

Banco BTG Pactual – Earnings Release

Third Quarter 2017

November 7, 2017

Highlights

Rio de Janeiro, Brazil, November 7, 2017 - Banco BTG Pactual S.A. (“Banco”) and its respective subsidiaries, (“BTG Pactual”) (B3: BPAC11) today reported total revenues of R\$1,645.0 million and adjusted net income of R\$758.6 million for the quarter ended September 30, 2017.

Adjusted Net income per unit, and annualized adjusted return on average shareholders’ equity (“Annualized ROAE”) of BTG Pactual, were R\$0.85 and 16.5%, respectively, for the quarter ended September 30, 2017.

As of September 30, 2017, the total assets of BTG Pactual were R\$113.7 billion, a 5% decrease when compared to June 30, 2017. The BIS capital ratio of BTG Pactual was 17.3%.

Banco BTG Pactual Financial Summary and Key Performance Indicators ⁽¹⁾

Highlights and KPIs (unaudited) <i>(in R\$ million, unless otherwise stated)</i>	Quarter			Year to Date	
	3Q 2016	2Q 2017	3Q 2017	9M 2016	9M 2017
Total revenues	1,580	851	1,645	7,775	4,157
Net income	717	503	501	2,729	1,723
Adjusted Net income	717	603	759	2,729	2,204
Adjusted Net income per unit (R\$)	0.77	0.67	0.85	2.95	2.47
Annualized ROAE	13.6%	13.3%	16.5%	17.7%	16.2%
Cost to income ratio	54.3%	58.5%	42.9%	54.5%	45.8%
Shareholders' equity	21,314	18,079	18,609		
Total Number of Shares (# in '000)	2,778,465	2,711,615	2,681,602		
Number of Theoretical Units (# in '000)	926,155	903,872	893,867		
Book Value per unit (R\$)	23.0	20.0	20.8		
BIS Capital Ratio	16.4%	19.0%	17.3%		
Total assets (in R\$ Billion)	119.0	119.1	113.7		
AuM and AuA (in R\$ Billion)	115.9	127.9	136.8		
WuM (in R\$ Billion)	295.3	81.7	84.4		

Note

From 4Q 2016 onwards ECTP and BSI numbers reported as equity pick-up in the Participations division.

(1) For 3Q 2016 no adjustment was made between the net income and adjusted net income.

Performance BTG Pactual - BPAC11

In 3Q 2017, we achieved an annualized ROAE of 16.5% and adjusted net income of R\$758.6 million.

In the quarter, revenues were up 93% when compared to 2Q 2017. Revenues increase was mostly driven by Sales and Trading, where we had positive contribution from all desks, especially good performance in rates. In Corporate Lending, we maintained the levels of spreads and credit provisions, while capturing lower revenues from our NPL portfolio. In spite of relatively weak revenues from Investment Banking, backlog and pipeline are strong, given the increased activity in the region, where we maintain leading market share. In addition, our Asset and Wealth Management businesses increased revenues and AuM / WuM. Finally, in Principal Investments we had positive revenues from our global markets investments, especially in our LatAm Rates and FX strategies. In Interest and Others, revenues were lower due to the decrease in the short term interest rate in Brazil, which went from 10.25% to 8.25% in the period, and in Participations we had positive results driven by our investments in Banco Pan and EFG.

Our operating expenses reached R\$705.2 million, a 42% increase when compared to 2Q 2017, mostly attributable to higher bonus provision, in connection with higher revenues, and to tax charges other than income tax. As a result, cost to income ratio was 42.9% and our compensation ratio was 22.4% for the period. When adjusted for non-recurring items and goodwill, cost income ratio was 34.8%.

As a result, our adjusted net income reached R\$758.6 million in 3Q 2017, a 26% increase when compared to 2Q 2017 and 6% increase when compared to 3Q 2016. In the quarter, we recorded income tax expense of R\$319.0 million, already net of reimbursement in connection with the special tax regularization program (PERT) implemented in Brazil.

Our shareholders' equity increased 3% from R\$18.1 billion at the end of 2Q 2017 to R\$18.6 billion at the end of 3Q 2017. When compared to the end of 3Q 2016, our shareholders' equity decreased 13%, mainly given the effects of ECTP's distribution. Basel index was 17.3%, reflecting an increase in risk weighted assets despite our continuous fortress balance sheet approach and prudent risk management.

AuM and AuA ended 3Q 2017 at R\$136.8 billion, a 7% increase when compared to end of 2Q 2017, and WuM for BTG Pactual ended the period at R\$84.4 billion, a 3% increase when compared to 2Q 2017.

Adjusted Net Income and ROAE (unaudited)	3Q 2017 Accounting	Non Recurring Items & Goodwill	3Q 2017 Adjusted	9M 2017 Adjusted
Investment banking	50.7		50.7	259.4
Corporate lending	183.4		183.4	627.6
Sales and trading	958.2		958.2	1,698.0
Asset management	102.7	8.0	110.7	325.1
Wealth management	94.0		94.0	270.3
Principal investments	22.6		22.6	104.0
Participations	26.3		26.3	28.3
Interest and other	207.0		207.0	926.8
Total revenues	1,645.0	8.0	1,653.0	4,239.6
Bonus	(235.8)		(235.8)	(513.6)
Salaries and benefits	(133.2)		(133.2)	(397.8)
Administrative and other	(207.8)	65.0	(142.8)	(439.7)
Goodwill amortization	(64.9)	64.9	-	-
Tax charges, other than income tax	(63.6)		(63.6)	(174.9)
Total operating expenses	(705.2)	129.9	(575.4)	(1,526.0)
Income before taxes	939.7	137.9	1,077.6	2,713.6
Income tax and social contribution	(438.9)	119.9	(319.0)	(509.2)
Net Income	500.8	257.8	758.6	2,204.4
Annualized ROAE	10.9%		16.5%	16.2%

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

Non-Recurring Items & Goodwill

Non-dilutive Capital Increase: A R\$171.6 million reimbursement of tax expenses implemented via the private issuance of 1 new preferred class B share, subscribed by BTG Pactual Holding S.A., presented in the income tax and social contribution line.

Asset Management: Related to the one-off adjustment on the reversal of fees incorrectly recorded as revenues in the end of 2015.

Administrative and Others: Mainly related to legal expenses from BSI legal cases in total of R\$42 million and one-off legal expenses of R\$14 million in BTG Pactual

Goodwill: Related to Celfin, Bolsa y Renta and EFG / BSI

Relevant Events

In line with previous announcements, BTG Pactual provided shareholders the capability to automatically migrate their former BBTG11 units into BPAC11 units. During this quarter, 100% of the outstanding units migrated into the new unit structure.

During 3Q 2017, as part of the commodity trading activities separation process, ECTP acquired 1.82% of its own shares held by the Bank. The total consideration paid was US\$55 million and the price was equivalent to ECTP's net asset accounting value. Banco currently owns 19.4% of ECTP. The average ownership in 3Q 2017 was 19.8%.

