Banco BTG Pactual – Earnings Release

First Quarter 2018

May 02, 2018

Highlights

Rio de Janeiro, Brazil, May 02, 2018 - Banco BTG Pactual S.A. (“Banco”) and its respective subsidiaries, (“BTG Pactual”) (B3: BPAC11) today reported total revenues of R$1,310 million and adjusted net income of R$660.3 million for the quarter ended March 31, 2018.

Adjusted net income per unit, and annualized adjusted return on average shareholders’ equity (“Annualized ROAE”), were R$0.74 and 14.2%, respectively, for the quarter ended March 31, 2018.

As of March 31, 2018, the total assets of BTG Pactual were R$146.3 billion, a 15.6 % increase when compared to the prior quarter ending December 31, 2017. The BIS capital ratio of BTG Pactual was 16.3%.

Banco BTG Pactual Financial Summary and Key Performance Indicators

Highlights and KPIs (unaudited) *(in R$ million, unless otherwise stated)*	**Quarter**		
	1Q 2017	**4Q 2017**	**1Q 2018**
Total revenues	1,661	1,370	1,310
Net income	720	660	600
Adjusted Net income	**843**	**744**	**660**
Adjusted Net income per unit (R$)	0.92	0.84	0.74
Annualized ROAE	**18.7%**	**16.0%**	**14.2%**
Cost to income ratio	42.3%	54.4%	43.6%
Shareholders' equity	18,338	18,524	18,702
Total Number of Shares (# in '000)	2,734,587	2,665,919	2,660,485
Number of Theoretical Units (# in '000)	**911,529**	**888,640**	**886,828**
Book Value per unit (R$)	**20.1**	**20.8**	**21.1**
BIS Capital Ratio	19.5%	18.0%	16.3%
Total assets (in R$ Billion)	125.2	126.6	146.3
AuS (in R$ Billion)	200.0	231.8	263.9
AuM and AuA (in R$ Billion)	120.1	144.9	163.7
WuM (in R$ Billion)	79.9	86.9	100.2

BTG Pactual Performance

In 1Q 2018 our annualized adjusted ROAE was 14.2% and adjusted net income was R$660.3 million. Results for the quarter were adversely affected mainly by the results from our investment in EFG, which has reported a loss associated with one-time integration costs. Nonetheless, our franchise businesses had strong performance, particularly in Asset and Wealth management, which have reached record NNM levels.

In the quarter, revenues were flat compared to 4Q 2017. However, growth was strong in Asset Management, with net new money inflows (NNM) of R$10.3 billion and revenues of R$123.7 million, and in Wealth Management, where NNM was R$8.4 billion, a record high for a single quarter, and revenues were at R$103.7 million. Investment Banking revenues were R$110.1 million, down from last quarter, but representing an overall maintenance of our leading market share. Sales and Trading continued to perform well, reaching revenues of R$550.6 million, and Principal Investments had revenues of R$95.8 million, mostly due to positive results from our investments in Merchant Banking. As noted above, our Participations performed poorly, mainly due to the negative results of EFG in the second half of 2017, while the other Participations performed well.

Operating expenses were R$571.6 million, a 23% decrease when compared to 4Q 2017, mostly attributable to lower bonus provision and legal costs. Consequently, our cost income ratio was 43.6% and compensation ratio 22.2%. When adjusted for non-recurring items and goodwill, the cost income ratio was 37.3%.

Net income in 1Q 2018 was R$600.4 million, a 9% reduction when compared to 4Q 2017 and a 17% reduction when compared to 1Q 2017.

Our shareholders' equity was R$18.7 billion at the end of 1Q 2018, a 1% increase compared to the prior quarter. Compared to the end of 1Q 2017, our shareholders' equity increased 2%, when taking into account the R$1.2 billion interest on equity distributed to shareholders during the last year. Our BIS capital ratio was 16.3%, and our liquidity coverage ratio ("LCR") was 147%.

At the end of 1Q 2018, AuM and AuA were R$163.7 billion, a strong 13% increase compared to end of 4Q 2017, and WuM was R$100.2 billion, an also strong 15% increase when compared to 4Q 2017.

Adjusted Net Income and ROAE (unaudited)	1Q 2018 Accounting	Non Recurring Items & Goodwill	1Q 2018 Adjusted
Investment banking	110.1		110.1
Corporate lending	170.9		170.9
Sales and trading	550.6		550.6
Asset management	124.8		124.8
Wealth management	103.7		103.7
Principal investments	95.8		95.8
Participations	(5.6)		(5.6)
Interest and other	159.9		159.9
Total revenues	**1,310.2**	**0.0**	**1,310.2**
Bonus	(143.3)		(143.3)
Salaries and benefits	(147.7)		(147.7)
Administrative and other	(205.4)	51.7	(153.7)
Goodwill amortization	(31.5)	31.5	0.0
Tax charges, other than income tax	(43.7)		(43.7)
Total operating expenses	**(571.6)**	**83.2**	**(488.4)**
Income before taxes	**738.5**	**83.2**	**821.7**
Income tax and social contribution	(138.2)	(23.3)	(161.4)
Net Income	**600.4**	**59.9**	**660.3**
Annualized ROAE	**12.9%**		**14.2%**

Results excluding non-recurring items and goodwill provide a more meaningful information of the underlying profitability of our businesses.

Non-Recurring Items & Goodwill

Administrative and Others: Mainly related to legal expenses from BSI legal cases in total of R$45.0 million and one-off legal expenses of R$6.7 million in BTG Pactual
Goodwill: Amortization mainly related to EFG / BSI

Relevant Events

With the issuance of EFG International ("EFG") financial statements for the year ended December 31, 2017, on February 27, 2018, BTG Pactual became aware of EFG's decision to adjust its financial statements to reflect certain changes in its accounting practices with prospective adoption effects. Due to such changes, EFG recognized a reduction in its shareholders' equity corresponding to CHF493.9 million, which consequently caused a reduction of BTG Pactual shareholders' equity in the amount of R$508.7 million booked against retained earnings.

Additionally, during the year ended December 31, 2017 EFG recognized an increase in its Shareholders' Equity (Other Comprehensive Income) equivalent to CHF203 million, comprised by cumulative translation adjustments and gains on pension plans. Such adjustments generated an increase in BTG Pactual Shareholders' Equity in the amount of R$208 million during the quarter ended March 31, 2018. Together both adjustments in EFG equity reduced BTG Pactual shareholders' equity in R$300.7 million.

On April 20, 2018, Banco Pan informed its shareholders and the market in general that the capital increase of the company, authorized by its Board of Directors, was approved by the Central Bank of Brazil on February 7, 2018. After the capital increase, BTG Pactual now holds approximately 577,662 shares issued by Banco Pan, corresponding to 50.6% of its Capital Stock. Despite the new composition of the company's capital stock, the control of Banco Pan was not altered, and Caixa Participações S.A. - CAIXAPAR ("CaixaPar") and BTG Pactual remain as co-controllers of the company.

