

Consolidated Financial Statements

Banco BTG Pactual S.A. and subsidiaries

June 30, 2021

with independent auditor's review report.

BANCO BTG PACTUAL S.A and subsidiaries

Consolidated financial statements

June 30, 2021

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(A free translation of the original in Portuguese)

Independent auditor's report

To the Board of Directors and Shareholders
Banco BTG Pactual S.A.

Opinion

We have audited the accompanying consolidated financial statements of Banco BTG Pactual S.A. and its subsidiaries (the "Institution" or "Consolidated"), which comprise the consolidated balance sheet as at June 30, 2021 and the consolidated statements of income, comprehensive income, changes in shareholder's equity and cash flows for the six-month period then ended, and notes to the financial statements, including a summary of significant accounting policies.

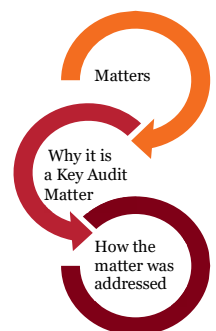
In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Banco BTG Pactual S.A. and its subsidiaries as at June 30, 2021, and its consolidated financial performance and consolidated cash flows for the six-month period then ended, in accordance with accounting practices adopted in Brazil, applicable to institutions authorized to operate by the Brazilian Central Bank (BACEN).

Basis for opinion

We conducted our audit in accordance with Brazilian and International Standards on Auditing. Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements" section of our report. We are independent of the Institution in accordance with the ethical requirements established in the Code of Professional Ethics and Professional Standards issued by the Brazilian Federal Accounting Council, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.





Banco BTG Pactual S.A.

Why it is a Key Audit Matter

How the matter was addressed in the audit

Fair value measurement of derivative financial instruments

As disclosed in Notes 4.d, 4.e, 4.f and 9, the fair value measurement of derivative financial instruments is an area that includes subjectivity, as it depends on valuation techniques performed based on internal models and involving Management's assumptions for valuation of instruments and/or observable data.

We consider this a focus area in our audit as the use of different valuation techniques and assumptions may produce significantly different fair value estimates and due to the materiality of the derivative financial instruments in the context of the financial statements.

Our main audit procedures considered, among others, our understanding of the main processes involving the fair value measurement of derivative financial instruments related to: (i) recording and confirmation of transaction data, (ii) criteria for fair value measurement, and (iii) reconciliation of accounting balances with analytical reports for balance sheet and income statement balances.

We also (i) tested the completeness and integrity of the database extracted from the underlying systems that serve as a basis for fair value measurement, and (ii) independent re-performance, on a sample basis, of the calculations for measurement of derivative financial instruments with the support of our specialists in the pricing of financial instruments and in accordance with the requirements provided for by the Brazilian Central Bank's (Bacen) standards.

We believe that the criteria adopted by management in the fair value measurement of these financial instruments are consistent with the information analyzed in our audit.

Measurement of the provision for expected losses associated with credit risk

As disclosed in Notes 4(j) and 10, the provision for expected losses associated with credit risk is estimated based on the analysis of the operations and specific risks presented in each portfolio, taking into account the customer's risk rating, depending on a periodic analysis of the quality of the customer and the sectors of activity, in accordance with the criteria established by CMN Resolution 2,682/99.

This is an area that was defined as the focus of our audit, as the application of different criteria and judgment in measuring the provision for expected losses associated with credit risk could result in significant variations in the estimate of this provision.

Our procedures considered, among others, our understanding of the main processes related to: (i) granting of credit, (ii) renegotiated operations, (iii) attribution of risk level, and (iv) reconciliation of account balances with auxiliary reports.

We also conducted (i) analysis, on a sample basis, of the criteria described in the policy and their consistency with those used by management to determine the credit risk of the operations, (ii) recalculation of provisions based on the risk classification and delay in operations; and (iii) test of the completeness and integrity of the database extracted from the underlying systems that serve as a basis for calculating the provision.



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Why it is a Key Audit Matter

How the matter was addressed in the audit

We believe that the criteria adopted by management to measure and record the provision for expected losses associated with credit risk are consistent with the information analyzed in our audit.

Tax credits in consolidated subsidiary (Notes 4(s) and 13)

Banco Pan S.A., an indirect subsidiary of the Institution, whose total interest is approximately 71.7% and is included in the consolidation process in the consolidated financial statements, has tax credits totaling R\$3.7 billion, arising from temporary additions in the calculation bases of Corporate Income Tax and Social Contribution on Net Income and income tax and social contribution losses, recognized based on a study of the current and future scenario approved by the management of Banco Pan S.A.

We consider this an area of focus in our audit since the use of different judgments and assumptions in the projection of taxable profit could significantly change the periods and amounts estimated for the realization of tax credits, with a consequent accounting impact, and could fail to meet the requirements of the Brazilian Central Bank regarding the recording and maintenance of these assets in the financial statements.

Our key audit procedures considered the understanding of the calculation and recording processes and their consistency with tax and accounting standards related to tax credits, including specific requirements of the National Monetary Council and the Brazilian Central Bank, as well as an understanding of the more significant assumptions used by management to project future taxable profit for purposes of estimating the realization of tax credits.

We compared the assumptions used by Banco Pan S.A. to project taxable profits with the budget projections approved by its Board of Directors and with the macroeconomic projections disclosed in the market, and analyzed historical data to corroborate the consistency of these realization estimates.

We believe that the assumptions and criteria adopted by management are consistent in relation to the initial recognition, maintenance and realization of the tax credit.

Other matters

Statements of Value Added**Consolidated statement of value added**

The Consolidated statement of value added for the semester ended June 30, 2021, prepared under the responsibility of the Institution's management and presented as supplementary information for purposes of the Brazilian Central Bank, was submitted to audit procedures performed in conjunction with the audit of the Institution's financial statements. The presentation of this statement is required by the Brazilian corporate legislation for listed companies. For the purposes of forming our opinion, we evaluated whether this statement is reconciled with the consolidated financial statements and accounting records, as applicable, and if its form and content are in accordance with the criteria defined in Technical Pronouncement CPC 09 - "Statement of Value Added". In our opinion, this Statement of Value Added has been properly prepared in all material respects, in accordance with the



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criteria established in the Technical Pronouncement, and is consistent with the financial statements taken as a whole.

Other matters – Audit of corresponding figures of the previous semester and year

The audit of the consolidated financial statements for the semester ended June 30, 2020 and for the year ended December 31, 2020 were conducted under the responsibility of other independent auditors, who issued audit reports with dates of August 11, 2020 and February 9, 2021, respectively, without modifications.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting practices adopted in Brazil, applicable to institutions authorized to operate by the Brazilian Central Bank (BACEN), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Institution's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Institution or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Institution's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Brazilian and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Brazilian and International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Institution's internal control.



