

# CONFERENCE CALL PRESENTATION

2<sup>nd</sup> QUARTER 2020



## Earnings Release

Second Quarter 2020

### English Conference Call

- August 11, 2020 (Tuesday)
- 12pm (New York) / 1pm (Brasília)
- Phone: +1 (412) 317-6373
- Code: BTG Pactual
- Replay: +1 (412) 317-0088
- Code: 10145941

### Portuguese Conference Call

- August 11, 2020 (Tuesday)
- 10am (New York) / 11am (Brasília)
- Phone: +55 (11) 3193 8000
- Code: BTG Pactual
- Replay: +55 (11) 2188-0400
- Code: BTG Pactual

**Webcast:** The conference call audio will be broadcast live via 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*

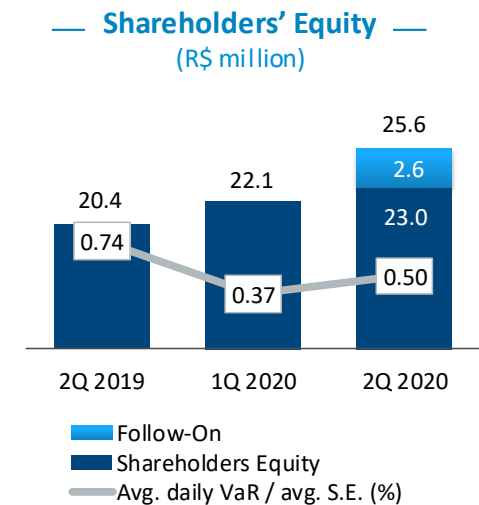
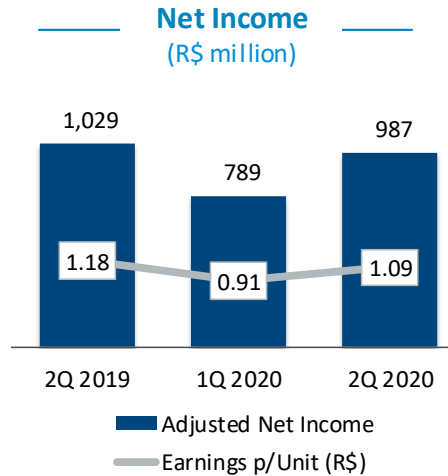
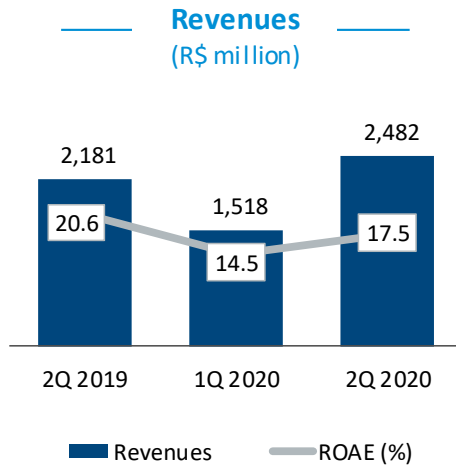
## 2Q 2020 Highlights

- 1** Successful follow-on offering of R\$ 2.65 billion (36.6 million units) to grow our digital retail platform while maintaining strong capital metrics – Basel Ratio was 19.6%
- 2** Revenues up 64% when compared to 1Q 2020, driven by strong business activity in all our client franchises
- 3** Unsecured Funding base grew R\$18.9bn (or 31%) q-o-q, with strong inflows in all client segments and across maturities
- 4** Substantial net new money from AM and WM, including significant inflows from digital, achieving R\$22.5bn in aggregate
- 5** Corporate Lending book grew R\$9.5 bn (or 19.9%) q-o-q and SME portfolio (digitally-originated supplier financing trades) reached R\$3.8bn
- 6** Significant revenues contribution in Sales & Trading, with record levels of brokerage fees and flow trading income

## Performance Summary

2Q 2020

We delivered 17.5% adjusted ROAE, and our revenues increased 64% when compared to 1Q 2020



### 1 Total revenues and adjusted net income of R\$2,482bn and R\$987mn

- Annualized adjusted ROAE<sup>(1)</sup>: 17.5%
- Net income per unit<sup>(1)</sup>: R\$1.09
- Accounting net income: R\$977mn

### 2 Normalized cost-to-income ratio was in line with our historical average

- Cost-to-income ratio: 41.8%
- Compensation ratio: 26.7%

### 3 At the end of the quarter, total assets were R\$230.4 bn, Basel ratio was 19.6% and shareholders' equity was R\$25.6bn

- Average VaR in the quarter was R\$118.5mn or 0.50% of average shareholders' equity
- Follow-on offering of R\$2.65 billion in June

Note:

\* Balance sheet items present data as of the end of the period

1. Annualized ROAE and net income per unit uses adjusted net income as the basis for the calculations

## Performance Summary

First Half 2020

1H 2020 was marked by good performance in all franchises, despite the challenging market conditions