Global Market and Economic Analysis

Despite some negative surprises in high-frequency growth indicators in the Eurozone and the United States observed in the 1Q 2018, the consensus global GDP forecasts for 2018 and 2019 continued to grind higher in the quarter, continuing a trend which traces back to mid-2017. The upbeat mood found support in the US Congress deal to increase the ceiling for US federal spending by roughly US$300 billion in the next couple years, an unexpected fiscal impulse crowning the substantial tax cuts approved in December 2017. The additional stimulus applied to an economy in the vicinity of full employment, in a context where inflation is pointing up towards the target, seems to have contributed to the continuation of the march higher in US yields. The 2-year and 10-year Treasury bond yields increased by 38 and 33 basis-points in the quarter, to 2.27% and 2.74% p.a., respectively. While the yield differential of the US versus other developed markets widened at various maturities, the Dollar Index (DXY) depreciated 2.3% in Q1 2018.

The S&P 500 (and other major global equity indices) experienced a steep rally in the first weeks of the year, followed by an even steeper decline late January / early February, and have been volatile since then, finishing the quarter down 1.2%. Higher US yields, market positioning skewed toward selling volatility, the advancement of the US Government protectionist agenda (first focused on steel and aluminum, then targeting China) and some specific shocks affecting large technology companies are some of the main factors behind the market performance since late January.

In Brazil, on the economic activity front, data available so far in 2018 has been disappointing. In fact, 1Q18 GDP should expand 0.4% q/q (from 0.7% expected a quarter ago). All segments on the supply side are expected to advance q/q, but at a more modest pace. In the industrial sector, construction should continue to affect negatively the headline print, while services are expected to continue advancing modestly, led by commerce. On the domestic demand side, coincident indicators of consumption and investments point towards a good quarter, while government spending cuts will continue to be a drag, implying a benign composition for 1Q GDP. Looking forward, 2018 GDP growth should hover around 2.4%, as we continue to expect the economic recovery to pick up, albeit at a more moderate pace, supported by the lagged effects of the monetary easing cycle.

On inflation, consumer price inflation continues to post very benign prints. IPCA inflation finished 1Q at 2.68% y/y (vs. 2.95% y/y in Dec/17), running well below the lower bound of the inflation target band. Taking this into account, whilst also noting that inflation expectations are very well anchored, the Central Bank has already cut the Selic rate to 6.50% (with two consecutive 25 basis-points cuts) at the first two monetary policy meetings of the year and signaled another likely 25bps cut (to 6.25% p.a) at the May meeting. While inflation should accelerate, we expect it to do so at a slower pace than initially anticipated and to finish the year still at moderate levels (at 3.6% y/y).

On the fiscal front, the 12-month consolidated public-sector deficit decreased to R$94bn (-1.4% of GDP) in February, the lowest 12-month deficit since late 2015. That said, consolidated public-sector gross debt reached 75% of GDP. The uptrend in gross debt should weaken significantly in 2018, reflecting prospects of better economic growth, the expected continuation of a low interest rate scenario and the repayment of past transfers to the BNDES back to the Treasury. Compliance with other fiscal rules, such as the 'spending cap' and, to a lesser extent, the 'golden rule' is also feasible, helping allay concerns over short-term fiscal numbers. Nonetheless, given the challenges in terms of the long-term fiscal consolidation process, focus will increasingly turn towards the fate of the reforms that must be implemented by the next administration to get mandatory expenditures under control.

With regards to the external sector, 12-month accumulated current account deficit finished 1Q18 at US$8.3bn. Such improvement was mainly explained by the large surpluses in the trade balance, which remains at elevated levels despite decreasing to US$63.2bn in 1Q18. While current account dynamics showed no signs of reversal of the benign trend observed for more than a year, there is also no reason for further major improvements going forward. Looking at the main sources of financing, there was (i) an improvement in portfolio flows, with net inflows increasing in 1Q18, (ii) direct investment decreasing but remaining at comfortable levels and (iii) net issuance remaining virtually flat. We continue expecting the recovery in economic activity to lead imports to advance, causing a gradual weakening of the current account in upcoming quarters.

Finally, on the political front, the focus is gradually shifting towards the upcoming presidential elections. A highly fragmented race, which will only be defined next October, will most likely keep uncertainty elevated in the months ahead. With the federal intervention in Rio, due to security issues, constitutional amendments cannot be voted, so the agenda must concentrate on infra-constitutional topics. But the approaching election makes it harder to assemble even lighter majorities in Congress.

Consolidated Adjusted Revenues

Revenues in 1Q 2018 decreased 4% when compared to 4Q 2017 and decreased 21% when compared to 1Q 2017.

Adjusted Revenues (unaudited) *(in R$ million, unless otherwise stated)*	**Quarter**			**1Q 2018 % change to**	
	1Q 2017	**4Q 2017**	**1Q 2018**	**1Q 2017**	**4Q 2017**
Investment Banking	152	144	110	-28%	-24%
Corporate Lending	155	162	171	10%	5%
Sales & Trading	586	691	551	-6%	-20%
Asset Management	107	169	125	16%	-26%
Wealth Management	87	98	104	19%	5%
Principal Investments	113	(89)	96	-15%	n.a.
Participations	76	(7)	(6)	n.a.	n.a.
Interest & Others	384	200	160	-58%	-20%
Total revenues	**1,661**	**1,370**	**1,310**	**-21%**	**-4%**

Investment Banking

The tables below present details related to announced transactions in which BTG Pactual participated:

BTG Pactual Announced Transactions (unaudited)	**Number of Transactions(1),(3)**			**Value(2),(3)** (US$ mln)		
	1Q 2017	**4Q 2017**	**1Q 2018**	**1Q 2017**	**4Q 2017**	**1Q 2018**
Financial Advisory (M&A)(4)	10	12	10	4,233	4,656	1,683
Equity Underwriting (ECM)	7	11	3	2,643	637	327
Debt Underwriting (DCM)	7	16	11	2,561	4,629	1,203

Source: Dealogic for ECM, M&A and International Brazilian DCM and Anbima for Local Brazilian DCM

Note:

(1) Equity underwriting and debt underwriting represent closed transactions. Financial advisory represents announced M&A deals, which typically generate fees upon their subsequent closing.

(2) Local DCM transactions were converted to U.S. Dollars using the end of quarter exchange rates.

(3) Market data from previous quarters might vary in all products, due to potential inclusion and exclusions.

(4) M&A market data for previous quarters may vary because: (i) deal inclusions might be delayed at any moment, (ii) canceled transactions will be withdrawn from the rankings, (iii) transaction value might be revised and (iv) transaction enterprise values might change due to debt inclusion, which usually occurs some weeks after the transaction is announced (mainly for non-listed targets)

Investment Banking 1Q 2018 market share highlights

M&A: #1 in number of transactions in Brazil and Latin America

ECM: #3 in number of transactions in Brazil and #4 in Latin America

1Q 2018 vs. 4Q 2017

Investment Banking revenues reached R$110 million a 24% decrease when compared to a strong 4Q 2017. Although below the previous quarter, the franchise performed well, and revenues were 20% above 2017 quarter average. Performance was particularly strong in DCM, driven by higher profitability on an average transaction basis, and weak in ECM, on the back of very low market activity. Financial advisory continues to perform well and revenues thereof were in line with the previous quarter.

