

**Consolidated Financial Statements**  
**Banco BTG Pactual S.A. and subsidiaries**

March 31, 2015

With independent auditors' limited review report

# **BANCO BTG PACTUAL S.A and subsidiaries**

Consolidated financial statements

March 31, 2015

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Centro Empresarial PB 370  
Praia de Botafogo, 370  
5º ao 8º Andares - Botafogo  
22250-040 - Rio de Janeiro - RJ - Brasil  
Tel.: (5521) 3263-7000  
ey.com.br

**A free translation from Portuguese into English of the independent auditors' review report on interim consolidated financial statement prepared in accordance with the accounting practices adopted in Brazil applicable to institutions authorized to operate by the Central Bank of Brazil.**

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## **Independent auditors' review report**

To the Shareholders and Management of  
**Banco BTG Pactual S.A. and subsidiaries**  
**São Paulo-SP**

We have reviewed the interim consolidated financial statements of Banco BTG Pactual and its subsidiaries ("Bank") for the quarter ended March 31, 2015, which comprise the consolidated balance sheet as of March 31, 2015 and the related consolidated statements of income, changes in shareholders' equity and cash flows for the three-month period then ended, and a summary of significant accounting practices and other explanatory notes.

Management is responsible for the preparation and fair presentation of these interim consolidated financial statements in accordance with accounting practices adopted in Brazil applicable to institutions authorized to operate by the Central Bank of Brazil. Our responsibility is to express a conclusion on these interim 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 consolidated financial statement referred above have not been prepared, in all material respects, in accordance with the accounting practices adopted in Brazil applicable to institutions authorized to operate by the Central Bank of Brazil.

### **Emphasis of matter**

As of March 31, 2015, the jointly controlled subsidiary Banco Pan S.A. has deferred tax assets recorded on its balance sheet amounting to R\$ 2.9 billion, recognized based on long-term deferred tax realization projection. This deferred tax realization projection was reviewed by Banco Pan S.A.'s management based on current and future scenarios analysis on December 2014 and approved by its Board of Directors on February 9, 2015, 2014, which main assumptions used were the macroeconomics indexes for production and funding costs. The realization of these tax credits, within the estimated realization period, depends on delivery of these projections and business plan as approved by the management bodies of Banco Pan S.A. Our conclusion is not qualified in respect to this matter.

### **Other matters**

#### **Consolidated Statement of value added**

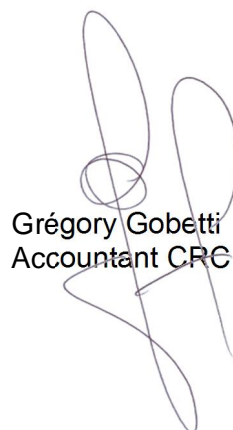
We have also reviewed the statement of value added (SVA), for the three-month period ended March 31, 2015, prepared under the responsibility of Bank's management, which financial statement presentation mentioned above is required by Brazilian Corporate Law, as supplementary information under the accounting practices applicable to institutions accredited by the Central Bank of Brazil. This statement has been subject to the same review procedures previously described, and based on our review nothing has come to our attention that causes us to believe that the statement of value added is not fairly presented, in all material respects, in relation to the overall interim financial statement.

Rio de Janeiro, May 6, 2015.

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



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



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

## BANCO BTG PACTUAL S.A. and subsidiaries

### Consolidated balance sheets

As at March, 31 2015 and December 31, 2014

(In thousands of reais)

	Note	31/03/2015	31/12/2014
Assets			
Current assets		137,258,305	124,598,046
Cash at banks	6	2,281,171	1,585,254
Short-term interbank investments	7	35,725,825	37,158,444
Open market investments		31,767,666	32,548,396
Interbank deposits		3,958,159	4,610,048
Securities and derivative financial instruments		57,910,707	50,079,671
Own portfolio	8	16,270,150	17,342,101
Subject to repurchase agreements	8	6,945,730	3,217,771
Subject to unrestricted repurchase agreements	8	182,729	529,059
Derivative financial instruments	9	34,015,904	27,360,156
Subject to guarantees	8	496,194	1,630,584
Interbank transactions		1,131,286	1,162,128
Deposits in the Central Bank of Brazil		760	1,145,666
Restricted credits – National Housing System		1,112,805	16,380
Correspondent banks		17,721	82
Loans	10	10,122,010	7,992,259
Loans		10,501,945	8,054,765
Assigned loans		145,106	176,698
Allowance for loan losses		(525,041)	(239,204)
Other receivables		29,905,424	26,441,248
Foreign exchange portfolio	11	9,376,136	9,350,680
Income receivable	12	1,322,670	891,183
Securities trading and brokerage	11	12,870,381	9,850,147
Sundry	12	6,591,970	7,521,909
Allowance for losses on other receivables	10	(255,733)	(1,172,671)
Other assets		181,882	179,042
Temporary investments		52,149	52,149
Other assets		149,256	145,069
Prepaid expenses		34,547	35,949
Provision for losses		(54,070)	(54,125)
Long-term-assets		31,909,928	31,766,016
Long-term interbank investments	7	6,804	13,197
Interbank deposits		6,804	13,197
Securities and derivative financial instruments		18,090,307	17,658,670
Own portfolio	8	6,272,462	5,944,958
Derivative financial instruments	9	4,519,563	4,416,348
Subject to repurchase agreements	8	6,934,524	5,666,731
Subject to guarantees	8	363,758	1,630,633
Interbank transactions		1,853	1,853
Restricted credits – National Housing System		1,853	1,853
Loans	10	5,728,910	8,210,724
Loans		6,006,411	8,831,443
Allowance for loan losses		(277,501)	(620,719)
Other receivables		8,025,033	5,841,077
Income receivable	12	491,966	567,161
Securities trading and brokerage	11	1,298,720	1,381,419
Sundry	12	6,270,423	3,908,524
Allowance for losses on other receivables	10	(36,076)	(16,027)
Other assets		57,021	40,495
Prepaid expenses		57,021	40,495
Permanent assets		7,788,116	6,298,796
Investments		6,859,320	5,433,738
Investments in associates and jointly controlled entities - in Brazil	13	1,735,934	1,760,301
Investments in associates and jointly controlled entities - abroad	13	5,088,482	3,632,684
Other investments		38,402	44,989
Allowance for losses		(3,498)	(4,236)
Property and equipment in use		145,443	138,437
Property in use		7,875	6,831
Other property and equipment in use		261,072	241,352
Accumulated depreciation		(123,504)	(109,746)
Deferred charges		24,473	22,209
Amortization and expansion costs		73,290	65,510
Accumulated amortization		(48,817)	(43,301)
Intangible assets	14	758,880	704,412
Other intangible assets		1,354,833	1,178,705
Accumulated amortization		(595,953)	(474,293)
Total assets		176,956,349	162,662,858

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

# BANCO BTG PACTUAL S.A. and subsidiaries

## Consolidated balance sheets

As at March, 31 2015 and December 31, 2014

(In thousands of reais)

	Note	31/03/2015	31/12/2014
Liabilities			
Current liabilities		117,237,232	108,393,275
Deposits	15	15,285,110	17,694,167
Demand deposits		283,053	168,293
Interbank deposits		886,687	665,026
Time deposits		14,115,370	16,860,848
Open market funding	15	36,323,699	33,949,253
Own portfolio		13,348,911	8,597,541
Third-party portfolio		10,851,344	15,997,364
Free trading portfolio		12,123,444	9,354,348
Funds from securities issued and accepted	15	8,424,147	8,010,538
Real estate, mortgage, credit and similar notes		4,977,657	5,110,771
Securities issued abroad		3,406,090	2,867,941
Certificates of structured transactions		40,400	31,826
Interbank transactions		9,457	3,063
Unsettled receipts and payments		9,457	3,063
Loans and onlending	15	7,249,366	5,220,324
Loans abroad		6,300,435	4,411,664
Loans in Brazil		940,109	799,240
Onlending in Brazil		8,822	9,520
Derivative financial instruments	9	31,561,548	25,910,382
Derivative financial instruments		31,561,548	25,910,382
Other liabilities		18,383,905	17,605,548
Collection and payments of tax and similar charges		4,859	3,481
Foreign exchange portfolio	11	9,245,793	8,595,204
Social and statutory	16	236,481	1,208,328
Tax and social security	16	867,865	1,201,539
Securities trading and brokerage	11	4,691,112	4,632,474
Sundry	16	3,337,795	1,964,522
Long-term liabilities		43,637,325	38,772,355
Deposits	15	1,868,333	1,598,129
Interbank deposits		100,758	104,793
Time deposits		1,767,575	1,493,336
Open market funding	15	5,379,879	4,451,109
Own portfolio		355,174	418,271
Third-party portfolio		1,177,773	568,180
Free trading portfolio		3,846,932	3,464,658
Funds from securities issued and accepted	15	13,951,182	12,773,231
Real estate, mortgage, credit and similar notes		9,251,838	8,190,632
Securities issued abroad		4,699,344	4,582,599
Loans and onlending	15	1,754,074	1,648,303
Onlending in Brazil		1,754,074	1,648,303
Derivative financial instruments	9	4,565,692	4,164,370
Derivative financial instruments		4,565,692	4,164,370
Other liabilities		16,118,165	14,137,213
Tax and social security	16	1,839,922	1,231,571
Subordinated debt	15	8,057,196	7,418,556
Debt instrument eligible to capital	15	4,144,952	3,497,836
Sundry	16	2,076,105	1,989,250
Deferred income		182,055	171,144
Non-controlling interest		377,455	592,757
Shareholders' equity	19	15,522,282	14,733,327
Capital - domiciled in Brazil		4,687,289	4,687,289
Capital - domiciled Abroad		1,719,574	1,719,574
Fair value of assets available for sale		(1,748)	40,442
Income reserves		8,179,893	8,286,022
Retained earnings		937,274	-
Total Liabilities and Shareholders' equity		176,956,349	162,662,858

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

## BANCO BTG PACTUAL S.A. and subsidiaries

### Consolidated statements of income

Quarters ended March 31

(In thousands of reais, except net income per share)

	Note	31/03/2015	31/03/2014
Financial income		4,884,250	3,351,399
Loans		824,879	491,249
Securities		3,982,689	1,593,430
Derivative financial instruments		49,428	615,609
Foreign Exchange		-	642,997
Mandatory investments		27,254	8,114
Financial expenses		(6,108,091)	(1,940,511)
Funding operations		(2,472,892)	(1,834,175)
Borrowing and onlending		(2,724,046)	(52,981)
Foreign Exchange		(715,950)	-
Allowance for loan losses and other receivables	10	(195,203)	(53,355)
Net financial income		(1,223,841)	1,410,888
Other operating income (expenses)		1,013,045	258,378
Income from services rendered	20	583,711	657,135
Personnel expenses		(261,658)	(171,470)
Other administrative expenses	23	(387,329)	(250,815)
Tax charges		9,262	(81,333)
Equity in the earnings of associates and jointly controlled entities	13	906,133	114,036
Other operating income	21	478,385	85,903
Other operating expenses	22	(315,459)	(95,078)
Operating income		(210,796)	1,669,266
Non-operating income		62	(3,031)
Income before taxation and profit sharing		(210,734)	1,666,235
Income tax and social contribution	18	1,220,662	(513,940)
Provision for income tax		(374,757)	(288,440)
Provision for social contribution		(101,998)	(126,974)
Deferred income tax and social contribution		1,697,417	(98,526)
Statutory profit sharing		(151,466)	(222,174)
Non-controlling interest		78,812	6,617
Net income for the quarter		937,274	936,738
Weighted average numbers of share outstanding		2,714,902,212	2,714,902,212
Net income per share - R\$		0.35	0.35

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

## BANCO BTG PACTUAL S.A. and subsidiaries

### Statements of changes in shareholders' equity – Parent company

Quarters ended March 31

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

	Note	Income reserves				Fair value adjustments	Retained earnings	Total	
		Capital	Legal	Unrealized	Statutory				Total
Balances as at December 31, 2013		6,406,863	458,187	1,078,592	4,073,264	5,610,043	57,543	-	12,074,449
Changes in fair value of assets available for sale	13	-	-	-	-	-	(2,686)	-	(2,686)
Changes in fair value of assets available for sale - jointly controlled	13	-	-	-	-	-	(76)	-	(76)
Net income for the quarter		-	-	-	-	-	-	936,738	936,738
Balances as at March 31, 2014		<u>6,406,863</u>	<u>458,187</u>	<u>1,078,592</u>	<u>4,073,264</u>	<u>5,610,043</u>	<u>54,781</u>	<u>936,738</u>	<u>13,008,425</u>
Balances as at December 31, 2014		6,406,863	626,595	2,467,107	5,137,855	8,231,557	40,442	-	14,678,862
Changes in fair value of assets available for sale	13	-	-	-	-	-	(41,248)	-	(41,248)
Changes in fair value of assets available for sale - jointly controlled		-	-	-	-	-	(942)	-	(942)
Dividends paid by previous years (R\$ 0.04 per share)	19	-	-	-	(106,130)	(106,130)	-	-	(106,130)
Net income for the quarter		-	-	-	-	-	-	937,274	937,274
Balances as at March 31, 2015		<u>6,406,863</u>	<u>626,595</u>	<u>2,467,107</u>	<u>5,031,725</u>	<u>8,125,427</u>	<u>(1,748)</u>	<u>937,274</u>	<u>15,467,816</u>

Reconciliation of net income and shareholders' equity of Banco BTG Pactual S.A. and subsidiaries is presented in Note 19(f).

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



# BANCO BTG PACTUAL S.A. and subsidiaries

## Consolidated statements of cash flows

Quarters ended March 31

(In thousands of reais)

	Note	31/03/2015	31/03/2014
Operating activities			
Net income for the quarter		937,274	936,738
Adjusts to net income			
Equity pick up from associates and jointly controlled entities	13	(906,133)	(114,036)
Goodwill amortization	22	50,153	41,101
Goodwill exchange variation	14	(106,490)	44,942
Permanent assets exchange variation		(13,787)	-
Depreciation and amortization	23	21,812	17,059
Adjusted net income for the quarter		(17,171)	925,804
Increase/decrease in operational activities			
Short-term interbank investments		(1,676,504)	(10,033,840)
Securities and derivative financial instruments		(2,252,375)	(499,659)
Loans		352,063	1,938,912
Other receivables and other assets		(5,131,168)	(1,284,483)
Interbank transactions		5,634	4,594
Other liabilities		1,771,759	958,990
Deferred income		10,911	(38,403)
Deposits		(2,138,853)	1,152,726
Open market funding		3,303,216	3,265,958
Loans and onlending		2,134,813	1,104,733
Cash (used in) operating activities		(3,637,675)	(2,504,668)
Investing activities			
Acquisition of other investment		6,587	282
Sale of investments	13	4,200	177,913
Acquisition of equity interests	13	(1,032,502)	-
Dividends	13	3,123	-
Acquisition of property and deferred charges		(12,118)	(31,271)
Sale of property and deferred charges		1,520	9,616
Acquisition of intangible assets	14	(14,289)	(17,763)
Sale of intangible assets	14	3,881	130
Cash (used in) / provided by investing activities		(1,039,598)	138,907
Financing activities			
Funds from securities issued and accepted		1,591,560	791,169
Subordinated debt and debt instrument eligible to equity		1,285,746	109,046
Non-controlling interest		(215,302)	(17,813)
Interest on equity	19	(298,200)	(246,900)
Dividends distributed	19	(106,130)	(132,190)
Cash provided by financing activities		2,257,674	503,312
Decrease in cash and cash equivalents		(2,419,599)	(1,862,449)
Balance of cash and cash equivalents	25		
At the beginning of the quarter		22,422,310	10,755,165
At the end of the quarter		20,002,711	8,892,716
Decrease in cash and cash equivalents		(2,419,599)	(1,862,449)
Non-cash transaction			
Sale of investments		504,731	-
Changes in fair value of assets available for sale in jointly controlled entities		(42,190)	-

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

## BANCO BTG PACTUAL S.A. and subsidiaries

### Consolidated statements of value added

Quarters ended March 31

(In thousands of reais)

	<u>31/03/2015</u>	<u>31/03/2014</u>
Income	5,435,746	3,942,973
Financial brokerage	4,884,250	3,351,399
Services rendered	583,711	657,135
Allowance for loan losses and other receivables	(195,203)	(53,355)
Other	162,988	(12,206)
Expenses	<u>(5,912,888)</u>	<u>(1,887,156)</u>
Financial brokerage	(5,912,888)	(1,887,156)
Inputs acquired from third parties	<u>(338,026)</u>	<u>(211,884)</u>
Materials, energy and other	(3,588)	(5,195)
Outsourced services	(334,438)	(206,689)
Gross value added	<u>(815,168)</u>	<u>1,843,933</u>
Depreciation and amortization	(21,812)	(17,059)
Net value added produced by the entity	<u>(836,980)</u>	<u>1,826,874</u>
Value added received through transfer	906,133	114,036
Equity in the earnings of associates and jointly controlled entities	906,133	114,036
Value added to be distributed	<u>69,153</u>	<u>1,940,910</u>
Distribution of value added	<u>69,153</u>	<u>1,940,910</u>
Personnel	413,124	393,643
Direct compensation	361,408	359,288
Benefits	22,734	19,474
FGTS – government severance pay fund	28,982	14,881
Taxes, fees and contributions	<u>(1,229,924)</u>	<u>595,273</u>
Federal	(1,252,669)	494,271
Municipal	22,745	101,002
Remuneration of third party capital	<u>27,491</u>	<u>21,873</u>
Rent expenses	27,491	21,873
Remuneration of shareholders	<u>858,462</u>	<u>930,121</u>
Retained earnings	937,274	936,738
Non-controlling interest	(78,812)	(6,617)

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

## **BANCO BTG PACTUAL S.A. and subsidiaries**

Notes to the consolidated financial statements  
March 31, 2015  
(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, and investment portfolios, credit, financing and investment, leasing and real estate loans.

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

On October 10, 2013, Banco BTG Pactual S.A. and BTG Pactual Participations Ltd have completed the listing of their units on NYSE Euronext in Amsterdam. The entities have not offered or issued any new shares or units on this process. Previously, the units were admitted to listing on NYSE Alternext, also in Amsterdam. All units listed and traded in Amsterdam remained wholly interchangeable with the units in Brazil on BM&FBovespa.

The consolidated financial statements were approved by Bank's Management in May 6, 2015 and they contain a true and fair view of the development and results of the Bank and subsidiaries.

### **2. Corporate reorganization and acquisitions**

#### **Corporate events**

On February 26, 2015, BTGI, Brookfield Property Group and Fundo Imobiliário BTG Pactual Corporate Office Fund declared the intent to carry out a voluntary takeover offer for the acquisition of a minimum interest corresponding to 85% interest in BR Properties for the price of R\$12.00 per share. The price per share is subject to usual adjustment and it represented a premium of 35% to the weighted average closing price over 30 auctions. The execution and the consummation of the takeover offer are subject to several precedent conditions.

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

On June 13, 2014, Banco Pan approved a R\$3.0 billion capital increase through the issuance of: (i) up to R\$1.5 billion of 443,786,982 new nominative and non-par shares, of which up to 242,566,348 are common shares and up to 201,220,634 preferred shares, at the issuance price of R\$ 3.38 per common or preferred share, for private subscription by Banco Pan's shareholders; and (ii) up to R\$1.5 billion of redeemable preferred shares with a term of five years, which will receive annual, fixed, cumulative priority dividends of 104% of the CDI over the issue price and which will not be traded on the BM&FBOVESPA.

