



# Banco BTG Pactual Second Quarter 2017

Conference Call Presentation  
August 2, 2017

For additional information, please read carefully the notice at the end of this presentation.

# Earnings Release

Second Quarter 2017

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## English Conference Call

August 2, 2017 (Wednesday)

12:00 am (New York) / 01:00 pm (Brasília)

Phone: +1 (412) 317-5446

Code: BTG Pactual

Replay: +1 (412) 317-0088

Code: 10097703

## Portuguese Conference Call

August 2, 2017 (Wednesday)

10:00 am (New York) / 11:00 am (Brasília)

Phone: +55 (11) 2188-0155 | +55 (11) 3193 8000

Code: BTG Pactual

Replay: +55 (11) 2188-0400

Code: BTG Pactual

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**Webcast:** The conference calls audio will be live broadcasted, through a webcast system available on our website [www.btgpactual.com/ir](http://www.btgpactual.com/ir)

*Participants are requested to connect 15 minutes prior to the time set for the conference calls.*

## Investor Relations

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# Performance Summary

## 2Q 2017

2Q 2017 impacted by weaker performance in Sales and Trading and ECTP. During the quarter we continued to maintain a strong and conservative balance sheet

**1 For 2Q 2017, total revenues, net income and adjusted net income reached R\$851 million, R\$503 million and R\$603 million, respectively**

- Annualized ROAE<sup>(1)</sup> of 13.3%
- Net income per unit<sup>(1)</sup> of R\$0.67

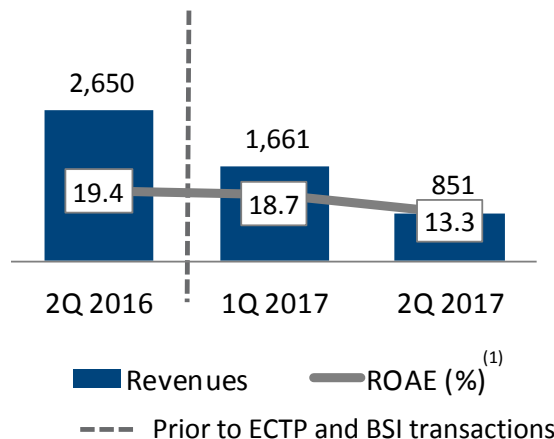
**2 Recurring cost ratios in line with historical average. Costs were impacted by one-off litigation expenses**

- Cost to income ratio at 58% for the quarter
- Compensation ratio at 23% for the quarter

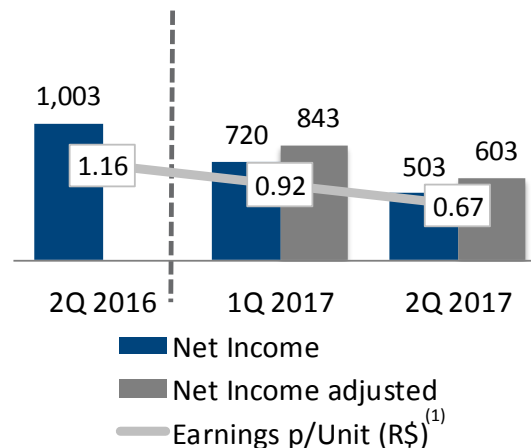
**3 Total assets at R\$119.1 billion and Basel ratio for BTG Pactual was 19.0%.**

- Avg VaR in the quarter decreased to R\$103 million, or 0.57% of average shareholders' equity

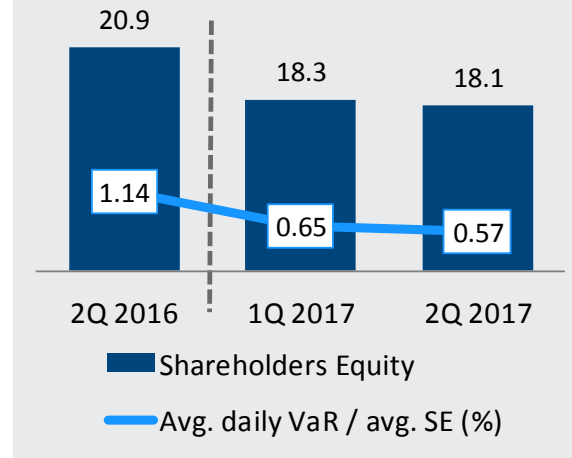
### Revenues (R\$ million)



### Net Income (R\$ million)



### Shareholders' Equity (R\$ billion)



Note:

\* Balance sheet items represents end of period data

\*\* Includes BSI from September 1st onwards – a one month impact for the 3rd quarter, and a full impact for the 4th quarter onward

(1) Annualized ROAE and net income per unit considers the adjusted net income as reference for the calculations, starting 1Q 2017

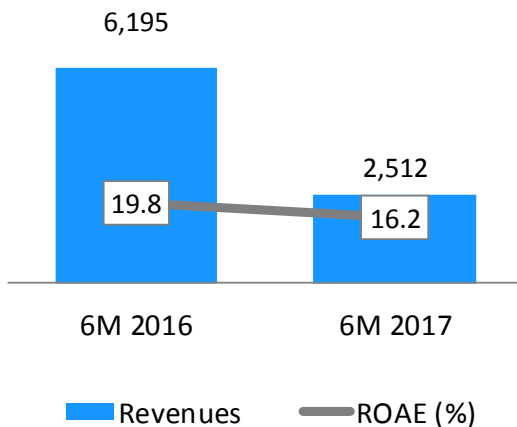
# Performance Summary

## First Half 2017

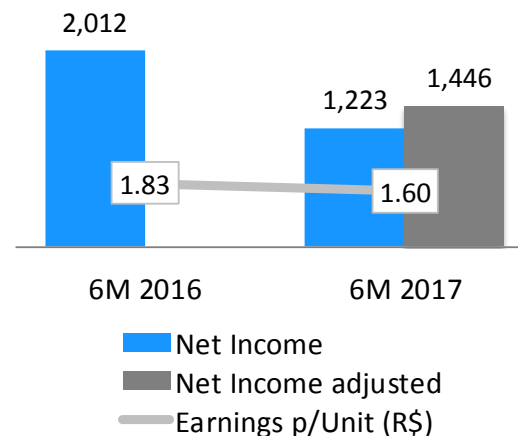
In 1H 2017 we presented a 16.2% adjusted ROAE, strong capitalization and liquidity ratios, and we distributed 44% of our adjusted net income