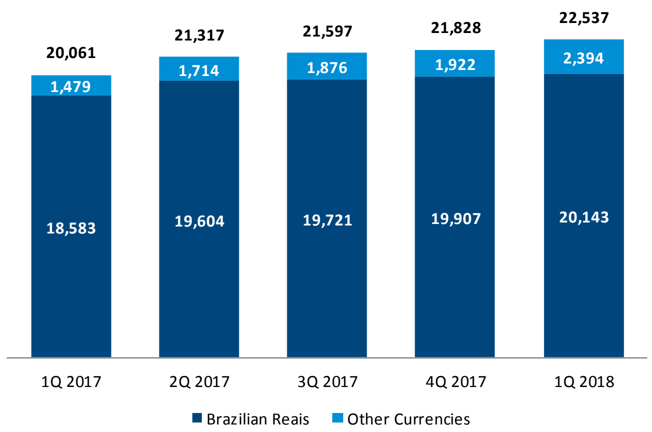
1Q 2018 vs. 1Q 2017

Investment banking revenues decreased 28% compared to 1Q 2017, which had strong performance in debt and equity underwriting driven by increased market activity.

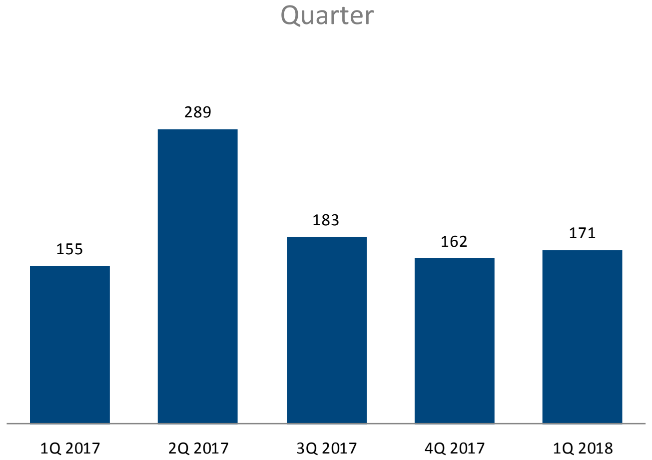
Corporate Lending

At quarter end our corporate lending book grew by R$0.71 billion in the 1Q 2018, when compared to 4Q 2017. The corporate lending growth is in line with our strategy to increase balance sheet deployment.

Corporate Lending Portfolio
(in R$ million)



Revenues
(in R$ million)



1Q 2018 vs. 4Q 2017

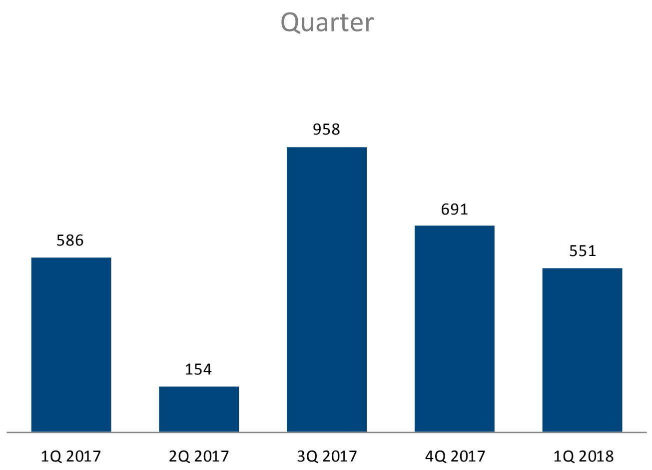
Corporate lending revenues grew 5% when compared to 4Q 2017 and achieved R$170.9 million. The performance is mainly explained by (i) the decrease in provision expenses in the period and (ii) 2% increase in the average corporate lending book.

1Q 2018 vs. 1Q 2017

Revenues from corporate lending increased 10% when compared to 1Q 2017, in line with a 13% increase in the average portfolio size and a reduction in provision expenses, both partially compensated by smaller average spreads.

Sales & Trading

Revenues
(in R$ million)



1Q 2018 vs. 4Q 2017

Sales and trading revenues were R$550.6 million, slightly below last year's average and a 20% reduction compared to 4Q 2017. The decrease was mainly attributable to a reduction in revenues from our energy desk, partially offset by sound revenues from the FX desk, reverting the underperformance in 4Q 2017. Rates, equities and brokerage performance were sound and in-line previous quarter.

1Q 2018 vs. 1Q 2017

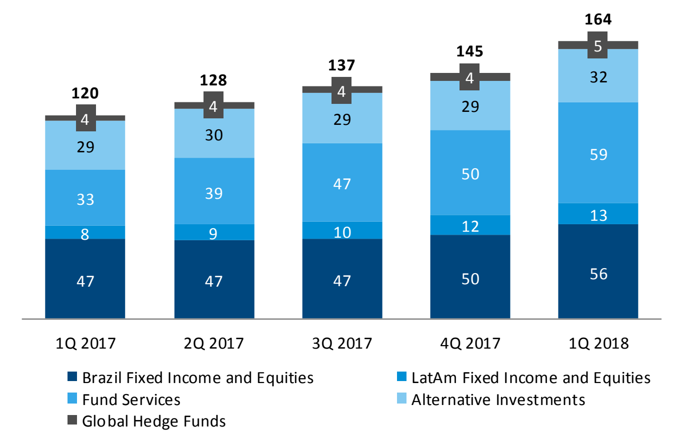
1Q 2018 performance was in line with 1Q 2017, mostly as a result of significant revenues increase in equities desks compensated by significant decrease in rates desk, which had a very strong 1Q 2017.

Asset Management

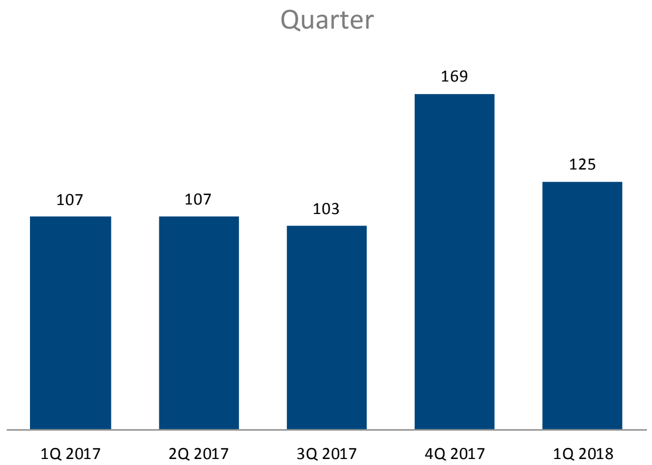
During the quarter, our Assets under Management and Assets under Administration increased to R$163.7 billion, up 13% from R$144.9 billion in 4Q 2017. We continued to receive significant inflows, a record for net new money in the quarter of R$10.3 billion. Flows were positive across all lines and particularly strong in Brazil and LatAm fixed income and equities, and fund services.

