



# Earnings Release

## Third Quarter 2020

November 10, 2020





## Highlights

Rio de Janeiro, Brazil, November 10, 2020 - Banco BTG Pactual S.A. (“Banco” and together with its subsidiaries “BTG Pactual”) (B3: BPAC11) today reported total revenues of R\$2,478.1 million and adjusted net income of R\$1,015.7 million for the quarter ended September 2020.

BTG Pactual’s adjusted net income per unit and annualized adjusted return on average shareholders’ equity (“Annualized ROAE”) were R\$1.12 and 15.7%, respectively, for the quarter ended September 30, 2020, and R\$3.09 and 15.7%, respectively, for the year ended on such date.

As of September 30, 2020, total assets of BTG Pactual were R\$253.2 billion, a 9.9% increase when compared to June 30, 2020. Our BIS capital ratio was 17.5%.

## Banco BTG Pactual Financial Summary and Key Performance Indicators

Highlights and KPIs (unaudited) <i>(in R\$ million, unless otherwise stated)</i>	Quarter			Year to Date	
	3Q 2019	2Q 2020	3Q 2020	9M 2019	9M 2020
Total revenues	2,184	2,482	2,478	5,847	6,478
Net income	1,003	977	1,002	2,649	2,747
<b>Adjusted Net income</b>	<b>1,073</b>	<b>987</b>	<b>1,016</b>	<b>2,824</b>	<b>2,792</b>
Adjusted Net income per unit (R\$)	1.23	1.09	1.12	3.24	3.09
<b>Annualized ROAE</b>	<b>20.8%</b>	<b>17.5%</b>	<b>15.7%</b>	<b>19.0%</b>	<b>15.7%</b>
Cost to income ratio	39.2%	41.8%	43.7%	40.7%	42.8%
Shareholders' equity	20,821	25,628	26,049		
Total Number of Shares (# in '000)	2,617,515	2,712,707	2,712,707		
<b>Number of Theoretical Units (# in '000)</b>	<b>872,505</b>	<b>904,236</b>	<b>904,236</b>		
<b>Book Value per unit (R\$)</b>	<b>23.9</b>	<b>28.3</b>	<b>28.8</b>		
BIS Capital Ratio	15.1%	19.6%	17.5%		
Total assets (in R\$ Billion)	168.0	230.4	253.2		
AuM and AuA (in R\$ Billion)	253.9	304.0	329.3		
WuM (in R\$ Billion)	158.3	193.4	221.5		



## BTG Pactual Performance

In 3Q 2020, annualized adjusted ROAE and adjusted net income were 15.7% and R\$1,015.7 million, respectively. Total revenues were in line with the previous quarter, totaling R\$2,478.1 million. According to our strategy of keeping strong capital metrics and high liquidity, we ended the quarter with Basel ratio of 17.5% and liquidity coverage ratio of 214%.

The 3Q 2020 performance was very strong across all our business units: (i) Investment Banking reported revenues 81.4% higher if compared to previous quarter, establishing a record high result for a single quarter, in addition to having its best year to date results since our IPO, (ii) Corporate Lending portfolio reached R\$68.3 billion, a 19.4% growth (or R\$11.1 billion expansion), focused on high grade counterparties, with lower levels of provisions, leading to its best quarter ever with R\$425.1 million in revenues, (iii) Sales & Trading, despite the revenue decrease of 12.2% when compared to the previous quarter, posted significant results, with continuing strong contribution from client activities, (iv) Asset Management revenues increased 30.4% in the quarter, with significant inflows, distributed among most products, and (v) Wealth Management revenues were up 17.8%, establishing record high revenues and net new money in a single quarter, of R\$233.9 million and R\$20.8 billion, respectively. Principal Investments and Participations also reported solid performance in the quarter, with revenues of R\$131.0 million and R\$92.3 million.

Our operating expenses were R\$1,084.1 million in 3Q 2020 (a modest 4.6% increase when compared to 2Q 2020). The increase was mostly due to higher tax charges, and an increase in the number of employees. As a result, cost-to-income ratio was 43.7% and our compensation ratio was 27.2%.

Our accounting net income was R\$1,001.9 million in 3Q 2020, a 2.5% increase when compared to 2Q 2020 and remained relatively flat when compared to 3Q 2019.

Our shareholders' equity was R\$26.0 billion, a 1.6% increase when compared to 2Q 2020, and a 25.1% year-over-year growth. This figure is already adjusted by the JCP provisioning of R\$533 million made in July.

Assets under management/custody achieved R\$550.8 billion during the quarter, leveraging our distribution powerhouse. AuM/AuA ended 3Q 2020 at R\$329.3 billion, an 8.3% increase when compared to 2Q 2020. WuM ended the period at R\$221.5 billion, a 14.6% increase over the previous quarter. Both franchises had all-time high net new money year to date, achieving R\$81.1 aggregate inflows.

It is worth mentioning that on September 14th, we have launched our diversified full-service digital retail bank BTG+, offering the full spectrum of retail financial products and services, including investments, credit, consumer financing, transactional banking, insurance, financial education and advisory. Banking services are being offered only to customers of our investment platform, and we plan to attract non-customers starting on 1Q 2021.

## Earnings Release – Third Quarter 2020



Adjusted Net Income and ROAE (unaudited)	3Q 2020 Accounting	Non Recurring Items & Goodwill	3Q 2020 Adjusted	9M 2020 Adjusted
Investment banking	402.1		402.1	812.3
Corporate lending	425.1		425.1	994.4
Sales and trading	893.0		893.0	2,365.6
Asset management	254.5		254.5	663.7
Wealth management	233.9		233.9	602.3
Principal investments	131.0		131.0	508.7
Participations	92.3		92.3	261.5
Interest and other	46.1		46.1	269.6
<b>Total revenues</b>	<b>2,478.1</b>	<b>-</b>	<b>2,478.1</b>	<b>6,478.2</b>
Bonus	(443.6)		(443.6)	(970.0)
Salaries and benefits	(230.1)		(230.1)	(660.7)
Administrative and other	(248.1)	6.0	(242.1)	(734.0)
Goodwill amortization	(10.5)	10.5	-	(0.00)
Tax charges, other than income tax	(151.8)		(151.8)	(356.1)
<b>Total operating expenses</b>	<b>(1,084.1)</b>	<b>16.5</b>	<b>(1,067.6)</b>	<b>(2,720.7)</b>
<b>Income before taxes</b>	<b>1,394.0</b>	<b>16.5</b>	<b>1,410.5</b>	<b>3,757.5</b>
Income tax and social contribution	(392.1)	(2.7)	(394.8)	(965.7)
<b>Net Income</b>	<b>1,001.9</b>	<b>13.8</b>	<b>1,015.7</b>	<b>2,791.8</b>
<b>Annualized ROAE</b>	<b>15.5%</b>		<b>15.7%</b>	<b>15.7%</b>

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:** Related to projects to combat Covid-19

**Goodwill:** Mainly related to Ourinvest, now BTG Pactual Advisors

## Relevant Events

On October 26, 2020, Banco BTG Pactual acquired 100% of interest on Necton Investimentos S.A. Corretora de Valores Mobiliarios e Commodities, which has total AuC of R\$16.1 billion, for the amount of R\$348 million. The closing of the transaction is subject to the fulfillment of certain precedent conditions, including obtaining all necessary regulatory approvals, including BACEN.

## Global Market and Economic Analysis

The global economy continued to recover strongly in Q3-20, fueled by the reopening process and by strong fiscal and monetary stimulus. The sectors linked to the production and sales of goods (industry and retail) continue to lead the recovery and, in many cases, have surpassed pre-pandemic levels. The services sector has been recovering at a slower pace, particularly hospitality and personal services. Regarding the covid-19 pandemic, the wave in the sunbelt states in the US peaked in July and flattened in the months of August and September, while European countries, notably Spain, have been experiencing an increase in the number of cases since the end of summer vacations.