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- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Institution's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Institution to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether these consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

São Paulo, August 9, 2021

PricewaterhouseCoopers
Auditores Independentes
CRC 2SP000160/O-5

Edison Arisa Pereira
Accountant CRC 1SP127241/O-0

BANCO BTG PACTUAL S.A. and subsidiaries

Consolidated balance sheets

As at June 30, 2021 and December 31, 2020

(In thousands of reais)

	Note	30/06/2021	31/12/2020
Assets			
Current assets		252,023,345	187,717,707
Cash at banks	6	5,295,511	1,794,059
Financial instruments		208,727,446	156,316,664
Short-term interbank investments	7	41,797,511	51,624,133
Securities	8	102,607,212	70,682,719
Derivative financial instruments	9	14,200,998	5,849,388
Interbank transactions		8,394,662	5,033,771
Loans	10	44,929,734	23,689,197
Allowance for expected losses associated with credit risk	10	(3,202,671)	(562,544)
Other receivables		37,374,042	28,794,320
Receivables endorsements or sureties		155,156	224,678
Foreign exchange portfolio	11	28,260,152	19,373,261
Income receivable	12	1,619,153	1,385,346
Securities trading and brokerage	11	4,328,185	5,047,647
Sundry	12	3,386,368	3,026,363
Allowance for impairment of assets		(374,972)	(262,975)
Other assets		626,346	812,664
Other assets		414,451	701,514
Prepaid expenses		230,666	138,870
Provision for losses on other assets		(18,771)	(27,720)
Long-term assets		73,631,524	44,278,252
Financial instruments		55,874,987	32,689,303
Long-term interbank investments	7	41,236	66,095
Securities	8	7,723,042	4,432,951
Derivative financial instruments	9	2,139,489	2,378,158
Interbank transactions		154,843	155,115
Loans	10	45,816,377	26,977,410
Allowance for expected losses associated with credit risk	10	-	(1,320,426)
Other receivables		17,111,986	11,331,309
Receivables endorsements or sureties		44,185	-
Foreign exchange portfolio	11	2,450	6,029
Income receivable	12	151,709	9,515
Sundry	12	7,273,125	4,102,007
Deferred tax assets	18	9,676,493	7,213,758
Allowance for impairment of assets		(35,976)	-
Other assets		644,551	257,640
Other assets		324	-
Prepaid expenses		644,227	257,640
Permanent assets		9,540,470	12,929,374
Investments		6,235,427	12,470,940
Investments in associates and jointly controlled entities - in Brazil	13	3,870,888	6,343,115
Investments in associates and jointly controlled entities - abroad	13	2,349,323	6,105,557
Other investments		45,089	26,800
Allowance for losses in investments		(29,873)	(4,532)
Property and equipment in use		184,190	142,601
Property in use		6,564	4,576
Other property and equipment in use		551,798	445,641
Accumulated depreciation		(374,172)	(307,616)
Intangible assets	14	3,120,853	315,833
Other intangible assets		3,615,775	574,053
Accumulated amortization		(494,922)	(258,220)
Total assets		335,195,339	244,925,333

The accompanying notes are an integral part of the consolidated financial statements.

BANCO BTG PACTUAL S.A. and subsidiaries

Consolidated balance sheets

As at June 30, 2021 and December 31, 2020

(In thousands of reais)

	Note	30/06/2021	31/12/2020
Liabilities			
Current liabilities		236,559,854	179,301,351
Deposits and financial instruments		189,695,683	146,500,325
Deposits	15	84,104,424	54,996,405
Open market funding	15	61,399,732	59,584,116
Funds from securities issued and accepted	15	29,893,470	24,027,977
Loans and borrowings	15	663,656	2,408,422
Derivative financial instruments	9	13,623,116	4,720,378
Subordinated debt	15	-	763,027
Debt instrument eligible to capital	15	11,285	-
Interbank transactions		2,358,308	69,110
Unsettled receipts and payments		2,166,335	69,110
Correspondents		191,973	-
Interdependencies transactions		103,761	364,016
Unsettled third party assets		103,761	364,016
Other liabilities		44,344,269	32,367,900
Collection and payments of tax and similar charges		31,704	2,429
Foreign exchange portfolio	11	27,338,998	19,127,129
Social and statutory	16	1,586,869	2,371,534
Tax and social security	16	1,058,239	745,530
Securities trading and brokerage	11	6,142,583	5,227,307
Sundry	16	8,185,876	4,893,971
Provision		57,833	-
Provision for guarantees		57,833	-
Long-term liabilities		61,043,643	38,222,538
Financial instruments		57,499,730	34,763,117
Deposits	15	13,671,111	1,967,929
Open market funding	15	1,508,635	577,779
Funds from securities issued and accepted	15	28,087,296	18,286,134
Loans and borrowings	15	5,158,904	4,234,785
Derivative financial instruments	9	2,935,663	3,002,961
Subordinated debt	15	2,237,251	2,667,626
Debt instrument eligible to capital	15	3,900,870	4,025,903
Other liabilities		1,563,740	1,501,567
Foreign exchange portfolio	11	7,370	14,425
Social and statutory	16	2,864	-
Tax and social security	16	17,026	-
Deferred liabilities	18	138,679	56,157
Sundry	16	1,397,801	1,430,985
Provision		1,980,173	1,957,854
Provision for contingent liabilities	17	1,864,573	1,776,483
Provision for guarantees		115,600	181,371
Deferred income		278,815	275,494
Shareholders' equity	19		
Capital		15,510,364	10,013,243
Capital reserve		652,515	652,515
Other comprehensive income		(79,920)	(87,573)
Income reserves		16,261,252	16,102,470
Retained earnings		2,696,114	-
Total shareholders' equity of controlling shareholders		35,040,325	26,680,655
Non-controlling interest		2,272,702	445,295
Total shareholders' equity		37,313,027	27,125,950
Total liabilities and shareholders' equity		335,195,339	244,925,333

The accompanying notes are an integral part of the consolidated financial statements.

BANCO BTG PACTUAL S.A. and subsidiaries

Consolidated statements of income

Quarters and semesters ended June 30

(In thousands of reais, except net income per share)

	Note	Quarter ended:		Semester period ended:	
		30/06/2021	30/06/2020	30/06/2021	30/06/2020
Financial income		7,112,995	4,998,488	10,376,618	11,471,682
Loans		3,449,023	1,227,911	4,836,142	1,971,183
Securities		2,641,088	3,123,439	4,862,902	2,701,092
Derivative financial instruments		-	642,819	-	6,783,872
Foreign exchange		969,284	-	598,869	-
Mandatory investments		53,600	4,319	78,705	15,535
Financial expenses		(3,568,603)	(3,127,094)	(5,980,709)	(10,199,911)
Funding operations		(2,349,155)	(1,205,070)	(3,386,820)	(2,163,034)
Borrowing and onlending		266,677	(1,312,104)	(1,942,942)	(3,669,979)
Derivative financial instruments		(1,167,026)	-	(374,438)	-
Foreign exchange		-	(522,412)	-	(4,161,430)
Allowance for loan losses and other receivables	10	(319,099)	(87,508)	(276,509)	(205,468)
Net financial income		3,544,392	1,871,394	4,395,909	1,271,771
Other operating income (expenses)		(482,300)	(305,233)	597,698	521,158
Income from services rendered	20	1,667,683	810,875	2,988,414	1,676,405
Personnel expenses		(388,002)	(269,061)	(701,484)	(496,865)
Other administrative expenses	23	(1,143,557)	(467,473)	(1,678,349)	(884,349)
Tax charges		(278,538)	(128,046)	(424,027)	(179,929)
Equity earnings of associates and jointly controlled entities	13	244,239	(191,868)	684,228	227,074
Other operating income	21	(165,283)	305,205	278,451	591,475
Other operating expenses	22	(418,842)	(364,865)	(549,535)	(412,653)
Provisions expenses		(147,855)	(29,029)	(159,127)	(35,921)
Provision for contingent liabilities		(8,479)	(8,388)	(7,664)	15,555
Other		(139,376)	(20,641)	(151,463)	(51,476)
Operating income		2,914,237	1,537,132	4,834,480	1,757,008
Non-operating (expenses) / income		102,157	148,769	116,787	112,542
Income before income tax and profit sharing		3,016,394	1,685,901	4,951,267	1,869,550
Income tax and social contribution	18	(685,645)	(241,141)	(1,019,375)	252,157
Provision for income tax		291,758	(399,432)	132,856	(1,179,543)
Provision for social contribution		15,634	(317,270)	(132,987)	(910,025)
Deferred income tax and social contribution		(993,037)	475,561	(1,019,244)	2,341,725
Statutory profit sharing		(665,066)	(436,233)	(1,096,325)	(510,357)
Non-controlling interest		12,716	(31,168)	19,329	133,932
Net income for the quarter / semester	19	1,678,399	977,359	2,854,896	1,745,282
Net income per share - basic	25	0.58	0.37	1.00	0.67
Net income per share - diluted	25	0.58	0.38	1.00	0.67

The accompanying notes are an integral part of the consolidated financial statements.