- 1 Performance in line with our conservative capital deployment approach**
  - Revenues and net income reached R\$2.5 billion and R\$1.2 billion, respectively
  - Year to date annualized adjusted ROAE of 16.2%
- 2 Cost income above historic average, mainly due to one-off litigation costs**
  - Cost to income ratio at 48%
  - Compensation ratio at 21%
  - Net margin at 49%
- 3 Shareholders' equity ended the semester at R\$18.1 billion, after distributing R\$630 million to shareholders**
  - Basel ration maintained at high levels – 19.0%

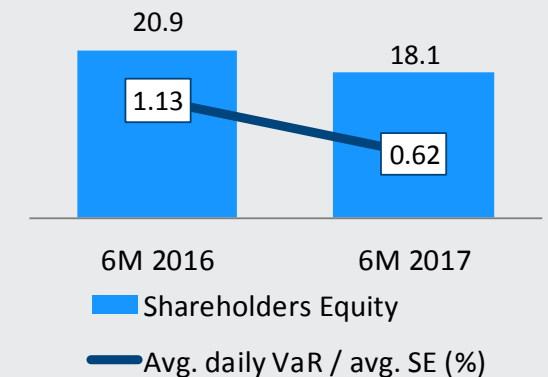
Revenues (R\$ million)



Net Income (R\$ million)



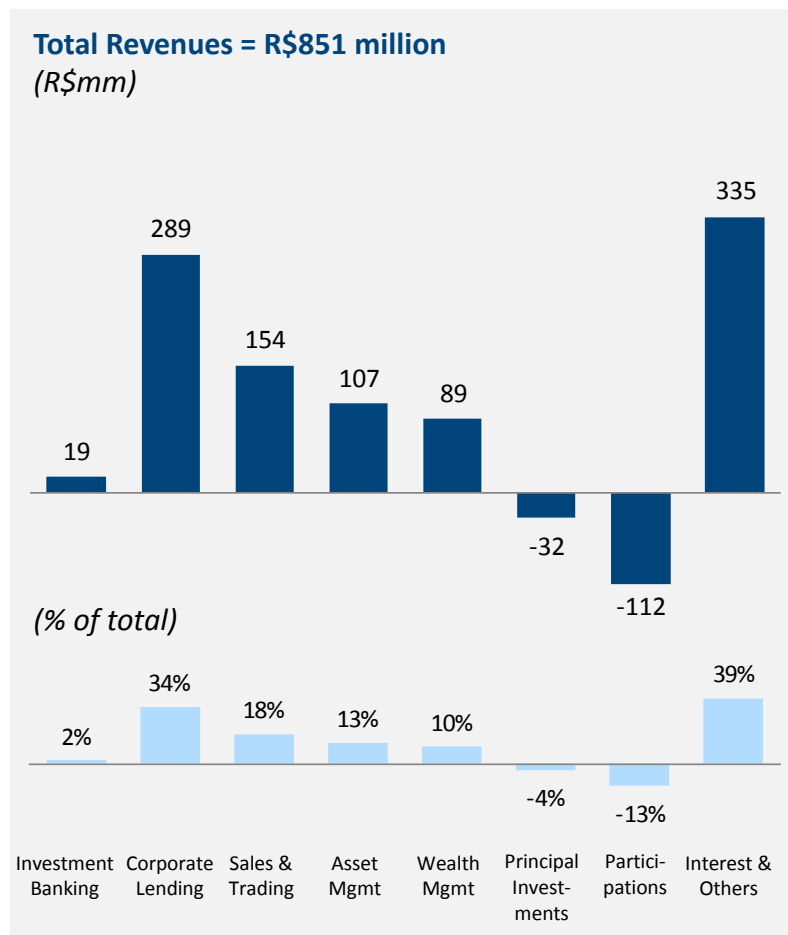
Shareholders' Equity (R\$ billion)



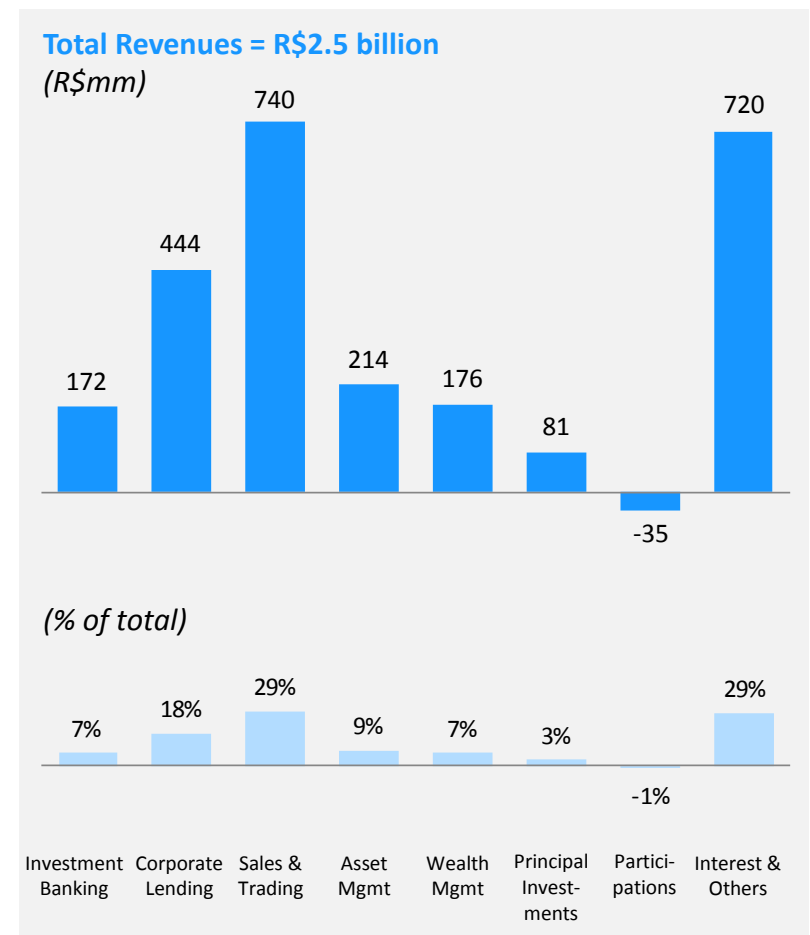
# Banco BTG Pactual S.A. | Core Business Areas Performance

