

**Interim Condensed Financial Statements in
IFRS**

PPLA Participations Ltd.

March 31, 2018
with independent auditors' review report

PPLA Participations Ltd.

Interim condensed financial statements

As of March 31, 2018

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

Independent auditor's review report on the interim condensed financial statements at March 31, 2018

To the Management and Shareholders of **PPLA Participations Ltd. (previously denominated BTG Pactual Participations Ltd.)**
São Paulo - SP

We have reviewed the interim condensed financial statements of **PPLA Participations Ltd. (previously denominated BTG Pactual Participations Ltd.) (Company)** as of March 31, 2018 and the related statements of income, comprehensive income, changes in shareholders' equity and the cash flows for the quarter then ended, as well as a summary of the main accounting practices and other notes.

The Company's management is responsible for the fair presentation and preparation of the interim condensed financial statements in accordance with the International Accounting Standard IAS 34 – Interim Financial Reporting issued by the International Accounting Standards Board (IASB). Our responsibility is to express an opinion on the interim information based on our review.

Scope of the review

We conducted our review in accordance with Brazilian and international standards for reviewing interim financial information (NBC TR 2410 and ISRE 2410 – *“Review of Interim Financial Information Performed by the Independent Auditor of the Entity”*). An interim review consists principally of applying analytical and other review procedures, and making enquiries of and having discussions with persons responsible for financial and accounting matters. An interim review is substantially less in scope than an audit conducted in accordance with auditing standards. An interim review does not provide assurance that we would become aware of any or all significant matters that might be identified in an audit. Accordingly, we do not express such an audit opinion.

Conclusion on the interim condensed financial statements

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial statements referred to above do not present fairly, in all material respects, in accordance with the International Accounting Standard IAS 34 – Interim Financial Reporting issued by the International Accounting Standards Board (IASB).

Other issues

Audit of the previous period's and year's amounts

The amounts related to the quarter ended March 31, 2017, presented for comparison purposes, were previously reviewed by other independent auditors, whose reports thereon, dated May 12, 2017, respectively, had no modification.

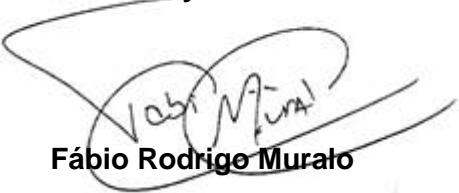
Restatement of statements of cash flows

The financial statements of **PPLA Participations Ltd. (previously denominated BTG Participations Ltd.)** for the quarter ended March 31, 2017 previously audited by other independent auditors, who reports thereon, dated May 12, 2017, had no modification. As described in footnotes 2.d., these financial statements have been changed in order to improve the cash flow statement and are being restated.

The accompanying financial statements have been translated into English for the convenience of readers outside Brazil.

São Paulo, May 15th, 2018.

Baker Tilly 4Partners Auditores Independentes S.S.



Fábio Rodrigo Muralo

PPLA Participations Ltd.

Interim condensed balance sheets

As of March 31, 2018 and December 31, 2017

(In thousands of reais)

Assets	Note	03/31/2018	12/31/2017
Investment entity portfolio	5	57,158	159,698
Total assets		57,158	159,698
Shareholders' equity			
Capital stock and share premium	6	1,504,802	1,504,802
Treasury shares	1, 6b	(2,954)	(2,954)
Other comprehensive income		418,945	417,388
Accumulated losses		(1,863,635)	(1,759,538)
Total shareholders' equity		57,158	159,698
Total liabilities and shareholders' equity		57,158	159,698

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

PPLA Participations Ltd.

Interim condensed statements of income

As of March 31, 2018 and December 31, 2017

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

	<u>Note</u>	<u>03/31/2018</u>	<u>03/31/2017</u>
Loss on investment entity portfolio measured at fair value	8	(104,097)	(67,864)
Operating loss		<u>(104,097)</u>	<u>(67,864)</u>
Administrative expenses	9	-	(105)
Loss for the period		<u>(104,097)</u>	<u>(67,969)</u>
Loss per share (basic and diluted - R\$)	7	(0.25)	(0.09)

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

PPLA Participations Ltd.

Interim condensed statements of comprehensive income

Quarters ended March 31, 2018 and 2017

(In thousands of reais)

	<u>03/31/2018</u>	<u>03/31/2017</u>
Loss for the period	(104,097)	(67,969)
Other comprehensive loss not to be reclassified to profit or loss:		
Currency translation adjustments	1.557	(21,742)
Total comprehensive loss for the period	<u>(102,540)</u>	<u>(89,711)</u>

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

PPLA Participations Ltd.

