Banco BTG Pactual – Earnings Release

First Quarter 2017

May 9, 2017

Highlights

Rio de Janeiro, Brazil, May 9th, 2017 - Banco BTG Pactual ("Banco") and its respective subsidiaries, ("BTG Pactual") (BM&FBOVESPA: BPAC11) today reported total adjusted revenues of R$1,687.5 million and net adjusted income of R$842.6 million for the quarter ended March 31, 2017.

Adjusted Net income per unit, and annualized adjusted return on average shareholders' equity ("Annualized ROAE") of BTG Pactual, were R$0.92 and 18.7%, respectively, for the quarter ended March 31, 2017.

As of March 31, 2017, the total assets of BTG Pactual were R$125.2 billion, a 12% increase when compared to December 31, 2016. The BIS capital ratio of Banco BTG Pactual was 19.5%.

Banco BTG Pactual Financial Summary and Key Performance Indicators[1,2]

Highlights and KPIs (unaudited) *(in R$ million, unless otherwise stated)*	**Quarter**			**Year to Date**	
	1Q 2016	**4Q 2016**	**1Q 2017**	**3M 2016**	**3M 2017**
Total revenues	3,545	1,022	1,661	3,545	1,661
Net income	1,009	680	720	1,009	720
Adjusted Net income	**1,009**	**680**	**843**	**1,009**	**843**
Adjusted Net income per unit (R$)	0.91	0.74	0.92	0.91	0.92
Annualized ROAE	**20.1%**	**15.1%**	**18.7%**	**20.1%**	**18.7%**
Cost to income ratio	51.0%	51.6%	42.3%	51.0%	42.3%
Shareholders' equity	20,401	17,727	18,338		
Total Number of Shares (# in '000)	3,333,468	2,760,775	2,734,587		
Number of Theoretical Units (# in '000)	**1,111,156**	**920,258**	**911,529**		
Book Value per unit (R$)	**18.4**	**19.3**	**20.1**		
BIS Capital Ratio	15.5%	21.5%	19.5%		
Total assets (in R$ Billion)	223.7	111.8	125.2		
AuM and AuA (in R$ Billion)	135.6	115.7	120.1		
WuM (in R$ Billion)	369.1	73.7	79.9		

Note

From 4Q 2016 onwards ECTP and BSI numbers reported as equity pick-up in the Participations division.

For 1Q 2016 Total shares and Units were adjusted to reflect the bonus stock in conncection with ECTP's Transaction, which represents an additional 26.27%

(1) In order to calculate the ROAE for 4Q 2016, the initial equity is adjusted for ECTP's distribution

(2) For 1Q 2016 and 4Q 2016 no adjustment was made between the net income and adjusted net income.

Performance Banco BTG Pactual | BPAC11

In 1Q 2017, we achieved an annualized ROAE of 18.7% and adjusted net income of R$842.6 million.

In the quarter, revenues were up 63% when compared to 4Q 2016. In comparison to 1Q 2016, revenues decreased 53%, mainly due to effects of BSI and ECTP in 1Q 2016. During 1Q 2017, we had positive results from all our business areas. Investment Banking, maintained a solid market share and benefited from the recovery of capital markets activity. Sales and Trading, showed growth in volumes driven by good performance from our rates desk. In Corporate Lending, we were able to maintain adequate credit spreads while keeping high levels of provisions. Asset Management and Wealth Management presented positive NNM, with a historically high NNM in WM and RoA in line with historical average. Finally, Principal investments had positive revenues, driven by mark to market in Eneva. In Participations, revenues were mostly driven by results in ECTP.

Our operating expenses reached R$702.4 million, a 33% increase when compared to 4Q 2016, mostly attributable to higher bonus provision and tax charges other than income tax. Consequently, in the quarter, our cost to income ratio was 42.3% and our compensation ratio was 20.2%, both in line with our historical standard.

As a result, our accounting net income reached R$720.1 million in 1Q 2017, up 6% when compared to 4Q 2016 and down 29% when compared to 1Q 2016, mainly due to effects of BSI and ECTP. In the quarter, our effective income tax rate was 24.9%.

Our shareholders' equity increased 3% from R$17.7 billion at the end of 4Q 2016 to R$18.3 billion at the end of 1Q 2017. When compared to the end of 1Q 2016, our shareholders' equity decreased 10%, mainly given the effects of ECTP's distribution. Basel index of Banco was 19.5% in the quarter, expressing a conservative balance sheet due to prudent risk management approach.

BTG Pactual's AuM and AuA ended 1Q 2017 at R$120.1 billion, a 4% increase when compared to end of 4Q 2016, and WuM for BTG Pactual ended the period at R$79.9 billion, an 8% increase when compared to 4Q 2016.

"We navigated a challenging scenario in LatAm in the recent past, maintaining a strong balance sheet and healthy performance at all times. We are optimistic with the positive outlook of the region's economic perspective, and are well positioned to support our clients in their business needs", said Roberto Sallouti, CEO of Banco BTG Pactual.

Adusted Net Income and ROAE (unaudited)	1Q 2017 Accounting	Non Recurring Items & Goodwill	1Q 2017 Adjusted
Investment banking	152.3		152.3
Corporate lending	155.2		155.2
Sales and trading	585.8		585.8
Asset management	107.1		107.1
Wealth management	87.1		87.1
Principal investments	112.9		112.9
Participations	76.4	26.2	102.6
Interest and other	384.4		384.4
Total revenues	**1,661.3**	**26.2**	**1,687.5**
Bonus	(203.8)		(203.8)
Salaries and benefits	(132.1)		(132.1)
Administrative and other	(180.4)	36.5	(143.9)
Goodwill amortization	(97.3)	97.3	-
Tax charges, other than income tax	(88.8)		(88.8)
Total operating expenses	**(702.4)**	**133.8**	**(568.6)**
Income before taxes	**958.9**	**160.0**	**1,118.9**
Income tax and social contribution	(238.8)	(37.4)	(276.3)
Net Income	**720.1**	**122.5**	**842.6**
Annualized ROAE	**16.0%**		**18.7%**

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

Non Recurring Items & Goodwill

Participations: Related to the sale of Ariel Re
Administrative and Others: Mainly related to transaction expenses from the sale of BSI in total of R$26 million and one-off legal expenses of R$9 million
Goodwill: Related to Celfin and Bolsa y Renta and interest on EFG / BSI transaction

Relevant Events

As previously disclosed, BTG Pactual agreed to sell its interest held in Pan Seguros S.A. and Panamericano Administração e Corretagem de Seguros e de Previdência Privada Ltda. to CNP Assurances S.A.. Nonetheless, certain conditions precedent to the closing of the sale were not met and, as a result, CNP Assurance S.A. and BTG Pactual mutually agreed to terminate the deal.

Also, in line with previous announcements, BTG Pactual provided shareholders the capability to segregate their former BBTG11 units. Shareholders who opted for the segregation received units of Banco BTG Pactual (BPAC11) and units of BTG Participations (BBTG12) instead, and can now trade them individually. As of today, approximately 87 million units (32%) out of the 275 million formed units have migrated into the new unit structure.

The Board of Directors of BTG Participations (BBTG12), approved the appointment of its new officers of José Octavio Mendes Vita, as the Chief Executive Officer and Renata Gomes Santiago Broenn, as the Investor Relations Officer.

