

Interim Condensed Financial Statements

BTG Pactual Participations Ltd.

June 30, 2016

with independent auditors' review report

BTG Pactual Participations Ltd.

Interim condensed financial statements

As of June 30, 2016

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A free translation from Portuguese into English of the independent auditors' review report on interim condensed financial statements prepared in accordance with the international accounting standard IAS 34 – Interim Financial Reporting, issued by the International Accounting Standards Board – IASB.

Independent auditors' review report

To the Shareholders and Management of
BTG Pactual Participations Ltd.

Introduction

We have reviewed the interim condensed financial statements of BTG Pactual Participations Ltd. ("Company") for the six-month period ended June 30, 2016, which comprise the interim condensed balance sheet as of June 30, 2016 and the related interim condensed statements of income and comprehensive income, changes in shareholders' equity and cash flows for the six-month period then ended, and a summary of significant accounting practices and other explanatory notes.

Management is responsible for the preparation and fair presentation of this interim condensed financial statements in accordance with the international accounting standard IAS 34 – Interim Financial Reporting, issued by the International Accounting Standards Board – IASB. Our responsibility is to express a conclusion on this interim condensed 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

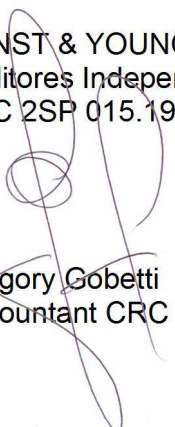
Based on our review, nothing has come to our attention that causes us to believe that the interim condensed financial statements referred to above have not been prepared, in all material respects, in accordance with the international accounting standard IAS 34 – Interim Financial Reporting, issued by the International Accounting Standards Board – IASB.

Emphasis of matters

We draw attention to Note nº 1 to the interim condensed financial statements, which indicates the actions implemented by the Company since the November 25, 2015 events that impacts its operations, including the investigation process, which was completed on 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.

São Paulo, August 09, 2016.

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



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

A free translation from Portuguese into English of our interim condensed financial statements prepared in accordance with the International Financial Reporting Standards as issued by the International Accounting Standard Board and in Reais

BTG Pactual Participations Ltd.

Interim condensed balance sheets

As of June 30, 2016 and December 31, 2015

(In thousands of reais)

Assets	Note	6/30/2016	12/31/2015
Cash and cash equivalents	5	24	-
Investment entity portfolio	6	575,640	723,829
Total assets		575,664	723,829
Liabilities			
Due to brokers		-	540
Total liabilities		-	540
Shareholders' equity			
Capital stock and share premium	7	1,364,428	1,328,880
Treasury shares	1, 7	(37,627)	(32,665)
Other comprehensive income		489,837	600,930
Accumulated losses		(1,240,974)	(1,173,856)
Total shareholders' equity		575,664	723,289
Total liabilities and shareholders' equity		575,664	723,829

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

BTG Pactual Participations Ltd.

Interim condensed statements of income

Quarters and semesters ended June 30

(In thousands of reais, except for earning / (loss) per share)

		Quarters ended on:		Semesters ended on:	
	Note	6/30/2016 (1)	6/30/2015 (1)	6/30/2016 (1)	6/30/2015 (1)
Interest income	9a	-	86,954	-	124,323
Interest expenses	9b	-	(316,705)	-	(732,190)
Interest expenses, net		-	(229,751)	-	(607,867)
Gains on financial instruments held for trading	10	-	222,238	-	373,040
Gains on financial assets designated at fair value through profit and loss		-	(1,591)	-	546
Equity pickup in associates and joint ventures, before change of status to investment entity		-	(15,963)	-	(22,928)
Gains/(losses) on financial assets available for sale		-	-	-	-
Dividends received		-	16,248	-	16,248
Impairment losses		-	(100,000)	-	(100,000)
Other operating income / (expenses)	11	(229)	69,849	778	(14,753)
Gain / (loss) on investment entity portfolio measured at fair value	13	12,932	-	(9,661)	-
Operating income / (loss)		12,703	(38,970)	(8,883)	(355,714)
Administrative expenses	12	(84)	(50,967)	(267)	(102,455)
Other expenses		-	(78,465)	-	(106,322)
Income / (loss) for the period		12,619	(168,402)	(9,150)	(564,491)
Income / (loss) attributed to:					
Controlling shareholders		12,619	(42,192)	(9,150)	(141,412)
Non-controlling shareholders		-	(126,210)	-	(423,079)
Earning / (loss) per share (basic and diluted - R\$)	8	0.02	(0.06)	(0.01)	(0.21)

(1) Refer to Note 2(b) regarding the application of the investment entity guidance.

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

BTG Pactual Participations Ltd.

Interim condensed statements of comprehensive income

Quarters and semesters ended June 30

(In thousands of reais)

	Quarters ended on:		Semesters ended on:	
	6/30/2016 (1)	6/30/2015 (1)	6/30/2016 (1)	6/30/2015 (1)
Net loss for the period	12,619	(168,402)	(9,150)	(564,491)
Other comprehensive income / (loss) to be reclassified to profit or loss:	-	68,599	-	(515,334)
Share of other comprehensive income of non-controlled entities:				
Foreign exchange	-	(18,006)	-	67,138
Movements in financial assets at fair value through other comprehensive income:				
Realized losses due to impairment	-	100,000	-	100,000
Unrealized - before change in status	-	(99,307)	-	(355,019)
Exchange differences on translation of controlled entities	-	85,912	-	(327,453)
Other comprehensive income / (loss) not to be reclassified to profit or loss:	(67,669)	(82,431)	(111,093)	696,780
Currency translation adjustments	(67,669)	(82,431)	(111,093)	696,780
Total comprehensive loss for the period	(55,050)	(182,234)	(120,243)	(383,045)
Total comprehensive loss attributed to:				
Controlling shareholders	(55,050)	(45,605)	(120,243)	(95,956)
Non-controlling shareholders	-	(136,629)	-	(287,089)

(1) Refer to Note 2(b) regarding the application of the investment entity guidance.

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

BTG Pactual Participations Ltd.

Interim condensed statement of changes in shareholders' equity

Quarters and semesters ended June 30

(In thousands of reais)

	Note	Capital stock and share premium	Other comprehensive income		Treasury shares	Accumulated losses	Total shareholders' equity	Non-controlling interest	Total shareholders' equity and non-controlling interest
			From Company	From non-controlled entities					
Balance as of December 31, 2014		1,125,180	230,889	(37,999)	-	(283,693)	1,034,377	3,113,790	4,148,167
Net loss of the period		-	-	-	-	(141,412)	(141,412)	(423,079)	(564,491)
Share of other comprehensive income of non-controlled entities:									
Foreign exchange		-	-	16,820	-	-	16,820	50,318	67,138
Change in financial assets at fair value through other comprehensive income									
Realized losses due to impairment		-	25,052	-	-	-	25,052	74,948	100,000
Unrealized		-	(88,940)	-	-	-	(88,940)	(266,079)	(355,019)
Exchange differences on translation of controlled entities		-	(82,034)	-	-	-	(82,034)	(245,419)	(327,453)
Currency translation adjustments		-	174,558	-	-	-	174,558	522,222	696,780
Balance as of June 30, 2015		1,125,180	259,525	(21,179)	-	(425,105)	938,421	2,826,701	3,765,122
Balance as of December 31, 2015		1,328,880	600,930	-	(32,665)	(1,173,856)	723,289	-	723,289
Capital increase	7	35,548	-	-	-	-	35,548	-	35,548
Repurchase of shares	1, 7	-	-	-	(62,930)	-	(62,930)	-	(62,930)
Cancellation of treasury shares	1, 7	-	-	-	57,968	(57,968)	-	-	-
Net loss of the period		-	-	-	-	(9,150)	(9,149)	-	(9,150)
Currency translation adjustments		-	(111,093)	-	-	-	(111,093)	-	(111,093)
Balance as of June 30, 2016		1,364,428	489,837	-	(37,627)	(1,240,974)	575,664	-	575,664

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

BTG Pactual Participations Ltd.

Interim condensed statements of cash flows

Semesters ended June 30

(In thousands of reais)

	Note	6/30/2016 (1)	6/30/2015 (1)
Operating activities			
Net loss for the semester		(9,150)	(564,491)
Adjustments to the loss for the semester			
Equity pickup in associates and joint ventures		-	22,928
Loss on financial assets available for sale		-	100,000
Financial assets at fair value through profit or loss	13	9,661	-
Adjusted gain/(loss) for the semester		511	(441,563)
(Increase)/decrease in operating assets, net			
Investment entity portfolio		58,422	-
Derivative financial instruments		-	994,805
Financial assets held for trading		-	17,324,499
Financial assets designated at fair value		-	(1,564,258)
Financial assets available for sale		-	(64,797)
Loans and receivables		-	(701,046)
Due from brokers		-	2,022,985
Other assets		-	277,535
Increase/(decrease) in operating liabilities, net			
Open market funding		-	(19,366,375)
Derivative financial instruments		-	(1,177,745)
Financial liabilities held for trading		-	(2,520,013)
Due to brokers		(540)	(1,338,029)
Other liabilities		-	(282,886)
Cash provided by/(used in) operating activities		58,393	(6,836,888)
Investment activities			
Capitalization/acquisition of associates and joint ventures		-	(76,513)
Sale/transfer of associates and joint ventures		-	209,686
Dividends received		-	26,120
Cash provided by investing activities		-	159,293
Financing activities			
Repurchase of treasury shares		(62,930)	-
Financial liabilities at amortized cost		-	(682,087)
Cash used in financing activities		(62,930)	(682,087)
Decrease in cash and cash equivalents		(4,537)	(7,359,682)
Balance of cash and cash equivalents			
At the beginning of the semester		-	10,094,874
Foreign exchange gains/(losses) on cash and cash equivalents		(4,561)	47,517
At the end of the semester		24	2,687,675
Decrease in cash and cash equivalents		(4,537)	(7,359,682)
Non-cash transactions			
Capital increase		35,548	-

(1) Refer to Note 2(b) regarding the application of the investment entity guidance.

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

BTG Pactual Participations Ltd.

Notes to the interim condensed financial statements

As of June 30, 2016

(In thousands of reais)

1. Operations

BTG Pactual Participations Ltd ("BTGP" or "Company") was incorporated as a tax exempted Limited Liability Company under the laws of Bermuda on March 26, 2010. On December 29, 2010, the Bermuda monetary authority approved the incorporation of the Company. The Company headquarters is located on Clarendon House, 2 Church Street, HM 11, Hamilton, Bermuda.

The Company has applied for and has been granted exemption from all forms of taxation in Bermuda until March 31, 2035, including income, capital gains and withholding taxes. In jurisdictions other than Bermuda, some foreign taxes will be withheld at source on dividends and certain interest received by the Company.

Banco BTG Pactual S.A. ("BTG Pactual" or "Bank") and BTGP (together with BTG Pactual, the "Group") have units listed 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.

The Company 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 BTG Investments LP ("BTGI"). As a consequence of this transaction, the Company obtained the right to control the financial and operating policies of BTGI.

BTGI was formed in 2008 and makes proprietary capital investments in a wide range of financial instruments, including merchant banking investments in Brazil and overseas, and a variety of financial investments in global markets.

BTG Pactual's asset management area manages BTGI's assets, which do not have their own management, and receives fees at arm's length.

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.

On April 7, 2016, the Special Committee, assisted by outside counsels, concluded their investigation and released the final report. Based on its investigation, Legal Counsel found no basis to conclude that Andre Esteves, BTG Pactual or members of its personnel that were subject to 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.

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Notes to the interim condensed financial statements

As of June 30, 2016

(In thousands of reais)

Buyback Program

On November 25, 2015, the Management approved a stock 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 of 2015, approximately 95,920,626 shares (31,973,542 class A and 63,947,084 class B shares) corresponding to R\$112,614 were repurchased, and 59,702,436 shares (19,900,812 class A and 39,801,624 class B shares), totaling R\$79,949 were canceled during the year ended on December 31, 2015.

During the semester ended on June 30, 2016 the Company repurchased approximately 56,626,224 shares, of which 18,875,408 class A and 37,750,816 class B shares, corresponding to R\$62,930. As of June 30, 2016, 33,068,724 shares (December 31, 2015 – 32,218,190 shares), of which 11,022,908 class A (December 31, 2015 – 12,072,731 shares) and 22,045,816 class B shares (December 31, 2015 – 24,145,460 shares), totaling R\$37,627 (December 31, 2015 – R\$32,665) are held as treasury stock and 59,775,690 shares (19,925,230 class A and 39,850,460 class B shares), totaling R\$57,968 were canceled during the period.

Corporate events

On 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 USD1.6 billion in shareholders' equity (based on the reference date of June 30, 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. BTG Pactual Group could issue new units as a consequence of this transaction, which would lead to a new issuance of shares from BTGP until the completion of the transaction. Complementary informations about the transaction are disclosed in the subsequent events note.

Acquisitions and sales

On December 8, 2015 BTGI, 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 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 for EUR32.25 million (R\$137.06 million).

On March 21, 2016, A.Z.P.S.P.E. Empreendimentos e Participações S.A., BTGI's subsidiary, entered into a share purchase and sale agreement with Gaia Ambiental Empreendimentos S.A, in which it committed to dispose of 100% of its shares in CDR Pedreira, for the amount of approximately R\$258 million.

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Notes to the interim condensed financial statements

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(In thousands of reais)

On April 12, 2016, BTGI together with BTG Pactual Principal Investments FIP, entered into a series of agreements through which they committed to dispose of 100% of their shares in União de Lojas Leader S.A. ("Leader"). By the time these financial statements were issued, BTGI, through one of its subsidiary, among other commitments, had loans in the amount of R\$ 434 million, subsequent to the acquisition of a portion of Leader's liabilities in the process of restructuring its debts. The sale price of the shares corresponds to a symbolic value and the Company will be entitled to receivables deriving from Leader's future results. Complementary informations about the transaction are disclosed in the subsequent events note.

On June 30, 2016, the Company, through its subsidiary BTG Equity Investments LLC, sold its interest in ADS - Advanced Disposal Service to BTGPH Corp Hedge Fund owned by BTG Pactual International Portfolio Fund II SPC for USD94,347 (equivalent to R\$302,835 at the time of the transaction), via transfer of shares at carrying amount with no gains or losses recorded.

The financial statements were approved by the Management on August 9, 2016 and they contain a true and fair view of the financial position and results of the Company.

2. Presentation of interim condensed financial statements

The Company's interim condensed financial statements were prepared and are being presented in accordance with International Accounting Standard (IAS 34) – Interim Financial Reporting, issued by International Accounting Standards Board (IASB).

The items included in the financial statements of each of the businesses of the Company are measured using the currency of the primary economic environment in which the company operates ("functional currency"). The Company's functional currency is the U.S. Dollar, since the majority of the Company's business transactions are in the mentioned currency. The subsidiaries functional currency generally corresponds to the currency from its country.

These interim condensed financial statements do not include all information and disclosures required in the annual financial statements and should be read in conjunction with the Company's financial statements for the year ended December 31, 2015 and the ones of the quarter ended on March 31, 2016.

The accounting policies set out in Note 3 have been applied consistently to all periods presented in these interim condensed financial statements except for the application of IFRS 10 Consolidated Financial Statements – Investment Entities (Amendment), described in the financial statements for the year ended on December 31, 2015, and the effects of the early adoption of IFRS 9 – Financial Instruments, described below.

a. Early Adoption of IFRS 9 – Financial Instruments

The Company decided to early adopt, and with prospective effects, IFRS 9 – Financial Instruments with the date of initial application of January 1, 2016 in order to reduce the complexity of its financial statements, volatility in the income statement of the gains and losses in fair value of its financial assets, and to anticipate a change that will be mandatory as of January 1, 2018. IFRS 9 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.

BTG Pactual Participations Ltd.

Notes to the interim condensed financial statements

As of June 30, 2016

(In thousands of reais)

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 (FVOCI) with or without recycling, or at amortized cost. The main characteristics of IFRS 9 are further described in the main accounting practices.

Apart from the aforementioned changes in classification, no significant impact was identified for the Company's financial statements for the periods ended on June 30, 2016, as of January 1, 2016, date of the IFRS 9 early adoption.

b. IFRS 10 Consolidated Financial Statements – Investment Entities (Amendment)

According to the financial statements for the year ended on December 31, 2015, the Company became an investment entity according to IFRS 10 – Investment Entity from September 30, 2015 onwards.

The Company's investment entity portfolio is held through BTG Holdco, which measures its investment in BTGI, at fair value through profit or loss. Both entities are now fair valued. When it is impractical or there is reasonable effort to measure the fair value of the entity, IFRS 10 allows an investment entity to use the previous carrying amount of the subsidiary. As of June 30, 2016 and December 31, 2015, both entities were presented at fair value.

c. Application and significant judgments

The preparation of the condensed interim financial statements in accordance with IFRS requires Management to make estimates and assumptions that may affect the reported balances of assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenses during the period. Their judgments are particularly relevant in the determination of fair values of financial assets and liabilities, allowances for loan losses and other receivables, impairment of non-financial assets, realization of deferred income taxes, assets and liabilities and the assessment of the need for provisions for contingent liabilities. Estimates are based on historical experience and various other factors that Management believes to be reasonable under the circumstances. Actual results may differ from those estimates.

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognized in the financial statements is included in note 3, specifically regarding the classification of financial assets, the assessment of the business model within which the assets are held and assessment of whether the contractual terms of the financial asset are solely payments of principal and interest on the principal amount outstanding.

d. Revised IFRS pronouncements

The following standards have been adopted as of and for the semester ended June 30, 2016:

• Annual improvements

The "Annual Improvements to IFRSs" for the 2012-14 annual improvement cycles were issued September 25, 2014 and their adoption is required from January 1, 2016.

The Company assessed the possible effects and concluded that it had no material impact on its financial statements.

BTG Pactual Participations Ltd.

Notes to the interim condensed financial statements

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(In thousands of reais)

• IFRS 10 and IAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

“Sale or Contribution of Assets between an Investor and its Associate or Joint Venture” amends IFRS 10 and IAS 28, to clarify the treatment of the sale or contribution of assets from an investor to its associate or joint venture, as follows: (i) require full recognition in the investor's financial statements of gains and losses arising on the sale or contribution of assets that constitute a business (as defined in IFRS 3 Business Combinations), (ii) require the partial recognition of gains and losses where the assets do not constitute a business.

These requirements apply regardless of the legal form of the transaction, e.g. whether the sale or contribution of assets occurs by an investor transferring shares in any subsidiary that holds the assets (resulting in loss of control of the subsidiary), or by the direct sale of the assets themselves.

