)	(103,623)	2,592,591	17,423,991
Balances as at December 31, 2014		10,175,965	-	626,595	2,467,107	5,191,230	8,284,932	(1,259,927)	(212,703)	1,689,252	18,677,519
Cummulative translation adjustment		633,434	-	-	-	-	-	(893,752)	(49,589)	280,987	(28,920)
Net income for the semester		-	-	-	-	-	-	-	-	1,877,295	1,877,295
Available-for-sale securities from jointly controlled entities		-	-	-	-	-	-	-	(1,479)	-	(1,479)
Fair value adjustment - Available-for-sale securities	13	-	-	-	-	-	-	-	(242,348)	-	(242,348)
Dividends paid by previous years (R$0.04 per share)		-	-	-	-	(106,130)	(106,130)	-	-	-	(106,130)
Net income allocations											
Income reserve		-	-	111,574	-	-	111,574	-	-	(111,574)	-
Intermediate interest on equity (R$0.16 per share)		-	-	-	-	-	-	-	-	(422,000)	(422,000)
Balances as at June 30, 2015		10,809,399	-	738,169	2,467,107	5,085,100	8,290,376	(2,153,679)	(506,119)	3,313,960	19,753,937

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

BTG Pactual Group

Combined statements of cash flows
Semesters ended June 30
(In thousands of reais)

	Note	30/06/2015	30/06/2014
Operating activities			
Net income for the semester		1,877,295	1,793,757
Ajustments to net income		2,053,180	1,397,511
Equity in the losses of associates and jointly-controlled entities	13	(893,589)	352,404
Interest expense with subordinated debt		1,355,941	781,058
Goodwill amortization	22	52,445	78,607
Goodwill exchange variation	14	(30,709)	61,779
Cummulative translation adjustment		(28,920)	6,318
Foreign exchange on investments abroad	13	(75,724)	48,454
Deferred income tax and social contribution	18	1,542,284	54,141
Impairment of available-for-sale financial assets		100,000	28,958
Losses on other investments		-	(48,146)
Exchange variation of permanent		(10,716)	-
Depreciation and amortization	23	42,168	33,938
Adjusted net income for the semester		3,930,475	3,191,268
Operating activities			
Interbank investments		(2,675,039)	1,230,274
Securities and derivative financial instruments		8,680,210	2,472,469
Loans		(369,153)	1,656,723
Other receivables and other assets		1,434,863	3,967,584
Interbank transactions		(121,820)	(116,100)
Other liabilities		(7,511,950)	(3,565,239)
Deferred income		15,256	(23,807)
Deposits		(2,260,310)	265,005
Open market funding		(8,377,440)	(4,050,048)
Loans and onlending		1,411,325	(292,966)
Cash (used in) / provided by operating activities		(5,843,583)	4,735,163
Investing activities			
Acquisition of equity interests	13	(178,982)	(182,747)
Dividends received	13	160,659	177,367
Acquisition of property and equipment in use		(153,247)	(82,141)
Sale of property and equipment in use		2,551	43,179
Acquisition of other investments		9,704	555
Sale of equity interest	13	215,880	783,728
Sale of intangible assets	14	6,976	2,493
Acquisition of intangible assets	14	(51,099)	(31,991)
Cash (used in) / provided by investing activities		12,442	710,443
Financing activities			
Funds from securities issued and accepted		1,083,154	3,261,454
Subordinated debt and debt instrument eligible to equity		(223,336)	(563,604)
Interest on equity	19	(298,200)	(132,190)
Dividends paid	19	(106,130)	(246,900)
Non-controlling interest		(75,883)	471,659
Cash generated by financing activities		379,605	2,790,419
(Decrease) / increase in cash and cash equivalents		(5,451,536)	8,236,025
Balance of cash and cash equivalents			
At the beginning of the semester	25	29,744,254	16,597,202
At the end of the semester	25	24,292,718	24,833,227
(Decrease) / increase in cash and cash equivalents		(5,451,536)	8,236,025
Non-cash transaction			
Debentures converted		(985,979)	-
Interest on equity		422,000	301,800
Dividends distributed		-	146,639

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

1. Operations

BTG Pactual Group ("Group") operates in Brazil and abroad, through Banco BTG Pactual S.A. ("Bank"), BTG Investments LP ("BTGI") and its subsidiaries offering a wide range of products and services in the Brazilian and international financial market, such as management of third-party funds, placement of securities, financial advice relating to investments, brokerage and credit, among others.

BTG Pactual Participations Ltd ("BTGP") is the sole owner of BTG Bermuda LP Holdco Ltd ("BTG Holdco") which, on December 29, 2010, received a Class C common share from BTG Pactual Management Ltd and thus became general partner of BTGI. As a consequence of this transaction, BTGP obtained the right to control the financial and operating policies of BTGI.

The Bank and BTG Pactual Participations have units listing on NYSE Euronext in Amsterdam and BM&F BOVESPA in São Paulo. Each unit issued, corresponds to 1 common shares and 2 preferred shares, class A, of Bank and 1 common shares 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.

The combined financial statements were approved by the Management in August 5, 2015 and they contain a true and fair view of the development and results of the Group.

2. Corporate reorganizations and acquisitions

Corporate reorganizations

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$580,000, which will be adjusted by the 100% positive variation of DI (interbank deposit) rate until the closing of the transactions. This transaction generated a goodwill of R$ 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 preemptive 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/disposals

In April, 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, 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, In June, BTG Pactual sold 7.2% of its interest in Rede D'Or and recognized a gain of R$1,027,151. Also, the capital increase and sale contracts contain terms that might reduce the Bank remaining interest, in case Rede D'Or do not reach a determined EBITDA in 2015. As of June 30, 2015, the Bank estimated that the value of a potential dilution is zero.

On November 20, 2014 the Company signed a binding agreement for the sale of its 65.0% share in Túnel de Barcelona i Cadí Concessionaria de La Generalitat de Catalunya S.A. The agreement established that the closing of the transaction is subject to standard precedent conditions, including regulatory approval, which are expected to be obtained based on our judgment and from our legal counsel. The agreement also established certain pre-closure governance practices that resulted in the loss of our significant influence over the retained interest and therefore the jointly controlled status. Upon the loss of significant influence, IAS 28 mandates the reclassification from permanent asset to financial assets (IAS 39) and the recognition in profit or loss of any difference between (i) the fair value of any retained interest and (ii) the carrying amount at the date the equity method was discontinued. As a result, during the fourth quarter of 2014, the Company recognized an estimated fair value gain of R$287 million based on the purchase price of the binding agreement. On May 6, 2015, the Company obtained the regulatory approval for the transaction.

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 Generalli Group. Banco BTG Pactual believes the business of BSI has complementary geographic and client coverage to its existing client portfolio with limited overlap. Subject to the terms and conditions of the BSI share purchase agreement, the aggregate consideration payable by Banco BTG Pactual will consist of: (i) CHF1.26 billion in cash and (ii) a number of its common and preferred shares underlying the units of the BTG Pactual Group with a value of CHF240 million (based on trading price over a period prior to closing of the acquisition of BSI). In addition, Generalli NV will use part of the cash proceeds (CHF60 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. At the same date, BTG Pactual Participations entered into a subscription agreement with Generalli Group providing for the sale of such equity interests at the closing of the acquisition of BSI.

In certain limited circumstances involving required regulatory approval, Banco BTG Pactual may be obligated to pay Generali Group cash following the closing in exchange for the return and cancellation of the equity consideration issued at closing. On January 22, 2015, the acquisition of BSI S.A., was approved by the Brazilian Central Bank, and on May 29, 2015, was approved by the Swiss Financial Market Supervisory Authority, however the conclusion of the acquisition depends on the approval of some non-Brazilian regulatory agencies.

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 installments 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% (ninety-eight percent) of its total and voting capital.

3. Presentation of the financial statements

The combined financial statements of BTG Pactual Group, which are under responsibility of the managements of the companies that comprise the combined business, are being presented with the sole purpose of providing, in a single set of financial statement, information related to the operations of the BTG Pactual Group activities, regardless of its corporate structure and the financial statements presentation requirements established by the Central Bank of Brazil (BACEN). The combined financial statements are not required by the accounting practices adopted in Brazil.

The combined financial statements are presented to provide additional analyses of BTG Pactual Group operations; accordingly, they do not represent the parent company or consolidated financial statements of Banco BTG Pactual S.A. and its subsidiaries or of BTG Pactual Participations Ltd., parent company of BTGI and its subsidiaries, and should not be used as basis for dividend and tax calculations or any other corporate purposes or profitability and performance analysis.

BTG Pactual Group opted to prepare the combined financial statements in accordance with the rules and standards of the financial statements presentation set forth by BACEN, through the Accounting Plan of the National Financial System Institutions – COSIF, considering that the asset, liability and revenue and expense balances presented by the Bank in the combined financial statements are more representative than those of BTGI. Thus, Management also opted to establish the BACEN accounting standards as basis for standardizing the financial statements of all the companies have been combined.

The preparation of the combined financial statements, in accordance with accounting practices adopted in Brazil, applicable to the financial institutions authorized to operate by the Central Bank of Brazil, requires Management to use its judgment to determine and register accounting estimates. Assets and liabilities subject to these estimates and assumptions substantially relate to deferred income tax assets and liabilities, the provision for taxes and contributions with suspended eligibility and the provision for contingent liabilities and the fair value measurement of the 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 estimates and assumptions adopted are periodically reviewed by BTG Pactual Group Management.

The criteria's below were adopted for the combination of the parent company financial statements of each company that comprise the combined business:

a. Combination criteria

Balances from balance sheets and statement of income of companies that comprise the combined business were included, and balances from intercompany transactions were eliminated. In addition, assets and liabilities transferred between Banco and BTGI in arm's length transactions are presented and measured considering their original classification and measurement. As a result, these transactions do not affect the combined financial statements.

b. List of the companies included in the combined financial statements

The financial statements of BTG Pactual Group include the consolidated financial statements of Banco BTG Pactual S.A., prepared and presented in accordance with the accounting standards established by BACEN, and the consolidated financial statements of BTGI, originally prepared in accordance with the International Financial Reporting Standards (IFRS).

The most transactions of businesses of BTGI are originally presented in US dollars, adjusted due to the differences between BACEN accounting standards and IFRS in effect on the date of the combination, as well as translated into domestic currency (Reais). The list of indirect and direct subsidiaries of Banco and BTGI, included in combination, is presented below.

List of direct and indirect subsidiaries of Banco BTG Pactual S.A.:

	Country	Equity interest - %	
		30/06/2015	31/12/2014
Direct subsidiaries			
BTG Pactual Asset Management S.A. Distribuidora de Títulos e Valores Mobiliários	Brazil	99.99	99.99
BTG Pactual Corretora de Títulos e Valores Mobiliários S.A.	Brazil	99.99	99.99
BTG Pactual Serviços Financeiros S.A. Distribuidora de Títulos e Valores Mobiliários	Brazil	99.99	99.99
BTG Pactual Corretora de Mercadorias Ltda.	Brazil	99.99	99.99
BTG Pactual Securitizadora S.A.	Brazil	99.99	99.99
BTG Pactual Comercializadora de Energia Ltda.	Brazil	99.90	99.90
BTG Pactual Holding International S.A.	Brazil	99.99	99.99
BTG Pactual Overseas Corporation	Cayman	100.00	100.00
BW Properties S.A.	Brazil	67.86	67.86
BTG Pactual Holding de Seguros Ltda.	Brazil	99.99	99.99
BTG Pactual S.A. Comisionista de Bolsa	Colombia	94.50	94.50
Recovery do Brasil Consultoria S.A.	Brazil	73.23	73.23
BTG Pactual Chile International Ltd.	Cayman	100.00	100.00
BTG Pactual TTG Participações S.A.	Brazil	100.00	100.00
Banco BTG Pactual Luxembourg S.A.	Luxembourg	100.00	100.00
BTG Pactual Corretora de Seguros Ltda.	Brazil	100.00	100.00
Banco Sistema S.A.	Brazil	99.84	98.84
Indirect subsidiaries			
BTG Pactual Gestora de Investimentos Alternativos Ltda.	Brazil	99.98	99.98
BTG Pactual WM Gestão de Recursos Ltda.	Brazil	99.99	99.99
BTG Pactual Gestora de Recursos Ltda.	Brazil	99.99	99.99
BTG Pactual Corporate Services Ltda.	Brazil	99.99	99.99
BTG Pactual Serviços Energéticos Ltda.	Brazil	100.00	100.00
BTG Pactual NY Corporation	USA	100.00	100.00
BTG Pactual Global Asset Management Limited	Bermuda	100.00	100.00
BTG Pactual Europe LLP	UK	100.00	100.00
BTG Pactual Asset Management US, LLC	USA	100.00	100.00
BTG Pactual US Capital, LLC	USA	100.00	100.00
BTG Pactual Asia Limited	Hong Kong	100.00	100.00
BTG Global Asset Management (UK) Limited	UK	100.00	100.00
BTG Pactual Resseguradora S.A.	Brazil	100.00	100.00
BTG Pactual Vida e Previdência S.A.	Brazil	100.00	100.00
Banco BTG Pactual Chile S.A.	Chile	100.00	100.00
BTG Pactual Chile SPA	Chile	100.00	100.00
BTG Pactual Chile Capital S.A.	Chile	100.00	100.00
BTG Pactual Chile Capital S.A. Corredores de Bolsa	Chile	100.00	100.00
BTG Pactual Chile Capital Administradora de Fondos de Inversion de Capital Extranjero S.A	Chile	100.00	100.00
BTG Pactual Chile Capital S.A. Administradora General de Fondos	Chile	100.00	100.00
BTG Pactual Chile Inversiones Limitada	Chile	100.00	100.00
BTG Pactual Chile Servicios Financieros S.A.	Chile	100.00	100.00
BTG Pactual Chile Proyectos y Rentas S.A.	Chile	100.00	100.00
Inmobiliaria BTG Pactual Chile Limitada	Chile	100.00	100.00
BTG Pactual Chile Finanzas y Servicios S.A.	Chile	100.00	100.00
BTG Pactual Chile Servicios Empresariales Limitada	Chile	100.00	100.00
BTG Pactual Chile S.A. Administración de Activos	Chile	100.00	100.00
BTG Pactual Chile International Corp.	Chile	100.00	100.00
BTG Pactual Holding Delaware LLC	USA	100.00	100.00
BTG Pactual Peru Capital S.A. Sociedad Agente de Bolsa	Peru	100.00	100.00
BTG Pactual Peru Capital S.A. Sociedad Administradora de Fondos Inversion	Peru	100.00	100.00
BTG Pactual Perú S.A.C.	Peru	100.00	100.00
BTG Pactual Sociedad Fiduciaria (Colômbia) S.A.	Colombia	94.50	94.50
BTG Pactual S.A. Sociedad Comissionista de Bolsa	Colombia	100.00	100.00
Laurel Sociedad Gestora Profissional S.A.S	Colombia	100.00	100.00

	Country	Equity interest - %	
		30/06/2015	31/12/2014
BTGP Corp SAS	Colombia	100.00	100.00
BTGP S.A.	Colombia	100.00	100.00
BTG Pactual E&P S.a.r.l.	Luxembourg	100.00	100.00
BTG Pactual Oil & Gas S.a.r.l.	Luxembourg	100.00	100.00
BTG Pactual Commodities Holding (UK) Limited	UK	100.00	100.00
BTG Pactual Commodities S.A.	Brazil	99.99	99.99
BTG Pactual Commodities (UK) LLP	UK	100.00	100.00
BTG Pactual Commodities (Singapore) PLC	Singapore	100.00	100.00
BTG Pactual Commodities (Switzerland) SA	Switzerland	100.00	100.00
BTG Pactual Commodities Holding (US) LLC	USA	100.00	100.00
BTG Pactual Commodities (US) LLC	USA	100.00	100.00
BTG Pactual Commodities (South Africa) (Pty) Ltd	South Africa	100.00	100.00
BTG Pactual Commodities Argentina S.A.	Argentina	100.00	100.00
BTG Pactual Warehousing (SG) PTE	Singapore	100.00	100.00
BTG Pactual Commodities (Shanghai) Co	China	100.00	100.00
BTG Pactual Warehousing (US) LLC	USA	100.00	100.00
BTG Pactual Warehousing (UK) Ltd	UK	100.00	100.00
BTG Pactual Commodities Trading US LLC	USA	100.00	100.00
BTG Pactual Commodities Ukraine	Ukraine	100.00	100.00
BTG Pactual Commodities (Italy) SRL	Italy	100.00	100.00
BTG Pactual Commodities (Costa Rica) SRL	Costa Rica	100.00	100.00
BTG Pactual Commodities (Colombia) SAS	Colombia	100.00	100.00
BTG Pactual Commodities (Russia) LLC	Russia	100.00	100.00
BTG Pactual Commodities Absolute Return Ltd.	Cayman	100.00	100.00
TTG Brasil Investimentos Florestais Ltda.	Brazil	100.00	100.00
BTG Pactual Timberland Investments Group LLC	USA	100.00	100.00
BTG Pactual Casa de Bolsa, S.A. de C.V.	Mexico	100.00	100.00
BSPE Participações e Empreendimentos S.A.	Brazil	99.84	98.84
Bastec Tecnologia e Serviços Ltda.	Brazil	99.84	98.84
Investment funds			
Fundo de Investimento Multimercado Crédito Privado LS Investimento no Exterior	Brazil	100.00	100.00
BTG Pactual International Portfolio Fund SPC - CLASS C	Cayman	100.00	100.00
Fundo de Investimento em Direitos Creditórios Não Padronizados Precatórios Selecionados I	Brazil	100.00	100.00
Fundo de Investimento em Direitos Creditórios Não Padronizados NPL I	Brazil	70.75	70.75
BTG Pactual Saúde Fundo de Investimento em Participações	Brazil	-	95.67
Nala Fundo de Investimento em Participações	Brazil	100.00	100.00
BTG Pactual Global Fund LP	Cayman	100.00	100.00
Fundo de Investimento em Direitos Creditórios Não Padronizados Caixa BTG Pactual Multisegmentos	Brazil	100.00	100.00
BTG Pactual Gewinnstrategie Fundo de Investimento Multimercado Crédito Privado	Brazil	100.00	100.00
Fundo de Investimento em Participações Quartzo	Brazil	100.00	100.00
BTGP Latam Fund LLC	Cayman	100.00	100.00
BTG Pactual Oil & Gas FIQ FIP	Brazil	100.00	100.00
BTG Pactual E&P FIP	Brazil	100.00	100.00
BTG Pactual Mall Fundo de Investimento Imobiliário	Brazil	100.00	100.00
Fundo de Investimento Imobiliário BTG Pactual Shopping	Brazil	100.00	100.00
Propertyco FIM CP IE	Brazil	100.00	100.00
BTG Pactual Fundo de Investimento Imobiliário Ametista	Brazil	100.00	100.00
Warehouse Fundo de Investimento em Participação	Brazil	100.00	100.00
Caravelas Fundo de Investimento em Ações	Brazil	56.00	56.00
BTG Pactual Absolute Return III Master Fund LP	Cayman	100.00	100.00
CCF Ltd	Cayman	100.00	100.00
CCMF Ltd	Cayman	100.00	100.00
FI Imobiliario Property Invest	Brazil	100.00	-
FIM Usim CP IE	Brazil	100.00	-
BTG CMO FIM CP - IE	Brazil	100.00	-

List of direct and indirect subsidiaries of BTG Investments LP:

		Equity interest - %	
	Country	30/06/2015	31/12/2014
Direct subsidiaries			
BTG Pactual Proprietary Feeder (1) Limited	Cayman	100.00	100.00
BTG Loanco LLC	USA	100.00	100.00
BTGP Reinsurance Holdings LP	Bermuda	100.00	100.00
Indirect subsidiaries			
BTG Pactual Stigma LLC	USA	100.00	100.00
BTG Equity Investments LLC	USA	100.00	100.00
Preserve Insurance Co. Ltd	UK	100.00	100.00
Hárpia Ômega Participações S.A.	Brazil	100.00	100.00
BTG Pactual Mining S.A.	Brazil	100.00	100.00
BTG Pactual Capital Participações S.A.	Brazil	100.00	100.00
BTGP Servicios S.A. de C.V.	Mexico	100.00	100.00
BTG Swiss Services S.A.	Switzerland	100.00	100.00
Aigues de Catalunya Ltd.	UK	98.00	98.00
BTG Pactual Iberian Concessions Ltd.	UK	100.00	100.00
BTG Pactual PropertyCo LLC	USA	100.00	100.00
BTG Pactual PropertyCo II LLC	USA	100.00	100.00
BTG Pactual Prop Feeder (1) S.a.r.l.	Luxemburg	100.00	100.00
BR PEC Agropecuária S.A.	Brazil	100.00	100.00
BTG Pactual Investimentos Florestais S.A.	Brazil	93.96	93.96
A.Z.A.S.P.E Empreendimentos e Participações S.A.	Brazil	100.00	100.00
A.Z.P.S.P.E Empreendimentos e Participações S.A.	Brazil	86.56	86.56
BTG Pactual SCFlor & São Lourenço Holding S.A. (i)	Brazil	38.50	71.66
São Lourenço Empreendimentos Florestais Ltda. (i)	Brazil	38.50	71.66
Fazenda Corisco Participações S.A. (i)	Brazil	38.50	71.66
BTG Pactual Santa Terezinha Holding S.A. (i)	Brazil	38.50	37.75
SCFlor Empreendimentos Agrícolas Ltda. (i)	Brazil	38.50	37.75
Fazenda Santa Terezinha Participações S.A. (i)	Brazil	29.50	37.75
BTGI Quartzo Participações S.A.	Brazil	100.00	-
BTGI Safira Participações S.A.	Brazil	100.00	-
Investment funds			
BTG Pactual Brazil Investment Fund I LP	Cayman	100.00	100.00
BTG Pactual Absolute Return Master Fund LP	Cayman	100.00	100.00
BTG Pactual Absolute Return II Master Fund LP	Cayman	100.00	100.00
B-2 Fundo de Investimento Multimercado	Brazil	100.00	100.00
Beira Rio Fundo de Investimento em Participações	Brazil	100.00	100.00
Bravo Fundo de Investimento em Participação	Brazil	100.00	100.00
Turquesa Fundo de Investimento em Participação	Brazil	100.00	100.00

(i) The investee equity is divided into ordinary and preferred shares. The Company has the majority of the ordinary shares and voting rights.

The consolidated financial position of the companies included in the combined financial statements as at June 30, 2015 and December 31, 2014 are detailed below:

	Total assets		Shareholders equity		Income (loss) Quarter ended:	
	30/06/2015	31/12/2014	30/06/2015	31/12/2014	30/06/2015	30/06/2014
Banco BTG Pactual S.A.	181,005,240	162,662,858	16,333,513	14,733,327	1,294,204	871,121
BTG Investments LP	29,445,536	55,293,635	3,494,188	3,934,479	176,142	129,092

c. Translation and other criteria of the combined financial statements

The table below presents the reconciliation items and a comparison between the shareholders' equity and net income presented by Banco BTG Pactual and BTGI in their consolidated financial statements and these figures in the combined financial statements.

	30/06/2015			31/12/2014	30/06/2014
	Shareholders equity	Income of the quarter	Income of the semester	Shareholders equity	Income of the quarter
BTG Investments LP					
Amount as reported	3,494,188	(176,142)	(572,378)	3,972,856	129,092
Adjustments from IFRS to Brazilian GAAP	(48,911)	41,861	(295,712)	(38,377)	52,036
	3,445,277	**(134,281)**	**(868,090)**	**3,934,479**	**181,128**
Translation adjustment	-	(111,545)	548,470	-	(83,457)
Final balance for combination	**3,445,277**	**(245,826)**	**(319,620)**	**3,934,479**	**97,671**
Banco BTG Pactual					
Amount as reported in Brazilian GAAP	16,333,513	1,294,204	2,231,478	14,733,327	871,130
Transfer adjustment	(24,853)	(25,070)	(34,563)	9,713	(6,756)
Final balance for combination	**19,753,937**	**1,023,308**	**1,877,295**	**18,677,519**	**962,045**

The reconciliation items presented above are primarily derived from the accounting practice adopted by BTGI and criteria adopted in the combination process relating to translation and transactions between Banco and BTGI.

The Group manages and evaluates its performance in Reais, given that this currency represents better the economic environment of the combined group. The process of translation of the financial statements of BTGI in US dollars into Reais was made in accordance with criteria set forth by BACEN Circular Letter 397/94, which requires the use of final and average exchange rates at the dates of the balance sheets and statement of income for the period, respectively. As a result, the net exposure to US dollar was reclassified (translation adjustment) from the combined statement of income to balance sheet, under shareholders' equity, in order to eliminate the effect of gains and losses on the process of translation of BTGI's consolidated financial statements.

d. Functional currency

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

The financial statements of foreign companies, originally stated at their transaction currencies, were translated into reais at the foreign exchange rates, on the reporting dates.