Global Market and Economic Analysis

The fear of Donald Trump´s trade policy somewhat abated in Q1 as Trump and his team were vocal on the potential negative effects of a strong dollar. In addition, Trump´s campaign promises seemed to be much more difficult to deliver than anticipated. As a result, markets started to slightly reduce the probability of a major tax reform that could boost significantly growth.

The major move in Q1 was in the FX market. The dollar weakened against the major currencies, especially due to the fact that Trump's moderated the tone on trade policies and it also became clear that any trade negotiation would take longer to materialize. The highlight in FX was the appreciation of 10.7% of the Mexican Peso, which would be the country to suffer the most from a change in the US trade policy, as the US is the destination of 80% of Mexican exports. Apart from that, the Japanese Yen appreciated 5%, the Colombian Peso 4.4%, the Brazilian Real 4.1%, the Chilean Peso 1.6% and the Euro 1.3%. As for China, Trump also toned down his campaign promises to label the country as a currency manipulator.

Although the Federal Reserve (Fed) surprised the market by signaling and then raising the Fed Funds rate in March, its forecast for the number of hikes in the year did not change, leaving the financial conditions at very stimulating levels. On the rates side, after a sharp rise in Q4 2016 the 10-year Treasury Yield in the US fell 8 basis points (bp) in Q1, increased 3bp in Japan and rose 12bp in Germany. In Latin America, there was a significant downward movement in the yield curve, especially in Brazil due to the expectation of approval of the structural reforms. The appreciation of the exchange rate and the easing policy by Latin America Central Banks also explain the movement. In Brazil, the DI contract expiring on January 2025 declined another 146bp. In Colombia, the 10-year swap rate declined 48bp and in Mexico it fell 53bp. In Chile, however, the 10-year swap rate was roughly flat (-4bp).

In the equity market, the S&P500 rose 5%, the Nikkei fell 1% and the DAX index rose 8%. The acceleration of global growth explains in part the improvement. In Japan, the small decline was driven by the appreciation of the currency, which is negative for the companies that depend on exports. Despite the disappointment in Trump's agenda, the S&P 500 posted a solid rise. In Latin America, the equity prices rose 16% in Chile, 9% in Brazil, 6% in Mexico and 1% in Colombia.

In Brazil, the focus continues to be the voting of the social security reform. After some amendments to the original proposal, the voting schedule may face some delays, however the government still seems to be in a position to implement key changes to the social security system.

On the economic activity front, after contracting for eight consecutive quarters, GDP likely advanced in 1Q17. The intensification of the monetary easing cycle and the latest improvement in confidence indicators are also welcome news.

With respect to inflation, the 12-month IPCA print continued heading south. In March, headline inflation declined to 4.7% y/y from 6.3% y/y at the end of 2016. In fact, fundamentals signal strong disinflation ahead and the IPCA should drop to 3-handle territory by mid-year, reaccelerating a bit through Q4, but still clearly finishing 2017 below the target.

Finally, on the external sector, the current account deficit continued to improve in Q1. Such improvement is explained by the dramatic increase in the trade balance surplus, which is up roughly 78% compared to the same period last year. In the short term, we expect higher export prices to support the improvement in the current account, but the recovery of economic activity should put pressure, leading to a path of gradual deterioration in longer horizons. In the financial account, the latest signs point to an improvement in the following quarters.

Consolidated Adjusted Revenues

Revenues in 1Q 2017 increased 63% when compared to 4Q 2016 and decreased 53% when compared to 1Q 2016. When excluding effects of BSI and ECTP in 1Q 2016, revenues would have increased 17%. Starting 4Q 2016, we began presenting our strategic investments under the Participations line. These investments include our share of profits/losses of our stakes in: each of Banco Pan, Pan Seguros, Pan Corretora, Ariel Re, EFG and ECTP.

Adjusted Revenues (unaudited)	**Quarter**			**1Q 2017 % change to**	
(in R$ million, unless otherwise stated)	**1Q 2016**	**4Q 2016**	**1Q 2017**	**1Q 2016**	**4Q 2016**
Investment Banking	62	115	152	145%	33%
Corporate Lending	206	177	155	-25%	-12%
Sales & Trading	1,790	249	586	-67%	135%
Asset Management	182	113	107	-41%	-5%
Wealth Management	1,227	85	87	-93%	3%
Principal Investments	(226)	(103)	113	n.a.	n.a.
Participations	(40)	(24)	76	n.a.	n.a.
Interest & Others	344	410	384	12%	-6%
Total revenues	**3,545**	**1,022**	**1,661**	**-53%**	**63%**

Investment Banking

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

BTG Pactual Announced Transactions (unaudited)	**Number of Transactions**[(1),(3)]			**Value**[(2),(3)] (US$ mln)		
	1Q 2016	**4Q 2016**	**1Q 2017**	**1Q 2016**	**4Q 2016**	**1Q 2017**
Financial Advisory (M&A)[(4)]	7	4	7	2,475	1,115	3,640
Equity Underwriting (ECM)	1	4	7	34	1,688	2,643
Debt Underwriting (DCM)	8	10	1	251	1,090	2,471

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 at any moment, (ii) canceled transactions will be withdrawn from the rankings, (iii) transaction value might be revised and (iv) transaction enterprise values might change due to debt inclusion, which usually occurs some weeks after the transaction is announced (mainly for non-listed targets)

Investment Banking 1Q 2017 market share highlights

M&A: #3 in number of transactions in Brazil

ECM: #1 in number of transactions in Brazil and #2 in Latin America

DCM: #3 in transactions volumes in Brazil

1Q 2017 vs. 4Q 2016

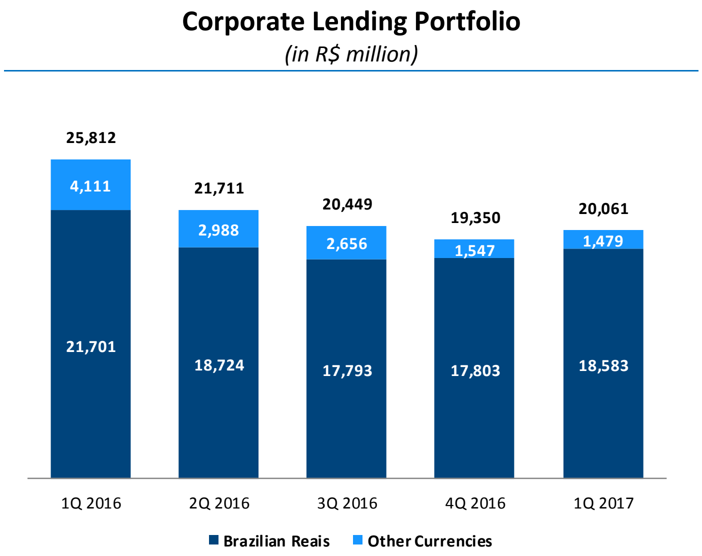
Investment Banking revenues increased 33%, from R$114.9 million in 4Q 2016 to R$152.3 million in 1Q 2017. The increase was mainly attributable to significant increase in Debt Underwriting and Equity Underwriting both as a result of good market share and pick up in market activity. Financial Advisory had lower revenues in the quarter due to lack of closing of significant transactions, despite maintenance of leading market share.