## Revenues breakdown by business units

### 2<sup>nd</sup> Quarter 2017



### First Half 2017





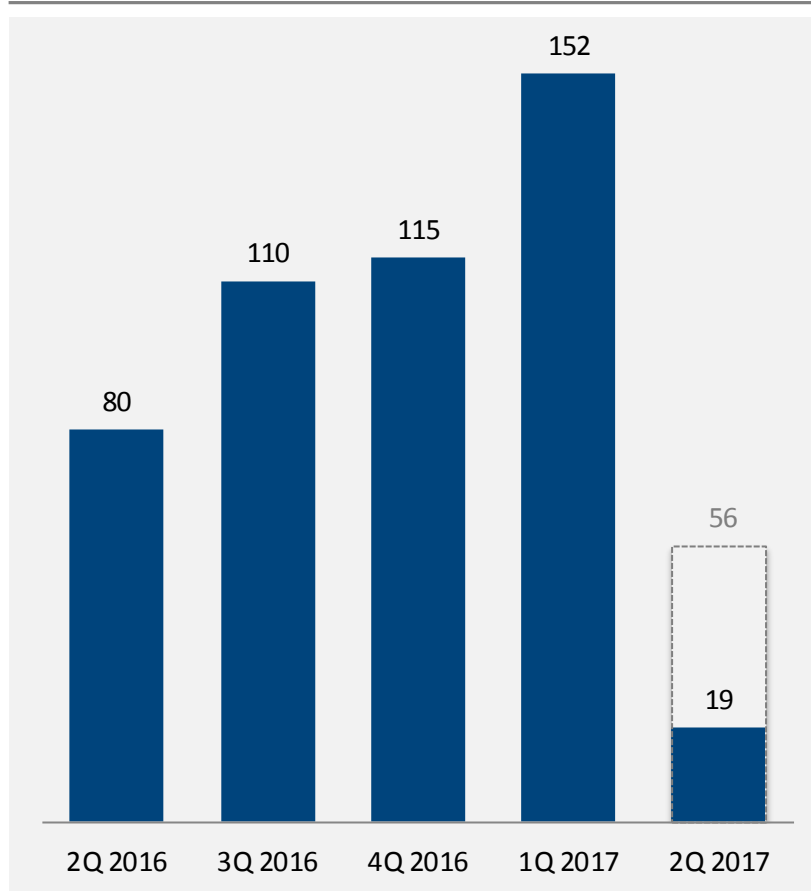
Section 1

Business Areas

# Investment Banking

Decrease in revenues mainly attributable to very low levels of market activity across main capital markets in LatAm

## Revenues (R\$ million)



## Overview of 2Q 2017

- Financial Advisory revenues decreased compared to last quarter, due to lower transactions volumes in the period and one-off reversal of fees
- Decrease in ECM and DCM revenues as market activity was lower in the region

## Market Positioning Highlights

(2Q 2017)

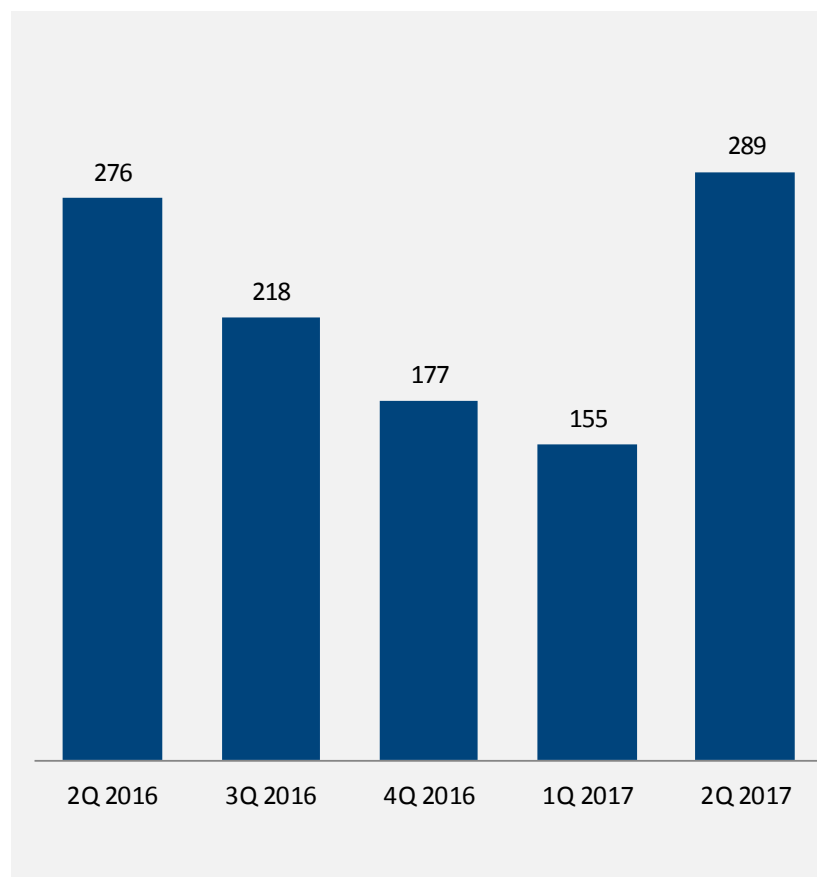
**M&A: #1 in number of transactions in Brazil and LatAm**

**ECM: #2 in number of transactions in Latin America**

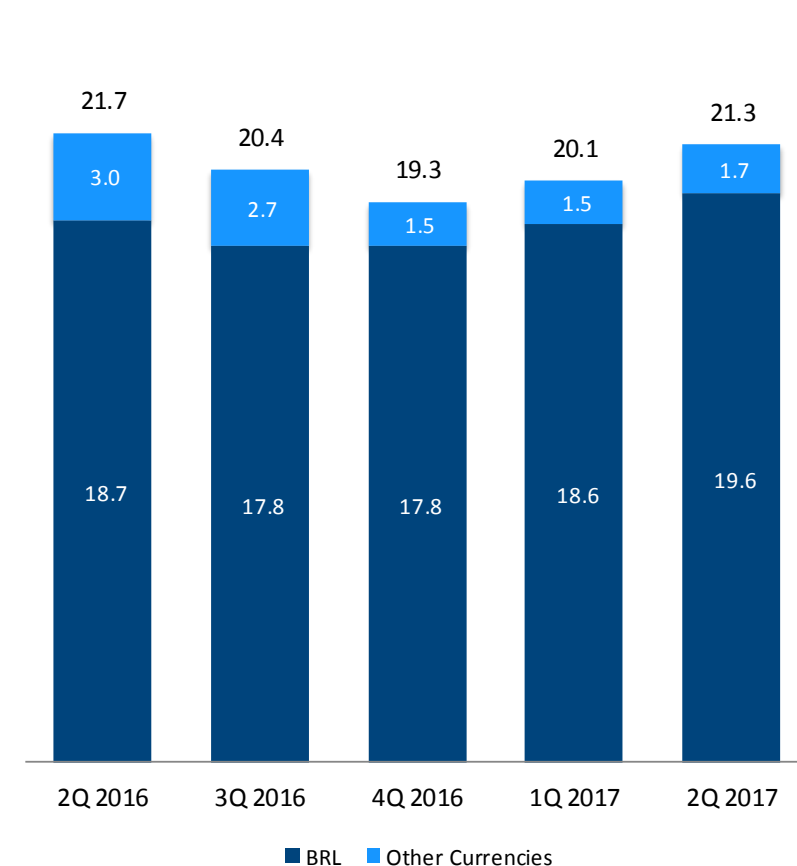
# Corporate Lending

Strong performance from our NPL portfolios. Corporate Lending book continues with attractive spreads and conservative levels of credit provisions