BANCO BTG PACTUAL S.A.

Consolidated statements of comprehensive income

Quarters and semesters ended June 30

(In thousands of reais)

	Quarter ended:		Semester period ended:	
	30/06/2021	30/06/2020	30/06/2021	30/06/2020
Net income for the quarter / semester	1,678,399	977,359	2,854,896	1,745,282
Changes in fair value of assets available for sale	12,115	(2,136)	117,974	(118,786)
Deferred IR/CSLL on fair value of assets available for sale	(2,953)	(908)	(53,364)	54,568
Changes in fair value of associates and jointly controlled	26,640	(64,510)	(17,507)	48,071
Currency translation adjustments	(13,958)	(3,763)	(13,958)	3,196
Exchange variation of investments	(814,681)	(542,230)	(342,986)	895,808
Foreign Investment hedge	787,925	535,870	317,494	(897,549)
Total comprehensive income	1,673,487	899,682	2,862,549	1,730,590

Items presented in consolidated statements of comprehensive income can subsequently be reclassified to the statements of income.

The accompanying notes are an integral part of the consolidated financial statements.

BANCO BTG PACTUAL S.A. and subsidiaries

Statements of changes in shareholders' equity – parent company

Semesters ended June 30

(In thousands of reais, except for dividends and interest on equity per share)

Note	Capital	Capital reserve	Income reserves				Total	Other comprehensive income	Treasury shares	Retained earnings	Controlling interests	Non-controlling interests	Total
			Special earnings reserve	Legal	Unrealized	Statutory							
Balances as at December 31, 2019	7,392,092	652,515	-	1,433,056	3,365,072	8,646,025	13,444,153	9,194	(165,784)	-	21,332,170	351,785	21,683,955
Capital increase	2,650,500	-	-	-	-	-	-	-	-	-	2,650,500	-	2,650,500
Public offering costs	(29,349)	-	-	-	-	-	-	-	-	-	(29,349)	-	(29,349)
Own shares acquired	-	-	-	-	-	-	-	-	(92,712)	-	(92,712)	-	(92,712)
Treasury shares cancellation	-	-	-	-	-	(258,496)	(258,496)	-	258,496	-	-	-	-
Changes in fair value of assets available for sale	-	-	-	-	-	-	-	(64,218)	-	-	(64,218)	-	(64,218)
Changes in fair value of associates and jointly controlled entities	-	-	-	-	-	-	-	48,071	-	-	48,071	-	48,071
Currency translation adjustments	-	-	-	-	-	-	-	3,196	-	-	3,196	-	3,196
Exchange variation of investments	-	-	-	-	-	-	-	895,808	-	-	895,808	-	895,808
Foreign investment hedge	-	-	-	-	-	-	-	(897,549)	-	-	(897,549)	-	(897,549)
Intermediate interest on equity (R\$0.24 per share)	-	-	533,000	-	-	(533,000)	-	-	-	-	-	-	-
Previous years adjustments	-	-	-	-	-	(18,036)	(18,036)	-	-	-	(18,036)	-	(18,036)
Net income for the semester	-	-	-	-	-	-	-	-	-	1,745,282	1,745,282	133,932	1,879,214
Net income allocation	-	-	-	-	-	-	-	-	-	(18,205)	-	-	-
Income reserve	-	-	-	18,205	-	-	18,205	-	-	-	-	(167,405)	(167,405)
Reduction of non-controlling	-	-	-	-	-	-	-	-	-	-	-	-	-
Balances as at June 30, 2020	10,013,243	652,515	533,000	1,451,261	3,365,072	7,836,493	13,185,826	(5,498)	-	1,727,077	25,573,163	318,312	25,891,475
Balances as at December 31, 2020	10,013,243	652,515	-	1,597,062	1,980,478	12,524,930	16,102,470	(87,573)	-	-	26,680,655	445,295	27,125,950
Capital increase	5,547,288	-	-	-	-	-	-	-	-	-	5,547,288	-	5,547,288
Public offering costs	(50,167)	-	-	-	-	-	-	-	-	-	(50,167)	-	(50,167)
Changes in fair value of assets available for sale	-	-	-	-	-	-	-	64,610	-	-	64,610	-	64,610
Changes in fair value of associates and jointly controlled entities	-	-	-	-	-	-	-	(17,507)	-	-	(17,507)	-	(17,507)
Exchange variation of investments	-	-	-	-	-	-	-	(342,986)	-	-	(342,986)	-	(342,986)
Currency translation adjustments	-	-	-	-	-	-	-	(13,958)	-	-	(13,958)	-	(13,958)
Foreign investment hedge	-	-	-	-	-	-	-	317,494	-	-	317,494	-	317,494
Intermediate interest on equity (R\$0.11 per share)	-	-	650,000	-	-	(650,000)	-	-	-	-	-	-	-
Net income for the semester	-	-	-	-	-	-	-	-	-	2,854,896	2,854,896	19,329	2,874,225
Net income allocation	-	-	-	-	-	-	-	-	-	-	-	-	-
Income reserve	-	-	-	158,782	-	-	158,782	-	-	(158,782)	-	-	-
Addition of non-controlling	-	-	-	-	-	-	-	-	-	-	-	1,808,078	1,808,078
Balances as at June 30, 2021	15,510,364	652,515	650,000	1,755,844	1,980,478	11,874,930	16,261,252	(79,920)	-	2,696,114	35,040,325	2,272,702	37,313,027

Reconciliation of net income and shareholders' equity of Banco BTG Pactual S.A. and subsidiaries is presented in Note 19(g).

The accompanying notes are an integral part of the consolidated financial statements.

BANCO BTG PACTUAL S.A. and subsidiaries

Consolidated statements of cash flows

Semesters ended June 30

(In thousands of reais)

	Note	30/06/2021	30/06/2020
Operating activities			
Net income for the semester		2,854,896	1,745,282
Adjustments to net income			
Equity pick up from associates and jointly controlled entities	13	(684,228)	(227,074)
Interest expense with subordinated debt		897,149	564,640
Deferred income tax and social contribution	18	1,019,244	(2,341,725)
Reversal of provision	21	(39,790)	(368,614)
Allowance for loan losses and other receivables	10	276,509	205,468
Allowance for contingent liabilities	17	7,664	(15,555)
Permanent assets exchange variation		11,195	(39,933)
Depreciation and amortization	23	36,841	28,887
Adjusted net income for the semester		4,379,480	(448,624)
(Increase)/decrease in operational activities			
Short-term interbank investments		2,302,985	(1,384,733)
Securities and derivative financial instruments		(30,697,484)	4,734,116
Loans		(8,852,523)	(11,281,237)
Other receivables and other assets		(8,609,304)	(13,213,545)
Interbank transactions		467,493	(1,128,766)
Interdependencies transactions		(260,255)	319,742
Other liabilities		9,156,434	10,403,565
Deferred income		3,321	113,824
Deposits		21,404,289	16,279,890
Open market funding		1,305,769	14,933,899
Loans and borrowings		(820,647)	325,647
Cash (used in) / provided by operating activities		(10,220,442)	19,653,778
Investment activities			
Sale of other investment		7,052	(3,434)
(Acquisition) / sale of equity interests	13	6,426,242	139,356
Dividends and interest on equity received	13	477,931	372,031
(Acquisition) / sale of property		(42,744)	(54,705)
Business combination net of cash		(7,580,815)	-
(Acquisition) / sale of intangible assets	14	(2,745,949)	(140,455)
Cash provided by investment activities		(3,458,283)	312,793
Financing activities			
Acquisition of treasury shares	19b	-	(92,712)
Funds from securities issued and accepted		5,443,226	13,496,792
Subordinated debt and debt instruments eligible to equity		(2,213,240)	366,403
Non-controlling interest		1,827,407	(33,473)
Capital increase	2	5,547,288	2,650,500
Interest on equity - distributed	19f	(1,096,000)	(541,000)
Cash provided by financing activities		9,508,681	15,846,510
(Decrease) / increase in cash and cash equivalents		(4,170,044)	35,813,081
Balance of cash and cash equivalents			
At the beginning of the semester	26	44,406,399	21,518,691
At the end of the semester		40,236,355	57,331,772
(Decrease) / increase in cash and cash equivalents		(4,170,044)	35,813,081
Non-cash transaction			
Interest on equity	19	14,443	(602,174)
Public offering costs		-	(541,000)
Changes in fair value of assets available for sale		(50,167)	-
		64,610	(61,174)

The accompanying notes are an integral part of the consolidated financial statements.