BTG Pactual adhered to a tax amnesty program (*PERT*) to settle one of the goodwill outstanding proceedings using net operating losses (NOLs) to pay 80% of the claim. In connection with the program, UBS and BTG Pactual Holding S.A. reimbursed Banco in the

amount of R\$806 million and R\$172 million, respectively, the latter via a non-dilutive capital increase with the private issuance of 1 new preferred class B share.

Banco will cancel a total amount equivalent to USD300 million in Senior 2020 bonds and USD350 million in Tier II Subordinated 2022 bonds which have been acquired since 2015. Further, on October 2017, Banco received an authorization from Brazilian Central Bank to repurchase no later than December 1st 2017 up to USD390 million of its perpetual bond - TIER 1 Capital.

On October 2017, Banco acquired NPL assets sold by Banco BVA as a result of its extrajudicial liquidation, for a consideration of R\$211 million.

On November 2017, Banco Pan approved a capital increase in the amount of R\$ 400 million. CaixaPar assigned to Banco its rights to subscribe the capital increase; and has entered into call/put options over 50% of the capital increase. The Shareholders Agreement of Banco Pan S.A. will not be modified hence CaixaPar and BTG Pactual remain as co-controllers of Banco Pan.

Global Market and Economic Analysis

The third quarter was still marked by an increase in the equity prices and a decline in the dollar. July and August were marked by the continuation of the trend that took place in the second quarter: inflation surprised again on the downside in the US and the risks regarding the approval of the fiscal package continued to decline. However, by the end of the quarter, the August's consumer inflation in the US came in higher than expected, suggesting that the previous low prints were temporary. In addition, a conservative US Republican Senator signaled he was going to vote in favor of the tax cut plan, increasing the probability of approving it in the near term. As a result, the chances of the Fed (Federal Reserve) raising the Federal Funds one more time this year increased. Still on the monetary policy front, the highlight was the Fed's announcement at the September's FOMC meeting of the end of the balance sheet reinvestment policy.

The economic activity indicators surprised on average on the upside across the globe. In this environment of solid economic fundamentals and moderate inflation, the equity indexes performed well. The S&P500 index and the DAX index rose 4% in Q3, while the Nikkei rose 2%. In Latin America, the highlights were the equity prices in Brazil (18%) and Chile (13%). The significant improvement in the growth perspective and the reduction in uncertainty regarding the political situation in Brazil explain large part of the result.

On the rates side, the 10-year Treasury Yield in the US and in Germany were roughly flat. In the US, the Treasury yield went down to 2.04% at the beginning of September, in part due to the conflict with North Korea, before rising back to 2.33% at the end of quarter with the perspective of another increase in the Fed Funds rate at the end of the year. In Brazil, however, the interest rate of the DI contract expiring in January 2025 declined 93 basis points. The lower than expected inflation coupled with the approval of structural reforms reduced the risk premium in Brazil and led the Central Bank to extend the easing cycle.

The dollar index ("DXY") declined 2.7% in the third quarter, mainly due to the strong economic indicators in Europe, which drove the EUR up by 3.4%. The acceleration in the global activity also affected the commodities prices. The oil prices rose 12% and the copper prices 9.5%. The increase in commodities prices explain the outperformance of the currencies of commodities exporters such as the Norwegian Krone (4.8%), Chilean Peso (3.9%) and the Colombian peso (3.6%). In Brazil, the BRL appreciated 4.6%.

In Brazil, the focus in recent months has centered on voting the charges filed against President Temer, charges that would be subsequently rejected by the government coalition in the lower house. Amidst all that, the government did manage to make progress on some of the items of its reform agenda. Looking forward, the approaching 2018 electoral cycle should start to dominate the political arena.

On the economic activity front we expect GDP to be stable in 3Q17 – the lackluster performance in 3Q though should be led by the (volatile) agricultural sector, while industry and services are expected to advance. Also, coincident indicators of consumption and

investments indicate a good quarter for domestic demand, implying, after all, a better composition for 3Q GDP than a stable headline print would suggest. Looking forward, we keep seeing convincing signs that the economy is gradually recovering, which should be supported by the ongoing monetary policy easing cycle and the government's reform agenda.

With respect to inflation, the 12-month IPCA print slowed to 2.5% y/y in September, well below the lower end of the inflation target tolerance interval (3%). Against this background, and in response to low inflation expectations and a comfortable output gap, Brazil's monetary policy committee (Copom) has continued cutting the Selic benchmark interest rates at a fast clip. Going forward, the fading impact of food price deflation and pressure from energy components (fuels and electricity) look set to pressure headline prints as we move to the end of the year, signaling a FY2017 IPCA reading just above 3% y/y. In 2018, inflation should accelerate slightly to just above 4%, still comfortably below the 4.5% target midpoint.

On the external sector, the current account deficit continued to improve in Q3. Such dynamics is still mainly explained by the continued improvement in the trade balance surplus, which totaled US\$16.3bn in 3Q17 versus US\$11.9bn in 3Q16. In the financial account, there has been an improvement in the main sources of financing, with rollover rates recording higher levels. At the same time, short-term capital outflows have been increasing. Looking forward, a recovery of economic activity should cause imports to advance, leading to a gradual weakening of the current account in longer horizons.

Finally, on the fiscal front, after some worse-than-expected prints, there have been more benign results. The benign results of recent auctions in the hydro and oil sectors will bring in much needed one-off flows and tax revenues and contributions continue to gain traction and seem set to recover further, helping the achievement of this year's fiscal target. But mandatory expenditures continue expanding at a fast clip, only partially offset by a tight lid on discretionary spending.

Consolidated Adjusted Revenues

Revenues in 3Q 2017 increased 93% when compared to 2Q 2017 and increased 4% when compared to 3Q 2016. When excluding effects of BSI and ECTP in 3Q 2016, revenues would have decreased 15%. Starting 4Q 2016, we began presenting our strategic investments under the Participations line. These investments include our share of profits/losses of our stakes in: Banco Pan, Pan Seguros, Pan Corretora, Ariel Re, EFG and ECTP.

