

Financial Statements

Banco BTG Pactual S.A.

March 31, 2017

with independent auditor's limited review report

BANCO BTG PACTUAL S.A.

Financial Statements

March 31, 2017

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

Independent auditor review report

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

Introduction

We have reviewed the interim financial statements of Banco BTG Pactual S.A. ("Bank") for the three-month period ended March 31, 2017, which comprise the balance sheet as of March 31, 2017 and the related statements of income, changes in shareholders' equity and cash flows for the three-month period then ended, and a summary of significant accounting practices and other explanatory notes.

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



Emphasis of matter

As of March 31, 2017, the jointly controlled subsidiary Banco Pan S.A., has deferred tax assets recorded on its balance sheet amounting to R\$3.3 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 February 6, 2017, 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 achievement of these projections and business plan as approved by the management bodies of Banco Pan S.A. Our conclusion is not qualified in respect of this matter.


Other matters

Statement of value added

We have also reviewed the statement of value added, for the three-month period ended at March 31, 2017, prepared under the responsibility of Bank's management, which financial statement presentation mentioned above is required by Brazilian Corporate Law, as supplementary information under the accounting practices adopted in Brazil applicable to institutions authorized to operate by the Central Bank of Brazil. This statement has been subject to the same review procedures previously described, and based on our review nothing has come to our attention that causes us to believe that the statement of value added is not fairly presented, in all material respects, in relation to the overall interim financial statements.

São Paulo, May 9, 2017.

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



Flávio Serpejante Peppe
Accountant CRC – 1SP 172.167/O-6

BANCO BTG PACTUAL S.A.

Balance sheets

As at March 31, 2017 and December 31, 2016

(In thousands of reais)

	Note	31/03/2017	31/12/2016
Assets			
Current assets		93,364,013	83,767,434
Cash at banks	6	476,747	220,756
Interbank investments	7	25,669,057	20,536,791
Open market investments		23,396,419	18,682,903
Interbank deposits		2,272,638	1,853,888
Securities and derivative financial instruments		40,566,539	34,615,195
Own portfolio	8	14,646,164	13,678,855
Subject to repurchase agreements	8	8,436,551	8,578,277
Subject to unrestricted repurchase agreements	8	207,385	185,449
Derivative financial instruments	9	16,110,968	10,696,271
Subject to guarantees	8	1,165,471	1,476,343
Interbank transactions		1,662,733	1,962,901
Deposits in the Central Bank of Brazil		1,662,559	1,962,901
Correspondents		174	-
Loans	10	3,337,944	3,334,199
Loans		3,829,861	3,653,847
Transferred loans with coobligation		328,056	12,848
Allowance for loan losses		(819,973)	(332,496)
Other receivables		21,644,062	23,043,680
Credits by honored endorsements and sureties		24,184	5,926
Foreign exchange portfolio	11	15,153,527	14,653,654
Income receivable	12	236,212	2,221,897
Securities trading and brokerage	11	2,526,004	1,998,583
Sundry	12	3,772,535	4,255,536
Allowance for losses on other receivables		(68,400)	(91,916)
Other assets		6,931	53,912
Other assets		1,726	1,727
Prepaid expenses		36,818	52,185
Provision for losses		(31,613)	-
Long-term-assets		37,689,845	33,078,016
Interbank investments	7	3,308,128	3,190,475
Open market investments		3,308,128	3,190,475
Securities and derivative financial instruments		21,389,512	17,175,627
Own portfolio	8	307,950	323,305
Subject to repurchase agreements	8	695,516	778,640
Derivative financial instruments	9	20,252,404	15,994,000
Subject to guarantees	8	133,642	79,682
Interbank transactions		238,766	248,985
Restricted credits – National Housing System		238,766	248,985
Loans	10	7,428,034	6,767,830
Loans		7,496,627	6,965,517
Transferred loans with coobligation		116,690	-
Allowance for loan losses		(185,283)	(197,687)
Other receivables		5,145,411	5,619,552
Sundry	12	5,171,574	5,619,634
Allowance for losses on other receivables		(26,163)	(82)
Other assets		179,994	75,547
Temporary investments		52,149	52,149
Other assets		102,202	19,371
Prepaid expenses		33,945	15,211
Provision for losses		(8,302)	(11,184)
Permanent assets		19,998,204	20,644,469
Investments		19,875,152	20,516,680
Investments in subsidiaries, associates and jointly controlled entities - in Brazil	13	17,375,552	17,927,775
Investments in subsidiaries, associates and jointly controlled entities - abroad	13	2,498,235	2,587,540
Other investments		4,232	4,232
Allowance for losses		(2,867)	(2,867)
Property and equipment in use		44,726	48,102
Other property and equipment in use		146,564	146,493
Accumulated depreciation		(101,838)	(98,391)
Deferred charges		-	3,990
Amortization and expansion costs		-	28,699
Accumulated amortization		-	(24,709)
Intangible assets	14	78,326	75,697
Other intangible assets		203,393	170,771
Accumulated amortization		(125,067)	(95,074)
Total assets		151,052,062	137,489,919

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

BANCO BTG PACTUAL S.A.

Balance sheets

As at March 31, 2017 and December 31, 2016

(In thousands of reais)

	Note	31/03/2017	31/12/2016
Liabilities			
Current liabilities		89,937,061	80,631,965
Deposits	15	14,571,858	13,725,386
Demand deposits		117,494	127,819
Interbank deposits - with associates, jointly controlled ans subsidiaries		2,839,270	2,547,759
Interbank deposits		274,662	171,806
Time deposits		11,340,432	10,878,002
Open market funding	15	33,585,508	29,478,506
Own portfolio		9,691,113	9,846,939
Third-party portfolio		21,314,955	15,633,281
Unrestricted portfolio		2,579,440	3,998,286
Funds from securities issued and accepted	15	4,297,024	5,668,394
Real estate, mortgage, credit and similar notes		3,909,150	5,314,469
Securities issued abroad		369,516	342,252
Certificate of structured transactions		18,358	11,673
Interbank transactions		6,585	5,060
Unsettled receipts and payments		6,585	5,060
Interdependencies transactions		36,646	82,602
Unsettled third party assets		36,646	82,602
Loans and onlending	15	937,945	803,054
Loans abroad		897,085	768,480
Onlending in Brazil – official institutions		40,860	34,574
Derivative financial instruments	9	17,140,606	11,281,631
Derivative financial instruments		17,140,606	11,281,631
Other liabilities		19,360,889	19,587,332
Collection and payments of tax and similar charges		3,521	3,476
Foreign exchange portfolio	11	14,618,863	14,295,423
Social and statutory	16	138,703	1,149,000
Tax and social security	16	58,613	65,032
Securities trading and brokerage	11	3,188,450	2,189,034
Subordinated debt	15	1,255,469	1,239,548
Sundry	16	97,270	645,819
Long-term liabilities		42,775,123	39,123,877
Deposits	15	859,281	215,215
Interbank deposits		45,185	54,329
Time deposits		814,096	160,886
Open market funding	15	896,370	820,545
Own portfolio		-	105,979
Unrestricted portfolio		896,370	714,566
Funds from securities issued and accepted	15	4,115,735	4,089,000
Real estate, mortgage, credit and similar notes		2,600,251	2,556,676
Securities issued abroad		1,466,605	1,532,324
Certificate of structured transactions		48,879	-
Loans and onlending	15	2,577,912	2,545,209
Onlending in Brazil – official institutions		2,577,912	2,545,209
Derivative financial instruments	9	21,634,622	18,808,605
Derivative financial instruments		21,634,622	18,808,605
Other liabilities		12,691,203	12,645,303
Tax and social security	16	55,356	-
Subordinated debt	16	983,544	944,416
Debt instrument eligible to equity	15	6,076,072	6,077,701
Sundry	16	4,104,182	4,305,202
Sundry	16	1,472,049	1,317,984
Deferred income		56,512	61,323
Shareholders' equity	19	18,283,366	17,672,754
Capital stock - domiciled in Brazil		4,727,289	4,727,289
Capital stock - domiciled Abroad		2,493,237	2,493,237
Capital Reserve		652,515	652,515
Asset valuation adjustment		(124,435)	39,756
Income reserves		9,830,791	9,830,791
Treasury shares		(174,888)	(70,834)
Retained earnings		878,857	-
Total liabilities and shareholders' equity		151,052,062	137,489,919

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

BANCO BTG PACTUAL S.A.

Statements of income

Quarters ended March 31

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

		31/03/2017	31/03/2016
Financial income		2,970,894	2,439,609
Loans		412,931	493,553
Securities		1,105,837	(1,464,392)
Derivative financial instruments		982,463	2,803,812
Foreign exchange		416,030	555,824
Mandatory investments		53,633	50,812
Financial expenses		(1,882,120)	(1,865,139)
Funding operations		(1,894,927)	(2,458,944)
Borrowing and onlending		123,301	720,754
Allowance for loan losses and other receivables	10	(110,494)	(126,949)
Net financial income		1,088,774	574,470
Other operating income (expenses)		258,736	655,854
Income from services rendered	20	223,193	164,214
Personnel expenses		(60,750)	(121,393)
Other administrative expenses	23	(145,538)	(139,671)
Tax charges	24	(85,312)	(53,426)
Equity pick up in subsidiaries, associates and jointly controlled entities	13	268,764	785,724
Other operating income	21	124,299	124,298
Other operating expenses	22	(65,920)	(103,892)
Operating income		1,347,510	1,230,324
Non-operating (expenses) / income	25	(28,821)	112,185
Income before taxation and profit sharing		1,318,689	1,342,509
Income tax and social contribution	18	(300,195)	(304,655)
Provision for income tax		617	(52,107)
Provision for social contribution		2,952	(41,732)
Deferred income tax and social contribution		(303,764)	(210,816)
Statutory profit sharing		(145,861)	(29,344)
Net income for the quarter		872,633	1,008,510
Interest on equity		6,224	-
Weighted average numbers of share outstanding		2,778,465,411	2,722,144,953
Net income per share - R\$		0.31	0.37

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

BANCO BTG PACTUAL S.A.

Statements of changes in shareholders' equity

Quarters ended March 31

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

	Note	Income reserves						Asset valuation adjustment	Treasury shares	Retained earnings	Total
		Capital	Capital reserve	Special earnings reserve	Legal	Unrealized	Statutory				
Balances as at December 31, 2015		7,180,526	-	-	907,770	5,389,109	6,170,174	143,614	(132,394)	-	19,658,799
Own shares acquired	1	-	-	-	-	-	-	-	(230,035)	-	(230,035)
Cancellation of treasury shares	1	-	-	-	-	-	(231,906)	-	231,906	-	-
Changes in fair value of assets available for sale - jointly controlled	13	-	-	-	-	-	-	(1,149)	-	-	(1,149)
Changes in fair value of assets available for sale		-	-	-	-	-	-	(89,363)	-	-	(89,363)
Interest on equity (R\$0.08 per share)		-	-	230,000	-	-	(230,000)	-	-	-	-
Net income for the quarter		-	-	-	-	-	-	-	-	1,008,510	1,008,510
Balances as at March 31, 2016		<u>7,180,526</u>	<u>-</u>	<u>230,000</u>	<u>907,770</u>	<u>5,389,109</u>	<u>5,708,268</u>	<u>53,102</u>	<u>(130,523)</u>	<u>1,008,510</u>	<u>20,346,762</u>
Balances as at December 31, 2016		7,220,526	652,515	-	1,078,199	3,236,533	5,516,059	39,756	(70,834)	-	17,672,754
Own shares acquired	1	-	-	-	-	-	-	-	(104,054)	-	(104,054)
Interest on equity received by on shares repurchase		-	-	-	-	-	-	-	-	6,224	6,224
Changes in fair value of assets available for sale		-	-	-	-	-	-	(3,339)	-	-	(3,339)
Changes in fair value of assets available for sale - jointly controlled	13	-	-	-	-	-	-	1,350	-	-	1,350
Exchange variation of investments		-	-	-	-	-	-	(162,202)	-	-	(162,202)
Interest on equity (R\$0.12 per share)	19	-	-	332,000	-	-	(332,000)	-	-	-	-
Net income for the quarter		-	-	-	-	-	-	-	-	872,633	872,633
Balances as at March 31, 2017		<u>7,220,526</u>	<u>652,515</u>	<u>332,000</u>	<u>1,078,199</u>	<u>3,236,533</u>	<u>5,184,059</u>	<u>(124,435)</u>	<u>(174,888)</u>	<u>878,857</u>	<u>18,283,366</u>

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

BANCO BTG PACTUAL S.A.