### 1 In 1H 2020, total revenues and adjusted net income were R\$4,000 million and R\$1,776 million, respectively

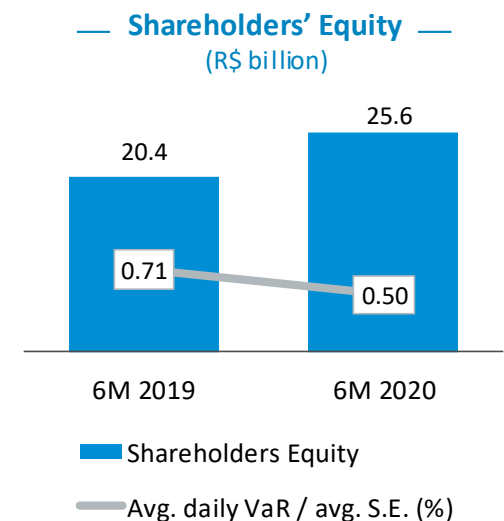
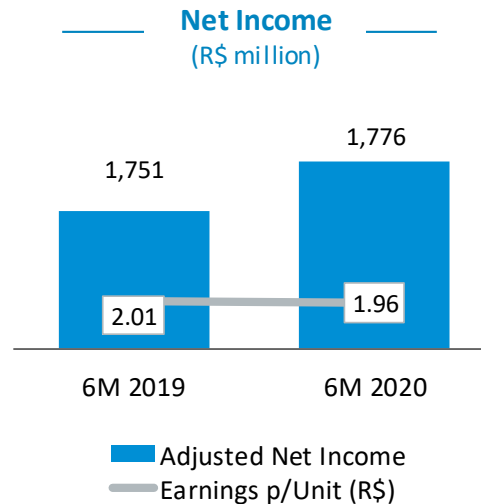
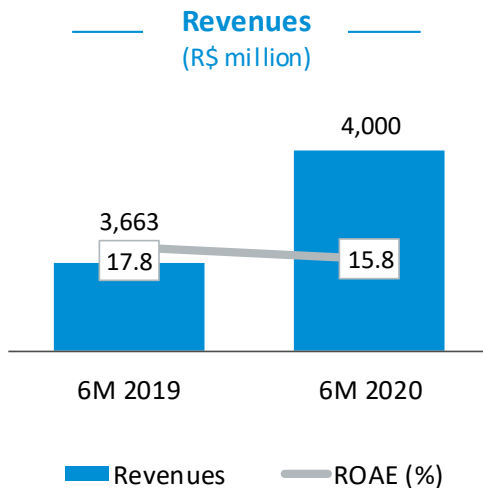
- Year to date annualized ROAE<sup>(1)</sup> was 16.0%
- Accounting net income was R\$1,745 million

### 2 Cost-to-income ratio were in line with historical average

- Cost to income ratio was 42%
- Compensation ratio was 24%

### 3 Shareholders' Equity increased 25.4% yoy and ended the semester at R\$25.6 billion

- Follow-on offering of R\$2.65 billion in June



Note:

\* Balance sheet items present data as of the end of the period

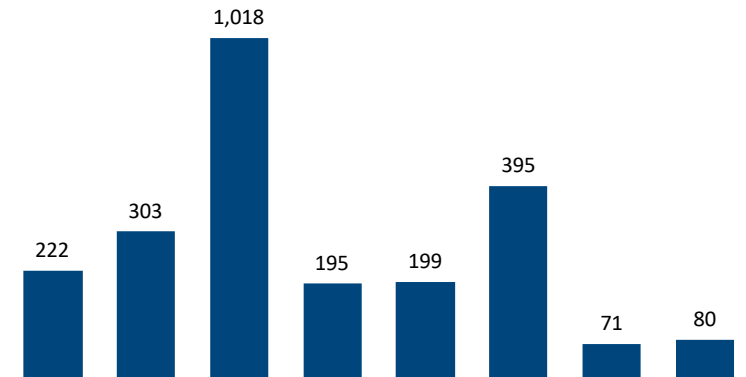
1. Annualized ROAE and net income per unit uses the adjusted net income as basis for the calculations

# Business Areas' Performance

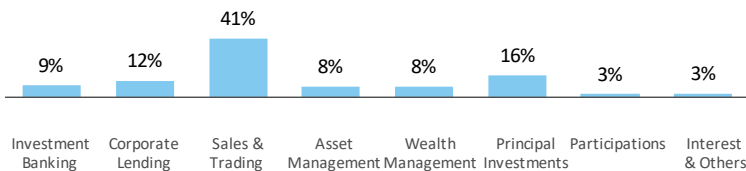
Revenue breakdown by business unit

2Q 2020

Total Revenues = R\$2.5 billion  
(R\$m)

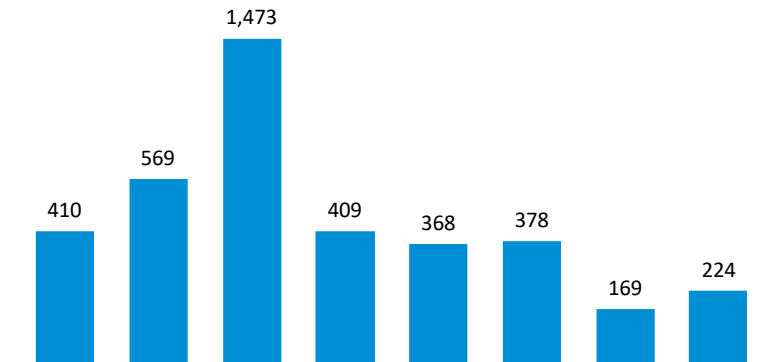


(% of total)

