

Banco BTG Pactual - Earnings Release

Fourth Quarter 2019

February 14, 2020

Highlights

Rio de Janeiro, Brazil, February 14, 2020 - Banco BTG Pactual S.A. ("Banco" and together with its subsidiaries "BTG Pactual") (B3: BPAC11) today reported total revenues of R\$2,486.2 million and adjusted net income of R\$1,009.6 million for the quarter ended December 2019.

For the full year of 2019, total revenues were R\$8,333.4 million, and adjusted net income was R\$3,833.3 million.

BTG Pactual's adjusted net income per unit and annualized adjusted return on average shareholders' equity ("Annualized ROAE") were R\$1.16 and 19.1%, respectively, for the quarter ended December 30, and R\$4.40 and 19.1%, respectively, for the year ended on such date.

As of December 30, 2019, total assets of BTG Pactual were R\$164.4 billion, a 2.1% decrease when compared to September 30, 2019. Our BIS capital ratio was 14.9%.

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	
	4Q 2018	3Q 2019	4Q 2019	2018	2019
Total revenues	1,549	2,184	2,486	5,353	8,333
Net income	552	1,003	1,179	2,361	3,828
Adjusted Net income	711	1,073	1,010	2,741	3,833
Adjusted Net income per unit (R\$)	0.81	1.23	1.16	3.14	4.40
Annualized ROAE	15.0%	20.8%	19.1%	14.7%	19.1%
Cost to income ratio	52.2%	39.2%	39.5%	47.8%	40.3%
Shareholders' equity	18,845	20,821	21,387		
Total Number of Shares (# in '000)	2,618,160	2,617,515	2,615,969		
Number of Theoretical Units (# in '000)	872,720	872,505	871,990		
Book Value per unit (R\$)	21.6	23.9	24.5		
BIS Capital Ratio	16.6%	15.1%	14.9%		
Total assets (in R\$ Billion)	137.6	168.0	164.4		
AuM and AuA (in R\$ Billion)	207.5	253.9	273.0		
WuM (in R\$ Billion)	119.2	158.3	168.0		

BTG Pactual Performance

In 4Q 2019, annualized adjusted ROAE and adjusted net income were 19.1% and R\$1,009.6 million, respectively, with 19.1% adjusted ROAE and R\$3,833.3 million adjusted net income for the full year 2019.

The performance was particularly strong in our client franchises during the quarter and for the full year of 2019, with solid contribution from all our core businesses.

In 4Q 2019, total revenues increased 13.8% when compared to 3Q 2019, reaching R\$2,486.2 million, with strong contribution from most business units: (i) Investment Banking reported an 8.8% revenue increase compared to the previous quarter, establishing again record high revenues for a single quarter, (ii) Corporate Lending delivered a 10.9% revenue increase, and a R\$4.5 billion (or 11.5%) quarter-on-quarter portfolio growth, maintaining its good asset quality and adequate levels of provisions, (iii) strong contribution as well from our Sales & Trading business, despite the revenue decrease of 15.4% when compared to the previous quarter (which is in line with the decrease in our risk allocation - VaR), (iv) Asset Management continues to deliver strong results, AuM/AuA grew 7.5% and revenues grew 50.0%, also due to the performance fees accrued in the period, and (v) Wealth Management revenues were up 1.6%, with WuM growing 6.1% during the quarter. In our non-core business units, Principal Investments and Participations had as well as good performance in the quarter.

Similar trends influenced full year revenues of 2019, which increased 55.7%, reaching R\$8,333.4 million. Investment Banking more than doubled its revenues when compared to 2018 and reached R\$948.8 million, establishing record high level for a year since our IPO. Corporate Lending portfolio grew R\$14.1 billion (or 47.4%) year-over-year, on a more diversified basis between (i) high grade corporates in Brazil and LatAm, (ii) SMEs and (iii) special situations. Sales & Trading had a solid year, with R\$2,801.0 million revenues and an 82.0% growth year-over-year. Asset Management and Wealth Management ended 2019 with significant performance when compared to last year, a 21.1% and 29.1% revenue increase, respectively and significant NNM of R\$36.5 and R\$24.5 billion, respectively. BTG Pactual Digital met all project objectives in 2019, delivering fully on the expected product capability, volume scalability, UX improvements and client connectivity enhancements we envisioned, and continues to increase growth pace and expand market penetration, its capacity to attract more sophisticated IFAs and to maintain excellence in the services provided to its growing client base - we were awarded for the third consecutive year with MBI FGV, the best upper retail platform to invest. In our non-core business units, both Principal Investments and Participations delivered good performance in 2019.

Our operating expenses were R\$981.7 million in 4Q 2019 (a 14.5% increase when compared to 3Q 2018) and R\$3,362.0 million for the full year (a 31.4% increase when compared to 2018). The increase was mostly due to higher bonus, attributed to the revenue increase and higher tax charges, other than income tax, due to the fiscal changes during the year. As a result, cost-to-income ratio was 39.5% and 40.3% and our compensation ratio was 21.4% and 21.6%, respectively for 4Q 2019 and for the full year 2019.

Our accounting net income was R\$1,179.2 million in 4Q 2019, a 17.6% increase when compared to 3Q 2019 and a 113.4% increase when compared to 4Q 2018. For the full year 2019, our accounting net income increased 62.1% compared to 2018.

Our shareholders' equity was R\$21.4 billion, a 2.7% increase when compared to 3Q 2019, and a 13.5% increase compared to the end of 2018, considering the distribution of R\$541.0 million in Interest on Own Equity (*JCP*) in 4Q 2019, totaling R\$1,165.0 million in 2019. Our total capital ratio was 14.9% in the quarter ended December 2019 and our liquidity coverage ratio ("LCR") was 154%.

AuM and AuA ended 4Q 2019 at R\$273.0 billion, a 7.5% increase when compared to 3Q 2019. WuM ended the period at R\$168.0 billion, a 6.1% increase when compared to 3Q 2019. Both business units are growing significantly with more than 30% AuM growth year-over-year in Asset Management and more than 40% in wealth under management.

Adjusted Net Income and ROAE (unaudited)	4Q 2019 Accounting	Non Recurring Items & Goodwill	4Q 2019 Adjusted	12M 2019 Adjusted
Investment banking	306.1		306.1	948.8
Corporate lending	229.2		229.2	813.7
Sales and trading	677.8		677.8	2,801.0
Asset management	284.1		284.1	868.1
Wealth management	163.1		163.1	609.7
Principal investments	573.5		573.5	1,290.4
Participations	92.9		92.9	467.3
Interest and other	159.4		159.4	534.3
Total revenues	2,486.2	-	2,486.2	8,333.4
Bonus	(356.1)		(356.1)	(1,127.7)
Salaries and benefits	(175.4)		(175.4)	(673.2)
Administrative and other	(301.1)	18.0	(283.1)	(881.0)
Goodwill amortization	(11.1)	11.1	0.0	0.00
Tax charges, other than income tax	(138.0)		(138.0)	(436.4)
Total operating expenses	(981.7)	29.1	(952.6)	(3,118.2)
Income before taxes	1,504.5	29.1	1,533.6	5,215.2
Income tax and social contribution	(325.3)	(198.7)	(524.0)	(1,381.9)
Net Income	1,179.2	(169.6)	1,009.6	3,833.3
Annualized ROAE	22.3%		19.1%	19.1%

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

Non-Recurring Items & Goodwill

Administrative and Others: Mainly related to legal expenses from BSI legal proceedings

Goodwill: Mainly related to the remaining 5% stake in EFG

Tax Credit: The change in Social Contribution on Net Income (“CSLL”) tax rate applicable to banks has generated an extraordinary result of R\$546 million due to the increase in deferred tax assets. In order to offset the impact, we have decided to write off R\$354 million of other deferred tax assets.