The effects of foreign exchange variations on investments abroad are distributed in the combined income statement accounts according to their respective nature.

Restatements of financial statements

The Bank has revised its previously issued statement of cash flows as at June 30, 2014 resulting in decrease in finincing activities of R$781,058, and an increase in the same amount in adjusts to net income. This review was in order to apply accounting practices consistent with those applied as at June 30, 2015.

4. Significant accounting practices

The most significant accounting practices adopted by BTG Pactual Group, 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 which 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 3068/01 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 in the 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 that amount recorded in a separate account under shareholders' equity, net of tax effects, which will only be recorded in income (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, plus income earned, with a corresponding entry to income (loss) for the period.

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 income (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 are for hedge or not.

The transactions with financial instruments performed on their own, or that does not comply with hedge criteria (mainly derivatives used to manage the overall risk exposure), are accounted for at fair value, with gains and losses, realized or unrealized, recorded 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:

- Fair value 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 year; and

- Cash flow hedge: the instruments classified in this category are measured at fair value, and the effective portion of the appreciation or depreciation is 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 year

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 even based on the price determined for other financial instruments with similar characteristics. 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-delivery forward agreements (NDF) are recognized in assets and liabilities at their carrying amount, with adjustments to fair value, recorded in 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 legally enforceable right to offset the amounts recognized and if there is an intention to simultaneously realize the asset or 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.

h. Loans and other receivables (transactions with loans 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 as sufficient to cover possible losses, pursuant to CMN Resolution 2682, of December 21, 1999, among which:

- Allowances are recorded from 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 with maturity over 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 National Monetary Council (CMN) Resolution 2682/99.

j. Investments property

Investment properties held by subsidiaries, which their main activity is real estate and rural, are initially measured at cost including transactions costs. After initial recognition, investment properties are stated at fair value, reflecting the market conditions at each balance sheet date. Adjustments to fair value are determined considering the fair value of the property, minus the attributed costs of the property, and recognized in net income.

The fair value of investment properties are determined at least on an annual basis, or when the Company deems it necessary, and may involve an independent valuation. During the fourth quarter of 2014, the Company valued its investment properties, using an independent valuation service.

Investment properties are derecognized when disposed of or when they cease to be used permanently and no further economics benefit are expected from their disposal.

k. Investments

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

l. Goodwill and negative goodwill

Goodwill and negative goodwill are calculated based on the difference between acquisition amount and net carrying amount.

Goodwill and negative goodwill, recorded on the basis of expected future results of the acquired subsidiaries, are amortized according to 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 for subsidiaries, until the investment is realized.

m. 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.

n. 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 assets management contracts, and (iii) softwares and improvements in third part property. Amortization is calculated using the straight-line basis over the period in which the rights generate benefits.

o. Impairment on non-financial assets

Whenever there is clear evidence that the assets are measured at an unrecoverable amount, it is recorded as loss in the results for the year. 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 lower of value in use and 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.

p. 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 15% for social contribution of financial companies and 9% of non-financial.

q. Contingent assets and liabilities, and 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 that they will be realized 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 a 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 accounted for.

r. Revenue recognition

Revenues and expenses are recorded under the accrual method.

5. Risk management

The Group committee structure allows for the inputs from the entire organization and ensures that the decisions are implemented easily and 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.

BTG Pactual Group monitors and controls risk exposure through several different, supplemental systems including, credit, financial, operational, compliance, tax and legal systems. The Bank believe 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 Group'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. Market risk

The various scenarios envisaged for market behavior are properly simulated through the Value-at-Risk calculation model and mainly through stress tests, which allows the identification of the main risk components to be controlled. The development of computer systems that support the decision-making process enables the efficient performance of the investment process as a whole – including the selection, analysis, monitoring, optimization and simulation. The Value-at-Risk is calculated using historical simulation methodologies and, when necessary, a Monte Carlo simulation. The stress tests are conducted using three different models: historical stress test, worst correlation scenario and hypothetical stress test.

Value at Risk or VaR

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 Group uses stress test models as a complement to VaR method for its daily risk activities.

The table below contains the daily average VaR for periods ended as follows:

In R$ Million	June 2015	December 2014	June 2014
Daily average VaR	116.7	87.1	112.6

b. Credit risk

All of the Banco BTG Pactual and BTGI and their 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 Group'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 Group is exposed cover all the financial instruments that may generate counterparty risks, such as private bonds, derivatives, guarantees given and possible settlement risks, among others.

c. Liquidity risk

BTG Pactual Group manages liquidity risk by concentrating their portfolio in high-level credit and highly-liquid assets, using funds obtained from prime counterparties at extremely competitive rates. The Group maintains 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.

d. Operating risk

In line with the BACEN guidelines and the Basel Committee concepts, an operating risk management policy applicable to the Group 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.

BTG Pactual Group has a strong tradition 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 compliance 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 to the Bank's operations.

6. Cash

Cash refer basically to deposits abroad in prime banks.

7. Interbank investments

	30/06/2015					31/12/2014
	Total	Up to 90 days	90 to 365 days	1 to 3 years	Over 3 years	Total
Open market investments	37,505,908	37,374,146	131,762	-	-	39,812,194
Own portfolio	3,390,377	3,258,615	131,762	-	-	4,425,938
Federal government bonds	3,088,709	3,087,336	1,373	-	-	2,389,544
Foreign bonds	-	-	-	-	-	9,968
Corporate bonds	268,456	138,067	130,389	-	-	1,293,088
Foreign government bonds	33,212	33,212	-	-	-	733,338
Third-party portfolio	26,855,677	26,855,677	-	-	-	27,730,716
Federal government bonds	26,348,380	26,348,380	-	-	-	23,609,392
Corporate bonds	267,674	267,674	-	-	-	291,858
Foreign government bonds	239,623	239,623	-	-	-	3,829,466
Short position	7,259,854	7,259,854	-	-	-	7,655,540
Federal government bonds	4,607,407	4,607,407	-	-	-	3,329,413
Foreign bonds	5,112	5,112	-	-	-	42,668
Corporate bonds	66,304	66,304	-	-	-	-
Foreign government bonds	2,581,031	2,581,031	-	-	-	4,283,459
Interbank investments (*)	4,061,071	4,039,247	21,824	-	-	4,623,245
Interbank deposit certificates	2,737,460	2,715,636	21,824	-	-	2,660,846
Investments in foreign currency - overnight	1,323,611	1,323,611	-	-	-	1,962,399
	41,566,979	41,413,393	153,586	-	-	44,435,439

(*) Refers basically to interbank deposits in prime bank.

As at June 30, 2015 and December 31, 2014 the balances above are reported net of corresponding liabilities and in the amount of R$729,705 and R$15,138,375, respectively, according to note 4(f).

The collateral received in repurchase agreements amounts to R$38,425,670 and R$39,980,571 at June 30, 2015 and December 31, 2014, respectively. Collateral granted amounts to R$63,400,404 and R$72,698,462 at the same periods.

8. Securities

a. By type of portfolio

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

	30/06/2015							31/12/2014
	Cost	Market	Up to 90 days	90 to 365 days	1 to 3 years	3 to 5 years	Over 5 years	Market
Own portfolio	28,709,237	28,222,886	12,553,577	2,706,202	4,551,637	2,074,082	6,337,388	28,632,136
Federal government bonds	4,970,587	4,968,178	278,149	17,473	300,773	265,284	4,106,499	2,908,873
Debentures / Eurobonds (i)	5,744,559	5,719,447	761,555	1,319,829	1,570,051	1,509,885	558,127	6,737,056
Bank credit certificate	37,394	36,711	-	-	-	-	36,711	37,042
Shares	4,303,004	3,962,203	3,782,203	-	180,000	-	-	4,000,132
Investment fund quotes								
Multimarket	3,949,587	3,923,360	3,923,360	-	-	-	-	2,422,175
FIDC - Credit rights	6,239	6,239	6,239	-	-	-	-	10,856
Equity investment fund	1,363,717	1,462,394	1,021,556	-	440,838	-	-	2,346,919
Real estate	225,669	225,669	21,714	-	203,943	-	12	869,937
Shares	217,182	217,182	217,182	-	-	-	-	136,961
Others	40,960	49,956	17,535	27	593	3,025	28,776	181,999
Bank deposit certificates	14,814	14,814	12,956	1,858	-	-	-	104
Financial Bills	11,144	11,144	-	-	11,144	-	-	-
Promissory notes	1,244,913	1,244,504	340,073	904,431	-	-	-	2,282,620
Certificate of real estate receivables	701,375	701,375	98	3,807	9,151	-	688,319	989,327
Brazilian foreign debt securities	-	-	-	-	-	-	-	23,148
Federal foreign government bonds								
United States	594,273	594,728	146,299	66,339	310,425	-	71,665	217,734
United Kingdom	-	-	-	-	-	-	-	10,354
Others	-	-	-	-	-	-	-	217,223
Foreign private securities	4,633,100	4,459,759	2,024,658	301,003	1,421,909	74,507	637,682	4,084,067
US agencies	-	-	-	-	-	-	-	163,496
Others	650,720	625,223	-	91,435	102,810	221,381	209,597	992,113
Unrestricted portfolio	373,896	372,455	-	-	-	191,959	180,496	529,059
Federal government bonds	373,896	372,455	-	-	-	191,959	180,496	529,059
Subject to repurchase agreements	27,419,565	27,749,343	285,295	15,006,530	3,511,534	4,184,532	4,761,452	36,200,875
Federal government bonds	9,114,172	9,576,651	-	5,631,055	-	2,871,784	1,073,812	3,816,762
Brazilian foreign debt securities	-	-	-	-	-	-	-	19,941
Federal foreign government bonds								
United States	10,445,059	10,455,820	124,030	8,779,198	735,993	317,179	499,420	7,593,369
United Kingdom	-	-	-	-	-	-	-	5,866,728
Germany	-	-	-	-	-	-	-	27,290
Others	530,622	776,449	-	152,936	161,089	210,653	251,771	5,853,168
Foreign private securities	1,063,131	938,135	54,782	65,888	59,306	171,128	587,031	4,905,846
US agencies	-	-	-	-	-	-	-	2,324,214
Warrants	1,891,899	1,685,070	106,483	-	1,578,587	-	-	498,502
Debentures / Eurobonds (i)	4,374,682	4,317,218	-	377,453	976,559	613,788	2,349,418	5,295,055
Subject to guarantees	3,216,590	3,345,635	368,979	637,188	296,978	27,785	2,014,705	5,201,325
Federal government bonds	2,599,455	2,726,803	83,219	377,190	223,904	27,785	2,014,705	2,923,922
Private securities Brazil								
Shares	82,125	83,803	81,832	1,971	-	-	-	833,993
Debêntures	305,758	305,758	-	232,684	73,074	-	-	343,703
Others	7,222	7,222	-	7,222	-	-	-	14,414
Investment fund quotes								
Multimarket	98,401	98,401	98,401	-	-	-	-	-
Foreign government bonds								
United States	112,911	112,930	101,770	11,160	-	-	-	1,069,855
Others	10,718	10,718	3,757	6,961	-	-	-	15,438
Trading securities	42,533,094	42,732,438	11,393,696	16,277,379	5,362,167	2,350,458	7,348,738	50,107,761
Available for sale securities	12,269,074	12,040,761	1,814,155	2,072,541	2,804,092	1,715,872	3,634,101	15,821,077
Held-to-maturity securities	4,917,120	4,917,120	-	-	193,890	2,412,028	2,311,202	4,634,557
	59,719,288	**59,690,319**	**13,207,851**	**18,349,920**	**8,360,149**	**6,478,358**	**13,294,041**	**70,563,395**

(i) Substantially securities issued by Brazilian companies.

