Banco BTG Pactual - Earnings Release

Fourth Quarter 2018

February 25, 2019

Highlights

Rio de Janeiro, Brazil, February 25, 2019 - Banco BTG Pactual S.A. ("Banco" and together with its subsidiaries "BTG Pactual") (B3: BPAC11) reported today total revenues of R$1,549.0 million and adjusted net income of R$710.7 million for the quarter ended December 31, 2018.

For the full year of 2018, adjusted total revenues were R$5,352.2 million, and adjusted net income was R$2,740.9 million.

Adjusted Net income per unit and annualized adjusted return on average shareholders' equity ("Annualized ROAE") of BTG Pactual were R$0.81 and 15.0%, respectively, for the quarter ended December 31, 2018, and R$3.14 and 14.7%, respectively, for the year ended on such date.

As of December 31, 2018, the total assets of BTG Pactual were R$137.6 billion, a 16.0% decrease when compared to September 30, 2018 and 8.7% increase when compared to year end of 2017. The BIS capital ratio of BTG Pactual was 16.6%.

Banco BTG Pactual Financial Summary and Key Performance Indicators

Highlights and KPIs (unaudited) *(in R$ million, unless otherwise stated)*	**Quarter**			**Year to Date**	
	4Q 2017	**3Q 2018**	**4Q 2018**	**2017**	**2018**
Total revenues	1,370	1,255	1,549	5,527	5,352
Net income	660	585	552	2,384	2,361
Adjusted Net income	**744**	**685**	**711**	**2,949**	**2,741**
Adjusted Net income per unit (R$)	0.84	0.78	0.81	3.32	3.14
Annualized ROAE	**16.0%**	**14.3%**	**15.0%**	**16.3%**	**14.7%**
Cost to income ratio	54.4%	47.5%	52.2%	48.0%	47.8%
Shareholders' equity	18,528	19,180	18,845		
Total Number of Shares (# in '000)	2,665,919	2,638,978	2,618,160		
Number of Theoretical Units (# in '000)	**888,640**	**879,659**	**872,720**		
Book Value per unit (R$)	**20.8**	**21.8**	**21.6**		
BIS Capital Ratio	18.0%	17.8%	16.6%		
Total assets (in R$ Billion)	126.6	163.9	137.6		
AuM and AuA (in R$ Billion)	144.9	184.2	207.5		
WuM (in R$ Billion)	86.9	115.5	119.2		

BTG Pactual Performance

In 4Q 2018, we achieved an annualized ROAE and adjusted net income of 15.0% and R$710.7 million, respectively. For the full year 2018, we obtained a 14.7% adjusted ROAE and R$2,740.9 million adjusted net income.

During the quarter, total revenues increased 23.5% when compared to 3Q 2018, reaching R$1,549.0mm and posting a solid performance in most of our core business units. Investment Banking revenues increased 48.4% in 4Q 2018 and, for the full year, we have achieved our best results since BTG Pactual's IPO. Corporate Lending revenues were softer in 4Q 2018, with a small contribution from the NPL book. Nonetheless, our corporate lending portfolio continues to grow year on year posting a 36.1% growth and 7.4% increase in revenues when compared to last year. Sales & Trading increased its revenues this quarter to R$497.1mm, in line with the increase in overall market volumes and sentiment, as well as risk allocation (*VaR*). Asset Management and Wealth Management ended 2018 with significant results when compared to last year, a 47.4% and 28.1% revenue increase, respectively. In our non-core business units, Principal Investments had a good performance and Participations posted negative revenues impacted by a continuingly weak performance by ECTP. It is worth mentioning that Banco Pan continues to improve its performance.

Our operating expenses reached R$808.6 million in 4Q (a 35.7% increase when compared to 3Q 2018) and R$2,559.6 million for the full year (a 3.5% decrease when compared to 2017). As a result, cost to income ratio was 52.2% and 47.8% and our compensation ratio was 29.3% and 24.3%, respectively for 4Q 2018 and for the full year 2018.

Our accounting net income was R$552.5 million in 4Q 2018, a 5.6% decrease when compared to 3Q 2018 and a 16.3% decrease when compared to 4Q 2017, with a significant impact from the DTA adjustment to 40% income tax rate. For the full year 2018, our accounting net income remained stable.

Our shareholders' equity was at R$18.8 billion, a 1.7% decrease when compared to 3Q 2018, mostly due to R$552.5 million net income and the distribution of R$604.5 million JCP. When compared to the end of 4Q 2017, our shareholders' equity grew 1.7%. Basel index was 16.6% in the quarter ended December 2018 and our liquidity coverage ratio ("LCR") was 205%.

AuM and AuA ended 4Q 2018 at R$207.5 billion, a strong 12.7% increase when compared to 3Q 2018. WuM ended the period at R$119.2 billion, a 3.2% increase when compared to 3Q 2018. Both business units are growing significantly with more than 40% AuM growth year on year in Asset Management and more than 35% in wealth under management.

Adjusted Net Income and ROAE (unaudited)	4Q 2018 Accounting	Non Recurring Items & Goodwill	4Q 2018 Adjusted	2018 Adjusted
Investment banking	86,0		86,0	464,0
Corporate lending	133,4		133,4	848,8
Sales and trading	497,1		497,1	1.539,4
Asset management	278,8		278,8	717,0
Wealth management	119,8		119,8	472,2
Principal investments	327,9		327,9	690,7
Participations	(25,5)		(25,5)	4,7
Interest and other	131,5		131,5	615,4
Total revenues	**1.549,0**	**0,0**	**1.549,0**	**5.352,2**
Bonus	(298,2)		(298,2)	(685,0)
Retention expenses	0,0		0,0	0,0
Salaries and benefits	(156,1)		(156,1)	(614,7)
Administrative and other	(229,3)	15,6	(213,7)	(704,4)
Goodwill amortization	(39,7)	39,7	0,0	0,0
Tax charges, other than income tax	(85,3)		(85,3)	(186,8)
Total operating expenses	**(808,6)**	**55,3**	**(753,3)**	**(2.190,8)**
Income before taxes	**740,4**	**55,3**	**795,7**	**3.161,4**
Income tax and social contribution	(187,9)	103,0	(84,9)	(420,5)
Net Income	**552,5**	**158,3**	**710,7**	**2.740,9**
Effective income tax rate	**25,4%**	**-186,2%**	**10,7%**	**13,3%**
Equity no início do trimestre	**19.180**		**19.180**	**18.524**
Equity no término do trimestre	**18.845**		**18.845**	**18.845**
Average equity no trimestre	**19.013**		**19.013**	**18.684**
Annualized ROAE	**11,6%**		**15,0%**	**14,7%**

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

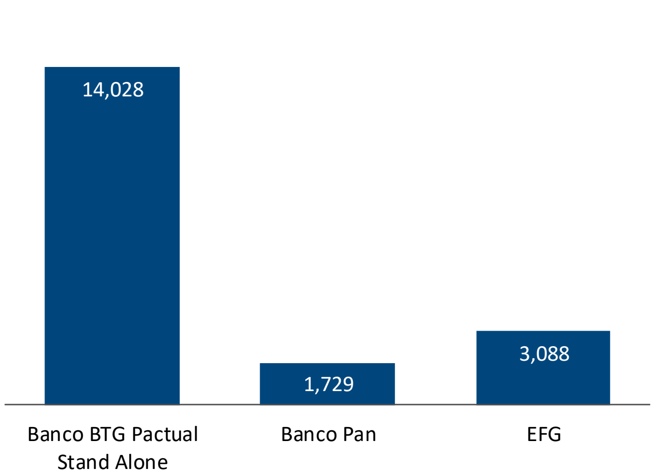
Non-Recurring Items & Goodwill

Administrative and Others: Mainly related to legal expenses from BSI legal cases in total of R$11.5 million and one-off legal expenses of R$4.1 million in BTG Pactual
Goodwill: Mainly related to EFG / BSI

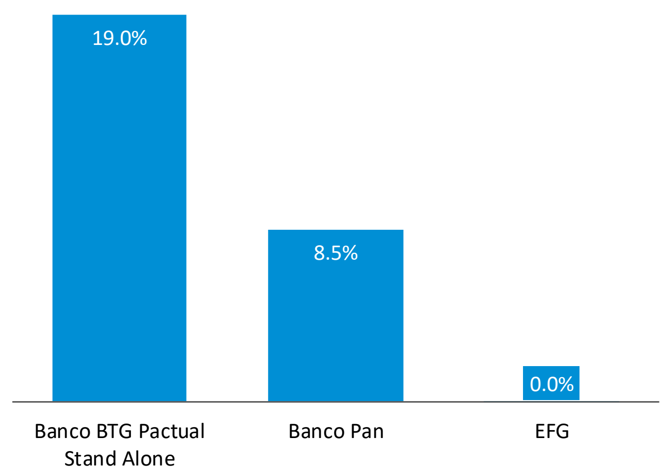
Income Tax and Social Contribution: Mainly related to the DTA adjustment to 40% income tax rate - on December 31, 2018, Social Contribution deferred tax assets are recognized at 15% regarding to the end of temporary effects brought by Law No. 13,169/15, which increased the social contribution tax rate from 15% to 20% until December 31, 2018.

