



Earnings Release Fourth Quarter 2016

Conference Call Presentation
February 15, 2017

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

Earnings Release

Fourth Quarter 2016

English Conference Call

February 15, 2017 (Wednesday)

10:00 am (New York) / 01:00 pm (Brasília)

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Portuguese Conference Call

February 15, 2017 (Wednesday)

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

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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.

Investor Relations

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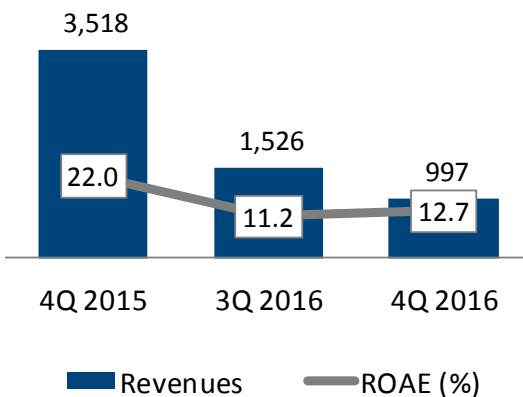
Performance Summary

4Q 2016

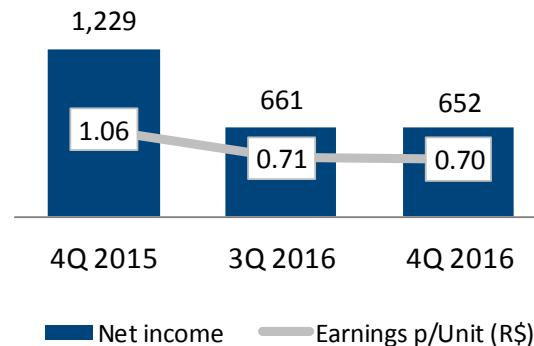
We are operating with historically high capitalization ratios, liquidity levels, low leverage and focused on our core activities.

- 1** For 4Q 2016, total revenues and net income reached R\$997 million and R\$652 million, respectively
 - Annualized ROAE of 12.7%
 - Net income R\$0.70 per unit
- 2** Cost income ratio slightly higher than historic average due to one-off expenses related to the sale of BSI and increased goodwill expenses
 - Cost to income ratio at 53% for the quarter
 - Compensation ratio at 24% for the quarter
- 3** Total assets at R\$120.9 billion. Basel ratio for BTG Pactual was 21.5%. Shareholders Equity at R\$20.4 billion
 - JCP of R\$890million announced in the quarter and R\$3.14 bn on ECTP's distribution
 - Avg VaR in the quarter was R\$137.8 million, or 0.67% of average shareholders' equity

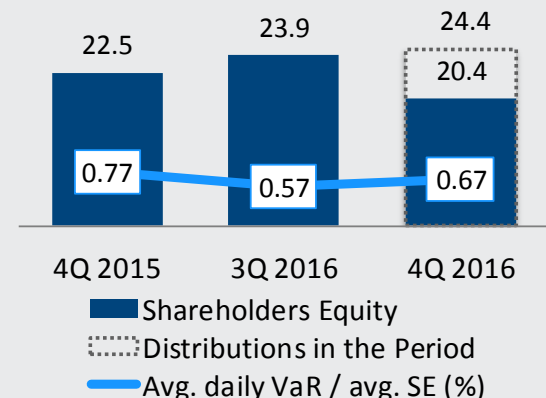
Revenues (R\$ million)



Net Income (R\$ million)



Shareholders' Equity (R\$ billion)



Note:

* Balance sheet items represents end of period data

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

Performance Summary

Full Year 2016

2016 results reflect good performance of our core businesses.

1

Good performance during the year

- Revenues and net income reached R\$8.7 billion and R\$3.3 billion, respectively
- Year to date annualized ROAE of 15.5%

2

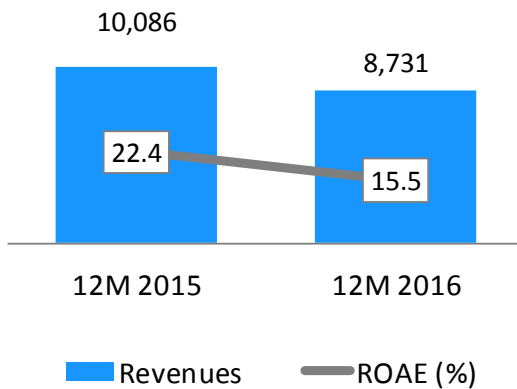
Cost income above historic average, mainly due to one-off costs, independent internal investigation and ECTP underperformance

- Cost to income ratio at 55%
- Compensation ratio at 28%
- Net margin at 38%

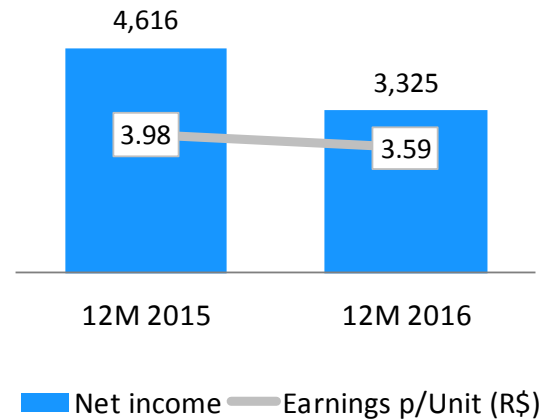
3

Shareholders' equity ended the year at R\$20.4 billion, which included R\$4.5 billion distributions to shareholders (R\$3.14 billion ECTP and R\$1.39 billion JCP/dividend)

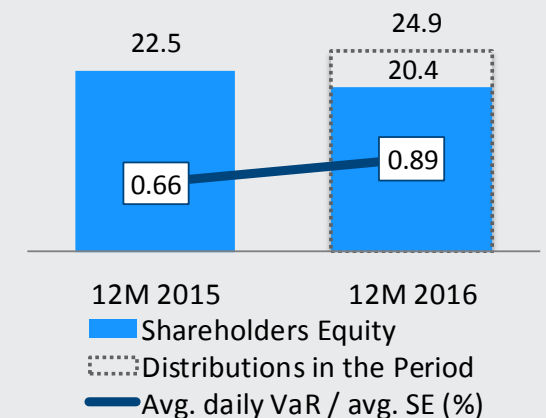
Revenues (R\$ million)



Net Income (R\$ million)



Shareholders' Equity (R\$ billion)



Segregation of BBTG11 Units

BTG Pactual intends to incentivize shareholders to migrate from the joint unit of Banco and BTGP to new units representing each company individually

Deliberate effort to recast Banco as a pure-play Latin American investment bank and BTGP as a pure-play principal investments platform

- We have perceived greater investor interest in Banco and BTGP as standalone, pure-play entities rather than on a combined basis
- We believe recasting each of those entities as companies focused on their core business will strengthen both Banco and BTGP, thereby unlocking value for our investors

Banco has a track record of solid performance and currently trades at a significant discount when compared to its peers