b. Held-for-trading securities

	30/06/2015							31/12/2014
	Cost	Market	Up to 90 days	90 to 365 days	1 to 3 years	3 to 5 years	Over 5 years	Market
Own portfolio	20,447,949	20,132,447	10,739,422	1,251,020	2,797,178	784,669	4,560,158	16,698,003
Federal government bonds	4,290,711	4,288,302	278,149	17,473	300,773	77,955	3,613,952	1,544,694
Debentures/Eurobonds	1,837,616	1,831,476	660,960	688,328	58,579	407,801	15,808	2,918,072
Shares	3,212,931	3,122,001	3,122,001	-	-	-	-	3,294,268
Investment fund quotes								
Multimarket	3,949,587	3,923,360	3,923,360	-	-	-	-	2,172,246
FIDC - Credit rights	6,239	6,239	6,239	-	-	-	-	10,856
Equity investment fund	445,787	445,787	58,192	-	387,595	-	-	484,751
Real estate	225,669	225,669	21,714	-	203,943	-	12	399,285
Shares	217,182	217,182	217,182	-	-	-	-	136,961
Others	22,995	31,991	17,524	-	-	3,025	11,442	28,631
Bank deposit certificates	14,814	14,814	12,956	1,858	-	-	-	104
Financial bills	11,144	11,144	-	-	11,144	-	-	-
Promissory notes	335,181	334,772	250,188	84,584	-	-	-	-
Brazilian foreign debt securities	-	-	-	-	-	-	-	23,148
Federal foreign government bonds								
United States	594,273	594,728	146,299	66,339	310,425	-	71,665	217,734
United Kingdom	-	-	-	-	-	-	-	10,354
Others	-	-	-	-	-	-	-	217,223
Foreign private securities	4,633,100	4,459,759	2,024,658	301,003	1,421,909	74,507	637,682	4,084,067
US agencies	-	-	-	-	-	-	-	163,496
Others	650,720	625,223	-	91,435	102,810	221,381	209,597	992,113
Unrestricted portfolio	373,896	372,455	-	-	-	191,959	180,496	529,059
Federal government bonds	373,896	372,455	-	-	-	191,959	180,496	529,059
Subject to repurchase agreements	20,824,347	21,211,589	285,295	14,629,077	2,534,975	1,350,208	2,412,034	29,595,290
Federal government bonds	6,893,636	7,356,115	-	5,631,055	-	651,248	1,073,812	2,104,183
Brazilian foreign debt securities	-	-	-	-	-	-	-	19,941
Federal foreign government bonds								
United States	10,445,059	10,455,820	124,030	8,779,198	735,993	317,179	499,420	7,593,369
United Kingdom	-	-	-	-	-	-	-	5,866,728
Germany	-	-	-	-	-	-	-	27,290
Others	530,622	776,449	-	152,936	161,089	210,653	251,771	5,853,168
Foreign private securities	1,063,131	938,135	54,782	65,888	59,306	171,128	587,031	4,905,846
US agencies	-	-	-	-	-	-	-	2,324,214
Warrants	1,891,899	1,685,070	106,483	-	1,578,587	-	-	498,502
Debentures / Eurobonds	-	-	-	-	-	-	-	402,049
Subject to guarantees	886,902	1,015,947	368,979	397,282	30,014	23,622	196,050	3,285,409
Federal government bonds	582,747	710,095	83,219	377,190	30,014	23,622	196,050	1,366,123
Private securities Brazil								
Shares	82,125	83,803	81,832	1,971	-	-	-	833,993
Investment fund quotes								
Multimarket	98,401	98,401	98,401	-	-	-	-	-
Foreign government bonds								
United States	112,911	112,930	101,770	11,160	-	-	-	1,069,855
Others	10,718	10,718	3,757	6,961	-	-	-	15,438
Others	-	-	-	-	-	-	-	-
	42,533,094	**42,732,438**	**11,393,696**	**16,277,379**	**5,362,167**	**2,350,458**	**7,348,738**	**50,107,761**

c. Available-for-sale securities

	30/06/2015							31/12/2014
	Cost	Market	Up to 90 days	90 to 365 days	1 to 3 years	3 to 5 years	Over 5 years	Market
Own portfolio	7,581,412	7,410,563	1,814,155	1,455,182	1,754,459	1,102,084	1,284,683	10,569,954
Shares	1,090,073	840,202	660,202	-	180,000	-	-	1,176,516
Debentures	3,906,943	3,887,971	100,595	631,501	1,511,472	1,102,084	542,319	3,818,984
Certificate of real estate receivables	701,375	701,375	98	3,807	9,151	-	688,319	989,327
Bank certificates of deposit	37,394	36,711	-	-	-	-	36,711	37,042
Promissory notes	909,732	909,732	89,885	819,847	-	-	-	2,282,620
Other	17,965	17,965	11	27	593	-	17,334	153,368
Investment fund quotes		-						
Multimarket	-	-	-	-	-	-	-	249,929
Equity investment fund (i)	917,930	1,016,607	963,364	-	53,243	-	-	1,862,168
Subject to repurchase agreements	4,374,682	4,317,218	-	377,453	976,559	613,788	2,349,418	4,893,006
Debentures	4,374,682	4,317,218	-	377,453	976,559	613,788	2,349,418	4,893,006
Subject to guarantees	312,980	312,980	-	239,906	73,074	-	-	358,117
Debentures	305,758	305,758	-	232,684	73,074	-	-	343,703
Other	7,222	7,222	-	7,222	-	-	-	14,414
	12,269,074	**12,040,761**	**1,814,155**	**2,072,541**	**2,804,092**	**1,715,872**	**3,634,101**	**15,821,077**

(i) Equity Investment Fund (FIP)

Group's management considers different valuation techniques when estimating the fair value measurement of its investment in FIPs. These valuations techniques uses a wide range of unobservable inputs and it also consider different sale strategies, among them the sale of the assets held by the FIPs on an individual basis or the sale of the quotes of the FIPs. As of June 30, 2015 Group's management concluded that cost (fair value at acquisition) plus specific adjustment was considered the best estimate of fair value due to the wide range of possible fair value measurements of the equity interest in the FIPs. The fair value measurement is adjusted whenever there is an occurrence of a liquidity event, significant changes to the unobservable inputs considered on the initial valuation or the valuation methodologies do not provide wide range of possible fair value measurements. An example of the specific adjustment to the fair value measurement is the change in fair value of an asset held by the FIPs which can be associated to the fair value measurement of the investments in the FIPs i.e. changes in fair value of public companies such as Brazil Pharma S.A. and Brasil Broker Participações S.A.

d. Held-to-maturity securities

	30/06/2015						31/12/2014
	Book value	Up to 90 days	90 to 365 days	1 to 3 years	3 to 5 years	Over 5 years	Book value
Own portfolio	679,876	-	-	-	187,329	492,547	1,364,179
Federal government bonds	679,876	-	-	-	187,329	492,547	1,364,179
Subject to repurchase agreements	2,220,536	-	-	-	2,220,536	-	1,712,579
Federal government bonds	2,220,536	-	-	-	2,220,536	-	1,712,579
Subject to guarantees	2,016,708	-	-	193,890	4,163	1,818,655	1,557,799
Federal government bonds	2,016,708	-	-	193,890	4,163	1,818,655	1,557,799
	4,917,120	**-**	**-**	**193,890**	**2,412,028**	**2,311,202**	**4,634,557**

If measured at fair value, held-to-maturity securities would be reported as at the semester ended June 30, 2015 with a negative adjustment of R$91,490 (December 31, 2014 – R$1,832 positive).

The Bank has financial capacity to maintain such assets to maturity.

e. Reclassification of securities

No reclassifications or changes in intention were made by Management during the semester ended in June 30, 2015. During the year ended December 31, 2014 the Bank's Management reclassified R$10,502,528 from the category trading securities for available for sale securities, with no effect on current gain or loss.

9. Derivative financial instruments

The Group 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 management of risks involved in these operations is done through strict policy control, establishing strategies determining limits and other techniques of monitoring. The limits of exposure to risk are determined by Risk committee and by others types of risk management.

Transactions conducted in Brazil are traded, registered or held in custody by BM&F Bovespa and CETIP S.A. – Mercados Organizados; transactions conducted abroad are traded and registered with prime brokers. The Group uses various financial instruments to achieve economical hedge such as options, forwards, futures and swaps with periodic adjustments. The use of these instruments is intended to hedge positions in the cash markets, aiming at improving the level of risk in the portfolio, where the risk monitoring committees deemed necessary.

As at June 30, 2015 and December 31, 2014, the Group does not have derivative financial instruments classified as hedge accounting.

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 Letter 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.

	30/06/2015				31/12/2014
	Up to 6 months	6 to 12 months	Over 1 year	Total	Total
Futures market					
Long position	62,852,158	38,766,324	13,857,372	115,475,854	134,858,132
Currency	2,623,876	-	8,930	2,632,806	15,264,306
Interest rate	40,520,724	30,152,513	8,076,607	78,749,844	46,558,471
Commodities	18,850,277	7,935,508	5,732,675	32,518,460	19,285,013
Index	853,321	678,303	39,160	1,570,784	53,750,294
Equities	3,960	-	-	3,960	-
Others	-	-	-	-	48
Short position	104,688,969	47,708,023	15,461,726	167,858,718	198,413,290
Currency	12,159,074	3,026,207	793,580	15,978,861	4,435,469
Interest rate	73,764,327	33,557,596	4,738,630	112,060,553	100,418,860
Equities	113,555	685,877	-	799,432	4,112
Commodities	18,173,365	10,438,343	9,889,388	38,501,096	23,480,884
Index	478,648	-	40,128	518,776	-
Others	-	-	-	-	70,073,965
Swap					
Long position	72,484,083	32,698,281	65,049,728	170,232,092	222,130,200
Currency	1,276,664	251,057	1,906,738	3,434,459	6,174,223
Interest rate	64,518,009	29,315,211	45,803,092	139,636,312	188,730,306
Index	119,782	9,359	437,197	566,338	16,124,505
Equities	797,317	359,937	239,270	1,396,524	2,377,368
Commodities	2,358,639	612,169	54,382	3,025,190	4,112,719
Other	3,413,672	2,150,548	16,609,049	22,173,269	4,611,079
Short position	72,484,083	32,698,279	65,049,730	170,232,092	222,130,200
Currency	4,595,895	1,662,436	2,691,924	8,950,255	10,733,082
Interest rate	64,278,885	29,526,992	55,172,434	148,978,311	188,761,721
Index	62,800	-	1,229,257	1,292,057	11,962,726
Equities	248,054	218,159	243,184	709,397	2,316,545
Commodities	2,358,639	612,169	4,289,432	7,260,240	4,103,873
Other	939,810	678,523	1,423,499	3,041,832	4,252,253
Credit derivatives					
Long position	201,669	-	549,291	750,960	5,065,035
Sovereign	201,669	-	-	201,669	940,292
Corporate	-	-	549,291	549,291	4,124,743
Short position	-	31,026	886,620	917,646	7,140,730
Sovereign	-	31,026	372,312	403,338	1,652,820
Corporate	-	-	514,308	514,308	5,487,910
Non-deliverable forward - NDF					
Long position	30,498,148	4,791,984	17,169,436	52,459,568	15,009,461
Currency	22,113,535	1,812,816	1,776,072	25,702,423	5,174,215
Commodities	3,779,749	2,455,616	15,327,335	21,562,700	-
Index	-	-	-	-	9,777,632
Interest rate	4,577,719	523,552	65,286	5,166,557	-
Other	27,145	-	743	27,888	57,614
Short position	30,498,148	4,791,984	17,169,436	52,459,568	15,009,461
Currency	26,025,044	2,240,470	1,797,604	30,063,118	14,492,034
Commodities	3,779,749	2,455,616	15,327,335	21,562,700	-
Index	-	-	-	-	511,165
Interest rate	690,430	95,145	44,497	830,072	-
Index	2,925	753	-	3,678	6,262
Deliverable forward - DF					