## Revenues (R\$ million)



## Corporate Lending Portfolio (R\$ billion)

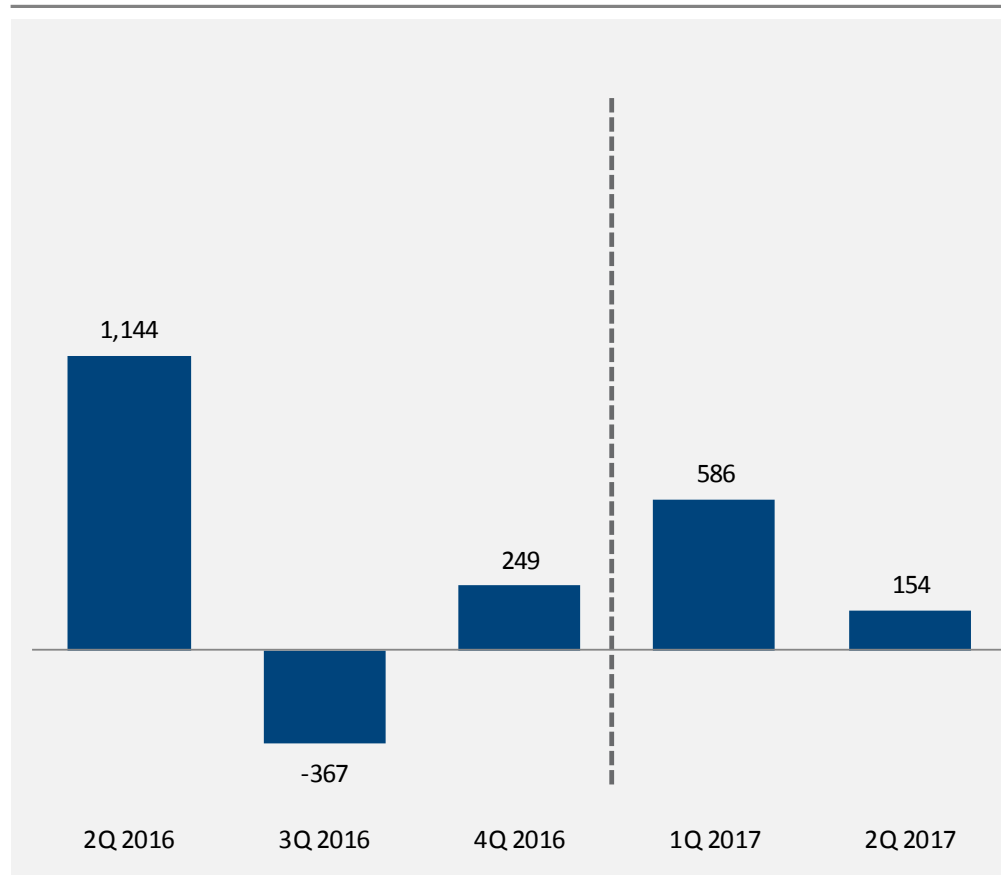




# Sales & Trading

Sales & Trading performance impacted by extreme volatility, following Brazil's political turmoil in May

## Revenues (R\$ million)



### Sales & Trading Revenues:

- Rates desk produced weaker revenues
- FX desk also had a weaker performance in the quarter
- Stronger performance from our Brazilian Energy desk

--- Prior to ECTP and BSI transactions

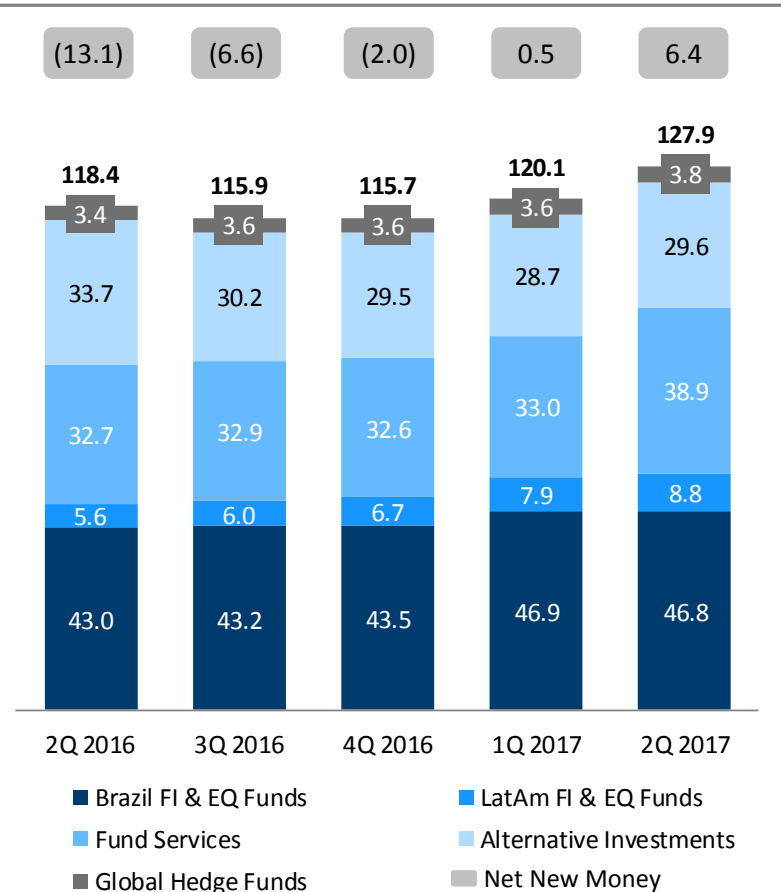
# Asset Management

Revenues remained stable, and continue to be composed mainly by management fees. Positive NNM in all divisions, including strong net inflows of R\$4.6 bn in Fund Services

Revenues (R\$ million)



