

# **Interim Condensed Consolidated Financial Statements in IFRS**

**Banco BTG Pactual S.A. and subsidiaries**

June 30, 2015

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

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

### Interim condensed consolidated financial statements

June 30, 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  
**Banco BTG Pactual S.A. and subsidiaries**  
São Paulo - SP

We have reviewed the interim condensed consolidated financial statements of Banco BTG Pactual S.A. and subsidiaries ("Company") for the quarter ended June 30, 2015, which comprise the interim condensed consolidated balance sheet as of June 30, 2015 and the related interim condensed consolidated statements of income, changes in shareholders' equity and cash flows for the six-month period then ended, and a summary of significant accounting practices and other explanatory notes.

Management is responsible for the preparation and fair presentation of this interim condensed 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.

## Emphasis of matter

As of June 30, 2015, the jointly controlled subsidiary Banco Pan S.A. has deferred tax assets recorded on its balance sheet amounting to R\$ 2.9 billion, recognized based on long-term deferred tax realization projection. This deferred tax realization projection was reviewed by Banco Pan S.A.'s management based on current and future scenarios analysis and approved by its Board of Directors on August 3, 2015, which main assumptions used were the macroeconomics indexes for production and funding costs. The realization of these tax credits, within the estimated realization period, depends on delivery of these projections and business plan as approved by the management bodies of Banco Pan S.A. Our conclusion is not qualified in respect to this matter.

Rio de Janeiro, August 28, 2015.

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## BANCO BTG PACTUAL S.A. and subsidiaries

### Interim condensed consolidated balance sheets

As of June 30, 2015 and December 31, 2014

(In thousands of reais)

	Note	30/06/2015	31/12/2014
<b>Assets</b>			
Cash and balances at Central Bank	6	2,570,596	2,730,920
Financial assets at fair value through profit or loss			
Financial assets held for trading	7	23,402,961	14,430,375
Financial assets designated at fair value through profit and loss	7	20,994,641	23,513,940
Derivative financial instruments	7	25,906,263	35,307,143
Loans and receivables			
Open market investments	10	15,259,727	9,034,456
Amounts receivable from banks	11	4,061,071	4,623,245
Other loans and receivables	12	27,538,253	31,949,920
Available-for-sale financial assets	8	852,933	939,547
Held-to-maturity financial assets	13	4,917,120	4,634,556
Non-current assets held for sale		625,013	946,514
Deferred tax assets	21	3,414,900	1,930,452
Other assets	15	26,844,317	19,974,593
Investment in associates and jointly controlled entities	16	7,229,135	6,413,020
Property, plant and equipment		133,451	131,987
Intangible assets	17	1,275,987	1,151,425
<b>Total assets</b>		<b>165,026,368</b>	<b>157,712,093</b>
<b>Liabilities</b>			
Financial liabilities at fair value through profit or loss			
Financial liabilities held for trading	7	17,786,657	13,137,225
Derivative financial instruments	7	23,613,198	33,332,167
Financial liabilities carried at amortized cost			
Open market funding	10	33,339,972	26,144,864
Amounts payable to banks	11	903,108	769,819
Other financial liabilities carried at amortized cost	14	59,868,260	57,502,942
Tax liabilities	18	3,166,758	2,490,571
Other liabilities	19	9,134,157	8,839,386
<b>Total liabilities</b>		<b>147,812,110</b>	<b>142,216,974</b>
<b>Shareholders' equity</b>			
Capital stock	22	6,462,076	6,462,076
Income reserves		7,620,335	6,851,766
Foreign currency translation reserve		2,664,455	1,588,520
Total shareholders' equity of controlling shareholders		16,746,866	14,902,362
Non-controlling interest		467,392	592,757
<b>Total shareholders' equity</b>		<b>17,214,258</b>	<b>15,495,119</b>
<b>Total liabilities</b>		<b>165,026,368</b>	<b>157,712,093</b>

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

## BANCO BTG PACTUAL S.A. and subsidiaries

### Interim condensed consolidated statements of income

Semesters ended June 30

(In thousands of reais)

	Note	30/06/2015	30/06/2014
Interest income	24	3,794,952	2,911,917
Interest expense	24	(6,819,238)	(3,440,272)
Net interest income/(expenses)		(3,024,286)	(528,355)
Net gains on financial instruments	24	2,516,271	2,353,744
Net exchange variations		(519,978)	1,008,500
Fees and commissions	25	1,276,135	1,305,804
Share of profit in associates and jointly controlled entities	16	1,048,463	(57,802)
Other operating income	26	1,151,130	522,499
Net revenues		2,447,735	4,604,390
Administrative expenses	27	(609,153)	(610,791)
Personnel expenses	28	(1,101,935)	(876,226)
Provisions for credit losses	12	(176,900)	(126,330)
Tax charges (other than income tax)		(209,673)	(197,179)
Income before taxes and profit sharing		350,074	2,793,864
Income tax and social contribution	21	879,084	(585,375)
<b>Net income for the period</b>		<b>1,229,158</b>	<b>2,208,489</b>
Net income attributable to controlling shareholders		1,296,699	2,212,101
Loss attributable to non-controlling interests		(67,541)	(3,612)
Earnings per share –basic and diluted – In Reais	23		
Common shares		0.48	0.81
Preferred shares		0.48	0.81

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

## BANCO BTG PACTUAL S.A. and subsidiaries

### Interim condensed consolidated statements of comprehensive income

Semesters ended June 30

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

	<u>Note</u>	<u>30/06/2015</u>	<u>30/06/2014</u>
Net income for the period		1,229,158	2,208,489
Other comprehensive income/(loss) to be reclassified to profit or loss:			
Changes in fair value of assets available for sale - jointly controlled	22	(1,479)	341
Changes in fair value of assets available for sale		(31,663)	(8,006)
Exchange differences on translation of foreign operations and non-monetary items		1,109,077	(437,688)
<b>Total comprehensive income for the period</b>		<u>2,305,093</u>	<u>1,763,136</u>
Attributable to controlling shareholders		2,372,634	1,766,748
Attributable to non-controlling interests		(67,541)	(3,612)

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

## BANCO BTG PACTUAL S.A. and subsidiaries

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

Semesters ended June 30

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

	Note	Capital	Additional paid-in capital	Income reserves				Other comprehensive income	Retained earnings	Controlling interests	Non-controlling interests	Total
				Legal	Unrealized	Statutory	Total					
<b>Balances at December 31, 2013</b>		<b>6,355,334</b>	<b>106,742</b>	<b>458,188</b>	<b>1,078,592</b>	<b>3,944,539</b>	<b>5,481,319</b>	<b>539,198</b>	-	<b>12,482,593</b>	<b>334,083</b>	<b>12,816,676</b>
Changes in fair value of assets available for sale - jointly controlled	22	-	-	-	-	-	-	341	-	341	-	341
Changes in fair value of assets available for sale		-	-	-	-	-	-	(8,006)	-	(8,006)	-	(8,006)
Exchange differences on translation of foreign operations and non-monetary items	22	-	-	-	-	-	-	(437,688)	-	(437,688)	-	(437,688)
Net income for the semester		-	-	-	-	-	-	-	2,212,101	2,212,101	(3,612)	2,208,489
Legal reserve		-	-	90,339	-	-	90,339	-	(90,339)	-	-	-
Interest on equity (R\$ 0.09 per share)	22	-	-	-	-	-	-	-	(301,800)	(301,800)	-	(301,800)
Dividends paid (R\$ 0.05 per share)	22	-	-	-	-	-	-	-	(146,639)	(146,639)	-	(146,639)
Addition of non-controlling		-	-	-	-	-	-	-	-	-	475,439	475,439
<b>Balances at June 30, 2014</b>		<b>6,355,334</b>	<b>106,742</b>	<b>548,527</b>	<b>1,078,592</b>	<b>3,944,539</b>	<b>5,571,658</b>	<b>93,845</b>	<b>1,673,323</b>	<b>13,800,902</b>	<b>805,910</b>	<b>14,606,812</b>
<b>Balances at December 31, 2014</b>		<b>6,355,334</b>	<b>106,742</b>	<b>564,042</b>	<b>1,794,382</b>	<b>4,493,342</b>	<b>6,851,766</b>	<b>1,588,520</b>	-	<b>14,902,362</b>	<b>592,757</b>	<b>15,495,119</b>
Changes in fair value of assets available for sale - jointly controlled	22	-	-	-	-	-	-	(1,479)	-	(1,479)	-	(1,479)
Changes in fair value of assets available for sale		-	-	-	-	-	-	(31,663)	-	(31,663)	-	(31,663)
Exchange differences on translation of foreign operations and non-monetary items	22	-	-	-	-	-	-	1,109,077	-	1,109,077	-	1,109,077
Dividends (R\$ 0.04 per share)		-	-	-	-	(106,130)	(106,130)	-	-	(106,130)	-	(106,130)
Net income for the semester		-	-	-	-	-	-	-	1,296,699	1,296,699	(67,539)	1,229,160
Legal reserve		-	-	61,458	-	-	61,458	-	(61,458)	-	-	-
Interest on equity (R\$ 0.11 per share)	22	-	-	-	-	-	-	-	(422,000)	(422,000)	-	(422,000)
Addition of non-controlling		-	-	-	-	-	-	-	-	-	(57,826)	(57,826)
<b>Balances at June 30, 2015</b>		<b>6,355,334</b>	<b>106,742</b>	<b>625,500</b>	<b>1,794,382</b>	<b>4,387,212</b>	<b>6,807,094</b>	<b>2,664,455</b>	<b>813,241</b>	<b>16,746,866</b>	<b>467,392</b>	<b>17,214,258</b>

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



# BANCO BTG PACTUAL S.A. and subsidiaries

## Interim condensed consolidated statements of cash flows

Semesters ended June 30

(In thousands of reais)

	Note	30/06/2015	30/06/2014
Operating activities			
Net income for the period		1,229,158	2,208,489
Adjusts to net income		(1,123,125)	671,441
Equity in the (earnings)/losses of associates	16	(1,048,463)	57,802
Interest expense from subordinated debt		1,355,941	781,058
Non-controlling interest		67,541	3,612
Deferred tax		(1,540,953)	(265,090)
Depreciation and amortization	27	42,809	94,059
Adjusted net income for the period		106,033	2,879,930
Increase/decrease in operational assets and liabilities			
Balances at central bank		212,473	(117,525)
Financial Assets held for trading		(8,655,548)	13,900,586
Financial assets designated at fair value through profit and loss		2,519,299	3,090
Derivative financial instruments - assets		9,400,880	(1,788,754)
Assets held for sale		86,614	-
Open market investments		(7,786,540)	1,887,187
Amounts receivable from / (payable to) banks		153,465	(516,103)
Other loans and receivables		4,411,667	(9,023,675)
Held-to-maturity financial assets		(282,564)	(163,771)
Non-current assets held for sale		321,501	(1,020,502)
Other assets		(6,869,724)	2,979,722
Financial liabilities held for trading		4,649,432	(4,087,551)
Derivative financial instruments - liabilities		(9,718,969)	(584,422)
Open market funding		7,195,108	3,153,253
Tax liabilities		676,187	633,506
Other liabilities		281,757	277,871
Cash (used) in / provided by in operating activities		(3,298,930)	8,412,842
Investing activities			
Aquisition of other investments	16	8,968	-
Sale of investments	16	665,414	176,906
Aquisition of equity interest	16	(102,648)	(11,143)
Dividends received	16	134,539	31,529
Acquisition of property and equipment in use		(17,441)	(81,600)
Sale of property and equipment in use		2,664	47,638
Acquisition of intangible assets	17	(35,620)	(116,222)
Sale os intangible assets	17	44,715	73
Cash (used in) / provided by investing activities		700,591	47,181
Financing activities			
Other liabilities		1,009,377	2,276,156
Non-controlling interest		(57,826)	471,827
Dividends distributed	22	(106,130)	(132,190)
Interest on equity distributed	22	(298,200)	(246,900)
Cash provided by financing activities		547,221	2,368,893
(Decrease) / Increase in cash and cash equivalents		(2,051,118)	10,828,916
Balance of cash and cash equivalents	30		
At the beginning of the period		22,422,310	10,755,165
At the end of the period		20,371,192	21,584,081
(Decrease) / Increase in cash and cash equivalents		(2,051,118)	10,828,916
Noncash transactions		422,000	448,439
Interest on equity declared		422,000	301,800
Dividends declared		-	146,639

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

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

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

June 30, 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.

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

The interim condensed consolidated financial statements were approved by the Management in August 28, 2015 and they contain a true and fair view of the development and results of the Company.

## **2. Corporate reorganization**

### **Corporate events**

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 de Seguros S.A. The Bank concluded and liquidated the transaction on December 29, 2014. After the acquisition were made the merger of the BTGP Seguradora by Pan Seguros S.A. In May 2015, the transfer of 49% of interest on Pan Seguros S.A. to the Caixapar was concluded.

On June 13, 2014, Banco Pan approved a R\$3.0 billion capital increase through the issuance of: (i) up to R\$1.5 billion of 443,786,982 new nominative and non-par shares, of which up to 242,566,348 are common shares and up to 201,220,634 preferred shares, at the issuance price of R\$ 3.38 per common or preferred share, for private subscription by Banco Pan's shareholders; and (ii) up to R\$1.5 billion of redeemable preferred shares with a term of five years, which will receive annual, fixed, cumulative priority dividends of 104% of the CDI over the issue price and which will not be traded on the BM&FBOVESPA. The issuance of the redeemable preference shares was cancelled on December 5, 2014.

The Bank and Caixapar exercised their respective preemptive rights in connection with the capital issuance described in (i) and made a total capital contribution of R\$651 million and R\$576 million respectively, maintaining the condition of joint holders of all voting shares and 80.7% of Banco Pan's total capital stock.

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

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

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

June 30, 2015

(In thousands of reais)

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

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

### **Acquisitions and sales**

In April, the Bank through one of its subsidiaries, converted debentures in the amount of R\$985,978, issued by Rede D'Or, and received shares equivalent to 21.1% of its equity, which generated a goodwill in the amount of R\$649,807. In May, Rede D'Or received a capital increase which diluted the Bank interest to 19.4% and generated an equity pickup gain of R\$269,174. Additionally, in June, BTG Pactual sold 7.2% of its interest in Rede D'Or and recognized a gain of R\$1,027,151. Also, the capital increase and sale contracts contain terms that might reduce the Bank remaining interest, in case Rede D'Or do not reach a determined EBITDA in 2015. As of June 30, 2015, the Bank estimated that the value of a potential dilution is zero.

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

On July 14, 2014, Banco BTG Pactual entered into a definitive share purchase agreement of BSI, providing for its acquisition, directly or indirectly, of 100% of the 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, and on May 29, 2015, was approved by the Swiss Financial Market Supervisory Authority, however the conclusion of the acquisition depends on the approval of some non-Brazilian regulatory agencies.

On December 19, 2014, was approved by BACEN, the acquisition of certain rights and obligations held by Fundo Garantidor de Crédito ("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 R\$ 87 million, index to CDI, in annual installments up to

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

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

June 30, 2015

(In thousands of reais)

2018, to the FGC. Also in December 19, 2014, the Institution and its subsidiaries extrajudicial liquidation process ceased, and Institution's name changed to Banco Sistema S.A.. The Institution's assets do not include the Bamerindus brand. This transaction resulted in BTG Pactual acquiring the 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 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.

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

The accounting policies adopted on these interim condensed consolidated 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 starting 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.

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

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

June 30, 2015

(In thousands of reais)

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 IFRS’s 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 them.