ROAE Components and Dividend Distribution

Equity allocated to BTG Pactual's holdings
(in R$ million)

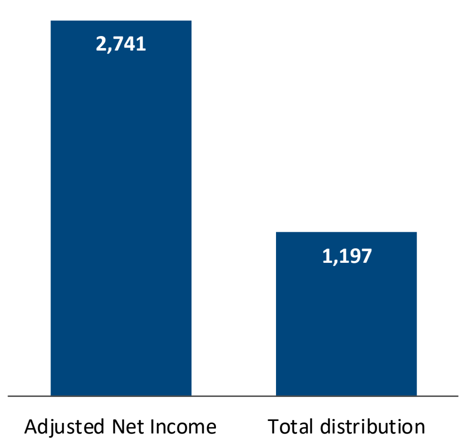


Implied ROAE
(%)



Notes:
(1) Includes investment and goodwill
(2) Does not include the positive effects of the hedging back to Brazilian Real or any other adjustments, such as taxes

Dividend Distribution in 2018
(in R$ million)



Global Market and Economic Analysis

The global economy growth momentum lost further steam in the fourth quarter of 2018, notably in the data for the manufacturing sector and in foreign trade indicators. The US economic slowdown compounded to the trend already seen in China, the Euro Zone and Japan, among others. The deterioration of the growth scenario seems to reflect a wide range of elements, including: (1) uncertainty regarding US protectionist trade policies, (2) delayed effects of the monetary tightening cycle implemented by the Fed, (3) various uncertainty factors hovering over the European economy (Brexit, protests in France, fiscal laxity in Italy), (4) effects from the environmental regulation affecting the German auto industry, and 5) lagging effects from credit and housing policies tightening in China aimed at reducing risks of excessive debt, insufficient financial regulation and real estate speculation.

It was not until December that we witnessed initiatives that alleviated some of these uncertainties. On December 1, Presidents Donald Trump and Xi Jinping agreed to a 90-day truce in the trade war between both countries. During this negotiation period, the US pledged to refrain from raising tariffs on US$ 200 billion of Chinese-origin imports (initially planned for January 1, 2019) and China pledged to resume purchasing soybeans and other American goods. The Fed, in turn, indicated a more flexible approach to its monetary policy in response to stricter financial conditions since October. Such change was still shy at the FOMC meeting held on December 18 and 19, but the speeches given by committee members over the following two weeks reinforced the signaling of a lasting pause in the tightening cycle in order to assess the evolution of the scenario. Fed officials also indicated they are open to use all available tools to flexibly respond to changes in the outlook, including the possibility of revising its balance sheet reduction policy.

During the quarter, oil prices recorded a sharp decline (in the order of -36% in the future market of key benchmarks). This dynamic reflected a lack of agreement among main suppliers to reduce production in a context of slower global growth, positive idiosyncratic production shocks in certain countries and a consistent increase in inventory.

This environment favored a strong wave of risk aversion among investors, with significant losses in stock markets (the S&P 500 index, for example, fell by 20.2% peak to trough within the quarter, ending the quarter at -14.0%), higher realized and implicit volatility, widening credit spreads, especially in the US High Yield segment which has large oil exposures, and net capital outflows from emerging economies.

In Brazil, the latest set of economic activity figures (from December) signals that the economy is still struggling to advance. Our estimates point to flat GDP in 4Q18 (0.0% q/q s.a.; 1.3% y/y), yielding a 1.2% GDP increase in 2018. Despite the muted performance q/q, we expect good news from the demand side, with household consumption increasing 0.5% q/q. In fact, household consumption has advanced (q/q s.a.) since 1Q17 (except in 2Q18, when the truckers' strike occurred). Investments are expected to decline 3.2% q/q s.a. due to an artificially strong base of comparison in 3Q related to the registration, for tax reasons, of the import of oil platforms that were already operating on Brazil's shores – net of this effect, investments would have advanced 0.9% q/q s.a. in 4Q18. On the supply side, services should post a moderate gain (+0.4% q/q), led by rents/real estate and other services (which include food services, tourism, private health and education), and despite an estimated 0.6% q/q decline in commerce. The largest negative contribution to the performance of aggregate output in 4Q should come from manufacturing, which is forecasted to have contracted 1.3% q/q s.a., bringing the sector down to the lowest level since 3Q17. For 2019, we have revised our GDP forecast from 2.8% to 2.0%, motivated by 1) weaker activity momentum in 4Q and its consequences for carry-over for 2019 (the estimated carry-over will stand in 4Q at 0.4%, from 0.7% estimated previously); 2) the primary and secondary impacts of the decline in Vale's output following the recent tragedy in Brumadinho; and 3) revisions by IBGE of its agricultural output scenario, caused by unfavorable weather conditions at the turn of the year. Nonetheless, we continue expecting economic activity to gain steam during the year, ending 2019 at around 3% y/y.

Regarding inflation, the January IPCA index registered an increase of 0.32% m/m, bringing the yearly number to 3.78% y/y. January's print was another favorable reading for the month, reinforcing the benign inflation scenario. However, some details suggest that underlying inflation has gained strength at the margin - in particular, services inflation was stronger than anticipated. Although this is not yet cause for concern, due to renewed signs of weakness in the labor market, we will need to monitor how services inflation behaves in upcoming releases. For 2019, we estimate year-end inflation of 3.90%, while the benchmark Selic interest rate should remain at 6.5% p.a throughout the year.

In relation to the external sector, Brazil registered a current account deficit of US$14.5bn (0.8% of GDP) in 2018, higher than the deficit of US$7.2bn (0.4% of GDP) in 2017, but much lower than the deficit in recent years. Following the dynamics of recent months, the current account deficit declined in December versus the same period last year, driven again by an increase in the trade surplus. Although the trade balance has posted higher results in recent months, the annual trade surplus (US$53.6bn) declined compared with 2017 (US$64.0bn) and was the main driver of the bigger current account deficit in 2018. The financial account racked up sharp inflow via FDI for the fifth month in a row, this time of US$9.0bn, which boosted FDI to US$88.3bn in 2018, higher than the US$70.3bn in 2017. The increase in 2018 FDI was concentrated in “intercompany loans”. FDI as “equity capital” declined 13% in the year. Foreign investments in portfolio (equities and fixed income securities) again posted net outflow in December (of US$4.6bn), resulting in net outflow of US$10.0bn in 2018 (vs. an inflow of US$0.6bn in 2017). After 9 years of positive flows, foreign investments in equities were negative in 2018. Foreign investment in fixed income securities issued in Brazil posted net outflow for the third year in a row, although lower than in the previous years. Overall, the external accounts remain in decent shape and we expect they will continue to indicate Brazil's low external vulnerability. We forecast an increase in the current account deficit in 2019 owing mainly to an acceleration in domestic demand. Despite this unwelcome growth, the current account deficit will remain much lower than in previous years and easily covered by FDI.