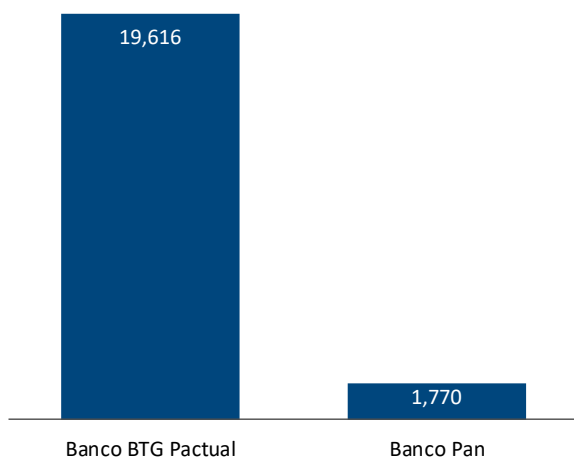
Non-Recurring Events <i>(in R\$ million, unless otherwise stated)</i>	Quarter			Year to Date	
	4Q 2018	3Q 2019	4Q 2019	2018	2019
Total revenues	1,549	2,184	2,486	5,353	8,333
Administrative and other	16	52	18	136	119
Goodwill amortization	40	39	11	147	125
Tax Expenses (REFIS)	-	-	-	86	-
DTA adjustment of tax rate ⁽¹⁾	110	-	(546)	110	(546)
DTA revaluation ⁽²⁾	-	-	354	-	354
Income tax and social contribution	(7)	(21)	(7)	(99)	(47)
Non-recurring events	158	70	(170)	380	5

Notes:

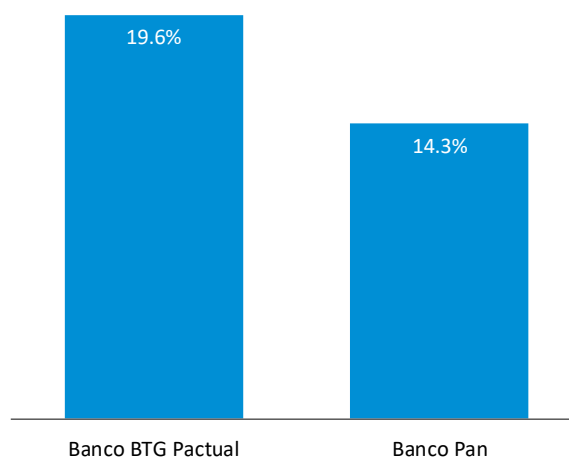
- (1) DTA adjustment rate: In 4Q 2018 we had a DTA adjustment from 45% to 40% income tax rate, and in 4Q 2019 another DTA adjustment, back to 45%
- (2) DTA revaluation: The recognition of certain DTA expected to be utilized later, under our utilization assumptions

4Q 2019 ROAE Components

BTG Pactual Equity Allocation
(in R\$ million)



Implied ROAE
(%)



Note:
Includes investment and goodwill

Relevant Events

On December 20, 2019, the Bank held a Board of Directors' meeting, in which it approved the Novaportfolio Participações S.A.'s incorporation. The merger aims to simplify the current BTG Pactual organizational structure through the consolidation of certain activities, therefore bringing an overall reduction in its financial and operational costs. The merger and its respective effects are still pending approval from the Central Bank.

On December 18, 2019, BTG Pactual received the Central Bank of Brazil's approval to receive Mr. André Santos Esteves as a member of the company's controlling group, pending the conclusion of the analyses from the suitable regulatory authorities abroad.

On December 4, 2019, the Bank, through its Cayman Island's branch, issued Global Medium-Term Notes, in the total amount of US\$500 million at a fixed coupon rate of 4.5% p.a., with maturity date on January 10, 2025, and semi-annual coupon payments.

Global Market and Economic Analysis

In 4Q19, we observed a reduction in some of the main risks that had been weighing on the global economic scenario for several quarters. First, after a strong deterioration in August and September, the United States and China resumed trade negotiations and in December reached a preliminary or first phase agreement. On the Chinese side, the agreement foresees a substantial increase in purchases of American goods, helping to reduce the Chinese trade surplus with the United States, easing the access of foreign companies to the financial services sector in China and measures to improve protection of intellectual property. The Americans have pledged not to raise import tariffs and to reduce half of the 15% taxes on about \$100 billion of products imported from China that were implemented on September 15, 2019. The two countries agreed to abstain from competitive currency devaluations. The most contentious points of the dispute were left out of the agreement, particularly the American claim that China should quit industrial policy practices based on privileged access to domestic markets, new technologies and subsidized credit. In any case, the preliminary agreement represents a long-awaited truce in trade relations between countries, with positive impacts on expectations of growth in trade flows, manufacturing production and, to a lesser extent, on investment in machinery and equipment at a global level.

In the UK, the hard Brexit scenario was removed, at least for a year, after Boris Johnson relaxed his stance on the status of the border between Ireland and Northern Ireland immediately after Brexit, obtaining the consent of the European Community and approval in principle of this version of the Brexit soft by the British Parliament. The general elections on December 12, were also favorable in producing a solid majority for the conservative party, favoring Johnson's strategy. Medium-term risks remain, in a mitigated way, as the transition period of just one year, if not extended, is short to reach a broad free trade agreement between the United Kingdom and the European Union.

Finally, but not less important, the perception of a global recession risk - visibly increased in the 3Q19 - came on a downward trend over the last quarter of the year. The inversion of the interest curve, a leading indicator of recession that was so present on investors' radar in the 3Q of 2019, proved to be transitory. Still in a shy and heterogeneous way, confidence indexes of manufacturing entrepreneurs began to suggest an inflection in the deceleration process that started last year. In the United States and the eurozone, the labor market continued to show remarkable resilience, supporting household consumption.

Comfortable with the scenario evolution, in late October the Fed delivered an additional cut of 25 basis points to the Fed funds rate, totaling a cut of 75 basis points since July, and indicated interest rate stability ahead if the economy evolves according to their central scenario. Interestingly, this was exactly the budget of interest rate cuts in the 1995/1996 and 1998 "insurance cuts" episodes. The Fed's conservative message was well absorbed by the markets. Aiming to minimize the risk of sudden interest rate highs in the interbank market, the Fed also announced the resumption of its balance sheet expansion through the purchase of \$60 billion in Treasury bills per month until at least 2Q20.

The evolution of the economic scenario was quite favorable to the risk appetite of global investors. The MSCI All Countries stock index ended the 4Q19 up 8.6%, bringing 2019 gains to 24.5%. Likewise, the CRB commodities index increased 6.8% in the 4Q19 and had a 9.4% full year gain. The interest curves in the main economies showed an opening trend and an increase in the slope in the quarter, against the trend observed during the year. In the foreign exchange markets, the US Dollar Index (DXY) decreased 3% in the quarter, ending the year practically stable with an appreciation of only 0.2%.

In Brazil, the unemployment rate was 11.2% (without seasonal adjustment) in the quarter ended in November. Seasonally-adjusted unemployment fell to 11.7%, from 12.0%, marking the lowest level since November 2016. However, part of the improvement in unemployment was due to a drop in the workforce, which led to a drop in the participation rate to 61.9% and 62.1%. We note that job recovery remains concentrated in the informal sector, although employment in the formal sectors (private + public sector) continues to improve as shown by Caged data. And finally, real wages increased 1.2% y/y, compared to 0.9% y/y in the previous quarter. As a result, the real wage bill grew 3.0% y/y, compared to 2.6% y/y in the previous quarter. This increase in real wages

alleviates our consumption forecast for the coming quarters, given that wages lost momentum in 3Q19. As such, fundamentals look better, so we continue to expect an acceleration in growth this year to 2.5%.

Mixed feelings in the credit market. The Brazilian Central Bank's (BCB) December credit market report continued to show mixed signs. Total outstanding credit expanded again, advancing 0.2% m/m s.a. (3.2% y/y) in real terms in December. New loans in the non-earmarked segment were strong, with new loans to the corporate segment advancing 8.1% m/m s.a. (20.8% y/y) and new loans to the household segment advancing 5.7% m/m s.a. (17.4% y/y). However, interest rates remained high in the household sector (at 49.9% s.a. in the non-earmarked segment), despite the downtrend in the CDI interbank lending rate. For their part, delinquency rates were flat (at 3.0% s.a.), although the household delinquency rate has slowly moved up in the past few months. And finally, household indebtedness and the debt service ratio for November ticked up, to 44.9% from 44.7% and to 20.9% from 20.7% respectively. We note that household indebtedness has been picking up lately, reflecting the expansion of credit at a still high interest rate for households.