Adjusted Revenues (unaudited) <i>(in R\$ million, unless otherwise stated)</i>	Quarter			3Q 2017 % change to		Year to Date		9M 2017 % change to
	3Q 2016	2Q 2017	3Q 2017	3Q 2016	2Q 2017	9M 2016	9M 2017	9M 2016
Investment Banking	110	19	51	-54%	163%	252	222	-12%
Corporate Lending	218	289	183	-16%	-37%	700	628	-10%
Sales & Trading	(367)	154	958	n.a.	522%	2,567	1,698	-34%
Asset Management	114	107	103	-10%	-4%	426	317	-26%
Wealth Management	533	89	94	-82%	5%	2,323	270	-88%
Principal Investments	367	(32)	23	-94%	n.a.	73	104	42%
Participations	(2)	(112)	26	n.a.	n.a.	(88)	(9)	n.a.
Interest & Others	606	335	207	-66%	-38%	1,522	927	-39%
Total revenues	1,580	851	1,645	4%	93%	7,775	4,157	-47%

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)		
	3Q 2016	2Q 2017	3Q 2017	3Q 2016	2Q 2017	3Q 2017
Financial Advisory (M&A) ⁽⁴⁾	6	5	9	4,088	1,199	12,229
Equity Underwriting (ECM)	5	4	9	240	228	602
Debt Underwriting (DCM)	8	8	7	793	2,070	2,576

BTG Pactual Announced Transactions (unaudited)	Number of Transactions ^{(1),(3)}		Value ^{(2),(3)} (US\$ mln)	
	9M 2016	9M 2017	9M 2016	9M 2017
Financial Advisory (M&A) ⁽⁴⁾	17	24	14,895	17,260
Equity Underwriting (ECM)	6	20	274	3,473
Debt Underwriting (DCM)	17	22	1,319	7,207

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 3Q 2017 market share highlights

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

ECM: #2 in number of transactions in Latin America

3Q 2017 vs. 2Q 2017

Investment Banking revenues increased 163% from R\$19.3million in 2Q 2017 to R\$50.7 million in 3Q 2017. The revenue increase was mainly attributable to (i) the one-off reversal of fees connected to a M&A transaction in 2Q 2017, and (ii) an increase equity capital markets activity together with our leading market share.

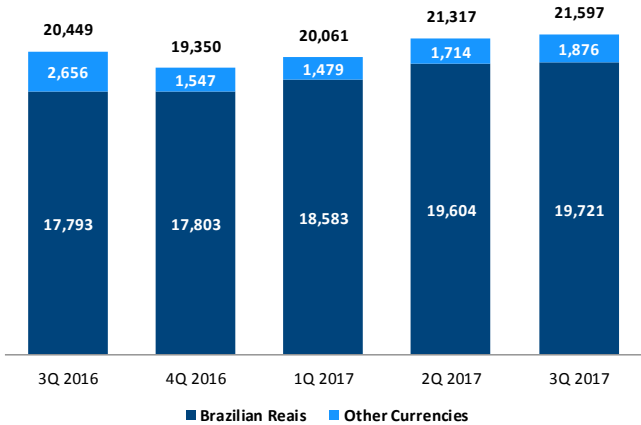
3Q 2017 vs. 3Q 2016

Revenues in the quarter decreased 54% from R\$110.2 million in 3Q 2016 to R\$50.7 million in 3Q 2017. Revenue decrease was mainly driven by weaker revenues from financial advisory, which were partially offset by higher ECM and DCM revenues both as a result of increased market share and higher market activity.

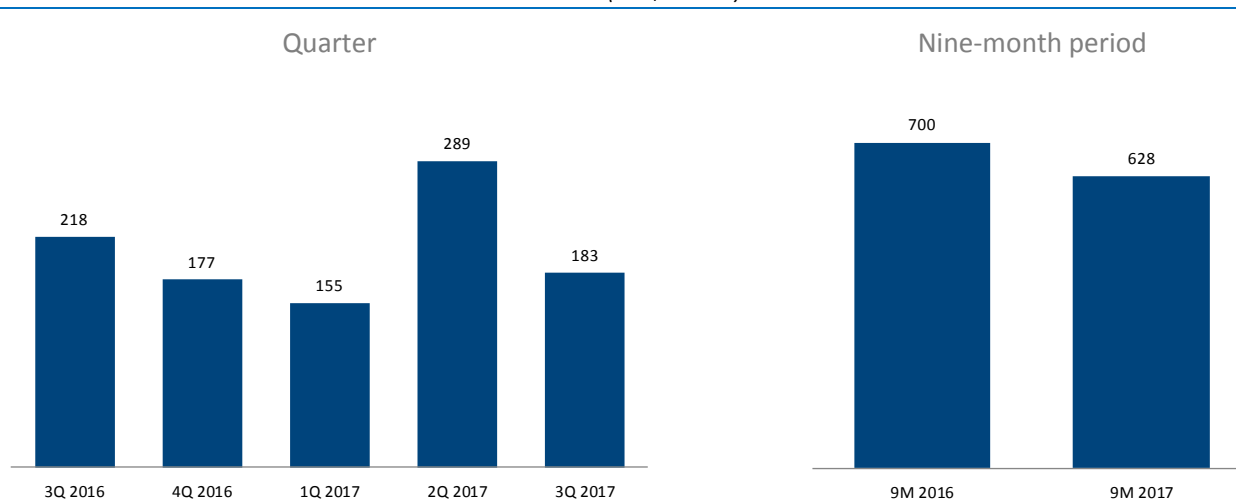
Corporate Lending

At quarter end, our Corporate Lending book remained stable when compared to 2Q 2017.

Corporate Lending Portfolio
(in R\$ million)



Revenues (in R\$ million)



3Q 2017 vs. 2Q 2017

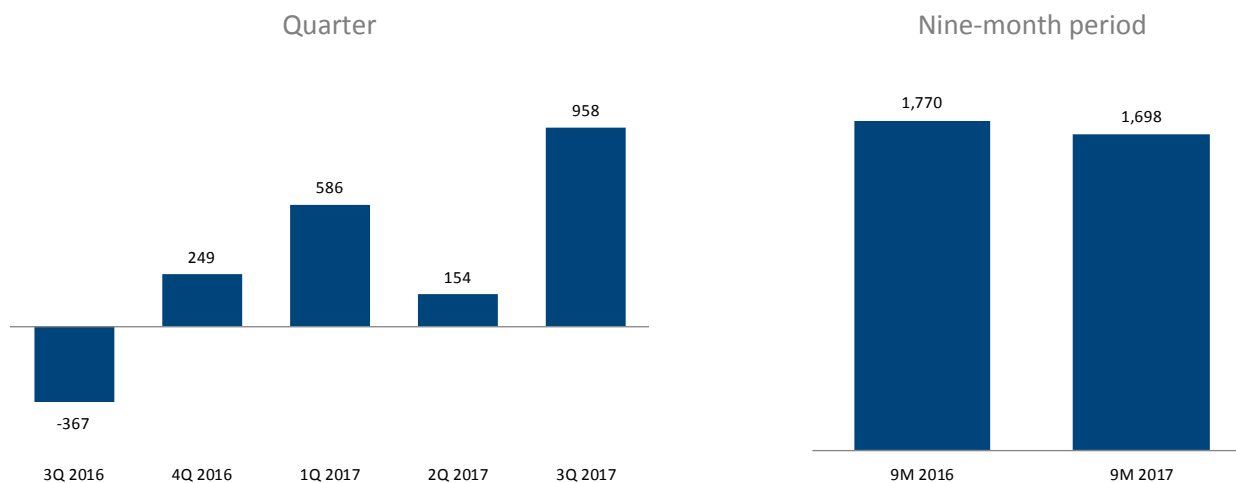
Revenues from Corporate Lending decreased 37% from R\$289.0 million in 2Q 2017 to R\$183.4 million in 3Q 2017, mainly impacted by (i) strong revenues from our NPL portfolios in 2Q 2017 and (ii) higher provision for loan losses in 3Q 2017. Our Corporate Lending book continues to perform well, with spreads in line with our historical average and good credit quality.