On the fiscal front, the consolidated public-sector accounts registered a primary deficit of R$41.1bn in December, totaling a R$108bn primary deficit in 2018 (-1.6% of GDP) and easily beating the target for the year (-R$161bn, or -2.3% of GDP). We do note, however, that the target was already expected to be easily achieved for quite some time. Turning to 2019, the achievement of this year’s primary deficit target (R$132bn; 1.8% of GDP) looks more than feasible, despite signs that the economic recovery remains sluggish so far. Primary surpluses will depend on the fate of key non-recurring revenues. Moreover, long-term fiscal performance and compliance with fiscal rules still depend on pending reforms. The risk of disappointment in this arena has diminished, particularly with the signaling of the new government team that it will that it will take advantage of the pension reform bill already underway in Congress. In addition, the latest political signs indicate that congressional elections will be favorable to the reform process. But the usual difficulties of the reform process suggest that implementation risks still need to be monitored carefully.

Consolidated Adjusted Revenues

Revenues in 4Q 2018 increased 23.5% when compared to 3Q 2018 and 13.1% when compared to 4Q 2017.

Year on year, revenues decreased 3.2% in 2018 mainly due to our conservative risk allocation that led to soft results from Sales & Trading combined with a 1.7% decrease in our Shareholders' Equity.

Adjusted Revenues (unaudited)	Quarter			4Q 2018 % change to		Year to Date		2018 % change to
(in R$ million, unless otherwise stated)	4Q 2017	3Q 2018	4Q 2018	4Q 2017	3Q 2018	2017	2018	2017
Investment Banking	144	58	86	-40%	48%	367	464	27%
Corporate Lending	162	311	133	-18%	-57%	790	849	7%
Sales & Trading	691	224	497	-28%	121%	2,389	1,539	-36%
Asset Management	169	165	279	65%	69%	486	717	47%
Wealth Management	98	125	120	22%	-5%	369	472	28%
Principal Investments	(89)	211	328	n.a.	55%	15	690.7	4460%
Participations	(7)	(10)	(26)	n.a.	n.a.	(16)	5	n.a.
Interest & Others	200	171	132	-34%	-23%	1,127	615	-45%
Total revenues	**1,370**	**1,255**	**1,549**	**13%**	**23%**	**5,527**	**5,352**	**-3%**

Investment Banking

The tables below present 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 2017	3Q 2018	4Q 2018	4Q 2017	3Q 2018	4Q 2018
Financial Advisory (M&A)[(4)]	13	16	12	4,620	1,791	3,655
Equity Underwriting (ECM)	11	4	1	637	513	175
Debt Underwriting (DCM)	16	10	7	4,629	631	507

BTG Pactual Announced Transactions (unaudited)	Number of Transactions[(1),(3)]		Value[(2),(3)] (US$ mln)	
	2017	2018	2017	2018
Financial Advisory (M&A)[(4)]	98	101	57,095	44,050
Equity Underwriting (ECM)	31	16	4,110	2,190
Debt Underwriting (DCM)	38	36	11,836	4,241

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 inclusion and exclusions.

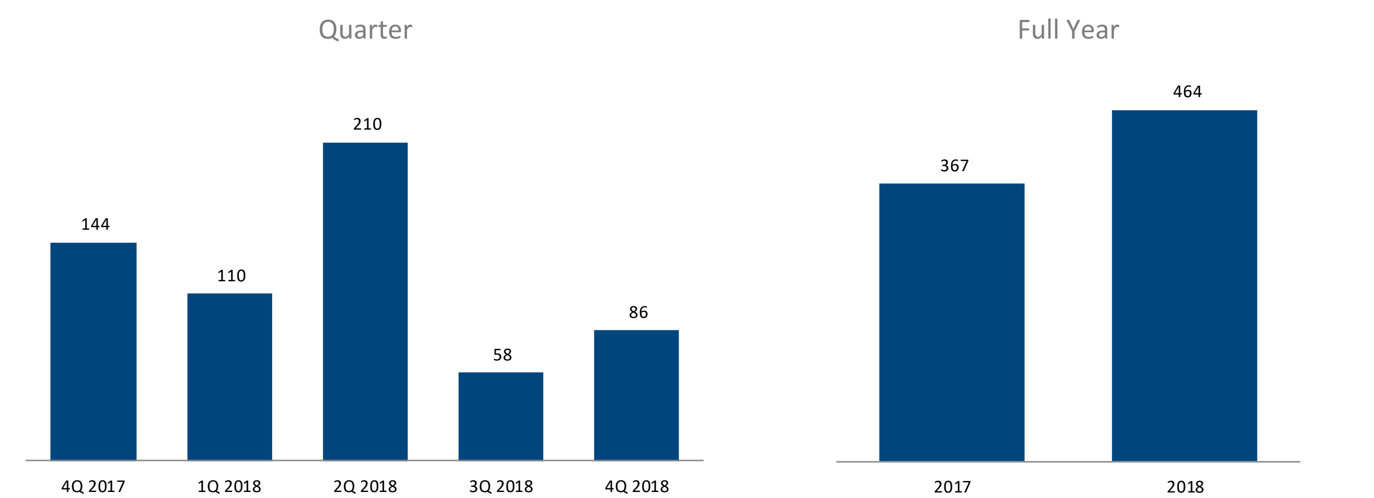
(4) M&A market data for previous quarters may vary because: (i) deal inclusions might be delayed at any moment, (ii) canceled transactions will be withdrawn from the rankings, (iii) transaction value might be revised and (iv) transaction enterprise values might change due to debt inclusion, which usually occurs some weeks after the transaction is announced (mainly for non-listed targets)

Investment Banking 4Q 2018 market share highlights

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

ECM: #4 in number of transactions and #5 in volume of transactions in Brazil

Revenues
(in R$ million)



4Q 2018 vs. 3Q 2018

Investment Banking revenues were R$86.0 million, a 48.4% increase when compared to 3Q 2018. The performance was particularly strong in Financial Advisory, with the closing of significant transactions in Brazil and Latin America. DCM also continues to perform well. Equity Capital Markets had a decrease in revenues, mainly attributed to lower market activity.

4Q 2018 vs. 4Q 2017

Investment banking revenues decreased 40.4% when comparing 4Q 2018 and 4Q 2017. The decrease was driven mainly by weak performance in ECM during this quarter, and very strong M&A performance in 4Q 2017.

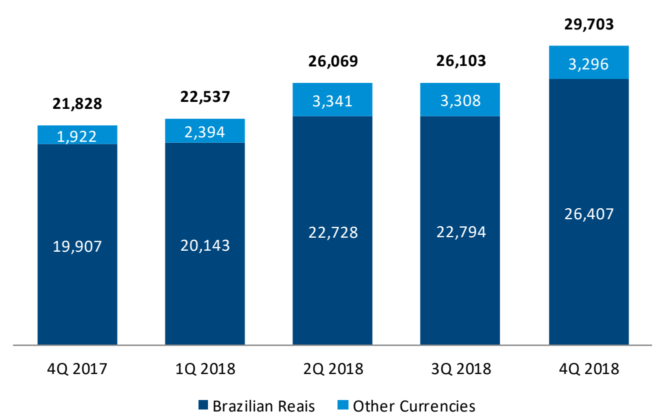
2018 vs. 2017

Investment banking reached our highest annual revenues since our IPO, growing 26.6% year over year, achieving R$464.0 million. The strong performance was mainly driven by Financial Advisory and Debt Capital Markets.