Mixed social security effects. Slowdown in new concessions of social security and assistance benefits should have reduced public spending by R\$7.6bn in 2019, of which R\$4bn is permanent. Lower expenditures will help reduce the primary deficit, which also features a relevant volume of extraordinary revenues, especially the oil and gas auctions. Although part of the lower spending is temporary, at R\$3.4bn, potential new gains from the auditing process of social security benefits and the entry into effect of new retirement and pension rules are more than sufficient to compensate this effect. The pent-up spending, in principle, thus doesn't pose a challenge to the public accounts in 2020.

Brazil's current account deficit totaled US\$50.8bn (2.8% of GDP) in 2019, higher than the US\$41.5bn (2.2% of GDP) in 2018. The increase in the current account deficit (CAD) in 2019 was driven mainly by the decline in the trade balance (to US\$39.4bn, vs US\$53.0bn in 2018), that in turn was explained by (i) a strong recession in Argentina; (ii) lower global economic activity growth; and (iii) the swine fever in China, which contributed to reduce exports of soybean, an important input for feeding swine. For 2020, we expect the CAD to rise to US\$70bn (3.7% of GDP), owing to stronger economic activity, which will increase imports, net expenditures with services and profit and dividend remittances. As in 2019, exports (and the trade balance) will continue to be negatively affected by: (i) the swine fever in China (the swine herd in 2020 will be lower than in 2019); and (ii) the weakness of Argentina GDP.

The Brazilian monetary policy committee (*Copom*) unanimously decided to reduce the *Selic* rate by 50bps at the December 2019 meeting, repeating the movement and the magnitude of the October cut, and led the benchmark interest rate in the country to close the year at 4.5% p.a. The decision was in line with our expectations and also in relation to market consensus. As we observed in October, the *Copom's* assessment and conditional projections indicated high chances of another cut (of 50bps) at this meeting, and we did not see any data or signs of the *Copom's* intra-meeting conversation that would imply any change in the flight plan. The highlight of the post-meeting communique, in our opinion, came from the committee's benign conditional inflation projections, especially if the exchange rate scenario evolves favorably. The language showed that the committee had acquired degrees of freedom to act but, as expected, it did not close the door to further easing at the beginning of next year. We believe that the *Copom* should choose to reduce the *Selic* rate by 25bps at its next meeting, bringing the basic interest rate to 4.25% p.a. in February. This decision would be compatible with the data flow and communication since the December meeting.

Consolidated Adjusted Revenues

Revenues in 4Q 2019 increased 13.8% when compared to the previous quarter, totaling R\$2,486 billion, and increased 60.5% when compared to 4Q 2018.

We posted solid performances in most business lines and continued to deliver strong results at our client franchises.

Adjusted Revenues (unaudited) <i>(in R\$ million, unless otherwise stated)</i>	Quarter			4Q 2019 % change to		Year to Date		2019 % change to
	4Q 2018	3Q 2019	4Q 2019	4Q 2018	3Q 2019	2018	2019	2018
Investment Banking	86	281	306	256%	9%	464	949	104%
Corporate Lending	133	207	229	72%	11%	849	814	-4%
Sales & Trading	497	801	678	36%	-15%	1,539	2,801	82%
Asset Management	279	189	284	2%	50%	717	868	21%
Wealth Management	120	161	163	36%	2%	472	610	29%
Principal Investments	328	193	574	75%	198%	691	1,290	87%
Participations	(26)	205	93	n.a.	-55%	5	467	9067%
Interest & Others	132	146	159	21%	9%	615	534	-13%
Total revenues	1,549	2,184	2,486	61%	14%	5,353	8,333	56%

Investment Banking

The tables below include 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)		
	4Q 2018	3Q 2019	4Q 2019	4Q 2018	3Q 2019	4Q 2019
Financial Advisory (M&A) ⁽⁴⁾	13	16	8	4,114	1,576	497
Equity Underwriting (ECM)	1	15	12	175	1,403	673
Debt Underwriting (DCM)	7	21	14	507	1,481	680

BTG Pactual Announced Transactions (unaudited)	Number of Transactions ^{(1),(3)}		Value ^{(2),(3)} (US\$ mln)	
	2018	2019	2018	2019
Financial Advisory (M&A) ⁽⁴⁾	55	43	13,730	6,116
Equity Underwriting (ECM)	16	41	1,980	3,213
Debt Underwriting (DCM)	36	66	4,241	4,644

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 4Q 2019 market share highlights

ECM: #2 in number of transactions in Latin America and #3 in Brazil

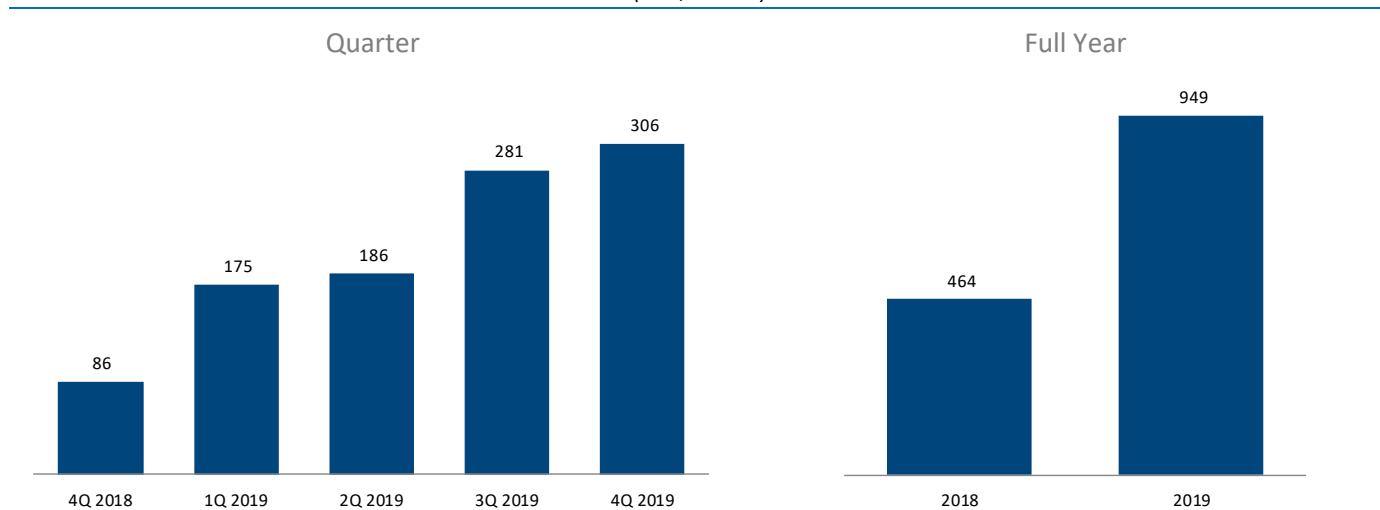
M&A: #4 in number of transactions in Brazil

Investment Banking 2019 market share highlights

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

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

Revenues (in R\$ million)



4Q 2019 vs. 3Q 2019

Investment Banking had its best quarter ever, with revenues of R\$306.1 million, an 8.8% increase compared to 3Q 2019. The strong performance during the quarter was driven by solid contribution from all business lines. In Financial Advisory, revenues have picked up due to higher volume of concluded transactions during the period, and the contribution from ECM and DCM was driven by continued solid market activity.

4Q 2019 vs. 4Q 2018

Investment banking revenues increased 256% compared to the same period a year ago. The increase was driven by strong revenues from all business segments, compared to a soft 4Q 2018, especially the weak performance in ECM during that period.