1Q 2017 vs. 1Q 2016

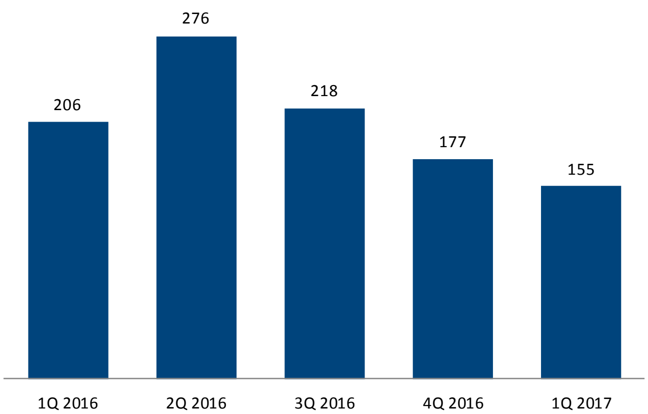
Revenues in the quarter increased 145% from R$62.1 million in 1Q 2016 to R$152.3 million in 1Q 2017. Results were driven by DCM and ECM, as described above, while financial advisory revenues remained stable.

Corporate Lending

At quarter end, our Corporate Lending book increased 4% when compared to 4Q 2016.



Revenues
(in R$ million)



1Q 2017 vs. 4Q 2016

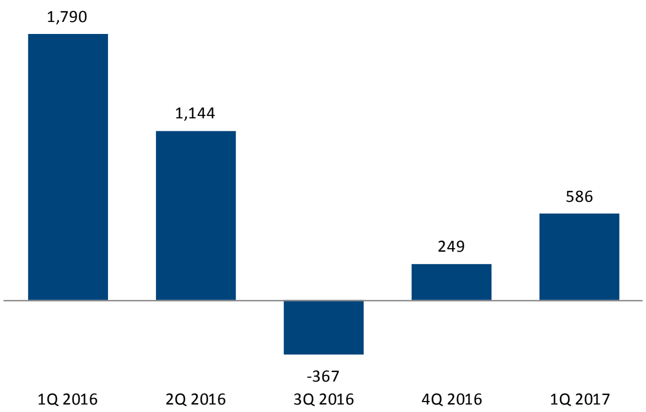
Revenues from Corporate Lending decreased 12% from R$176.7 million in 4Q 2016 to R$155.2 million in 1Q 2017, mainly impacted by lower revenues from our NPL portfolio, and by higher provisions in our corporate lending portfolio. Our spreads continue to be in line with our historical average and credit quality remains intact.

1Q 2017 vs. 1Q 2016

Revenues from Corporate Lending decreased 25%, from R$206.5 million to R$155.2 million, mainly due to the decrease in revenues from our NPL portfolio.

Sales & Trading

Revenues
(in R$ million)



1Q 2017 vs. 4Q 2016

Sales & Trading revenues were R$585.8 million in 1Q 2017 compared to R$249.5 million in 4Q 2016, a 135% increase. The increase in revenues in 1Q 2017 was driven by solid volumes in the quarter and by the strong performance of our rates desks together with good revenue contribution from our FX and equities desks, which partially compensated the weaker performance of Brazilian energy desk.

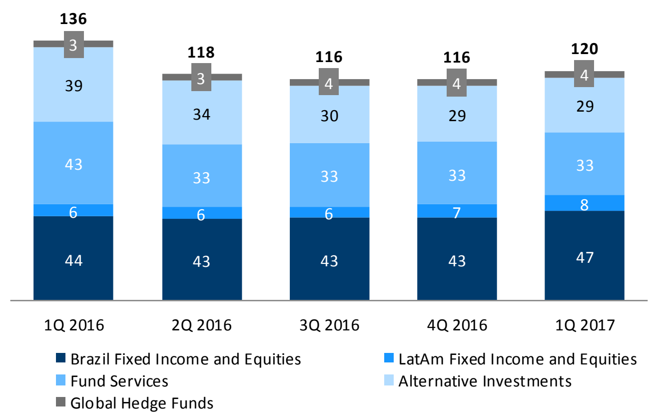
1Q 2017 vs. 1Q 2016

Sales & Trading revenues decreased from R$1,790.0 million to R$585.8 million. When excluding ECTP's contribution in 1Q 2016, revenues would have decreased 35%, mainly attributable to the repurchase of our own liabilities and strong performance from our energy desk in 1Q 2016.

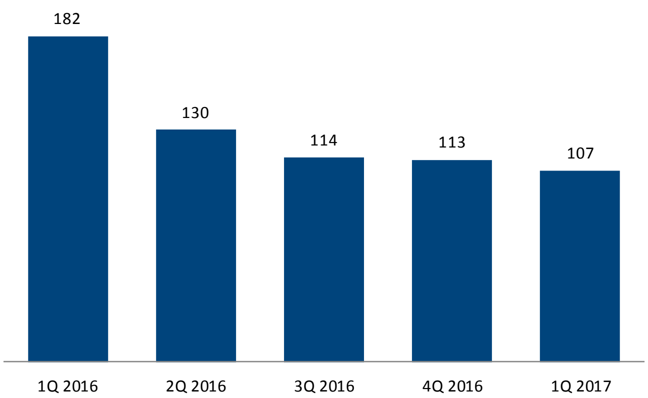
Asset Management

At quarter end, our Assets under Management and Assets under Administration increased 4% to R$120.1 billion in 1Q 2017 compared to R$115.7 billion in 4Q 2016. Net new money was positive R$0.5 billion in the quarter, including R$2.1 billion positive net new money related to LatAm Fixed Income and Equities funds, that were partially offset by a R$1.4 billion outflow caused by redemptions.

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



Revenues
(in R$ million)



1Q 2017 vs. 4Q 2016

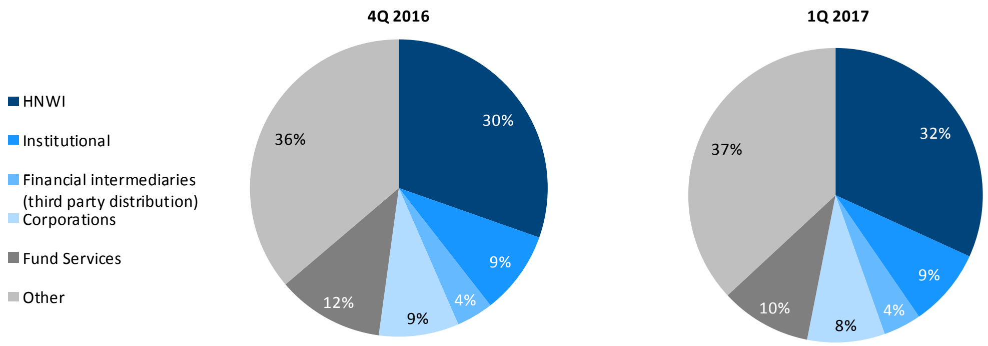
Asset Management revenues decreased 5% from R$113.2 million in 4Q 2016 to R$107.1 million in 1Q 2017, concentrated in global hedge funds. Revenues in continue to reflect management fees, and in line ROA's.

1Q 2017 vs. 1Q 2016

Asset Management revenues decreased 41% from R$182.2 million in 1Q 2016 to R$107.1 million in 1Q 2017. The decrease was mainly attributable to (i) 28% reduction of the average AuM / AuA in the period and (ii) the recognition of performance fees concentrated in Global Hedge funds in the 1Q 2016.