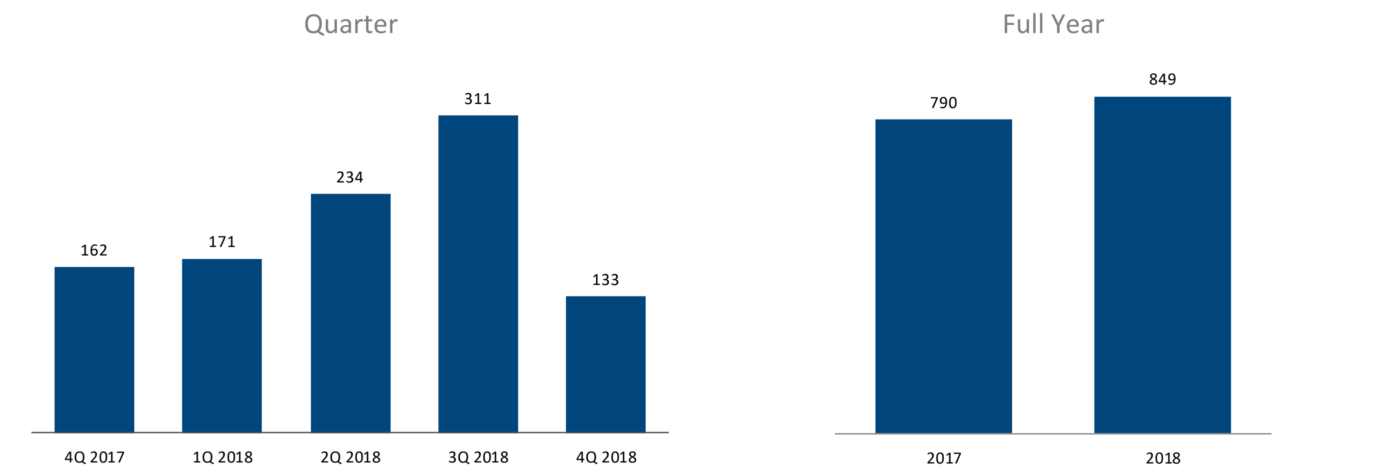
Corporate Lending

During the quarter, our corporate lending book grew 13.8% when compared to 3Q 2018. In line with our strategy of balance sheet deployment, we had a 36.1% growth in 2018 compared to last year.

Corporate Lending Portfolio
(in R$ million)



Revenues
(in R$ million)



4Q 2018 vs. 3Q 2018

Revenues from Corporate Lending decreased 57.1% from R$310.7 million in 3Q 2018 to R$133.4 million in 4Q 2018. Revenue decrease was mainly a factor of higher provisions in the quarter, due to specific transactions from utilities and food & Beverage sectors, and soft contribution of our NPL strategy. Despite that factor, the credit book continues to maintain good asset quality with comfortable provisioning levels.

4Q 2018 vs. 4Q 2017

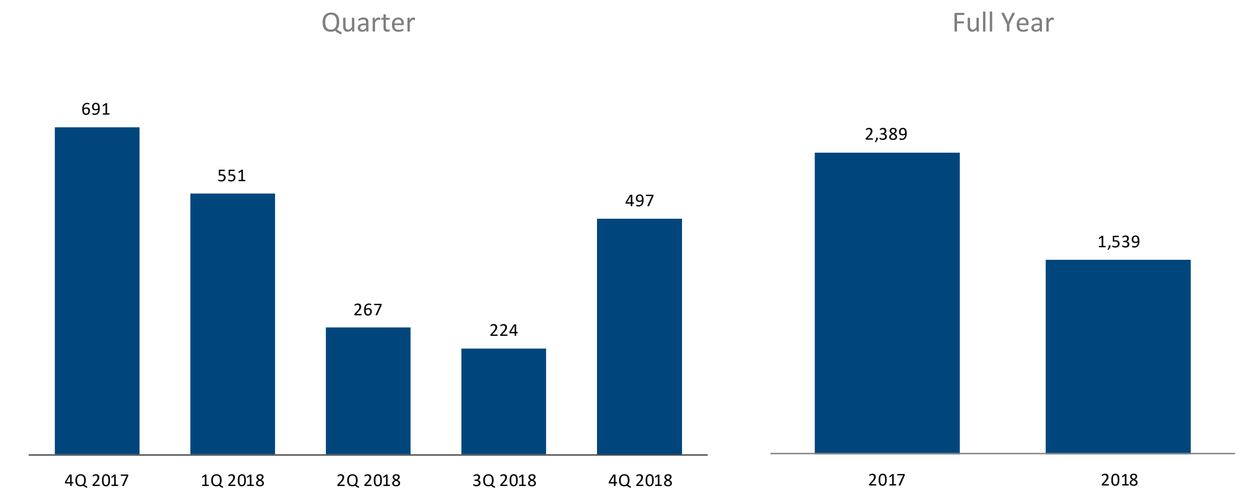
Revenues from corporate lending decreased 17.9% from $162.5 million in 4Q 2017 to R$133.4 million in 4Q 2018. The revenue decrease was particularly due to lower revenues from the non-performing loan book, as mentioned above. The decrease was partially compensated by an increase in the average portfolio size, as average spreads remained stable.

2018 vs. 2017

Corporate lending 2018 revenues increased 7% when compared to 2017. The increase was mainly due to higher revenues from our non-performing loans strategies during the year, and an increase in the average portfolio size.

Sales & Trading

Revenues
(in R$ million)



4Q 2018 vs. 3Q 2018

Sales & Trading revenues were R$497.1 million in 4Q 2018 compared to R$224.5 million in 3Q 2018, a 121.4% increase. The increase was due to strong performance of our rates desk together with good revenue contribution of our equities desk and higher brokerage commissions, which were partially compensated by weak performance of our FX and Energy desks.

4Q 2018 vs. 4Q 2017

Sales & Trading revenues decreased 28.1%, from R$690.9 million to R$497.1 million. This decrease was due to a very strong performance in equities and energy desks in the 4Q 2017.

2018 vs. 2017

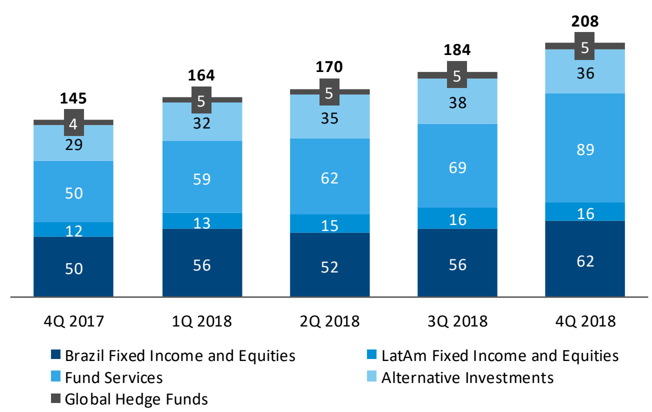
Sales & Trading revenues were R$1,539.4, a 35.6% decrease when compared to 2017, mostly due to our conservative risk allocation driven by challenging market conditions. Performance was weaker in rates, energy and equities desks, while FX and brokerage performances were significantly better.

Asset Management

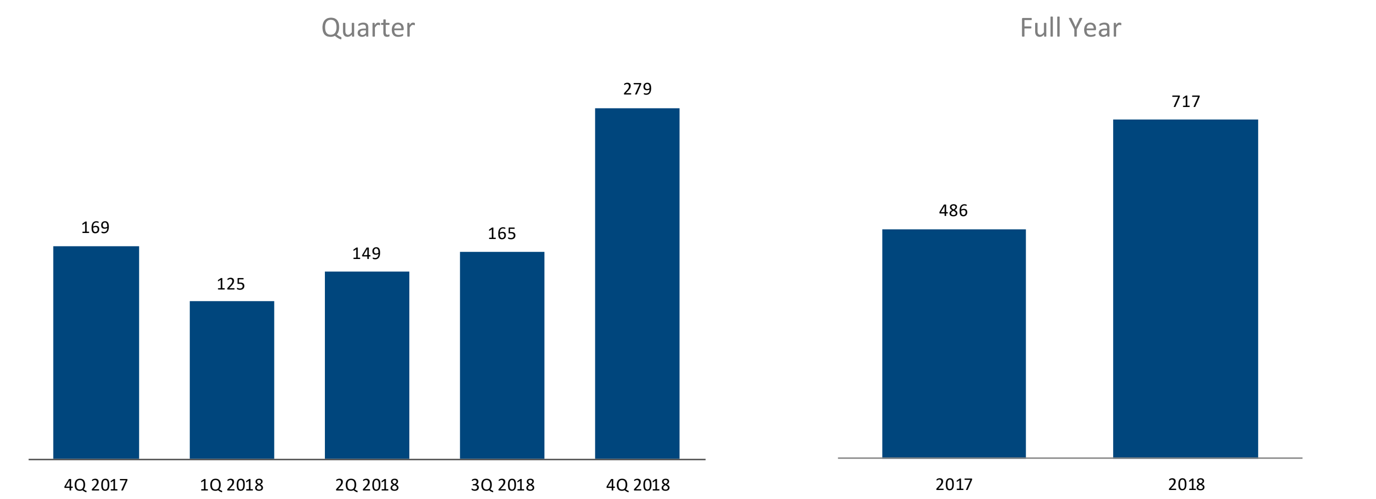
In 4Q 2018, our Assets under Management and Assets under Administration increased to R$207.5 billion, a 12.7% increase from R$184.2 billion in the previous quarter and 43.2% year on year. We had a record high NNM for a single quarter, of R$20.9 billion, and R$43.7 billion on a yearly basis, with strong contribution coming from Fund Services and Brazil Fixed Income and Equities.