3Q 2017 vs. 3Q 2016

Revenues from Corporate Lending decreased 16% from R\$217.6 million in 3Q 2016, compared to R\$183.4 million in the 3Q 2017. The decrease was mainly due to higher provision for loan losses in 3Q 2017.

Sales & Trading

Revenues (in R\$ million)



3Q 2017 vs. 2Q 2017

Sales & Trading revenues were R\$958.2 million in 3Q 2017 compared to R\$154.0 million in 2Q 2017, a 522% increase. The increase was mainly driven by strong revenues from our Rates desk, compared to weak revenues in 2Q 2017. Energy and Equity desks also had strong revenue contribution in the quarter. On the other hand, FX desk had weaker revenues when compared to 2Q 2017, despite that, we had positive contribution from all desks in the quarter.

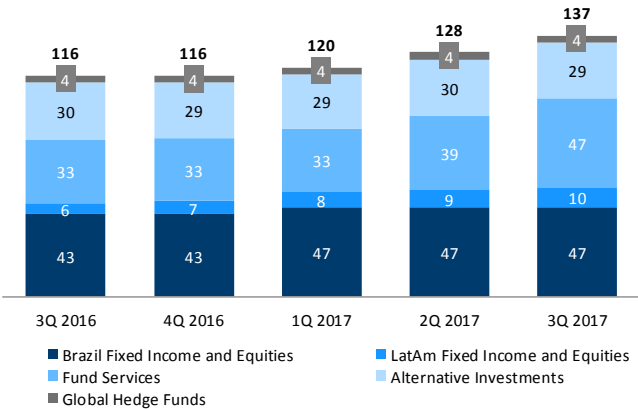
3Q 2017 vs. 3Q 2016

Sales & Trading revenues were R\$958.2 million, compared to R\$472.6 million in 3Q 2016, already excluding impacts from ECTP in 3Q 2016. This increase was mainly due to stronger performance from our Energy and Rates desks, as explained above, partially compensated by weaker revenues from FX desks.

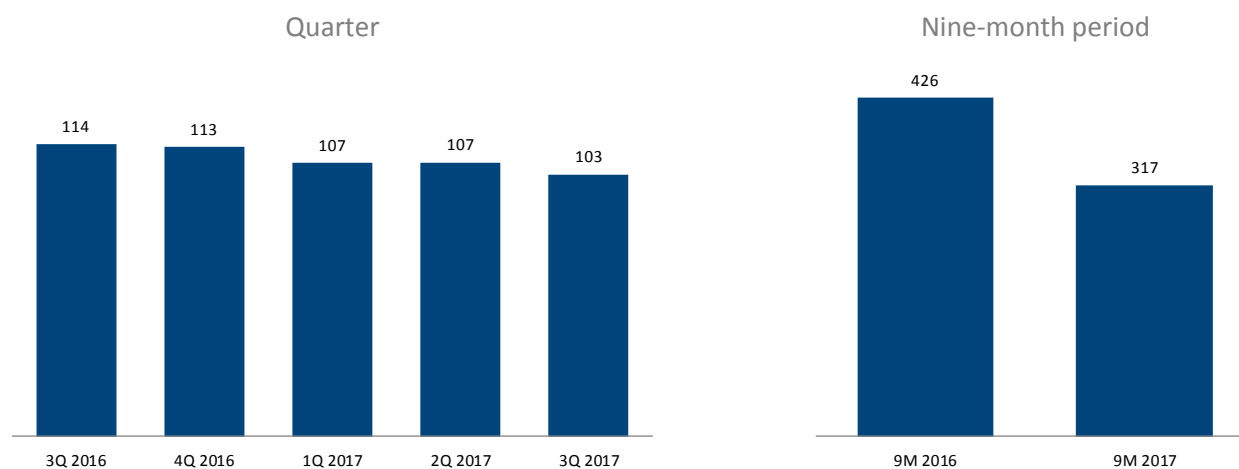
Asset Management

At quarter end, our Assets under Management and Assets under Administration increased 7% to R\$136.8 billion in 3Q 2017 compared to R\$127.9 billion in 2Q 2017. Net new money was positive R\$3.2 billion in the quarter.

AuM & AuA by Asset Class
(in R\$ billion)



Revenues (in R\$ million)



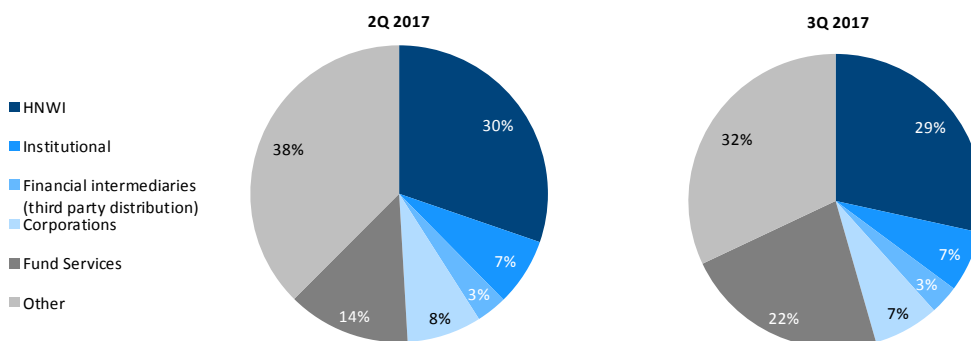
3Q 2017 vs. 2Q 2017

Asset Management revenues decreased 4% from R\$107.3 million in 2Q 2017 compared to R\$102.7 million in 3Q 2017. Revenues in the quarter were mainly impacted by one-off adjustment relating to reversal of fees from 2015, other than that, revenues increase were due to AuM growth and continues to reflect mainly management fees.

3Q 2017 vs. 3Q 2016

Asset Management revenues decreased 10% from R\$114.4 million in 3Q 2016 to R\$102.7 million in 3Q 2017. The decrease was mainly attributable to (i) the adjustment mentioned above (ii) the decline in ROA in connection with increase in AuM especially higher in Fund Services.