#### **• 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 them.

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

## BANCO BTG PACTUAL S.A. and subsidiaries

### Notes to the interim condensed consolidated financial statements

June 30, 2015

(In thousands of reais)

	Country	Equity interest - %	
		30/06/2015	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
BTG Pactual Holding International S.A.	Brazil	99.99	99.99
BTG Pactual Overseas Corporation	Cayman	100.00	100.00
BW Properties S.A.	Brazil	67.86	67.86
BTG Pactual Holding de Seguros Ltda.	Brazil	99.99	99.99
BTG Pactual S.A. Comisionista de Bolsa	Colombia	94.50	94.50
Recovery do Brasil Consultoria S.A.	Brazil	73.23	73.23
BTG Pactual Chile International Ltd.	Cayman	100.00	100.00
BTG Pactual TTG Participações S.A.	Brazil	100.00	100.00
Banco BTG Pactual Luxembourg S.A.	Luxembourg	100.00	100.00
BTG Pactual Corretora de Seguros Ltda.	Brazil	100.00	100.00
Banco Sistema S.A.	Brazil	99.84	98.84
<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 S.A.	Brazil	99.99	99.99
BTG Pactual Commodities (UK) LLP	UK	100.00	100.00

## BANCO BTG PACTUAL S.A. and subsidiaries

### Notes to the interim condensed consolidated financial statements

June 30, 2015

(In thousands of reais)

	Country	Equity interest - %	
		30/06/2015	31/12/2014
BTG Pactual Commodities (Singapore) PLC	Singapore	100.00	100.00
BTG Pactual Commodities (Switzerland) SA	Switzerland	100.00	100.00
BTG Pactual Commodities Holding (US) LLC	USA	100.00	100.00
BTG Pactual Commodities (US) LLC	USA	100.00	100.00
BTG Pactual Commodities (South Africa) (Pty) Ltd	South Africa	100.00	100.00
BTG Pactual Commodities Argentina S.A.	Argentina	100.00	100.00
BTG Pactual Warehousing (SG) PTE	Singapore	100.00	100.00
BTG Pactual Commodities (Shanghai) Co	China	100.00	100.00
BTG Pactual Warehousing (US) LLC	USA	100.00	100.00
BTG Pactual Warehousing (UK) Ltd	UK	100.00	100.00
BTG Pactual Commodities Trading US LLC	USA	100.00	100.00
BTG Pactual Commodities Ukraine	Ukraine	100.00	100.00
BTG Pactual Commodities (Italy) SRL	Italy	100.00	100.00
BTG Pactual Commodities (Costa Rica) SRL	Costa Rica	100.00	100.00
BTG Pactual Commodities (Colombia) SAS	Colombia	100.00	100.00
BTG Pactual Commodities (Russia) LLC	Russia	100.00	100.00
BTG Pactual Commodities Absolute Return Ltd.	Cayman	100.00	100.00
TTG Brasil Investimentos Florestais Ltda.	Brazil	100.00	100.00
BTG Pactual Timberland Investments Group LLC	USA	100.00	100.00
BTG Pactual Casa de Bolsa, S.A. de C.V.	Mexico	100.00	100.00
BSPE Participações e Empreendimentos S.A.	Brazil	99.84	98.84
Bastec Tecnologia e Serviços Ltda.	Brazil	99.84	98.84
<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	-	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 Imobiliário Property Invest	Brazil	100.00	-
FIM Usim CP IE	Brazil	100.00	-
BTG CMO FIM CP - IE	Brazil	100.00	-

### Seasonality of transactions

Considering the activities that the Bank is involved in, the nature of these transactions is neither cyclic nor seasonal. Consequently, the Bank does not provide disclosures about seasonality in these notes to the interim condensed consolidated financial statements for the six-month period ended on June 30, 2015.

## BANCO BTG PACTUAL S.A. and subsidiaries

### Notes to the interim condensed consolidated financial statements

June 30, 2015

(In thousands of reais)

### Restatements of financial statements

The Bank has revised its previously issued statement of cash flows as at June 30, 2014 resulting in decrease in financing activities of R\$781,058, and an increase in the same amount in operating activities. This review was in order to apply accounting practices consistent with those applied as at June 30, 2015. In addition, the Bank reclassified certain balance sheet items to better presentation of the comparative period of December 31, 2014.

## 4. Significant accounting practices

The accounting practices adopted by the Company in the preparation of its interim condensed consolidated financial statements are consistent with those adopted for the consolidated financial statements for the year ended on December 31, 2014.

## 5. Risk management

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

### a. Operating limits

	30/06/2015	31/12/2014
Reference Shareholders' Equity	16,333,513	14,733,327
Tier I	18,352,187	16,736,911
Common Equity	14,266,506	13,239,075
Complementary Equity	4,085,680	3,497,836
Tier II	4,306,918	4,545,445
Reference Shareholders' Equity (PR) - (a)	22,659,105	21,282,355
Required Reference Shareholders' Equity (PRE)	14,784,111	13,402,263
Total exposure risk-weighted - (b)	14,784,111	13,402,263
Credit risk	8,429,347	7,657,999
Operational risk	595,040	644,830
Market risk	5,759,724	5,099,434
Basel ratio - (a/b*11%)	16.9%	17.5%
Tier I capital	13.7%	13.7%
Tier II capital	3.2%	3.7%
Fixed assets ratio	0.741	0.785
Fixed assets to equity capital ratio	11,324,006	10,634,053
Status for fixed assets to equity capital ratio	8,396,908	8,352,612
Amount of margin or insufficient	2,927,098	2,281,441

As at June 30, 2015 and December 31, 2014 the Bank was in compliance with all operating limits.



## BANCO BTG PACTUAL S.A. and subsidiaries

### Notes to the interim condensed consolidated financial statements

June 30, 2015

(In thousands of reais)

#### b. Market risk

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

In millions of R\$	06/30/2015	12/31/2014	06/30/2014
Daily average VaR	108.2	64.4	95.5

#### c. Credit risk

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

	30/06/2015				
	Brazil	United States	Europe	Others (i)	Total
<b>Asset</b>					
Cash and balances at Central Bank	1,448,120	182,214	56,265	883,997	2,570,596
Financial assets at fair value through profit or loss					
Financial Assets held for trading (i)	17,653,463	2,963,940	352,201	2,433,357	23,402,961
Financial assets designated at fair value through profit and loss	20,994,641	-	-	-	20,994,641
Derivative financial instruments	13,616,101	1,725,639	2,097,263	8,467,260	25,906,263
Loans and Receivables					
Open market investments	14,188,850	676,965	-	393,912	15,259,727
Other loans and receivables	20,718,290	11,252	892,535	5,916,176	27,538,253
Amounts receivable from banks	2,737,461	1,323,610	-	-	4,061,071
Available-for-sale financial assets	852,933	-	-	-	852,933
Held-to-maturity financial assets	4,917,120	-	-	-	4,917,120
Non-current assets held for sale	625,013	-	-	-	625,013
<b>Total</b>	<b>97,751,992</b>	<b>6,883,620</b>	<b>3,398,264</b>	<b>18,094,702</b>	<b>126,128,578</b>

	31/12/2014				
	Brazil	United States	Europe	Others (i)	Total
<b>Asset</b>					
Cash and balances at Central Bank	1,145,666	468,390	267,211	849,653	2,730,920
Financial assets at fair value through profit or loss					
Financial Assets held for trading (i)	8,499,697	3,612,742	490,682	1,827,254	14,430,375
Financial assets designated at fair value through profit and loss	23,513,940	-	-	-	23,513,940
Derivative financial instruments	17,559,217	17,099,893	379,183	268,850	35,307,143
Loans and Receivables					
Open market investments	6,964,535	1,794,345	-	275,576	9,034,456
Other loans and receivables	26,373,522	9,380	578,277	4,988,741	31,949,920
Amounts receivable from banks	2,660,845	1,962,400	-	-	4,623,245
Available-for-sale financial assets	939,547	-	-	-	939,547
Held-to-maturity financial assets	4,634,556	-	-	-	4,634,556
Non-current assets held for sale	946,514	-	-	-	946,514
<b>Total</b>	<b>93,238,039</b>	<b>24,947,150</b>	<b>1,715,353</b>	<b>8,210,074</b>	<b>128,110,616</b>

(i) See note 8(a).

## BANCO BTG PACTUAL S.A. and subsidiaries

### Notes to the interim condensed consolidated financial statements

June 30, 2015

(In thousands of reais)

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

	30/06/2015											
	Governments	Financial institutions	Services	Investment funds	Individuals	Industry	Energy	Rural	Clearing	Real State	Other (i)	Total
<b>Asset</b>												
Cash and balances at Central Bank	933,193	1,637,403	-	-	-	-	-	-	-	-	-	2,570,596
Financial assets at fair value through profit or loss												
Financial Assets held for trading	1,166,856	1,709,438	18,105,189	916,748	-	509,725	239,075	448	110	477,743	277,629	23,402,961
Financial assets designated at fair value through profit and loss	-	20,994,641	-	-	-	-	-	-	-	-	-	20,994,641
Derivative financial instruments	-	17,712,604	467,247	86,800	2,934	6,867,034	669,877	-	84,783	-	14,984	25,906,263
Loans and Receivables												
Open market investments	-	2,243,037	9,392	13,003,785	-	-	-	-	-	-	3,513	15,259,727
Other loans and receivables	523,835	1,245,437	7,208,191	200,922	956,924	2,850,055	9,706,497	451,293	-	2,721,912	1,673,187	27,538,253
Amounts receivable from banks	-	4,061,071	-	-	-	-	-	-	-	-	-	4,061,071
Available-for-sale financial assets	-	-	-	852,933	-	-	-	-	-	-	-	852,933
Held-to-maturity financial assets	-	4,917,120	-	-	-	-	-	-	-	-	-	4,917,120
Non-current assets held for sale	-	-	-	-	-	-	625,013	-	-	-	-	625,013
<b>Total</b>	<b>2,623,884</b>	<b>54,520,751</b>	<b>25,790,019</b>	<b>15,061,188</b>	<b>959,858</b>	<b>10,226,814</b>	<b>11,240,462</b>	<b>451,741</b>	<b>84,893</b>	<b>3,199,655</b>	<b>1,969,313</b>	<b>126,128,578</b>
	31/12/2014											
	Governments	Financial institutions	Services	Investment funds	Individuals	Industry	Energy	Rural	Clearing	Real State	Other (i)	Total
<b>Asset</b>												
Cash and balances at Central Bank	1,145,666	1,585,254	-	-	-	-	-	-	-	-	-	2,730,920
Financial assets at fair value through profit or loss												
Financial Assets held for trading	4,601,079	1,516,668	3,990,257	2,864,238	-	632,382	253,597	3,472	-	12,697	555,985	14,430,375
Financial assets designated at fair value through profit and loss	-	23,513,940	-	-	-	-	-	-	-	-	-	23,513,940
Derivative financial instruments	-	26,403,192	136,976	2,610,847	27,268	5,756,815	125,523	162,598	5,586	-	78,338	35,307,143
Loans and Receivables												
Open market investments	-	1,575,321	8,628	7,444,220	-	-	-	-	-	-	6,287	9,034,456
Other loans and receivables	433,353	-	23,298,612	-	1,330,290	1,599,391	2,849,927	500,723	-	1,558,163	379,461	31,949,920
Amounts receivable from banks	-	4,623,245	-	-	-	-	-	-	-	-	-	4,623,245
Financial assets available for sale	-	-	-	939,547	-	-	-	-	-	-	-	939,547
Held-to-maturity financial assets	-	4,634,556	-	-	-	-	-	-	-	-	-	4,634,556
Non-current assets held for sale	-	-	321,501	-	-	-	625,013	-	-	-	-	946,514
<b>Total</b>	<b>6,180,098</b>	<b>63,852,176</b>	<b>27,755,974</b>	<b>13,858,852</b>	<b>1,357,558</b>	<b>7,988,588</b>	<b>3,854,060</b>	<b>666,793</b>	<b>5,586</b>	<b>1,570,860</b>	<b>1,020,071</b>	<b>128,110,616</b>

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

## BANCO BTG PACTUAL S.A. and subsidiaries

### Notes to the interim condensed consolidated financial statements

June 30, 2015

(In thousands of reais)

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

In June 30, 2015 and December 31, 2014 the Bank does not have any overdue or impaired financial instruments, whose terms have been renegotiated considered material.

#### d. Liquidity analysis of assets

The table below summarizes the expected discounted cash flows for financial assets held for trading and contractual discounted cash flows for the other assets, to the Company and its subsidiaries for the semester ended on June 30, 2015 and the year ended December 31, 2014:

Asset	30/06/2015		
	Under 12 months	Over 12 months	Total
Cash and balances at Central Bank	2,570,596	-	2,570,596
Financial assets at fair value through profit or loss			
Financial Assets held for trading	23,402,961	-	23,402,961
Financial assets designated at fair value through profit and loss	20,994,641	-	20,994,641
Derivative financial instruments	20,626,898	5,279,365	25,906,263
Loans and Receivables			
Open market investments	15,259,727	-	15,259,727
Other loans and receivables	11,121,406	16,416,847	27,538,253
Amounts receivable from banks	4,061,071	-	4,061,071
Financial assets available for sale	-	852,933	852,933
Held-to-maturity financial assets	-	4,917,120	4,917,120
Non-current assets held for sale	625,013	-	625,013
Deferred tax assets	-	3,414,900	3,414,900
Other assets	16,569,249	10,275,068	26,844,317
Investment in associates and jointly controlled entities	-	7,229,135	7,229,135
Property, plant and equipment	-	133,451	133,451
Intangible assets	-	1,275,987	1,275,987
<b>Total Assets</b>	<b>115,231,562</b>	<b>49,794,806</b>	<b>165,026,368</b>

  

Asset	31/12/2014		
	Under 12 months	Over 12 months	Total
Cash and balances at Central Bank	2,730,920	-	2,730,920
Financial assets at fair value through profit or loss			
Financial Assets held for trading	14,430,375	-	14,430,375
Financial assets designated at fair value through profit and loss	23,513,940	-	23,513,940
Derivative financial instruments	30,054,517	5,252,626	35,307,143
Loans and Receivables			
Open market investments	9,034,456	-	9,034,456
Other loans and receivables	11,949,693	20,000,227	31,949,920
Amounts receivable from banks	4,610,048	13,197	4,623,245
Financial assets available for sale	-	939,547	939,547
Held-to-maturity financial assets	-	4,634,556	4,634,556
Deferred tax assets	946,514	-	946,514
Other assets	705,072	1,225,380	1,930,452
Investment in associates and jointly controlled entities	14,302,052	5,672,541	19,974,593
Property, plant and equipment	-	6,413,020	6,413,020
Intangible assets	-	131,987	131,987
	-	1,151,425	1,151,425
<b>Total Assets</b>	<b>112,277,587</b>	<b>45,434,506</b>	<b>157,712,093</b>

## BANCO BTG PACTUAL S.A. and subsidiaries

### Notes to the interim condensed consolidated financial statements

June 30, 2015

(In thousands of reais)

#### e. Liquidity risk

The table below summarizes the contractual discounted cash flows for the liabilities and the shareholders' equity, to the Bank and its subsidiaries, for the semester ended June 30, 2015 and the year ended December 31, 2014:

	30/06/2015		
	Under 12 months	Over 12 months	Total
<b>Liabilities</b>			
Financial Liabilities at fair value through profit or loss			
Financial liabilities held for trading	17,786,657	-	17,786,657
Derivative financial instruments	19,407,973	4,205,225	23,613,198
Financial Liabilities carried at amortized cost			
Amounts payable to banks	807,790	95,318	903,108
Open market funding	32,492,326	847,646	33,339,972
Other financial liabilities carried at amortized cost	31,796,480	28,071,780	59,868,260
Tax liabilities	625,162	2,541,596	3,166,758
Other liabilities	3,596,582	5,537,575	9,134,157
<b>Total liabilities</b>	<b>106,512,970</b>	<b>41,299,140</b>	<b>147,812,110</b>
	31/12/2014		
	Under 12 months	Over 12 months	Total
<b>Liabilities</b>			
Financial Liabilities at fair value through profit or loss			
Financial liabilities held for trading	13,137,225	-	13,137,225
Derivative financial instruments	28,962,947	4,369,220	33,332,167
Financial Liabilities carried at amortized cost			
Amounts payable to banks	665,026	104,793	769,819
Open market funding	25,158,413	986,451	26,144,864
Other financial liabilities carried at amortized cost	30,067,026	27,435,916	57,502,942
Tax liabilities	943,566	1,547,005	2,490,571
Other liabilities	-	8,839,386	8,839,386
<b>Total liabilities</b>	<b>98,934,203</b>	<b>43,282,771</b>	<b>142,216,974</b>

The table below presents the undiscounted cash flows for "Financial liabilities carried at amortized cost". We are not presenting undiscounted cash flows for "Financial Liabilities at fair value through profit or loss". Management does not consider this information when analyzing liquidity, other than for short term maturity, and therefore it is not deemed to be relevant.