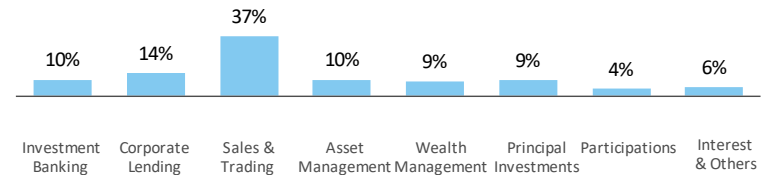


First Half

Total Revenues = R\$4.0 billion  
(R\$m)



(% of total)



## ESG Commitments

### ✓ Institutional Level

- UN Global Compact
- Principles for Responsible Banking
- UN Environment Programme Finance Initiative
- We offset our global carbon emissions in the last two years – including direct and indirect emissions related to energy consumption

### ✓ Business

- Principles for Responsible Investment (PRI)
- “Investidores pelo Clima” initiative
- Carbon Disclosure Program (CDP)

## 2Q 2020 Highlights

### ✓ R\$50 million donation to projects to combat COVID-19:

- 2.2 million people impacted
- More than 155,000 basic food baskets delivered
- 21 hospitals supported

### ✓ Credit portfolio has a R\$11.5 billion exposure to companies operating in the Green Economy

- ✓ New disbursements of R\$1.02 billion during the quarter

### ✓ Timber portfolio has total assets of US\$3.5 billion and 2.6 million acres under management (forests in LatAm and US)

- ✓ Released our third ESG Report for timberland assets reaching 92% of certified assets

### ✓ Microcredit

- More than 280 microenterprises supported in 19 states
- More than 850 entrepreneurs and employees impacted
- R\$2 million contracted to date

### ✓ Impact Investments

- Joint bookrunner on a green bond offering of US\$500 million for Brazil’s largest railroad-based logistics operator
- Facing the Covid-19 pandemic, we structured a R\$129 million insurance transaction into a blended finance structure, contributing to scale the production of the main national producer of ventilators by 10x

# BTG PACTUAL BUSINESS UNITS



## SECTION 1



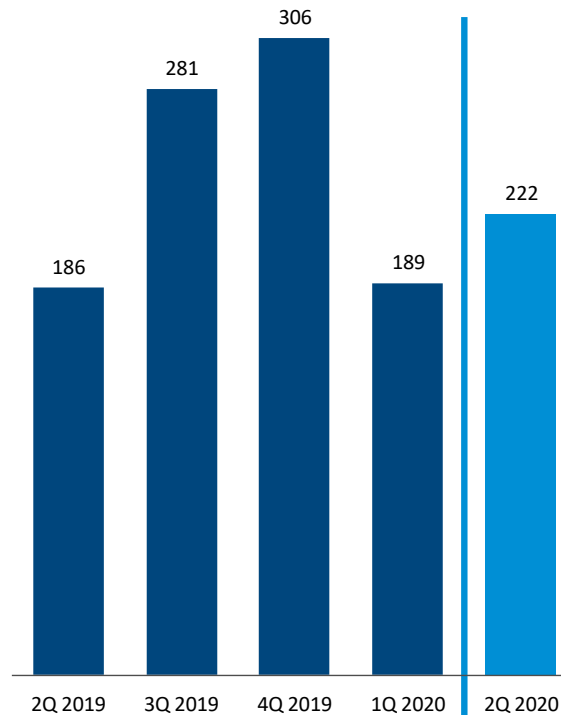
## Investment Banking

Solid performance, boosted especially by DCM revenues

### Overview of 2Q 2020

- DCM had its best quarter ever, with strong activity as companies sought to raise cash
- ECM posted weak revenues compared to previous quarter as equity market activity resumed only in June

### Revenues (R\$m)



### Market Positioning Highlights (2Q 2020)

**ECM:** #1 in number of transactions in Brazil, and #2 in LatAm, #1 in volume of transactions in Brazil

**M&A:** #3 in volume of transactions in Brazil

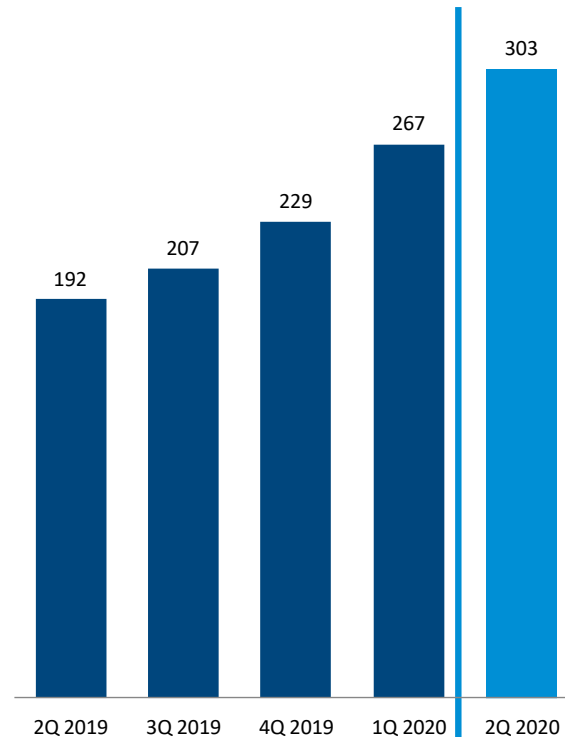
## Corporate Lending

Strong growth of our market share concentrated on prime counterparties and with attractive spreads