The change is effective since January 1, 2016 and Management assessed the possible impacts. However, it concluded that they are not significant as of June 30, 2016.

3. Main accounting practices

a. Financial instruments

This section described the accounting practices adopted as a result of the early adoption of IFRS 9.

Recognition date

All financial assets and liabilities are initially recognized on the trading date, that is, the date in which the entity becomes an interested party to the contractual relationship of the instrument. This includes purchases or sales of financial assets or liabilities that require delivery of the asset at a specified time established by regulation or market standard.

Initial recognition of financial instruments

The classification of the financial instruments at their initial recognition depends on the purpose for which they were acquired and their characteristics. IFRS 9 classification is generally based on the business model in which a financial asset is managed and its contractual cash flows. Subsequently to the IFRS 9 early adoption without electing fair value option, the Company classified its financial assets as measured at fair value through profit or loss (FVTPL), fair value through other comprehensive income (FVOCI) with or without recycling or at amortized cost.

Derivatives financial instruments

Derivative financial instruments are recorded at fair value and held as assets when fair value is positive and as liabilities when fair value is negative. The changes in fair value of derivatives are recognized in the consolidated income statement “Net gains (losses) with financial instruments held for trading”.

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Notes to the interim condensed financial statements

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(In thousands of reais)

Financial assets and liabilities held for trading

Financial assets or liabilities held for trading are recorded in the balance sheet at fair value. Variations in fair value, interest revenue, expenses and dividends are recorded in "Gains (losses) on financial instruments held for trading".

Included in this classification are: debt instruments, equities and short sale that have been acquired specifically for the purpose of short term trading or repurchase.

Financial assets and liabilities designated at fair value through profit and loss

Financial assets and liabilities classified in this category are those designed as such on initial recognition. The designation of a financial instrument at fair value through profit or loss on initial recognition is only possible when the following criteria is observed and the designation of each instrument is individually determined:

- Designation eliminates or significantly reduces the inconsistent treatment which would occur in the measurement of assets and liabilities or in the recognition of gains and losses corresponding to different ways; or
- Assets and liabilities are part of a group of financial assets, financial liabilities, or both, which are managed and with their performance assessed based on the fair value, as a documented strategy of risk or investment management; or
- The financial instrument contains one (or more) embedded derivative(s), which significantly modifies the cash flows that would otherwise be required by the agreement.

Financial assets and liabilities at fair value through profit and loss are recorded in the balance sheet at fair value. Changes in the fair value and earned or incurred interest are recorded in "Net gain on financial assets or liabilities designated at fair value through profit and loss".

Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income includes equities and debt instruments:

Equity Instruments

At initial recognition, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value of an investment in an equity instrument that is not held for trading, nor contingent consideration recognized by an acquirer in a business combination to which IFRS 3 applies. If it makes such election, only dividend income that does not clearly represent a recovery of part of the cost of the investment is recognized in profit or loss, with all other gains and losses (including those related to foreign exchange) recognized in other comprehensive income. These gains and losses remain permanently in equity and are not subsequently reclassified to profit or loss, even on derecognition. After derecognition of the investment, the Company may transfer the cumulative gain or loss retained in other comprehensive income to retained earnings.

BTG Pactual Participations Ltd.

Notes to the interim condensed financial statements

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(In thousands of reais)

Debt Instruments

Debt instruments can be recognized under this category if the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and; the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The unrealized gains or losses are recognized directly in equity as other comprehensive income. Upon the realization of the debt instrument, the unrealized gains or losses, previously recognized in the statement of comprehensive income, are reclassified to the income statement, as "Gain (losses) on fair value through other comprehensive income".

Financial assets measured at amortized cost

A financial asset shall be measured at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and;
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial measurement, financial assets are measured at amortized cost using the effective interest rate method. Although the Company is not expected to sell a financial asset measured under this category, as it is expected to hold it to maturity to collect contractual cash flows, the Company need not hold all of those instruments until maturity and sales may occur.

Financial liabilities at amortized cost

Financial liabilities are measured at amortized cost using the effective interest rate method and taking into account any discount or premium on issue and relevant costs that become part of the effective interest rate.

Reclassifications

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Company changes its business model for managing financial assets.

Impairment of financial assets

Under IFRS 9, at initial recognition of a debt instrument, the Company needs to project its expected credit losses for the next 12 months and recognize it as an allowance for credit losses, even though no losses have yet occurred. This is a change of concept to an expected loss model, rather than an incurred loss model that was effective under IAS 39.

If the Company is expecting a significant deterioration in the credit quality of its counterparty, it should recognize an allowance equivalent to the lifetime expected credit losses of the instrument, rather than only the 12 month expected credit losses.

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Measurement

Expected credit losses are a probability-weighted estimate of credit losses. They are measured as follows:

- Financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive);
- Financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows;
- Undrawn loan commitments: as the present value of the difference between the contractual cash flows that are due to the Group if the commitment is drawn down and the cash flows that the Group expects to receive; and
- Financial guarantee contracts: the expected payments to reimburse the holder less any amounts that the Group expects to recover.

If the assets are no longer performing (a credit event), despite considering the expected credit losses for the lifetime of the instrument, the Company should also recognize interest revenue based on the net carrying amount, which means that the allowance should be accounted for on interest recognition.

The main evidence of deterioration of the credit quality of the counterparty are:

- the significant decline in the fair value of any security for a prolonged period;
- noncompliance with contract terms for delay of principal or interest;
- deterioration in ability to pay and operational performance;
- breach of covenants;
- significant change in the performance of the counterparty market;
- reduced liquidity of the asset due to financial difficulties the lender.

For impairment losses related to debt instruments through other comprehensive income, such losses will be recognized on the consolidated statements of income against other comprehensive income in an account called "accumulated impairment amount". However, if in a subsequent year occur an increase in the fair value of the financial asset that can be related to any event, the loss previously considered will be reversed in profit and losses.

The Company is required to reduce the gross carrying amount of its financial instruments when there is no reasonable expectation of recovering the contractual cash flows on the financial assets on its entirety or a portion thereof.

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b. Subsidiaries

The table below presents the direct and indirect interest of the Company in its subsidiaries that have been consolidated in the financial statement up to the change in status to the investment entity:

	Country	Equity interest - %	
		6/30/2016	12/31/2015
Direct			
BTG Bermuda LP Holdco Ltd.	Bermuda	100.00	100.00
Indirect			
BTG Investments LP	Bermuda	26.03	25.88

Below is the ownership interest held by BTGI in its subsidiaries and investment funds:

	Country	Equity interest - %	
		6/30/2016	12/31/2015
Subsidiaries			
BTG Loanco LLC	USA	100.00	100.00
BTG Pactual Stigma LLC	USA	100.00	100.00
BTG Pactual Reinsurance Holdings LP	Bermuda	100.00	100.00
BTG Equity Investments LLC	USA	100.00	100.00
Preserve Insurance Co. Ltd	UK	100.00	100.00
BTG Pactual Mining S.A.	Brazil	100.00	100.00
Hárpia Omega Participações S.A.	Brazil	100.00	100.00
BTG Pactual Servicios S.A. de C.V.	Mexico	100.00	100.00
BTG Pactual Swiss Services S.A.	Switzerland	100.00	100.00
Aigues de Catalunya Ltd.	UK	98.00	98.00
BTG Pactual Iberian Concessions Ltd.	UK	100.00	100.00
BTG Pactual PropertyCo LLC	USA	100.00	100.00
BTG Pactual PropertyCo II LLC	USA	100.00	100.00
BTG Pactual Prop Feeder (1) S.a.r.l.	Luxembourg	100.00	100.00
BTG Pactual Investimentos Florestais S.A.	Brazil	100.00	100.00
BRPEC Agro Pecuária S.A.	Brazil	100.00	100.00
BTG Pactual Proprietary Feeder (1) Limited	Cayman	100.00	100.00
A.Z.A.S.P.E Empreendimentos e Participações S.A.	Brazil	70.00	100.00
A.Z.P.S.P.E Empreendimentos e Participações S.A. (ii)	Brazil	100.00	86.56
BTG Pactual SCFlor & São Lourenço Holding S.A. (i)	Brazil	26.67	26.67
São Lourenço Empreendimentos Florestais Ltda. (i)	Brazil	26.67	26.67
Fazenda Corisco Participações S.A. (i)	Brazil	26.67	26.67
BTG Pactual Santa Terezinha Holding S.A. (i)	Brazil	25.07	25.07
SCFlor Empreendimentos Agrícolas Ltda. (i)	Brazil	25.07	25.07
Fazenda Santa Terezinha Participações S.A. (i)	Brazil	25.07	25.07
BTGI Quartzo Participações S.A	Brazil	100.00	100.00
BTGI Safira Participações S.A	Brazil	100.00	100.00
Investment funds			
Beira Rio Fundo de Investimento em Participações	Brazil	100.00	100.00
Bravo Fundo de Investimento em Participação	Brazil	100.00	100.00
BTG Pactual Brazil Investment Fund I LP	Cayman	100.00	100.00
BTG Pactual Absolute Return II Master Fund LP	Cayman	100.00	100.00
Turquesa Fundo de Investimento em Participação	Brazil	100.00	100.00
FII - FII Estoque Residencial Vitacon	Brazil	100.00	100.00

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

(ii) During the period ended on June 30, 2016, the remaining interest was transferred from FIP Iron, part of BTGI's structure, to Turquesa Fundo de Investimento em Participação.

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As described in Note 1, as from December 29, 2010, the Company became the general partner of BTGI with powers to control BTGI's financial and operating policies through the interest held in that Company.

During the year ended December 31, 2015, the Company received a capital contribution from Generali NV, as part of the BSI S.A. transaction, and subsequently contributed the same amount in BTGI. In addition, as mentioned in Note 1, due to shares repurchase occurred in the year ended December 31, 2015 and the periods ended on June 30, 2016, the Company holds 26.03% of equity interest in BTGI (December 31, 2015 – 25.88%).

4. Risk management

The Company's risk management involves several levels of our management team and various policies and strategies. The structure of the Company's committees allows engaging the whole organization and ensuring decisions are readily implemented.

The main committees involved in risk management activities are (i) Management Committee, which approves policies, sets overall limits and is the ultimate responsible for the management of our risks, (ii) New Business Committee, which assesses the viability and oversees the implementation of proposed new businesses and products, (iii) Credit Risk Committee, which is responsible for approving new credit transactions according to the guidelines set by our Risk Committee, (iv) Market Risk Committee, which is responsible for monitoring market risk, including utilization of our risk limits, and for approving exceptions to such limits, (v) Operational Risk Committee, which assesses main operational risks in light of the established policies and regulatory framework, (vi) AML Compliance Committee, which is responsible for establishing AML rules, and for reporting potential issues involving money laundering, (vii) CFO Committee, which is responsible for monitoring our liquidity risk, including our cash position and balance sheet usage, and for managing our capital structure, (viii) Audit Committee, which is responsible for the independent verification of the adequacy of our controls, and for assessing whether our books records are kept appropriately.

The Company seeks to monitor and control its risk exposure through a variety of separate but complementary financial, credit, operational, compliance, tax and legal reporting systems. In addition, a number of committees are responsible for monitoring risk exposures and for general oversight of our risk management process, as described further below. The close involvement of various committees (including their subcommittees) with the ongoing management and monitoring of our risks helps the Company foster its culture of risk control throughout the organization. The committees consist of senior members of business units and senior members of control departments that are independent of businesses.

a. Market risk

Value at Risk (VaR) is the potential loss of value of the trading positions due to adverse movements in the market during a defined period within a specific level of confidence. Together with the Stress Test, VaR is used to measure the exposure of the Company's positions at market risk. The Company 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, level of level of confidence of 95.0% and one-year historical data. Reliable level of 95.0% means that there is 1 within 20 chances that the day trade net income

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remains below estimated VaR. Therefore, insufficiencies arising from net income expected from trade in a single day of trading exceeding the reported VaR would be expected to occur, on average, around once a month. Insufficiencies in a single day may exceed the VaR reported in material amounts. Insufficiencies 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 Company uses a stress test models as a complement to VaR method for its daily risk activities.

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

	June 30, 2016	December 31, 2015	June 30, 2015
In millions of R\$			
Daily average VaR	0.6	7.8	8.4

The Company used to and continue to measure and evaluate the performance of substantially its entire investments entity portfolio on a fair value basis and therefore there was no significant change in the risk management framework.

Further, it has not been possible to present detailed market risk information relating to Global Markets Investment within its investment entity portfolio. For this matter, the Company's management rely on VaR provided by its manager, which is BTG Pactual.

b. Credit risk

The following table shows the maximum exposure of the investment entity portfolio by geographic region:

	6/30/2016			
	Brazil	United States	Europe	Others (i)
Assets				
Cash at banks	24	-	-	-
Investment entity portfolio				
Assets				
Cash at banks	26,455	-	84	-
Investment entity portfolio	1,116,525	-	-	1,219,010
Investments at fair value through other comprehensive income	56,764	1,659	49,768	(15,679)
Loans and receivables	16,729	615,052	-	422
Other assets	1,920	-	-	-
Liabilities (ii)	-	-	-	(2,513,069)
Total	1,218,417	616,711	49,852	(1,309,316)

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	12/31/2015				
	Brazil	United States	Europe	Others (i)	Total
Assets					
Investment entity portfolio					
Assets					
Cash at banks	190,283	-	105	-	190,388
Investment entity portfolio	509,533	95,343	-	1,959,651	2,564,528
Investments at fair value through other comprehensive income	41,550	13,201	58,725	-	113,476
Loans and receivables	15,644	584,330	-	518	600,493
Other assets	-	-	-	15,521	15,521
Liabilities (ii)	-	-	-	(2,760,577)	(2,760,577)
Total	757,010	692,875	58,830	(784,886)	723,829

(i) The amount of R\$4,683,380 (2015 – R\$7,572,068) being presented as Others mainly relates to Funds based in the Cayman Islands (ARF II and GEMM) with global market investments strategy, as described in Note 6ii.

(ii) Includes financial liabilities entered into by BTGI (BTGP is not a counterparty of such contracts)

The table below states the maximum exposures to credit risk of the investment entity portfolio, classified by the counterparties' economic activities:

	6/30/2016				
	Private institutions	Companies	Individuals	Others	Total
Assets					
Cash and cash equivalents	24	-	-	-	24
Investment entity portfolio					
Assets					
Cash at banks	26,539	-	-	-	26,539
Investment entity portfolio	1,773,346	430,850	-	131,339	2,335,535
Investments at fair value through other comprehensive income	-	108,191	-	(15,679)	92,512
Loans and receivables	-	17,152	615,051	-	632,203
Other assets	-	-	-	1,920	1,920
Liabilities (i)	-	-	-	(2,513,069)	(2,513,069)
Total	1,799,909	556,192	615,051	(2,395,489)	575,664

	12/31/2015				
	Private institutions	Companies	Individuals	Others	Total
Assets					
Investment entity portfolio					
Assets					
Cash at banks	190,388	-	-	-	190,388
Investment entity portfolio	2,166,659	397,869	-	-	2,564,528
Investments at fair value through other comprehensive income	-	113,476	-	-	113,476
Loans and receivables	518	15,645	584,330	-	600,493
Other assets	-	-	-	15,521	15,521
Liabilities (i)	-	-	-	(2,760,577)	(2,760,577)
Total	2,357,565	526,989	584,330	(2,745,055)	723,829

(i) Includes financial liabilities entered into by BTGI (BTGP is not a counterparty of such contracts)

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c. Liquidity analysis and risk

As of June 30, 2016, the Company has R\$24 in cash and cash equivalents (December 31, 2015 – zero), as described in note 5, which has no maturity, and does not have any liabilities. As of December 31, 2015, Due to brokers in the amount of R\$540 represented the sole liability of the Company, and its undiscounted cash flow was equal to its book value.

As of June 30, 2016, there is no fixed maturity for the undiscounted cash flows for the investment entity portfolio of the Company. The following table shows the Investment entity portfolio's liquidity position as of June 30, 2016 and December 31, 2015:

	6/30/2016				Total
	Up to 90 days / No maturity	90 to 365 days	1 to 3 years	Over 3 years	
Assets					
Cash and cash equivalents	24	-	-	-	24
Investment entity portfolio					
Assets					
Cash at banks	26,539	-	-	-	26,539
Investment entity portfolio	1,205,547	-	-	1,129,988	2,335,535
Investments at fair value through other comprehensive income	-	-	-	92,512	92,512
Loans and receivables	-	32,237	-	599,966	632,203
Other assets	-	1,920	-	-	1,920
Liabilities	(1,834,697)	(67,673)	(396,932)	(213,766)	(2,513,069)
Total	<u>(602,588)</u>	<u>(33,516)</u>	<u>(396,932)</u>	<u>1,608,700</u>	<u>575,664</u>

	12/31/2015				Total
	Up to 90 days / No maturity	90 to 365 days	1 to 3 years	Over 3 years	
Assets					
Investment entity portfolio					
Assets					
Cash at banks	190,388	-	-	-	190,388
Investment entity portfolio	1,967,464	-	-	597,064	2,564,528
Investments at fair value through other comprehensive income	-	-	-	113,476	113,476
Loans and receivables	519	29,496	-	570,478	600,493
Other assets	15,521	-	-	-	15,521
Liabilities	(2,111,456)	(255,375)	(391,331)	(2,414)	(2,760,577)
Total	<u>62,435</u>	<u>(225,879)</u>	<u>(391,331)</u>	<u>1,278,604</u>	<u>723,829</u>

5. Cash at banks

Cash at banks comprise exclusively highly liquid bank deposits, in Banco BTG Pactual S.A., totaling R\$24 (December 31, 2015 – zero).

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6. Investment entity portfolio

As of June 30, 2016, the investment entity portfolio measured at fair value through profit and loss is represented by the interest in BTG Holdco, a holding entity, in the amount of R\$575,640 (December 31 2015 - R\$723,829). Below are presented relevant information of the investment portfolio as of June 30, 2016 and December 31, 2015, through the investment in BTGI (via BTG Holdco):

On January 1, 2016, BTGI adopted IFRS 9, with prospective effects from that date onwards. For this matter, the figures disclosed below include impacts from the early adoption, as described in its financial statements.