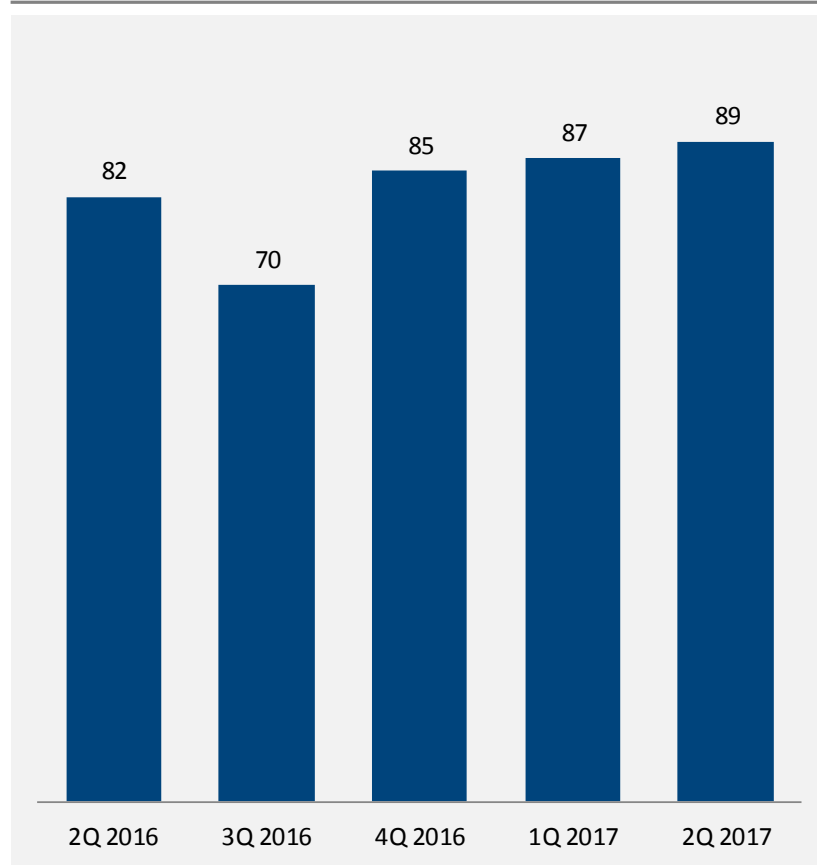
AuM and AuA (R\$ billion)



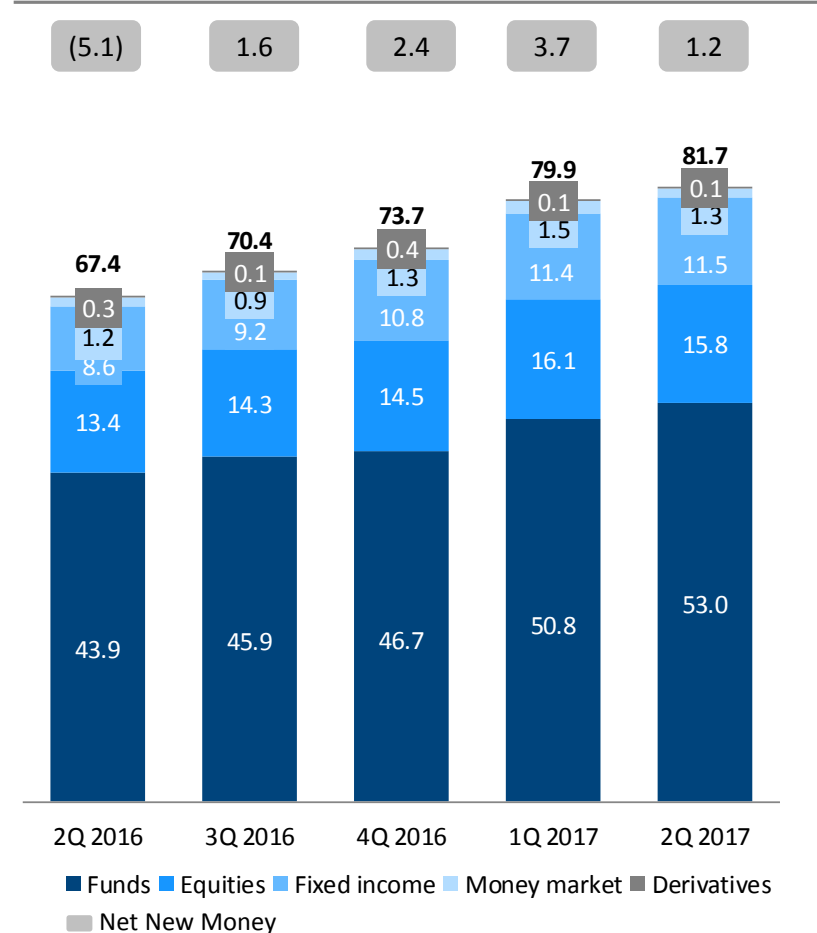
# Wealth Management

Wealth under Management continues to show positive growth trends and stable revenues

Revenues (R\$ million)



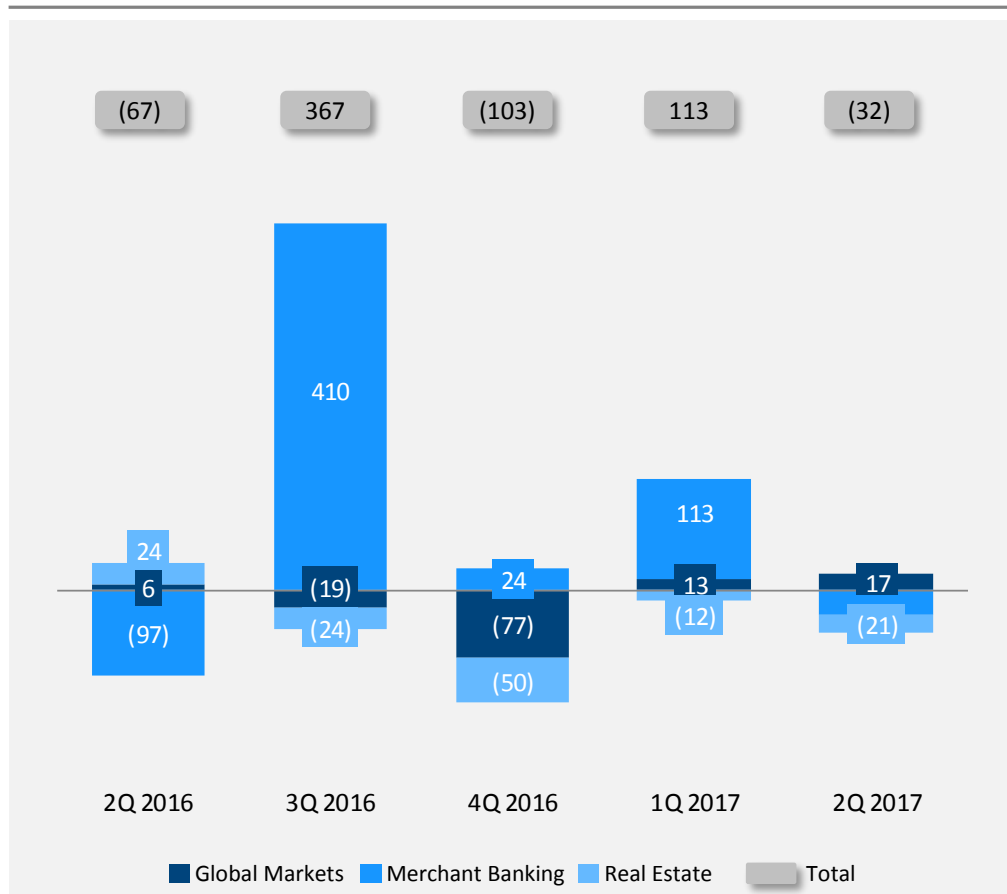
WuM (R\$ billion)