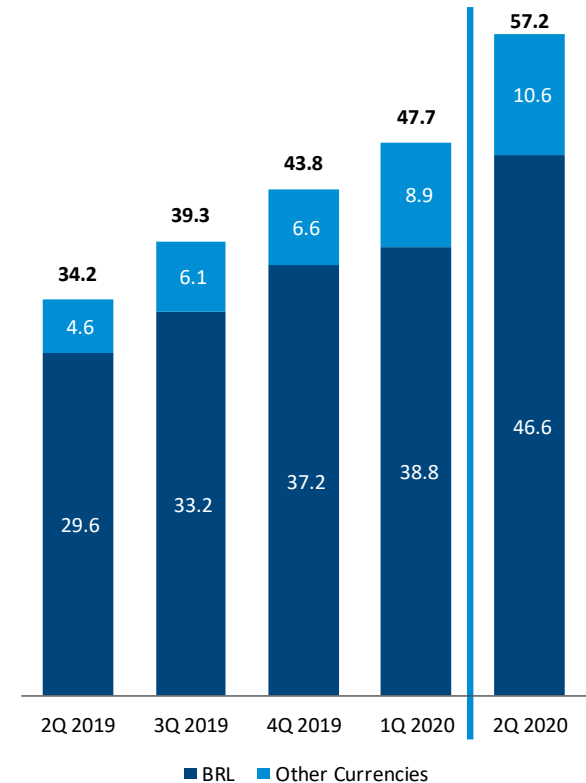
### Overview of 2Q 2020

- Revenues from Corporate Lending increased 13.5% when compared to 1Q 2020
- Corporate Lending book increased 19.9% qoq, and 67.1% yoy, with strong demand from prime counterparties during the economic shock from Covid-19
- SME portfolio (digitally-originated supplier financing trades) reached R\$3.8bn

### Revenues (R\$m)



### Corporate Lending Portfolio (R\$bn)



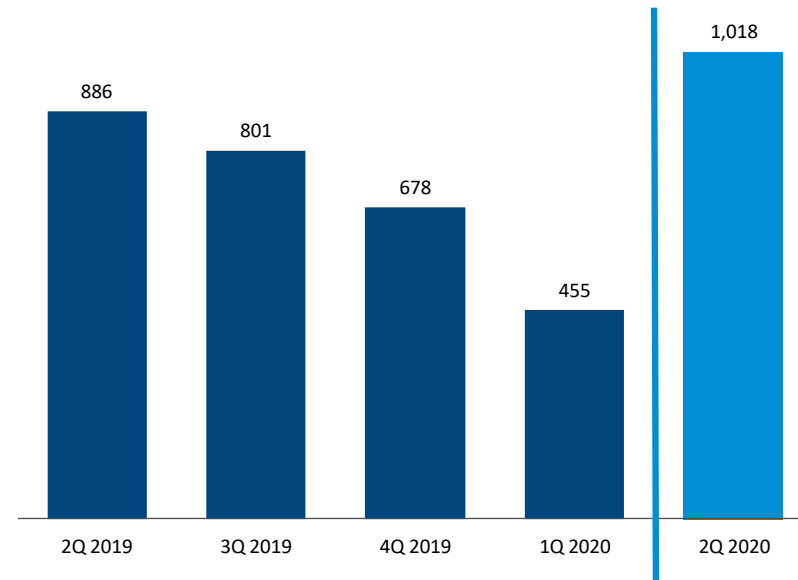
## Sales & Trading

Strong performance in the period, with record brokerage fees and flow trading income, as we increased our balance sheet deployment during the quarter

### Overview of 2Q 2020

- Sales & Trading delivered revenues of R\$1,017.5mn in 2Q 2020, mainly driven by Equities and FX desks
- Record brokerage fees in the quarter. 61% increase year-over-year