	30/06/2015		
	Under 12 months	Over 12 months	Total
<b>Financial liabilities carried at amortized cost</b>			
Amounts payable to banks	836,952	132,286	969,238
Open market funding	32,832,786	2,678,581	35,511,367
Other financial liabilities carried at amortized cost	17,591,318	44,110,997	61,702,315
	31/12/2014		
	Under 12 months	Over 12 months	Total
<b>Financial liabilities carried at amortized cost</b>			
Amounts payable to banks	699,718	150,133	849,851
Open market funding	25,379,324	3,285,355	28,664,679
Other financial liabilities carried at amortized cost	23,391,053	42,211,350	65,602,403

## BANCO BTG PACTUAL S.A. and subsidiaries

### Notes to the interim condensed consolidated financial statements

June 30, 2015

(In thousands of reais)

## 6. Cash and balance at Central Bank

The composition of this account is presented below:

	30/06/2015	31/12/2014
Cash at banks	1,637,403	1,585,254
Balance at Central Bank	933,193	1,145,666
<b>Total</b>	<b>2,570,596</b>	<b>2,730,920</b>

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

### a. Financial assets held for trading

	30/06/2015		31/12/2014	
	Cost	Market	Cost	Market
Own portfolio	14,077,077	14,398,840	11,468,782	10,640,555
Federal government bonds	3,483,542	3,480,904	1,212,310	1,209,240
Brazilian foreign debt securities	6,224	6,224	19,682	19,682
Debentures/Eurobonds (i)	1,609,931	1,603,791	1,580,375	553,816
Bank certificates of deposit	14,814	14,814	104	104
Bank credit certificate	37,394	36,711	37,825	37,402
Investment fund quotes				
Shares	150,905	150,905	136,961	136,961
Multimarket	1,539,989	1,513,855	1,926,714	1,917,129
FIDC - Credit Rights	6,239	6,239	5,796	5,796
Real Estate	203,955	203,955	382,326	382,326
Equity Investment fund	355,428	445,422	424,326	424,233
Shares	4,081,969	4,106,248	3,612,757	3,830,057
Financial bills	11,144	11,144	-	-
Other	40,960	49,955	-	-
Certificate of real estate receivables	701,376	701,376	989,327	989,327
Foreign government bonds	600,056	600,549	126,383	125,143
Foreign private securities				
Corporate bonds	590,290	591,273	182,866	183,835
Other	642,861	875,475	831,030	825,504
Unrestricted portfolio	373,896	372,455	532,456	529,059
Federal government bonds	373,896	372,455	532,456	529,059
Subject to repurchase agreements	7,604,510	7,983,727	1,787,015	1,780,414
Federal government bonds	6,893,636	6,883,422	622,949	616,024
Foreign government bonds	270,359	659,790	762,017	762,341
Debentures / Eurobonds (i)	-	-	402,049	402,049
Foreign private securities				
Shares	2,656	2,656	-	-
Corporate bonds	425,015	425,015	-	-
Other	12,844	12,844	-	-
Subject to guarantees	648,149	647,939	1,545,615	1,480,347
Federal government bonds	450,049	447,868	1,236,802	1,217,031
Investment fund quotes				
Multimarket	98,401	98,401	-	-
Other	7,222	7,222	135,056	135,046
Shares	81,759	83,730	158,361	112,832
Foreign government bonds				
Other	10,718	10,718	15,396	15,438
	22,703,632	23,402,961	15,333,868	14,430,375

(i) Substantially securities issued by Brazilian companies.

## BANCO BTG PACTUAL S.A. and subsidiaries

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#### b. Financial liabilities held for trading

	30/06/2015	31/12/2014
Short position in securities	16,331,667	12,775,647
Loan of securities		
Shares	1,454,990	361,578
	<b>17,786,657</b>	<b>13,137,225</b>

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

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

The amortized cost of such transactions is represented by the amount of R\$20,994,641 and R\$23,525,940, as of June 30, 2015 and December 31, 2014, respectively.

#### d. Derivatives financial instruments

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

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

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

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

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The composition of this account is presented below:

	30/06/2015		31/12/2014	
	Cost (i)	Market	Cost (i)	Market
Futures				
Long position	6,751	6,751	18,430	18,430
Short position	(32,050)	(32,050)	(7,340)	(7,340)
Swaps				
Long position	2,705,012	2,771,510	853,100	1,704,205
Short position	(3,961,550)	(3,875,837)	(1,477,274)	(2,180,104)
Credit derivatives				
Long position	17,325	22,093	17,401	20,671
Short position	(27,826)	(36,303)	(24,912)	(29,001)
Non-deliverable forward - NDF				
Long position	4,326,906	4,370,210	737,683	572,553
Short position	(2,279,896)	(2,231,235)	(543,958)	(313,106)
Deliverable forward - DF				
Long position	8,010,200	9,032,013	19,334,826	20,366,846
Short position	(5,658,480)	(8,627,440)	(18,587,468)	(18,975,048)
Security forwards				
Long position	3,973,585	3,973,585	1,863,795	1,863,795
Short position	(3,972,996)	(3,972,996)	(1,864,206)	(1,864,427)
Options market				
Long position	1,682,896	1,926,906	995,900	1,370,664
Short position	(871,423)	(961,611)	(488,835)	(650,115)
Exchange portfolio				
Long position	3,803,195	3,803,195	9,389,979	9,389,979
Short position	(3,875,726)	(3,875,726)	(9,309,826)	(9,313,026)
Long position	<b>24,525,870</b>	<b>25,906,263</b>	<b>33,211,114</b>	<b>35,307,143</b>
Short position	<b>(20,679,947)</b>	<b>(23,613,198)</b>	<b>(32,303,819)</b>	<b>(33,332,167)</b>

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

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

	30/06/2015	31/12/2014
	Total	Total
Futures market		
Long position	92,500,273	92,904,844
Currency	965,159	13,261,343
Interest rate	58,450,573	7,239,587
Commodities	31,511,223	19,108,318
Index	1,569,358	53,295,596
Equities	3,960	-
Short position	145,477,214	132,143,874
Currency	15,868,098	4,413,078
Interest rate	90,861,999	35,695,532
Commodities	37,529,057	23,204,657
Index	418,628	68,830,607
Equities	799,432	-
Swap		
Long position	166,887,990	144,487,244

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	30/06/2015	31/12/2014
Currency	3,434,459	6,174,223
Interest rate	136,710,529	120,673,644
Index	566,338	8,632,919
Equities	978,205	324,709
Commodities	3,025,190	4,112,719
Other	22,173,269	4,569,030
Short position	166,887,990	144,487,244
Currency	8,950,256	10,733,082
Interest rate	146,052,528	120,705,059
Index	1,292,057	4,471,139
Equities	291,077	263,885
Commodities	7,260,240	4,103,873
Other	3,041,832	4,210,206
Credit Derivatives		
Long position	349,663	432,164
Sovereign	-	185,934
Corporate	349,663	246,230
Short position	692,655	325,916
Sovereign	248,208	-
Corporate	444,447	325,916
Non-deliverable forward - NDF		
Long position	49,122,506	12,006,059
Currency	22,365,361	2,170,813
Commodities	21,562,700	-
Index	-	9,777,632
Interest rate	5,166,557	57,614
Others	27,888	-
Short position	49,122,506	12,006,059
Currency	26,726,056	11,488,632
Commodities	21,562,700	-
Index	-	511,165
Interest rate	830,072	-
Others	3,678	-
Deliverable forward - DF		
Long position	48,920,185	72,714,522
Currency	13,558,069	39,595,462
Commodities	24,976,999	33,119,060
Interest rate	10,385,117	-
Short position	48,920,185	72,714,522
Currency	13,558,069	39,185,365
Commodities	19,695,121	-
Interest rate	15,666,995	33,529,157
Security forwards		
Long position	3,969,668	991,234
Interest rate	2,072,563	-
Government bonds	1,897,105	991,234
Short position	3,969,668	991,234
Interest rate	1,897,105	-
Government bonds	2,072,563	991,234
Options market		
Call option	23,390,639	22,610,124
Equities	140,998	265,137
Commodities	4,979,354	1,265,298
Index	2,852,957	17,488,638
Currency	7,101,442	3,589,551
Interest rate	7,649,000	-
Other	666,888	1,500
Put option	21,569,738	21,940,288



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	30/06/2015	31/12/2014
Equities	22,850	227,191
Commodities	9,756,384	3,742,256
Index	238,547	14,983,766
Currency	5,502,284	2,987,075
Interest rate	5,736,000	-
Other	313,673	-
Call option	25,005,928	7,314,179
Equities	28,592	196,514
Commodities	5,336,337	1,391,569
Index	406,168	2,129,081
Currency	8,029,224	3,597,015
Interest rate	10,516,000	-
Others	689,607	-
Put option	12,422,659	36,024,628
Equities	101,192	151,285
Commodities	1,602,507	1,054,792
Index	433,046	31,660,845
Currency	4,547,568	3,157,706
Interest rate	5,736,000	-
Others	2,346	-
Exchange Portfolio		
Long position	3,803,195	9,389,979
Currency	3,803,195	9,389,979
Short position	3,875,726	9,086,028
Currency	3,875,726	9,086,028

Guarantee margins in transactions traded on BM&FBovespa and other stock exchanges with derivatives comprises federal government and sovereign bonds totaling R\$2,220,134 (December 31, 2014 – R\$2,644,645) and shares in the amount of R\$83,544 (December 31, 2014 – R\$112,832).

#### e. Reclassification of securities

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

## 8. Available-for-sale financial assets

	30/06/2015		31/12/2014	
	Cost	Market	Cost	Market
Investment fund quotes				
Equity Investment fund	852,933	852,933	939,547	939,547
	852,933	852,933	939,547	939,547

## 9. Fair value of financial instruments

The fair values of financial instruments are calculated as follows:

- Swaps – cash flows are discounted to present value based on yield curves that reflect the appropriate risk factors. These yield curves can be drawn mainly based on observed prices in negotiations on the BM&F, the Brazilian government bonds traded in the secondary market or derivatives and securities traded abroad. These yield curves

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can be used to obtain the fair value of currency swaps, interest rate swaps and swaps based on other risk factors (commodities, stock indices, etc.).

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

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

30/06/2015				
	Level 1	Level 2	Level 3	Total
<b>Asset</b>				
Financial Assets held for trading	16,751,608	4,022,973	2,628,380	23,402,961
Financial assets designated at fair value through profit and loss	-	20,994,641	-	20,994,641
Available-for-sale financial assets	-	-	852,933	852,933
Derivative financial instruments	7,261,474	10,595,851	8,048,938	25,906,263
<b>Liability</b>				
Financial liabilities held for trading	17,786,657	-	-	17,786,657
Derivative financial instruments	7,382,688	10,192,667	6,037,843	23,613,198
31/12/2014				
	Level 1	Level 2	Level 3	Total
<b>Asset</b>				
Financial Assets held for trading	7,745,703	5,656,110	1,028,562	14,430,375
Financial assets designated at fair value through profit and loss	-	23,513,940	-	23,513,940
Available-for-sale financial assets	-	-	939,547	939,547
Derivative financial instruments	22,031,483	10,620,075	2,655,585	35,307,143
<b>Liability</b>				
Financial liabilities held for trading	13,137,225	-	-	13,137,225
Derivative financial instruments	20,562,768	10,592,063	2,177,336	33,332,167

There were no reclassifications between Level 1 and 2 for the semester ended June 30, 2015 and the year ended December 31, 2014.

The movement on financial instruments classified as Level 3 in the semesters ended June 30, 2015 and the year ended December 31, 2014 are presented below:

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	Derivative financial instruments	Financial assets held for trading	Financial assets available for sale	Total
At December 31, 2013	152,517	2,367,483	423,821	2,943,821
Acquisition	754,338	1,024,937	-	1,779,275
Gain/losses	(271,089)	(13,627)	515,726	231,010
Sales	(157,517)	(2,350,231)	-	(2,507,748)
At December 31, 2014	478,249	1,028,562	939,547	2,446,358
Acquisition	2,119,602	1,016,130	-	3,135,732
Gain/losses	(247,330)	823,743	(86,614)	489,799
Sales	(339,426)	(240,055)	-	(579,481)
At June 30, 2015	2,011,095	2,628,380	852,933	5,492,408

Transfers from Level 2 during the year of 2014 basically refer to liquidity reduction in securities classified into this category.

## 10. Open market investments and funding

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

	30/06/2015		31/12/2014	
	Assets	Liabilities	Assets	Liabilities
Own funds	2,677,365	17,014,194	2,438,154	9,579,320
Third-party funds	12,096,550	16,325,778	6,557,167	16,565,544
Short position	485,812	-	39,135	-
	15,259,727	33,339,972	9,034,456	26,144,864

The collateral received in repurchase agreements above and on financial assets designated at fair value through profit and loss (Note 7c) amounts to R\$36,418,250 (December 31, 2014 - R\$33,524,609), whereas the collateral granted amounts to R\$32,954,204 (December 31, 2014 - R\$38,485,377). The collaterals for these operations that would be sold totaled R\$1,825,675 (December 31, 2014 - R\$1,526,456) and those which could be granted for other repurchase agreements totaled R\$3,207,338 (December 31, 2014 - R\$1,278,985).

## 11. Amounts receivable from/payable to banks

The composition of this account is presented below:

	30/06/2015		31/12/2014	
	Ativo	Passivo	Ativo	Passivo
Interbank deposits	2,737,460	903,108	2,660,846	769,819
Investments in foreign currency – Overnight	1,323,611	-	1,962,399	-
	4,061,071	903,108	4,623,245	769,819

## BANCO BTG PACTUAL S.A. and subsidiaries

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## 12. Other loans and receivables

### a. Composition

The composition of this account is presented below:

	30/06/2015		
	Balance	Allowance	Total
Loans	12,896,502	(897,644)	11,998,858
Debentures	8,580,968	(44,028)	8,536,940
Promissory notes	909,732	(874)	908,858
Financing	1,995,041	(94,829)	1,900,212
FINAME/BNDES	2,123,323	(23,901)	2,099,422
Foreign currency advances	790,913	(67,198)	723,715
Fund for Compensation of Salary Variations (FCVS)	448,900	(91,387)	357,513
Securities and credits receivable (i)	450,936	(4,147)	446,789
Other loans without loan characteristics (ii)	602,859	(36,913)	565,946
	<u>28,799,174</u>	<u>(1,260,921)</u>	<u>27,538,253</u>

  

	31/12/2014		
	Balance	Allowance	Total
Loans	12,692,663	(806,818)	11,885,845
Debentures	10,520,140	(26,535)	10,493,605
Promissory notes	2,282,620	(597)	2,282,023
Financing	2,389,861	(66,064)	2,323,797
FINAME/BNDES	1,664,423	(12,507)	1,651,916
Foreign currency advances	657,563	-	657,563
Fund for Compensation of Salary Variations (FCVS)	155,035	-	155,035
Securities and credits receivable (i)	1,725,012	(956,839)	768,173
Other loans without loan characteristics (ii)	1,763,875	(31,912)	1,731,963
	<u>33,851,192</u>	<u>(1,901,272)</u>	<u>31,949,920</u>

(i) Refers to the acquisition of credit rights.

(ii) Refers to the acquisition of credit portfolios and financing of vehicles through Investment Funds in Credit Rights (FIDC). The evaluation of these portfolios is performed based on the internal return rate (IRR).

### b. Allowance

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

	30/06/2015	30/06/2014
Opening balances	(1,901,272)	(1,280,585)
Reversal/(recording) of allowance (i)	(202,067)	(128,835)
Exchange rate variation	(26,730)	5,355
Credits written off as loss (ii)	869,148	43,755
Closing balances	<u>(1,260,921)</u>	<u>(1,360,310)</u>

(i) As at June 30, 2015, included R\$100,614 (December 31, 2014 - R\$236,139) relating to provision for stand-by letters and guarantees granted, which was recorded as other liabilities (note 19).

