

Management Report

DEAR SHAREHOLDERS

We hereby present the Management Report and the consolidated interim financial statements of Banco BTG Pactual S.A. ("Bank") and subsidiaries, related to period ended June 30, 2018, prepared according to the accounting practices adopted in Brazil, applicable to financial institutions authorized to operate by the Central Bank of Brazil (BACEN), from the accounting guidelines issued by Laws No. 4,595/64 (Brazilian Financial System Law) and No. 6,404/76 (Brazilian Corporate Law), with the amendment issued by Laws No.11,638/07 and No. 11,941/09, for the accounting of the operations, related to the rules and instructions of CMN, BACEN and the Brazilian Securities Commission (Comissão de Valores Mobiliários - CVM).

RECENT EVENTS

During the quarter ended June 30, 2018, the Bank repurchased units, in accordance with the approved program in the amount of R\$146,379, equivalent to 6,994,200 units. On June 30, 2018, an amount equivalent to R\$277,325 corresponds to units held in treasury.

PERFORMANCE

Consolidated net income was R\$ 622.5 million in the quarter ended June 30, 2018, an increase of 4% in comparison to first quarter net income, and an increase of 24% when compared to the second quarter ended June 30, 2017.

Results for the quarter were positively affected mainly by the performance of most franchise businesses that had strong performance, particularly due to: (i) IBD, reporting a 90.7% growth over the first quarter and 129.1% above the average 2017 quarter, (ii) corporate lending delivered R\$233.8 million in revenues and during the quarter the portfolio grew R\$3.5 billion (or 15.7%), and (iii) continuing significant NNM (Net New Money) both in Asset and Wealth Management. On the other hand, Sales & Trading had a weak performance, mostly due to very challenging and volatile trading conditions in Brazil and, to a certain extent, globally. Principal Investments and Participations revenues were not relevant, the latter with rebound in EFG performance, as most of the integration costs were completed, and ECTP posting a weak performance on the back of the challenging trading environment as mentioned above.

Our total assets increased 24%, from R\$126.6 billion at the end of the year ended December 31, 2017 to R\$157.4 billion at the end of the quarter ended June, 30, 2018. Our shareholders' equity increased 3% and reached R\$19.2 billion at the end of the quarter ended June 30, 2018 compared to R\$18.5 billion at the end of the quarter ended March 31, 2018. When compared to the end of the quarter ended June 30, 2017, our shareholders' equity increased 6%, then taking into account the R\$1.2 billion interest on equity distributed to shareholders during the period.

INDEPENDENT AUDITORS

The Company's policy to hire services not related to external audit of our independent auditors is based in the applicable regulation and on principles internationally accepted for the preservation of the auditor's independence. These principles consist of: (a) the auditor shall not audit its own work, (b) the auditor shall not perform management services at its client and (c) the auditor shall not promote the interests of its client.

ACKNOWLEDGEMENTS

In order to maintain a continuous and balanced growth, the Bank would like to thank its customers, employees and market partners for the trust, dedication and continuous support.