

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 March 31, 2018, 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).

RECENT EVENTS

During the quarter ended March 31, 2018, the Bank repurchased units, in accordance with the approved program in the amount of R\$37,883, equivalent to 1,811,300 units. On March 31, 2018, an amount equivalent to R\$130,946 corresponds to units held in treasury.

After the issuance of EFG International ("EFG") financial statements for the year ended December 31, 2017, on February 27, 2018, BTG Pactual became aware of EFG decision to change its accounting practices to reflect certain changes in its accounting practices with prospective adoption effects. Due to these changes, the EFG recognized a reduction in its shareholders' equity corresponding to CHF493.9 million, which consequently caused a negative effect on BTG Pactual shareholders' equity in the amount of R\$508.7 million as a reduction of the Statutory Reserve.

Additionally, during the year ended December 31, 2017 EFG recognized an increase in its Shareholders' Equity (Other Comprehensive Income) equivalent to CHF203 million, comprised by cumulative translation adjustments and gains on pension plans. Such adjustments generated an increase in BTG Pactual Shareholders' Equity in the amount of R\$208 million during the quarter ended March 31, 2018.

PERFORMANCE

Consolidated net income was R\$ 600.3 million in the quarter ended March 31, 2018, a reduction of 17% in comparison to the same period of the previous year. Results for the quarter were adversely affected mainly by the results from our investment in EFG, which has reported a loss associated with one-time integration costs. Nonetheless, our franchise businesses had strong performance, particularly in Asset and Wealth management, which have reached record NNM levels.

Our total assets increased 15.6%, from R\$126.6 billion at the end of the year ended December 31, 2017 to R\$146.3 billion at the end of the quarter ended March, 31, 2018, mainly due to an increase in assets financed through repos and our pending settlement accounts. Also our cash and cash equivalents increased 35.9% in this quarter, and our leverage ratio increased to 7.8x from 6.8x in the previous quarter.

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.

SUBSEQUENT EVENTS

On April 20, 2018, Banco Pan SA informed its shareholders and the market in general that the capital increase of the company authorized by its Board of Directors was approved by the Central Bank of Brazil on February 7, 2018. After the capital increase, BTG Pactual now holds approximately 577,662 shares issued by Banco Pan S.A., corresponding to 50.6% of its Capital Stock.

Despite the new composition of the company's capital stock, the shared control of Banco Pan S.A. was not altered, and Caixa Participações S.A. - CAIXAPAR and BTG Pactual remain as co-controllers of the company.

ACKNOWLEDGEMENTS

In order to maintain a continuous and balanced growth, the Bank would like to thank its customers, employees and market partners for the trust, dedication and continuous support.