

# BTG Pactual – Earnings Release

## Third Quarter 2013

November 5, 2013

### Highlights

Rio de Janeiro, Brazil, November 5, 2013 - Banco BTG Pactual S.A. (“Banco BTG Pactual”) and BTG Pactual Participations Ltd. (“BTGP”, and together with Banco BTG Pactual and their respective subsidiaries, “BTG Pactual”) (BM&FBOVESPA: BBTG11 and Euronext: BTGP) today reported combined adjusted total revenues of R\$1,416.8 million and combined net income of R\$745.6 million for the quarter ended September 30, 2013.

Net income per unit and annualized return on average shareholders’ equity (ROAE) of BTG Pactual were R\$0.82 and 19.4%, respectively, for the quarter.

As of September 30, 2013, total assets for BTG Pactual were R\$184.6 billion, a decrease of 6% from June 30, 2013, and the BIS capital ratio for Banco BTG Pactual was 18.1%.

### BTG Pactual Financial Summary and Key Performance Indicators

Highlights and KPIs (unaudited) <i>(in R\$ million, unless otherwise stated)</i>	Quarter			Year to Date	
	3Q 2012	2Q 2013	3Q 2013	9M 2012	9M 2013
Total revenues	1,685	1,005	1,417	4,925	4,115
Operating expenses	(617)	(504)	(502)	(1,882)	(1,668)
Of which fixed compensation	(78)	(114)	(133)	(223)	(359)
Of which variable compensation	(335)	(151)	(121)	(947)	(547)
Of which non compensation	(204)	(239)	(247)	(712)	(762)
<b>Net income</b>	<b>793</b>	<b>650</b>	<b>746</b>	<b>2,401</b>	<b>2,007</b>
Net income per unit (R\$)	0.90	0.72	0.82	2.72	2.22
<b>Annualized ROAE</b>	<b>24.9%</b>	<b>17.5%</b>	<b>19.4%</b>	<b>29.6%</b>	<b>17.9%</b>
Cost to income ratio	37%	50%	35%	38%	41%
Coverage ratio	220%	226%	169%	196%	196%
<b>Shareholders' equity</b>	<b>13,125</b>	<b>15,035</b>	<b>15,726</b>		
BIS Capital Ratio (Banco BTG Pactual only)	17.2%	17.8%	18.1%		
Total assets (in R\$ billion)	161.3	196.0	184.6		
AuM and AuA (in R\$ billion)	150.6	186.1	188.8		
WuM (in R\$ billion)	43.5	64.9	65.5		

## Performance

For the 3Q 2013, we achieved an annualized ROAE of 19.4% and net income of R\$745.6 million. Revenues were 41% above 2Q 2013 and net income was 15% above the same period. Overall results from our franchise businesses were solid, in a period when markets continued to present intense volatility and uncertainty, especially in the FX and rates markets. During the quarter, we maintained solid performance from our client facing businesses (i) maintaining the market leadership in Investment Banking in Brazil and LatAm, (ii) presenting solid returns and asset quality in Corporate Lending, (iii) having our Sales and Trading unit continue to navigate volatile markets with good performance, (iv) growing AuM and AuA base, and (v) growing WuM, maintaining high level of revenues in Wealth Management. Additionally, our LatAm expansion remains on track, further consolidating our leading investment banking position throughout the region. Finally, Principal Investments recorded revenues of R\$292.5 million, mainly due to our Global Markets and Merchant Banking units, which were partially offset by continuing negative contribution from our Real Estate unit. Our costs continue to be under control, with our expenses in line with previous quarters.

In the 3Q 2013 our operating expenses reached R\$501.6 million, stable when compared to the 2Q 2013, and presenting a 19% decrease when compared with the 3Q 2012. As a result, for the 3Q 2013, our cost to income ratio was 35%, our compensation ratio was 18% and our coverage ratio was 169%. For the 9M 2013 the ratios were 41%, 22% and 196%, respectively.

Net income reached R\$745.6 million, up 15% from the 2Q 2013 and down 6% compared to the 3Q 2012. Our effective income tax rate for the first nine months of 2013 was 18.0%.

As a consequence, our shareholder's equity grew from R\$15.0 billion to R\$15.7 billion, already taking into account the negative impact of R\$74.0 million from other comprehensive income (OCI).

BTG Pactual's AuM and AuA ended the quarter at R\$188.8 billion, growing slightly when compared to the 2Q 2013, and WuM ended the period at R\$65.5 billion, representing a 1% increase from 2Q 2013.

"Markets continued to present challenges in an uncertain environment. In this context we have delivered strong results, mainly from our client facing business. We are pleased with the performance of our Principal Investments unit, despite the relatively low market risk allocation. In line with our strategy, we are also pleased with the development of important new initiatives such as (i) our commodities and insurance units that are now licensed, operational and starting to build market share (ii) our expansion in LatAm, with the upcoming opening of our broker dealer in Mexico, and (iii) and the continuous expansion of our Asset Management with several new desks/investment themes in place," said Andre Esteves, CEO of the Group.

## Relevant Events

On September 6, 2013, BTG Pactual, through its subsidiary BTG Pactual Timberland Investments Goup LLC, acquired timberland management contracts from Regions Timberland Group ("RTG"), a division of Regions Bank ("RTG"). This acquisition, which expands BTG Pactual's current timberland investment platform, establishes BTG Pactual as the largest independent timberland manager in Latin America and one of the largest worldwide, with committed and invested assets of nearly US\$3 billion and a portfolio of over 1.77 million acres (716,000 hectares) diversified across the USA, Latin America, Europe and South Africa.

On October 10, 2013, Banco BTG Pactual S.A. and BTG Pactual Participations Ltd have completed the listing of their units on NYSE Euronext in Amsterdam. The entities have not offered or issued any new shares or units on this process. Previously, the units were admitted to listing on NYSE Alternext, also in Amsterdam. All units listed and traded in Amsterdam remained wholly interchangeable with the units in Brazil on BM&FBOVESPA.

## Global Market and Economic Analysis

Market prices over the quarter were driven to a substantial extent by the expectations about the future course of monetary policy in the US. The first two months of the quarter were marked by Fed's indication that tapering was likely to start at the September meeting and by the probability that Larry Summers who was perceived in hawkish terms would be nominated chairman of the Fed. The scenario suddenly reversed by the end of the quarter as President Obama nominated Janet Yellen and the FOMC surprised markets by maintaining the pace of the asset purchases. The tighter monetary outlook was thus replaced by the view that accommodative policies would remain in place for long.

As a consequence, the treasury yield varied significantly over the quarter. The US 10 year yield reached 3% during the quarter, but ended at 2.6%, only 20bp higher than the 2Q end. The US dollar depreciated against most of the G10 currencies when one compares end of quarter valuations. The British pound, for instance, gained 6.4% and the Euro gained 4% against the dollar. The emerging market currencies suffered in the first two months of the quarter but rallied against the dollar after the Fed's decision. On a quarter over quarter basis, the Mexican peso, for instance depreciated only 1.2% against the dollar and the BRL appreciated 0.7%. In the case of the BRL, the reversal of the sharp depreciation over the first two months was also due to Central Bank intervention program announced on August 22<sup>nd</sup>.

Despite the volatility of the Treasury yield and of the dollar, the stock markets performed well. The S&P rose 4.7% and the DAX rose 8%, in part due to the stronger than expected growth in Europe. The good performance drove valuations up in emerging markets but, in the case of Brazil, where the stock market rose more than 10%, performance was also consequence of better fundamentals.

First, Q2 GDP in Brazil surprised positively, rising 1.5% q/q (seasonally-adjusted), exceeding market expectations. In fact, this was the strongest quarterly growth since early 2010. Leading indicators suggest a weaker performance in Q3 but, even taking it into account, the consensus view is that growth will be 2.5% in 2013. Labor market remains tight, with Brazil's nationwide unemployment rate ending the quarter at 5.4%.