(ii) In June 2015, the Bank has offsetted the presentation of allowance for loan losses with the loans and receivables acquired by FIDCs, which corresponded substantially to the remaining difference between the contractual rights acquired and the value paid on the date of the acquisition, in order to present the net exposure to these loans and receivables.

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

As at the semester ended June 30, 2015, the amount of R\$57,412 were due to credit renegotiation (June 30, 2014 – R\$161,015). Also in the semester ended June 30, 2015 there were no recovery of credits written off loss (June 30, 2014 – R\$8,615).

#### d. Credit risk

The credit risk of these transactions is presented below.

Risk Level	30/06/2015	31/12/2014
Low	19,796,646	30,701,361
Medium	6,017,397	2,978,675
High	2,985,131	171,156
Total	28,799,174	33,851,192

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

### 13. Held-to-maturity financial assets

	30/06/2015	31/12/2014
Own portfolio		
Federal government bonds	679,876	1,364,178
Subject to repurchase		
Federal government bonds	2,220,536	1,712,579
Subject to guarantees		
Federal government bonds	2,016,708	1,557,799
	4,917,120	4,634,556

The Bank has the financial capacity to maintain these assets to maturity. If measured at fair value, held-to-maturity securities would be reported with a positive adjustment of R\$91,490 (2014 –R\$1,832).

### 14. Other financial liabilities carried at amortized cost

#### a. Summary

	30/06/2015	31/12/2014
Deposits	16,030,681	18,522,477
Funds from securities issued and accepted	23,084,235	20,971,298
Loans and onlending	8,135,584	6,896,509
Obligations related to transferred loans	329,960	196,266
Subordinated debts	12,287,800	10,916,392
	59,868,260	57,502,942

#### b. Deposits

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	30/06/2015	31/12/2014
Demand deposits	292,501	168,293
Time deposits	15,738,180	18,354,184
	<u>16,030,681</u>	<u>18,522,477</u>

#### c. Funds from securities issued and accepted

	30/06/2015	31/12/2014
Securities – Brazil	14,231,868	13,520,758
Real estate financial bills	-	187,528
Financial bills	11,429,774	10,195,821
Mortgage bonds/letters of credit for agribusiness	2,764,086	3,105,583
Certificates of structured transactions	38,008	31,826
Securities – abroad	8,852,367	7,450,540
Medium term notes	8,604,890	7,297,626
Fixed rate notes	247,477	152,914
	<u>23,084,235</u>	<u>20,971,298</u>

As at June 30, 2015, liabilities on bonds and securities in Brazil were basically indexed o interest referenced rates (CDI) between 87% and 113% or inflation indexes (IPCA and IGPM) plus 1.2% p.a. to 7.8% p.a. (December 31, 2014 – indexed to (CDI) between 50% and 113% or inflation indexes (IPCA and IGPM) plus 1.2% p.a. to 7.8% p.a.).

On June 30, 2015, liabilities on bonds and securities abroad have rates between 0.90% p.a. and 7% p.a. (December 31, 2014 – between 0.75% p.a. and 7% p.a.).

#### d. Loans and onlending

	30/06/2015	31/12/2014
Loans abroad	4,771,594	4,439,446
Foreign currency	291,636	-
Loans abroad	4,479,958	4,439,446
Loans - Brazil	1,284,239	799,240
Loans	1,284,239	799,240
Onlending in Brazil – official institution	2,079,751	1,657,823
FINAME/BNDES	2,079,751	1,657,823
	<u>8,135,584</u>	<u>6,896,509</u>

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

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#### e. Subordinated debt

Nome do papel - moeda	30/06/2015					31/12/2014
	Valor Principal (moeda original)	Emissão	Vencimento	Remuneração a.a.	Saldo contábil	Saldo contábil
Letras financeiras - R\$ (i)	4,161,000	15/04/2011	15/04/2021	Inflação + taxa pré	5,480,691	5,403,116
Notas subordinadas - US\$	800,000	28/09/2012	15/09/2022	5.75%	2,710,374	2,015,440
Notas subordinadas elegíveis a capital - US\$	1,300,000	12/09/2014	Perpétuo (opção de liquidação em 2019)	8.75%	4,096,735	3,497,836
<b>Total</b>					<b>12,287,800</b>	<b>10,916,392</b>

(i) Repayment every six months.

## 15. Other assets

The composition of this account is presented below:

	30/06/2015	31/12/2014
Court deposits	1,655,632	1,508,902
Taxes recoverable to offset	133,933	926,938
Debtors/creditors – pending settlement (i)	8,234,220	7,029,507
Investment properties	1,618,022	1,420,675
Sundry debtors – local	3,481,836	2,011,253
Services provided receivable	819,135	732,103
Management fee and performance fees receivable for funds and investment portfolios	478,432	684,382
Cash from records and settlement	616,412	1,417,845
Dividends and bonifications	64,354	41,859
Prepaid expenses	83,924	22,319
Other investments	35,285	44,989
Securities trading and brokerage	2,459,384	1,275,058
Warrants	3,005,842	1,490,615
Commodities physical inventories	2,030,240	-
Miscellaneous	2,127,666	1,368,148
	<b>26,844,317</b>	<b>19,974,593</b>

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

## BANCO BTG PACTUAL S.A. and subsidiaries

### Notes to the interim condensed consolidated financial statements

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(In thousands of reais)

### 16. Investments in associates and jointly-controlled entities

Relationship		Associates and jointly-controlled entities					
		Shareholders Equity		Income		Interest	
		6/30/2015	6/30/2014	6/30/2015	6/30/2014	6/30/2015	6/30/2014
In Brazil							
Banco Pan S.A.	Jointly-controlled entity	3,668,096	3,643,506	28,252	82,515	40.35%	40.35%
Warehouse 1 Empreendimentos Imobs S.A.	Associate	108,218	110,328	20,156	145	35.00%	35.00%
Max Casa XIX Empreendimentos Imobs S.A.	Associate	36,381	37,733	(755)	(1,771)	50.00%	50.00%
ACS Omicron Empreendimentos Imobs S.A.	Associate	17,375	17,375	474	1,992	44.74%	44.74%
BR Properties S.A.	Associate	6,073,118	6,005,116	65,062	242,359	0.12%	0.12%
BTG Pactual Vivere Participações S.A.	Associate	(16,008)	(16,008)	(37,709)	(4,875)	20.32%	20.32%
Pan Seguros S.A.	Jointly-controlled entity	707,680	669,000	8,616	-	51.00%	51.00%
Pan Corretora S.A.	Jointly-controlled entity	53,600	49,931	49,931	-	51.00%	51.00%
Rede D'OR São Luiz S.A.	Associate	3,445,404	1,458,380	6,237	115,415	12.00%	0.00%
Abroad							
BTG Pactual Holding S.A.R.L.	Jointly-controlled entity	3,446,813	4,223,990	19,385	207,870	80.00%	80.00%
Maybroke Holding S.A.	Jointly-controlled entity	1,410,360	-	277,596	-	50.00%	0.00%

Changes in relevant investments						
31/12/2014	Aquisition / Increase/ (Sales)	Dividends paid	Equity in earnings of subsidiaries from 30/06/2015	Fair value adjustments	30/06/2015	Equity in earnings of associates - 30/06/2014
In Brazil						
Banco Pan S.A. (iii)	1,315,957	-	11,400	(1,467)	1,325,890	(50,745)
Warehouse 1 Empreendimentos Imobs S.A.	38,614	(5,075)	(738)	-	21,184	29,144
Max Casa XIX Empreendimentos Imobs S.A.	18,866	-	(676)	-	18,190	(1,495)
ACS Omicron Empreendimentos Imobs S.A.	7,774	(1,119)	212	-	6,867	1,601
BR Properties S.A. (iv)	4,738	-	-	-	4,738	(788)
Vivere Soluções e Serviços S.A.	5	2,093	-	-	2,098	510
Pan Corretora S.A.	26,482	-	1,871	-	28,353	-
Pan Seguros S.A.	347,772	-	4,308	-	352,080	-
Rede D'OR São Luiz S.A. (i)	1,020,128	(659,218)	296,921	-	657,831	-
Abroad						
BTG Pactual Holding S.A.R.L. (ii)	3,632,684	-	596,298	-	4,106,060	(93,416)
Maybroke Holding S.A. (i)	-	566,382	138,798	-	705,180	-
Other	-	595	69	-	664	-
6,413,020	(96,342)	(134,539)	1,048,463	(1,467)	7,229,135	(115,189)



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	Changes in relevant investments						Equity in earnings of associates - 30/06/2013
	31/12/2013	Aquisition / Increase/ (Sales)	Dividends paid	Equity in earnings of subsidiaries - 30/06/2014	Fair value adjustments	30/06/2014	
In Brazil							
Banco Panamericano S.A. (iii)	917,453	-	-	(50,953)	341	866,841	17,802
Warehouse 1 Empreendimentos Imobs S.A.	15,121	(1,750)	-	29,144	-	42,515	(1,169)
Max Casa XIX Empreendimentos Imobs S.A.	11,460	5,857	-	(1,495)	-	15,822	1,281
ACS Omicron Empreendimentos Imobs S.A.	8,638	(3,272)	-	1,601	-	6,967	1,911
BR Properties S.A. (iv)	179,660	(171,884)	(1,641)	(788)	-	5,347	(306,419)
Rede D'OR São Luiz S.A. (i)	894,465	-	-	57,595	-	952,060	34,945
Vivere Soluções e Serviços S.A.	2,215	-	-	510	-	2,725	1,727
Abroad							
BTG Pactual Holding S.A.R.L. (ii)	2,478,710	5,286	(29,888)	(93,416)	-	2,360,692	-
	<u>4,507,722</u>	<u>(165,763)</u>	<u>(31,529)</u>	<u>(57,802)</u>	<u>341</u>	<u>4,252,969</u>	<u>(249,922)</u>

## BANCO BTG PACTUAL S.A. and subsidiaries

### Notes to the interim condensed consolidated financial statements

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- (i) See corporate restructuring described in Note 2;
- (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 Pactual Holding S.A.R.L. in its consolidated balance sheet and income statement. As a result, the Bank recognized an additional 7% indirect economic interest in PO&G, equivalent to R\$ 663 million, and a similar non-controlling interest.
- (iii) As of June 30, 2015 the Company's interest in Banco Panamericano equals to 376,896,904 (December 31, 2014 - 376,896,904) shares at a market price, on that date, of R\$ 1.57 (December 31, 2014 - R\$ 2.35).
- (iv) As of June 30, 2015 the Company's interest equals to 390,706 shares (December 31, 2014 - 390,706) shares at a market price on that date of R\$ 10.47 (December 31, 2014 - 10.25).

## 17. Intangible assets and goodwill

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

Changes in Intangible assets					
	31/12/2013	Acquisitions	Amortization expenses / derecognition	Exchange variation	30/06/2014
Goodwill	624,760	84,231	(78,607)	(61,888)	568,496
Cost	721,675	84,231	-	(83,606)	722,300
Impairment	(96,915)	-	(78,607)	21,718	(153,804)
Other intangible assets	613,087	31,991	(94,132)	264	551,210
Cost	451,890	31,991	(73)	(1,861)	481,947
Celfin	245,698	-	(52,697)	-	193,001
Amortization	(84,501)	-	(41,362)	2,125	(123,738)
	1,237,847	116,222	(172,739)	(61,624)	1,119,706

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

## 18. Tax Liabilities

The composition of this account is presented below:

	30/06/2015	31/12/2014
Deferred:		
Deferred social contribution and income tax	898,782	503,195
Deferred PIS and COFINS	151,779	96,783
Current:		
Tax and contributions to be collected	146,668	144,765
Tax and contribution payable	505,660	346,845
Suspended-payment taxes and others tax liabilities (note 20)	1,463,869	1,398,983
	3,166,758	2,490,571

## BANCO BTG PACTUAL S.A. and subsidiaries

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## 19. Other Liabilities

The composition of this account is presented below:

	30/06/2015	31/12/2014
Cash from records and settlement	474,813	990,364
Debtors/creditors – pending settlement (i)	5,028,168	3,952,074
Liabilities for guarantees provided and other fees	-	362
Employees' profit sharing	406,286	448,710
Bonus payable	108,729	432,324
Provision for payables	571,416	450,214
Payable for acquisition of assets and rights (ii)	1,060,147	1,034,142
Provision for contingent liabilities (Note 20)	716,279	742,250
Allowance for guarantees	100,614	236,139
Dividends and interest on equity	495,812	327,294
Others	171,893	225,513
	<u>9,134,157</u>	<u>8,839,386</u>

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

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

## 20. Contingent assets and liabilities and legal obligations

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

### a. Contingent assets

As at June 30, 2015 and 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 accrued based on an analysis of the potential loss amounts, considering the current stage of the lawsuit and the opinion of external and internal legal counsel.

#### ii. Civil provisions

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

## BANCO BTG PACTUAL S.A. and subsidiaries

### Notes to the interim condensed consolidated financial statements

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#### iii. Tax and social security provisions

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

#### c. Breakdown and changes in provisions in the year

The Bank's management is challenging the constitutionality of certain procedures regarding federal taxes, in addition to being a party to legal, tax and civil proceedings. Based on the opinion of its legal counsel, Management considers that the provisions recognized for such proceedings at June 30, 2015 are appropriate to cover any losses arising therefrom. The provisions recognized and their changes in the period are as follows:

	30/06/2015				31/12/2014
	Tax	Civil	Labor	Total	Total
Balance at the beginning of the period	1,398,983	702,372	39,878	2,141,233	792,487
Recognition	144,580	220,298	13,093	377,971	265,911
Allowances from companies acquired (i)	-	-	-	-	1,532,802
Write-off	(79,694)	(241,098)	(18,264)	(339,056)	(449,967)
Balance at the end of the period	1,463,869	681,572	34,707	2,180,148	2,141,233
Suspended-payment taxes and other taxes contingencies				1,463,869	1,398,983
Provision for contingent liabilities				716,279	742,250

(i) Allowance generated from the acquisition of Banco Sistema S.A.

The nature of the main provisions is presented below:

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

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 the internal and external counsel is fully recorded in provision. The main legal disputes are the following:

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

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

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

As at June 30, 2015, Banco BTG Pactual and its subsidiaries were parties to taxes lawsuits with a possible outcome, which were not recorded in provision. The 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\$801.7 million.

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Part of this amount is security by indemnity clause, as it refers to the period before the acquisition of the Bank by the current controllers.

- Lawsuits relating to the demutualization and IPO of BM&F Bovespa, challenging the taxation of PIS, Cofins, income tax and social contribution on revenues earned from the sale of shares of the companies previously mentioned. The amount claimed is R\$17.7 million. Part of this amount is security by indemnity clause, as it refers to the period before the acquisition of the Bank by the current controllers.
- In October 2012, we received a tax assessment, which in June 30, 2015 totaled R\$2,046 million alleging that our use of the amortization of certain goodwill to reduce the amount of the IRPJ and CSLL taxes payable by us was inappropriate. Such goodwill was originated in connection with the acquisition of us by UBS in 2006. The amortization of such goodwill occurred from February 2007 to January 2012, although the tax assessment solely relates to the IRPJ and CSLL tax returns for the calendar years 2007, 2008 and 2009. We have filed an appeal of this tax assessment. In February 2013 a preliminary administrative decision was issued, providing for a partial reduction of the tax assessment. On June 03, 2015, a second instance decision was issued, which cancel the isolated fine in the amount of R\$329,9 million. Based on our analysis of applicable case law, including in recent similar cases, we believe that the tax assessment is without merit and that we will ultimately prevail in its appeal. As a result, we do not expect to incur any losses (other than the costs of the appeal) in connection with this matter, and have not established (and do not expect to establish) any related reserves on our financial statements. In addition to our assessment as to the validity of this tax assessment, in the event that we incur losses in connection with this matter, we believe we are entitled to be indemnified by third parties for part of these losses. Accordingly, in no event do we do not to incur any material losses in connection with this matter.