	30/06/2015				31/12/2014
	Up to 6 months	6 to 12 months	Over 1 year	Total	Total
Long position	42,902,546	11,425,781	3,251,463	57,579,790	75,373,647
Currency	11,606,098	2,793,447	401,015	14,800,560	35,993,857
Interest rate	11,295,948	1,797,603	130,297	13,223,848	-
Commodities	20,000,500	6,834,731	2,720,151	29,555,382	39,379,790
Short position	42,902,546 -	11,425,781 -	3,251,463 -	57,579,790	75,373,647
Currency	11,606,099	2,793,447	401,015	14,800,561	36,411,434
Interest rate	12,944,395	4,351,303	1,736,010	19,031,708	-
Commodities	18,352,052	4,281,031	1,114,438	23,747,521	38,962,213
Security forwards					
Long position	3,969,668	-	-	3,969,668	991,234
Interest rate	2,072,563	-	-	2,072,563	-
Government bonds	1,897,105	-	-	1,897,105	991,234
Short position	3,969,668	-	-	3,969,668	991,234
Interest rate	1,897,105	-	-	1,897,105	991,234
Government bonds	2,072,563	-	-	2,072,563	-
Options market					
Call option	19,656,940	1,141,614	3,445,596	24,244,150	38,885,390
Equities	19,044	3,761	127,501	150,306	913,448
Commodities	4,682,592	179,251	117,511	4,979,354	1,781,663
Index	2,803,874	49,083	-	2,852,957	30,815,190
Currency	3,826,796	909,519	3,200,584	7,936,899	3,928,283
Interest rate	7,657,746	-	-	7,657,746	1,443,957
Other	666,888	-	-	666,888	2,849
Put option	15,497,821	911,941	6,905,220	23,314,982	120,480,445
Equities	18,350	4,500	-	22,850	1,235,501
Commodities	6,246,386	222,173	3,287,825	9,756,384	4,001,275
Index	748,239	-	-	748,239	92,039,758
Currency	2,746,240	374,201	3,617,395	6,737,836	3,115,079
Interest rate	5,736,000	-	-	5,736,000	20,054,787
Other	2,606	311,067	-	313,673	34,045
Call option	19,902,562	1,826,962	4,643,596	26,373,120	24,453,818
Equities	28,542	50	-	28,592	465,887
Commodities	4,118,910	839,097	378,330	5,336,337	1,807,430
Index	360,288	45,880	-	406,168	14,788,745
Currency	4,183,328	941,935	4,265,266	9,390,529	3,748,216
Interest rate	10,521,887	-	-	10,521,887	3,629,026
Other	689,607	-	-	689,607	14,514
Put option	10,542,043	1,720,285	2,585,030	14,847,358	156,111,435
Equities	93,907	3,745	3,540	101,192	396,622
Commodities	1,480,841	92,889	28,777	1,602,507	1,467,767
Index	433,046	-	-	433,046	109,492,492
Currency	2,397,982	339,252	2,552,713	5,289,947	3,229,010
Interest rate	5,871,584	-	-	5,871,584	15,693,401
Other	264,683	1,284,399	-	1,549,082	25,832,143

b. By cost and market value

	30/06/2015					31/12/2014
	Cost	Market	Up to 6 months	6 to 12 months	Over 1 year	Total
Futures						
Long position	9,992	9,992	9,840	8	144	86,715
Short position	43,740	43,740	41,562	2,142	36	174,779
Swaps						
Long position	2,712,350	2,854,313	1,355,859	501,329	997,125	2,281,946
Short position	3,975,334	3,889,620	1,456,755	445,228	1,987,637	2,651,784
Credit derivatives						
Long position	51,966	55,140	172	-	54,968	218,578
Short position	33,514	41,888	-	1,170	40,718	181,775
Non-deliverable forward - NDF						
Long position	4,335,486	4,378,825	1,642,163	580,556	2,156,106	592,244
Short position	2,294,507	2,253,755	1,330,145	327,042	596,568	315,870
Deliverable forward - DF						
Long position	27,139,033	27,828,489	20,846,739	5,862,742	1,119,008	29,445,840
Short position	24,842,842	27,452,724	20,714,255	5,647,901	1,090,568	28,209,785
Forward transaction						
Long position	3,973,585	3,973,585	3,973,585	-	-	1,863,795
Short position	3,972,996	3,972,996	3,972,996	-	-	1,864,206
Options market						
Long position	2,087,759	2,456,481	830,047	146,193	1,480,241	2,106,745
Short position	1,014,903	1,297,010	486,669	94,998	715,343	1,434,268
Long position	**40,310,171**	**41,556,825**	**28,658,405**	**7,090,828**	**5,807,592**	**36,595,863**
Short position	**36,177,836**	**38,951,733**	**28,002,382**	**6,518,481**	**4,430,870**	**34,832,467**

c. Notional value by counterparty

	30/06/2015					31/12/2014
	BM&FBovespa	Financial institution (i)	Companies	Individuals	Total	Total
Futures						
Long position	81,415,997	34,059,857	-	-	115,475,854	134,858,132
Short position	127,105,168	40,753,550	-	-	167,858,718	198,413,290
Swaps						
Long position	40,677,584	115,193,389	14,359,382	1,737	170,232,092	222,130,200
Short position	40,677,584	115,193,389	14,359,382	1,737	170,232,092	222,130,200
Credit derivatives						
Long position	-	478,862	272,098	-	750,960	5,065,035
Short position	-	531,372	386,274	-	917,646	7,140,730
Non-deliverable forward - NDF						
Long position	-	23,644,195	28,765,478	49,895	52,459,568	15,009,461
Short position	-	23,644,195	28,765,478	49,895	52,459,568	15,009,461
Deliverable forward - DF						
Long position	-	14,706,853	42,872,937	-	57,579,790	75,373,647
Short position	-	14,706,853	42,872,937	-	57,579,790	75,373,647
Forward transaction						
Long position	-	1,018,286	2,951,382	-	3,969,668	991,234
Short position	-	1,018,286	2,951,382	-	3,969,668	991,234
Options market						
Long position	13,432,422	33,833,226	248,301	45,183	47,559,132	159,365,835
Short position	16,449,248	24,642,061	105,790	23,379	41,220,478	180,565,253
Long position	**135,526,003**	**222,934,668**	**89,469,578**	**96,815**	**448,027,064**	**612,793,544**
Short position	**184,232,000**	**220,489,706**	**89,441,243**	**75,011**	**494,237,960**	**699,623,815**

(i) Includes investment funds.

d. Credit derivatives

	30/06/2015	31/12/2014
Credit swap		
Transferred risk		
Sovereign	201,669	940,292
Corporate	549,291	4,124,743
Risk received		
Sovereign	(403,338)	(1,652,820)
Corporate	(514,308)	(5,487,910)
Total	(166,686)	(2,075,695)

During the semester ended on June 30, 2015 and year ended December 31, 2014, there were no credit events related to triggering facts provided for in agreements.

According to CMN resolution 3490, the effect on the calculation of the required reference shareholders' equity (PRE) as at June 30, 2015 is R$52,463 (December 31, 2014 – R$42,414).

e. Guarantees margin

The margin of assurance in transactions traded on derivative financial instruments consists of government bonds and others in the amount of R$2,304,652 (December 31, 2014 - R$3,863,601) and shares in the amount of R$83,567 (December 31, 2014 - R$112,832).

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&F Bovespa, 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 Bank's commercial departments. Shares are calculated based on the prices informed by BM&F Bovespa. 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

	30/06/2015		31/12/2014	
Type of credit	Balance	Allowance	Balance	Allowance
Loans	15,244,342	(897,644)	14,636,604	(776,808)
Financing	1,995,041	(94,829)	2,389,861	(78,570)
FINAME/BNDES	2,123,323	(23,901)	1,664,424	-
Securities financing	36,476	-	139,261	-
Total	19,399,182	(1,016,374)	18,830,150	(855,378)

ii By risk value and maturity

	30/06/2015						31/12/2014	
		Maturity						
Risk level	Overdue	Up to 6 months	6 to 12 months	Over 12 months	Total	Allowance	Total	Allowance
AA	2,093	959,346	687,631	6,411,946	8,061,016	-	7,124,781	-
A	-	703,504	1,606,292	3,160,559	5,470,355	(28,068)	5,303,899	(26,519)
B	55,683	983,110	721,554	1,042,087	2,802,434	(28,024)	3,471,519	(34,714)
C	16,975	227,940	238,274	154,178	637,367	(20,672)	699,704	(23,048)
D	9	148,650	32,441	620,527	801,627	(168,664)	798,010	(125,073)
E	1,182,142	30,597	22,550	108,024	1,343,313	(563,580)	1,290,936	(547,836)
F	49,346	-	2,454	15,070	66,870	(33,435)	77,986	(38,993)
G	-	-	3,609	137,289	140,898	(98,629)	13,731	(9,612)
H	13,646	33,070	7,199	21,387	75,302	(75,302)	49,584	(49,583)
Total	1,319,894	3,086,217	3,322,004	11,671,067	19,399,182	(1,016,374)	18,830,150	(855,378)

iii By activity sector

Sector	30/06/2015	31/12/2014
Commerce	173,616	130,263
Industry	451,884	479,612
Services	15,563,705	14,880,911
Rural	349,637	471,414
Individuals	2,860,340	2,867,950
Total	19,399,182	18,830,150

b. Other receivables with loan 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

	30/06/2015						31/12/2014	
		Maturity						
Risk level	Overdue	Up to 6 months	6 to 12 months	Over 12 months	Total	Allowance	Total	Allowance
AA	58,142	275,098	156,867	57,863	547,970	-	375,637	-
A	1,035	90,264	14,608	342,394	448,301	(2,250)	886,197	(4,431)
B	2,751	18,675	8,498	120,595	150,519	(1,505)	229,987	(2,300)
C	1,142	100,925	11,899	72,167	186,133	(5,584)	190,025	(5,701)
E	12,906	27,315	-	-	40,221	(12,066)	-	-
F	-	-	-	-	-	-	23,592	(11,796)
H	-	152	-	9,029	9,181	(9,181)	493	(493)
Total	75,976	512,429	191,872	602,048	1,382,325	(30,586)	1,705,931	(24,721)
Transfered loans with co-obligations					137,017	(3,747)	176,698	(4,545)
Securities and credits receivable (note 12(b))					1,245,308	(26,839)	1,529,233	(20,176)

ii By activity sector

Sector	30/06/2015	31/12/2014
Services	1,255,782	1,552,879
Commerce	40,607	-
Individuals	85,936	153,052
Total	1,382,325	1,705,931

c. Advances in foreign exchange contracts

i By risk value and maturity

	30/06/2015						31/12/2014	
		Maturity						
Risk level	Overdue	Up to 6 months	6 to 12 months	Over 12 months	Total	Allowance	Total	Allowance
AA	-	38,920	-	-	38,920	-	-	-
A	-	129,542	-	-	129,542	(836)	342,567	(1,713)
B	-	120,507	351,245	-	471,752	(4,971)	206,002	(2,060)
C	-	47,107	-	-	47,107	(1,770)	159,707	(4,791)
D	-	10,940	27,258	-	38,198	(8,299)	10,849	(1,085)
F	44,508	-	-	-	44,508	(30,436)	-	-
G	-	-	-	-	-	-	25,074	(17,552)
H	20,886	-	-	-	20,886	(20,886)	-	-
Total	65,394	347,016	378,503	-	790,913	(67,198)	744,199	(27,201)

ii By activity sector

Sector	30/06/2015	31/12/2014
Industry	89,341	105,573
Services	701,572	638,626
Total	790,913	744,199

d. Credit risk concentration

	30/06/2015	%	31/12/2014	%
Largest debtors				
10 largest debtors	9,187,449	43%	8,806,869	41%
20 following largest debtors	5,202,522	24%	4,808,220	23%
50 following largest debtors	3,905,982	18%	4,084,909	19%
100 following largest debtors	2,438,663	11%	2,934,128	14%
200 following largest debtors	762,493	2%	646,154	3%
500 following largest debtors	75,311	2%	-	0%
	21,572,420	100%	21,280,280	100%

e. Allowance

Changes in the allowance for loan losses and other receivables with transferred loan characteristics in quarters and semesters semesters are as follows:

	Quarter ended:		Semester ended:	
	30/06/2015	30/06/2014	30/06/2015	30/06/2014
Opening balances	(1,089,724)	(372,166)	(1,143,438)	(303,513)
Reversal/(accrual) of allowance	10,629	(62,084)	(184,574)	(115,439)
Contigencies transfer provision	113,278	-	113,278	-
Transfered provision on credit sale	(256,196)	-	-	-
Exchange rate variation	(23,891)	(848)	(35,291)	(16,342)
Credits written off as loss	22,571	19,871	26,692	20,067
Closing balances	(1,223,333)	(415,227)	(1,223,333)	(415,227)
Breakdown of closing balances				
Allowance for loan losses	(1,016,374)	(243,682)	(1,016,374)	(243,682)
Allowance for transfered loans	(3,747)	(39,084)	(3,747)	(39,084)
Allowance for other receivables	(26,839)	(15,092)	(26,839)	(15,092)
Allowance for advances on foreign exchange contracts	(75,759)	(46,892)	(75,759)	(46,892)
Allowances for guarantees	(100,614)	(70,477)	(100,614)	(70,477)
	(1,223,333)	(415,227)	(1,223,333)	(415,227)

f. Renegotiation/recovery of credits written off to loss

As at the semester ended June 30, 2015, the amount of R$57.412 were due to credit renegotiation (June 30, 2014 – R$161,015). Also in the semester ended June 30, 2015 there were no recovery of credits written off loss (June 30, 2014 – R$8,615).

g. Transferred loan

During the semester ended June 30, 2015 and 2014, there was no credit assignment with co-obligation.