Fed announced in August the revision of its monetary policy framework, adopting an average inflation target regime. After a period of below target inflation, such as the recent years, the Fed should calibrate monetary policy aiming at inflation slightly above the target for some time. In line with this, at the September meeting, FOMC announced a forward guidance indicating that it should only discuss normalizing interest rates when the economy is at full employment and inflation is forecast to moderately overshoot 2%. In the eurozone, the fiscal reconstruction package, which provides for fiscal solidarity between countries, has been advancing in parliaments.

The ever-closer American elections on November 3 was an element of uncertainty for investors, particularly starting in September. The risk of prolonged uncertainty and judicialization of results was intensely discussed, as were the scenarios for the presidency and the senate, since the consensus was that Democrats would retain control of the Lower House. This event will have multiple implications for American fiscal policy, both in terms of spending and taxes, for economic and environmental regulation and for American foreign policy, among other topics.

Global equity markets in general had a positive quarter, with increases in July and August more than offsetting risk aversion in September. Thus, for example, the S&P 500, Nasdaq 100 and EuroStoxx 50 indexes closed the quarter with increases of 8.5%, 12.4% and 0.2% respectively. Commodity prices in general were favored by the strong recovery of manufacturing, international trade and construction at a global level, favoring currencies of commodity exporting countries. The dollar weakened against the main currencies in the quarter: the DXY index dropped by 3.6%.

In Brazil, September IPCA inflation was 0.64% m/m, accelerating from its August print (0.24% m/m), leading 12-month inflation to close 3Q20 at 3.14% y/y. Over the past quarter, the outlook for short-term inflation has deteriorated significantly, with m/m indices accelerating fast, driven up by the extraordinary rise in food prices and industrial goods. Several factors behind the rise in food inflation (both supply and demand-driven) as well as the high level of the FX rate are leading to a passthrough to food-away-from-home and industrial goods, which are pressuring services and core measures. These are temporary factors but are likely to keep them under pressure over the next few months before inflation cools down in 2021. As such, we revised our 2020 IPCA forecast to 3.3% y/y.

The recovery in economic activity in Q3 has surprised positively, offsetting the negative surprise with Q2 GDP. In August, all sectors continued to show a recovery in line with our expectation, although it remained heterogeneous among sectors. Retail sales are already running above pre-pandemic levels while industrial production is only 2.6% lower and services volume is still 9.8% below. Indicators for September signal continuity of the economic recovery until the end of Q3. As such, we expect a 7.7% q/q increase in Q3 GDP and a 4.8% GDP decline in 2020.

Caged data indicate that Brazil lost only 719k net payroll jobs between March and September. Lower-than-expected net payroll job loss numbers from the past couple of months could be explained by underestimation of the number of layoffs but could also be a result of the success of government measures such as the Emergency Employment and Income Maintenance Program, which so far preserved ~18mn jobs. As such, we prefer to look at other labor data sources, especially the PNAD survey, which shows an unemployment rate of 14.4% in the quarter ending in July and still does not indicate a recovery in employment.

The consolidated fiscal result signaled a primary deficit of R\$64.6bn and a nominal deficit of R\$103.4bn in September. The central government primary deficit (R\$76.2bn) was mainly influenced by higher expenditures and lower revenues,



as policy responses in the fight against COVID-19 taken in 2Q20 were extended until year-end, notably emergency aid for socially vulnerable people and financial aid to states and municipalities. The gross debt of the general government in the domestic methodology advanced to 90.6% of GDP in September, from 85.6% in 2Q and 75.8% in 2019. Although challenging, mainly due to various risks - such as the extension of tax exemptions, the desire for higher public investments and to set up a new national basic income program -, meeting the spending cap is still possible. The activation (ex-ante) of spending cap triggers could produce significant savings in the next couple of years, playing a fundamental role.

Brazil posted a current account (CA) surplus of US\$2.3bn in September, leading the 12-month deficit to decrease to US\$20.7bn (1.4% of GDP) at the end of 3Q20. The CA result was mainly explained by the significant increase in the trade balance and by the sharp decrease in net expenditures with income expenses (in particular, profits and dividends). As such, we forecast a near-zero CA balance in 2020. Foreign direct investment in the country (FDI) remained weak, totaling US\$1.6bn in September, well below the monthly average of last year (US\$6.1bn). As a result, 12-month FDI was US\$50bn at the end of 3Q20. Due to these weaker-than-expected results, we revised our FDI forecast for this year to US\$40bn, much lower than the US\$74bn in 2019. After devaluating 29% in 1Q20 and 5% in 2Q20, the BRL has weakened an additional 3%, closing 3Q20 at BRL5.61/USD.

The monetary policy committee (Copom) delivered a 25bps reduction in its August meeting and remained on hold in September, as we expected, leading the Selic rate to close 3Q20 at 2.0% p.a. As already indicated, the board maintained the view that the remaining room for the use of monetary policy, if any, should be small, and possible new rate cuts would demand caution and additional gradualism. We continue to see the Selic policy rate flat at 2% p.a. for a prolonged period while the Copom assesses the output gap, sectoral discrepancies and risks of a more gradual recovery once pro-income programs are phased-out. The Copom also remains cautious with an eye on prudential and financial stability issues. Overall, potential changes to the fiscal framework are still the major source of risk for the forward-guidance message and the scenario for monetary policy ahead.

## Earnings Release – Third Quarter 2020



## Consolidated Adjusted Revenues

Revenues in 3Q 2020 remained flat when compared to the previous quarter, totaling R\$2,478.1 million and increased 13.5% when compared to 3Q 2019. The performance was particularly strong in our client franchises during the quarter, with solid contribution from all our core businesses.

Adjusted Revenues (unaudited) <i>(in R\$ million, unless otherwise stated)</i>	Quarter			3Q 2020 % change to		Year to Date		9M 2020 % change to
	3Q 2019	2Q 2020	3Q 2020	3Q 2019	2Q 2020	9M 2019	9M 2020	9M 2019
Investment Banking	281	222	402	43%	81%	643	812	26%
Corporate Lending	207	303	425	106%	40%	584	994	70%
Sales & Trading	801	1,018	893	11%	-12%	2,123	2,366	11%
Asset Management	189	195	254	34%	30%	584	664	14%
Wealth Management	161	199	234	46%	18%	447	602	35%
Principal Investments	193	395	131	-32%	-67%	717	509	-29%
Participations	205	71	92	-55%	29%	374	261	-30%
Interest & Others	146	80	46	-68%	-42%	375	270	-28%
<b>Total revenues</b>	<b>2,184</b>	<b>2,482</b>	<b>2,478</b>	<b>13.5%</b>	<b>0%</b>	<b>5,847</b>	<b>6,478</b>	<b>11%</b>

## Investment Banking

The tables below include details related to announced transactions in which BTGP Actual participated:

BTGP Actual Announced Transactions (unaudited)	Number of Transactions <sup>(1),(3)</sup>			Value <sup>(2),(3)</sup> (US\$ mln)		
	3Q 2019	2Q 2020	3Q 2020	3Q 2019	2Q 2020	3Q 2020
Financial Advisory (M&A) <sup>(4)</sup>	16	3	18	1,576	250	7,920
Equity Underwriting (ECM)	15	6	19	1,403	405	1,074
Debt Underwriting (DCM)	21	13	19	1,481	118	599

BTGP Actual Announced Transactions (unaudited)	Number of Transactions <sup>(1),(3)</sup>				Value <sup>(2),(3)</sup> (US\$ mln)	
	9M 2019	9M 2020	9M 2019	9M 2020	9M 2019	9M 2020
Financial Advisory (M&A) <sup>(4)</sup>			35	26	5,619	8,303
Equity Underwriting (ECM)	17	7	3	29	30	2,539
Debt Underwriting (DCM)			52	46	3,963	1,704