Second, inflation showed some slowdown signs. Accumulated IPCA inflation was 0.6% only in Q3, well below historical levels, bringing 12-month IPCA inflation down to 5.86% y/y (the lowest annual print in the year). The surprisingly good result reflected temporary events but also the adoption of a tighter monetary policy by Central Bank of Brazil. The base rate was raised 100bps in Q3 to 9.5% and recent communication suggests it to be above 10% p.a. at the start of next year. Inflation will accelerate in Q4, but with the 12-month IPCA print managing to end the year a shade under 6% y/y.

With regard to the external sector, the Brazilian current account deficit totaled 3.6% of GDP in the rolling 12-month period to September. The breakdown shows that the relatively stable performance of the financial account with the deterioration in the current account leading to end of excess flows. Having said that, the Central Bank remains in a comfortable position to address short-term imbalances because of the high level of international reserves. The real exchange rate devaluation that took place this year is likely to lead to a smaller current account deficit next year.

With regard to fiscal policy, the public sector consolidated primary surplus amounted to 1.6% of GDP in the rolling 12-month period to September. Expenditures have grown faster than revenues and the weak results of states and municipalities have contributed to the poor performance. The primary surplus target should end at 1.9-2.0% of GDP in 2013, with risks arising from the performance of regional governments. Consolidated gross debt to GDP ratio declined slightly to 58.8% in September from 59.3% in June. However, the net debt to GDP ratio rose to 35% from 34.5% in June.

Finally, in Investment Banking we saw a rather unstable market that reflected on transactions volumes mainly in products related to capital markets, following the prevailing macro-economic scenario as described above.

In M&A, a product less dependent on the immediate macro environment, we continued to see a market with healthy volumes. Notwithstanding, M&A has performed well, particularly in Latam ex-Brazil, showing a 57% increase in transaction volumes quarter on quarter. We had lower market volumes in both Brazilian and International DCM, mainly due to rising domestic and global interest rates and a more volatile macroeconomic scenario. In ECM we also had a less exciting quarter given that we saw a significant wariness of investors for entering the market more aggressively in the period. In addition, only a limited number of companies were, at the same time, ready to access the market and willing to accept its volatility.

## Combined Adjusted Revenues

Revenues in the 3Q 2013 were up 41% when compared with the 2Q 2013 and down 16% when compared with the 3Q 2012. During the quarter we had solid performance from our client facing businesses and also a positive contribution from our Global Markets and Merchant Banking units.

Combined Adjusted Revenues (unaudited) <i>(in R\$ million, unless otherwise stated)</i>	Quarter			3Q 2013 % change to		Year to Date		9M 2013 % change to
	3Q 2012	2Q 2013	3Q 2013	3Q 2012	2Q 2013	9M 2012	9M 2013	9M 2012
Investment Banking	148	175	131	-12%	-25%	327	410	25%
Corporate Lending	140	183	186	33%	1%	381	579	52%
Sales and Trading	407	462	258	-37%	-44%	1,303	1,390	7%
Asset Management	205	216	223	9%	3%	554	692	25%
Wealth Management	55	101	93	68%	-8%	127	296	132%
Principal Investments	566	(313)	292	-48%	n.a.	1,826	146	-92%
Banco Pan	(94)	(12)	(26)	n.a.	n.a.	(213)	(41)	n.a.
Interest and Other	258	193	260	1%	35%	620	643	4%
<b>Total revenues</b>	<b>1,685</b>	<b>1,005</b>	<b>1,417</b>	<b>-16%</b>	<b>41%</b>	<b>4,925</b>	<b>4,115</b>	<b>-16%</b>

## Investment Banking

The tables below present details related to announced transactions in which BTG Pactual participated:

BTG Pactual Announced Transactions (unaudited)	Number of Transactions <sup>(1),(3)</sup>			Value <sup>(2),(3)</sup> (US\$ mln)		
	3Q 2012	2Q 2013	3Q 2013	3Q 2012	2Q 2013	3Q 2013
Financial Advisory (M&A) <sup>(4)</sup>	15	11	17	3,140	6,185	7,896
Equity Underwriting (ECM)	1	7	5	174	1,102	617
Debt Underwriting (DCM)	6	12	8	1,233	1,337	1,468

BTG Pactual Announced Transactions (unaudited)	Number of Transactions <sup>(1),(3)</sup>		Value <sup>(2),(3)</sup> (US\$ mln)	
	9M 2012	9M 2013	9M 2012	9M 2013
Financial Advisory (M&A) <sup>(4)</sup>	72	36	25,781	15,797
Equity Underwriting (ECM)	7	17	766	2,326
Debt Underwriting (DCM)	35	38	4,331	5,183

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
- (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 in any moment, (ii) canceled transactions will be withdrawn from the rank, (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 3Q 2013 market share highlights

- M&A: #1 in number of announced transactions in Brazil and Latin America #1 in transaction volumes in Brazil and #2 in transaction volumes in Latin America
- ECM: #1 in number of transactions in Brazil and Latin America #1 in transaction volumes in Brazil and #3 in transaction volumes in Latin America
- DCM: #1 in transaction volumes in Local Brazilian DCM and #2 in number of transactions for International Brazilian DCM

### 3Q 2013 vs. 2Q 2013

Investment Banking continued to achieve solid performance, and the quarter revenues reached R\$130.7 million. Even though the result is 25% lower than the 2Q 2013, revenue levels remained strong. The decrease was attributable to (i) lower revenues in financial advisory, since the recognition of some significant transactions had occurred in the previous quarter and (ii) a decrease in equity underwriting, as a result of continuing slow market activity in LatAm, even though we were able to maintain our leading market share. DCM continued to post solid performance, even with market activity slowing (both for Brazilian and International DCM). Our DCM revenues grew significantly when compared to 2Q 2013 with higher transaction volumes, increased average profitability on a per transaction basis and significant market share expansion, especially for Brazilian local DCM market.

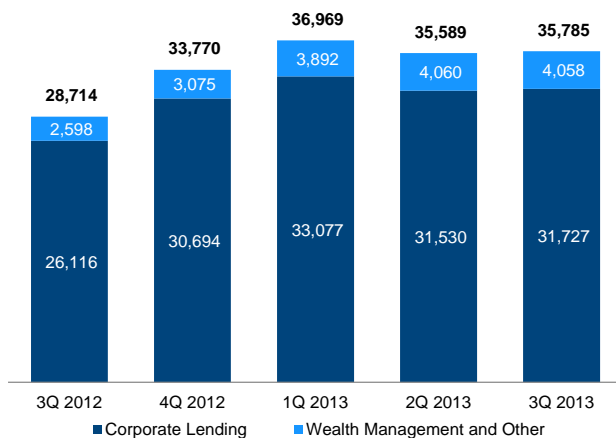
### 3Q 2013 vs. 3Q 2012

Revenues decreased 12% when compared with the 3Q 2012, again mainly due to significant advisory fees recorded in the previous period. In this context, (i) we had a decrease in financial advisory revenues, even though market activity and transaction volumes grew, quarter on quarter, and (ii) our DCM business continuing to post solid performance, following market activity growth, increased average profitability on a per transaction basis, and increase of our market share, quarter on quarter. ECM revenues were higher when compared to 3Q 2012, despite slow market activity in both periods.