# Principal Investments

Merchant Banking revenues reflects small appetite for proprietary risk, and continued exposure reduction in illiquid portfolios

## Revenues (R\$ million)



### Main revenue contribution 2Q 2017:

In Global Markets, positive revenues concentrated in equities strategies in Europe and LatAm

Results in Merchant Banking reflects negative mark to market in Eneva, internal funding cost allocation and positive equity pick up from investments

No highlights in Real Estate, performance reflects mainly internal funding cost allocation



Section 2

Expenses

# Expenses and Main Ratios

Cost income ratio of 58% and compensation ratio of 23%, when adjusted for non-recurring items and goodwill, cost income ratio was 42%

<i>(in R\$ mm, unless stated)</i>	Quarter					6M 2017 % change to		
	2Q 2016	1Q 2017	2Q 2017	2Q 2016	1Q 2017	6M 2016	6M 2017	6M 2016
Bonus	(352)	(204)	(65)	-82%	-68%	(852)	(269)	-68%
Salaries and benefits	(500)	(132)	(133)	-74%	0%	(1,069)	(265)	-75%
Administrative and other	(570)	(180)	(214)	-62%	19%	(1,121)	(394)	-65%
Goodwill amortization	(54)	(97)	(64)	18%	-34%	(109)	(161)	48%
Tax charges, other than income tax	(94)	(89)	(23)	-76%	-75%	(229)	(111)	-51%
<b>Total operating expenses</b>	<b>(1,571)</b>	<b>(702)</b>	<b>(498)</b>	<b>-68%</b>	<b>-29%</b>	<b>(3,380)</b>	<b>(1,200)</b>	<b>-64%</b>
Cost to income ratio	59%	42%	58%			55%	48%	
Compensation ratio	32%	20%	23%			31%	21%	
<b>Income tax and social contribution</b>	<b>(77)</b>	<b>(239)</b>	<b>149</b>	<b>-295%</b>	<b>-162%</b>	<b>(804)</b>	<b>(90)</b>	<b>-89%</b>
Effective income tax rate	7.1%	24.9%	-42.2%			28.5%	6.8%	