AuM and AuA by Type of Client

(%)

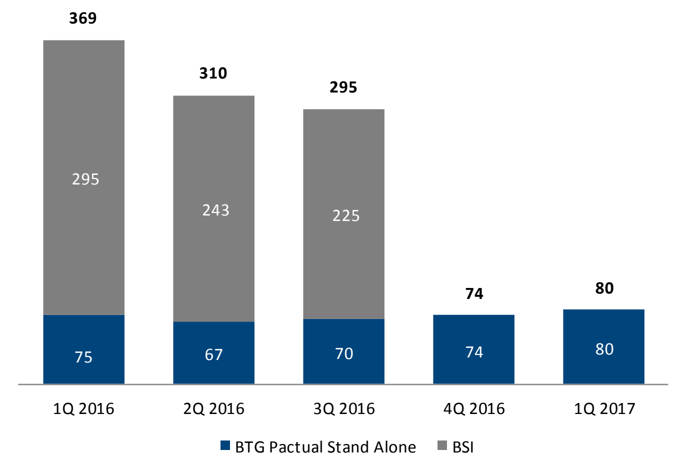


Wealth Management

At quarter end, Wealth under Management for BTG Pactual increased 8% from R$73.7 billion in 4Q 2016 to R$79.9 billion in 1Q 2017. Net New Money was very strong in the quarter and reached R$3.7 billion.

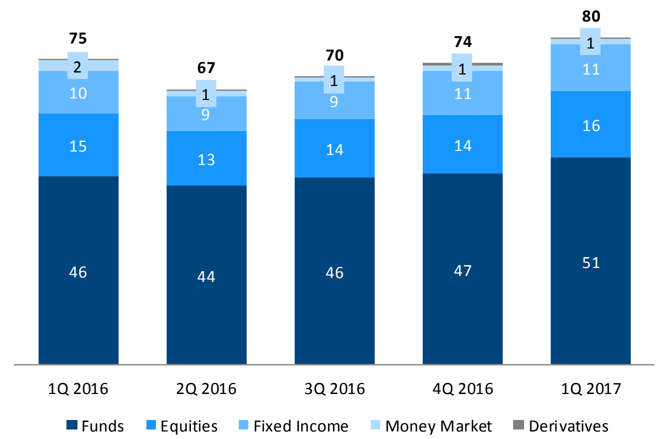
WuM breakdown

(in R$ billion)

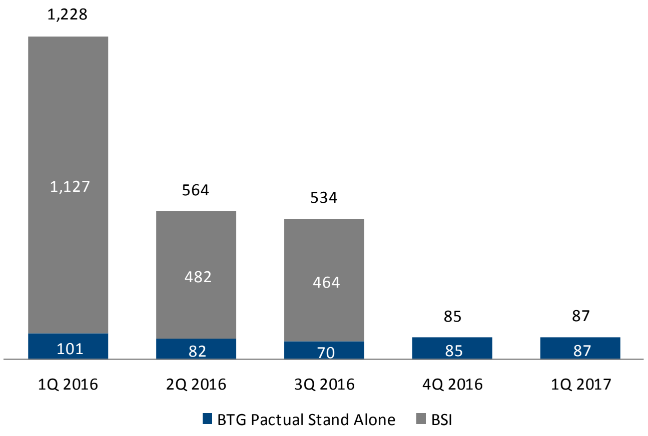


WuM by Class of Asset (ex. BSI)

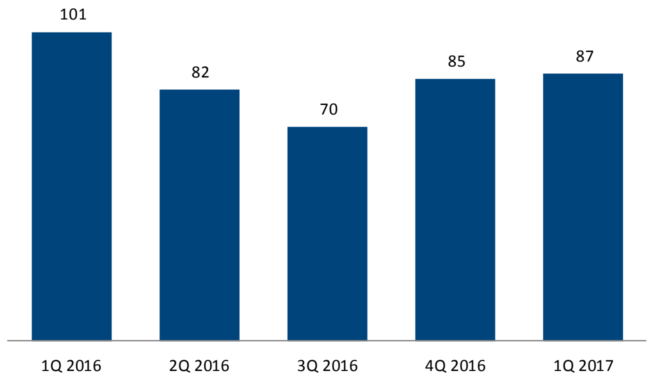
(in R$ billion)



Revenues
(in R$ million)



Revenues (ex. BSI)
(in R$ million)



1Q 2017 vs. 4Q 2016

Wealth Management revenues for BTG Pactual stand-alone remained stable at R$87.1 million in 1Q 2017 compared to R$84.7 million in 4Q 2016. Revenues mainly reflects (i) increase in product distribution fees and (ii) lower credit provisions, partially compensated by lower trading volumes in the quarter, which were particularly high in the previous quarter.

1Q 2017 vs. 1Q 2016

Revenues from Wealth Management of BTG Pactual stand-alone decreased 13%, from R$100.5 million to R$87.1 million. The decrease was mainly due to the 3% reduction in the average WuM, impacting fees from the distribution of investment funds.

Principal Investments

Principal Investments Revenues (preliminary and unaudited) *(in R$ million, unless otherwise stated)*	Quarter			1Q 2017 % change to	
	1Q 2016	4Q 2016	1Q 2017	1Q 2016	4Q 2016
Global Markets	(28)	(77)	13	n.a.	n.a.
Merchant Banking	(111)	24	113	n.a.	366%
Real Estate	(88)	(50)	(12)	n.a.	n.a.
Total	**(226)**	**(103)**	**113**	**n.a.**	**n.a.**

1Q 2017 vs. 4Q 2016

Principal Investments had gains of R$112.9 million in 1Q 2017, compared to losses of R$103.0 million in 4Q 2016.

In the quarter, Global Markets had positive contribution on LatAm Rates and Equities strategies. In Merchant Banking, we recorded gains of R$112.7 million primarily driven by positive mark to market in Eneva. Real Estate had a negative contribution mainly driven by internal funding cost allocation.

1Q 2017 vs. 1Q 2016

Revenues from Principal Investments varied from losses of R$226.4 million in 1Q 2016 to gains of R$112.9 million in 1Q 2017. The changes were mainly due to (i) positive results in Merchant Banking in 1Q 2017, as explained above and (ii) losses on a Real Estate asset sale in 1Q 2016 that negatively impacted results in 1Q 2016.

Participations

Starting 4Q 2016, we began presenting our strategic investments under the Participations line item. These investments include our share of profits/losses of our stake in each of: Banco Pan, Pan Seguros, Pan Corretora, EFG and ECTP. All investments are accounted for using the equity pick up method and the results are gross of the funding costs applied.

1Q 2017 vs. 4Q 2016

In Participations we posted positive revenue contribution of R$76.4 million in 1Q 2017 composed of (i) R$3.5 million from Banco Pan, (ii) R$3.8 million from Pan Seguros and Pan Corretora, (iii) R$1.8 million from EFG and (iv) R$93.5 million from ECTP. Revenues partially compensated the R$26.2 million loss from the sale of Ariel Re.

1Q 2017 vs. 1Q 2016

Participations revenues were R$76.4 million as noted above. In 1Q 2016 Pan posted negative revenues of R$40.1 million.

Interest & Others

1Q 2017 vs. 4Q 2016

Interest & Others revenues were R$384.4 million in 1Q 2017, compared to R$410.4 million in 4Q 2016. The decrease is in line with the 3% increase in our shareholders' equity and the decrease in average interest rate from 13.75% to 12.25% in the period. Revenues are composed of the average interest rate of the Central Bank of Brazil applied to our equity.

1Q 2017 vs. 1Q 2016

Revenues from Interest & Others increased 12% in the period, mainly due to temporary differences accounted for in the 1Q 2016. In the period, our shareholder's equity decreased 10%, mainly as a result of the ECTP transaction.