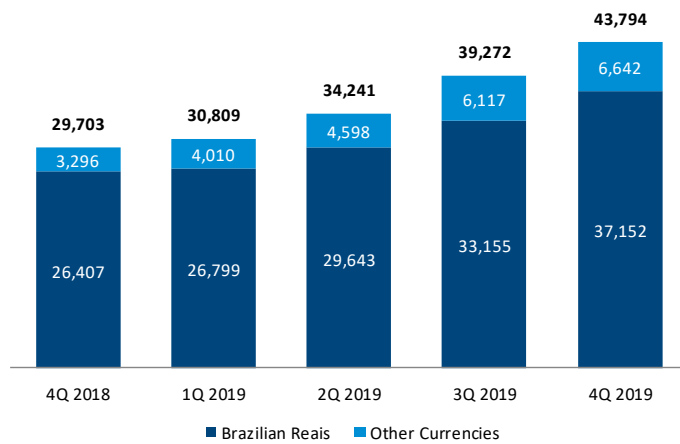
2019 vs. 2018

We posted our best year in Investment Banking since our IPO in 2012, with revenues more than doubling year over year, achieving R\$948.8 million. The strong performance was mainly driven by Debt Capital Markets, aided by huge growth in the Brazilian local corporate debt market and a very good performance from Equity Capital Markets. Revenues from Financial Advisory were also higher when compared to 2018. We maintained our leading market share during 2019.

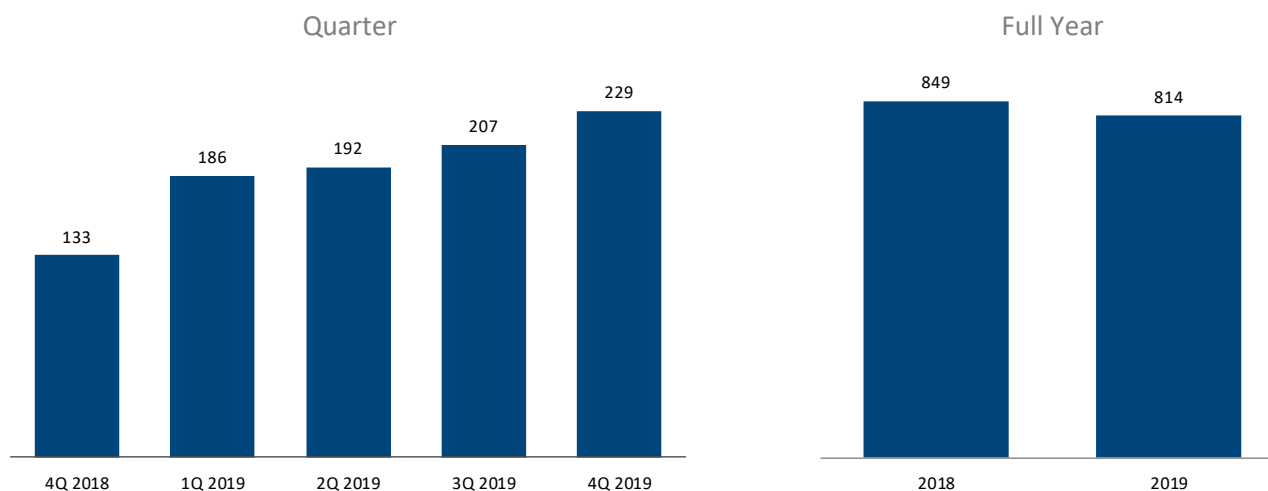
Corporate Lending

During the quarter, our Corporate Lending portfolio grew 11.5%. We had 47.4% year-on-year growth, in line with the stronger confidence from our corporate clients. Our credit portfolio continues to maintain good asset quality, with spreads in line with our historical average. Besides that, in 2019 the book grew with more diversification: our Latam ex-Brazil franchise doubled its size, and SME business grew from zero to R\$2.2 billion portfolio.

Corporate Lending Portfolio
(in R\$ million)



Revenues (in R\$ million)



4Q 2019 vs. 3Q 2019

Revenues from Corporate Lending grew 10.9% from R\$206.7 million in 3Q 2019 to R\$229.2 million in 4Q 2019. The increase in revenues was mainly due to portfolio growth and higher contribution from our NPL portfolio, partially offset by higher provisions in the quarter, whilst still maintaining good asset quality and comfortable provisioning levels.

4Q 2019 vs. 4Q 2018

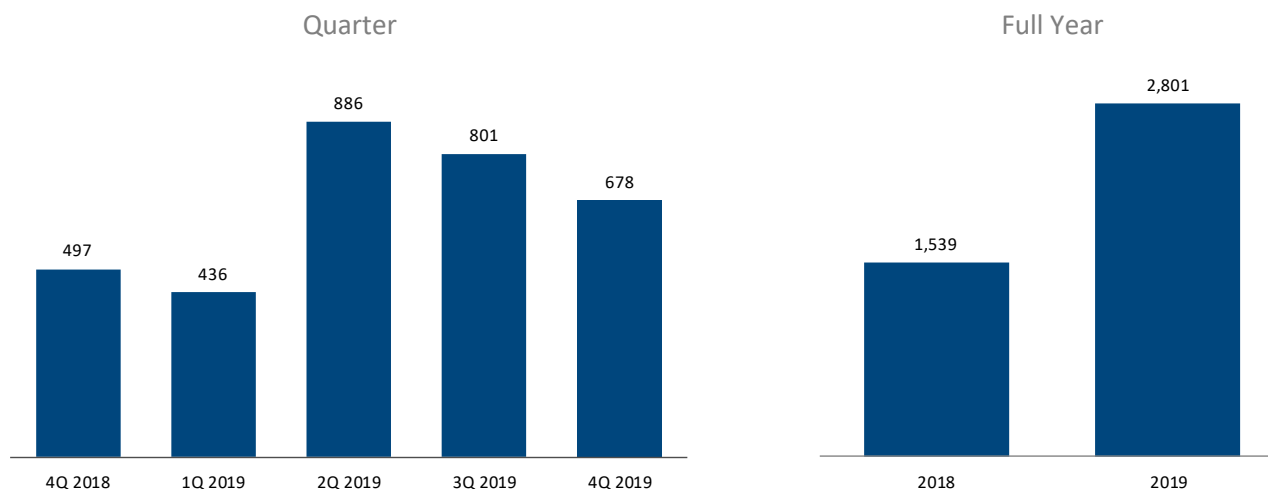
Revenues from Corporate Lending increased 71.8% from R\$133.4 million in 4Q 2018 to R\$229.2 million in 4Q 2019. The increase was mainly due to portfolio growth in the period, followed by a specific provision from the Utilities and Food & Beverage sectors in 4Q 2018.

2019 vs. 2018

Corporate Lending 2019 revenues decreased 4.1% when compared to 2018. Despite the increase in the portfolio size, we posted lower revenues from our non-performing loans strategy and had higher provisions during this year.

Sales & Trading

Revenues (in R\$ million)



4Q 2019 vs. 3Q 2019

Sales & Trading revenues were R\$677.8 million in 4Q 2019 compared to R\$801.2 million in 3Q 2019, representing a 15.4% decrease, but still an above par performance. Results were driven especially by our Rates and Equities desks, with the FX desk continuing to post good performance, partially offset by a weak quarter in our Energy desk.

4Q 2019 vs. 4Q 2018

Sales & Trading revenues increased 36.4%, from R\$497.1 million to R\$677.8 million. The increase was mostly due to better contribution from Rates, Equities and FX desks during the period, partially offset by lower revenues from our Energy desk.