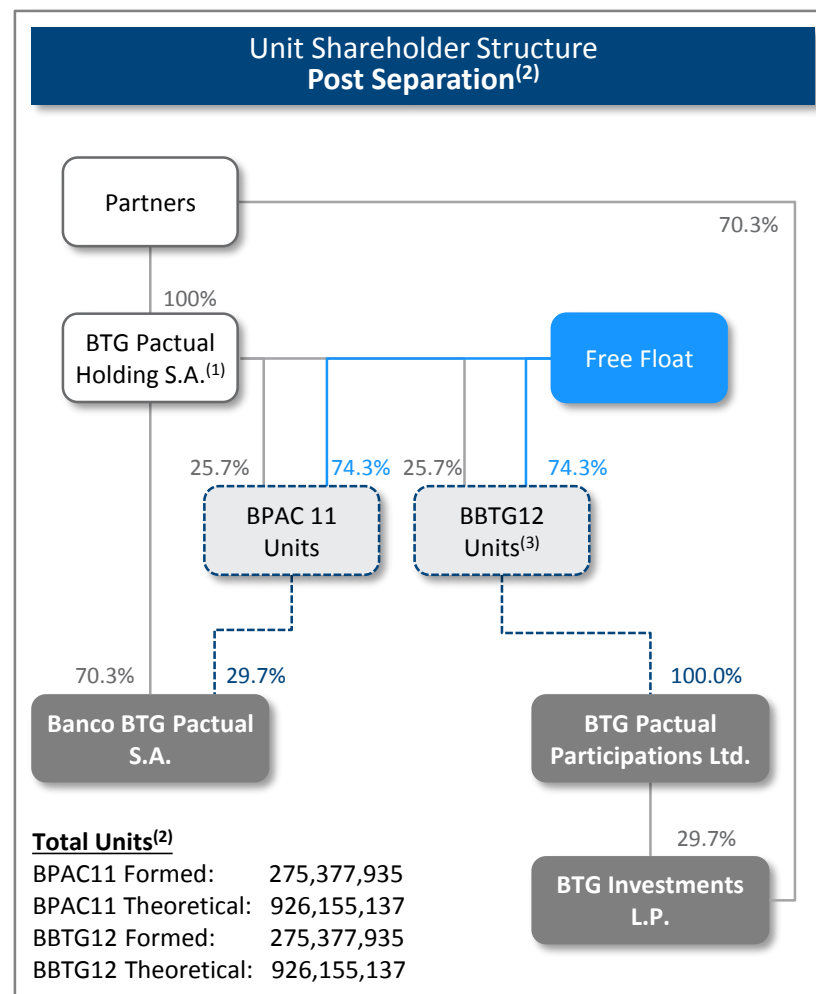
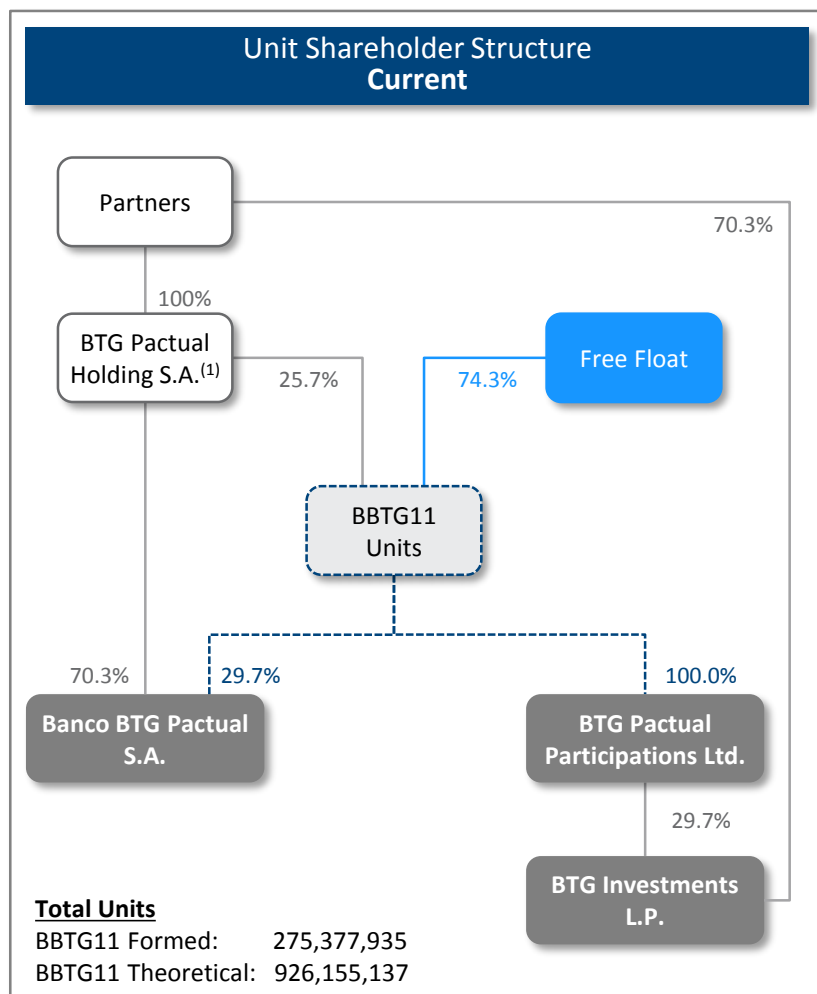
- Market perception of Banco's value has significant potential for improvement, and we believe that key to unlocking that potential is allowing Banco to clearly focus on, and be analyzed for, its core activities
- Banco's financial resources will be more clearly allocated toward valuable opportunities in its core Latin American investment banking and asset management activities

Possibly significant increase in the range of potential investors in a pure-play Latin American investment bank

- We believe Banco currently has a significant spectrum of potential investors that are not allowed to invest in it due to the characteristics of the current trading structure. Removing such impediments would permit increased resources to be efficiently allocated to Banco

We expect that the sum of our parts will unlock value for our shareholders

Simplified Units Structure – Pre and Post



Note:

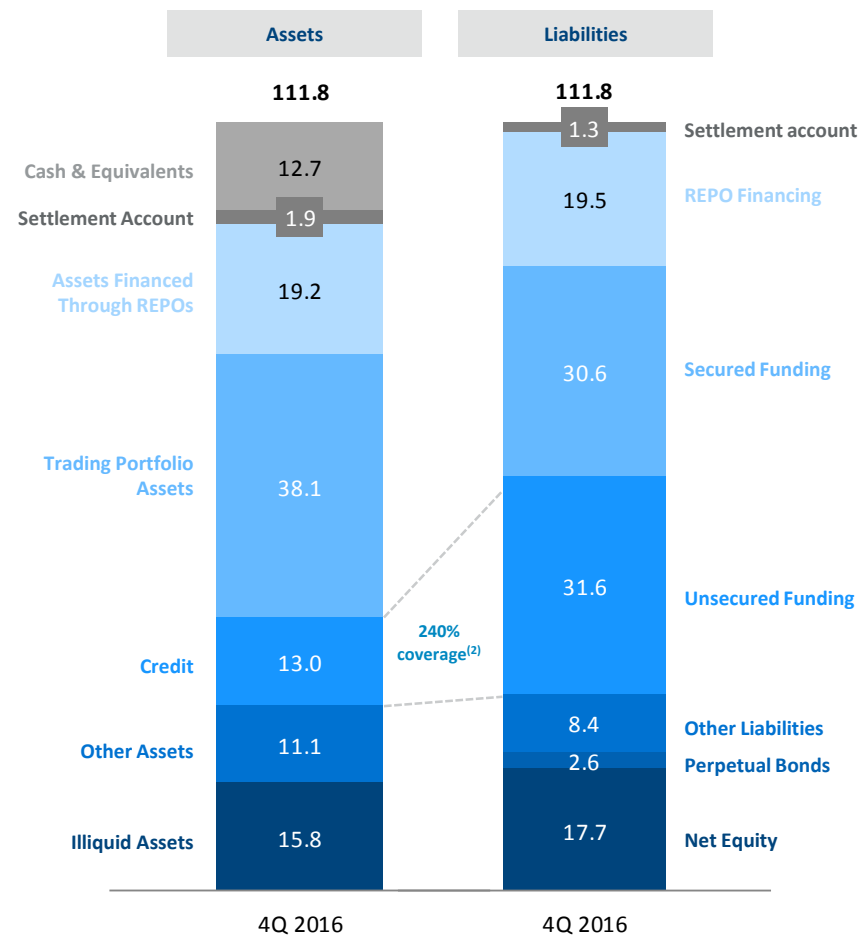
- (1) Includes units acquired by investment vehicles owned by certain partners individually or collectively and vehicles under common control of the Partnership
- (2) Assumes all current BBTG11 unit holders decide to break up their units and hold new Banco units and BTGP units; however the breakup is not mandatory and it is likely that there will be some BBTG11 units outstanding following the transaction
- (3) Considering economic interest only (i.e., Class A and Class B shares)