Interim condensed statement of changes in shareholders' equity

Quarters ended March 31, 2018 and 2017

(In thousands of reais)

	Note	Capital stock and share premium	Treasury shares	Other comprehensive income	Accumulated losses	Total shareholders' equity
Balance as of December 31, 2016		1,504,802	(17,991)	418,648	(1,182,825)	722,634
Sale of treasury shares	1, 6	-	(25,207)	-	-	(25,207)
Net loss of the period		-	-	-	(67,969)	(67,969)
Currency translation adjustments		-	-	(21,742)	-	(21,742)
Balance as of March 31, 2017		1,504,802	(43,198)	396,906	(1,250,794)	607,716
Balance as of December 31, 2017		1,504,802	(2,954)	417,388	(1,759,538)	159,698
Net loss of the period		-	-	-	(104,097)	(104,097)
Currency translation adjustments		-	-	1,557	-	1,557
Balance as of March 31, 2017		1,504,802	(2,954)	418,945	(1,863,635)	57,158

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

PPLA Participations Ltd.

Interim condensed statements of cash flows

Quarters ended March 31, 2018 and 2017

(In thousands of reais)

	<u>03/31/2018</u>	<u>(Restated) 03/31/2017</u>
Operating activities		
Loss for the period	(104,097)	(67,969)
Adjustments to the loss for the period		
Losses from investment entity portfolio measured at fair value	104,097	67,864
Adjusted loss for the period	-	(105)
Decrease in operating assets, net		
Investment entity portfolio	-	25,205
Cash used in operating activities	-	25,100
Financing activities		
Sale of treasury shares	-	(25,207)
Cash used in by financing activities	-	(25,207)
Decrease in cash and cash equivalents	-	(107)
Balance of cash and cash equivalents		
At the beginning of the period	-	107
At the end of the period	-	-
Decrease in cash and cash equivalents	-	(107)

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

PPLA Participations Ltd.

Notes to the interim condensed financial statements

As of March 31, 2018

(In thousands of reais)

1. Operations

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

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

In August, 2017, the Company's Board of Directors changed the corporate name of BTG Participations Ltd. to PPLA Participations Ltd., in order to clarify the investors' understanding of the BPAC11 units and BBTG12 units (PPLA Participations, currently PPLA11) in the context of the segregation held on August 21, 2017.

PPLA Participations (together with BTG Pactual, the "Group") have units listed on NYSE Euronext in Amsterdam and B3 in São Paulo. Each unit issued, corresponds to 1 class A shares and 2 class B shares of PPLA Participations Ltd. All units listed and traded in Amsterdam remained wholly interchangeable with the units in Brazil.

The Company is the sole owner of BTG Bermuda LP Holdco Ltd ("BTG Holdco") which, on December 29, 2010, received a Class C common share from BTG Pactual Management Ltd. and thus became general partner of PPLA Investments LP. ("PPLA Investments"), previously denominated BTG Investments LP. As a consequence of this transaction, the Company obtained the right to control the financial and operating policies of PPLA Investments.

PPLA Investments was formed in 2008 and makes proprietary capital investments in a wide range of financial instruments, including Merchant Banking investments in Brazil and overseas, and a variety of financial investments in global markets.

BTG Pactual's asset management area manages PPLA Investments' assets and receives fees at arm's length.

Buyback Program

On November 25, 2015 the Board of Directors announced its units buyback program. Since the beginning of the program 92,742,230 units have been repurchased in the total amount of R\$1,260,754 and 86,530,430 units had been canceled, in the amount of R\$1,174,199. On March 31, 2018, 2,070,600 (December 31, 2017: 5,896,900) units are held in treasury.

PPLA Participations Ltd.

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(In thousands of reais)

New unit programs

On February 14, 2017 the Board of Directors have approved two new unit programs, which units will be trade on the B3 S.A., 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 depositary receipt ("BDR") representing one class A share and one BDR representing two class B shares issued by PPLA Participations.

Acquisitions and sales

During the quarter ended March 31, 2018, due to the financial situation of Brasil Pharma S.A. ("BR Pharma") and recent request for judicial recovery carried out by the entity, an additional impairment was established in the credits held with PPLA Investments in the amount of R\$277 million. The Company's Management continues to monitor the restructuring process of BR Pharma, the likelihood of success and operational continuity, and the consequent ability to receive the activated amounts. As at March 31, 2018, PPLA Investments exposure in BR Pharma is equivalent to a corporate loan of R\$38.3 million (2017: R\$318.4) recorded at fair value.

During the quarter ended March 31, 2018 PPLA Investments has measured at nil its exposure in Bravante Group due to a fair value adjustment made in light of a reduced transported volume, relevant commercial contracts lost and company high indebtedness.

PPLA Investments recorded fair value adjustment gain of R\$350.5 million in Universo Online S.A ("UOL"), as a result of PagSeguro's IPO on NYSE (New York Stock Exchange) on January 24, 2018.

During the year ended December 31, 2017, PPLA Investments has measured at nil its equity investment in B&A Mineração S.A and Brasil Pharma S.A., recording a loss of approximately R\$125 million and R\$404 million, respectively.

