# Combined financial statements

## BTG Pactual Group

March 31, 2016
With independent auditors' limited review report

**BTG Pactual Group**

Combined Financial Statements

March 31, 2016

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**A free translation from Portuguese into English of the independent auditors' review report on interim combined financial statement for special purpose prepared in accordance with the accounting practices presented in Note 3.**

# Independent auditors' review report on interim combined financial statement for special purpose

To the Shareholders and Management of
**BTG Pactual Group**

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 March 31, 2016, which comprise the combined balance sheet as of March 31, 2016 and the related combined statements of income, changes in shareholders' equity and cash flows for the three-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 and 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 and criteria for preparation of interim combined financial statements presented in Note 3.

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**Emphases of matters**

1. As of March 31, 2016, the jointly controlled subsidiary Banco Pan S.A., reviewed by other independent auditors who issued a review report on its financial statements on May 2nd, 2016 , had deferred tax assets recorded on its balance sheet amounting to R$ 3.1 billion, recognized based on long-term deferred tax realization projection. This projection was reviewed by Banco Pan S.A.'s management based on current and future scenarios analysis and approved by its Board of Directors on February 1st, 2016, for which the main assumptions used were the macroeconomics indexes for production and funding costs. The realization of these tax credits, within the estimated realization period, depends on delivery of these projections and business plan as approved by the management of Banco Pan S.A. Our conclusion is not qualified in respect of this matter.

2. We draw attention to Note nº 1 to the interim combined financial statements, which indicates the actions implemented by the Group since the November 25, 2015 events that impacts its operations, including the investigation process, which was completed at April 7, 2016, measures to preserve capital, to maintain liquidity related to dividend distributions, among others. Our conclusion is not qualified in respect of this matter

**Basis for preparation of the financial statements**

Without modifying our conclusion, we draw attention to Note nº 3 to the interim combined financial statements which describes its basis for preparation. The interim combined financial statements were prepared by Group's Management considering the combination of the accounting practices adopted in Brazil applicable to institutions authorized to operate by the Central Bank of Brazil and International Financial Reporting Standards – IFRS, with the only purpose of presenting all information related to the Group's activities in a single set of financial statements. Additionally, the interim combined financial statements from prior periods, presented for comparison purposes, have not been adjusted accordingly, being prepared in accordance exclusively with the accounting practices adopted in Brazil applicable to institutions authorized to operate by the Central Bank of Brazil, not being, therefore, comparable with the current period. Consequently, these interim combined financial statements may not be appropriate for other purposes other than the ones mentioned in Note nº 3

Rio de Janeiro, May 10, 2016.

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

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

**A free translation from Portuguese into English of the combined financial statements prepared in accordance with accounting practices adopted in Brazil applicable to institutions authorized to operate by the Central Bank together with the criteria for preparation of combined financial statements presented on note 3**

# BTG Pactual Group

## Combined balance sheets

As at March 31, 2016 and December 31, 2015
(In thousands of reais)

| | Note | 31/03/2016 | 31/12/2015 |
|---|---|---|---|
| Assets | | | |
| Current assets | | 184,163,949 | 211,567,061 |
| Cash at banks | 6 | 19,602,257 | 20,491,406 |
| Short-term interbank investments | 7 | 28,650,397 | 32,584,347 |
| Open market investments | | 17,174,263 | 17,381,711 |
| Interbank deposits | | 11,476,134 | 15,202,636 |
| Securities and derivative financial instruments | | 59,375,816 | 71,573,961 |
| Own portfolio | 8 | 25,237,124 | 23,574,404 |
| Subject to repurchase agreements | 8 | 2,305,639 | 3,406,152 |
| Subject to unrestricted repurchase agreements | 8 | 288,194 | 591,054 |
| Derivative financial instruments | 9 | 26,825,454 | 37,722,151 |
| Subject to guarantees | 8 | 4,719,405 | 6,280,200 |
| Interbank transactions | | 1,548,853 | 1,594,814 |
| Deposits in the Central Bank of Brazil | | 1,548,853 | 1,594,814 |
| Loans | 10 | 33,513,482 | 36,283,508 |
| Loans | | 35,092,783 | 37,691,153 |
| Transferd loans with coobligation | | - | 85,436 |
| Allowance for loan losses | | (1,579,301) | (1,493,081) |
| Other receivables | | 41,397,118 | 49,161,477 |
| Foreign exchange portfolio | 11 | 11,588,703 | 11,770,493 |
| Income receivable | 12 | 1,089,109 | 1,427,993 |
| Securities trading and brokerage | 11 | 9,378,402 | 12,906,141 |
| Sundry | 12 | 19,690,659 | 23,414,106 |
| Allowance for losses on other receivables | | (349,755) | (357,256) |
| Other assets | | 76,026 | (122,452) |
| Other assets | | 3,268 | 3,371 |
| Prepaid expenses | | 108,557 | (78,654) |
| Provision for losses | | (35,799) | (47,169) |
| Long-term-assets | | 42,000,062 | 46,198,159 |
| Long-term interbank investments | 7 | - | 2,193 |
| Interbank deposits | | - | 2,193 |
| Securities and derivative financial instruments | | 14,914,343 | 15,247,900 |
| Own portfolio | 8 | 761,802 | 1,173,681 |
| Derivative financial instruments | 9 | 6,053,921 | 6,430,977 |
| Subject to repurchase agreements | 8 | 2,490,630 | 4,852,313 |
| Subject to guarantees | 8 | 5,607,990 | 2,790,929 |
| Interbank transactions | | 306,901 | 326,436 |
| Restricted credits – National Housing System | | 306,901 | 326,436 |
| Loans | 10 | 19,072,279 | 21,701,839 |
| Loans | | 19,348,601 | 22,144,190 |
| Allowance for loan losses | | (276,322) | (442,351) |
| Other receivables | | 7,543,671 | 8,544,765 |
| Income receivable | 12 | - | 364,442 |
| Sundry | 12 | 7,549,827 | 8,186,966 |
| Allowance for losses on other receivables | | (6,156) | (6,643) |
| Other assets | | 162,868 | 375,026 |
| Temporary Investments | | 52,149 | 52,149 |
| Other assets | | 104,298 | 109,342 |
| Prepaid expenses | | 17,605 | 213,535 |
| Provision for losses | | (11,184) | - |
| Permanent assets | | 8,321,563 | 8,317,103 |
| Investments | | 6,023,012 | 6,659,440 |
| Investments in associates and jointly controlled entities | 13 | 5,986,398 | 6,621,688 |
| Other investments | | 40,112 | 41,250 |
| Allowance for losses | | (3,498) | (3,498) |
| Property and equipment in use | | 716,448 | 738,347 |
| Property in use | | 411,714 | 434,228 |
| Other property and equipment in use | | 491,387 | 475,075 |
| Accumulated depreciation | | (186,653) | (170,956) |
| Deferred charges | | 24,276 | 25,620 |
| Organization and expansion costs | | 79,703 | 79,340 |
| Accumulated amortization | | (55,427) | (53,720) |
| Intangible assets | 14 | 1,557,827 | 893,696 |
| Other intangible assets | | 2,411,812 | 1,712,186 |
| Accumulated amortization | | (853,985) | (818,490) |
| Total assets | | 234,485,574 | 266,082,323 |

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

# BTG Pactual Group

## Combined balance sheets

As at March 31, 2016 and December 31, 2015
(In thousands of reais)

| | Note | 31/03/2016 | 31/12/2015 |
|---|---|---|---|
| Liabilities | | | |
| Current liabilities | | 169,237,800 | 197,819,225 |
| Deposits | 15 | 70,675,075 | 81,237,903 |
| Demand deposits | | 57,176,879 | 64,196,932 |
| Interbank deposits | | 215,961 | 1,386,036 |
| Time deposits | | 13,282,235 | 15,654,935 |
| Open market funding | 15 | 15,694,246 | 17,114,887 |
| Own portfolio | | 4,091,851 | 8,067,513 |
| Third-party portfolio | | 6,824,666 | 6,244,030 |
| Free trading portfolio | | 4,777,729 | 2,803,344 |
| Funds from securities issued and accepted | 15 | 9,576,585 | 10,430,978 |
| Real estate, mortgage, credit and similar notes | | 7,859,185 | 6,632,767 |
| Securities issued abroad | | 1,710,868 | 3,780,129 |
| Certificate of structured transactions | | 6,532 | 18,082 |
| Interbank transactions | | 7,263 | 7,168 |
| Unsettled receipts and payments | | 7,263 | 7,168 |
| Loans and onlending | 15 | 13,504,273 | 13,362,645 |
| Loans - Brazil | | 515,390 | 660,264 |
| Loans - Abroad | | 12,937,242 | 12,661,806 |
| Onlending in Brazil – official institutions | | 51,641 | 40,575 |
| Derivative financial instruments | | 24,999,424 | 36,056,704 |
| Derivative financial instruments | 9 | 24,999,424 | 36,056,704 |
| Other liabilities | | 34,780,934 | 39,608,940 |
| Collection and payments of tax and similar charges | | 1,703 | 4,390 |
| Foreign exchange portfolio | 11 | 10,793,806 | 11,643,842 |
| Social and statutory | 16 | 1,478,998 | 1,877,809 |
| Tax and social security | 16 | 1,167,849 | 2,286,615 |
| Securities trading and brokerage | 11 | 12,524,087 | 12,655,340 |
| Subordinated debt | 15 | 678,339 | 1,048,142 |
| Sundry | 16 | 8,136,152 | 10,092,802 |
| Long-term liabilities | | 41,739,232 | 45,212,772 |
| Deposits | 15 | 4,610,547 | 4,770,466 |
| Interbank deposits | | 82,815 | 89,331 |
| Time deposits | | 4,527,732 | 4,681,135 |
| Open market funding | 15 | 1,758,194 | 3,193,323 |
| Own portfolio | | 680,280 | 365,049 |
| Free trading portfolio | | 1,077,914 | 2,828,274 |
| Funds from securities issued and accepted | 15 | 9,279,259 | 12,395,797 |
| Real estate, mortgage, credit and similar notes | | 4,394,212 | 6,305,926 |
| Securities issued abroad | | 4,885,047 | 6,089,871 |
| Loans and onlending | 15 | 2,675,536 | 2,514,161 |
| Loans - Brazil | | 7,574 | 157,068 |
| Loans - Abroad | | 271,922 | 1,622 |
| Onlending in Brazil – official institutions | | 2,396,040 | 2,355,471 |
| Derivative financial instruments | | 5,716,668 | 6,309,532 |
| Derivative financial instruments | 9 | 5,716,668 | 6,309,532 |
| Other liabilities | | 17,699,028 | 16,029,493 |
| Tax and social security | 16 | 1,486,676 | 1,457,600 |
| Subordinated debt | 15 | 7,488,216 | 7,249,096 |
| Debt instrument eligible to equity | 15 | 3,080,119 | 3,544,309 |
| Sundry | 16 | 5,644,017 | 3,778,488 |
| Deferred income | | 174,927 | 310,375 |
| Non-controlling interest | | 158,006 | 229,370 |
| Shareholders' equity | 19 | 23,175,609 | 22,510,581 |
| Capital stock | | 12,413,016 | 12,921,578 |
| Income reserves | | 12,288,522 | 12,520,428 |
| Translation adjustment | | (3,280,703) | (3,638,568) |
| Fair value adjustment | | (660,329) | (586,825) |
| Treasury shares | | (161,825) | (165,064) |
| Retained earnings | | 2,576,928 | 1,459,032 |
| Total liabilities and shareholders' equity | | 234,485,574 | 266,082,323 |

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

# BTG Pactual Group

## Combined statements of income

Quarters ended March 31
(In thousands of reais, except net income per share)

| | Note | 31/03/2016 | 31/03/2015 |
|---|---|---|---|
| Financial income | | 4,586,720 | 5,176,639 |
| Loans | | 956,756 | 902,320 |
| Securities | | 802,791 | 4,247,065 |
| Derivative financial instruments | | 2,155,749 | - |
| Foreign exchange | | 620,612 | - |
| Mandatory investments | | 50,812 | 27,254 |
| Financial expenses | | (1,736,231) | (6,356,792) |
| Funding operations | | (2,088,115) | (2,520,298) |
| Derivative financial instruments | | - | (180,559) |
| Foreign exchange | | - | (715,950) |
| Borrowing and onlending | | 483,224 | (2,744,782) |
| Allowance for loan losses and other receivables | 10 | (131,340) | (195,203) |
| Net financial income | | 2,850,489 | (1,180,153) |
| Other operating income (expenses) | | (1,233,507) | 880,815 |
| Income from services rendered | 20 | 835,852 | 446,534 |
| Personnel expenses | | (637,033) | (261,886) |
| Other administrative expenses | 23 | (655,342) | (394,159) |
| Tax charges | | (179,987) | 5,628 |
| Equity in the earnings of associates and jointly controlled entities | 13 | (580,081) | 906,223 |
| Other operating income | 21 | 457,804 | 486,302 |
| Other operating expenses | 22 | (474,720) | (307,827) |
| Operating income | | 1,616,982 | (299,338) |
| Non-operating income (expenses) | | 440,731 | 62 |
| Income before taxation and profit sharing | | 2,057,713 | (299,276) |
| Income tax and social contribution | 18 | (595,919) | 1,226,925 |
| Provision for income tax | | (265,279) | (374,821) |
| Provision for social contribution | | (128,907) | (101,999) |
| Deferred income tax and social contribution | | (201,733) | 1,703,745 |
| Statutory profit sharing | | (396,334) | (152,474) |
| Non-controlling interest | | 5,691 | 78,812 |
| Net income for the quarter | | 1,071,151 | 853,987 |

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

# BTG Pactual Group

## Combined statements of changes in shareholders' equity

Quarters ended March 31

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

| | Note | Capital stock | Income reserves | | | | | Translation adjustment | Fair value adjustment | Treasury shares | Retained earnings | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Special earnings reserve | Legal | Unrealized | Statutory | Total | | | | | |
| 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 | | 782,994 | - | - | - | - | - | (1,250,776) | (80,608) | - | 503,385 | (45,005) |
| Net income for the quarter | | - | - | - | - | - | - | - | - | - | 853,987 | 853,987 |
| Fair value adjustment - Available-for-sale securities | 13 | - | - | - | - | - | - | - | (164,701) | - | - | (164,701) |
| Available-for-sale securities from jointly controlled entities | 13 | - | - | - | - | - | - | - | (942) | - | - | (942) |
| Dividends paid by previous years (R$0.04 per share) | 19 | - | - | - | - | (106,130) | (106,130) | - | - | - | - | (106,130) |
| Balances as at March 31, 2015 | | 10,958,959 | - | 626,595 | 2,467,107 | 5,085,100 | 8,178,802 | (2,510,703) | (458,954) | - | 3,046,624 | 19,214,728 |
| Balances as at December 31, 2015 | | 12,921,578 | | 907,771 | 5,389,109 | 6,223,548 | 12,520,428 | (3,638,568) | (586,825) | (165,064) | 1,459,032 | 22,510,581 |
| Cancelation of treasury shares | | - | - | - | - | (231,906) | (231,906) | - | - | 280,842 | (48,936) | - |
| Own shares acquired | | - | - | - | - | - | - | - | - | (277,603) | - | (277,603) |
| Cummulative translation adjustment | | (508,562) | - | - | - | - | - | 357,865 | - | - | 95,681 | (55,016) |
| Net income for the quarter | | - | - | - | - | - | - | - | - | - | 1,071,151 | 1,071,151 |
| Available-for-sale securities from jointly controlled entities | 13 | - | - | - | - | - | - | - | (1,149) | - | - | (1,149) |
| Fair value adjustment - Available-for-sale securities | | - | - | - | - | - | - | - | (72,355) | - | - | (72,355) |
| Intermediate interest on equity (R$0.16 per share) | | - | 230,000 | - | - | (230,000) | - | - | - | - | - | - |
| Balances as at March 31, 2016 | | 12,413,016 | 230,000 | 907,771 | 5,389,109 | 5,761,642 | 12,288,522 | (3,280,703) | (660,329) | (161,825) | 2,576,928 | 23,175,609 |