AuM & AuA by Asset Class

(in R$ billion)



Revenues
(in R$ million)



4Q 2018 vs. 3Q 2018

Asset management revenues grew 69.4% compared to 3Q 2018, reaching R$278.8 million. The growth was mainly due to performance fees, mostly in Fixed Income and Equities funds, and the increase in average AuM/ AuA.

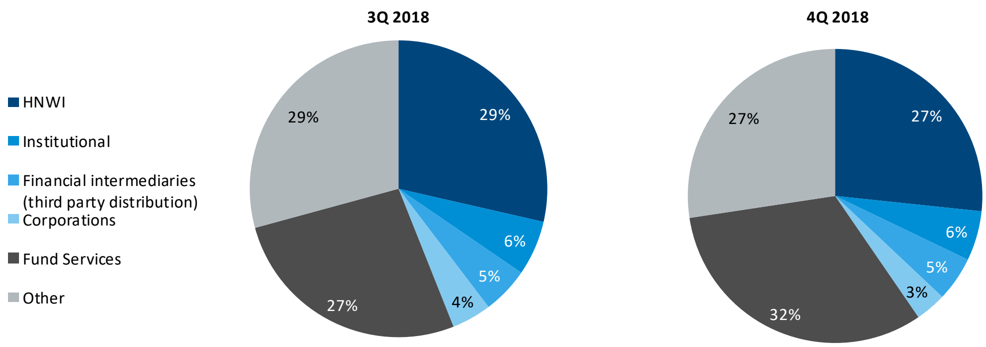
4Q 2018 vs. 4Q 2017

Asset Management revenues increased 64.8% from R$169.2 million in 4Q 2017 to R$278.8 million in 4Q 2018. The increase was mainly attributable to a 43.2% growth of the average AuM/ AuA in the period and performance fees.

2018 vs. 2017

Revenues from Asset Management for the full year of 2018 increased 47.4% when compared to the previous year. The increase in revenues was in line with the (i) increase in management fees due to the increase in AuM/ AuA, combined with (ii) higher performance fees, especially from Fixed Income and Equities funds.

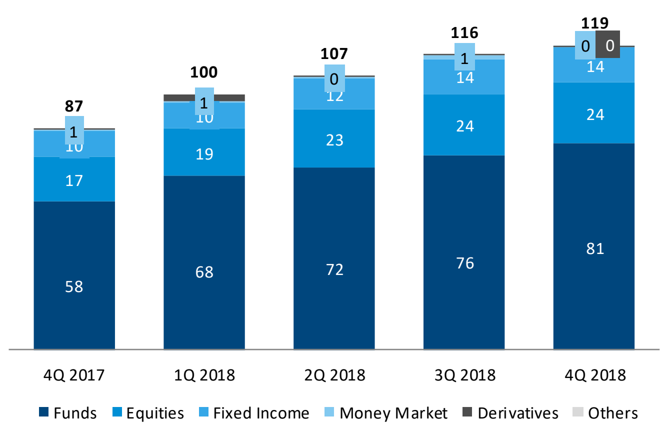
AuM and AuA by Type of Client
(%)



Wealth Management

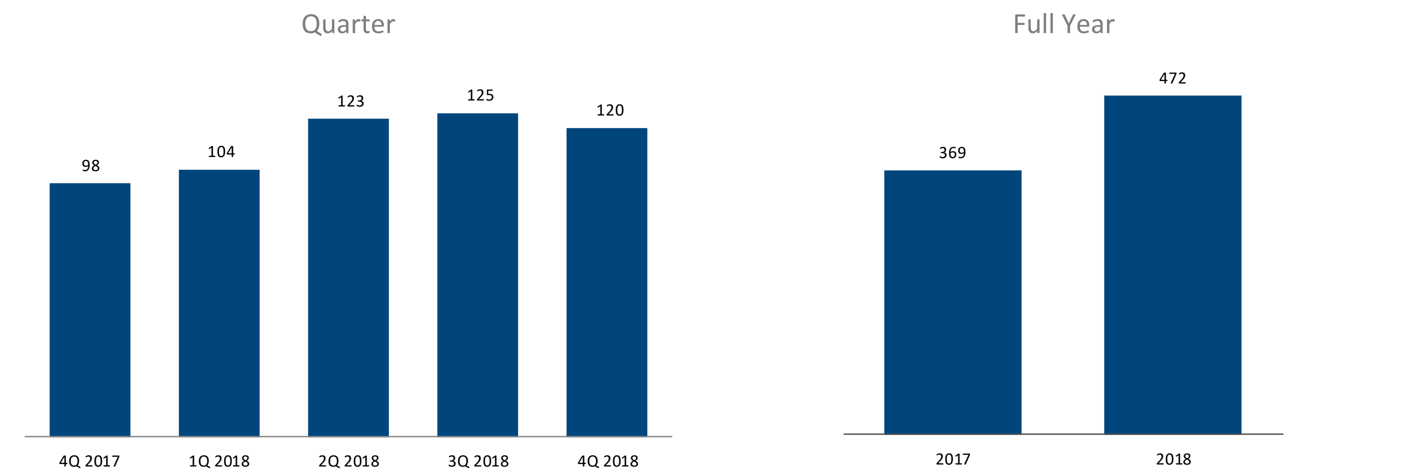
During the quarter, our Wealth under Management increased 3.2% from R$115.5 billion to R$119.2 billion. We continued to receive significant inflows in most products and NNM was at R$5.0 billion, or 4.1% when compared to previous quarter WuM. For the year, we had positive net new money of R$23.8 billion a record high for Wealth Management since our IPO in 2012. WuM growth was 37.2% year on year.

WuM Breakdown
(in R$ billion)



Revenues

(in R$ million)



4Q 2018 vs. 3Q 2018

Wealth Management revenues decreased 4.5% compared to 3Q 2018, with a small reduction in revenue from trading activities, despite the average WuM growth.

4Q 2018 vs. 4Q 2017

Revenues from Wealth Management increased 21.7%, from R$98.4 million to R$119.8 million. The increase was mainly due to the 37.2% increase in WuM.

2018 vs. 2017

WuM grew 37.2% and revenues grew 28.1% when compared to 2017, also due to the increase in average WuM in the period.

Principal Investments

Principal Investments Revenues (preliminary and unaudited)	Quarter			4Q 2018 % change to		Year to Date		2018 % change to
(in R$ million, unless otherwise stated)	4Q 2017	3Q 2018	4Q 2018	4Q 2017	3Q 2018	2017	2018	2017
Global Markets	(43)	(5)	15	n.a.	n.a.	35	(38)	n.a.
Merchant Banking	(23)	220	330	n.a.	50%	53	790	1389%
Real Estate	(23)	(4)	(17)	n.a.	n.a.	(73)	(61)	n.a.
Total	**(89)**	**211**	**328**	**n.a.**	**55%**	**15**	**691**	**4460%**

4Q 2018 vs. 3Q 2018

Principal Investments revenues increased 55.2% compared to 3Q 2018, from R$211.2 million to R$327.9 million.

It is worth noting that, during the quarter, (i) Global Markets had gains, mainly due to positive contribution in LatAm equities, (ii) Merchant Banking had positive equity pick-up and mark-to-market from investments, mainly from our investments in Petro Africa and Eneva, respectively, and (iii) Real Estate had a negative contribution mainly due to internal funding cost allocation.

