Earnings Release – First Quarter 2012

May 10, 2012

(in R$ millions, except as indicated)

Highlights

Rio de Janeiro, Brazil, May 10, 2012 - Banco BTG Pactual S.A. (“Banco BTG Pactual”) and BTG Pactual Participations Ltd. (“BTGP”, and together with Banco BTG Pactual, the “BTG Pactual Group”) (BM&FBOVESPA: BBTG11 and Alternext: BTGP) today reported combined adjusted total revenues of R$1,603 million and combined net income of R$786 million for the quarter ended March 31, 2012.

Pro-forma net income per unit and annualized return on average shareholders’ equity (ROAE) were R$ 0.98 and 35%, respectively, for the quarter ended March 31, 2012, compared with R$ 0.41 and 18%, respectively, for the quarter ended March 31, 2011.

Total assets and BIS capital ratio (BIS capital ratio is solely applicable to Banco BTG Pactual) were R$134.2 billion and 16%, respectively, as of March 31, 2012 compared with R$112.5 billion and 18%, respectively, as of December 31, 2011.

Key Performance Indicators and Ratios

Key Performance Indicators and ratios (unaudited)	Quarter ended		
	Mar 2011	Dez 2011	Mar 2012
Total revenue	819	959	1,603
Operating Expenses	(340)	(380)	(533)
Of which fixed compensation	(54)	(68)	(70)
Of which variable compensation	(149)	(172)	(333)
Of which non compensation	(137)	(140)	(130)
Net income	328	1,054	786
Shareholders' equity	**7,460**	**8,540**	**9,318**
Total assets	115,138	112,489	134,164
Annualized ROAE	**18%**	**24%**	**35%**
Cost income ratio	42%	40%	33%
Coverage ratio	226%	164%	208%
AUM and AUA (in R$ billion)	96.8	120.1	130.3
WUM (in R$ billion)	34.3	38.9	42.0
BIS Capital Ratio	17%	18%	16%
Pro-forma net income per unit (in R$)	0.41	1.32	0.98

(1) ROAE presented to the quarter ended December 31, 2011 corresponds to the ratio computed considering the actual combined adjusted net income and average shareholders’ equity for the year 2011.

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Performance

The quarter ended March 31, 2012 presents an annualized ROAE of 35%, higher than ROAE for year ended December 31, 2011 (24%) and for the quarter ended March 31, 2011 (18%), reflecting a solid performance of many of our business units in the period.

The quarter ended March 31, 2012 presents a significantly improved cost income ratio of 33% (down from 40% and 42%, for the quarters ended December 31, 2011 and March 31, 2011, respectively). Operating expenses, other than bonuses and tax charges, were relatively stable at R$ 149 million (compared to R$ 157 million and R$ 149 million, for the quarters ended December 31, 2011 and March 31, 2011, respectively). Total expenses for the quarter ended March 31, 2012 reached R$ 533 million (up from R$ 340 million and R$ 380 million for the quarters ended March 31, 2011 and December 31, 2011, respectively), due to higher bonus expenses and tax charges, in line with the higher revenues recorded for the quarter. Our coverage ratio was 208% in the quarter ended March 31, 2012 compared to 226% and 164% for the quarters ended March 31, 2011 and December 31, 2011, respectively.

BTG Pactual Group's AUM and AUA ended the period at R$ 130.3 billion, 8% higher than December 31, 2011, with R$ 7.6 billion of NNM for the quarter. WUM ended the period at R$ 42.0 billion, also 8% higher compared to December 31, 2011, with NNM of R$ 1.2 billion.

Relevant Events

On April 30, 2012 the BTG Pactual Group concluded its Initial Public Offering (IPO). In the transaction, the BTG Pactual Group issued a total of 82.8 million units for the price of R$31.25 per unit, representing aggregate gross proceeds to the BTG Pactual Group of approximately R$2.6 billion. The total number of units offered in the IPO, including sales of previously outstanding units, was 103.5 million. As of this date, we remain in the stabilization period of the offering, and up to 10.8 million primary and 2.7 million secondary units may still be sold as part of the stabilization efforts.

On March 29, 2012, we concluded the previously announced transaction with BR Properties S.A., creating the largest publicly traded commercial properties real estate company in Brazil with over R$10 billion in assets. BR Properties is focused on the development, acquisition, leasing and sale of commercial properties, including office space, industrial warehouses and retail locations. Currently, Banco BTG Pactual owns 28.3% of BR Properties.

On February 8, 2012, Banco BTG Pactual entered into definitive agreements to purchase all of the outstanding shares of Celfin Capital S.A., the leading broker dealer in Chile. In connection with the transaction, Banco BTG Pactual will pay the owners of Celfin a total of US$486.0 million in cash, and US$245.7 million of such amount will be used by them to subscribe equity interests in Banco BTG Pactual and BTGP. Such equity is subject to vesting conditions, and can be repurchased by us at a nominal (symbolic) amount in certain limited circumstances during the four years following completing of the transaction.

On January 31, 2012, Banco BTG Pactual and Banco PanAmericano S.A. ("PanAmericano") entered into definitive agreements to purchase 100% of the shares of Brazilian Finance & Real Estate ("BFRE"). The total estimate purchase price is approximately R$1.2 billion, of which R$940 million will be paid by PanAmericano and R$275 million will be paid by Banco BTG Pactual. Prior to the closing, BFRE will be divided into two companies. The first such company shall be acquired by Banco BTG Pactual and shall retain the rights to advise and/or manage certain real estate and equity investment funds. The remainder of the businesses of BFRE will continue in the second company, which shall be purchased by PanAmericano. In addition, Banco BTG Pactual is paying approximately R$335 million (subject to adjustment) to purchase certain real estate and equity investment funds held by BFRE and its subsidiaries before the closing of the transaction.