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

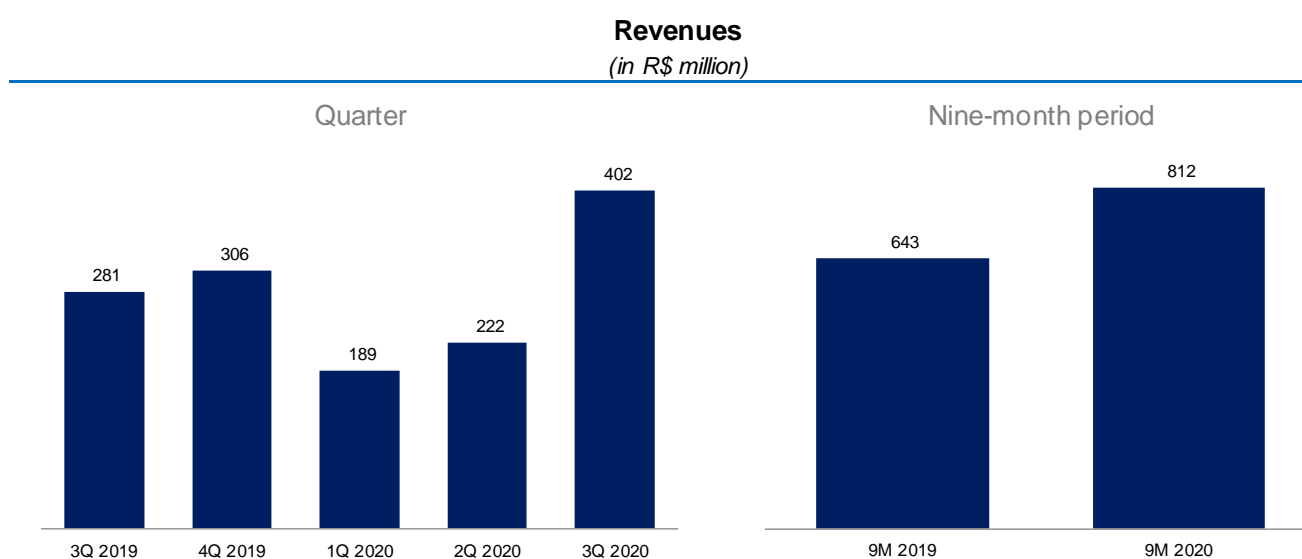
**Note**

- (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 reported by the Brazilian Central Bank.
- (3) Market data from previous quarters might vary in all products, due to potential inclusions 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 2020 market share highlights**

M&A: #1 in number of transactions in Brazil and Latin America, and #2 in volume of transactions in Brazil and Latin America

ECM: #1 in number of transactions in Brazil and #2 in Latin America

**3Q 2020 vs. 2Q 2020**

Investment Banking reached its best quarter ever, with revenues of R\$402.1 million, an 81.4% increase compared to 2Q 2020. The strong performance during the quarter was driven mainly by ECM, which had its best quarter since our IPO and DCM, due to higher volume of concluded transactions during the period, especially in the local market. In Financial Advisory, the decrease in revenues was attributed mainly to lower market activity and lower volume of transactions, nonetheless, we maintained leading market share.

**3Q 2020 vs. 3Q 2019**

Investment banking revenues increased 43.0% compared to 3Q 2019. The increase was driven by a better performance in both ECM and DCM, despite very little activity in Financial Advisory.

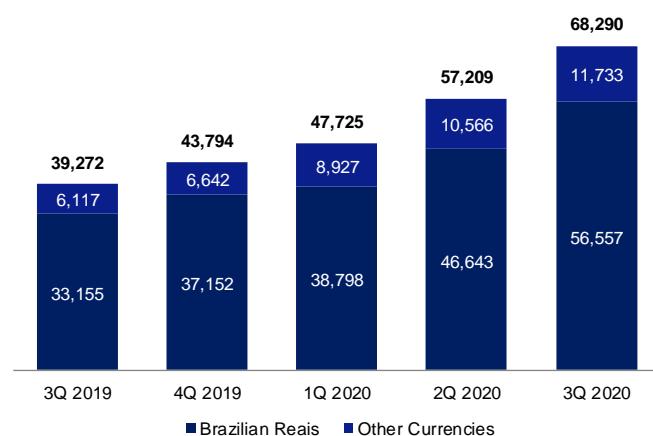


## Corporate Lending

As we maintained a robust capitalization and high levels of liquidity, we continued to capture market opportunities in Corporate Lending, where our portfolio reached R\$68.3 billion, a 19.4% growth during the quarter. We had a 73.9% year-over-year growth, with assets of prime counterparties, higher spreads and maintaining adequate levels of provisions for the current macroeconomic cycle. In the period, our SME business (digitally originated supplier financing trades) achieved R\$5.8 billion portfolio.

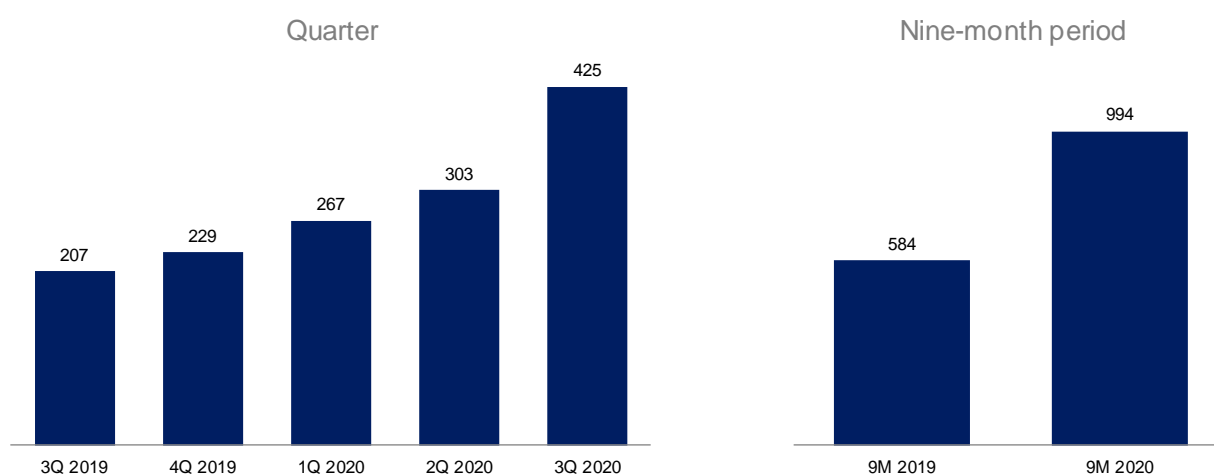
### Corporate Lending Portfolio

(in R\$ million)



### Revenues

(in R\$ million)



