

Management Report

DEAR SHAREHOLDERS

We hereby present the Management Report and the consolidated interim financial statements of Banco BTG Pactual S.A. ("Bank") and subsidiaries, related to period ended September 30, 2019, prepared according to the accounting practices adopted in Brazil, applicable to financial institutions authorized to operate by the Central Bank of Brazil (BACEN), from the accounting guidelines issued by Laws No. 4,595/64 (Brazilian Financial System Law) and No. 6,404/76 (Brazilian Corporate Law), with the amendment issued by Laws No.11,638/07 and No. 11,941/09, for the accounting of the operations, related to the rules and instructions of CMN, BACEN and the Brazilian Securities Commission (Comissão de Valores Mobiliários - CVM).

PERFORMANCE

Consolidated net income was R\$1.003 billion in the quarter ended September 30, 2019, an increase of 58% in comparison to third quarter net income of 2018.

The performance of 3Q 2019 was very strong in most franchises, with our core businesses showing solid results: (i) IBD posted a 51.3% increase in revenue over the previous quarter and a 122.7% increase in average of the last four quarters, setting a record result for any quarter, and having the best year-to-date result since the IPO, (ii) Corporate Lending posted a 7.7% increase in revenue and a R\$4.8 billion (or 14.2%) in the quarter's portfolio, maintaining asset quality, (iii) Sales & Trading once again performed significantly, mainly due to continued high customer activity and good opportunities and (iv) Asset Management recorded historical AuM levels, with growth of over 35% in the year and a 15.1% increase in revenues; and (v) Wealth Management also grew by over 35% over the previous year in the WuM category, with record net new money in a single quarter and 28.0% revenue growth over 3Q 2018. BTG Pactual Digital continues to demonstrate strong growth capacity - during the quarter BTG Pactual received the RA1000 seal, which honors companies with excellent customer service rates on the ReclameAQUI platform.

Our operating expenses were R\$857.1 million in the third quarter of 2019, a 2.8% decrease when compared to last quarter of 2019, mostly attributable to lower bonus provision. Cost to income ratio decreased to 39.2%, and our compensation ratio was 19.4% for the quarter, both ratios in line with recent quarters.

Our shareholders' equity was R\$20.8 billion, a 1.9% increase compared to the second quarter of 2019, affected by the interest on equity distribution of R\$624 million. When compared to the end of the third quarter of 2018, our shareholders' equity grew 8.6%. Basel index was 14.6% in the quarter ended September 30, 2019 and our liquidity coverage ratio ("LCR") was 185%.

INDEPENDENT AUDITORS

The Company's policy to hire services not related to external audit of our independent auditors is based in the applicable regulation and on principles internationally accepted for the preservation of the auditor's independence. These principles consist of: (a) the auditor shall not audit its own work, (b) the auditor shall not perform management services at its client and (c) the auditor shall not promote the interests of its client.

ACKNOWLEDGEMENTS

Committed to its purpose of maintaining continuous and balanced growth, the Bank thanks its customers, employees and market partners for their continued trust, dedication and support.