On January 18, 2012, PanAmericano's shareholders approved a capital increase in an amount up to R$1.8 billion. The final amount of the capital increase will depend on the number of shareholders of PanAmericano who exercise preemptive rights. Banco BTG Pactual and CaixaPar have committed to exercise their preemptive rights for an aggregate amount of R$1.3 billion, of which R$ 677 million have been committed by Banco BTG Pactual. As of March 31, 2012, R$ 495 million of R$ 677 million have already been contributed to PanAmericano's capital by us.

Market Analysis

Brazil's stock markets presented strong performance in the quarter ended March 31, 2012, with the Ibovespa gaining almost 14%, in line with the key international indexes (NIKKEI +19%, DAX +18% and S&P 500 +12%), and even higher than in the fourth quarter of 2011, when the markets had already registered strong growth (Ibovespa +8.5%, NIKKEI -2.8%, DAX +7.2%, S&P 500 +11.2%). Despite the recovery in the quarter ended March 31, 2012, the main indexes did not registered significant gains in the last 12 months (Ibovespa -6%, S&P 500 +6%, Dow Jones +7% DAX -1.3% and FTSE -2.4%).

In the Brazilian rates market, the term structure of the local interest rates presented a narrowing across all tenors during the quarter ended March 31, 2012. The Brazilian Central Bank reduced the target Selic rate by 125 bps during the period, down to 9.75% p.a. at March 31, 2012. The yield on a 360-day swap dropped 100 bps from December 31, 2011 to end the quarter, closing at 8.97% p.a. - the same level as its record low, observed in 2009. In comparison with the first quarter of 2011, the decline in the yield on 360-day swap was even steeper, a reduction of 330 bps.

In the currency market, the Brazilian Real gained 2% against the U.S. Dollar during the quarter ended March 31, 2012, after an increase of 0.8% in the last quarter of 2011. However, compared to March 31, 2011, the Brazilian Real declined approximately 12% against the U.S. Dollar as of March 31, 2012.

In the commodities market, the CRB index rose 3% in the quarter ended March 31, 2012, partially recovering the 4.3% loss in the previous quarter. Nevertheless, when compared to the first quarter of 2011, the CRB index closed the quarter ended March 31, 2012 in nearly a 14% low. International oil prices (barrel) rose 14% during the quarter ended March 31, 2012, after a 4.5% increase in the last quarter of 2011, and a similar gain (+4.7%) over the first quarter of 2011.

Furthermore, the investment banking market in Brazil had a slow start in 2012, following similarly slow activity period of the quarter ended December 31, 2011. In ECM, no registered transactions in Brazil were closed during the quarter ended March 31, 2012, compared to US$2.8 billion of registered transactions and almost US$3.0 billion total transactions in the quarter ended March 31, 2011. In M&A, although the aggregate size of announced deals declined by only 6.4%, the first quarter of 2012 was concentrated in two large transactions – the Redecard tender offer, and the Infraero airports auction.

Debt issuances for Brazilian companies, both on Brazilian local debenture and international debt markets, experienced solid growth in volume in the quarter ended March 31, 2012. In Brazil, the local debenture market grew 228% when compared to the quarter ended March 31, 2011, and the quarter ended March 31, 2012 alone represented almost 40% of the total volume of issuances in

2011. International debt issuances for Brazilian companies registered a 67% growth in volume, compared to the quarter ended March 31, 2011, and it represented 64% of the total international debt issuances during in 2011.

Economic environment

In Brazil, industrial indicators remained weak in the first quarter of 2012. By our estimates, manufacturing activity registered almost zero growth in the quarter even after three previous consecutive quarters of decline, and lower than the average in 2010. In the retail sector, sales registered excellent growth in the beginning of the year, after ending 2011 with growth of nearly 7%. However, vehicle sales remain sluggish, declining successively in the year-on-year comparison. In the credit market, the growth registered in the quarter ended March 31, 2012 points to milder growth than registered in recent years. Considering the recent indicators, we continue to expect another moderate GDP result in the quarter ended March 31, 2012 – growth of close to 0.7% to 0.8% over the last quarter of 2011, though better than the average recorded in the second half of 2011 (0.1% per quarter). The reversal of the monetary policy in mid-2011 and the diverse stimulus measures adopted by the government continue to suggest an economic rebound in the second half of 2012, justifying our forecast of 3.3% GDP growth this year.

Recent results continue to confirm decline in prevailing inflation rates in Brazil. IPCA ended the first quarter of 2012 up 1.2%, as against 2.4% in the same period in 2011, reducing the 12-month inflation to 5.2%. This improved performance was the result of more moderate than expected behavior of food prices and the absence of significant pressures in administered prices (especially in comparison with the first quarter of 2011). Service inflation also improved slightly. However, the inflation pressure did not ease off across the board. Despite a slight decline, core inflation measures have, on average, remained at uneasy levels.

Globally, after a very negative tone at the end of 2011 due to Eurozone heightened concerns, the ECB LTRO operations were able to restore liquidity and confidence at the market, avoiding a major credit crunch. Spanish and Italian banks managed to support their domestic sovereign debt market and the perception of overall risk diminished. European banks were also able to re-start their funding programs and bank's credit availability has increased. Nevertheless, economic conditions and financial markets stability in the Eurozone remain as a major source of concern for 2012.

As financial conditions have eased and equity index recovered, economic data in the US and Europe turned out to be better than expected. Within Europe, a deeper recession was avoided. In the US, most indicators surprised to the upside, however we still did not change our view that the Fed would continue to promote its "loose" monetary policy through early 2014. Supported by better credit conditions in the US, housing indicators also pointed towards some stabilization.