2019 vs. 2018

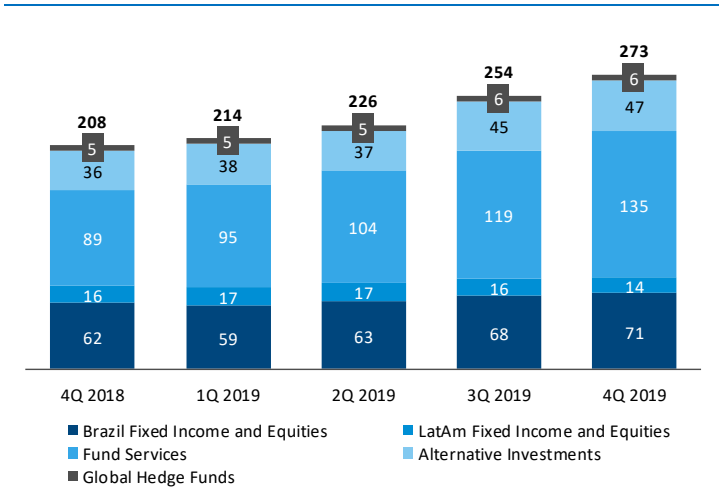
Sales & Trading revenues were R\$2,801.0 million, an 82.0% increase when compared to 2018. The increase was mostly due to a strong performance in our Rates and Equities desks during the year, compared to an overall weak performance in 2018, due to low risk appetite during the electoral year in Latin America. In 2019, client activities, risk allocation and balance sheet deployment grew significantly, returning to normal levels by year end.

Asset Management

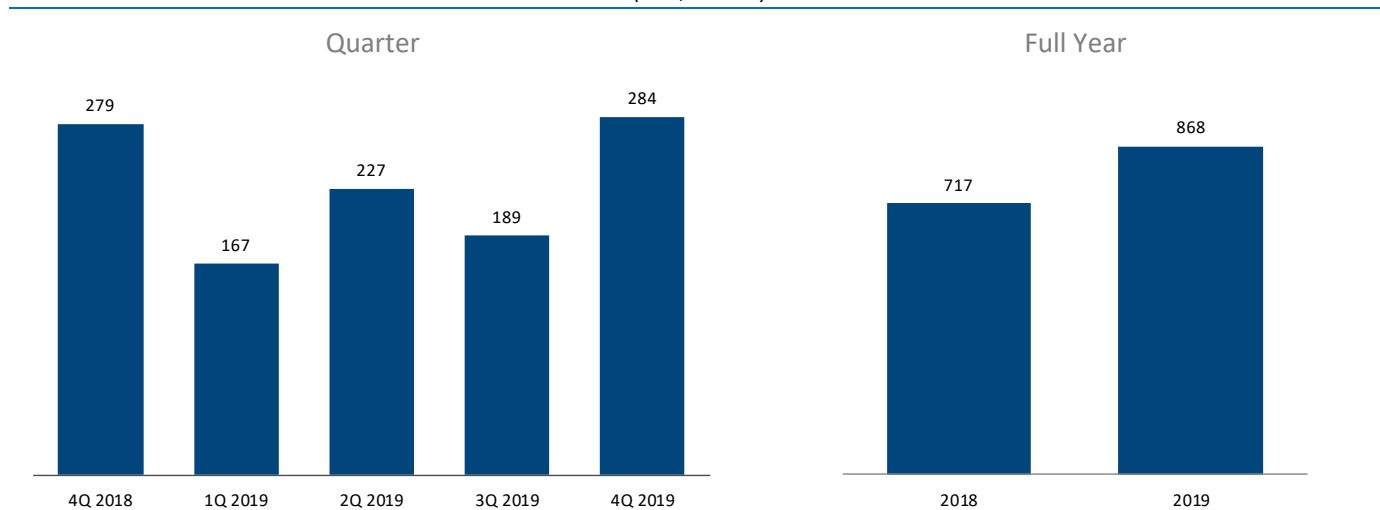
In 4Q 2019, total Assets under Management (AuM and AuA) reached R\$273.0 billion, a 7.5% increase from the previous quarter and a 31.5% increase compared to 4Q 2018. Net new money was R\$10.7 billion in the quarter, with a continuing positive contribution from Brazil Fixed Income and Equities Funds, and strong inflows from Fund Services and Alternative Investments.

AuM & AuA by Asset Class

(in R\$ billion)



Revenues (in R\$ million)



4Q 2019 vs. 3Q 2019

Asset management revenues increased 50.0% in the period compared to 3Q 2019. The increase was mainly due to performance fees accruals that are usually recorded at the end of each fund's fiscal year, most of which take place in December. Management fees also grew in the quarter, in line with the total AuM/AuA growth.

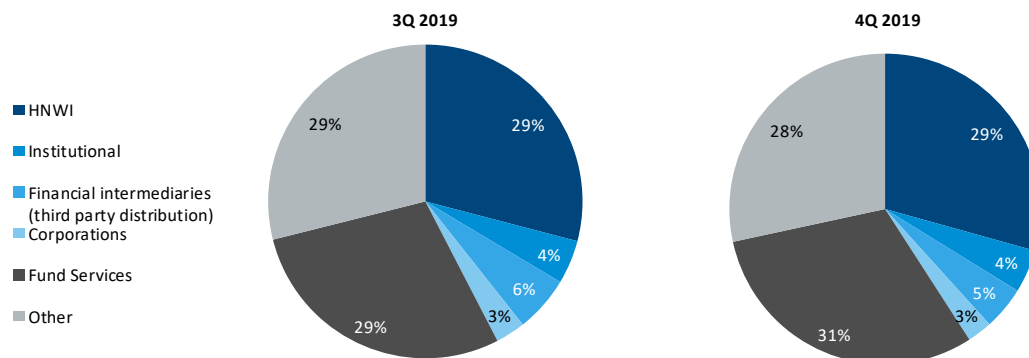
4Q 2019 vs. 4Q 2018

Asset Management revenues increased 1.9% from R\$278.8 million in 4Q 2018 to R\$284.1 million in 4Q 2019. The increase was mainly attributable to 31.5% growth in average AuM/AuA, which impacted most of the business lines, partially offset by a reduction in Fixed Income and Equities Funds' revenues, due to the higher performance fees in 4Q 2018.

2019 vs. 2018

Revenues from Asset Management for the full year of 2019 increased 21.1% when compared to the previous year. The increase in revenues was in line with the (i) increase in management fees due to the rise in AuM/AuA, combined with (ii) higher performance fees, especially from Fixed Income and Equities funds.

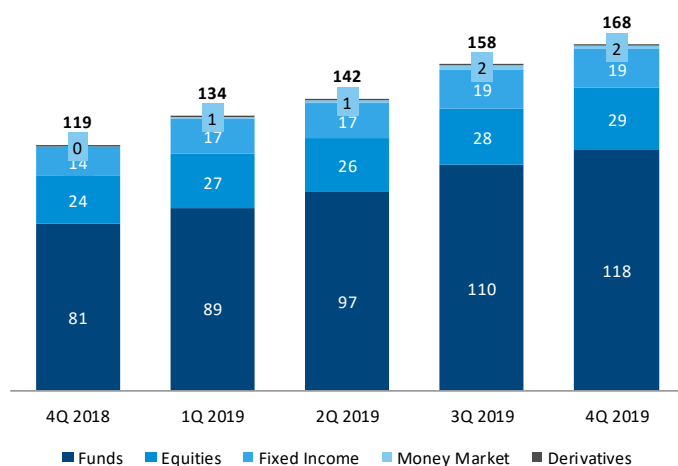
AuM and AuA by Type of Client (%)