2. Presentation of financial statements

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

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

These interim condensed financial statements do not include all information and disclosures required in the annual financial statements and should be read in conjunction with the Company's financial statements for the year ended December 31, 2017, issued on March 6, 2018.

PPLA Participations Ltd.

Notes to the interim condensed financial statements

As of March 31, 2018

(In thousands of reais)

a. Revised IFRS pronouncements

I. Accounting standards applicable for period ended March 31, 2018

- IFRS 9 - as IFRS 9 were adopted by PPLA Participations during the years ended during 2015 and 2016, no impacts are expected from the adoption of the standard on the date of the interim condensed financial statements for the period ended March 31, 2018.
- IFRS 15 – Revenue from Contracts with Customers: The pronouncement replaces IAS 18 – Revenue and IAS 11– Construction Contracts, as well as respective interpretations (IFRICs 13, 15 and 18). It requires that the recognition of revenue reflect the transfer of goods or services to the client. This standard is effective for the years beginning January 1st, 2018 and there are no impacts for the interim condensed financial statements of Company.

II. Accounting standards recently issued and applicable in future periods

The following pronouncements will become applicable for periods after the date of these interim condensed financial statements and were not early adopted:

- IFRS 16 – Leases – The pronouncement replaces IAS 17 - Leases, and related interpretations (IFRIC 4, SIC 15 and SIC 27). It eliminates the accounting for operating lease agreements for the lessee, presenting only one lease model, that consists of: (a) recognizing leases which terms exceeds 12 months and with substantial amounts; (b) initially recognizing lease in assets and liabilities at present value; and (c) recognizing depreciation and interest from lease separately in the result. For the lessor, accounting will continue to be segregated between operating and financial lease. This standard is effective for annual periods beginning on January 1st, 2019. Possible impacts arising from the adoption of this standard are being assessed and will be completed by the date this standard is effective.
- IFRS 17 – Insurance Contracts: The pronouncement replaces IFRS 4 – Insurance Contracts and presents three approaches for assessment of insurance contracts:
 - General Model: applicable to all contracts, particularly the long-term contracts;
 - Premium Allocation Approach (PAA): applicable to contracts which term is up to 12 months and with modestly complex cash flows. It is simpler than the standard model; however, it can be used only when it produces results similar to those that would be obtained if the standard model was used;
 - Variable Fee Approach: approach specific for contracts with participation in the result of investments.

Insurance contracts should be recognized based on the analysis of four components:

- Expected Future Cash Flows: estimate of all components of cash flow of the contract, considering inflows and outflows;
- Risk Adjustment: estimate of offset required by deviations that may occur between cash flows;
- Contractual Margin: difference between any amounts received before the beginning of the contract coverage and present value of cash flows estimated in the beginning of the contract;

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- Discount: projected cash flows should be discounted at present value, to reflect the time value of money, at rates that reflect the characteristics of respective flows.

This standard is effective for annual periods beginning on January 1st, 2021. Possible impacts arising from the adoption of this standard are being assessed and will be completed by the date this standard is effective.

- Amendment to IFRS 4 – Insurance Contracts – Joint application of IFRS 9: The amendment enables entities that are issuers of insurance contracts to mitigate possible impacts of the adoption of IFRS 9 – Financial Instruments before the effectiveness of IFRS 17 – Insurance Contracts, through two options:
 - Temporary exemption: adoption of IFRS 9 together with IFRS 17, i.e., as from January 2021. This option is applicable only to entities with significant insurance activities (over 80% of total liabilities) and that have not applied IFRS 9 in advance;
 - Overlay approach: adoption of IFRS 9, however, for assets reclassified to the category Fair Value through Profit or Loss, transferring the effects of the adoption of IFRS 9 from Income for the Period to Other Comprehensive Income until the effectiveness of IFRS 17.

The Company has no insurance contracts at the date of preparation of these interim condensed financial statements.

- Amendment to IFRS 10 – Consolidated Financial Statements and IAS 28 – Investments in Associates and Joint Ventures – The amendments refer to an inconsistency between IFRS 10 and IAS 28 requirements, when addressing the sale or contribution of assets between an investor and its associate or joint venture. The effective date has not been defined by IASB yet. No material impacts arising from this change on the interim condensed financial statements of Company were identified.

b. Restatement of statements of cash flows

Due to the improvements identified on the statement of cash flow for the period ended March 31, 2017, the "Translation adjustments" was reclassified in the amount of R\$21,742 thousand, previously presented in the group "Adjusted gain / (loss) for the year ", to "Investment entity portfolio" included in the group "Increase / (decrease) in operating assets", both of them included in the Operating Activities of the Company.

The interim condensed financial statements were approved by the Management on May 15, 2018 and they contain a true and fair view of the financial position and results of the Company.