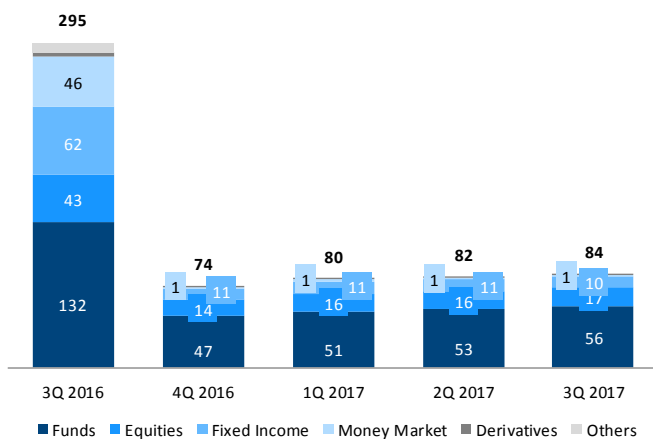
AuM and AuA by Type of Client (%)



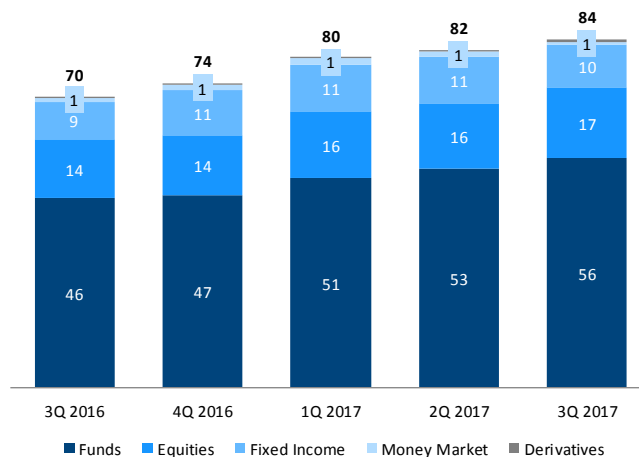
Wealth Management

At quarter end, our Wealth under Management increased 3% from R\$81.7 billion in 2Q 2017 to R\$84.4 billion in 3Q 2017. Net New Money was negative R\$0.7 billion.

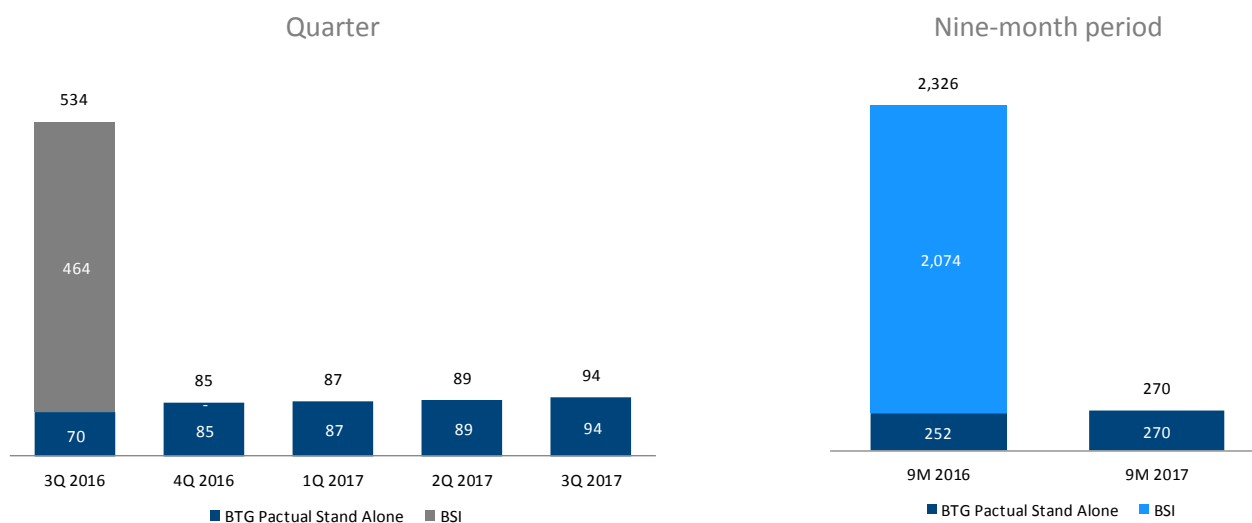
WuM breakdown
(in R\$ billion)



WuM by Class of Asset (ex. BSI)
(in R\$ billion)



Revenues (in R\$ million)



3Q 2017 vs. 2Q 2017

Wealth Management revenues for BTG Pactual increased 5% from R\$89.2 million in 2Q 2017 compared to R\$94.0 million in 3Q 2017. Revenue increase was in line with the 3% increase in WuM, maintaining ROAs stable. Revenues were higher in fees from product distribution, partially compensated by lower revenues from brokerage and trading spreads.

3Q 2017 vs. 3Q 2016

Revenues from Wealth Management of BTG Pactual stand-alone increased 35%, from R\$69.8 million in 3Q 2016 to R\$94.0 million in 3Q 2017. The increase was mainly due to the 21% increase in the average WuM, impacting fees from investment funds and increasing trading volumes.

Principal Investments

Principal Investments Revenues (preliminary and unaudited) <i>(in R\$ million, unless otherwise stated)</i>	Quarter			3Q 2017 % change to		Full Year		9M 2017 % change to
	3Q 2016	2Q 2017	3Q 2017	3Q 2016	2Q 2017	9M 2016	9M 2017	9M 2016
Global Markets	(19)	17	48	n.a.	176%	(41)	78	n.a.
Merchant Banking	410	(28)	(9)	n.a.	n.a.	203	76	-63%
Real Estate	(24)	(21)	(16)	n.a.	n.a.	(88)	(49)	n.a.
Total	367	(32)	23	-94%	n.a.	73	104	42%

3Q 2017 vs. 2Q 2017

Principal Investments had gains of R\$22.6 million in 3Q 2017, compared to losses of R\$31.5 million in 2Q 2017.

In the quarter, Global Markets had positive contribution across LatAm strategies. In Merchant Banking, we had positive contribution from investments compensated by the internal funding cost allocation. In Real Estate we had no highlights and revenues were mainly driven by internal funding cost allocation.

3Q 2017 vs. 3Q 2016

Revenues from Principal Investments varied from R\$367.0 million in 3Q 2016 compared to R\$22.6 million in 3Q 2017. The decrease in revenues was mainly driven by gains of R\$328.4 million in Merchant Banking on valuation adjustment made in investments in 3Q 2016, partially compensated by higher revenues from Global Markets on Latin American strategies in 3Q 2017.

Participations

Starting 4Q 2016, we began presenting our strategic investments under the Participations line item. These investments include our share of profits/losses of our stake in each of: Banco Pan, Pan Seguros, Pan Corretora, EFG and ECTP. All investments are accounted for using the equity pick up method and the results are gross of the funding costs applied.

3Q 2017 vs. 2Q 2017

In Participations we had revenue contribution of R\$26.3 million in 3Q 2017 composed of (i) R\$44.9 million gain from Banco Pan, (ii) R\$4.5 million gain from Pan Seguros and Pan Corretora, (iii) R\$25.0 million gain from EFG, and (iv) a R\$48.2 million loss from ECTP.

3Q 2017 vs. 3Q 2016

Participations revenues were R\$26.3 million as noted above. In 3Q 2016 we had negative revenues of R\$1.9 million, which were related to Pan.

Interest & Others

3Q 2017 vs. 2Q 2017

Interest & Others revenues were R\$207.0 million in 3Q 2017, compared to R\$335.4 million in 2Q 2017. The decrease is in line with the decrease in average interest rate from 10.25% to 8.25% in the period, partially compensated by the 3% increase in our shareholders' equity. Revenues are composed of the average interest rate of the Central Bank of Brazil applied to our equity.