The relevant figures of the Company's investment portfolio, as of June 30, 2016 and December 31, 2015, are presented below:

	Note	6/30/2016 (1)	12/31/2015 (1)
Assets			
Cash and cash equivalents	(a)	101,961	735,657
Investment entity portfolio	(b)	8,973,015	9,909,305
Investments at fair value through other comprehensive income	(c)	355,427	438,468
Loans and receivables	(d)	2,428,893	2,320,296
Other assets		7,376	59,974
Total		11,866,672	13,463,700
Liabilities			
Financial liabilities at amortized cost	(e)	9,734,386	11,315,154
Other liabilities		9,684	40,825
Total		9,744,070	11,355,979
Shareholders' equity		2,122,602	2,107,721
Total liabilities and shareholders' equity		11,866,672	13,463,700
Investment entity portfolio reconciliation on December 31, 2015			
BTGI shareholder's equity		2,122,602	2,107,721
BTGP ownership (via BTG Holdco)		26.03%	25.88%
Subtotal		552,480	545,519
Fair value adjustment (2)		23,160	178,310
Total		575,640	723,829

(1) Balances as reported by BTGI as of June 30, 2016 and December 31, 2015.

(2) BTGI measures certain assets and liabilities at amortized cost in its financial statements, therefore a fair value adjustment is necessary upon adoption of investment entity by BTGP.

(a) Cash at banks

Cash at banks are comprised exclusively of highly liquid bank deposits.

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(b) Investment entity portfolio

	As of June 30, 2016		As of December 31, 2015	
	Cost	Fair value	Cost	Fair value
Merchant Banking investments (i)	2,635,962	1,655,305	2,486,353	1,741,693
Private equity funds	1,431,696	436,743	1,552,688	755,904
Subsidiaries, associates and jointly controlled entities	1,152,541	1,166,837	963,854	1,015,978
Others	51,725	51,725	(30,189)	(30,189)
Global markets investments (ii)	4,631,654	4,631,654	7,602,257	7,602,257
Corporate bonds (iii)	2,202,190	2,181,459	1,924,820	1,380,902
Others	504,597	504,597	(815,547)	(815,547)
Total	9,974,403	8,973,015	11,197,883	9,909,305

(i) Merchant banking investments

Merchant banking investments consist of investments, held directly or through investment vehicles (including funds that also include third party investors), in a diversified group of portfolio companies primarily located in Brazil. Merchant banking investments are structured generally through privately negotiated transactions with a view to disinvest in four to ten years.

As a result of the IFRS 9 early adoption, part of the merchant banking investments from the investment entity portfolio was reclassified as investments at fair value through comprehensive income as described in note 6c.

As of June 30, 2016 and December 31, 2015, BTGI merchant banking investments corresponds to private equity and real estate investments, through funds or other investment vehicles, as disclosed below:

Merchant banking investments	Description/ Segment activity	6/30/2016		12/31/2015	
		(%) (1)	Fair value	(%) (1)	Fair value
Through Private equity funds:					
União de Lojas Leader S.A.	Retail company	51.9%	-	51.9%	67,854
B&A Mineração S.A.	Development and operation of mining assets	87.8%	215,214	87.8%	261,569
CDR Pedreira Ltda.	Disposal services	-	-	56.3%	156,000
BrPec	Ranching	100.0%	221,529	100.0%	270,481
Through subsidiaries, associates and jointly controlled entities:					
ADS - Advanced Disposal Service	Disposal services	-	-	10.2%	368,406
Timber IX Participações S.A.	Biological assets	26.7%	46,929	26.7%	42,572
BTG Pactual Santa Terezinha Holding S.A.	Biological assets	25.1%	42,606	25.1%	45,126
BTG Pactual SCFLOR & São Lourenço Holding S.A.	Biological assets	26.7%	43,035	26.7%	43,330
Brasil Pharma S.A.	Pharmaceutical retail company	94.5%	403,912	14.3%	5,098
ATLL Concessionaria de La Generalitat de Catalunya S.A.	Concession company	2.0%	-	2.0%	4,320
Loans (2)	Others		630,355		507,126
Others			51,725		(30,189)
Total			1,655,305		1,741,693

1) The equity interest disclosed in the table above refers to the Company indirect interest.

2) Comprised of credit instruments to several entities

(ii) Global market investments

A hedge fund is an investment fund that typically undertakes a wider range of investment and asset trading than other funds, but which is only open for investment from particular types of investors specified by regulators.

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These funds have hybrid portfolios composed of a mix of fixed income, equities, currencies, foreign exchange, derivatives, bonds, commodities, mortgages and interest rates. These funds usually employ a wide variety of investment strategies, and make use of techniques such as short selling and leverage.

As of June 30, 2016 and December 31, 2015, BTGI had invested in the following global hedge funds:

	6/30/2016	12/31/2015
Global markets investments		
BTG Pactual Global Emerging Markets and Macro Fund Limited (1)	-	2,452,290
BTG Pactual Absolute Return II Master Fund LP ("ARF II") (2)	4,631,654	5,149,967
Total	4,631,654	7,602,257

- During the semester ended on June 30, 2016, the Company enacted a full redemption of its investment in BTG Pactual Global Emerging Markets and Macro Fund Limited.
- As of June 30, 2016, R\$4,559,582 (December 31, 2015 - R\$4,780,852) refers to loans granted by ARF II to BTGI. The amount is reflected as financial liabilities at amortized cost in note 6e.

As of June 30, 2016, the Net Asset Value ("NAV") of the Global markets investments presented in the table above approximates to its fair value, which is equivalent to its cost value on the referred date.

(iii) Investment in corporate bonds

Investment in corporate bonds comprises exchanged traded corporate bonds issued by Banco BTG Pactual S.A - Luxembourg Branch, maturing December 29, 2049 and by BTG Pactual S.A. – Cayman Branch, maturing on January 16, 2020.

(c) Investments at fair value through other comprehensive income

Subsequently to the IFRS 9 early adoption, BTGI now presents part of its investment entity portfolio as investments at fair value through other comprehensive income. The carrying amount and fair value of these investments are the same both under IAS 39 and IFRS 9. For this matter, the comparative balances from the year ended on December 31, 2015 were also reclassified, as shown hereunder:

	As of June 30, 2016		As of December 31, 2015	
	Cost	Fair value	Cost	Fair value
Merchant Banking investments (i)	820,217	415,664	820,217	498,729
Private equity funds	820,217	415,664	820,217	498,729
Others	(60,237)	(60,237)	(60,261)	(60,261)
Total	759,980	355,427	759,956	438,468

(i) Merchant banking investments

Merchant banking investments consist of investments, held directly or through investment vehicles (including funds that also include third party investors), in a diversified group of portfolio companies primarily located in Brazil. Merchant banking investments are structured generally through privately negotiated transactions with a view to disinvest in four to ten years.

As of June 30, 2016 and December 31, 2015, BTGI merchant banking investments corresponds to private equity and real estate investments, through funds, as disclosed below:

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Merchant banking investments	Description/Segment activity	6/30/2016		12/31/2015	
		(%) (1)	Fair value	(%) (1)	Fair value
Through Private equity funds:					
AlBodytech Participações S.A.	Fitness segment	10.3%	50,829	10.3%	51,862
Brasil Brokers Participações S.A.	Investment in real estate companies	4.3%	13,496	4.3%	10,982
Deep Sea Group	Maritime transport and logistics services for the oil and gas sector	14.7%	6,371	14.7%	51,008
Brasil Pharma S.A.	Pharmaceutical retail company	0.2%	777	2.8%	1,042
Auto Adesivos Paraná S.A.	Adhesives, labels and special paper company	29.2%	26,998	29.2%	26,998
Estre Participações S.A.	Waste collection, treatment and disposal	9.6%	29,563	9.6%	29,563
Latin America Power Holding B.V.	Energy sector	10.6%	191,207	10.6%	226,913
Sete Brasil Participações S.A.	Oil and gas	0.5%	-	0.5%	3,938
UOL Universo on Line S.A.	Internet and server provider	2.2%	96,423	2.2%	96,423
Total			415,664		498,729

1) The equity interest disclosed in the table above refers to the Company indirect interest.

(d) Loans and receivables

	6/30/2016	12/31/2015
Partners (i)	2,362,999	2,114,683
Others	65,894	205,613
Total	2,428,893	2,320,296

(i) Loans indexed to CDI or libor, and the maturity are in general higher than 1 year. Loans to partners are provided in connection to the acquisition of shares in BTG Pactual Group.

As of June 30, 2016 and December 31, 2015, the fair value attributed to the Loans and receivables is similar to its amortized cost.

(e) Financial liabilities at amortized cost

	Maturity	Index	6/30/2016	12/31/2015
Loans with financial institutions	September-16 to August-18	Libor and 1.15% to 5.3% p.a.	7,274,183	7,779,185
Medium term notes	July-16 to June-19	0.8%p.a. to 100% CDI	2,460,203	3,535,969
Total			9,734,386	11,315,154

Financial liabilities at amortized cost are presented at fair value at BTGP's level. As of June 30, 2016 and December 31, 2015, the fair market value adjustment attributable to financial liabilities at amortized cost corresponds to a gain of R\$23,160 (December 31, 2015 - R\$178,310), of which a R\$1,870 loss (December 31, 2015 - R\$17,250 gain) related to loans with financial institutions and a R\$25,030 gain (December 31, 2015 - R\$161,060) from the medium term notes.

Certain issuance of the loans and medium term notes are guaranteed by BTG Pactual Holding S.A., parent company of BTG Pactual.

BTG Pactual Participations Ltd.

Notes to the interim condensed financial statements

As of June 30, 2016

(In thousands of reais)

(f) Fair value Hierarchy

(i) Investment entity portfolio

BTGP classifies its investment entity portfolio as level 3. However, the underlying assets and liabilities of this portfolio have different classification which is presented as follows:

6/30/2016				
	Level 1	Level 2	Level 3	Total
Investment entity portfolio				
Merchant Banking investments				
Private equity funds	-	-	436,743	436,743
Subsidiaries, associates and jointly controlled entities	-	630,355	536,482	1,166,837
Others	-	-	51,725	51,725
Global markets investments	-	4,631,654	-	4,631,654
Corporate bonds	-	2,181,459	-	2,181,459
Others	-	504,597	-	504,597
Total	-	7,948,065	1,024,950	8,973,015

12/31/2015				
	Level 1	Level 2	Level 3	Total
Investment entity portfolio				
Merchant Banking investments				
Private equity funds	-	-	755,904	755,904
Subsidiaries, associates and jointly controlled entities	5,098	507,126	503,754	1,015,978
Others	-	-	(30,189)	(30,189)
Global markets investments	-	7,602,257	-	7,602,257
Corporate bonds	-	1,380,902	-	1,380,902
Others	-	(815,547)	-	(815,547)
Total	5,098	8,674,738	1,229,469	9,909,305

Changes in level 3 for the year ended are as follows:

	Merchant Banking investments
Balances as of December 31, 2014	2,096,032
Acquisitions	116,752
Sales	(267,530)
Losses on fair value of investment entity portfolio	(715,785)
Balances as of December 31, 2015	1,229,469
Reclassification between levels (1)	5,098
Acquisitions	538,842
Sales	(561,053)
Losses on fair value of investment entity portfolio	(187,406)
Balances as of June 30, 2016	1,024,950

1) As described in note 6f, section vi.

(ii) Investments at fair value through other comprehensive income

The summary of assets and liabilities classified in accordance with the fair value hierarchy is as follows:

BTG Pactual Participations Ltd.

Notes to the interim condensed financial statements

As of June 30, 2016

(In thousands of reais)

	6/30/2016			
	Level 1	Level 2	Level 3	Total
Investments at fair value through other comprehensive income				
Merchant Banking investments				
Private equity funds	13,496	-	402,168	415,664
Others	-	(60,237)	-	(60,237)
Total	13,496	(60,237)	402,168	355,427
	12/31/2015			
	Level 1	Level 2	Level 3	Total
Investments at fair value through other comprehensive income				
Merchant Banking investments				
Private equity funds	12,024	-	486,705	498,729
Others	-	(60,261)	-	(60,261)
Total	12,024	(60,261)	486,705	438,468

Changes in level 3 for the year ended are as follows:

	Merchant Banking investments
Balances at December 31, 2014	686,657
Acquisitions	87,811
Losses on fair value of investment entity portfolio	(287,763)
Balances at December 31, 2015	486,705
Reclassification between levels (1)	1,042
Losses on fair value of investment entity portfolio	(85,579)
Balances at June 30, 2016	402,168

1) As described in note 6f, section vi.

(iii) Loans and receivables

Loans and receivables are presented at fair value at BTGP's level using a pricing model in which the relevant parameters are based on observable active market data. Therefore, they fall in the Fair Value Level 2 category.

(iv) Financial liabilities at amortized cost

Financial liabilities at amortized cost are presented at fair value at BTGP's level using a pricing model in which the relevant parameters are based on observable active market data. Therefore, they fall in the Fair Value Level 2 category.

(v) Summary of valuation techniques

There were no changes in the valuation techniques disclosed in the financial statements for the year ended in December 31, 2015.

(vi) Reclassification between levels

During the semester ended on June 30, 2016, Brasil Pharma S.A was reclassified from Level 1 to Level 3 of the fair value hierarchy. The investment's value used to be assessed from observable market data and is now assessed according to the value resulting from the conversion of bonds into shares that occurred during the semester ended on June 30, 2016.

BTG Pactual Participations Ltd.

Notes to the interim condensed financial statements

As of June 30, 2016

(In thousands of reais)

7. Shareholders' equity

a. Capital

BTGP's Board of Directors held on June 1, 2016 approved the conversion of 45,873,921 BTGI's class D shares into BTGP's 15,291,307 class A and 30,582,614 class B shares, resulting into a capital increase of R\$35,548. In the meantime, 15,291,307 BTGP's class D shares were canceled. After the conversions, BTGP, through BTG Holdco, subscribed to 45,873,921 newly issued BTGI's class C shares which took the interest of BTGP in BTGI to 26.03% on June 30, 2016 (December 31, 2015 – 25.88%).

BTGP's Board of Directors held on September 15, 2015, approved the issuance of 33,634,410 Class A Shares and 67,268,820 Class B Shares, at an issuance price of USD0.5081 per Share, totalizing R\$203,700.

As of June 30, 2016 and December 31, 2015, the Company's capital was comprised by the following class of shares:

	6/30/2016				
	Authorized	Issued	Par value (R\$)	Voting rights	Vote per share
Class A (i)	5,000,000,000	231,068,108	-	Yes	1
Class B (i)	10,000,000,000	462,136,216	-	No	-
Class C	1	1	10	Yes	(*)
Class D	1,000,000,000	5,907,554	0,0000000001	Yes	1
Total	16,000,000,001	699,111,879			

	12/31/2015				
	Authorized	Issued	Par value (R\$)	Voting rights	Vote per share
Class A (i)	5,000,000,000	234,652,209	-	Yes	1
Class B (i)	10,000,000,000	469,304,418	-	No	-
Class C	1	1	10	Yes	(*)
Class D	1,000,000,000	21,198,861	0,0000000001	Yes	1
Total	16,000,000,001	725,155,489			

(*) Class C shareholders have voting rights equivalent to ten times the total number of issued and subscribed A and D Class shares at any moment.

(i) Only class A and class B shareholders are entitled to economic benefits.

b. Treasury shares

During the semester ended on June 30, 2016 and during the year ended on December 31, 2015, the company approved the repurchase and cancelling of shares, as per Note 1.

c. Dividends

The Company did not distribute dividends for the semester ended on June 30, 2016 and the year ended on December 31, 2015.

BTG Pactual Participations Ltd.

Notes to the interim condensed financial statements

As of June 30, 2016

(In thousands of reais)

8. Earning / (loss) per share

	Quarters ended on:		Semesters ended on:	
	6/30/2016	6/30/2015	6/30/2016	6/30/2015
Loss attributed to controlling shareholders	12,619	(42,192)	(9,150)	(141,412)
Weighted average per thousand shares outstanding during the period (i)	650,676	680,144	669,975	680,144
Earning / (loss) per share - Basic (in Reais)	<u>0.02</u>	<u>(0.06)</u>	<u>(0.01)</u>	<u>(0.21)</u>
Earning / (loss) per share - Diluted (in Reais)	<u>0.02</u>	<u>(0.06)</u>	<u>(0.01)</u>	<u>(0.21)</u>

(i) Class A and class B shares.

9. Interest income / (expenses)

Interest income / (expenses) recognized in the consolidated statement of income consists primarily of: (i) interest accumulated in the year from loans and financing and loans and receivables, (ii), open market transactions and (iii) foreign exchange results. The Company had no interest income/expense for the periods ended as of June 30, 2016. The breakdown of this item for the periods ended June 30, 2015 is as follows:

a. Interest income

	Quarter ended on:	Semester ended on:
	6/30/2015	6/30/2015
Loans and receivables	83,653	113,756
Interest on open market investments	3,301	10,567
	<u>86,954</u>	<u>124,323</u>

b. Interest expenses

	Quarter ended on:	Semester ended on:
	6/30/2015	6/30/2015
Interest on funding	(345,701)	(427,689)
Foreign exchange	49,763	(262,998)
Interest on loans and financing	(20,767)	(41,503)
	<u>(316,705)</u>	<u>(732,190)</u>

10. Gains on financial instruments held for trading

The Company had no gain/loss on financial instruments held for trading for the periods ended as of June 30, 2016. The breakdown of this item for the periods ended June 30, 2015 is as follows:

	Quarter ended on:	Semester ended on:
	6/30/2015	6/30/2015
Derivatives financial instruments	(161,079)	(65,229)
Financial assets and liabilities held for trading	383,317	438,269
	<u>222,238</u>	<u>373,040</u>

BTG Pactual Participations Ltd.

Notes to the interim condensed financial statements

As of June 30, 2016

(In thousands of reais)

11. Other operating income / (expenses)

	Quarters ended on:		Semesters ended on:	
	6/30/2016	6/30/2015	6/30/2016	6/30/2015
Equity Kicker	-	21,109	-	(23,859)
Other operating (expenses) / income	(229)	48,740	778	9,106
	(229)	69,849	778	(14,753)

(i) Mainly comprised of foreign exchange on cash transactions in the semester ended on June 30, 2016

12. Administrative expenses

	Quarters ended on:		Semesters ended on:	
	6/30/2016	6/30/2015	6/30/2016	6/30/2015
Professional fees (i)	(84)	(44,335)	(267)	(88,888)
Expenses related to financial market	-	(6,384)	-	(13,036)
Other administrative expenses	-	(248)	-	(531)
	(84)	(50,967)	(267)	(102,455)

(i) Mainly related to management and performance fees of ARF II.