Adjusted Operating Expenses

Adjusted Operating Expenses (unaudited)	Quarter			1Q 2017 % change to	
(in R$ million, unless otherwise stated)	1Q 2016	4Q 2016	1Q 2017	1Q 2016	4Q 2016
Bonus	(500)	(102)	(204)	-59%	99%
Salaries and benefits	(569)	(131)	(132)	-77%	1%
Administrative and other	(551)	(189)	(180)	-67%	-5%
Goodwill amortization	(55)	(85)	(97)	78%	14%
Tax charges, other than income tax	(134)	(19)	(89)	-34%	362%
Total operating expenses	**(1,809)**	**(527)**	**(702)**	**-61%**	**33%**
Cost to income ratio	51%	52%	42%	-17%	-18%
Compensation ratio	30%	23%	20%	-33%	-12%
Total number of employees	4,859	2,197	2,188	-55%	0%
Partners and associate partners	198	230	224	13%	-3%
Employees (1)	4,416	1,741	1,764	-60%	1%
Other	245	226	200	-18%	-12%

Bonus

Bonus expense were R$203.8 million in 1Q 2017, compared to R$102.5 million in 4Q 2016 and R$500.5 million in 1Q 2016. When excluding BSI and ECTP, bonus expenses were R$153.4 million in 1Q 2016. Our bonuses are determined in accordance with our profit-sharing program, and are calculated as a percentage of our adjusted, or operating, revenues (which exclude Interest & Others revenues), reduced by our operating expenses.

Salaries and benefits

Staff costs remained stable when compared to 4Q 2016 and decreased 77%, when compared to 1Q 2016. Expenses related to salaries and benefits were R$568.9 million in 1Q 2016 and R$131.0 million in 4Q 2016, compared to R$132.1 million in 1Q 2017. Excluding the impacts of BSI's and ECTP, such costs would have decreased 30% when compared to 1Q 2016, mostly due to the effects of our cost reduction program. Expenses related to salaries and benefits would have been R$188.9 million in 1Q 2016.

Administrative and other

Total administrative and other expenses decreased 5%, from R$189.0 million in 4Q 2016 to R$180.4 million in 1Q 2017; still impacted by one-off consulting fees incurred in connection with certain transactions and legal fees. When compared to 1Q 2016, there was a 67% reduction of those expenses from R$551.3 million to R$180.4 million, and excluding the impacts of BSI and ECTP's, a 22% decrease.

Goodwill amortization

In 1Q 2017 we recorded amortization expenses totaling R$97.3 million, in connection with the goodwill from the acquisitions of Celfin and Bolsa y Renta and interest on EFG. Goodwill amortization increased 14% and 78% when compared to 4Q 2016 and the 1Q 2016, respectively, given the goodwill amortization from EFG, starting on November 2016.

Tax charges, other than income tax

Tax charges, other than income tax, were R$88.8 million compared to R$19.2 million in 4Q 2016 as a higher portion of our revenues was subject to tax charges in the period.

Adjusted Income Taxes

Adjusted Income Tax (unaudited)	Quarter			Year to Date	
(in R$ million, unless otherwise stated)	1Q 2016	4Q 2016	1Q 2017	3M 2016	3M 2017
Income before taxes	1,736	495	959	1,736	959
Income tax and social contribution	(727)	185	(239)	(727)	(239)
Effective income tax rate	**41.9%**	**-37.4%**	**24.9%**	**41.9%**	**24.9%**

Our effective income tax rate was 24.9% (representing an expense of R$238.8 million) in line with our historical rate. Our effective income tax rate was -37.4% (an income tax gain of R$185.0 million) in 4Q 2016, and 41.9% (an expense of R$727.1 million) in the 1Q 2016.

Balance Sheet

Our total assets increased 12%, from R$111.8 billion at the end of 4Q 2016 to R$125.2 billion at the end of 1Q 2017, mainly due to the increase in our derivative financial instruments portfolio, mostly related to forward contracts which are booked on a gross basis. There was also an increase in our assets financed through repos. Our cash and cash equivalents in the end of the quarter were around R$ 10.9 billion. Our leverage ratio increased to 6.8x.

On the liability side, as mentioned, there were an increase in derivative financial instruments portfolio, mostly related to forward contracts and in repo financing in line with the increase in our assets financed through repo.

Our shareholders' equity increased 3%, from R$17.7 billion at the end of 4Q 2016 to R$18.3 billion at the end of 1Q 2017, mainly due to the net income of R$720.1 million for the quarter ended in March 31, 2017. This was partially offset our R$ 104 million stock repurchase program.

Risk and Capital Management

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

Market Risk – Value-at-risk

Value-at-risk (unaudited) *(in R$ million, unless otherwise stated)*	Quarter		
	1Q 2016	**4Q 2016**	**1Q 2017**
Total average daily VaR	**224.0**	**141.3**	**117.0**
Average daily VaR as a % of average equity	1.12%	0.79%	0.65%

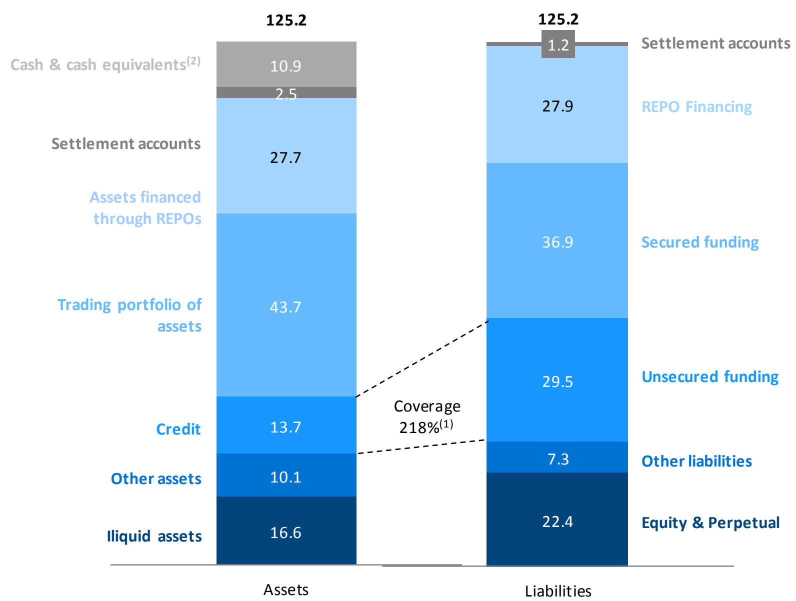
Our total average daily VaR marginally 17% when compared to 4Q 2016. The decrease in the average daily VaR was mainly due to a reduction in FX market risk exposure. Our market risk exposure remains at relatively low levels.