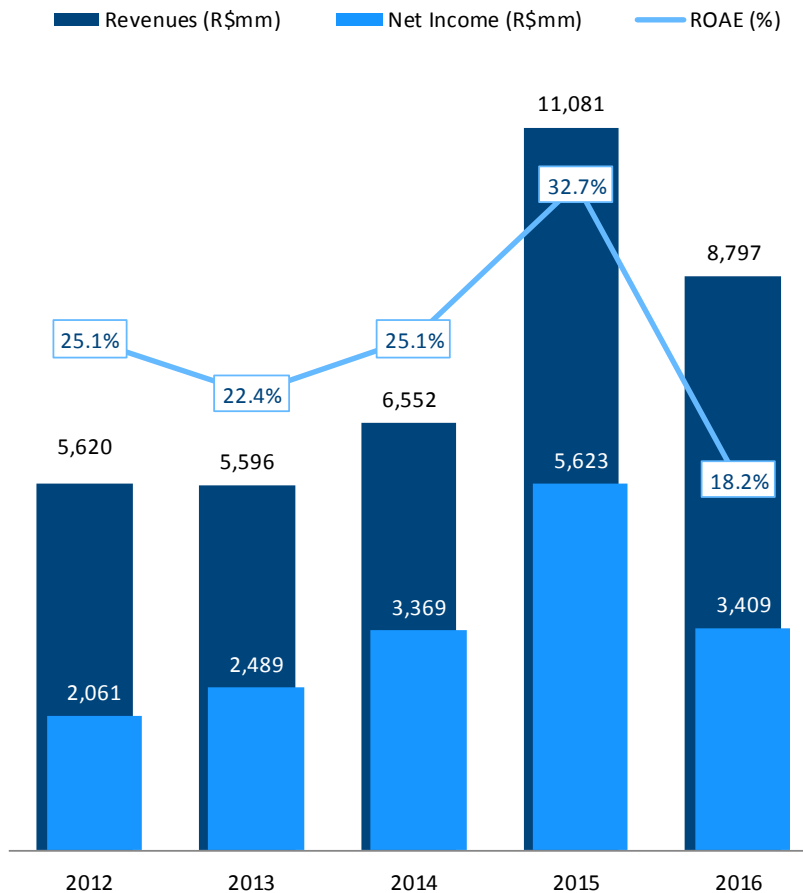
Banco BTG Pactual S.A. (“Banco”)

Since the IPO, Banco’s shareholders’ equity has been consistently growing⁽¹⁾ and its average return on equity has been over 25%. Banco has a solid and well-capitalized balance sheet.

Balance Sheet Summary (R\$ billion)



Revenues, Net Income and ROAE

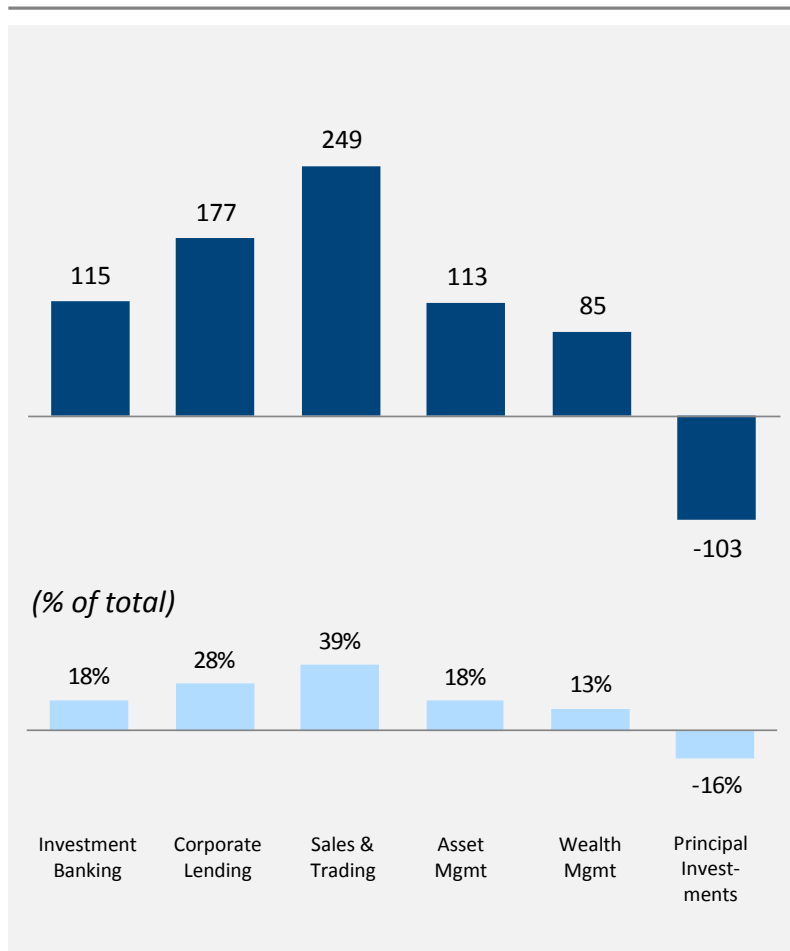


Note:
(1) If adjusted for the effects of ECTP’s separation

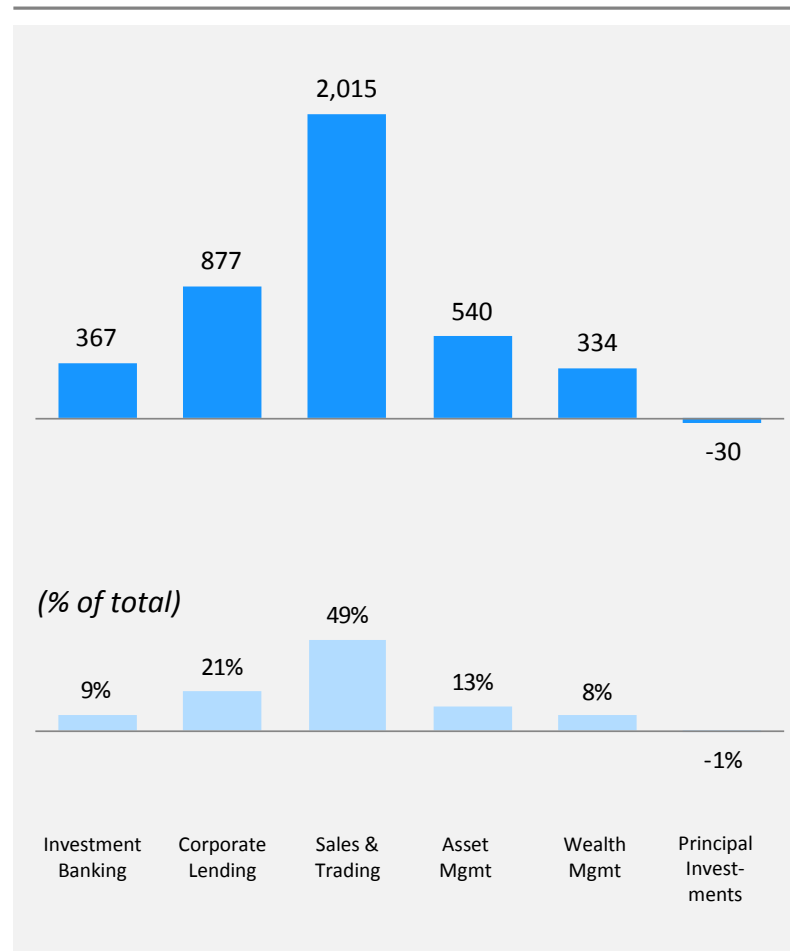
Banco BTG Pactual S.A. | Core Business Areas Performance

Revenues breakdown by business units (not including, BSI, ECTP and Interest & Others).

4th Quarter 2016⁽¹⁾



Full Year 2016^(1,2)



Note:

- (1)
- (2)

Excludes *Participations* and interest and other revenues to better reflect the core strategy of Banco
 For the full year, revenues are adjusted to reflect ECTP's distribution and BSI's deconsolidation for the FY 2016

BTG Pactual Participations Ltd.

Pro-forma balance sheet summary of BTGP^(1,2)

In millions of R\$ unless otherwise stated

Assets	<u>6,927.5</u>	Liabilities + Equity	<u>6,927.5</u>
Cash & Equivalents	7.7	Financial Liabilities	4,405.5
Merchant Banking	2,809.0	- Financial Institutions	1,962.8
BTG Pactual Bonds	1,723.1	- Medium Term Notes	2,442.6
Global Markets	161.0	Derivatives	3.7
Loans and Receivables	2,206.8	Other Liabilities	61.1
- Loans to Partners	2,119.6		
- Others	87.2		
Other assets	19.9	Shareholders Equity	2,457.2

Note:

- (1) Pro-forma balance sheet has been adjusted to eliminate intercompany balances within BTGI, which are not allowed on the statutory Financial Statements.
- (2) BTGP owns through its wholly-owned subsidiary BTG Holdco a stake corresponding to 29.28% of BTG Investments capital. BTG Investments equity is held by BTGP as an investment portfolio at fair value in accordance with IFRS10 and substantially represents BTGP's equity.