AuM & AuA by Asset Class

(in R$ billion)



Revenues
(in R$ million)



1Q 2018 vs. 4Q 2017

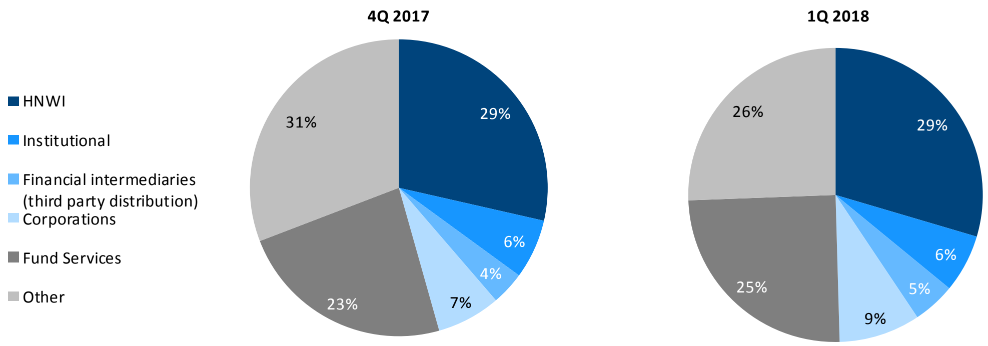
Revenues in asset management decreased 26% compared to 4Q 2017. The decrease is attributable to expected business seasonality in performance fees, where many funds' end of accrual period occurs at year-end.

1Q 2018 vs. 1Q 2017

Asset management revenues increased 16% compared to 1Q 2017, mostly due to the 36% increase in AuM & AuA partially offset by a reduction in RoA, due to the significant increase in our Fund Services assets, which has smaller overall fees.

AuM and AuA by Type of Client

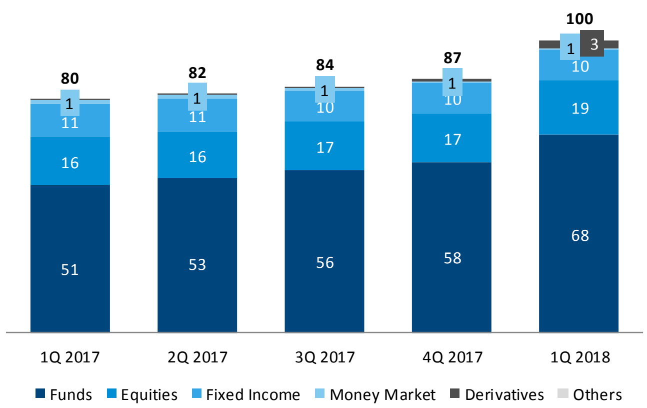
(%)



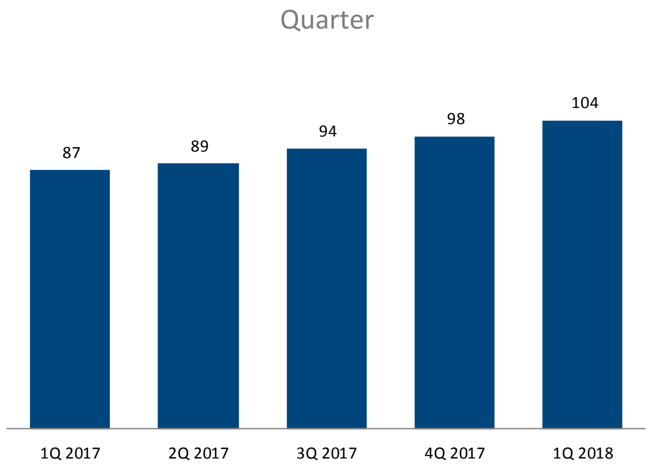
Wealth Management

During the quarter, our Wealth under Management increased 15% from R$86.9 billion in 4Q 2017 to R$100.2 billion in 1Q 2018. Net new money was R$8.4 billion, our best quarter ever, with positive inflows in most products.

WuM breakdown
(in R$ billion)



Revenues
(in R$ million)



1Q 2018 vs. 4Q 2017

Revenues from Wealth Management increased 5% in 1Q 2018 compared to 4Q 2017, reaching R$103.7 million. This performance mainly reflects an increase in distribution fees. The increase in revenues was partially offset by flat brokerage and trading spreads, in line with the underperformance and volatility in core LatAm capital markets.

1Q 2018 vs. 1Q 2017

Revenues from Wealth Management increased 19% in 1Q 2018 when compared to 1Q 2017. The revenue increase was in line with the increase in average WuM and distributed across most of the revenues lines.

Principal Investments

Principal Investments Revenues (preliminary and unaudited) *(in R$ million, unless otherwise stated)*	Quarter			1Q 2018 % change to	
	1Q 2017	4Q 2017	1Q 2018	1Q 2017	4Q 2017
Global Markets	13	(43)	6	-53%	n.a.
Merchant Banking	113	(23)	106	-6%	n.a.
Real Estate	(12)	(23)	(16)	n.a.	n.a.
Total	**113**	**(89)**	**96**	**-15%**	**n.a.**

1Q 2018 vs. 4Q 2017

Our Principal Investments gained R$95.8 million in 1Q 2018, compared to losses of R$88.9 million in 4Q 2017.

In the quarter, (i) Global Markets results were flat, (ii) Merchant Banking had positive equity pick up from investments, partially offset by mark to market in Eneva and the internal funding cost allocation, and (iii) negative results in Real Estate mainly driven by internal funding cost allocation.

1Q 2018 vs. 1Q 2017

Our Principal Investments presented gains of R$95.8 million in 1Q 2018 and R$112.9 million in the 1Q 2017, mostly resulting from the same driver, equity pick-up from investments, while in 1Q 2017 we had positive mark to market in Eneva.

Participations

1Q 2018 vs. 4Q 2017

In Participations, we had losses of R$5.6 million due to negative equity pick-up in EFG, mostly resulting from one-time integration costs. 1Q 2018 composed of (i) a R$25.2 million gain from Banco Pan, (ii) a R$10.7 million gain from Pan Seguros and Pan Corretora, (iii) a R$81.8 million loss from EFG, and (iv) a R$40.3 million gain from ECTP. In 4Q 2017, we had losses of R$6.5 million.

1Q 2018 vs. 1Q 2017

Participations losses were R$5.6 million, as noted above. In 1Q 2017 we had positive revenue of R$76.4 million, mostly driven by ECTP equity pick-up.

Interest & Others

1Q 2018 vs. 4Q 2017

Interest & Others revenues was R$159.9 million in 1Q 2018, compared to R$200.3 million in 4Q 2017. This is in line with the decrease in the average interest rate of the Central Bank of Brazil, from 7.5% to 6.8% in the period, which is applied to our equity.

1Q 2018 vs. 1Q 2017

Revenues from Interest & Others was down 58% compared to 1Q 2017, mainly due to the decrease in the average interest rate from 12.7% to 6.8% partially offset by the 2% increase in shareholder's equity.