## **BANCO BTG PACTUAL S.A. and subsidiaries**

Notes to the consolidated financial statements  
March 31, 2015  
(In thousands of reais)

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

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

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

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

### **Acquisitions and disposals**

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. Subsequently, Ariel will be transferred to the joint venture and as a consequent the Bank will have 50% of interest.

On July 14, 2014, Banco BTG Pactual entered into a definitive share purchase agreement of BSI, providing for its acquisition, directly or indirectly, of 100% of its capital shares, a Swiss financial institution subsidiary of Generali Group. Banco BTG Pactual believes the business of BSI has complementary geographic and client coverage to its existing client portfolio with limited overlap. Subject to the terms and conditions of the BSI share purchase agreement, the aggregate consideration payable by Banco BTG Pactual will consist of: (i) CHF1.26 billion in cash and (ii) a number of its common and preferred shares underlying the units of the BTG Pactual Group with a value of CHF240 million (based on trading price over a period prior to closing of the acquisition of BSI). In addition, Generali NV will use part of the cash proceeds (CHF60 million) to fund the acquisition of a corresponding number of equity interests of BTG Pactual Participations needed to form units of the BTG Pactual Group. At the same date, BTG Pactual Participations entered into a subscription agreement with Generali Group providing for the sale of such equity interests at the closing of the acquisition of BSI.

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

## BANCO BTG PACTUAL S.A. and subsidiaries

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On December 19, 2014, was approved by BACEN, the acquisition of certain credits and rights held by Fundo Garantidor de Créditos ("FGC"), against Banco Bamerindus do Brasil S/A ("Bamerindus"), in Extrajudicial Liquidation (the "Institution"), and other companies in the Institution's economic group. In connection with the transaction and approval, BTG Pactual paid R\$107 million in December 2014, and will pay four annual installments of R\$87 million, index to CDI, up to 2018, to the FGC. This transaction generated a negative goodwill R\$ 26,551. Also in December 19, 2014, the Institution and its subsidiaries, extrajudicial liquidation process concluded, and the Institution's name changed to Banco Sistema S.A. The Institution's assets do not include the Bamerindus brand. The transaction resulted in BTG Pactual acquiring control of the Institution and its subsidiaries, with an interest greater than 98% (ninety-eight percent) of its total and voting capital.

### 3. Presentation of the financial statements

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

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).

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

#### a. Consolidated financial statements

In the consolidated financial statements all intercompany balances of assets and liabilities, revenues, expenses and unrealized profit were eliminated, and were included the portions of net income (loss) and shareholders' equity relating to non-controlling interest.

Goodwill calculated on the acquisition of investment in subsidiaries is recognized in intangible assets, whereas negative goodwill of investments in subsidiaries is recognized as deferred income. Goodwill and negative goodwill calculated on the acquisition of jointly controlled entities is recognized in investments.

The subsidiaries and investment funds consolidated on the Bank's financial statements, are as follows:

	Country	Equity interest - %	
		31/03/2015	31/12/2014
<b>Direct subsidiaries</b>			
BTG Pactual Asset Management S.A. Distribuidora de Títulos e Valores Mobiliários	Brazil	99.99	99.99
BTG Pactual Corretora de Títulos e Valores Mobiliários S.A.	Brazil	99.99	99.99
BTG Pactual Serviços Financeiros S.A. Distribuidora de Títulos e Valores Mobiliários	Brazil	99.99	99.99
BTG Pactual Corretora de Mercadorias Ltda.	Brazil	99.99	99.99
BTG Pactual Securitizadora S.A.	Brazil	99.99	99.99
BTG Pactual Comercializadora de Energia Ltda.	Brazil	99.90	99.90

## BANCO BTG PACTUAL S.A. and subsidiaries

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	Country	Equity interest - %	
		31/03/2015	31/12/2014
BTG Pactual Holding International S.A.	Brazil	99.99	99.99
BTG Pactual Overseas Corporation	Cayman	100.00	100.00
BW Properties S.A.	Brazil	67.86	67.86
BTG Pactual Commodities S.A.	Brazil	99.99	99.99
BTG Pactual Holding de Seguros Ltda.	Brazil	99.99	99.99
BTG Pactual S.A. Comisionista de Bolsa	Colombia	94.50	94.50
Recovery do Brasil Consultoria S.A.	Brazil	73.23	73.23
BTG Pactual Chile International Ltd.	Cayman	100.00	100.00
BTG Pactual TTG Participações S.A.	Brazil	100.00	100.00
Banco BTG Pactual Luxembourg S.A.	Luxembourg	100.00	100.00
BTG Pactual Corretora de Seguros Ltda.	Brazil	100.00	100.00
Banco Sistema S.A.	Brazil	99.84	98.84
<b>Indirect subsidiaries</b>			
BTG Pactual Gestora de Investimentos Alternativos Ltda.	Brazil	99.98	99.98
BTG Pactual WM Gestão de Recursos Ltda.	Brazil	99.99	99.99
BTG Pactual Gestora de Recursos Ltda.	Brazil	99.99	99.99
BTG Pactual Corporate Services Ltda.	Brazil	99.99	99.99
BTG Pactual Serviços Energéticos Ltda.	Brazil	100.00	100.00
BTG Pactual NY Corporation	USA	100.00	100.00
BTG Pactual Global Asset Management Limited	Bermuda	100.00	100.00
BTG Pactual Europe LLP	UK	100.00	100.00
BTG Pactual Asset Management US, LLC	USA	100.00	100.00
BTG Pactual US Capital, LLC	USA	100.00	100.00
BTG Pactual Asia Limited	Hong Kong	100.00	100.00
BTG Global Asset Management (UK) Limited	UK	100.00	100.00
BTG Pactual Resseguradora S.A.	Brazil	100.00	100.00
BTG Pactual Vida e Previdência S.A.	Brazil	100.00	100.00
Banco BTG Pactual Chile S.A.	Chile	100.00	100.00
BTG Pactual Chile SPA	Chile	100.00	100.00
BTG Pactual Chile Capital S.A.	Chile	100.00	100.00
BTG Pactual Chile Capital S.A. Corredores de Bolsa	Chile	100.00	100.00
BTG Pactual Chile Capital Administradora de Fondos de Inversion de Capital Extranjero S.A.	Chile	100.00	100.00
BTG Pactual Chile Capital S.A. Administradora General de Fondos	Chile	100.00	100.00
BTG Pactual Chile Inversiones Limitada	Chile	100.00	100.00
BTG Pactual Chile Servicios Financieros S.A.	Chile	100.00	100.00
BTG Pactual Chile Proyectos y Rentas S.A.	Chile	100.00	100.00
Inmobiliaria BTG Pactual Chile Limitada	Chile	100.00	100.00
BTG Pactual Chile Finanzas y Servicios S.A.	Chile	100.00	100.00
BTG Pactual Chile Servicios Empresariales Limitada	Chile	100.00	100.00
BTG Pactual Chile S.A. Administración de Activos	Chile	100.00	100.00
BTG Pactual Chile International Corp.	Chile	100.00	100.00
BTG Pactual Holding Delaware LLC	USA	100.00	100.00
BTG Pactual Peru Capital S.A. Sociedad Agente de Bolsa	Peru	100.00	100.00
BTG Pactual Peru Capital S.A. Sociedad Administradora de Fondos Inversion	Peru	100.00	100.00
BTG Pactual Perú S.A.C.	Peru	100.00	100.00
BTG Pactual Sociedad Fiduciaria (Colômbia) S.A.	Colombia	94.50	94.50
BTG Pactual S.A. Sociedad Comisionista de Bolsa	Colombia	100.00	100.00
Laurel Sociedad Gestora Profissional S.A.S	Colombia	100.00	100.00
BTGP Corp SAS	Colombia	100.00	100.00
BTGP S.A.	Colombia	100.00	100.00
BTG Pactual E&P S.a.r.l.	Luxembourg	100.00	100.00
BTG Pactual Oil & Gas S.a.r.l.	Luxembourg	100.00	100.00
BTG Pactual Commodities Holding (UK) Limited	UK	100.00	100.00
BTG Pactual Commodities (UK) LLP	UK	100.00	100.00
BTG Pactual Commodities (Singapore) PLC	Singapore	100.00	100.00
BTG Pactual Commodities (Switzerland) SA	Switzerland	100.00	100.00
BTG Pactual Commodities Holding (US) LLC	USA	100.00	100.00
BTG Pactual Commodities (US) LLC	USA	100.00	100.00
BTG Pactual Commodities (South Africa) (Pty) Ltd	South Africa	100.00	100.00
BTG Pactual Commodities Argentina S.A.	Argentina	100.00	100.00
BTG Pactual Warehousing (SG) PTE	Singapore	100.00	100.00

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	Country	Equity interest - %	
		31/03/2015	31/12/2014
BTG Pactual Commodities (Shanghai) Co	China	100.00	100.00
BTG Pactual Warehousing (US) LLC	USA	100.00	100.00
BTG Pactual Warehousing (UK) Ltd	UK	100.00	100.00
BTG Pactual Commodities Trading US LLC	USA	100.00	100.00
BTG Pactual Commodities Ukraine	Ukraine	100.00	100.00
BTG Pactual Commodities (Italy) SRL	Italy	100.00	100.00
BTG Pactual Commodities (Costa Rica) SRL	Costa Rica	100.00	100.00
BTG Pactual Commodities (Colombia) SAS	Colombia	100.00	100.00
BTG Pactual Commodities (Russia) LLC	Russia	100.00	100.00
BTG Pactual Commodities Absolute Return Ltd.	Cayman	100.00	100.00
TTG Brasil Investimentos Florestais Ltda.	Brazil	100.00	100.00
BTG Pactual Timberland Investments Group LLC	USA	100.00	100.00
BTG Pactual Casa de Bolsa, S.A. de C.V.	Mexico	100.00	100.00
Bamerindus Participações e Empreendimentos S.A.	Brazil	99.84	98.84
Bastec Tecnologia e Serviços Ltda.	Brazil	99.84	98.84
<b>Investment funds</b>			
Fundo de Investimento Multimercado Crédito Privado LS Investimento no Exterior	Brazil	100.00	100.00
BTG Pactual International Portfolio Fund SPC - CLASS C	Cayman	100.00	100.00
Fundo de Investimento em Direitos Creditórios Não Padronizados Precatórios Seleccionados I	Brazil	100.00	100.00
Fundo de Investimento em Direitos Creditórios Não Padronizados NPL I	Brazil	70.75	70.75
BTG Pactual Saúde Fundo de Investimento em Participações	Brazil	93.36	95.67
Nala Fundo de Investimento em Participações	Brazil	100.00	100.00
BTG Pactual Global Fund LP	Cayman	100.00	100.00
Fundo de Investimento em Direitos Creditórios Não Padronizados Caixa BTG Pactual Multisegmentos	Brazil	100.00	100.00
BTG Pactual Gewinnstrategie Fundo de Investimento Multimercado Crédito Privado	Brazil	100.00	100.00
Fundo de Investimento em Participações Quartzo	Brazil	100.00	100.00
BTGP Latam Fund LLC	Cayman	100.00	100.00
BTG Pactual Oil & Gas FIQ FIP	Brazil	100.00	100.00
BTG Pactual E&P FIP	Brazil	100.00	100.00
BTG Pactual Mall Fundo de Investimento Imobiliário	Brazil	100.00	100.00
Fundo de Investimento Imobiliário BTG Pactual Shopping	Brazil	100.00	100.00
Propertyco FIM CP IE	Brazil	100.00	100.00
BTG Pactual Fundo de Investimento Imobiliário Ametista	Brazil	100.00	100.00
Warehouse Fundo de Investimento em Participação	Brazil	100.00	100.00
Caravelas Fundo de Investimento em Ações	Brazil	56.00	56.00
BTG Pactual Absolute Return III Master Fund LP	Cayman	100.00	100.00
CCF Ltd	Cayman	100.00	100.00
CCMF Ltd	Cayman	100.00	100.00
FI Imobiliario Property Invest	Brazil	100.00	-
FIM Usim CP IE	Brazil	100.00	-

### b. 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 using the closing rate at the reporting period, while income and expense accounts were translated at the monthly average rate.

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

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

## **BANCO BTG PACTUAL S.A. and subsidiaries**

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### **4. Significant accounting practices**

The most significant accounting practices adopted by the Bank and its direct and indirect subsidiaries are the following:

#### **a. Cash and cash equivalents**

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

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

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

#### **c. Securities**

Measured and classified in accordance with the criteria established by BACEN Circular Letter 3068/01 of November 8, 2001, under the following categories:

##### **i. Trading securities**

Acquired with the purpose of being actively and frequently traded. Trading securities are initially recognized at cost plus income earned, and adjusted to fair value, recognized to the income of the period.

##### **ii. Available for sale securities**

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

##### **iii. Held-to-maturity securities**

These are securities that the Bank has intention and ability to hold to maturity. They are stated at cost, plus income earned, with a corresponding entry to income (loss). Decreases in the fair value of available-for-sale and held-to-maturity securities below their respective restated costs, related to non-temporary reasons, will be recorded in income (loss) as realized losses.

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



## **BANCO BTG PACTUAL S.A. and subsidiaries**

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### **d. Derivative financial instruments**

These are classified according to Management's intention, on the transaction date, considering whether such transactions are for hedge or not.

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

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

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

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

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

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

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

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

The notional amount of the agreements recorded in memorandum accounts.

### **f. Financial instruments – net presentation**

Financial assets and liabilities are stated at their net amounts in the balance sheet if, and only if, there is a current legally enforceable right to offset the amounts recognized and if there is an intention to simultaneously realize the asset and settle the liability.

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

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

### **h. Loans and other receivables (operations with credit characteristics)**

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

### **i. Allowance for loan losses**

Recognized based on an analysis of loan risk losses at an amount deemed as sufficient to cover probable losses, pursuant to CMN Resolution 2682, of December 21, 1999, among which:

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

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

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

### **j. Investment property**

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

The fair value of investment properties are determined at least on an annual basis, or when the Company deems it necessary, and may involve an independent valuation.

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

### **k. Investments**

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

## **BANCO BTG PACTUAL S.A. and subsidiaries**

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### **I. Goodwill and negative goodwill**

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

Goodwill and negative goodwill, recorded according to the basis of expected future results of the acquired subsidiaries, are amortized according to cashflow projections underlying the transaction or, when the investment is written off, by disposal or impairment, before projections are achieved.

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

### **m. Property and equipment in use and deferred charges**

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

### **n. Intangible assets**

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

### **o. Impairment on non-financial assets**

Whenever there is clear evidence that the assets are measured at an unrecoverable amount, it is recorded as loss in the income or loss. This procedure is performed at least at the end of each fiscal year.

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

### **p. Income tax and social contribution**

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

### **q. Contingent assets and liabilities, and legal, tax and social security obligations**

Recognized according to the criteria described below:

## **BANCO BTG PACTUAL S.A. and subsidiaries**

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### **i. Contingent assets**

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

### **ii. Contingent liabilities**

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

### **iii. Legal obligation – tax and social security**

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

### **r. Earnings per share**

Calculated based on weighted average shares outstanding for the period.

### **s. Revenue recognition**

Revenues and expenses are recorded under the accrual method.

## **5. Risk management**

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

## BANCO BTG PACTUAL S.A. and subsidiaries

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

### a. Operating limits

	31/03/2015	31/12/2014
Reference Shareholders' Equity	15,522,282	14,733,327
Tier I	17,389,046	16,736,911
Common Equity	13,254,743	13,239,074
Complementary Equity	4,134,303	3,497,836
Tier II	4,322,965	4,545,445
Reference Shareholders' Equity (PR) - (a)	21,712,011	21,282,355
Required Reference Shareholders' Equity (PRE)	14,342,725	13,402,263
Total exposure risk-weighted - (b)	14,342,725	13,402,263
Credit risk	7,940,552	7,657,999
Operational risk	595,044	644,830
Market risk	5,807,129	5,099,434
Basel ratio - (a/b*11%)	16.7%	17.5%
Tier I capital	13.3%	13.7%
Tier II capital	3.3%	3.8%
Fixed assets ratio	98.5%	78.5%
Fixed assets to equity capital ratio	10,848,533	10,634,053
Status for fixed assets to equity capital ratio	10,687,893	8,352,612
Amount of margin (insufficiency)	160,639	2,281,441

The resolutions 4.192/13 and 4.278/13 issued by the CMN regulates the requirements on Minimum Required Capital for Tier I and Additional Capital and Resolution 4.193/13 institute the Additional for the Main Capital. Credit risk was calculated based on the Circular BACEN 3.644/13, 3.652/13, 3.679/13 and 3.696/14, market risk based on Circulars 3.634, 3.635, 3.636, 3.637, 3.638, 3.639, 3.641 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 the quarter ended March 31, 2015 and the year ended December 31, 2014 the Bank was in compliance with all operating limits.

### b. Market risk

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

## BANCO BTG PACTUAL S.A. and subsidiaries

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The VaR presented below was calculated for a one day period, with level of confidence of 95.0% and one year historical data. Reliable level of 95.0% means that there is one within twenty 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 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 quarters ended:

In millions of R\$	March 2015	December 2014	March 2014
Daily average VaR	93.2	64.4	67.9

### 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.

### d. Liquidity risk

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

### e. Operating risk

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

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

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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 at banks

Cash at banks refer basically to deposits abroad in prime banks.

### 7. Interbank investments

	31/03/2015					31/12/2014
	Total	Up to 90 days	90 to 365 days	1 to 3 years	Over 3 years	Total
Open market investments	31,767,666	31,159,664	608,002	-	-	32,548,396
Own portfolio	3,833,060	3,822,968	10,092	-	-	3,704,830
Federal government bonds	3,622,642	3,612,550	10,092	-	-	2,400,344
Corporate bonds	205,802	205,802	-	-	-	1,293,088
Foreign government bonds	4,616	4,616	-	-	-	11,398
Third-party portfolio	22,702,565	22,231,901	470,664	-	-	25,475,018
Federal government bonds	21,334,869	20,864,205	470,664	-	-	24,883,413
Corporate bonds	391,840	391,840	-	-	-	291,858
Foreign government bonds	975,856	975,856	-	-	-	299,747
Short position	5,232,041	5,104,795	127,246	-	-	3,368,548
Federal government bonds	5,232,041	5,104,795	127,246	-	-	3,368,548
Interbank investments (*)	3,964,963	3,936,802	21,357	6,804	-	4,623,245
Interbank deposit certificates	1,560,039	1,531,878	21,357	6,804	-	2,660,846
Investments in foreign currency - overnight	2,404,924	2,404,924	-	-	-	1,962,399
	35,732,629	35,096,466	629,359	6,804	-	37,171,641

(\*) Refers basically to interbank deposits in prime banks.

The collateral received in repurchase agreements amounts to R\$32,010,371 (December 31, 2014 - R\$32,723,548), whereas the collateral granted amounts to R\$42,337,627 (December 31, 2014 - R\$39,041,504).