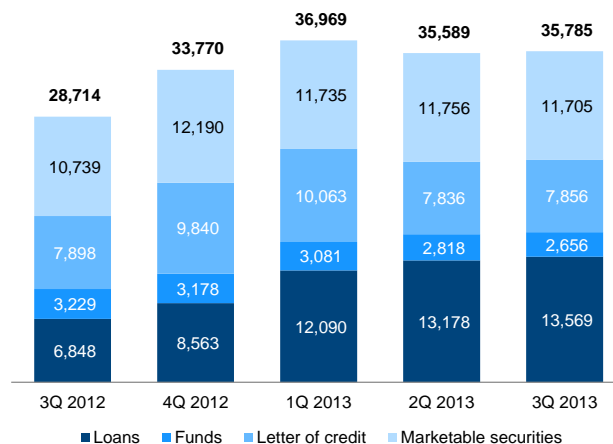
## Corporate Lending

### BTG Pactual Broader Credit Portfolio

**Broader Credit Portfolio Breakdown By Area**  
(in R\$ million)



**Broader Credit Portfolio By Product**  
(in R\$ million)



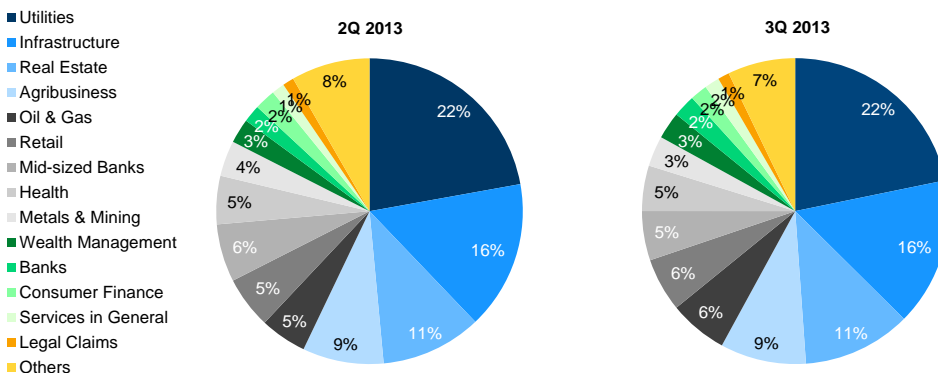
**Note:**

- (1) Other: includes interbank deposits, Merchant Banking structured transactions and others
- (2) Wealth Management impacts WM results, other impacts Sales and Trading and Merchant Banking results

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).

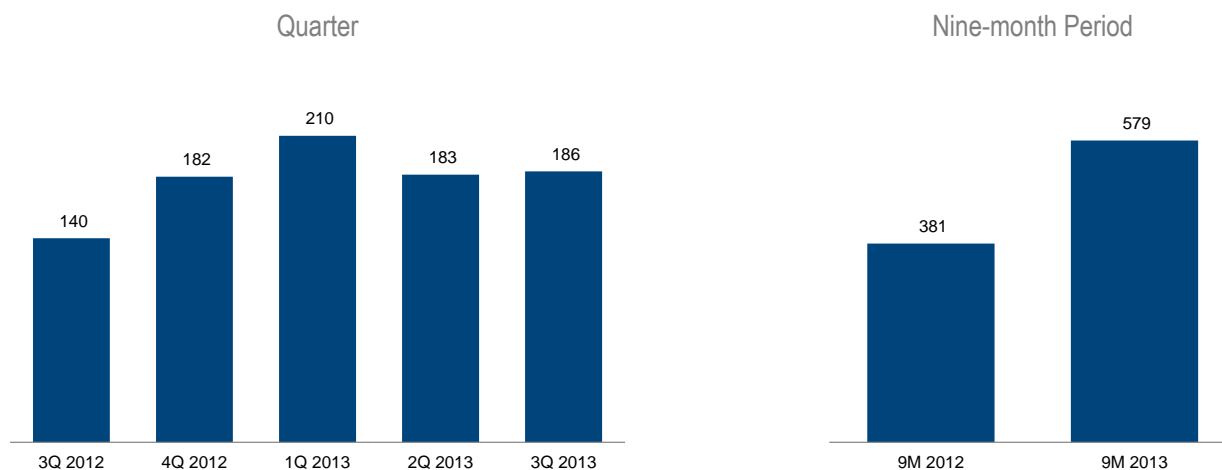
At quarter end, the balance of our broader credit portfolio remained stable when compared with the 2Q 2013, and we maintained the high quality of the portfolio and comfortable liquidity levels given the prevailing economic scenario in Brazil. We continued to develop our Corporate Lending activities, originating significant opportunities in LatAm and Brazil.

### Broader Credit Portfolio By Industry (% of total in values)



### Corporate Lending Detailed Results

#### Revenues (in R\$ million)



### 3Q 2013 vs. 2Q 2013

Revenues from Corporate Lending increased 1%, from R\$183.5 million to R\$185.8 million, in line with the Corporate Lending portfolio evolution, and with the maintenance of the average credit spread.

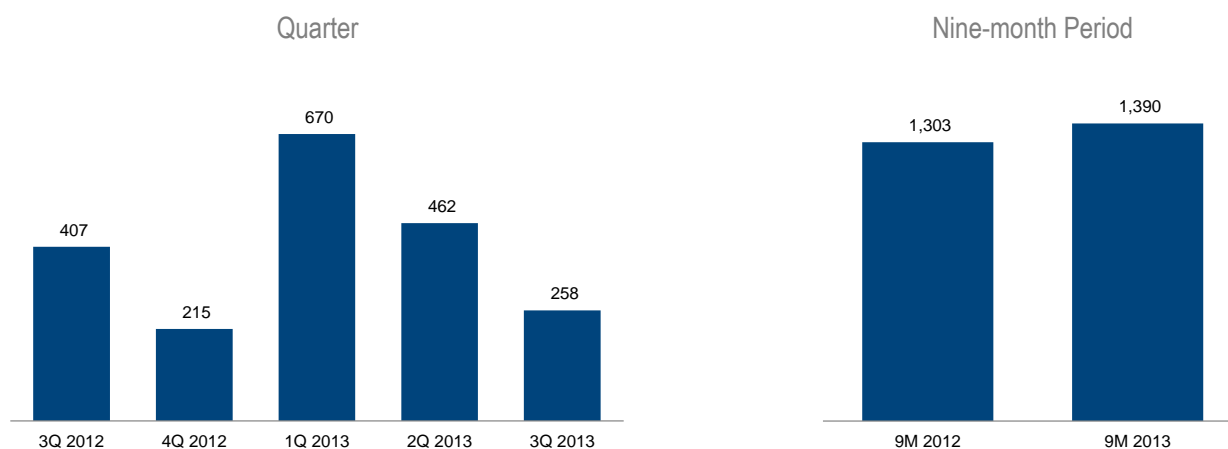
### 3Q 2013 vs. 3Q 2012

Revenues from Corporate Lending increased 33%, from R\$139.9 million to R\$185.8 million, due to the 28% growth of the average balance of our corporate lending portfolio, from R\$24.6 billion in 3Q 2012 to R\$31.6 billion in 3Q 2013, and maintenance of the average credit spread.

### Sales and Trading

#### Revenues

(in R\$ million)



### 3Q 2013 vs. 2Q 2013

Revenues from Sales and Trading decreased 44%, from R\$461.8 million to R\$258.0 million, reflecting a quarter with reduced activity in financial markets in LatAm, marked by risk aversion from our clients, particularly in the FX and equities markets. In the 3Q 2013 we maintained performance levels in our rates franchise and in our Brazilian energy desk. We also started to capture revenues from our commodities business, in which we have made good progress in the implementation process. On the other hand, our FX revenues were lower, due to the market conditions previously described, and equities continued to perform below par.