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

# BTG Pactual Group

## Combined statements of cash flows
Quarters ended March 31
(In thousands of reais)

| | Note | 31/03/2016 | 31/03/2015 |
|---|---|---|---|
| Operating activities | | | |
| Net income for the quarter | | 1,071,151 | 853,987 |
| Ajustments to net income | | 1,725,324 | (2,111,078) |
| Equity in the losses of associates and jointly-controlled entities | 13 | 580,081 | (906,223) |
| Interest expense with subordinated debt | | 836,710 | 677,362 |
| Goodwill amortization | 22 | 44,012 | 50,153 |
| Goodwill exchange variation | 14 | 36,653 | (106,501) |
| Cummulative translation adjustment | | (55,016) | (45,005) |
| Foreign exchange on investments abroad | 13 | - | (85,145) |
| Deferred income tax and social contribution | 18 | 201,733 | (1,703,745) |
| Foreign exchange on permanent assets | | 40,910 | (13,787) |
| Depreciation and amortization | 23 | 40,241 | 21,813 |
| Adjusted net income / loss for the quarter | | 2,796,475 | (1,257,091) |
| Operating activities | | | |
| Interbank investments | | 505,467 | (1,561,134) |
| Securities and derivative financial instruments | | 241,627 | 3,624,248 |
| Loans | | 5,399,586 | (274,816) |
| Other receivables and other assets | | 8,577,400 | (3,611,282) |
| Interbank transactions | | 65,591 | 38,577 |
| Other liabilities | | (3,361,128) | 2,394,044 |
| Deferred income | | (135,448) | 10,911 |
| Deposits | | (10,722,747) | (2,974,932) |
| Open market funding | | (2,855,770) | (4,322,034) |
| Loans and onlending | | 303,003 | 2,615,847 |
| Cash provide by / (used in) operating activities | | 814,056 | (5,317,662) |
| Investing activities | | | |
| Acquisition of equity interests | 13 | (946) | (1,070,162) |
| Dividends received | 13 | 700 | 3,123 |
| Acquisition of property and equipment in use | | (43,914) | (9,321) |
| Sale of property and equipment in use | | 1,463 | 1,520 |
| Acquisition of other investments | | 1,138 | 6,587 |
| Sale of equity interest | 13 | 54,301 | 213,886 |
| Sale of intangible assets | 14 | 39,878 | 843 |
| Acquisition of intangible assets | 14 | (2,596) | (12,480) |
| Cash (used in) investing activities | | 50,024 | (866,004) |
| Financing activities | | | |
| Acquisition of treasury shares | | (277,603) | - |
| Funds from securities issued and accepted | | (3,403,355) | 1,970,371 |
| Subordinated debt and debt instrument eligible to equity | | (1,431,583) | 608,384 |
| Interest on equity | 19 | - | (298,200) |
| Dividends paid | 19 | - | (106,130) |
| Non-controlling interest | | (71,364) | (183,359) |
| Cash (used in) / provided by financing activities | | (5,183,905) | 1,991,066 |
| Decrease in cash and cash equivalents | | (4,319,825) | (4,192,600) |
| Balance of cash and cash equivalents | | | |
| At the beginning of the quarter | 25 | 38,429,846 | 29,744,254 |
| At the end of the quarter | 25 | 34,110,021 | 25,551,654 |
| Decrease in cash and cash equivalents | | (4,319,825) | (4,192,600) |
| Non-cash transaction | | | |
| Acquisition of intangible assets | | (797,541) | - |
| Fair value adjustment - Available-for-sale securities | | (72,355) | (164,701) |
| Interest on equity | | (230,000) | - |

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.

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

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

BTG Pactual continues to implement measures to improve liquidity and preserve capital; and it understands that the measures implemented as well as the ones planned, particularly the sale of BSI, spin-off of commodities as well as the cost reduction program, will bring it to levels of liquidity and capital higher than its historical levels before November 2015. In addition, the bonds and share (unit) prices have increased significantly demonstrating positive perception from market and investors.

**Special Committee**

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

In April 7, the Special Committee, consisting mostly of the independent members of the board of directors, assisted by outside counsels Quinn Emanuel Urquhart & Sullivan, LLP and Veirano Advogados (together "Counsel"), concluded their investigation and released the final report. Based on its investigation, Counsel found no basis to conclude that Andre Esteves, BTG Pactual or members of its personnel that were object of this investigation were engaged in any corruption or illegality with respect to the alleged matters. In addition, in April, the Brazilian Supreme Court authorized Mr. André Esteves to return to BTG Pactual, who has been acting as Senior Partner, with no executive function.

**Units Buyback Program**

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

As a result of the buyback program, during the year ended December 31, 2015 approximately 31,973,542 common shares and 63,947,084 preferred shares (correspondent to R$484,858) were repurchased by the Bank. As at December 14, 2015, 19,900,812 common shares and 39,801,624 preferred shares (correspondent to R$319,794) were canceled.

On February 15, 2016, further 19,925,230 common shares and 39,850,460 preferred shares (correspondent to R$280,842) were canceled. Also the Companies' Board of Directors approved, the acquisition of up to 17,547,508 common shares and 35,095,016 preferred shares (correspondent to R$277,603) , in compliance with the limit of 10% of the outstanding shares, to be held in treasury. As at March 31, 2016, approximately 9,533,108 common shares and 19,900,812 preferred shares (correspondent to R$161,825) are held in treasury.

**Liability Repurchase**

During the quarter ended March 31, 2016 and year ended December 31, 2015 the Group repurchased liabilities, including some of the outstanding balance of senior and subordinated non-cumulative perpetual notes (tier I), with no impact on our capital base. During the quarter, gains in the amount of approximately R$176,635 million (December 31, 2015 – R$650 million) relating to notes acquired were recognized by the Group, below par, after November 25, 2015.

**Risk and Liquidity Management**

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

**a. Credit Portfolio**

The Group in advance sold or settled positions from the credit portfolio, including debentures classified as securities, in the total amount of approximately R$562 million (December 31, 2015 - R$10 billion) in the quarter ended March 31, 2016.

***b. Fundo Garantidor de Crédito ("FGC")***

On December 4, 2015 a Memorandum of Understanding with the FGC was executed to extend a credit line up to the amount of R$6,0 billion, guaranteed by part of the Bank loan portfolio (basically Debentures and Bank Credit Certificate) and personally guaranteed by the controlling shareholders (Top Seven Partners); such collateral represents 120% of the credit line. As of March 31, 2016, the amount of R$5,0 billion (December 31, 2015 – R$R$5,0 billion) had been withdrawn from such credit line and during the quarter R$700 million were paid.

**c. Cost reduction**

BTG Pactual has implemented a cost reduction program, targeting a 25% decrease in total costs, on an annualized and normalized basis. As part of this program, BTG Pactual has reduced headcount and personnel related expenses, technology expenditures and premises. We have has not discontinued any of our business lines or intend to compromise the service to our clients.

**d. Asset and investments sales**

The Group sold assets and stakes in investments during the quarter ended March 31, 2016 and year ended December 31, 2015, detailed information regarding such transactions are presented in notes 2 and 26.

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

The Bank board of directors understands that those measures are sufficient to fulfill the Group obligation's in both the short and medium terms, and strengthen its current liquidity. The cash level, measured by high quality liquid assets was higher than as at November 11, 2015. On March 31, 2016, short-term liquidity KPI is equivalent to 139% to the Bank.

The consolidated financial statements were approved by Bank's Management on May 10, 2016, and they contain a true and fair view of the development and results of the Bank. Management evaluated the Bank' and its subsidiaries' capacity to continue operating as usual and has concluded that the Bank and its subsidiaries have funds to continue their operations in the future. Additionally, Management is not aware of any material uncertainty that may create significant doubts on its ability to continue operating. Therefore, the financial statements were prepared based on this principle.

## 2. Corporate reorganizations and acquisitions

**Corporate reorganizations**

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

**Acquisitions/disposals**

In February 2016, BSI sold its remaining equity interest, equivalent to 49%, in B-Source, a business process outsourcer ("BPO"). In the first quarter of 2016, the non-operating income is comprised substantially by the results of this transaction.

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

In April, 2015, the Bank through one of its subsidiaries, converted debentures in the amount of R$985,978, issued by Rede D'Or, and received shares equivalent to 21.1% of its equity, which generated a goodwill in the amount of R$649,807. In May, 2015, Rede D'Or received a capital increase which diluted the Bank interest to 19.4% and generated an equity pickup gain of R$269,174, net of proportional goodwill amortization. Additionally, during the year ended December 31, 2015, BTG Pactual sold its remaining investment in Rede D'Or and recognized an approximate gain of R$2.7 Billion. Also, the sale contracts contain terms that might change the receivable amount of the Bank, in case of Rede D'Or not reaches certain conditions precedent. On March 31, 2016, the Bank estimated that the value of a potential terms is not significative.

On December 31, 2015, the Bank entered into a sale commitment of its full ownership in Recovery do Brasil Consultoria S.A ("Recovery"), by the total amount of R$1.2 billion, as per described: (i) transfer of ordinary shares, equivalents to 81.94% of Recovery share capital; (ii) transfer of shares issued by Fundo de Investimento em Direitos Creditórios NPL I ("FIDC NPL I"), equivalents to 69.34% of the fund's total investment, and; (iii) transfer of debentures not convertible issued by Renova Companhia Securitizadora de Créditos Financeiros S.A. ("Renova"). On the same date, the referred assets were transferred to held for sale, measured at fair value. The transaction generated an approximate gain of R$560 million. On February 17, 2015, the sale transaction of Recovery, were approved by Conselho Administrativo de Defesa Econômica (CADE) and on March 31, 2016 the transaction was settled.

On December 8, 2015 the Company, through its subsidiary, Aigues de Catalunya Ltd ("ADC") signed promise to sell the totality of its interests in ATLL Concessionaria de LaGeneralitat de Catalunya S.A. ("ATLL") as follow: (i) Sale of 95% of Company's total interest in ATLL's equity for EUR19.34 million (R$79.78 million), being the receipt of the remaining balance equivalent to 5% of its interest, subject to the fulfillment of precedent conditions, and (ii) liquidation of the credit agreement granted by ADC to ATLL in the amount of EUR54.76 million (R$ 225.85 million). As consequence of this sale, Company registered a loss in the amount of EUR32.25 million (R$137.06 million).

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

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

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

The table below presents a summary of the transaction under BACEN (COSIF):

| | Acquisiton date (in thousands of reais) |
|---|---|
| Cash and cash equivalent | 16,889,023 |
| Short-term interbank investments | 15,224,291 |
| Securities and derivative financial instruments | 8,674,372 |
| Loans | 53,405,471 |
| Allowance for loan losses | (734,726) |
| Deposits | (75,739,691) |
| Open market funding and derivative financial instruments | (3,992,057) |
| Other assets and liabilities | (8,641,827) |
| Net assets acquired | 5,084,856 |
| **Consideration paid** | |
| Cash | 4,161,728 |
| Shares | 773,663 |
| **Total consideration paid** | 4,935,391 |
| Transactions costs capitalized | 39,945 |
| Negative goodwill (Note 25 (c)) | (109,520) |
| Business combination, net of cash | 12,687,350 |

On February 22, BTG Pactual entered into a definitive agreement under which EFG International, a global private banking and asset management firm headquartered in Zurich, Switzerland, will acquire BSI S.A ("BSI") in a cash and stock transaction. The final price of the transaction is subject to certain adjustments which include BSI's expected profits up to closing. In the final terms, BTG Pactual group will have between 20 – 30 % of the combined entity and will receive a cash payment of approximately CHF1 billion. The completion of the transaction is subject to corporate and regulatory approvals.

## 3. Presentation of combined 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 statements, 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.

As at March 31, 2016 and December 31, 2016, the combined financial statements of BTG Pactual Group will include financial statements from Banco BTG Pactual in accordance with the accounting pratices adopted in Brazil applicable to institutions authorized to operate by BACEN (BR GAAP) and BTGI prepared under IFRS rather than BR GAAP, adjusted to reflect the differences between BR GAAP and IFRS due to translation methodology of the transactions into domestic currency (Reais). The change aims to eliminate the burden of preparing financial statements under BR GAAP to BTGI and also to present combined results that are substantially similar to the ones for dividend distribution. Comparative information is presented based on previous information where BTGI's financial information was converted into BR GAAP for combination purpose.

The preparation of the combined financial statements 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. 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 BR GAAP, and the financial statements of BTGI, prepared in accordance with the International Financial Reporting Standards (IFRS).