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### 8. Securities

#### a. By type of portfolio

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

	31/03/2015							31/12/2014
	Cost	Market	Up to 90 days	90 to 365 days	1 to 3 years	3 to 5 years	Over 5 years	Market
Own portfolio	22,120,132	22,542,612	11,701,052	1,901,088	4,074,923	1,010,759	3,854,790	23,287,059
Federal government bonds	2,993,432	2,992,491	1,639,346	35,711	698,950	197,801	420,683	2,573,419
Brazilian foreign debt securities	12,298	12,299	-	-	4,320	3,244	4,735	19,682
Debentures/Eurobonds (i)	5,398,113	5,391,263	608,312	810,320	1,526,616	736,672	1,709,343	6,857,375
Bank certificates of deposit	126,061	126,061	23,175	102,886	-	-	-	104
Bank credit certificate	36,857	36,857	-	-	-	-	36,857	37,042
Investment fund quotes								
Shares								
Multimarket	97,542	159,528	159,528	-	-	-	-	136,961
FIDC - Credit Rights	1,902,715	1,902,715	1,902,715	-	-	-	-	1,917,129
Real Estate	5,801	5,802	-	-	5,802	-	-	10,856
Equity Investment fund	228,450	228,449	-	-	228,449	-	-	382,326
Shares	1,355,581	1,411,492	-	-	1,411,492	-	-	1,363,780
Promissory notes	4,981,892	4,976,395	4,976,395	-	-	-	-	4,455,070
Certificate of real estate receivables	1,062,292	1,062,292	193,352	868,940	-	-	-	2,282,620
Other	944,787	944,787	-	2,493	21,645	-	920,649	989,327
Foreign government bonds	215,533	215,533	61,375	333	964	457	152,404	181,999
Foreign private securities	802,455	804,460	33,213	71,076	148,858	5,995	545,318	125,143
Corporate Bond	134,553	136,373	40,124	2,052	21,165	19,625	53,407	183,835
Warrants	1,332,120	1,536,972	1,536,972	-	-	-	-	992,113
Other	489,650	598,843	526,545	7,277	6,662	46,965	11,394	778,278
Unrestricted portfolio	183,927	182,729	-	-	-	-	182,729	529,059
Federal government bonds	183,927	182,729	-	-	-	-	182,729	529,059
Subject to repurchase agreements	13,898,208	13,880,254	3,305,281	970,416	1,427,703	1,695,900	6,480,954	8,884,502
Federal government bonds	5,893,665	5,874,451	1,228,421	29,723	225,470	39,674	4,351,163	2,328,603
Brazilian foreign debt securities	10,870	10,870	-	-	-	-	10,870	-
Foreign government bonds	789,299	790,165	4,702	47,005	558,384	157,851	22,223	752,452
Foreign private securities								
Warrants	1,522,374	1,522,374	1,522,374	-	-	-	-	498,502
Other	112,695	112,695	-	-	109,502	-	3,193	9,889
Debentures / Eurobonds (i)	5,569,305	5,569,699	549,784	893,688	534,347	1,498,375	2,093,505	5,295,056
Subject to guarantees	893,277	859,952	119,875	285,255	320,450	15,800	118,572	3,261,217
Federal government bonds	409,882	407,405	-	135,215	137,818	15,800	118,572	2,774,829
Investment fund quotes								
Multimarket	38,185	38,185	38,185	-	-	-	-	-
Debentures / Eurobonds (i)	300,898	300,898	-	125,168	175,730	-	-	343,704
Shares	110,659	79,811	79,811	-	-	-	-	112,832
Foreign government bonds	22,822	22,822	1,879	14,041	6,902	-	-	15,438
Other	10,831	10,831	-	10,831	-	-	-	14,414
Trading securities	19,278,889	19,845,263	13,162,202	1,071,225	2,084,088	1,057,311	2,470,437	17,230,254
Available for sale securities	13,085,619	12,889,248	1,964,006	2,085,534	2,941,188	1,480,534	4,417,986	14,097,026
Held-to-maturity securities	4,731,036	4,731,036	-	-	797,800	184,614	3,748,622	4,634,557
	37,095,544	37,465,547	15,126,208	3,156,759	5,823,076	2,722,459	10,637,045	35,961,837

(i) Substantially securities issued by Brazilian companies.



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### b. Trading securities

	31/03/2015							31/12/2014
	Cost	Market	Up to 90 days	90 to 365 days	1 to 3 years	3 to 5 years	Over 5 years	Market
Own portfolio	13,057,579	13,676,430	10,286,830	721,590	1,097,937	808,606	761,467	13,076,979
Federal government bonds	1,736,803	1,735,862	1,639,346	35,711	17,553	23,889	19,363	1,209,240
Brazilian foreign debt securities	12,298	12,299	-	-	4,320	3,244	4,735	19,682
Debentures/Eurobonds (i)	1,326,358	1,514,937	12,478	502,276	164,163	708,770	127,250	3,038,391
Bank certificates of deposit	126,061	126,061	23,175	102,886	-	-	-	104
Investment fund quotes								
Shares	97,542	159,528	159,528	-	-	-	-	136,961
Multimarket	1,902,715	1,902,715	1,902,715	-	-	-	-	1,917,129
FIDC - Credit Rights	5,801	5,802	-	-	5,802	-	-	10,856
Real Estate	228,450	228,449	-	-	228,449	-	-	382,326
Equity Investment fund	443,411	500,264	-	-	500,264	-	-	424,233
Shares	4,356,879	4,351,382	4,351,382	-	-	-	-	3,830,057
Other	62,483	62,483	61,352	312	701	118	-	28,631
Foreign government bonds	802,455	804,460	33,213	71,076	148,858	5,995	545,318	125,143
Foreign private securities								
Corporate Bond	134,553	136,373	40,124	2,052	21,165	19,625	53,407	183,835
Warrants	1,332,120	1,536,972	1,536,972	-	-	-	-	992,113
Other	489,650	598,843	526,545	7,277	6,662	46,965	11,394	778,278
Unrestricted portfolio	183,927	182,729	-	-	-	-	182,729	529,059
Federal government bonds	183,927	182,729	-	-	-	-	182,729	529,059
Subject to repurchase agreements	5,643,863	5,625,909	2,755,497	200,379	957,834	243,607	1,468,592	2,278,916
Federal government bonds	2,607,286	2,588,072	1,228,421	29,723	225,470	39,674	1,064,784	616,024
Brazilian foreign debt securities	10,870	10,870	-	-	-	-	10,870	-
Foreign government bonds	789,299	790,165	4,702	47,005	558,384	157,851	22,223	752,452
Foreign private securities								
Warrants	1,522,374	1,522,374	1,522,374	-	-	-	-	498,502
Other	112,695	112,695	-	-	109,502	-	3,193	9,889
Debentures / Eurobonds (i)	601,339	601,733	-	123,651	64,478	46,082	367,522	402,049
Subject to guarantees	393,520	360,195	119,875	149,256	28,317	5,098	57,649	1,345,300
Federal government bonds	221,854	219,377	-	135,215	21,415	5,098	57,649	1,217,030
Investment fund quotes								
Multimarket	38,185	38,185	38,185	-	-	-	-	-
Shares	110,659	79,811	79,811	-	-	-	-	112,832
Foreign government bonds	22,822	22,822	1,879	14,041	6,902	-	-	15,438
Total	19,278,889	19,845,263	13,162,202	1,071,225	2,084,088	1,057,311	2,470,437	17,230,254

### c. Available-for-sale securities

	31/03/2015							31/12/2014
	Cost	Market value	Up to 90 days	90 to 365 days	1 to 3 years	3 to 5 years	Over 5 years	Market value
Own portfolio	7,805,924	7,609,553	1,414,222	1,179,498	2,295,589	28,241	2,692,003	8,845,901
Shares	625,013	625,013	625,013	-	-	-	-	625,013
Investment fund quotes								
Equity investment fund	912,170	911,228	-	-	911,228	-	-	939,547
Debentures	4,071,755	3,876,326	595,834	308,044	1,362,453	27,902	1,582,093	3,818,984
Certificate of real estate receivables	944,787	944,787	-	2,493	21,645	-	920,649	989,327
Bank certificates of deposit	36,857	36,857	-	-	-	-	36,857	37,042
Promissory notes	1,062,292	1,062,292	193,352	868,940	-	-	-	2,282,620
Other	153,050	153,050	23	21	263	339	152,404	153,368
Subject to repurchase agreements	4,967,966	4,967,966	549,784	770,037	469,869	1,452,293	1,725,983	4,893,007
Debentures	4,967,966	4,967,966	549,784	770,037	469,869	1,452,293	1,725,983	4,893,007
Subject to guarantees	311,729	311,729	-	135,999	175,730	-	-	358,118
Debentures	300,898	300,898	-	125,168	175,730	-	-	343,704
Outros	10,831	10,831	-	10,831	-	-	-	14,414
Total	13,085,619	12,889,248	1,964,006	2,085,534	2,941,188	1,480,534	4,417,986	14,097,026

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### d. Held-to-maturity securities

	31/03/2015					31/12/2014	
	Cost	Up to 90 days	90 to 365 days	1 to 3 years	3 to 5 years	Over 5 years	Cost
Own portfolio	1,256,629	-	-	681,397	173,912	401,320	1,364,179
Federal government bonds	1,256,629	-	-	681,397	173,912	401,320	1,364,179
Subject to re purchase	3,286,379	-	-	-	-	3,286,379	1,712,579
Federal government bonds	3,286,379	-	-	-	-	3,286,379	1,712,579
Subject to guarantees	188,028	-	-	116,403	10,702	60,923	1,557,799
Federal government bonds	188,028	-	-	116,403	10,702	60,923	1,557,799
Total	4,731,036	-	-	797,800	184,614	3,748,622	4,634,557

If measured at fair value, held-to-maturity securities would be reported as at the quarter ended March 31, 2015 with a negative adjustment of R\$53,023 (December 31, 2014 – R\$1,832 positive).

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

### e. Reclassification of securities

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

## 9. Derivative financial instruments

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

The risk underlying these operations is managed through 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. – Balcão Organizado de Ativos e Derivativos; 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.

During the quarter ended March 31, 2015 and year ended December 31, 2014, the Bank does not have derivative financial instruments classified as hedge accounting.

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

The notional amounts of transactions with financial instruments are recorded in memorandum accounts and the adjustment/premium in balance sheet accounts. The assumed positions arising from transactions with derivative financial instruments, demonstrated below, considers the provisions of BACEN Circular Letter 3389/08, which determines the exclusion of agreements in currency, gold and other assets linked to foreign exchange exposure, with maturity in the first business day following the date the exchange exposure is verified. The receivable leg and payable leg are presented separately for Swap, Non-Deliverable Forward ("NDF") and Deliverable Forward ("DF") derivatives in the table below.

	31/03/2015				31/12/2014
	Up to 6 months	6 to 12 months	Over 1 year	Total	Total
<b>Futures market</b>					
Long position	66,214,352	18,680,353	11,336,613	96,231,318	92,904,844
Currency	600,469	-	47,129	647,598	13,261,343
Interest rate	53,770,644	15,058,266	8,908,653	77,737,563	7,239,587
Commodities	9,074,609	3,490,545	2,380,831	14,945,985	19,108,318
Index	1,421,042	131,542	-	1,552,584	53,295,596
Other	1,347,588	-	-	1,347,588	-
Short position	74,373,499	48,494,112	9,813,327	132,680,938	132,143,874
Currency	7,008,810	953,902	26,536	7,989,248	4,413,078
Interest rate	52,862,570	40,425,495	5,315,658	98,603,723	35,695,532
Commodities	13,459,391	7,114,715	4,361,347	24,935,453	23,204,657
Index	3,699	-	-	3,699	68,830,607
Other	1,039,029	-	109,786	1,148,815	-
<b>Swap</b>					
Long position	73,272,321	37,362,389	114,769,004	225,403,714	144,487,244
Currency	1,503,157	388,623	20,354,197	22,245,977	6,174,223
Interest rate	65,795,884	32,060,773	88,934,395	186,791,052	120,673,644
Index	174,018	13,799	173,596	361,413	8,632,919
Equities	969,291	669,666	1,374	1,640,331	324,709
Commodities	1,997,098	235,591	4,242,765	6,475,454	4,112,719
Other	2,832,873	3,993,937	1,062,677	7,889,487	4,569,030
Short position	73,272,321	37,362,389	114,769,004	225,403,714	144,487,244
Currency	3,946,706	4,617,449	3,858,015	12,422,170	10,733,082
Interest rate	64,829,378	31,989,004	103,133,510	199,951,892	120,705,059
Index	797,000	30,300	1,175,257	2,002,557	4,471,139
Equities	100,221	306,823	-	407,044	263,885
Commodities	1,992,190	235,591	4,242,765	6,470,546	4,103,873
Other	1,606,826	183,222	2,359,457	4,149,505	4,210,206
<b>Credit Derivatives</b>					
Long position	-	-	297,382	297,382	432,164
Sovereign	-	-	-	-	185,934
Corporate	-	-	297,382	297,382	246,230
Short position	-	32,080	281,342	313,422	325,916
Corporate	-	32,080	281,342	313,422	325,916
<b>Non-deliverable forward - NDF</b>					
Long position	27,074,699	17,913,846	4,906,703	49,895,248	12,006,059
Currency	13,686,773	2,351,041	1,819,427	17,857,241	2,170,813
Commodities	4,525,886	15,072,993	2,965,061	22,563,940	-
Index	-	-	-	-	9,777,632
Interest rate	8,862,035	489,812	122,202	9,474,049	57,614
Other	5	-	13	18	-
Short position	27,074,699	17,913,846	4,906,703	49,895,248	12,006,059
Currency	21,657,844	2,746,156	1,710,549	26,114,549	11,488,632
Commodities	4,524,117	15,068,452	2,924,980	22,517,549	-
Index	-	-	-	-	511,165
Interest rate	892,738	99,238	76,157	1,068,133	-
Other	-	-	195,017	195,017	6,262

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	31/03/2015				31/12/2014
	Up to 6 months	6 to 12 months	Over 1 year	Total	Total
Deliverable forward - DF					
Long position	45,036,846	11,738,605	1,877,305	58,652,756	72,714,522
Commodities	26,583,685	6,924,093	1,537,983	35,045,761	39,595,462
Currency	18,453,161	4,814,512	339,322	23,606,995	33,119,060
Short position	45,036,846	11,738,605	1,877,305	58,652,756	72,714,522
Commodities	26,583,685	6,924,093	1,537,983	35,045,761	39,185,365
Currency	18,453,161	4,814,512	339,322	23,606,995	33,529,157
Security forwards					
Long position	2,414,439	-	-	2,414,439	991,234
Interest rate	1,207,476	-	-	1,207,476	-
Government bonds	1,206,963	-	-	1,206,963	991,234
Short position	2,414,439	-	-	2,414,439	991,234
Interest rate	1,206,963	-	-	1,206,963	991,234
Government bonds	1,207,476	-	-	1,207,476	-
Options market					
Call option - long position	12,488,055	1,591,269	1,653,403	15,732,727	22,610,124
Equities	65,847	42,392	-	108,239	265,137
Commodities	3,213,196	1,157,900	1,653,403	6,024,499	1,265,298
Index	49,757	51,473	-	101,230	17,488,638
Currency	9,157,755	339,504	-	9,497,259	3,589,551
Other	1,500	-	-	1,500	1,500
Put option - long position	5,464,583	3,749,848	513,790	9,728,221	21,940,288
Equities	551,368	128,268	310,403	990,039	227,191
Commodities	2,204,646	3,615,164	203,387	6,023,197	3,742,256
Index	5,863	-	-	5,863	14,983,766
Currency	1,147,155	6,416	-	1,153,571	2,987,075
Other	1,555,551	-	-	1,555,551	-
Call option - short position	11,053,607	2,289,295	430,924	13,773,826	7,314,179
Equities	129,554	16,842	-	146,396	196,514
Commodities	3,767,460	1,826,017	430,924	6,024,401	1,391,569
Index	592,379	42,895	-	635,274	2,129,081
Currency	6,564,214	403,541	-	6,967,755	3,597,015
Put option - short position	6,089,500	714,980	-	6,804,480	36,024,628
Equities	755,025	-	-	755,025	151,285
Commodities	1,918,593	708,564	-	2,627,157	1,054,792
Index	392,304	-	-	392,304	31,660,845
Currency	3,023,578	6,416	-	3,029,994	3,157,706

### b. By cost and market value

	Cost	Market	31/03/2015			31/12/2014
			Up to 6 months	6 to 12 months	Over 1 year	Total
Futures						
Long position	68,853	68,853	28,439	40,349	65	18,430
Short position	11,171	11,349	10,482	808	59	7,340
Swaps						
Long position	1,359,473	2,612,044	915,297	410,273	1,286,474	1,703,431
Short position	2,780,648	4,026,549	1,349,388	450,144	2,227,017	2,180,104
Credit derivatives						
Long position	18,456	25,801	1,367	-	24,434	20,840
Short position	27,552	37,658	11,048	1,608	25,002	29,001
Non-deliverable forward - NDF						
Long position	5,588,367	5,376,321	1,890,145	1,993,155	1,493,021	572,553
Short position	4,475,897	4,272,961	2,200,490	1,039,313	1,033,158	313,106

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	31/03/2015					31/12/2014
	Cost	Market	Up to 6 months	6 to 12 months	Over 1 year	Total
Deliverable forward - DF						
Long position	24,464,172	25,917,678	19,002,533	6,166,807	748,338	26,226,791
Short position	21,047,461	24,153,160	17,307,639	6,105,777	739,744	25,030,879
Security forwards						
Long position	2,416,435	2,416,435	2,416,435	-	-	1,863,795
Short position	2,416,477	2,416,477	2,416,477	-	-	1,864,206
Options market						
Long position	1,254,241	2,118,335	692,835	458,269	967,231	1,370,664
Short position	671,107	1,209,086	579,352	89,022	540,712	650,116
<b>Long position</b>	<b>35,169,997</b>	<b>38,535,467</b>	<b>24,947,051</b>	<b>9,068,853</b>	<b>4,519,563</b>	<b>31,776,504</b>
<b>Short position</b>	<b>31,430,313</b>	<b>36,127,240</b>	<b>23,874,876</b>	<b>7,686,672</b>	<b>4,565,692</b>	<b>30,074,752</b>

### c. Notional by counterparty

	31/03/2015					31/12/2014
	BM&FBovespa	Financial Institutions (*)	Companies	Individuals	Total	Total
Futures market						
Long position	77,583,644	18,647,674	-	-	96,231,318	92,904,844
Short position	107,500,970	25,179,968	-	-	132,680,938	132,143,874
Swap						
Long position	50,966,156	145,665,711	28,765,846	6,001	225,403,714	144,487,244
Short position	50,966,156	145,665,711	28,765,846	6,001	225,403,714	144,487,244
Credit derivatives						
Long position	-	297,382	-	-	297,382	432,164
Short position	-	313,422	-	-	313,422	325,916
Non-deliverable forward - NDF						
Long position	-	16,445,747	33,381,028	68,473	49,895,248	12,006,059
Short position	-	16,445,747	33,381,028	68,473	49,895,248	12,006,059
Deliverable forward - DF						
Long position	-	23,771,404	34,874,151	7,201	58,652,756	72,714,522
Short position	-	23,771,404	34,874,151	7,201	58,652,756	72,714,522
Security forwards						
Long position	-	169,321	2,245,118	-	2,414,439	991,234
Short position	-	169,321	2,245,118	-	2,414,439	991,234
Options market						
Long position	211,060	25,242,978	2,000	4,910	25,460,948	44,550,412
Short position	430,645	20,143,529	-	4,132	20,578,306	43,338,807
<b>Long position</b>	<b>128,760,860</b>	<b>230,240,217</b>	<b>99,268,143</b>	<b>86,585</b>	<b>458,355,805</b>	<b>368,086,479</b>
<b>Short position</b>	<b>158,897,771</b>	<b>231,689,102</b>	<b>99,266,143</b>	<b>85,807</b>	<b>489,938,823</b>	<b>406,007,656</b>

(\*) Includes investments funds.