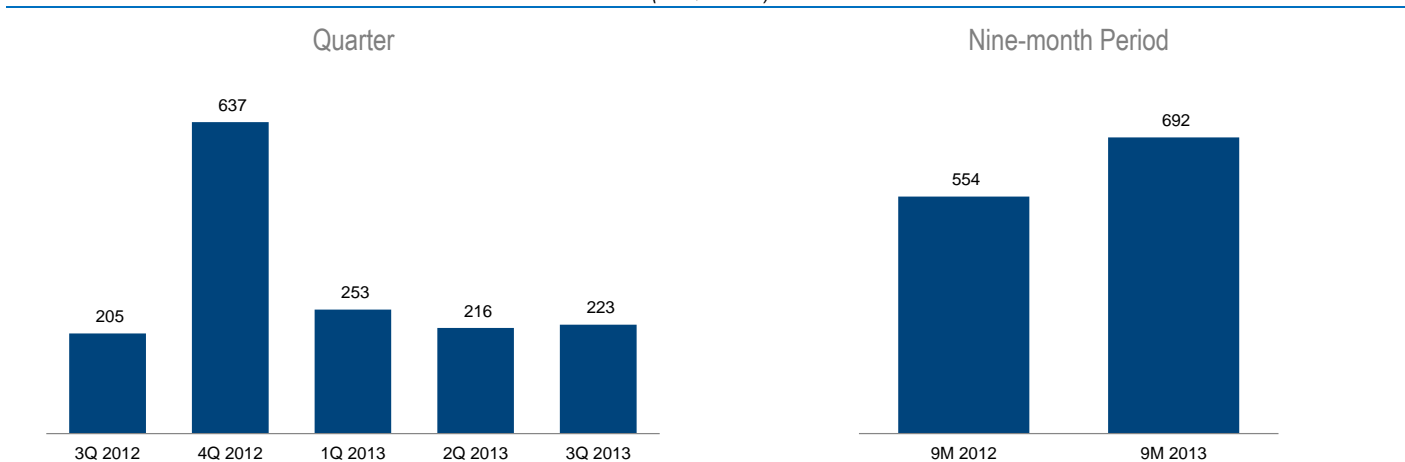
### 3Q 2013 vs. 3Q 2012

Sales and Trading revenues decreased 37%, from R\$406.8 million to R\$258.0 million. The revenue decrease is mainly attributable to the same factors described above.

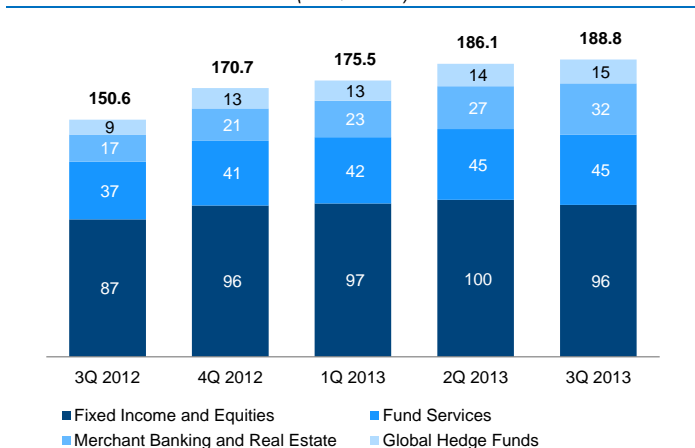


## Asset Management

### Revenues (in R\$ million)



### AuM & AuA by Asset Class (in R\$ billion)



### 3Q 2013 vs. 2Q 2013

Revenues from Asset Management increased 3%, from R\$215.8 million to R\$222.6 million. Revenues were impacted by a growth in management fees in line with the 1% increase in our AuM and AuA, and to the recognition of higher revenues from performance fees in the

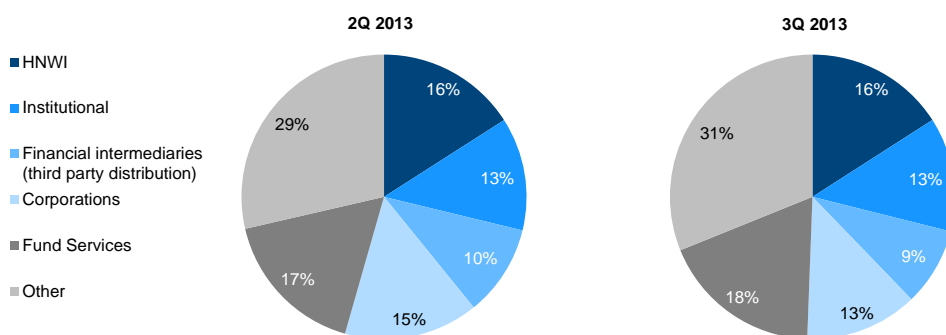
period when compared to 2Q 2013. Our AuM and AuA in alternative and equities products continue to grow, in relative terms to more traditional, conservative fixed income products.

Net new money was negative R\$3.9 billion, primarily due to outflows from our Fixed Income & Equities funds, partially offset by the inflows to our Global Hedge funds.

### 3Q 2013 vs. 3Q 2012

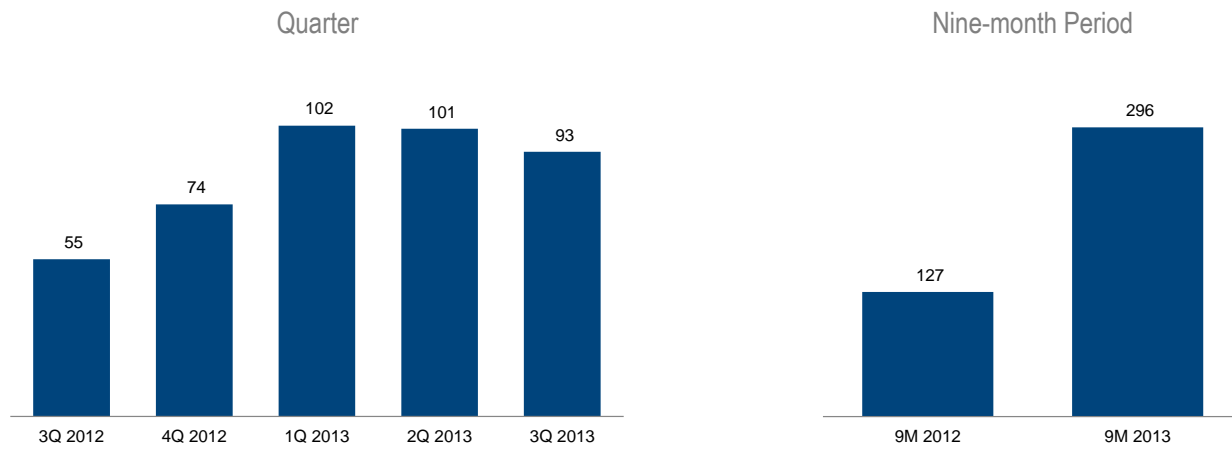
Revenues from Asset Management increased 9%, from R\$204.6 million to R\$222.6 million. The increase in our management fees were a result of (i) an increase of 25% in our AuM and AuA, in part due to the acquisition of Celfin and Bolsa y Renta during the 4Q 2012, and (ii) an increase in our RoA, due to a shift in the composition of our AuM and AuA, which migrated gradually over the period from conservative, short term fixed income products, to alternative and equities products. The increase was partially offset by lower revenues from performance fees recognized in the 3Q 2013, when compared with the same period of 2012.

### AuM and AuA by Type of Client (%)

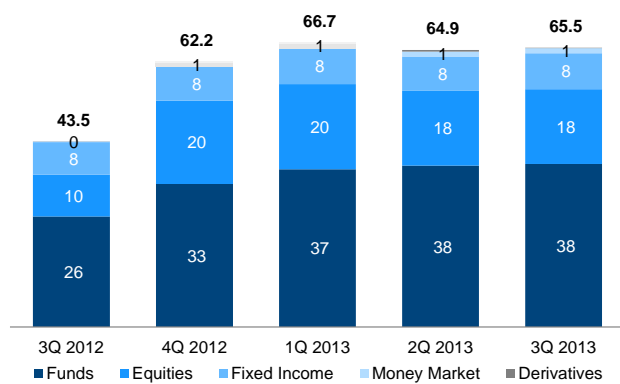


## Wealth Management

### Revenues (in R\$ million)



### WuM by Class of Asset (in R\$ billion)



### 3Q 2013 vs. 2Q 2013

Revenues from Wealth Management were down 8%, from \$100.9 million in 2Q 2013 to R\$92.8 million in 3Q 2013. The decrease is primarily due to less from clients' trading activities, in line with a more volatile scenario in financial markets. WuM closed the period at R\$65.5 billion, a 1% increase when compared to the previous period.