4Q 2018 vs. 4Q 2017

Principal Investments posted gains of R$327.9 million in 4Q 2018 compared to losses of R$88.9 million in the 4Q 2017, with better contribution in Global Markets and Merchant Banking, as explained above.

2018 vs. 2017

Principal Investments had gains of R$690.7 million in 2018 compared to gains of R$15.1 million in 2017, mainly due to our share of profits from investments in 2018, gains in our global market strategies and lower internal funding cost allocation.

Participations

4Q 2018 vs. 3Q 2018

In Participations, we had losses of R$25.5 million mostly due to negative results from ECTP. Revenues in 4Q 2018 consisted of (i) R$36.3 million gains from Banco Pan, which continues to improve its performance, (ii) R$14.7 million gains from Too Seguros and Pan Corretora, and (iii) R$76.3 million losses from ECTP, which continues to struggle in tough market conditions. In 3Q 2018, we had losses of R$10.4 million, also mostly driven by ECTP.

4Q 2018 vs. 4Q 2017

Participations losses were R$25.5 million, as noted above, compared to losses of R$6.5 million in 4Q 2017.

2018 vs. 2017

In 2018, Participations revenues were R$4.7 million, mostly due to the solid and growing performance of Banco Pan, Too Seguros and Pan Corretora, which offset almost in full the negative results from EFG in 2017 (which impacted our revenues in 1Q 2018) and ECTP which struggled on most quarters. In 2017 we had losses of R$15.5 million, mostly due to ECTP's poor performance.

Interest & Others

4Q 2018 vs. 3Q 2018

Interest & Others revenues were R$131.5 million in 4Q 2018, compared to R$170.7 million in 3Q 2018. Revenues are comprised of the average interest rate of the Central Bank of Brazil applied to our equity.

4Q 2018 vs. 4Q 2017

Revenues from Interest & Others decreased 34.3% in the period, mainly due to the reduction in the average interest rate from 7.0% to 6.5%.

2018 vs. 2017

Revenues from Interest & Others decreased 45.4% in the period, mainly due to the decrease in the average interest rate from 7.0% to 6.5%, partially compensated by the 1.7% increase in shareholder's equity.

Adjusted Operating Expenses

Adjusted Operating Expenses (unaudited)	**Quarter**			**4Q 2018 % change to**		**Year to Date**		**2018 % change to**
(in R$ million, unless otherwise stated)	**4Q 2017**	**3Q 2018**	**4Q 2018**	**4Q 2017**	**3Q 2018**	**2017**	**2018**	**2017**
Bonus	(241)	(121)	(298)	23.6%	145.7%	(746)	(685)	-8%
Salaries and benefits	(132)	(159)	(156)	18.5%	-1.8%	(529)	(615)	16%
Administrative and other	(250)	(188)	(229)	-8.4%	22.0%	(853)	(841)	-1%
Goodwill amortization	(54)	(40)	(40)	-26.2%	0.1%	(280)	(147)	-48%
Tax charges, other than income tax	(69)	(88)	(85)	23.5%	-2.9%	(244)	(273)	12%
Total operating expenses	**(746)**	**(596)**	**(809)**	**8%**	**36%**	**(2,651)**	**(2,560)**	**-3%**
Cost to income ratio	54%	47%	52%	-4%	10%	48%	48%	0%
Compensation ratio	27%	22%	29%	8%	31%	23%	24%	5%
Total number of employees	2,037	2,237	2,252	11%	1%	2,037	2,252	11%
Partners and associate partners	241	234	256	6%	9%	241	256	6%
Employees	1,796	2,003	1,996	11%	0%	1,796	1,996	11%

Bonus

In 4Q 2018, bonus expenses were R$298.2 million, a 145.7% increase compared to 3Q 2018, mostly attributed to (i) the revenue growth and (ii) an increase in our global payout ratio, explained mostly due to the business performance mix comprised of (a) an exceptional year in our client's franchises (revenues and NNM, when applicable), in contrast to the (b) weak trading activity. For the full year 2018 bonus expense was R$685.0 million compared to R$745.5 million in 2017, an 8.1% decrease. 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 remained stable when compared to 3Q 2018 and increased 18.5% compared to 4Q 2017. Expenses related to salaries and benefits were R$159.0 million in 3Q 2018 and R$131.7 million in 4Q 2017, compared to R$156.1 million in 4Q 2018, mostly connected to new hires at BTG Pactual digital, and FX impact. For the full year 2018, staff costs were R$614.7 million compared to R$529.4 million in the previous year, a 16.1% increase.

Administrative and other

Total administrative and other expenses increased 22.0%, from R$187.9 million in 3Q 2018 to R$229.3 million in 4Q 2018, and an 8.4% decrease when compared to 4Q 2017. This decrease was mainly related to the non-recurring expenses due to a significant reduction of legal expenses from BSI legal cases. For the full year 2018, administrative and other expenses were R$840.6 million and remained stable when compared to R$852.6 million in 2017. When excluding non-recurring costs, total administrative and other expenses increased 27.3% when compared to 3Q 2018 and 22.2% when compared to 4Q 2017, mainly due to investments in our digital platform.

Goodwill amortization

In 4Q 2018, we recorded goodwill amortization expenses totaling R$39.7 million, mostly driven by the EFG/BSI amortization. Goodwill amortization remained stable when compared to 3Q 2018 and reduced when compared to 4Q 2017.

Tax charges, other than income tax

Tax charges, other than income tax, were R$85.3 million or 5.5% of total revenues compared to R$87.8 million in 3Q 2018 or 7.0% of total revenues. For the full year 2018, tax charges, other than income tax, were R$272.8 million compared to R$244.0 million in 2017.

Adjusted Income Taxes

Adjusted Income Tax (unaudited) *(in R$ million, unless otherwise stated)*	Quarter			Year to Date	
	4Q 2017	3Q 2018	4Q 2018	2017	2018
Income before taxes	624	659	740	2,876	2,793
Income tax and social contribution	36	(74)	(188)	(492)	(432)
Effective income tax rate	**-5.8%**	**11.2%**	**25.4%**	**17.1%**	**15.5%**

Our effective income tax rate for the quarter was 25.4% (representing an income tax expense of R$187.9 million), compared to an 11.2% in the 3Q 2018. This increase was mainly due to a one-off recognition of deferred tax assets at a rate of 40% - on December 31, 2018, Social Contribution deferred tax assets are recognized at 15% regarding to the end of temporary effects brought by Law No. 13,169/15, which increased the social contribution tax rate from 15% to 20% until December 31, 2018.

In 4Q 2017 we posted an income tax gain of R$36.2. For the full year 2018, our effective income tax rate was 15.5%, representing an income tax expense of R$431.8 million.

Balance Sheet

Total assets decreased 16.0%, from R$163.9 billion at the end of 3Q 2018 to R$137.6 billion at the end of 4Q 2018, mainly due to a decrease in: (i) trading portfolio, (ii) assets financed through repos, (iii) pending settlement accounts and (iv) illiquid assets, partially offset by an increase in cash and cash equivalents and a 9.0% increase in total credit portfolio. In addition, the leverage ratio decreased to 7.3x from 8.5x in the previous quarter.

On the liability side, (i) trading portfolio liabilities, (ii) pending settlement accounts and (iii) repo financing decreased in line with the decrease in assets as mentioned above.

Shareholders' equity decreased from R$19.2 billion at the end of 3Q 2018 to R$18.8 billion at the end of 4Q 2018, mainly impacted by the distribution of R$604.5 million of interest on equity, as well as our stock repurchase program and other comprehensive income, partially offset by the net income of R$552.5 million during the quarter.