13. Gain / (loss) on investment entity portfolio measured at fair value

The Company had no gain/loss on investment entity portfolio, measured at fair value, for the periods ended as of June 30, 2015. The breakdown of this item for the periods ended June 30, 2016 is as follows:

	Quarter ended on:	Semester ended on:
	6/30/2016	6/30/2016
Gain on investment entity portfolio	67,793	127,932
Fair value adjustment on loans	(54,860)	(137,593)
Total	12,932	(9,661)

14. Related Parties

The balances of related-party transactions, which are carried out at arm's length, are reflected in the following items:

	Relationship	Maturity	Assets (Liabilities)		Revenues (Expenses)	
			6/30/2016	31/12/215	6/30/2016	6/30/2015
Cash and cash equivalents						
- Banco BTG Pactual S.A. (ii)	Related	No maturity	25	-	-	-
Open market investments						
- Banco BTG Pactual S.A. (ii)	Related	No maturity	-	-	-	16,385
Financial assets held for trading						
- Banco BTG Pactual S.A. (ii)	Related	12/18/2015	-	-	-	11,395
Loans and receivables						
- Partners (i)	Partners	1/14/2035	-	-	-	8,677
- ATLL Concessionaria de La Generalitat de Catalunya S.A.	Joint venture	8/3/2016	-	-	-	3,028
- BTG MB Investments L.P.	Related	3/2/2016	-	-	-	(56,369)
Other assets						
- BTG MB Investments L.P.	Related	5/21/2015	-	-	-	(23,859)

Liabilities

BTG Pactual Participations Ltd.

Notes to the interim condensed financial statements

As of June 30, 2016

(In thousands of reais)

	Relationship	Maturity	Assets (Liabilities)		Revenues (Expenses)	
			6/30/2016	31/12/215	6/30/2016	6/30/2015
Financial liabilities at amortized cost						
- Banco BTG Pactual S.A. (ii)	Related	4/17/2018	-	-	-	(4,375)
Due to brokers						
- Banco BTG Pactual S.A. (ii)	Related	No maturity	-	(540)	-	-
Other liabilities						
- BTG Pactual Global Asset Management Limited (ii)	Related	No maturity	-	-	-	(86,714)

(i) Considered as related parties only partners acting as Executive Directors.

(ii) BTG Pactual S.A. and subsidiaries, ultimately controlled by BTG Pactual Holding S.A.

No management compensation was recorded in the semester ended March 31, 2016 and the year ended on December 31, 2015.

15. Subsequent events

On July 14, 2016, following the material facts released on November 25, 2015, December 14, 2015 and February 15, 2016, Banco BTG Pactual S.A. and BTG Pactual Participations Ltd. informed that its Board of Directors approved the cancellation of 18,820,908 common shares and 37,641,816 preferred shares issued by BTG Pactual, as well as 18,820,908 Class A preferred shares and 37,641,816 Class B preferred shares of BTG Participations, held in treasury, corresponding to 18,820,908 BBTG11 units, that were bought back in the form of units or directly in its underlying assets, in operations under the Buyback Program.

On July 19, 2016, Banco BTG Pactual S.A. initiated formally the separation of its commodity trading activities previously announced in note 2. The actual completion of the separation's process depends on the restructuring steps as well as regulatory approvals. Additional information can be obtained on the specific material facts published.

The sale of União de Lojas Leader S.A., as described in note 2, was concluded on July 28, 2016.

On July 29, 2016, the Company, through BTG Pactual Brazil Infrastructure Fund II LP, sold its interest in Latin America Power Holding B.V. to BTGPH Corp Hedge Fund for USD60,454 (equivalent to R\$190,810 at the time of the transaction), via transfer of shares at carrying amount with no gains or losses recorded.

Interim Condensed Consolidated Financial Statements in IFRS

Banco BTG Pactual S.A. and subsidiaries

June 30, 2016

with independent auditors' review report on interim condensed consolidated
financial statements

BANCO BTG PACTUAL S.A and subsidiaries

Interim condensed consolidated financial statements

June 30, 2016

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A free translation from Portuguese into English of the independent auditor's review report on interim condensed consolidated financial statement prepared in accordance with the international accounting standard IAS 34 – Interim Financial Reporting, issued by the International Accounting Standards Board – IASB.

Independent auditors' review report

To the Shareholders and Management of
Banco BTG Pactual S.A. and its subsidiaries

Introduction

We have reviewed the interim condensed consolidated financial statements of Banco BTG Pactual and its subsidiaries ("Bank") for the six-month period ended June 30, 2016, which comprise the interim condensed consolidated balance sheet as of June 30, 2016 and the related interim condensed consolidated statements of income and comprehensive income, changes in shareholders' equity and cash flows for the six-month period then ended, and a summary of significant accounting practices and other explanatory notes.

Management is responsible for the preparation and fair presentation of these interim condensed consolidated financial statements in accordance with IAS 34 – International Financial Reporting, issued by International Accounting Standards Board – IASB. Our responsibility is to express a conclusion on these interim condensed consolidated financial statement 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 condensed consolidated financial statements referred above have not been prepared, in all material respects, in accordance with IAS 34 – International Financial Reporting, issued by International Accounting Standards Board – IASB.

Emphases of matter

- i) As of June 30, 2016, the jointly controlled subsidiary Banco Pan S.A., audited by other independent auditors who issued its opinion on its financial statements on August 1st, 2016, has deferred tax assets recorded on its balance sheet amounting to R\$ 3.2 billion, recognized based on long-term deferred tax realization projection. This deferred tax realization projection was reviewed by Banco Pan S.A.'s management based on current and future scenarios analysis and approved by its Board of Directors on August 1st, 2016, which main assumptions used were the macroeconomics indexes for production and funding costs. The realization of these tax credits, within the estimated realization period, depends on delivery of these projections and business plan as approved by the management bodies of Banco Pan S.A. Our conclusion is not qualified in respect of this matter.
- ii) We draw attention to Note n° 1 to the interim condensed consolidated financial statement, which indicates the actions implemented by the Bank 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.

Other matters

Separate financial statements

The Bank has prepared a full set of separate individual and consolidate financial statements for the six-month period ended at June 30, 2016 in accordance with accounting practices adopted in Brazil applicable to institutions authorized to operate by the Central Bank of Brazil for which we issued an unqualified independent auditor's report, with the same emphasis of matters described above, dated August 9, 2016.

São Paulo, August 31, 2016.

ERNST & YOUNG
Auditores Independentes S.S.
CRC-2SP015199/O-6



Grégory Gobetti
Accountant CRC-1PR039144/O-8

BANCO BTG PACTUAL S.A. and subsidiaries

Interim condensed consolidated balance sheets

As at June 30, 2016 and December 31, 2015

(In thousands of reais)

	Note	30/06/2016	31/12/2015
Assets			
Cash and balances at Central Bank	6	4,160,149	5,054,877
Financial assets at fair value through profit or loss			
Financial assets held for trading	7	11,999,327	11,633,782
Financial assets designated at fair value through profit and loss	7	21,365,792	9,542,553
Derivative financial instruments	7	31,087,366	41,293,258
Loans and receivables			
Open market investments	10	2,693,457	8,010,509
Amounts receivable from banks	11	2,057,691	3,860,804
Other loans and receivables	12	12,217,239	16,947,576
Available-for-sale financial assets	8	158,505	353,721
Held-to-maturity financial assets	13	5,183,231	5,128,734
Non-current assets held for sale	17	389,034	378,352
Deferred tax assets	22	5,719,215	6,269,711
Discontinued operations - assets	17	61,553,260	90,082,776
Other assets	15	25,240,164	36,714,629
Investment in associates and jointly controlled entities	16	5,144,242	6,203,639
Property, plant and equipment		197,496	244,119
Intangible assets	18	1,193,140	1,279,023
Total assets		190,359,308	242,998,063
Liabilities			
Financial liabilities at fair value through profit or loss			
Financial liabilities held for trading	7	9,037,624	6,018,716
Derivative financial instruments	7	26,972,520	39,294,734
Financial liabilities carried at amortized cost			
Open market funding	10	16,153,913	14,262,022
Amounts payable to banks	11	168,195	1,475,367
Other financial liabilities carried at amortized cost	14	42,382,177	56,379,346
Tax liabilities	19	3,083,952	3,487,906
Discontinued operations - liabilities	17	58,207,638	84,360,947
Other liabilities	20	13,516,556	17,473,248
Total liabilities		169,522,575	222,752,286
Shareholders' equity			
Capital stock	23	7,235,738	7,235,738
Treasury stock		(152,529)	(132,394)
Income reserves		9,437,126	6,200,578
Foreign currency translation reserve		4,169,544	6,712,485
Total shareholders' equity of controlling shareholders		20,689,879	20,016,407
Non-controlling interest		146,854	229,370
Total shareholders' equity		20,836,733	20,245,777
Total liabilities		190,359,308	242,998,063

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

BANCO BTG PACTUAL S.A. and subsidiaries

Interim condensed consolidated statements of income

Semesters ended June 30

(In thousands of reais)

	Note	30/06/2016	30/06/2015
Interest income	25	2,225,404	3,794,952
Interest expense	25	(1,765,878)	(6,819,238)
Net interest income/(expenses)		459,526	(3,024,286)
Net gains on financial instruments	25	5,364,147	2,516,271
Net exchange variations		1,538,290	(519,978)
Fees and commissions	26	820,043	1,276,135
Share of profit in associates and jointly controlled entities	16	(66,040)	1,048,463
Other operating income	27	510,340	1,151,130
Net revenues		8,626,306	2,447,735
Administrative expenses	28	(693,362)	(609,153)
Personnel expenses	29	(1,409,755)	(1,101,935)
Provisions for credit losses	12	(601,937)	(176,900)
Tax charges (other than income tax)		(475,722)	(209,673)
Income before taxes and profit sharing		5,445,530	350,074
Income tax and social contribution	22	(680,245)	879,084
Income from discontinued operations	17	(809,657)	-
Net income for the semester		3,955,628	1,229,158
Net income attributable to controlling shareholders		3,968,454	1,296,699
Loss attributable to non-controlling interests		(12,826)	(67,541)
Earnings per share –basic and diluted – In Reais	24		
Common shares		1.46	0.48
Preferred shares		1.46	0.48

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

BANCO BTG PACTUAL S.A. and subsidiaries

Interim condensed consolidated statements of comprehensive income

Semesters ended June 30

(In thousands of reais)

	Note	30/06/2016	30/06/2015
Net income for the semester		3,955,628	1,229,158
Other comprehensive income/(loss) to be reclassified to profit or loss:			
Changes in fair value of assets available for sale - jointly controlled	23	(2,377)	(1,479)
Changes in fair value of assets available for sale		(6,247)	(31,663)
Exchange differences on translation of foreign operations and non-monetary items	23	(2,534,317)	1,109,077
Total comprehensive income for the semester		1,412,687	2,305,093
Attributable to controlling shareholders		1,425,513	2,372,634
Attributable to non-controlling interests		(12,826)	(67,541)

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

BANCO BTG PACTUAL S.A. and subsidiaries

Interim condensed statement of changes in shareholders' equity

Semesters ended June 30

(In thousands of reais, except for dividends per share)

	Note	Capital	Additional paid-in capital	Income reserves				Other comprehensive income	Treasury shares	Retained earnings	Controlling interests	Non-controlling interests	Total
				Legal	Unrealized	Statutory	Total						
Balances at December 31, 2014		6,355,334	106,742	564,042	1,794,382	4,493,342	6,851,766	1,588,520	-	-	14,902,362	592,757	15,495,119
Changes in fair value of assets available for sale - jointly controlled	23	-	-	-	-	-	-	(1,479)	-	-	(1,479)	-	(1,479)
Changes in fair value of assets available for sale		-	-	-	-	-	-	(31,663)	-	-	(31,663)	-	(31,663)
Exchange differences on translation of foreign operations and non-monetary items	23	-	-	-	-	-	-	1,109,077	-	-	1,109,077	-	1,109,077
Dividends paid by previous years (R\$0.04 per share)		-	-	-	-	(106,130)	(106,130)	-	-	-	(106,130)	-	(106,130)
Net income for the semester		-	-	-	-	-	-	-	1,296,699	1,296,699	(67,539)	1,229,160	
Legal reserve		-	-	61,458	-	-	61,458	-	-	(61,458)	-	-	-
Intermediate interest on equity (R\$0.11 per share)	23	-	-	-	-	-	-	-	-	(422,000)	(422,000)	-	(422,000)
Addition of non-controlling		-	-	-	-	-	-	-	-	-	-	(57,826)	(57,826)
Balances at June 30, 2015		6,355,334	106,742	625,500	1,794,382	4,387,212	6,807,094	2,664,455	-	813,241	16,746,866	467,392	17,214,258
Balances at December 31, 2015		7,128,996	106,742	907,770	5,292,808	-	6,200,578	6,712,485	(132,394)	-	20,016,407	229,370	20,245,777
Own shares acquired		-	-	-	-	-	-	-	(252,041)	-	(252,041)	-	(252,041)
Own shares sold		-	-	-	-	(231,906)	(231,906)	-	231,906	-	-	-	-
Changes in fair value of assets available for sale - jointly controlled	23	-	-	-	-	-	-	(2,377)	-	-	(2,377)	-	(2,377)
Changes in fair value of assets available for sale		-	-	-	-	-	-	(6,247)	-	-	(6,247)	-	(6,247)
Exchange differences on translation of foreign operations and non-monetary items	23	-	-	-	-	-	-	(2,534,317)	-	-	(2,534,317)	-	(2,534,317)
Net income for the semestre		-	-	-	-	-	-	-	3,968,454	3,968,454	(12,826)	3,955,628	
Legal reserve		-	-	100,586	-	-	100,586	-	-	(100,586)	-	-	-
Interest on equity (R\$0.19 per share)	23	-	-	-	-	-	-	-	-	(500,000)	(500,000)	-	(500,000)
Addition of non-controlling		-	-	-	-	-	-	-	-	-	-	(69,690)	(69,690)
Balances at June 30, 2016		7,128,996	106,742	1,008,356	5,292,808	(231,906)	6,069,258	4,169,544	(152,529)	3,367,868	20,689,879	146,854	20,836,733

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

BANCO BTG PACTUAL S.A. and subsidiaries

Interim condensed consolidated statements of cash flows

Semesters ended June 30

(In thousands of reais)

	Note	30/06/2016	30/06/2015
Operating activities			
Net income for the semestre		3,955,628	1,229,158
Adjusts to net income		1,667,966	(1,123,125)
Equity in the (earnings)/losses of associates	16	66,040	(1,048,463)
Interest expense from subordinated debt		1,478,853	1,355,941
Non-controlling interest		12,826	67,541
Deferred tax		54,867	(1,540,953)
Permanent assets exchange variation		(51,706)	-
Depreciation and amortization		107,086	42,809
Adjusted net income for the semestre		5,623,594	106,033
Increase/decrease in operational assets and liabilities			
Financial assets held for trading		(2,899,862)	(8,655,548)
Financial assets designated at fair value through profit and loss		(11,823,239)	2,519,299
Derivative financial instruments - assets		10,205,892	9,400,880
Assets held for sale		195,216	86,614
Open market investments		2,914,025	(7,786,540)
Amounts receivable from / (payable to) banks		(1,307,172)	153,465
Other loans and receivables		4,730,337	4,411,667
Held-to-maturity financial assets		(54,497)	(282,564)
Non-current assets held for sale		(10,683)	321,501
Other assets		12,024,961	(6,869,724)
Financial liabilities held for trading		3,018,908	4,649,431
Derivative financial instruments - liabilities		(12,322,214)	(9,718,969)
Open market funding		1,891,891	7,195,108
Tax liabilities		(403,954)	676,187
Other liabilities		(3,018,805)	281,757
Cash (used) in operating activities		8,764,398	(3,511,403)
Investing activities			
Sale of investments	16	13,522	674,382
Acquisition of equity interest	16	-	(102,648)
Dividends received	16	126,886	134,539
Acquisition of property and equipment in use		(46,624)	(17,441)
Sale of property and equipment in use		-	2,664
Acquisition of intangible assets	18	(31,924)	(35,620)
Sale on intangible assets	18	-	44,715
Discontinued operations from assets and liabilities		2,376,207	-
	(4,915,232.00)		
Cash provided by investing activities		2,438,067	700,591
Financing activities			
Other liabilities		(15,476,022)	1,009,377
Acquisition / sale of treasury shares		(252,041)	-
Non-controlling interest		(82,516)	(57,826)
Dividends distributed	23	-	(106,130)
Interest on equity distributed	23	(492,754)	(298,200)
Cash (used in) / provided by financing activities		(16,303,333)	547,221
(Decrease) / Increase in cash and cash equivalents		(5,100,868)	(2,263,591)
Balance of cash and cash equivalents	31		
At the beginning of the semestre		13,994,899	22,422,310
At the end of the semestre		8,894,031	20,158,719
(Decrease) / Increase in cash and cash equivalents		(5,100,868)	(2,263,591)
Noncash transactions		500,000	422,000
Interest on equity declared		500,000	422,000
Changes in fair value of assets available for sale in jointly controlled entities		(2,377)	(1,479)

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

BANCO BTG PACTUAL S.A. and subsidiaries

Notes to the interim condensed consolidated financial statements

June 30, 2016

(In thousands of reais)

1. Operations

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

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

The Bank and BTG Pactual Participations Ltd. ("BTGP") (together 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 better 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 any of its personnel 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.

BANCO BTG PACTUAL S.A. and subsidiaries

Notes to the interim condensed consolidated financial statements

June 30, 2016

(In thousands of reais)

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\$452,188) were repurchased by the Bank. As at December 31, 2015, 19,900,812 common shares and 39,801,624 preferred shares (correspondent to R\$319,794) had been canceled during the period.

Following the buyback program and share cancellations, on February 15, 2016, were canceled 19,925,230 common shares and 39,850,460 preferred shares (correspondent to R\$231,906) issued by the Bank. Also the Companies' Board of Directors approved, the acquisition of up to 18,875,408 common shares and 37,750,816 preferred shares (correspondent to R\$252,041), in compliance with the limit of 10% of the outstanding shares, to be held in treasury. As at June 30, 2016, approximately 11,022,908 common shares and 22,045,816 preferred shares (correspondent to R\$152.529) are held in treasury.

Liability Repurchase

During the semester ended June 30, 2016 and year ended December 31, 2015 the Group repurchased liabilities and early liquidated liabilities, including some of the outstanding balance of senior and subordinated non-cumulative perpetual notes (tier I), with no impact on our capital base.

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

The Bank board of directors understands that those measures are sufficient to fulfill the Group obligation's in both the short and medium terms, and strengthen its current liquidity. The cash level, measured by high quality liquid assets was higher than as at November 11, 2015. On June 30, 2016, short-term liquidity KPI is equivalent to 138% to the Bank.

The consolidated financial statements were approved by Bank's Management on August 31, 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 reorganization

Corporate events

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 June 30, 2016, the Bank has a stake equivalent to 49.7% of the total capital of ENEVA.

BANCO BTG PACTUAL S.A. and subsidiaries

Notes to the interim condensed consolidated financial statements

June 30, 2016

(In thousands of reais)

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 (based on the reference date of June 30, 2016). It is anticipated that a portion of such equity will be held by senior employees of Engelhart CTP under an incentive program.