11. Other receivables/obligations

a. Foreign exchange portfolio

	30/06/2015		31/12/2014	
	Assets	Liabilities	Assets	Liabilities
Unsettled exchange purchased/sold	2,173,407	1,783,344	2,432,829	6,981,527
Rights on foreign exchange sales	1,654,632	-	6,906,287	-
(-) Advances on foreign exchange contracts (Note 10 (c))	16,475	(774,438)	15,820	(728,379)
(-) Advances in local currency received	(22,644)	-	(4,256)	-
Liability for foreign exchange purchase	(2,199)	2,092,382	-	2,342,056
	3,819,671	3,101,288	9,350,680	8,595,204
Current	3,819,671	3,101,288	9,350,680	8,595,204
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$244,442 (December 31, 2014 - R$130,185).

b. Securities trading and brokerage

	30/06/2015		31/12/2014	
	Assets	Liabilities	Assets	Liabilities
Clearing houses	616,412	474,812	1,417,845	990,364
Debtors/creditors – pending settlement account	10,194,460	2,567,840	11,008,220	4,711,588
Creditors for stock loans	-	1,456,075	-	361,578
Other securities trading and brokerage	2,459,515	4,135,563	2,765,673	6,940,928
	13,270,387	8,634,290	15,191,738	13,004,458
Current	12,452,571	8,634,290	13,810,319	11,623,039
Long-term	817,816	-	1,381,419	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&F Bovespa, and abroad through prime brokers, on the Group behalf or on behalf of third parties.

"Other credit/securities trading and brokerage" basically represents, amounts receivable and payable arising from settlement of long term financial assets, and refers in liabilities, the short position of foreign governments bonds to be settled within a regulamentary period.

12. Other credits

a. Income receivable

	30/06/2015	31/12/2014
Dividends and profit sharing	67,333	51,077
Receivables from services rendered	819,135	732,103
Management and performance fees for investment funds and portfolios	463,842	638,570
Distribution fees	14,982	18,940
Commissions on guarantees	3,795	9,762
Other	9,427	4,445
	1,378,514	1,454,897
Current	940,321	887,736
Long-term	438,193	567,161

b. Sundry

	30/06/2015	31/12/2014
Deferred tax assets - IR/CS (note 18)	3,090,564	1,684,668
Deferred tax assets - Others	55,299	33,492
Judicial deposits or guarantee	1,655,632	1,546,333
Taxes recoverable to offset	1,341,180	928,310
Tax incentive options	1,319	1,319
Securities and credits receivable		
With loan characteristics (Note 10(b))	1,245,308	1,529,233
Without loan characteristics	701,467	1,763,875
Commodities inventories	2,030,240	188,754
Sundry	4,246,257	2,877,833
Held for sale (i)	-	321,501
Investments property	1,909,606	1,804,566
Other	393,607	241,843
	16,670,479	12,921,727
Current	12,141,995	9,013,203
Long-term	4,528,484	3,908,524

(i) Refes to the equity interest investments, acquired by investors (Note 2).
(ii) From the securities and credits receivable, R$357,905 refers to allowance for other receivable without loan characteristics.

13. Investments in associated companies and jointly controlled entities

	Associates and jointly controlled entities							
	Shareholders Equity		Net income (loss)				Equity Interest	
			Quarter ended:		Semester ended:			
	30/06/2015	31/12/2014	30/06/2015	30/06/2014	30/06/2015	30/06/2014	30/06/2015	31/12/2014
In Brazil								
Banco Pan S.A. (i)	3,558,634	3,634,486	3,600	(70,355)	(69,918)	(148,987)	40.35%	40.35%
Pan Seguros S.A.	707,680	669,000	8,616	-	8,616	-	51.00%	51.00%
Pan Corretora S.A.	53,600	49,931	49,931	-	49,931	-	51.00%	51.00%
Warehouse 1 Empreendimentos Imobs S.A.	108,218	110,328	-	-	20,156	145	35.00%	35.00%
Max Casa XIX Empreendimentos Imobs S.A.	36,381	37,733	-	(3,310)	(755)	(1,771)	50.00%	50.00%
ACS Omicron Empreendimentos Imobs S.A.	17,375	17,375	-	1,992	474	1,992	44.74%	44.74%
BR Properties S.A.	6,073,118	6,005,116	34,902	182,893	65,062	242,359	5.88%	5.88%
B&A Mineração S.A.	447,018	369,270	(15,006)	34,808	(19,281)	21,654	88.01%	87.83%
BTG Pactual Vivere Participações S.A.	(16,008)	(16,008)	-	-	(37,709)	(4,875)	20.32%	20.32%
SPE Holding Beira-Rio S.A.	42,594	19,856	(8,247)	5,348	(15,368)	3,989	50.00%	50.00%
União de Lojas Leader S.A.	762,134	901,839	56,411	139,239	(25,359)	85,128	44.02%	44.02%
Rede D'OR São Luiz S/A	3,445,404	-	6,237	-	6,237	-	12.00%	0.00%
Timber IX Participações S.A.	54,469	-	-	-	(131)	-	26.67%	0.00%
Abroad								
BTG Pactual Holding S.A.R.L.	3,446,813	4,223,990	19,385	(32,194)	19,385	207,870	80.00%	80.00%
ATLL Concessionaria de La Generalitat de Catalunya S.A.	455,385	468,014	5,242	(20,337)	15,192	(11,143)	39.00%	39.00%
SIFR Holdings Ltd.	-	369,315	-	-	-	59,466	0.00%	50.00%
Maybroke Holding S.A.	1,410,360	-	277,596	-	277,596	-	50.00%	0.00%

		Changes in relevant investments						
	31/12/2014	Aquisition / Increase / (Sales)	Dividends paid	Equity in earnings of subsidiaries	Foreign exchange	Fair value adjustment	30/06/2015	Equity in earnings of subsidiaries from 30/06/2014
In Brazil								
Banco Pan S.A.	1,372,933	-	-	(28,212)	-	(1,479)	1,343,242	(50,745)
Negative goodwill - Banco Pan.	(56,884)	-	-	-	-	-	(56,884)	-
Pan Seguros S.A. (iii)	347,772	-	-	4,308	-	-	352,080	-
Pan Corretora S.A. (iii)	25,465	-	-	1,871	-	-	27,336	-
Goodwill - Pan Corretora S.A. (iii)	1,017	-	-	-	-	-	1,017	-
Warehouse 1 Empreendimentos Imobs S.A.	38,614	(5,075)	(11,617)	(738)	-	-	21,184	29,144
Max Casa XIX Empreendimentos Imobs S.A.	18,866	-	-	(676)	-	-	18,190	(1,495)
ACS Omicron Empreendimentos Imobs S.A.	7,774	(1,119)	-	212	-	-	6,867	1,601
BR Properties S.A.	207,306	-	(1,995)	(13,214)	-	-	192,097	(60,719)
B&A Mineração S.A.	321,326	41,644	-	(358)	52,273	-	414,885	(84,704)
Vivere Soluções e Serviços S.A.	6	2,093	-	-	-	-	2,099	510
SPE Holding Beira-Rio S.A.	11,405	16,596	-	(6,705)	-	-	21,296	(3,633)
Timber IX Participações S.A.	-	16,659	-	(21)	-	-	16,638	-
União de Lojas Leader S.A.	397,077	-	-	(58,525)	-	-	338,552	(55,730)
Goodwill - União Lojas Leader	142,774	-	-	(18,423)	-	-	124,351	-
Rede D'OR São Luiz S.A (ii)	-	89,655	-	330,801	-	-	420,456	-
Goodwill - Rede D'OR São Luiz S/A	-	429,722	-	(66,880)	-	-	362,842	-
Other	569	1,615	-	(327)	(470)	-	1,387	(33,064)
Abroad								
BTG Pactual Holding S.A.R.L. (i)	3,632,685	-	(122,922)	596,298	-	-	4,106,061	(93,416)
Maybroke Holding S.A. (i)	-	566,382	-	138,798	-	-	705,180	-
Túnel de Barcelona i Cadí (i)	-	-	-	-	-	-	-	(4,435)
ATLL Concessionaria de La Generalitat de Catalunya S.A. (i)	183,462	-	(24,125)	5,668	8,924	-	173,929	4,282
SIRF Holding Ltd. (i) (iii)	184,658	(209,686)	-	9,643	15,385	-	-	-
Other	-	595	-	69	(388)	-	276	-
	6,836,825	949,081	(160,659)	893,589	75,724	(1,479)	8,593,081	(352,404)

(i) The diference between equity pick up in subsidiaries and net income of subsidiaries refers to exchange variation.
(ii) Note 2.
(iii) On February 4, 2015, as part of a corporate reorganization of the insurance and reinsurance businesses, SIFR Holding Ltd. reduced its capital in R$209,686.

14. Intangible assets

	Changes in Intangible assets				
	31/12/2014	Acquisitions	Amortization expenses / derecognition	Exchange variation	30/06/2015
Goodwill	**547,030**	**27,659**	**(58,605)**	**12,087**	**528,171**
Cost	932,611	27,659	(6,160)	83,810	1,037,920
Amortization	(385,581)	-	(52,445)	(71,723)	(509,749)
Other intangible assets	**210,676**	**23,440**	**(22,300)**	**18,622**	**230,438**
Cost	299,618	23,440	(816)	22,759	345,001
Amortization	(88,942)	-	(21,484)	(4,137)	(114,563)
	757,706	**51,099**	**(80,905)**	**30,709**	**758,609**

The intangible assets amortization period is 5 years.

15. Fund raising and loans onlending

a. Summary

	30/06/2015						31/12/2014
	Total	Up to 90 days	90 to 365 days	1 to 3 years	3 to 5 years	Over 5 years	Total
Deposits	15,825,679	10,075,140	4,209,776	1,449,462	56,677	34,624	18,085,989
Open market funding	62,353,784	51,984,107	5,522,976	1,722,459	286,083	2,838,159	70,731,224
Funds from securities issued and accepted	26,096,077	3,100,820	8,098,115	10,366,284	3,014,622	1,516,236	25,012,924
Loans and onlending	11,097,184	5,125,378	3,588,460	371,812	110,596	1,900,938	9,708,702
Subordinated debts and subordinated debt eligible to equity	12,048,997	-	76,596	2,192,276	6,500,451	3,279,674	10,916,392
	127,421,721	70,285,445	21,495,923	16,102,293	9,968,429	9,569,631	134,455,231

b. Deposits

	30/06/2015						31/12/2014
	Total	Up to 90 days	90 to 365 days	1 to 3 years	3 to 5 years	Over 5 years	Total
Demand deposits	292,041	292,041	-	-	-	-	168,293
Interbank deposits	903,108	484,066	323,724	64,499	29,195	1,624	769,819
Time deposits	14,630,530	9,299,033	3,886,052	1,384,963	27,482	33,000	17,147,877
	15,825,679	10,075,140	4,209,776	1,449,462	56,677	34,624	18,085,989

c. Open market funding

Open market funding has collateral on the following securities:

	30/06/2015						31/12/2014
	Total	Up to 90 days	90 to 365 days	1 to 3 years	3 to 5 years	Over 5 years	Total
Own portfolio	27,994,109	22,366,899	5,292,277	325,750	-	9,183	34,669,801
Federal government bonds	9,535,420	7,305,701	2,220,536	-	-	9,183	3,663,878
Corporate securities	6,683,163	3,285,672	3,071,741	325,750	-	-	5,976,100
Securities issued abroad	357,182	357,182	-	-	-	-	6,010,832
Foreign government bonds	11,418,344	11,418,344	-	-	-	-	19,018,991
Third-party portfolio	15,905,398	15,864,100	-	-	-	41,298	18,832,705
Federal government bonds	15,436,392	15,395,094	-	-	-	41,298	14,535,392
Corporate securities	230,018	230,018	-	-	-	-	389,856
Foreign government bonds	238,988	238,988	-	-	-	-	3,907,457
Unrestricted portfolio (i)	18,454,277	13,753,108	230,699	1,396,709	286,083	2,787,678	17,228,718
Federal government bonds	15,800,541	11,099,372	230,699	1,396,709	286,083	2,787,678	12,845,566
Corporate securities	66,305	66,305	-	-	-	-	-
Securities issued abroad	4,949	4,949	-	-	-	-	40,374
Foreign government bonds	2,582,482	2,582,482	-	-	-	-	4,342,778
	62,353,784	51,984,107	5,522,976	1,722,459	286,083	2,838,159	70,731,224

(i) From the unrestricted portfolio, R$7,905,945 refers to short position and R$10,548,332 to third-party portfolio.