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) *(in R$ million, unless otherwise stated)*	Quarter		
	4Q 2017	3Q 2018	4Q 2018
Total average daily VaR	**120.3**	**57.7**	**93.3**
Average daily VaR as a % of average equity	0.65%	0.30%	0.49%

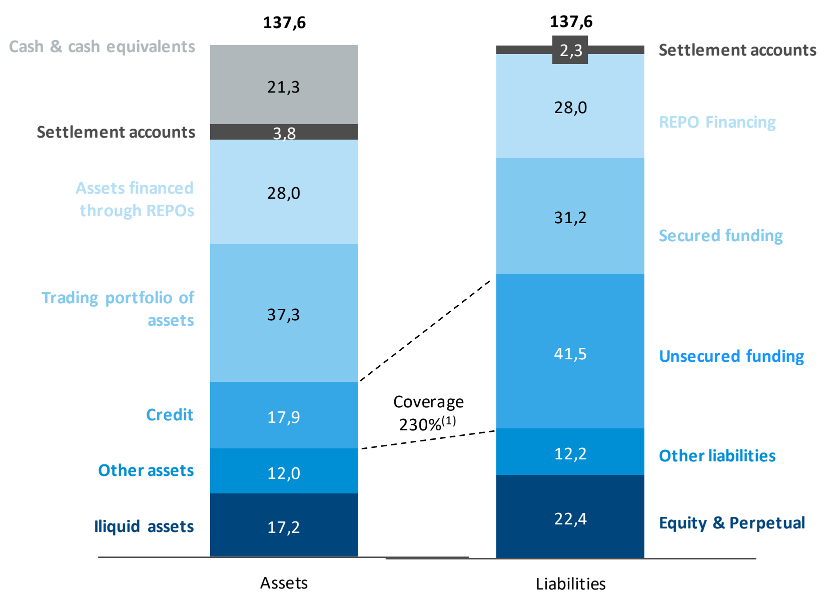
Our total average daily VaR increased 61.7% when compared to 3Q 2018. The increase was mainly driven by the Brazilian equities and Rates desks.

Liquidity Risk Analysis

The chart below summarizes the composition of assets and liabilities as of December 31, 2018:

Summarized Balance Sheet (unaudited)

(in R$ billion)



Note:

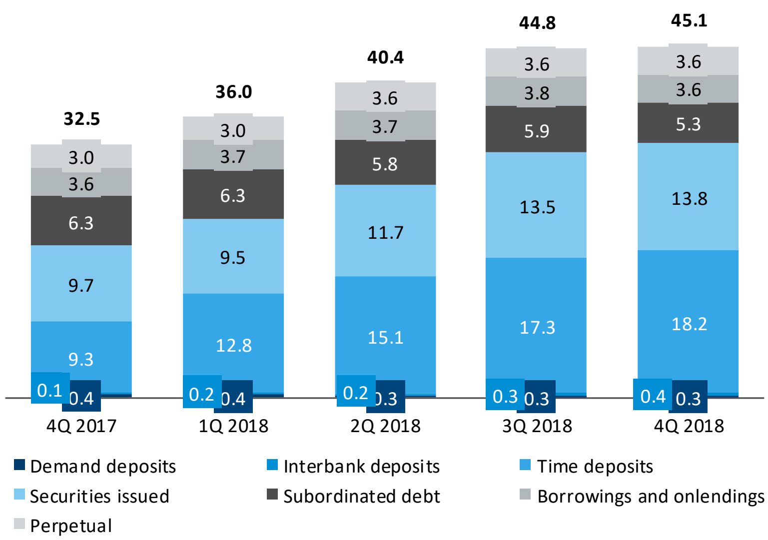
(1) Excludes demand deposits

Unsecured Funding Analysis

The chart below summarizes the composition of our unsecured funding base evolution:

Unsecured Funding Evolution (unaudited)

(in R$ billion)



Our total unsecured funding remained stable at R$45.1 billion in 4Q 2018, compared to R$ R$44.8 billion in 3Q 2018, due to an increase in time deposits and securities issued, partially offset by a decrease in our subordinated debt and negative exchange rate impact.

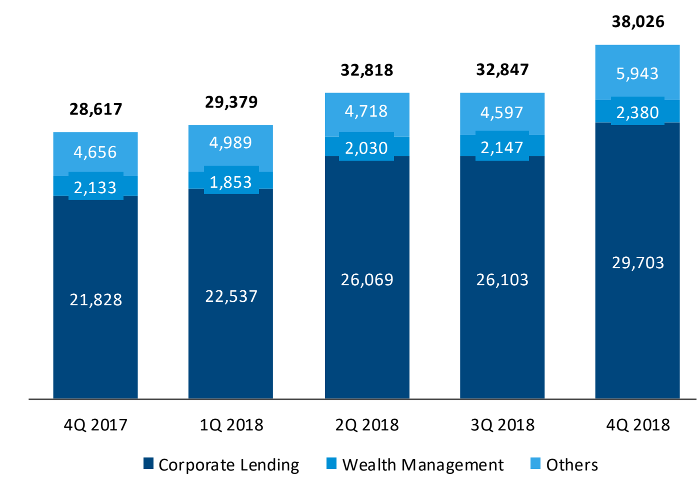
BTG Pactual Broader Credit Portfolio

Our broader credit portfolio is comprised of loans, receivables, advances in 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 15.8% when compared to the previous quarter, from R$32.8 billion to R$38.0 billion, and 32.9% compared to 4Q 2017.

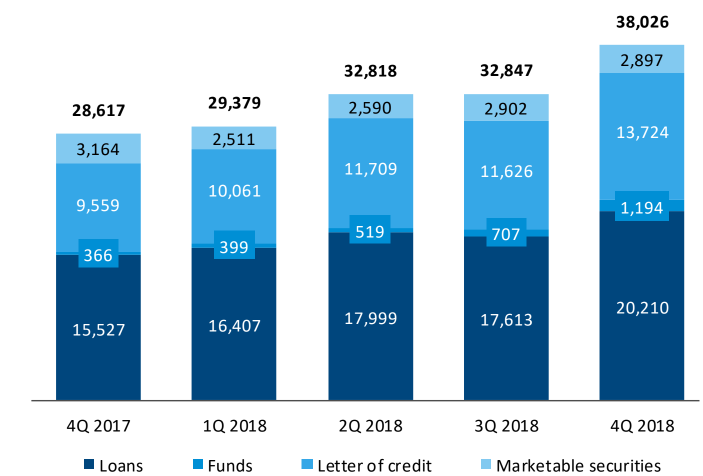
Broader Credit Portfolio Breakdown by Area

(in R$ million)



Broader Credit Portfolio by Product

(in R$ million)



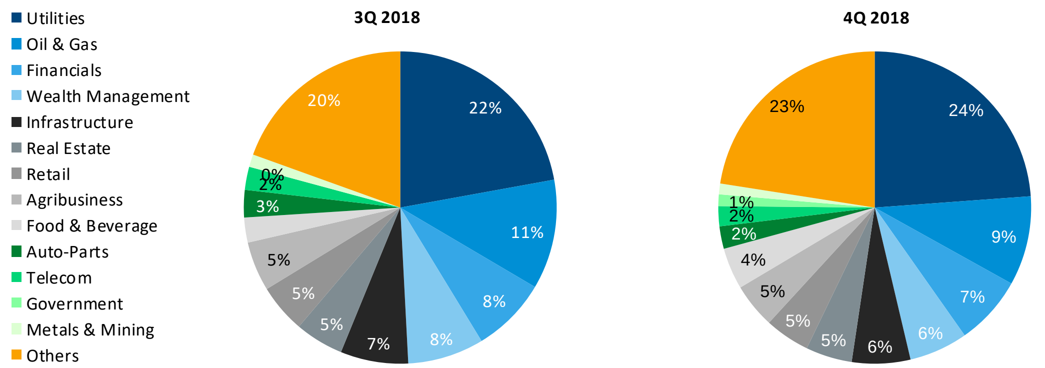
Notes:

(3) Others: includes interbank deposits, Merchant Banking structured transactions and others

(4) 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 31, 2018 by credit rating. The ratings below reflect our internal assessment, consistently applied in accordance with the Brazilian Central Bank standard ratings scale:

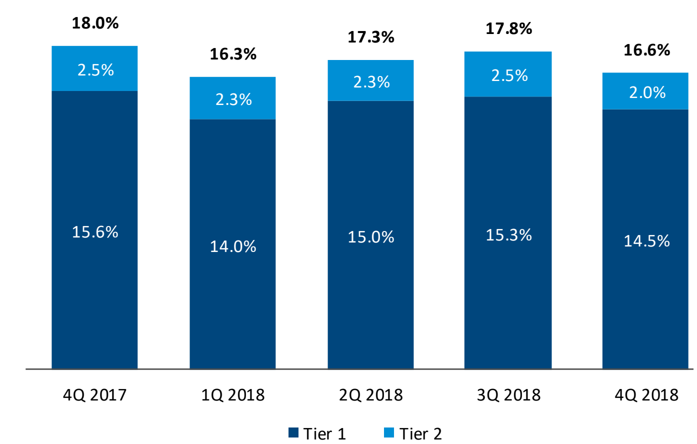
Rating (unaudited) (in R$ million)	4Q 2018
AA	20,294
A	7,888
B	4,300
C	1,738
D	2,530
E	379
F	358
G	380
H	159
Total	**38,026**

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 decreased to 16.6% at the end of 4Q 2018, mainly due to an increase in market risk allocation. Our liquidity coverage ratio (LCR) ended the quarter at 205%.