### d. Credit derivatives

	31/03/2015	31/12/2014
Credit swap		
Transferred risk		
Sovereign	-	185,934
Corporate	-	246,230
Risk received		
Corporate	(32,080)	(325,916)
	<u>(32,080)</u>	<u>106,248</u>

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

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According to CMN resolution 3,490, the effect on the calculation of the required reference shareholders' equity (PRE) as at March 31, 2015 is R\$53,023 (December 31, 2014 – R\$42,414).

### **e. Guarantee margins**

Guarantee margins in transactions traded on BM&FBovespa and other stock exchanges with derivatives comprises federal government and foreign government bonds totaling R\$293,519 (December 31, 2014 – R\$2,644,645) and shares in the amount of R\$81,692 (December 31, 2014 – R\$112,832).

### **f. Fair value of financial instruments**

The fair values of financial instruments are calculated as follows:

- Swaps: cash flows are discounted to present value based on yield curves reflecting the proper risk factors. These yield curves are mainly based on the prices traded on BM&F Bovespa, Brazilian government bonds traded on the secondary or derivative market and securities traded abroad. These yield curves may be used to obtain the fair value of currency swaps, interest rate swaps and swaps based on other risk factors (commodities, stock market indexes, etc.).
- Futures and Forward: using stock exchange quotations or criteria identical to those described for swaps above.
- Options: the fair value of these instruments are calculated based on mathematical models (such as Black & Scholes) that use data containing implied volatility, interest rate yield curve and the fair value of the underlying asset. These data are obtained from different sources (normally prices from brokers and brokerage firms, Bloomberg and Reuters).
- Credit derivatives: the fair value of these instruments is calculated based on mathematical models largely adopted in the market that uses data relating to the issuer's credit spread and interest rate yield curve. These data are obtained from different sources (normally market prices, Bloomberg and Reuters).
- Securities and short selling: the fair value of government bonds are calculated based on prices disclosed by the Brazilian Association of Financial and Capital Market Entities (ANBIMA). The fair value of corporate bonds is calculated based on prices traded on the secondary market, prices of similar assets and market visibility of the Company's commercial departments. Shares are calculated based on the prices informed by BM&F Bovespa. Fund quotas are valued based on quota prices disclosed by the custodian.
- Financial assets at fair value through profit (loss): The Bank estimates the fair values of the financial instruments by discounting cash flows to present value based on yield curves reflecting the proper risk factors.

## **10. Loans**

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

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

Loans and other operations with credit characteristics are as follows:

### a. Loans

#### i. By type of credit

Type of credit	31/03/2015		31/12/2014	
	Balance	Allowance	Balance	Allowance
Loans	12,474,822	(695,967)	12,692,663	(776,808)
Financing	2,179,806	(80,512)	4,054,285	(78,570)
FINAME/BNDES	1,780,163	(22,219)	-	-
Securities financing	73,565	-	139,260	-
Total	16,508,356	(798,698)	16,886,208	(855,378)

#### ii. By risk level and maturity

Risk level	31/03/2015					31/12/2014		
	Overdue	Maturity			Total	Allowance	Total	Allowance
		Up to 6 months	6 to 12 months	Over 12 months				
AA	-	3,505,032	441,956	1,206,166	5,153,154	-	5,180,963	-
A	-	1,826,611	988,548	2,600,097	5,415,256	(26,918)	5,303,775	(26,519)
B	7,007	1,258,514	670,647	1,156,557	3,092,725	(30,930)	3,471,519	(34,714)
C	11,919	409,622	230,379	263,573	915,493	(29,715)	699,704	(23,048)
D	1,527	77,373	96,813	249,688	425,401	(58,949)	798,010	(125,073)
E	646,691	35,374	19,623	450,146	1,151,834	(406,944)	1,290,936	(547,836)
F	16,462	188,133	-	3,976	208,571	(104,285)	77,986	(38,993)
G	342	322	-	15,885	16,549	(11,585)	13,731	(9,612)
H	24,343	42,216	2,491	60,323	129,373	(129,372)	49,584	(49,583)
Total	708,291	7,343,197	2,450,457	6,006,411	16,508,356	(798,698)	16,886,208	(855,378)

#### iii. By activity sector

Sector	31/03/2015	31/12/2014
Commerce	122,236	130,263
Industry	507,144	479,612
Services	14,264,451	14,682,574
Rural	403,639	471,414
Individuals	1,210,886	1,122,345
Total	16,508,356	16,886,208

### b. Other receivables with loans characteristics and transferred loan

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

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### i. By risk level and maturity

Risk level	31/03/2015					31/12/2014		
	Overdue	Maturity			Total	Allowance	Total	Allowance
		Up to 6 months	6 to 12 months	Over 12 months				
AA	-	332,340	66,291	66,315	464,946	-	375,637	-
A	256	143,740	149,680	353,906	647,582	(3,238)	886,197	(4,431)
B	83	20,629	15,927	118,998	155,637	(1,556)	229,987	(2,300)
C	208	113,607	11,863	76,548	202,226	(6,067)	190,025	(5,701)
E	1,298	32,630	13,178	-	47,106	(14,132)	-	-
F	-	-	-	-	-	-	23,592	(11,796)
H	-	152	-	30,821	30,973	(30,973)	493	(493)
Total	1,845	643,098	256,939	646,588	1,548,470	(55,966)	1,705,931	(24,721)
Transferred loans with co-obligations					145,106	(3,844)	176,698	(4,545)
Securities and credits receivable (note 12(b))					1,403,364	(52,122)	1,529,233	(20,176)

### ii. By activity sector

Sector	31/03/2015	31/12/2014
Commerce	39,547	-
Individuals	143,967	153,052
Services	1,364,956	1,552,879
Total	1,548,470	1,705,931

### c. Advances in foreign exchange contracts

#### i. By risk level and maturity

Risk level	31/03/2015					31/12/2014		
	Overdue	Maturity			Total	Allowance	Total	Allowance
		Up to 6 months	6 to 12 months	Over 12 months				
A	-	347,308	-	-	347,308	(1,737)	342,566	(1,713)
B	-	243,816	112,805	-	356,621	(3,566)	206,003	(2,060)
C	-	93,318	-	-	93,318	(2,800)	159,707	(4,791)
D	-	10,871	-	-	10,871	(1,087)	10,849	(1,085)
G	25,074	-	-	-	25,074	(17,552)	25,074	(17,552)
Total	25,074	695,313	112,805	-	833,192	(26,742)	744,199	(27,201)

#### ii. By activity sector

Sector	31/03/2015	31/12/2014
Industry	96,715	105,573
Services	736,477	638,626
Total	833,192	744,199

### d. Credit concentration

	31/03/2015	%	31/12/2014	%
Largest debtors				
10 largest debtors	6,872,588	36%	7,213,532	37%
20 following largest debtors	4,714,993	25%	4,596,875	24%
50 following largest debtors	3,856,660	20%	3,998,715	21%
100 following largest debtors	2,575,376	14%	2,893,438	15%
200 following largest debtors	794,869	4%	633,778	3%
500 following largest debtors	75,532	1%	-	0%
Total	18,890,018	100%	19,336,338	100%



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### e. Allowance

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

	31/03/2015	31/03/2014
Opening balances	(1,143,438)	(303,505)
Reversal/(accrual) of allowance	(195,203)	(76,757)
Transferred provision on credit sale	256,196	-
Exchange rate variation	(11,400)	(22)
Credits written off as loss	4,121	20,157
Closing balances	<u>(1,089,724)</u>	<u>(360,127)</u>
Breakdown of closing balances		
Allowance for loan losses	(798,698)	(188,546)
Allowance for transferred loans	(3,844)	-
Allowance for other receivables	(52,122)	(51,538)
Allowance for advances on foreign exchange contracts	(26,742)	(51,403)
Allowance for guarantes	(208,318)	(68,640)
	<u>(1,089,724)</u>	<u>(360,127)</u>

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

As at the quarter ended March 31, 2015, there were no credit renegotiation (March 31, 2014 – R\$19,624). Also in the quarter ended March 31, 2015 there was an amount of R\$15,685 due to recovery of credits written off loss (March 31, 2014 – R\$4,500).

### g. Transferred loan

During the quarter ended March 31, 2015 and 2014, there was no credit assignment with co-obligation.

## 11. Other receivables/obligations

### a. Foreign Exchange portfolio

	31/03/2015		31/12/2014	
	Assets	Liabilities	Assets	Liabilities
Unsettled exchange purchased/sold	3,683,268	6,625,244	2,432,829	6,981,527
Rights on foreign exchange sales	5,679,132	-	6,906,287	-
(-) Advances on foreign exchange contracts (Note 10 (c))	26,092	(807,100)	15,820	(728,379)
(-) Advances in local currency received	(12,356)	-	(4,256)	-
Liability for foreign exchange purchase	-	3,427,649	-	2,342,056
	<u>9,376,136</u>	<u>9,245,793</u>	<u>9,350,680</u>	<u>8,595,204</u>
Current	9,376,136	9,245,793	9,350,680	8,595,204
Long-term	-	-	-	-

Guarantees for foreign exchange transactions carried out through BM&FBovespa – Securities, Commodities and Futures Exchange (BM&FBovespa), are represented by federal government bonds in the amount of R\$134,828 (December 31, 2014 - R\$130,185).

## BANCO BTG PACTUAL S.A. and subsidiaries

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### b. Securities trading and brokerage

	31/03/2015		31/12/2014	
	Assets	Liabilities	Assets	Liabilities
Clearing houses	786,405	510,425	1,417,845	990,364
Unsettled financial assets	29,964	17,391	18,418	14,210
Debtors/creditors – pending settlement account	9,316,148	2,971,345	7,029,507	2,660,428
Creditors for gold loans	-	-	-	-
Creditors for stock loans	-	372,239	-	361,578
Other securities trading and brokerage	4,036,457	819,409	2,765,673	605,537
Commissions and brokerage payable	-	303	-	357
Swap brokerage	127	-	123	-
	<u>14,169,101</u>	<u>4,691,112</u>	<u>11,231,566</u>	<u>4,632,474</u>
Current	12,870,381	4,691,112	9,850,147	4,632,474
Long-term	1,298,720	-	1,381,419	-

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

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

## 12. Other receivables

### a. Income receivable

	31/03/2015	31/12/2014
Dividends and bonus	70,106	41,859
Receivables from services rendered	887,647	732,103
Management and performance fees for investment funds and portfolio	822,269	651,236
Distribution fees	17,002	18,940
Commissions on guarantees	2,601	9,762
Other	15,011	4,444
	<u>1,814,636</u>	<u>1,458,344</u>
Current	1,322,670	891,183
Long-term	491,966	567,161

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### b. Sundry

	<u>31/03/2015</u>	<u>31/12/2014</u>
Deferred tax assets - IR/CS (note 18)	3,174,530	1,670,881
Deferred tax assets - Others	116,843	33,492
Judicial deposits	1,569,679	1,508,902
Taxes recoverable to offset	1,054,588	926,938
Tax incentive options	1,319	1,319
Securities and credits receivable		
With loan characteristics (note 10 b)	1,403,364	1,529,233
Without loan characteristics	589,536	1,763,875
Investment properties	1,587,835	1,420,675
Held for sale (i)	826,231	321,501
Salaries advances	85,881	41,925
Sundry	2,266,010	2,011,253
Other	186,577	200,439
	<u>12,862,393</u>	<u>11,430,433</u>
Current	6,591,970	7,521,909
Long-term	6,270,423	3,908,524

(i) Refers to the equity interest in Pan Seguros S.A. and Ariel Re (Holding) Limited, that will be acquired by investors.



## BANCO BTG PACTUAL S.A. and subsidiaries

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(i) The difference between equity pick up in subsidiaries and net income of subsidiaries refers to exchange variation.

(ii) In 2014, as a result of changes in contractual agreements with its clients relating to dividends and any other proceeds, the Bank no longer presents only its economic interest in BTG actual Holding S.A.R.L. in its consolidated balance sheet and income statement. As a result, the Bank recognized on the year ended December 31, 2014, an additional 7% indirect economic interest in PO&G, equivalent to R\$663,921 million, and a similar non-controlling interest.

(iii) Preliminary numbers.

### 14. Intangible assets

	Changes in Intangible assets				31/03/2015
	31/12/2014	Acquisitions / write off	Amortization expenses / disposal	Exchange variation	
Goodwill	490,702	-	(50,153)	82,789	523,338
Cost	876,282	-	-	139,548	1,015,830
Amortization	(385,580)	-	(50,153)	(56,759)	(492,492)
Other intangible assets	213,710	14,289	(16,158)	23,701	235,542
Cost	302,423	14,289	(3,881)	26,172	339,003
Amortization	(88,713)	-	(12,277)	(2,471)	(103,461)
	704,412	14,289	(66,311)	106,490	758,880

The intangible assets amortization period is 5 years.

### 15. Fund raising and loans and onlending

#### a. Summary

	31/03/2015					31/12/2014	
	Total	Up to 90 days	90 to 365 days	1 to 3 years	3 to 5 years	Over 5 years	Total
Deposits	17,153,443	11,838,137	3,446,973	1,512,847	54,101	301,385	19,292,296
Open market funding	41,703,578	30,585,855	5,737,844	1,369,201	653,375	3,357,303	38,400,362
Funds from securities issued and accepted	22,375,329	3,492,195	4,931,952	9,816,024	2,911,881	1,223,277	20,783,769
Loans and onlending	9,003,440	4,464,641	2,784,725	47,872	102,281	1,603,921	6,868,627
Subordinated debts and subordinated debt eligible to equity	12,202,138	-	-	1,674,309	6,487,875	4,039,954	10,916,392
	102,437,928	50,380,828	16,901,494	14,420,253	10,209,513	10,525,840	96,261,446

#### b. Deposits

	31/03/2015					31/12/2014	
	Total	Up to 90 days	90 to 365 days	1 to 3 years	3 to 5 years	Over 5 years	Total
Demand deposits	283,053	283,053	-	-	-	-	168,293
Interbank deposits	987,445	631,888	254,799	66,241	32,295	2,222	769,819
Time deposits	15,882,945	10,923,196	3,192,174	1,446,606	21,806	299,163	18,354,184
	17,153,443	11,838,137	3,446,973	1,512,847	54,101	301,385	19,292,296

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### c. Open market funding

Open market funding has collateral on the following securities:

	31/03/2015					31/12/2014	
	Total	Up to 90 days	90 to 365 days	1 to 3 years	3 to 5 years	Over 5 years	Total
Own Portfolio	13,704,085	9,400,587	3,948,324	195,196	-	159,978	9,015,812
Federal government bonds	5,528,547	5,361,627	6,942	-	-	159,978	2,291,604
Corporate securities	7,324,411	3,187,833	3,941,382	195,196	-	-	6,034,795
Foreign government bonds	851,127	851,127	-	-	-	-	689,413
Third-party portfolio	12,029,117	10,686,027	165,317	172,178	-	1,005,595	16,565,544
Federal government bonds	11,265,310	9,922,220	165,317	172,178	-	1,005,595	15,870,790
Corporate bonds	404,835	404,835	-	-	-	-	389,856
Foreign government bonds	358,972	358,972	-	-	-	-	304,898
Unrestricted portfolio	15,970,376	10,499,241	1,624,203	1,001,827	653,375	2,191,730	12,819,006
Federal government bonds	15,352,419	9,881,284	1,624,203	1,001,827	653,375	2,191,730	12,819,006
Corporate bonds	2,566	2,566	-	-	-	-	-
Foreign government bonds	615,391	615,391	-	-	-	-	-
	<u>41,703,578</u>	<u>30,585,855</u>	<u>5,737,844</u>	<u>1,369,201</u>	<u>653,375</u>	<u>3,357,303</u>	<u>38,400,362</u>

### d. Funds from securities issued and accepted

	31/03/2015					31/12/2014	
	Total	Up to 90 days	90 to 365 days	1 to 3 years	3 to 5 years	Over 5 years	Total
Securities – Brazil	14,269,895	1,645,344	3,372,713	7,890,030	916,269	445,539	13,333,229
Financial bills	11,250,818	710,500	1,963,998	7,244,690	888,479	443,151	10,195,820
Mortgage bonds/letters of credit for agribusiness	2,978,677	928,885	1,374,274	645,340	27,790	2,388	3,105,583
Certificates of structured transactions	40,400	5,959	34,441	-	-	-	31,826
Securities – abroad	8,105,434	1,846,851	1,559,239	1,925,994	1,995,612	777,738	7,450,540
Medium term notes	7,954,529	1,819,449	1,451,617	1,910,113	1,995,612	777,738	7,297,626
Fixed rate notes e outros	150,905	27,402	107,622	15,881	-	-	152,914
	<u>22,375,329</u>	<u>3,492,195</u>	<u>4,931,952</u>	<u>9,816,024</u>	<u>2,911,881</u>	<u>1,223,277</u>	<u>20,783,769</u>

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

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

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### e. Loans and onlending

	31/03/2015					31/12/2014	
	Total	Up to 90 days	90 to 365 days	1 to 3 years	3 to 5 years	Over 5 years	Total
Loans abroad	6,300,435	3,522,097	2,778,338	-	-	-	4,411,564
Loans abroad	6,300,435	3,522,097	2,778,338	-	-	-	4,411,564
Loans - Brazil	940,109	940,109	-	-	-	-	799,240
Loans	940,109	940,109	-	-	-	-	799,240
Onlending in Brazil	1,762,896	2,435	6,387	47,872	102,281	1,603,921	1,657,823
FINAME/BNDES	1,762,896	2,435	6,387	47,872	102,281	1,603,921	1,657,823
	<u>9,003,440</u>	<u>4,464,641</u>	<u>2,784,725</u>	<u>47,872</u>	<u>102,281</u>	<u>1,603,921</u>	<u>6,868,627</u>

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

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

Type - original currency	Issued amount (original currency)	31/03/2015			31/12/2014	
		Issued	Maturity	Total compensation a.a.	Net amount	Net amount
Financial bills - R\$ (i)	4,161,000	15/04/2011	15/04/2021	Inflation plus fixed rates	5,334,164	5,403,116
Subordinated debt - US\$	800,000	28/09/2012	15/09/2022	5.75%	2,723,022	2,015,440
Subordinated debt eligible to equity - US\$	1,300,000	12/09/2014	Callable at September 2019	8.75%	4,144,952	3,497,836
<b>Total</b>					<u>12,202,138</u>	<u>10,916,392</u>

(i) Repayment every six months.