## Revenues (R\$mn)



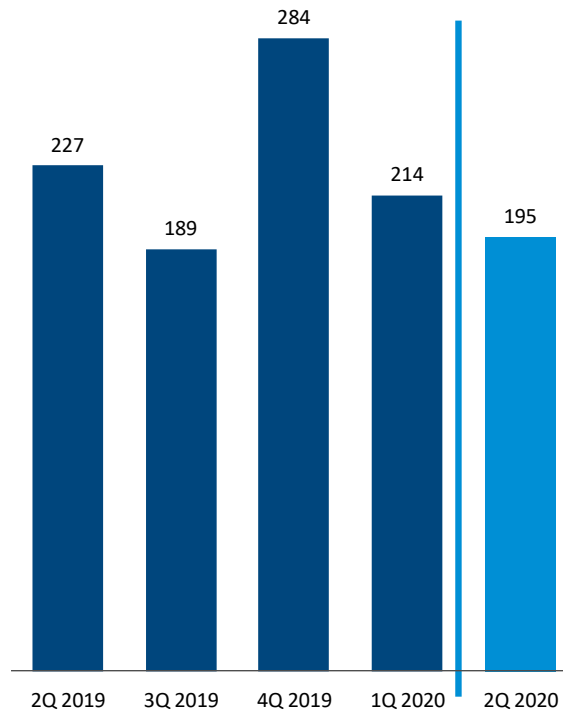
## Asset Management

Strong net inflows, and growing management fees backed by increasing AuM/AuA

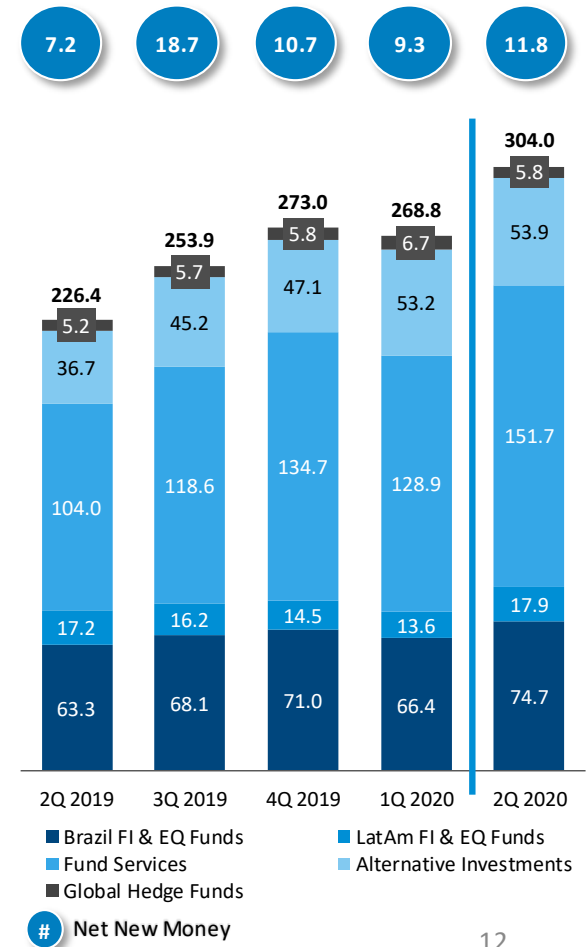
### Overview of 2Q 2020

- Consistent revenues, reaching R\$195.2mn, down 8.8% compared to 1Q 2020, composed mainly by management fees
- Substantial NNM of R\$11.8, with inflows especially from Brazil FI & Equities Funds and Fund Services
- Strong market performance contributed to the growth of the portfolio

### Revenues (R\$mn)



### AuM and AuA (R\$bn)



# Net New Money

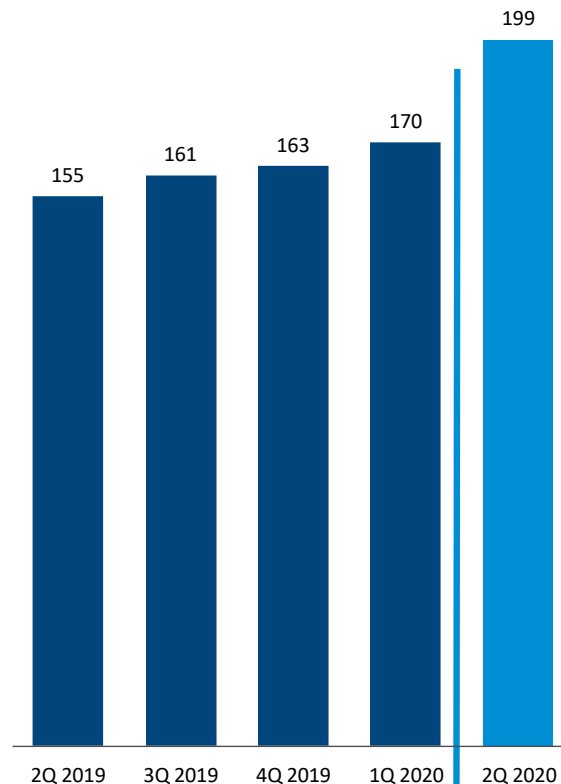
## Wealth Management

Revenues and WuM at all time high, with consistent growth and solid contribution from our retail platform