The majority of transactions of BTGI's business are originally presented in US dollars and have been, adjusted to reflect the differences between BR GAAP and IFRS due to translation methodology of the transactions into domestic currency (Reais). Given the change in status to investment entity occurred on September 30, 2015, there were no differences on the translation methodologies applied by BTGI. The list of indirect and direct subsidiaries of Bank and BTGI, included in combination, is presented below:

| | | Equity interest - % | |
|---|---|---|---|
| | Country | 31/03/2016 | 31/12/2015 |
| **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 Securitizadora S.A. | Brazil | 99.99 | 99.99 |
| BTG Pactual Comercializadora de Energia Ltda. | Brazil | 99.90 | 99.90 |
| BTG Pactual Holding Internacional S.A. | Brazil | 99.99 | 99.99 |
| BTG Pactual Overseas Corporation | Cayman | 100.00 | 100.00 |
| BW Properties S.A. | Brazil | 71.98 | 71.98 |
| BTG Pactual Holding de Seguros Ltda. | Brazil | 99.99 | 99.99 |
| BTG Pactual S.A. Comisionista de Bolsa | Colombia | 94.50 | 94.50 |

| | Country | Equity interest - % 31/03/2016 | 31/12/2015 |
|---|---|---|---|
| BTG Pactual Chile Internacional 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 | 99.84 |
| **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 |
| Inmobiliaria BTG Pactual Chile Limitada | 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 Seguros de Vida | 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 |
| Laurel Sociedad Gestora Profissional S.A.S | Colombia | 100.00 | 100.00 |
| 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 (Keya) Limited | Kenya | 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 |
| Bamerindus Participações e Empreendimentos S.A. | Brazil | 99.84 | 99.84 |

| | Country | Equity interest - % 31/03/2016 | 31/12/2015 |
|---|---|---|---|
| Bastec Tecnologia e Serviços Ltda. | Brazil | 99.84 | 99.84 |
| BTG Pactual Corretora de Resseguros Ltda. | Brazil | 100.00 | 100.00 |
| BTG Pactual UK Holdco Limited | UK | 100.00 | 100.00 |
| BTG Pactual Family Office S.A. de C.V. | Mexico | 100.00 | 100.00 |
| BSI S.A. | Switzerland | 100.00 | 100.00 |
| BSI SA - Italian Branch | Italy | 100.00 | 100.00 |
| BSI SA - Hong Kong Branch | Hong Kong | 100.00 | 100.00 |
| BSI Art Collection S.A. | Luxembourg | 100.00 | 100.00 |
| BSI Art Collection (Svizzera) S.A. | Switzerland | 100.00 | 100.00 |
| BSI Asset Managers SAM | Monaco | 100.00 | 100.00 |
| BSI Bank (Panama) S.A. | Panama | 100.00 | 100.00 |
| BSI Bank Limited | Singapore | 100.00 | 100.00 |
| BSI Europe S.A. | Luxembourg | 100.00 | 100.00 |
| BSI Fund Management S.A. | Luxembourg | 100.00 | 100.00 |
| BSI Laran S.A. | Switzerland | 100.00 | 100.00 |
| BSI Monaco SAM | Monaco | 100.00 | 100.00 |
| BSI Overseas (Bahamas) Ltd. | Bahamas | 100.00 | 100.00 |
| BSI Trust Corporation (Malta) Ltd. | Malta | 100.00 | 100.00 |
| BSI & Venture Partners S.A. | Luxembourg | 100.00 | 100.00 |
| EOS Servizi Fiduciari SpA | Italy | 100.00 | 100.00 |
| Oudart S.A. | France | 100.00 | 100.00 |
| Oudart Gestion S.A. | France | 100.00 | 100.00 |
| Oudart Patrimoine S.A. | France | 100.00 | 100.00 |
| Patrimony 1873 S.A. | Switzerland | 100.00 | 100.00 |
| BSI Investment Advisors (Panama) Inc. | Panama | 100.00 | 100.00 |
| BTGP-BSI Limited | UK | 100.00 | 100.00 |
| BTG Pactual Holding AG | Switzerland | 100.00 | 100.00 |
| **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 |
| 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 |
| Fundo de Investimento em Participações Quartzo | Brazil | - | 100.00 |
| BTGP Latam Fund LLC | Cayman | 100.00 | 100.00 |
| BTG Pactual Oil & Gas FIQ FIP | Brazil | 100.00 | 100.00 |
| BTG Pactual Mall Fundo de Investimento Imobiliário | Brazil | - | 100.00 |
| Fundo de Investimento Imobiliário BTG Pactual Shopping | Brazil | - | 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 |
| 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 | 100.00 |
| BTG CMO FIM CP – IE | Brazil | 100.00 | 100.00 |
| BTG Pactual Real Estate Fund Ltd | Cayman | 100.00 | 100.00 |
| B-2 Fundo de Investimento Multimercado | Brazil | 100.00 | 100.00 |
| BTG Pactual Absolute Return III Limited | Brazil | 100.00 | 100.00 |

The financial position of the companies included in the combined financial statements as at March 31, 2016 and December 31, 2015 are detailed below:

| | Total assets | | Shareholder's equity | |
|---|---|---|---|---|
| | 31/03/2016 | 31/12/2015 | 31/03/2016 | 31/12/2015 |
| Banco BTG Pactual S.A. | 223,729,189 | 254,548,682 | 20,401,227 | 19,713,264 |
| BTG Investments LP | 2,101,787 | 13,463,700 | 2,101,787 | 2,107,721 |

### 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 financial statements and these figures in the combined financial statements.

| | 31/03/2016 | | 31/12/2015 |
|---|---|---|---|
| | Shareholder's equity | Income of the quarter | Shareholder's equity |
| BTG Investments LP | | | |
| Amount as reported | 2,101,787 | 79,648 | 2,107,721 |
| Adjustments from IFRS to Brazilian GAAP | - | - | - |
| | **2,101,787** | **79,648** | **2,107,721** |
| Translation adjustment | - | - | - |
| Final balance for combination | **2,101,787** | **79,648** | **2,107,721** |
| Banco BTG Pactual | | | |
| Amount as reported in Brazilian GAAP | 20,401,227 | 1,008,510 | 19,713,264 |
| Adjustment of unrealized gains | 672,595 | (17,007) | 689,596 |
| Final balance for combination | **23,175,609** | **1,071,151** | **22,510,581** |

The reconciliation items presented above are primarily derived from the accounting practice adopted by BTGI and criteria adopted in the combination process relating to conversions 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 3585/12, 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 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$), which is the Group's currency presentation. The Bank functional currency it is the Real (R$) and BTG'sI functional currency it is the american dolar (US$). 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.

**e. Investment Entities – Change in Status**

In September 30, 2015, Management reassessed the application of the investment entities guidance from IFRS 10 Consolidated Financial Statements, and concluded that BTGI became an investment entity as a result of the restructuring of the vehicles, through which certain of our global capital markets investment activities had been carried out, and change in the way Management conducts the business. The change in status to investment entity caused significant changes, mainly to the presentation of the financial statements, and we believe it provides enhanced transparency in its investments to the ultimate shareholders, and users of its financial statements. The objective of the restructuring, initiated in early 2015, was to reduce the operational costs and regulatory burden of maintaining similar trading strategies in the funds in which we invest directly, BTG Pactual Absolute Return II LP (ARF II) and BTG Pactual Absolute Return LP (ARF), and the fund in which Banco BTG Pactual's other clients invest with similar strategies, BTG Pactual Global Emerging Markets and Macro Fund ("GEMM"). Accordingly, BTGI reduced the positions in ARF and ARF II; funds consolidated in our financial statements, and reallocated substantial portions of such proprietary capital to GEMM, an unconsolidated fund. While the restructuring caused a significant reduction in BTGI's total assets, its economic exposure to the corresponding trading strategies remains substantially similar. Further, due to the changes in the way Management conducts the business, it became substantially a vehicle through which investment are made for returns from capital appreciation and investment income and which measures and evaluate the performance of substantially all its portfolio on a fair value basis.

When an entity becomes an investment entity, it shall cease to consolidate its subsidiaries at the date of the change in status, except for any subsidiary that shall continue to be consolidated in accordance with paragraph 32 of IFRS 10. The change of the investment entity status occurred in September 30, 2015 and the adoption was prospectively applied.

Entities that meet the definition of an investment entity within IFRS 10 are required to account for most investments in controlled entities, as well as investments in associates and joint ventures, at fair value through profit and loss. The criteria which define an investment entity are currently as follows:

a. An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
b. An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
c. An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

On September 30, 2015, BTGI's Management has determined that it meets the definition of an investment entity, and therefore changed its accounting policy with respect to its investment in its controlled subsidiaries investment. The controlled subsidiaries which were previously consolidated as well as associates and joint ventures, which were measured through equity method, are now accounted for as assets at fair value through profit or loss, as presented in Note 8. This change in accounting policy has been applied prospectively in accordance with the change of investment entity status.

The other major impacts due to the change in investment entity status are: (i) transfer to retained earnings any fair value adjustment that had been recognized in other comprehensive income in the amount of R$ 211,277 thousand; (ii) significant change in presentation of the balance sheet due to several reclassifications to the investment entity portfolio line; and (ii) no longer presentation of non-controlling interest in the balance sheet; statements of shareholders' equity and cash flows.

As at March 31, 2016, the effects due to fair market value of BTGI`s investment entity portfolio are not significative.

### f. Early Adoption of IFRS 9 – Financial Instruments

BTGI decided to early adopt prospectively the IFRS 9 – Financial Instruments with the date of initial application as of January 1, 2016 in order to reduce the complexity of its financial statements, volatility in the income statement, and to forestall a change that will be mandatory as of January 1, 2018. The standard determines new requirements for classifying and measuring financial assets and financial liabilities, for the credit risk impairment methodology for financial assets, and for the hedge accounting treatment.

Subsequently to the IFRS 9 early adoption without electing fair value option nor hedge accounting, the Company classified prospectively its financial assets as measured at fair value through profit or loss (FVTPL), fair value through other comprehensive income (FVTOCI) with or without recycling, or at amortized cost.

No significant impact was identified for the BTGI's financial statements for the quarter ended on March 31, 2016, as of January 1, 2016, date of the IFRS 9 early adoption.

### g. Reclassification of financial statements

The Bank has revised its previously issued statement of cash flows as at March 31, 2015 resulting in decrease in financing activities of R$677,362, and an increase in the same amount in operational activities. This review was in order to apply accounting practices consistent with those applied as at December 31, 2015.

## 4. Significant accounting practices

The most 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). Trading securities also include the investment entity portfotio.

**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:

- Market risk hedge: financial instruments included in this category, as well as their related hedged financial assets and liabilities, are measured at fair value, and their realized or unrealized related gains or losses are recorded in income (loss) for the 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-deliverable 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 instalments. 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 Conselho Monetário Nacional (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 values 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. Inventories

Trading-related inventories are stated at fair value, less cost to sell, which is the estimated selling price of the inventories using assumptions of market participants in its highest and best use which is physically possible, legally permissible and financially feasible. If the location is a characteristic of an asset, the price in the principal (or most advantageous) market is adjusted to estimate costs that would be incurred to transport the asset from its current location to that market.

The selling price is estimated based on or derived from the primary market to which the Company has access, or in the absence of a primary market, the most advantageous market. The primary or most advantageous market can be a financially settled market against which inventory purchase and sales prices are benchmarked.

### l. 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.

### m. 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.

### n. 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.

### o. 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.

### p. 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.

### q. Income tax and social contribution

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

### r. 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.

### s. Employee benefits

The liability for BSI-related pension plan corresponds to post-employment benefits, with features of defined benefit and was recognized according to the criteria established in BACEN Circular 4,424/ 2015. This liability was estimated and corresponds to the difference between the obligations, including the defined benefit which is determined using actuarial techniques, and the assets of the pension plans. The current service cost and interest over the defined benefit is recognized in the income statement; and remeasurement of defined benefit, mainly due to actuarial estimates and discount rates, are recognized in other comprehensive income, net of tax effects. Banco BTG Pactual does not sponsor other post-employments benefits.

### t. 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 quarters ended as follows:

| In R$ Million | March 2016 | December 2015 | March 2015 |
|---|---|---|---|
| Daily average VaR | 264.5 | 172.2 | 110.9 |

### 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 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 at banks

Cash refer basically to deposits abroad in prime banks.

## 7. Interbank investments

| | 31/03/2016 | | | | | 31/12/2015 |
|---|---|---|---|---|---|---|
| | Total | Up to 90 days | 90 to 365 days | 1 to 3 years | Over 3 years | Total |
| Open market investments | 17,174,263 | 14,208,893 | 2,965,370 | - | - | 17,381,711 |
| Own portfolio | 5,224,192 | 4,152,888 | 1,071,304 | - | - | 5,648,295 |
| Federal government bonds | 5,081,491 | 4,023,422 | 1,058,069 | - | - | 5,003,202 |
| Corporate bonds | 32,327 | 19,092 | 13,235 | - | - | 465,816 |
| Foreign government bonds | 110,374 | 110,374 | - | - | - | 179,277 |
| Third-party portfolio | 7,333,586 | 6,479,778 | 853,808 | - | - | 8,690,279 |
| Federal government bonds | 7,325,157 | 6,471,349 | 853,808 | - | - | 8,680,308 |
| Corporate bonds | - | - | - | - | - | 9,971 |
| Foreign government bonds | 8,429 | 8,429 | - | - | - | - |
| Short position | 4,616,485 | 3,576,227 | 1,040,258 | - | - | 3,043,137 |
| Federal government bonds | 4,447,555 | 3,407,297 | 1,040,258 | - | - | 3,043,137 |
| Foreign government bonds | 168,930 | 168,930 | - | - | - | - |
| Interbank investments (*) | 11,476,134 | 11,473,869 | 2,265 | - | - | 15,204,829 |
| Interbank deposit certificates | 467,930 | 465,665 | 2,265 | - | - | 227,956 |
| Investments in foreign currency - overnight | 11,008,204 | 11,008,204 | - | - | - | 14,976,873 |
| | 28,650,397 | 25,682,762 | 2,967,635 | - | - | 32,586,540 |

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

The collateral received in repurchase agreements amounts to R$17,737,322 and R$17,525,922 at quarter ended March 31, 2016 and year ended December 31, 2015, respectively. Collateral granted amounts to R$15,908,028 and R$20,383,085 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:

| | 31/03/2016 | | | | | | | 31/12/2015 |
|---|---|---|---|---|---|---|---|---|
| | Cost | Market | Up to 90 days | 90 to 365 days | 1 to 3 years | 3 to 5 years | Over 5 years | Market |
| Own portfolio | 25,514,293 | 25,998,926 | 15,198,234 | 2,942,949 | 3,359,610 | 1,313,093 | 3,185,040 | 24,748,085 |
| Federal government bonds | 2,049,932 | 2,023,032 | 21,749 | 142,369 | 965,139 | 73,992 | 819,783 | 764,267 |
| Debentures / Eurobonds (i) | 1,003,583 | 995,096 | 35,307 | 664,571 | 75,777 | 44,682 | 174,759 | 798,053 |
| Bank credit certificate | 5,965 | 5,965 | 5,965 | - | - | - | - | - |
| Shares | 3,984,866 | 3,865,877 | 3,639,928 | 221,046 | - | - | 4,903 | 3,077,494 |
| Investment fund quotes | | | | | | | | |
| Multimarket | 384,218 | 354,410 | 354,405 | 5 | - | - | - | 267,227 |
| FIDC - Credit rights | 6,651 | 6,651 | 6,651 | - | - | - | - | 11,418 |
| Equity investment fund | 753,591 | 775,460 | 332,450 | 285,180 | - | - | 157,830 | 820,215 |
| Real estate | 5,847 | 5,847 | - | 5,847 | - | - | - | 7,343 |
| Shares | 67,041 | 62,004 | 57,101 | - | - | - | 4,903 | 21,355 |
| Others | 328,443 | 328,812 | 19 | 91 | 63,788 | - | 264,914 | 367,199 |
| Bank deposit certificates | 2,018 | 2,019 | 1,798 | 221 | - | - | - | 19,507 |
| Financial Bills | 58,875 | 58,875 | 58,875 | - | - | - | - | 70,202 |
| Promissory notes | 69,818 | 69,789 | - | 69,789 | - | - | - | 121,250 |
| Certificate of real estate receivables | 59,153 | 59,153 | - | 5,523 | 39,355 | 5,050 | 9,225 | 474,298 |
| Brazilian foreign debt securities | 1,984 | 1,984 | - | - | - | - | 1,984 | 2,083 |
| Federal foreign government bonds | | | | | | | | |
| United States | 1,113,569 | 1,146,045 | - | 3,006 | 679 | 262,725 | 879,635 | 2,183,349 |
| Germany | 233,768 | 234,438 | 125,818 | 104,850 | 1,648 | - | 2,122 | 248,256 |
| Others | 3,014,357 | 3,591,130 | 1,308,891 | 767,607 | 1,030,688 | 310,032 | 173,912 | 2,486,652 |
| Mechant Banking investments | 1,656,168 | 1,656,168 | 1,656,168 | - | - | - | - | 1,975,829 |
| Global markets investments | 6,512,969 | 6,512,969 | 6,512,969 | - | - | - | - | 7,377,392 |
| Investments at fair value through other comprehensive income | 420,011 | 420,011 | 420,011 | - | - | - | - | - |
| Foreign private securities | 3,781,466 | 3,823,191 | 660,129 | 672,844 | 1,182,536 | 616,612 | 691,070 | 3,654,696 |
| Unrestricted portfolio | 272,774 | 288,194 | 190,761 | - | - | 60,369 | 37,064 | 591,054 |
| Federal government bonds | 272,774 | 288,194 | 190,761 | - | - | 60,369 | 37,064 | 591,054 |
| Subject to repurchase agreements | 4,867,230 | 4,796,269 | 1,691,396 | 271,582 | 600,268 | 517,717 | 1,715,306 | 8,258,465 |
| Federal government bonds | 3,639,499 | 3,644,129 | 1,628,567 | 77,590 | 297,134 | 349,865 | 1,290,973 | 6,739,188 |
| Bank credit certificate | 9,151 | 9,151 | - | 203 | - | - | 8,948 | - |
| Federal foreign government bonds | | | | | | | | |
| Others | 259,674 | 259,674 | 62,274 | - | 53,735 | 62,379 | 81,286 | 162,169 |
| Foreign private securities | 3,626 | 3,626 | - | - | 904 | 925 | 1,797 | 76,783 |
| Certificate of real estate receivables | 637,104 | 637,105 | - | 126,684 | 201,149 | - | 309,272 | 450,277 |
| Debentures / Eurobonds (i) | 318,176 | 242,584 | 555 | 67,105 | 47,346 | 104,548 | 23,030 | 830,048 |
| Subject to guarantees | 10,536,956 | 10,327,395 | 995,647 | 1,219,252 | 1,563,498 | 2,727,577 | 3,821,421 | 9,071,129 |
| Federal government bonds | 4,067,723 | 4,067,723 | - | 45,863 | 200,255 | 910,379 | 2,911,226 | 2,720,759 |
| Certificate of real estate receivables | 29,150 | 29,150 | - | - | - | 29,150 | - | - |
| Private securities Brazil | | | | | | | | |
| Shares | 109,629 | 109,629 | 109,629 | - | - | - | - | 91,505 |
| Debentures (i) | 2,883,553 | 2,788,483 | 389,349 | 135,975 | 964,278 | 1,175,498 | 123,383 | 2,770,907 |
| Bank deposit certificates | 12,081 | 12,081 | - | 12,081 | - | - | - | 8,350 |
| Others | - | - | - | - | - | - | - | 9,888 |
| Investment fund quotes | | | | | | | | |
| Multimarket | 1,130,736 | 1,130,736 | 303,577 | 3,806 | 67,417 | 183,040 | 572,896 | 171,338 |
| Foreign private securities | 1,863,446 | 1,747,640 | 191,289 | 840,169 | 257,848 | 255,315 | 203,019 | 3,049,932 |
| Foreign government bonds | | | | | | | | |
| United States | 145,267 | 145,267 | - | - | - | 137,328 | 7,939 | 9,959 |
| Others | 295,371 | 296,686 | 1,803 | 181,358 | 73,700 | 36,867 | 2,958 | 238,491 |
| Trading securities | 29,633,212 | 30,043,574 | 17,479,002 | 2,524,031 | 3,985,601 | 2,270,147 | 3,784,793 | 31,644,697 |
| Available for sale securities | 6,360,478 | 6,169,647 | 597,036 | 1,870,112 | 1,336,371 | 1,315,902 | 1,050,226 | 5,895,301 |
| Held-to-maturity securities | 5,197,563 | 5,197,563 | - | 39,640 | 201,404 | 1,032,707 | 3,923,812 | 5,128,735 |
| | **41,191,253** | **41,410,784** | **18,076,038** | **4,433,783** | **5,523,376** | **4,618,756** | **8,758,831** | **42,668,733** |

(i) Substantially securities issued by Brazilian companies.
(ii) Equity interest in BTGI's subsidiaries, assocites and joint ventures, measured at fair value due to the investment entity change.

## b. Held-for-trading securities

| | 31/03/2016 | | | | | | | 31/12/2015 |
|---|---|---|---|---|---|---|---|---|
| | Cost | Market | Up to 90 days | 90 to 365 days | 1 to 3 years | 3 to 5 years | Over 5 years | Market |
| Own portfolio | 23,871,437 | 24,376,238 | 15,099,739 | 2,180,558 | 3,229,807 | 1,286,641 | 2,579,493 | 22,842,401 |
| Federal government bonds | 2,049,932 | 2,023,032 | 21,749 | 142,369 | 965,139 | 73,992 | 819,783 | 764,267 |
| Debentures/Eurobonds (i) | 91,253 | 93,560 | 15,079 | - | 49,117 | 23,280 | 6,084 | 96,001 |
| Bank credit certificate | 5,965 | 5,965 | 5,965 | - | - | - | - | - |
| Shares | 3,963,747 | 3,854,472 | 3,633,426 | 221,046 | - | - | - | 3,038,062 |
| Investment fund quotes | | | | | | | | |
| Multimarket | 384,218 | 354,410 | 354,405 | 5 | - | - | - | 239,437 |
| FIDC - Credit rights | 6,651 | 6,651 | 6,651 | - | - | - | - | 11,418 |
| Equity investment fund | 501,598 | 523,467 | 260,704 | 262,763 | - | - | - | 466,493 |
| Real estate | 5,847 | 5,847 | - | 5,847 | - | - | - | 7,343 |
| Shares | 67,041 | 62,004 | 57,101 | - | - | - | 4,903 | 21,355 |
| Others | - | - | - | - | - | - | - | 3,381 |
| Bank deposit certificates | 2,018 | 2,019 | 1,798 | 221 | - | - | - | 19,507 |
| Financial bills | 58,875 | 58,875 | 58,875 | - | - | - | - | 70,202 |
| Certificate of real estate receivables | - | - | - | - | - | - | - | 176,678 |
| Brazilian foreign debt securities | 1,984 | 1,984 | - | - | - | - | 1,984 | 2,083 |
| Federal foreign government bonds | | | | | | | | |
| United States | 1,113,569 | 1,146,045 | - | 3,006 | 679 | 262,725 | 879,635 | 2,183,349 |
| Germany | 233,768 | 234,438 | 125,818 | 104,850 | 1,648 | - | 2,122 | 248,256 |
| Others | 3,014,357 | 3,591,130 | 1,308,891 | 767,607 | 1,030,688 | 310,032 | 173,912 | 2,486,652 |
| Mechant Banking investments | 1,656,168 | 1,656,168 | 1,656,168 | - | - | - | - | 1,975,829 |
| Global markets investments | 6,512,969 | 6,512,969 | 6,512,969 | - | - | - | - | 7,377,392 |
| Investments at fair value through other comprehensive income | 420,011 | 420,011 | 420,011 | - | - | - | - | - |
| Foreign private securities | 3,781,466 | 3,823,191 | 660,129 | 672,844 | 1,182,536 | 616,612 | 691,070 | 3,654,696 |
| | | | | | | | | |
| Unrestricted portfolio | 272,774 | 288,194 | 190,761 | - | - | 60,369 | 37,064 | 591,054 |
| Federal government bonds | 272,774 | 288,194 | 190,761 | - | - | 60,369 | 37,064 | 591,054 |
| | | | | | | | | |
| Subject to repurchase agreements | 2,069,707 | 2,074,339 | 1,690,841 | 40,837 | 156,574 | 83,050 | 103,037 | 2,979,125 |
| Federal government bonds | 1,760,301 | 1,764,931 | 1,628,567 | 40,634 | 95,730 | - | - | 2,676,768 |
| Bank credit certificate | 9,151 | 9,151 | - | 203 | - | - | 8,948 | - |
| Federal foreign government bonds | | | | | | | | |
| Others | 259,674 | 259,674 | 62,274 | - | 53,735 | 62,379 | 81,286 | 162,169 |
| Foreign private securities | 3,626 | 3,626 | - | - | 904 | 925 | 1,797 | 76,783 |
| Debentures / Eurobonds (i) | 36,955 | 36,957 | - | - | 6,205 | 19,746 | 11,006 | 63,405 |
| | | | | | | | | |
| Subject to guarantees | 3,419,294 | 3,304,803 | 497,661 | 302,636 | 599,220 | 840,087 | 1,065,199 | 5,232,117 |
| Federal government bonds | 749,358 | 749,358 | - | 43,179 | 200,255 | 227,537 | 278,387 | 1,654,444 |
| Private securities Brazil | | | | | | | | |
| Shares | 109,629 | 109,629 | 109,629 | - | - | - | - | 91,505 |
| Bank deposit certificates | 12,081 | 12,081 | - | 12,081 | - | - | - | 8,350 |
| Investment fund quotes | | | | | | | | |
| Multimarket | 1,130,736 | 1,130,736 | 303,577 | 3,806 | 67,417 | 183,040 | 572,896 | 171,338 |
| Foreign private securities | 978,655 | 862,849 | 84,455 | 62,212 | 257,848 | 255,315 | 203,019 | 3,049,932 |
| Foreign government bonds | | | | | | | | |
| United States | 145,267 | 145,267 | - | - | - | 137,328 | 7,939 | 9,959 |
| Others | 293,568 | 294,883 | - | 181,358 | 73,700 | 36,867 | 2,958 | 246,589 |
| | | | | | | | | |
| | **29,633,212** | **30,043,574** | **17,479,002** | **2,524,031** | **3,985,601** | **2,270,147** | **3,784,793** | **31,644,697** |

(i) Substantially securities issued by Brazilian companies.

## c. Available-for-sale securities

| | 31/03/2016 | | | | | | | 31/12/2015 |
|---|---|---|---|---|---|---|---|---|
| | Cost | Market | Up to 90 days | 90 to 365 days | 1 to 3 years | 3 to 5 years | Over 5 years | Market |
| Own portfolio | 1,642,856 | 1,622,688 | 98,495 | 762,391 | 129,803 | 26,452 | 605,547 | 1,905,684 |
| Shares | 21,119 | 11,405 | 6,502 | - | - | - | 4,903 | 39,432 |
| Debentures (i) | 912,330 | 901,536 | 20,228 | 664,571 | 26,660 | 21,402 | 168,675 | 702,052 |
| Certificate of real estate receivables | 59,153 | 59,153 | - | 5,523 | 39,355 | 5,050 | 9,225 | 297,620 |
| Bank certificates of deposit | - | - | - | - | - | - | - | - |
| Promissory notes | 69,818 | 69,789 | - | 69,789 | - | - | - | 121,250 |
| Other | 328,443 | 328,812 | 19 | 91 | 63,788 | - | 264,914 | 363,818 |
| Investment fund quotes | | - | | | | | | |
| Multimarket | - | - | - | - | - | - | - | 27,790 |
| Equity investment fund | 251,993 | 251,993 | 71,746 | 22,417 | - | - | 157,830 | 353,722 |
| Subject to repurchase agreements | 918,325 | 842,732 | 555 | 193,789 | 242,290 | 84,802 | 321,296 | 1,216,920 |
| Debentures (i) | 281,221 | 205,627 | 555 | 67,105 | 41,141 | 84,802 | 12,024 | 766,643 |
| Certificate of real estate receivables | 637,104 | 637,105 | - | 126,684 | 201,149 | - | 309,272 | 450,277 |
| Subject to guarantees | 3,799,297 | 3,704,227 | 497,986 | 913,932 | 964,278 | 1,204,648 | 123,383 | 2,772,697 |
| Debentures (i) | 2,883,553 | 2,788,483 | 389,349 | 135,975 | 964,278 | 1,175,498 | 123,383 | 2,770,907 |
| Certificate of real estate receivables | 29,150 | 29,150 | - | - | - | 29,150 | - | - |
| Corporate Bond | 884,791 | 884,791 | 106,834 | 777,957 | - | - | - | - |
| Other | 1,803 | 1,803 | 1,803 | - | - | - | - | 1,790 |
| | **6,360,478** | **6,169,647** | **597,036** | **1,870,112** | **1,336,371** | **1,315,902** | **1,050,226** | **5,895,301** |

(i) Substantially securities issued by Brazilian companies.

## d. Held-to-maturity securities

| | 31/03/2016 | | | | | | 31/12/2015 |
|---|---|---|---|---|---|---|---|
| | Book value | Up to 90 days | 90 to 365 days | 1 to 3 years | 3 to 5 years | Over 5 years | Book value |
| Subject to repurchase agreements | 1,879,198 | - | 36,956 | 201,404 | 349,865 | 1,290,973 | 4,062,420 |
| Federal government bonds | 1,879,198 | - | 36,956 | 201,404 | 349,865 | 1,290,973 | 4,062,420 |
| Subject to guarantees | 3,318,365 | - | 2,684 | - | 682,842 | 2,632,839 | 1,066,315 |
| Federal government bonds | 3,318,365 | - | 2,684 | - | 682,842 | 2,632,839 | 1,066,315 |
| | **5,197,563** | **-** | **39,640** | **201,404** | **1,032,707** | **3,923,812** | **5,128,735** |

If measured at fair value, held-to-maturity securities would be reported as at the quarter ended March 31, 2016 with a negative adjustment of R$18.764 (December 31, 2015 – R$183,963 negative).

The Bank has the intention and financial capacity to maintain such assets to maturity.

## e. Reclassification of securities

Management classifies the securities according to its trading intention. No reclassifications or changes in intention were made by Management during the quarter ended in March 31, 2016 and year ended December 31, 2015.

# 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 other 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 the quarter ended March 31, 2016 and year ended December 31, 2015, the Bank does not have derivative financial instruments classified as hedge accounting. However, it has the policy to economically hedge its exposures to foreign currencies, including exposures in subsidiaries or to associates, using derivatives or other financial instruments. The policy aims to mitigate any effect from changes in foreign currency on assets and liabilities, other than those ones for trading purpose.