--- Prior to ECTP and BSI transactions

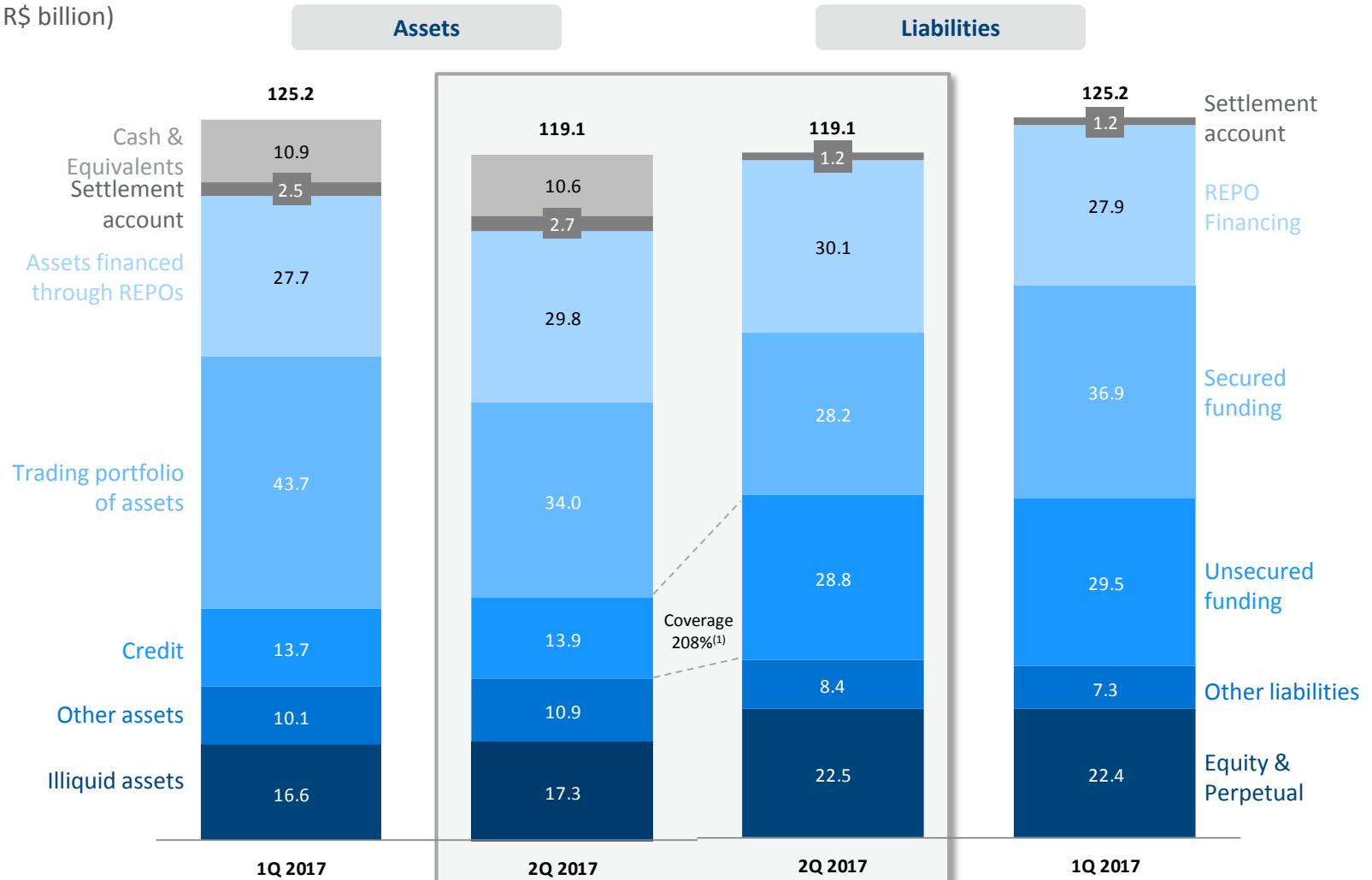


Section 3

Balance Sheet

# Balance Sheet Analysis

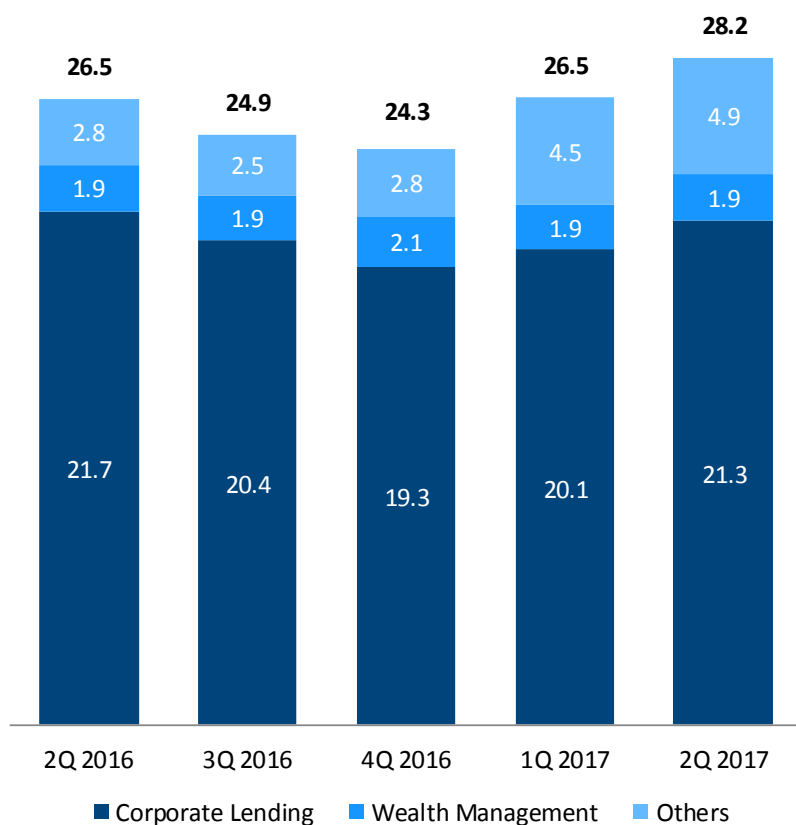
(In R\$ billion)