Combined Adjusted Income Statement

Combined Adjusted Revenues (unaudited)	Quarter ended			% Change Mar 2012 to	
	Mar 2011	Dec 2011	Mar 2012	Mar 2011	Dec 2011
Investment banking	105	46	50	-52%	9%
Corporate lending	69	119	102	48%	-14%
Sales and trading	209	214	562	169%	163%
Asset management	112	153	171	53%	12%
Wealth management	32	41	37	16%	-10%
PanAmericano	-	(8)	(21)	n/a	163%
Principal investments	142	108	572	303%	430%
Interest and other	150	286	130	-13%	-55%
Total revenues	**819**	**959**	**1,603**	**96%**	**67%**

Investment Banking

The table below presents information relating to BTG Pactual announced transactions:

Announced Transactions	Number of Transactions[1]			Value[2] (US$ mm)		
	Mar 2011	Dec 2011	Mar 2012	Mar 2011	Dec 2011	Mar 2012
Financial advisory (M&A)	11	21	17	2,070	6,683	4,569
Equity underwriting (ECM)	4	1	2	462	22	135
Debt underwriting (DCM)[2]	7	10	11	1,538	924	2,399

(1) *Equity and debt capital markets, represents 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 exchange rate as of March 31, 2012.*

March 31, 2011 vs. March 31, 2012

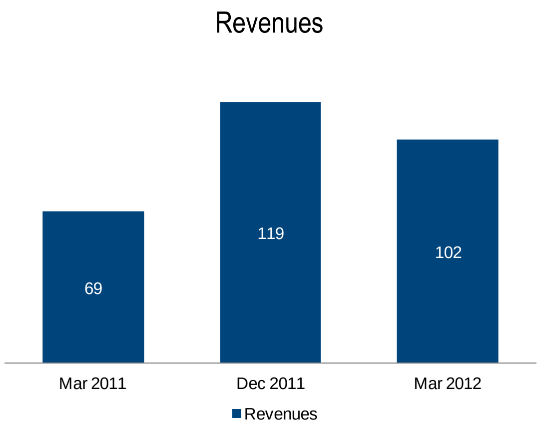
Revenues from investment banking decreased R$55 million, or 52%, which reflects reduced revenues from financial advisory and equity underwriting, which was partially offset by a relevant increase in revenues from debt underwriting. Financial advisory revenues were impacted by two important fees received in the quarter ended March 31, 2011 related to transactions that were announced in 2010, and Equity underwriting suffered from the lack of transactions in the Brazilian market during the first quarter of 2012. Debt underwriting revenues were impacted mostly by local DCM, due to strong levels of market activity, and maintenance of BTG Pactual Group's leading market share in this sector.

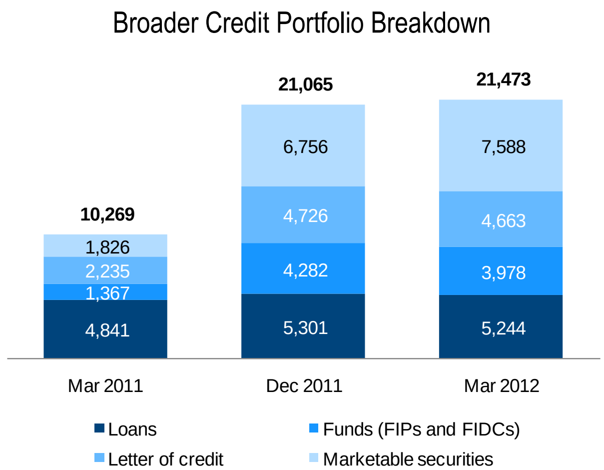
A significant achievement for the BTG Pactual Group international debt franchise was to lead manage the placement of our first non-Brazil bond for the City of Buenos Aires in February 2012, a transaction with US$415 million in gross proceeds.

December 31, 2011 vs. March 31, 2012

Investment banking revenues remained relatively stable in the two periods, due to the low levels of activity observed.

Corporate Lending



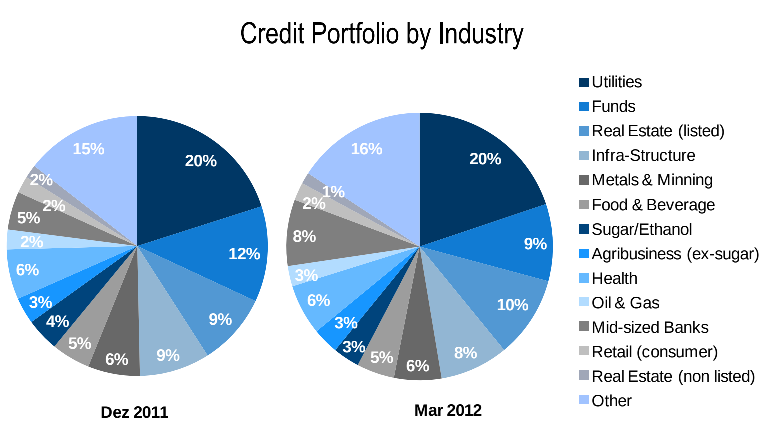


March 31, 2011 vs. March 31, 2012

Revenues from corporate lending increased 48%, due to the increase in the size of our broader credit portfolio, from an average balance of R$7.5 billion to R$18.5 billion, which was partially offset by an increase on our allowance for loans losses. Our broader credit portfolio is composed 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).

December 31, 2011 vs. March 31, 2012

Revenues from corporate lending decreased 14%, from R$119 million to R$102 million. While the size of our broader credit portfolio increased 8% in the period, from an average balance of R$ 17.1 billion to R$ 18.5 billion, we also registered higher expenses due to an increase in our allowance for loans losses.