### a. Recognized in memorandum and balance sheet accounts

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

| | 31/03/2016 | | | | 31/12/2015 |
|---|---|---|---|---|---|
| | Up to 6 months | 6 to 12 months | Over 1 year | Total | Total |
| Futures market | | | | | |
| Long position | 75,890,573 | 10,214,654 | 22,231,155 | 108,336,382 | 65,125,151 |
| Currency | 465,204 | 952 | - | 466,156 | 3,063,003 |
| Interest rate | 54,633,479 | 4,464,327 | 18,403,775 | 77,501,581 | 27,151,507 |
| Commodities | 15,902,022 | 5,615,694 | 3,827,380 | 25,345,096 | 34,018,152 |
| Index | 905,515 | 133,681 | - | 1,039,196 | 892,489 |
| Equities | 2 | - | - | 2 | - |
| Others | 3,984,351 | - | - | 3,984,351 | - |
| Short position | 34,691,661 | 17,095,887 | 7,409,994 | 59,197,542 | 113,180,183 |
| Currency | 6,734,719 | 859,857 | - | 7,594,576 | 9,330,260 |
| Interest rate | 10,741,937 | 3,175,329 | 2,212,021 | 16,129,287 | 53,174,349 |
| Commodities | 15,717,728 | 13,060,701 | 5,197,973 | 33,976,402 | 49,980,773 |
| Index | 99,280 | - | - | 99,280 | 694,801 |
| Others | 1,397,997 | - | - | 1,397,997 | - |
| Swap | | | | | |
| Long position | 32,168,996 | 12,521,227 | 26,415,227 | 71,105,450 | 85,704,319 |
| Currency | 353,889 | 2,441 | 102,428 | 458,758 | 3,988,096 |
| Interest rate | 30,612,633 | 11,624,480 | 24,414,015 | 66,651,128 | 77,368,420 |

| | 31/03/2016 | | | | 31/12/2015 |
|---|---|---|---|---|---|
| | Up to 6 months | 6 to 12 months | Over 1 year | Total | Total |
| Index | 26,000 | 179,463 | 398,259 | 603,722 | 604,938 |
| Equities | 52,001 | 44,194 | 147,017 | 243,212 | 123,871 |
| Commodities | 172,433 | 28,502 | - | 200,935 | 3,382,082 |
| Other | 952,040 | 642,147 | 1,353,508 | 2,947,695 | 236,912 |
| Short position | 32,168,996 | 12,521,227 | 26,415,227 | 71,105,450 | 85,704,319 |
| Currency | 380,090 | 471,027 | 2,592,069 | 3,443,186 | 3,953,409 |
| Interest rate | 29,995,300 | 11,705,181 | 21,112,282 | 62,812,763 | 73,439,563 |
| Index | 179,423 | 41,685 | 1,157,996 | 1,379,104 | 1,384,147 |
| Equities | 100 | 10,025 | - | 10,125 | 442,109 |
| Commodities | 456,024 | 131,234 | - | 587,258 | 4,012,950 |
| Other | 1,158,059 | 162,075 | 1,552,880 | 2,873,014 | 2,472,141 |
| Credit derivatives | | | | | |
| Long position | - | 162 | 116,802 | 116,964 | 306,800 |
| Sovereign | - | - | - | - | 214,861 |
| Corporate | - | 162 | 116,802 | 116,964 | 91,939 |
| Short position | 1,178 | - | 245,038 | 246,216 | 315,637 |
| Sovereign | - | - | 12,634 | 12,634 | - |
| Corporate | 1,178 | - | 232,404 | 233,582 | 315,637 |
| Non-deliverable forward - NDF | | | | | |
| Long position | 21,018,353 | 844,889 | 5,053,266 | 26,916,508 | 70,951,931 |
| Currency | 16,772,117 | 260,444 | 5,012,844 | 22,045,405 | 38,550,410 |
| Commodities | - | - | - | - | 29,886,785 |
| Interest rate | 2,539,550 | 546,108 | 38,962 | 3,124,620 | 2,514,736 |
| Other | 1,706,686 | 38,337 | 1,460 | 1,746,483 | - |
| Short position | 21,018,353 | 844,889 | 5,053,266 | 26,916,508 | 70,951,931 |
| Currency | 19,307,957 | 806,552 | 5,051,806 | 25,166,315 | 40,496,695 |
| Commodities | - | - | - | - | 29,889,505 |
| Interest rate | - | - | - | - | 565,731 |
| Index | 1,710,396 | 38,337 | 1,460 | 1,750,193 | - |
| Deliverable forward - DF | | | | | |
| Long position | 121,635,761 | 19,930,917 | 22,251,348 | 163,818,026 | 176,496,087 |
| Currency | 102,041,847 | 13,387,512 | 309,531 | 115,738,890 | 152,843,559 |
| Interest rate | 6,998,699 | 916,616 | 955,071 | 8,870,386 | 8,480,215 |
| Commodities | 12,595,215 | 5,626,789 | 20,986,746 | 39,208,750 | 15,172,313 |
| Short position | 121,635,761 | 19,930,917 | 22,251,348 | 163,818,026 | 176,496,087 |
| Currency | 102,041,847 | 13,387,513 | 309,531 | 115,738,891 | 152,843,559 |
| Interest rate | 8,291,035 | 1,906,707 | 374,237 | 10,571,979 | 14,613,704 |
| Commodities | 11,302,879 | 4,636,697 | 21,567,580 | 37,507,156 | 9,038,824 |
| Security forwards | | | | | |
| Long position | 1,227,559 | - | - | 1,227,559 | 354,132 |
| Interest rate | 607,138 | - | - | 607,138 | 289,798 |
| Government bonds | 620,421 | - | - | 620,421 | 64,334 |
| Short position | 1,227,559 | - | - | 1,227,559 | 354,132 |
| Interest rate | 620,421 | - | - | 620,421 | 64,334 |
| Government bonds | 607,138 | - | - | 607,138 | 289,798 |
| Options market | | | | | |
| Call option | 16,515,465 | 2,857,691 | 1,701,381 | 21,074,537 | 22,622,158 |
| Equities | 1,248,313 | 28,241 | 121,883 | 1,398,437 | 589,767 |
| Commodities | 4,957,947 | 1,363,040 | - | 6,320,987 | 5,342,525 |
| Index | 373,684 | - | 3,567 | 377,251 | 31,592 |
| Currency | 8,878,521 | 1,466,410 | 1,575,931 | 11,920,862 | 16,587,988 |
| Interest rate | 1,057,000 | - | - | 1,057,000 | - |
| Other | - | - | - | - | 70,286 |
| Put option | 46,620,542 | 6,180,078 | 2,047,105 | 54,847,725 | 24,466,699 |
| Equities | 641,380 | 350,527 | - | 991,907 | 490,907 |
| Commodities | 5,126,253 | 3,893,430 | - | 9,019,683 | 8,740,920 |
| Index | 691,459 | - | - | 691,459 | - |

| | 31/03/2016 | | | | 31/12/2015 |
|---|---|---|---|---|---|
| | Up to 6 months | 6 to 12 months | Over 1 year | Total | Total |
| Currency | 15,041,350 | 1,934,121 | 2,047,105 | 19,022,576 | 15,230,650 |
| Interest rate | 25,120,100 | 2,000 | - | 25,122,100 | 4,222 |
| Call option | 19,059,478 | 4,129,613 | 2,530,527 | 25,719,618 | 23,888,698 |
| Equities | 1,413,553 | 7,600 | - | 1,421,153 | 341,185 |
| Commodities | 3,921,286 | 1,108,257 | 4,869 | 5,034,412 | 4,711,397 |
| Index | - | - | - | - | 25,212 |
| Currency | 12,668,139 | 3,013,756 | 2,525,658 | 18,207,553 | 18,740,618 |
| Interest rate | 1,056,500 | - | - | 1,056,500 | - |
| Other | - | - | - | - | 70,286 |
| Put option | 39,885,335 | 2,369,228 | 1,565,610 | 43,820,173 | 17,827,034 |
| Equities | 666,667 | 596,448 | 807 | 1,263,922 | 1,219,113 |
| Commodities | 1,679,700 | 795,783 | - | 2,475,483 | 4,059,595 |
| Index | 772,067 | 32,722 | - | 804,789 | 170,333 |
| Currency | 11,651,823 | 944,275 | 1,564,803 | 14,160,901 | 12,377,993 |
| Interest rate | 25,115,078 | - | - | 25,115,078 | - |

## b. By cost and market value

| | 31/03/2016 | | | | | 31/12/2015 |
|---|---|---|---|---|---|---|
| | Cost | Market | Up to 6 months | 6 to 12 months | Over 1 year | Total |
| Futures | | | | | | |
| Long position | 142,835 | 147,823 | 55,869 | 89,792 | 2,162 | 64,017 |
| Short position | 86,955 | 64,640 | 12,900 | 32,129 | 19,611 | 41,601 |
| Swaps | | | | | | |
| Long position | 1,151,932 | 1,581,538 | 189,944 | 146,927 | 1,244,667 | 1,916,001 |
| Short position | 2,578,023 | 2,847,239 | 371,266 | 114,178 | 2,361,795 | 3,484,723 |
| Credit derivatives | | | | | | |
| Long position | 2,025 | 6,269 | - | 162 | 6,107 | 13,587 |
| Short position | 19,298 | 20,224 | 1,178 | - | 19,046 | 24,626 |
| Non-deliverable forward - NDF | | | | | | |
| Long position | 831,723 | 902,594 | 410,871 | 25,164 | 466,559 | 4,529,602 |
| Short position | 426,856 | 694,414 | 655,295 | 10,507 | 28,612 | 3,170,628 |
| Deliverable forward - DF | | | | | | |
| Long position | 24,457,493 | 25,346,249 | 17,878,440 | 4,031,062 | 3,436,747 | 33,497,216 |
| Short position | 23,614,674 | 24,010,914 | 17,630,930 | 3,670,721 | 2,709,263 | 32,846,270 |
| Forward transaction | | | | | | |
| Long position | 1,220,865 | 1,224,448 | 1,224,448 | - | - | 353,813 |
| Short position | 1,226,885 | 1,223,302 | 1,223,302 | - | - | 353,648 |
| Options market | | | | | | |
| Long position | 2,432,845 | 3,670,454 | 2,243,228 | 529,547 | 897,679 | 3,778,892 |
| Short position | 1,451,616 | 1,855,359 | 1,060,494 | 216,524 | 578,341 | 2,444,740 |
| **Long position** | **30,239,718** | **32,879,375** | **22,002,800** | **4,822,654** | **6,053,921** | **44,153,128** |
| **Short position** | **29,404,307** | **30,716,092** | **20,955,365** | **4,044,059** | **5,716,668** | **42,366,236** |

## c. Notional value by counterparty

| | 31/03/2016 | | | | | 31/12/2015 |
|---|---|---|---|---|---|---|
| | Clearing houses / stock exchange | Financial institution (i) | Companies | Individuals | Total | Total |
| Futures | | | | | | |
| Long position | 76,420,068 | 31,916,314 | - | - | 108,336,382 | 65,125,151 |
| Short position | 22,621,126 | 36,576,416 | - | - | 59,197,542 | 113,180,183 |
| Swaps | | | | | | |
| Long position | 15,730,166 | 50,060,682 | 5,311,502 | 3,100 | 71,105,450 | 85,704,319 |
| Short position | 15,730,166 | 50,060,682 | 5,311,502 | 3,100 | 71,105,450 | 85,704,319 |
| Credit derivatives | | | | | | |
| Long position | - | 35,834 | 81,130 | - | 116,964 | 306,800 |
| Short position | - | 165,086 | 81,130 | - | 246,216 | 315,637 |
| Non-deliverable forward - NDF | | | | | | |
| Long position | - | 20,151,618 | 5,130,069 | 1,634,821 | 26,916,508 | 70,951,931 |
| Short position | - | 20,151,618 | 5,130,069 | 1,634,821 | 26,916,508 | 70,951,931 |
| Deliverable forward - DF | | | | | | |
| Long position | - | 102,202,883 | 54,264,717 | 7,350,426 | 163,818,026 | 176,496,087 |
| Short position | - | 102,202,883 | 54,264,717 | 7,350,426 | 163,818,026 | 176,496,087 |
| Forward transaction | | | | | | |
| Long position | - | 1,227,559 | - | - | 1,227,559 | 354,132 |
| Short position | - | 1,227,559 | - | - | 1,227,559 | 354,132 |
| Options market | | | | | | |
| Long position | 26,354,473 | 42,335,276 | 3,144,108 | 4,088,405 | 75,922,262 | 47,088,857 |
| Short position | 27,798,868 | 39,871,712 | 1,012,896 | 856,315 | 69,539,791 | 41,715,732 |
| **Long position** | **118,504,707** | **247,930,166** | **67,931,526** | **13,076,752** | **447,443,151** | **446,027,277** |
| **Short position** | **66,150,160** | **250,255,956** | **65,800,314** | **9,844,662** | **392,051,092** | **488,718,021** |

(i) Includes investment funds.

## d. Credit derivatives

| | 31/03/2016 | 31/12/2015 |
|---|---|---|
| Credit swap | | |
| Transferred risk | | |
| Sovereign | - | 214,861 |
| Corporate | 116,964 | 91,939 |
| Risk received | | |
| Sovereign | (12,634) | - |
| Corporate | (233,582) | (315,637) |
| Total | (129,252) | (8,837) |

During the quarter ended March 31, 2016 and year ended on December 31, 2015, there was no credit events related to triggering facts provided for in agreements.

According to CMN's resolutions, the effect on the calculation of the required reference shareholders' equity (PRE) as at March 31, 2016 is R$20,314 (December 31, 2015 – R$41,891).

**e. Guarantees margin**

Guarantee margins in transactions traded on BM&FBovespa and other stock exchanges with derivatives comprises federal government and foreign government bonds totaling R$9,873,503 (December 31, 2015 – R$8,449,268) and shares in the amount of R$109,629 (December 31, 2015 – R$254,030). From the total amount, approximately R$940,000 refers to additional margin deposited, as requested by BM&F Bovespa, due to volatility observed in function of events previously described, in Note 1.

**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

| Type of credit | 31/03/2016 | | 31/12/2015 | |
|---|---|---|---|---|
| | Balance | Allowance | Balance | Allowance |
| Loans | 31,611,704 | (1,426,335) | 35,312,986 | (1,510,510) |
| Financing | 1,519,477 | (155,301) | 1,648,571 | (134,145) |
| FINAME/BNDES | 2,485,391 | (58,563) | 2,424,105 | (35,481) |
| Real estate financing | 15,223,934 | (215,424) | 16,500,417 | (252,824) |
| Securities financing | 3,600,878 | - | 3,949,264 | - |
| Total | 54,441,384 | (1,855,623) | 59,835,343 | (1,932,960) |

ii By risk value and maturity

| | 31/03/2016 | | | | | | 31/12/2015 | |
|---|---|---|---|---|---|---|---|---|
| | | Maturity | | | | | | |
| Risk level | Overdue | Up to 6 months | 6 to 12 months | Over 12 months | Total | Allowance | Total | Allowance |
| AA | - | 25,439,690 | 2,681,621 | 13,579,956 | 41,701,267 | - | 45,245,829 | - |
| A | 95,914 | 2,128,529 | 126,819 | 3,623,587 | 5,974,849 | (30,393) | 7,365,463 | (38,297) |
| B | 15,321 | 772,174 | 613,328 | 992,677 | 2,393,500 | (23,935) | 2,681,862 | (26,823) |
| C | 753,178 | 130,544 | 157,782 | 55,911 | 1,097,415 | (32,922) | 1,277,765 | (38,334) |
| D | 176,249 | 109,418 | 50,492 | 933,378 | 1,269,537 | (172,511) | 1,113,419 | (152,121) |
| E | 453,772 | 10,095 | 66,849 | 69,266 | 599,982 | (204,988) | 605,856 | (183,721) |
| F | 27,105 | 556 | - | - | 27,661 | (13,830) | 103,341 | (51,856) |
| G | 387 | - | 45 | - | 432 | (303) | - | - |
| H | 250,711 | 970,291 | 61,913 | 93,826 | 1,376,741 | (1,376,741) | 1,441,808 | (1,441,808) |
| Total | 1,772,637 | 29,561,297 | 3,758,849 | 19,348,601 | 54,441,384 | (1,855,623) | 59,835,343 | (1,932,960) |

iii By activity sector

| Sector | 31/03/2016 | 31/12/2015 |
|---|---|---|
| Commerce | 194,446 | 181,042 |
| Industry | 1,230,143 | 1,684,961 |
| Services | 30,293,227 | 33,418,909 |
| Rural | 252,555 | 348,966 |
| Individuals | 22,471,013 | 24,201,465 |
| Total | 54,441,384 | 59,835,343 |