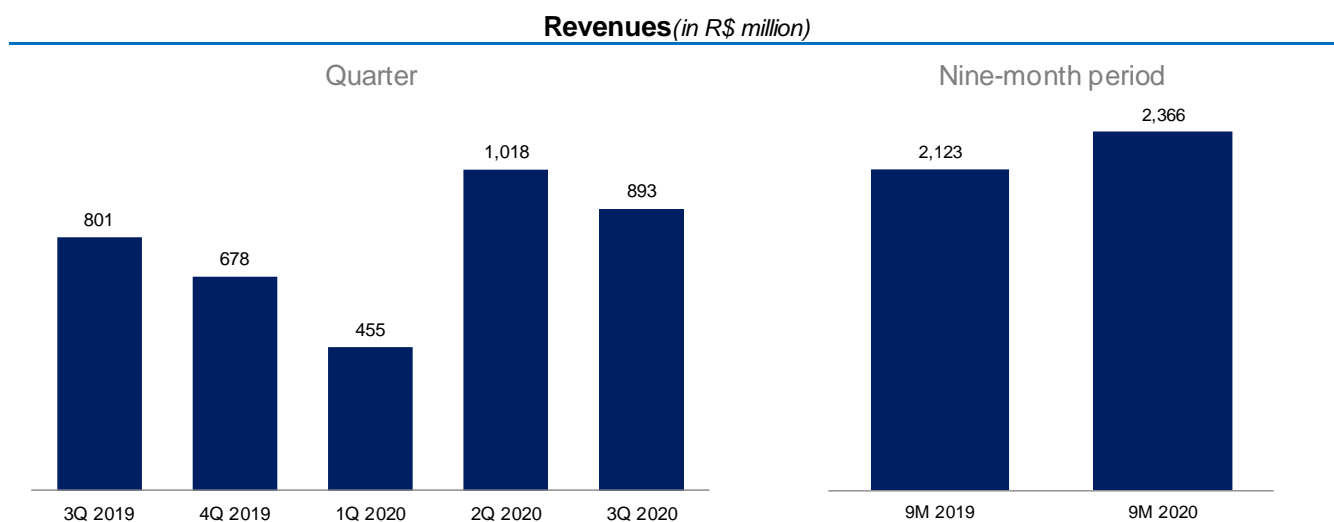
#### 3Q 2020 vs. 2Q 2020

Corporate Lending reached its best quarter ever, with revenues of R\$425.1 million, a 40.4% increase compared to 2Q 2020, in line with the portfolio growth in the period, and also due to lower provisions in the quarter. The credit book continues to maintain good asset quality with comfortable provisioning levels.

#### 3Q 2020 vs. 3Q 2019

Revenues from Corporate Lending more than doubled year-on-year, from R\$206.7 million in 3Q 2019 to R\$425.1 million in 3Q 2020. The increase was mainly due to portfolio growth in the period, as mentioned above.

## Sales & Trading



### 3Q 2020 vs. 2Q 2020

Sales & Trading revenues were R\$893.0 million in 3Q 2020 compared to R\$1,017.5 million in a very strong 2Q 2020, representing a 12.2% decrease, but still an above par performance given the challenging and volatile trading conditions. Results were driven specially by our Credit and Rates desks, partially offset by lower revenues in our FX and Equities desks. We continued to see strong contribution from client activities.

### 3Q 2020 vs. 3Q 2019

Sales & Trading revenues increased 11.5%, from R\$801.2 million to R\$893.0 million. The increase was mostly due to a better contribution from our Credit, Equities and Energy desks, partially offset by lower revenues from our Rates desk.

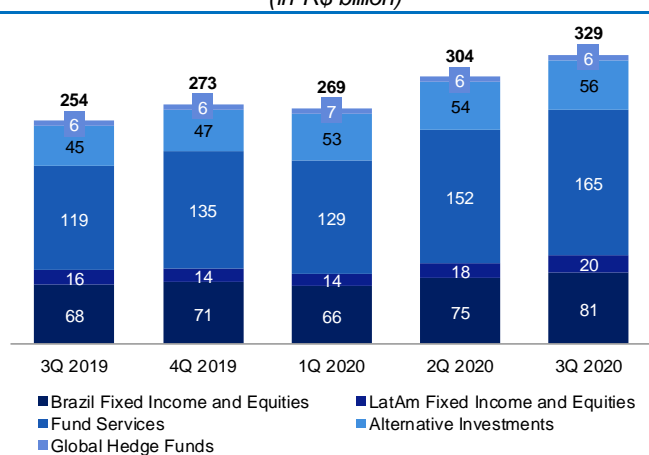


## Asset Management

In 3Q 2020, our Assets under Management and Assets under Administration achieved R\$329.3 billion, an 8.3% increase compared to the previous quarter and almost 30% increase compared to 3Q 2019, benefited from strong inflows and asset appreciation. Net new money was R\$16.6 billion in the quarter, coming mostly from Brazil Fixed Income and Equities, and Fund Services. Our year to date NNM reached record levels, totaling R\$37.7 billion.

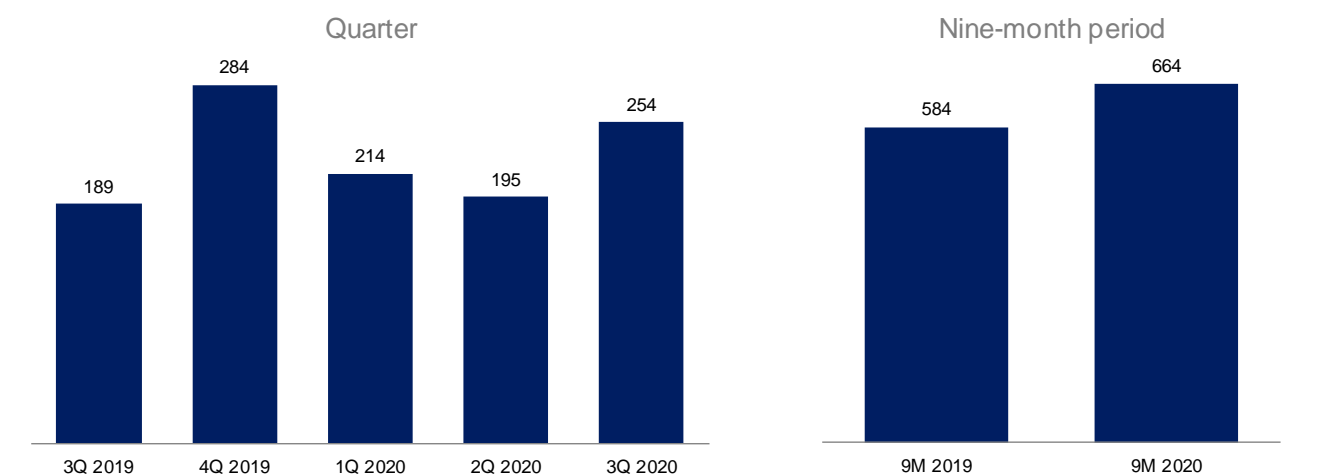
### AuM & AuA by Asset Class

(in R\$ billion)





### Revenues (in R\$ million)



#### 3Q 2020 vs. 2Q 2020

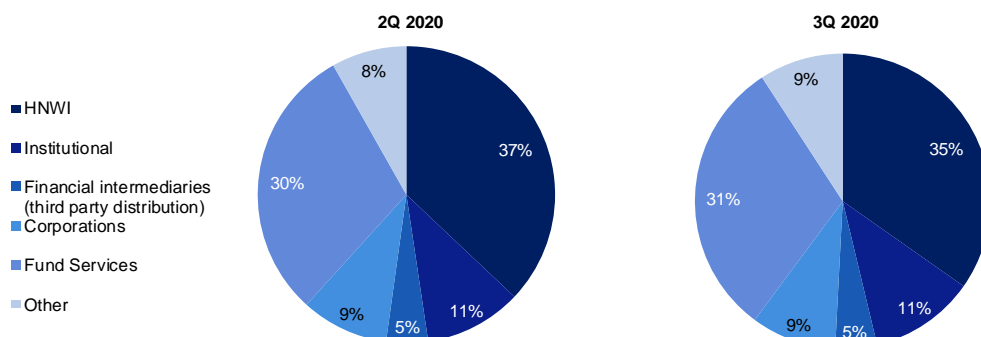
Asset management revenues grew 30.4% in the period compared to 2Q 2020. The increase was attributed to higher management fees, which reflects a more favorable product mix in the quarter, and due to an 8.3% increase in AuM/AuA in the period.

#### 3Q 2020 vs. 3Q 2019

Asset Management revenues increased 34.3% from R\$189.5 million in 3Q 2019 to R\$254.5 million in 3Q 2020. The increase was mainly attributable to a 29.7% growth of AuM/AuA compared to the same period a year ago.