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Notes to the interim condensed financial statements

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3. Main accounting practices

a. Financial instruments

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

Recognition date

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

Initial recognition of financial instruments

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

Derivatives financial instruments

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

Financial assets and liabilities held for trading

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

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

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

Company irrevocably designates financial assets at fair value through profit or loss in the initial recognition (fair value option), when the option significantly reduces or eliminates measurement or recognition inconsistencies that could otherwise arise from the measurement of assets or liabilities or recognition of gains and losses on these assets and liabilities in different bases.

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(In thousands of reais)

Financial assets at fair value through other comprehensive income

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

Equity Instruments

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

Debt Instruments

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

Financial assets measured at amortized cost

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

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

After initial measurement, financial assets are measured at amortized cost using the effective interest rate method.

Although the Company is not expected to sell a financial asset measured under this category, as it is expected to hold it to maturity to collect contractual cash flows, the Company need not hold all of those instruments until maturity and sales may occur. Changes in foreign exchange related to Financial assets measured at amortized cost are presented as "Other income / (expenses)".

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(In thousands of reais)

Financial liabilities at amortized cost

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

Reclassifications

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

Impairment of financial assets

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

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

Measurement

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

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

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

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

- the significant decline in the fair value of any security for a prolonged period;

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(In thousands of reais)

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

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

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

b. Invested companies

The table below presents the direct and indirect interest of the Company in its investees:

	Country	Equity interest - %	
		03/31/2018	12/31/2017
Direct			
BTG Bermuda LP Holdco Ltd.	Bermuda	100.00	100.00
Indirect			
PPLA Investments LP.	Bermuda	28.02	28.02

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Notes to the interim condensed financial statements

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(In thousands of reais)

Below is the ownership interest held by PPLA Investments in its investees and investment funds:

	Country	Equity interest - %	
		03/31/2018	12/31/2017
Subsidiaries			
BTG Loanco LLC	USA	100.00	100.00
BTG Pactual Stigma LLC	USA	100.00	100.00
BTG Pactual Reinsurance Holdings LP	Bermuda	100.00	100.00
BTG Equity Investments LLC	USA	100.00	100.00
Preserve Insurance Co. Ltd	UK	100.00	100.00
Hárpia Omega Participações S.A.	Brazil	100.00	100.00
BTG Pactual Servicios S.A. de C.V.	México	100.00	100.00
BTG Pactual Prop Feeder (1) S.a.r.l.	Luxembourg	100.00	100.00
BTG Pactual Investimentos Florestais S.A.	Brazil	63.32	63.32
BRPEC Agro Pecuária S.A.	Brazil	100.00	100.00
BTG Pactual Proprietary Feeder (1) Limited	Cayman	100.00	100.00
Timber XI SPE S.A. (i)	Brazil	16.89	16.89
Timber IX Participações S.A. (i)	Brazil	16.89	16.89
São Lourenço Empreendimentos Florestais Ltda. (i)	Brazil	16.89	16.89
Fazenda Corisco Participações S.A. (i)	Brazil	16.89	16.89
BTG Pactual Santa Terezinha Holding S.A. (i)	Brazil	15.89	15.89
SCFlor Empreendimentos Agrícolas Ltda.	Brazil	15.89	15.89
Fazenda Santa Terezinha Participações S.A. (i)	Brazil	15.89	15.89
BTGI Quartzo Participações S.A	Brazil	100.00	100.00
BTGI Safira Participações S.A	Brazil	100.00	100.00
BTGI VII Participações S.A.	Brazil	100.00	100.00
BTGI VIII Participações S.A.	Brazil	100.00	100.00
Investment funds			
Beira Rio Fundo de Investimento em Participações	Brazil	100.00	100.00
Bravo Fundo de Investimento em Participação	Brazil	100.00	100.00
BTG Pactual Brazil Investment Fund I LP	Cayman	100.00	100.00
BTG Pactual Absolute Return II Master Fund LP	Cayman	100.00	100.00
Turquesa Fundo de Investimento em Participação	Brazil	100.00	100.00
FII Estoque Residencial Vitacon	Brazil	100.00	100.00

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

4. Risk management

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

The main 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

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As of March 31, 2018

(In thousands of reais)

verification of compliance with internal controls and assessment of maintenance of the accounting records.

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

a. Market risk

Value at Risk (VaR) is the potential loss of value of the trading positions due to adverse movements in the market during a defined year within a specific level of confidence. Together with the Stress Test,

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

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

	March 31, 2018	December 31, 2017	March 31, 2017
In millions of R\$			
Daily average VaR	0.3	0.3	0.7

PPLA Participations Ltd.