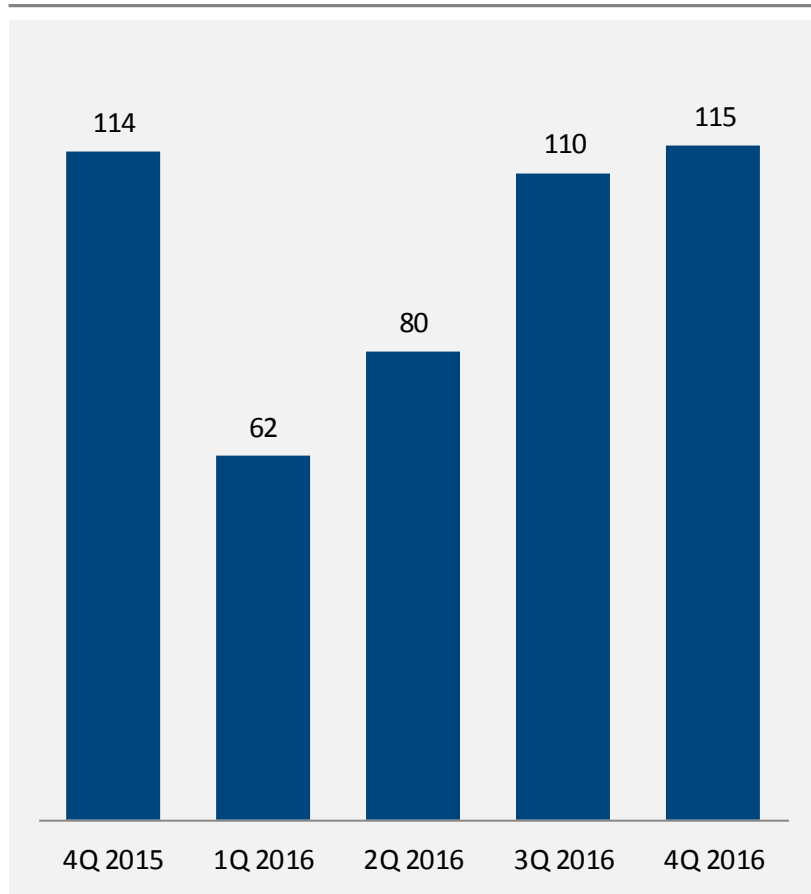
Section 1

Business Areas

Investment Banking

Increase in revenues mainly attributable to DCM. We continue to maintain our leading position in ECM and M&A.

Revenues (R\$ million)



Overview of 4Q 2016

- Financial Advisory revenues decreased when compared to last quarter, due to less volume of transactions closed in the period
- ECM revenues remained stable
- Significant increase on DCM revenues, on higher market activity

Market Positioning Highlights (2016)

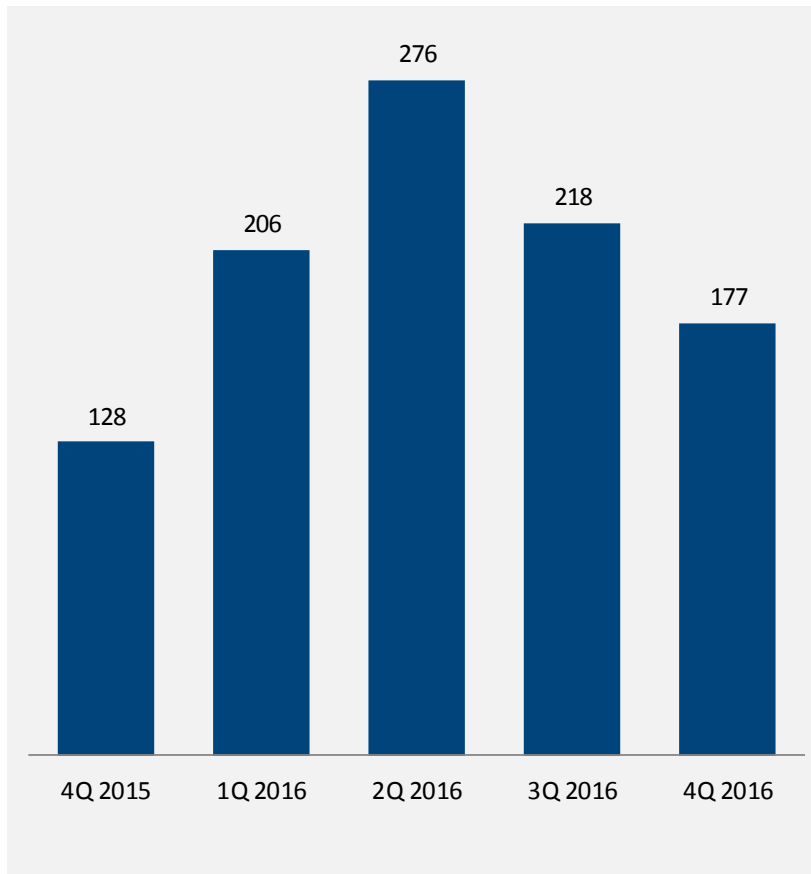
M&A: #2 in number of transactions in Latin America and Brazil

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

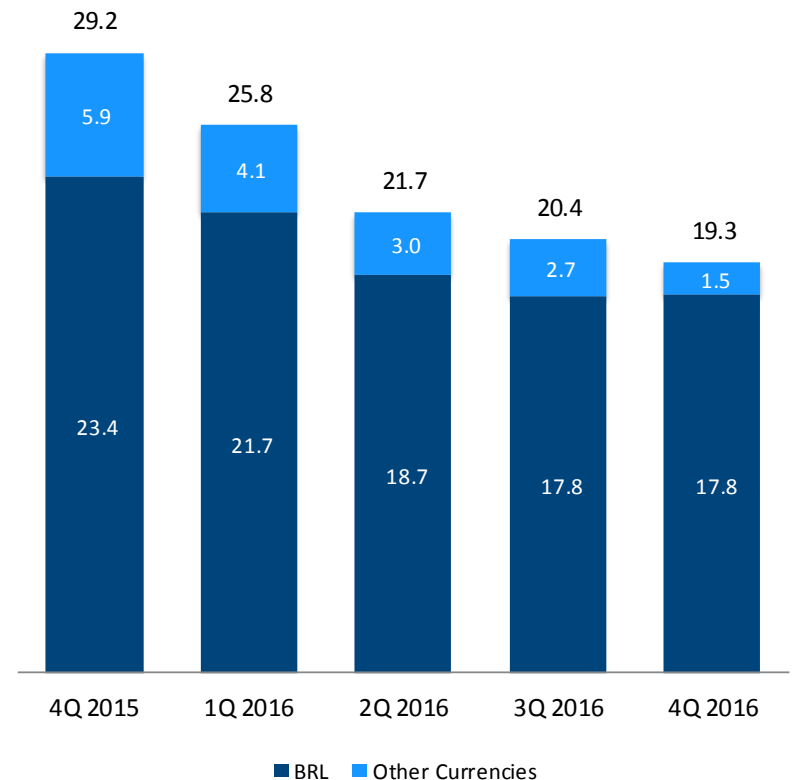
Corporate Lending

Corporate spreads continue in line with historical average, NPL portfolio had lower contribution in this quarter.

