



BANCO BTG PACTUAL S.A.

Publicly Held Company

CNPJ/MF: 30.306.294/0001-45

NOTICE TO THE MARKET

BANCO BTG PACTUAL S.A. (“Bank”), complementing the notice to the market released on this date regarding the news article circulated in the media, which mentions anonymous allegations made in June 2016, strongly denies any irregularities related to the alleged embezzlements, tax evasion or money laundering, and further clarifies that, from a technical, operational, legal and regulatory perspective, the transactions mentioned not only lack substance but also are not feasibly effected. In light of this, the Bank hereby presents the clarifications below to each of the alleged topics:

- OTC TRANSACTIONS ALLEGEDLY NOT REGISTERED IN CETIP (BRAZILIAN CLEARINGHOUSE):

The anonymous allegations mention unregulated swaps transactions due to a lack of a timely registration or changes in the previously established conditions for the purposes of illegal tax planning.

Initially, it is worth mentioning that all swap transactions in the Brazilian markets are fully registered at CETIP and, according to CETIP’s own operational standards, it may only be registered with a maximum delay of 03 days after the trade and only in the event of an operational error. Still, as opposed to what was claimed, CETIP does not allow changes in swap indexes during the term of the contract.

From a tax perspective, losses in swap trades are only deductible from the tax base, if done for hedging purposes, and it is not possible to deduct such losses in speculative swaps transactions, as alleged.

CETIP’s non-standard indexes require approval by its Technical Committee and the swap transaction structure is known from its inception through its maturity, not being possible to modify its outcome during the term of the contract, as alleged in the report.



- **EXCLUSIVE FUNDS:**

Besides all the inconsistent allegations regarding the swap transactions, pursuant to the CVM (Brazilian Securities Exchange Commission) regulation, exclusive funds should have their NAV calculated and published daily, and any modification, as alleged, would be operationally impossible to perform.

- **BAMERINDUS:**

Article 109 of Law 12.973/14, as alleged, does not apply the Bamerindus case, provided that, when it was acquired by BTG Pactual it did not have any outstanding debt with the Federal Government, which is *sine qua non* for the benefit under such article. Furthermore, Bamerindus was never merged into BTG Pactual, or vice-versa, and therefore, there were no profits or losses to be set-off between such entities.

- **ELETROBRAS DEBENTURE AND FCVS (Wage Variation Compensation Fund):**

Despite the complete lack of clarity on the alleged transactions, BTG Pactual informs that it has never used Eletrobras debentures and/or FCVS credit for the payment of any of the Bank's and/or its clients' tax obligations.

- **FINAL CONSIDERATIONS:**

BTG Pactual (Bank) emphasizes that the anonymous allegations lack substantial grounds and were not even considered by the police authority to support its search warrant which took place last Friday (August 23).

Finally, BTG Pactual reinforces that all its transactions comply with applicable laws and strongly denies any irregularities. Furthermore, all of the Bank's transactions are periodically verified by: (i) external auditors, (ii) several regulators in which BTG Pactual is subject to, and (iii) numerous due diligence processes through which the Bank underwent in many transactions with well-known counterparties during its 36 years of existence.

São Paulo, August 26th, 2019.

BANCO BTG PACTUAL S.A.

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