Sales and trading

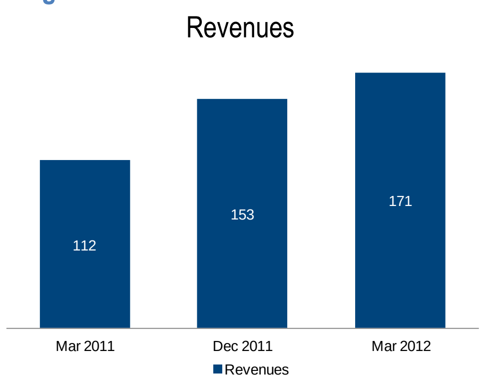
March 31, 2011 vs. March 31, 2012

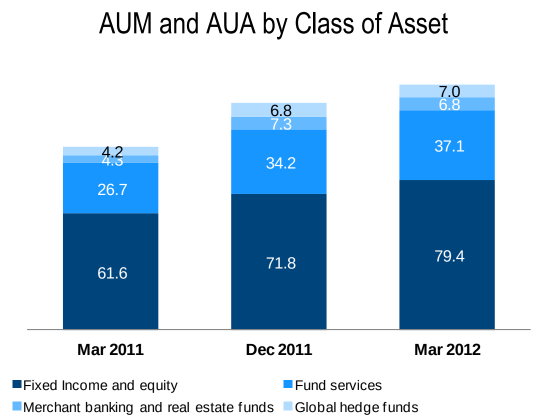
Revenues from sales and trading increased 169%, mainly due to higher revenues from rates and equities cash activities, following the significant improvements in client activity and market conditions in general and, in particular, the convergence of local interest rates, and the increase in volumes and overall recovery of the Ibovespa index in the quarter ended March 31, 2012.

December 31, 2011 vs. March 31, 2012

Revenues from sales and trading increased 163%, mainly due to higher revenues from rates and energy activities, following the significant advances on our client activities, the local interest rates convergence trend, and the higher volumes traded in our energy desk. Revenues increased also due to equities activities, particularly from equities arbitrage and derivatives, due to the lower volatility, and to the recovery of the Ibovespa index in the period.

Asset Management



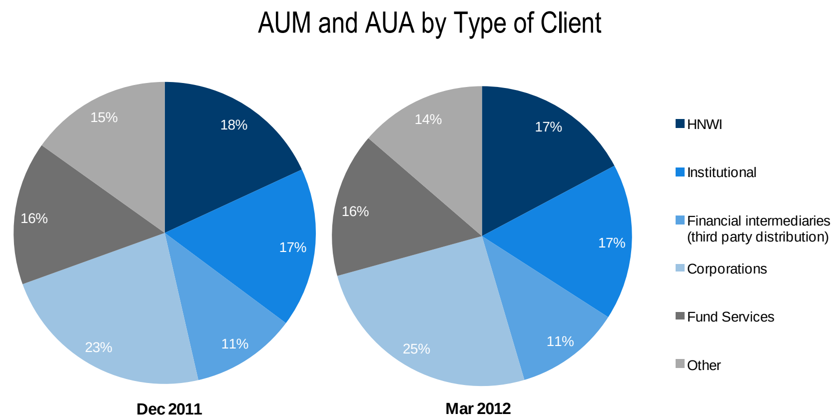


March 31, 2011 vs. March 31, 2012

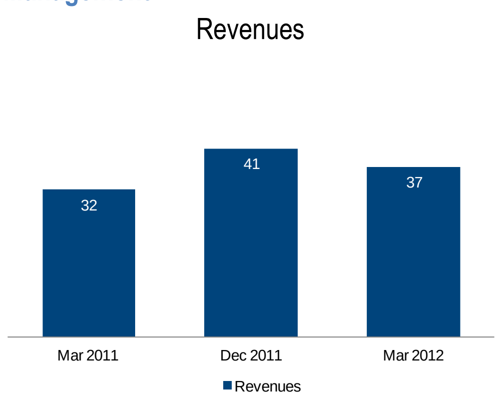
Revenues from asset management increased 53%, mainly due to an increase of 34% in our AUM and AUA, from R$96.8 billion to R$130.3 billion, resulting in an increase in management fees as compared to the previous period. Revenues from asset management also benefited from an increase in performance fees, especially in our global hedge funds, given the solid performance of our funds resulting from the better market conditions observed in the period.

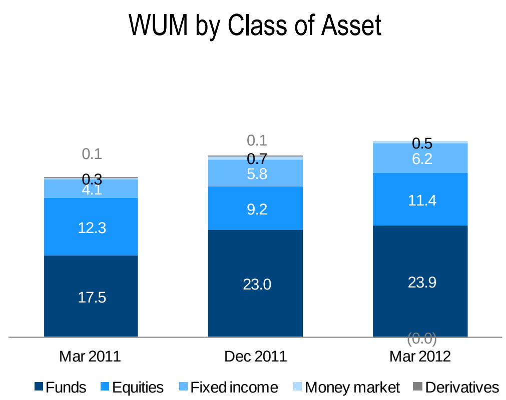
December 31, 2011 vs. March 31, 2012

Revenues from asset management increased 12%, mainly due to an increase of 8% in our AUM and AUA, from R$120.1 billion to R$130.3 billion, resulting in an increase in management fees as compared to the previous period.



Wealth Management





March 31, 2011 vs. March 31, 2012

Revenues from wealth management increased 16% mainly due to a 22% growth in our WUM, from R$34.3 billion to R$42.0 billion, resulting in an increase in management fees as compared to the previous period.

December 31, 2011 vs. March 31, 2012

Revenues from wealth management decreased 10%. Although there was an increase of 8% in WUM, from R$38.9 billion to R$42.0 billion, which resulted in an increase in management fees, as compared to the previous period, this increase was offset by a reduction in interest income, due to reductions in the volume of wealth management loans, and by an increase in the wealth management loan loss provision.