BTG Pactual expects to the delivery 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. Other information related to operation are described in note 32.

Acquisitions and disposals

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 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.

In February 2016, BSI sold its remaining equity interest, equivalent to 49%, in B-Source, a business process outsourcer ("BPO").

As at October 30, 2015, the Bank sold one of its energy trading entities 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 would be received over five years in semiannual installments, subject to price changes.

In April, 2015, the Bank through one of its subsidiaries, converted debentures in the amount of R\$986 milhões, issued by Rede D'Or, and received shares equivalent to 21.1% of its equity, which generated a goodwill in the amount of R\$650 milhões. 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 million, 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 gain of R\$2.7 Billion. Also, the sale contracts contain terms that might change the receivable amount of the Bank, in case the share price of an initial public offering does not reach a certain price. On June 30, 2016, the Bank estimated that the value of a potential terms is not significative.

BANCO BTG PACTUAL S.A. and subsidiaries

Notes to the interim condensed consolidated financial statements

June 30, 2016

(In thousands of reais)

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 a gain of R\$560 million. On February 17, 2015, the sale transaction was approved by Conselho Administrativo de Defesa Econômica (CADE) and on March 31, 2016 the transaction was settled.

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, a Swiss financial institution subsidiary of Generali Group. 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 shares issuance, mentioned above, was approved by the Brazilian Central Bank on November 3, 2015.

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.

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 30% of the combined entity. The completion of the transaction is subject to corporate and regulatory approvals.

During the semester ended June 30, 2016, BSI received penalties from regulators related to its operations in Singapore, which are still under analysis by our legal advisors. The effect of the disbursement of such penalties net from the expected reimbursement corresponds to R\$65,792.

3. Presentation of the financial statements

a. Basis for preparation

The Company's interim condensed consolidated financial statements were prepared in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB).

BANCO BTG PACTUAL S.A. and subsidiaries

Notes to the interim condensed consolidated financial statements

June 30, 2016

(In thousands of reais)

b. Judgments and significant accounting estimates

In the process of preparing The Company's interim condensed consolidated financial statements, management exercised judgment and used estimates to calculate certain amounts recognized in the financial statements. The more material application of the exercise of judgment and use of estimates occurs in:

Going concern

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.

Fair value of the financial instruments

When the fair value of financial assets and liabilities accounted in the balance sheet may not be derived from an active market, it is determined by using several valuation methodologies that include the use of mathematic models. The inputs of these models are derived from observable data of the market whenever possible, but, when market data are not available, judgment is required to establish the fair value. The judgments include liquidity considerations and variable models such as volatility of long-term derivatives and discount rates, prepayment fees and assumptions on default of bonds containing assets as guarantee.

Impairment losses regarding loans and receivables

The Bank and its subsidiaries' review individually significant loans and receivables on each balance sheet date to evaluate if impairment losses must be recorded in the income statement. Management's judgment is required to estimate the value and timing of cash flows in order to determine impairment losses. To estimate these cash flows, the Bank and its subsidiaries make judgments with respect to client's financial condition and the realizable value net of any guarantee. These estimates are based on assumptions involving several factors and, for this reason, the actual results may vary, creating future changes in the provision.

Impairment of financial assets available for sale and held to maturity.

The Bank and its subsidiaries' review any debt instruments classified as investments available for sale or held to maturity at each financial statement date to evaluate any impairment. This requires judgments similar to the individual evaluation of loans and receivables.

The Bank and its subsidiaries also record impairment in any investments classified as available for sale or held to maturity for which there was a significant or prolonged write-off of the fair value, below its cost. The determination of what is deemed "significant" or "prolonged" requires judgment. To reach this judgment, the Bank evaluates, among others factors, the historical variation of share prices, as well as the duration and extent to which the investment's fair value is lower than its cost.

BANCO BTG PACTUAL S.A. and subsidiaries

Notes to the interim condensed consolidated financial statements

June 30, 2016

(In thousands of reais)

Deferred tax assets

Deferred tax assets are recognized on tax losses to the extent that is probable that future taxable income will be available against which the losses may be used. Judgment is required to determine the amount of future deferred tax assets that must be recognized, based on the probable flow of future taxable income and together with tax planning strategies, if any.

c. Revised IFRS pronouncements

The accounting policies adopted on these consolidated financial statements are consistent with those of the previous year.

The following standards were issued but are not yet effective for June 30, 2016:

• Annual improvements

The “Annual Improvements to IFRSs” for the 2012-14 annual improvement cycles were issued September 25, 2014 and their adoption is required starting July 1, 2016.

The Company does not believe that the amendments will have a material impact on its consolidated financial statements except for additional disclosures that will be provided.

• IFRS 9 – Financial Instruments

The IFRS 9 is being issued in chapters. In November 2009 and October 2010, chapters containing new measurement and classification rules for financial assets and financial liabilities were issued. In addition, in November 2013 the chapter containing the hedge accounting rules was issued.

The finalized version of IFRS 9 was issued on July 24, 2014 and contains changes in the previous chapters related to measurement and classification as well as in hedge accounting. The finalized version also introduces new rules for impairment of financial instruments and derecognition.

The adoption of the chapters containing new measurement and classification rules will have a significant effect on the classification and measurement of financial assets of the Company, but is not expected to have significant impacts on the classification and measurement of financial liabilities. The Company has not applied hedge accounting and therefore does not expect impacts from the application of the referred chapter.

The change is applicable for years beginning January 1, 2018. The Company has not adopted IFRS 9 in these consolidated financial statements and does not intend to early adopt it.

• IFRS 11 – Joint Arrangements

“Accounting for Acquisitions of Interests in Joint Operations” amendments to IFRS 11, was published in May, 2014. The amendments sets out that an acquirer of an interest in a joint operation in which the activity constitutes a business, as defined in IFRS 3 – Business Combinations, is required to: (i) apply all of the business combinations accounting principles, and (ii) disclose the information required by IFRS 3 and other IFRS’s for business combinations.

BANCO BTG PACTUAL S.A. and subsidiaries

Notes to the interim condensed consolidated financial statements

June 30, 2016

(In thousands of reais)

• IFRS10 and IAS28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

“Sale or Contribution of Assets between an Investor and its Associate or Joint Venture” amends IFRS10 and IAS28, to clarify the treatment of the sale or contribution of assets from an investor to its associate or joint venture, as follows: (i) require full recognition in the investor’s financial statements of gains and losses arising on the sale or contribution of assets that constitute a business (as defined in IFRS 3 Business Combinations), (ii) require the partial recognition of gains and losses where the assets do not constitute a business, i.e. a gain or loss is recognised only to the extent of the unrelated investors’ interests in that associate or joint venture.

These requirements apply regardless of the legal form of the transaction, e.g. whether the sale or contribution of assets occurs by an investor transferring shares in any subsidiary that holds the assets (resulting in loss of control of the subsidiary), or by the direct sale of the assets themselves.

d. Consolidated financial statements

The Bank’s consolidated financial statements include the financial statements of the Bank, its foreign branches, direct and indirect subsidiaries in Brazil and abroad, investment funds and specific purpose entities (SPE). Control exists where the Company has the power to govern the financial and operating policies of the entity, is exposed to variable returns from its involvement with the investees and has the ability to use its power to affect these returns; generally conferred by holding a majority of voting rights.

The accounting policies adopted for the recording of operations and assessment of the rights and obligations of the Bank, subsidiaries, directly and indirectly and investment funds included in the consolidation were applied uniformly. All intra-group balances, transactions, income and expenses are eliminated on consolidation.

The following table lists the principal subsidiaries of the Bank, held directly and indirectly, including investment funds consolidated in the financial statements.

		Equity interest - %	
	Country	30/06/2016	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	71.28	71.28
BTG Pactual Holding de Seguros Ltda.	Brazil	99.99	99.99
BTG Pactual S.A. Comisionista de Bolsa	Colombia	99.70	99.70
BTG Pactual Chile International Ltd.	Cayman	100.00	100.00
BTG Pactual TTG Participações S.A.	Brazil	100.00	100.00
Banco BTG Pactual Luxembourg S.A.	Luxembourg	100.00	100.00
BTG Pactual Corretora de Seguros Ltda.	Brazil	100.00	100.00
Banco Sistema S.A.	Brazil	99.84	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

BANCO BTG PACTUAL S.A. and subsidiaries

Notes to the interim condensed consolidated financial statements

June 30, 2016

(In thousands of reais)

	Country	Equity interest - %	
		30/06/2016	31/12/2015
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
Engelhart CTP Holding (UK) LTD	UK	100.00	100.00
Engelhart CTP (Brazil) SA	Brazil	99.99	99.99
Engelhart CTP (UK) LLP	UK	100.00	100.00
Engelhart CTP (Singapore) PTE LTD	Singapore	100.00	100.00
Engelhart CTP (Switzerland) SA	Switzerland	100.00	100.00
Engelhart CTP Holding (US) LLC	USA	100.00	100.00
Engelhart CTP (US) LLC	USA	100.00	100.00
Engelhart CTP (Kenya) Limited	Kenya	100.00	100.00
Engelhart CTP (South Africa) Proprietary Limited	South Africa	100.00	100.00
Engelhart CTP (Argentina) SA	Argentina	100.00	100.00
Engelhart Warehousing (Singapore) PTE Limited	Singapore	100.00	100.00
Engelhart CTP (Shanghai) CO LTD	China	100.00	100.00
Engelhart Warehousing (US) LLC	USA	100.00	100.00
Engelhart Warehousing (UK) Limited	UK	100.00	100.00
Engelhart CTP Trading (US) LLC	USA	100.00	100.00
Engelhart CTP (Ukraine)	Ukraine	100.00	100.00
Engelhart CTP (Italy) SRL	Italy	100.00	100.00
Engelhart CTP (Costa Rica) S.r.l.	Costa Rica	100.00	100.00
Engelhart CTP (Colombia) SAS	Colombia	100.00	100.00
Engelhart CTP (Rus) Limited Liability Company	Russia	100.00	100.00
Engelhart CTP Absolute Return Limited	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
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
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
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 Quartz	Brazil	-	100.00

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	Country	Equity interest - %	
		30/06/2016	31/12/2015
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 Imobiliário 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
BTG Pactual Intl Port Fund II SPC – Class Commodities	Cayman	100.00	100.00
FIDC NP Alternative Assets I	Brazil	100.00	-

e. Functional currency

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

The financial statements of subsidiaries, whose functional currency is different from that adopted by the parent Company, are translated into the functional currency of the parent using the criteria in IAS 21.

The foreign exchange effects of the conversion of foreign subsidiaries are recorded in the statement of other comprehensive income, as well as hedge transactions, when applicable.

Seasonality of transactions

Considering the activities that the Bank is involved in, the nature of these transactions is neither cyclic nor seasonal. Consequently, the Bank does not provide disclosures about seasonality in these notes to the interim condensed consolidated financial statements for the six-month period ended on June 30, 2016.

4. Significant accounting practices

The accounting practices adopted by the Company in the preparation of its interim condensed consolidated financial statements are consistent with those adopted for the consolidated financial statements for the period ended on December 31, 2016.

5. Risk management

The Bank's 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

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

The Bank monitors and controls risk exposure through several and different supplemental internal systems, including credit, financial, operational, compliance, tax and legal systems. We 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 Bank's commissions comprise senior members of the business units and senior members of the control departments, which do not depend on the business areas.

a. Operating limits

	30/06/2016	31/12/2015
Prudential Reference Shareholders' Equity	20,827,700	19,658,799
Tier I	22,027,523	22,348,819
Common Equity	17,802,263	17,206,110
Complementary Equity	4,225,260	5,142,708
Tier II	3,409,083	3,977,264
Reference Shareholders' Equity (PR) - (a)	25,436,606	26,326,083
Required Reference Shareholders' Equity (PRE)	18,854,020	18,742,699
Total exposure risk-weighted - (b)	18,862,020	18,742,699
Credit risk	11,196,371	13,766,340
Operational risk	227,569	83,440
Market risk	7,438,080	4,892,919
Basel ratio - (a/b*11%)	14.2%	15.5%
Tier I capital	12.3%	13.1%
Tier II capital	1.9%	2.3%
Fixed assets ratio	75.7%	69.9%
Fixed assets to equity capital ratio	12,858,312	13,156,602
Status for fixed assets to equity capital ratio	9,733,070	9,193,675
Amount of margin or insufficient	3,125,242	3,962,927

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

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

As at semester June 30, 2016 and 2015 the Bank was in compliance with all operating limits.

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b. Market risk

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

The VaR presented below was calculated for a one-day period, level of confidence of 95.0% and one-year historical data. Reliable level of 95.0% means that there is 1 within 20 chances that the day trade net income remains below estimated VaR. Therefore, insufficiencies arising from net income expected from trade in a single day of trading exceeding the reported VaR would be expected to occur, on average, around once a month. Insufficiencies in a single day may exceed the VaR reported in material amounts. Insufficiencies may also occur more frequently or accrue during a longer period, such as the number of consecutive trading days. As it is backed up by historical data, VaR's accuracy is limited to its capacity to predict unprecedented market changes, as historical distributions in market risk factors may not produce accurate prognostics of future market risk. VaR methodologies and assumptions on different distributions may produce a materially different VaR. In addition, VaR calculated for a one-day period does not consider the market risk of positions that may not be settled or offset with hedges within the term of one day. As previously mentioned, the Bank uses a stress test models as a complement to VaR method for its daily risk activities.

The table below contains the Bank's and its subsidiaries' daily average VaR for the periods ended:

In millions of R\$	June 2016	December 2015	June 2015
Daily average VaR	234.3	170.7	108.2

c. Credit risk

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

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The maximum exposures of the financial assets divided by geographic region are as follows:

	30/06/2016				
	Brazil	United States	Europe	Others (i)	Total
Asset					
Cash and balances at Central Bank	1,638,702	1,760,875	79,721	680,851	4,160,149
Financial assets at fair value through profit or loss					
Financial Assets held for trading (i)	6,859,421	2,053,777	1,574,876	1,511,253	11,999,327
Financial assets designated at fair value through profit and loss	21,365,792	-	-	-	21,365,792
Derivative financial instruments	21,118,518	7,657,873	1,707,259	603,716	31,087,366
Loans and Receivables					
Open market investments	2,389,962	-	-	303,495	2,693,457
Amounts receivable from banks	454,184	1,603,129	-	378	2,057,691
Other loans and receivables	11,809,659	118,650	141,862	147,068	12,217,239
Available-for-sale financial assets	158,505	-	-	-	158,505
Held-to-maturity financial assets	5,183,231	-	-	-	5,183,231
Non-current assets held for sale	389,034	-	-	-	389,034
Total	71,367,008	13,194,304	3,503,718	3,246,761	91,311,791

	31/12/2015				
	Brazil	United States	Europe	Others (i)	Total
Asset					
Cash and balances at Central Bank	1,632,239	2,123,576	955,578	343,484	5,054,877
Financial assets at fair value through profit or loss					
Financial Assets held for trading (i)	9,467,665	597,029	251,845	1,317,243	11,633,782
Financial assets designated at fair value through profit and loss	9,542,553	-	-	-	9,542,553
Derivative financial instruments	34,321,391	725,748	5,661,784	584,335	41,293,258
Loans and Receivables					
Open market investments	7,673,205	7,790	-	329,514	8,010,509
Other loans and receivables	12,371,263	17,825	362,274	4,196,214	16,947,576
Amounts receivable from banks	312,193	3,548,611	-	-	3,860,804
Available-for-sale financial assets	353,721	-	-	-	353,721
Held-to-maturity financial assets	5,128,734	-	-	-	5,128,734
Non-current assets held for sale	378,352	-	-	-	378,352
Total	81,181,316	7,020,579	7,231,481	6,770,790	102,204,166

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The table below provides the main exposures to credit risk based on accounting values and classified by economic activity of the counterparties:

	30/06/2016								
	Governments	Financial institutions	Services	Investment funds	Individuals	Industry	Energy	Rural	Other (i)
Asset									
Cash and balances at Central Bank	1,667,069	2,493,080	-	-	-	-	-	-	-
Financial assets at fair value through profit or loss									
Financial Assets held for trading	2,417,720	1,906,487	659,580	1,764,261	-	1,992,160	1,101,268	39,463	2,118,388
Financial assets designated at fair value through profit and loss	21,365,792	-	-	-	-	-	-	-	-
Derivative financial instruments	-	25,244,738	819	-	2,378	-	-	-	5,839,431
Loans and Receivables									
Open market investments	-	1,354,870	-	1,338,587	-	-	-	-	-
Other loans and receivables	132,314	581,505	3,053,837	421,571	620,120	604,880	4,812,067	219,226	1,771,719
Amounts receivable from banks	-	2,057,691	-	-	-	-	-	-	-
Available-for-sale financial assets	-	-	-	158,505	-	-	-	-	-
Held-to-maturity financial assets	-	5,183,231	-	-	-	-	-	-	-
Non-current assets held for sale	-	-	389,034	-	-	-	-	-	-
Total	25,582,895	38,821,602	4,103,270	3,682,924	622,498	2,597,040	5,913,335	258,689	9,729,538
	31/12/2015								
	Governments	Financial institutions	Services	Investment funds	Individuals	Industry	Energy	Rural	Other (i)
Asset									
Cash and balances at Central Bank	1,594,810	3,460,067	-	-	-	-	-	-	-
Financial assets at fair value through profit or loss									
Financial Assets held for trading	6,126,471	495,567	1,113,071	775,190	-	581,348	944,079	70,202	1,527,854
Financial assets designated at fair value through profit and loss	9,542,553	-	-	-	-	-	-	-	-
Derivative financial instruments	-	29,977,700	46,532	715,051	19,595	160,479	3,516,990	37,063	6,819,848
Loans and Receivables									
Open market investments	2,888,419	2,186,851	-	2,597,593	-	-	-	-	337,646
Other loans and receivables	326,436	732,228	7,153,587	51,660	626,388	686,955	4,646,936	333,671	2,389,715
Amounts receivable from banks	-	3,860,804	-	-	-	-	-	-	-
Financial assets available for sale	-	-	-	353,721	-	-	-	-	-
Held-to-maturity financial assets	-	5,128,734	-	-	-	-	-	-	-
Non-current assets held for sale	-	-	378,352	-	-	-	-	-	-
Total	20,478,689	45,841,951	8,691,542	4,493,215	645,983	1,428,782	9,108,005	440,936	11,075,063

(i) Represents primarily exposure at tradable shares and investment funds quotes.

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Financial assets that are due without event of loss or individually due with event of loss are covered partially or in whole by guarantees. The disclosure of main guarantees is described on Note 12.