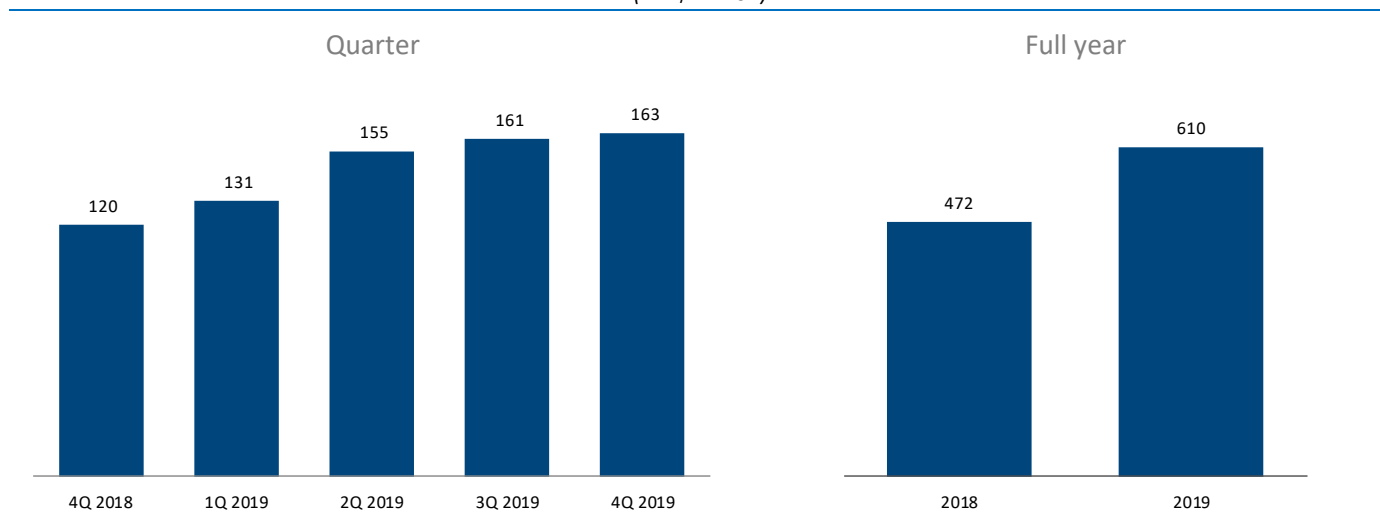
Wealth Management

During the quarter, our Wealth under Management increased 6.1%, from R\$158.3 billion in 3Q 2019 to R\$168.0 billion in 4Q 2019, and posted R\$4.8 billion net new money, with weaker performance in UHNW segment, offset by strong performance from other segments. Regardless of that, year-over-year WuM growth was 40.9%, and we reported record net new money in a year, with our mass affluent platform (BTG Pactual Digital) continuing to post strong growth, in line with our expectations.

WuM Breakdown (in R\$ billion)



Revenues (in R\$ million)



4Q 2019 vs. 3Q 2019

Wealth Management revenues increased 1.6% compared to 3Q 2019, mainly due to average WuM growth and partially offset by lower revenues from loans, brokerage and trading activities.

4Q 2019 vs. 4Q 2018

Revenues from Wealth Management increased 36.2%, from R\$119.8 million to R\$163.1 million, mostly owing to the 40.9% increase in WuM compared to the same period a year ago.

2019 vs. 2018

WuM grew 40.9% and revenues grew 29.1% when compared to 2018, due to the increase in average WuM in the period 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			4Q 2019 % change to		Year to Date		2019 % change to
	4Q 2018	3Q 2019	4Q 2019	4Q 2018	3Q 2019	2018	2019	2018
Global Markets	15	(65)	100	580%	n.a.	(38)	32	n.a.
Merchant Banking	330	274	457	38%	67%	790	1,278	62%
Real Estate	(17)	(17)	17	n.a.	n.a.	(61)	(20)	n.a.
Total	328	193	574	75%	198%	691	1,290	87%

4Q 2019 vs. 3Q 2019

Principal Investments revenues increased 197.5% compared to 3Q 2019, from R\$192.8 million to R\$573.5 million.

It is worth noting that, during the quarter, (i) Global Markets had gains of R\$99.9 million, mostly due to the LatAm Equities strategy, (ii) Merchant Banking had strong gains driven mostly by mark-to-market from investments, mainly from Eneva, and (iii) Real Estate had a positive contribution mainly due to the good performance of a specific investment, partially offset by internal funding cost allocation.

4Q 2019 vs. 4Q 2018

Principal Investments posted gains of R\$573.5 million in 4Q 2019 compared to R\$327.9 million gains in 4Q 2018. The increase was due to better results in all three business lines.

2019 vs. 2018

Principal Investments had gains of R\$1,290.4 million in 2019 compared to gains of R\$690.7 million in 2018, mainly due to our share of profits from investments in 2019.

Participations

4Q 2019 vs. 3Q 2019

Participations posted gains of R\$92.9 million, attributable to positive results from Banco Pan, Too Seguros and Pan Corretora. Revenues in 4Q 2019 consisted of (i) R\$62.6 million equity pick-up gains from Banco Pan and (ii) R\$30.2 million gains from Too Seguros and Pan Corretora. In 3Q 2019, we had earnings of R\$205.5 million, mostly from Banco Pan results and follow-on dilution.

4Q 2019 vs. 4Q 2018

Participations gains were R\$92.9 million, as noted above, compared to losses of R\$25.5 million in 4Q 2018. The increase was mostly due to losses in 4Q 2018 from ECTP and a better performance from Banco Pan, Too Seguros and Pan Corretora in 4Q 2019.

2019 vs. 2018

In 2019, Participations revenues were R\$467.3 million, mostly due to the solid and growing performance of Banco Pan, Too Seguros and Pan Corretora. In 2018 we had gains of R\$5.1 million, mostly due to ECTP's poor performance and to negative results from EFG in 1Q 2018 (related to 2017).

Interest & Others

4Q 2019 vs. 3Q 2019

Revenues from Interest & Others were R\$159.4 million in 4Q 2019, compared to R\$146.3 million in 3Q 2019. The increase was in line with the rise in our shareholders' equity. Revenues correspond mainly to interest rates of the Central Bank of Brazil applied over our tangible equity (i.e. internal cost of funding), and some minor PnL volatility in certain hedging instruments.

4Q 2019 vs. 4Q 2018

Revenues from Interest & Others increased 21.2% in the period, mainly due to the increase in our shareholders' equity.

2019 vs. 2018

Revenues from Interest & Others decreased 13.2% in the period, mainly due to the decrease in the average interest rate from 6.5% to 4.5% and to the volatility in certain hedging instruments, partially compensated by the 13.5% increase in shareholder's equity.

Adjusted Operating Expenses

Adjusted Operating Expenses (unaudited) <i>(in R\$ million, unless otherwise stated)</i>	Quarter			4Q 2019 % change to		Year to Date		2019 % change to
	4Q 2018	3Q 2019	4Q 2019	4Q 2018	3Q 2019	2018	2019	2018
Bonus	(298)	(255)	(356)	19%	40%	(685)	(1,128)	65%
Salaries and benefits	(156)	(169)	(175)	12%	4%	(615)	(673)	10%
Administrative and other	(229)	(268)	(301)	31%	12%	(841)	(999)	19%
Goodwill amortization	(40)	(39)	(11)	-72%	-72%	(147)	(125)	-14%
Tax charges, other than income tax	(85)	(126)	(138)	62%	10%	(273)	(436)	60%
Total operating expenses	(809)	(857)	(982)	21%	15%	(2,560)	(3,362)	31%
Cost to income ratio	52%	39%	39%	-24%	1%	48%	40%	-16%
Compensation ratio	29%	19%	21%	-27%	10%	24%	22%	-11%
Total number of employees	2,218	2,443	2,566	16%	5%	2,218	2,566	16%
Partners and associate partners	222	221	247	11%	12%	222	247	11%
Employees	1,996	2,222	2,319	16%	4%	1,996	2,319	16%

Bonus

In 4Q 2019, bonus expenses were R\$356.1 million, a 39.7% increase compared to 3Q 2019, and for the full year 2019 bonus expenses were R\$1,127.7 million compared to R\$685.0 million in 2018. The increase was mostly attributed to the revenue growth. 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 3.9% in the quarter and 12.4% when compared to 4Q 2018, mostly connected to personnel increase at BTGPactual retail unit as well as the FX impact on our non-Brazilian businesses as a consequence of the Real devaluation. Expenses related to salaries and benefits were R\$168.9 million in 3Q 2019 and R\$156.1 million in 4Q 2018, compared to R\$175.4 million in 4Q 2019. For the full year 2019, staff costs were R\$673.2 million compared to R\$614.7 million in the previous year, a 9.5% increase.

Administrative and other

Total administrative and other expenses increased 12.4%, from R\$267.9 million in 3Q 2019 to R\$301.1 million in 4Q 2019, mainly related to legal and consulting expenses from BSI legal proceedings. When compared to 4Q 2018, expenses increased 31.3%, also due to BSI legal proceedings, FX impact over dollar denominated expenses and due to investments in our digital platform.