PanAmericano

March 31, 2011 vs. March 31, 2012

Our investment in PanAmericano presented a loss of R$21 million in the quarter ended in March 31, 2012, which consisted of revenue of R$ 1 million relating to our equity pick up from PanAmericano's profits, offset by expenses of R$ 22 million from our internal funding costs charged to this investment. Such internal funding costs have increased following our additional capital contribution to PanAmericano of R$ 495 million in the quarter ended March 31, 2012. Our co-controlling interest in PanAmericano was acquired in May 2011 and, accordingly, we recorded no revenues with respect to this unit in the quarter ended March 31, 2011.

December 31, 2011 vs. March 31, 2012

The losses recognized from our investment in PanAmericano for the quarter ended March 31, 2012 were 163% higher than the previous quarter, due to an increase in the internal funding costs charged to this investment (from R$ 13 million in the quarter ended March 31, 2011 to R$ 22 million in the quarter ended March 31, 2012), as a result of R$ 495 million capital increase described above. In addition, PanAmericano achieved lower net profits in the quarter ended March 31, 2012, which resulted in our equity pick up of PanAmericano's profits decreasing from R$ 5 million in the quarter ended December 31, 2011, to R$ 1 million in the quarter ended March 31, 2012.

Principal Investments

March 31, 2011 vs. March 31, 2012

Revenues from principal investments increased 303%, particularly in the global markets and merchant banking areas, partially offset by negative results from our real estate activities. Higher gains from global markets, in the quarter ended March 31, 2012, resulted from the overall improvements in market conditions, the convergence of interest rates in Brazil, the improvement in the conditions in the US mortgage markets, as well as from the revenues from our equities developed markets desk, launched on first quarter of 2011.

Merchant banking contributed with an increase in revenues, while we had losses in our real estate business unit, due to the higher funding expenses allocation as a result of the expansion of our portfolio of real estate investments that occurred during 2011.

Given the nature of our assets and the structure of our business, our merchant banking and real estate investments are generally not marked to market. Our results on those businesses will typically reflect (i) our share of profits or losses from our invested companies, (ii) profits received from investments not subject to equity pick up method of accounting, (iii) allowances for impairment of goodwill or for losses in investments, (iv) our internal funding costs applied to the merchant banking and real estate portfolios, and (v) gains on the divestment of our investments.

December 31, 2011 vs. March 31, 2012

Revenues from principal investments increased 430%, due to an increase in Global markets revenues, partially offset by lower revenues in merchant banking and losses in real estate. Global markets results improved significantly, from the difficult market scenario in the quarter ended December 31, 2011, with good performances in Brazilian interest rates, US mortgages and emerging markets credit. Merchant banking results decreased since, in the previous quarter we had reported gains from (i) the sale of the remaining equity interest we held in a laboratory business in Brazil, and (ii) a capital contribution to our parking lot business, Estapar, made by third party investors, at a premium over our book value in the company, both of which occurred in October 2011.

(in R$ millions, except as indicated)

Interest and Other

March 31, 2011 vs. March 31, 2012

Revenues from interest and other decreased 13%, mainly due to the temporary effect from the negative mark-to-market of hedging instruments of our investments in foreign subsidiaries (mainly, our Cayman Branch). This decrease was partially offset by an increase in interest on our own capital, in line with the overall increase in our net equity.

December 31, 2011 vs. March 31, 2012

Revenues from interest and other decreased 55%, mainly due to the temporary effect from the negative mark-to-market of hedging instruments of our investments in foreign subsidiaries (mainly, our Cayman Branch), while in the quarter ended December 31, 2011 we recorded positive mark-to-market on those hedging instruments. Interest on our own capital remained relatively stable.

Combined Adjusted Operating Expenses

Combined Adjusted Operating Expenses (unaudited)	Quarter ended			% Change Mar 2012 to	
	Mar 2011	Dec 2011	Mar 2012	Mar 2011	Dec 2011
Bonus	(149)	(172)	(333)	123%	94%
Retention expenses	(18)	13	(6)	-67%	-146%
Salaries and benefits	(54)	(68)	(70)	30%	3%
Administrative and other	(68)	(93)	(68)	0%	-27%
Goodwill amortization	(9)	(9)	(5)	-44%	-44%
Tax charges, other than income tax	(42)	(51)	(51)	21%	0%
Total operating expenses	**(340)**	**(380)**	**(533)**	**57%**	**40%**
Cost income ratio	42%	40%	33%	-20%	-16%
Coverage ratio	226%	164%	208%	-8%	27%
Number of employees total	1,190	1,311	1,357	14%	4%
Partners and associate partners	139	163	165	19%	1%
Employees	936	1,037	1,078	15%	4%
Other	115	111	114	-1%	3%

Bonus: Bonus expenses increased 123%, from R$149 million in the quarter ended March 31, 2011 to R$333 million in the quarter ended March 31, 2012, in line with the higher revenues recorded in the period. Our bonuses are determined in accordance with our profit-sharing program, and are calculated as a percentage of our adjusted revenue, excluding interest and other revenues, and operating expenses. The calculation methodology was applied consistently during the periods.

Retention expenses: Retention expenses decreased 67%, from R$18 million in the quarter ended March 31, 2011 to R$6 million in the quarter ended March 31, 2012. This decrease in retention expenses was due to the phasing-out of the retention program, which terminated in February 2012. For the quarter ended December 31, 2011, we reverted expenses, due to an over accrual of add-on costs.