Statements of cash flows

Quarters ended March 31

(In thousands of reais)

	Note	31/03/2017	31/03/2016
Operating activities			
Net income for the quarter		872,633	1,008,510
Adjustments to net income		480,386	268,772
Equity pick up in subsidiaries, associates and jointly controlled entities	13	(290,280)	(791,822)
Interest expense with subordinated debt and debt instrument eligible to equity		430,202	832,063
Permanent assets exchange variation		22	143
Interest on equity received by own shares repurchase		6,224	-
Goodwill amortization		21,516	6,098
Deferred income tax and social contribution	18	303,764	210,816
Depreciation and amortization	23	8,938	11,474
Adjusted net income for the quarter		1,353,019	1,277,282
Operational activities			
Short-term interbank investments		1,431,015	1,301,077
Securities and derivative financial instruments		(1,483,576)	3,019,258
Loans		(663,950)	1,675,700
Other receivables and other assets		1,628,080	2,026,343
Interbank transactions		311,912	16,685
Interdependencies transactions		(45,956)	-
Other liabilities		896,188	(2,662,185)
Deferred income		(4,811)	(14,880)
Deposits		1,490,538	(3,121,068)
Open market funding		4,182,827	(2,092,935)
Loans and onlending		167,594	(132,454)
Cash provided by operating activities		9,262,880	1,292,823
Investing activities			
Acquisition of investments and capital increase	13	-	(255,246)
Sale of investments	13	633,887	605,485
Sale of property and equipment in use and deferred charges		3,990	22
Acquisition of property and equipment in use and deferred charges		(73)	(5,793)
Acquisition of intangible assets	14	(32,849)	(3,019)
Sale of intangible assets	14	24,709	2,826
Dividends and interest on equity received	13	-	10,397
Cash provided by investing activities		629,664	354,672
Financing activities			
Acquisition of treasury shares		(104,054)	(230,035)
Funds from securities issued and accepted		(1,344,635)	(2,563,065)
Subordinated debt and debt instrument eligible to equity		(616,930)	(1,483,525)
Interest on equity	19	(890,000)	-
Cash (used in) financing activities		(2,955,619)	(4,276,625)
Increase / (decrease) in cash and cash equivalents	27	6,936,925	(2,629,130)
Balance of cash and cash equivalents			
At the beginning of the quarter		13,251,905	15,622,242
At the end of the quarter		20,188,830	12,993,112
Increase / (decrease) in cash and cash equivalents		6,936,925	(2,629,130)
Noncash transactions		115,553	(1,851,700)
Dividends / interest on equity receivable	13	73,954	312,710
Debentures converted	13	41,599	(2,164,410)
Changes in fair value of assets available for sale		(3,339)	(89,363)

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

BANCO BTG PACTUAL S.A.

Statements of value added

Quarters ended March 31

(In thousands of reais)

	Note	31/03/2017	31/03/2016
Income		3,113,151	2,628,114
Financial income		2,970,894	2,439,609
Services rendered	20	223,193	164,214
Allowance for loan losses and other receivables	10	(110,494)	(126,949)
Other		29,558	151,240
Expenses		(1,771,626)	(1,738,190)
Financial brokerage		(1,771,626)	(1,738,190)
Inputs acquired from third parties		(126,513)	(117,059)
Materials, energy and other		(1,397)	(1,992)
Outsourced services		(125,116)	(115,067)
Gross value added		1,215,012	772,865
Depreciation and amortization		(8,938)	(11,474)
Net value added produced by the entity		1,206,074	761,391
Value added received through transfer		268,764	785,724
Equity pick up in subsidiaries, associates and jointly controlled entities	13	268,764	785,724
Value added to be distributed		1,474,838	1,547,115
Distribution of value added		1,474,838	1,547,115
Personnel		206,611	150,737
Direct compensation		189,006	120,190
Benefits		14,948	25,131
FGTS – government severance pay fund		2,657	5,416
Taxes, fees and contributions		385,506	376,729
Federal		376,120	372,962
Municipal		9,386	3,767
Remuneration of third party capital		10,088	11,139
Rent		10,088	11,139
Remuneration of shareholders		872,633	1,008,510
Retained earnings		878,857	1,008,510
Interest on equity		(6,224)	-

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

BANCO BTG PACTUAL S.A.

Notes to the financial statements

March 31, 2017

(In thousands of reais, except otherwise indicated)

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

BTG Pactual concluded its strategic plan to improve liquidity and preserve capital; and it understands that the measures implemented as well as the ones planned, particularly the sale of BSI, spin-off of commodities as well as the cost reduction program, will bring it to levels of liquidity and capital better than its historical.

Special Committee

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

On April 7, 2016, the Special Committee, assisted by the Legal Counsel, concluded their investigation and released the final report. Based on its investigation, Counsel found no basis to conclude that Mr. André Esteves, BTG Pactual or any of its personnel under investigation engaged in any corruption or illegality with respect to the alleged matters. In addition, in April, the Brazilian Supreme Court authorized Mr. André Esteves to return to BTG Pactual, who has been acting as Senior Partner, with no executive function.

New unit programs

On February 14, 2017 the Board of Directors have approved two new unit programs, which units will be trade on the BM&F BOVESPA, comprised exclusively the securities of each of the Companies: (i) units to be traded under the "BPAC11" ticker symbol, comprised of one common share and two class A preferred shares issued by the Bank, and (ii) units to be traded under the BBTG12 ticker symbol, comprised of one Brazilian depository receipt ("BDR") representing one class A share and one BDR representing two class B shares issued by BTG Pactual Participations Ltd. Holders of the current units traded under the ticker symbol BBTG11 will be able to opt, should they wish to do so, to migrate all or part of their BBTG11 Unit holdings toward the new BPAC11 and BBTG12 units.

BANCO BTG PACTUAL S.A.

Notes to the financial statements

March 31, 2017

(In thousands of reais, except otherwise indicated)

Units buyback Program

On November 25, 2015 the Board of Directors announced its units buyback program. Since the beginning of the program 86,530,430 units have been repurchased in the total amount of R\$1,149,527 and 71,904,350 units had been canceled, in the amount of R\$974,639. On March 31, 2017, 14,626,080 units are held in treasury.

The financial statements were approved by Bank's Management on May 9, 2017, and they contain a true and fair view of the development and results of the Bank. Management evaluated the Bank' and its subsidiaries' capacity to continue operating as usual and has concluded that the Bank and its subsidiaries have funds to continue their operations in the future. Additionally, Management is not aware of any material uncertainty that may create significant doubts on its ability to continue operating. Therefore, the financial statements were prepared based on this principle.

2. Corporate restructuring and acquisitions

Corporate reorganizations

On January 2017, the shareholders of BTG Pactual and BTG Pactual Comercializadora Ltda. approved, without qualification, the merger of BTG Comercializadora by the Bank. Completion of the merger is subject to regulatory approvals.

On April 8, 2016, BTG Pactual decided to implement the separation of its commodity trading activities, with the exception of those activities carried out by the Brazilian energy trading desk from the operational structure of BTG Pactual and to rearrange the Commodities Platform under a new Luxembourg-based company named Engelhart Commodities Trading Partners ("Engelhart CTP"). The Commodities Platform is operating separately from BTG Pactual, with limited administrative and operational services to be provided by BTG Pactual based on arm's length contracts in accordance with market practices, including cost sharing and infrastructure sharing agreements, until such services are fully assumed by Engelhart CTP. That a portion of such equity will be held by senior employees of Engelhart CTP under an incentive program. Up to five years after the completion of the separation, Engelhart CTP have the option to acquire its remaining equity interest held by Bank for its equity value.

Further to the process of separation of its commodity trading activities, on October 13, 2016 the Bank informed its shareholders and the market in general that (i) 596,209,676 Class A shares of Engelhart CTP were delivered to the shareholders that elected to receive equity interest in Engelhart CTP against delivery to Bank of 596,209,676 Class C Preferred Shares ("PNCs") that were allocated to such alternative, and (ii) 59,457,673 additional BBTG11 units were added, as at October 14, 2016, to the book-entry position of those shareholders that did not elect to receive equity interests in Engelhart CTP, BTG Pactual is recognizing the remaining stake as an investment in an associate entity based on the equity method.

BANCO BTG PACTUAL S.A.

Notes to the financial statements

March 31, 2017

(In thousands of reais, except otherwise indicated)

During the quarter ended March 31, 2017, as part of the commodity trading activities separation process, Engelhart CTP acquired 1.21% (December 31, 2016 – 6.1%) of its own shares held by the Bank. The total consideration was US\$50 million (December 31, 2016 - US\$150 million) and the price was equivalent to Engelhart CTP's net asset accounting value.

As at September 2015, the restructuring process of Eneva S.A. ("Eneva") was completed. As a result, part of the loans held by the Bank were converted into interest in the company and the Bank has also contributed new assets in the company. As at March 31, 2017, the Bank has a stake equivalent to 36.7% (December 31, 2016 - 33.7%) of the total capital of Eneva.

Acquisitions and disposals

On March 15, 2017, BTG Pactual received a notification from EFG International ("EFG") claiming purchase price adjustments under the documents for the sale of BSI, of approximately CHF278 million in favor of EFG. After careful review of such proposed adjustments and based on available information as at this date, BTG Pactual, after taking into consideration the input from its advisers, refuted such amount and currently believes the appropriate adjustment on a risk-adjusted basis could be CHF95.7 million in favor of BTG Pactual. If parties cannot reach an agreement in a negotiation process, the differences will be resolved in due course through an independent expert process in accordance with the documents for the sale of BSI.

On November 1, 2016, BTG Pactual sale 100% of BSI to EFG, a global private banking and asset management firm headquartered in Zurich, Switzerland. The final transaction consideration comprises (i) CHF575 million in cash, (ii) 86.2 million EFG shares (30% stake in EFG-BSI) and (iii) CHF31 million of bonds (Level 1 subordinated debt) issued by EFG, which generated a goodwill in the amount of CHF340 million. EFG's stake were accounted for using the equity pick up method. BSI's purchase transaction and the subsequent sale are subject to price adjustments, or indemnity for non-compliance to the transaction, including the execution of the guarantees provided by EFG shares deposits of Bank property in related account. Obligations or rights will be recognized as their effects become quantifiable and probable. The bank does not expect's to incur any material losses on the sale transaction, any liabilities with material risks related to the BSI sale, is related to rights from BSI purchase.

On December, 2016, the bank repurchased one of its energy trading entity, which had been sold on October 2015. The completion of the repurchase is subject to regulatory approvals and both transactions did not impact BTG Pactual's results.

On November 2016, BTG Pactual, together with its joint-venture partner, has entered into definitive agreements to sell 100% of the equity interests in Maybrooke Holdings S.A. ("Maybrooke"), the holding company of Ariel Re, for an estimated cash consideration of US\$235 million. On February 6, 2017, the sale transaction of Maybrooke equity interest was settled.