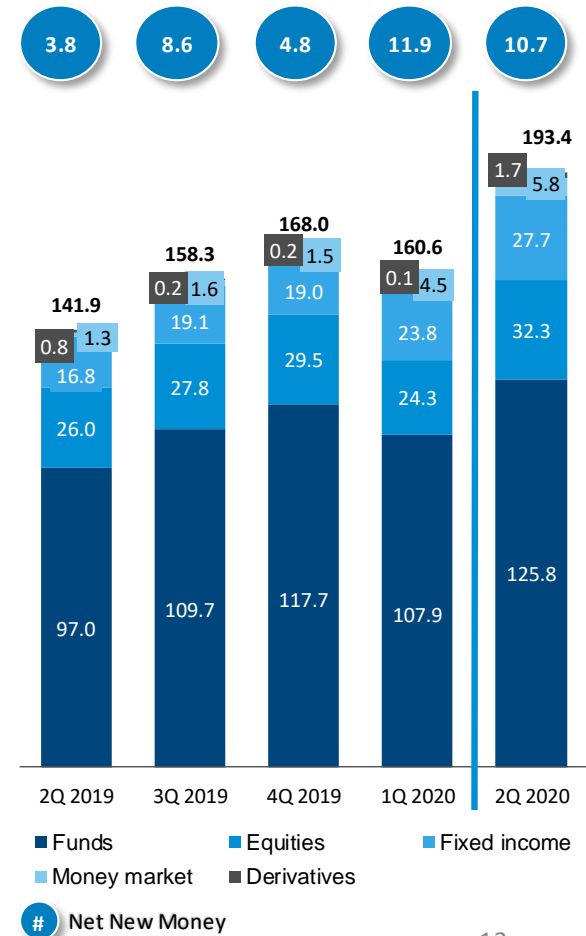
### Overview of 2Q 2020

- Revenues increased 16.9% q/q, reaching R\$198.6mn
- 2Q 2020 was also marked by record level of brokerage fees and trading activities
- BTG Pactual Digital continues to demonstrate strong growth capacity and a best-in-class operational environment
- Strong market performance also contributed to portfolio growth

### Revenues (R\$m)



### WuM (R\$bn)



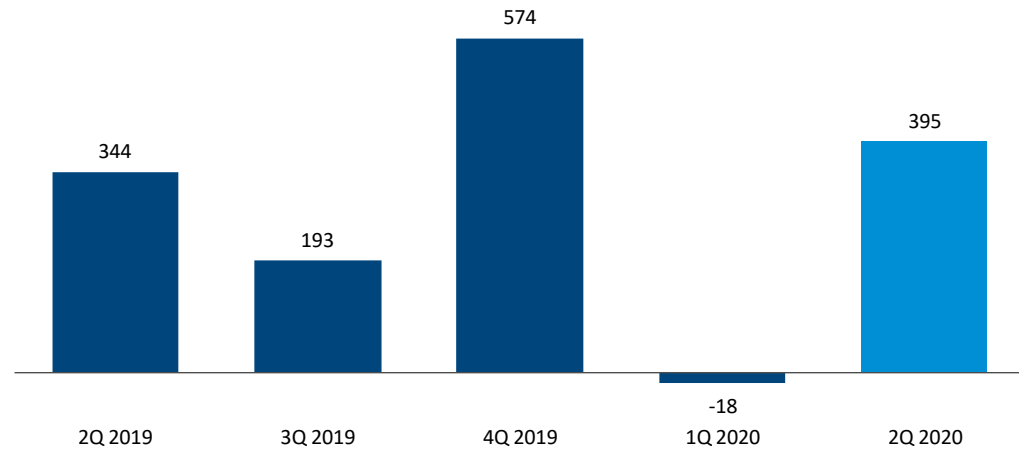
## Principal Investments

Strong performance, mainly due to local and global equity markets rally

### Overview of 2Q 2020

- Positive market-to-market contribution from Eneva in the quarter
- Positive contribution from investments in Global Markets, partially offset by losses in Real Estate, due to internal funding cost allocation

## Revenues (R\$m)



# EXPENSES



## SECTION 2

## Expenses and Main Ratios

Cost-to-income ratio at 42% and compensation ratio at 27%, both under control and in line with our historical averages

<i>(in R\$ mm, unless stated)</i>	Quarter					2Q 2020 % change to		Year to Date		6M 2020 % change to
	2Q 2019	1Q 2020	2Q 2020	2Q 2019	1Q 2020	6M 2019	6M 2020	6M 2019		
Bonus	(347)	(89)	(438)	26%	393%	(517)	(526)	2%		
Salaries and benefits	(163)	(205)	(225)	38%	10%	(329)	(431)	31%		
Administrative and other	(228)	(273)	(226)	-1%	-17%	(430)	(498)	16%		
Goodwill amortization	(38)	(12)	(15)	-60%	29%	(75)	(27)	-64%		
Tax charges, other than income tax	(106)	(72)	(132)	25%	84%	(172)	(204)	19%		
<b>Total operating expenses</b>	<b>(882)</b>	<b>(650)</b>	<b>(1,036)</b>	<b>18%</b>	<b>59%</b>	<b>(1,523)</b>	<b>(1,687)</b>	<b>11%</b>		
Normalized Cost to income ratio	40%	43%	42%			42%	42%			
Compensation ratio	23%	19%	27%			23%	24%			
<b>Income tax and social contribution</b>	<b>(328)</b>	<b>(99)</b>	<b>(469)</b>			<b>(494)</b>	<b>(568)</b>	<b>15%</b>		
Effective income tax rate	25.2%	11.4%	32.4%			23.1%	24.6%			

### Highlights of 2Q 2020

- S&B increased 10% q/q, due to new hires and FX impact (USD is 16% of payroll)
- A&O fell 17% q/q due to lower legal and travel expenses
- Year to date Income tax in line with historical average