(in R$ millions, except as indicated)

Salaries and benefits: Staff costs increased 30%, from R$54 million in the quarter ended March 31, 2011 to R$70 million in the quarter ended March 31, 2012. This growth is due to an increase in number of employees (from 1,190 at March 31, 2011 to 1,357 at March 31, 2012), and to the 9% annual compensation increase granted to bank employees pursuant to the Union Agreement reached in September 2011. Salaries and benefits expenses, in the quarter ended March 31, 2012, were 3% higher than the quarter ended December 31, 2011, from R$ 68 million to R$ 70 million, as a result of an increase in number of employees (from 1,311 at December 31, 2011 to 1,357 at March 31, 2012).

Administrative and other: The total Administrative and other expenses remained flat at R$68 million in the quarters ended March 31, 2011 and 2012. Higher expenses from investments in technology, in the quarter ended March 31, 2012, were offset by partial reversal of certain labour and civil claims provisions in the quarter ended March 31, 2012. Administrative and other expenses decreased 27% in the quarter ended March 31, 2012 compared to the quarter ended December 31, 2011 as a result of one time expenses incurred in the quarter ended December 31, 2011, such as legal advisory, consulting fees, and marketing expenses.

Goodwill amortization: Goodwill amortization expenses decreased 44%, from R$9 million in the quarters ended March 31, 2011 and December 31, 2011, to R$5 million in the quarter ended March 31, 2012, as a result of a decrease on the amortization of our goodwill from the acquisition of Coomex.

Tax charges, other than income tax: Tax charges, other than income tax, increased 21%, from R$42 million in the quarter ended March 31, 2011 to R$51 million in the quarters ended December 31, 2012 and March 31, 2012, as a result of the 96% increase in revenues in the period, partially offset by a change in the revenue mix, with a higher component of revenues that are not subject to tax charges.

Combined Adjusted Income Taxes

Combined Adjusted Income Taxes (unaudited)	Quarter ended		
	Mar 2011	Dec 2011	Mar 2012
Income before taxes	479	579	1,070
Income tax and social contribution revenue (expense)	(151)	475	(284)
Effective income tax rate	-32%	82%	-27%

Income and social contribution taxes in Brazil represent current and deferred income tax expenses. Our effective income tax rate went from 32% (an expense of R$ 151 million) in the quarter ended March 31, 2011 to 27% (an expense of R$ 284 million) in the quarter ended March 31, 2012. This decrease is mainly due to a change in our revenue mix, with proportionally more revenues from principal investments in the first quarter of 2012. The variation from December 31, 2011 to March 31, 2012 is mainly attributable to the recognition of a deferred tax asset of R$ 481 million, in December 31, 2011.

Balance Sheet

Our total assets increased 19%, from December 31, 2011 to March 31, 2012, mainly due to the increase of our interbank investments and marketable securities portfolios, and to trade settlement balances included in other receivables. This increase largely reflects higher inventories of assets financed through repo securities, and of trading securities, largely comprised by Brazilian and US Government bonds.

(in R$ millions, except as indicated)

Our permanent assets increased 89%, basically due to our R$495 million capital contribution to PanAmericano, and our R$ 850 million capital contribution to Saíra, the vehicle through which we concluded our investment in BR Properties.

Our secured funding liabilities increased, mainly due to the increase in open market funding related with our larger inventory of financial assets. Our shareholders' equity increased 9%, from December 31, 2011 to March 31, 2012, basically due to the net income of R$ 786 million for the quarter ended March 31, 2012.

Risk and Capital Management

There were no significant changes in the risk and capital management framework in the period.

Market Risk – Value-at-risk

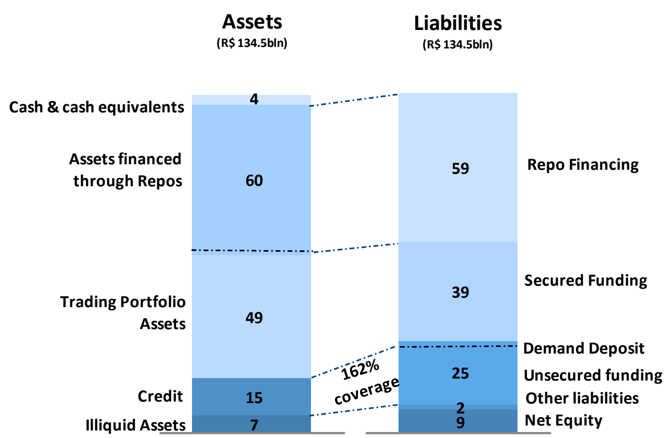
The following table sets forth the average daily VaRs for the year and quarters ended, as indicated:

Value-at-risk (unaudited)	Quarter ended		
	Mar 2011	Dec 2011	Mar 2012
Total average daily VaR	47.7	65.6	92.1
Average daily VaR as a % of average equity	0.64%	0.81%	1.03%

Our total average daily VaR increased during 2011 and 2012, as a result of the deployment of the additional capital we raised in December 2010 in particular, on the quarter ended March 31, 2012, due to larger inventory of financial assets held. Our average daily VaR also increased due to the launch of our energy trading desk, in October 2010, as part of our sales and trading business unit, as well as to other new product classes we started to trade in our principal investment business unit during the period.