On November 2016, the Bank has entered into definitive agreements to acquire 70% of the shares of Enforce Gestão de Ativos S.A. ("Enforce"), which operates in the recovery of corporate loan portfolios. Additional information about the transaction is described on note 28.

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On April 20, 2016, BTG Pactual, informed its shareholders and the market in general that on this date purchase and sale agreements were entered into, whereby CNP Assurances S.A. undertook to acquire BTG Pactual's entire interest in Pan Seguros S.A. and Panamericano Administração e Corretagem de Seguros e de Previdência Privada Ltda. for the total amount R\$700 million, subject to certain adjustments in order to reflect the Companies' performance until the date of completion of said transactions plus any dividends to be distributed to the their respective shareholders until said completion date, in accordance with the relevant agreements. On February 2, 2016, given that it is impossible to comply with some conditions precedent, the sale transactions of the interest entirely held by BTG Pactual in Pan Seguros S.A. and Panamericano Administração e Corretagem de Seguros e de Previdência Privada Ltda. to CNP Assurances S.A. will therefore not be concluded.

3. Presentation of the financial statements

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

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

Functional currency

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

The assets and liabilities of subsidiaries with a functional currency other than the Brazilian Real are translated as follows: (i) Assets and liabilities are translated at the closing rate at the balance sheet date. (ii) Income and expenses are translated at monthly average exchange rates. (iii) Equity in the earnings of subsidiaries abroad is recognized as follows: For those with functional currency equal to Real: Income for the period: For those with functional currency equal to Real: a) Income for the period; Portion related to the subsidiary's effective income; and b) Stockholders' equity: Portion related to foreign exchange adjustments arising from the translation process, net of tax effects.

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The effects of foreign exchange variations on investments abroad are distributed in the fair value adjustments.

4. Significant accounting practices

The most relevant accounting practices adopted by the Bank are the following:

a. Cash and cash equivalents

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

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

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

c. Securities

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

i. Trading securities

Acquired with the purpose of being actively and frequently traded. Trading securities are initially recognized at cost plus income earned, and adjusted to fair value and accounted for in income (loss).

ii. Available for sale securities

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

iii. Held to maturity securities

These are securities that the Bank has intention and ability to hold to maturity. They are stated at cost, with interest recorded on profit or loss. Decreases in the fair value of available-for-sale and held-to-maturity securities below their respective restated costs, related to non-temporary reasons, are recorded in profit or loss as realized losses.

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

d. Derivative financial instruments

These are classified according to Management's intention, on the transaction date, considering whether such transactions will be conducted to hedge against risk or not.

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

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

- Market risk hedge: financial instruments included in this category, as well as their related hedged financial assets and liabilities, are measured at fair value, and their realized or unrealized related gains or losses are recorded in income (loss) for the period;
- Cash flow hedge: the instruments classified in this category are measured at fair value, and the effective portion of the appreciation or depreciation are recorded in a separate account under shareholders' equity, net of tax effects. The non-effective portion of the respective hedge is directly recorded in income (loss) for the period.
- Net Investment Hedge of Foreign Operations - accounted for similarly to cash flow hedge, i.e. the portion of gains or losses on a hedging instrument that is determined to be an effective hedge is recognized in stockholders' equity, and reclassified to income for the period in the event of the disposal of the foreign operation. The ineffective portion is recognized in income for the period.

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

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

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

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

The notional amount of the agreements is recorded in memorandum accounts.

f. Financial instruments – net presentation

Financial assets and liabilities are presented as net in the balance sheet if, and only if, there is a current and enforceable legal right to offset the amounts recorded and if there is an intention to simultaneously realize the asset and settle the liability.

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

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

h. Loans and other receivables (transactions with loan characteristics)

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

i. Allowance for loan losses

Recognized based on an analysis of loan risk losses at an amount deemed sufficient to cover possible losses, pursuant to CMN Resolution 2682, of December 21, 1999, described below.

- Allowances are recorded for loans, based on the classification of the client's risk, due to the periodical analysis of client quality and of activity industries and not only upon default.
- Considering exclusively the default, written off loans against losses are carried after 360 days from the credit due date or after 540 days, for transactions maturity term exceeding 36 months.

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

j. Investments

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

k. Foreign currency translation

The financial statements of the Bank are presented in Brazilian Reais, which is its functional and presentation currency. For each subsidiary and investment in associates and joint ventures, the Bank defined the functional currency, as set forth in nº 4.524, de 29/09/2016 CMN's resolution. The assets and liabilities of subsidiaries with a functional currency other than the Brazilian Real are translated as follows: (i) Assets and liabilities are translated at the closing rate at the balance sheet date. (ii) Income and expenses are translated at monthly average exchange rates. (iii) Equity in the earnings of subsidiaries abroad is recognized as follows: For those with functional currency equal to Real: Profit or loss for the period: For those with functional currency equal to Real: a) Profit or loss for the period; Portion related to the subsidiary's effective income; and b) Stockholders' equity: Portion related to foreign exchange adjustments arising from the translation process, net of tax effects.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the consolidated statement of income as part of foreign exchange results and exchange variations on transactions. For subsidiaries abroad with functional currency equal to Real, any operations carried out in a currency other than their respective functional currencies will be translated at the foreign currency rates of the respective trial balance or balance sheet of the Bank for monetary items, assets and liabilities recognized at fair or market value and for items not classified as monetary, provided that the subsidiary's functional currency is equal to the Real. For other cases, operations are translated at the foreign exchange rate at the transaction date.

l. Goodwill or negative goodwill

Goodwill or negative goodwill is calculated based on the difference between the amount paid at the acquisition date and the net carrying amount of the assets acquired.

Goodwill and negative goodwill, recorded on the basis of expected future results of the acquired subsidiaries, are amortized in line with the cash flow projections underlying the transaction or when the investment is written off, due to sale or impairment, before projections are accomplished.

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

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m. Property and equipment in use and deferred charges

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

n. Intangible assets

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

o. Impairment

Whenever there is clear evidence that the assets are value at an unrecoverable amount, it is recorded as loss in the lower of results for the period. This procedure is performed at least at the end of each fiscal year.

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

p. Income tax and social contribution

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

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

Recognized according to the criteria described below:

i. Contingent assets

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

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ii. Contingent liabilities

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

iii. Legal obligation – tax and social security

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

r. Earnings per share

Calculated based on the weighted average numbers of shares outstanding for the period.

s. Revenue recognition

Revenues and expenses are recorded on the accrual basis.

5. Risk management

The Bank's committee/area structure allows for the inputs from the entire organization and ensures that the decisions are implemented effectively. The main committees involved in risk management activities are: (i) management committee, which approves policies, defines overall limits and is ultimately responsible for managing risks, (ii) New Business Committee, which assesses the feasibility and supervises the implementation of proposals for new businesses and products, (iii) Credit Risk area, which is responsible for approving new loans according to the guidelines set forth by our CRO, (iv) Market Risk area, which is responsible for monitoring market risk, including the use of our risk limits (Value at Risk - VaR), and approving exceptions, (v) Operational Risk Area, which assesses the main operational risks for the internal policies and regulatory risks established, (vi) Compliance Committee, which is responsible for establishing policy rules and reporting potential problems related to money laundering, (vii) CFO, which is responsible for monitoring liquidity risk, including cash and cash equivalents and capital structure, (viii) Audit Committee, which is responsible for independent verification of compliance with internal controls and assessment of maintenance of the accounting records.

The Bank monitors and controls risk exposure through several and different supplemental internal systems, including credit, financial, operational, compliance, tax and legal systems. The Bank believes that the involvement of the Committees/areas (including their subcommittees) with management and continuous risk control promotes a strict risk control culture in the organization as a whole. The Bank's commissions comprise senior members of the business units and senior members of the control departments, which do not depend on the business areas. Further details on risk management can be found at www.btgpactual.com.br/ri, in the Corporate Governance / Risk management section.

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a. Operating limits

	2016	2015
Reference Shareholders' Equity	18,283,366	17,672,754
Tier I	16,506,808	16,216,254
Common Equity	12,423,539	11,924,484
Complementary equity	4,083,269	4,291,770
Tier II	2,857,586	3,421,161
Reference Shareholders' Equity (PR) - (a)	19,364,394	19,637,415
Required Reference Shareholders' Equity (PRE)	9,208,144	9,571,425
Total exposure risk-weighted - (b)	99,547,499	91,156,431
Credit risk	54,162,329	55,813,608
Operational risk	7,080,091	3,385,968
Market risk	38,305,079	31,956,855
Basel ratio - (a/b)	19.5%	21.6%
Tier I capital	16.6%	17.8%
Tier II capital	2.9%	3.8%
Fixed assets ratio	73.0%	77.1%
Fixed assets to equity capital ratio	9,676,837	9,813,329
Status for fixed assets to equity capital ratio	7,068,323	7,567,019
Amount of margin or insufficient	2,608,515	2,246,310

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

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

As at March 31, 2017 and December 31, 2016 the Bank was in compliance with all operating limits.

(i) Market risk

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

The VaR presented below was calculated for a one-day period, at a confidence level of 95.0% and one-year historical data. Reliable level of 95.0% means that there is one within twenty changes that the day trade net income remains below estimated VaR. Therefore, insufficiencies arising from net income expected from trading in a single day exceeding the reported VaR would be expected to occur, on average, around once a month. Losses in a single day may exceed the VaR reported in material amounts. Losses may also occur more frequently or accrue during a longer period, such as the number of consecutive trading days. As it is backed up by historical data, VaR's accuracy is limited to its capacity to predict unprecedented market changes, as

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historical distributions in market risk factors may not produce accurate prognostics of future market risk. VaR methodologies and assumptions on different distributions may produce a materially different VaR. In addition, VaR calculated for a one-day period does not consider the market risk of positions that may not be settled or offset with hedges within the term of one day. As previously mentioned, the Bank uses stress test models as a complement to VaR method for its daily risk activities.

The table below contains the Bank's daily average VaR for the quarter ended:

In millions of R\$	March 2017	December 2016	March 16
Daily average VaR	117.0	141.3	224.0

(ii) Credit risk

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

(iii) Liquidity risk

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

(iv) Operating risk

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

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

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

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6. Cash at banks

Cash refer basically to deposits abroad in prime banks.

7. Interbank investments

	31/03/2017					31/12/2016
	Total	Up to 90 days	90 to 365 days	1 to 3 years	Over 3 years	Total
Open market investments	26,704,547	22,911,331	485,088	3,250,705	57,423	21,873,378
Own portfolio	2,390,258	2,198,448	93,675	98,135	-	1,862,233
Federal government bonds	1,688,651	1,496,841	93,675	98,135	-	1,850,139
Corporate bonds	701,607	701,607	-	-	-	12,094
Third-party portfolio	22,146,070	19,409,844	269,866	2,432,326	34,034	15,808,356
Federal government bonds	22,098,671	19,362,445	269,866	2,432,326	34,034	15,755,882
Corporate bonds	31,710	31,710	-	-	-	36,356
Federal foreign government bonds	15,689	15,689	-	-	-	16,118
Short position	2,168,219	1,303,039	121,547	720,244	23,389	4,202,789
Federal government bonds	2,168,219	1,303,039	121,547	720,244	23,389	4,202,789
Interbank investments	2,272,638	2,177,287	95,351	-	-	1,853,888
Interbank deposit certificates	1,259,462	1,164,111	95,351	-	-	507,252
Investments in foreign currency - overnight	1,013,176	1,013,176	-	-	-	1,346,636
Total	28,977,185	25,088,618	580,439	3,250,705	57,423	23,727,266

As at March 31, 2017 the collateral received in repurchase agreements amounts to R\$27,761,945 (December 31, 2016- R\$22,342,171), whereas the collateral granted amounts to R\$35,230,043 (December 31, 2016 – R\$33,798,834).