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(In thousands of reais)

The Company used to and continue to measure and evaluate the performance of substantially its entire investments entity portfolio on a fair value basis and therefore there was no significant change in the risk management framework. Further, it has not been possible to present detailed market risk information relating to Global Markets Investment within its investment entity portfolio. For this matter, the Company's management rely on VaR provided by its manager, which is BTG Pactual.

b. Credit risk

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

	03/31/2018			
	Brazil	United States	Others	Total
Assets				
Investment entity portfolio				
Assets				
Cash and cash equivalents	36,615	-	-	36,615
Financial Assets at fair value through profit or loss				
Securities	-	-	109,602	109,602
Investment entity portfolio (i)	1,134,278	-	45,886	1,180,164
Derivatives	2,025	-	-	2,025
Investments at fair value through other comprehensive income	184,725	1,144	(16,354)	169,515
Loans and receivables (ii)	2,857	314,872	158,891	476,620
Other assets	233	-	-	233
Liabilities (iii)	-	-	(1,917,616)	(1,917,616)
Total	1,360,733	316,016	(1,619,591)	57,158
	12/31/2017			
	Brazil	United States	Others	Total
Assets				
Investment entity portfolio				
Assets				
Cash and cash equivalents	65,297	-	-	65,297
Financial Assets at fair value through profit or loss				
Securities	-	-	211,632	211,632
Investment entity portfolio (i)	1,309,456	-	46,228	1,355,684
Investments at fair value through other comprehensive income	83,894	979	(12,654)	72,219
Loans and receivables (ii)	20,733	-	427,349	448,082
Other assets	2,332	-	-	2,332
Liabilities (iii)	-	-	(1,995,548)	(1,995,548)
Total	1,693,344	979	(1,534,625)	159,698

(i) The amount of R\$45,886 (2017 – R\$46,228) being presented as Others mainly relates to ARF II, Fund based in the Cayman Islands with global market investments strategy, as described in Note 5cii.

(ii) The amount basically corresponds to loans to partners.

(iii) Includes financial liabilities contracted into by PPLA Investments (PPLA Participations is not a counterparty of such contracts).

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

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(In thousands of reais)

	03/31/2018				
	Private institutions	Companies	Individuals	Others	Total
Assets					
Investment entity portfolio					
Assets					
Cash and cash equivalents	36,615	-	-	-	36,615
Financial Assets at fair value through profit or loss					
Securities	109,602	-	-	-	109,602
Investment entity portfolio	1,312,173	264,054	-	(396,063)	1,180,164
Derivatives	-	2,025	-	-	2,025
Investments at fair value through other comprehensive income	-	185,869	-	(16,354)	169,515
Loans and receivables	-	3,339	473,281	-	476,620
Other assets	-	-	-	233	233
Liabilities (i)	-	-	-	(1,917,616)	(1,917,616)
Total	1,458,390	455,287	473,281	(2,329,800)	57,158
	12/31/2017				
	Private institutions	Companies	Individuals	Others	Total
Assets					
Investment entity portfolio					
Assets					
Cash and cash equivalents	65,297	-	-	-	65,297
Financial Assets at fair value through profit or loss					
Securities	211,632	-	-	-	211,632
Investment entity portfolio	1,349,761	429,801	-	(423,878)	1,355,684
Investments at fair value through other comprehensive income	-	84,873	-	(12,654)	72,219
Loans and receivables	-	21,210	426,872	-	448,082
Other assets	-	-	-	2,332	2,332
Liabilities (i)	-	-	-	(1,995,548)	(1,995,548)
Total	1,626,690	535,884	426,872	(2,429,748)	159,698

(i) Includes financial liabilities entered into by PPLA Investments (PPLA Participations is not a counterparty of such contracts).

c. Liquidity analysis and risk

As of March 31, 2018, and December 31, 2017 the Company does not have any cash, cash equivalents and liabilities.

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Notes to the interim condensed financial statements

As of March 31, 2018

(In thousands of reais)

As of March 31, 2018 and December 31, 2017, there is no fixed maturity for the discounted cash flows for the investment entity portfolio of the Company. The following table shows the Investment entity portfolio's liquidity position as of March 31, 2018 and December 31, 2017:

	03/31/2018				Total
	Up to 90 days / No maturity	90 to 365 days	1 to 3 years	Over 3 years	
Assets					
Investment entity portfolio					
Assets					
Cash and cash equivalents	36,615	-	-	-	36,615
Financial Assets at fair value through profit or loss					
Securities	-	-	-	109,602	109,602
Investment entity portfolio	45,886	1,266,285	-	(132,007)	1,180,164
Derivatives	2,025	-	-	-	2,025
Investments at fair value through other comprehensive income					
Loans and receivables	1,400	10,311	3,222	461,687	476,620
Other assets	-	233	-	-	233
Liabilities (i)	(382,529)	(1,354,391)	(180,696)	-	(1,917,616)
Total	(296,603)	(77,562)	(177,474)	608,797	57,158
	12/31/2017				
	Up to 90 days / No maturity	90 to 365 days	1 to 3 years	Over 3 years	Total
Assets					
Investment entity portfolio					
Assets					
Cash and cash equivalents	65,297	-	-	-	65,297
Financial Assets at fair value through profit or loss					
Securities	-	-	-	211,632	211,632
Investment entity portfolio	1,138,135	-	-	217,549	1,355,684
Investments at fair value through other comprehensive income					
Loans and receivables	1,880	-	3,316	442,886	448,082
Other assets	-	2,332	-	-	2,332
Liabilities (i)	(1,471,494)	(331,408)	(192,646)	-	(1,995,548)
Total	(266,182)	(329,076)	(189,330)	944,286	159,698

(i) Includes financial liabilities entered into by PPLA Investments (PPLA Participations is not a counterparty of such contracts).