## 16. Other obligations

### a. Social and statutory

	31/03/2015	31/12/2014
Dividends and profit sharing payable	66,199	327,294
Employees' profit sharing	70,112	448,710
Other benefits	100,170	432,324
	<u>236,481</u>	<u>1,208,328</u>
Current	236,481	1,208,328
Long term	-	-

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### b. Tax and social security

	<u>31/03/2015</u>	<u>31/12/2014</u>
Tax and contributions to be collected	199,853	144,765
Tax and contribution payable	478,500	346,845
Deferred social contribution and income tax (Note 18)	544,919	445,734
Deferred PIS and COFINS	105,810	96,783
Suspended-payment taxes and others tax liabilities (Note 17 (c))	1,378,705	1,398,983
	<u>2,707,787</u>	<u>2,433,110</u>
Current	867,865	1,201,539
Long term	1,839,922	1,231,571

### c. Sundry

	<u>31/03/2015</u>	<u>31/12/2014</u>
Payable for acquisition of assets and rights (i)	1,071,597	1,034,142
Accounts payable - personnel	703,656	450,214
Provision for contingent liabilities (Note 17(c))	624,264	742,250
Other creditors - Brazil	2,645,975	1,291,646
Allowance for guarantees (Note 10(e))	208,318	236,139
Obligations related to transferred loans	154,336	196,266
Other	5,754	3,115
	<u>5,413,900</u>	<u>3,953,772</u>
Current	3,337,795	1,964,522
Long term	2,076,105	1,989,250

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

## 17. Contingent assets and liabilities and legal obligations

The Bank's 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. Management's judgment is based on the opinion of its internal and external legal counsel regarding the expected outcome for each proceeding.

### a. Contingent assets

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

### b. Contingent liabilities classified as probable losses and legal obligations

#### i. Labor provisions

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



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### ii. Civil provisions

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

### iii. Tax and social security provisions

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

### c. Breakdown and changes in provisions

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

The provisions recognized and their changes in the quarters are as follows:

	31/03/2015				31/03/2014
	Tax	Civil	Labor	Total	Total
Balance at the beginning of the quarter	1,398,983	702,372	39,878	2,141,233	792,487
Recognition	13,085	-	3,412	16,497	26,969
Write-off	(33,363)	(120,538)	(860)	(154,761)	(1,336)
Balance at the end of the quarter	1,378,705	581,834	42,430	2,002,969	818,120
Suspended-payment taxes and other taxes contingencies				1,378,705	793,308
Provision for contingent liabilities				624,264	24,812

The nature of the main provisions is presented below:

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

The Bank's 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 internal and external counsel are 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.

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As at March 31, 2015, 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\$602 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.
- Judicial action filed to discuss demands by the São Paulo City Hall, relative of ISS on services provided in Rio de Janeiro, as the tax authority from the city of São Paulo understands that such services were effectively rendered in São Paulo. The amount claimed is R\$133 million. Part of this amount is security by indemnity clause, as it refers to the period before the acquisition of the Bank by the current controllers.
- Lawsuits relating to the demutualization and IPO of BM&F Bovespa, challenging the taxation of PIS, Cofins, income tax and social contribution on revenues earned from the sale of shares of the companies previously mentioned. The amount claimed is R\$17 million. Part of this amount is security by indemnity clause, as it refers to the period before the acquisition of the Bank by the current controllers.
- In October 2012, we received a tax assessment, which in March 31, 2015 totaled R\$2,326 million alleging that our use of the amortization of certain goodwill to reduce the amount of the IRPJ and CSLL taxes payable by us was inappropriate. Such goodwill was originated in connection with the acquisition of us by UBS in 2006. The amortization of such goodwill occurred from February 2007 to January 2012, although the tax assessment solely relates to the IRPJ and CSLL tax returns for the calendar years 2007, 2008 and 2009. We have filed an appeal of this tax assessment. In February 2013 a preliminary administrative decision was issued, providing for a partial reduction of the tax assessment. Based on our analysis of applicable case law, including in recent similar cases, we believe that the tax assessment is without merit and that we will ultimately prevail in its appeal. As a result, we do not expect to incur any losses (other than the costs of the appeal) in connection with this matter, and have not established (and do not expect to establish) any related reserves on our financial statements. In addition to our assessment as to the validity of this tax assessment, in the event that we incur losses in connection with this matter, we believe we are entitled to be indemnified by third parties for part of these losses. Accordingly, in no event do we do not to incur any material losses in connection with this matter.

### **ii. Provision for other contingent liabilities**

As at March 31, 2015, BTG Pactual and its subsidiaries were part to several civil, labor, lawsuits and other contingences with a possible outcome, which were not recorded in provisions.

## **18. Income tax and social contribution**

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

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	<u>31/03/2015</u>	<u>31/03/2014</u>
<b>Income tax and social contribution</b>		
Tax base	(362,200)	1,444,061
Income before taxes and profit sharing	(210,734)	1,666,235
Statutory profit sharing	(151,466)	(222,174)
Total charge of income tax and social contribution at the current rates	144,880	(577,624)
Permanent (additions) / deductions in taxation calculation	863,593	(87,244)
Equity pick up in associated and jointly controlled companies in Brazil	350,509	2,250
Income/(loss) of foreign exchange on foreign investments	784,068	(103,743)
Foreign earnings	(89,244)	(60,340)
Dividends	13,533	151,330
Other Permanent (additions) / deductions	(195,273)	(76,741)
Temporary (additions) / deductions on the taxation calculation	(563,242)	247,448
Reversal of provision for goodwill on the acquisition of investments	35,381	35,381
Interest on equity	119,280	-
Fair value of securities and derivatives	(716,799)	199,869
Allowance for loan losses	(48,767)	(18,295)
Tax contingencies and provision for suspended-payment taxes	13,382	(5,645)
Non-permanent impairment of investments	-	26,120
Other provisions	34,281	10,018
Offset of tax losses carry forward - Brazil	(921,986)	2,006
Tax and social contribution expense	<u>(476,755)</u>	<u>(415,414)</u>
Temporary differences		
Recognition / (reversal) of the quarter	568,311	(247,448)
Recognition / (reversal) of tax losses carry forward	921,683	(2,006)
Recognition on foreign companies tax losses carry forward	193,727	16,274
Recognition of loss on investment abroad	13,696	134,654
Revenues / (Expenses) from deferred taxes	<u>1,697,417</u>	<u>(98,526)</u>
Total revenues / (expenses)	<u>1,220,662</u>	<u>(513,940)</u>

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

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

<b>Income tax and social contribution</b>	<u>31/12/2014</u>	<u>Recognition</u>	<u>Realization (i)</u>	<u>31/03/2015</u>
Tax loss carryforwards	239,956	940,584	-	1,180,540
Interest on equity	119,280	-	(119,280)	-
Allowance for loan losses	370,928	56,561	(7,794)	419,695
Marked-to-market evaluation of securities and derivatives	286,461	2,828,296	(2,089,132)	1,025,625
Goodwill on the acquisition of investment	267,505	-	(35,381)	232,124
Tax contingencies and provision for suspended-payment taxes	213,913	-	(13,382)	200,531
Other temporary differences	172,838	43,084	(99,907)	116,015
	<u>1,670,881</u>	<u>3,868,525</u>	<u>(2,364,876)</u>	<u>3,174,530</u>

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Income tax and social contribution	31/12/2013	Recognition	Realization (i)	31/03/2014
Tax loss carryforwards	13,878	16,274	(2,006)	28,146
Provision for impairment on investments (ii)	26,120	-	(26,120)	-
Allowance for loan losses	173,095	29,844	(11,549)	191,390
Marked-to-market evaluation of securities and derivatives	261,489	475,018	(674,887)	61,620
Goodwill on the acquisition of investment	409,028	-	(35,381)	373,647
Tax contingencies and provision for suspended-payment taxes	199,328	5,645	-	204,973
Other temporary differences	89,405	14,664	(24,683)	79,386
	<u>1,172,343</u>	<u>541,445</u>	<u>(774,626)</u>	<u>939,162</u>

(i) On March 31, 2015, the amount of R\$193,767 (December 31, 2014 – R\$528,085), refers to recovery paid taxes from investments abroad

(ii) Refers to the tax credit provision for loss on investment in the company BR Properties S.A. (note 13).

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
2014	1,358,750	1,180,539	2,539,289
2015	246,256	-	246,256
2016	140,895	-	140,895
2017	124,045	-	124,045
2018 onwards	124,045	-	124,045
Total	<u>1,993,991</u>	<u>1,180,539</u>	<u>3,174,530</u>
Present value	<u>1,670,188</u>	<u>1,066,705</u>	<u>2,736,893</u>

As at March 31, 2015 tax credits in the amount of R\$1,401,052 (December 31, 2014 – R\$1,457,275), from tax losses calculated between the period of 1993 and 2010, were not registered on the parent company, Banco Sistema S.A. (formerly named Banco Bamerindus do Brasil S.A.). These tax credits will be registered, when they attend regulatory aspects and demonstrate realization perspective, in accordance with the management studies and analysis and BACEN standards.

Deferred income tax and social contribution liabilities amounts to R\$544,919 (December 31, 2014 - R\$445,734), according to note 16(b).

## 19. Shareholders equity

### a. Capital

As at March 31, 2015, fully subscribed and paid in capital consists of 2,714,902,212 shares (December 31, 2014 – 2,714,902,212), of which 1,390,671,404 common shares (December 31, 2014 – 1,390,671,404), 508,380,404 class A preferred shares (December 31, 2014 – 508,380,404) and 815,850,404 class B preferred shares (December 31, 2014 – 815,850,404), all no-par, registered shares.

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

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

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

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

### **b. Legal reserve**

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

### **c. Statutory reserve**

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

### **d. Unrealized income reserve**

Established considering undistributed dividends obtained in foreign branch.

### **e. Profit distribution**

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

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

As at December 30, 2014 the Bank has accrued R\$298,200, relating to interest on equity, equivalent to R\$0.11 per share, which generated R\$119,280 of tax benefit. These amounts were approved in the Special Shareholders' Meeting held on December, 2014 and the payment occurred on March 10, 2015.

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### f. Reconciliation of net income (loss) and shareholders equity

	Shareholders' equity		Net income	
	31/03/2015	31/12/2014	31/03/2015	31/03/2014
<b>Banco BTG Pactual S.A.</b>	15,467,817	14,678,862	937,274	935,652
Refers to the reconciliation of shareholders' equity and income (loss) in the individual and consolidated financial statements of Banco Pan S.A. (*)	54,465	54,465	-	1,086
<b>Banco BTG Pactual S.A. Consolidated</b>	<u>15,522,282</u>	<u>14,733,327</u>	<u>937,274</u>	<u>936,738</u>

(\*) The consolidated information reported by Banco Pan S.A. includes its direct and indirect subsidiaries and special purpose entities, represented by credit rights investment funds (FIDCs). During consolidation of FIDCs, unrealized profit from transferred loan transactions from Banco Pan to FIDCs are eliminated, thus resulting in a difference between individual and consolidated shareholders' equity. This difference is reflected in the individual and consolidated shareholders' equity of Banco BTG Pactual S.A. due to the recognition of the investment in Pan through the equity method of accounting.

## 20. Income from services rendered

	31/03/2015	31/03/2014
Management and performance fee from investment funds and portfolios	336,825	347,081
Brokerage	56,099	46,168
Technical services	91,315	160,723
Commission on the placement of securities	38,990	56,076
Guarantees	52,444	27,157
Other services	8,038	19,930
	<u>583,711</u>	<u>657,135</u>

## 21. Other operating income

	31/03/2015	31/03/2014
Recovery of charges and expenses	216	2,237
Reversal of provision – employees' profit sharing	9,339	4,428
Reversal of allowances - other	-	75
Reversal of provision - contingencies	181,930	1,029
Adjustment to inflation of judicial deposits	24,208	21,691
Exchange gains	199,496	9,364
Fair value of investment properties	-	18,043
Adjustment of amounts payable for acquisition of investments	37,306	25,996
Other operating income	25,890	3,040
	<u>478,385</u>	<u>85,903</u>

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### 22. Other operating expenses

	<u>31/03/2015</u>	<u>31/03/2014</u>
Expenses with taxes adjusted for inflation	9,369	9,859
Exchange rate variation	165,435	8,445
Reimbursement of clients	2,249	1,649
Adjustment of amounts payable for acquisition of investments (i)	60,655	15,218
Goodwill amortization (ii)	50,153	41,101
Other	27,598	18,806
	<u>315,459</u>	<u>95,078</u>

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

### 23. Other administrative expenses

	<u>31/03/2015</u>	<u>31/03/2014</u>
Outsourced services and consulting	185,822	98,671
Telecommunications and data processing	64,619	50,832
Leases and condominiums	30,513	25,048
Travel and lodging	20,895	17,598
Expenses of the financial system	41,721	14,796
Advertising and public relations	10,188	11,153
Depreciation and amortization	21,812	17,059
Other	11,759	15,658
	<u>387,329</u>	<u>250,815</u>

### 24. Related parties

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

	<u>Relationship</u>	<u>Maturity</u>	<u>Assets/Liabilities</u>		<u>Revenues/Expenses</u>	
			<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
<b>Assets</b>						
<b>Short-term interbank investments</b>						
<b>Open market investments</b>						
- FIM B-2 (i)	Related	06/05/2015	1,037,482	1,323,968	34,582	77,628
<b>Interbank investments deposits</b>						
- Banco Pan S.A.	Jointly controlled	01/04/2015	1,390,000	2,518,106	54,123	14,717
<b>Securities</b>						
- BTG Investments LP (i)	Related	17/04/2018	214,749	177,301	-	-
- Banco Pan S.A.	Jointly controlled	23/04/2020	104,140	55,135	-	-
<b>Derivative financial instruments</b>						
- Banco Pan S.A.	Jointly controlled	25/07/2016	4,835	2,204	-	-
- BTG Absolute Return Master Fund (i)	Related	01/04/2015	-	10,636	-	-
<b>Income receivable</b>						

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	Relationship	Maturity	Assets/Liabilities		Revenues/Expenses	
			2014	2013	2014	2013
- BTG Pactual Brazil Investment Fund I LP (i)	Related	No maturity	94,017	65,037	15,468	-
- BTG Absolute Return Master Fund (i)	Related	No maturity	5,264	4,274	15,757	-
- BTG Absolute Return Master Fund II (i)	Related	No maturity	9,081	8,391	28,901	-
- BTG Alpha Investments LLC (ii)	Related	No maturity	224,737	241,239	-	-
<b>Securities trading and brokerage</b>						
- BTG Absolute Return Master Fund (i)	Related	No maturity	17,675	-	-	-
<b>Sundry</b>						
- BTG Investments LP (i)	Related	No maturity	4,038	-	-	-
- ACS Omicron Empreendimentos imobiliários S.A.	Related	No maturity	894	894	-	-
<b>Liabilities</b>						
<b>Time deposits</b>						
- BTG Investments LP (i)	Related	01/04/2015	(1,325,631)	(1,082,884)	-	-
- BTG Pactual Absolute Return Master Fund II (i)	Related	01/04/2015	(707,057)	(17,654)	-	-
- BTG MB Investments LP	Related	01/04/2015	(101,389)	(49,813)	-	-
- BTG Pactual Holding S.A	Parent company	01/04/2015	50,047	-	-	-
- BTG Pactual Proprietary Feeder (1) Limited (i)	Related	01/04/2015	(3,484)	(78,977)	-	-
- BTG Pactual Absolute Return Master Fund (i)	Related	01/04/2015	(2,992)	(25,644)	-	-
- Aigues de Catalunya Ltd	Related	01/04/2015	(2,311)	-	-	-
- BTG Pactual Stigma LLC	Related	01/04/2015	(1,859)	-	-	-
- BTG Pactual Pharma Participações S.A. (i) (ii)	Related	01/04/2015	-	(1,213)	-	-
<b>Open market funding</b>						
- FIM B-2 (i)	Related	06/05/2015	(1,034,482)	-	(34,582)	-
- BRPEC Agropecuária (i)	Subsidiary	21/09/2015	(156,504)	-	-	-
- BTG Pactual Holding S.A	Subsidiary	15/09/2015	(47,950)	(1,473)	-	-
<b>Free traded- portfolio</b>						
- FIM B-2 (i)	Related	06/05/2015	(106,237)	-	-	-
<b>Funds from securities issued and accepted</b>						
<b>Real Estate Bills</b>						
- Partners	Key personnel	14/01/2019	(21,973)	(41,636)	-	-
<b>Securities issued abroad</b>						
- BTG MB Investments LP	Related	18/09/2019	(1,831,175)	(1,418,052)	(23,887)	-
- BTG Investments LP (i)	Related	17/04/2018	(221,063)	-	(1,355)	-
- BRPEC Agropecuária	Subsidiary	21/09/2015	(156,504)	-	-	-
<b>Derivative financial instruments</b>						
- BTG Investments LP (i)	Parent Company	13/12/2023	(36,877)	-	-	-
- BTG Absolute Return Master Fund (i)	Related	01/12/2015	(4,485)	-	-	-
(i)	Subsidiaries of BTG Pactual Participations Ltd.					
(ii)	Controlled by BTG MB Investments LP.					

Total compensation paid to key management personnel totaling this quarter R\$18,084 (March 31, 2014 – R\$11,477) which is considered short term benefit.

## 25. Other information

### a. Cash and cash equivalents

Balances at beginning of the quarter	31/12/2014	31/12/2013
Cash and cash equivalents	1,585,254	1,074,026
Open market investments	16,356,157	6,688,247
Interbank deposits	4,480,899	2,992,892
	22,422,310	10,755,165



## BANCO BTG PACTUAL S.A. and subsidiaries

Notes to the consolidated financial statements  
March 31, 2015  
(In thousands of reais)

Balances of end of the quarter	31/03/2015	31/03/2014
Cash and cash equivalents	2,281,171	623,413
Open market investments	13,926,616	3,515,145
Interbank deposits	3,794,924	4,754,158
	<u>20,002,711</u>	<u>8,892,716</u>

### b. Commitments and responsibilities

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

	31/03/2015	31/12/2014
Co-obligation and risks for guarantees granted	12,328,796	11,834,916
Responsibility for the management of futures and investment portfolio (i)	217,843,645	213,884,308
Securities under custody	297,507,829	222,719,863
Securities trading and brokerage	1,549,425,357	1,938,364,154
Loans contract to release	1,843,003	2,541,953
Commitments to be released	1,024,140	1,113,960

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

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

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

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

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

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

## 26. Subsequent events

In April 2015, the transfer of 50% of interest on Ariel to the joint venture was concluded (note 2).

# **Interim Condensed Consolidated Financial Statements**

**BTG Pactual Participations Ltd.**

March 31, 2015  
with independent auditors' review report

## **BTG Pactual Participations Ltd.**

Interim condensed consolidated financial statements

As of March 31, 2015

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**A free translation from Portuguese into English of the independent auditors' 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.**

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## **Independent auditors' review report**

To the Shareholders and Management of  
**BTG Pactual Participations Ltd.**  
**São Paulo-SP**

We have reviewed the interim condensed consolidated financial statements of BTG Pactual Participations Ltd. ("Company") for the quarter ended March 31, 2015, which comprise the interim condensed consolidated balance sheet as of March 31, 2015 and the related interim condensed consolidated statements of income and comprehensive income, changes in shareholders' equity and cash flows for the three-month period then ended, and a summary of significant accounting practices and other explanatory notes.

Management is responsible for the preparation and fair presentation of this interim condensed consolidated financial statement 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 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 the international accounting standard IAS 34 – Interim Financial Reporting, issued by the International Accounting Standards Board – IASB.

Rio de Janeiro, May 6, 2015.