NNM was positive R\$0.7 billion.

### 3Q 2013 vs. 3Q 2012

Revenues from Wealth Management increased 68%, from R\$55.1 million to R\$92.8 million, primarily a result of (i) the 50% growth in WuM, in part due to the acquisitions of Celfin and Bolsa y Renta during the 4Q 2012, (ii) higher RoA on our asset management funds, and (iii) higher revenues from clients' trading activities.

## Principal Investments

Principal Investments Revenues (unaudited) <i>(in R\$ million, unless otherwise stated)</i>	Quarter			3Q 2013 % change to		Full Year		9M 2013 % change to
	3Q 2012	2Q 2013	3Q 2013	3Q 2012	2Q 2013	9M 2012	9M 2013	9M 2012
Global Markets	365	(106)	108	-70%	n.a.	1,296	278	-79%
Merchant Banking	233	(58)	222	-5%	n.a.	274	245	-11%
Real Estate	(31)	(149)	(38)	n.a.	n.a.	256	(376)	n.a.
<b>Total</b>	<b>566</b>	<b>(313)</b>	<b>292</b>	<b>-48%</b>	<b>n.a.</b>	<b>1,826</b>	<b>146</b>	<b>-92%</b>

### 3Q 2013 vs. 2Q 2013

Principal Investments had positive revenues of R\$292.5 million in the 3Q 2013, compared to negative revenues of R\$313.3 million in the previous quarter. Most of our Global Markets desks delivered positive returns in the quarter, especially global credit and global equities, which were partially offset by results from our FX and LatAm rates strategies. In Merchant Banking, revenues were positively impacted by (i) our share of profits from the Merchant Banking portfolio companies and (ii) positive results from the conversion of credit receivables into an equity stake in the Petra Parnaiba gas field (the transaction is concluded and pending regulatory approval, which is expected to occur on the 1Q 2014).

Finally, Real Estate revenues in the quarter were negatively impacted by our investment in BR Properties, the average share price of which decreased from R\$19.4 per share at the end of 2Q 2013 to R\$18.7 per share at the end of 3Q 2013, while we maintained our 20% non-permanent provision on the investment. Such negative revenues were partially offset by positive equity pick-up from certain real estate developments.

### 3Q 2013 vs. 3Q 2012

Revenues from Principal Investments decreased 48% in relation to 3Q 2012, mainly due to weaker performance from Global Markets, predominately in our LatAm rates and FX desks, which was partially compensated by the positive performance of our Global Equities strategies. Merchant Banking revenues remained stable, due to the factors described above concerning the 3Q 2013, and to the sale of our investment in STR Participações in the 3Q 2012. Real estate revenues were stable.

Given the nature of our assets and the structure of our business, our Merchant Banking and Real Estate investments are generally not measured at fair value except when the companies are publicly traded. Our results from those businesses will typically reflect (i) our share of profits or losses from our invested companies, (ii) dividends received from investments not subject to the equity pick up method of accounting, (iii) allowances for valuation of properties, 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 divestiture of our investments.

## Banco Pan

### 3Q 2013 vs. 2Q 2013

Our investment in Banco Pan presented a loss of R\$25.8 million in the 3Q 2013, higher than the loss of R\$11.7 million recorded in the previous quarter. This loss was composed of funding costs of R\$19.3 million charged to this investment, in line with the previous quarter, together with our R\$6.5 million share of losses from Banco Pan, compared to an R\$5.0 million share of profits in the second quarter of 2013.

### 3Q 2013 vs. 3Q 2012

The losses recognized from our investment in Banco Pan for 3Q 2013 were 73% lower than 3Q 2012. Our share of profits from Banco Pan increased, from a loss of R\$68.0 million in 3Q 2012 to a loss of R\$6.5 million in the 3Q 2013, while our funding costs charged to this investment were R\$19.3 million in the 3Q 2013, compared to R\$26.1 million in 3Q 2012.

## Interest and Other

### 3Q 2013 vs. 2Q 2013

Revenues from Interest and Other increased 35% as a result of a 5% increase in our average shareholders' equity and increase in the average basic interest rate of the Brazilian Central Bank from 2Q 2013 to 3Q 2013 from 8.00% to 9.00%.

### 3Q 2013 vs. 3Q 2012

Revenues from interest and other increased 1%, mainly due to the increase of our average shareholders' equity of 20% in the period. The increase was partially offset by positive impact in the 3Q 2012 of fair value changes of certain hedging instruments that moved favorably in the period.

## Combined Adjusted Operating Expenses

Combined Adjusted Operating Expenses (unaudited) <i>(in R\$ million, unless otherwise stated)</i>	Quarter			3Q 2013 % change to		Year to Date		9M 2013 % change to
	3Q 2012	2Q 2013	3Q 2013	3Q 2012	2Q 2013	9M 2012	9M 2013	9M 2012
Bonus	(335)	(151)	(121)	-64%	-20%	(947)	(547)	-42%
Retention expenses	-	-	-	n.a.	n.a.	(6)	-	-100%
Salaries and benefits	(78)	(114)	(133)	70%	17%	(223)	(359)	61%
Administrative and other	(128)	(128)	(158)	24%	24%	(346)	(444)	28%
Goodwill amortization	(14)	(45)	(49)	246%	8%	(190)	(139)	-27%
Tax charges, other than income tax	(63)	(66)	(41)	-35%	-39%	(171)	(179)	5%
<b>Total operating expenses</b>	<b>(617)</b>	<b>(504)</b>	<b>(502)</b>	<b>-19%</b>	<b>0%</b>	<b>(1,882)</b>	<b>(1,668)</b>	<b>-11%</b>
Cost to income ratio	37%	50%	35%	-3%	-29%	38%	41%	6%
Compensation ratio	24%	26%	18%	-27%	-32%	24%	22%	-7%
Coverage ratio	220%	226%	169%	-23%	-25%	196%	196%	0%
Total number of employees	1,539	2,553	2,717	77%	6%	1,539	2,717	77%
Partners and associate partners	165	185	182	10%	-2%	165	182	10%
Employees	1,241	2,249	2,393	93%	6%	1,241	2,393	93%
Other	133	119	142	7%	19%	133	142	7%

### Bonus

Bonus expenses in the 3Q 2013 were R\$121.2 million, a decrease of 20% compared to the previous quarter. The reduction of bonus expenses were mostly attributable to the impact from negative OCI ("Other Comprehensive Income") and to the relative increase in Interest and Other revenues, as well as due to an increase of 13% in our expenses (excluding taxes and bonuses) in the quarter. Bonus expenses were R\$334.6 million in the 3Q 2012 and R\$150.6 million in the 2Q 2013. Our bonuses are determined in accordance with our profit-sharing program, and are calculated as a percentage of our adjusted revenues, excluding Interest and Other revenues, reduced by our operating expenses. The calculation methodology was consistently applied in all of the periods.

### Retention expenses

We recorded no such expenses in the 3Q 2013 as our retention program was terminated in February 2012.

### Salaries and benefits

Staff costs increased 17% compared to the 2Q 2013. Expenses related to salaries and benefits were R\$78.2 million in the 3Q 2012 and R\$114.0 million in the 2Q 2013, compared to R\$133.1 million in the 3Q 2013. This increase was mainly due to an increase in the total number of employees, from 2,553 to 2,717 and to the wage increase of 8% following an industry agreement with the Brazilian banking union. When compared to the 3Q 2012, the increase in such expenses reflects the growth in the total number of employees from 1,539 to 2,717 (due to our acquisitions of Celfin and Bolsa y Renta in the 4Q 2012) and by the 7.5% increase in annual base salaries granted in September 2012 to employees in Brazil pursuant to the 2012 agreement with the banking employees union in Brazil.