5. Investment entity portfolio

As of March 31, 2018 and December 31, 2017, the investment entity portfolio measured at fair value through profit and loss is represented by the interest in BTG Holdco, a holding entity, in the amount of R\$ 57,158 (December 31, 2017 - R\$ 159,698). Below are presented relevant information of the investment portfolio as of March 31, 2018 and December 31, 2017, through the investment in BTGI (via BTG Holdco).

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

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As of March 31, 2018

(In thousands of reais)

The relevant figures of the Company's investment portfolio, as of March 31, 2018 and December 31, 2017, are presented below:

	Note	03/31/2018 (1)	12/31/2017 (1)
Assets			
Cash and cash equivalents	(a)	130,679	233,045
Financial assets at fair value through profit or loss			
Securities	(b)	391,168	755,288
Investment entity portfolio	(c)	4,211,992	4,838,449
Derivatives		7,226	-
Investments at fair value through other comprehensive income	(d)	604,996	257,749
Loans and receivables	(e)	1,701,051	1,599,203
Other assets		833	8,322
Total		7,047,945	7,692,056
Liabilities			
Financial liabilities at fair value through profit or loss			
Derivatives		-	1,469
Financial liabilities at amortized cost	(f)	6,813,548	7,051,230
Other liabilities		23,009	10,510
Total		6,836,557	7,063,209
Shareholders' equity		211,388	628,847
Total liabilities and shareholders' equity		7,047,112	7,692,056
Investment entity portfolio reconciliation			
PPLA Investments shareholder's equity		211,388	628,847
PPLA Participations ownership (via BTG Holdco)		28.02%	28.02%
Subtotal		59,231	176,197
Fair value adjustment (2)		(2,073)	(16,499)
Total		57,158	159,698

(1) Balances as reported by PPLA Investments as of March 31, 2018 and December 31, 2017.

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

(a) Cash and cash equivalents

Cash and cash equivalents are comprised exclusively of highly liquid bank deposits.

(b) Securities

I. Corporate bonds

Investment in corporate bonds comprises exchanged traded corporate bonds issued by Banco BTG Pactual S.A - Luxembourg Branch, maturing December 29, 2049 and by BTG Pactual S.A. – Cayman Branch, maturing on September 28, 2022.

	As of March 31, 2018		As of December 31, 2017	
	Cost	Fair value	Cost	Fair value
Corporate bonds	375,999	375,999	410,100	424,124
Total	375,999	375,999	410,100	424,124

PPLA Participations Ltd.

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As of March 31, 2018

(In thousands of reais)

II. Time deposits

This item is basically composed of interbank deposits in the international market, issued by Banco BTG Pactual S.A - Cayman Agency, with fixed term and non-negotiable until maturity on March 19, 2018.

	As of March 31, 2018		As of December 31, 2017	
	Cost	Fair value	Cost	Fair value
Time deposits	-	-	331,164	331,164
Total	-	-	331,164	331,164

(c) Investment entity portfolio

	As of March 31, 2018		As of December 31, 2017	
	Cost	Fair value	Cost	Fair value
Merchant Banking investments (i)	3,096,271	942,408	2,977,727	1,533,957
Private equity funds ("FIP")	300,507	67,526	300,507	79,483
Subsidiaries, associates and jointly controlled entities	2,795,764	874,882	2,677,220	1,454,474
Global markets investments (ii)	163,765	163,765	164,987	164,987
Loans (1)	4,519,362	4,519,362	4,652,319	4,652,319
Others (2)	(1,413,543)	(1,413,543)	(1,503,351)	(1,512,814)
Total	6,365,855	4,211,992	6,291,682	4,838,449

(1) Refers to loans granted by BTG Pactual Proprietary Feeder (1) Limited to PPLA Investments. The amount is reflected as financial liabilities at amortized cost in Note 5f.

(2) Includes financial assets and liabilities held by PPLA Investments' subsidiaries (PPLA Participations is not a counterparty of such contracts).