3Q 2017 vs. 3Q 2016

Revenues from Interest & Others decreased 66% in the period, mainly due to (i) the decrease in the average interest rate from 14.25% to 8.25% and (ii) the 13% decrease in shareholder's equity, mainly as a result of the ECTP transaction.

Adjusted Operating Expenses

Adjusted Operating Expenses (unaudited) <i>(in R\$ million, unless otherwise stated)</i>	Quarter			3Q 2017 % change to		Year to Date		9M 2017 % change to
	3Q 2016	2Q 2017	3Q 2017	3Q 2016	2Q 2017	9M 2016	9M 2017	9M 2016
Bonus	149	(65)	(236)	-258%	264%	(703)	(504)	-28%
Salaries and benefits	(437)	(133)	(133)	-70%	0%	(1,506)	(398)	-74%
Administrative and other	(398)	(214)	(208)	-48%	-3%	(1,519)	(602)	-60%
Goodwill amortization	(50)	(64)	(65)	30%	2%	(159)	(226)	42%
Tax charges, other than income tax	(123)	(23)	(64)	-48%	183%	(351)	(175)	-50%
Total operating expenses	(859)	(498)	(705)	-18%	42%	(4,239)	(1,905)	-55%
Cost to income ratio	54%	58%	43%	-21%	-27%	55%	46%	-16%
Compensation ratio	18%	23%	22%	23%	-3%	28%	22%	-24%
Total number of employees	4,726	2,226	2,291	-52%	3%	4,726	2,027	-57%
Partners and associate partners	234	219	214	-9%	-2%	234	214	-9%
Employees	4,242	1,792	1,813	-57%	1%	4,242	1,813	-57%
Other	250	215	264	6%	23%	250	264	6%

Bonus

Bonus expense was R\$235.8 million in 3Q 2017, compared to an expense of R\$64.7 million in 2Q 2017, and an expense reversal of R\$148.9 million in 3Q 2016. When excluding BSI and ECTP, bonus expenses were R\$130.5 million in 3Q 2016. 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 remained stable in the quarter when compared to 2Q 2017 and decreased 70%, when compared to 3Q 2016. Expenses related to salaries and benefits were R\$437.0 million in 3Q 2016 and R\$132.6 million in 2Q 2017, compared to R\$133.2 million in 3Q 2017. Excluding the impact of BSI and ECTP, expenses related to salaries and benefits would have been R\$133.2 million in 3Q 2016 also stable when compared to 3Q 2017.

Administrative and other

Total administrative and other expenses decreased 3%, from R\$214.0 million in 2Q 2017 to R\$207.8 million in 3Q 2017, mainly impacted by smaller one-off legal fees. When compared to 3Q 2016, there was a 48% reduction from R\$398.1 million to R\$207.8 million, and excluding the impacts of BSI and ECTP from 3Q 2016, would have been a 36% increase.

Goodwill amortization

In 3Q 2017 we recorded goodwill amortization expenses totaling R\$64.9 million, in connection with the acquisitions of Celfin, Bolsa y Renta and the EFG transaction. Goodwill amortization remained stable when compared to 2Q 2017 and increased 30% when compared to 3Q 2016. This increase is mainly due to the goodwill amortization that started on November 2016, associated with the EFG / BSI transaction.

Tax charges, other than income tax

Tax charges, other than income tax, were R\$63.6 million compared to R\$22.5 million in 2Q 2017 in line with the increase in revenues in the period.

Adjusted Income Taxes

Adjusted Income Tax (unaudited) <i>(in R\$ million, unless otherwise stated)</i>	Quarter			Year to Date	
	3Q 2016	2Q 2017	3Q 2017	9M 2016	9M 2017
Income before taxes	721	353	940	3,537	2,252
Income tax and social contribution	(4)	149	(439)	(808)	(529)
Effective income tax rate	0.6%	-42.2%	46.7%	22.8%	23.5%

Our effective income tax rate was 29.6% (representing an income tax expense of R\$319.0 million) in line with our historical standards. The income tax expense of R\$438.9 million includes the R\$171.6 million effect of the special tax regularization program expense which was neutralized by the effects of the non-dilute capital increase, as explained above. Our effective income tax rate was -42.2% (an income tax gain of R\$149.2 million) in 2Q 2017, and 0.6% (an expense of R\$4.3 million) in 3Q 2016.

Balance Sheet

Our total assets decreased 4.5%, from R\$119.1 billion at the end of 2Q 2017 to R\$113.7 billion at the end of 3Q 2017, mainly due to a decrease in our foreign exchange portfolios, booked on a gross basis and in our assets financed through repos, partially offset by an increase in Pending Settlement Accounts and Other Assets. Also a highlight in the quarter is a change in liquidity profile of our assets where we had a decrease in illiquid assets and an increase in cash and cash equivalents, mainly due to (i) a decrease in deferred tax assets under the adherence to the Special Tax Regularization Program, and (ii) the sale of part of our ECTP shares to ECTP. Our leverage ratio decreased to 6.1x from 6.6x in the previous quarter.

On the liability side, the foreign exchange portfolios and repo financing decreased, both in line with the decrease in our assets, as mentioned above. There was also a 5% decrease in our unsecured funding. These movements were partially offset by an increase in Other liabilities in connection with the special tax regularization program

Our shareholders' equity increased 2.9%, from R\$18.1 billion at the end of 2Q 2017 to R\$18.6 billion at the end of 3Q 2017, mainly due to the net income of R\$ 672 million and R\$ 40 million of other comprehensive income. The increase was partially offset by a R\$ 182 million decrease in our equity due to our shares repurchase program.

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) <i>(in R\$ million, unless otherwise stated)</i>	Quarter		
	3Q 2016	2Q 2017	3Q 2017
Total average daily VaR	139.5	103.4	129.7
Average daily VaR as a % of average equity	0.66%	0.57%	0.71%

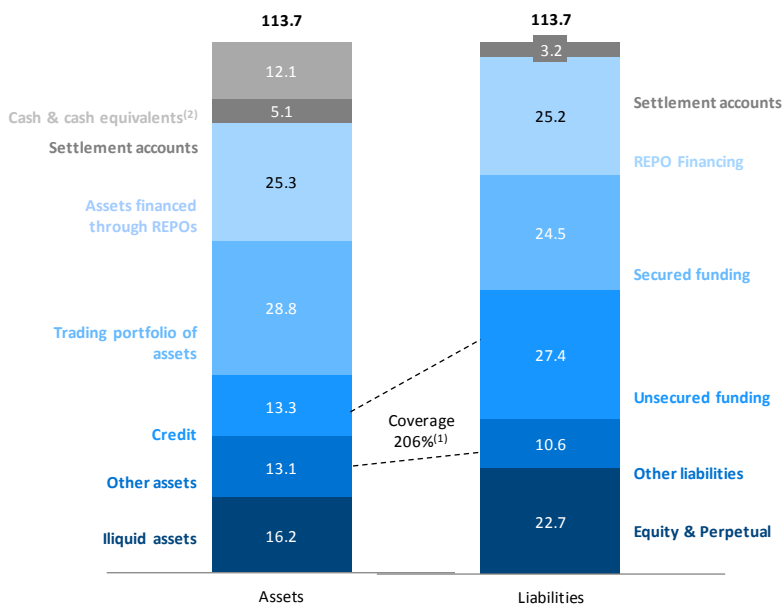
Our total average daily VaR increased 25% when compared to 2Q 2017. The increase in the average daily VaR was mainly due to an increase mainly in Rates market risk exposure.