8. Securities

a. Summary by type of portfolio

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

	31/03/2017							31/12/2016
	Cost	Market	Up to 90 days	90 to 365 days	1 to 3 years	3 to 5 years	Over 5 years	Market
Own portfolio	15,019,417	14,954,114	9,427,281	3,043,788	1,476,762	194,756	811,527	14,002,160
Federal government bonds	77,829	78,864	-	6,341	27,796	44,043	684	55,172
Brazilian foreign debt securities	110,281	110,281	-	371	-	-	109,910	9,031
Debentures/Eurobonds (i)	237,183	198,504	12,750	53,772	20,925	7,183	103,874	268,329
Certificate of real estate receivables	38,828	38,828	-	-	7,688	4,002	27,138	34,120
Investment fund quotes								
Multimarket	8,782,496	8,782,495	6,308,818	2,473,677	-	-	-	9,072,834
Shares	160,496	160,496	160,496	-	-	-	-	120,085
FIDC - Credit rights	417,261	417,261	417,261	-	-	-	-	246,282
Equity investment fund	1,194,645	1,194,645	-	-	1,084,247	-	110,398	1,222,297
Real estate	37,146	37,473	1,647	-	35,826	-	-	37,658
Shares	2,977,941	2,950,012	2,449,975	394,708	-	-	105,329	2,454,179
Promissory notes	31,437	31,437	-	31,437	-	-	-	30,546

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	31/03/2017							31/12/2016
	Cost	Market	Up to 90 days	90 to 365 days	1 to 3 years	3 to 5 years	Over 5 years	Market
Others	26,278	26,221	10	175	18,039	-	7,997	8,122
Foreign private securities	695,054	695,055	18,978	501	270,065	63,706	341,805	348,731
Foreign government bonds	232,542	232,542	57,346	82,806	12,176	75,822	4,392	94,774
Unrestricted portfolio	202,986	207,385	-	-	39,505	72,510	95,370	185,449
Federal government bonds	202,986	207,385	-	-	39,505	72,510	95,370	185,449
Subject to repurchase agreements	9,337,123	9,132,067	4,487,952	1,555,999	759,902	967,097	1,361,117	9,356,917
Federal government bonds	6,683,637	6,706,231	3,564,710	1,472,665	543,057	729,187	396,612	7,139,002
Brazilian foreign debt securities	154,687	154,687	-	-	-	-	154,687	10,076
Corporate bonds / Eurobonds	1,515,382	1,287,734	799,722	83,334	216,845	-	187,833	1,305,688
(i) Certificate of real estate receivables	290,838	290,838	-	-	-	-	290,838	314,623
Foreign private securities	556,202	556,200	51,949	-	-	237,910	266,341	494,460
Foreign government bonds	136,377	136,377	71,571	-	-	-	64,806	93,068
Subject to guarantees	1,297,236	1,299,113	545,648	272,044	32,535	407,769	41,117	1,556,025
Federal government bonds	589,845	595,885	-	248,106	117	328,681	18,981	1,010,005
Corporate bonds / Eurobonds	137,394	136,047	-	23,938	32,418	57,555	22,136	99,223
(i) Certificate of real estate receivables	21,533	21,533	-	-	-	21,533	-	24,017
Shares	548,464	545,648	545,648	-	-	-	-	422,780
Trading securities	20,973,108	20,976,756	13,648,399	2,205,498	2,012,083	1,551,859	1,558,917	20,358,041
Available for sale securities	4,883,654	4,615,923	812,482	2,666,333	296,621	90,273	750,214	4,742,510
Total	25,856,762	25,592,679	14,460,881	4,871,831	2,308,704	1,642,132	2,309,131	25,100,551

(i) Substantially securities issued by Brazilian companies.

b. Trading securities

	31/03/2017							31/12/2016
	Cost	Market	Up to 90 days	90 to 365 days	1 to 3 years	3 to 5 years	Over 5 years	Market
Own portfolio	12,100,910	12,074,343	9,414,521	484,727	1,429,404	183,571	562,120	11,003,201
Federal government bonds	77,829	78,864	-	6,341	27,796	44,043	684	55,172
Brazilian foreign debt securities	110,281	110,281	-	371	-	-	109,910	9,031
Investment fund quotes								
Multimarket	6,308,819	6,308,818	6,308,818	-	-	-	-	6,545,085
Shares	160,496	160,496	160,496	-	-	-	-	120,085
FIDC - Credit rights	417,261	417,261	417,261	-	-	-	-	246,282
Equity investment fund	1,083,541	1,083,541	-	-	1,083,541	-	-	1,092,204
Real estate	37,146	37,473	1,647	-	35,826	-	-	37,658
Shares	2,977,941	2,950,012	2,449,975	394,708	-	-	105,329	2,454,179
Foreign private securities	695,054	695,055	18,978	501	270,065	63,706	341,805	348,731
Foreign government bonds	232,542	232,542	57,346	82,806	12,176	75,822	4,392	94,774
Unrestricted portfolio	202,986	207,385	-	-	39,505	72,510	95,370	185,449
Federal government bonds	202,986	207,385	-	-	39,505	72,510	95,370	185,449
Subject to repurchase agreements	7,530,903	7,553,495	3,688,230	1,472,665	543,057	967,097	882,446	7,736,606
Federal government bonds	6,683,637	6,706,231	3,564,710	1,472,665	543,057	729,187	396,612	7,139,002
Brazilian foreign debt securities	154,687	154,687	-	-	-	-	154,687	10,076
Foreign private securities	556,202	556,200	51,949	-	-	237,910	266,341	494,460
Foreign government bonds	136,377	136,377	71,571	-	-	-	64,806	93,068
Subject to guarantees	1,138,309	1,141,533	545,648	248,106	117	328,681	18,981	1,432,785
Federal government bonds	589,845	595,885	-	248,106	117	328,681	18,981	1,010,005
Shares	548,464	545,648	545,648	-	-	-	-	422,780
Total	20,973,108	20,976,756	13,648,399	2,205,498	2,012,083	1,551,859	1,558,917	20,358,041

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c. Available-for-sale securities

	31/03/2017							31/12/2016
	Cost	Market	Up to 90 days	90 to 365 days	1 to 3 years	3 to 5 years	Over 5 years	Market
Own portfolio	2,918,507	2,879,771	12,760	2,559,061	47,358	11,185	249,407	2,998,959
Debentures	237,183	198,504	12,750	53,772	20,925	7,183	103,874	268,329
Certificate of real estate receivables	38,828	38,828	-	-	7,688	4,002	27,138	34,120
Promissory notes	31,437	31,437	-	31,437	-	-	-	30,546
Others	26,278	26,221	10	175	18,039	-	7,997	8,122
Investment fund quotes								
Multimarket	2,473,677	2,473,677	-	2,473,677	-	-	-	2,527,749
Equity investment fund	111,104	111,104	-	-	706	-	110,398	130,093
Subject to repurchase agreements	1,806,220	1,578,572	799,722	83,334	216,845	-	478,671	1,620,311
Debentures	1,515,382	1,287,734	799,722	83,334	216,845	-	187,833	1,305,688
Certificate of real estate receivables	290,838	290,838	-	-	-	-	290,838	314,623
Subject to guarantees	158,927	157,580	-	23,938	32,418	79,088	22,136	123,240
Debentures	137,394	136,047	-	23,938	32,418	57,555	22,136	99,223
Certificate of real estate receivables	21,533	21,533	-	-	-	21,533	-	24,017
Total	4,883,654	4,615,923	812,482	2,666,333	296,621	90,273	750,214	4,742,510

d. Reclassification of securities

Management classifies the securities according to its trading intention. No reclassifications or changes in intention were made by Management during the quarter ended in March 31, 2017 and year ended December 31, 2016.

9. Derivative financial instruments

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

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

Transactions conducted in Brazil are traded, registered or held in custody by BM&FBovespa 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.

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As at the quarter ended March 31, 2017 and year ended December 31, 2016, the Bank does not have derivative financial instruments classified as hedge accounting. However, it has the policy to economically hedge its exposures to foreign currencies, including exposures in subsidiaries or to associates, using derivatives or other financial instruments. The policy aims to mitigate any effect from changes in foreign currency on assets and liabilities, other than those ones for trading purpose.

a. Recognized in memorandum and balance sheet accounts

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

	31/03/2017				31/12/2016
	Up to 6 months	6 to 12 months	Over 1 year	Total	Total
Futures market					
Long position	24,537,175	18,443,761	12,092,960	55,073,896	80,783,405
Currency	8,633,255	-	10,220	8,643,475	6,766,633
Interest rate	15,849,921	18,443,761	12,082,740	46,376,422	73,911,949
Other	53,999	-	-	53,999	104,823
Short position	36,676,171	5,577,772	1,127,388	43,381,331	17,333,822
Currency	46,407	-	246,448	292,855	-
Interest rate	36,043,347	1,848,275	880,940	38,772,562	17,141,915
Commodities	-	-	-	-	7,549
Other	586,417	3,729,497	-	4,315,914	184,358
Swap					
Long position	83,475,290	38,831,761	64,624,584	186,931,635	109,789,899
Currency	334,745	12,372,948	28,581,780	41,289,473	38,794,695
Interest rate	82,945,059	25,758,271	36,014,197	144,717,527	70,471,855
Index	1,128	460	3,965	5,553	246,295
Equities	43,331	36,551	2,463	82,345	92,673
Commodities	4,983	-	-	4,983	-
Other	146,044	663,531	22,179	831,754	184,381
Short position	83,475,290	38,831,761	64,624,584	186,931,635	109,789,899
Currency	261,988	1,147,463	8,086,868	9,496,319	14,036,082
Interest rate	82,281,532	37,547,065	55,225,731	175,054,328	89,492,273
Index	168,289	65,769	993,835	1,227,893	4,078,690
Equities	35,816	3,010	-	38,826	53,384
Commodities	321,824	-	-	321,824	-
Other	405,841	68,454	318,150	792,445	2,129,470
Credit derivatives					
Long position	285,156	47,526	317,949	650,631	543,617
Sovereign	285,156	31,684	185,510	502,350	505,160
Corporate	-	15,842	132,439	148,281	38,457
Short position	-	-	-	-	93,048
Sovereign	-	-	-	-	11,570
Corporate	-	-	-	-	81,478