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



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



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

A free translation from Portuguese into English of our interim condensed consolidated 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 consolidated balance sheets

As of March 31, 2015 and December 31, 2014

(In thousands of reais)

<b>Assets</b>	<b>Note</b>	<b>3/31/2015</b>	<b>12/31/2014</b>
Cash at banks	6	1,201,372	1,299,095
Open market investments	7	6,541,017	8,795,779
Derivative financial instruments	8a	1,192,647	1,581,724
Financial assets held for trading	8b	27,690,537	33,047,812
Financial assets designated at fair value	8d	358,225	-
Financial assets available for sale	8e	1,477,012	1,474,124
Loans and receivables	8f	2,725,965	2,193,872
Due from brokers	9	3,997,768	3,960,172
Investment in associates and joint ventures	10	1,281,135	1,380,774
Investment properties	11	767,601	770,862
Other assets		1,175,371	789,421
<b>Total assets</b>		<b>48,408,650</b>	<b>55,293,635</b>
<b>Liabilities</b>			
Open market funding	7	25,899,498	33,862,842
Derivative financial instruments	8a	1,130,472	1,597,524
Financial liabilities held for trading	8c	1,939,434	3,572,602
Financial liabilities at amortized cost	8g	8,195,189	7,076,835
Due to brokers	9	4,126,133	2,039,768
Other liabilities		3,170,568	2,995,897
<b>Total liabilities</b>		<b>44,461,294</b>	<b>51,145,468</b>
<b>Shareholders' equity</b>			
Capital stock and share premium	12	1,125,180	1,125,180
Other comprehensive income		241,759	192,890
Accumulated losses		(382,913)	(283,693)
<b>Total shareholders' owners equity</b>		<b>984,026</b>	<b>1,034,377</b>
Non-controlling interest		2,963,330	3,113,790
<b>Total shareholders' equity and non-controlling interest</b>		<b>3,947,356</b>	<b>4,148,167</b>
<b>Total liabilities and shareholders' equity</b>		<b>48,408,650</b>	<b>55,293,635</b>

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

## BTG Pactual Participations Ltd.

### Interim condensed consolidated statements of income

Quarters ended March 31

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

	Note	3/31/2015	3/31/2014
Interest income	14a	37,369	63,001
Interest expenses	14b	(415,485)	(111,562)
<b>Interest expense, net</b>		<b>(378,116)</b>	<b>(48,561)</b>
Gains on financial instruments held for trading	15	150,802	292,152
Gains on financial assets designated at fair value	8d	2,137	-
Equity pickup in associates and joint ventures	10	(6,965)	(174,958)
Other operating (expenses) / income, net	16	(84,602)	12,620
<b>Total (expenses) / income</b>		<b>(316,744)</b>	<b>81,253</b>
Administrative expenses	17	(51,488)	(111,248)
Other expenses		(27,857)	(64,205)
<b>Loss for the quarter</b>		<b>(396,089)</b>	<b>(94,200)</b>
<b>Loss attributed to:</b>			
Controlling shareholders		(99,220)	(22,838)
Non-controlling shareholders		(296,869)	(71,362)
Loss per share (basic and diluted - R\$)	13	(0.15)	(0.03)

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

## BTG Pactual Participations Ltd.

### Interim condensed consolidated statements of comprehensive income

Quarters ended March 31

(In thousands of reais)

	<u>Note</u>	<u>3/31/2015</u>	<u>3/31/2014</u>
Loss for the quarter		(396,089)	(94,200)
Other comprehensive income/(loss) to be reclassified to profit or loss:		<u>(583,933)</u>	<u>53,071</u>
Share of other comprehensive income of non-controlled entities:			
Realized		-	21,474
Unrealized		-	(10,760)
Foreign exchange	10	85,144	(25,864)
Movements in financial assets available for sale:			
Unrealized		(255,712)	(6,936)
Exchange differences on translation of controlled entities		(413,365)	75,157
Other comprehensive income not to be reclassified to profit or loss:			
Currency translation adjustments		779,211	(107,393)
<b>Total comprehensive income for the quarter</b>		<b><u>(200,811)</u></b>	<b><u>(148,522)</u></b>
<b>Total comprehensive income attributed to:</b>			
Controlling shareholders		(50,351)	(35,955)
Non-controlling shareholders		(150,460)	(112,567)

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



## BTG Pactual Participations Ltd.

### Interim condensed statement of changes in shareholders' equity

Quarters ended March 31

(In thousands of reais)

Note	Capital stock and share premium	Other comprehensive income			Total shareholders' equity	Non-controlling interest	Total shareholders' equity and non-controlling interest
		From Company	From non-controlled entities	Retained earnings / (losses)			
<b>Balance as at December 31, 2013</b>	<b>1,099,084</b>	<b>103,400</b>	<b>(14,452)</b>	<b>(184,573)</b>	<b>1,003,459</b>	<b>3,136,222</b>	<b>4,139,681</b>
Net loss of the quarter	-	-	-	(22,838)	(22,838)	(71,362)	(94,200)
Share of other comprehensive income of non-controlled entities:							
Realized	-	-	5,205	-	5,205	16,269	21,474
Unrealized	-	-	(2,608)	-	(2,608)	(8,152)	(10,760)
Foreign exchange	-	-	(6,271)	-	(6,271)	(19,593)	(25,864)
Movements in financial assets available for sale:							
Unrealized	-	(1,681)	-	-	(1,681)	(5,255)	(6,936)
Exchange differences on translation of controlled entities	-	18,222	-	-	18,222	56,935	75,157
Currency translation adjustments	-	(25,984)	-	-	(25,984)	(81,409)	(107,393)
<b>Balance as at March 31, 2014</b>	<b>1,099,084</b>	<b>93,957</b>	<b>(18,126)</b>	<b>(207,411)</b>	<b>967,504</b>	<b>3,023,655</b>	<b>3,991,159</b>
<b>Balance as at December 31, 2014</b>	<b>1,125,180</b>	<b>230,889</b>	<b>(37,999)</b>	<b>(283,693)</b>	<b>1,034,377</b>	<b>3,113,790</b>	<b>4,148,167</b>
Net loss of the quarter	-	-	-	(99,220)	(99,220)	(296,869)	(396,089)
Share of other comprehensive income of non-controlled entities:							
Foreign exchange	-	-	21,330	-	21,330	63,814	85,144
Movements in financial assets available for sale:							
Unrealized	-	(64,062)	-	-	(64,062)	(191,650)	(255,712)
Exchange differences on translation of controlled entities	-	(103,557)	-	-	(103,557)	(309,808)	(413,365)
Currency translation adjustments	-	195,158	-	-	195,158	584,053	779,211
<b>Balance as at March 31, 2015</b>	<b>1,125,180</b>	<b>258,428</b>	<b>(16,669)</b>	<b>(382,913)</b>	<b>984,026</b>	<b>2,963,330</b>	<b>3,947,356</b>

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

## BTG Pactual Participations Ltd.

### Interim condensed consolidated statements of cash flows

Quarters ended March 31

(In thousands of reais)

	Note	31/03/2015	31/03/2014
Operating activities			
Loss for the quarter		(396,089)	(94,200)
Adjustments to the loss for the quarter			
Equity pickup in associates and joint ventures	10	6,965	174,958
Adjusted loss		(389,124)	80,758
(Increase) decrease in operating assets, net			
Derivative financial instruments		389,077	411,709
Financial assets held for trading		5,330,690	3,439,090
Financial assets designated at fair value		(358,225)	-
Financial assets available for sale		252,824	33,020
Loans and receivables		(532,093)	(416,464)
Due from brokers		(41,059)	(3,264,612)
Other assets		(385,950)	(5,602)
Increase (decrease) in operating liabilities, net			
Open market funding		(7,991,008)	(4,902,776)
Derivative financial instruments		(467,052)	(586,994)
Financial liabilities held for trading		(1,633,168)	1,506,536
Due to brokers		2,084,077	3,097,620
Other liabilities		164,194	(252,541)
Cash used in operating activities		(3,576,817)	(860,256)
Investment activities			
Capitalization/acquisition of associates and joint ventures	10	(31,868)	(167,835)
Sale of associates and joint ventures	10	209,686	-
Dividends received	10	-	16,461
Cash provided by / (used in) investing activities		177,818	(151,374)
Financing activities			
Financial liabilities at amortized cost		1,112,592	574,833
Cash provided by financing activities		1,112,592	574,833
<b>Decrease in cash and cash equivalents</b>	19	<b>(2,286,407)</b>	<b>(436,797)</b>
Balance of cash and cash equivalents			
At the beginning of the year		10,094,874	7,995,798
Foreign exchange gains on cash and cash equivalents		66,078	2,960
At the end of the period		7,742,389	7,556,041
<b>Decrease in cash and cash equivalents</b>		<b>(2,286,407)</b>	<b>(436,797)</b>
<b>Additional information on cash flow</b>			
Dividends received		-	11,856

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

## **BTG Pactual Participations Ltd.**

### **Notes to the interim condensed consolidated financial statements**

March 31, 2015 and December 31, 2014

(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, Bermudas.

The Company has applied for and has been granted exemption from all forms of taxation in Bermuda until March 31, 2016, 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.

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.

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

The interim condensed consolidated financial statements were approved by Management on May 6, 2015 and they contain a true and fair view of the financial position and results of the Company.

## **2. Presentation of financial statements**

The Company's interim condensed consolidated 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 interim condensed consolidated interim financial statements and the selected explanatory notes do not include all information required for the annual financial statements and must be read together with the financial statements for the year ended December 31, 2014.

The preparation of the 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 year. Their judgments are particularly relevant in the determination of fair values of financial assets and liabilities, allowance 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.

## **BTG Pactual Participations Ltd.**

### **Notes to the interim condensed consolidated financial statements**

March 31, 2015 and December 31, 2014

(In thousands of reais)

#### **a. Revised IFRS pronouncements**

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

The following standards were issued but are not yet effective for 2015:

##### **• 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 July 1, 2016.

The Company does not believe that the amendments will have a material impact on its interim condensed 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 interim condensed 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 IFRSs for business combinations.

The change is applicable for years beginning January 1, 2016. The Company has not adopted IFRS 11 amendments in these interim condensed consolidated financial statements and does not intend to early adopt it.

## **BTG Pactual Participations Ltd.**

### **Notes to the interim condensed consolidated financial statements**

March 31, 2015 and December 31, 2014

(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.

The change is applicable for years beginning January 1, 2016. The Company has not adopted IFRS10 and IAS28 amendments in these interim condensed consolidated financial statements and does not intend to early adopt it.

#### **b. Seasonality of transactions**

Considering the activities that the Company and its subsidiaries are subjected, the nature of these transactions is neither cyclic nor seasonal. Consequently, the Company does not provide disclosures about seasonality in these notes to the interim condensed consolidated financial statements for the three-month period ended on March 31, 2015.

### **3. Main 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 year ended on December 31, 2014, except for the accounting policy below, which was included in these financial statements:

#### **Financial assets designated at fair value**

Financial assets designated at fair value through profit and loss are designated upon initial recognition (fair value option). This designation cannot be subsequently changed and can only be applied if it reduces or eliminates an accounting mismatch or when the financial instruments are part of a portfolio for which risk is managed and reported to Management based on its fair value.

The financial assets included in this category are initially and subsequently recognized at fair value. Gains and losses arising from changes in fair value are directly included in the consolidated statement of income on the line “Gains on financial assets designated at fair value”.

## BTG Pactual Participations Ltd.

### Notes to the interim condensed consolidated financial statements

March 31, 2015 and December 31, 2014

(In thousands of reais)

## 4. Basis of consolidation

### a. Subsidiaries

The interim condensed consolidated financial statements comprise the financial statements of the Company and the following controlled entities and funds:

	Country	Equity interest - %	
		3/31/2015	12/31/2014
<b>Direct</b>			
BTG Bermuda LP Holdco Ltd.	Bermuda	100.00	100.00
<b>Indirect</b>			
BTG Investments LP (BTGI)	Bermuda	25.05	25.05

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

	Country	Equity interest - %	
		3/31/2015	12/31/2014
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 Capital 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	93.96	93.96
BRPEC Agro Pecuária S.A.	Brazil	100.00	100.00
Turquesa Fundo de Investimento em Participação	Brazil	100.00	100.00
B2 - Fundo de Investimento Multimercado	Brazil	100.00	100.00
Beira Rio Fundo de Investimento em Participações	Brazil	100.00	100.00
Bravo Fundo de Investimento em Participação	Brazil	100.00	100.00
BTG Pactual Brazil Investment Fund I LP	Cayman	100.00	100.00
BTG Pactual Absolute Return Master Fund LP	Cayman	100.00	100.00
BTG Pactual Absolute Return II Master Fund LP	Cayman	100.00	100.00
BTG Pactual Proprietary Feeder (1) Limited	Cayman	100.00	100.00
A.Z.A.S.P.E Empreendimentos e Participações S.A.	Brazil	100.00	100.00
A.Z.P.S.P.E Empreendimentos e Participações S.A.	Brazil	86.56	86.56
BTG Pactual SCFlor & São Lourenço Holding S.A.	Brazil	71.66	71.66
São Lourenço Empreendimentos Florestais Ltda.	Brazil	71.66	71.66
Fazenda Corisco Participações S.A.	Brazil	71.66	71.66
BTG Pactual Santa Terezinha Holding S.A. (i)	Brazil	37.75	37.75
SCFlor Empreendimentos Agrícolas Ltda. (i)	Brazil	37.75	37.75
Fazenda Santa Terezinha Participações S.A. (i)	Brazil	37.75	37.75

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

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.

## BTG Pactual Participations Ltd.

### Notes to the interim condensed consolidated financial statements

March 31, 2015 and December 31, 2014

(In thousands of reais)

As of March 31, 2015 the Company holds 25.05% of economic interest in BTGI (December 31, 2014 – 25,05%). As a result, the economic interests representing 74.95%, in the net assets of BTGI, are held by other shareholders and presented as non-controlling interests in the interim condensed consolidated financial statements of the Company.

The financial information of the subsidiaries are prepared using accounting policies consistent with those adopted in the preparation of the parent Company's financial statements. Intra-group balances were eliminated during consolidation.

## 5. Risk management

There were no significant changes in the risk management structure compared to that reported on December 31, 2014.

### a. Market risk

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

In millions of R\$	3/31/2015	12/31/2014	3/31/2014
Daily average VaR	41.1	42.6	44.3

### b. Credit risk

The credit risk exposure is calculated based on items of the balance sheet. The following table shows the maximum exposure by type of asset by geographic region is as follows:

	3/31/2015				Total
	Brazil	United States	Europe	Others	
<b>Assets</b>					
Cash at banks	1,087,345	12,174	101,853	-	1,201,372
Open market investments	159,873	4,158,602	1,893,945	328,597	6,541,017
Derivative financial instruments	178,001	488,192	452,320	74,134	1,192,647
Financial assets held for trading	2,618,958	16,382,247	5,358,711	3,330,621	27,690,537
Financial assets designated at fair value	-	-	-	358,225	358,225
Financial assets available for sale	836,796	534,327	-	105,889	1,477,012
Loans and receivables	422,284	1,348,635	203,682	751,364	2,725,965
Due from brokers	19,681	2,019,495	1,948,338	10,254	3,997,768
Investments in associates and joint ventures	1,079,131	-	200,768	1,236	1,281,135
Investment properties	767,601	-	-	-	767,601
Other assets	450,248	267,132	76,559	381,432	1,175,371
<b>Total assets</b>	<b>7,619,918</b>	<b>25,210,804</b>	<b>10,236,176</b>	<b>5,341,752</b>	<b>48,408,650</b>

## BTG Pactual Participations Ltd.

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	12/31/2014				Total
	Brazil	United States	Europe	Others	
<b>Assets</b>					
Cash at banks	1,211,104	452	87,539	-	1,299,095
Open market investments	208,011	3,594,500	4,338,615	654,653	8,795,779
Derivative financial instruments	415,832	747,935	337,483	80,474	1,581,724
Financial assets held for trading	3,192,933	14,135,822	12,448,984	3,270,073	33,047,812
Financial assets available for sale	957,638	442,419	-	74,067	1,474,124
Loans and receivables	250,054	1,053,928	198,213	691,677	2,193,872
Due from brokers	32,753	2,134,918	1,775,519	16,982	3,960,172
Non-current assets held for sale	1,012,131	-	368,120	523	1,380,774
Investments in associates and joint ventures	770,862	-	-	-	770,862
Other assets	396,572	308,365	71,447	13,037	789,421
<b>Total assets</b>	<b>8,447,889</b>	<b>22,418,340</b>	<b>19,625,920</b>	<b>4,801,486</b>	<b>55,293,635</b>



## BTG Pactual Participations Ltd.

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The table below states the maximum exposures to credit risk based on the carrying amounts, classified by economic activity of the counterparties:

	3/31/2015						Total
	Governments (i)	Financial Institutions	US Agencies	Companies	Individuals	Others	
<b>Assets</b>							
Cash at banks	-	1,201,372	-	-	-	-	1,201,372
Open market investments	-	6,541,017	-	-	-	-	6,541,017
Derivative financial instruments	-	1,192,647	-	-	-	-	1,192,647
Financial assets held for trading	18,702,008	3,300,695	1,996,962	3,320,763	-	370,109	27,690,537
Financial assets designated at fair value	-	358,225	-	-	-	-	358,225
Financial assets available for sale	-	-	-	1,477,012	-	-	1,477,012
Loans and receivables	-	-	-	945,538	1,780,419	8	2,725,965
Due from brokers	-	3,997,768	-	-	-	-	3,997,768
Investment in associates and joint ventures	-	-	-	1,281,135	-	-	1,281,135
Investment properties	-	-	-	767,601	-	-	767,601
Other assets	-	-	-	2,857	-	1,172,514	1,175,371
<b>Total assets</b>	<b>18,702,008</b>	<b>16,591,724</b>	<b>1,996,962</b>	<b>7,794,906</b>	<b>1,780,419</b>	<b>1,542,631</b>	<b>48,408,650</b>
	12/31/2014						Total
	Governments (i)	Financial Institutions	US Agencies	Companies	Individuals	Others	
<b>Assets</b>							
Cash at banks	-	1,299,095	-	-	-	-	1,299,095
Open market investments	-	8,795,779	-	-	-	-	8,795,779
Derivative financial instruments	-	1,581,724	-	-	-	-	1,581,724
Financial assets held for trading	21,974,238	837,892	2,487,711	7,747,971	-	-	33,047,812
Financial assets available for sale	-	-	-	1,474,124	-	-	1,474,124
Loans and receivables	-	-	-	198,213	1,412,258	583,401	2,193,872
Due from brokers	-	3,960,172	-	-	-	-	3,960,172
Non-current assets held for sale	-	-	-	1,380,774	-	-	1,380,774
Investment in associates and joint ventures	-	-	-	770,862	-	-	770,862
Other assets	-	-	-	-	-	789,421	789,421
<b>Total assets</b>	<b>21,974,238</b>	<b>16,474,662</b>	<b>2,487,711</b>	<b>11,571,944</b>	<b>1,412,258</b>	<b>1,372,822</b>	<b>55,293,635</b>

(i) See note 8(b)

Financial assets overdue without loss event or individually overdue with loss event are partially or fully covered by guarantees.