In June 30, 2016 and December 31, 2015 the Bank does not have any overdue or impaired financial instruments, whose terms have been renegotiated considered material.

d. Liquidity analysis of assets

In volatile markets or when trading in a security is hindered in the market, the liquidity position of the Company's portfolio can be reduced. In such cases, the Company may not be able to sell certain assets, which could adversely affect its ability to balancing its portfolio or to meet redemption requests. In addition, such circumstances may force the Company to sell assets at low prices, adversely affecting its performance. If there is no other market participants to sell them at the same time, the Company may not be able to sell these assets or avoid losses related to them. If the Company establishes substantial losses in trading, the need for liquidity could increase considerably while its access to liquidity could be hindered. Together with a recession in the market, the counterparties of the Company could incur in losses, weakening their financial condition and increasing the credit risk of the Company to them.

According to its policy, the Company regularly monitors its liquidity position. The table below summarizes the expected discounted cash flows for financial assets held for trading and contractual discounted cash flows for the other assets, to the Company and its subsidiaries for the semesters ended on June 30:

	30/06/2016		Total
	Under 12 months	Over 12 months	
Asset			
Cash and balances at Central Bank	4,160,149	-	4,160,149
Financial assets at fair value through profit or loss			
Financial Assets held for trading	11,999,327	-	11,999,327
Financial assets designated at fair value through profit and loss	21,228,273	137,519	21,365,792
Derivative financial instruments	11,143,501	19,943,865	31,087,366
Loans and Receivables			
Open market investments	2,693,457	-	2,693,457
Other loans and receivables	3,798,938	8,418,301	12,217,239
Amounts receivable from banks	2,057,691	-	2,057,691
Financial assets available for sale	-	158,505	158,505
Held-to-maturity financial assets	906,861	4,276,370	5,183,231
Non-current assets held for sale	389,034	-	389,034
Deferred tax assets	-	5,719,215	5,719,215
Discontinued operations - assets	61,553,260	-	61,553,260
Other assets	16,558,485	8,681,679	25,240,164
Investment in associates and jointly controlled entities	-	5,144,242	5,144,242
Property, plant and equipment	-	197,496	197,496
Intangible assets	-	1,193,140	1,193,140
Total Assets	136,488,976	53,870,332	190,359,308
	31/12/2015		Total
	Under 12 months	Over 12 months	
Asset			
Cash and balances at Central Bank	5,054,877	-	5,054,877
Financial assets at fair value through profit or loss			
Financial Assets held for trading	11,633,782	-	11,633,782
Financial assets designated at fair value through profit and loss	9,371,202	171,351	9,542,553
Derivative financial instruments	35,676,689	5,616,569	41,293,258
Loans and Receivables			
Open market investments	8,010,509	-	8,010,509
Other loans and receivables	6,202,458	10,745,118	16,947,576
Amounts receivable from banks	3,858,611	2,193	3,860,804
Financial assets available for sale	87,751	265,970	353,721
Held-to-maturity financial assets	865,716	4,263,018	5,128,734
Deferred tax assets	378,352	-	378,352
Other assets	-	6,269,711	6,269,711
Income reserves	90,082,776	-	90,082,776
Investment in associates and jointly controlled entities	29,290,224	7,424,405	36,714,629
Property, plant and equipment	-	6,203,639	6,203,639
Intangible assets	-	244,119	244,119
	-	1,279,023	1,279,023
Total Assets	200,512,947	42,485,116	242,998,063

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e. Liquidity risk

The table below summarizes the contractual discounted cash flows for the liabilities and the shareholders' equity, to the Bank and its subsidiaries, for the semester ended June 30, 2016 and year ended December 31, 2015:

	30/06/2016		
	Under 12 months	Over 12 months	Total
Liabilities			
Financial Liabilities at fair value through profit or loss			
Financial liabilities held for trading	9,037,624	-	9,037,624
Derivative financial instruments	9,327,864	17,644,656	26,972,520
Financial Liabilities carried at amortized cost			
Amounts payable to banks	92,801	75,394	168,195
Open market funding	16,121,387	32,526	16,153,913
Other financial liabilities carried at amortized cost	17,971,457	24,410,720	42,382,177
Tax liabilities	1,372,868	1,711,084	3,083,952
Other liabilities	3,159,821	10,356,735	13,516,556
Total liabilities	57,083,822	54,231,115	111,314,937
	31/12/2015		
	Under 12 months	Over 12 months	Total
Liabilities			
Financial Liabilities at fair value through profit or loss			
Financial liabilities held for trading	6,018,716	-	6,018,716
Derivative financial instruments	34,011,943	5,282,791	39,294,734
Financial Liabilities carried at amortized cost			
Amounts payable to banks	1,386,037	89,330	1,475,367
Open market funding	14,231,882	30,140	14,262,022
Other financial liabilities carried at amortized cost	26,259,676	30,119,670	56,379,346
Tax liabilities	1,353,748	2,134,158	3,487,906
Other liabilities	3,535,239	13,938,009	17,473,248
Total liabilities	86,797,241	51,594,098	138,391,339

The table below presents the undiscounted cash flows for "Financial liabilities carried at amortized cost". We are not presenting undiscounted cash flows for "Financial Liabilities at fair value through profit or loss".

	30/06/2016		
	Under 12 months	Over 12 months	Total
Financial liabilities carried at amortized cost			
Amounts payable to banks	95,086	99,227	194,313
Open market funding	16,186,198	38,442	16,224,640
Other financial liabilities carried at amortized cost	18,689,981	48,329,056	67,019,037
	31/12/2015		
	Under 12 months	Over 12 months	Total
Financial liabilities carried at amortized cost			
Amounts payable to banks	1,402,514	129,477	1,531,991
Open market funding	17,035,340	2,858,413	19,893,753
Other financial liabilities carried at amortized cost	31,039,535	34,695,602	65,735,137

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f. Operating risk

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

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

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

6. Cash and balance at Central Bank

The composition of this account is presented below:

	30/06/2016	31/12/2015
Cash at banks	2,493,609	3,460,067
Balance at Central Bank	1,666,540	1,594,810
Total	4,160,149	5,054,877

7. Assets and liabilities at fair value through profit and loss

a. Financial assets held for trading

	30/06/2016		31/12/2015	
	Cost	Market	Cost	Market
Own portfolio	8,303,887	8,376,190	6,685,374	6,002,423
Federal government bonds	415,437	415,224	840,893	764,266
Brazilian foreign debt securities	-	-	2,083	2,083
Debentures/Eurobonds (i)	-	-	303,496	276,046
Bank certificates of deposit	21,984	21,984	19,507	19,507
Bank credit certificate	4,158	4,158	-	-
Investment fund quotes				
Shares	377,027	377,027	21,355	21,355
Multimarket	1,470,137	1,561,148	408,948	226,790
FIDC - Credit Rights	3,483	9,854	1,734	1,734
Real Estate	6,136	6,136	7,343	7,343
Equity Investment fund	281,004	302,828	186,542	466,493
Shares	2,570,688	2,530,138	3,356,318	2,708,854
Financial bills	29,942	29,942	70,202	70,202
Other	200,485	200,485	4,110	4,023
Certificate of real estate receivables	-	-	193,990	176,678
Foreign government bonds	547,417	540,873	524,500	522,183
Foreign private securities				
Corporate bonds	2,277,861	2,277,861	733,321	723,834
Other	98,128	98,532	11,032	11,032

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	30/06/2016		31/12/2015	
	Cost	Market	Cost	Market
Unrestricted portfolio	488,639	498,773	593,661	591,054
Federal government bonds	488,639	498,773	593,661	591,054
Subject to repurchase agreements	1,089,846	1,204,115	2,960,010	2,964,402
Federal government bonds	859,197	859,293	2,676,435	2,676,769
Bank credit certificate	3,421	13,891	-	-
Foreign government bonds	138,059	241,762	162,169	162,169
Debentures / Eurobonds (i)	-	-	63,404	48,681
Foreign private securities				
Corporate bonds	89,169	89,169	58,002	76,783
Subject to guarantees	1,916,004	1,920,249	2,311,519	2,075,903
Federal government bonds	1,364,900	1,369,144	1,649,538	1,654,445
Investment fund quotes				
Multimarket	177,413	177,413	171,338	171,338
Bank certificates of deposit	12,537	12,537	8,350	8,350
Other	1,684	1,684	1,790	1,790
Shares	354,183	354,184	480,503	239,980
Foreign government bonds				
Other	5,287	5,287	-	-
	11,798,376	11,999,327	12,550,564	11,633,782

(i) Substantially securities issued by Brazilian companies.

b. Financial liabilities held for trading

	30/06/2016	31/12/2015
Short position in securities	7,304,710	5,900,406
Loan of securities		
Shares	1,732,914	118,310
	9,037,624	6,018,716

c. Financial assets designated at fair value through profit and loss

Financial assets designated at fair value through profit or loss is basically represented by short-term repurchase agreements are measured at fair value once it significantly reduces the inconsistent treatment that would occur in the measurement of these assets in the recognition of gains and losses.

The amortized cost of such transactions is represented by the amount of R\$18,343,388 and R\$9,419,041, as at June 30, 2016 and December 31, 2015, respectively.

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d. Derivatives financial instruments

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

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

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

As at June 30, 2016 and December 31, 2015, the Bank does not have derivative financial instruments classified as hedge accounting.

The composition of this account is presented below:

	30/06/2016		31/12/2015	
	Cost (i)	Market	Cost (i)	Market
Futures				
Long position	68,600	68,600	59,176	59,176
Short position	(106,259)	(106,259)	(41,362)	(41,362)
Swaps				
Long position	4,585,326	1,624,576	1,406,301	1,901,213
Short position	(882,869)	(1,810,602)	(3,538,070)	(3,196,556)
Credit derivatives				
Long position	9,301	9,301	4,167	4,167
Short position	(9,757)	(9,757)	(22,819)	(22,819)
Non-deliverable forward - NDF				
Long position	4,406,339	4,411,001	4,671,706	4,529,602
Short position	(2,884,167)	(2,922,238)	(3,114,707)	(3,104,400)
Deliverable forward - DF				
Long position	8,812,730	8,842,478	19,306,230	19,204,631
Short position	(8,409,701)	(8,565,431)	(19,218,017)	(18,611,918)
Security forwards				
Long position	2,241,668	2,241,668	353,813	353,813
Short position	(2,240,703)	(2,239,823)	(353,648)	(353,648)
Options market				
Long position	2,325,912	3,086,028	2,654,301	3,473,653
Short position	(766,928)	(1,342,256)	(1,480,961)	(2,171,313)
Exchange portfolio				
Long position	10,803,714	10,803,714	11,767,003	11,767,003
Short position	(9,976,154)	(9,976,154)	(11,792,718)	(11,792,718)
Long position	<u>33,253,590</u>	<u>31,087,366</u>	<u>40,222,697</u>	<u>41,293,258</u>
Short position	<u>(25,276,538)</u>	<u>(26,972,520)</u>	<u>(39,562,302)</u>	<u>(39,294,734)</u>

(i) Refers to book value receivable (received) / payable (paid).

We show below the notional value of derivative operations. The receivable leg and payable leg are presented separately for Swap, NDF and DF derivatives in the table below:

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	30/06/2016	31/12/2015
Futures market		
Long position	73,268,494	64,910,392
Currency	288,412	3,063,003
Interest rate	46,452,297	27,151,507
Commodities	26,375,325	34,018,152
Index	-	677,730
Other	152,460	-
Short position	81,565,472	113,146,444
Currency	7,051,278	9,330,260
Interest rate	37,144,502	53,157,681
Commodities	30,906,234	49,980,773
Index	26,734	677,730
Other	6,436,724	-
Swap		
Long position	102,295,637	79,050,901
Currency	54,531	3,418,165
Interest rate	99,192,966	71,284,933
Index	3,017	604,938
Equities	183,297	123,872
Commodities	2,861,791	3,382,081
Other	35	236,912
Short position	102,295,637	79,050,901
Currency	54,531	3,383,477
Interest rate	99,183,732	67,356,077
Index	7,514	1,384,147
Equities	177,536	442,109
Commodities	2,872,324	4,012,950
Other	-	2,472,141
Credit Derivatives		
Long position	342,807	136,668
Sovereign	342,807	136,668
Short position	92,122	182,868
Sovereign	11,395	-
Corporate	80,727	182,868
Non-deliverable forward - NDF		
Long position	44,320,859	69,421,066
Currency	16,571,852	37,019,547
Commodities	25,897,536	29,886,784
Interest rate	1,851,471	2,514,735
Short position	44,320,859	69,421,066
Currency	16,571,852	38,965,831
Commodities	25,897,536	29,889,504
Interest rate	1,851,471	565,731
Deliverable forward - DF		
Long position	30,561,881	62,430,911
Currency	27,995,159	38,778,383
Commodities	2,566,722	15,172,313
Interest rate	-	8,480,215
Short position	30,561,881	62,430,911
Currency	27,995,159	38,778,383
Commodities	2,428,134	9,038,825
Interest rate	138,588	14,613,703

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	30/06/2016	31/12/2015
Security forwards		
Long position	2,228,209	354,132
Interest rate	-	289,798
Government bonds	2,228,209	64,334
Short position	2,228,209	354,132
Interest rate	2,228,209	64,334
Government bonds	-	289,798
Options market		
Call option	18,243,908	15,202,918
Equities	466,311	415,893
Commodities	6,225,292	5,342,524
Index	1,076	30,255
Currency	10,494,229	9,343,960
Interest rate	1,057,000	-
Other	-	70,286
Put option	45,575,251	17,620,753
Equities	732,084	395,404
Commodities	8,645,058	8,740,920
Index	720	-
Currency	8,970,134	8,480,207
Interest rate	25,992,100	-
Other	1,235,155	4,222
Call option	17,664,529	15,830,967
Equities	109,727	299,972
Commodities	4,663,753	4,711,397
Index	1,291	25,212
Currency	11,832,733	10,724,100
Interest rate	1,057,025	-
Others	-	70,286
Put option	39,072,215	11,846,001
Equities	486,377	701,270
Commodities	3,801,278	4,059,595
Index	800	-
Currency	7,558,719	7,085,136
Interest rate	25,986,678	-
Others	1,238,363	-
Exchange Portfolio		
Long position	8,426,690	9,389,979
Currency	8,426,690	9,389,979
Short position	7,269,464	9,086,028
Currency	7,269,464	9,086,028

Guarantee margins in transactions traded on BM&FBovespa and other stock exchanges with derivatives comprises federal government and sovereign bonds totaling R\$9,307,167 (December 31, 2015 – R\$8,449,268) and shares in the amount of R\$354,184 (December 31, 2015 – R\$254,030). From the total amount, approximately R\$966,481 refers to additional margin deposited, as requested by BM&F Bovespa, due to volatility observed in function of events previously described, in Note 1.

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e. Reclassification of securities

Management classifies securities according to its trading intention. No reclassifications or changes in intention were made by Management during the period.

8. Available-for-sale financial assets

	30/06/2016		31/12/2015	
	Cost	Market	Cost	Market
Investment fund quotes				
Equity Investment fund	157,872	158,505	353,721	353,721
	157,872	158,505	353,721	353,721

9. 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 that reflect the appropriate risk factors. These yield curves can be drawn mainly based on observed prices in negotiations on the BM&F, the Brazilian government bonds traded in the secondary market or derivatives and securities traded abroad. These yield curves can be used to obtain the fair value of currency swaps, interest rate swaps and swaps based on other risk factors (commodities, stock indices, etc.).
- Futures and forwards – Prices obtained in exchanges or using the same criteria as described above for swaps.
- Options – the fair values of such instruments are determined based on mathematical models (like Black & Scholes) that are fed with data implied volatility, yield curve of interest rates and the fair value of the underlying asset. All these data are obtained using different sources (usually prices of brokers and brokerage firms, Bloomberg, Reuters).
- Credit derivatives – the fair values of such instruments are determined based on mathematical models embodied in the market that are fed with data from the issuer's credit spread and yield curve of interest rates. Such data are obtained using different sources (usually at market prices, Bloomberg, Reuters).
- Financial instruments held for trading – the fair values of bonds are calculated based on prices published by ANBIMA. Fair values of corporate debt securities are calculated based on secondary market prices, the price of similar assets and market visibility areas that have commercial bank. The shares are calculated based on prices provided by BOVESPA. The investment funds are valued considering prices of shares issued by the custodian.
- Financial assets measured at fair value through profit and loss – fair values of financial instruments is estimated based on the cash flows discounted to present value based on yield curves that reflect the appropriate risk factors.

The table below summarizes the fair value hierarchy of the financial instruments, classified based on the measurement methods adopted by the Bank:

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	Level 1	Level 2	Level 3	Total
Asset				
Financial Assets held for trading	8,762,928	3,031,310	205,089	11,999,327
Financial assets designated at fair value through profit and loss	-	21,365,792	-	21,365,792
Available-for-sale financial assets	-	-	158,505	158,505
Derivative financial instruments	5,439,330	22,053,803	3,594,233	31,087,366
Liability				
Financial liabilities held for trading	9,037,624	-	-	9,037,624
Derivative financial instruments	5,261,251	19,016,386	2,694,883	26,972,520

31/12/2015				
	Level 1	Level 2	Level 3	Total
Asset				
Financial Assets held for trading	9,388,565	2,089,888	155,329	11,633,782
Financial assets designated at fair value through profit and loss	-	9,542,553	-	9,542,553
Available-for-sale financial assets	-	279,663	74,058	353,721
Derivative financial instruments	14,790,205	22,946,199	3,556,854	41,293,258
Liability				
Financial liabilities held for trading	6,018,716	-	-	6,018,716
Derivative financial instruments	15,722,615	20,780,514	2,791,605	39,294,734

There were no reclassifications between Level 1 and 2 for the semester ended June 30, 2016 and year ended December 31, 2015.

The movement on financial instruments classified as Level 3 in the semester ended June 30, 2016 and December 31, 2015 are presented below:

	Derivative financial instruments	Financial assets held for trading	Financial assets available for sale	Total
At December 31, 2014	478,249	1,028,562	939,547	2,446,358
Acquisition / sales	202,149	(879,262)	87,751	(589,362)
Gain/losses	84,851	6,029	(953,240)	(862,360)
At December 31, 2015	765,249	155,329	74,058	994,636
Acquisition / sales	219,305	51,239	90,587	361,131
Gain/losses	(85,204)	(1,479)	(6,140)	(92,823)
At June 30, 2016	899,350	205,089	158,505	1,262,944

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10. Open market investments and funding

The amounts presented below are basically overnight, and indexed to local and foreign benchmark interest rate.