Revenues (R\$ million)



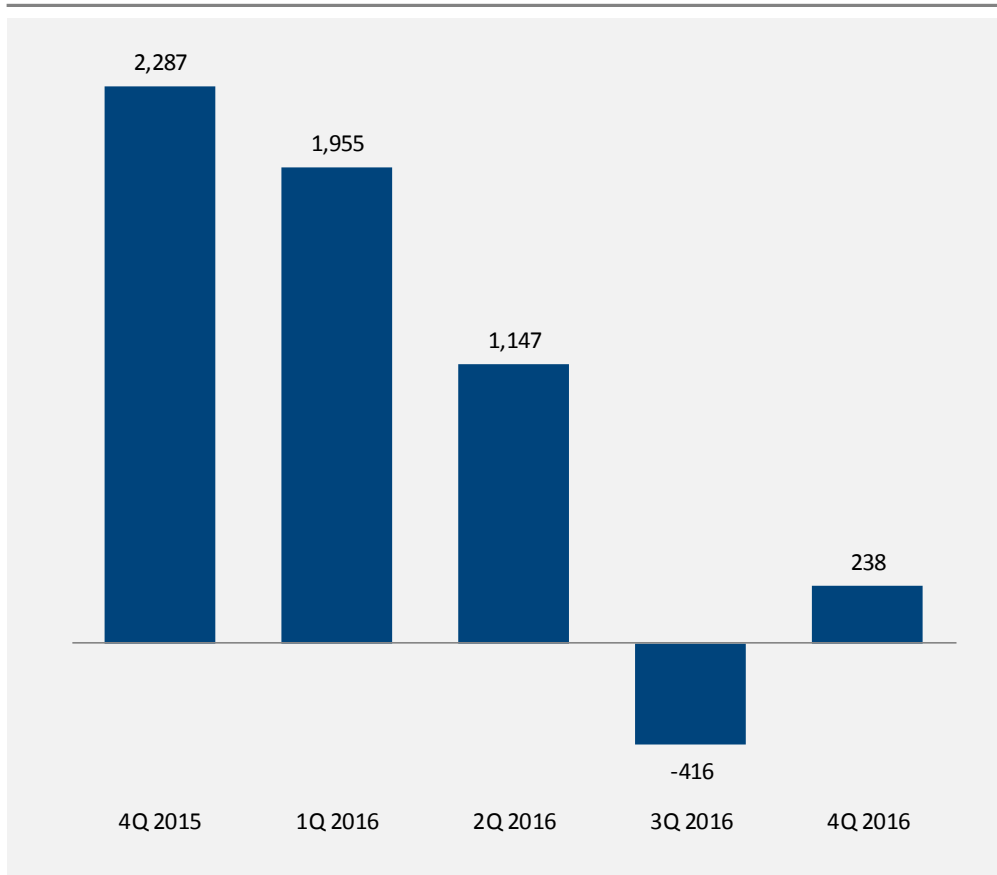
Corporate Lending Portfolio (R\$ billion)



Sales & Trading

Sales and Trading performance was mainly driven by revenues of our Energy and Rates desks.

Revenues (R\$ million)



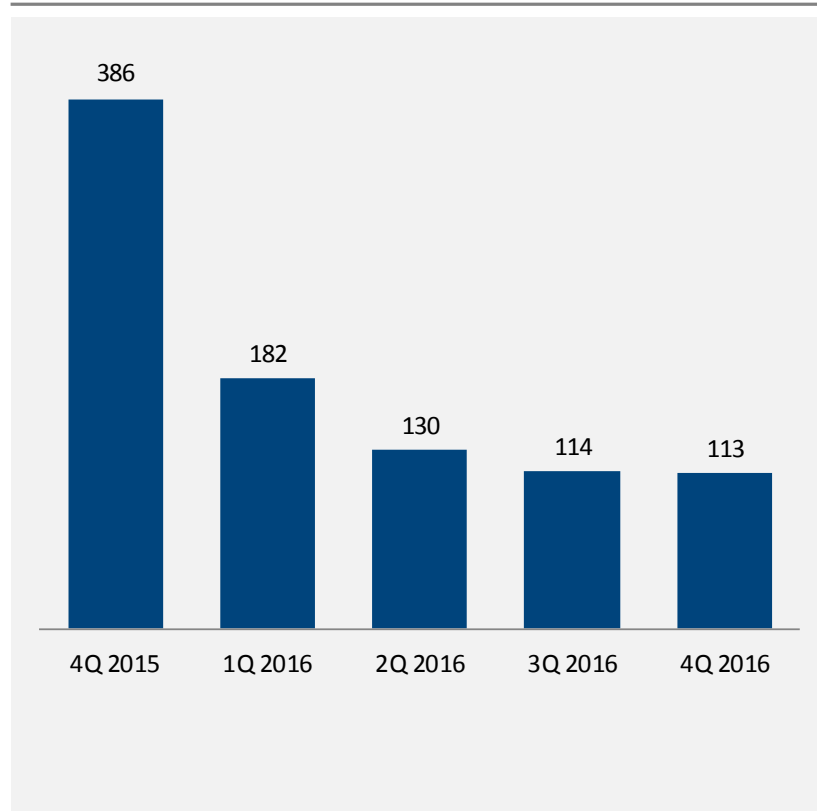
Sales & Trading Revenues:

- Energy and Rates desks were the main revenue contributors
- FX and Equities desks had a weaker performance in the period

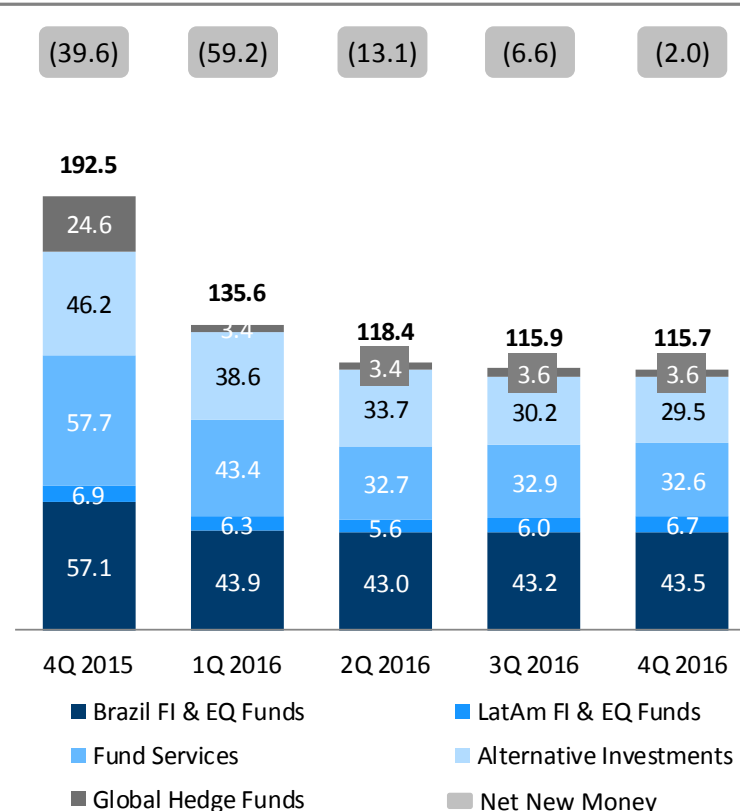
Asset Management

Revenues remained stable and continue to reflect mainly management fees with higher ROA's. 4Q 2016 NNM impacted by redemptions in Fund Services, LatAm platform with positive client flows and good performance.

Revenues (R\$ million)



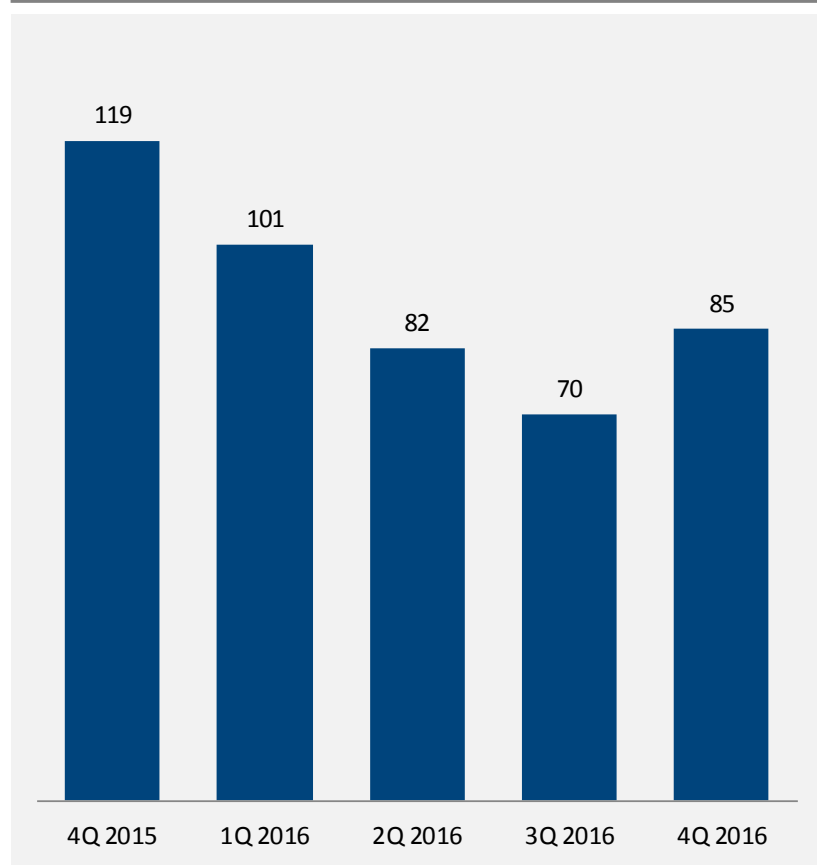
AuM and AuA (R\$ billion)