BANCO BTG PACTUAL S.A. and subsidiaries

Consolidated statements of value added

Semesters ended June 30

(In thousands of reais)

	Note	30/06/2021	30/06/2020
Revenues		13,365,032	13,403,530
Financial brokerage		10,376,618	11,471,682
Services rendered	20	2,988,414	1,676,405
Other		-	255,443
Expenses		(6,294,133)	(10,199,911)
Financial brokerage		(5,704,200)	(9,994,443)
Allowance for loan losses and other receivables	10	(276,509)	(205,468)
		(313,424)	-
Inputs acquired from third parties		(1,568,507)	(806,489)
Materials, energy and other		(17,863)	(18,673)
Outsourced services		(1,550,644)	(787,816)
Gross value added		5,502,392	2,397,130
Depreciation and amortization	23	(36,841)	(28,887)
Net value added produced by the entity		5,465,551	2,368,243
Value added received through transfer		684,228	227,074
Equity in the earnings of associates and jointly controlled entities		684,228	227,074
Value added to be distributed		6,149,779	2,595,317
Distribution of value added		6,149,779	2,595,317
Personnel		1,797,810	1,007,222
Direct compensation		1,592,237	868,981
Benefits		104,461	72,610
FGTS – government severance pay fund		101,112	65,631
Taxes, fees and contributions		1,443,402	(72,228)
Federal		1,321,964	(137,511)
Municipal		121,438	65,283
Remuneration of third party capital		73,000	48,973
Rent expenses		73,000	48,973
Remuneration of shareholders		2,835,567	1,611,350
Retained earnings		2,854,896	1,745,282
Non-controlling interest		(19,329)	(133,932)

The accompanying notes are an integral part of the consolidated financial statements.

BANCO BTG PACTUAL S.A. and subsidiaries

Notes to the consolidated financial statements

June 30, 2021

(In thousands of reais, except otherwise indicated)

1. Operations

Banco BTG Pactual S.A. (the "Bank" or "BTG Pactual") is incorporated as a multiple Bank, operating jointly with its subsidiaries (the "Group" or "BTG Pactual Group"), offering financial products and services related to commercial, including foreign exchange, investment portfolios, credit, financing, leasing, insurance and real estate loans. The Bank is located at Praia de Botafogo, 501 - 5th floor (part) - Torre Corcovado, in the city and state of Rio de Janeiro, and has its main place of business at Av. Brigadeiro Faria Lima, 3477 - 14th floor (part), in the city and state of São Paulo.

Transactions are conducted by a group of institutions fully participating in the financial market, and may be intermediated by other institutions from the BTG Pactual Group. The Bank's controlling shareholder is BTG Pactual Holding Financeira Ltda. ("Holding Financeira"), which is controlled by BTG Pactual G7 Holding S.A. ("G7") through BTG Pactual Holding S.A. ("Holding").

The Bank has units listing at B3 S.A. in São Paulo. Each unit issued, corresponds to 1 common share and 2 class A preferred shares of the Bank.

Covid-19 Pandemic | Context, Initiatives and Impacts

The Covid-19 pandemic has dramatically altered the global landscape and has created enormous challenges for every aspect of society – from health and safety, to the economy, and to friends and families.

For firms like BTG Pactual, the pandemic has resulted in the need to adjust our operating model to ensure the health and safety of our employees without sacrificing the client service which has always been a foundation of how we operate and the need to focus on our broader responsibility as members of the communities in which we operate.

Before we cover the financials for the period, we want to describe some of the important initiatives that we have taken (and will continue to take) with respect to our operating model and our role in the community. We would also like to take a moment to express our sincere hope that all of you are in good health during these difficult times.

- We are maintaining the Bank's operations, with all services, communication channels and functionalities available to our clients;
- Our technology teams have delivered the connectivity and cybersecurity necessary for us to operate in this new work environment, with all our teams working stably, continuously, and without any operational incidents - and with a very high level of engagement all around the firm;
- In the first weeks of the crisis, our client and operations teams cleared unprecedented volumes of transactions in secondary markets keeping our operational platform available and working intensely in cooperation with our market counterparts; and

BANCO BTG PACTUAL S.A. and subsidiaries

Notes to the consolidated financial statements

June 30, 2021

(In thousands of reais, except otherwise indicated)

- Using technology, we are keeping ourselves close and available to clients in all segments, bringing them quality information and specialized advice on a daily basis, to support them in their business needs or in the management of their portfolios;

New Units Program

On April 3, 2020, the Bank Board of Directors approved a new share buyback program. The purpose of the repurchase program is to efficiently invest the funds available in cash, in order to maximize the company's capital allocation and it will include the acquisition of up to 15,000,000 units. On the same date, the shares held in treasury were canceled.

2. Corporate reorganization and acquisitions

- **Corporate events**

Stock Split

As the Board approved BTG's Share Split on April 9, 2021, we have filed this with the Brazilian Central Bank. Under the terms of the split, each unit will be split into four. The same proportion will hold: each unit issued corresponds to 1 common share and 2 class A preferred shares of the Bank. The Share Split will not change the rights of shareholders and will not change a shareholder's proportionate ownership in BTG. All future dividends declared by BTG will reflect the Share Split and the total share capital will not be modified. On June 25, 2021, considering verification of all necessary regulatory approvals, the necessary procedures were made for the stock split, dated June 30, 2021.

Global Medium Term Notes Issuance

On January 6, 2021, the Bank, through its Cayman Island's branch, issued Global Medium Term Notes to be used for the financing or refinancing of eligible green and/or social projects, in the total amount of US\$500 million at a fixed coupon rate of 2.75% p.a., with maturity date on January 11, 2026, and semi-annually coupon payments on January 11 and July 11.

Primary public offering

On May 28, 2021, the Bank made a public offering of newly issued shares, on best efforts underwriting, of 24,402,000 Units, composed of 24,402,000 common shares and 48,804,000 preferred shares. The bookbuilding process was concluded with a price of R\$122.01 per Unit, therefore R\$40.67 per share, resulting in an offering of R\$2,977,288, an amount which, after deducting the issuance costs of R\$24,797, corresponds to the Bank's capital increase.

BANCO BTG PACTUAL S.A. and subsidiaries

Notes to the consolidated financial statements

June 30, 2021

(In thousands of reais, except otherwise indicated)

On January 13, 2021, the Bank made a public offering of newly issued shares, on best efforts underwriting, of 27,777,778 Units, composed of 27,777,778 common shares and 55,555,556 preferred shares. The bookbuilding process was concluded with a price of R\$92.52 per Unit, therefore R\$30.84 per share, resulting in an offering of R\$2,570,000, an amount which, after deducting the issuance costs of R\$25,370, corresponds to the Bank's capital increase.

On July 29, 2020, the Bank made a public offering of newly issued shares, on best efforts underwriting, of 35,625,000 Units, composed of 35,625,000 common shares and 71,250,000 preferred shares. The bookbuilding process was concluded with a price of R\$74.40 per Unit, therefore R\$24.80 per share, resulting in an offering of R\$2,650,500, an amount which, after deducting the issuance costs of R\$ 29,349, corresponds to the Bank's capital increase.

- **Acquisitions and disposals**

Credpago Serviços de Cobrança S.A.