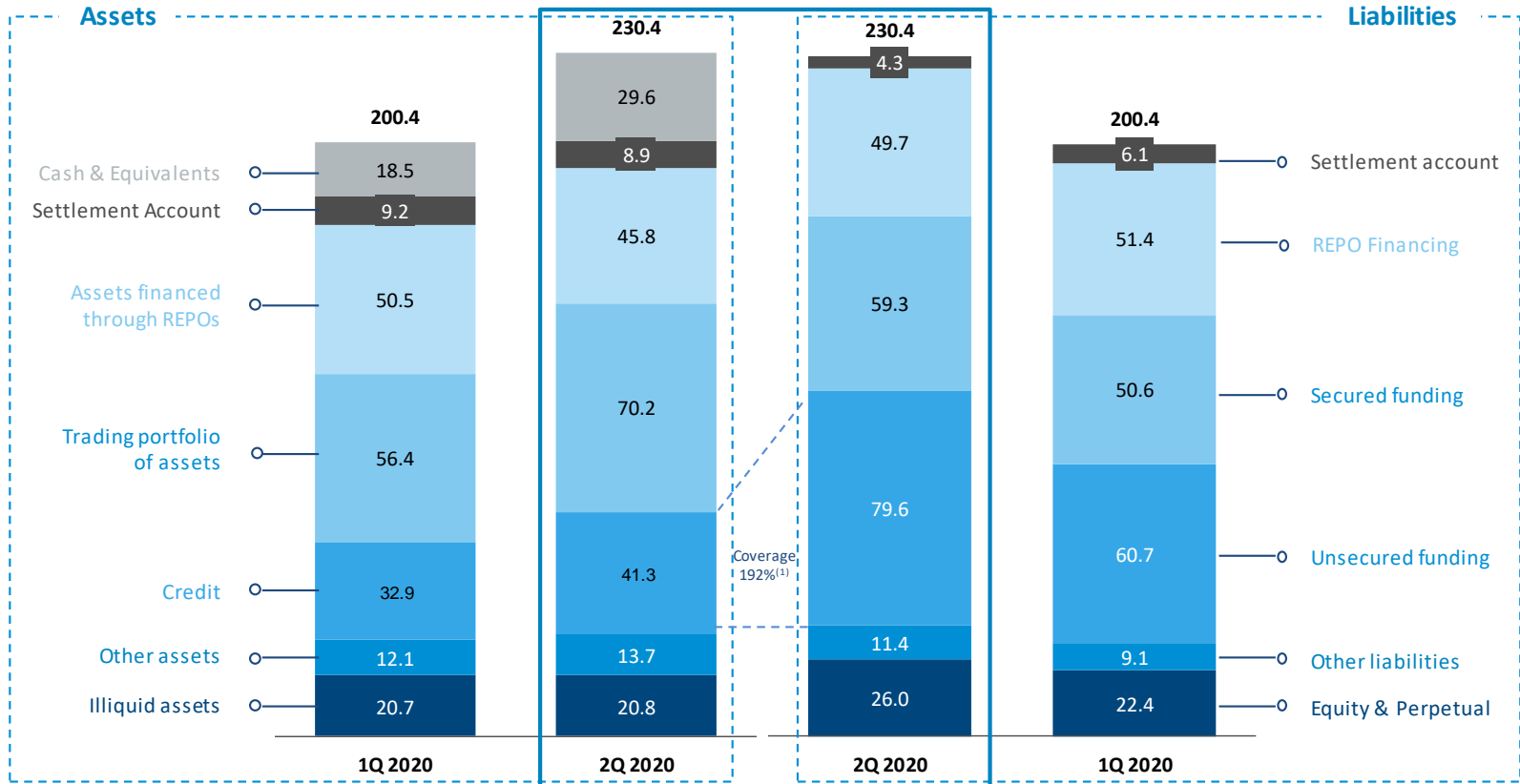
# BALANCE SHEET



## SECTION 3

# Balance Sheet Analysis

(In R\$bn)