As at June 30, 2015 and December 31, 2014 the balances above are reported net of corresponding assets and in the amount of R$729,705 and R$15,138,375, respectively, according to note 4(f).

d. Funds from securities issued and accepted

	30/06/2015						31/12/2014
	Total	Up to 90 days	90 to 365 days	1 to 3 years	3 to 5 years	Over 5 years	Total
Securities – Brazil	14,901,486	961,086	5,412,140	6,627,668	1,117,912	782,680	13,696,002
Financial bills	11,429,753	361,855	3,836,154	6,028,341	823,444	379,959	10,195,841
Mortgage bonds/letters of credit for agribusiness	3,433,726	591,051	1,546,159	599,327	294,468	402,721	3,468,335
Structured finance debt	38,007	8,180	29,827	-	-	-	31,826
Securities – abroad	11,194,591	2,139,734	2,685,975	3,738,616	1,896,710	733,556	11,316,922
Medium term notes	10,947,114	2,125,194	2,493,887	3,697,767	1,896,710	733,556	11,164,008
Fixed rate notes and other	247,477	14,540	192,088	40,849	-	-	152,914
	26,096,077	3,100,820	8,098,115	10,366,284	3,014,622	1,516,236	25,012,924

As at June 30, 2015, liabilities on bonds and securities in Brazil were basically indexed o interest referenced rates (CDI) between 87% 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 June 30, 2015, liabilities on bonds and securities abroad have rates between 0.90% p.a. and 7% p.a. (December 31, 2014 – between 0.75% p.a. and 7% p.a.).

e. Loans and onlending

	30/06/2015						31/12/2014
	Total	Up to 90 days	90 to 365 days	1 to 3 years	3 to 5 years	Over 5 years	Total
Loans abroad	7,659,040	3,764,497	3,582,068	312,475	-	-	7,195,975
Foreign currency	291,636	173,367	118,269	-	-	-	-
Loans abroad	7,367,404	3,591,130	3,463,799	312,475	-	-	7,195,975
Loans - Brazil	1,358,393	1,358,393	-	-	-	-	854,904
Loans	1,358,393	1,358,393	-	-	-	-	854,904
Onlending in Brazil – official institution	2,079,751	2,488	6,392	59,337	110,596	1,900,938	1,657,823
FINAME/BNDES	2,079,751	2,488	6,392	59,337	110,596	1,900,938	1,657,823
	11,097,184	5,125,378	3,588,460	371,812	110,596	1,900,938	9,708,702

On June 30, 2015, liabilities for loans and onlending have rates between 0.49% p.a. to 11.25% p.a. (December 31, 2014 – between 1.78% p.a. and 11.25% p.a.).

f. Subordinated debt and debt instrument eligible to equity

	30/06/2015					31/12/2014
Type - Currency	Issued amount (orginal currency)	Issued	Maturity	Total compensation p.a.	Net amount	Net amount
Financial bills - R$ (i)	4,161,000	15/04/2011	15/04/2021	Inflation plus fixed rates	5,480,691	5,403,116
Subordinated debt - US$	800,000	28/09/2012	15/09/2022	5.75%	2,710,374	2,015,440
Subordinated debt eligible to equity - US$	1,300,000	12/09/2014	Callable at September 2019	8.75%	3,857,932	3,497,836
Total					12,048,997	10,916,392

(i) Subordinated debt and instruments eligible to equity have different maturities and have interests and principal generally amortized every six months.

16. Other obligations

a. Social and statutory

	30/06/2015	31/12/2014
Dividends and profit sharing payable	495,812	327,294
Employees' profit sharing	406,286	448,710
Other benefits	108,729	432,324
	1,010,827	1,208,328
Current	1,010,827	1,208,328
Long-term	-	-

b. Tax and social security

	30/06/2015	31/12/2014
Tax and contributions to be collected	149,001	148,131
Tax and contribution payable	505,710	346,845
Deferred income tax and social contribution (Note 18)	891,998	496,478
Deferred PIS and COFINS	151,779	96,783
Suspended-payment taxes and others tax liabilities (Note 17 (c))	1,463,869	1,398,983
	3,162,357	2,487,220
Current	908,115	1,255,649
Long-term	2,254,242	1,231,571

c. Sundry

	30/06/2015	31/12/2014
Payable for acquisition of assets and rights (i)	1,060,147	1,034,142
Provision for accounts payable	592,797	476,191
Provision for contingent liabilities (Note 17 (c))	716,279	742,250
Other creditors - Brazil	3,305,703	1,401,543
Other creditors - abroad	4,515	14,393
Allowance for guarantees (Note 10(e))	100,614	236,139
Obligations related to transferred loans	329,960	196,266
Other	7,819	18,704
	6,117,834	4,119,628
Current	4,901,004	2,130,378
Long-term	1,216,830	1,989,250

(i) Refers to amounts payable for the acquisition of investments (mainly Banco S.A.).

17. Contingent assets and liabilities and legal obligations

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

a. Contingent assets

As at the semester ended June 30, 2015 and year ended December 31, 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 provision

For civil lawsuits with chances of unfavorable outcome (pain and suffering and pecuniary injury, among others requesting condemning judgments), contingency amounts are recorded based on the opinion of internal and external and intern 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 other legal, tax and civil proceedings. Based on the opinion of its legal counsel, Management considers that the provisions recorded for such proceedings as at June 30, 2015 are appropriate to cover any losses arising therefrom. The provisions recognized and their changes in the semesters are as follows:

	30/06/2015				30/06/2014
	Tax	Civil	Labor	Total	Total
Balance at the beginning of the semester	1,398,983	702,372	39,878	2,141,233	792,487
Recognition	144,580	220,298	13,093	377,971	63,598
Write-off	(79,694)	(241,098)	(18,264)	(339,056)	(1,519)
Balance at the end of the semester	1,463,869	681,572	34,707	2,180,148	854,566
Suspended-payment taxes and other taxes contingencies				1,463,869	827,935
Provision for contingent liabilities				716,279	26,631

The nature of the main allowances is presented below:

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

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 June 30, 2015, Banco BTG Pactual and its subsidiaries were parties to taxes lawsuits with a possible outcome, which were not recorded in provision. The description of the main lawsuits is 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$801.7 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, Cofins, income tax and social contribution on revenues earned from the sale of shares of the companies previously mentioned. The amount claimed is R$17.7 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 June 30, 2015 totaled R$2,046 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. We have filed an appeal of this tax assessment. In February 2013 a preliminary administrative decision was issued, providing for a partial reduction of the tax assessment. On June 03, 2015, a second instance decision was issued, which cancel the isolated fine in the amount of R$329.9 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. As a result, we do 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 contingent liabilities

As at June 30, 2015, BTG Pactual and its subsidiaries were part to several civil, labor, lawsuits and other contingences with a possible outcome, which were not recorded in provisions.

On 6 November 2012, BTGI, Acciona S.A. and a consortium of investors (together "the Consortium") were awarded the management concession for Aigues Ter Llobregat, the company that manages the upstream water supply for the city of Barcelona, for a period of 50 years. The concession contract was entered into by a newly established company called ATLL Concessionaria de La Generalitat de Catalunya S.A. ("ATLL") on 27 November 2012. BTGI and Acciona each hold a 39% equity interest in ATLL and have rights of veto over certain significant matters.

The result of the bidding process of the concession above is being challenged in court by a third party who has also participated in the bidding process. Since the award of the concession, several actions have been brought by both parties (including BTGI and Acciona) and the Generalitat to the regional court of Catalonia and Madrid, Spain.

On June 23, 2015, the regional court in Catalonia ruled that the awarding of the concession was null due to alleged contradictions between the tender documents and the "Q&A" information disclosed by the Generalitat during the tender process. An appeal has been filed in the court of Catalunia and therefore the main proceedings regarding the validity of the results of the bidding process is still ongoing at the courts of Catalunya.

Management has evaluated the lawsuit and understands that there are reasons to believe that the final decision in the main proceedings will be favorable and therefore considers that the Consortium will continue managing the concession. Furthermore, the Consortium and its legal advisers consider that the Consortium has legal and contractual rights to obtain compensation for any direct losses incurred as well as to obtain reimbursement of the amount paid to the concession in the scenario of a loss of the lawsuit and consequently the concession. This understanding was confirmed by a letter from the Government of Catalonia, dated July 5, 2013, indicating that, in case the results of the bidding process were canceled, the Consortium should be compensated for damages, according to the concession agreement, which includes among other items, the unamortized part of the investment (concession fee plus capex). According to this letter, the Consortium is only obliged to return the concession after reimbursement.

As a result, the Company has not made any provisions in respect of this matter and continues to recognize its investment in ATLL based on the assumption of continuity of its operations.

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:

	Quarter ended:		Semester ended:	
	30/06/2015	30/06/2014	30/06/2015	30/06/2014
Tax base	963,921	818,295	512,171	2,119,858
Income before taxes and profit sharing	1,789,393	1,319,986	1,490,117	2,863,723
Statutory profit sharing	(403,472)	(199,891)	(555,946)	(442,065)
Interest on equity	(422,000)	(301,800)	(422,000)	(301,800)
Total charge of income tax and social contribution at the current rates	(385,568)	(327,318)	(204,868)	(847,943)
Permanent (additions) / deductions in taxation calculation	(35,001)	141,688	828,592	52,678
Equity in the earnings of subsidiaries and associated companies in Brazil	106,316	(35,600)	404,847	(35,116)
Income/(loss) of foreign exchange on foreign investments	(131,568)	(63,286)	652,500	(167,029)
Foreign earnings	(149,936)	(10,463)	(239,180)	(70,803)
Dividends	22,435	255,322	35,968	406,652
Other Permanent (additions) / deductions	117,752	(4,285)	(25,543)	(81,026)
Temporary (additions) / deductions on the taxation calculation	147,231	(153,307)	(422,339)	94,141
Reversal of provision for goodwill on the acquisition of investments	4,269	35,380	39,650	70,761
Interest on equity	(173,793)	(120,720)	(54,513)	(120,720)
Fair value of securities and derivatives	534,848	38,712	(187,409)	238,581
Allowance for loan losses	3,262	(34,972)	(45,505)	(53,267)
Tax contingencies and provision for suspended-payment taxes	(445)	(8,162)	12,937	(13,807)

	Quarter ended:		Semester ended:	
	30/06/2015	30/06/2014	30/06/2015	30/06/2014
Provision on investment	6,328	(1,146)	-	24,974
Other provisions	(227,238)	(62,399)	(187,499)	(52,381)
Effect of different aliquots in other countries	(116,942)	70,742	(146,499)	15,509
Offset of tax loss carry forwards	200,399	(2,045)	(721,587)	(39)
Income tax and social contribution expense	(189,881)	(270,240)	(666,701)	(685,654)
Temporary differences				
Recognition / (reversal) of the quarter / semester	(147,935)	140,685	420,376	(106,763)
Provision on investments	(6,328)	2,045	-	39
Recognition / (reversal) of tax losses carry forward	(200,096)	150,973	721,587	167,247
Tax recovery on investment abroad	53,706	(56,266)	247,433	(18,794)
Recognition on losses on investments abroad	139,192	(122,242)	152,888	12,412
Deferred income tax and social contribution	(161,461)	115,195	1,542,284	54,141
Total revenues / (expenses)	(351,342)	(155,045)	875,583	(631,513)

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:

Deferred income tax and social contribution	**31/12/2014**	**Recognition**	**Realization (i)**	**30/06/2015**
Tax loss carryforwards	308,155	1,138,068	(1,803)	1,444,420
Interest on equity	119,280	54,513	-	173,793
Allowance for loan losses	371,358	78,765	(30,132)	419,991
Fair value measurement of securities and derivatives	288,315	3,563,732	(3,375,038)	477,009
Goodwill on the acquisition of investment	266,639	26,752	(66,402)	226,989
Tax contingencies and provision for suspended-payment taxes	197,671	-	(12,792)	184,879
Other temporary differences	244,295	39,689	(120,501)	163,483
	1,795,713	4,901,519	(3,606,668)	3,090,564

Income tax and social contribution	**31/12/2013**	**Recognition**	**Realization (i)**	**30/06/2014**
Tax loss carryforwards	13,878	2,860	(2,820)	13,918
Interest on equity	-	120,720	-	120,720
Impairment loss on investment (ii)	133,525	1,146	(44,914)	89,757
Allowance for loan losses	173,095	59,555	(6,288)	226,362
Fair value measurement of securities and derivatives	261,489	560,232	(811,433)	10,288
Goodwill on the acquisition of investment	409,028	-	(70,761)	338,267
Tax contingencies and provision for suspended-payment taxes	199,328	13,807	-	213,135
Other temporary differences	89,405	57,772	(5,393)	141,784
	1,279,748	816,092	(941,609)	1,154,231

(i) On June 30, 2015, the amount of R$245,472 (December 31, 2014 – R$528,085), 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 carried forward	Total
2015	251,208	(75,707)	175,501
2016	656,013	228,580	884,593
2017	361,532	372,194	733,726
2018	125,797	506,504	632,301
2019	125,797	412,849	538,646
After 2020	125,797	-	125,797
Total	1,646,144	1,444,420	3,090,564
Present value	1,259,427	961,941	2,221,368

As at June 30, 2015 tax credits in the amount of R$1,151,881 (December 31, 2014 – R$1,457,275), from tax losses calculated between the period of 1993 and 2010, were not registered on Banco Sistema S.A. (formerly named Banco Bamerindus do Brasil S.A.). These tax credits will be registered, when they attend regulatory aspects and demonstrate realization perspective, in accordance with the management studies and analysis and BACEN standards.