#### ii. Provision for other contingent liabilities

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

## 21. Income tax and social contribution

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

Income tax and social contribution	30/06/2015	30/06/2014
Tax base	(71,924)	2,492,065
Income before taxes	350,076	2,793,865
Interest on equity	(422,000)	(301,800)
Total charge of income tax and social contribution at the current rates	28,770	(996,826)
Permanent (additions) / deductions in taxation calculation	348,694	147,472
Equity in the earnings of subsidiaries and associated companies in Brazil	370,505	(115,397)
Foreign earnings	35,968	406,652
Gains on foreign gains	(239,180)	(70,803)
Other Permanent (additions) / deductions	181,401	(72,980)
Temporary (additions) / deductions on the taxation calculation	(317,746)	165,407
Reversal of provision for goodwill on the acquisition of investments	72,900	70,761
Interest on equity	(54,513)	(120,720)
Marked-to-market evaluation of securities and derivatives	(208,834)	255,955
Allowance for loan losses	(49,736)	(53,267)

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Income tax and social contribution	30/06/2015	30/06/2014
Tax contingencies and provision for suspended-payment taxes	12,937	(13,807)
Reversal of provision on investment	-	24,974
Other provisions	(90,500)	1,511
Offset of tax loss carry forwards - current and deferred liability - Brazil	(721,587)	(39)
Current tax expense and social contribution	(661,869)	(683,986)
Temporary differences		
Recognition / (reversal) of the period	419,045	(81,087)
Recognition of loss on investment abroad	721,587	12,412
Recognition of tax loss carry forward	247,433	39
Offset of tax loss carry forwards - Abroad	152,888	167,247
(Expenses) / revenues from deferred taxes	1,540,953	98,611
Total revenues / (expenses)	879,084	(585,375)

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

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

Income tax and social contribution	31/12/2014	Recognition	Realization	30/06/2015
Tax loss carryforwards	239,956	1,138,068	(1,803)	1,376,221
Interest on equity	119,280	54,513	-	173,793
Provision for impairment on investments (ii)	-	-	-	-
Allowance for loan losses	381,675	82,996	(30,132)	434,539
Marked-to-market evaluation of securities and derivatives	301,640	3,585,157	(3,375,038)	511,759
Interest on equity	267,505	26,752	(66,402)	227,855
Goodwill on the acquisition of investment	68,013	(77,174)	-	(9,161)
Tax contingencies and provision for suspended-payment taxes	213,913	-	(12,792)	201,121
Other temporary differences	172,838	214,708	(120,501)	267,045
	1,764,820	5,025,020	(3,606,668)	3,183,172
Income tax and social contribution	31/12/2013	Recognition	Realization	30/06/2014
Tax loss carryforwards	13,878	255,758	(29,680)	239,956
Interest on equity	-	240,000	(120,720)	119,280
Provision for impairment on investments (ii)	26,120	-	(26,120)	-
Allowance for loan losses	173,095	241,205	(32,625)	381,675
Marked-to-market evaluation of securities and derivatives	261,489	1,783,559	(1,743,408)	301,640
Interest on equity	409,028	-	(141,523)	267,505
Goodwill on the acquisition of investment	64,291	3,722	-	68,013
Tax contingencies and provision for suspended-payment taxes	199,328	14,585	-	213,913
Taxes on foreign gains (i)	-	-	-	-
Other temporary differences	89,405	157,303	(73,870)	172,838
	1,236,634	2,696,132	(2,167,946)	1,764,820

(i) On June 30, 2015, the amount of R\$245,472 (December 31, 2014 – R\$528,085), refers to recovery paid taxes from investments abroad

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

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

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As at June 30, 2015 tax credits in the amount of R\$1,151,881 (December 31, 2014 – R\$1,457,275), from tax losses calculated between the period of 1993 and 2010, were not registered on 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.

On May 21, 2015, Provisional Measure nº 675 (MP 675/15) was published which increased the rate of the Social Contribution on Net Profit of the financial and insurance sectors from 15% to 20% of taxable profit, from September 1, 2015. The Bank will wait for the conversion of MP 675/15 into Law for a more in-depth and conclusive analysis, since possible amendments to MP may be proposed by the National Congress.

## 22. Shareholders' equity

### a. Capital

As at June 30, 2015, fully subscribed and paid in capital consists of 2,714,902,212 shares (December 31, 2014 – 2,714,902,212), of which 1,390,671,404 common shares (December 31, 2014 – 1,390,671,404), 508,380,404 class A preferred shares (December 31, 2014 – 508,380,404) and 815,850,404 class B preferred shares (December 31, 2014 – 815,850,404), all no-par, registered shares.

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

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

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

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

The share movements on the years are presented below:

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

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

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#### **b. Legal reserve**

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

#### **c. Statutory reserve**

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

#### **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 June 30, 2015 the Bank has accrued R\$422,000 (June 30, 2014 – R\$301,800), relating to interest on equity, equivalent to R\$0.16 per share (June 30, 2014 - R\$0.11 per share) which generated R\$168,800 (2013 – R\$120,720) of tax benefit. These amounts were approved in the Special Shareholders' Meeting held on June 30, 2014 (June 2014 – August 5, 2014).

As at June 30 2015 the Bank has not accrued dividends. As at June 30, 2014 the Bank has accrued R\$146,639, relating to intermediate dividends, equivalent to R\$0.05 per share. These amounts were approved in the Special Shareholders' Meeting held on August 5, 2014 (2013 – February 18, 2014).

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

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

On June 30, 2014 the Bank has provisioned R\$301,800 (December 31, 2013 – R\$132,190) relating to interest on equity, equivalent to R\$0.11 per share, which generated R\$120,720 (December 31, 2013 - R\$98,760) of tax benefit. These amounts were approved in the Special Shareholders' Meeting held on August 5, 2014 (2013 – on March 11, 2014).

As at June 30, 2014 the Bank has accrued R\$146,639 (December 31, 2013 – R\$132,190), relating to intermediate dividends, equivalent to R\$ 0.05 per share (December 31, 2013 – R\$0.05). These amounts were approved in the Special Shareholders' Meeting held on August 05, 2014 (2013 – February 18, 2014).

#### **f. Other comprehensive income**

During the semester ended June 30, 2015 comprises: (i) the fair value changes in the financial assets available for sale from jointly controlled entities totaling R\$1,479 (December 31, 2014 – R\$4,247); (ii) the fair value changes in the financial



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June 30, 2015

(In thousands of reais)

assets available for sale totaling R\$31,663 (December 31, 2014 – R\$12,854) and; (iii) the translations differences between assets and liabilities of foreign subsidiaries whose functional currency is other than the Reais totaling R\$1,109,077(December 31, 2014 – R\$1,066,423).

## 23. Earnings per share

Income per share basic and diluted is calculated dividing the net income by weighted average shares outstanding during the year. In the semester ended June 30, 2015 and the semester ended June 30, 2014 there were no events that case dilution.

	30/06/2015	30/06/2014
Net income	1,296,699	2,212,101
Weighted average per thousand ordinary shares outstanding for the semester	1,390,671,404	1,390,671,404
Weighted average per thousand preferred shares outstanding for the semester	1,324,230,808	1,324,230,808
Earnings per share – basic and diluted - R\$		
Common shares	0.48	0.81
Preferred shares	0.48	0.81

## 24. Net interest income and net gains on financial instruments

### a. Net interest income

Interest revenues	30/06/2015	30/06/2014
Other loans and receivables	1,301,251	905,557
Open market funding and held-to-maturity financial assets	2,442,739	1,991,445
Income from compulsory investments in Brazilian Central Bank	50,962	14,915
	<u>3,794,952</u>	<u>2,911,917</u>
Interest expense	30/06/2015	30/06/2014
Open market funding	(3,155,972)	(1,789,806)
Time deposits	(268,481)	(593,441)
Interbank deposit	(62,195)	(20,202)
Notes issued	(1,205,422)	(947,650)
Borrowings and loans	(2,127,168)	(89,173)
	<u>(6,819,238)</u>	<u>(3,440,272)</u>

### b. Net gains on financial instruments

	30/06/2015	30/06/2014
Derivatives	1,237,943	1,357,852
Financial assets at fair value through profit and loss	1,278,328	995,892
	<u>2,516,271</u>	<u>2,353,744</u>

## BANCO BTG PACTUAL S.A. and subsidiaries

### Notes to the interim condensed consolidated financial statements

June 30, 2015

(In thousands of reais)

## 25. Fees and commissions

	30/06/2015	30/06/2014
Management and performance fee from investment funds and portfolios	663,894	628,008
Brokerage	116,533	91,350
Technical services	290,648	376,995
Commission on the placement of securities	87,895	106,884
Guarantees	103,720	66,426
Other services	13,445	36,141
	<u>1,276,135</u>	<u>1,305,804</u>

## 26. Other operating income / (expenses)

	30/06/2015	30/06/2014
Adjustment to inflation of court deposits	184,816	36,019
Repayment of financial operating costs	(119,902)	(6,376)
Reversal of provision - employees' profit sharing	44,381	4,428
Reversal of allowances - other	-	71,807
Reversal of provision - contingencies (ii)	318,257	1,211
Recovery of charges and expenses	292	2,259
Expenses with taxes adjusted for inflation	(130,142)	(21,824)
Reimbursement of clients	(2,610)	(2,457)
Adjustment of amounts payable for acquisition of assets (i)	(222,037)	(31,571)
Adjustment of amounts payable for sale of investments	153,379	48,537
Foreign exchange	1,109,077	416,299
Fair value of investment properties	-	18,130
Adjustment of purchase price - Coomex	-	-
Other income	(184,381)	(13,963)
	<u>1,151,130</u>	<u>522,499</u>

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

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

## 27. Other administrative expenses

	30/06/2015	30/06/2014
Outsourced services and consulting	(205,267)	(210,364)
Telecommunications and data processing	(146,091)	(112,780)
Leases and condominiums	(59,717)	(50,000)
Travel and lodging	(44,641)	(37,202)
Expenses of the financial system	(88,989)	(32,695)
Advertising and Public Relations	(21,639)	(31,180)
Depreciation and amortization	(42,809)	(94,059)
Other	-	(42,511)
	<u>(609,153)</u>	<u>(610,791)</u>

## BANCO BTG PACTUAL S.A. and subsidiaries

### Notes to the interim condensed consolidated financial statements

June 30, 2015

(In thousands of reais)

## 28. Personnel Expenses

	30/06/2015	30/06/2014
Direct compensation	(867,843)	(785,797)
Benefits	(61,335)	(35,840)
Charges	(81,984)	(48,067)
Other personnel expenses	(90,773)	(6,522)
	<u>(1,101,935)</u>	<u>(876,226)</u>

## 29. Related parties

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

	Relationship	Maturity	Assets/Liabilities		Revenues/Expenses	
			30/06/2015	31/12/2014	30/06/2015	30/06/2014
<b>Assets</b>						
<b>Short-term interbank investments</b>						
<b>Open market investments</b>						
- FIM B-2 (i)	Related	06/08/2015	1,013,475	1,323,968	314,222	101,235
- Banco Pan S.A.	Jointly controlled	01/07/2015	99,999	-	74,441	-
<b>Interbank investments deposits</b>						
- Banco Pan S.A.	Jointly controlled	01/07/2015	2,615,000	2,518,106	104,548	21,660
<b>Securities</b>						
- BTG Investments LP (i)	Related	17/04/2018	212,361	177,301	3,543	-
- Banco Pan S.A.	Jointly controlled	23/04/2020	96,121	55,135	-	-
<b>Derivative financial instruments</b>						
- Banco Pan S.A.	Jointly controlled	20/10/2017	58,391	2,204	-	-
<b>Income receivable</b>						
- BTG Pactual Brazil Investment Fund I LP (i)	Related	No maturity	-	65,037	-	35,152
- BTG Absolute Return Master Fund (i)	Related	No maturity	-	4,274	-	22,993
- BTG Absolute Return Master Fund II (i)	Related	No maturity	-	8,391	-	132,124
<b>Sundry</b>						
- ACS Omicron Empreendimentos imobiliários S.A.	Related	No maturity	894	894	-	-
<b>Liabilities</b>						
<b>Deposits</b>						
<b>Time deposits</b>						
- BTG Investments LP (i) (iii)	Related	01/07/2015	(1,031,143)	(1,082,884)	(7,252)	-
- BTG MB Investments LP	Related	01/07/2015	(127,014)	(49,813)	-	-
- BTG Pactual Proprietary Feeder (1) Limited (i)	Related	01/07/2015	(58,954)	(78,977)	-	-
- BTG Alpha Investments LLC (ii)	Related	01/07/2015	(32,453)	(6,306)	-	-
- BTG Pactual Absolute Return Master Fund II (i)	Related	01/07/2015	(5,155)	(17,654)	-	-
- BTG Pactual Absolute Return Master Fund I (i)	Related	01/07/2015	(4,625)	-	-	-
- BTG Pactual Stigma LLC (i)	Related	01/07/2015	(1,619)	-	-	-
<b>Open market funding</b>						
<b>Own portfolio</b>						
- BRPEC Agropecuária (i)	Related	01/07/2015	(129,870)	-	(4,416)	-
- Banco Pan S.A.	Jointly controlled	01/07/2015	(52,304)	-	-	-
<b>Third-party portfolio</b>						
- Banco Pan S.A.	Jointly controlled	01/07/2015	(148,929)	-	-	-
- FIM B-2 (i)	Related	01/07/2015	(48,751)	-	-	-
<b>Funds from securities issued and accepted</b>						
<b>Real Estate Bills</b>						
- Partners	Key personnel	14/01/2019	(20,802)	(41,636)	-	-
<b>Securities issued abroad</b>						
- BTG MB Investments LP	Parent Company	18/09/2019	(1,470,223)	(1,418,052)	(62,049)	(37,261)
- BTG Investments LP (i)	Parent Company	17/04/2018	(302,884)	-	-	-
<b>Derivative financial instruments</b>						
- Banco Pan S.A.	Jointly controlled	15/02/2022	(269,815)	(129,983)	-	-
<b>Other obligations</b>						
<b>Securities trading and brokerage</b>						
- BTG Alpha Investments LLC (ii)	Related	No maturity	(37,279)	-	-	-

## BANCO BTG PACTUAL S.A. and subsidiaries

### Notes to the interim condensed consolidated financial statements

June 30, 2015

(In thousands of reais)

- (i) Subsidiaries of BTG Pactual Participations Ltd.  
(ii) Subsidiaries of BTG MB Investments, LP.

As of December 31, 2014, transactions with related parties have no guarantees given and received. Additionally, the Bank did not record any allowance or provision for doubtful debts for the semester ended June 30, 2015 and the year ends December 31, 2014.

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

## 30. Other information

### a. Deposits

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

	30/06/2015	31/12/2014
Interbank deposits	600	315
Time deposits	262	423

### b. Cash and cash equivalents

	30/06/2015	31/12/2014
Cash and balances at Central Bank	1,637,403	1,585,254
Amounts receivable from banks		
Interbank deposits	2,615,290	2,518,500
Overnight investments	1,323,611	1,962,399
Open market investments	14,794,888	16,356,157
<b>Balances at the end of</b>	<b>20,371,192</b>	<b>22,422,310</b>
	<b>30/06/2014</b>	<b>31/12/2013</b>
Cash and balances at Central Bank	1,264,535	1,074,027
Amounts receivable from banks		
Interbank deposits	1,548,594	1,205,797
Overnight investments	3,328,583	1,787,094
Open market investments	15,442,369	6,688,247
<b>Balances at the end of</b>	<b>21,584,081</b>	<b>10,755,165</b>

### c. Commitments and responsibilities

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

	30/06/2015	31/12/2014
Co-obligation and risks for guarantees granted	11,457,601	11,834,916
Responsibility for the management of futures and investment portfolio (i)	259,123,218	213,884,308
Securities under custody	278,552,272	222,719,863
Securities trading and brokerage	2,347,547,616	1,938,364,154
Loans contract to release	1,304,456	2,541,953
Commitments to be released	815,100	1,113,960

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

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

June 30, 2015

(In thousands of reais)

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

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

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

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

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

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

## **31. Subsequent events**

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

As at August 07, 2015 the Tribunal Superior do Trabalho (TST) published the decision that may change the accrual index currently applied to labour contingencies, the Referencial Tax (TR), to a price index related to consumers (IPCA-E). According to the decision, the IPCA-E shall be applied to all labour contingencies, in a retroactive way, since June 30, 2009. The Bank is evaluating the impact of the index change as the IPCA-E has been higher than the TR in the last years.