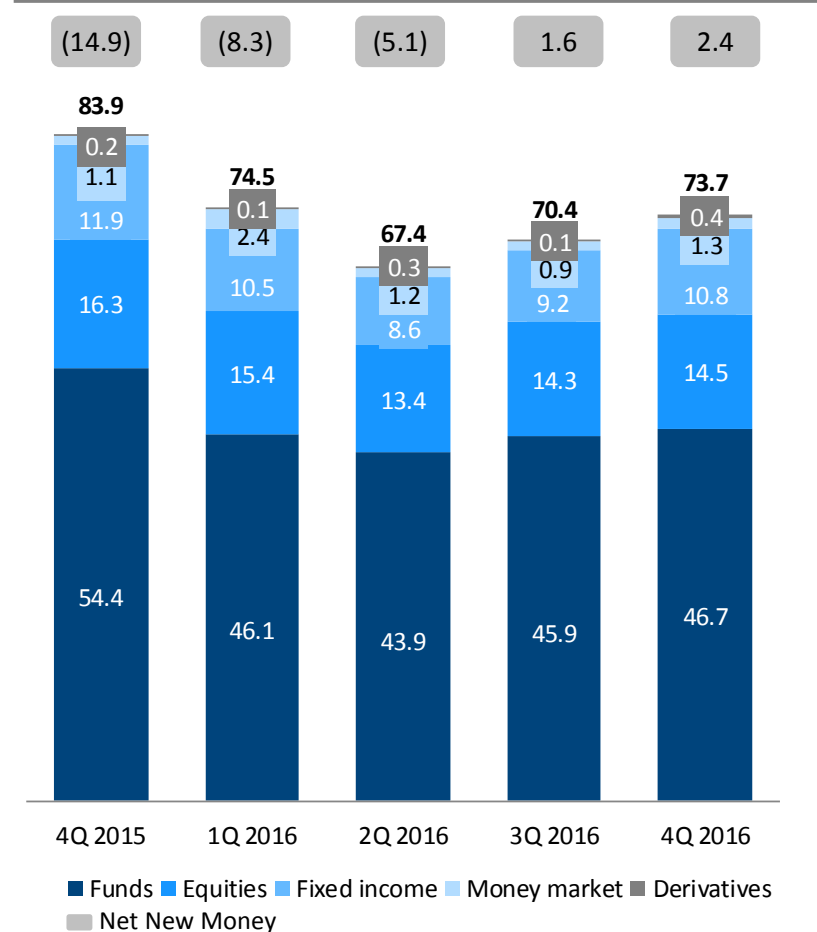
Wealth Management

WuM revenues increased due to higher trading volumes from clients. We had positive NNM for the second consecutive quarter.

Revenues (R\$ million)



WuM (R\$ billion)

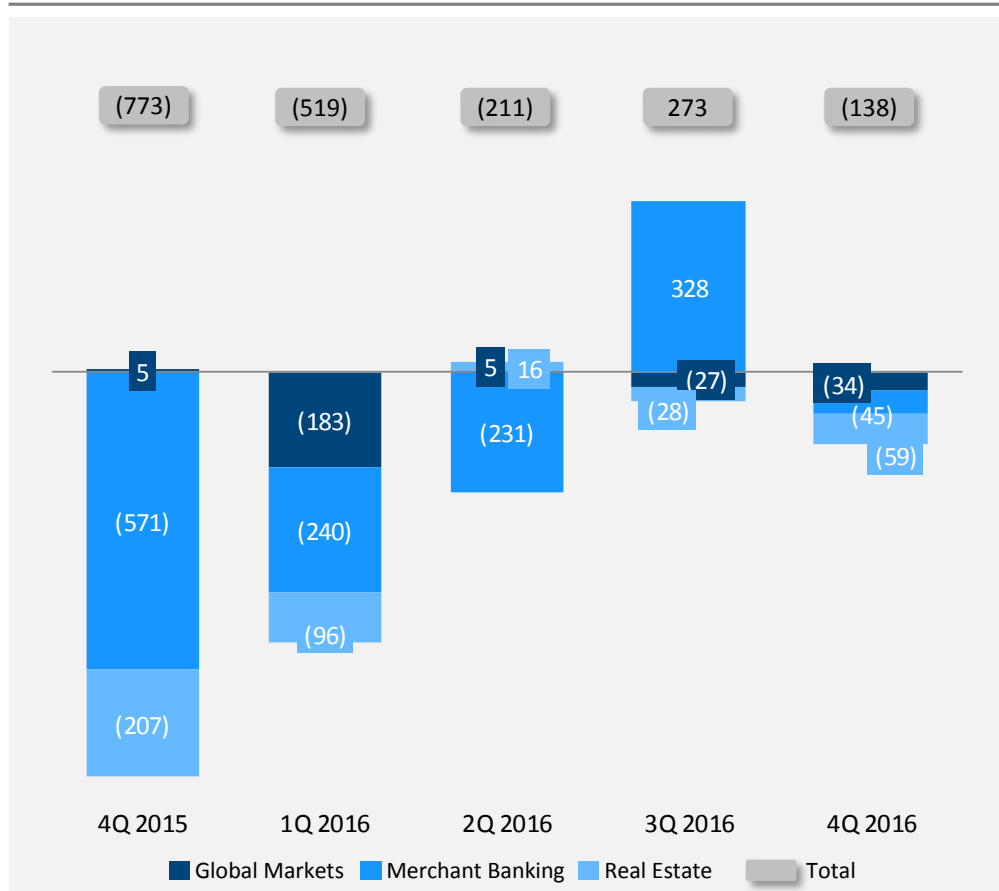


Note:
* Excludes BSI for illustrative purposes.

Principal Investments

Merchant Banking revenues mainly reflect funding cost allocation. We had no divestments in the period.

Revenues (R\$ million)



In Global Markets revenues mainly reflect the internal funding cost allocation

Results in Merchant Banking, reflect positive valuation adjustments on investments compensated by negative mark to market of investments on the energy sector

Real Estate revenues mainly reflect the internal funding cost allocation.



Section 2

Expenses

Expenses and Main Ratios

Costs slightly pressured by one-off transaction costs and legal expenses during the year.

<i>(in R\$ mm, unless stated)</i>	Quarter			4Q 2016 % change to		Full Year		2016 % change to
	4Q 2015	3Q 2016	4Q 2016	4Q 2015	3Q 2016	2015	2016	2015
Bonus	(514)	147	(105)	-80%	-171%	(1,600)	(814)	-49%
Salaries and benefits	(579)	(437)	(131)	-77%	-70%	(1,386)	(1,637)	18%
Administrative and other	(651)	(399)	(190)	-71%	-52%	(1,450)	(1,717)	18%
Goodwill amortization	(57)	(50)	(85)	50%	71%	(209)	(244)	17%
Tax charges, other than income tax	(97)	(123)	(19)	-80%	-84%	(430)	(371)	-14%
Total operating expenses	(1,898)	(861)	(530)	-72%	-38%	(5,076)	(4,783)	-6%
Cost to income ratio	54%	56%	53%			50%	55%	
Compensation ratio	31%	19%	24%			30%	28%	
Income tax and social contribution	(391)	(4)	185	-147%	-4385%	(394)	(623)	58%
Effective income tax rate	24.1%	0.6%	-39.6%			7.9%	15.8%	