On June 29, 2021, BTG Pactual sold the entirety of its participation in CredPago Serviços de Cobrança S.A., which corresponds to 49% of the total share capital to Loft Brasil Tecnologia Ltda. BTG Pactual will receive the proceeds from this sale in four installments: (i) cash in up to 24 months, and (ii) in shares of Loft Holding Ltd, which will represent a total gain of approximately R\$1.4 billion. The consummation of this transaction remains subject to the satisfaction of customary conditions precedent as well as regulatory approval.

Empiricus

On May 31, 2021, we entered into a share purchase agreement for the acquisition of 100% of the shares of Empiricus Research Publicações Ltda. ("Empiricus"), Vitreo Holding Financeira S.A. ("Vitreo VHF"), Vitreo Holding S.A. ("Vitreo Holding"), Vitreo Distribuidora de Títulos e Valores Mobiliários S.A. ("Vitreo DTVM" and, together with Vitreo VHF and Vitreo Holding, "Vitreo"), as well as their respective subsidiaries, including the Money Times and Your Money content portals and the Real Valor application. Subject to the terms and conditions set forth under the share purchase agreement and other transaction documents, the bank will make the following payments for this acquisition: (i) R\$440 million in cash consideration at the closing of the transaction, (ii) R\$250 million in BTG Pactual' units at the closing of the transaction and (iii) earn-out payments upon the achievement of certain operational and financial goals by the acquired companies, within up to four years after the closing of the transaction. The completion and closure of the transaction are subject to verification of certain precedent conditions as well as regulatory approval.

Banco Pan S.A.

On April 5, 2021, Banco Sistema (BTG's Pactual affiliate) signed the purchase agreement of 100% of CaixaPar's ordinary equity stake in Banco Pan, which represents 49.2% of Banco Pan's voting share capital and 26.8% of Banco Pan's total share capital. Banco Sistema will pay R\$3.7 billion to CaixaPar, which corresponds to R\$11.42 per share. On May 19, 2021, after verification of certain conditions precedent, including all necessary regulatory approvals, the acquisition was concluded.

BANCO BTG PACTUAL S.A. and subsidiaries

Notes to the consolidated financial statements

June 30, 2021

(In thousands of reais, except otherwise indicated)

EFG Sale

On April, 2021, BTG Pactual Holding S.A. received the approval to conclude the purchase of BTG Pactual Holding EFG Ltda (“Holding EFG”) from Banco BTG Pactual, through BTG Pactual (Cayman) International Holding Limited. Holding EFG owned approximately 89.51% of BTGP BSI Ltd – which represents approximately 22.25% of EFG. The transaction was settled with the termination of the Equity Linked Note issued against BTG Pactual Holding S.A. which had EFG as the underlying. After the transaction, Banco BTG Pactual will own 2.64% of EFG’s total share capital.

Kinvo Tecnologia da Informação Ltda

On March 16, 2021, BTG Pactual Corretora de Títulos e Valores Mobiliários S.A. signed the agrément for acquisition of 100% of the share capital of Kinvo Tecnologia da Informação Ltda for R\$72 million. This acquisition aims to expand BTG Pactual digital ecosystem and complements our product range. The completion and closure of the transaction are subject to verification of certain conditions precedent as well as regulatory approval.

Necton Investimentos S.A.

On October 23, 2020, definitive documents were signed regarding the acquisition of 100% of the share capital of Necton Investimentos S.A. Corretora de Valores Mobiliarios e Commodities, for the amount of R\$ 342 million. This acquisition is part of BTG Pactual's expansion strategy in the investment retail segment. On April 5, 2021, after verification of certain precedent conditions, including all necessary regulatory approvals, the acquisition was concluded.

EQI Investimentos

On July 15, 2020, EQI Investimentos (“EQI”) accepted the Bank’s proposition to become its contractor as an independent financial advisor. The proposal foresees the Bank’s support on the EQI project of acting, after obtaining the applicable regulatory approvals, as a broker dealer.

Ourinvest Distribuidora de Títulos de Valores Mobiliários S.A.

On July 19, 2019, the Bank acquired 80% of Ourinvest Distribuidora de Títulos de Valores Mobiliários S.A., which will be maintained as an independent platform of BTG Pactual. The purchase and sale agreement also foresees the Bank’s option to purchase the remainder of Ourinvest shares until 2022, of which 10% in March 2021 (was already exercised) and 10% in March 2022. On March 31, 2020, Bacen approved the acquisition.

BANCO BTG PACTUAL S.A. and subsidiaries

Notes to the consolidated financial statements

June 30, 2021

(In thousands of reais, except otherwise indicated)

3. Presentation of the financial statements

The Bank's consolidated financial statements were prepared in accordance with accounting practices adopted in Brazil, applicable to the institutions authorized to operate by the Central Bank of Brazil (Bacen), and in accordance with the standards and instructions of the Conselho Monetário Nacional (CMN), Bacen and Securities and Exchange Commission (CVM), when applicable.

The Bank's consolidated financial statements include the individual financial statements of the Bank, its foreign branches, direct and indirect subsidiaries in Brazil and abroad, as well as investment funds and special purpose entities (SPE).

The preparation of the consolidated financial statements in accordance with the accounting practices adopted in Brazil, applicable to the institutions authorized to operate by Bacen requires management to use its judgment to determine and register accounting estimates. Assets and liabilities subject to these estimates and assumptions primarily relate to deferred income tax assets and liabilities, to the allowance for loan losses and other receivables, the provision for taxes and contributions with uncertain tax position, the provision for contingent liabilities and fair value measurement on financial instruments. The settlement of transactions involving these estimates may result in amounts that differ from those estimated due to inherent uncertainties to its determination. The Bank periodically reviews these estimates and assumptions.

Resolution nº2/ 2020 of Bacen, established general criteria and procedures for the disclosure of standalone financial statements, effective as of January / 2020, including: the presentation of the Statement of Comprehensive Income, Earnings per Share and changes made to the presentation of the balance sheets.

The consolidated financial statements were approved by the Bank's management on August 9, 2021, and they contain a true and fair view of the development and results of the Bank. Management evaluated the Bank and its subsidiaries' capacity to continue operating as usual and has concluded that the Bank and its subsidiaries have funds to continue their operations in the future. Additionally, management is not aware of any material uncertainty that may create significant doubts with regard to the Bank ability to continue operating. Therefore, the financial statements were prepared based on this principle.

a. Consolidated financial statements

In the consolidated financial statements all intercompany balances of assets and liabilities, revenues, expenses and unrealized profit have been eliminated, and the portions of net income (loss) and shareholders' equity relating to non-controlling interest have been included.

Goodwill calculated on the acquisition of an investment in subsidiaries is recognized in intangible assets. Goodwill and negative goodwill calculated on the acquisition of jointly controlled entities are recognized in investments.