Liquidity Risk Analysis

The chart below summarizes the composition of assets and liabilities as of September 30, 2017:

Summarized Balance Sheet (unaudited)

(in R\$ billion)



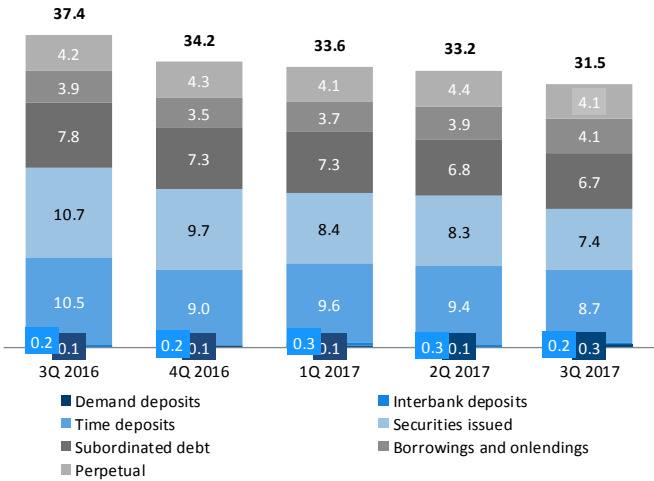
Note:

(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 decreased 5%, from R\$33.2 billion in 2Q 2017 to R\$31.5 billion in 3Q 2017 mainly due to a reduction in securities issued and time deposits.

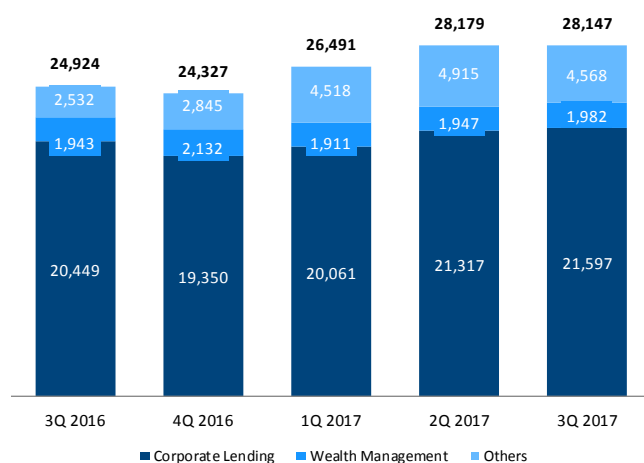
BTG Pactual Broader Credit Portfolio

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 remained stable at R\$28.1 billion in 3Q 2017, compared to R\$28.2 billion in 2Q 2017.

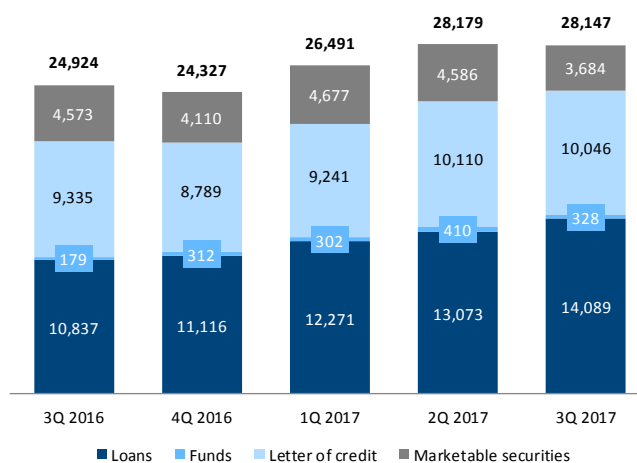
Broader Credit Portfolio Breakdown By Area

(in R\$ million)



Broader Credit Portfolio By Product

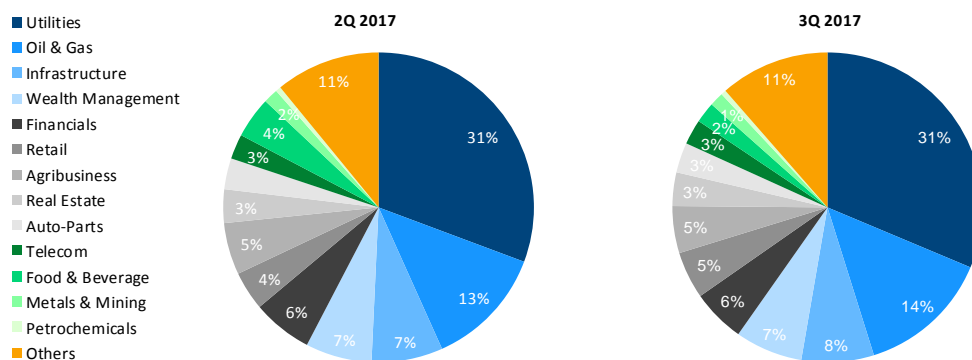
(in R\$ million)



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

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 September 30, 2017. The rating shown below reflects our internal ratings assessment, consistently applied following the Brazilian Central Bank standard ratings scale:

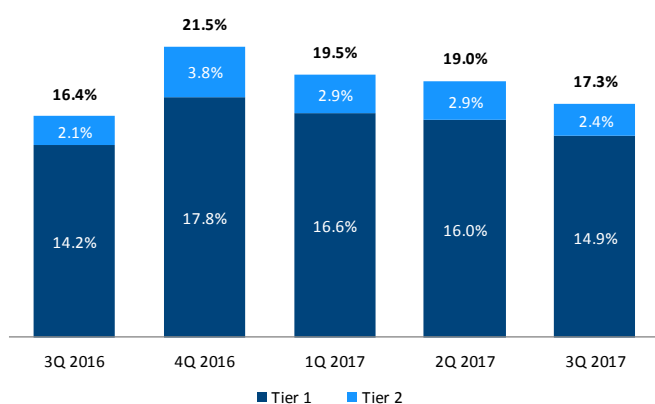
Rating (unaudited) (in R\$ million)	3Q 2017
AA	13,813
A	5,086
B	2,614
C	1,807
D	3,115
E	515
F	594
G	3
H	601
Total	28,147

Capital Management

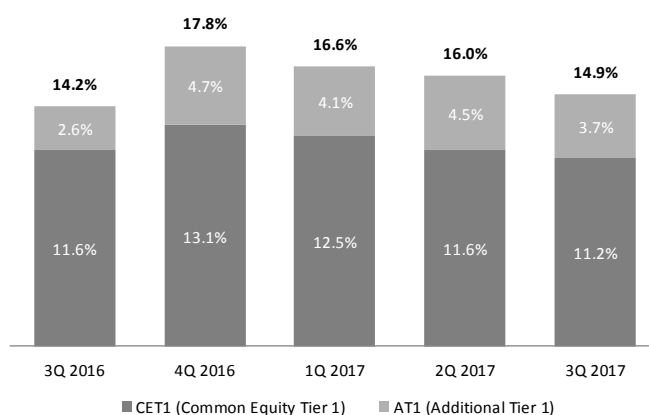
Banco BTG Pactual complies with standards of capital requirements established by the Brazilian Central Bank that are consistent with those proposed by the Basel Committee on Banking Supervision, under the Basel Capital Accord. Our Basel capital ratios, calculated in accordance with the Brazilian Central Bank standards and regulations, are applicable only to BTG Pactual.