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	31/03/2017				31/12/2016
	Up to 6 months	6 to 12 months	Over 1 year	Total	Total
Non-deliverable forward - NDF					
Long position	28,866,089	4,110,791	421,322	33,398,202	50,030,213
Currency	28,866,089	4,110,791	421,322	33,398,202	49,914,137
Interest rate	-	-	-	-	116,076
Short position	28,866,089	4,110,791	421,322	33,398,202	50,030,213
Currency	27,761,949	3,730,842	411,292	31,904,083	45,960,551
Interest rate	1,104,140	379,949	10,030	1,494,119	4,069,662
Deliverable forward - DF					
Long position	12,379,985	666,747	422,926	13,469,658	11,919,259
Currency	12,379,985	666,747	422,926	13,469,658	11,919,259
Short position	12,379,985	666,747	422,926	13,469,658	11,919,259
Currency	12,379,985	666,747	422,926	13,469,658	11,919,259
Security forwards					
Long position	136,058	294,055	1,483,088	1,913,201	210,070
Government bonds	136,058	294,055	1,483,088	1,913,201	210,070
Short position	136,058	294,055	1,483,088	1,913,201	210,070
Interest rate	136,058	294,055	1,483,088	1,913,201	210,070
Options					
Long position					
Call option	18,860,135	25,028,934	81,150,266	125,039,335	103,771,636
Equities	202,995	196,070	21,025	420,090	409,214
Index	102	-	-	102	-
Currency	14,988,326	24,832,864	81,129,241	120,950,431	97,329,539
Interest rate	3,645,324	-	-	3,645,324	5,957,476
Other	23,388	-	-	23,388	75,407
Put option	37,903,715	8,424,273	95,827,411	142,155,399	126,001,465
Equities	283,495	43,834	404,588	731,917	878,068
Index	100	-	-	100	3,798
Currency	20,125,620	8,380,439	95,422,823	123,928,882	109,672,862
Interest rate	17,494,500	-	-	17,494,500	15,112,500
Other	-	-	-	-	334,237
Short position					
Call option	26,635,948	8,484,332	95,578,677	130,698,957	111,678,054
Equities	313,395	108,303	34,227	455,925	255,232
Index	85	-	128	213	-
Currency	15,643,673	8,369,692	95,422,823	119,436,188	111,258,297
Interest rate	3,646,974	-	-	3,646,974	-
Other	7,031,821	6,337	121,499	7,159,657	164,525
Put option	29,633,188	17,830,775	81,075,711	128,539,674	112,455,255
Equities	166,088	15,189	2,157	183,434	201,887
Index	95	-	-	95	4,257
Currency	8,306,651	17,802,912	81,073,554	107,183,117	96,552,367
Interest rate	17,487,000	-	-	17,487,000	15,106,000
Other	3,673,354	12,674	-	3,686,028	590,744

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b. By cost and market value

	31/03/2017					31/12/2016
	Cost	Market	Up to 6 months	6 to 12 months	Over 1 year	Total
Swaps						
Long position	618,708	1,046,989	180,551	170,973	695,465	1,029,242
Short position	768,697	1,706,379	134,615	269,303	1,302,461	1,436,987
Credit derivatives						
Long position	18,640	18,640	3,063	992	14,585	16,245
Short position	-	-	-	-	-	1,065
Non-deliverable forward - NDF						
Long position	2,398,639	2,410,330	2,043,250	340,196	26,884	2,282,879
Short position	2,433,110	2,436,182	2,066,267	349,639	20,276	2,234,016
Deliverable forward - DF						
Long position	9,193,127	9,193,127	8,629,626	169,322	394,179	5,899,603
Short position	9,189,486	9,189,485	8,629,926	167,421	392,138	5,865,895
Forward transaction						
Long position	1,912,237	1,912,237	136,005	293,921	1,482,311	209,875
Short position	1,912,191	1,912,191	135,997	293,921	1,482,273	209,978
Options market						
Long position	23,386,518	21,782,049	2,487,894	1,655,175	17,638,980	17,252,427
Short position	22,676,755	23,530,991	1,432,150	3,661,367	18,437,474	20,342,295
Long position	37,527,869	36,363,372	13,480,389	2,630,579	20,252,404	26,690,271
Short position	36,980,237	38,775,228	12,398,955	4,741,651	21,634,622	30,090,236

c. Notional value by counterparty

	31/03/2017					31/12/2016
	Clearing houses / stock exchange	Financial Institutions (i)	Companies	Individuals	Total	Total
Futures market						
Long position	55,019,897	53,999	-	-	55,073,896	80,783,405
Short position	39,065,417	4,315,914	-	-	43,381,331	17,333,822
Swap						
Long position	2,271,737	184,659,898	-	-	186,931,635	109,789,899
Short position	2,271,737	184,659,898	-	-	186,931,635	109,789,899
Credit derivatives						
Long position	-	650,631	-	-	650,631	543,617
Short position	-	-	-	-	-	93,048
Non-deliverable forward - NDF						
Long position	-	33,398,202	-	-	33,398,202	50,030,213
Short position	-	33,398,202	-	-	33,398,202	50,030,213
Deliverable forward - DF						
Long position	-	13,469,658	-	-	13,469,658	11,919,259
Short position	-	13,469,658	-	-	13,469,658	11,919,259
Forward transactions						
Long position	-	1,913,201	-	-	1,913,201	210,070
Short position	-	1,913,201	-	-	1,913,201	210,070
Options market						
Long position	21,289,331	245,377,100	120,940	407,363	267,194,734	229,773,101
Short position	21,441,374	237,523,467	400	273,390	259,238,631	224,133,309
Long position	78,580,965	479,522,689	120,940	407,363	558,631,957	483,049,564
Short position	62,778,528	475,280,340	400	273,390	538,332,658	413,509,620

(i) Includes investments funds.

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d. Credit derivatives

	31/03/2017	31/12/2016
Credit swap		
Transferred risk		
Sovereign	502,350	505,161
Corporate	148,281	38,457
Risk received		
Sovereign	-	(11,570)
Corporate	-	(81,478)
	650,631	450,570

During the quarter ended March 31, 2017 and year ended December 31, 2016 there was no credit events related to triggering facts provided for in agreements.

According to CMN's resolutions, the effect on the calculation of the required reference shareholders' equity (PRE) as at March 31, 2017 is R\$59,958 (December 31, 2016 – R\$64,237).

e. Guarantee margin

Guarantee margin in transactions traded on BM&FBovespa and other stock exchanges with derivatives comprises federal government bonds and others, totaling R\$549,387 (December 31, 2016 – R\$1,024,555), and equities in the amount of R\$545,648 (December 31, 2016 – R\$422,780). From the total amount, approximately R\$132,199 refers to additional margin deposited, as requested by BM&F Bovespa, due to volatility observed in function of events previously described, in Note 1.

f. Fair value of financial instruments

The fair values of financial instruments are calculated as follows:

- Swaps: cash flows are discounted to present value based on yield curves reflecting the proper risk factors. These yield curves are mainly based on the prices traded on BM&FBovespa, Brazilian government bonds traded on the secondary or derivative market and securities traded abroad. These yield curves may be used to obtain the fair value of currency swaps, interest rate swaps and swaps based on other risk factors (commodities, stock market indexes, etc.).
- Futures and Forward: using stock exchange quotations or criteria identical to those described for swaps above.
- Options: the fair value of these instruments are calculated based on mathematical models (such as Black & Scholes) that use data containing implied volatility, interest rate yield curve and the fair value of the underlying asset. These data are obtained from different sources (normally prices from brokers and brokerage firms, Bloomberg and Reuters).

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- Credit derivatives: the fair value of these instruments is calculated based on mathematical models largely adopted in the market that uses data relating to the issuer's credit spread and interest rate yield curve. These data are obtained from different sources (normally market prices, Bloomberg and Reuters).
- Securities and short selling: the fair value of government bonds are calculated based on prices disclosed by the Brazilian Association of Financial and Capital Market Entities (ANBIMA). The fair value of corporate bonds is calculated based on prices traded on the secondary market, prices of similar assets and market visibility of the Company's commercial departments. Shares are calculated based on the prices informed by BM&FBovespa. Fund quotas are valued based on quota prices disclosed by the custodian.
- Financial assets at fair value through profit (loss): The Bank estimates the fair values of the financial instruments by discounting cash flows to present value based on yield curves reflecting the proper risk factors.

10.Loans

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

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

Loans and other operations with loan characteristics are as follows:

a. Loans

i. By type of credit

Type of credit	31/03/2017		31/12/2016	
	Balance	Allowance	Balance	Allowance
Loans	7,767,907	(756,923)	7,135,917	(456,089)
Financing	834,238	(57,634)	832,547	(61,076)
FINAME/BNDES	2,694,052	(13,286)	2,643,857	(13,018)
Securities financing	30,292	-	7,043	-
Transferred loans with co-obligations (i)	444,745	(177,413)	12,848	-
Total	11,771,234	(1,005,256)	10,632,212	(530,183)

(i) Refers to transferred loans as collateral, related to repurchase agreements.

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ii. By risk level and maturity

Risk level	31/03/2017						31/12/2016	
	Overdue	Maturity			Total	Allowance	Total	Allowance
		Up to 6 months	6 to 12 months	Over 12 months				
AA	8,753	1,013,441	284,805	2,974,721	4,281,720	-	3,480,443	-
A	-	53,002	325,952	2,580,350	2,959,304	(14,797)	3,009,183	(15,046)
B	20	112,061	79,467	913,460	1,105,008	(11,050)	1,144,936	(11,326)
C	26,328	871,264	176,002	91,044	1,164,638	(48,884)	1,181,838	(49,535)
D	149,970	73,992	37,256	1,004,465	1,265,683	(165,077)	1,165,417	(156,258)
E	78,682	2,422	2,477	20,783	104,364	(35,567)	496,730	(190,354)
F	376,634	3,583	4,142	17,115	401,474	(241,366)	89,915	(48,324)
G	1,760	-	-	-	1,760	(1,232)	14,694	(10,284)
H	98,271	371,177	6,456	11,379	487,283	(487,283)	49,056	(49,056)
Total	740,418	2,500,942	916,557	7,613,317	11,771,234	(1,005,256)	10,632,212	(530,183)

iii. By activity sector

Sector	31/03/2017	31/12/2016
Commerce	17,869	18,277
Industry	342,187	328,834
Services	10,054,980	9,333,624
Rural	153,117	151,118
Individuals	1,203,081	800,359
Total	11,771,234	10,632,212

b. Other receivables with loans characteristics and transferred loan

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

i. By risk level and maturity

Risk level	31/03/2017						31/12/2016	
	Overdue	Maturity			Total	Allowance	Total	Allowance
		Up to 6 months	6 to 12 months	Over 12 months				
AA	-	7	-	-	7	-	277	-
B	-	-	-	-	-	-	11,940	(119)
C	14,261	29,570	45,496	-	89,327	(2,680)	84,520	(2,547)
D	47,256	-	-	-	47,256	(4,726)	44,776	(4,500)
E	-	-	-	15,003	15,003	(5,101)	-	-
Total	61,517	29,577	45,496	15,003	151,593	(12,507)	141,513	(7,166)

ii. By activity sector

Sector	31/03/2017	31/12/2016
Services	151,593	141,513
Total	151,593	141,513

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c. Advances in foreign exchange contracts

i. By risk level and maturity

Risk level	31/03/2017					31/12/2016		
	Overdue	Maturity			Total	Allowance	Total	Allowance
		Up to 6 months	6 to 12 months	Over 12 months				
AA	-	-	64,494	-	64,494	-	64,494	-
A	-	3,871	-	-	3,871	(19)	16,332	(82)
C	-	15,699	79,520	-	95,219	(2,868)	48,181	(1,473)
D	-	25,139	-	-	25,139	(2,279)	67,113	(8,380)
E	-	7,621	8,244	-	15,865	(4,767)	-	-
H	20,886	-	-	-	20,886	(20,886)	20,886	(20,886)
Total	20,886	52,330	152,258	-	225,474	(30,819)	217,006	(30,821)

ii. By activity sector

Sector	31/03/2017	31/12/2016
Industry	55,887	62,097
Services	169,587	154,909
Total	225,474	217,006

d. Credit risk concentration

	31/03/2017	%	31/12/2016	%
Largest debtors				
10 largest debtors	6,672,124	54%	6,362,931	59%
20 following largest debtors	1,913,868	16%	1,805,532	16%
50 following largest debtors	1,770,093	15%	1,576,483	14%
100 following largest debtors	1,292,227	11%	1,001,649	9%
200 following largest debtors	499,190	4%	244,120	2%
500 following largest debtors	799	0%	16	0%
Total	12,148,301	100%	10,990,731	100%

e. Allowance

Changes in the allowance for loan losses and other receivables with loan characteristics in the quarters ended:

	31/03/2017	31/03/2016
Opening balances	(784,574)	(1,442,349)
Reversal/(recording) of allowance	(110,494)	(126,949)
Renegotiation/recovery of credits written off to loss	(369,084)	-
Exchange rate variation	3,745	22,877
Transferred provision on credit sale	-	1,210
Credits written off as loss	7,591	33,587
Closing balances	(1,252,816)	(1,511,624)
Breakdown of closing balances		
Allowance for loan losses	(1,005,256)	(1,169,181)
Allowance for other receivables (Note 10 (b))	(12,507)	(117,796)
Allowance for advances on foreign exchange contracts	(30,819)	(35,538)
Provision for standby letters of credit (Note 16 c)	(204,234)	(189,109)
	(1,252,816)	(1,511,624)

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f. Renegotiation/recovery of credits written off to loss

In March 31, 2017, the amount of R\$70,386 were due to credit renegotiation (December 31, 2016 – R\$1,229,927). Also in the quarter ended March 31, 2017 there were the amount of R\$110,183 due to written off loans recovery (December 31, 2016 – R\$17,801).