Goodwill amortization

In 4Q 2019, we recorded goodwill amortization expenses totaling R\$11.1 million, mostly related to the remaining 5% stake in EFG. Goodwill amortization decreased 71.9% when compared to 3Q 2019 and 72.1% compared to 4Q 2018, mostly due to the Equity Linked Note issued to transfer the 25% of the share capital of EFG International from BTGPactual to the Holding Company.

Tax charges, other than income tax

Tax charges, other than income tax, were R\$138.0 million or 5.6% of total revenues compared to R\$126.0 million in 3Q 2019 or 5.8% of total revenues. We had no relevant changes.

Adjusted Income Taxes

Adjusted Income Tax (unaudited) <i>(in R\$ million, unless otherwise stated)</i>	Quarter			Year to Date	
	4Q 2018	3Q 2019	4Q 2019	2018	2019
Income before taxes	740	1,327	1,504	2,793	4,971
Income tax and social contribution	(188)	(324)	(325)	(432)	(1,143)
Effective income tax rate	25.4%	24.4%	21.6%	15.5%	23.0%

Our effective income tax rate for the quarter was 21.6% (representing an income tax expense of R\$325.3 million), compared to a rate of 24.4% in the 3Q 2019 and 25.4% in 4Q 2018. For the full year 2019, our effective income tax rate was 23.0%, representing an income tax expense of R\$1,143.0 million, compared to a R\$431.8 in 2018.

Balance Sheet

Total assets decreased 2.1%, from R\$168.0 billion at the end of 3Q 2019 to R\$164.4 billion at the end of 4Q 2019, mainly due to a decrease in foreign exchange portfolios, booked on a gross basis, partially offset by a 13.9% increase in total credit portfolio. Cash and cash equivalents in the end of the quarter were R\$ 17.4billion. Therefore, our leverage ratio decreased to 7.7x.

On the liability side, the foreign exchange portfolios decreased in line with the decrease in our assets mentioned above. These movements were partially offset by an increase in Repo financing. Unsecured funding increased to R\$53.6 billion.

Shareholders' equity increased from R\$20.8 billion at the end of 3Q 2019 to R\$21.4 billion at the end of 4Q 2019, mainly impacted by net income of R\$1,179.2 million in the quarter, partially offset by the distribution of R\$541.0 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		
	4Q 2018	3Q 2019	4Q 2019
Total average daily VaR	93.3	147.6	114.8
Average daily VaR as a % of average equity	0.49%	0.72%	0.54%

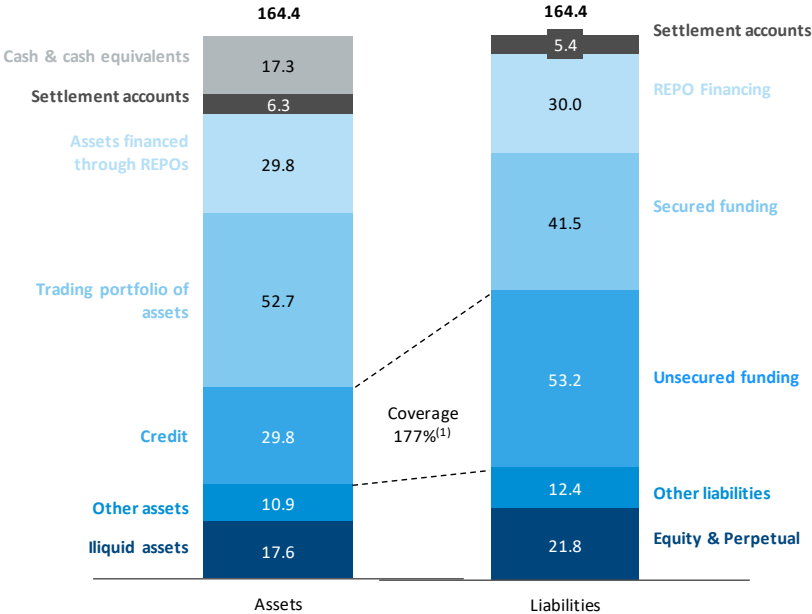
Our total average daily VaR went down 22.2% when compared to 3Q 2019. The decrease was mainly driven by the Brazilian Rates and FX desks.



Liquidity Risk Analysis

The chart below summarizes the composition of assets and liabilities as of December 30, 2019:

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

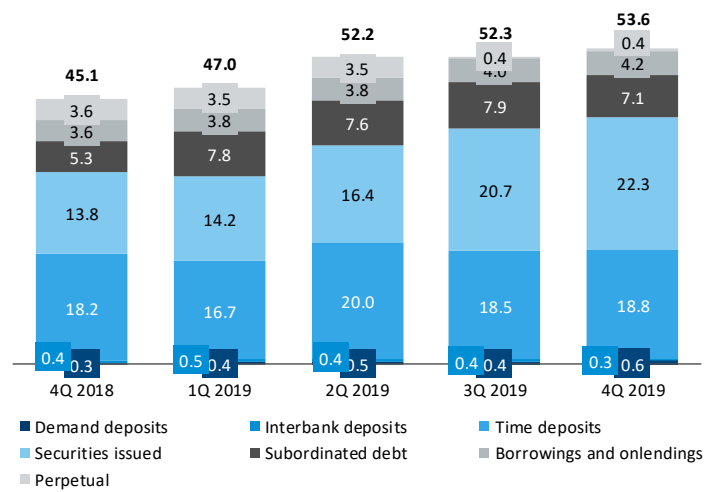


Note:
(1) Excludes demand deposits

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\$52.3 billion at the end of 3Q 2019 to R\$53.6 billion in 4Q 2019, due to an increase in securities issued.

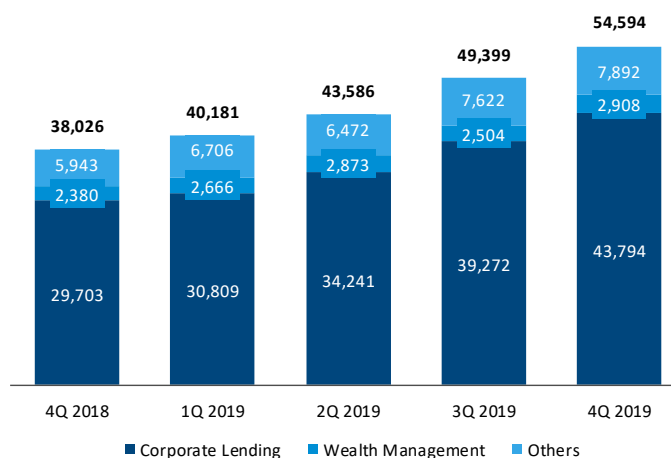
BTG Pactual Broader Credit Portfolio

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 10.5% when compared to the previous quarter, from R\$49.4 billion to R\$54.6 billion, and 43.6% compared to 4Q 2018.

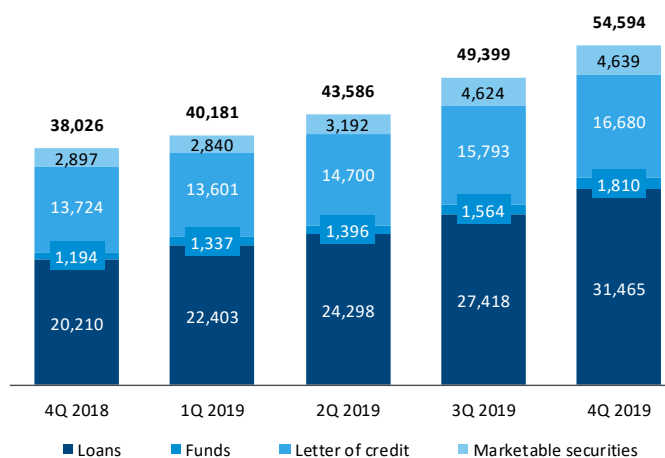
Broader Credit Portfolio Breakdown by Area

(in R\$ million)



Broader Credit Portfolio by Product

(in R\$ million)