	30/06/2016		31/12/2015	
	Assets	Liabilities	Assets	Liabilities
Own funds	453,847	3,744,796	5,657,591	8,017,992
Third-party funds	2,096,091	12,409,117	2,352,918	6,244,030
Short position	143,519	-	-	-
	<u>2,693,457</u>	<u>16,153,913</u>	<u>8,010,509</u>	<u>14,262,022</u>

The collateral received in repurchase agreements above and on financial assets designated at fair value through profit and loss (Note 7c) amounts to R\$2,691,876 (December 31, 2015 - R\$19,560,075), whereas the collateral granted amounts to R\$15,459,806 (December 31, 2015 - R\$25.067.958).

11. Amounts receivable from/payable to banks

The composition of this account is presented below:

	30/06/2016		31/12/2015	
	Ativo	Passivo	Ativo	Passivo
Interbank deposits	454,184	168,195	312,193	1,475,367
Investments in foreign currency – Overnight	1,603,507	-	3,548,611	-
	<u>2,057,691</u>	<u>168,195</u>	<u>3,860,804</u>	<u>1,475,367</u>

12. Other loans and receivables

a. Composition

The composition of this account is presented below:

	30/06/2016		
	Balance	Allowance	Total
Loans	5,865,481	(481,935)	5,383,546
Debentures	2,498,744	(182,380)	2,316,364
Promissory notes	72,668	-	72,668
Certificate of real estate receivables	506,889	-	506,889
CRA	218,936	-	218,936
Financing	1,057,167	(121,968)	935,199
FINAME/BNDES	2,551,172	(58,893)	2,492,279
Foreign currency advances	156,051	(5,867)	150,184
Fund for Compensation of Salary Variations (FCVS)	155,989	(23,396)	132,593
Securities and credits receivable (i)	64,230	(55,649)	8,581
	<u>13,147,327</u>	<u>(930,088)</u>	<u>12,217,239</u>

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	31/12/2015	
	Balance	Allowance
Loans	8,425,626	(1,251,356)
Debentures	4,455,689	(181,045)
Promissory notes	121,250	-
Certificate of real estate receivables	747,897	(173,816)
CRA	363,182	-
Financing	1,648,571	(134,145)
FINAME/BNDES	2,424,105	(35,481)
Foreign currency advances	3,489	-
Fund for Compensation of Salary Variations (FCVS)	326,436	-
Securities and credits receivable (i)	400,470	(193,296)
	18,916,715	(1,969,139)
		16,947,576

(i) Refers to the acquisition of credit rights.

The amount of guarantees received for credit operations at June 30, 2016 and December 31, 2015, was R\$8,385,645 and R\$15,345,639, respectively.

b. Allowance

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

	30/06/2016	30/06/2015
Opening balances	(1,969,139)	(1,901,272)
Reversal/(recording) of allowance (i)	(43,147)	(516,041)
Exchange rate variation	353,187	182,753
	1,210	-
Contingencies transfer provision	-	113,278
Credits written off as loss (ii)	727,801	152,143
Closing balances	(930,088)	(1,969,139)

(i) As at June 30, 2016, included R\$191,413 (December 31, 2015 - R\$150,256) relating to provision for stand-by letters and guarantees granted, which was recorded as other liabilities (Note 19).

(ii) In June 2016, the Bank has offsetted the presentation of allowance for loan losses with the loans and receivables acquired by FIDCs, which corresponded substantially to the remaining difference between the contractual rights acquired and the value paid on the date of the acquisition, in order to present the net exposure to these loans and receivables.

c. Renegotiation/recovery of credits written off as loss

As at the semester ended June 30, 2016, the amount of R\$1,043,280 were due to credit renegotiation (December 31, 2015 – R\$1,482,587). Also in the semester ended June 30, 2016 there were R\$19,954 correspondent to recovery of credits written off loss (December 31, 2015 – R\$1,414).

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d. Credit risk

The credit risk of these transactions is presented below.

Risk Level	30/06/2016	31/12/2015
Low	6,721,182	10,376,403
Medium	3,708,191	4,854,670
High	2,717,954	3,685,642
Total	13,147,327	18,916,715

The Bank follows an internal loan ratings system that complies with requirements of the Central Bank of Brazil; based on such ratings, for purposes of this footnote, the bank has further grouped the loans into low, medium and higher risk. Low risk included ratings AA and A, medium B and C and high from D to H.

13. Held-to-maturity financial assets

	30/06/2016	31/12/2015
Subject to repurchase		
Federal government bonds	1,325,856	4,062,419
Subject to guarantees		
Federal government bonds	3,857,375	1,066,315
	5,183,231	5,128,734

The Bank has the financial capacity to maintain these assets to maturity. If measured at fair value, held-to-maturity securities would be reported with a negative adjustment of R\$50,572 (December 31, 2015 – negative R\$183,963).

14. Other financial liabilities carried at amortized cost

a. Summary

	30/06/2016	31/12/2015
Deposits	10,145,504	16,447,272
Funds from securities issued and accepted	13,994,313	19,560,472
Loans and onlending	5,813,294	6,812,614
Obligations related to transferred loans	461,665	492,317
Subordinated debts	11,967,401	13,066,671
	42,382,177	56,379,346

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b. Deposits

	30/06/2016	31/12/2015
Demand deposits	488,539	540,049
Time deposits	9,656,965	15,907,223
	<u>10,145,504</u>	<u>16,447,272</u>

- (i) Include time deposit with special guarantee from FGC, with maturity until December 29, 2017. The deposits were indexed to interest referenced rates (DCI) between 100% p.a and 119 % p.a.

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 June 30, 2016, the amount of R\$1,9 billion remain outstanding, regarding this credit line.

c. Funds from securities issued and accepted

	30/06/2016	31/12/2015
Securities – Brazil	10,040,265	12,958,012
Financial bills	8,958,620	11,349,903
Mortgage bonds/letters of credit for agribusiness	1,077,568	1,590,027
Certificates of structured transactions	4,077	18,082
Securities – abroad	3,954,048	6,602,460
Medium term notes	3,834,586	6,295,976
Fixed rate notes	119,462	306,484
	<u>13,994,313</u>	<u>19,560,472</u>

As at June 30, 2016, securities in Brazil were basically indexed o interest referenced rates (CDI) between 86% and 109,25% or inflation indexes (IPCA and IGPM) plus 1,02% p.a. to 8,2% 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 June 30, 2016, securities abroad have rates between 2,6% p.a. and 7,0% p.a. (December 31, 2015 – between 1..2% p.a. and 7.0% p.a.).

d. Loans and onlending

	30/06/2016	31/12/2015
Loans abroad	2,745,217	3,599,236
Foreign currency	1,302,217	160,767
Loans abroad	1,443,000	3,438,469
Loans - Brazil	565,703	817,332
Loans	565,703	817,332
Onlending in Brazil – official institution	2,502,374	2,396,046
FINAME/BNDES	2,502,374	2,396,046
	<u>5,813,294</u>	<u>6,812,614</u>

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On June 30, 2016, loans and onlending have rates of 0,5% p.a. and 6,4% a.a. (December 31, 2015 – between 0.73% p.a. and 6.0% p.a.).

e. Subordinated debt

Nome do papel - moeda	30/06/2016					31/12/2015
	Valor Principal (moeda original)	Emissão	Vencimento	Remuneração a.a.	Saldo contábil	Saldo contábil
Letras financeiras - R\$ (i)	4,161,000	15/04/2011	15/04/2021	Inflação + taxa pré	6,295,017	6,084,767
Notas subordinadas - US\$	800,000	28/09/2012	15/09/2022	5.75%	1,428,016	1,821,507
Notas subordinadas elegíveis a capital - US\$ (ii)	1,300,000	12/09/2014	Perpétuo (opção de liquidação em 2019)	8.75%	4,244,368	5,160,397
Total					11,967,401	13,066,671

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

(ii) During the year, gains in the amount of approximately R\$67,108 million relating to notes acquired was recognized by the Bank, below par.

15. Other assets

The composition of this account is presented below:

	30/06/2016	31/12/2015
Court deposits	1,786,797	1,739,039
Taxes recoverable to offset	884,667	1,555,598
Debtors/creditors – pending settlement (i)	4,383,327	8,427,517
Investment properties	865,856	697,256
Sundry debtors – local	4,951,230	5,236,651
Services provided receivable	557,086	916,889
Management fee and performance fees receivable for funds and investment portfolios	665,375	778,060
Cash from records and settlement	341,325	1,157,060
Dividends and bonifications	27,819	3,947
Prepaid expenses	107,314	243,901
Securities trading and brokerage	934,190	2,524,984
Advance to suppliers	903,705	1,059,222
Commodities physical inventories	8,151,475	10,198,083
Miscellaneous	679,998	2,176,422
	25,240,164	36,714,629

(i) Line item “Debtors/creditors – pending settlement” basically represents the amounts pending settlement within the respective terms related to the purchase and sale of securities and agreements of financial assets performed at BMF&BOVESPA, and, if abroad, with first-class brokers, for own account or third parties and values pending settlement within financial assets sale.

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16. Investments in associates and jointly-controlled entities

		Associates and jointly-controlled entities					
		Shareholders Equity		Income		Interest	
Relationship		30/06/2016	31/12/2015	30/06/2016	30/06/2015	30/06/2016	31/12/2015
In Brazil							
Banco Pan S.A.	Jointly-controlled entity	3,421,905	3,643,797	(224,468)	(69,919)	40.35%	40.35%
Warehouse 1 Empreendimentos Imobs S.A.	Associate	29,758	40,974	673	-	35.00%	35.00%
Max Casa XIX Empreendimentos Imobs S.A.	Associate	5,826	23,848	5,075	-	50.00%	50.00%
ACS Omicron Empreendimentos Imobs S.A.	Associate	10,033	9,624	656	-	44.74%	44.74%
Pan Seguros S.A.	Jointly-controlled entity	697,292	673,962	52,888	2,379	51.00%	51.00%
Pan Corretora S.A.	Jointly-controlled entity	65,528	59,961	2,994	47,900	51.00%	51.00%
Abroad							
BTG Pactual Holding S.A.R.L.	Jointly-controlled entity	4,128,480	5,257,130	121,368	19,562	80.00%	80.00%
Maybroke Holding S.A.	Jointly-controlled entity	998,547	1,192,369	12,908	293,845	50.00%	50.00%

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Changes in relevant investments								
	31/12/2015	Aquisition / Increase/ (Sales)	Dividends paid	Exchange rate	Equity in earnings of subsidiaries from 2016	Fair value adjustments	30/06/2016	Equity in earnings of associates - 30/06/2015
In Brazil								
Banco Pan S.A.	1,371,176	-	-	-	(48,086)	1,775	1,324,865	11,400
Warehouse 1 Empreendimentos Imobs S.A.	14,340	-	(700)	-	(3,226)	-	10,414	(738)
Max Casa XIX Empreendimentos Imobs S.A.	11,924	(8,500)	-	-	(1,011)	-	2,413	(676)
ACS Omicron Empreendimentos Imobs S.A.	4,306	-	-	-	183	-	4,489	212
Vivere Soluções e Serviços S.A.	-	(5,022)	-	-	5,022	-	-	-
Pan Corretora S.A.	-	-	-	-	-	-	-	1,871
Pan Seguros S.A.	-	-	-	-	-	-	-	4,308
Rede D'OR São Luiz S.A. (i)	-	-	-	-	-	-	-	296,921
Abroad								
BTG Pactual Holding S.A.R.L.	4,205,704	-	(126,186)	(748,557)	(28,176)	-	3,302,785	596,298
Maybroke Holding S.A.	596,189	-	-	(106,167)	9,254	-	499,276	138,798
Other non consolidation BSI entities	-	-	-	-	-	-	-	69
	6,203,639	(13,522)	(126,886)	(854,724)	(66,040)	1,775	5,144,242	1,048,463
Changes in relevant investments								
	31/12/2014	Aquisition / Increase/ (Sales)	Dividends paid	Exchange rate	Equity in earnings of subsidiaries - 2015	Fair value adjustments	30/06/2015	Equity in earnings of associates - 30/06/2014
In Brazil								
Banco Pan S.A.	1,315,957	-	-	-	11,400	(1,467)	1,325,890	(50,745)
Warehouse 1 Empreendimentos Imobs S.A.	38,614	(5,075)	(11,617)	-	(738)	-	21,184	29,144
Max Casa XIX Empreendimentos Imobs S.A.	18,866	-	-	-	(676)	-	18,190	(1,495)
ACS Omicron Empreendimentos Imobs S.A.	7,774	(1,119)	-	-	212	-	6,867	1,601
BR Properties S.A.	4,738	-	-	-	-	-	4,738	(788)
Rede D'OR São Luiz S.A. (i)	1,020,128	(659,218)	-	-	296,921	-	657,831	-
Vivere Soluções e Serviços S.A.	5	2,093	-	-	-	-	2,098	510
Pan Corretora S.A.	26,482	-	-	-	1,871	-	28,353	-
Pan Seguros S.A.	347,772	-	-	-	4,308	-	352,080	-
Abroad								
BTG Pactual Holding S.A.R.L.	3,632,684	-	(122,922)	-	596,298	-	4,106,060	(93,416)
Maybroke Holding S.A.	-	566,382	-	-	138,798	-	705,180	-
Others	-	595	-	-	69	-	664	-
	6,413,020	(96,342)	(134,539)	-	1,048,463	(1,467)	7,229,135	(115,189)

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- (i) Note 1.
- (ii) Note 2.

17. Non-current Assets Held for Sale and Discontinued Operations

Pan Seguros S.A. and Pan Corretora S.A. have fulfilled the requirements for presentation as non-current assets held for sale and BSI and Recovery have fulfilled the requirements for presentation as a discontinued operation.

Discontinued Operations

BSI's statements of income, as well as the balance sheet and the cash flow statements, as of June 30, 2016 and December 31, 2015, are presented on the tables below. They were also presented in single accounts (separated by assets), in the consolidated statements of income, consolidated balance sheet and in the consolidated statements of cash flows.

(i) BSI

The amounts presented in the table below can be different from the consolidated financial statements of BSI prepared in accordance with IFRS in accordance with measurement criteria, including those resulting from the purchase price allocation of identifiable assets and liabilities, not completed at the date the Bank's financial statements.

Balance Sheet

	30/06/2016	31/12/2015
Assets		
cash and cash equivalents	10,314,465	17,030,832
Amounts receivable from banks	8,508,165	11,427,903
Financial assets held for trading	9,782,916	10,948,570
Derivative financial instruments	870,173	1,206,835
Loans and receivables	29,834,903	44,287,433
Other assets	1,307,895	3,096,011
Investment in associates and jointly controlled entities	30,773	91,052
Property, plant and equipment	480,715	586,265
Intangible assets	126,878	231,498
Total assets	61,256,883	88,906,399
Liabilities		
Financial liabilities carried at amortized cost	47,154,556	70,614,797
Derivative financial instruments	999,347	1,404,916
Other liabilities	8,766,887	12,341,234
Total liabilities	56,920,790	84,360,947
Shareholders' equity	4,336,093	4,545,452
Total liabilities	61,256,883	88,906,399

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Income Statement

	30/06/2016	31/12/2015
Interest income	264,802	309,973
Interest expense	(18,186)	(59,456)
Net interest income/(expenses)	246,616	250,517
Net gains on financial instruments	201,593	34,117
Net exchange variations	81,976	34,785
Fees and commissions	698,211	666,549
Share of profit in associates and jointly controlled entities	6,238	28,013
Other operating income	(34,612)	105,472
Net revenues	1,200,022	1,119,453
Administrative expenses	(531,919)	(477,997)
Personnel expenses	(627,683)	(497,095)
Provisions for credit losses	65,367	15,214
Tax charges (other than income tax)	(20,759)	(16,684)
Income before taxes and profit sharing	85,028	142,891
Income tax and social contribution	4,426	(42,360)
Net income for the year	89,454	100,531

Cash Flow Statement

	30/06/2016	31/12/2015
Operational assets and liabilities cash flows	(6,777,457)	(89,446)
Financing activities cash flows	(209,359)	(321,858)
Investing activities cash flows	270,449	77,258
Increase / (Decrease) in cash and cash equivalents	(6,716,367)	(334,046)

(ii) Recovery

As described in Note 2, the Bank affirmed a sale commitment of its full ownership in Recovery, by the total amount of R\$1.2 billion, which represents its fair value in December 31, 2015.

Non-current Assets Held for Sale

The amount of the investments recognized in Pan Seguros S.A. and Pan Corretora S.A. corresponds to R\$389,034 (December 31, 2015 – R\$378,352). The Bank do not expect that Pan Seguros S.A. and Pan Corretora S.A. are going to be sold for less than such amount, which represents its carrying amount, therefore no impairment losses were expected as of June 30, 2016, the date of classification of the assets as held for sale.

18. Intangible assets and goodwill

	31/12/2015	Acquisitions	Changes in Intangible assets Amortization expenses / derecognition	Exchange variation	30/06/2016
Goodwill	564,406	20,376	(24,217)	(48,489)	512,076
Cost	853,133	20,376	(24,217)	(39,486)	809,806
Impairment	(288,727)	-	-	(9,003)	(297,730)
Other intangible assets	714,617	11,548	(82,869)	37,768	681,064
Cost	648,788	11,548	-	145,524	805,860
Intangible BTG Pactual Chile	245,698	-	-	-	245,698
Amortization	(179,869)	-	(82,869)	(107,756)	(370,494)
	1,279,023	31,924	(107,086)	(10,721)	1,193,140

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	Changes in Intangible assets				30/06/2015
	31/12/2014	Acquisitions	Amortization expenses / derecognition	Exchange variation	
Goodwill	483,824	11,718	(43,872)	136,956	588,626
Cost	662,448	11,718	(43,872)	152,388	782,682
Impairment	(178,624)	-	-	(15,432)	(194,056)
Other intangible assets	667,601	23,902	(22,731)	18,589	687,361
Cost	539,146	23,902	(843)	21,956	584,161
Intangible BTG Pactual Chile	245,698	-	-	-	245,698
Amortization	(117,243)	-	(21,888)	(3,367)	(142,498)
	1,151,425	35,620	(66,603)	155,545	1,275,987

The amortization periods for intangible assets not originated in business combinations are 5 years.