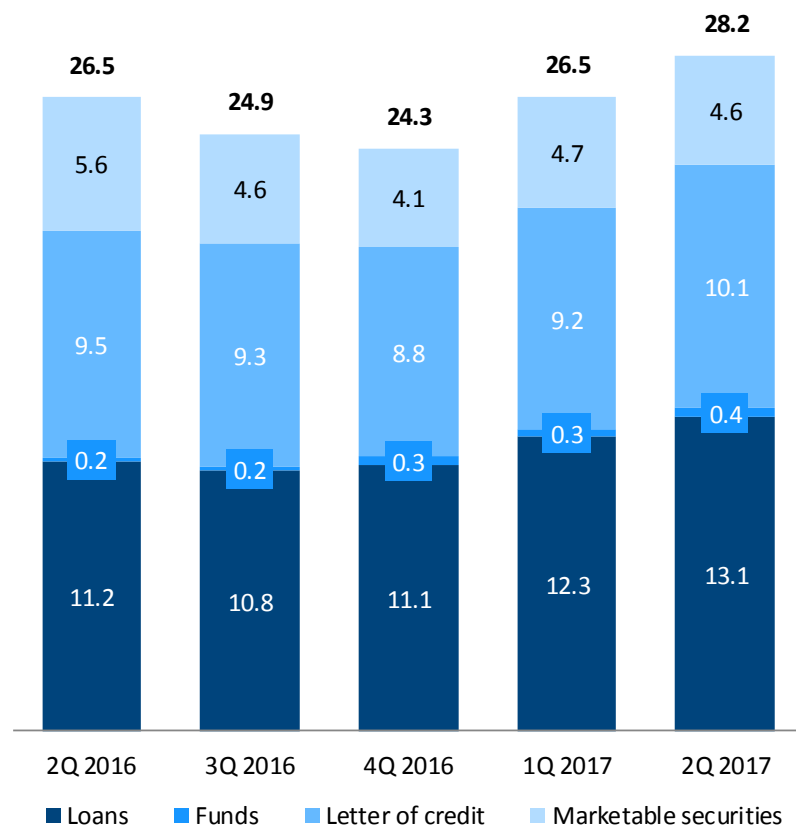


# Broader Credit Portfolio

## Broader Credit Portfolio by Area (R\$ billion)

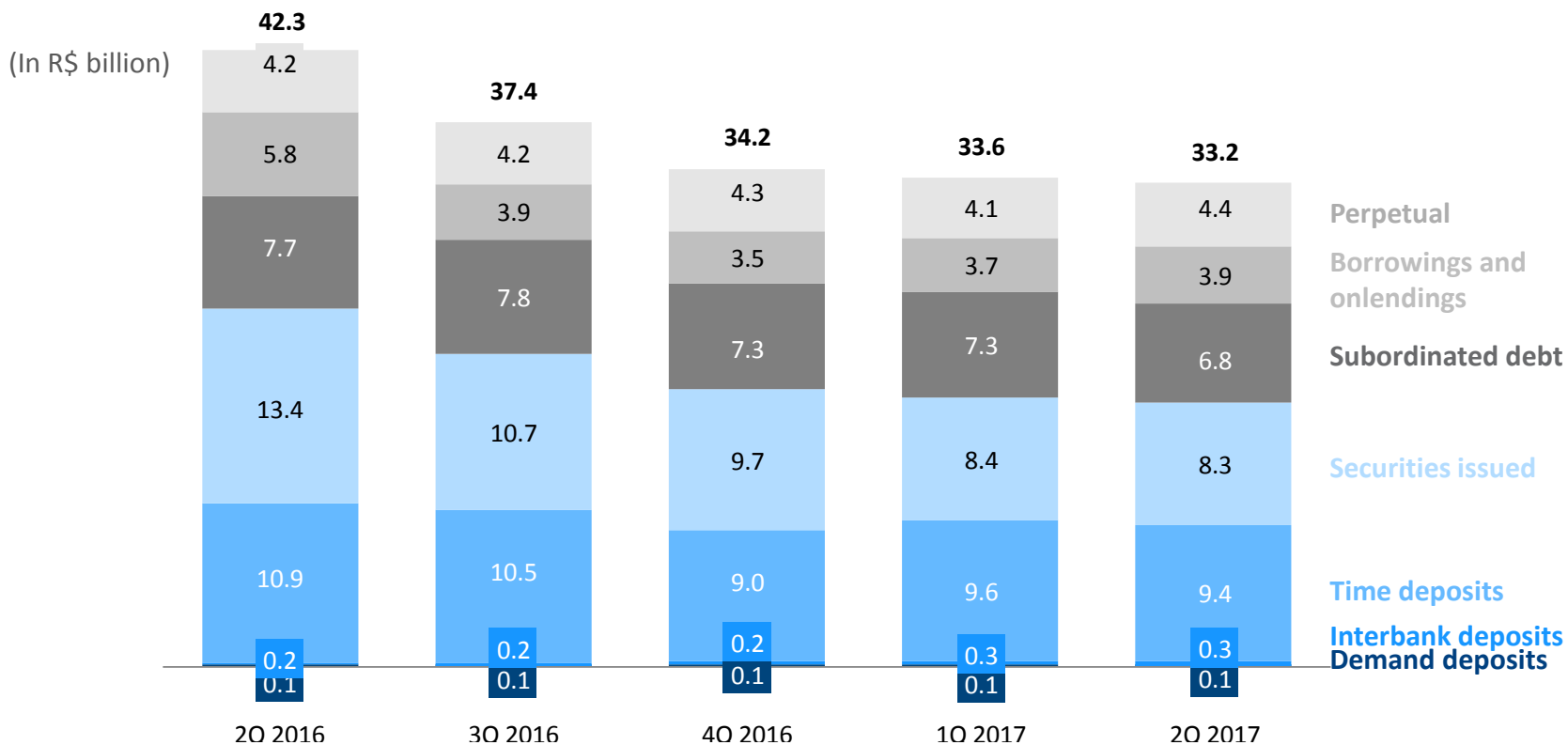


## Broader Credit Portfolio by Product (R\$ billion)<sup>(1)</sup>



# Unsecured Funding Base

Stability of funding base reflects our lower appetite for capital deployment

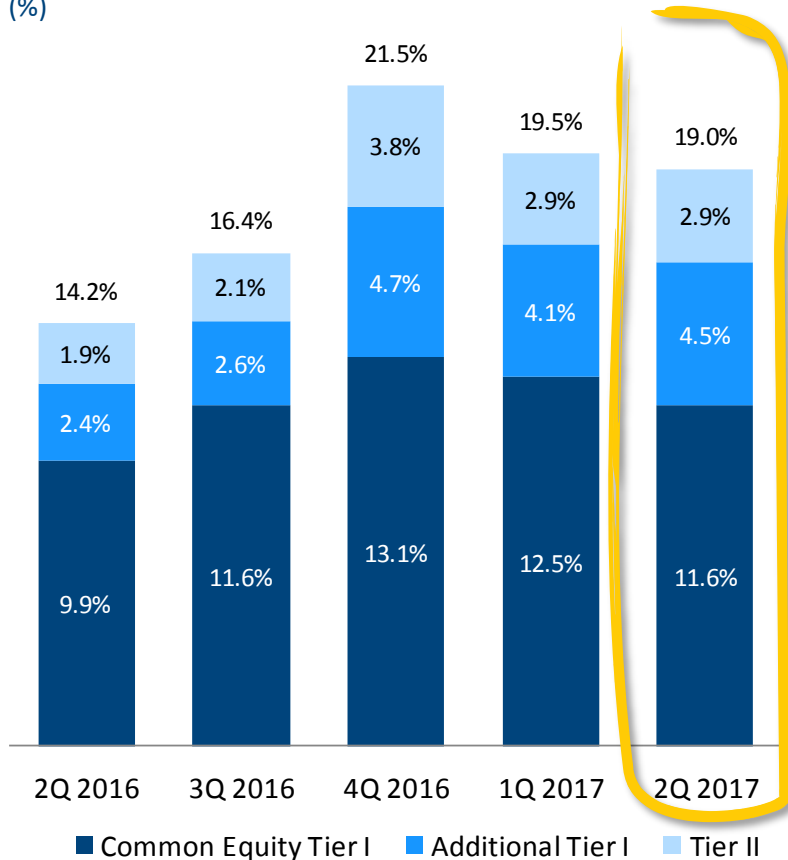


# Basel Ratio and VaR

Basel index ended the quarter at 19.0%. Average VaR as a percentage of the average equity decreased in the quarter

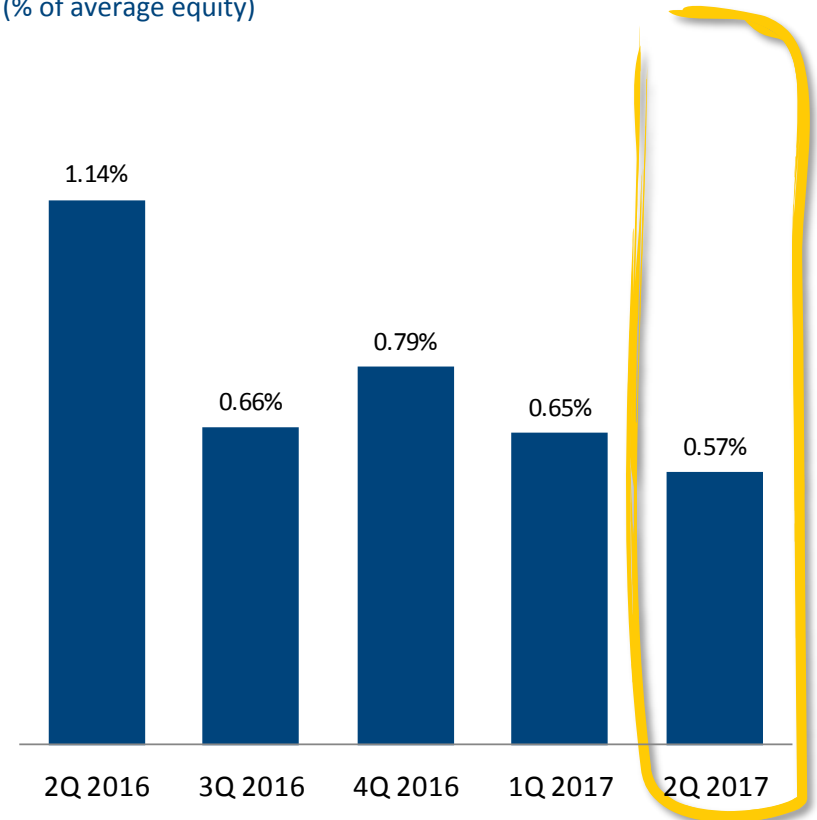
## Basel Ratio

(%)



## Daily Average VaR

(% of average equity)



# Disclaimer

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