Liquidity Risk

The graphic below summarizes the composition of assets and liabilities as of March 31, 2012:



(in R$ millions, except as indicated)

Credit Risk

The following table sets forth the distribution, by credit rating, of our credit exposures as of March 31, 2012. The rating shown below reflect our internal ratings assessment, consistently applied following the Brazilian Central Bank standard ratings scale:

Rating (unaudited)	Mar 2012
AA	8,873
A	9,869
B	1,934
C	584
D	49
E	65
F	25
G	36
H	38
Total	21,473

Capital Management

Banco BTG Pactual must comply with capital requirements standards established by the Central Bank of Brazil, that are similar to those proposed by the Basel Committee on Banking Supervision, under the Basel Capital Accord. Our BIS capital ratios, calculated in accordance with Central Bank of Brazil standards and regulations, are applicable only to Banco BTG Pactual, and are set out in the table below. The reductions in our BIS capital ratio reflect the deployment of the additional capital we raised in December 2010. As of April 15, 2011, BTG Pactual raised an amount of R$ 3.975 million of Tier 2 capital. The reductions in our BIS capital ratio, in the quarter ended March 31, 2012, also reflects the impacts from the implementation of changes in the methodology for the computation of the market risk component of the Basel index (i.e. Basel 2.5):

(unaudited)	Mar 2011	Dec 2011	Mar 2012
BIS Capital ratio	17%	18%	16%

Other Matters

This document should be read together with the interim financial information of Banco BTG Pactual S.A and BTG Participations Ltd, for the quarter ended March 31, 2012. Both the earnings release and the interim financial information are available online in the Investor Relations section at www.btgpactual.com/ir.

(in R$ millions, except as indicated)

Exhibits

Basis for Presentation

Except where otherwise noted, the information concerning our financial condition presented in this document is based on our Combined Balance Sheet, which is prepared in accordance with Brazilian GAAP. Except where otherwise noted, the information concerning our results of operations presented in this document is based on our Combined 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 Combined Adjusted Income Statement is derived from the same accounting information used for preparing our Combined Income Statement in accordance with Brazilian GAAP. The classification of the line items in our Combined Adjusted Income Statement is unaudited and materially differs from the classification and presentation of the corresponding line items in our Combined Income Statement. As explained in the notes to the Combined Financial Statements of BTG Pactual Group, our combined 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 the Group and represents the combination of transactions from (i) Banco BTG Pactual S.A. and its subsidiaries, and (ii) BTG Investments LP and its subsidiaries.

Key Performance Indicators ("KPIs") and Ratios

The key performance indicators (KPIs) and ratios are monitored by 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 and of any specific date results. KPIs are calculated annually and adjusted, when necessary, as part of the strategic planning process and to reflect regulatory environment or significant 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, money market accounts, multi-market funds and private equity funds.
Cost income ratio	It is computed by dividing the combined adjusted total operating expenses by combined adjusted total revenues.
Coverage ratio	It is computed by dividing the combined adjusted fee revenues by the sum of combined adjusted salaries and benefits and administrative and other expenses. Combined adjusted fee revenues are computed by adding the combined adjusted total revenues from investment banking, asset management and wealth management units to brokerage fees from the sales and trading unit.
Effective income tax rate	It is computed by dividing the combined adjusted income tax and social contribution revenue (expense) by the combined adjusted income before taxes.
Pro-forma net income per unit	Pro-forma net income per unit for all periods represents the combined net income divided by total pro-forma number of units pre-offering. The total pro-forma number of units pre-offering considers the combined capital of Banco BTG Pactual and BTGP comprised solely of units. Each pro-forma unit is comprised of 3 different classes of shares of Banco BTG Pactual and BTGP, which is consistent with the units offered in the IPO of April 2012, and therefore the combined capital would be comprised of 800 million units. Management believes that presenting the pro-forma net income per unit for all periods presented is meaningful, as it presents relevant information to shareholders and increases the comparability of period-to-period results. 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 quarters ended March 31, 2011 and 2012 computed by dividing annualized combined net income by the combined average shareholders' equity. We determine the average shareholders' equity based on the initial and final net equity for the quarter. ROAE presented to the quarter ended December 31, 2011 corresponds to the ratio computed considering the actual combined net income and average shareholders' equity for the year 2011.
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,

(in R$ millions, except as indicated)

KPIs and Ratios	Description
	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 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.

Selected Combined Financial Data

Combined Adjusted Income Statement (unaudited)	Quarter ended			% Change Mar 2012 to	
	Mar 2011	Dec 2011	Mar 2012	Mar 2011	Dec 2011
Investment banking	105	46	50	-52%	9%
Corporate lending	69	119	102	48%	-14%
Sales and trading	209	214	562	169%	163%
Asset management	112	153	171	53%	12%
Wealth management	32	41	37	16%	-10%
PanAmericano	0	(8)	(21)	n/a	163%
Principal investments	142	108	572	303%	430%
Interest and other	150	286	130	-13%	-55%
Total revenues	**819**	**959**	**1,603**	**96%**	**67%**
Bonus	(149)	(172)	(333)	123%	94%
Retention expenses	(18)	13	(6)	-67%	-146%
Salaries and benefits	(54)	(68)	(70)	30%	3%
Administrative and other	(68)	(93)	(68)	0%	-27%
Goodwill amortization	(9)	(9)	(5)	-44%	-44%
Tax charges, other than income tax	(42)	(51)	(51)	21%	0%
Total operating expenses	(340)	(380)	(533)	57%	40%
Income before taxes	479	579	1,070	123%	85%
Income tax and social contribution revenue (expense)	(151)	475	(284)	88%	-160%
Net Income for the quarter	**328**	**1,054**	**786**	**140%**	**-25%**

(in R$ millions, except as indicated)

Combined Balance Sheet (unaudited)	Dec 2010	Dec 2011	Mar 2012	% Change Mar 2012 to Dec 2011
Assets				
Cash and bank deposits	1,725	545	148	-73%
Interbank investments	31,296	22,579	27,470	22%
Marketable securities and derivatives	53,510	62,037	73,063	18%
Interbank transactions	134	877	1,067	22%
Loans	4,050	5,042	4,905	-3%
Other receivables	11,896	19,977	24,841	24%
Other assets	43	27	19	-30%
Permanent asset	403	1,405	2,651	89%
Total assets	**103,057**	**112,489**	**134,164**	**19%**
Liabilities				
Deposits	10,574	14,138	15,081	7%
Open market funding	49,730	48,977	64,805	32%
Funds from securities and accepted	1,306	3,775	4,303	14%
Interbank transactions	-	-	7	+100%
Loans and onlendings	723	1,027	1,518	48%
Derivatives	2,220	3,182	4,413	39%
Subordinated liabilities	-	4,158	4,231	2%
Other liabilities	31,134	28,448	30,368	7%
Deferred income	24	32	29	-9%
Shareholders'equity	7,346	8,540	9,318	9%
Non-controlling interest	-	212	91	-57%
Total liabilities	**103,057**	**112,489**	**134,164**	**19%**