(i) Merchant Banking investments

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

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

As of March 31, 2018 and December 31, 2017, PPLA Investments Merchant Banking investments corresponds to private equity and real estate investments, through FIP or other investment vehicles, as disclosed below:

Merchant Banking investments	Description/Segment activity	03/31/2018		12/31/2017	
		(%) (1)	Fair value	(%) (1)	Fair value
Through FIPs:					
BrPec Agropecuária S.A.	Ranching	100.0%	67,526	100.0%	79,483
Through subsidiaries, associates and jointly controlled entities:					
Timber XI SPE S.A.	Biological assets	16.9%	12,451	16.9%	12,173
Timber IX Participações S.A.	Biological assets	16.9%	68,962	16.9%	69,587
BTG Pactual Santa Terezinha Holding S.A.	Biological assets	15.9%	15,243	15.9%	14,851
Fazenda Corisco Participações S.A.	Biological assets	16.9%	20,559	16.9%	20,614
Loans - Merchant Banking investments (2)	Others		757,667		1,337,250
Total			942,408		1,533,957

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

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- (2) As at March 31, 2018, includes loans granted to Leader R\$635 million (2017: R\$597 million), B&A R\$84 million (2017: R\$84 million) and BR Pharma R\$38 million (2017: R\$318 million). Additionally, during the first quarter of 2018 the Company has measured at nil its exposure in Bravante Group reconding a loss of approximately R\$337 million.

(ii) Global market investments

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

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

As of March 31, 2017 and December 31, 2017, PPLA Investments had invested in BTG Pactual Absolute Return II Master Fund LP ("ARF") in the amount of R\$163,765 (December 31, 2017: R\$164,987).

The Net Asset Value ("NAV") of global markets investments approximates to its fair value, which is equivalent to its cost value on the referred date.

(d) Investments at fair value through other comprehensive income

Subsequently to the IFRS 9 early adoption, PPLA Investments now presents part of its investment entity portfolio as investments at fair value through other comprehensive income, as shown hereunder:

	As of March 31, 2018		As of December 31, 2017	
	Cost	Fair value	Cost	Fair value
Merchant Banking investments - FIP	229,380	663,365	230,864	302,911
Others (1)	(58,369)	(58,369)	(45,162)	(45,162)
Total	171,011	604,996	185,702	257,749

- (1) Includes payables for management fees or loans purposes.

(i) Merchant banking investments - FIP

As of March 31, 2018 and December 31, 2017, PPLA Investments Merchant Banking investments corresponds to private equity and real estate investments, through FIP, as disclosed below:

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Merchant Banking investments	Description/Segment activity	03/31/2018		12/31/2017	
		(%) (1)	Fair Value	(%) (1)	Fair Value
Through FIPs:					
Univero Online S.A.	Internet and server provider	2.30%	513,236	2.30%	162,690
Estre Participações S.A.	Waste collection, treatment and disposal	17.80%	88,378	9.70%	88,402
Auto Adesivos Paraná S.A.	Adhesives, labels and special paper company	30.10%	38,546	30.10%	29,231
AlBodytech Participações S.A.	Fitness segment	10.40%	19,121	10.60%	18,169
Deep Sea Group	Maritime transport and logistics services for the oil and gas sector	0.40%	4,083	14.70%	3,494
Brasil Brokers Participações S.A.	Investment in real estate companies	-	-	4.50%	925
Total			663,365		302,911

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

(e) Loans and receivables

	03/31/2018	12/31/2017
Partners (i)	1,689,135	1,523,503
Others	11,916	75,700
Total	1,701,051	1,599,203

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

As of March 31, 2018 and December 31, 2017, the fair value attributed to the Loans and receivables is similar to its amortized cost.

(f) Financial liabilities at amortized cost

	Maturity	Index	03/31/2018	
			Cost	Fair value
Loans with financial institutions	December-18 to August-20	Libor and 1.15% to 5.3% p.a.	5,152,466	5,159,618
Medium term notes	April-18 to June-19	0.8%p.a. to 100% CDI	1,661,082	1,661,319
Total			6,813,548	6,820,936
			12/31/2017	
	Maturity	Index	Cost	Fair value
Loans with financial institutions	March-18 to August-20	Libor and 1.15% to 5.3% p.a.	5,328,498	5,386,984
Medium term notes	January-18 to June-19	0.8%p.a. to 100% CDI	1,722,732	1,723,130
Total			7,051,230	7,110,114

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

(g) Fair value Hierarchy

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

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As of March 31, 2018

(In thousands of reais)

(i) Investment entity portfolio

	03/31/2018			Total
	Level 1	Level 2	Level 3	
Investment entity portfolio				
Merchant Banking investments				
Private equity funds	-	-	67,526	67,526
Subsidiaries, associates and jointly controlled entities	-	757,667	117,215	874,882
Global markets investments	-	163,765	-	163,765
Loans	-	4,519,362	-	4,519,362
Others	-	(1,413,543)	-	(1,413,543)
Total	-	4,027,251	184,741	4,211,992

	12/31/2017			Total
	Level 1	Level 2	Level 3	
Investment entity portfolio				
Merchant Banking investments				
Private equity funds	-	-	79,483	79,483
Subsidiaries, associates and jointly controlled entities	-	1,337,250	117,224	1,454,474
Global markets investments	-	164,987	-	164,987
Loans	-	4,652,319	-	4,652,319
Others	-	(1,512,814)	-	(1,512,814)
Total	-	4,641,742	196,707	4,838,449