## 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

| | 31/03/2016 | | | | | | 31/12/2015 | |
|---|---|---|---|---|---|---|---|---|
| | | Maturity | | | | | | |
| Risk level | Overdue | Up to 6 months | 6 to 12 months | Over 12 months | Total | Allowance | Total | Allowance |
| AA | - | 13,639 | 4,373 | 89,590 | 107,602 | - | 139,893 | - |
| A | 66 | 67,361 | 1,460 | 6,386 | 75,273 | (376) | 74,162 | (371) |
| B | 21 | 16,430 | 12,225 | 437,200 | 465,876 | (4,659) | 530,315 | (5,303) |
| C | 7,336 | 78,298 | 5,980 | 58,416 | 150,030 | (4,501) | 149,847 | (4,495) |
| E | - | - | - | - | - | - | 56,786 | (22,715) |
| F | 58,631 | - | - | - | 58,631 | (29,316) | 52,388 | (25,996) |
| H | 79,093 | - | - | - | 79,093 | (79,093) | 63,928 | (63,928) |
| Total | 145,147 | 175,728 | 24,038 | 591,592 | 936,505 | (117,945) | 1,067,319 | (122,808) |
| Transfered loans with co-obligations | | | | | - | - | 85,436 | (2,472) |
| Securities and credits receivable (note 12(b)) | | | | | 936,505 | (117,945) | 981,883 | (120,336) |

ii By activity sector

| Sector | 31/03/2016 | 31/12/2015 |
|---|---|---|
| Services | 865,603 | 897,907 |
| Commerce | - | - |
| Industry | 149 | 199 |
| Rural | - | 75,298 |
| Individuals | 70,753 | 93,915 |
| Total | 936,505 | 1,067,319 |

## c. Advances in foreign exchange contracts

i By risk value and maturity

| | 31/03/2016 | | | | | | 31/12/2015 | |
|---|---|---|---|---|---|---|---|---|
| | | Maturity | | | | | | |
| Risk level | Overdue | Up to 6 months | 6 to 12 months | Over 12 months | Total | Allowance | Total | Allowance |
| AA | - | 9,329 | - | - | 9,329 | - | 9,196 | - |
| B | - | 73,653 | - | - | 73,653 | (811) | 72,863 | (879) |
| D | - | 14,915 | - | - | 14,915 | (2,488) | 14,145 | (2,733) |
| E | - | 35,809 | - | - | 35,809 | (11,353) | 35,275 | (12,246) |
| H | 20,886 | - | - | - | 20,886 | (20,886) | 20,886 | (20,886) |
| Total | 20,886 | 133,706 | - | - | 154,592 | (35,538) | 152,365 | (36,744) |

ii By activity sector

| Sector | 31/03/2016 | 31/12/2015 |
|---|---|---|
| Industry | 56,695 | 56,161 |
| Services | 97,897 | 96,204 |
| Total | 154,592 | 152,365 |

## d. Credit risk concentration

| | 31/03/2016 | % | 31/12/2015 | % |
|---|---|---|---|---|
| Largest debtors | | | | |
| 10 largest debtors | 8,865,519 | 16% | 12,698,481 | 21% |
| 20 following largest debtors | 6,011,017 | 11% | 6,418,015 | 11% |
| 50 following largest debtors | 5,875,941 | 11% | 6,034,767 | 10% |
| 100 following largest debtors | 5,756,938 | 10% | 5,998,014 | 10% |
| 200 following largest debtors | 6,446,067 | 12% | 6,713,466 | 11% |
| 500 following largest debtors | 8,100,234 | 15% | 8,188,271 | 13% |
| Above 500 following largest debtors | 14,476,765 | 25% | 15,004,013 | 24% |
| | 55,532,481 | 100% | 61,055,027 | 100% |

### e. Allowance

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

| | 31/03/2016 | 31/03/2015 |
|---|---|---|
| Opening balances | (2,288,630) | (1,143,438) |
| Reversal/(accrual) of allowance | (131,340) | (195,203) |
| Transferred provision on credit sale | 1,210 | - |
| Exchange rate variation | 142,195 | (10,575) |
| Credits written off as loss | 34,240 | 4,121 |
| Closing balances | (2,242,325) | (1,345,095) |
| | | |
| Breakdown of closing balances | | |
| Allowance for loan losses | (1,855,623) | (1,054,069) |
| Allowance for transfered loans | - | (3,844) |
| Allowance for other receivables | (117,945) | (52,122) |
| Allowance for advances on foreign exchange contracts | (35,538) | (26,742) |
| Allowances for guarantees | (233,219) | (208,318) |
| | (2,242,325) | (1,345,095) |

### f. Renegotiation/recovery of credits written off to loss

In March 31, 2016, the amount of R$109,385 were due to credit renegotiation (December 31, 2015 – R$1,482,587). Also in the quarter ended March 31, 2016 there were the amount of R$6,125 due to written off loans recovery (December 31, 2015 – R$1,414).

### g. Transferred loan

In the quarter ended March 31, 2016 and year ended December 31, 2015 there was no credit assignment with co-obligation.

## 11. Other receivables/obligations

### a. Foreign exchange portfolio

| | 31/03/2016 | | 31/12/2015 | |
|---|---|---|---|---|
| | Assets | Liabilities | Assets | Liabilities |
| Unsettled exchange purchased/sold | 2,095,288 | 8,798,903 | 1,599,914 | 10,251,244 |
| Rights on foreign exchange sales | 9,491,006 | - | 10,167,480 | - |
| (-) Advances on foreign exchange contracts (Note 10 (c)) | 4,892 | (149,700) | 3,489 | (148,876) |
| (-) Advances in foreign currency received | - | - | (156) | - |
| (-) Advances in local currency received | (2,483) | - | (234) | - |
| Liability for foreign exchange purchase | - | 2,144,603 | - | 1,541,474 |
| | 11,588,703 | 10,793,806 | 11,770,493 | 11,643,842 |
| Current | 11,588,703 | 10,793,806 | 11,770,493 | 11,643,842 |
| 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$344,263 (December 31, 2015 - R$367,831).

### b. Securities trading and brokerage

| | 31/03/2016 | | 31/12/2015 | |
|---|---|---|---|---|
| | Assets | Liabilities | Assets | Liabilities |
| Clearing houses | 778,423 | 196,976 | 1,157,060 | 1,108,797 |
| Unsettled financial assets / liabilities | 1,701 | 284,637 | 17,966 | 36 |
| Debtors/creditors – pending settlement account | 6,972,634 | 4,410,739 | 9,223,704 | 4,167,353 |
| Creditors for stock loans | - | 5,627,900 | - | 5,759,776 |
| Commissions and brokerage payable | - | 3,938 | - | 464 |
| Other securities trading and brokerage | 1,625,495 | 1,999,897 | 2,507,272 | 1,618,914 |
| Swap brokerage | 149 | - | 139 | - |
| | 9,378,402 | 12,524,087 | 12,906,141 | 12,655,340 |
| Current | 9,378,402 | 12,524,087 | 12,906,141 | 12,655,340 |
| Long-term | - | - | - | - |

"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.

## 12. Other credits

### a. Income receivable

| | 31/03/2016 | 31/12/2015 |
|---|---|---|
| Dividends and profit sharing | - | 3,947 |
| Receivables from services rendered | 684,084 | 952,767 |
| Management and performance fees for investment funds and portfolios | 385,001 | 787,414 |
| Distribution fees | 4,767 | 11,744 |
| Commissions on guarantees | 6,084 | 11,195 |
| Other | 9,173 | 25,368 |
| | 1,089,109 | 1,792,435 |
| Current | 1,089,109 | 1,427,993 |
| Long-term | - | 364,442 |

## b. Sundry

| | 31/03/2016 | 31/12/2015 |
|---|---|---|
| Deferred tax assets - IR/CS (note 18) | 5,428,251 | 6,110,481 |
| Deferred tax assets - Others | 305,953 | 355,563 |
| Judicial deposits or guarantee | 1,762,301 | 1,788,454 |
| Taxes recoverable to offset | 979,128 | 1,588,759 |
| Tax incentive options | 1,319 | 1,319 |
| Securities and credits receivable | | |
| With loan characteristics (Note 10(b)) | 936,505 | 981,883 |
| Without loan characteristics (i) | 535,052 | 911,551 |
| Commodities inventories | 8,348,947 | 10,128,757 |
| Sundry (ii) | 7,213,345 | 6,679,623 |
| Held for sale | - | 1,176,377 |
| Investments property | 739,920 | 697,256 |
| Salaries advances | 90,792 | 96,570 |
| Advance to suppliers | 847,804 | 1,059,222 |
| Other | 51,169 | 25,257 |
| | 27,240,486 | 31,601,072 |
| Current | 19,690,659 | 23,414,106 |
| Long-term | 7,549,827 | 8,186,966 |

(i) On March 31, 2016, the line above has the amount of R$189,678 (December 31, 2015 – R$190,636), relative to allowance for losses, registered in "Other receivables - Allowance for losses in other receivables".
(ii) Include receivables fros sale of investmets.

# 13. Investments in associated companies and jointly controlled entities

| | Associates and jointly controlled entities | | | | | |
|---|---|---|---|---|---|---|
| | Shareholders' Equity | | Net income (loss) | | Equity Interest | |
| | 31/03/2016 | 31/12/2015 | 31/03/2016 | 31/03/2015 | 31/03/2016 | 31/12/2015 |
| In Brazil | | | | | | |
| Banco Pan S.A. (i) | 3,550,042 | 3,643,797 | (96,102) | (73,518) | 40.35% | 40.35% |
| Pan Seguros S.A. | 687,646 | 673,962 | 10,729 | 6,237 | 51.00% | 51.00% |
| Pan Corretora S.A. | 62,533 | 59,961 | 2,572 | 2,031 | 51.00% | 51.00% |
| Warehouse 1 Empreendimentos Imobs S.A. | 40,974 | 40,974 | - | 20,156 | 35.00% | 35.00% |
| Max Casa XIX Empreendimentos Imobs S.A. | 21,283 | 23,848 | (2,308) | (755) | 50.00% | 50.00% |
| ACS Omicron Empreendimentos Imobs S.A. | 9,946 | 9,624 | 161 | 474 | 44.74% | 44.74% |
| BTG Pactual Vivere Participações S.A. | - | - | - | - | 20.32% | 20.32% |
| Abroad | | | | | | |
| BTG Pactual Holding S.A.R.L. | 4,634,848 | 5,257,130 | (156,588) | (37,325) | 80.00% | 80.00% |
| Maybroke Holding S.A. | 1,092,240 | 1,192,369 | 5,494 | (16,249) | 50.00% | 50.00% |

| | | Changes in relevant investments | | | | | |
|---|---|---|---|---|---|---|---|
| | 31/12/2015 | Aquisition / Increase / (Sales) | Dividends paid | Equity in earnings of subsidiaries | Fair value adjustment | 31/03/2016 | Equity in earnings of subsidiaries from 31/03/2015 |
| In Brazil | | | | | | | |
| Banco Pan S.A. | 1,376,797 | - | - | (38,780) | 947 | 1,338,964 | (29,664) |
| Negative goodwill - Banco Pan. | (56,884) | - | - | - | - | (56,884) | - |
| Pan Seguros S.A. (iii) | 347,771 | - | - | 3,164 | (239) | 350,696 | 5,845 |
| Pan Corretora S.A. (iii) | 30,580 | - | - | 1,312 | - | 31,892 | 1,036 |
| Warehouse 1 Empreendimentos Imobs S.A. | 14,340 | - | (700) | - | - | 13,640 | (738) |
| Max Casa XIX Empreendimentos Imobs S.A. | 11,928 | (5,480) | - | 318 | - | 6,766 | (676) |
| ACS Omicron Empreendimentos Imobs S.A. | 4,306 | - | - | 144 | - | 4,450 | 212 |
| BR Properties S.A. | - | - | - | - | - | - | 39,446 |
| B&A Mineração S.A. (ii) | - | - | - | - | - | - | (354) |
| BTG Pactual Vivere Participações S.A. | - | 946 | - | (946) | - | - | - |
| SPE Holding Beira-Rio S.A. (ii) | - | - | - | - | - | - | (3,570) |
| União de Lojas Leader S.A. (ii) | - | - | - | - | - | - | (38,883) |
| Goodwill - União Lojas Leader (ii) | - | - | - | - | - | - | (9,499) |
| Other | - | - | - | - | - | - | (283) |
| Abroad | | | | | | | |
| BTG Pactual Holding S.A.R.L. (i) | 4,205,705 | - | - | (497,825) | - | 3,707,880 | 724,795 |
| Ariel Re (Holding) Limited (i) | - | - | - | - | - | - | 174,708 |
| Maybroke Holding S.A. (i) | 596,094 | - | - | (50,065) | - | 546,029 | 30,550 |
| Other non consolidation BSI entities (i) | 91,051 | (48,826) | - | 2,597 | (1,857) | 42,965 | - |
| Túnel de Barcelona i Cadí (ii) | - | - | - | - | - | - | 3,590 |
| SIRF Holding Ltd. (ii) | - | - | - | - | - | - | 9,643 |
| Other | - | - | - | - | - | - | 65 |
| | 6,621,688 | (53,360) | (700) | (580,081) | (1,149) | 5,986,398 | 906,223 |

(i) The diference between equity pick up in subsidiaries and net income of subsidiaries refers to exchange variation.
(ii) Please see Note 3 (e) with the effects of the change in status to investment entity in BTGI. On March 31, 2016, these investments are been presented together with trading portfolio as investment entity portfolio.

# 14. Intangible assets

| | | Changes in Intangible assets | | | | |
|---|---|---|---|---|---|---|
| | 31/12/2015 | Acquisitions | Write off | Amortization expenses / derecognition | Exchange variation | 31/03/2016 |
| Goodwill | **401,472** | **797,541** | **(7,761)** | **(44,012)** | **(10,663)** | **1,136,577** |
| Cost | 1,066,967 | 797,541 | (7,761) | - | (29,097) | 1,827,650 |
| Amortization | (665,495) | - | - | (44,012) | 18,434 | (691,073) |
| Other intangible assets | **492,224** | **2,596** | **(32,117)** | **(15,463)** | **(25,990)** | **421,250** |
| Cost | 645,219 | 2,596 | (32,117) | - | (31,536) | 584,162 |
| Amortization | (152,995) | - | - | (15,463) | 5,546 | (162,912) |
| | **893,696** | **800,137** | **(39,878)** | **(59,475)** | **(36,653)** | **1,557,827** |

The intangible assets amortization period is 5 years. The amount of goodwill acquisition, is mainly composed by the reassessment due to the adoption of resolution 4,424 from BACEN, in January 1, 2016, with liability recognition of BSI pension plan deficit.