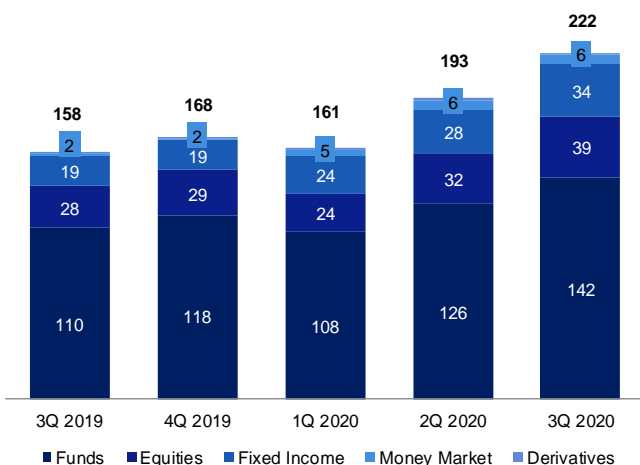
**AuM and AuA by Type of Client**  
(%)



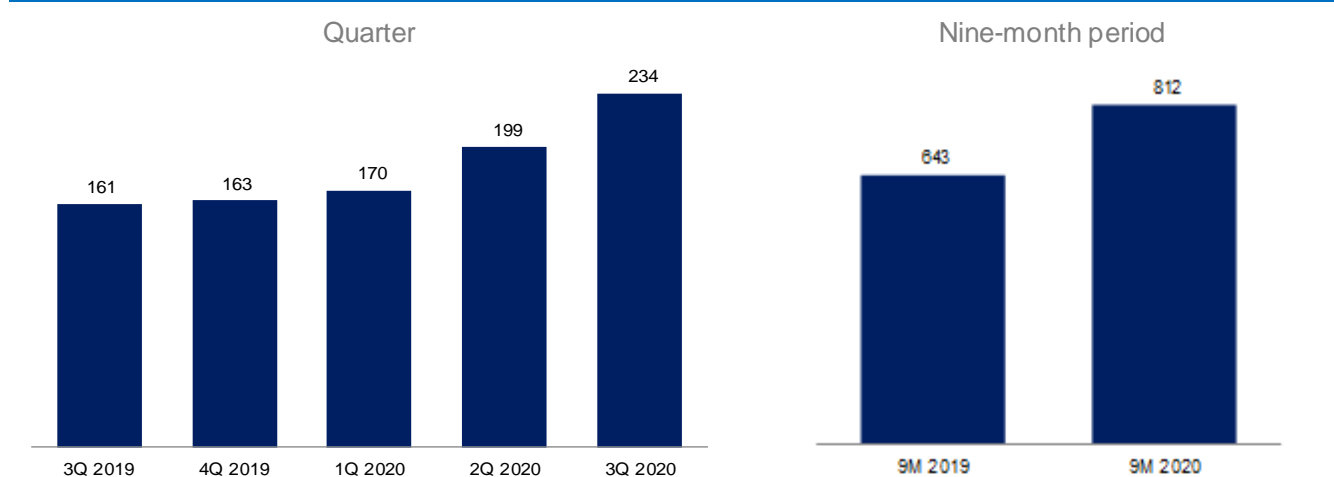
**Wealth Management**

Wealth under Management increased 14.6% during the quarter, from R\$193.4 billion in 2Q 2020 to R\$221.5 billion in 3Q 2020. Year-over-year WuM grew 40%. Net new money reached an all-time high of R\$20.8 billion with strong contribution of both segments, our mass affluent platform (BTG Pactual Digital) and our private banking.

**WuM Breakdown**  
(in R\$ billion)



### Revenues (in R\$ million)



#### 3Q 2020 vs. 2Q 2020

Wealth Management revenues increased 17.8% if compared to 2Q 2020, establishing record high revenues of R\$233.9 million during the quarter, mainly due to average WuM growth. It is worth mentioning that we achieved the highest levels of brokerage volume and trading activities.

#### 3Q 2020 vs. 3Q 2019

Revenues from Wealth Management increased 45.6%, from R\$160.6 million to R\$233.9 million, mostly due to the 39.9% increase in WuM compared to the same period a year ago, with better performance in most of the business lines.



## Principal Investments

Principal Investments Revenues (preliminary and unaudited) <i>(in R\$ million, unless otherwise stated)</i>	Quarter			3Q 2020 % change to		Year to Date		9M 2020 % change to
	3Q 2019	2Q 2020	3Q 2020	3Q 2019	2Q 2020	9M 2019	9M 2020	9M 2019
<b>Total Revenues</b>	<b>193</b>	<b>395</b>	<b>131</b>	<b>-32%</b>	<b>-67%</b>	<b>717</b>	<b>509</b>	<b>-29%</b>

### 3Q 2020 vs. 2Q 2020

Principal Investments revenues decreased compared to 2Q 2020, from R\$395.5 million to R\$131.0 million. It is worth noting that, during the quarter, we had positive market-to-market from investments, mainly from Eneva.

### 3Q 2020 vs. 3Q 2019

Principal Investments revenues decreased 32.0% from R\$192.8 million in 3Q 2019 compared to R\$131.0 million in 3Q 2020. The decrease was due to higher contribution from Eneva on the same period one year ago.

## Participations

### 3Q 2020 vs. 2Q 2020

Participations posted gains of R\$92.3 million, with positive results from all our investments. Revenues in 3Q 2020 consisted of (i) R\$74.4 million equity pick-up gains from Banco Pan, which continues to improve its performance, (ii) R\$12.3 million gains from Too Seguros and Pan Corretora and (iii) R\$5.6 million gains from our remaining 5% stake in EFG, which reflected its half-year results. In 2Q 2020, we had earnings of R\$71.5 million, mostly driven by Banco Pan.

### 3Q 2020 vs. 3Q 2019

Participations gains were R\$92.3 million, as noted above, compared to gains of R\$205.5 million in 3Q 2019. The decrease was mostly related to gains from the follow-on dilution of Banco Pan in 3Q 2019.

## Interest & Others

### 3Q 2020 vs. 2Q 2020

Revenues from Interest & Others were R\$46.1 million in 3Q 2020, compared to R\$79.8 million in 2Q 2020. Revenues correspond mainly to interest rates of the Central Bank of Brazil applied over our tangible equity (i.e. internal cost of funding).

### 3Q 2020 vs. 3Q 2019

Revenues from Interest & Others decreased 68.5%, mainly due to lower interest rates in the period.



## Adjusted Operating Expenses

Adjusted Operating Expenses (unaudited) <i>(in R\$ million, unless otherwise stated)</i>	Quarter			3Q 2020 % change to		Year to Date		9M 2020 % change to
	3Q 2019	2Q 2020	3Q 2020	3Q 2019	2Q 2020	9M 2019	9M 2020	9M 2019
Bonus	(255)	(438)	(444)	74%	1%	(772)	(970)	26%
Salaries and benefits	(169)	(225)	(230)	36%	2%	(498)	(661)	33%
Administrative and other	(268)	(226)	(248)	-7.4%	9.9%	(698)	(746)	7%
Goodwill amortization	(39.4)	(15.4)	(10.5)	-73.3%	-31.4%	(114)	(38)	-67%
Tax charges, other than income tax	(126)	(132)	(151.8)	20%	15%	(298)	(356)	19%
<b>Total operating expenses</b>	<b>(857)</b>	<b>(1,036)</b>	<b>(1,084)</b>	<b>26%</b>	<b>5%</b>	<b>(2,380)</b>	<b>(2,771)</b>	<b>16%</b>
Cost to income ratio	39%	42%	44%	11%	5%	41%	43%	5%
Compensation ratio	19%	27%	27%	40%	2%	22%	25%	16%
Total number of employees	2,443	2,855	3,173	30%	11%	2,443	3,173	30%
Partners and associate partners	221	236	237	7%	0%	221	237	7%
Employees	2,222	2,619	2,936	32%	12%	2,222	2,936	32%

### Bonus

In 3Q 2020, bonus expenses were R\$443.6 million, a 1.4% increase compared to 2Q 2020, and 74.0% increase compared to 3Q 2019. The increase was mostly attributed to an increase on our client's franchises revenues in the quarter. 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 2.1% in the quarter and 36.2% when compared to 3Q 2019, mostly connected to personnel increase especially at BTG Pactual digital retail unit, as well as the FX impact on our non-Brazilian businesses due to the Real devaluation. It is worth highlighting that BTG Pactual has already hired 700 employees since the beginning of the year and we expect a further increase towards the end of 2020. Expenses related to salaries and benefits were R\$225.3 million in 2Q 2020 and R\$168.9 million in 3Q 2019, compared to R\$230.1 million in 3Q 2020.