Adjusted Operating Expenses

Adjusted Operating Expenses (unaudited) *(in R$ million, unless otherwise stated)*	Quarter			1Q 2018 % change to	
	1Q 2017	4Q 2017	1Q 2018	1Q 2017	4Q 2017
Bonus	(204)	(241)	(143)	-30%	-41%
Salaries and benefits	(132)	(132)	(148)	12%	12%
Administrative and other	(180)	(250)	(205)	14%	-18%
Goodwill amortization	(97)	(54)	(32)	-68%	-41%
Tax charges, other than income tax	(89)	(69)	(44)	-51%	-37%
Total operating expenses	**(702)**	**(746)**	**(572)**	**-19%**	**-23%**
Cost to income ratio	42%	54%	44%	3%	-20%
Compensation ratio	20%	27%	22%	10%	-18%
Total number of employees	1,988	2,037	2,103	6%	3%
Partners and associate partners	224	241	238	6%	-1%
Employees	1,764	1,796	1,865	6%	4%

Bonus

The bonus expense was R$143.3 million in 1Q 2018, compared to R$241.2million in 4Q 2017, and R$203.8 million in 1Q 2017. Our bonuses are determined in accordance with our profit-sharing program, and are calculated as a percentage of our adjusted, or operating, revenues (which exclude Interest & Others revenues), reduced by our operating expenses.

Salaries and benefits

Staff costs increased 12% in the quarter compared to 4Q 2017 and 1Q 2017. Expenses related to salaries and benefits were R$132.1 million in 1Q 2017 and R$131.7 million in 4Q 2017, compared to R$147.7 million in 1Q 2018. The increase from 4Q17 was mainly due to promotions that took place in the year-end personnel evaluation cycle and slightly higher discharge costs.

Administrative and other

Total administrative and other expenses decreased 18%, from R$250.4 million in 4Q 2017 to R$205.4 million in 1Q 2018, mainly related to a reduction of non-recurring legal fees, which were unusually high in the last quarter of 2017, and, on the recurring expenses, a reduction in (i) legal and consulting, (ii) labor claims and (iii) marketing expenses. There was a 13.8% increase year-over-year from R$180.4 million to R$205.4 million, this time related to higher one-off legal expenses.

Goodwill amortization

In 1Q 2018 goodwill amortization expenses totaled R$31.5 million, mostly in connection with the EFG/BSI goodwill amortization. Goodwill amortization expenses were down 41.4% compared to 4Q 2017, when we had the end of Celfin and Bolsa Y Renta goodwill amortization, and 67.6% compared to 1Q 2017.

Tax charges, other than income tax

Tax charges, other than income tax, were R$43.7 million, or 3.3% of total revenues, compared to R$69.0 million in 4Q 2017, or 5% of total revenues. The reduction was mainly reflects a more favorable revenue mix in the quarter.

Adjusted Income Taxes

Adjusted Income Tax (unaudited) *(in R$ million, unless otherwise stated)*	Quarter		
	1Q 2017	4Q 2017	1Q 2018
Income before taxes	959	624	739
Income tax and social contribution	(239)	36	(138)
Effective income tax rate	**24.9%**	**-5.8%**	**18.7%**

Our effective income tax rate for the quarter was 18.7% (an income tax expense of R$138.2 million). Our effective income tax rate was -5.8% (an income tax gain of R$36.2 million) in 4Q 2017, and 24.9% (an income tax expense of R$238.8 million) in 1Q 2017.

Balance Sheet

Our total assets increased 15.6%, from R$126.6 billion at the end of 4Q 2017 to R$146.3 billion at the end of 1Q 2018, mainly due to an increase in assets financed through repos and our pending settlement accounts. Also our cash and cash equivalents increased 35.9% in this quarter, and our leverage ratio increased to 7.8x from 6.8x in the previous quarter.

On the liability side, repo financing and pending settlement accounts increased, both in line with the increase in assets, as mentioned above. There was also a 10.6% increase in unsecured funding.

Our shareholders' equity increased, from R$18.5 billion at the end of 4Q 2017 to R$18.7 billion at the end of 1Q 2018, mainly due to net income of R$ 600.4 million in the quarter, partially offset by our stock repurchase program of R$37.9 and by other comprehensive income.

Risk and Capital Management

There were no significant changes in the risk and capital management framework in the quarter.

Market Risk – Value-at-risk

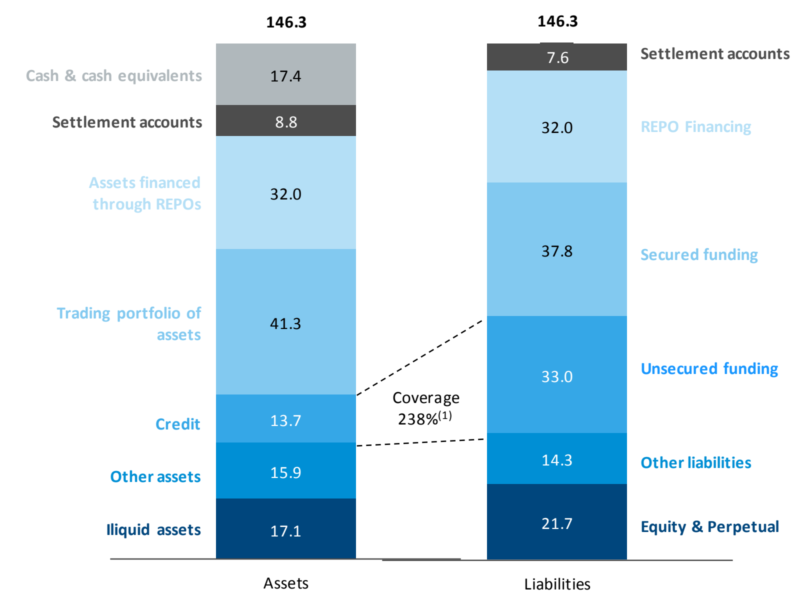
Value-at-risk (unaudited) *(in R$ million, unless otherwise stated)*	Quarter		
	1Q 2017	4Q 2017	1Q 2018
Total average daily VaR	**117.0**	**120.3**	**105.5**
Average daily VaR as a % of average equity	0.65%	0.65%	0.57%

Our total average daily VaR decreased to 0.57% compared to 0.65% in the 4Q 2017. The decrease in the average daily VaR was mainly driven by lower market risk exposure in Brazilian rates and FX USD/BRL.

Liquidity Risk Analysis

The chart below summarizes the composition of assets and liabilities as of March 31, 2018:

Summarized Balance Sheet (unaudited)
(in R$ billion)

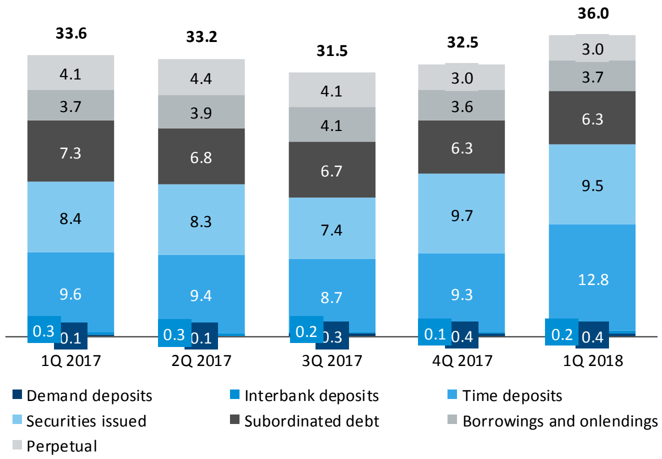


Note:
(1) Excludes demand deposits

Unsecured Funding Analysis

The chart below summarizes the composition of our unsecured funding base evolution:

Unsecured Funding Evolution (unaudited)
(in R$ billion)



Our total unsecured funding increased 10.6%, from R$32.5 billion in 4Q 2017 to R$36.0 billion in 1Q 2018 mainly due to a strong increase in time deposits of R$3.5 billion, mostly in Brazilian local products. The other funding products remained stable.