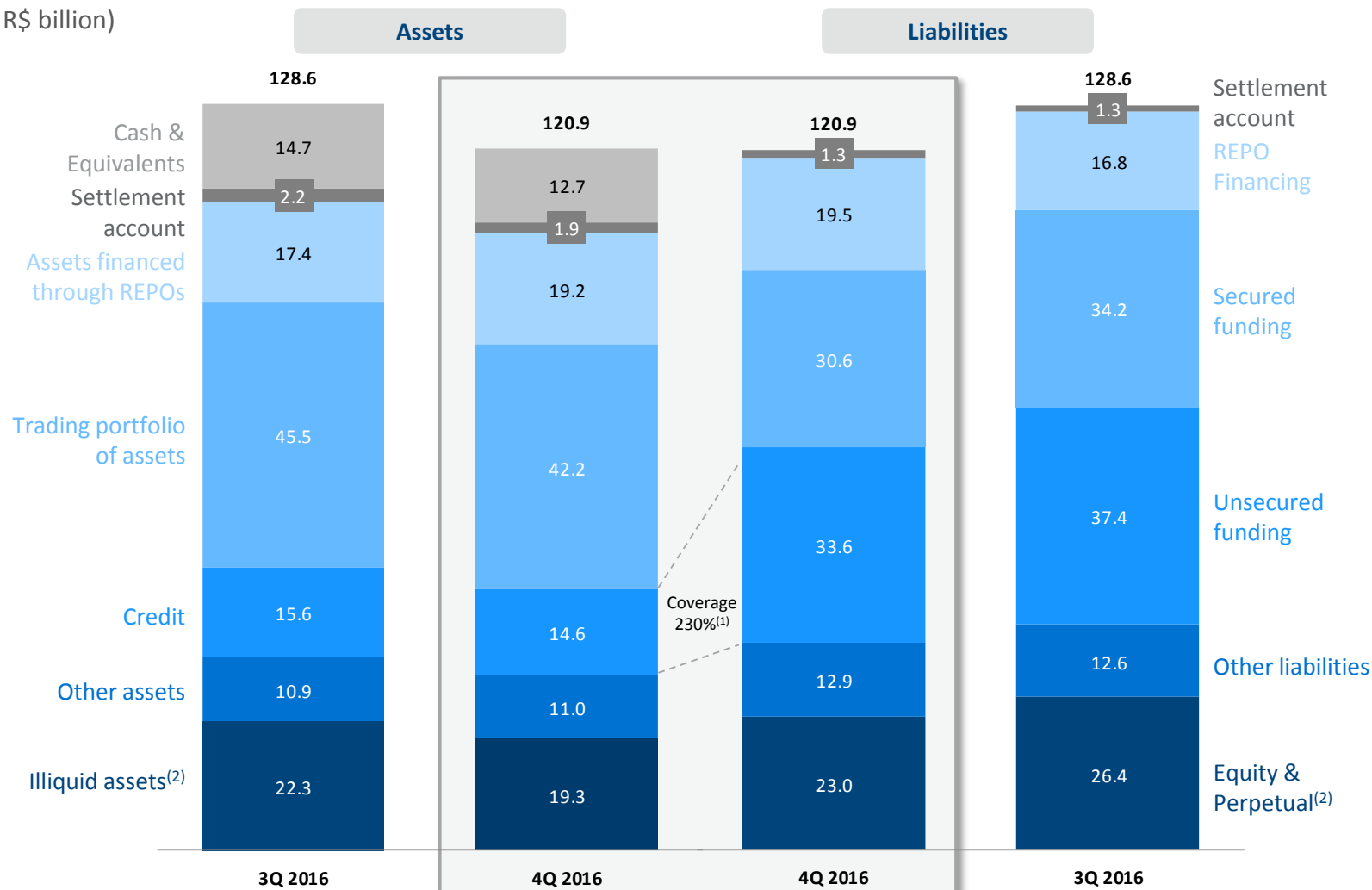


Section 3

Balance Sheet

Balance Sheet Analysis

(In R\$ billion)



Note:

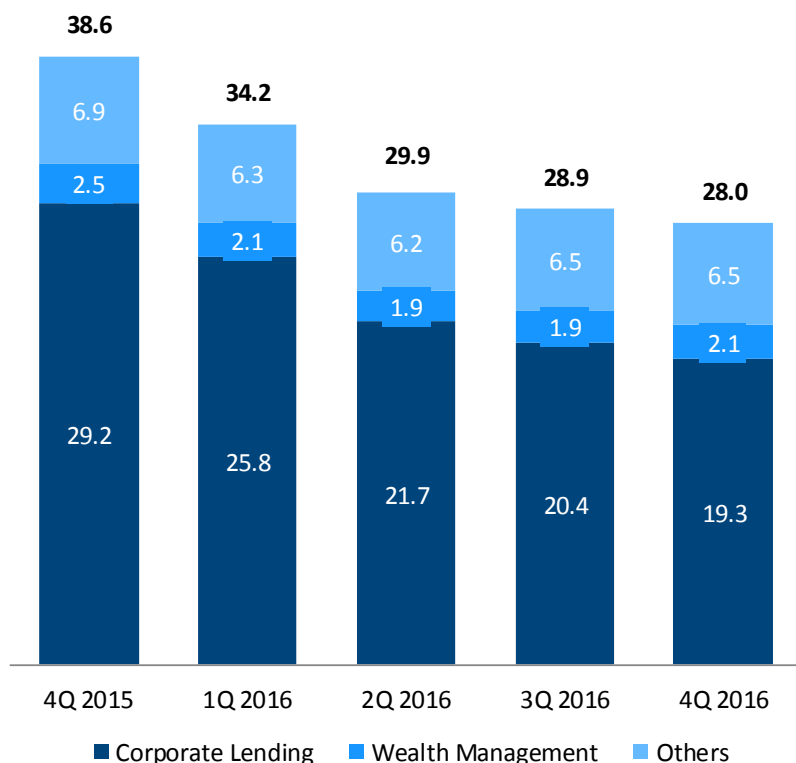
(1) Excludes demand deposits from BTG Pactual stand alone

(2) Includes full impact for BSI and ECTC. For ECTP approximately R\$3.1bn equity (on a fully diluted basis) distributed to shareholders in 3Q 2016

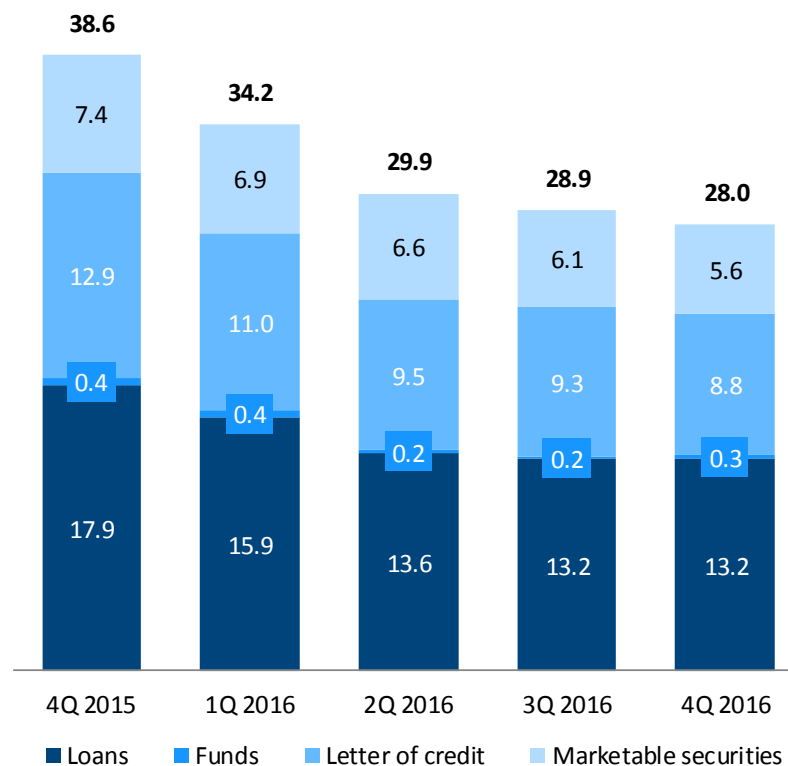
Broader Credit Portfolio (BTG Pactual Ex-BSI)

Broader credit portfolio continued to decrease, mainly due to early pre-payments and maturities.