The Basel ratio decreased to 17.3% at the end of 3Q 2017. The decrease in Basel index primarily reflects the increase in risk weighted assets, concentrated in market risk. Our liquidity coverage ratio (LCR) ended the quarter at 158%.

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) <i>(in R\$ million, unless otherwise stated)</i>	Quarter			3Q 2017 % change to	
	3Q 2016	2Q 2017	3Q 2017	3Q 2016	2Q 2017
Assets					
Cash and bank deposits	572	1,049	837	46%	-20%
Interbank investments	25,178	29,726	25,326	1%	-15%
Marketable securities and derivatives	36,768	39,599	38,267	4%	-3%
Interbank transactions	1,697	1,860	1,541	-9%	-17%
Loans	9,421	11,125	11,938	27%	7%
Other receivables	31,519	29,560	29,973	-5%	1%
Other assets	159	198	187	18%	-6%
Permanent assets	13,714	5,996	5,640	-59%	-6%
Total assets	119,028	119,113	113,710	-4%	-5%
Liabilities					
Deposits	9,213	8,537	8,323	-10%	-3%
Open market funding	22,820	32,801	27,636	21%	-16%
Funds from securities issued and accepted	11,312	8,942	7,965	-30%	-11%
Interbank transactions	6	3	163	2514%	4926%
Loans and onlendings	3,886	3,902	4,105	6%	5%
Derivatives	13,632	13,371	13,297	-2%	-1%
Subordinated liabilities	7,818	6,797	6,722	-14%	-1%
Other liabilities	28,738	26,386	26,608	-7%	1%
Deferred income	149	156	142	-5%	-9%
Shareholders' equity	21,314	18,079	18,609	-13%	3%
Non-controlling interest	140	138	140	0%	2%
Total liabilities	119,028	119,113	113,710	-4%	-5%

Adjusted Income Statement (unaudited) <i>(in R\$ million, unless otherwise stated)</i>	Quarter			3Q 2017 % change to		Year to Date		9M 2017 % change to
	3Q 2016	2Q 2017	3Q 2017	3Q 2016	2Q 2017	9M 2016	9M 2017	9M 2016
Investment Banking	110	19	51	-54%	163%	252	222	-12%
Corporate Lending	218	289	183	-16%	-37%	700	628	-10%
Sales & Trading	(367)	154	958	n.a.	522%	2,567	1,698	-34%
Asset Management	114	107	103	-10%	-4%	426	317	-26%
Wealth Management	533	89	94	-82%	5%	2,323	270	-88%
Principal Investments	367	(32)	23	-94%	n.a.	73	104	42%
Participations	(2)	(112)	26	n.a.	n.a.	(88)	(9)	n.a.
Interest & Others	606	335	207	-66%	-38%	1,522	927	-39%
Total revenues	1,580	851	1,645	4%	93%	7,775	4,157	-47%
Bonus	149	(65)	(236)	-258%	264%	(703)	(504)	-28%
Salaries and benefits	(437)	(133)	(133)	-70%	0%	(1,506)	(398)	-74%
Administrative and other	(398)	(214)	(208)	-48%	-3%	(1,519)	(602)	-60%
Goodwill amortization	(50)	(64)	(65)	30%	2%	(159)	(226)	42%
Tax charges, other than income tax	(123)	(23)	(64)	-48%	183%	(351)	(175)	-50%
Total operating expenses	(859)	(498)	(705)	-18%	42%	(4,239)	(1,905)	-55%
Income before taxes	721	353	940	30%	166%	3,537	2,252	-36%
Income tax and social contribution	(4)	149	(439)	10066%	-394%	(808)	(529)	-35%
Net Income	717	503	501	-30%	0%	2,729	1,723	-37%

Income Statement (unaudited) <i>(in R\$ million, unless otherwise stated)</i>	Banco BTG Pactual S.A.	
	2Q 2017	3Q 2017
Financial income	1,841	2,681
Financial expenses	(1,422)	(1,321)
Gross financial income	419	1,360
Other operating income (expenses)	(111)	(1,888)
Operating income (expenses)	308	(529)
Non-operating income/(expenses)	7	14
Income before taxes and profit sharing	315	(514)
Income and social contribution taxes	246	1,231
Statutory profit sharing	(62)	(215)
Non-controlling interest	2	(1)
Net income	503	501

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	<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> Revenues net of funding costs (including cost of net equity) 	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> Revenues consist of the equity pick-up from our investment, presented net of funding costs (including cost of net equity) 	<ul style="list-style-type: none"> Revenues from equity pick-up recorded as equity pickup from subsidiaries
Salaries and Benefits	<ul style="list-style-type: none"> Salaries and benefits include compensation expenses and social security contributions 	<ul style="list-style-type: none"> Generally recorded as personnel expenses
Bonus	<ul style="list-style-type: none"> Bonus include cash profit-sharing plan expenses (% of our net revenues) 	<ul style="list-style-type: none"> Generally recorded as employees' statutory profit-sharing
Administrative and Other	<ul style="list-style-type: none"> Administrative and Others are consulting fees, offices, IT, travel and entertainment expenses, as well as other general expenses 	<ul style="list-style-type: none"> Generally recorded as other administrative expenses, and other operating expenses
Goodwill amortization	<ul style="list-style-type: none"> Goodwill amortization of investments in operating subsidiaries other than merchant banking investments 	<ul style="list-style-type: none"> Generally recorded as other operating expenses
Tax charges, other than income tax	<ul style="list-style-type: none"> 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) 	<ul style="list-style-type: none"> Generally recorded as tax charges other than income taxes
Income tax and social contribution	<ul style="list-style-type: none"> Income tax and other taxes applicable to net profits 	<ul style="list-style-type: none"> 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. – <i>Bolsa de Valores, Mercadorias e Futuros</i>).
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 - Third Quarter 2017

November 7, 2017 (after market closes)

English Conference Call

November 8, 2017 (Wednesday)

10:00 AM (New York) / 13:00 (Brasília)

Phone: +1 (412) 317-5446

Code: BTG Pactual

Replay until 15/11: +1 (412) 317-0088

Code: 10097719

Portuguese Conference Call

November 8, 2017 (Wednesday)

08:00 AM (New York) / 11:00 AM (Brasília)

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

Code: BTG Pactual

Replay until 15/11: +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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