### Administrative and other

Total administrative and other expenses increased 9.9%, from R\$225.8 million in 2Q 2020 to R\$248.1 million in 3Q 2020, mostly to the FX impact over dollar denominated expenses. When compared to 3Q 2019, expenses decreased 7.4%.

### Goodwill amortization

In 3Q 2020, we recorded goodwill amortization expenses totaling R\$10.5 million, mostly related to our investment in Ourinvest, now BTG Pactual Advisors. Goodwill amortization decreased 31.4% when compared to 2Q 2020 and 73.3% compared to 3Q 2019, mostly due to the Equity Linked Note issued to transfer the 25% of the share capital of EFG International from BTG Pactual to the Holding Company.

## Earnings Release – Third Quarter 2020



### Tax charges, other than income tax

Tax charges, other than income tax, were R\$151.8 million or 6.1% of total revenues compared to R\$132.5 million in 2Q 2020 or 5.3% of total revenues.

### Adjusted Income Taxes

Adjusted Income Tax (unaudited) <i>(in R\$ million, unless otherwise stated)</i>	Quarter			Year to Date	
	3Q 2019	2Q 2020	3Q 2020	9M 2019	9M 2020
Income before taxes	1,327	1,446	1,394	3,467	3,707
Income tax and social contribution	(324)	(469)	(392)	(818)	(960)
<b>Effective income tax rate</b>	<b>24.4%</b>	<b>32.4%</b>	<b>28.1%</b>	<b>23.6%</b>	<b>25.9%</b>

Our effective income tax rate for the quarter was 28.1% (representing an income tax expense of R\$392.1 million), compared to a rate of 32.4% in the 2Q 2020 and 24.4% in 3Q 2019, due to a more favorable revenues mix, with proportionally less revenues subject to corporate tax in the period.



## Balance Sheet

Total assets increased 9.9%, from R\$230.4 billion at the end of 2Q2020 to R\$253.2 billion at the end of 3Q 2020, mainly due to (i) 20% increase in credit portfolio, from R\$ 41.3 billion in Q2 to R\$ 49.6 billion in Q3 (ii) a 19.7% increase in cash and cash equivalents, from R\$29.6billion to R\$ 35.9 billion, and (iii) 9.8% increase in our trading Portfolio. Our leverage ratio increased to 9.7x.

On the liability side, the Unsecured Funding increased 26% to R\$ 100.4 billion at the end of 3Q2020, from R\$80.0 billion in Q2 to R\$100.4 billion in Q3.

Shareholders' equity increased from R\$25.6 billion at the end of 2Q 2020 to R\$26.0 billion at the end of 3Q 2020, impacted by the net income of R\$ 1,001.9 million in the quarter, partially offset by the provisioning of R\$533 million of interest on equity.

## 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 2019	2Q 2020	3Q 2020
<b>Total average daily VaR</b>	<b>147.6</b>	<b>118.5</b>	<b>157.4</b>
Average daily VaR as a % of average equity	0.72%	0.50%	0.61%

Our total average daily VaR increased 32.8% when compared to 2Q 2020. The increase was mainly driven by the Brazilian Rates and Equities desks.

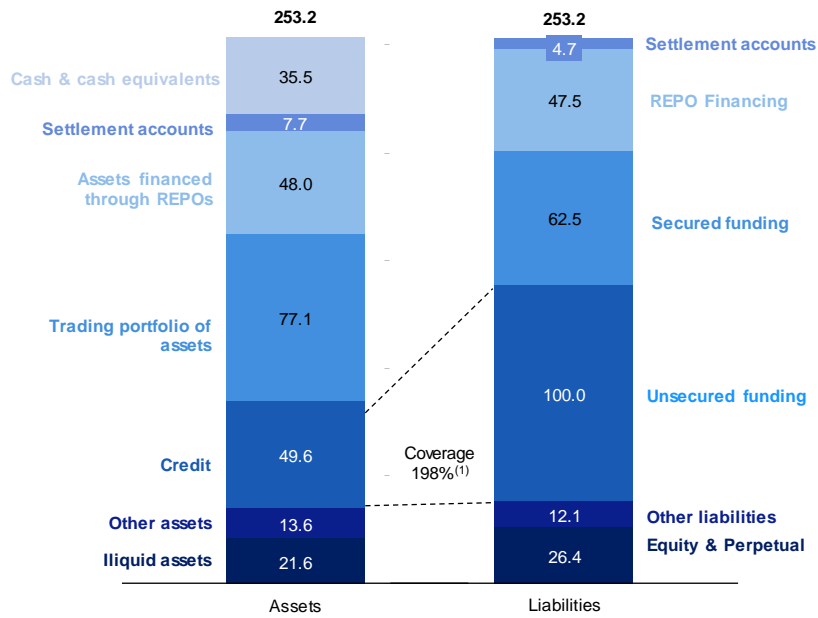


### Liquidity Risk Analysis

The chart below summarizes the composition of assets and liabilities as of September 30, 2020:

#### Summarized Balance Sheet (unaudited)

(in R\$ billion)



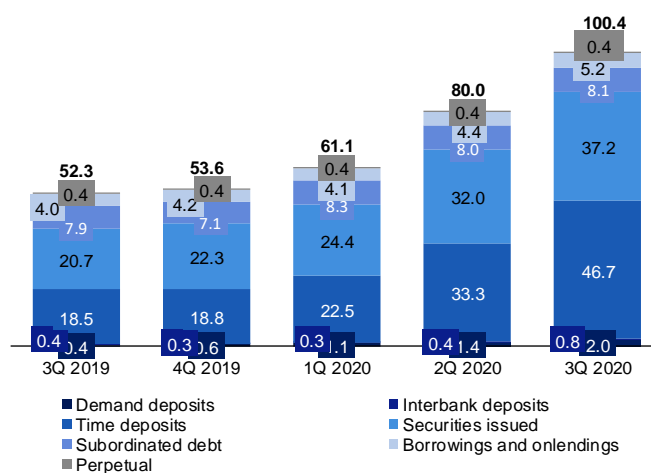
Note:

(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)



Total unsecured funding increased from R\$80.0 billion at the end of 2Q 2020 to R\$100.4 billion at the end of 3Q 2020, due to a significant increase in time deposits and securities issued. Our funding base has expanded 91.7% in the year, pushed by a noteworthy preference by LatAm clients to maintain deposits at high grade, highly capitalized counterparties, as well as due to a shift in portfolios, where assets moved from equities and funds into bonds and deposits.

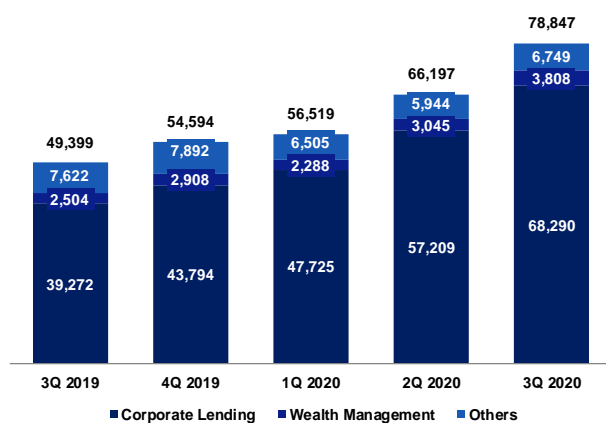
## BTG Pactual Broader Credit Portfolio

Our broader credit portfolio is comprised of loans, receivables, advances on 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).