11. Other receivables/obligations

a. Foreign exchange portfolio

	31/03/2017		31/12/2016	
	Assets	Liabilities	Assets	Liabilities
Unsettled exchange purchased/sold	5,383,700	9,417,363	3,910,750	10,528,240
Rights on foreign exchange sales	9,776,933	-	10,743,012	-
(-) Advances on foreign Exchange contracts (Note 10 (c))	1,025	(224,449)	1,498	(215,508)
(-) Advances in foreign currency received	(158)	-	(326)	-
(-) Advances in local currency received	(7,973)	-	(1,280)	-
Liability for foreign exchange purchase	-	5,425,949	-	3,982,691
Total	<u>15,153,527</u>	<u>14,618,863</u>	<u>14,653,654</u>	<u>14,295,423</u>
Current	15,153,527	14,618,863	14,653,654	14,295,423
Long term	-	-	-	-

Guarantees for foreign exchange transactions carried out through BM&FBovespa – Securities, Commodities and Futures Exchange (BM&FBovespa), are represented by federal government bonds in the amount of R\$204,078 (December 31, 2016 - R\$108,690).

b. Securities trading and brokerage

	31/03/2017		31/12/2016	
	Assets	Liabilities	Assets	Liabilities
Clearing houses	625,063	703,994	863,032	382,603
Commissions and brokerage payable	-	397	-	468
Debtors/creditors – pending settlement account	1,774,184	686,862	1,118,461	806,596
Unsettled third-party interbank investments	-	52,176	-	13,476
Creditors for stock loans	-	482	-	482
Securities trading and brokerage	126,757	1,744,539	17,090	985,409
Total	<u>2,526,004</u>	<u>3,188,450</u>	<u>1,998,583</u>	<u>2,189,034</u>
Current	2,526,004	3,188,450	1,998,583	2,189,034
Long term	-	-	-	-

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

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

12. Other receivables

a. Income receivable

	31/03/2017	31/12/2016
Dividends and profit sharing	170,868	2,180,856
Receivables from services rendered	39,998	22,039
Management and performance fees from investment funds and portfolios	2,990	2,360
Distribution fees	4,163	3,105
Commissions on guarantees	18,193	13,537
Total	<u>236,212</u>	<u>2,221,897</u>
Current	236,212	2,221,897
Long term	-	-

b. Sundry

	31/03/2017	31/12/2016
Deferred tax assets - IR/CS (Note 18)	3,636,971	3,891,354
Deferred tax assets - Others	120,230	190,845
Judicial deposits	975,917	956,750
Taxes to offset	188,715	172,708
Tax incentive options	1,317	1,317
Securities and credits receivable		
With loan characteristics (Note 10(b))	151,593	128,665
Without loan characteristics (ii)	87,428	62,027
Held for sale	1,767,580	1,767,580
Advance to suppliers	261	145,564
Sundry - Brazil (i)	2,014,035	2,551,615
Other	62	6,745
Total	<u>8,944,109</u>	<u>9,875,170</u>
Current	3,772,535	4,255,536
Long term	5,171,574	5,619,634

(i) Refes, basically to receivables from sale of investments.

(ii) On March 31, 2017, the line above has allowance for losses of R\$51,237 (December 31, 2016 – R\$17,729), registered in “Other receivables - Allowance for losses in other receivables”.

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13. Investments in subsidiaries, associates companies and jointly controlled entities

	Subsidiaries, associates and jointly controlled entities					
	Shareholders Equity		Net income (loss)		Equity interest	
	31/03/2017	31/03/2016	31/03/2017	31/03/2016	31/03/2017	31/03/2016
In Brazil						
BTG Pactual Asset Management S.A. DTVM	331,346	318,047	13,297	(16,224)	99.99%	99.99%
BTG Pactual Corretora de Títulos e Valores Mobiliários S.A.	331,494	318,848	12,646	8,877	99.99%	99.99%
BTG Pactual Serviços Financeiros S.A. DTVM	51,221	48,341	2,880	3,564	99.99%	99.99%
BTG Pactual Holding Participações S.A.	723	721	2	(1)	99.99%	99.99%
BTG Pactual Holding Internacional S.A.	8,332,583	8,767,902	143,635	(172,219)	99.99%	99.99%
BTG Pactual Comercializadora de Energia Ltda.	1,702,645	1,708,485	(5,841)	461,531	99.99%	99.99%
BW Properties S.A.	473,823	457,406	(17,026)	(12,130)	50.93%	50.93%
Warehouse 1 Empreendimentos Imobiliários S.A.	29,758	29,754	-	-	35.00%	35.00%
Max Casa XIX Empreendimentos Imobiliários S.A.	2,679	2,680	-	(2,308)	50.00%	50.00%
ACS Omicron Empreendimentos Imobiliários S.A.	5,705	5,706	-	161	44.74%	44.74%
BTG Pactual Holding de Seguros Ltda.	752,033	807,475	11,552	12,394	99.99%	99.99%
TTG Participações Holding	90,099	89,299	2,448	(6,942)	99.99%	99.99%
Pan Corretora S.A.	71,492	67,612	3,880	2,572	51.00%	51.00%
Banco Sistema S.A.	6,116,349	6,015,349	151,000	525,795	99.91%	99.91%
BTGP Corretora de Seguros S.A.	12,735	9,646	3,089	3,420	99.99%	99.99%
BTG Pactual Corretora de Resseguros Ltda	3,434	2,040	1,395	(31)	99.99%	99.99%
Jointly-controlled entities - In Brazil						
Banco Pan S.A.	3,184,515	3,412,162	3,669	96,102	40.35%	40.35%
Abroad						
BTG Pactual Overseas Corporation	24,267	24,989	(27)	-	99.99%	99.99%
BTG Pactual Chile Internacional Ltd.	53,693	60,088	(4,621)	5,074	99.99%	99.99%
Banco BTG Pactual Luxembourg S.A.	318,837	327,985	(21)	52,136	99.99%	99.99%
BTG Pactual S.A. Comisionista de Bolsa	127,549	126,410	1,089	(619)	99.99%	99.99%
BSI Limited (i)	1,632,699	1,683,532	(31,822)	-	100.00%	100.00%

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	Changes in investments						
	31/12/2016	Aquisition / Increase / Transfer / (Sales) / (Capital Decrease)	Dividends paid	Equity pick up	Foreign exchange	Fair value adjustments	
Subsidiaries and associates - In Brazil							
BTG Pactual Asset Management S.A. DTVM	318,047	-	-	13,297	-	-	331,344
BTG Pactual Corretora de Títulos e Valores Mobiliários S.A.	318,848	-	-	12,646	-	-	331,494
BTG Pactual Serviços Financeiros S.A. DTVM	48,341	-	-	2,880	-	-	51,221
BTG Pactual Holding Participações S.A.	720	-	-	2	-	-	722
BTG Pactual Holding Internacional S.A.	7,179,498	(660,000)	-	145,119	(99,633)	18	6,565,002
BTG Pactual Comercializadora de Energia Ltda.	1,708,475	-	-	(5,841)	-	-	1,702,634
BTG Pactual Vivere Participações S.A.	-	-	-	-	-	-	-
BW Properties S.A.	232,944	-	-	(15,598)	-	-	217,346
Goodwill – BW Properties S.A.	2,322	-	-	-	-	-	2,322
Warehouse 1 Empreendimentos Imobiliários S.A.	10,414	-	-	-	-	-	10,414
Max Casa XIX Empreendimentos Imobiliários S.A.	1,340	-	-	-	-	-	1,340
ACS Omicron Empreendimentos Imobiliários S.A.	2,553	-	-	-	-	-	2,553
BTG Pactual Commodities S.A. (i)	-	-	-	-	-	-	-
TTG Participações Holding	89,453	-	-	2,450	-	(1,803)	90,100
BTG Pactual Holding de Seguros	807,476	(43,300)	(24,000)	11,553	-	304	752,033
BTGP Corretora de Seguros S.A.	9,645	-	-	3,089	-	-	12,734
Pan Corretora S.A.	34,482	-	-	1,979	-	-	36,461
Banco Sistema S.A.	6,009,780	-	(49,954)	150,861	-	-	6,110,687
Negative goodwill - Banco Sistema S.A.	(26,551)	-	-	-	-	-	(26,551)
BTG Pactual Corretora de Resseguros Ltda	2,040	-	-	1,395	-	-	3,435
Other	5,965	-	-	-	-	-	5,965
	16,755,792	(703,300)	(73,954)	323,832	(99,633)	(1,481)	16,201,256
Jointly-controlled entities - In Brazil							
Banco Pan S.A.	1,283,327	-	-	1,480	-	833	1,285,640
Negative goodwill - Pan S.A.	(111,344)	-	-	-	-	-	(111,344)
	1,171,983	-	-	1,480	-	833	1,174,296
Total	17,927,775	(703,300)	(73,954)	325,312	(99,633)	(648)	17,375,552
Abroad							
Pactual Overseas Corporation (iii)	24,989	-	-	(27)	(695)	-	24,267
BTG Pactual Chile Internacional Ltd. (iii)	60,089	-	-	(4,621)	(1,774)	-	53,694
Banco BTG Pactual Luxembourg S.A.	327,985	-	-	(16)	(9,132)	-	318,837
BTG Pactual S.A. Comisionista de Bolsa (iii)	119,480	-	-	(352)	1,133	296	120,557
Goodwill - BTG Pactual S.A. Comisionista de Bolsa	18,517	-	-	(4,026)	(286)	-	14,205
BSI Limited (ii) (iii)	1,682,534	-	-	(31,098)	(18,641)	(1,076)	1,631,719
Goodwill - BSI Limited (ii) (iii)	344,634	1,701	-	(17,490)	(4,026)	-	324,819
Other	9,312	-	-	1,082	(257)	-	10,137
	2,587,540	1,701	-	(56,548)	(33,678)	(780)	2,498,235
Total	20,515,315	(701,599)	(73,954)	268,764	(133,311)	(1,428)	19,873,787

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- (i) See note 2.
- (ii) As of September 30, 2016, EFG International entities start to be treated as investments in associates and jointly controlled entities.
- (iii) The difference between equity pick up in subsidiaries and net income of subsidiaries refers to exchange variation.

14. Intangible asset

	Changes in intangible assets					31/03/2017
	31/12/2016	Acquisitions	Write off	Amortization expenses	Exchange variation	
Other intangible assets						
Cost						
Softwares	92,728	7,156	-	-	2,160	102,044
Leasehold improvements	78,043	23,306	-	-	-	101,349
Amortization						
Softwares	(60,430)	2,387	(5,409)	(3,234)	(2,182)	(68,868)
Leasehold improvements	(34,644)	-	(19,301)	(2,254)	-	(56,199)
Total	75,697	32,849	(24,710)	(5,488)	(22)	78,326

The intangible asset amortization period is 5 years.