Broader Credit Portfolio by Area (R\$ billion)

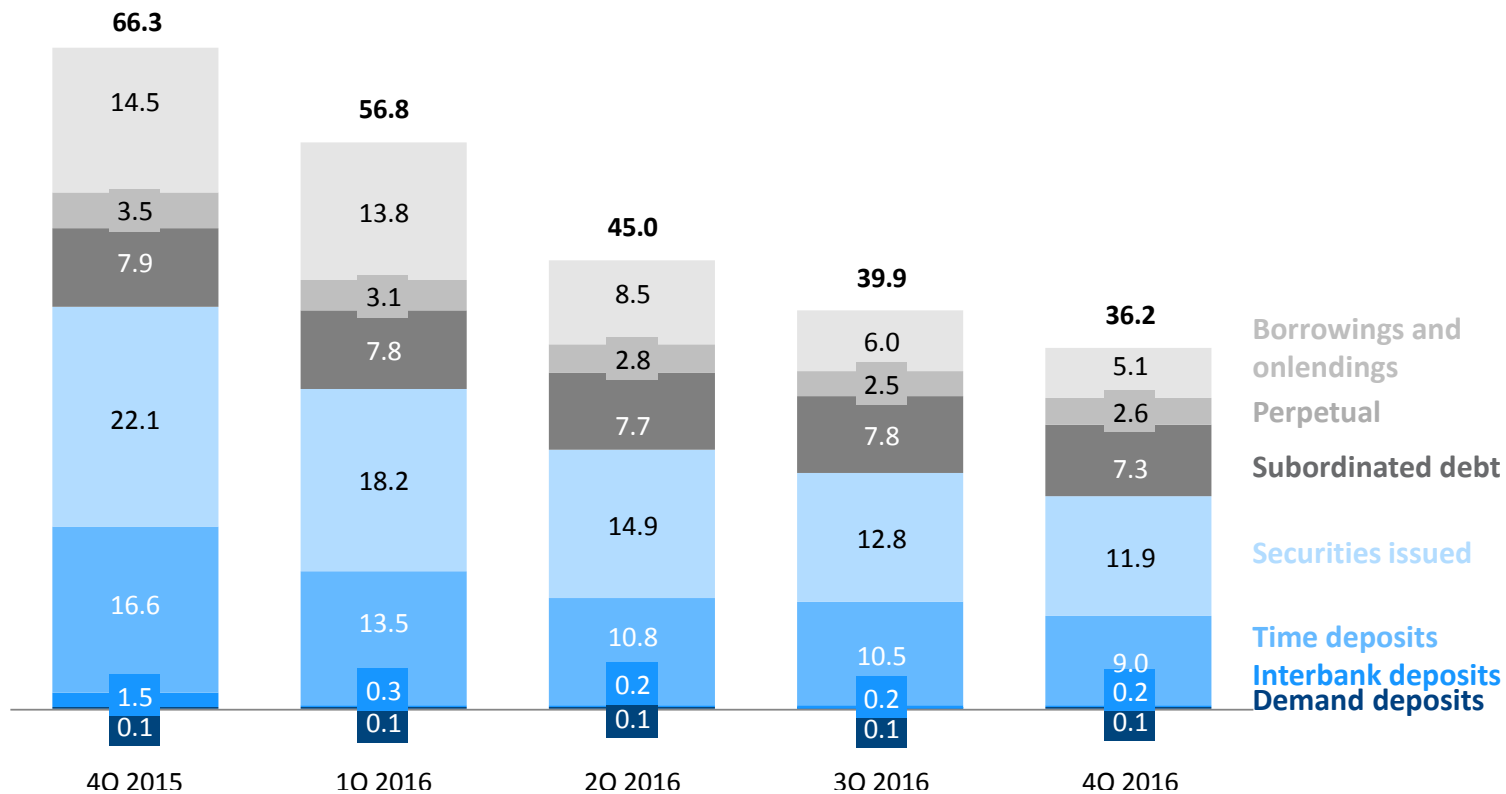


Broader Credit Portfolio by Product (R\$ billion)⁽¹⁾



Unsecured Funding Base (BTG Pactual Ex-BSI)

(In R\$ billion)

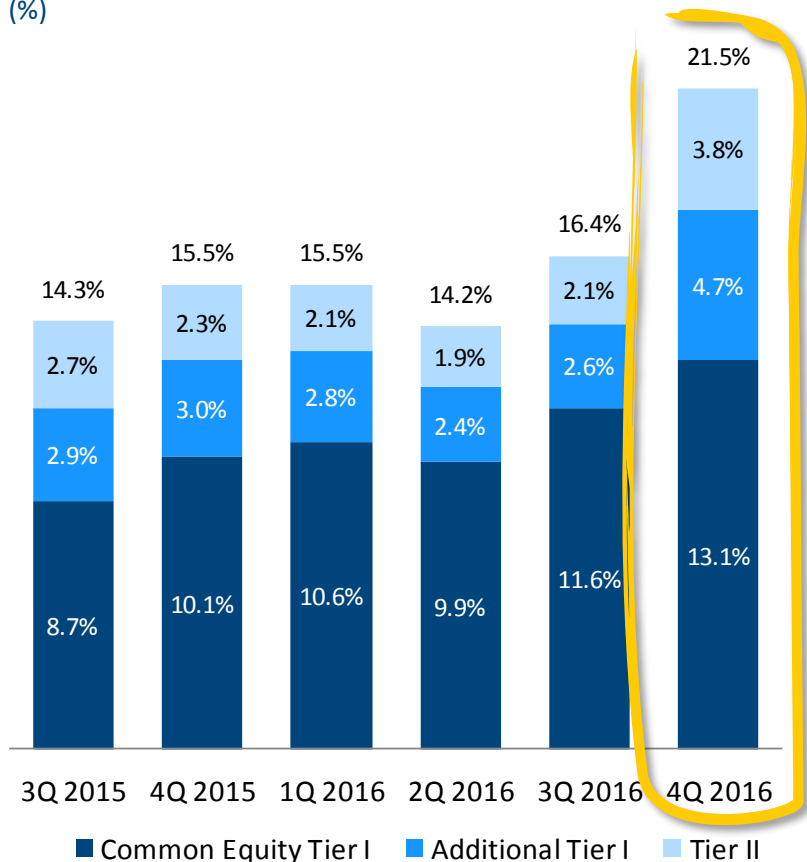


Basel Ratio and VaR

Banco BTG Pactual Basel ratio reached 21.5%. Average VaR as a percentage of the average equity increased, yet still at low levels.

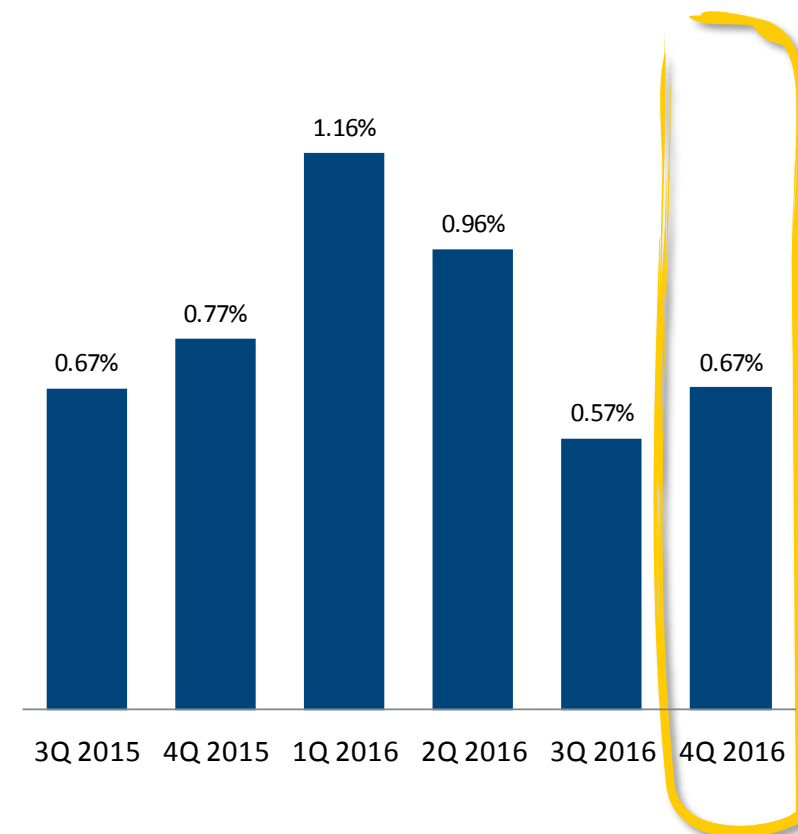
Basel Ratio

(%)



Daily Average VaR

(% of average equity)



Note:

* Includes BSI from September 1st onwards – a one month impact for the 3rd quarter, and a full impact for the 4th quarter onward
 (1) Estimated taking into effects of the deconsolidation of BSI and ECTP and recognizing BTG Pactual's remaining interest as permanent investment

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