The balance of our broader credit portfolio increased 19.1% when compared to the previous quarter, from R\$66.2 billion to R\$78.8 billion; and 59.6% compared to 3Q 2019.

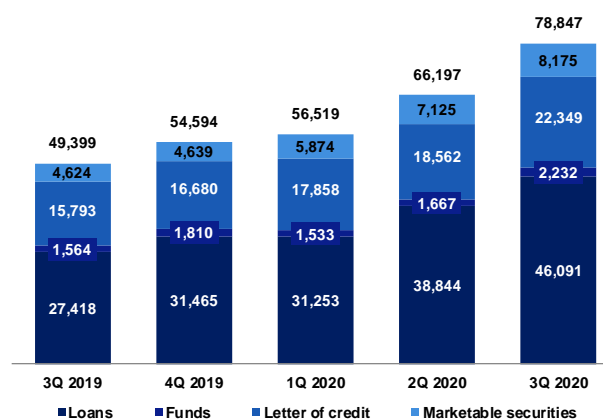
### Broader Credit Portfolio Breakdown by Area

(in R\$ million)



### Broader Credit Portfolio by Product

(in R\$ million)

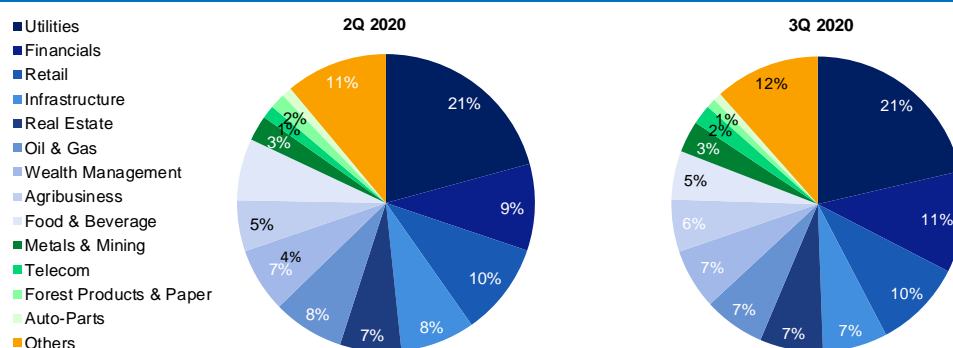


#### Notes:

*Others: includes interbank deposits, Merchant Banking structured transactions and others*

*Wealth Management impacts WM results, others impact Sales & Trading and Merchant Banking results*

### Corporate Lending & Others Portfolio by Industry (% of total)



### Credit Risk

The following table sets forth the distribution of our credit exposures as of September 30, 2020 by credit rating. The ratings below reflect our internal assessment, consistently applied in accordance with the Brazilian Central Bank standard ratings scale:

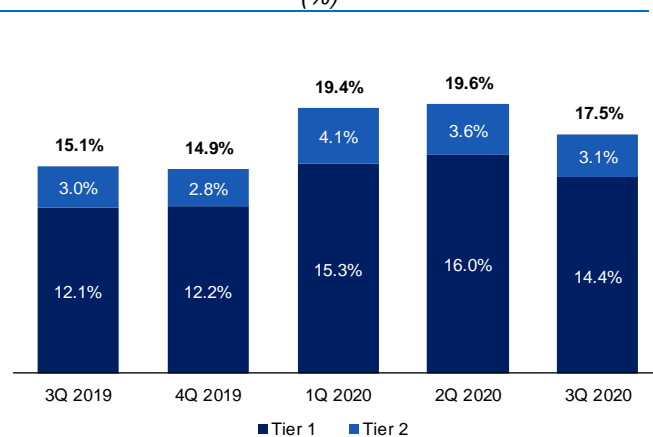
Rating (unaudited) (in R\$ million)	3Q 2020
AA	38,627
A	18,592
B	14,522
C	2,509
D	2,300
E	686
F	267
G	991
H	353
<b>Total</b>	<b>78,847</b>

## Capital Management

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 BIS capital ratios, calculated in accordance with the Brazilian Central Bank standards and regulations, are applicable only to BTG Pactual. The BIS capital ratio was 17.5% at the end of 3Q 2020. Our liquidity coverage ratio (LCR) ended the quarter at 214%.

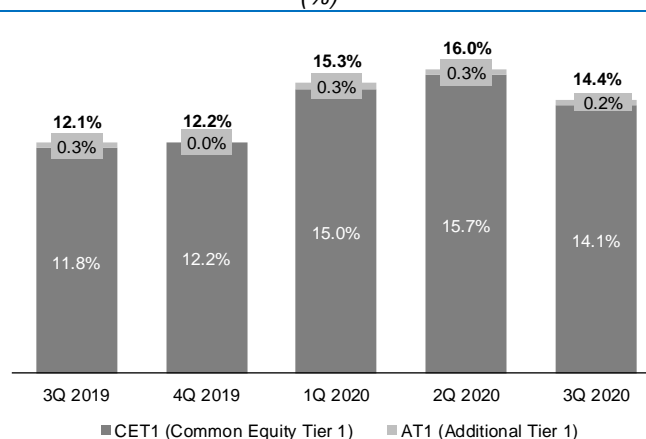
### Basel Ratio (unaudited)

(%)



### 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 of Banco BTG Pactual S.A. and its subsidiaries.

### Key Performance Indicators (“KPIs”) and Ratios

The key performance indicators (“KPIs”) and ratios are monitored by BTG Pactual’s 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 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.

## Earnings Release – Third Quarter 2020



KPIs and Ratios	Description
VaR	<p>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 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.</p>
WuM	<p>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.</p>
Leverage Ratio	<p>Leverage Ratio is computed by dividing the total assets by the shareholders' equity.</p>

## Earnings Release – Third Quarter 2020



## Selected Financial Data

Balance Sheet (unaudited) <i>(in R\$ million, unless otherwise stated)</i>	Quarter			3Q 2020 % change to	
	3Q 2019	2Q 2020	3Q 2020	3Q 2019	2Q 2020
<b>Assets</b>					
Cash and bank deposits	1,057	3,682	3,510	232%	-5%
Interbank investments	32,561	61,795	67,204	106%	9%
Marketable securities and derivatives	40,665	48,107	62,707	54%	30%
Interbank transactions	1,240	2,291	3,817	208%	67%
Loans	24,330	38,551	45,446	87%	18%
Other receivables	59,467	66,043	60,031	1%	-9%
Other assets	287	389	452	58%	16%
Permanent assets	8,378	9,553	10,044	20%	5%
<b>Total assets</b>	<b>167,986</b>	<b>230,411</b>	<b>253,212</b>	<b>51%</b>	<b>10%</b>
<b>Liabilities</b>					
Deposits	21,060	38,429	52,495	149%	37%
Open market funding	31,542	49,940	56,050	78%	12%
Funds from securities issued and accepted	21,270	36,217	41,747	96%	15%
Interbank transactions	220	363	76	-66%	-79%
Loans and onlendings	4,251	4,505	5,252	24%	17%
Derivatives	5,224	10,082	9,706	86%	-4%
Subordinated liabilities	5,796	4,206	4,274	-26%	2%
Other liabilities	57,419	60,441	56,849	-1%	-6%
Deferred income	178	283	292	64%	3%
<b>Shareholders' equity</b>	<b>20,821</b>	<b>25,628</b>	<b>26,049</b>	<b>25%</b>	<b>2%</b>
Non-controlling interest	205	318	421	106%	32%
<b>Total liabilities</b>	<b>167,986</b>	<b>230,411</b>	<b>253,212</b>	<b>51%</b>	<b>10%</b>