BANCO BTG PACTUAL S.A. and subsidiaries

Notes to the consolidated financial statements

June 30, 2021

(In thousands of reais, except otherwise indicated)

The subsidiaries and investment funds consolidated on the Bank's financial statements, are as follows:

	Country	Equity interest - %	
		30/06/2021	31/12/2020
Direct subsidiaries			
BTG Pactual Asset Management S.A. Distribuidora de Títulos e Valores Mobiliários	Brazil	99.99	99.99
BTG Pactual Corretora de Títulos e Valores Mobiliários S.A.	Brazil	99.99	99.99
BTG Pactual Serviços Financeiros S.A. Distribuidora de Títulos e Valores Mobiliários	Brazil	99.99	99.99
BTG Pactual Holding Participações S.A.	Brazil	99.99	99.99
BTG Pactual Holding Internacional S.A.	Brazil	99.99	99.99
BW Properties S.A.	Brazil	75.86	72.09
BTG Pactual Holding de Seguros Ltda.	Brazil	99.99	99.99
BTG Pactual Cayman International Holding Limited	Cayman	100.00	100.00
BTG Pactual Corretora de Seguros Ltda.	Brazil	100.00	100.00
Banco Sistema S.A.	Brazil	99.91	99.91
BTGP-BSI LIMITED	UK	-	100.00
Enforce Gestão de Ativos S.A.	Brazil	70.00	70.00
BTG Pactual Corretora de Resseguros Ltda.	Brazil	100.00	100.00
Banco Pan S.A. (i)	Brazil	171.70	-
ZB Consultoria Ltda	Brazil	99.99	99.99
RESALE Tecnologia e Serviços Ltda	Brazil	65.42	65.42
Indirect subsidiaries			
BTG Pactual Gestora de Investimentos Alternativos Ltda.	Brazil	99.98	99.98
BTG Pactual WM Gestão de Recursos Ltda.	Brazil	99.99	99.99
BTG Pactual Gestora de Recursos Ltda.	Brazil	99.99	99.99
BTG Pactual Corporate Services Ltda.	Brazil	99.99	99.99
Ourinvest Distribuidora de Títulos e Valores Mobiliários S.A.	Brazil	90.00	80.00
BTG Pactual NY Corporation	USA	100.00	100.00
BTG Pactual Global Asset Management Limited	Bermuda	100.00	100.00
BTG Pactual Europe LLP	UK	-	100.00
BTG Pactual Asset Management US, LLC	USA	100.00	100.00
BTG Pactual US Capital, LLC	USA	100.00	100.00
BTG Global Asset Management (UK) Limited	UK	100.00	100.00
BTG Pactual Resseguradora S.A.	Brazil	100.00	100.00
BTG Pactual Vida e Previdência S.A.	Brazil	100.00	100.00
Banco BTG Pactual Chile S.A.	Chile	100.00	100.00
BTG Pactual Chile SPA	Chile	100.00	100.00
BTG Pactual Chile S.A.	Chile	100.00	100.00
BTG Pactual Chile Capital S.A. Corredores de Bolsa	Chile	100.00	100.00
BTG Pactual Chile Capital Administradora de Fondos de Inversión de Capital Extranjero S.A.	Chile	100.00	100.00
BTG Pactual Chile Capital S.A. Administradora General de Fondos	Chile	100.00	100.00
BTG Pactual Chile Servicios Financieros S.A.	Chile	100.00	100.00
Inmobiliaria BTG Pactual Chile Limitada	Chile	100.00	100.00
BTG Pactual Chile S.A. Administración de Activos	Chile	100.00	100.00
BTG Pactual Holding Delaware LLC	USA	-	100.00
BTG Pactual Peru Capital S.A. Sociedad Agente de Bolsa	Peru	100.00	100.00
BTG Pactual Peru Capital S.A. Sociedad Administradora de Fondos Inversion	Peru	100.00	100.00
BTG Pactual Perú S.A.C.	Peru	100.00	100.00
Banco BTG Colômbia S.A.	Colombia	100.00	-
BTG Pactual S.A. Comisionista de Bolsa	Colombia	99.97	99.97
BTG Pactual Sociedad Fiduciaria (Colômbia) S.A.	Colombia	99.97	99.97
Laurel Sociedad Gestora Profissional S.A.S	Colombia	100.00	100.00
BTG Pactual S.S. Soluciones y Servicios S.A.S.	Colombia	100.00	100.00
BTG Pactual E&P S.a.r.l.	Luxembourg	100.00	100.00
BTG Pactual Oil & Gas S.a.r.l.	Luxembourg	100.00	100.00
TTG Brasil Investimentos Florestais Ltda.	Brazil	100.00	100.00
BTG Pactual Timberland Investments Group LLC	USA	100.00	100.00
BTG Pactual Casa de Bolsa, S.A. de C.V.	Mexico	100.00	100.00
Bastec Tecnologia e Serviços Ltda.	Brazil	99.84	99.84
BTG Pactual UK Holdco Limited	UK	100.00	100.00
BTG Pactual Gestora de Fondos SA de CV Operadora de Fondos de Inversion	Mexico	100.00	100.00
TTG Forestry Services LLC	USA	100.00	100.00
BTG Pactual Argentina S.A.	Argentina	100.00	100.00
BTG Pactual RE Income S.A.	Colombia	100.00	100.00
BTG Pactual Chile Asesorias Financieras	Chile	100.00	100.00
PFC Consultoria e Assessoria Empresarial Eireli	Brazil	100.00	100.00
BTG Pactual Seguros S.A.	Brazil	100.00	100.00
BTG Pactual Reinsurance Ltd.	Cayman	100.00	100.00
BTG Pactual Holding EFG Ltd.	Brazil	-	100.00
BTG Pactual (UK) Limited	UK	100.00	100.00
BP Agencia de Seguros LTD	Colombia	100.00	100.00
Greenwood Echo LLC	USA	100.00	100.00
Holding Concordia Spinelli Participações Ltda (i)	Brazil	100.00	-
Santa Catarina Holding Participações Societaria Ltda (i)	Brazil	100.00	-
IJUI Participações Ltda (i)	Brazil	100.00	-
Spinelli Holding Participações Ltda (i)	Brazil	100.00	-
Pan Arrendamento Mercantil S.A. (i)	Brazil	100.00	-
Pan Adm de Consórcio Ltda (i)	Brazil	100.00	-
Brazilian Securities Companhia de Securitização (i)	Brazil	100.00	-

BANCO BTG PACTUAL S.A. and subsidiaries

Notes to the consolidated financial statements

June 30, 2021

(In thousands of reais, except otherwise indicated)