Liquidity Risk Analysis

The chart below summarizes the composition of assets and liabilities as of March 31, 2017:

Summarized Balance Sheet (unaudited)

(in R$ billion)



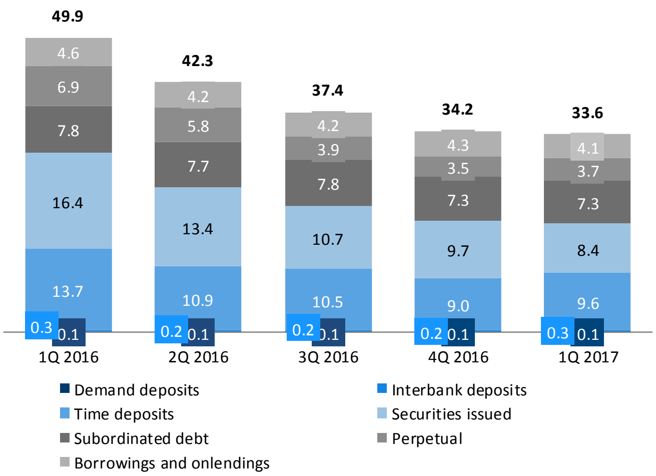
Note:

(1) Excludes demand deposits from BTG Pactual stand alone

Unsecured Funding Analysis

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

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



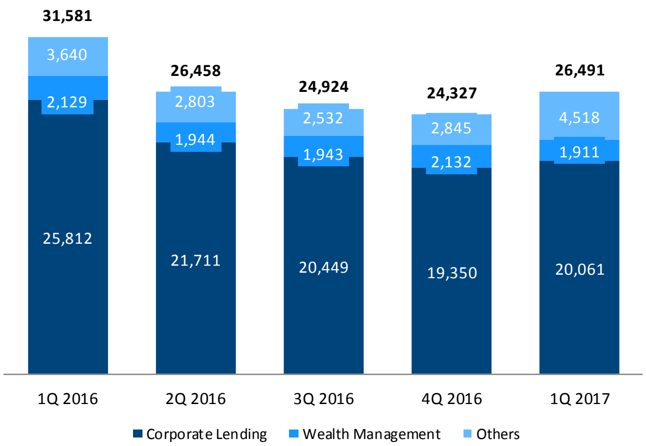
Our total unsecured funding decreased 2%, from R$34.2 billion in 4Q 2016 to R$33.6 billion in 1Q 2017 mainly due to FX impact in the quarter.

BTG Pactual Broader Credit Portfolio

Our broader credit portfolio is comprised of loans, receivables, advances in foreign exchange contracts, letters of credit and marketable securities bearing credit exposures (including debentures, promissory notes, real estate bonds, and investments in credit receivable funds – FIDCs).

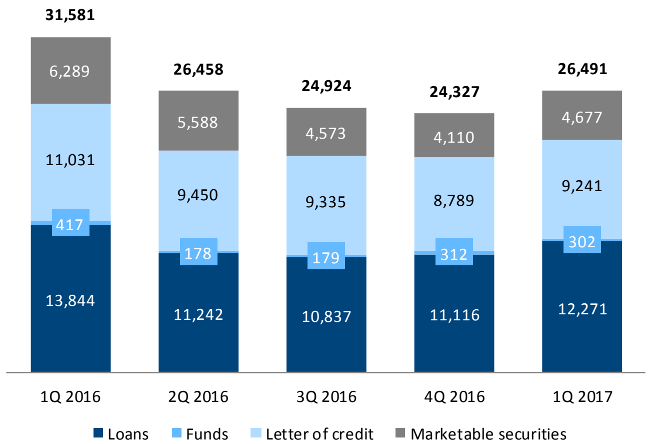
At quarter end, the balance of our broader credit portfolio, excluding BSI, increased R$2.1 billion, from R$24.3 billion in 4Q 2016 to R$26.5 billion in 1Q 2017. The increase was mainly a consequence of new credit exposure in the quarter.

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



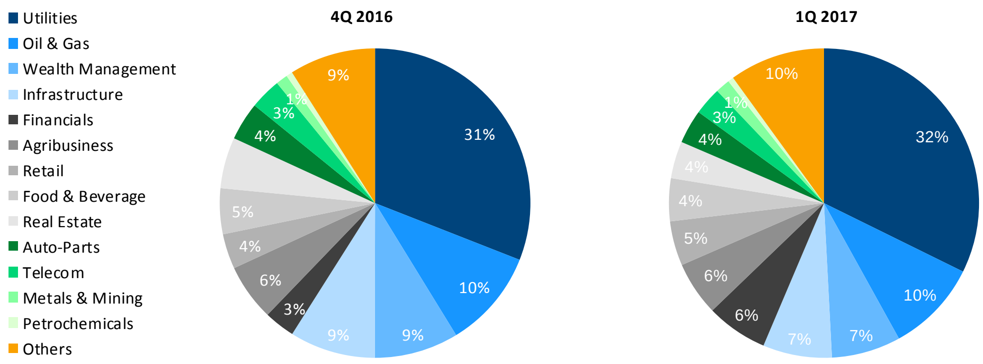
Notes:
(1) Others: includes interbank deposits, Merchant Banking structured transactions and others
(2) Wealth Management impacts WM results, others impacts Sales & Trading and Merchant Banking results

Broader Credit Portfolio By Product
(in R$ million)



Corporate Lending & Others Portfolio By Industry

(% of total in values)



Credit Risk

The following table sets forth the distribution, by credit rating, of our credit exposures as of March 31, 2017. The rating shown below reflects our internal ratings assessment, consistently applied following the Brazilian Central Bank standard ratings scale:

Rating (unaudited) (in R$ million)	1Q 2017
AA	12,111
A	4,994
B	2,623
C	2,197
D	3,073
E	319
F	524
G	28
H	621
Total	**26,491**

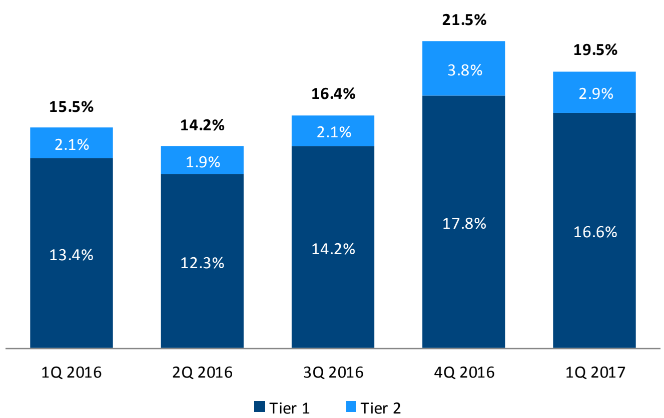
Capital Management

Banco BTG Pactual complies with standards of capital requirements established by the Brazilian Central Bank that are consistent with those proposed by the Basel Committee on Banking Supervision, under the Basel Capital Accord. Our Basel capital ratios, calculated in accordance with the Brazilian Central Bank standards and regulations, and are applicable only to Banco BTG Pactual.

The Basel ratio decreased to 19.5% at the end of 1Q 2017. The decrease in Basel index reflects (i) impacts from the Basell III implementation, (ii) an increase in market risk, especially FX coupon, inflation and equities, and (iii) increase in the operational risk.

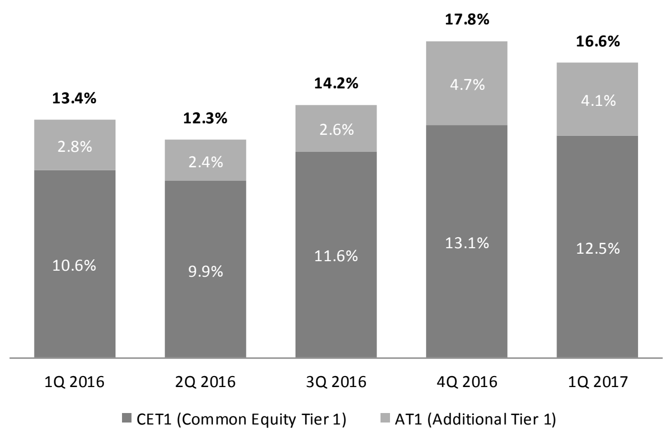
Basel Ratio (unaudited)

(%)



Tier 1: CET1 & AT1 (unaudited)

(%)



Exhibits

Basis for Presentation

Except where otherwise noted, the information concerning our financial condition presented in this document is based on our Balance Sheet, which is prepared in accordance with Brazilian GAAP for Banco BTG Pactual S.A. and its subsidiaries. Except where otherwise noted, the information concerning our results of operations presented in this document is based on our Adjusted Income Statement, which represents a revenue breakdown by business unit net of funding costs and financial expenses allocated to such unit, and a reclassification of certain other expenses and costs.