15. Fund raising and loans onlending

a. Summary

	31/03/2017						31/12/2016
	Total	Up to 90 days	90 to 365 days	1 to 3 years	3 to 5 years	Over 5 years	Total
Deposits	15,431,139	10,628,101	3,943,757	119,011	724,952	15,318	13,940,601
Open market funding	34,481,878	32,349,204	1,236,304	813,203	-	83,167	30,299,051
Funds from securities issued and accepted	8,412,759	1,265,601	3,031,423	3,414,221	533,716	167,798	9,757,394
Loans and onlending	3,515,857	780,710	157,235	138,865	156,240	2,282,807	3,348,263
Subordinated debts and subordinated debt eligible to equity	11,435,723	627,735	627,734	2,775,020	1,923,899	5,481,335	11,622,451
Total	73,277,356	45,651,351	8,996,453	7,260,320	3,338,807	8,030,425	68,967,760

b. Deposits

	31/03/2017						31/12/2016
	Total	Up to 90 days	90 to 365 days	1 to 3 years	3 to 5 years	Over 5 years	Total
Demand deposits	117,494	117,494	-	-	-	-	127,819
Interbank deposits	3,159,117	2,670,484	443,448	42,273	2,912	-	2,773,894
Time deposits (i)	12,154,528	7,840,123	3,500,309	76,738	722,040	15,318	11,038,888
Total	15,431,139	10,628,101	3,943,757	119,011	724,952	15,318	13,940,601

- (i) Include time deposit with special guarantee from FGC, with maturity until December 29, 2017. The deposits were indexed to interest referenced rates (DCI) between 100% p.a and 120% p.a.

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On December 4, 2015 a Memorandum of Understanding with the Fundo Garantidor de Créditos – FGC was executed to extend a credit line up to the amount of R\$6,0 billion, guaranteed by part of the Bank loan portfolio (basically Debentures and Bank Credit Certificate) and personally guaranteed by the controlling shareholders (Top Seven Partners); such collateral represents 120% of the credit line. On October 19, 2016, the financial assistance line obtained from FGC, had fully paid.

c. Open market funding

Open market funding has collateral on the following securities:

	31/03/2017						31/12/2016
	Total	Up to 90 days	90 to 365 days	1 to 3 years	3 to 5 years	Over 5 years	Total
Own portfolio	9,691,113	8,577,877	1,113,236	-	-	-	9,952,918
Federal government bonds	6,800,055	6,800,055	-	-	-	-	7,132,532
Corporate bonds	2,802,219	1,688,983	1,113,236	-	-	-	2,760,533
Federal foreign government bonds	88,839	88,839	-	-	-	-	59,853
Third-party portfolio	21,314,955	21,314,955	-	-	-	-	15,633,281
Federal government bonds	21,277,930	21,277,930	-	-	-	-	15,582,534
Corporate bonds	37,025	37,025	-	-	-	-	50,747
Unrestricted portfolio (i)	3,475,810	2,456,372	123,068	813,203	-	83,167	4,712,852
Federal government bonds	3,475,810	2,456,372	123,068	813,203	-	83,167	4,712,852
Total	34,481,878	32,349,204	1,236,304	813,203	-	83,167	30,299,051

- (i) From the unrestricted portfolio, R\$2,310,847 (December 31, 2016 – R\$4,299,968) refers to short position and R\$1,164,963 (December 31, 2016 – R\$412,884) to third-party portfolio.

d. Fund from securities issued and accepted

	31/03/2017						31/12/2016
	Total	Up to 90 days	90 to 365 days	1 to 3 years	3 to 5 years	Over 5 years	Total
Securities – Brazil	6,576,638	1,255,738	2,671,770	2,018,764	520,242	110,124	7,882,818
Financial bills	5,218,576	839,059	1,943,985	1,815,218	510,190	110,124	6,906,450
Mortgage bonds/letters of credit for agrobusiness	1,290,825	414,528	711,578	154,667	10,052	-	964,695
Structured transactions	67,237	2,151	16,207	48,879	-	-	11,673
Securities – abroad	1,836,121	9,863	359,653	1,395,457	13,474	57,674	1,874,576
Medium term notes (i)	1,733,676	-	312,497	1,361,892	1,613	57,674	1,731,769
Fixed rate notes and others	102,445	9,863	47,156	33,565	11,861	-	142,807
Total	8,412,759	1,265,601	3,031,423	3,414,221	533,716	167,798	9,757,394

- (i) During the quarter ended March 31, 2017, gains in the amount of R\$3.008 (December 31, 2016 – R\$203,764) were recognized by the Bank, as a result of notes acquired below par.

As at March 31, 2017, securities in Brazil were basically indexed o interest referenced rates (CDI) between 85% and 115% or inflation indexes (IPCA and IGPM) plus 1.0% p.a. to 8.0% p.a. (December 31, 2016 – indexed to (CDI) between 88% and 112% or inflation indexes (IPCA and IGPM) plus 1.2% p.a. to 8.2% p.a.).

On March 31, 2017, securities abroad have rates between 0.13% p.a. and 14.0% p.a. (December 31, 2016 – between 1.45% p.a. and 8% p.a.).

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e. Loans and onlending

	31/03/2017						31/12/2016
			90 to 365 days	1 to 3 years	3 to 5 years	Over 5 years	
	Total	Up to 90 days					Total
Loans abroad	897,085	771,580	125,505	-	-	-	768,480
Foreign currency	125,467	-	125,467	-	-	-	63,552
Loans abroad	771,618	771,580	38	-	-	-	704,928
Onlending in Brazil – official institution	2,618,772	9,130	31,730	138,865	156,240	2,282,807	2,579,783
FINAME/BNDES	2,618,772	9,130	31,730	138,865	156,240	2,282,807	2,579,783
Total	3,515,857	780,710	157,235	138,865	156,240	2,282,807	3,348,263

On March 31, 2017, loans and onlending have rates of 1% p.a. and 6.4% a.a. (December 31, 2016 – between 2.5% p.a. and 6.4% p.a.).

f. Subordinated debt and debt instrument eligible to equity

Type - original currency	31/03/2017					31/12/2016
	Issued amount (original currency)	Issued	Maturity	Total compensation a.a.	Net amount	Net amount
Financial bills - R\$ (i)	4,161,000	15/04/2011	15/04/2021	Inflation plus fixed rates	5,949,135	5,876,451
Subordinated debt - US\$	800,000	28/09/2012	15/09/2022	5.75%	1,382,406	1,440,798
Subordinated debt eligible to equity - US\$ (ii)	1,300,000	12/09/2014	Callable at September 2019	8.75%	4,104,182	4,305,202
Total					11,435,723	11,622,451

- (i) Financial bills have different maturities and have interests and principal generally amortized every six months beginning as at 2016.
- (ii) During the quarter ended March 31, 2017, gains in the amount of R\$374 (December 31, 2016 – R\$43.619) were recognized by the Bank, as a result of notes acquired below bar.

16. Other obligations

a. Social and statutory

	31/03/2017	31/12/2016
Dividends and profit sharing payable	-	890,000
Employees' profit sharing	138,871	257,000
Other benefits	55,188	2,000
Total	194,059	1,149,000
Current	138,703	1,149,000
Long-term	55,356	-

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b. Tax and social security

	31/03/2017	31/12/2016
Tax and contributions to be collected	25,091	62,001
Tax and contribution payable	-	3,031
Deferred income tax and social contribution (Note 18)	63,702	9,598
Suspended-payment taxes and other tax liabilities (Note 17 (c))	953,364	934,818
Total	1,042,157	1,009,448
Current	58,613	65,032
Long-term	983,544	944,416

c. Sundry

	31/03/2017	31/12/2016
Payable for acquisition of assets and rights (i)	1,117,406	1,084,913
Allowance for accounts payable	37,985	34,117
Payable - subject to loans operations	6,548	15,321
Provision for guarantees (Note 10 (e))	204,234	216,404
Provision for contingent liabilities (Note 17 (c))	25,652	22,808
Other creditors - Brazil	164,064	398,026
Other creditors - Abroad	13,357	192,147
Other	73	67
Total	1,569,319	1,963,803
Current	97,270	645,819
Long-term	1,472,049	1,317,984

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

17. Contingent assets and liabilities and legal obligations

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

a. Contingent assets

As at March 31, 2017 and December 31, 2016, the Bank did not record contingent assets.

b. Contingent liabilities classified as probable losses and legal obligations

i. Labor provisions

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

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ii. Civil provisions

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

iii. Tax and social security provisions

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

c. Breakdown and changes in provisions

The Bank's Management is challenging the constitutionality of certain procedures regarding federal taxes, in addition to being party to legal, tax and civil proceedings. Based on the opinion of its legal counsel, Management considers that the provisions recorded for such proceedings at March 31, 2017 are appropriate to cover probable losses arising therefrom.

The provisions recognized and their changes are as follows for the quarter ended March 31:

	31/03/2017				31/03/2016
	Tax	Civil	Labor	Total	Total
Balance at the beginning of the quarter	934,818	205	22,603	957,626	875,690
Recognition	18,546	7	2,837	21,390	27,491
Write-off / reversal	-	-	-	-	(6,944)
Balance at the end of the quarter	953,364	212	25,440	979,016	896,237
Suspended-payment taxes and other taxes contingencies (Note 16b) a				953,364	577,765
Provision for contingent liabilities				25,652	18,472

The natures of the main provisions are presented below.

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

BTG Pactual Group has been challenging in court the legal nature of some taxes and contributions. The amounts relating to legal obligations and contingencies assessed a probable 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.

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As at March 31, 2017, the Bank was part to taxes lawsuits with a possible outcome, which were not recorded in provision. The descriptions of the main lawsuits are as follows:

- Lawsuits relating to the payment of profit sharing, challenging the payment of social security contribution on the amounts and non-deductibility of income tax and social contribution tax base. The amount claimed is R\$940 million. Part of this amount is security by indemnity clause, as it refers to the period before the acquisition of the Bank by the current controllers.
- Lawsuits relating to the demutualization and IPO of BM&F Bovespa, challenging the taxation of PIS and Cofins on revenues earned from the sale of shares of the companies previously mentioned. The amount claimed is R\$20 million. Part of this amount is security by indemnity clause, as it refers to the period before the acquisition of the Bank by the current controllers.
- In October 2012, we received a tax assessment, which in March 31, 2017 totaled R\$2,367 million alleging that our use of the amortization of certain goodwill to reduce the amount of the IRPJ and CSLL taxes payable by us was inappropriate. Such goodwill was originated in connection with the acquisition of us by UBS in 2006, and in the acquisition by BTG in 2009. The amortization of such goodwill occurred from February 2007 to January 2012, although the tax assessment solely relates to the IRPJ and CSLL tax returns for the calendar years 2007, 2008 and 2009. The Bank presented a defense against this tax assessment. On February 2013, a first instance decision was issued, providing for a partial reduction of the tax assessment amount. On June 03, 2015, a second instance decision was issued, which canceled the isolated fine in the amount of R\$330 million, as of December 31, 2016. Based on our analysis of applicable case law, including in recent similar cases, we believe that the tax assessment is without merit and that we will ultimately prevail in its appeal. In addition, on December 2015, the Bank received other tax assessment in the amount of R\$1,851 million, which refers to 2010 and 2011, alleging that our use of the goodwill originated in the acquisition of Pactual by UBS, held on 2006, and in the buyback of Pactual by BTG, on 2009. As a result, the Bank does not expect to incur any losses (other than the costs of the appeal) in connection with this matter, and have not established (and do not expect to establish) any related reserves on our financial statements. In addition to our assessment as to the validity of this tax assessment, in the event that we incur losses in connection with this matter, we believe we are entitled to be indemnified by third parties and also by our parent company in relation to the first and second tax assessments, respectively. Accordingly, in no event we expect to incur any material losses in connection with this matter.

ii. Provision for other contingent liabilities

As at March 31, 2017, the bank was part to several civil, labor, lawsuits and other contingences with a possible outcome, which were not recorded in provisions.