# 15. Fund raising and loans onlending

## a. Summary

| | 31/03/2016 | | | | | | 31/12/2015 |
|---|---|---|---|---|---|---|---|
| | Total | Up to 90 days | 90 to 365 days | 1 to 3 years | 3 to 5 years | Over 5 years | Total |
| Deposits | 75,285,622 | 67,058,133 | 3,616,942 | 3,788,850 | 755,118 | 66,579 | 86,008,369 |
| Open market funding | 17,452,440 | 10,899,011 | 4,795,235 | 461,439 | 514,303 | 782,452 | 20,308,210 |
| Funds from securities issued and accepted | 18,855,844 | 2,851,269 | 6,725,316 | 5,837,572 | 2,520,907 | 920,780 | 22,826,775 |
| Loans and onlending | 16,179,809 | 8,910,557 | 4,593,716 | 371,983 | 140,906 | 2,162,647 | 15,876,806 |
| Subordinated debts and subordinated debt eligible to equity | 11,246,674 | 85,639 | 592,700 | 2,964,276 | 2,383,172 | 5,220,887 | 11,841,547 |
| | 139,020,389 | 89,804,609 | 20,323,909 | 13,424,120 | 6,314,406 | 9,153,345 | 156,861,707 |

## b. Deposits

| | 31/03/2016 | | | | | | 31/12/2015 |
|---|---|---|---|---|---|---|---|
| | Total | Up to 90 days | 90 to 365 days | 1 to 3 years | 3 to 5 years | Over 5 years | Total |
| Demand deposits | 57,176,879 | 57,176,849 | 30 | - | - | - | 64,196,932 |
| Interbank deposits | 298,776 | 158,596 | 57,365 | 66,271 | 16,544 | - | 1,475,367 |
| Time deposits (i) | 17,809,967 | 9,722,688 | 3,559,547 | 3,722,579 | 738,574 | 66,579 | 20,336,070 |
| | 75,285,622 | 67,058,133 | 3,616,942 | 3,788,850 | 755,118 | 66,579 | 86,008,369 |

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

The deposits have rates between 6.41% p.a and 19.0% p.a. (December 31, 2015 – 2.33% p.a. and 19.0% p.a.)

### c. Open market funding

Open market funding has collateral on the following securities:

| | 31/03/2016 | | | | | | 31/12/2015 |
|---|---|---|---|---|---|---|---|
| | Total | Up to 90 days | 90 to 365 days | 1 to 3 years | 3 to 5 years | Over 5 years | Total |
| Own portfolio | 4,772,131 | 420,873 | 3,670,978 | 406,920 | 20,990 | 252,370 | 8,432,562 |
| Federal government bonds | 3,636,551 | - | 3,302,466 | 60,725 | 20,990 | 252,370 | 6,732,642 |
| Corporate securities | 930,640 | 215,933 | 368,512 | 346,195 | - | - | 1,699,920 |
| Foreign government bonds | 204,940 | 204,940 | - | - | - | - | - |
| Third-party portfolio | 6,824,666 | 6,824,666 | - | - | - | - | 6,244,030 |
| Federal government bonds | 6,813,537 | 6,813,537 | - | - | - | - | 6,235,603 |
| Corporate securities | 2,696 | 2,696 | - | - | - | - | 8,427 |
| Foreign government bonds | 8,433 | 8,433 | - | - | - | - | - |
| Unrestricted portfolio (i) | 5,855,643 | 3,653,472 | 1,124,257 | 54,519 | 493,313 | 530,082 | 5,631,618 |
| Federal government bonds | 5,686,195 | 3,484,024 | 1,124,257 | 54,519 | 493,313 | 530,082 | 5,631,618 |
| Foreign government bonds | 169,448 | 169,448 | - | - | - | - | - |
| | 17,452,440 | 10,899,011 | 4,795,235 | 461,439 | 514,303 | 782,452 | 20,308,210 |

(i) From the unrestricted portfolio, R$4,770,344 (December 31, 2015 – R$3,042,507) refers to short position and R$1,085,299 (December 31, 2015 – R$2,589,111) to third-party portfolio.

### d. Funds from securities issued and accepted

| | 31/03/2016 | | | | | | 31/12/2015 |
|---|---|---|---|---|---|---|---|
| | Total | Up to 90 days | 90 to 365 days | 1 to 3 years | 3 to 5 years | Over 5 years | Total |
| Securities – Brazil | 12,259,929 | 2,746,572 | 5,119,145 | 3,401,768 | 726,340 | 266,104 | 12,956,775 |
| Financial bills | 10,987,977 | 2,333,583 | 4,574,119 | 3,091,555 | 722,616 | 266,104 | 11,349,904 |
| Mortgage bonds/letters of credit for agribusiness | 1,265,420 | 406,457 | 545,026 | 310,213 | 3,724 | - | 1,588,789 |
| Structured finance debt | 6,532 | 6,532 | - | - | - | - | 18,082 |
| Securities – abroad | 6,595,915 | 104,697 | 1,606,171 | 2,435,804 | 1,794,567 | 654,676 | 9,870,000 |
| Medium term notes | 6,459,180 | 93,140 | 1,539,554 | 2,391,326 | 1,780,484 | 654,676 | 9,563,516 |
| Fixed rate notes and other | 136,735 | 11,557 | 66,617 | 44,478 | 14,083 | - | 306,484 |
| | 18,855,844 | 2,851,269 | 6,725,316 | 5,837,572 | 2,520,907 | 920,780 | 22,826,775 |

As at March 31, 2016, securities in Brazil were basically indexed o interest referenced rates (CDI) between 86% and 100% or inflation indexes (IPCA and IGPM) plus 2.21% p.a. to 6.3% p.a. (December 31, 2015 – indexed to (CDI) between 86% and 113% or inflation indexes (IPCA and IGPM) plus 1.2% p.a. to 7.8% p.a.).

On March 31, 2016, securities abroad have rates between 3.25% p.a. and 7.0% p.a. (December 31, 2015 – between 1.2% p.a. and 7.0% p.a.).

### e. Loans and onlending

| | 31/03/2016 | | | | | | 31/12/2015 |
|---|---|---|---|---|---|---|---|
| | Total | Up to 90 days | 90 to 365 days | 1 to 3 years | 3 to 5 years | Over 5 years | Total |
| Loans abroad | 13,209,164 | 8,859,149 | 4,078,093 | 271,922 | - | - | 12,663,428 |
| Foreign currency | 61,244 | 7,761 | 53,483 | - | - | - | 156,165 |
| Loans abroad | 13,147,920 | 8,851,388 | 4,024,610 | 271,922 | - | - | 12,507,263 |
| Loans - Brazil | 522,964 | 48,419 | 466,971 | - | - | 7,574 | 817,332 |
| Loans | 522,964 | 48,419 | 466,971 | - | - | 7,574 | 817,332 |
| Onlending in Brazil – official institution | 2,447,681 | 2,989 | 48,652 | 100,061 | 140,906 | 2,155,073 | 2,396,046 |
| FINAME/BNDES | 2,447,681 | 2,989 | 48,652 | 100,061 | 140,906 | 2,155,073 | 2,396,046 |
| | 16,179,809 | 8,910,557 | 4,593,716 | 371,983 | 140,906 | 2,162,647 | 15,876,806 |

On March 31, 2016, loans and onlending have rates of 3.25% p.a. and 7.0% a.a. (December 31, 2015 – between 0.73% p.a. and 6.0% p.a.).

### f. Subordinated debt and debt instrument eligible to equity

| | 31/03/2016 | | | | | 31/12/2015 |
|---|---|---|---|---|---|---|
| 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 | 6,249,396 | 6,084,767 |
| Subordinated debt - US$ | 800,000 | 28/09/2012 | 15/09/2022 | 5.75% | 1,560,445 | 1,821,507 |
| Subordinated debt - CHF | 97,429 | 23/12/2011 | 23/12/2021 | 5.25% | 356,714 | 390,964 |
| Subordinated debt eligible to equity - US$ | 1,300,000 | 12/09/2014 | Callable at September 2019 | 8.75% | 3,080,119 | 3,544,309 |
| **Total** | | | | | 11,246,674 | 11,841,547 |

(i) Financial bills have different maturities and have interests and principal generally amortized every six months.

## 16. Other obligations

### a. Social and statutory

| | 31/03/2016 | 31/12/2015 |
|---|---|---|
| Dividends and profit sharing payable | 464,816 | 653,401 |
| Employees' profit sharing | 388,007 | 1,002,030 |
| Other benefits | 626,175 | 222,378 |
| | 1,478,998 | 1,877,809 |
| Current | 1,478,998 | 1,877,809 |
| Long-term | - | - |

### b. Tax and social security

| | 31/03/2016 | 31/12/2015 |
|---|---|---|
| Tax and contributions to be collected | 236,441 | 375,922 |
| Tax and contribution payable | 677,685 | 1,403,539 |
| Deferred income tax and social contribution (Note 18) | 161,914 | 410,370 |
| Deferred PIS and COFINS | 5,428 | 70,649 |
| Suspended-payment taxes and others tax liabilities (Note 17 (c)) | 1,573,057 | 1,483,735 |
| | 2,654,525 | 3,744,215 |
| Current | 1,167,849 | 2,286,615 |
| Long-term | 1,486,676 | 1,457,600 |

### c. Sundry

| | 31/03/2016 | 31/12/2015 |
|---|---|---|
| Payable for acquisition of assets and rights (i) | 1,078,160 | 1,041,588 |
| Provision for accounts payable | 1,044,241 | 1,370,293 |
| Provision for contingent liabilities (Note 17 (c)) | 741,097 | 872,048 |
| Payable collateral in physical commodities | 3,159,581 | 5,209,221 |
| Trade payables for commodities | 1,218,609 | 1,141,893 |
| Other creditors - Brazil | 2,968,020 | 1,787,383 |
| Other creditors - abroad | 1,570,108 | 1,677,909 |
| Allowance for guarantees (Note 10(e)) | 233,219 | 196,118 |
| Obligations related to transferred loans | 399,183 | 492,317 |
| Pension plan liability (defined benefit - BSI) (ii) | 1,366,725 | - |
| Other | 1,226 | 82,520 |
| | 13,780,169 | 13,871,290 |
| Current | 8,136,152 | 10,092,802 |
| Long-term | 5,644,017 | 3,778,488 |

(i) Refers to amounts payable for the acquisition of investments (mainly Banco Pan S.A.).
(ii) See Note 25 (c)

## 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 March 31, 2016 and December 31, 2015, 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 unfavourable 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 counsellors 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 December 31, 2015 are appropriate to cover any losses arising therefrom. The provisions recognized and their changes in the years are as follows:

| | 31/03/2016 | | | | 31/03/2015 |
|---|---|---|---|---|---|
| | Tax | Civil | Labor | Total | Total |
| Balance at the beginning of the quarter | 1,483,735 | 842,552 | 29,496 | 2,355,783 | 2,141,233 |
| Recognition | 92,683 | 59,863 | 11,935 | 164,481 | 16,497 |
| Write-off | (3,361) | (196,907) | (5,842) | (206,110) | (154,761) |
| Balance at the end of the quarter | 1,573,057 | 705,508 | 35,589 | 2,314,154 | 2,002,969 |
| | | | | | |
| Suspended-payment taxes and other taxes contingencies | | | | 1,573,057 | 1,378,705 |
| Provision for contingent liabilities | | | | 741,097 | 624,264 |

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 March 31, 2016, the Bank was part to taxes lawsuits with a possible outcome, which were not recorded in provision. The descriptions of the main lawsuits are as follows:

- Lawsuits relating to the payment of profit sharing, challenging the payment of social security contribution on the amounts and non-deductibility of income tax and social contribution tax base. The amount claimed is R$870 million. Part of this amount is security by indemnity clause, as it refers to the period before the acquisition of the Bank by the current controllers.

- Lawsuits relating to the demutualization and IPO of BM&F Bovespa, challenging the taxation of PIS and Cofins on revenues earned from the sale of shares of the companies previously mentioned. The amount claimed is R$19 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 March 31, 2016 totaled R$2,184 million alleging that our use of the amortization of certain goodwill to reduce the amount of the IRPJ and CSLL taxes payable by us was inappropriate. Such goodwill was originated in connection with the acquisition of us by UBS in 2006. The amortization of such goodwill occurred from February 2007 to January 2012, although the tax assessment solely relates to the IRPJ and CSLL tax returns for the calendar years 2007, 2008 and 2009. The Bank presented a defense against this tax assessment. On February 2013, a first instance decision was issued, providing for a partial reduction of the tax assessment amount. On June 03, 2015, a second instance decision was issued, which canceled the isolated fine in the amount of R$330 million, as of March 31, 2016. Based on our analysis of applicable case law, including in recent similar cases, we believe that the tax assessment is without merit and that we will ultimately prevail in its appeal. In addition, on December 2015, the Bank received other tax assessment in the amount of R$1,678 million, which refers to 2010 and 2011, alleging that our use of the goodwill originated in the acquisition of Pactual by UBS, held on 2006, and in the buyback of Pactual by BTG, on 2009. As a result, the Bank does 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 and also by our parent company in relation to the first and second tax assessments, respectively. Accordingly, in no event we expect to incur any material losses in connection with this matter.

**ii. Provision for contingent liabilities**

As at March 31, 2016, the bank was part to several civil, labor, lawsuits and other contingences with a possible outcome, which were not recorded in provisions.

# 18. Income tax and social contribution

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

| | 31/03/2016 | 31/03/2015 |
|---|---|---|
| Tax base | 1,661,379 | (451,750) |
| Income before taxes and profit sharing | 2,057,713 | (299,276) |
| Statutory profit sharing | (396,334) | (152,474) |
| Total charge of income tax and social contribution at the current rates | (747,621) | 180,700 |
| Permanent (additions) / deductions in taxation calculation | (48,595) | 863,593 |
| Equity pick up in associated and jointly controlled companies in Brazil | 237,509 | 298,531 |
| Income/(loss) of foreign exchange on foreign investments | (282,134) | 784,068 |
| Foreign earnings | 230,148 | (89,244) |
| Dividends | 43,070 | 13,533 |
| Other Permanent (additions) / deductions | (277,188) | (143,295) |
| Temporary (additions) / deductions on the taxation calculation | 372,715 | (569,570) |
| Reversal of provision for goodwill on the acquisition of investments | 34,030 | 35,381 |
| Interest on equity | - | 119,280 |
| Fair value of securities and derivatives | 417,126 | (722,257) |
| Allowance for loan losses | (70,166) | (48,767) |
| Tax contingencies and provision for suspended-payment taxes | - | 13,382 |
| Non-permanent impairment of investments | - | (6,328) |
| Other provisions | (8,275) | 39,739 |
| Effect of different aliquots in other countries | 28,089 | (29,557) |
| Offset of tax loss carry forwards | 1,125 | (921,986) |
| Income tax and social contribution expense | (394,287) | (476,820) |
| Temporary differences | | |
| Recognition / (reversal) of the quarter | (404,618) | 568,311 |
| Recognition on goodwill on investments | - | 6,328 |
| Recognition / (reversal) of tax losses carry forward | 172,908 | 921,683 |
| Recognition on foreign companies tax losses carry forward | (200,510) | 193,727 |
| Recognition / (reversal) of loss on investment abroad | 148,553 | 13,696 |
| Other temporary differences | 82,035 | - |
| Deferred income tax and social contribution | (201,632) | 1,703,745 |
| Total revenues / (expenses) | (595,919) | 1,226,925 |