Our Adjusted Income Statement is derived from the same accounting information used for preparing our Income Statement in accordance with Brazilian GAAP and IFRS. The classification of the line items in our Adjusted Income Statement is unaudited and materially differs from the classification and presentation of the corresponding line items in our Income Statement. As explained in the notes to the Financial Statements of BTG Pactual, our financial statements are presented with the exclusive purpose of providing, in a single set of financial statements and in one GAAP, information related to the operations of the BTG Pactual and represents the consolidation of transactions from Banco BTG Pactual S.A. 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 results and results of any specific date. KPIs are calculated annually and adjusted, when necessary, as part of the strategic planning process and to reflect regulatory environment or materially adverse market conditions.

This section contains the basis for presentation and the calculation of selected KPIs and ratios presented in this report.

KPIs and Ratios	Description
AuM and AuA	Assets under management and assets under administration consist of proprietary assets, third party assets, wealth management funds and/or joint investments managed or administrated among a variety of assets classes, including fixed income, equities, money market accounts, multi-market funds and private equity funds.
Cost to income ratio	It is computed by dividing the adjusted total operating expenses by adjusted total revenues.
Compensation ratio	It is computed by dividing the sum of adjusted bonus and salaries and benefits expenses by adjusted total revenues.
Effective income tax rate	It is computed by dividing the adjusted income tax and social contribution or (expense) by the adjusted income before taxes.
Net income per unit	Net income per unit for periods before 2Q 2012 represents the net income divided by total pro-forma number of units pre-offering. The total pro-forma number of units pre-offering considers the capital of Banco BTG Pactual comprised solely of units. Each pro-forma unit is comprised of 3 different classes of shares of Banco BTG Pactual and it considers the outstanding units as of the date of this report. This item is a non-GAAP measurement and may not be comparable to similar non-GAAP measures used by other companies.
ROAE	Annualized ROE for the periods are computed by dividing annualized net income by the average shareholders’ equity. We determine the average shareholders’ equity based on the initial and final net equity for the quarter. For 4Q 2016, initial equity is adjusted for ECTP distribution.
VaR	The VaR numbers reported are calculated on a one-day time horizon, a 95.0% confidence level and a one-year look-back window. A 95.0% confidence level means that there is a 1 in 20 chance that daily trading net revenues will fall below the VaR estimated. Thus, shortfalls from expected trading net revenues on a single trading day greater than the reported VaR would be anticipated to occur, on average, about once a month. Shortfalls on a single day can exceed reported VaR by

KPIs and Ratios	Description
	significant amounts and they can also occur more frequently or accumulate over a longer time horizon, such as a number of consecutive trading days. Given its reliance on historical data, the accuracy of VaR is limited in its ability to predict unprecedented market changes, as historical distributions in market risk factors may not produce accurate predictions of future market risk. Different VaR methodologies and distributional assumptions can produce materially different VaR. Moreover, VaR calculated for a one-day time horizon does not fully capture the market risk of positions that cannot be liquidated or offset with hedges within one day. "Stress Test" modeling is used as a complement of VaR in the daily risk management activities.
WuM	Wealth under management consists of private wealth clients' assets that we manage across a variety of asset classes, including fixed income, money market, multi-asset funds and merchant banking funds. A portion of our WuM is also allocated to our AuM to the extent that our wealth management clients invest in our asset management products.
Leverage Ratio	Leverage Ratio is computed by dividing the total assets by the shareholders' equity.

Selected Financial Data

Balance Sheet (unaudited) *(in R$ million, unless otherwise stated)*	Quarter			1Q 2017 % change to	
	1Q 2016	4Q 2016	1Q 2017	1Q 2016	4Q 2016
Assets					
Cash and bank deposits	19,601	674	900	-95%	33%
Interbank investments	28,650	20,753	26,190	-9%	26%
Marketable securities and derivatives	65,912	37,486	44,801	-32%	20%
Interbank transactions	1,856	2,235	1,997	8%	-11%
Loans	50,221	9,513	10,163	-80%	7%
Other receivables	48,929	32,315	33,096	-32%	2%
Other assets	239	154	222	-7%	45%
Permanent assets	8,322	8,641	7,802	-6%	-10%
Total assets	**223,729**	**111,772**	**125,171**	**-44%**	**12%**
Liabilities					
Deposits	75,513	7,691	8,763	-88%	14%
Open market funding	17,452	24,904	31,609	81%	27%
Funds from securities issued and accepted	17,058	10,336	8,946	-48%	-13%
Interbank transactions	7	5	7	-9%	30%
Loans and onlendings	8,293	3,627	3,755	-55%	4%
Derivatives	30,692	9,645	15,198	-50%	58%
Subordinated liabilities	8,167	7,283	7,296	-11%	0%
Other liabilities	45,813	30,286	30,990	-32%	2%
Deferred income	175	142	137	-22%	-3%
Shareholders'equity	**20,401**	**17,727**	**18,338**	**-10%**	**3%**
Non-controlling interest	158	125	134	-15%	6%
Total liabilities	**223,729**	**111,772**	**125,171**	**-44%**	**12%**

Adjusted Income Statement (unaudited)	Quarter			1Q 2017 % change to		Year to Date		3M 2017 % change to
(in R$ million, unless otherwise stated)	1Q 2016	4Q 2016	1Q 2017	1Q 2016	4Q 2016	3M 2016	3M 2017	3M 2016
Investment Banking	62	115	152	145%	33%	62	152	145%
Corporate Lending	206	177	155	-25%	-12%	206	155	-25%
Sales & Trading	1,790	249	586	-67%	135%	1,790	586	-67%
Asset Management	182	113	107	-41%	-5%	182	107	-41%
Wealth Management	1,227	85	87	-93%	3%	1,227	87	-93%
Principal Investments	(226)	(103)	113	n.a.	n.a.	(226)	113	n.a.
Participations	(40)	(24)	76	n.a.	n.a.	(40)	76	n.a.
Interest & Others	344	410	384	12%	-6%	344	384	12%
Total revenues	**3,545**	**1,022**	**1,661**	**-53%**	**63%**	**3,545**	**1,661**	**-53%**
Bonus	(500)	(102)	(204)	-59%	99%	(500)	(204)	-59%
Salaries and benefits	(569)	(131)	(132)	-77%	1%	(569)	(132)	-77%
Administrative and other	(551)	(189)	(180)	-67%	-5%	(551)	(180)	-67%
Goodwill amortization	(55)	(85)	(97)	78%	14%	(55)	(97)	78%
Tax charges, other than income tax	(134)	(19)	(89)	-34%	362%	(134)	(89)	-34%
Total operating expenses	**(1,809)**	**(527)**	**(702)**	**-61%**	**33%**	**(1,809)**	**(702)**	**-61%**
Income before taxes	**1,736**	**495**	**959**	**-45%**	**94%**	**1,736**	**959**	**-45%**
Income tax and social contribution	(727)	185	(239)	-67%	-229%	(727)	(239)	-67%
Net Income	**1,009**	**680**	**720**	**-29%**	**6%**	**1,009**	**720**	**-29%**