	Country	Equity interest - %	
		30/06/2021	31/12/2020
Brazilian Finance & Real Estate S.A. (i)	Brazil	100.00	-
BM sua casa promotora de vendas Ltda (i)	Brazil	100.00	-
Mining JVI Ilc	USA	100.00	-
BTG PACTUAL Portugal Unipessoal	Portugal	100.00	-
Necton S.A. CVMC (i)	Brazil	100.00	-
Investment funds			
Fundo de Investimento Multimercado Crédito Privado LS Investimento no Exterior	Brazil	100.00	100.00
BTG Pactual International Portfolio Fund SPC - CLASS C	Cayman	100.00	100.00
BTG Pactual Global Fund LP	Cayman	100.00	100.00
BTG Pactual Oil & Gas FIQ FIP	Brazil	100.00	100.00
BTG Pactual Fundo de Investimento Imobiliário Ametista	Brazil	100.00	100.00
Warehouse Fundo de Investimento em Participação	Brazil	100.00	100.00
BTG Pactual Absolute Return Master Fund	Cayman	100.00	100.00
FIDC NP Alternative Assets I	Brazil	100.00	100.00
BTG Pactual ARF Equities Brasi FIA IE	Brazil	100.00	100.00
BTGP Int Fund II SPC - BTGPH Corp Hedge	Brazil	100.00	100.00
BTG PACTUAL RED FIP - Multimercado Investimento no Exterior	Brazil	98.65	98.65
FIM CP Energy	Brazil	72.56	72.56
FIM CP Vitória Fidelis	Brazil	53.11	53.11
FIDC NP Alternative Assets II	Brazil	100.00	100.00
BTG Pactual SICAV - Mexico Equity Fund	Luxembourg	-	94.30
BTG Pactual SICAV- Latin America Equity Fund	Luxembourg	61.21	58.88
BTG Pactual Fondo Alfa Concentrado S.A. de C.V.	Mexico	87.91	82.20
BTG Pactual Absoluto Global Equities Inst FIA IE	Brazil	100.00	100.00
Seedling FIP	Brazil	100.00	100.00
FIDC NP Alternative Assets III	Brazil	100.00	100.00
FIDC NP Precatórios Brasil	Brazil	100.00	100.00
FIDC Creditos não-Padronizados I	Brazil	100.00	100.00
Vulcan FIP Multiestrategia	Brazil	100.00	100.00
Exes Credito Direto FIM CP IE	Brazil	91.72	88.73
T.Rowe Global Allocation Fund FIC FIM IE	Brazil	77.92	96.37
FIM CP Proventia	Brazil	70.63	70.63
BTG Pactual Absoluto LS FIC FIM	Brazil	57.52	90.18
BTG Pactual Consumer Asset Backed Investment Fund	Cayman	94.92	100.00
BTG Pactual BRAZIL Infrastructure Fund II, LP	Cayman	100.00	100.00
BTG Pactual International Port Fund SPC - SP I	Cayman	100.00	100.00
BTG Pactual PAR SPC Segregated Petro Africa CL B	Cayman	57.33	57.33
Brasil Capital 100 B Prev Fundo de Investimento em cotas de fundos de investimentos em acoes	Brazil	-	100.00
BTG Pactual Absoluto LS Master Previdencia fundo de investimento multimercado	Brazil	-	83.08
Oceania Long Biased FI em cotas de fundos de investimento multimercado Access Previdencia	Brazil	-	89.40
EQJ fundo de investimento em cotas de fundos de investimento em acoes	Brazil	-	100.00
EQJ Macro Fundo de Investimento em cotas de fundos de investimento multimercado	Brazil	-	100.00
Global Advantage Fund dolar FI em cotas de fundos de investimento de acoes no exterior	Brazil	-	100.00
Alaska Previdencia 100 fundo de investimento em cotas de fundos de investimento multimercado	Brazil	-	62.00
X20 EMP Imobiliarios SP	Brazil	100.00	-
BTG Pactual Strategic Capital Fund A, L.P	USA	100.00	-
FIP Corp SS I - Multiestratégia	Brazil	100.00	-
FII BTG Pactual AAA Corporate Office Fund	Brazil	100.00	-
BTG Pactual ESG Fundo de Índice S&P/B3 Brazil ESG	Brazil	85.44	-
BTG Pactual Absoluto Global Equities Master Inst FI de ações Investimento no Exterior	Brazil	100.00	-
BTG Pactual Bitcoin 100 fundo de investimento em cotas de fundos de investimento multimercado	Brazil	56.00	-
Invesco Greater China Equity Dolar fundo de investimento em cotas de fundos de investimento multimercado	Brazil	100.00	-
BTG Autoinvest moderado fundo de investimento em cotas de fundos de investimento multimercado	Brazil	100.00	-
BTG Autoinvest Sofisticado fundo de investimento em cotas de fundos de investimento multimercado	Brazil	99.94	-
Produtores Rurais ReceivablesS fundo de investimento em direitos creditorios	Brazil	65.58	-
BTG Pactual Absoluto LS Master Fundo de Investimento Multimercado	Brazil	100.00	-
Clave Ações Fundo de Investimento em Cotas de Fundos de Investimento de ações Access	Brazil	66.67	-
BTG Pactual Bitcoin 100 fundo de investimento em cotas de fundos de investimento multimercado	Brazil	100.00	-
Clave Ações Fundo de investimento em Cotas de Fundos de Investimento em Ações	Brazil	99.75	-
Clave Ações Institucional Fundo de Investimento em Cotas de Fundos de Investimento em Ações	Brazil	99.92	-
DTV/B Fundo de Investimento Multimercado Credito Privado	Brazil	85.65	-
Invesco Greater China Equity Fundo de Investimento em Ações Investimento no Exterior	Brazil	100.00	-
Leste Global Multistrategy Plus	Brazil	50.05	-
Master 1112 fundo de investimento Multimercado	Brazil	100.00	-
T. ROWE Global Allocation Fund Dolar	Brazil	100.00	-

b. Functional currency

The amounts included in the Bank's consolidated financial statements are measured using the currency of the main economic environment in which the Bank operates (functional currency). The consolidated financial statements are presented in Reais (R\$), which is the functional currency of the Bank.

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The assets and liabilities of subsidiaries with a functional currency other than Brazilian Real are translated as follows: (i) assets and liabilities are translated using the closing rate at the balance sheet date. (ii) Income and expenses are translated using monthly average exchange rates, and (iii) Investments in subsidiaries abroad are recognized as follows: for those with functional currency equal to Real: a) Income for the period: portion related to the subsidiary's effective income; and b) Shareholders' Equity: portion related to foreign exchange adjustments arising from the translation process, net of tax effects.

The effects of foreign exchange variations on investments abroad are distributed in the fair value adjustments in the shareholders' equity.

4. Significant accounting practices

The significant accounting practices adopted by the Bank and its direct and indirect subsidiaries are the following:

a. Cash and cash equivalents

For the purposes of statements of cash flows, cash and cash equivalents include, pursuant to CMN Resolution 3604/08, cash, bank deposits and highly-liquid short-term investments with original maturities up to 90 days, subject to an insignificant risk of change in value.

b. Short-term interbank investments, remunerated deposits at the Central Bank of Brazil, time and interbank deposits, open market funding, funds from securities issued and accepted, loans and borrowings, subordinated debts and other transactions with assets and liabilities

The transactions with clauses of adjustment for inflation/exchange rate adjustment and transactions with fixed interest rates are recorded at present value, net of transaction costs incurred, calculated on a "*pro rata die basis*", based on the effective rate of the transactions.

c. Securities

Securities are measured and classified in accordance with the criteria established by Bacen Circular Letter 3068/01, of November 8, 2001, into the following categories:

i. Trading securities

Acquired with the purpose of being actively and frequently traded. Trading securities are initially recognized at cost plus income earned, and adjustments to fair value, recognized in the statements of income.

According to Bacen Circular Letter 3068/01, trading securities are recorded in the balance sheet, in current assets, regardless of their maturity.

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ii. Available for sale securities

These are securities that are neither classified as trading securities or as held-to-maturity securities. They are stated at cost, with interest recorded in profit or loss, and subsequently adjusted to fair value, with that amount recorded in a separate account under shareholders' equity, net of tax effects, which will only be recognized in the statements of income after the effective realization.

iii. Held-to-maturity securities

These are securities that the Bank has the intention and ability to hold to maturity. They are stated at cost, plus income earned, with a corresponding entry to the statements of income.

Decreases in the fair value of available for sale and held to maturity securities below their respective restated costs, related to non-temporary reasons, will be recorded in the statements of income as realized losses.

d. Derivative financial instruments

These are classified according to Management's intention, on the transaction date, considering whether such transactions are for hedge or not.

Transactions using financial instruments of own portfolio, or that do not comply with hedge criteria (mainly derivatives used to manage the overall risk exposure), are accounted for at fair value, with gains and losses, realized or unrealized, recorded directly in statements of income.

Derivative financial instruments used to mitigate the risks arising from exposures to changes in the fair value of financial assets and financial liabilities and that are highly correlated in relation to changes in their fair value in relation to the fair value of the hedged item, both at the beginning and throughout the agreement, and deemed as effective in the reduction of risk associated with the exposure to be hedged, are deemed as hedge instruments and are classified according to their nature as follows:

- Market risk hedge: financial instruments included in this category, as well as their related hedged financial assets and liabilities, are measured at fair value, and their realized or unrealized related gains or losses are recorded in the statements of income.
- Cash flow hedge: the instruments classified in this category are measured at fair value, and the effective portion of the appreciation or depreciation is recorded in a separate account under shareholders' equity, net of tax effects. The non-effective portion of the respective hedge is directly recorded in the statements of income.
- Net Investment Hedge of Foreign Operations: this is - accounted for similarly to cash flow hedge, i.e. the portion of gains or losses on a hedging instrument that is determined to be an effective hedge is recognized in Shareholders' equity, and reclassified to income for the period in the event of disposal of the foreign operation. The ineffective portion is recognized in statements of income for the period.