## Administrative and other

Total administrative and other expenses increased 24%, from R\$127.7 million in the 2Q 2013 to R\$157.9 million in the current quarter, mostly as a result of the set-up expenses of our commodities business, including recruiting, professional fees and travel expenses, partially offset by lower professional fees expenses from other business areas. If compared to the 3Q 2012, total administrative and other expenses increased 24%, from R\$127.6 million to R\$157.9 million, attributable overall growth of our operational platform, including the acquisitions of Celfin and Bolsa y Renta, higher technology expenses, our new SP Office and our commodities initiative.

## Goodwill amortization

In the 3Q 2013 we recorded amortization expenses totaling R\$48.7 million arising primarily in connection with our goodwill from the acquisitions of Celfin and Bolsa y Renta. Goodwill amortization was in line with the 2Q 2013, and decreased compared to 3Q 2012, due to our decision to fully amortize the then-existing goodwill in that period.

## Tax charges, other than income tax

Tax charges, other than income tax, were R\$40.5 million, a decrease of 39% and 35% when compared to the 2Q 2013 and 3Q 2012 respectively, as a smaller part of the revenues were subject to tax charges in the period, which decreased tax charges as a percentage of total revenues.

## Combined Adjusted Income Taxes

Combined Adjusted Income Tax (unaudited) <i>(in R\$ million, unless otherwise stated)</i>	Quarter			Year to Date	
	3Q 2012	2Q 2013	3Q 2013	9M 2012	9M 2013
Income before taxes	1,068	501	915	3,044	2,447
Income tax and social contribution	(275)	149	(170)	(643)	(439)
<b>Effective income tax rate</b>	<b>25.8%</b>	<b>-29.8%</b>	<b>18.5%</b>	<b>21.1%</b>	<b>18.0%</b>

Our effective income tax rate went from negative 29.8% (representing an income tax gain of R\$149.2 million) in the 2Q 2013 to 18.5% (an expense of R\$169.6 million) in the current quarter, mainly due to, in the 2Q 2013, (i) the recognition of a R\$302.3 million deferred tax credit over the non-permanent provision in our stake in BR Properties, and (ii) the computation of interest on equity (JCP) in the amount of R\$255.0 million.

## Balance Sheet

Our total assets decreased 6%, from R\$196.0 billion at the end of the 2Q 2013 to R\$184.6 billion at the end of the 3Q 2013, mainly due to the decrease in our interbank investments, mostly related to reverse repo transactions with Brazilian government bonds, and our marketable securities portfolio, as a consequence of lower inventories of assets financed through secured funding, in especial repo financing, largely composed of Brazilian and US government bonds. Our leverage ratio was 11.7x at the end of the 3Q 2013.

On the liabilities side, our secured funding liabilities decreased mainly due to the decrease in open market funding and inventory of financial assets. Our unsecured funding remained stable and our shareholders' equity increased 5%, from R\$15,035 million at the end of the 2Q 2013 to R\$15,726 million at the end of the 3Q 2013, mainly due to net income of R\$745.6 million for the quarter ended September 30, 2013.

## 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) <i>(in R\$ million, unless otherwise stated)</i>	Quarter		
	3Q 2012	2Q 2013	3Q 2013
<b>Total average daily VaR</b>	<b>88.0</b>	<b>73.5</b>	<b>82.0</b>
Average daily VaR as a % of average equity	0.69%	0.49%	0.53%

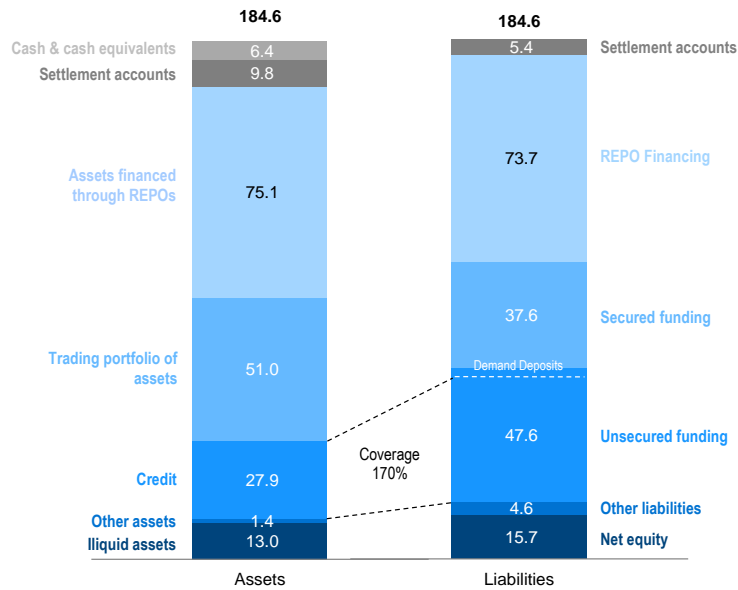
Our total average daily VaR marginally increased in the 3Q 2013, in absolute terms and as a percentage of our average shareholders' equity, when compared to the 2Q 2013 yet decreased when compared to the 3Q 2012. We did not perceive clear and/or compelling opportunities therefore maintained our market risk exposure relatively stable during the quarter since market conditions continue to be less favorable. As we have outlined in the past, that is a characteristic of our business model, in which our average VaR may vary, from time to time, due to our perceptions concerning capital deployment opportunities in the various markets in which we operate.



## Liquidity Risk Analysis

The chart below summarizes the composition of assets and liabilities as of September 30, 2013:

**Summarized Balance Sheet (unaudited)**  
(in R\$ billion)



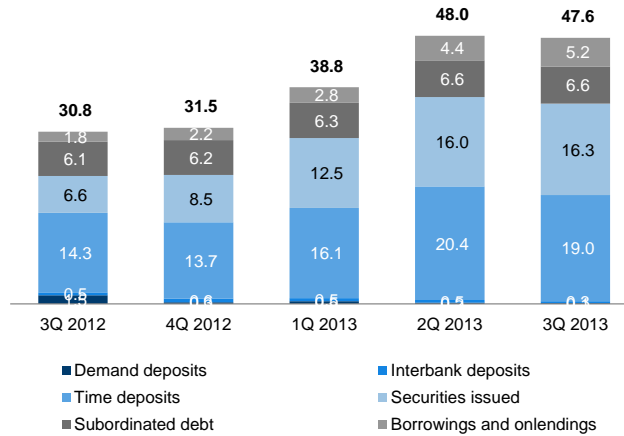
**Note:**

- (1) From 1Q 2013 on, unsecured funding includes secured funding that uses credit or illiquid asset as collateral (3Q 2013 = R\$3.0 billion)
- (2) From 1Q 2013 on, other assets, that was previously reported together with illiquid assets, are reported individually

## Unsecured Funding Analysis

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

**Unsecured Funding Evolution (unaudited)**  
(in R\$ billion)



Note:

- (1) During the 4Q 2012 the Brazilian Central Bank reviewed the definition of money market account in our Cayman Branch, which was re-classified from demand deposits to time deposits. For the 3Q 2013 the total value of money market in our Cayman Branch was R\$2.7 billion
- (2) From 1Q 2013 on, time deposits includes secured funding that uses credit or illiquid asset as collateral (3Q 2013 = R\$3.0 billion)

Our total unsecured funding remained stable in the quarter at R\$47.6 billion.