## BTG Pactual Participations Ltd.

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#### c. Liquidity analysis of assets

According to its policy, the Company regularly monitors its liquidity position. The table below summarizes the expected discounted cash flows for assets, of the Company and its subsidiaries, for March 31, 2015 and December 31, 2014:

	3/31/2015				Total
	Up to 90 days	90 to 365 days	1 to 3 years	Over 3 years	
<b>Assets</b>					
Cash at banks	1,201,372	-	-	-	1,201,372
Open market investments	6,541,017	-	-	-	6,541,017
Derivative financial instruments	888,912	53,244	58,332	192,159	1,192,647
Financial assets held for trading	27,690,537	-	-	-	27,690,537
Financial assets designated at fair value	358,225	-	-	-	358,225
Financial assets available for sale (i)	-	-	-	1,477,012	1,477,012
Loans and receivables	97,242	644,622	203,681	1,780,420	2,725,965
Due from brokers	3,997,768	-	-	-	3,997,768
Investment in associates and joint ventures	-	-	-	1,281,135	1,281,135
Investment properties	-	-	-	767,601	767,601
Other assets	11,915	343,734	-	819,722	1,175,371
<b>Total assets</b>	<b>40,786,988</b>	<b>1,041,600</b>	<b>262,013</b>	<b>6,318,049</b>	<b>48,408,650</b>
	12/31/2014				Total
	Up to 90 days	90 to 365 days	1 to 3 years	Over 3 years	
<b>Assets</b>					
Cash at banks	1,299,095	-	-	-	1,299,095
Open market investments	8,795,779	-	-	-	8,795,779
Derivative financial instruments	1,049,104	168,383	114,692	249,545	1,581,724
Financial assets held for trading	33,047,812	-	-	-	33,047,812
Financial assets available for sale (i)	-	-	-	1,474,124	1,474,124
Loans and receivables	219,736	30,193	531,560	1,412,383	2,193,872
Due from brokers	3,960,172	-	-	-	3,960,172
Non-current assets held for sale	-	-	-	1,380,774	1,380,774
Investment in associates and joint ventures	-	-	-	770,862	770,862
Other assets	10,097	5,559	-	773,765	789,421
<b>Total assets</b>	<b>48,381,795</b>	<b>204,135</b>	<b>646,252</b>	<b>6,061,453</b>	<b>55,293,635</b>

(i) The financial assets available for sale correspond basically to our investments in equity securities and quotas of the private equity funds and its portfolio companies (Note 8(d)) and are classified based on our current expectation of the exit strategies and liquidation of the fund.

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#### d. Liquidity risk

The table below summarizes the contractual discounted cash flows for the liabilities, to the Company and its subsidiaries, for March 31, 2015 and December 31, 2014:

	3/31/2015				Total
	Up to 90 days	90 to 365 days	1 to 3 years	Over 3 years	
<b>Liabilities</b>					
Open market funding	25,899,498	-	-	-	25,899,498
Derivative financial instruments	848,045	87,896	52,469	142,062	1,130,472
Financial liabilities held for trading	1,939,434	-	-	-	1,939,434
Financial liabilities at amortized cost	2,306,440	2,800,625	388,361	2,699,763	8,195,189
Due to brokers	4,126,133	-	-	-	4,126,133
Other liabilities	59,028	3,149	2,942,127	166,264	3,170,568
<b>Total liabilities</b>	<b>35,178,578</b>	<b>2,891,670</b>	<b>3,382,957</b>	<b>3,008,089</b>	<b>44,461,294</b>
	12/31/2014				Total
	Up to 90 days	90 to 365 days	1 to 3 years	Over 3 years	
<b>Liabilities</b>					
Open market funding	33,862,842	-	-	-	33,862,842
Derivative financial instruments	1,172,721	133,017	93,197	198,589	1,597,524
Financial liabilities held for trading	3,572,602	-	-	-	3,572,602
Financial liabilities at amortized cost	535,536	3,138,018	1,133,173	2,270,108	7,076,835
Due to brokers	2,039,768	-	-	-	2,039,768
Other liabilities	2,759	60,493	2,925,565	7,080	2,995,897
<b>Total liabilities</b>	<b>41,186,228</b>	<b>3,331,528</b>	<b>4,151,935</b>	<b>2,475,777</b>	<b>51,145,468</b>

The table below presents the undiscounted cash flows for “Loans and receivable” and “Financial liabilities at amortized cost”. Undiscounted cash flows for derivative financial instruments and financial liabilities at fair value through profit and loss are not being presented. Management does not consider this information when analyzing liquidity, other than for short term maturity, and therefore it is not deemed to be relevant.

	3/31/2015				Total
	Up to 90 days	90 to 365 days	1 to 3 years	Over 3 years	
<b>Assets</b>					
Loans and receivables	98,729	660,167	213,570	3,807,922	4,780,388
<b>Liabilities</b>					
Financial liabilities at amortized cost	2,660,688	2,472,030	408,976	3,242,475	8,784,169
	12/31/2014				Total
	Up to 90 days	90 to 365 days	1 to 3 years	Over 3 years	
<b>Assets</b>					
Loans and receivables	124	-	554,067	2,814,664	3,368,855
<b>Liabilities</b>					
Financial liabilities at amortized cost	2,238,910	1,486,541	1,178,524	2,670,753	7,574,728

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## 6. Cash at banks

Cash on banks comprise exclusively highly-liquid bank deposits, totaling R\$1,201,372 and R\$1,299,095, as of March 31, 2015 and December 31, 2014.

## 7. Open market investments and funding

	<u>3/31/2015</u>	<u>12/31/2014</u>
Open market investments	19,166,006	23,934,154
Offset (netting) (i)	(12,624,989)	(15,138,375)
<b>Net</b>	<u>6,541,017</u>	<u>8,795,779</u>
Open market funding	38,524,487	49,001,217
Offset (netting) (i)	(12,624,989)	(15,138,375)
<b>Net</b>	<u>25,899,498</u>	<u>33,862,842</u>

(i) The total amount that meets the criteria for netting was netted on March 31, 2015 and December 31, 2014.

As of March 31, 2015 the collateral received in repurchase agreements amounts to R\$18,591,324 (December 31, 2014 – R\$22,939,311), whereas the collateral granted amounts to R\$38,383,357 (December 31, 2014 - R\$50,676,286). The collaterals for these operations that would be sold or could be granted for other repurchase agreements totaled R\$1,479,528 (December 31, 2014 – R\$705,347).

## 8. Classification and measurement of financial instruments

### a. Derivative financial instruments

The Company does not have derivative financial instruments designated as hedge accounting. Derivatives, at fair value, held are as follows:

	<u>3/31/2015</u>	<u>12/31/2014</u>
<b>Futures</b>		
Long position	175,098	68,284
Short position	50,220	167,439
<b>Swaps</b>		
Long position	600,902	500,296
Short position	565,802	471,483
<b>Credit derivatives</b>		
Long position	124,690	199,562
Short position	74,414	154,847
<b>Currency forward transactions - NDF</b>		
Long position	45	28,503
Short position	162,612	11,327
<b>Forward transactions - DF</b>		
Long position	168,728	48,998
Short position	6,739	8,276
<b>Options</b>		
Long position	123,184	736,081
Short position	270,685	784,152
Long position	<u>1,192,647</u>	<u>1,581,724</u>
Short position	<u>1,130,472</u>	<u>1,597,524</u>

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The nominal amounts of transactions with derivatives are as follows. The receivable leg and payable leg are presented separately for Swap, NDF and DF derivatives in the table below:

	3/31/2015	12/31/2014
<b>Futures market</b>		
Long position	34,532,198	41,953,289
Currency	2,518,244	2,002,963
Equities	77	48
Index	366,453	454,700
Interest rate	31,647,424	39,318,883
Commodities	-	176,695
Short position	37,484,135	66,269,417
Currency	192,954	22,391
Interest rate	35,900,531	64,723,328
Commodities	917,161	276,227
Equities	5,300	4,111
Indexes	468,189	1,243,360
<b>Swap</b>		
Long position	45,703,881	77,642,956
Interest rate	34,521,618	68,056,665
Index	3,679,528	7,491,586
Equities	3,110,573	2,052,659
Other	4,392,162	42,046
Short position	45,703,881	77,642,956
Interest rate	34,521,618	68,016,347
Index	3,679,528	7,841,256
Equities	3,110,573	1,744,501
Other	4,392,162	40,852
<b>Credit derivatives</b>		
Long position	3,508,371	4,632,871
Sovereign	688,368	754,358
Coporate	2,820,003	3,878,513
Short position	5,791,790	6,814,814
Coporate	4,488,540	5,161,994
Sovereign	1,303,250	1,652,820
<b>Currency forward transactions - NDF</b>		
Long position	2,716,713	3,003,402
Currency	2,716,713	3,003,402
Short position	2,716,713	3,003,402
Currency	2,716,713	3,003,402
<b>Forward transactions - DF</b>		
Long position	2,344,288	3,178,154
Currency	2,344,288	3,142,462
Commodities	-	35,692
Short position	2,344,288	3,178,154
Currency	2,344,288	3,167,612
Commodities	-	10,542
<b>Options market</b>		
Purchase of call options	1,204,187	16,275,479
Index	576,723	13,326,551
Equities	74,917	640,287
Commodities	-	516,365
Interest rate	337,949	1,443,957
Currency	204,974	338,856
Others	9,624	9,463
Purchase of put options	3,362,514	98,540,157
Index	140,554	77,055,992
Equities	136,653	1,008,310
Commodities	30,568	259,019
Interest rate	2,922,876	20,054,786
Currency	23,940	128,005
Others	107,923	34,045

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	3/31/2015	12/31/2014
Sale of call options	2,263,529	17,139,585
Equities	56,402	269,317
Index	936,246	12,659,665
Currency	219,027	151,202
Commodities	-	415,861
Interest rate	1,051,798	3,629,026
Other	56	14,514
Sale of put options	26,057,577	120,086,927
Equities	91,018	245,338
Index	389,945	77,831,646
Commodities	15,663	412,975
Interest rate	2,508,124	15,693,401
Currency	13,712	71,424
Others	23,039,115	25,832,143

#### b. Financial assets held for trading

	3/31/2015		12/31/2014
	Amortized cost	Fair value	Fair value
Own portfolio			
Equities	2,018,459	1,636,849	2,454,755
Corporate bonds issued by non brazilian entities	2,401,891	2,324,511	903,599
Certificate of bank deposits	1,551	1,551	1,277
US Agencies	378,999	381,934	163,496
Brazilian government bonds	576,701	568,230	484,545
Foreign government bonds			
United States	1,753,660	1,754,549	1,287,589
Others	169,478	111,677	105,900
Investment fund quotas	208,438	195,531	330,276
Related to repurchase agreement			
Corporate bonds issued by non brazilian entities	2,999,103	2,833,125	4,895,956
Brazilian government bonds	1,034,482	1,034,482	1,488,159
US Agencies	1,619,907	1,615,028	2,324,215
Foreign government bonds			
United States	10,294,457	10,457,588	7,593,370
UK	2,804,914	2,654,602	5,866,728
Germany	24,748	23,919	27,290
Others	2,385,646	2,096,961	5,120,657
	28,672,434	27,690,537	33,047,812

#### c. Financial liabilities held for trading

As of March 31, 2015 and December 31, 2014, financial liabilities held for trading comprised of short-selling transactions, primarily global fixed income and equities securities. The amortized cost and fair value were R\$1,964,483 and R\$1,939,434 respectively, as of March 31, 2015 (December 31, 2014 - R\$3,621,062 and R\$3,572,602 respectively).

#### d. Financial assets designated at fair value

In March 1, 2015, the Company acquired quotas of an investment fund which were designated at fair value through profit and loss upon initial recognition (fair value option), totaling R\$356,088. During this month, the Company recognized a gain on the fair value of the quota of R\$2,137.

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As of March 31, 2015, (December 31, 2014 – zero), the Company's total amount of assets designated at fair value upon initial recognition is R\$358,225.

#### e. Financial assets available for sale

	<u>3/31/2015</u>	<u>12/31/2014</u>
BTG Pactual Principal Investments FIP (FIP Principal)	815,517	804,643
BTG Pactual Brazil Infrastructure Fund II LP (Infrastructure fund)	144,299	115,248
Brasil Pharma S.A.	35,189	123,681
ADS - Advanced Disposal Service	299,292	247,811
CDR Pedreira Ltda.	180,000	180,011
Other investments	2,715	2,730
	<u>1,477,012</u>	<u>1,474,124</u>

BTGI's investments in FIP Principal are made via three different feeder entities, and investments in Infrastructure Fund are made via a single entity. BTGI does not have significant influence over these investments and therefore they are classified as available for sale financial instruments. The investments in these feeder entities are considered the unit of account for fair value measurement by the Company. Investment management of the funds is performed by BTG Pactual Gestora de Recursos S.A., a subsidiary of Banco BTG Pactual S.A.

Company's management considers different valuation techniques when estimating the fair value measurement of its available-for-sale financial assets. These valuation techniques uses a wide range of unobservable inputs and also consider different sale strategies, among them the sale of the assets held by FIP Principal and Infrastructure Fund on an individual basis or the sale of the quotes of the feeders.

As of March 31, 2015, the Company's management concluded that cost (fair value at acquisition) plus specific adjustment was considered the best estimate of fair value for unquoted investments due to the wide range of possible fair value measurements of the available-for-sale financial assets. The fair value measurement is adjusted whenever there is an occurrence of a liquidity event, significant changes to the unobservable inputs considered on the initial valuation, or the valuation methodologies do not provide wide range of possible fair value measurements. An example of the specific adjustment to the fair value measurement is the change in fair value of an asset held by FIP Principal which can be associated to the fair value measurement of the investments in the feeders i.e. changes in fair value of public companies such as Brasil Pharma S.A. and Brasil Broker Participações S.A.

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#### FIP Principal

The table below shows the investments within the FIP Principal and the Company's indirect interest:

Investment	Description / Segment activity	Equity interest in 3/31/2015 (%)	3/31/2015	12/31/2014
NTN	Financial bills	-	-	1,050
LTN	Treasury bills	-	2,415	-
<b>Equity interest</b>				
A!Bodytech	Fitness segment	30.0%	173,632	173,632
Brasil Brokers Participações S.A.	Investment in real estate companies	12.7%	66,880	61,980
Bravante Participações S.A.	Maritime transport, logistics services and environmental protection for the oil and gas sector	40.5%	339,074	339,074
Deep Sea Group	Maritime transport and logistics services for the oil and gas sector	42.9%	686,835	568,698
Brasil Pharma S.A.	Pharmaceutical retail company	11.7%	20,455	71,859
Leader Participações S.A.	Retail company	22.9%	325,215	325,215
Auto Adesivos Paraná S.A.	Adhesives, labels and special paper company	85.3%	142,384	142,384
Estre Participações S.A.	Waste collection, treatment and disposal	27.4%	611,622	611,622
UOL Universo on Line S.A.	Internet and server provider	6.5%	144,804	144,804
Other	Others	-	(130,156)	(88,937)
			<u>2,383,160</u>	<u>2,351,381</u>
Company's direct and indirect interest in FIP Principal			34.22%	34.22%
Total estimated interest in FIP Principal			<u>815,517</u>	<u>804,643</u>

#### Infrastructure Fund

The table below shows the investments within the Infrastructure Fund and the Company's indirect interest:

Investment	Description / Segment activity	Direct and indirect interest in 3/31/2015	3/31/2015	12/31/2014
Latin America Power Holding B.V.	Energy sector	10.6%	102,954	73,990
SETE Brasil Participações S.A.	Oil and gas	0.5%	41,125	41,181
Other	-	-	220	77
Total of investments in Infrastructure fund			<u>144,299</u>	<u>115,248</u>

#### f. Loans and receivables

	3/31/2015	12/31/2014
Partners (i)	1,780,419	1,412,258
ATLL Concessionaria de La Generalitat de Catalunya S.A. (ii)	203,682	198,213
Promissory notes and debentures (iii)	422,276	249,930
BTG MB Investments LP. (iv)	319,580	333,347
Other	8	124
	<u>2,725,965</u>	<u>2,193,872</u>

(i) These loans are indexed to CDI or Libor and have maturities generally above one year.

(ii) Interest of 3.5% p.a. with maturity on August 3, 2016.

(iii) Interest of 100% CDI with an additional of 2.75% p.a., with maturity up to 180 days.

(iv) Interest of 2.4% p.a. with an additional of 6 month libor, with maturity on March 2, 2016.



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#### g. Financial liabilities at amortized cost

	<u>Maturity</u>	<u>Index</u>	<u>3/31/2015</u>	<u>12/31/2014</u>
Loans with financial institutions (i)	April-15 to March-17	Libor and 1.5% to 2.64% p.a.	3,079,698	2,548,335
Senior notes	April-18	4.5% p.a.	2,002,093	1,869,120
Medium term notes	April-15 to June-19	1.35% to 4.5% p.a.	2,399,221	2,174,563
Others	August-15 to October-24	100% CDI and 3% to 11.45% p.a.	714,177	484,817
			<u>8,195,189</u>	<u>7,076,835</u>

In addition to covenants related to indebtedness and cross-default provisions, the loans, senior notes and medium term notes are guaranteed by BTG Pactual Holding S.A., the parent company of Banco BTG Pactual.

- (i) As of March 31, 2015, one of the Company's loans with financial institutions is guaranteed by shares registered in "Investment in associates and joint ventures".

#### h. Reclassifications

There were no reclassifications among categories during the quarter ended March 31, 2015 and year ended December 31, 2014.

#### i. Fair value of financial instruments

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

	<u>3/31/2015</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>Assets</b>				
Derivative financial instruments	212,686	979,786	175	1,192,647
Financial assets held for trading	19,868,009	7,160,163	662,365	27,690,537
Financial assets designated at fair value	-	358,225	-	358,225
Financial assets available for sale	-	35,189	1,441,823	1,477,012
	<u>20,080,695</u>	<u>8,533,363</u>	<u>2,104,363</u>	<u>30,718,421</u>
<b>Liabilities</b>				
Derivative financial instruments	198,976	931,496	-	1,130,472
Financial liabilities held for trading	1,924,050	15,384	-	1,939,434
	<u>2,123,026</u>	<u>946,880</u>	<u>-</u>	<u>3,069,906</u>
	<u>12/31/2014</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>Assets</b>				
Derivative financial instruments	270,589	1,310,960	175	1,581,724
Financial assets held for trading	21,141,085	11,236,735	669,992	33,047,812
Financial assets available for sale	-	123,681	1,350,443	1,474,124
	<u>21,411,674</u>	<u>12,671,376</u>	<u>2,020,610</u>	<u>36,103,660</u>
<b>Liabilities</b>				
Derivative financial instruments	267,876	1,329,648	-	1,597,524
Financial liabilities held for trading	3,538,374	34,228	-	3,572,602
	<u>3,806,250</u>	<u>1,363,876</u>	<u>-</u>	<u>5,170,126</u>

No significant reclassification between levels 1 and 2 was carried during quarter ended March 31, 2015 and year ended December 31, 2014. Changes in level 3 for the quarter are as follows:

## BTG Pactual Participations Ltd.

### Notes to the interim condensed consolidated financial statements

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(In thousands of reais)

	Derivative financial instruments (asset)	Financial assets held for trading	Financial assets available for sale
Balances at December 31, 2013	142	107,211	1,123,454
Acquisitions	-	955,882	206,203
Sales	-	(170,689)	-
Gains (losses) recognized in:			
Losses on financial instruments held for trading	33	(222,412)	-
Other Comprehensive Income - Financial assets available for sale:			
Foreign exchange	-	-	97,214
Fair value measurement - unrealized	-	-	(105,386)
Impairment losses	-	-	28,958
Balances at December 31, 2014	<u>175</u>	<u>669,992</u>	<u>1,350,443</u>
Balances at December 31, 2014	175	669,992	1,350,443
Acquisitions	-	(3,196)	12,610
Sales	-	(15,157)	-
Gains (losses) recognized in:			
Losses on financial instruments held for trading	-	10,726	-
Other Comprehensive Income - Financial assets available for sale:			
Foreign exchange	-	-	113,729
Fair value measurement - unrealized	-	-	(34,959)
Balances at March 31, 2015	<u>175</u>	<u>662,365</u>	<u>1,441,823</u>

## 9. Amounts due from/ to brokers

Assets and liabilities included in this item are shown in the table below:

	3/31/2015	12/31/2014
<b>Due from brokers</b>		
<b>Custodian bank</b>		
Banco BTG Pactual S.A.	19,681	32,753
<b>Main brokers</b>		
UBS AG	3,442,296	1,775,519
Citigroup	1,814,605	2,084,262
Bank of America	126	2,838
BTG Pactual Chile	10,079	3,114
Morgan Stanley	62,205	112,703
Others	142,734	97,923
	<u>5,491,726</u>	<u>4,109,112</u>
Netting (i)	(1,493,958)	(148,940)
	<u>3,997,768</u>	<u>3,960,172</u>
	<u>3/31/2015</u>	<u>12/31/2014</u>
<b>Due to brokers</b>		
<b>Custodian bank</b>		
Banco BTG Pactual S.A.	212,194	12,631
<b>Main brokers</b>		
UBS AG	3,906,637	1,964,791
Citigroup	1,492,690	167,242
Morgan Stanley	294	6,758
Others	8,276	37,286
	<u>5,620,091</u>	<u>2,188,708</u>
Netting (i)	(1,493,958)	(148,940)
	<u>4,126,133</u>	<u>2,039,768</u>

(i) The total amount that meets the criteria for netting was netted on March 31, 2015 and December 31, 2014.