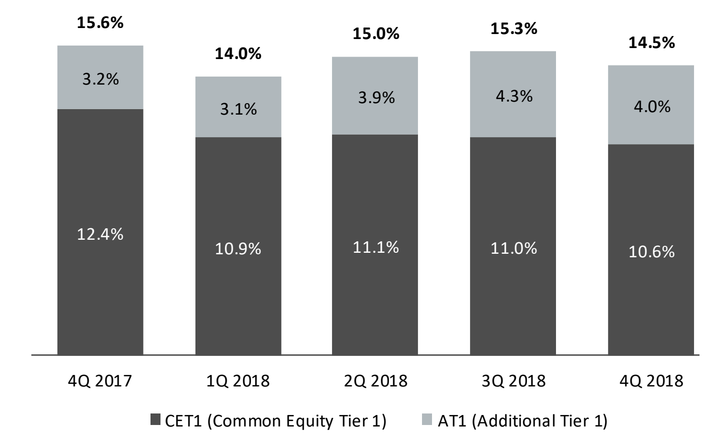
Basel Ratio (unaudited)

(%)



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
	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.
WuM	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.
Leverage Ratio	Leverage Ratio is computed by dividing the total assets by the shareholders' equity.

Selected Financial Data

Balance Sheet (unaudited) *(in R$ million, unless otherwise stated)*	Quarter			4Q 2018 % change to	
	4Q 2017	3Q 2018	4Q 2018	4Q 2017	3Q 2018
Assets					
Cash and bank deposits	4,347	932	979	-77%	5%
Interbank investments	27,792	61,326	43,497	57%	-29%
Marketable securities and derivatives	42,288	40,510	29,992	-29%	-26%
Interbank transactions	1,704	2,641	1,636	-4%	-38%
Loans	13,026	16,964	18,220	40%	7%
Other receivables	31,770	35,225	33,867	7%	-4%
Other assets	127	235	259	104%	10%
Permanent assets	5,537	6,023	9,197	66%	53%
Total assets	**126,592**	**163,856**	**137,646**	**9%**	**-16%**
Liabilities					
Deposits	9,178	25,613	20,950	128%	-18%
Open market funding	33,890	56,136	35,575	5%	-37%
Funds from securities issued and accepted	10,290	14,234	14,396	40%	1%
Interbank transactions	30	90	82	175%	-9%
Loans and onlendings	4,730	5,373	4,970	5%	-8%
Derivatives	14,162	4,235	2,813	-80%	-34%
Subordinated liabilities	6,317	5,933	5,266	-17%	-11%
Other liabilities	29,218	32,790	34,480	18%	5%
Deferred income	121	137	130	8%	-5%
Shareholders'equity	**18,528**	**19,180**	**18,845**	**2%**	**-2%**
Non-controlling interest	128	137	139	8%	1%
Total liabilities	**126,592**	**163,856**	**137,646**	**9%**	**-16%**

Adjusted Income Statement (unaudited)	Quarter			4Q 2018 % change to		Year to Date		2018 % change to
(in R$ million, unless otherwise stated)	4Q 2017	3Q 2018	4Q 2018	4Q 2017	3Q 2018	2017	2018	2017
Investment Banking	144	58	86	-40%	48%	367	464	27%
Corporate Lending	162	311	133	-18%	-57%	790	849	7%
Sales & Trading	691	224	497	-28%	121%	2,389	1,539	-36%
Asset Management	169	165	279	65%	69%	486	717	47%
Wealth Management	98	125	120	22%	-5%	369	472	28%
Principal Investments	(89)	211	328	n.a.	55%	15	691	4460%
Participations	(7)	(10)	(26)	n.a.	n.a.	(16)	5	n.a.
Interest & Others	200	171	132	-34%	-23%	1,127	615	-45%
Total revenues	**1,370**	**1,255**	**1,549**	**13%**	**23%**	**5,527**	**5,352**	**-3%**
Bonus	(241)	(121)	(298)	24%	146%	(746)	(685)	-8%
Salaries and benefits	(132)	(159)	(156)	19%	-2%	(529)	(615)	16%
Administrative and other	(250)	(188)	(229)	-8%	22%	(853)	(841)	-1%
Goodwill amortization	(54)	(40)	(40)	-26%	0%	(280)	(147)	-48%
Tax charges, other than income tax	(69)	(88)	(85)	24%	-3%	(244.0)	(272.8)	12%
Total operating expenses	**(746)**	**(596)**	**(809)**	**8%**	**36%**	**(2,651)**	**(2,560)**	**-3%**
Income before taxes	**624**	**659**	**740**	**19%**	**12%**	**2,876**	**2,793**	**-3%**
Income tax and social contribution	36	(74)	(188)	-618%	156%	(492)	(432)	-12%
Net Income	**660**	**585**	**552**	**-16%**	**-6%**	**2,384**	**2,361**	**-1%**

Income Statement (unaudited)	Banco BTG Pactual S.A.	
(in R$ million, unless otherwise stated)	3Q 2018	4Q 2018
Financial income	2,390	2,685
Financial expenses	(1,732)	(1,617)
Gross financial income	**658**	**1,068**
Other operating income (expenses)	(3)	92
Operating income (expenses)	**655**	**1,159**
Non-operating income/(expenses)	5	(3)
Income before taxes and profit sharing	**660**	**1,156**
Income and social contribution taxes	39	(318)
Statutory profit sharing	(108)	(288)
Non-controlling interest	**(6)**	**3**
Net income	**585**	**552**

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	• 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	• 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	• 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	• 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	• 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	• 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	• 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	• 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	• Revenues net of funding costs (including cost of net equity)	• 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	• Revenues consist of the equity pick-up from our investment, presented net of funding costs (including cost of net equity)	• Revenues from equity pick-up recorded as equity pickup from subsidiaries
Salaries and Benefits	• Salaries and benefits include compensation expenses and social security contributions	• Generally recorded as personnel expenses
Bonus	• Bonus include cash profit-sharing plan expenses (% of our net revenues)	• Generally recorded as employees’ statutory profit-sharing
Administrative and Other	• Administrative and Others are consulting fees, offices, IT, travel and entertainment expenses, as well as other general expenses	• Generally recorded as other administrative expenses, and other operating expenses
Goodwill amortization	• Goodwill amortization of investments in operating subsidiaries other than merchant banking investments	• Generally recorded as other operating expenses
Tax charges, other than income tax	• 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)	• Generally recorded as tax charges other than income taxes
Income tax and social contribution	• Income tax and other taxes applicable to net profits	• 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. – *Bolsa de Valores, Mercadorias e Futuros*).
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 2018

February 25th, 2019 (before market open)

English Conference Call
February 25th, 2019 (Monday)
11:00 AM (New York) / 01:00 PM (Brasília)
Phone: +1 (412) 317-5446

Code: BTG Pactual

Replay until 15/08: +1 (412) 317-0088

Code: 10119782

Portuguese Conference Call
February 25th, 2019 (Monday)
09:00 AM (New York) / 11:00 AM (Brasília)
Phone: +55 (11) 3193-8000 / +55 (11) 2188-0155

Code: BTG Pactual

Replay until 15/08: +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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