Changes in level 3 for the period ended March 31, 2018 and year ended December 31, 2017 are as follows:

	Merchant Banking investments
Balances as of December 31, 2016	856,050
Acquisitions	530
Losses on fair value of investment entity portfolio	(659,872)
Balances as of December 31, 2017	196,708
Losses on fair value of investment entity portfolio	(11,967)
Balances as of March 31, 2018	184,741

(ii) Investments at fair value through other comprehensive income

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

	12/31/2017			Total
	Level 1	Level 2	Level 3	
Investments at fair value through other comprehensive income				
Merchant Banking investments - FIP	4,083	-	659,281	663,364
Others	-	(58,368)	-	(58,368)
Total	4,083	(58,368)	659,281	604,996

	12/31/2017			Total
	Level 1	Level 2	Level 3	
Investments at fair value through other comprehensive income				
Merchant Banking investments - FIP	4,419	-	298,492	302,911
Others	-	(45,162)	-	(45,162)
Total	4,419	(45,162)	298,492	257,749

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(In thousands of reais)

Changes in level 3 for the period ended March 31, 2018 are as follows:

	Merchant Banking investments
Balances at December 31, 2016	213,042
Gain on fair value of investment entity portfolio	85,450
Balances at December 31, 2017	298,492
Sale	(556)
Gain on fair value of investment entity portfolio	361,345
Balances at March 31, 2018	659,281

(iii) Loans and receivables

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

(iv) Financial liabilities at amortized cost

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

(v) Derivatives

Derivatives are presented at fair value at PPLA Participations' level using pricing models in which current market transactions or observable data are not available and require a high degree of judgment and estimation. Therefore, they were classified as a Level 3.

(vi) Summary of valuation techniques

There were no changes from the valuation techniques disclosed in the interim condensed financial statements for the period ended in March 31, 2018.

(vii) Reclassification between levels

During the year ended March 31, 2018 there were no reclassification between levels and fair value hierarchy.

6. Shareholders' equity

a. Capital

In August, 2017, the reverse stock split of Class A shares and Class B shares issued by the Company, as approved by the Company's Board of Directors' Meeting, held on August 4, 2017 (the "Shareholders' Meeting") was ratified.

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As of the trading session of September 8, 2017, the Company's units started to be listed and traded reflecting the new proportions of the Reverse Stock Split, as well as the BDRs representing shares issued by the Company were listed reflecting the new proportions of the Reverse Stock Split, at a ratio of nine-to-one.

As of March 31, 2018 and December 31, 2017, the Company's capital was comprised by the following class of shares:

	03/31/2018				
	Authorized	Issued	Par value (R\$)	Voting rights	Vote per share
Class A (i)	5,000,000,000	28,146,637	-	Yes	1
Class B (i)	10,000,000,000	56,293,346	-	No	-
Class C	1	1	10	Yes	(*)
Class D	1,000,000,000	-	0,0000000001	Yes	1
Total	16,000,000,001	84,440,019			

	12/31/2017				
	Authorized	Issued	Par value (R\$)	Voting rights	Vote per share
Class A (i)	5,000,000,000	28,146,637	-	Yes	1
Class B (i)	10,000,000,000	56,293,346	-	No	-
Class C	1	1	10	Yes	(*)
Class D	1,000,000,000	-	0,0000000001	Yes	1
Total	16,000,000,001	84,440,019			

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

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

b. Treasury shares

During the period ended March 31, 2018, the Company did not repurchased units.

During the year ended December 31, 2017, the Company repurchased units in the amount of R\$30,373, equivalent to 16,160,980 units and canceled units in the amount of R\$44,379, equivalent to 15,846,080 units.

c. Dividends

The Company did not distribute dividends for the period ended on March 31, 2018 and year ended on December 31, 2017.

7. Loss per share

	03/31/2018	03/31/2017
Loss attributed to controlling shareholders	(104,097)	(67,969)
Weighted average per thousand shares outstanding during the period (i)	411,113	411,113
Loss per share – Basic and Diluted (in Reais)	(0.25)	(0.17)

(i) Class A and class B shares.

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(In thousands of reais)

8. Gains / (loss) from investment entity portfolio measured at fair value

The breakdown of this item for the periods ended March 31, 2018 and 2017 is as follows:

	<u>03/31/2018</u>	<u>03/31/2017</u>
Investment entity portfolio loss	(104,097)	(66,860)
Others	-	(1,004)
Total	<u>(104,097)</u>	<u>(67,864)</u>

9. Administrative expenses

	<u>03/31/2018</u>	<u>03/31/2017</u>
Professional fees	-	(105)
Total	<u>-</u>	<u>(105)</u>

10. Related Parties

As of March 31, 2018 and December 31, 2017, PPLA Participations presented no balances of related-party transactions.

No management compensation was recorded during the period ended on March 31, 2018 and year ended December 31, 2017.