Deferred income tax and social contribution liabilities amounts to R$891,998 (December 31, 2014 - R$496,478), 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. The Bank will wait for the conversion of MP 675/15 into Law for a more in-depth and conclusive analysis, since possible amendments to MP may be proposed by the National Congress.

19. Shareholders' equity

Banco BTG Pactual S.A.

a. Capital

As at June 30, 2015, fully subscribed and paid in capital consists of 2,714,902,212 shares (December 31, 2014 – 2,714,902,212), of which 1,390,671,404 common shares (December 31, 2014 – 1,390,671,404), 508,380,404 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.

The common shares have right to one vote each in the deliberations of the General Shareholders Meeting 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 acquisition 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 Bank 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 Bank Shareholders' Agreement.

Banco BTG Pactual	Quantity			
		Preferred		
	Commom	Class A	Class B	Total
Outstanding at June 30, 2015	1,390,671,404	508,380,404	815,850,404	2,714,902,212
Outstanding at December 31, 2014	1,390,671,404	508,380,404	815,850,404	2,714,902,212

b. 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 capital.

c. Statutory reserve

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

d. Unrealized income reserve

Established considering undistributed dividends obtained in foreign branch.

e. 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 December 30, 2014 the Bank has accrued R$298,200, relating to interest on equity, equivalent to R$0.11 per share,which generated R$119,280 of tax benefit. These amounts were approved in the Special Shareholders' Meeting held on December 2014 and the payment 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 (2013 – R$120,720) of tax benefit. These amounts were approved in the Special Shareholders' Meeting held on June 30, 2014 (June 2014 – August 5, 2014).

As at June 30 2015 the Bank has not accrued dividends. 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).

BTG Investments, LP

a. Capital

As at June 30, 2015, BTGI, fully subscribed and paid in capital consists of 2,714,902,212 shares (December 31, 2014 – 2,714,902,212), of which 1,674,623,797 Class A common shares (December 31, 2014 – 1,674,623,797), 277,707,809 Class B common shares (December 31, 2014 – 277,707,809), 680,144,277 Class C common shares (December 31, 2014 – 680,144,277) and 82,426,329 Class D common shares (December 31, 2014 – 82,426,329).

In BTGI's shareholders meeting held on November 20, 2014 was approved the conversion of 18,835,398 class D shares into Class C.

In BTGI's shareholders meeting held on June 6, 2014 was approved the conversion of 3,101,121 Class D shares into Class C.

BTG Investment LP	Common shares - Quantity				
	Class A	Class B	Class C	Class D	Total
Outstanding at June 30, 2015	1,674,623,797	277,707,809	680,144,277	82,426,329	2,714,902,212
Outstanding at December 31, 2014	1,674,623,797	277,707,809	680,144,277	82,426,329	2,714,902,212

Class A – Class A common shares are fully paid and are held by partners. Common A shares participate in the results and distributions of the Company in accordance with their relative proportion of the capital.

Class B - Class B common shares were issued. Class B common shares participate in the results and distributions of the Company in accordance with their relative proportion of the capital.

Class C – Class C common shares authorized correspond to the interest held by the market after the Initial Public Offering ("IPO"). Class C common shares participate in the results and distributions of the Company in accordance with their relative proportion of the capital.

Class D – Class D common shares held by the investors that participated in the capital increase in December 2010. Class D common shares participate in the results and distributions of the Company in accordance with their relative proportion of the capital. The holders of Class D have certain veto rights related to the transfer of equity interests and liquidity request.

20. Income from services rendered

	Quarter ended:		Semester ended:	
	30/06/2015	30/06/2014	30/06/2015	30/06/2014
Management and performance fee from investment funds and portfolios	286,217	230,499	577,180	474,802
Brokerage	60,434	45,182	116,533	91,350
Technical services	228,768	217,359	231,094	379,504
Commission on the placement of securities	40,056	44,273	79,046	100,349
Guarantees	51,276	39,269	103,720	66,426
Other services	7,027	16,208	12,739	36,140
	673,778	592,790	1,120,312	1,148,571

21. Other operating income

	Quarter ended:		Semester ended:	
	30/06/2015	30/06/2014	30/06/2015	30/06/2014
Recovery of charges and expenses	76	22	292	2,259
Reversal of provision – employees' profit sharing	35,042	-	44,381	4,428
Reversal of allowances - other	258,910	(1,939)	258,910	7,439
Reversal of provision - contingencies	(122,583)	182	59,347	1,211
Adjustment to inflation of judicial deposits and others	160,620	8,274	184,828	29,967
Exchange variation results	998	4,879	195,746	14,322
Fair value on investment properties	6,413	87	6,413	18,130
Adjustment of amounts payable for acquisition of investments	131,806	22,541	169,112	48,537
Other operating income	61,959	53,714	100,514	58,666
	533,241	87,760	1,019,543	184,959

22. Other operating expenses

	Quarter ended:		Semester ended:	
	30/06/2015	30/06/2014	30/06/2015	30/06/2014
Other operating provisions expenses (reversals)	15,634	13,081	29,416	22,073
Expenses with taxes adjusted for inflation	120,773	11,965	130,142	21,824
Repayment of financial operating costs	119,902	-	119,902	-
Exchange rate variation	(77,708)	25,530	65,139	34,981
Clients reimbursement	361	808	2,610	2,457
Adjustment of amounts payable for acquisition of investments (i)	188,649	66,601	278,076	81,819
Goodwill amortization (ii)	2,292	37,506	52,445	78,607
Other	153,286	9,105	153,286	62,555
	523,189	164,596	831,016	304,316

(i) Refers to update of amount payable for the acquisition of investments (basically Banco Pan S.A. and Banco Sistema S.A.).
(ii) There was basically goodwill amortization from Celfin Capital S.A. and Bolsa y Renta.

23. Other administrative expenses

	Quarter ended:		Semester ended:	
	30/06/2015	30/06/2014	30/06/2015	30/06/2014
Outsourced services and consulting	30,931	115,777	215,792	219,705
Telecommunications and data processing	81,472	61,932	146,091	112,780
Leases and condominiums	29,203	24,953	59,716	50,001
Travel and lodging	23,746	19,604	44,641	37,202
Expenses of the financial system	52,544	23,600	102,038	42,372
Advertising and public relations	11,537	20,083	21,741	31,246
Depreciation and amortization	20,355	16,875	42,168	33,938
Other	8,748	25,892	20,508	40,857
	258,536	308,716	652,695	568,101

24. Related parties

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

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

			Assets/Liabilities		Revenues/Expenses	
	Relationship	Maturity	30/06/2015	31/12/2014	30/06/2015	30/06/2014
Assets						
Short-term interbank investments						
Open market investments						
- Banco Pan S.A. (i)	Jointly controlled	01/07/2015	99,999	-	74,441	-
Interbank investments deposits						
- Banco Pan S.A. (i)	Jointly controlled	01/07/2015	2,615,000	2,518,106	104,548	21,660
Securities						
- Banco Pan S.A. (i)	Jointly controlled	23/04/2020	96,121	55,135	-	-
Derivative financial instruments						
- Banco Pan S.A. (i)	Jointly controlled	20/10/2017	58,391	2,204	-	-
Loans						
- BTG MB Investments LP	Related	02/03/2016	311,445	333,347	5,142	-
Income receivable						
- BTG Pactual Brazil Investment Fund I LP (i)	Related	No maturity	106,055	65,037	30,088	35,152
- Partners (i)	Partners	27/11/2033	1,829,999	1,412,258	8,677	-
- ATLL Concessionaria de La Generalitat de Catalunya S.A.	Joint venture	03/08/2016	206,367	198,213	3,028	3,312
- BTG MB Investments L.P.	Related	21/05/2015	-	254,773	(23,859)	-
- DSB Serviços de Óleo e Gás II S.A.	Related	21/12/2015	334,772	219,737	-	-
Liabilities						
Deposits						

	Relationship	Maturity	Assets/Liabilities		Revenues/Expenses	
			30/06/2015	31/12/2014	30/06/2015	30/06/2014
Time deposits						
- BTG MB Investments LP	Related	01/07/2015	(674)	(49,813)	-	-
- BTG Alpha Investments LLC (ii)	Related	01/07/2015	(32,453)	(6,306)	-	-
Open market funding						
Own portfolio						
- Banco Pan S.A. (i)	Jointly controlled	01/07/2015	(52,304)	-	-	-
Third-party portfolio						
- Banco Pan S.A. (i)	Jointly controlled	01/07/2015	(145,796)	-	-	-
Funds from securities issued and accepted						
Real Estate Bills						
- Partners	Key personnel	14/01/2019	(20,802)	(41,636)	-	-
Securities issued abroad						
- BTG MB Investments LP	Parent Company	18/09/2019	(1,470,223)	(1,418,052)	(72,586)	(37,261)
Derivative financial instruments						
- Banco Pan S.A.	Jointly controlled	15/02/2022	(269,815)	(129,983)	-	-
Securities trading and brokerage						
- BTG Alpha Investments LLC (ii)	Related	No maturity	(37,279)	-	-	-

(i) Jointly-controlled of Banco BTG Pactual S.A.
(ii) Parent company of Banco BTG Pactual S.A.
(iii) Associate of Banco BTG Pactual S.A.
(iv) Jointly-controlled of BTGI.
(v) Controlled by BTG MB Investments LP.

Total compensation paid to key management personnel totaling this semester R$35,517 (June 30, 2014 – R$22,954) which is considered short term benefit.

25. Other information

a. Cash and cash equivalents

	31/12/2014	31/12/2013
Cash at banks	1,674,397	1,163,428
Open market investments	23,676,585	12,440,882
Interbank deposits	4,393,272	2,992,892
Balacentes at beginning of the semester	29,744,254	16,597,202

	30/06/2015	30/06/2014
Cash at banks	1,766,360	1,461,099
Open market investments	19,362,001	18,494,951
Interbank deposits	3,164,357	4,877,177
Balancetes of end of the semester	24,292,718	24,833,227

b. Commitments and responsibilities

The Bank and its subsidiaries main commitments and responsibilities are as follows:

	30/06/2015	31/12/2014
Co-obligation and risks for guarantees granted	11,457,601	11,834,916
Responsibility for the management of futures and investment portfolio (i)	259,123,218	213,884,308
Securities under custody	278,552,272	222,719,863
Securities trading and brokerage	2,347,547,616	1,938,364,154
Loans contract to release	1,304,456	2,541,953
Commitments to be released	1,453,300	2,463,834

(i) Recognized by the sum of the equity value of funds and investment portfolios.

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

"Securities under custody" reflects third-party public and private security positions under custody with SELIC, CETIP S.A. and BM&F Bovespa 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 loans contract with clients to release.

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

c. Equity kicker

BTGI granted to BTG MB Investments L.P. ("BTG MB"), a merchant banking entity owned by partners of BTG Pactual Group, a series of loans totaling R$ 92.4 million to finance the acquisition of BTG Alpha Investments LLC., which were repaid in November 2010. Moreover, according to the loan agreements, BTG MB has to pay BTGI an equity kicker over the performance of certain of BTGMB's investments held at the date of the loan, which were acquired using funds from these loans (underlying entities). The equity kicker was considered an embedded derivative to the loans, and it is only due on the net gains captured by BTG MB on the specific assets financed by the loans.

The payment of the equity kicker is due in case of a liquidity event on the underlying entities or, not later than May 2015, based on the estimated fair value of the underlying assets at that date. Such amount was measured substantially based on indicative liquidity events occurred until that dates. In May 21, 2015 the equity kicker was terminated and the amount received by the Company was R$231 million.

26. Subsequent events

As at August 05, 2015, the Bank has approved the distribution of dividends in the amount of R$47,324. The payment of such dividends and interest on equity, approved as at June 30, 2015, will occur on August 20, 2015.