19. Tax Liabilities

The composition of this account is presented below:

	30/06/2016	31/12/2015
Deferred:		
Deferred social contribution and income tax	551,492	443,941
Deferred PIS and COFINS	88,618	70,649
Current:		
Tax and contributions to be collected	204,864	211,729
Tax and contribution payable	524,078	1,277,852
Suspended-payment taxes and others tax liabilities (note 21)	1,714,900	1,483,735
	3,083,952	3,487,906

20. Other Liabilities

The composition of this account is presented below:

	30/06/2016	31/12/2015
Cash from records and settlement	574,296	1,108,797
Debtors/creditors – pending settlement (i)	3,392,446	4,821,592
Other securities trading and brokerage	472,055	763,051
Employees' profit sharing	809,889	1,002,030
Provision for payables	647,017	600,715
Payable for acquisition of assets and rights (ii)	1,116,492	1,041,588
Provision for contingent liabilities	519,678	659,980
Allowance for guarantees	191,413	150,256
Payable collateral in physical commodities	4,011,926	5,209,221
Trade payables for commodities	791,885	1,141,893
Dividends and interest on equity	941,215	875,780
Others	48,244	98,345
	13,516,556	17,473,248

(i) Line item "Debtors/creditors – pending settlement" basically represents the amounts pending settlement within the respective terms related to the purchase and sale of securities and agreements of financial assets performed at BMF&BOVESPA, and, if abroad, with first-class brokers, for own account or third parties.

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

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21. Contingent assets and liabilities and legal obligations

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

a. Contingent assets

As at June 30, 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 accrued based on an analysis of the potential loss amounts, considering the current stage of the lawsuit and the opinion of external and internal legal counsel.

ii. Civil provisions

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

iii. Tax and social security provisions

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

c. Breakdown and changes in provisions in the year

The Bank's management is challenging the constitutionality of certain procedures regarding federal taxes, in addition to being a party to legal, tax and civil proceedings. Based on the opinion of its legal counsel, management considers that the provisions recognized for such proceedings at June 30, 2016 are appropriate to cover any losses arising therefrom. The provisions recognized and their changes in the semesters are as follows:

	30/06/2016				30/06/2015
	Tax	Civil	Labor	Total	Total
Balance at the beginning of the period	1,483,735	630,484	29,496	2,143,715	2,141,233
Recognition	264,914	96,082	22,932	383,928	377,971
Write-off	(33,749)	(247,128)	(12,188)	(293,065)	(339,056)
Balance at the end of the period	1,714,900	479,438	40,240	2,234,578	2,180,148
Suspended-payment taxes and other taxes contingencies				1,714,900	1,463,869
Provision for contingent liabilities				519,678	716,279

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The nature of the main provisions is presented below:

i. Suspended payment taxes and other taxes liabilities (Note 18)

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

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

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

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

As at June 30, 2016, Banco BTG Pactual and its subsidiaries were parties 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\$954 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 June 30, 2016 totaled R\$2,231 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, and in the acquisition by BTG in 2009. 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 June 30, 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\$1,772 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

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second tax assessments, respectively. Accordingly, in no event we expect to incur any material losses in connection with this matter.

ii. Provision for other contingent liabilities

As at June 30, 2016, BTG Pactual and its subsidiaries were part to several civil, labor, lawsuits and other contingences with a possible outcome, which were not recorded in provisions.

22. 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:

Income tax and social contribution	30/06/2016	30/06/2015
Tax base	4,945,530	(71,924)
Income before taxes	5,445,530	350,076
Interest on equity	(500,000)	(422,000)
Total charge of income tax and social contribution at the current rates	(2,350,332)	28,770
Permanent (additions) / deductions in taxation calculation	641,780	348,694
Equity in the earnings of subsidiaries and associated companies in Brazil	397,199	370,505
Foreign earnings	53,670	35,968
Gains on foreign gains	283,176	(239,180)
Other Permanent (additions) / deductions	(92,265)	181,401
Temporary (additions) / deductions on the taxation calculation	1,060,513	(317,746)
Reversal of provision for goodwill on the acquisition of investments	105,544	72,900
Interest on equity	(225,000)	(54,513)
Marked-to-market evaluation of securities and derivatives	1,453,537	(208,834)
Allowance for loan losses	(140,546)	(49,736)
Tax contingencies and provision for suspended-payment taxes	(210)	12,937
Other provisions	(132,812)	(90,500)
Offset of tax loss carry forwards - current and deferred liability - Brazil	22,661	(721,587)
Current tax expense and social contribution	(625,378)	(661,869)
Temporary differences		
Recognition / (reversal) of the period	(576,864)	419,045
Recognition of loss on investment abroad	(180,291)	721,587
Recognition of tax loss carry forward	211,757	247,433
Offset of tax loss carry forwards - Abroad	79,890	152,888
	410,641	-
(Expenses) / revenues from deferred taxes	(54,867)	1,540,953
Total (expenses) / revenues	(680,245)	879,084

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Changes in deferred tax assets presented in "Deferred tax assets", are as follows:

Income tax and social contribution	31/12/2015	Recognition	Realization (i)	30/06/2016
Tax loss carryforwards	827,919	292,162	(290,058)	830,023
Interest on equity	-	225,000	-	225,000
Allowance for loan losses	837,221	208,516	(147,030)	898,707
Marked-to-market evaluation of securities and derivatives	3,417,727	15,301,381	(16,616,598)	2,102,510
Interest on equity	150,228	-	(68,060)	82,168
Tax contingencies and provision for suspended-payment taxes	183,844	-	-	183,844
Other temporary differences	731,567	567,701	(12,475)	1,286,793
	<u>6,148,506</u>	<u>16,594,760</u>	<u>(17,134,221)</u>	<u>5,609,045</u>
Reflected on stockholder's equity				
Marked-to-market evaluation of securities and derivatives	14,045	-	(11,035)	3,010
Others	107,160	-	-	107,160
	<u>7,001,278</u>	<u>17,162,461</u>	<u>(17,157,731)</u>	<u>7,006,008</u>
Income tax and social contribution	31/12/2014	Recognition	Realization (i)	30/06/2015
Tax loss carryforwards	239,956	1,138,068	(1,803)	1,376,221
Interest on equity	119,280	54,513	-	173,793
Allowance for loan losses	381,675	82,996	(30,132)	434,539
Marked-to-market evaluation of securities and derivatives	301,640	3,585,157	(3,375,038)	511,759
Interest on equity	267,505	26,752	(66,402)	227,855
Effect of interest rate	68,013	(77,174)	-	(9,161)
Tax contingencies and provision for suspended-payment taxes	213,913	-	(12,792)	201,121
Taxes on foreign gains (i)	-	-	-	-
Other temporary differences	172,838	214,708	(120,501)	267,045
	<u>1,764,820</u>	<u>5,025,020</u>	<u>(3,606,668)</u>	<u>3,183,172</u>

(i) On June 30, 2016, the amount of R\$184,072 (December 31, 2015 – R\$587,981), refers to recovery paid taxes from investments abroad

(ii) Changes above refers exclusively to income tax and social contribution deferred tax assets.

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

Description	Tax credits on temporary differences	Tax loss carry forwards	Total
2016	1,296,749	254,261	1,551,010
2017	1,297,793	257,395	1,555,188
2018	1,911,748	332,911	2,244,659
2019	-	147,990	147,990
2018 onwards	212,828	7,540	220,368
Total	<u>4,719,118</u>	<u>1,000,097</u>	<u>5,719,215</u>
Present value	<u>3,276,125</u>	<u>780,939</u>	<u>4,057,064</u>

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As at June 30, 2016 tax credits in the amount of R\$1,005,146 (December 31, 2015 – R\$1,323,501), from tax losses calculated between the period of 1993 and 2010, were not registered on the subsidiary, 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.

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 1, 2015.

23. Shareholders' equity

a. Capital

As at June 30, 2016, fully subscribed and paid in capital consists of 2,696,327,316 shares (December 31, 2015 – 2,756,103,006), of which 1,384,479,772 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.

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

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

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

The Class B preferred shares are convertible into common shares, upon request by writing to the holder or the Company without deliberation and board or shareholders meeting, provided that (i) such conversion occurs at the time of issuance of new shares by the Company 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 Company and (iii) conversion is in accordance with the Company's shareholders' agreement. Class B preferred shares can be convertible into Class A preferred shares at the request of its holder, and provided that (i) the Company is a public company with shares listed on stock exchanges and (ii) conversion is in accordance with the Company's shareholders' agreement.

The share movements on the years are presented below:

Banco BTG Pactual	Quantity			Total
	Common	Preferred		
		Class A	Class B	
Outstanding at December 31, 2015	1,404,405,002	535,847,600	815,850,404	2,756,103,006
Outstanding at June 30, 2016	1,384,479,772	495,997,140	815,850,404	2,696,327,316

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b. Treasury shares

During the year ended December 31, 2015, the Bank approved a share buyback program and cancellation, as described in Note 1.

c. Legal reserve

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

d. Statutory reserve

In outstanding with the bylaws, the purpose of this reserve is to maintain working capital and is limited to the balance of the capital.

e. Unrealized income reserve

Established considering undistributed dividends obtained in foreign branch.

f. Profit distribution

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

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

As at June 30, 2016 the Bank has accrued R\$500,000 (June 30, 2015 - R\$422,000), relating to interest on equity, equivalent to R\$0.19 (June 30, 2015 - R\$0.16) per share, which generated R\$225,000 (June 30, 2015 - 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, and the payment occurred on June 20, 2016.

g. Other comprehensive income

During the semester ended June 30, 2015 comprises: (i) the fair value changes in the financial assets available for sale from jointly controlled entities totaling a negative R\$2,377 (December 31, 2014 – R\$4,170); (ii) the fair value changes in the financial assets available for sale totaling R\$6,247 (December 31, 2015 – R\$18,501) and; (iii) the translations differences between assets and liabilities of foreign subsidiaries whose functional currency is other than the Reais totaling R\$2,534,317 (December 31, 2015 – R\$5,109,634).

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24. Earnings per share

Income per share basic and diluted is calculated dividing the net income by the weighted average shares outstanding during the year. In the semester ended June 30, 2016 and 2015 there were no events that caused dilution.

	30/06/2016	30/06/2015
Net income	3,968,454	1,296,699
Weighted average per thousand ordinary shares outstanding for the semester	1,389,515,819	1,390,671,404
Weighted average per thousand preferred shares outstanding for the semester	1,321,919,638	1,324,230,808
Earnings per share – basic and diluted - R\$		
Common shares	1.46	0.48
Preferred shares	1.46	0.48

25. Net interest income and net gains on financial instruments

a. Net interest income

Interest revenues	30/06/2016	30/06/2015
Other loans and receivables	863,873	1,301,251
Open market funding and held-to-maturity financial assets	1,259,760	2,442,739
Income from compulsory investments in Brazilian Central Bank	101,771	50,962
	<u>2,225,404</u>	<u>3,794,952</u>
Interest expense	30/06/2016	30/06/2015
Open market funding	(979,936)	(3,155,972)
Time deposits	(442,861)	(268,481)
Interbank deposit	(660,090)	(62,195)
Notes issued	(1,192,441)	(1,205,422)
Borrowings and loans	1,509,450	(2,127,168)
	<u>(1,765,878)</u>	<u>(6,819,238)</u>

b. Net gains on financial instruments

	30/06/2016	30/06/2015
Derivatives	4,187,245	1,237,943
Financial assets at fair value through profit and loss	1,176,902	1,278,328
	<u>5,364,147</u>	<u>2,516,271</u>

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26. Fees and commissions

	30/06/2016	30/06/2015
Management and performance fee from investment funds and portfolios	365,362	663,894
Brokerage	67,486	116,533
Technical services	186,911	290,648
Commission on the placement of securities	59,056	87,895
Guarantees	114,453	103,720
Other services	26,775	13,445
	<u>820,043</u>	<u>1,276,135</u>

27. Other operating income / (expenses)

	30/06/2016	30/06/2015
Adjustment to inflation of court deposits	333,591	184,816
Credit recovery	(3,265)	(119,902)
Reversal of allowances - other	-	44,381
Recovery of charges and expenses	493,576	318,257
Reimbursement of clients	(122,229)	(130,142)
Discounts granted in renegotiation	(10,785)	(2,610)
Adjustment of amounts payable for acquisition of assets (i)	(106,567)	(222,037)
Foreign exchange	101,404	153,379
Fair value of investment properties	(217,086)	1,109,077
Other provision	41,701	(184,089)
	<u>510,340</u>	<u>1,151,130</u>

(i) Refers to amounts payable for acquisition of assets (mainly Banco Pan S.A. and Banco Sistema S.A.).

(ii) Refers mainly to the reversal of contingencies as described on footnote 20.

28. Other administrative expenses

	30/06/2016	30/06/2015
Outsourced services and consulting	(225,038)	(205,267)
Telecommunications and data processing	(157,325)	(146,091)
Leases and condominiums	(63,951)	(59,717)
Travel and lodging	(28,341)	(44,641)
Expenses of the financial system	(133,293)	(88,989)
Advertising and Public Relations	(16,023)	(21,639)
Depreciation and amortization	(48,478)	(42,809)
Other	(20,913)	-
	<u>(693,362)</u>	<u>(609,153)</u>

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(In thousands of reais)

29. Personnel Expenses

	30/06/2016	30/06/2015
Direct compensation	(1,198,207)	(867,843)
Benefits	(43,469)	(61,335)
Charges	(88,706)	(81,984)
Other personnel expenses	(79,373)	(90,773)
	<u>(1,409,755)</u>	<u>(1,101,935)</u>

30. Related parties

Institutions comprising the BTG Pactual Group invest their cash and cash equivalents mainly in funding products offered by the Bank. Related-party balances, carried at arm's length, are reflected in the following accounts:

	Relationship	Maturity	Assets/Liabilities		Revenues/Expenses	
			30/06/2016	31/12/2015	30/06/2016	30/06/2015
Assets						
Open market investments						
- Banco Pan S.A. (i)	Jointly Controlled	01/07/2016	470,999	630,001	-	74,441
	Related	No maturity	-	-	-	314,222
Interbank investments deposits						
- Banco Pan S.A. (i)	Jointly Controlled	01/07/2016	450,000	310,000	32,897	104,548
Securities						
- BTG Investments LP	Related	17/04/2018	-	200,362	-	3,543
- Banco Pan S.A. (i)	Jointly Controlled	23/04/2020	-	23,040	-	-
Derivative financial instruments						
- Banco Pan S.A. (i)	Jointly Controlled	22/04/2020	56,080	2,025	238,649	-
Loans and Receivables						
- Sócios e pessoal chave da administração	Partners	No maturity	660,814	634,253	19,872	-
- BSI UK Holding	Related	No maturity	-	3,663,406	-	-
Income Receivable						
- BTG Pactual Brazil Investment Fund I LP	Subsidiary and Related	No maturity	-	171,970	-	-
- BTG Absolute Return Master Fund II	Jointly Controlled	No maturity	-	12,952	-	-
Liabilities						
Time deposits						
- BTG Investments LP	Related	01/07/2016	(101,639)	(735,287)	-	(7,252)
- BTG Pactual Stigma LLC (i)	Related	01/07/2016	(25,217)	(180,096)	-	-
- BTG Pactual Absolute Return Master Fund II	Related	01/07/2016	(24,528)	(2,341)	-	-
- BTG Pactual Proprietary Feeder (1) Limited	Related	02/01/2016	-	(221,463)	-	-
- Others	Subsidiary and Related	02/01/2016	-	(54,313)	-	-
Open market funding						
		No maturity	(225,035)	-	(1,186)	-
- FIP Turquesa	Related	No maturity	-	(165,336)	-	-
- BRPEC Agropecuária (i)	Related	31/12/2016	(20,668)	(190,100)	(2,384)	(4,416)
Securities issued abroad						
- BTG MB Investments LP	Related	18/09/2019	(143,917)	(404,162)	(30,067)	-
- BTG Investments LP (i)	Related	17/04/2018	(2,181,459)	(1,930,422)	(253,478)	-
Derivative financial instruments						
- Banco Pan S.A. (i)	Jointly Controlled	15/02/2022	(56,080)	(346,714)	-	-

(i) Subsidiaries of BTG Pactual Participations Ltd.

As of June 30, 2016, transactions with related parties have no guarantees given and received. Additionally, the Bank did not record any allowance or provision for doubtful debts for the semester ended June 30, 2016 and year ended December 31, 2015.

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Total compensation paid to key management personnel totaling this period R\$2,550 (June 30, 2015 – R\$35,517) which is considered short term benefit.

31. Other information

a. Deposits

The interbank deposits and time deposits issued at market rates had the following weighted average maturities:

	30/06/2016	31/12/2015
Interbank deposits	757	892
Time deposits	531	519

b. Cash and cash equivalents

	30/06/2016	30/06/2015
Cash and balances at Central Bank	4,160,149	1,637,403
Amounts receivable from banks		
Interbank deposits	454,184	2,615,290
Overnight investments	1,603,507	1,323,611
Open market investments	2,676,191	14,794,888
Balances at the end of semester	8,894,031	20,371,192

c. Commitments and responsibilities

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

	30/06/2016	31/12/2015
Co-obligation and risks for guarantees granted	42,359,312	45,987,531
Responsibility for the management of futures and investment portfolio (i)	265,835,766	293,199,570
Securities	26,391,821	24,802,417
Securities under custody	1,116,007,715	1,098,395,088
Securities trading and brokerage	1,621,012,395	1,720,204,370
Loans contract to release	545,010	711,075
Commitments to be released	317,900	128,280

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

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

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

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

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The item “Loans contracted to release” register amounts related to loans contracted with clients to release.

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

32. Subsequent events

On July 14, 2016, following the material facts released on November 25, 2015, December 14, 2015 and February 15, 2016, Banco BTG Pactual S.A. and BTG Pactual Participations Ltd. informed that its Board of Directors approved the cancellation of 18,820,908 common shares and 37,641,816 preferred shares issued by BTG Pactual, as well as 18,820,908 Class A preferred shares and 37,641,816 Class B preferred shares of BTG Participations, held in treasury, corresponding to 18,820,908 BBTG11 units, that were bought back in the form of units or directly in its underlying assets, in operations under the Buyback Program.

In addition, BTG Pactual's Board of Directors approved, as a result of the Cancellation and without prejudice to the total acquisition limit of 93,860,181 units authorized at the Board Meeting held on November 25, 2015, the acquisition of up to 15,000,000 Units – comprising the acquisition of underlying assets of the BBTG11 units, jointly or separately -, in compliance, however, with the limit of 10% of the outstanding shares to be held in treasury, as foreseen by CVM Instruction 567 of September 17, 2015 (“ICVM 567”).

The Bank within the context of the previously announced separation of the Company's commodities trading activities (except for the activities relating to Brazil's energy trading desk), approved a stock dividend and the capital increase in which the Company will distribute to its shareholders part of its equity interest in Engelhart CTP Group S.A., as informed in the material facts released by the Bank on April 8, and June 29, 2016. At the date of the financial statements, the Stock Dividend is subject to approval by the Brazilian Central Bank.

In July 19, BTG Pactual initiated formally the separation of its commodity trading activities previously described in Note 2. Completion of the separation depends on restructuring steps as well as regulatory approvals. Additional information can be obtained on the specific material facts published.