(in R$ millions, except as indicated)

Selected Individual Financial Data

The information presented on the tables below is based on the consolidated financial statements of Banco BTG Pactual prepared in accordance with Brazilian GAAP ("BR GAAP") and BTG Investments Ltd ("BTGI"), a subsidiary of BTGP, prepared in accordance with International Financial Reporting Standards (IFRS):

Balance Sheet (unaudited)	BTG Investments		Banco BTG Pactual	
	Dec 2011	Mar 2012	Dec 2011	Mar 2012
Assets				
Cash and bank deposits	32	41	517	116
Interbank investments	2,996	2,303	19,584	25,167
Marketable securities and derivatives	19,224	23,600	42,894	49,508
Interbank transactions	-	-	877	1,067
Loans	376	500	4,665	4,406
Other receivables	7,838	10,868	12,045	13,971
Other assets	118	109	25	16
Permanent asset	-	-	1,405	2,651
Total assets	**30,584**	**37,421**	**82,012**	**96,902**
Liabilities				
Deposits	-	-	14,211	15,132
Open market funding	9,917	17,551	39,060	47,256
Funds from securities and accepted	-	-	3,775	4,303
Interbank transactions	-	-	-	7
Loans and onlendings	107	67	920	1,451
Derivatives	309	147	2,954	4,310
Subordinated liabilities	-	-	4,158	4,231
Other liabilities	18,051	17,102	10,350	13,329
Deferred income	-	-	32	29
Shareholders'equity	2,200	2,554	6,340	6,763
Non-controlling interest	-	-	212	91
Total liabilities	**30,584**	**37,421**	**82,012**	**96,902**

(in R$ millions, except as indicated)

Income Statement (unaudited)	BTG Investments		Banco BTG Pactual	
	Mar 2011	Mar 2012	Mar 2011	Mar 2012
Financial income	230	465	1,552	2,374
Financial expenses	(16)	(12)	(1,163)	(1,459)
Gross financial income	214	453	389	915
Other operating income (expenses)	(21)	(62)	82	136
Operating income	193	391	471	1,051
Non-operating income/expenses	-	-	1	-
Income before taxes and profit sharing	193	391	472	1,051
Income and social contribution taxes		-	(155)	(308)
Statutory profit sharing	(40)	-	(109)	(319)
Non-controlling interest	-	-	-	(1)
Net income for the quarter	153	391	208	423

The table below presents the consolidation adjustments, IFRS adjustments and effects of the reclassification of the net exposure to US Dollar (conversion adjustment) from the combined income statement to the shareholders' equity in order to eliminate gain and losses resulting from the conversion process of the consolidated financial statements of BTGI, as it is explained in the notes to the Combined Financial Statements of BTG Pactual Group.

Reconciliation (unaudited)	Balance sheet		Income statement	
	Dec 2011	Mar 2012	Mar 2011	Mar 2012
Banco BTG Pactual - BR GAAP	82,012	96,902	208	423
BTG Pactual Investments - IFRS	30,584	37,421	153	391
Total	112,596	134,323	361	814
Conversion adjustments from Brazilian GAAP to IFRS	(107)	(159)	3	3
Consolidation and conversion adjustments	-	-	(36)	(31)
Combined balances	112,489	134,164	328	786

Selected Presentation Differences

The table presents a summary of certain material differences between the Combined Adjusted Income Statement and the Combined Income Statement prepared in accordance to the Brazilian GAAP (which is derived from the Combined Financial Statements):

	Combined Adjusted Income Statement	Combined 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 • 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 and other") • 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 combined 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 and 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
PanAmericano 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
Retention Expenses	• Retention expenses include the pro rata accrual of employee retention program expense	• Generally recorded as personnel expenses
Administrative and Others	• Administrative and Others are consulting fees, offices, IT, travel and entertainment expenses, as well as other general expenses	• Generally recorded as other administrative expenses, tax charges, and other operating expenses
Goodwill	• Goodwill amortization of investments in operating subsidiaries other than merchant banking investments	• Generally recorded as other operating expenses
Tax Expenses	• 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	• 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 Combined Adjusted income statement to the combined income statement or combined financial statements. The business units presented in the Combined 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 Combined Adjusted income statement contains data about the business, operating and financial results that are not directly comparable to the combined income statement or the combined financial statements and should not be considered in isolation or as an alternative to such combined income statement or combined financial statements. In addition, although our management believes that the Combined Adjusted income statement is useful for evaluating our performance; the Combined 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, 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 Marquets.
Estapar	Alpark Empresa Participações e Serviços S.A.
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.
Saíra	Saíra-Diamante Empreendimentos Imobiliários S.A.
Selic	The benchmark interest rate payable to holders of some securities issued by the Brazilian government.

Earnings release - first quarter 2012

May 10, 2012 (After market closing)

English Conference Call
May 11, 2012 (Friday)
12:00 PM (New York) / 1:00 PM (Brasília)
Phone: +1 (412) 317-6776
Code: BTG
Replay: +1 (412) 317-0088
Code: 10014073

Portuguese Conference Call
May 11, 2012 (Friday)
10:30 AM (New York) / 11:30 AM (Brasília)
Phone: +55 (11) 2188-0155
Code: BTG
Replay: +55 (11) 2188-0155
Code: BTG

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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