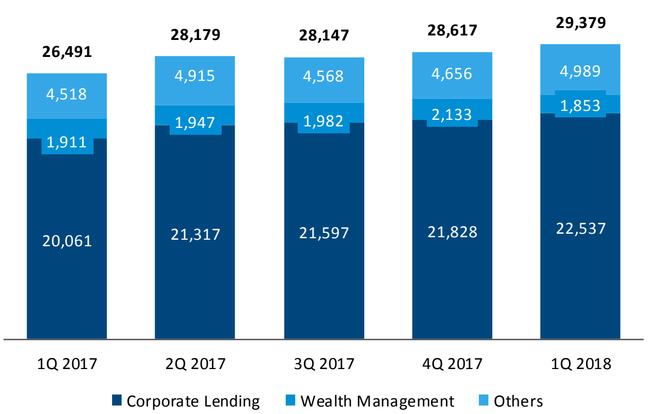
BTG Pactual Broader Credit Portfolio

Our broader credit portfolio is comprised of loans, receivables, advances in foreign exchange contracts, letters of credit and marketable securities bearing credit exposures (including debentures, promissory notes, real estate bonds, and investments in credit receivable funds – FIDCs).

At quarter end, the balance of our broader credit portfolio increased 2.7% from R$28.6 billion in 4Q 2017 to R$29.4 billion.

Broader Credit Portfolio Breakdown By Area

(in R$ million)



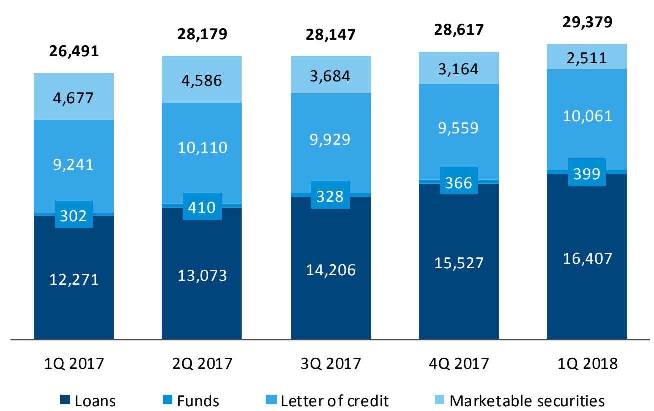
Notes:

(1) Others: includes interbank deposits, Merchant Banking structured transactions and others

(2) Wealth Management impacts WM results, others impacts Sales & Trading and Merchant Banking results

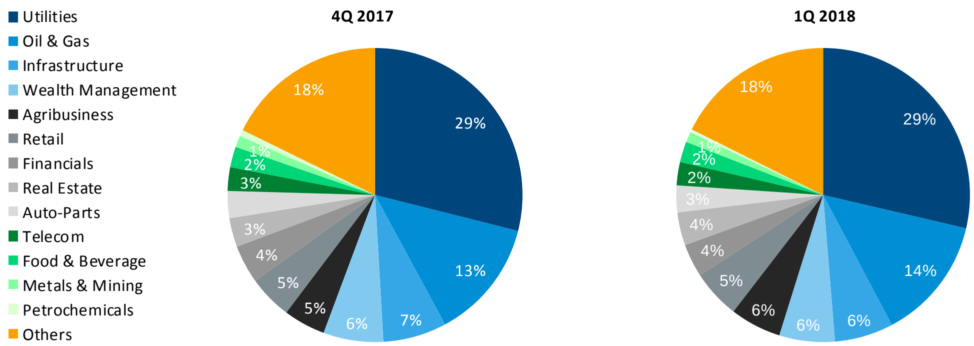
Broader Credit Portfolio By Product

(in R$ million)



Corporate Lending & Others Portfolio by Industry

(% of total)



Credit Risk

The following table sets forth the distribution, by credit rating, of our credit exposures as of March 31, 2018. The rating shown below reflects our internal ratings assessment, consistently applied following the Brazilian Central Bank standard ratings scale:

Rating (unaudited) (in R$ million)	1Q 2018
AA	14,342
A	5,787
B	2,856
C	1,479
D	3,123
E	580
F	811
G	227
H	173
Total	**29,379**

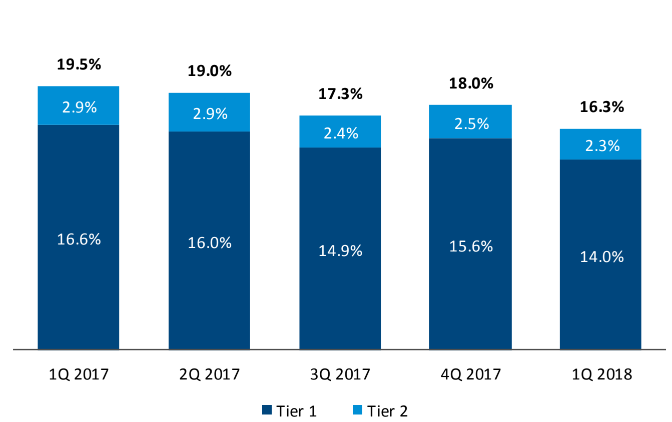
Capital Management

Banco BTG Pactual complies with standards of capital requirements established by the Brazilian Central Bank, which are consistent with those proposed by the Basel Committee on Banking Supervision, under the Basel Capital Accord. Our Basel capital ratios, calculated in accordance with the Brazilian Central Bank standards and regulations, are applicable only to BTG Pactual. The Basel ratio decreased to 16.3% at the end of 1Q 2018, which is mainly attributable to the R$381 million capital increase in Banco Pan and the additional phase of Basel III core equity deductions.

Our liquidity coverage ratio (LCR) ended the quarter at 147%.

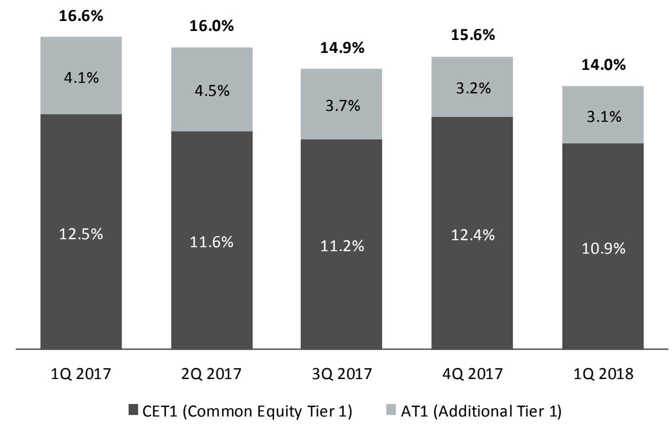
Basel Ratio (unaudited)

(%)



Tier 1: CET1 & AT1 (unaudited)

(%)



Exhibits

Basis for Presentation

Except where otherwise noted, the information concerning our financial condition presented in this document is based on our Balance Sheet, which is prepared in accordance with Brazilian GAAP for Banco BTG Pactual S.A. and its subsidiaries. Except where otherwise noted, the information concerning our results of operations presented in this document is based on our Adjusted Income Statement, which represents a revenue breakdown by business unit net of funding costs and financial expenses allocated to such unit, and a reclassification of certain other expenses and costs.