# **Interim Condensed Consolidated Financial Statements**

**BTG Pactual Participations Ltd.**

As of June 30, 2015  
with independent auditors' review report

## **BTG Pactual Participations Ltd.**

Interim condensed consolidated financial statements

As of June 30, 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 June 30, 2015, which comprise the interim condensed consolidated balance sheet as of June 30, 2015 and the related interim condensed consolidated statements of income and comprehensive income for the three and six-month period then ended, changes in shareholders' equity and cash flows for the six-month period then ended, and a summary of significant accounting practices and other explanatory notes.

Management is responsible for the preparation and fair presentation of 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, August 5, 2015.

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



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



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

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 June 30, 2015 and December 31, 2014

(In thousands of reais)

<b>Assets</b>	<b>Note</b>	<b>6/30/2015</b>	<b>12/31/2014</b>
Cash at banks	6	209,601	1,299,095
Open market investments	7	2,478,074	8,795,779
Derivative financial instruments	8a	586,918	1,581,724
Financial assets held for trading	8b	15,780,959	33,047,812
Financial assets designated at fair value	8d	1,564,258	-
Financial assets available for sale	8e	1,395,043	1,474,124
Loans and receivables	8f	2,894,918	2,193,872
Due from brokers	9	1,944,157	3,960,172
Investments in associates and joint ventures	10	1,265,692	1,380,774
Investment properties	11	814,030	770,862
Other assets		511,886	789,421
<b>Total assets</b>		<b>29,445,536</b>	<b>55,293,635</b>
<b>Liabilities</b>			
Open market funding	7	14,439,443	33,862,842
Derivative financial instruments	8a	419,779	1,597,524
Financial liabilities held for trading	8c	1,052,589	3,572,602
Financial liabilities at amortized cost	8g	6,378,863	7,076,835
Due to brokers	9	698,506	2,039,768
Other liabilities		2,691,234	2,995,897
<b>Total liabilities</b>		<b>25,680,414</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		238,346	192,890
Accumulated losses		(425,105)	(283,693)
<b>Total shareholders' owners equity</b>		<b>938,421</b>	<b>1,034,377</b>
Non-controlling interest		2,826,701	3,113,790
<b>Total shareholders' equity and non-controlling interest</b>		<b>3,765,122</b>	<b>4,148,167</b>
<b>Total liabilities and shareholders' equity</b>		<b>29,445,536</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 and six month periods ended June 30, 2015 and 2014

(In thousands of reais, except per share data)

		Quarters ended:		Semesters ended:	
	Note	6/30/2015	6/30/2014	6/30/2015	6/30/2014
Interest income	14a	86,954	65,958	124,323	128,959
Interest expenses	14b	(316,705)	(138,235)	(732,190)	(249,797)
<b>Interest expense, net</b>		<b>(229,751)</b>	<b>(72,277)</b>	<b>(607,867)</b>	<b>(120,838)</b>
Gains on financial instruments held for trading	15	222,238	303,208	373,040	595,360
Gains/(losses) on financial assets designated at fair value		(1,591)	-	546	-
Gains/(losses) on financial assets available for sale					
Dividends received		16,248	-	16,248	-
Impairment losses		(100,000)	(28,958)	(100,000)	(28,958)
Equity pickup in associates and joint ventures	10	(15,963)	4,764	(22,928)	(170,194)
Other operating (expenses) / income, net	16	69,849	17,421	(14,753)	30,041
<b>Total (expenses) / income</b>		<b>(38,970)</b>	<b>224,158</b>	<b>(355,714)</b>	<b>305,411</b>
Administrative expenses	17	(50,967)	(64,662)	(102,455)	(175,910)
Other expenses		(78,465)	(30,404)	(106,322)	(94,609)
<b>(Loss) / net income for the quarter/semester</b>		<b>(168,402)</b>	<b>129,092</b>	<b>(564,491)</b>	<b>34,892</b>
<b>(Loss) / net income attributed to:</b>					
Controlling shareholders		(42,192)	31,211	(141,412)	8,373
Non-controlling shareholders		(126,210)	97,881	(423,079)	26,519
(Loss)/gain per share (basic and diluted - R\$)	13	(0.06)	0.05	(0.21)	0.01

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 and six month periods ended June 30, 2015 and 2014

(In thousands of reais)

		Quarters ended:		Semesters ended:	
	Note	6/30/2015	6/30/2014	6/30/2015	6/30/2014
(Loss) / net income for the quarter/semester		(168,402)	129,092	(564,491)	34,892
Other comprehensive income/(loss) to be reclassified to profit or loss:		68,599	89,045	(515,334)	167,980
Share of other comprehensive income of non-controlled entities:					
Realized losses due to impairment		-	36,844	-	58,318
Unrealized		-	588	-	(10,172)
Foreign exchange	10	(18,006)	(22,590)	67,138	(48,454)
Movements in financial assets available for sale:					
Realized losses due to impairment		100,000	28,958	100,000	28,958
Unrealized		(99,307)	(29,381)	(355,019)	(36,317)
Exchange differences on translation of controlled entities		85,912	74,626	(327,453)	175,647
Other comprehensive income/(loss) not to be reclassified to profit or loss:					
Currency translation adjustments		(82,431)	(112,713)	696,780	(245,970)
<b>Total comprehensive income/(loss)</b>		<b>(182,234)</b>	<b>105,424</b>	<b>(383,045)</b>	<b>(43,098)</b>
<b>Total comprehensive income/(loss) attributed to:</b>					
Controlling shareholders		(45,605)	25,673	(95,956)	(10,282)
Non-controlling shareholders		(136,629)	79,751	(287,089)	(32,816)

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

## BTG Pactual Participations Ltd.

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

Six month periods ended June 30, 2015 and 2014

(In thousands of reais)

Note	Capital stock and share premium	Other comprehensive income		Accumulated losses	Total shareholders' equity	Non-controlling interest	Total shareholders' equity and non-controlling interest
		From Company	From non-controlled entities				
<b>Balance as of 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>
Transactions with shareholders	4,689	-	-	-	4,689	(4,689)	-
Net income of the semester	-	-	-	8,373	8,373	26,519	34,892
Share of other comprehensive income of non-controlled entities:							
Realized losses due to impairment	-	-	14,180	-	14,180	44,138	58,318
Unrealized	-	-	(2,465)	-	(2,465)	(7,707)	(10,172)
Foreign exchange	-	-	(11,803)	-	(11,803)	(36,651)	(48,454)
Movements in financial assets available for sale:							
Realized losses due to impairment	-	7,054	-	-	7,054	21,904	28,958
Unrealized	-	(8,838)	-	-	(8,838)	(27,479)	(36,317)
Exchange differences on translation of controlled entities	-	42,785	-	-	42,785	132,862	175,647
Currency translation adjustments	-	(59,568)	-	-	(59,568)	(186,402)	(245,970)
<b>Balance as of June 30, 2014</b>	<b>1,103,773</b>	<b>84,833</b>	<b>(14,540)</b>	<b>(176,200)</b>	<b>997,866</b>	<b>3,098,717</b>	<b>4,096,583</b>
<b>Balance as of 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 semester	-	-	-	(141,412)	(141,412)	(423,079)	(564,491)
Share of other comprehensive income of non-controlled entities:							
Foreign exchange	-	-	16,820	-	16,820	50,318	67,138
Movements in financial assets available for sale:							
Realized losses due to impairment	-	25,052	-	-	25,052	74,948	100,000
Unrealized	-	(88,940)	-	-	(88,940)	(266,079)	(355,019)
Exchange differences on translation of controlled entities	-	(82,034)	-	-	(82,034)	(245,419)	(327,453)
Currency translation adjustments	-	174,558	-	-	174,558	522,222	696,780
<b>Balance as of June 30, 2015</b>	<b>1,125,180</b>	<b>259,525</b>	<b>(21,179)</b>	<b>(425,105)</b>	<b>938,421</b>	<b>2,826,701</b>	<b>3,765,122</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

Six month periods ended June 30, 2015 and 2014

(In thousands of reais)

	Note	6/30/2015	6/30/2014
Operating activities			
(Loss)/net income for the semester		(564,491)	34,892
Adjustments to the (loss)/net income			
Equity pickup in associates and joint ventures	10	22,928	170,194
(Gains) / losses on financial assets available for sale		100,000	28,958
Adjusted (loss)/net income		(441,563)	234,044
(Increase)/decrease in operating assets, net			
Derivative financial instruments		994,805	370,736
Financial assets held for trading		17,324,499	2,202,923
Financial assets designated at fair value		(1,564,258)	-
Financial assets available for sale		(64,797)	(80,737)
Loans and receivables		(701,046)	(480,436)
Due from brokers		2,022,985	(3,585,929)
Other assets		277,535	(10,818)
Increase/(decrease) in operating liabilities, net			
Open market funding		(19,366,375)	(6,548,240)
Derivative financial instruments		(1,177,745)	(345,955)
Financial liabilities held for trading		(2,520,013)	310,461
Due to brokers		(1,338,029)	4,646,950
Other liabilities		(282,886)	(657,785)
Cash used in operating activities		(6,836,888)	(3,944,786)
Investment activities			
Capitalization/acquisition of associates and joint ventures	10	(76,513)	(344,375)
Sale/transfer of associates and joint ventures	10	209,686	1,067,840
Dividends received	10	26,120	91,270
Cash provided by investing activities		159,293	814,735
Financing activities			
Financial liabilities at amortized cost		(682,087)	460,302
Cash (used in)/provided by financing activities		(682,087)	460,302
<b>(Decrease) in cash and cash equivalents</b>	19	<b>(7,359,682)</b>	<b>(2,669,749)</b>
Balance of cash and cash equivalents			
At the beginning of the semester		10,094,874	7,995,798
Foreign exchange gains/(losses) on cash and cash equivalents		47,517	(15,543)
At the end of the semester		2,687,675	5,341,592
<b>(Decrease) in cash and cash equivalents</b>		<b>(7,359,682)</b>	<b>(2,669,749)</b>
<b>Non-cash transactions</b>			
Transactions with shareholders		-	(4,689)
<b>Additional information on cash flow</b>			
Dividends		-	11,539

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**

As of June 30, 2015

(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, 2035, including income, capital gains and withholding taxes. In jurisdictions other than Bermuda, some foreign taxes will be withheld at source on dividends and certain interest received by the Company.

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 August 5, 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**

As of June 30, 2015

(In thousands of reais)

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

The accounting policies adopted on these interim condensed consolidated 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 starting 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 IFRS’s 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 them.



## **BTG Pactual Participations Ltd.**

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

As of June 30, 2015

(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 them.

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

Considering the activities that the Company and its subsidiaries, 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 six-month period ended on June 30, 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 interim condensed consolidated statements of income on the line “Gains / losses on financial assets designated at fair value”.

## BTG Pactual Participations Ltd.

### Notes to the interim condensed consolidated financial statements

As of June 30, 2015

(In thousands of reais)

## 4. Basis of consolidation

### a. Subsidiaries

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

	Country	Equity interest - %	
		6/30/2015	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 - %	
		6/30/2015	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	100.00	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	38.50	71.66
São Lourenço Empreendimentos Florestais Ltda.	Brazil	38.50	71.66
Fazenda Corisco Participações S.A.	Brazil	38.50	71.66
BTG Pactual Santa Terezinha Holding S.A. (i)	Brazil	29.50	37.75
SCFlor Empreendimentos Agrícolas Ltda. (i)	Brazil	29.50	37.75
Fazenda Santa Terezinha Participações S.A. (i)	Brazil	29.50	37.75
BTGI Quartzo Participações S.A	Brazil	100.00	-
BTGI Safira Participações S.A	Brazil	100.00	-

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

## BTG Pactual Participations Ltd.

### Notes to the interim condensed consolidated financial statements

As of June 30, 2015

(In thousands of reais)

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 general partner structure in "BTGI".

As of June 30, 2015 the Company held 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, were 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 were 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\$	June 30, 2015	December 31, 2014	June 30, 2014
Daily average VaR	33.6	42.6	40.3

### 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:

	6/30/2015				
	Brazil	United States	Europe	Others	Total
<b>Assets</b>					
Cash at banks	96,615	6,745	106,241	-	209,601
Open market investments	214,473	2,249,256	589	13,756	2,478,074
Derivative financial instruments	532,119	13,256	25,336	16,207	586,918
Financial assets held for trading	1,899,896	11,307,240	1,147,123	1,426,700	15,780,959
Financial assets designated at fair value	-	-	-	1,564,258	1,564,258
Financial assets available for sale	721,026	521,673	-	152,344	1,395,043
Loans and receivables	547,109	1,385,948	206,367	755,494	2,894,918
Due from brokers	69,422	445,798	1,389,438	39,499	1,944,157
Investments in associates and joint ventures	1,090,379	-	173,929	1,384	1,265,692
Investment properties	814,030	-	-	-	814,030
Other assets	371,214	-	60,229	80,443	511,886
<b>Total assets</b>	<b>6,356,283</b>	<b>15,929,916</b>	<b>3,109,252</b>	<b>4,050,085</b>	<b>29,445,536</b>

## BTG Pactual Participations Ltd.

### Notes to the interim condensed consolidated financial statements

As of June 30, 2015

(In thousands of reais)

	12/31/2014				
	Brazil	United States	Europe	Others	Total
<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
Investments in associates and joint ventures	1,012,131	-	368,120	523	1,380,774
Investment properties	770,862	-	-	-	770,862
Other assets	396,572	308,365	71,447	13,037	789,421
<b>Total assets</b>	<b>8,447,890</b>	<b>22,418,339</b>	<b>19,625,920</b>	<b>4,801,486</b>	<b>55,293,635</b>

## BTG Pactual Participations Ltd.

### Notes to the interim condensed consolidated financial statements

As of June 30, 2015

(In thousands of reais)

The table below states the maximum exposures to credit risk based on the items of the balance sheet, classified by the counterparties:

6/30/2015						
	Governments (i)	Financial Institutions	US Agencies	Companies	Individuals	Others
<b>Assets</b>						
Cash at banks	-	209,601	-	-	-	-
Open market investments	-	2,478,074	-	-	-	-
Derivative financial instruments	-	586,918	-	-	-	-
Financial assets held for trading	13,076,279	1,962,446	-	742,234	-	-
Financial assets designated at fair value	-	1,564,258	-	-	-	-
Financial assets available for sale	-	-	-	1,395,043	-	-
Loans and receivables	-	-	-	1,064,831	1,829,999	88
Due from brokers	-	1,944,157	-	-	-	-
Investments in associates and joint ventures	-	-	-	1,265,692	-	-
Investment properties	-	-	-	814,030	-	-
Other assets	-	-	-	-	-	511,886
<b>Total assets</b>	<b>13,076,279</b>	<b>8,745,454</b>	<b>-</b>	<b>5,281,830</b>	<b>1,829,999</b>	<b>511,974</b>
12/31/2014						
	Governments (i)	Financial Institutions	US Agencies	Companies	Individuals	Others
<b>Assets</b>						
Cash at banks	-	1,299,095	-	-	-	-
Open market investments	-	8,795,779	-	-	-	-
Derivative financial instruments	-	1,581,724	-	-	-	-
Financial assets held for trading	21,974,238	837,892	2,487,711	7,747,971	-	-
Financial assets available for sale	-	-	-	1,474,124	-	-
Loans and receivables	-	-	-	781,490	1,412,258	124
Due from brokers	-	3,960,172	-	-	-	-
Investments in associates and joint ventures	-	-	-	1,380,774	-	-
Investment properties	-	-	-	770,862	-	-
Other assets	-	-	-	-	-	789,421
<b>Total assets</b>	<b>21,974,238</b>	<b>16,474,662</b>	<b>2,487,711</b>	<b>12,155,221</b>	<b>1,412,258</b>	<b>789,545</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.