## BTG Pactual Participations Ltd.

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(In thousands of reais)

## 10. Investment in associates and joint ventures

		3/31/2015						
		Assets		Liabilities		Shareholders' equity	Net income for the quarter ended March 31, 2015 (i)	Interest - %
Relationship		Current	Non-current	Current	Non-current			
B&A Mineração S.A.	Joint venture	113,415	452,095	25,804	78,653	461,052	(4,275)	87.95%
União de Lojas Leader S.A .	Associate	317,466	1,983,280	1,097,652	370,379	832,715	(81,770)	44.02%
ATLL Concessionaria de La Generalitat de Catalunya S.A.	Joint venture	474,483	3,464,570	279,007	3,147,835	512,211	9,950	39.00%
SPE Holding Beira-Rio S.A.	Joint venture	23,050	384,878	26,066	369,047	12,815	(7,121)	50.00%
BR Properties S.A.	Associate	468,532	8,549,160	242,319	2,738,653	6,036,720	30,160	2.88%

		12/31/2014						
		Assets		Liabilities		Shareholders' equity	Net income for the quarter ended March 31, 2014 (i)	Interest - %
Relationship		Current	Non-current	Current	Non-current			
B&A Mineração S.A.	Joint venture	25,051	446,836	19,896	82,721	369,270	(13,154)	87.83%
União de Lojas Leader S.A .	Associate	329,622	1,950,454	989,668	388,569	901,839	(54,111)	44.02%
ATLL Concessionaria de La Generalitat de Catalunya S.A.	Joint venture	427,068	3,241,317	285,018	2,915,353	468,014	7,437	39.00%
SPE Holding Beira-Rio S.A.	Joint venture	37,120	382,253	53,104	346,413	19,856	(1,359)	50.00%
BR Properties S.A.	Associate	565,062	8,308,704	286,274	2,582,376	6,005,116	59,466	2.88%
SIFR Holdings Ltd.	Joint venture	-	397,793	28,477	-	369,315	-	50.00%

(i) Converted at closing rates only for presentation purpose.

## BTG Pactual Participations Ltd.

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(In thousands of reais)

	12/31/2014	Aquisition/Increase/Transfer	Sales	Dividends	Foreign Exchange	Equity pick up	Other Comprehensive income	03/31/2015	
B&A Mineração S.A. (i)	321,327	23,525	-	-	56,427	(354)	-	400,925	
ATLL Concessionaria de La Generalitat de Catalunya S.A.	183,462	-	-	-	13,716	3,590	-	200,768	
União de Lojas Leader S.A.	578,228	-	-	-	-	(38,883)	-	539,345	
SPE Holding Beira-Rio S.A.	11,404	6,963	-	-	-	(3,570)	-	14,797	
BR Properties S.A. (ii)	101,171	-	-	-	-	22,892	-	124,063	
SIFR Holdings Ltd.	184,658	(209,686)	-	-	15,385	9,643	-	-	
Others	524	1,380	-	-	(384)	(283)	-	1,236	
	<u>1,380,774</u>	<u>(177,818)</u>	<u>-</u>	<u>-</u>	<u>85,144</u>	<u>(6,965)</u>	<u>-</u>	<u>1,281,135</u>	
	12/31/2013	Aquisition/Increase/Transfer	Sales	Dividends	Foreign Exchange	Equity pick up	Other Comprehensive income	12/31/2014	Equity pick up for the quarter ended 3/31/2014
B&A Mineração S.A. (i)	322,291	12,067	-	-	114,902	(176,078)	48,146	321,327	(33,082)
Túnel de Barcelona i Cadí Concessionaria de La Generalitat de Catalunya S.A.	219,216	(183,720)	-	(20,727)	(7,141)	(7,629)	-	-	(6,569)
ATLL Concessionaria de La Generalitat de Catalunya S.A.	193,350	-	-	(16,461)	1,538	5,035	-	183,462	3,420
União de Lojas Leader S.A.	643,439	-	-	-	-	(65,211)	-	578,228	(35,060)
SPE Holding Beira-Rio S.A.	20,358	116	-	-	-	(9,069)	-	11,404	(2,474)
BR Properties S.A. (ii)	1,060,214	167,361	(1,065,956)	(54,082)	-	(6,366)	-	101,171	(97,195)
SIFR Holdings Ltd.	-	166,440	-	-	32,475	(14,257)	-	184,658	-
Others	8,299	(6,034)	-	-	(1,021)	(721)	-	524	(3,998)
	<u>2,467,167</u>	<u>156,230</u>	<u>(1,065,956)</u>	<u>(91,270)</u>	<u>140,753</u>	<u>(274,296)</u>	<u>48,146</u>	<u>1,380,774</u>	<u>(174,958)</u>

(i) The total equity pick up loss recognized in March 31, 2015 was R\$354 (December 31, 2014 – loss of R\$176 million). In December 31, 2014, R\$ 58 million refers to the realized share of other comprehensive income from non-controlled entities. In March 31, 2014, the total of R\$33 million of equity pick up loss, R\$21 million refers to the realized share of other comprehensive income from non-controlled entities.

(ii) As of March 31, 2015 the Company's interest equals to 76,297,469 shares (December 31, 2014 – 76,297,469) at a market price on that date of R\$13.04 (December 31, 2014 – R\$10.25).

## BTG Pactual Participations Ltd.

### Notes to the interim condensed consolidated financial statements

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(In thousands of reais)

#### BR Properties S.A.

On February 26, 2015, BTGI, Brookfield Property Group and Fundo Imobiliário BTG Pactual Corporate Office Fund declared the intent to carry out a voluntary takeover offer for the acquisition of a minimum interest corresponding to 85% interest in BR Properties for the price of R\$12.00 per share. The price per share is subject to usual adjustment and it represented a premium of c. 35% to the weighted average closing price over 30 auctions. The execution and the consummation of the takeover offer are subject to several precedent conditions.

BR Properties S.A. is one of the most important market participants in the Brazilian real estate properties segment, with a focus on the development, acquisition, leasing and sale of commercial and industrial/logistics real estate properties in Brazil.

#### Túnel de Barcelona i Cadí Concessionaria de La Generalitat de Catalunya S.A.

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

#### SIFR Holdings Ltd.

On February 4, 2015, as part of a corporate reorganization of the insurance and reinsurance businesses, SIFR Holdings Ltd. reduced its capital in R\$209,686.

## 11. Investment property

As of March 31, 2015, the changes in the Company's investment property are as follow:

	<u>3/31/2015</u>	<u>12/31/2014</u>
Beginning balance	770,862	-
(+) Acquisitions	-	381,580
(+/-) Fair market value adjustments	-	389,282
(-) Others	(3,261)	-
<b>Final balance</b>	<b><u>767,601</u></b>	<b><u>770,862</u></b>

## BTG Pactual Participations Ltd.

### Notes to the interim condensed consolidated financial statements

March 31, 2015 and December 31, 2014

(In thousands of reais)

## 12. Shareholders' equity

### a. Capital

BTGP's Shareholders Meeting held on November 20, 2014 approved the conversion of 6,278,466 class D shares into 6,278,466 class A and 12,556,932 class B shares. Due to the conversions, the interest of the Company in BTGI is 25.05% on March 31, 2015 (December 31, 2014 – 25.05%).

BTGP's Shareholders Meeting held on June 6, 2014 approved the conversion of 1,033,707 class D shares into 1,033,707 class A and 2,067,414 class B shares.

As of March 31, 2015 and December 31, 2014, the Company's capital was comprised by the following class of shares:

	3/31/2015 and 12/31/2014				
	Authorized	Issued	Par value (R\$)	Voting rights	Vote per share
Class A (i)	5,000,000,000	226,714,759	-	Yes	1
Class B (i)	10,000,000,000	453,429,518	-	No	-
Class C	1	1	10	Yes	(*)
Class D	1,000,000,000	27,475,443	0,0000000001	Yes	1
<b>Total</b>	<b>16,000,000,001</b>	<b>707,619,721</b>			

(\*) 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. Dividends

The Company did not distribute dividends for the quarter ended on March 31, 2015 and for the year ended on December 31, 2014.

## 13. Earnings per share

	3/31/2015	3/31/2014
Loss attributed to controlling shareholders	(99,220)	(22,838)
Weighted average per thousand shares outstanding during the period (i)	680,144	658,208
<b>Loss per share - Basic (in Reais)</b>	<b>(0.15)</b>	<b>(0.03)</b>
<b>Loss per share - Diluted (in Reais)</b>	<b>(0.15)</b>	<b>(0.03)</b>

(i) Class A and class B shares

## BTG Pactual Participations Ltd.

### Notes to the interim condensed consolidated financial statements

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(In thousands of reais)

## 14. Interest income (expenses)

Interest (expenses) income recognized in the interim condensed consolidated statement of income consists primarily of: (i) interest accumulated in the quarter from loans and financing, open market transactions and (ii) foreign exchange results.

### a. Interest income

	<u>3/31/2015</u>	<u>3/31/2014</u>
Loans and receivables	30,103	21,481
Foreign exchange	-	38,338
Interest on open market investments	7,266	3,182
	<u>37,369</u>	<u>63,001</u>

### b. Interest expenses

	<u>3/31/2015</u>	<u>3/31/2014</u>
Interest on funding	(81,988)	(96,235)
Foreign exchange	(312,761)	-
Interest on loans and financing	(20,736)	(15,327)
	<u>(415,485)</u>	<u>(111,562)</u>

## 15. Gain (losses) on financial instruments held for trading

	<u>3/31/2015</u>	<u>3/31/2014</u>
Derivatives financial instruments	95,850	(376,008)
Financial assets and liabilities held for trading	54,952	668,160
	<u>150,802</u>	<u>292,152</u>

## 16. Other operating (expenses) / income

	<u>3/31/2015</u>	<u>3/31/2014</u>
Equity Kicker	(44,968)	-
Other operating (expenses) / income (i)	(39,634)	12,620
	<u>(84,602)</u>	<u>12,620</u>

(i) Mainly related to gains and losses on foreign exchange.

## 17. Administrative expenses

	<u>3/31/2015</u>	<u>3/31/2014</u>
Professional fees (i)	(44,553)	(106,214)
Expenses related to financial market	(6,652)	(4,237)
Other administrative expenses	(283)	(797)
	<u>(51,488)</u>	<u>(111,248)</u>

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

## BTG Pactual Participations Ltd.

### Notes to the interim condensed consolidated financial statements

March 31, 2015 and December 31, 2014

(In thousands of reais)

## 18. Related parties

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

### a. Related parties and shareholders

	Relationship	Maturity	Assets (Liabilities)		Revenues (Expenses)	
			3/31/2015	12/31/2014	3/31/2015	3/31/2014
<b>Assets</b>						
<b>Cash on banks</b>						
- Banco BTG Pactual S.A. (ii)	Related	No maturity	1,087,345	1,126,182	-	-
<b>Open market investments</b>						
- Banco BTG Pactual S.A. (ii)	Related	No maturity	159,760	207,998	74	-
<b>Financial assets held for trading</b>						
- Banco BTG Pactual S.A. (ii)	Related	12/18/2015	1,185,023	1,908	1,354	51
<b>Loans and receivables</b>						
- Partners (i)	Partners	1/14/2035	1,780,419	1,412,258	8,677	3,618
- ATLL Concessionaria de La Generalitat de Catalunya S.A.	Joint venture	8/3/2016	203,682	198,213	2,268	546
- BTG MB Investments L.P.	Related	3/2/2016	319,580	333,347	2,871	-
- DSB Serviços de Óleo e Gás II S.A.	Related	8/22/2015	325,042	219,737	10,985	-
<b>Due from brokers</b>						
- Banco BTG Pactual S.A. (ii)	Related	No maturity	19,681	32,753	-	-
- BTG Pactual Chile S.A. (ii)	Related	No maturity	10,079	3,114	-	-
<b>Other assets</b>						
- BTG MB Investments L.P.	Related	5/21/2015	209,805	254,773	(44,968)	-
<b>Liabilities</b>						
<b>Open market funding</b>						
- Banco BTG Pactual S.A. (ii)	Related	5/6/2015	(1,034,482)	(1,323,968)	(34,582)	32,628
<b>Financial liabilities at amortized cost</b>						
- Banco BTG Pactual S.A. (ii)	Related	4/17/2018	(214,749)	(188,425)	(2,467)	(2,892)
<b>Derivative financial instruments</b>						
- Banco BTG Pactual S.A. (ii)	Related	6/30/2015	(36,877)	(10,636)	(32,839)	-
<b>Due to brokers</b>						
- Banco BTG Pactual S.A. (ii)	Related	No maturity	(212,194)	(12,631)	-	-
<b>Other liabilities</b>						
- BTG Pactual Global Asset Management Limited (ii)	Related	No maturity	-	(12,665)	-	(102,679)

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

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

### b. Management compensation

No management compensation was recognized in the quarter ended on March 31, 2015 and the year ended on December 31, 2014.



## BTG Pactual Participations Ltd.

### Notes to the interim condensed consolidated financial statements

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## 19. Other information

### a. Cash and cash equivalents

Balances at beginning of the quarter	12/31/2014	12/31/2013
Cash at banks	1,299,095	811,392
Open market investments	8,795,779	7,184,406
	<u>10,094,874</u>	<u>7,995,798</u>
Balances at end of the quarter	3/31/2015	3/31/2014
Cash at banks	1,201,372	848,529
Open market investments	6,541,017	6,707,512
	<u>7,742,389</u>	<u>7,556,041</u>

### b. Equity kicker

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

The payment of the equity kicker is due in case of a liquidity event on the underlying entities or, not later than May 2015, based on the estimated fair value of the underlying assets at that date. Such amount was measured substantially based on indicative liquidity events occurred until that dates. As of March 31, 2015, the equity kicker amount was estimated at R\$209,805 (December 31, 2014 – R\$254,773) and it was determined based on a significant liquidity event occurred in December 2014 on one of the underlying assets, plus the estimated fair value of the remaining assets. Management does not expect significant differences in the estimated equity kicker from the amount recognized on this date to the amount expected to be received by BTGI in May 2015.

### c. Relevant subsidiary

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 in BTG Pactual Management Ltd and thus became general partner of BTGI. As a consequence of this transaction, the Company directly controls BTGI. Accordingly, the Company consolidated BTGI for the financial statements as of March 31, 2015 and December 31, 2014. The subsidiary's main figures are as follow:

## BTG Pactual Participations Ltd.

### Notes to the interim condensed consolidated financial statements

March 31, 2015 and December 31, 2014

(In thousands of reais)

	<u>3/31/2015</u>	<u>12/31/2014</u>
<b>Assets</b>	<b>48,408,650</b>	<b>55,293,635</b>
Securities and derivatives financial instruments	37,259,438	44,899,439
Due from brokers	3,997,768	3,960,172
Loans and receivables	2,725,965	2,193,872
Others	4,425,479	4,240,152
<b>Liabilities</b>	<b>44,461,294</b>	<b>51,145,468</b>
Open market funding and financial instruments	28,969,404	39,032,968
Due to brokers	4,126,133	2,039,768
Other	11,365,757	10,072,732
<b>Shareholders' equity</b>	<b>3,947,356</b>	<b>4,148,167</b>
Controlling interest	3,692,226	3,934,479
Non-controlling interest	255,130	213,688
<b>Total liabilities and shareholders' equity</b>	<b>48,408,650</b>	<b>55,293,635</b>
<b>Statements of income for the period</b>	<b>3/31/2015</b>	<b>3/31/2014</b>
Interest income/expenses, net	(378,116)	(48,561)
Gains on financial instruments, net	150,802	292,152
Other revenue/(expenses)	(91,567)	(162,338)
<b>Gross income</b>	<b>(318,881)</b>	<b>81,253</b>
Total expenses	(79,345)	(175,453)
<b>Loss for the period</b>	<b>(398,226)</b>	<b>(94,200)</b>
Controlling interest	(398,373)	(94,200)
Non-controlling interest	147	-
Loss per share (Basic and diluted in Reais)	(0.15)	(0.03)
<b>Cash flow statements</b>	<b>3/31/2015</b>	<b>3/31/2014</b>
Cash (used in) operating activities	(3,576,817)	(860,256)
Cash provided by / (used in) investing activities	177,818	(151,374)
Cash provided by financing activities	1,112,592	574,833
<b>Decrease in cash and cash equivalents</b>	<b>(2,286,407)</b>	<b>(436,797)</b>

#### d. Off balance commitments

<b>Off balance sheet commitments</b>	<u>3/31/2015</u>	<u>12/31/2014</u>
Commitments to be released	1,618,954	1,349,875
<b>Total</b>	<b>1,618,954</b>	<b>1,349,875</b>

The item "Commitments to be released" denotes amounts related to the financial commitments of the Company with its investees and controlled entities.

## **BTG Pactual Participations Ltd.**

### **Notes to the interim condensed consolidated financial statements**

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#### **e. Contingencies**

##### **ATLL Concessionaria de La Generalitat de Catalunya S.A.**

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

The result of the bidding process of the concession above is being challenged in court by a third party which has also participated in the bidding process. Since the award of the concession, several actions have been brought by both parties (including BTGI and Acciona) and the Generalitat to the regional court of Catalonia and Madrid, Spain. The last decisions from the courts of Catalunya, dated July 19, 2013, rejected reposition appeals filed by the Consortium-Acciona, BTGI and the Generalitat in the context of the precautionary measures and in the months of October and November 2014 and January 2015 the Supreme Court in Madrid rejected the cassation appeal filed by BTGI, the Generalitat and Acciona, respectively, in this context. The main proceedings regarding the validity of the results of the bidding process is still ongoing at the courts of Catalunya.

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

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

## **20. Subsequent events**

On May 6, 2015, the Company obtained the regulatory approval for the Túnel de Barcelona i Cadí Concessionaria de La Generalitat de Catalunya S.A. transaction as disclosed in note 10.