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18. Income tax and social contribution

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

	31/03/2017	31/03/2016
Tax base	1,172,828	1,313,165
Income before taxes and profit sharing	1,318,689	1,342,509
Statutory profit sharing	(145,861)	(29,344)
Total charge of income tax and social contribution at the current rates	(530,547)	(590,924)
Permanent (additions) / deductions in taxation calculation	31,599	188,082
Equity pick up in subsidiaries and associates and jointly controlled companies in Brazil	80,743	228,495
Income / (loss) of foreign exchange on foreign investments	-	(17,863)
Income on foreign investments	(12,412)	(8,439)
Dividends	1,558	43,069
Other Permanent (additions) / deductions	(38,290)	(57,180)
Temporary (additions) / deductions on the taxation calculation	1,041,546	268,773
Reversal of provision for goodwill on the acquisition of investments	-	27,077
Fair value of securities and derivatives	613,103	257,314
Allowance for loan losses	(20,532)	(66,297)
Equity on interest	400,500	-
Other provisions	48,475	50,679
	-	-
Effect of increase in social contribution 5% (current tax)	3,626	-
Offset of tax losses carry forward - Brazil	(542,655)	40,230
Tax and social contribution expense	3,569	(93,839)
Temporary differences		
Recognition / (reversal) of the quarter	(1,041,603)	(268,773)
Recognition on goodwill of investments acquisition	149,400	-
Recognition / (reversal) on losses in Brazil	542,655	(40,230)
Recognition / (reversal) on losses on Branches abroad	42,945	(27,278)
Recovery of income tax of investment abroad	1,545	21,965
Other temporary differences	1,294	103,500
(Expenses) / revenues from deferred taxes assets	(303,764)	(210,816)
Total revenues / (expenses)	(300,195)	(304,655)

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.

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

Income tax and social contribution	31/12/2016	Recognition	Realization (i)	31/03/2017
Tax loss	568,726	586,894	-	1,155,620
Interest on equity	400,500	149,400	(400,500)	149,400
Allowance for loan losses	871,937	20,532	-	892,469
Marked-to-market valuation of securities and derivatives	1,713,846	56,306	(613,103)	1,157,049
Tax contingencies and provision for suspended-payment taxes	182,980	-	-	182,980
Other temporary differences	153,030	50,538	(104,838)	98,730
	<u>3,891,019</u>	<u>863,670</u>	<u>(1,118,441)</u>	<u>3,636,248</u>
Effects on other comprehensive income				
Marked-to-market adjustments on securities and derivatives	335	388	-	723
Total	<u>3,891,354</u>	<u>864,058</u>	<u>(1,118,441)</u>	<u>3,636,971</u>

Income tax and social contribution	31/12/2015	Recognition	Realization (i)	31/03/2016
Tax loss carryforward	444,939	-	(67,508)	377,431
Allowance for loan losses	807,423	68,530	(2,232)	873,721
Marked-to-market valuation of securities and derivatives	3,254,951	252,262	(509,576)	2,997,637
Goodwill on the acquisition of investment	108,308	-	(27,077)	81,231
Tax contingencies and provision for suspended-payment taxes	179,681	-	-	179,681
Other temporary differences	273,589	103,500	(50,679)	326,410
	<u>5,068,891</u>	<u>424,292</u>	<u>(657,072)</u>	<u>4,836,111</u>

(i) On March 31, 2016, the amount of R\$48,991 (December 31, 2016 – R\$464,596), refers to recovery paid taxes from investments abroad

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

Description	Tax credits on temporary differences	Tax loss carry forwards	Total
2017	1,187,550	223,926	1,411,476
2018	1,110,821	486,945	1,597,766
2019	-	444,747	444,747
2020 onwards	182,982	-	182,982
	<u>2,481,353</u>	<u>1,155,618</u>	<u>3,636,971</u>
Present value	<u>2,155,556</u>	<u>664,190</u>	<u>2,819,746</u>

The Bank has deferred tax obligations in the amount of R\$63,702 (December 31, 2016 - R\$9,598) according to Note 16(b).

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

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19.Shareholders' equity

a. Capital

As at March 31, 2017, fully subscribed and paid in capital consists of 2,778,465,411 shares (December 31, 2016 – 2,778,465,411), of which 1,778,353,202 common shares (December 31, 2016 – 1,778,353,202), 550.755.870 class A preferred shares (December 31, 2016 – 550,755,870), 449,356,339 class B preferred shares (December 31, 2016 – 449,356,339), registered shares.

At Special General Meeting held on September 6, 2016, was approved capital increase, through the capitalization of statutory reserves, in the amount of R\$4,000,000, with issuance of 817,526,483 class C preferred shares, by way of stock dividend, both nominative and without par value.

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 aquisition public offer due to transfer of control of the Company, provided their holders to receive a minimum amount per share equal to 80% (eighty percent) of the amount paid by common share of the control block.

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

b. Treasury shares

During the quarter ended March 31, 2017, the Bank accomplished the buyback units cancellation, due to approved program, in the amount of R\$104,054 (December 31, 2016 - R\$593,285), equivalent to 8,729,180 untis (December 31, 2016 – 45,827,108). On the quarter ended march 31, 2017, there were no units cancellation (December 31, 2016 – 39,930,808 units, in the amount of R\$654.845).

c. Special earnings reserve

The purpose of this reserve is to interest on equity, in the amount of R\$332,000, declared after year ended on December 31, 2016.

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d. Legal reserve

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

e. Statutory reserve

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

f. Unrealized income reserve

Established considering undistributed dividends obtained in foreign branch.

g. Profit distribution

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

As at June 30, 2016 the Bank has accrued R\$500,000, relating to interest on equity, equivalent to R\$0.19 per share, which generated R\$225,000 of tax benefit. These amounts were approved in the Special Shareholders' Meeting held on June 30, 2016, and the payment occurred on November 9, 2016.

As at December 29, 2016 the Bank has accrued R\$890,000, relating to interest on equity, equivalent to R\$0.32 per share, which generated R\$400,500 of tax benefit. These amounts were approved in the Special Shareholders' Meeting held on December 29, 2016, and the payment occurred on January 12, 2017.

20. Income from services rendered

	31/03/2017	31/03/2016
Management and performance fee from investment funds and portfolios	21,108	41,922
Technical services	100,829	41,962
Commission on the placement of securities	32,049	17,548
Guarantees granted	66,123	59,219
Other services	3,084	3,563
Total	223,193	164,214

21. Other operating income

	31/03/2017	31/03/2016
Reversal of allowances - other	15,243	-
Reversal of allowances - contingencies	-	6,756
Adjustment to inflation of judicial deposits	54,215	21,073
Exchange rate variation	28,327	4,430
Adjustments of receivables from sale	4,258	86,390
Other operating income	22,256	5,649
Total	124,299	124,298

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22. Other operating expenses

	31/03/2017	31/03/2016
Guarantees granted allowances	10,892	18,847
Monetary restatement expense	35,393	36,138
Adjustment of amounts payable for acquisition of investments	838	10,228
Exchange rate variation - other	887	3,093
Tax restatement expense	17,526	18,649
Others	384	16,937
Total	65,920	103,892

23. Other administrative expenses

	31/03/2017	31/03/2016
Outsourced services and consulting	82,556	63,460
Telecommunications and data processing	24,191	32,443
Leases and condominiums	12,158	13,429
Travel and lodging	2,864	5,111
Expenses of the financial system	4,109	5,060
Advertising and public relations	5,980	4,577
Depreciation/amortization	8,938	11,474
Others	4,742	4,117
Total	145,538	139,671

24. Tax charges

	31/03/2017	31/03/2016
ISS	7,948	3,280
PIS / COFINS - current and deferred taxes	75,184	49,658
IOF	427	-
Others	1,753	488
Total	85,312	53,426

25. Non-operating expenses / income

Refers basically to the losses/gains from sale of investments or adjustments arising from receivables from investments, as described on note 2.

26. Related parties

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

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

	Parent company		Subsidiaries and joint controlled entities		Total	
	2016	2015	2016	2015	2016	2015
Assets						
Open market investments	-	-	3,684,406	3,785,918	3,684,406	3,785,918
Interbank investments deposits	-	-	1,100,000	435,000	1,100,000	435,000
Securities	-	-	7,019,678	10,049,777	7,019,678	10,049,777
Derivative financial instruments	10,306	8,275	20,589,194	17,498,213	20,599,500	17,506,488
Loans and Receivables	433,745	987,295	-	971,297	433,745	1,958,592
Income Receivable	-	-	164,641	2,101,477	164,641	2,101,477
Securities trading and brokerage	-	-	332,913	52,292	332,913	52,292
Sundry	-	-	3,691,974	1,789,112	3,691,974	1,789,112
Liabilities						
Interbank deposits	(161)	(58)	(2,839,270)	(2,549,366)	(2,839,431)	(2,549,425)
Time deposits	(27,156)	(108,658)	(266,201)	(3,786,390)	(293,357)	(3,895,048)
Open market funding	-	-	-	(5,594,394)	-	(5,594,394)
Funds from securities issued and accepted	-	-	-	(41,186)	-	(41,186)
Securities issued abroad	-	-	(567,872)	(1,723,067)	(567,872)	(1,723,067)
Derivative financial instruments	(717)	(483)	(23,841,046)	(22,243,804)	(23,841,763)	(22,244,287)
Securities trading and brokerage	-	-	-	(154,958)	-	(154,958)
Sundry	-	-	(291,370)	(203,334)	(291,370)	(203,334)
	Parent company		Subsidiaries and joint controlled entities		Total	
	31/03/2017	31/03/2016	31/03/2017	31/03/2016	31/03/2017	31/03/2016
Statements of income						
Financial income	1,344	8,885	406,250	588,152	407,594	597,037
Financial expenses	(12,421)	(2,379)	(327,163)	(848,281)	(339,584)	(850,660)
Other operating income	-	-	1,082	-	1,082	-

(i) Subsidiaries of BTG Pactual Participations Ltd.

Total compensation paid in the quarter to key management personnel totaling R\$1,170 (March 31, 2016 – R\$1,125) is considered a short-term benefit.

27. Other information

a. Cash and cash equivalents

	31/12/2016	31/12/2015
Balances as at beginning of quarter		
Cash at banks	220,756	1,797,797
Open market investments	11,177,261	9,981,383
Interbank deposits	1,853,888	3,843,062
Total	13,251,905	15,622,242
	31/03/2017	31/03/2016
Balances as at end of quarter		
Cash at banks	476,747	887,230
Open market investments	17,534,796	9,431,492
Interbank deposits	2,177,287	2,674,390
Total	20,188,830	12,993,112

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b. Commitments and responsibilities

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

	31/03/2017	31/12/2016
Co-obligation and risks for guarantees granted	34,784,115	39,138,229
Responsibility for the management of funds and investment portfolio	21,598,856	21,705,163
Securities under custody	191,296,433	202,334,775
Securities trading and brokerage	1,581,114,161	1,714,187,289
Loans contracted to release	1,037,189	297,075
Commitments to be released	49,800	47,700

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

"Responsibility for the management of funds and investment portfolio" is recognized by the sum of the equity value of funds and investment portfolios.

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

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

"Loans contracted to release" register amounts related to loan contracts with clients to release.

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

28.Subsequent events

On April 17, 2017, the acquisition transaction of Enforce equity interest, described on note 2, was approved.