### Notes to the interim condensed consolidated financial statements

As of June 30, 2015

(In thousands of reais)

#### 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 as of June 30, 2015 and December 31, 2014:

	6/30/2015				Total
	Up to 90 days	90 to 365 days	1 to 3 years	Over 3 years	
<b>Assets</b>					
Cash at banks	209,601	-	-	-	209,601
Open market investments	2,478,074	-	-	-	2,478,074
Derivative financial instruments	148,410	1,014	1,712	435,782	586,918
Financial assets held for trading	15,780,959	-	-	-	15,780,959
Financial assets designated at fair value	-	-	-	1,564,258	1,564,258
Financial assets available for sale (i)	-	-	-	1,395,043	1,395,043
Loans and receivables	250,187	296,921	517,811	1,829,999	2,894,918
Due from brokers	1,944,157	-	-	-	1,944,157
Investments in associates and joint ventures	-	-	-	1,265,692	1,265,692
Investment properties	-	-	-	814,030	814,030
Other assets	7,703	60,200	-	443,983	511,886
<b>Total assets</b>	<b>20,819,091</b>	<b>358,135</b>	<b>519,523</b>	<b>7,748,787</b>	<b>29,445,536</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	-	-	-	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
Investments in associates and joint ventures	-	-	-	1,380,774	1,380,774
Investment properties	-	-	-	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(e)) and are classified based on our current expectation of the exit strategies and liquidation of the fund.

#### d. Liquidity risk

The table below summarizes the contractual discounted cash flows for the liabilities to the Company for June 30, 2015 and December 31, 2014:

	6/30/2015				Total
	Up to 90 days	90 to 365 days	1 to 3 years	Over 3 years	
<b>Liabilities</b>					
Open market funding	14,391,125	-	-	48,318	14,439,443
Derivative financial instruments	247,749	27,395	13,791	130,844	419,779
Financial liabilities held for trading	1,052,589	-	-	-	1,052,589
Financial liabilities at amortized cost	1,224,833	2,237,114	2,182,687	734,229	6,378,863
Due to brokers	698,506	-	-	-	698,506
Other liabilities	78,690	2,631	2,601,200	8,713	2,691,234
<b>Total liabilities</b>	<b>17,693,492</b>	<b>2,267,140</b>	<b>4,797,678</b>	<b>922,104</b>	<b>25,680,414</b>

## BTG Pactual Participations Ltd.

### Notes to the interim condensed consolidated financial statements

As of June 30, 2015

(In thousands of reais)

	12/31/2014				
	Up to 90 days	90 to 365 days	1 to 3 years	Over 3 years	Total
<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 receivables” and “Financial liabilities at amortized cost”. Undiscounted cash flows for derivative financial instruments and financial liabilities held for trading 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.

	6/30/2015				
	Up to 90 days	90 to 365 days	1 to 3 years	Over 3 years	Total
<b>Assets</b>					
Loans and receivables	250,188	296,921	541,230	4,122,419	5,210,758
<b>Liabilities</b>					
Financial liabilities at amortized cost	1,226,274	2,266,827	2,437,377	811,377	6,741,855

  

	12/31/2014				
	Up to 90 days	90 to 365 days	1 to 3 years	Over 3 years	Total
<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

## 6. Cash at banks

Cash at banks is comprised of exclusively highly-liquid bank deposits, totaling R\$209,601 and R\$1,299,095, as of June 30, 2015 and December 31, 2014.

## 7. Open market investments and funding

	6/30/2015	12/31/2014
Open market investments	3,207,779	23,934,154
Offset (netting) (i)	(729,705)	(15,138,375)
<b>Net</b>	<b>2,478,074</b>	<b>8,795,779</b>
Open market funding	15,169,148	49,001,217
Offset (netting) (i)	(729,705)	(15,138,375)
<b>Net</b>	<b>14,439,443</b>	<b>33,862,842</b>

(i) The total amount that meets the criteria for netting was netted for June 30, 2015 and December 31, 2014.

## BTG Pactual Participations Ltd.

### Notes to the interim condensed consolidated financial statements

As of June 30, 2015

(In thousands of reais)

As of June 30, 2015 the collateral received in repurchase agreements amounts to R\$3,594,959 (December 31, 2014 – R\$22,939,311), whereas the collateral granted amounts to R\$11,555,637 (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\$933,107 (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, are held as follows:

	6/30/2015	12/31/2014
<b>Futures</b>		
Long position	3,241	68,284
Short position	11,691	167,439
<b>Swaps</b>		
Long position	7,337	500,296
Short position	13,784	471,483
<b>Credit derivatives</b>		
Long position	33,047	199,562
Short position	5,585	154,847
<b>Currency forward transactions - NDF</b>		
Long position	8,580	28,503
Short position	22,520	11,327
<b>Forward transactions - DF</b>		
Long position	5,102	48,998
Short position	30,800	8,276
<b>Options</b>		
Long position	529,611	736,081
Short position	335,399	784,152
Long position	586,918	1,581,724
Short position	419,779	1,597,524

The nominal amounts of transactions with derivatives are as follows. The receivable leg and payable leg are presented separately for swap, non-deliverable forward and deliverable forward derivatives in the table below:

	6/30/2015	12/31/2014
<b>Futures market</b>		
Long position	21,968,343	41,953,289
Currency	1,667,647	2,002,963
Equities	-	48
Index	1,426	454,700
Interest rate	20,299,270	39,318,883
Commodities	-	176,695
Short position	21,409,465	66,269,417
Currency	110,763	22,391
Interest rate	21,198,554	64,723,328
Commodities	-	276,227
Equities	-	4,111
Indexes	100,148	1,243,360
<b>Swap</b>		
Long position	3,344,103	77,642,956
Interest rate	2,925,783	68,056,665
Index	-	7,491,586
Equities	418,320	2,052,659
Other	-	42,046
Short position	3,344,103	77,642,956



## BTG Pactual Participations Ltd.

### Notes to the interim condensed consolidated financial statements

As of June 30, 2015

(In thousands of reais)

	6/30/2015	12/31/2014
Interest rate	2,925,783	68,016,347
Index	-	7,841,256
Equities	418,320	1,744,501
Other	-	40,852
<b>Credit derivatives</b>		
Long position	401,297	4,632,871
Sovereign	201,669	754,358
Corporate	199,628	3,878,513
Short position	224,990	6,814,814
Corporate	69,860	5,161,994
Sovereign	155,130	1,652,820
<b>Currency forward transactions - NDF</b>		
Long position	3,337,062	3,003,402
Currency	3,337,062	3,003,402
Short position	3,337,062	3,003,402
Currency	3,337,062	3,003,402
<b>Forward transactions - DF</b>		
Long position	1,656,304	3,178,154
Currency	1,656,304	3,142,462
Commodities	-	35,692
Short position	1,656,304	3,178,154
Currency	1,656,304	3,167,612
Commodities	-	10,542
<b>Options market</b>		
Purchase of call options	853,241	16,275,479
Index	-	13,326,551
Equities	9,308	640,287
Commodities	-	516,365
Interest rate	8,476	1,443,957
Currency	835,457	338,856
Others	-	9,463
Purchase of put options	1,745,244	98,540,157
Index	509,692	77,055,992
Equities	-	1,008,310
Commodities	-	259,019
Interest rate	-	20,054,786
Currency	1,235,552	128,005
Others	-	34,045
Sale of call options	1,367,190	17,139,585
Equities	1,361,303	269,317
Index	-	12,659,665
Currency	-	151,202
Commodities	-	415,861
Interest rate	5,887	3,629,026
Other	-	14,514
Sale of put options	2,424,698	120,086,927
Equities	-	245,338
Index	-	77,831,646
Commodities	-	412,975
Interest rate	135,584	15,693,401
Currency	742,379	71,424
Others	1,546,735	25,832,143

## BTG Pactual Participations Ltd.

### Notes to the interim condensed consolidated financial statements

As of June 30, 2015

(In thousands of reais)

#### b. Financial assets held for trading

	6/30/2015		12/31/2014
	Amortized cost	Fair value	Fair value
Own portfolio			
Equities	825,802	427,923	2,454,755
Corporate bonds issued by non Brazilian entities	1,860,150	1,821,085	903,599
Certificate of bank deposits	7,221	2,327	1,277
US Agencies	-	-	163,496
Brazilian government bonds	1,540,453	1,069,626	484,545
Foreign government bonds			
United States	732,599	731,616	1,287,589
Others	50,664	23,772	105,900
Investment fund quotas	149,294	148,973	330,276
Related to repurchase agreement			
Corporate bonds issued by non Brazilian entities	449,239	304,372	4,895,956
Brazilian government bonds	472,693	472,693	1,488,159
US Agencies	-	-	2,324,215
Foreign government bonds			
United States	10,527,933	10,555,909	7,593,370
UK	-	-	5,866,728
Germany	-	-	27,290
Others	366,266	222,663	5,120,657
	16,982,314	15,780,959	33,047,812

#### c. Financial liabilities held for trading

As of June 30, 2015 and December 31, 2014, financial liabilities held for trading was comprised of short-selling transactions, primarily global fixed income and equities securities. As of June 30, 2015 the amortized cost and fair value were R\$1,062,352 and R\$1,052,589 respectively (December 31, 2014 - R\$3,621,062 and R\$3,572,602 respectively).

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

In March 2015, the Company initiated a restructuring of the vehicles, through which certain of our global capital markets investment activities had been carried out. The restructuring is expected to be conclude by the end of 2015. The objective of the restructuring is to reduce the operational costs and regulatory burden of maintaining similar trading strategies in the funds in which we invest directly, ARF II and ARF, and the fund in which Banco BTG Pactual's other clients invest with similar strategies, BTG Pactual Global Emerging Markets and Macro Fund ("GEMM"). Accordingly, the Company began a process of reducing the positions in ARF and ARF II and had been reallocating substantial portions of such proprietary capital to GEMM. As a result, its investments had been effectively migrating from funds consolidated in our financial statements, ARF and ARF II, to an unconsolidated fund, GEMM. While the restructuring is expected to cause a significant reduction in our total assets, the Company's economic exposure to the corresponding trading strategies is expected to remain substantially similar.

As of June 30, 2015, the Company's total amount of assets designated at fair value upon initial recognition was R\$1,564,258 (December 31, 2014 – zero).

## BTG Pactual Participations Ltd.

### Notes to the interim condensed consolidated financial statements

As of June 30, 2015

(In thousands of reais)

#### e. Financial assets available for sale

	<u>6/30/2015</u>	<u>12/31/2014</u>
BTG Pactual Principal Investments FIP (FIP Principal)	700,375	804,643
BTG Pactual Brazil Infrastructure Fund II LP (Infrastructure fund)	183,302	115,248
Brasil Pharma S.A.	35,190	123,681
ADS - Advanced Disposal Service	289,458	247,811
CDR Pedreira Ltda.	180,011	180,011
Other investments	6,707	2,730
	<u>1,395,043</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 June 30, 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 was adjusted whenever there was 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 was the change in fair value of an asset held by FIP Principal which could 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.

## BTG Pactual Participations Ltd.

### Notes to the interim condensed consolidated financial statements

As of June 30, 2015

(In thousands of reais)

#### 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 6/30/2015 (%)	6/30/2015	12/31/2014
NTN	Financial bills	-	4,839	1,050
<b>Equity interest</b>				
AlBodytech Participações S.A.	Fitness segment	30.0%	162,958	173,632
Brasil Brokers Participações S.A.	Investment in real estate companies	12.7%	53,896	61,980
Bravante Participações S.A. (i)	Maritime transport, logistics services and environmental protection for the oil and gas sector	40.5%	46,847	339,074
Deep Sea Group	Maritime transport and logistics services for the oil and gas sector	42.9%	678,596	568,698
Brasil Pharma S.A.	Pharmaceutical retail company	11.7%	22,817	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
Others	Others	0.0%	(147,295)	(88,937)
			<u>2,046,683</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>700,375</u>	<u>804,643</u>

(i) The variation was mainly due to impairment losses.

#### 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 6/30/2015	6/30/2015	12/31/2014
Latin America Power Holding B.V.	Energy sector	10.6%	150,243	73,990
Sete Brasil Participações S.A.	Oil and gas	0.5%	30,958	41,181
Other	-	-	2,101	77
Total of investments in Infrastructure fund			<u>183,302</u>	<u>115,248</u>

#### f. Loans and receivables

	6/30/2015	12/31/2014
Partners (i)	1,829,999	1,412,258
ATLL Concessionaria de La Generalitat de Catalunya S.A. (ii)	206,367	198,213
Promissory notes and debentures (iii)	547,019	249,930
BTG MB Investments LP. (iv)	311,445	333,347
Other	88	124
	<u>2,894,918</u>	<u>2,193,872</u>

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

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

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

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

## BTG Pactual Participations Ltd.

### Notes to the interim condensed consolidated financial statements

As of June 30, 2015

(In thousands of reais)

#### g. Financial liabilities at amortized cost

	<u>Maturity</u>	<u>Index</u>	<u>6/30/2015</u>	<u>12/31/2014</u>
Loans with financial institutions (i)	July-15 to March-17	Libor and 1.75% to 2.64% p.a.	2,769,317	2,548,335
Senior notes	April-18	4.5% p.a.	1,805,663	1,869,120
Medium term notes	April-15 to June-19	1.40% to 4.5% p.a.	1,060,245	2,174,563
Others	August-15 to October-24	100% CDI and 3% to 11.45% p.a.	743,638	484,817
			<u>6,378,863</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 were guaranteed by BTG Pactual Holding S.A., the parent company of Banco BTG Pactual.

- (i) As of June 30, 2015, one of the Company's loans with financial institutions was guaranteed by shares registered in "Investment in associates and joint ventures".

#### h. Reclassifications

There were no reclassifications among categories during the semester ended June 30, 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>6/30/2015</u>				
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>Assets</b>				
Derivative financial instruments	10,524	187,438	388,956	586,918
Financial assets held for trading	14,513,347	1,124,455	143,157	15,780,959
Financial assets designated at fair value	-	1,564,258	-	1,564,258
Financial assets available for sale	-	35,190	1,359,853	1,395,043
	<u>14,523,871</u>	<u>2,911,341</u>	<u>1,891,966</u>	<u>19,327,178</u>
<b>Liabilities</b>				
Derivative financial instruments	12,657	296,551	110,571	419,779
Financial liabilities held for trading	1,034,537	18,052	-	1,052,589
	<u>1,047,194</u>	<u>314,603</u>	<u>110,571</u>	<u>1,472,368</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>

## BTG Pactual Participations Ltd.

### Notes to the interim condensed consolidated financial statements

As of June 30, 2015

(In thousands of reais)

No significant reclassification between levels 1 and 2 was carried during semester ended June 30, 2015 and year ended December 31, 2014. Changes in level 3 for the semester are as follows:

	Derivative financial instruments (liabilities)	Derivative financial instruments (asset)	Financial assets held for trading	Financial assets available for sale
Balances at December 31, 2014	-	175	669,992	1,350,443
Acquisitions	110,571	388,781	2,214	64,797
Sales	-	-	(524,771)	-
Gains (losses) recognized in:				
Losses on financial instruments held for trading	-	-	(4,278)	-
Other Comprehensive Income - Financial assets available for sale:				
Foreign exchange	-	-	-	96,787
Fair value measurement - unrealized	-	-	-	(252,174)
Realized losses due to impairment	-	-	-	100,000
Balances at June 30, 2015	<u>110,571</u>	<u>388,956</u>	<u>143,157</u>	<u>1,359,853</u>
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)
Realized losses due to impairment	-	-	-	28,958
Balances at December 31, 2014	<u>-</u>	<u>175</u>	<u>669,992</u>	<u>1,350,443</u>

## 9. Amounts due from/ to brokers

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

	6/30/2015	12/31/2014
<b>Due from brokers</b>		
<b>Custodian bank</b>		
Banco BTG Pactual S.A.	69,422	32,753
<b>Main brokers</b>		
UBS AG	1,389,438	1,775,519
Citigroup	108,143	2,084,262
Bank of America	-	2,838
BTG Pactual Chile	24,156	3,114
Morgan Stanley	16,569	112,703
Others	336,429	97,923
	<u>1,944,157</u>	<u>4,109,112</u>
Netting (i)	-	(148,940)
	<u>1,944,157</u>	<u>3,960,172</u>

## BTG Pactual Participations Ltd.

### Notes to the interim condensed consolidated financial statements

As of June 30, 2015

(In thousands of reais)

	6/30/2015	12/31/2014
<b>Due to brokers</b>		
<b>Custodian bank</b>		
Banco BTG Pactual S.A.	26,126	12,631
<b>Main brokers</b>		
UBS AG	586,122	1,964,791
Citigroup	20,489	167,242
Morgan Stanley	-	6,758
Others	65,769	37,286
	<u>698,506</u>	<u>2,188,708</u>
 Netting (i)	 -	 (148,940)
	<u>698,506</u>	<u>2,039,768</u>

(i) The total amount that meets the criteria for netting was netted on June 30, 2015 and December 31, 2014.