Income Statement (unaudited) *(in R$ million, unless otherwise stated)*	Banco BTG Pactual S.A.	
	4Q 2016	**1Q 2017**
Financial income	2,398	2,998
Financial expenses	(1,916)	(1,736)
Gross financial income	**483**	**1,262**
Other operating income (expenses)	(101)	(52)
Operating income	**381**	**1,211**
Non-operating income/(expenses)	378	(29)
Income before taxes and profit sharing	**759**	**1,182**
Income and social contribution taxes	86	(277)
Statutory profit sharing	(165)	(189)
Non-controlling interest	**0**	**4**
Net income	**680**	**720**

Selected Presentation Differences

The table presents a summary of certain material differences between the Adjusted Income Statement and the Income Statement prepared in accordance to the BR GAAP:

	Adjusted Income Statement	Income Statement
Revenues	• Revenues segregated by business unit, which is the functional view used by our management to monitor our performance • Each transaction allocated to a business unit, and the associated revenue, net of transaction and funding costs (when applicable), is reported as generated by such business unit	• Revenues are presented in accordance with BRGAAP and standards established by COSIF and IFRS • Segregation of revenues follows the contractual nature of the transactions and is aligned with the classification of the assets and liabilities - from which such revenues are derived • Revenues are presented without deduction of corresponding financial or transaction costs
Expenses	• Revenues are net of certain expenses, such as trading losses, as well as transaction costs and funding costs • Revenues are net of cost of funding of our net equity (recorded at "interest & others") • SG&A expenses incurred to support our operations are presented separately	• Breakdown of expenses in accordance with COSIF • Financial expenses and trading losses presented as separate line items and not deducted from the financial revenues with which they are associated • Transactions costs are capitalized as part of the acquisition cost of assets and liabilities in our inventory • SG&A expenses incurred to support our operations are presented separately in our income statement
Principal Investments Revenues	• Revenues net of funding costs (including cost of net equity) and of trading losses, including losses from derivatives and from foreign exchange variations • Revenues are reduced by associated transaction costs and by management and performance fees paid	• Revenues included in different revenue line items (marketable securities, derivative financial income and equity pick-up up from subsidiaries) • Losses, including trading losses and derivative expenses, presented as financial expenses
Sales & Trading Revenues	• Revenues net of funding costs (including cost of net equity) and of trading losses, including losses from derivatives and from foreign exchange variations • Revenues deducted from transaction costs	• Revenues included in numerous revenue line items (marketable securities, derivative financial income, foreign exchange and compulsory investments) • Losses, including trading losses, derivative expenses and funding and borrowings costs, presented as financial expenses
Corporate Lending Revenues	• Revenues net of funding costs (including cost of net equity)	• Revenues included in certain revenue line items (credit operations, marketable securities and derivative financial income) • Losses, including derivative expenses, presented as financial expenses
Banco Pan Revenues	• Revenues consist of the equity pick-up from our investment, presented net of funding costs (including cost of net equity)	• Revenues from equity pick-up recorded as equity pickup from subsidiaries
Salaries and Benefits	• Salaries and benefits include compensation expenses and social security contributions	• Generally recorded as personnel expenses
Bonus	• Bonus include cash profit-sharing plan expenses (% of our net revenues)	• Generally recorded as employees' statutory profit-sharing
Administrative and Other	• Administrative and Others are consulting fees, offices, IT, travel and entertainment expenses, as well as other general expenses	• Generally recorded as other administrative expenses, and other operating expenses
Goodwill amortization	• Goodwill amortization of investments in operating subsidiaries other than merchant banking investments	• Generally recorded as other operating expenses
Tax charges, other than income tax	• Tax expenses are comprised of taxes applicable to our revenues not considered by us as transaction costs due to their nature (PIS, Cofins and ISS)	• Generally recorded as tax charges other than income taxes
Income tax and social contribution	• Income tax and other taxes applicable to net profits	• Generally recorded as income tax and social contribution

The differences discussed above are not exhaustive and should not be construed as a reconciliation of the Adjusted income statement to the income statement or financial statements. The business units presented in the Adjusted income statement should not be presumed to be operating segments under IFRS because our management does not solely rely on such information for decision making purposes. Accordingly, the Adjusted income statement contains data about the business, operating and financial results that are not directly comparable to the income statement or the financial statements and should not be considered in isolation or as an alternative to such income statement or financial statements. In addition, although our management believes that the Adjusted income statement is useful for evaluating our performance; the Adjusted income statement is not based on Brazilian GAAP, IFRS, U.S. GAAP or any other generally recognized accounting principles.

Forward-looking statements

This document may contain estimates and forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the U.S. Securities Exchange Act of 1934, as amended, or the Exchange Act. These statements may appear throughout this document. These estimates and forward-looking statements are mainly based on the current expectations and estimates of future events and trends that affect or may affect the business, financial condition, and results of operations, cash flow, liquidity, prospects and the trading price of the units. Although we believe that these estimates and forward-looking statements are based upon reasonable assumptions, they are subject to many significant risks, uncertainties and assumptions and are made in light of information currently available to us. Forward-looking statements speak only as of the date they were made, and we do not undertake the obligation to update publicly or to revise any forward-looking statements after we distribute this document as a result of new information, future events or other factors. In light of the risks and uncertainties described above, the forward-looking events and circumstances discussed in this document might not occur and future results may differ materially from those expressed in or suggested by these forward-looking statements. Forward-looking statements involve risks and uncertainties and are not a guaranty of future results. As a result, you should not make any investment decision on the basis of the forward-looking statements contained herein.

Rounding

Certain percentages and other amounts included in this document have been rounded to facilitate their presentation. Accordingly, figures shown as totals in certain tables may not be an arithmetical aggregation of the figures that precede them and may differ from the financial statements.

Glossary

Alternext	Alternext Amsterdam
BM&FBOVESPA	The São Paulo Stock Exchange (BM&FBOVESPA S.A. – *Bolsa de Valores, Mercadorias e Futuros*).
BR Properties	BR Properties S.A.
CMN	The Brazilian National Monetary Council (Conselho Monetário Nacional).
ECB LTRO	European central Bank Long-term repo operation.
ECM	Equity Capital Markets.
Euronext	NYSE Euronext Amsterdam
HNWI	High net worth individuals
IPCA	The inflation rate is the Consumer Price Index, as calculated by the IBGE.
M&A	Mergers and Acquisitions.
NNM	Net New Money
GDP	Gross Domestic Product.
Selic	The benchmark interest rate payable to holders of some securities issued by the Brazilian government.

Earnings Release - First Quarter 2017

May 9th, 2017 (after market closes)

English Conference Call
May 10, 2017 (Wednesday)
12:00 AM (New York) / 13:00 (Brasília)
Phone: +1 (412) 317-5446

Code: BTG Pactual

Replay until 16/05: +1 (412) 317-0088

Code: 10097702

Portuguese Conference Call
May 10, 2017 (Wednesday)
10:00 AM (New York) / 11:00 AM (Brasília)
Phone: +55 (11) 3193-8000 / +55 (11) 2188-0155

Code: BTG Pactual

Replay until 16/05: +55 (11) 2188-0400

Code: BTG Pactual

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

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

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