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

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

| Income tax and social contribution | 42004 | Recognition | Realization (i) | 42277 |
|---|---|---|---|---|
| Tax loss | 827,919 | 213,433 | (241,035) | 800,317 |
| Allowance for loan losses | 837,220 | 72,398 | (2,232) | 907,386 |
| Marked-to-market evaluation of securities and derivatives | 3,042,574 | 252,449 | (669,575) | 2,625,448 |
| Goodwill on the acquisition of investment | 150,228 | - | (34,030) | 116,198 |
| Tax contingencies and provision for suspended-payment taxes | 183,844 | - | - | 183,844 |
| Other temporary differences | 572,337 | 162,454 | (50,679) | 684,112 |
| | 5,614,122 | 700,734 | (997,551) | 5,317,305 |
| Reflected on stockholder's equity | | | | |
| Marked-to-market evaluation of securities and derivatives | 14,045 | - | (10,259) | 3,786 |
| Others | 107,160 | - | - | 107,160 |
| | 5,735,327 | 700,734 | (1,007,810) | 5,428,251 |

| Income tax and social contribution | 42004 | Recognition | Realization (i) | 42094 |
|---|---|---|---|---|
| Tax loss carryforwards | 239,956 | 940,583 | - | 1,180,539 |
| Interest on equity | 119,280 | - | (119,280) | - |
| Impairment loss on investment (ii) | 13,787 | - | (13,787) | - |
| Allowance for loan losses | 370,928 | 56,561 | (7,794) | 419,695 |
| Fair value measurement of securities and derivatives | 286,461 | 2,845,204 | (2,089,132) | 1,042,533 |
| Goodwill on the acquisition of investment | 267,505 | - | (35,381) | 232,124 |
| Tax contingencies and provision for suspended-payment taxes | 213,913 | - | (13,382) | 200,531 |
| Other temporary differences | 172,838 | 43,084 | (82,997) | 132,925 |
| | 1,684,668 | 3,885,432 | (2,361,753) | 3,208,347 |

(i) On March 31, 2016, the amount of R$22,065 (December 31, 2015 – R$228,521), 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 |
|---|---|---|---|
| 2016 | 1,649,741 | 284,468 | 1,934,209 |
| 2017 | 1,399,256 | 286,354 | 1,685,610 |
| 2018 | 1,399,256 | 229,495 | 1,628,751 |
| 2019 fonwards | 179,681 | - | 179,681 |
| Total | 4,627,934 | 800,317 | 5,428,251 |
| **Present value** | 3,690,489 | 698,582 | 4,389,071 |

As at March 31, 2016 tax credits in the amount of R$1,094,271 (December 31, 2015– R$1,323,501), 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$161,914 (December 31, 2014 - R$410,370), according to note 16(b).

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

# 19. Shareholders' equity

**Banco BTG Pactual S.A.**

**a. Capital**

As at March 31, 2016, fully subscribed and paid in capital consists of 2,696,327,016 shares (December 31, 2015 – 2,756,103,006), of which 1,384,479,472 common shares (December 31, 2015 – 1,404,405,002), 495,997,140 class A preferred shares (December 31, 2015 – 535,847,600) and 815,850,404 class B preferred shares (December 31, 2015 – 815,850,404), all no-par, registered shares.

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

The common shares have right to one vote each in the deliberations of the General 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% 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 March 31, 2016 | 1,424,305,814 | 575,649,224 | 815,850,404 | 2,815,805,442 |
| Outstanding at December 31, 2015 | 1,424,305,814 | 575,649,224 | 815,850,404 | 2,815,805,442 |

### b. Treasury shares

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

### c. Special earnings reserve

The purpose of this reserve is to interest on equity, in the amount of R$230,000, declared after year ended on December 31, 2015.

### d. 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.

### e. 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.

### f. Unrealized income reserve

Established considering undistributed dividends obtained in foreign branch.

### g. 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 August 05, 2015, the Bank has approved the distribution of dividends in the amount of R$47,324, equivalent to R$0.02 per share. The payment of such dividends, occurred on August 20, 2015.

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

As at December 31, 2015 the Bank has accrued R$492,754, relating to interest on equity, equivalent to R$0.18 per share, which generated R$197,102 of tax benefit. These amounts were approved in the Special Shareholders' Meeting held on December 28, 2015.

**BTG Investments, LP**

**a. Capital**

As at March 31, 2016, BTGI, fully subscribed and paid in capital consists of 2,696,327,316 shares (December 31, 2015 – 2,756,103,006), of which 1,674,623,797 Class A common shares (December 31, 2015 – 1,674,623,797), 277,707,809 Class B common shares (December 31, 2015 – 277,707,809), 721,345,071 Class C common shares (December 31, 2015 – 721,345,071) and 82,426,329 Class D common shares (December 31, 2015 – 82,426,329).

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

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 March 31, 2016 | 1,674,623,797 | 277,707,809 | 680,399,127 | 63,596,583 | 2,696,327,316 |
| Outstanding at December 31, 2015 | 1,674,623,797 | 277,707,809 | 721,345,071 | 82,426,329 | 2,756,103,006 |

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

| | 31/03/2016 | 31/03/2015 |
|---|---|---|
| Management and performance fee from investment funds and portfolios | 392,350 | 290,963 |
| Brokerage | 173,726 | 56,099 |
| Technical services | 178,623 | 2,326 |
| Commission on the placement of securities | 31,596 | 38,990 |
| Guarantees | 56,227 | 52,444 |
| Other services | 3,330 | 5,712 |
| | 835,852 | 446,534 |

# 21. Other operating income

| | 31/03/2016 | 31/03/2015 |
|---|---|---|
| Recovery of charges and expenses | 4,910 | 216 |
| Reversal of provision – employees' profit sharing | - | 9,339 |
| Reversal of provision - contingencies | 179,520 | 181,930 |
| Adjustment to inflation of judicial deposits and others | 95,453 | 24,208 |
| Exchange variation results | 27,312 | 194,748 |
| Adjustment of amounts payable for acquisition of investments | 95,374 | 37,306 |
| Other operating income | 55,235 | 38,555 |
| | 457,804 | 486,302 |

# 22. Other operating expenses

| | 31/03/2016 | 31/03/2015 |
|---|---|---|
| Expenses with taxes adjusted for inflation | 23,164 | 9,369 |
| Repayment of financial operating costs | 1,557 | - |
| Exchange rate variation | 128,762 | 142,847 |
| Clients reimbursement | 15,007 | 2,249 |
| Adjustment of amounts payable for acquisition of investments (i) | 59,763 | 89,427 |
| Goodwill amortization (ii) | 44,012 | 50,153 |
| Net expenses of phisycal commodities | 144,134 | 4,930 |
| Allowance for other receivables without loan characteristics | 28,938 | - |
| Other | 29,383 | 8,852 |
| | 474,720 | 307,827 |

(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

| | 31/03/2016 | 31/03/2015 |
|---|---|---|
| Outsourced services and consulting | 264,309 | 184,861 |
| Telecommunications and data processing | 118,444 | 64,619 |
| Leases and condominiums | 54,120 | 30,513 |
| Travel and lodging | 17,094 | 20,895 |
| Expenses of the financial system | 89,238 | 49,494 |
| Advertising and public relations | 17,246 | 10,204 |
| Depreciation and amortization | 40,241 | 21,813 |
| Other | 54,650 | 11,760 |
| | 655,342 | 394,159 |

# 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 | 31/03/2016 | 31/12/2015 | 31/03/2016 | 31/03/2015 |
| **Assets** | | | | | | |
| **Open market investments** | | | | | | |
| - Banco Pan S.A. | Jointly Controlled | 01/04/2016 | 1,250,000 | 630,001 | 28,408 | - |
| **Interbank investments deposits** | | | | | | |
| - Banco Pan S.A. | Jointly Controlled | 01/04/2016 | 534,883 | 310,000 | 16,777 | 54,123 |
| **Securities** | | | | | | |
| - Banco Pan S.A. | Jointly Controlled | 23/04/2020 | 21,593 | 23,040 | - | - |
| **Derivative financial instruments** | | | | | | |
| - Banco Pan S.A. | Jointly Controlled | 22/04/2020 | 214,286 | 2,025 | - | - |
| **Loans** | | | | | | |
| - BTG Loanco LLC - Delaware | Related | No maturity | 1,645,937 | 1,665,303 | 1,711 | - |
| **Income Receivable** | | | | | | |
| - BTG Pactual Brazil Investment Fund I LP (i) | Subsidiary and Related | No maturity | 156,737 | 65,037 | 8,050 | 15,468 |
| - BTG Absolute Return Master Fund II (i) | Jointly Controlled | No maturity | 6,068 | 12,952 | 95,098 | 28,901 |
| - Partners (i) | Partners | 27/11/2033 | 456,229 | 2,025,781 | 48,401 | 8,677 |
| **Liabilities** | | | | | | |
| **Time deposits** | | | | | | |
| - BTG Equity Investment LLC | Related | 01/04/2016 | (23,750) | (25,112) | - | - |
| - BTG Pactual Proprietary Feeder (1) Limited | Related | 01/04/2016 | (21,798) | (221,463) | - | - |
| - BTG Pactual Stigma LLC | Related | 01/04/2016 | (16,292) | (18) | - | - |
| - Others | Subsidiary and Related | 01/04/2016 | (13,891) | (29,060) | - | - |
| **Open market funding** | | | | | | |
| - BRPEC Agropecuária (i) | Related | 30/06/2016 | (30,854) | (165,336) | - | - |
| - FIP Turquesa | Related | 30/06/2016 | - | (190,100) | - | - |
| - BTG Absolute Return Master Fund II (i) | Jointly Controlled | No maturity | (5,071,433) | (3,754,650) | (32,027) | - |
| - BTG Pactual Proprietary Feeder (1) Limited | Related | Sem Prazo | (2,145,825) | (2,343,960) | (9,500) | - |
| **Securities issued abroad** | | | | | | |
| - BRPEC Agropecuária (i) | Related | 18/09/2019 | (234,384) | (167,668) | (33,984) | - |
| **Derivative financial instruments** | | | | | | |
| - Banco Pan S.A. | Jointly Controlled | 22/04/2020 | (421,087) | (346,714) | - | - |

(i) Jointly-controlled of Banco BTG Pactual S.A.
(ii) Jointly-controlled of BTGI.

Total compensation paid in the quarter to key management personnel totaling R$1,275 (March 31, 2015 – R$18,084) which is considered short term benefit.

# 25. Other information

## a. Cash and cash equivalents

| | 31/12/2015 | 31/12/2014 |
|---|---|---|
| Cash at banks | 20,491,406 | 1,674,397 |
| Open market investments | 9,073,969 | 23,676,585 |
| Interbank deposits | 8,864,471 | 4,393,272 |
| **Balances at beginning of the quarter** | 38,429,846 | 29,744,254 |

| | 31/03/2016 | 31/03/2015 |
|---|---|---|
| Cash at banks | 19,602,257 | 2,398,610 |
| Open market investments | 9,609,709 | 19,358,121 |
| Interbank deposits | 4,898,055 | 3,794,923 |
| **Balances of end of the quarter** | 34,110,021 | 25,551,654 |

## b. Commitments and responsibilities

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

| | 31/03/2016 | 31/12/2015 |
|---|---|---|
| Co-obligation and risks for guarantees granted | 12,044,295 | 13,898,659 |
| Responsibility for the management of futures and investment portfolio (i) | 207,045,470 | 238,400,200 |
| Securities | 22,043,149 | 35,765,526 |
| Securities under custody | 1,231,668,357 | 1,106,442,487 |
| Securities trading and brokerage | 1,651,157,711 | 1,879,311,558 |
| Loans contract to release | 606,763 | 26,575,704 |
| Commitments to be released | 2,423,147 | 186,000 |

(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" registers amounts related to the financial commitments of the Bank with its investees.

**c. Pension plan**

BSI contributes to pension plan entities which provide post-employment benefits to current and retires employees. The most relevant pension schemes related to the Swiss employees whereas BSI's employees, through these entities, are enrolled in these mandatory occupational pension schemes in accordance with the Swiss Federal Law. These pension entities have their assets and obligations segregated from BSI and they are jointly managed by employees and BSI's representatives.

The pension benefits provided by these entities changed significantly on January 2015; and from that date onwards are considered defined contribution rather than defined benefit under Swiss GAAP. Under the old plan, pension benefits were calculated substantially based on a percentage of the last salaries; and under the new plan, pension benefits are calculated by applying the conversion rate to the assets accumulated by the insured person at the date of retirement.

During the quarter ended March 31, 2016, BTG Pactual recognized in its consolidated financial statements a pension plan liability derived BSI in the amount R$1,366 million. Such liability was measured in accordance with conditions and criteria defined in Circular BACEN nº 4.424/15 applicable to financial institutions in Brazil from January 1, 2016 onwards. The pension liability was recognized as an adjustment to the investment in BSI, transforming the initial negative goodwill into goodwill. The pension plan total defined obligation and plan assets are estimated in R$5.583 million and R$4.217 million, respectively. The discount rate used was 0.67% p.y.

## 26. Subsequent events

In April 8, 2016, BTG Pactual decided to implement the separation of its commodity trading activities, with the exception of those activities carried out by the Brazil energy trading desk from the operational structure of BTG Pactual and to rearrange the Commodities Platform under a new Luxembourg-based company named Engelhart Commodities Trading Partners. The Commodities Platform will operate separately from BTG Pactual, with limited administrative and operational services to be provided by BTG Pactual based on arm's length contracts in accordance with market practices, including cost sharing and infrastructure sharing agreements, until such services are fully assumed by Engelhart CTP. The new company will have approximately US$ 1.6 billion in shareholders' equity and US$ 5.7 billion in total assets (based on the reference date of February 29, 2016). It is anticipated that a portion of such equity will be held by senior employees of Engelhart CTP under an incentive program, the material terms of which have been agreed and which are now being set forth in definitive agreements. Since its inception, the Commodities Platform has grown in size and scale of operations globally. The Separation is the outcome of this growth and maturity, representing a distinct business model apart from BTG Pactual's other core business areas. The Separation is expected to allow for the optimization of the Commodities Platform's capital structure and enable the business to operate independently in a manner that is compatible with those of its main competitors, including the ability to operate under a more suitable global credit risk profile.

BTG Pactual is currently considering in the transaction above involving the delivery of approximately 65% of its equity stake in Engelhart CTP to BTG Pactual's shareholders and, upon completion of it, BTG Pactual is aiming should no longer to consolidate the assets and liabilities of Engelhart CTP for accounting and regulatory purposes and, accordingly, BTG Pactual will recognize the remaining stake as an investment in an associate entity based on the equity method. The completion of the separation is subject to corporate and regulatory approvals.

On April 12, 2016, BTGI entered into, together with BTG Pactual Principal Investments FIP – in which the Company invests jointly with other co-investors -, a share purchase and sale agreement through which they committed to dispose of, for a symbolic amount, 100% of their shares issued by União de Lojas Leader S.A. ("Leader"). The effective conclusion of the operation is contingent upon conditions precedent, including obtaining necessary regulatory approvals.

On April 20, 2016, BTG Pactual, informed its shareholders and the market in general that on this date purchase and sale agreements were entered into, whereby CNP Assurances S.A. undertook to acquire BTG Pactual's entire interest in Pan Seguros S.A. and Panamericano Administração e Corretagem de Seguros e de Previdência Privada Ltda. for the total amount R$700.0 million, subject to certain adjustments in order to reflect the Companies' performance until the date of completion of said transactions plus any dividends to be distributed to the their respective shareholders until said completion date, in accordance with the relevant agreements. The transaction is subject to regulatory approvals and commercials issues.