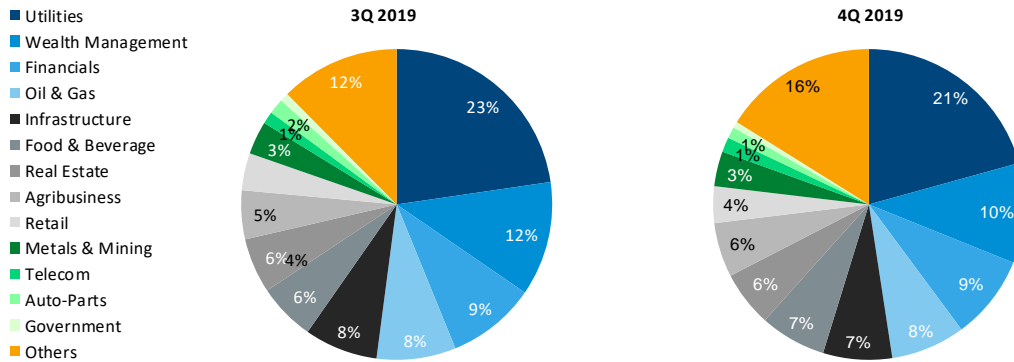


Notes:

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

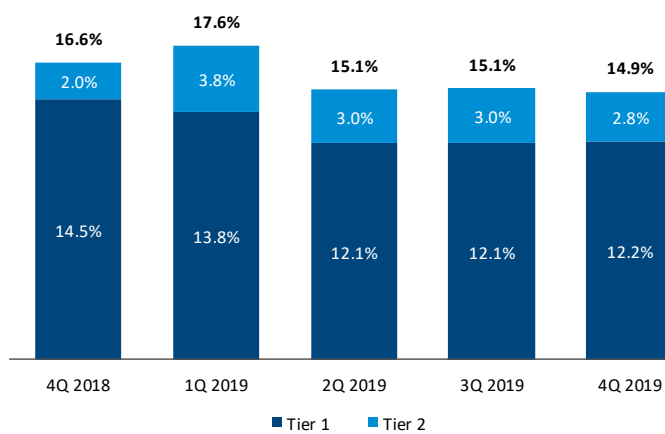
The following table sets forth the distribution of our credit exposures as of December 30, 2019 by credit rating. The ratings below reflect our internal assessment, consistently applied in accordance with the Brazilian Central Bank standard ratings scale:

Rating (unaudited) (in R\$ million)	4Q 2019
AA	28,930
A	7,888
B	6,516
C	1,738
D	1,684
E	379
F	1,009
G	339
H	267
Total	38,026

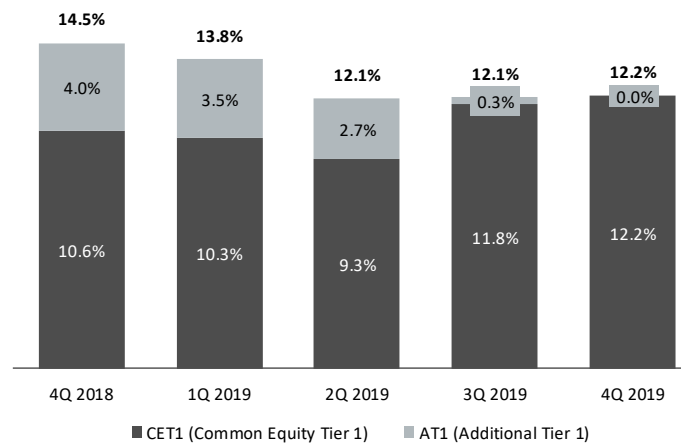
Capital Management

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 14.9% at the end of 4Q 2019. Our liquidity coverage ratio (LCR) ended the quarter at 154%.

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.
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
	<p>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>

Selected Financial Data

Balance Sheet (unaudited) <i>(in R\$ million, unless otherwise stated)</i>	Quarter			4Q 2019 % change to	
	4Q 2018	3Q 2019	4Q 2019	4Q 2018	3Q 2019
Assets					
Cash and bank deposits	979	1,057	1,334	36%	26%
Interbank investments	43,497	32,561	26,945	-38%	-17%
Marketable securities and derivatives	29,992	40,665	49,036	63%	21%
Interbank transactions	1,636	1,240	1,160	-29%	-6%
Loans	18,220	24,330	27,475	51%	13%
Other receivables	33,867	59,467	50,574	49%	-15%
Other assets	259	287	303	17%	6%
Permanent assets	9,197	8,378	7,556	-18%	-10%
Total assets	137,646	167,986	164,383	19%	-2%
Liabilities					
Deposits	20,950	21,060	22,149	6%	5%
Open market funding	35,575	31,542	35,007	-2%	11%
Funds from securities issued and accepted	14,396	21,270	22,720	58%	7%
Interbank transactions	82	220	41	-50%	-82%
Loans and onlendings	4,970	4,251	4,179	-16%	-2%
Derivatives	2,813	5,224	4,172	48%	-20%
Subordinated liabilities	5,266	5,796	4,139	-21%	-29%
Other liabilities	34,480	57,419	50,069	45%	-13%
Deferred income	130	178	169	30%	-5%
Shareholders' equity	18,845	20,821	21,387	13%	3%
Non-controlling interest	139	205	352	154%	72%
Total liabilities	137,646	167,986	164,383	19%	-2%

Adjusted Income Statement (unaudited) <i>(in R\$ million, unless otherwise stated)</i>	Quarter			4Q 2019 % change to		Year to Date		2019 % change to
	4Q 2018	3Q 2019	4Q 2019	4Q 2018	3Q 2019	2018	2019	2018
Investment Banking	86	281	306	256%	9%	464	949	104%
Corporate Lending	133	207	229	72%	11%	849	814	-4%
Sales & Trading	497	801	678	36%	-15%	1,539	2,801	82%
Asset Management	279	189	284	2%	50%	717	868	21%
Wealth Management	120	161	163	36%	2%	472	610	29%
Principal Investments	328	193	574	75%	198%	691	1,290	87%
Participations	(26)	205	93	n.a.	-55%	5	467	9067%
Interest & Others	132	146	159	21%	9%	615	534	-13%
Total revenues	1,549	2,184	2,486	61%	14%	5,353	8,333	56%
Bonus	(298)	(255)	(356)	19%	40%	(685)	(1,128)	65%
Salaries and benefits	(156)	(169)	(175)	12%	4%	(615)	(673)	10%
Administrative and other	(229)	(268)	(301)	31%	12%	(841)	(999)	19%
Goodwill amortization	(40)	(39)	(11)	-72%	-72%	(147)	(125)	-14%
Tax charges, other than income tax	(85)	(126)	(138)	62%	10%	(273)	(436.4)	60%
Total operating expenses	(809)	(857)	(982)	21%	15%	(2,560)	(3,362)	31%
Income before taxes	740	1,327	1,504	103%	13%	2,793	4,971	78%
Income tax and social contribution	(188)	(324)	(325)	73%	0%	(432)	(1,143)	165%
Net Income	552	1,003	1,179	113%	18%	2,361	3,828	62%

Income Statement (unaudited) <i>(in R\$ million, unless otherwise stated)</i>	Banco BTG Pactual S.A.	
	3Q 2019	4Q 2019
Financial income	3,972	2,395
Financial expenses	(2,998)	(537)
Gross financial income	974	1,858
Other operating income (expenses)	466	50
Operating income (expenses)	1,440	1,908
Non-operating income/(expenses)	(3)	4
Income before taxes and profit sharing	1,437	1,912
Income and social contribution taxes	(186)	(350)
Statutory profit sharing	(253)	(355)
Non-controlling interest	5	(28)
Net income	1,003	1,179

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.
SG&A	Selling, General & Administrative

Earnings Release - Fourth Quarter 2019

February 14th, 2020 (before trading hours)

English Conference Call

February 14th, 2020 (Friday)

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

Phone: +1 (412) 317-6373

Code: BTG Pactual

Replay until 21/02: +1 (412) 317-0088

Code: 10138321

Portuguese Conference Call

February 14th, 2020 (Friday)

09:00 AM (New York) / 11:00 AM (Brasília)

Phone: +55 (11) 3193-8000

Code: BTG Pactual

Replay until 21/02: +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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