## Credit Risk

The following table sets forth the distribution, by credit rating, of our credit exposures as of September 30, 2013. The rating shown below reflects our internal ratings assessment, consistently applied following the Brazilian Central Bank standard ratings scale:

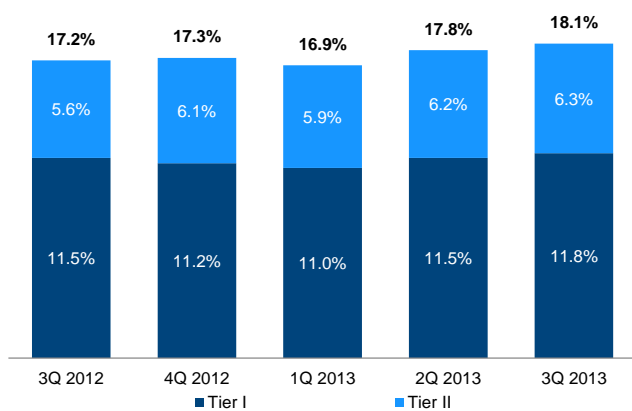
Rating (unaudited) (in R\$ million)	3Q 2013
AA	13,157
A	15,546
B	3,498
C	2,257
D	306
E	860
F	18
G	117
H	27
<b>Total</b>	<b>35,785</b>

## 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 The Brazilian Central Bank standards and regulations, are applicable only to Banco BTG Pactual and are set out in the table below.

The Basel ratio increased from 17.8% at the end of the 2Q 2013 to 18.1% at the close of the 3Q 2013. The increase of the Basel Index was a result of a (i) relatively stable risk weighted assets from credit risk, (ii) 13% increase in market risk in line with the increase in our VaR, and (iii) higher reference equity, driven by the profits from the period.

**Basel Ratio (unaudited)**  
(%)



## 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 September 30, 2013. Both the earnings release and the interim financial information are available online in the Investor Relations section at [www.btgpactual.com/ir](http://www.btgpactual.com/ir).

## 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, 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, equities, money market accounts, multi-market funds and private equity funds.
Cost to 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 or (expense) by the combined adjusted income before taxes.
Net income per unit	Net income per unit for periods before 2Q 2012 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. Net Income per unit for 2Q12 and the following periods, including 6M 2012, represents the combined net income divided by total number of units in the end of period (the combined capital is comprised of 905 million). 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 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.

KPIs and Ratios	Description
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 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 combined shareholders' equity.

## Selected Combined Financial Data

Balance Sheet (unaudited) <i>(in R\$ million, unless otherwise stated)</i>	Quarter			3Q 2013 % change to	
	3Q 2012	2Q 2013	3Q 2013	3Q 2012	2Q 2013
<b>Assets</b>					
Cash and bank deposits	742	725	728	-2%	0%
Interbank investments	33,160	52,731	42,176	27%	-20%
Marketable securities and derivatives	93,291	96,668	91,974	-1%	-5%
Interbank transactions	812	482	265	-67%	-45%
Loans	7,234	13,664	13,303	84%	-3%
Other receivables	22,787	25,712	30,055	32%	17%
Other assets	22	56	124	452%	123%
Permanent assets	3,268	5,914	5,985	83%	1%
<b>Total assets</b>	<b>161,316</b>	<b>195,952</b>	<b>184,609</b>	<b>14%</b>	<b>-6%</b>
<b>Liabilities</b>					
Deposits	16,306	18,183	16,515	1%	-9%
Open market funding	76,114	94,126	83,583	10%	-11%
Funds from securities issued and accepted	6,570	15,984	16,346	149%	2%
Interbank transactions	30	5	6	-79%	39%
Loans and onlendings	1,811	4,378	5,177	186%	18%
Derivatives	6,827	14,384	11,336	66%	-21%
Subordinated liabilities	6,148	6,576	6,617	8%	1%
Other liabilities	34,224	26,850	28,877	-16%	8%
Deferred income	68	141	109	60%	-22%
<b>Shareholders' equity</b>	<b>13,125</b>	<b>15,035</b>	<b>15,726</b>	<b>20%</b>	<b>5%</b>
Non-controlling interest	91	290	317	247%	9%
<b>Total liabilities</b>	<b>161,316</b>	<b>195,952</b>	<b>184,609</b>	<b>14%</b>	<b>-6%</b>

Combined Adjusted Income Statement (unaudited) <i>(in R\$ million, unless otherwise stated)</i>	Quarter			3Q 2013 % change to		Year to Date		9M 2013 % change to
	3Q 2012	2Q 2013	3Q 2013	3Q 2012	2Q 2013	9M 2012	9M 2013	9M 2012
Investment banking	148	175	131	-12%	-25%	327	410	25%
Corporate lending	140	183	186	33%	1%	381	579	52%
Sales and trading	407	462	258	-37%	-44%	1,303	1,390	7%
Asset management	205	216	223	9%	3%	554	692	25%
Wealth management	55	101	93	68%	-8%	127	296	132%
Principal investments	566	(313)	292	-48%	n.a.	1,826	146	-92%
Banco Pan	(94)	(12)	(26)	n.a.	n.a.	(213)	(41)	n.a.
Interest and other	258	193	260	1%	35%	620	643	4%
<b>Total revenues</b>	<b>1,685</b>	<b>1,005</b>	<b>1,417</b>	<b>-16%</b>	<b>41%</b>	<b>4,925</b>	<b>4,115</b>	<b>-16%</b>
Bonus	(335)	(151)	(121)	-64%	-20%	(947)	(547)	-42%
Retention expenses	-	-	-	n.a.	n.a.	(6)	-	-100%
Salaries and benefits	(78)	(114)	(133)	70%	17%	(223)	(359)	61%
Administrative and other	(128)	(128)	(158)	24%	24%	(346)	(444)	28%
Goodwill amortization	(14)	(45)	(49)	246%	8%	(190)	(139)	-27%
Tax charges, other than income tax	(63)	(66)	(41)	-35%	-39%	(171)	(179)	5%
<b>Total operating expenses</b>	<b>(617)</b>	<b>(504)</b>	<b>(502)</b>	<b>-19%</b>	<b>0%</b>	<b>(1,882)</b>	<b>(1,668)</b>	<b>-11%</b>
<b>Income before taxes</b>	<b>1,068</b>	<b>501</b>	<b>915</b>	<b>-14%</b>	<b>83%</b>	<b>3,044</b>	<b>2,447</b>	<b>-20%</b>
Income tax and social contribution	(275)	149	(170)	-38%	-214%	(643)	(439)	-32%
<b>Net Income</b>	<b>793</b>	<b>650</b>	<b>746</b>	<b>-6%</b>	<b>15%</b>	<b>2,401</b>	<b>2,007</b>	<b>-16%</b>



## 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 LP ("BTGI"), a subsidiary of BTGP, prepared in accordance with International Financial Reporting Standards (IFRS):

Balance Sheet (unaudited) <i>(in R\$ million, unless otherwise stated)</i>	Banco BTG Pactual S.A.		BTG Investments LP.	
	2Q 2013	3Q 2013	2Q 2013	3Q 2013
<b>Assets</b>				
Cash and bank deposits	658	652	341	2,039
Interbank investments	51,252	43,115	2,594	267
Marketable securities and derivatives	76,454	79,869	20,435	12,153
Interbank transactions	482	265	-	-
Loans	11,317	12,072	2,347	1,230
Other receivables	23,205	28,766	2,520	1,339
Other assets	54	125	112	-
Permanent asset	5,146	5,265	765	720
<b>Total assets</b>	<b>168,569</b>	<b>170,127</b>	<b>29,113</b>	<b>17,749</b>
<b>Liabilities</b>				
Deposits	18,517	18,423	-	-
Open market funding	76,591	76,351	18,649	8,437
Funds from securities issued and accepted	14,272	13,977	-	-
Interbank transactions	5	6	-	-
Loans and onlendings	3,398	4,227	2,692	3,336
Derivatives	13,065	10,034	1,539	1,332
Subordinated liabilities	6,576	6,617	-	-
Other liabilities	24,688	28,420	2,223	563
Deferred income	141	109	-	-
<b>Shareholders' equity</b>	<b>11,029</b>	<b>11,650</b>	<b>4,006</b>	<b>4,077</b>
Non-controlling interest	287	313	4	4
<b>Total liabilities</b>	<b>168,569</b>	<b>170,127</b>	<b>29,113</b>	<b>17,749</b>