## Earnings Release – Third Quarter 2020



Adjusted Income Statement (unaudited) <i>(in R\$ million, unless otherwise stated)</i>	Quarter			3Q 2020 % change to		Year to Date		9M 2020 % change to
	3Q 2019	2Q 2020	3Q 2020	3Q 2019	2Q 2020	9M 2019	9M 2020	9M 2019
Investment Banking	281	222	402	43%	81%	643	812	26%
Corporate Lending	207	303	425	106%	40%	584	994	70%
Sales & Trading	801	1,018	893	11%	-12%	2,123	2,366	11%
Asset Management	189	195	254	34%	30%	584	664	14%
Wealth Management	161	199	234	46%	18%	447	602	35%
Principal Investments	193	395	131	-32%	-67%	717	509	-29%
Participations	205	71	92	-55%	29%	374	261	-30%
Interest & Others	146	80	46	-68%	-42%	375	270	-28%
<b>Total revenues</b>	<b>2,184</b>	<b>2,482</b>	<b>2,478</b>	<b>13%</b>	<b>0%</b>	<b>5,847</b>	<b>6,478</b>	<b>11%</b>
Bonus	(255)	(438)	(444)	74%	1%	(772)	(970)	26%
Salaries and benefits	(169)	(225)	(230)	36%	2%	(498)	(661)	33%
Administrative and other	(268)	(226)	(248)	-7%	10%	(698)	(746)	7%
Goodwill amortization	(39)	(15)	(11)	-73%	-31%	(114)	(38)	-67%
Tax charges, other than income tax	(126)	(132)	(152)	20%	15%	(298)	(356.1)	19%
<b>Total operating expenses</b>	<b>(857)</b>	<b>(1,036)</b>	<b>(1,084)</b>	<b>26%</b>	<b>5%</b>	<b>(2,380)</b>	<b>(2,771)</b>	<b>16%</b>
<b>Income before taxes</b>	<b>1,327</b>	<b>1,446</b>	<b>1,394</b>	<b>5%</b>	<b>-4%</b>	<b>3,467</b>	<b>3,707</b>	<b>7%</b>
Income tax and social contribution	(324)	(469)	(392)	21%	-16%	(818)	(960)	17%
<b>Net Income</b>	<b>1,003</b>	<b>977</b>	<b>1,002</b>	<b>0%</b>	<b>3%</b>	<b>2,649</b>	<b>2,747</b>	<b>4%</b>

Income Statement (unaudited) <i>(in R\$ million, unless otherwise stated)</i>	Banco BTG Pactual S.A.	
	2Q 2020	3Q 2020
Financial income	3,876	5,633
Financial expenses	(2,988)	(3,113)
<b>Gross financial income</b>	<b>888</b>	<b>2,520</b>
Other operating income (expenses)	650	(875)
<b>Operating income (expenses)</b>	<b>1,537</b>	<b>1,645</b>
Non-operating income/(expenses)	149	76
<b>Income before taxes and profit sharing</b>	<b>1,686</b>	<b>1,721</b>
Income and social contribution taxes	(241)	(315)
Statutory profit sharing	(436)	(441)
Non-controlling interest	(31)	37
<b>Net income</b>	<b>977</b>	<b>1,002</b>

## 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"> <li>Revenues segregated by business unit, which is the functional view used by our management to monitor our performance</li> <li>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</li> </ul>	<ul style="list-style-type: none"> <li>Revenues are presented in accordance with BRGAAP and standards established by COSIF and IFRS</li> <li>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</li> <li>Revenues are presented without deduction of corresponding financial or transaction costs</li> </ul>
Expenses	<ul style="list-style-type: none"> <li>Revenues are net of certain expenses, such as trading losses, as well as transaction costs and funding costs</li> <li>Revenues are net of cost of funding of our net equity (recorded at "interest &amp; others")</li> <li>SG&amp;A expenses incurred to support our operations are presented separately</li> </ul>	<ul style="list-style-type: none"> <li>Breakdown of expenses in accordance with COSIF</li> <li>Financial expenses and trading losses presented as separate line items and not deducted from the financial revenues with which they are associated</li> <li>Transactions costs are capitalized as part of the acquisition cost of assets and liabilities in our inventory</li> <li>SG&amp;A expenses incurred to support our operations are presented separately in our income statement</li> </ul>
Principal Investments Revenues	<ul style="list-style-type: none"> <li>Revenues net of funding costs (including cost of net equity) and of trading losses, including losses from derivatives and from foreign exchange variations</li> <li>Revenues are reduced by associated transaction costs and by management and performance fees paid</li> </ul>	<ul style="list-style-type: none"> <li>Revenues included in different revenue line items (marketable securities, derivative financial income and equity pick-up up from subsidiaries)</li> <li>Losses, including trading losses and derivative expenses, presented as financial expenses</li> </ul>
Sales & Trading Revenues	<ul style="list-style-type: none"> <li>Revenues net of funding costs (including cost of net equity) and of trading losses, including losses from derivatives and from foreign exchange variations</li> <li>Revenues deducted from transaction costs</li> </ul>	<ul style="list-style-type: none"> <li>Revenues included in numerous revenue line items (marketable securities, derivative financial income, foreign exchange and compulsory investments)</li> <li>Losses, including trading losses, derivative expenses and funding and borrowings costs, presented as financial expenses</li> </ul>
Corporate Lending Revenues	<ul style="list-style-type: none"> <li>Revenues net of funding costs (including cost of net equity)</li> </ul>	<ul style="list-style-type: none"> <li>Revenues included in certain revenue line items (credit operations, marketable securities and derivative financial income)</li> <li>Losses, including derivative expenses, presented as financial expenses</li> </ul>
Banco Pan Revenues	<ul style="list-style-type: none"> <li>Revenues consist of the equity pick-up from our investment, presented net of funding costs (including cost of net equity)</li> </ul>	<ul style="list-style-type: none"> <li>Revenues from equity pick-up recorded as equity pickup from subsidiaries</li> </ul>
Salaries and Benefits	<ul style="list-style-type: none"> <li>Salaries and benefits include compensation expenses and social security contributions</li> </ul>	<ul style="list-style-type: none"> <li>Generally recorded as personnel expenses</li> </ul>
Bonus	<ul style="list-style-type: none"> <li>Bonus include cash profit-sharing plan expenses (% of our net revenues)</li> </ul>	<ul style="list-style-type: none"> <li>Generally recorded as employees' statutory profit-sharing</li> </ul>
Administrative and Other	<ul style="list-style-type: none"> <li>Administrative and Others are consulting fees, offices, IT, travel and entertainment expenses, as well as other general expenses</li> </ul>	<ul style="list-style-type: none"> <li>Generally recorded as other administrative expenses, and other operating expenses</li> </ul>
Goodwill amortization	<ul style="list-style-type: none"> <li>Goodwill amortization of investments in operating subsidiaries other than merchant banking investments</li> </ul>	<ul style="list-style-type: none"> <li>Generally recorded as other operating expenses</li> </ul>
Tax charges, other than income tax	<ul style="list-style-type: none"> <li>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)</li> </ul>	<ul style="list-style-type: none"> <li>Generally recorded as tax charges other than income taxes</li> </ul>
Income tax and social contribution	<ul style="list-style-type: none"> <li>Income tax and other taxes applicable to net profits</li> </ul>	<ul style="list-style-type: none"> <li>Generally recorded as income tax and social contribution</li> </ul>



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.
SG&A	Selling, General & Administrative



## Earnings Release - Third Quarter 2020

November 10<sup>th</sup>, 2020 (before trading hours)

### English Conference Call

**November 10<sup>th</sup>, 2020 (Tuesday)**

11:00 AM (New York) / 01:00 PM (Brasília)

Phone: +1 (412) 317-6376

Code: BTG Pactual

Replay until 16/11: +1 (412) 317-0088

Code: 10148118

### Portuguese Conference Call

**November 10<sup>th</sup>, 2020 (Tuesday)**

9:00 AM (New York) / 11:00 AM (Brasília)

Phone: +55 (11) 3193-8000

Code: BTG Pactual

Replay until 16/11: +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](http://www.btgpactual.com/ir)

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

### Investor Relations

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