Our Adjusted Income Statement is derived from the same accounting information used for preparing our Income Statement in accordance with Brazilian GAAP and IFRS. The classification of the line items in our Adjusted Income Statement is unaudited and materially differs from the classification and presentation of the corresponding line items in our Income Statement. As explained in the notes to the Financial Statements of BTG Pactual, our financial statements are presented with the exclusive purpose of providing, in a single set of financial statements and in one GAAP, information related to the operations of BTG Pactual and represents the consolidation of transactions from Banco BTG Pactual S.A. and its subsidiaries.

Key Performance Indicators ("KPIs") and Ratios

The key performance indicators (KPIs) and ratios are monitored by management and pursued to be achieved across financial periods. Consequently, key indicators calculated based on annual results across financial periods may be more meaningful than quarterly results and results of any specific date. KPIs are calculated annually and adjusted, when necessary, as part of the strategic planning process and to reflect regulatory environment or materially adverse market conditions.

This section contains the basis for presentation and the calculation of selected KPIs and ratios presented in this report.

KPIs and Ratios	Description
AuM and AuA	Assets under management and assets under administration consist of proprietary assets, third party assets, wealth management funds and/or joint investments managed or administrated among a variety of assets classes, including fixed income, equities, money market accounts, multi-market funds and private equity funds.
Cost to income ratio	It is computed by dividing the adjusted total operating expenses by adjusted total revenues.
Compensation ratio	It is computed by dividing the sum of adjusted bonus and salaries and benefits expenses by adjusted total revenues.
Effective income tax rate	It is computed by dividing the adjusted income tax and social contribution or (expense) by the adjusted income before taxes.
Net income per unit	Net income per unit presents the results of each pro-forma unit formed by 3 different classes of shares of Banco BTG Pactual and it considers the outstanding units as of the date of this report. This item is a non-GAAP measurement and may not be comparable to similar non-GAAP measures used by other companies.
ROAE	Annualized ROE for the periods are computed by dividing annualized net income by the average shareholders' equity. We determine the average shareholders' equity based on the initial and final net equity for the quarter. For 4Q 2016, initial equity is adjusted for ECTP distribution.
VaR	The VaR numbers reported are calculated on a one-day time horizon, a 95.0% confidence level and a one-year look-back window. A 95.0% confidence level means that there is a 1 in 20 chance that daily trading net revenues will fall below the VaR estimated. Thus, shortfalls from expected trading net revenues on a single trading day greater than the reported VaR would be anticipated to occur, on average, about once a month. Shortfalls on a single day can exceed reported VaR by

KPIs and Ratios	Description
	significant amounts and they can also occur more frequently or accumulate over a longer time horizon, such as a number of consecutive trading days. Given its reliance on historical data, the accuracy of VaR is limited in its ability to predict unprecedented market changes, as historical distributions in market risk factors may not produce accurate predictions of future market risk. Different VaR methodologies and distributional assumptions can produce materially different VaR. Moreover, VaR calculated for a one-day time horizon does not fully capture the market risk of positions that cannot be liquidated or offset with hedges within one day. "Stress Test" modeling is used as a complement of VaR in the daily risk management activities.
WuM	Wealth under management consists of private wealth clients' assets that we manage across a variety of asset classes, including fixed income, money market, multi-asset funds and merchant banking funds. A portion of our WuM is also allocated to our AuM to the extent that our wealth management clients invest in our asset management products.
Leverage Ratio	Leverage Ratio is computed by dividing the total assets by the shareholders' equity.

Selected Financial Data

Balance Sheet (unaudited) *(in R$ million, unless otherwise stated)*	Quarter			1Q 2018 % change to	
	1Q 2017	**4Q 2017**	**1Q 2018**	**1Q 2017**	**4Q 2017**
Assets					
Cash and bank deposits	900	4,347	7,293	711%	68%
Interbank investments	26,190	27,792	40,949	56%	47%
Marketable securities and derivatives	44,801	42,288	45,465	1%	8%
Interbank transactions	1,997	1,704	1,187	-41%	-30%
Loans	10,163	13,026	14,032	38%	8%
Other receivables	33,096	31,770	31,690	-4%	0%
Other assets	222	127	78	-65%	-39%
Permanent assets	7,802	5,537	5,639	-28%	2%
Total assets	**125,171**	**126,592**	**146,334**	**17%**	**16%**
Liabilities					
Deposits	8,763	9,178	19,043	117%	107%
Open market funding	31,609	33,890	41,992	33%	24%
Funds from securities issued and accepted	8,946	10,290	10,131	13%	-2%
Interbank transactions	7	30	230	3387%	672%
Loans and onlendings	3,755	4,730	5,202	39%	10%
Derivatives	15,198	14,162	13,556	-11%	-4%
Subordinated liabilities	7,296	6,317	6,341	-13%	0%
Other liabilities	30,990	29,218	30,861	0%	6%
Deferred income	137	121	110	-20%	-9%
Shareholders'equity	**18,338**	**18,528**	**18,702**	**2%**	**1%**
Non-controlling interest	134	128	166	25%	30%
Total liabilities	**125,171**	**126,592**	**146,334**	**17%**	**16%**

Adjusted Income Statement (unaudited)	Quarter			1Q 2018 % change to	
(in R$ million, unless otherwise stated)	1Q 2017	4Q 2017	1Q 2018	1Q 2017	4Q 2017
Investment Banking	152	144	110	-28%	-24%
Corporate Lending	155	162	171	10%	5%
Sales & Trading	586	691	551	-6%	-20%
Asset Management	107	169	125	16%	-26%
Wealth Management	87	98	104	19%	5%
Principal Investments	113	(89)	96	-15%	n.a.
Participations	76	(7)	(6)	n.a.	n.a.
Interest & Others	384	200	160	-58%	-20%
Total revenues	**1,661**	**1,370**	**1,310**	**-21%**	**-4%**
Bonus	(204)	(241)	(143)	-30%	-41%
Salaries and benefits	(132)	(132)	(148)	12%	12%
Administrative and other	(180)	(250)	(205)	14%	-18%
Goodwill amortization	(97)	(54)	(32)	-68%	-41%
Tax charges, other than income tax	(89)	(69)	(44)	-51%	-37%
Total operating expenses	**(702)**	**(746)**	**(572)**	**-19%**	**-23%**
Income before taxes	**959**	**624**	**739**	**-23%**	**18%**
Income tax and social contribution	(239)	36	(138)	-42%	-481%
Net Income	**720**	**660**	**600**	**-17%**	**-9%**