## BTG Pactual Participations Ltd.

### Notes to the interim condensed consolidated financial statements

As of June 30, 2015

(In thousands of reais)

## 10. Investments in associates and joint ventures

		6/30/2015						
Relationship		Assets		Liabilities		Shareholders' equity	Net income for the semester ended June 30, 2015 (i)	Interest - %
		Current	Non-current	Current	Non-current			
B&A Mineração S.A.	Joint venture	125,410	421,508	25,315	74,585	447,018	(19,281)	88.01%
União de Lojas Leader S.A.	Associate	291,590	1,967,043	1,118,829	377,670	762,134	(25,359)	44.02%
ATLL Concessionaria de La Generalitat de Catalunya S.A.	Joint venture	471,092	3,467,265	401,638	3,081,334	455,385	15,192	39.00%
SPE Holding Beira-Rio S.A.	Joint venture	31,279	382,177	118,345	252,517	42,594	(15,368)	50.00%
BR Properties S.A.	Associate	355,170	8,576,444	177,254	2,681,242	6,073,118	65,062	2.88%
Timber IX Participações S.A.	Associate	124,247	-	69,778	-	54,469	(131)	26.67%
		12/31/2014						
Relationship		Assets		Liabilities		Shareholders' equity	Net income for the semester ended June 30, 2014 (i)	Interest - %
		Current	Non-current	Current	Non-current			
B&A Mineração S.A.	Joint venture	25,051	446,836	19,896	82,721	369,270	(20,820)	87.83%
União de Lojas Leader S.A.	Associate	329,622	1,950,454	989,668	388,569	901,839	(79,143)	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	11,143	39.00%
SPE Holding Beira-Rio S.A.	Joint venture	37,120	382,253	53,104	346,413	19,856	(3,989)	50.00%
BR Properties S.A.	Associate	565,062	8,308,704	286,274	2,582,376	6,005,116	242,359	2.88%
SIFR Holdings Ltd.	Joint venture	-	397,792	28,477	-	369,315	-	50.00%

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



## BTG Pactual Participations Ltd.

### Notes to the interim condensed consolidated financial statements

As of June 30, 2015

(In thousands of reais)

	12/31/2014	Aquisition/Increase	Sales/Transfer	Dividends	Foreign Exchange	Equity pick up	Other Comprehensive income	06/30/2015
B&A Mineração S.A. (i)	321,328	41,644	-	-	43,254	(358)	-	405,868
ATLL Concessionaria de La Generalitat de Catalunya S.A.	183,462	-	-	(24,125)	8,924	5,668	-	173,929
União de Lojas Leader S.A.	578,228	-	-	-	-	(57,564)	-	520,664
SPE Holding Beira-Rio S.A.	11,405	16,596	-	-	-	(6,705)	-	21,296
BR Properties S.A. (ii)	101,171	-	-	(1,995)	-	26,737	-	125,913
Timber IX Participações S.A.	-	16,659	-	-	-	(21)	-	16,638
SIFR Holdings Ltd.	184,658	-	(209,686)	-	15,385	9,642	-	-
Others	522	1,614	-	-	(425)	(327)	-	1,384
	<u>1,380,774</u>	<u>76,513</u>	<u>(209,686)</u>	<u>(26,120)</u>	<u>67,138</u>	<u>(22,928)</u>	<u>-</u>	<u>1,265,692</u>

  

	12/31/2013	Aquisition/Increase	Sales/Transfer	Dividends	Foreign Exchange	Equity pick up	Other Comprehensive income	12/31/2014	Equity pick up for the semester ended 6/30/2014
B&A Mineração S.A. (i)	322,291	12,067	-	-	114,902	(176,078)	48,146	321,328	(84,704)
Túnel de Barcelona i Cadí Concessionaria de La Generalitat de Catalunya S.A.	219,216	-	(183,720)	(20,727)	(7,141)	(7,629)	-	-	(4,435)
ATLL Concessionaria de La Generalitat de Catalunya S.A.	193,350	-	-	(16,461)	1,538	5,035	-	183,462	4,282
União de Lojas Leader S.A.	643,439	-	-	-	-	(65,211)	-	578,228	(55,730)
SPE Holding Beira-Rio S.A.	20,358	116	-	-	-	(9,069)	-	11,405	(3,633)
BR Properties S.A. (ii)	1,060,214	167,361	(1,065,956)	(54,082)	-	(6,366)	-	101,171	7,090
SIFR Holdings Ltd.	-	166,440	-	-	32,475	(14,257)	-	184,658	-
Others	8,299	(6,035)	-	-	(1,021)	(721)	-	522	(33,064)
	<u>2,467,167</u>	<u>339,949</u>	<u>(1,249,676)</u>	<u>(91,270)</u>	<u>140,753</u>	<u>(274,296)</u>	<u>48,146</u>	<u>1,380,774</u>	<u>(170,194)</u>

(i) The total equity pick up loss recognized for the period ended June 30, 2015 was R\$358 thousand (For the year ended December 31, 2014 – loss of R\$176 million). For the year ended December 31, 2014, R\$ 58 million refers to the realized share of other comprehensive income from non-controlled entities. For the period ended June 30, 2014, the total loss of R\$85 million of equity pick up, R\$58 million refers to the realized share of other comprehensive income from non-controlled entities.

(ii) As of June 30, 2015 the Company's interest equals to 9,000,000 shares (December 31, 2014 – 9,000,000) at a market price on that date of R\$10.47 (December 31, 2014 – R\$10.25).

## BTG Pactual Participations Ltd.

### Notes to the interim condensed consolidated financial statements

As of June 30, 2015

(In thousands of reais)

### 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 by R\$209,686.

## 11. Investment property

As of June 30, 2015, the changes in the Company's investment property are as follow:

	6/30/2015	12/31/2014
Beginning balance	770,862	-
(+) Acquisitions/investments	43,168	381,580
(+/-) Fair market value adjustment	-	389,282
<b>Final balance</b>	<b>814,030</b>	<b>770,862</b>

## 12. Shareholders' equity

### a. Capital

As of June 30, 2015 and December 31, 2014, the Company's capital was comprised of the following classes of shares:

	6/30/2015 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 semester ended on June 30, 2015 and for the year ended on December 31, 2014.

## BTG Pactual Participations Ltd.

### Notes to the interim condensed consolidated financial statements

As of June 30, 2015

(In thousands of reais)

## 13. Earnings per share

	Quarters ended:		Semesters ended:	
	6/30/2015	6/30/2014	6/30/2015	6/30/2014
(Loss)/gain attributed to controlling shareholders	(42,192)	31,211	(141,412)	8,373
Weighted average per thousand shares outstanding during the period (i)	680,144	659,060	680,144	658,636
<b>(Loss)/gain per share - Basic (in Reais)</b>	<b>(0.06)</b>	<b>0.05</b>	<b>(0.21)</b>	<b>0.01</b>
<b>(Loss)/gain per share - Diluted (in Reais)</b>	<b>(0.06)</b>	<b>0.05</b>	<b>(0.21)</b>	<b>0.01</b>

(i) Class A and class B shares

## 14. Interest income/(expenses)

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

### a. Interest income

	Quarters ended:		Semesters ended:	
	6/30/2015	6/30/2014	6/30/2015	6/30/2014
Loans and receivables	83,653	34,981	113,756	56,462
Foreign exchange	-	31,168	-	69,506
Interest on open market investments	3,301	(191)	10,567	2,991
	<u>86,954</u>	<u>65,958</u>	<u>124,323</u>	<u>128,959</u>

### b. Interest expenses

	Quarters ended:		Semesters ended:	
	6/30/2015	6/30/2014	6/30/2015	6/30/2014
Interest on funding	(345,701)	(116,962)	(427,689)	(213,197)
Foreign exchange	49,763	-	(262,998)	-
Interest on loans and financing	(20,767)	(21,273)	(41,503)	(36,600)
	<u>(316,705)</u>	<u>(138,235)</u>	<u>(732,190)</u>	<u>(249,797)</u>

## 15. Gains/(Losses) on financial instruments held for trading

	Quarters ended:		Semesters ended:	
	6/30/2015	6/30/2014	6/30/2015	6/30/2014
Derivatives financial instruments	(161,079)	(265,665)	(65,229)	(641,673)
Financial assets and liabilities held for trading	383,317	568,873	438,269	1,237,033
	<u>222,238</u>	<u>303,208</u>	<u>373,040</u>	<u>595,360</u>

## BTG Pactual Participations Ltd.

### Notes to the interim condensed consolidated financial statements

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(In thousands of reais)

## 16. Other operating (expenses) / income

	Quarters ended:		Semesters ended:	
	6/30/2015	6/30/2014	6/30/2015	6/30/2014
Equity Kicker	21,109	1,045	(23,859)	2,420
Other operating (expenses) / income (i)	48,740	16,376	9,106	27,621
	<u>69,849</u>	<u>17,421</u>	<u>(14,753)</u>	<u>30,041</u>

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

## 17. Administrative expenses

	Quarters ended:		Semesters ended:	
	6/30/2015	6/30/2014	6/30/2015	6/30/2014
Professional fees (i)	(44,335)	(57,610)	(88,888)	(163,824)
Expenses related to financial market	(6,384)	(5,817)	(13,036)	(10,054)
Other administrative expenses	(248)	(1,235)	(531)	(2,032)
	<u>(50,967)</u>	<u>(64,662)</u>	<u>(102,455)</u>	<u>(175,910)</u>

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

## 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

			Assets (Liabilities)		Revenues (Expenses)	
	Relationship	Maturity	6/30/2015	12/31/2014	6/30/2015	6/30/2014
Assets						
Cash on banks						
- Banco BTG Pactual S.A. (ii)	Related	No maturity	93,868	1,126,182	-	-
Open market investments						
- Banco BTG Pactual S.A. (ii)	Related	No maturity	167,928	207,998	16,385	-
Financial assets held for trading						
- Banco BTG Pactual S.A. (ii)	Related	4/17/2018	1,573,693	1,908	11,395	40
Loans and receivables						
- Partners (i)	Partners	11/27/2033	1,829,999	1,412,258	8,677	6,749
- ATLL Concessionaria de La Generalitat de Catalunya S.A.	Joint venture	3/2/2016	206,367	198,213	3,028	3,312
- BTG MB Investments L.P.	Related	8/22/2015	311,445	333,347	(56,369)	-
- DSB Serviços de Óleo e Gás II S.A.	Related	8/3/2016	334,772	219,737	-	-
Due from brokers						
- Banco BTG Pactual S.A. (ii)	Related	No maturity	69,422	32,753	-	-
- BTG Pactual Chile S.A. (ii)	Related	No maturity	24,156	3,114	-	-
Other assets						
- BTG MB Investments L.P.	Related	5/21/2015	-	254,773	(23,859)	-
Liabilities						
Open market funding						
- Banco BTG Pactual S.A. (ii)	Related	5/6/2015	-	(1,323,968)	-	(101,235)
Financial liabilities at amortized cost						

## BTG Pactual Participations Ltd.

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(In thousands of reais)

	Relationship	Maturity	Assets (Liabilities)		Revenues (Expenses)	
			6/30/2015	12/31/2014	6/30/2015	6/30/2014
- Banco BTG Pactual S.A. (ii)	Related	4/17/2018	(220,799)	(188,425)	(4,375)	-
<b>Derivative financial instruments</b>						
- Banco BTG Pactual S.A. (ii)	Related	6/30/2015	-	(10,636)	-	-
<b>Due to brokers</b>						
- Banco BTG Pactual S.A. (ii)	Related	No maturity	(26,126)	(12,631)	-	-
<b>Other liabilities</b>						
- BTG Pactual Global Asset Management Limited (ii)	Related	No maturity	(14,038)	(12,665)	(86,714)	(154,956)
- Banco BTG Pactual S.A. (ii)	Related	No maturity	(12,272)	(76,975)	-	-

(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 recorded in the semester ended on June 30, 2015 and the year ended on December 31, 2014.

## 19. Other information

### a. Cash and cash equivalents

Balances at beginning of the semester	1/1/2015	1/1/2014
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 semester	6/30/2015	6/30/2014
Cash at banks	209,601	934,436
Open market investments	2,478,074	4,407,156
	<u>2,687,675</u>	<u>5,341,592</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 had 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 was due in case of a liquidity event on the underlying entities or, not later than May 2015, based on the estimated fair value of the underlying assets at that date. Such amount was measured substantially based on indicative liquidity events occurred until that dates. In May 21, 2015 the equity kicker was terminated and the amount received by the Company was R\$231 million.

## BTG Pactual Participations Ltd.

### Notes to the interim condensed consolidated financial statements

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#### 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 June 30, 2015 and December 31, 2014. The subsidiary's main figures are as follow:

	6/30/2015	12/31/2014
<b>Assets</b>	<b>29,445,536</b>	<b>55,293,635</b>
Securities and derivatives financial instruments	21,805,252	44,899,439
Due from brokers	1,944,157	3,960,172
Loans and receivables	2,894,918	2,193,872
Others	2,801,209	4,240,152
<b>Liabilities</b>	<b>25,680,414</b>	<b>51,145,468</b>
Open market funding and financial instruments	15,911,811	39,032,968
Due to brokers	698,506	2,039,768
Other	9,070,097	10,072,732
<b>Shareholders' equity</b>	<b>3,765,122</b>	<b>4,148,167</b>
Controlling interest	3,494,188	3,972,855
Non-controlling interest	270,934	175,312
<b>Total liabilities and shareholders' equity</b>	<b>29,445,536</b>	<b>55,293,635</b>
<b>Statements of income for the period</b>	<b>6/30/2015</b>	<b>6/30/2014</b>
Interest income/expenses, net	(607,867)	(120,838)
Gains on financial instruments, net	289,835	566,402
Other revenue/(expenses)	(37,681)	(140,153)
<b>Gross income</b>	<b>(355,714)</b>	<b>305,411</b>
Total expenses	(208,777)	(270,519)
<b>Loss for the period</b>	<b>(564,491)</b>	<b>34,892</b>
Controlling interest	(572,378)	34,892
Non-controlling interest	7,887	-
(Loss)/gain per share (Basic and diluted in Reais)	(0.21)	0.01
<b>Cash flow statements</b>	<b>6/30/2015</b>	<b>6/30/2014</b>
Cash (used in) operating activities	(6,836,888)	(3,944,786)
Cash provided by / (used in) investing activities	159,293	814,735
Cash provided by financing activities	(682,087)	460,302
<b>Decrease in cash and cash equivalents</b>	<b>(7,359,682)</b>	<b>(2,669,749)</b>

## BTG Pactual Participations Ltd.

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#### d. Off balance commitments

Off balance sheet commitments	6/30/2015	12/31/2014
Commitments to be released	638,200	1,349,875
Total	638,200	1,349,875

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

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

The result of the bidding process of the concession above is being challenged in court by a third party 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.

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

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

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