## Highlights of 2Q 2020

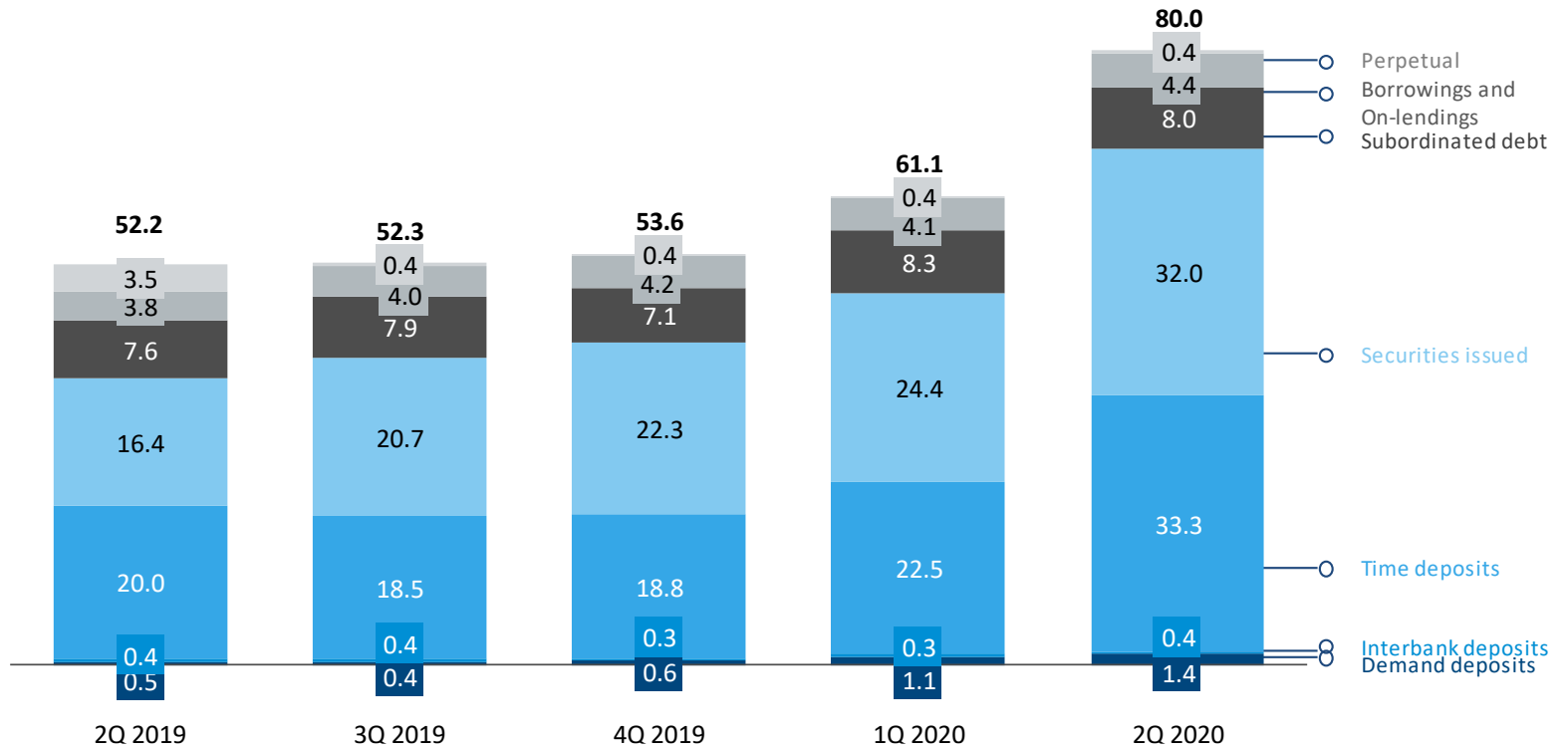
- Total assets (9.0x equity) posted nominal increase of 15%
- Despite growth in total assets, risk density (RwA/TA) and required capital on very comfortable levels
- Record high liquidity, with R\$29.6 bn cash and cash equivalents
- Comfortable coverage ratio, unsecured funding base growth of 30.9% while on-balance credit portfolio increased 25.6%

1. Excludes demand deposits

# Unsecured Funding Base

Unsecured Funding Base grew 30.9% (R\$18.9bn) compared to previous quarter

(In R\$bn)

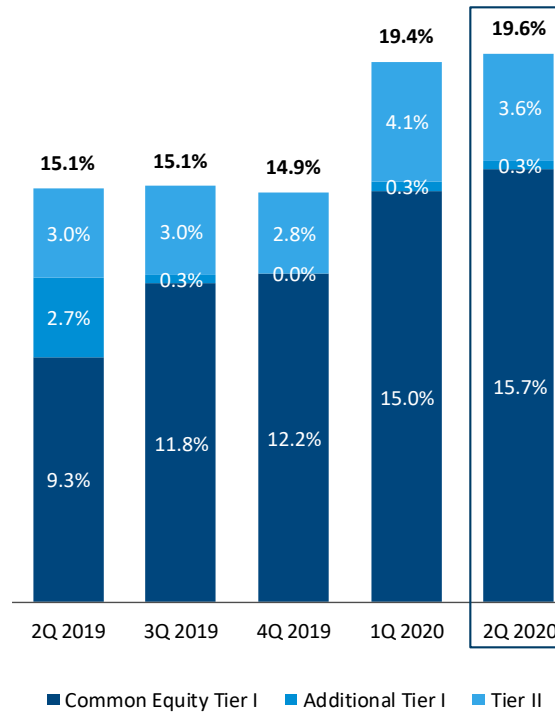


## BIS Ratio and VaR

BIS capital ratio rose to 19.6% at the end of 2Q 2020, with CET1 at 15.7%

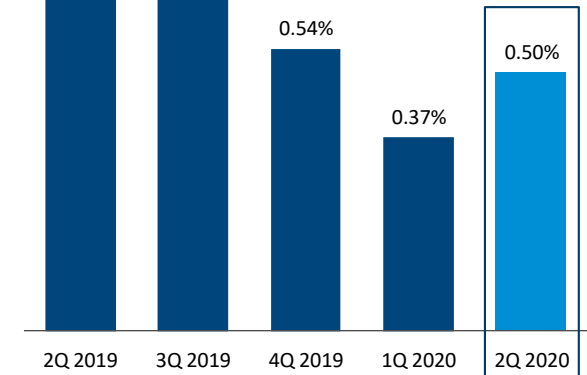
Total average daily VaR increased to seize market opportunities but remained below LTM average

### BIS Ratio (%)



### Average daily trading VaR

(% of average shareholders' equity)



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