Income Statement (unaudited) *(in R$ million, unless otherwise stated)*	Banco BTG Pactual S.A.	
	4Q 2017	1Q 2018
Financial income	1,997	2,439
Financial expenses	(1,150)	(1,407)
Gross financial income	**847**	**1,032**
Other operating income (expenses)	(63)	(156)
Operating income (expenses)	**783**	**876**
Non-operating income/(expenses)	12	7
Income before taxes and profit sharing	**795**	**884**
Income and social contribution taxes	87	(156)
Statutory profit sharing	(223)	(124)
Non-controlling interest	**2**	**(3)**
Net income	**660**	**600**

Selected Presentation Differences

The table presents a summary of certain material differences between the Adjusted Income Statement and the Income Statement prepared in accordance to the BR GAAP:

	Adjusted Income Statement	Income Statement
Revenues	• Revenues segregated by business unit, which is the functional view used by our management to monitor our performance • Each transaction allocated to a business unit, and the associated revenue, net of transaction and funding costs (when applicable), is reported as generated by such business unit	• Revenues are presented in accordance with BRGAAP and standards established by COSIF and IFRS • Segregation of revenues follows the contractual nature of the transactions and is aligned with the classification of the assets and liabilities - from which such revenues are derived • Revenues are presented without deduction of corresponding financial or transaction costs
Expenses	• Revenues are net of certain expenses, such as trading losses, as well as transaction costs and funding costs • Revenues are net of cost of funding of our net equity (recorded at "interest & others") • SG&A expenses incurred to support our operations are presented separately	• Breakdown of expenses in accordance with COSIF • Financial expenses and trading losses presented as separate line items and not deducted from the financial revenues with which they are associated • Transactions costs are capitalized as part of the acquisition cost of assets and liabilities in our inventory • SG&A expenses incurred to support our operations are presented separately in our income statement
Principal Investments Revenues	• Revenues net of funding costs (including cost of net equity) and of trading losses, including losses from derivatives and from foreign exchange variations • Revenues are reduced by associated transaction costs and by management and performance fees paid	• Revenues included in different revenue line items (marketable securities, derivative financial income and equity pick-up up from subsidiaries) • Losses, including trading losses and derivative expenses, presented as financial expenses
Sales & Trading Revenues	• Revenues net of funding costs (including cost of net equity) and of trading losses, including losses from derivatives and from foreign exchange variations • Revenues deducted from transaction costs	• Revenues included in numerous revenue line items (marketable securities, derivative financial income, foreign exchange and compulsory investments) • Losses, including trading losses, derivative expenses and funding and borrowings costs, presented as financial expenses
Corporate Lending Revenues	• Revenues net of funding costs (including cost of net equity)	• Revenues included in certain revenue line items (credit operations, marketable securities and derivative financial income) • Losses, including derivative expenses, presented as financial expenses
Banco Pan Revenues	• Revenues consist of the equity pick-up from our investment, presented net of funding costs (including cost of net equity)	• Revenues from equity pick-up recorded as equity pickup from subsidiaries
Salaries and Benefits	• Salaries and benefits include compensation expenses and social security contributions	• Generally recorded as personnel expenses
Bonus	• Bonus include cash profit-sharing plan expenses (% of our net revenues)	• Generally recorded as employees' statutory profit-sharing
Administrative and Other	• Administrative and Others are consulting fees, offices, IT, travel and entertainment expenses, as well as other general expenses	• Generally recorded as other administrative expenses, and other operating expenses
Goodwill amortization	• Goodwill amortization of investments in operating subsidiaries other than merchant banking investments	• Generally recorded as other operating expenses
Tax charges, other than income tax	• Tax expenses are comprised of taxes applicable to our revenues not considered by us as transaction costs due to their nature (PIS, Cofins and ISS)	• Generally recorded as tax charges other than income taxes
Income tax and social contribution	• Income tax and other taxes applicable to net profits	• Generally recorded as income tax and social contribution

The differences discussed above are not exhaustive and should not be construed as a reconciliation of the Adjusted income statement to the income statement or financial statements. The business units presented in the Adjusted income statement should not be presumed to be operating segments under IFRS because our management does not solely rely on such information for decision making purposes. Accordingly, the Adjusted income statement contains data about the business, operating and financial results that are not directly comparable to the income statement or the financial statements and should not be considered in isolation or as an alternative to such income statement or financial statements. In addition, although our management believes that the Adjusted income statement is useful for evaluating our performance; the Adjusted income statement is not based on Brazilian GAAP, IFRS, U.S. GAAP or any other generally recognized accounting principles.

Forward-looking statements

This document may contain estimates and forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the U.S. Securities Exchange Act of 1934, as amended, or the Exchange Act. These statements may appear throughout this document. These estimates and forward-looking statements are mainly based on the current expectations and estimates of future events and trends that affect or may affect the business, financial condition, and results of operations, cash flow, liquidity, prospects and the trading price of the units. Although we believe that these estimates and forward-looking statements are based upon reasonable assumptions, they are subject to many significant risks, uncertainties and assumptions and are made in light of information currently available to us. Forward-looking statements speak only as of the date they were made, and we do not undertake the obligation to update publicly or to revise any forward-looking statements after we distribute this document as a result of new information, future events or other factors. In light of the risks and uncertainties described above, the forward-looking events and circumstances discussed in this document might not occur and future results may differ materially from those expressed in or suggested by these forward-looking statements. Forward-looking statements involve risks and uncertainties and are not a guaranty of future results. As a result, you should not make any investment decision on the basis of the forward-looking statements contained herein.

Rounding

Certain percentages and other amounts included in this document have been rounded to facilitate their presentation. Accordingly, figures shown as totals in certain tables may not be an arithmetical aggregation of the figures that precede them and may differ from the financial statements.

Glossary

Alternext	Alternext Amsterdam
BM&FBOVESPA	The São Paulo Stock Exchange (BM&FBOVESPA S.A. – *Bolsa de Valores, Mercadorias e Futuros*).
BR Properties	BR Properties S.A.
CMN	The Brazilian National Monetary Council (Conselho Monetário Nacional).
ECB LTRO	European central Bank Long-term repo operation.
ECM	Equity Capital Markets.
Euronext	NYSE Euronext Amsterdam
HNWI	High net worth individuals
IPCA	The inflation rate is the Consumer Price Index, as calculated by the IBGE.
M&A	Mergers and Acquisitions.
NNM	Net New Money
GDP	Gross Domestic Product.
Selic	The benchmark interest rate payable to holders of some securities issued by the Brazilian government.

Earnings Release - First Quarter 2018

May 2nd, 2018 (after market closes)

English Conference Call
May 3rd, 2018 (Thursday)
12:00 PM (New York) / 13:00 (Brasília)
Phone: +1 (412) 317-5446

Code: BTG Pactual

Replay until 10/05: +1 (412) 317-0088

Code: 10119782

Portuguese Conference Call
May 3rd, 2018 (Thursday)
10:00 AM (New York) / 11:00 AM (Brasília)
Phone: +55 (11) 3193-8000 / +55 (11) 2188-0155

Code: BTG Pactual

Replay until 10/05: +55 (11) 2188-0400

Code: BTG Pactual

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

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

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