Income Statement (unaudited) <i>(in R\$ million, unless otherwise stated)</i>	Banco BTG Pactual S.A.		BTG Investments LP.	
	2Q 2013	3Q 2013	2Q 2013	3Q 2013
Financial income	1,890	2,789	(250)	213
Financial expenses	(1,352)	(2,207)	(101)	(63)
<b>Gross financial income</b>	<b>538</b>	<b>582</b>	<b>(351)</b>	<b>150</b>
Other operating income (expenses)	113	321	(34)	(67)
<b>Operating income</b>	<b>651</b>	<b>903</b>	<b>(385)</b>	<b>83</b>
Non-operating income/(expenses)	0	27	(0)	-
<b>Income before taxes and profit sharing</b>	<b>651</b>	<b>929</b>	<b>(385)</b>	<b>83</b>
Income and social contribution taxes	300	(171)	-	-
Statutory profit sharing	(146)	(103)	-	-
Non-controlling interest	(47)	(39)	0	(0)
<b>Net income</b>	<b>759</b>	<b>617</b>	<b>(385)</b>	<b>83</b>

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.

Reconciliation (unaudited) <i>(in R\$ million, unless otherwise stated)</i>	Balance Sheet		Income Statement	
	2Q 2013	3Q 2013	2Q 2013	3Q 2013
Banco BTG Pactual - BR GAAP	168,569	170,127	759	617
BTG Investments - IFRS	29,113	17,749	(385)	83
Total	197,681	187,876	373	700
Conversion adjustments from IFRS to BR GAAP	(1,730)	(3,267)	(27)	44
Consolidation and conversion adjustments	-	-	304	2
<b>Combined balances</b>	<b>195,952</b>	<b>184,609</b>	<b>650</b>	<b>746</b>

## 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 BR GAAP (which is derived from the Combined Financial Statements):

	Combined Adjusted Income Statement	Combined Income Statement
Revenues	<ul style="list-style-type: none"> <li>Revenues segregated by business unit, which is the functional view used by our management to monitor our performance</li> <li>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</li> </ul>	<ul style="list-style-type: none"> <li>Revenues are presented in accordance with BRGAAP and standards established by COSIF</li> <li>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</li> <li>Revenues are presented without deduction of corresponding financial or transaction costs</li> </ul>
Expenses	<ul style="list-style-type: none"> <li>Revenues are net of certain expenses, such as trading losses, as well as transaction costs and funding costs</li> <li>Revenues are net of cost of funding of our net equity (recorded at "interest and other")</li> <li>SG&amp;A expenses incurred to support our operations are presented separately</li> </ul>	<ul style="list-style-type: none"> <li>Breakdown of expenses in accordance with COSIF</li> <li>Financial expenses and trading losses presented as separate line items and not deducted from the financial revenues with which they are associated</li> <li>Transactions costs are capitalized as part of the acquisition cost of assets and liabilities in our inventory</li> <li>SG&amp;A expenses incurred to support our operations are presented separately in our combined income statement</li> </ul>
Principal Investments	<ul style="list-style-type: none"> <li>Revenues net of funding costs (including cost of net equity) and of trading losses, including losses from derivatives and from foreign exchange variations</li> </ul>	<ul style="list-style-type: none"> <li>Revenues included in different revenue line items (marketable securities, derivative financial income and equity pick-up up from subsidiaries)</li> </ul>
Revenues	<ul style="list-style-type: none"> <li>Revenues are reduced by associated transaction costs and by management and performance fees paid</li> </ul>	<ul style="list-style-type: none"> <li>Losses, including trading losses and derivative expenses, presented as financial expenses</li> </ul>
Sales and Trading Revenues	<ul style="list-style-type: none"> <li>Revenues net of funding costs (including cost of net equity) and of trading losses, including losses from derivatives and from foreign exchange variations</li> <li>Revenues deducted from transaction costs</li> </ul>	<ul style="list-style-type: none"> <li>Revenues included in numerous revenue line items (marketable securities, derivative financial income, foreign exchange and compulsory investments)</li> <li>Losses, including trading losses, derivative expenses and funding and borrowings costs, presented as financial expenses</li> </ul>
Corporate Lending Revenues	<ul style="list-style-type: none"> <li>Revenues net of funding costs (including cost of net equity)</li> </ul>	<ul style="list-style-type: none"> <li>Revenues included in certain revenue line items (credit operations, marketable securities and derivative financial income)</li> <li>Losses, including derivative expenses, presented as financial expenses</li> </ul>
PanAmericano Revenues	<ul style="list-style-type: none"> <li>Revenues consist of the equity pick-up from our investment, presented net of funding costs (including cost of net equity)</li> </ul>	<ul style="list-style-type: none"> <li>Revenues from equity pick-up recorded as equity pickup from subsidiaries</li> </ul>
Salaries and Benefits	<ul style="list-style-type: none"> <li>Salaries and benefits include compensation expenses and social security contributions</li> </ul>	<ul style="list-style-type: none"> <li>Generally recorded as personnel expenses</li> </ul>
Bonus	<ul style="list-style-type: none"> <li>Bonus include cash profit-sharing plan expenses (% of our net revenues)</li> </ul>	<ul style="list-style-type: none"> <li>Generally recorded as employees' statutory profit-sharing</li> </ul>
Retention Expenses	<ul style="list-style-type: none"> <li>Retention expenses include the pro rata accrual of employee retention program expense</li> </ul>	<ul style="list-style-type: none"> <li>Generally recorded as personnel expenses</li> </ul>
Administrative and Other	<ul style="list-style-type: none"> <li>Administrative and Others are consulting fees, offices, IT, travel and entertainment expenses, as well as other general expenses</li> </ul>	<ul style="list-style-type: none"> <li>Generally recorded as other administrative expenses, and other operating expenses</li> </ul>
Goodwill amortization	<ul style="list-style-type: none"> <li>Goodwill amortization of investments in operating subsidiaries other than merchant banking investments</li> </ul>	<ul style="list-style-type: none"> <li>Generally recorded as other operating expenses</li> </ul>
Tax charges, other than income tax	<ul style="list-style-type: none"> <li>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)</li> </ul>	<ul style="list-style-type: none"> <li>Generally recorded as tax charges other than income taxes</li> </ul>
Income tax and social contribution	<ul style="list-style-type: none"> <li>Income tax and other taxes applicable to net profits</li> </ul>	<ul style="list-style-type: none"> <li>Generally recorded as income tax and social contribution</li> </ul>

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. – <i>Bolsa de Valores, Mercadorias e Futuros</i> ).
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.

## Earnings Release - Third Quarter 2013

November 05, 2013 (after market closes)

### English Conference Call

**November 06, 2013 (Wednesday)**

10:00 AM (New York) / 1:00 PM (Brasília)

Phone: +1 (412) 317-6776

Code: BTG Pactual

Replay until 11/13: +1 (412) 317-0088

Code: 10035002

### Portuguese Conference Call

**November 06, 2013 (Wednesday)**

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

Phone: +55 (11) 2188-0155

Code: BTG Pactual

Replay until 11/13: +55 (11) 2188-0155

Code: BTG Pactual

**Webcast:** The conference calls audio will be live broadcasted, through a webcast system available on our website [www.btgpactual.com/ir](http://www.btgpactual.com/ir)

*Participants are requested to connect 15 minutes prior to the time set for the conference calls.*

### Investor Relations

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