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e. Fair value of securities, derivative financial instruments and other rights and obligations

The fair value of securities, derivative financial instruments and other rights and obligations, whenever applicable, is calculated based on market price, price evaluation models, or based on the price determined for other financial instruments with similar characteristics. The daily adjustments of transactions performed in the futures market are recorded as effective income and expense when generated or incurred. The premium paid or received upon performance of transactions in the stock option market, other financial assets and commodities are recorded in the respective assets accounts for amounts paid or received, adjusted at market price in a corresponding entry of statement of income.

The transactions performed in the forward market of financial assets and commodities are registered by the final retained value, adjusted for the difference between this amount and the price of the good or right adjusted at market prices, in the appropriate assets or liabilities account. The income and expenses are recorded according to the maturity of their agreements.

Assets and liabilities resulting from swap and non-deliverable forward agreements (NDF) are recognized in assets and liabilities at their carrying amount, with adjustments to fair value, recorded in the statements of income.

The notional amount of the agreements is recorded in memorandum accounts.

f. Determining fair value

Financial instruments are measured according to the fair value measurement hierarchy described below:

Level 1: Price quotations observed in active markets for the same financial instrument.

Level 2: Price quotations observed in active markets for financial instruments with similar characteristics or based on a pricing model in which the relevant parameters are based on observable active market data.

Level 3: Pricing models in which current market transactions or observable data are not available and which require a high degree of judgment and estimation. Instruments in this category have been valued using a valuation technique where at least one input which could have a significant effect on the instrument's valuation, is not based on observable market data. Where inputs can be observed from market data without undue cost and effort, the observed input is used. Otherwise, the Bank determines a reasonable level for the input. Financial instruments primarily include certain unlisted equity shares mainly derived from our merchant banking activities, debt securities (debentures) from non-public companies and energy derivatives where valuation depends upon unobservable inputs. No gain or loss is recognized on the initial recognition of a financial instrument valued using a technique incorporating significant unobservable data.

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Level 3 valuation assumptions		
Asset	Valuation technique	Main assumptions
Private Equity Funds (unquoted investments)	Price of recent investments; Models based on discounted cash flows or earnings; Market and transaction (M&A) multiples.	Market and revenue growth, profitability and leverage expectations, discount rates, macro-economic assumptions such as inflation and exchange rates, risk premiums including market, size and country risk premiums.
Debt securities (debentures)	Standard models and comparable prices.	Probability of default, loss severity and yield, prepayment and recovery rates.
Energy derivatives	Models based on Decomp and Newwave systems data.	GDP, hydro reservoir levels and rain forecast.

In certain cases, data used to determine fair value may be from the different levels of the fair value measurement hierarchy. In these cases, the financial instrument is classified in the most conservative hierarchy in which the relevant data for the fair value assessment were used. This evaluation requires judgment and considers specific factors of the relevant financial instruments. Changes in the availability of the information may result in reclassification of certain financial instruments among the different levels of fair value measurement hierarchy.

The Bank evaluates the levelling at each reporting period on an instrument-by-instrument basis and reclassifies instruments when necessary based on the facts at the end of the reporting period.

g. Financial instruments – net presentation

Financial assets and liabilities are stated at their net amounts in the balance sheet if, and only if, there is a current legally enforceable right to offset the amounts recognized and if there is an intention to compensate or simultaneously realize the asset and settle the liability.

h. Sale or transfer of financial assets with substantial retention of risks and benefits

Financial assets remain on the transferor's balance sheet when the transferor retains the risks and benefits of the asset. In such case, a financial liability is recognized for the consideration received for such asset.

i. Loans and other receivables (operations with credit characteristics)

Recorded at present value, calculated on a "pro rata die" basis on the index variation and at the agreed interest rate, updated up to the 59th day of default, provided receipt is expected. As from the 60th day, the recognition in income occurs at the time of the effective receipts of installments. Renegotiated transactions are maintained at least in the same level at which they were classified before the renegotiation and, if they had already been written off, they are fully provisioned and gains are recorded in the results when actually received.

j. Allowance for expected losses associated with credit risk

Allowance for expected losses associated with credit risk is recognized based on an analysis of loan risk losses at an amount deemed as sufficient to cover probable losses, pursuant to CMN Resolution 2682 of December 21, 1999, among which:

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- Allowances are recorded for loans, based on the risk classification of the client, based on the periodical analysis of client quality and of activity industries and not only upon default.
- Considering exclusively the default, write-off of loans against losses is carried out after 360 days from the credit due date or after 540 days, for transactions with maturity over 36 months.
- The allowance for loan losses and other receivables is estimated based on the analysis of transactions and specific risks presented in each portfolio, in accordance with the criteria established by CMN Resolution 2682/99.

k. Investment property

Investment properties held by the Bank's subsidiaries, the main activity of which is real estate, are initially measured at cost including transaction costs. After initial recognition, investment properties are stated at fair value, reflecting the market conditions at each balance sheet date. Adjustments to fair value are determined considering the fair value of the property, less attributed costs, and recognized in net income.

The fair value of investment properties is determined at least on an annual basis, or when the Management deems it necessary, and may involve an independent valuation.

Investment properties are derecognized when disposed of or when they cease to be used permanently and no further economics benefits are expected from their disposal.

l. Investments

Jointly controlled entities and associates are accounted for under the equity method. Other investments in permanent assets are stated at cost, less allowance for losses, when applicable.

m. Foreign currency translation

See note 3b.

n. Goodwill and negative goodwill

Goodwill and negative goodwill are calculated based on the difference between the acquisition amount paid and the net carrying amount of the net assets acquired.

Goodwill and negative goodwill, recorded according to the basis of expected future results of the acquired subsidiaries, are amortized according to the cashflow projections underlying the transaction or, when the investment is written off, by disposal or impairment, before projections are achieved.

Negative goodwill is recognized in investments for associates and jointly controlled entities, and in deferred income to subsidiaries.

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o. Property and equipment in use and

These are stated at cost. Depreciation is calculated on a straight-line basis based on the economic useful lives of the assets. Amortization is calculated using the straight-line basis over the estimated period of usage and/or disposal.

p. Intangible assets

Intangible assets include acquired rights to the underlying assets designated to the entities' maintenance or used for such purpose, in accordance with CMN Resolution 3642, of November 26, 2008. This comprises (i) goodwill paid on acquisition transferred to intangible assets due to incorporation of the acquirer's equity by the acquired, or consolidation of the company; (ii) for acquired rights of assets management contracts; and (iii) softwares and improvements to third party property. Amortization is calculated using the straight-line basis over the period in which the rights generate benefits.

q. Crypto-currency

This corresponds to rights acquired and controlled by the entity as a result of past events, which have identifiable non-monetary assets without physical substance, and capable of generating future economic benefits. This includes purchase and sale transactions for crypto-assets carried out by the Company during the semester ended June 30, 2021. The Company measures crypto-assets through the determination of fair value.

On the date of preparation of these financial statements, the Bank has unrealized crypto-assets transactions on its balance sheet.

r. Impairment of non-financial assets

Whenever there is clear evidence that the assets are measured at an unrecoverable amount, loss is recorded in the income or loss. This procedure is performed at least at the end of each fiscal year.

Assets subject to impairment are deducted, when applicable, of the impairment losses that are calculated according to the higher amount of value in use and fair value less assets sale costs. The main estimates used in determining the provision are: expectation of future cash flows, discount rates, illiquidity, among others.

s. Income tax and social contribution

The provisions for income tax and social contribution are recorded based on accounting profits adjusted by additions and deductions according to the tax legislation. Deferred income tax and social contribution are calculated on temporary differences, whenever the realization of these amounts is considered as probable, at the rate of 15% for income tax, plus a 10% surtax on the annual taxable income exceeding R\$240, and 20% for social contribution.

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Deferred income tax and social contribution, represented by deferred tax assets and liabilities, is obtained based on the differences between the tax bases of assets and liabilities. Deferred tax assets are only recognized when it is probable that future taxable income will be available for offsetting.

t. Contingent assets and liabilities, and legal, tax and social security obligations

These are recognized according to the criteria described below:

i. Contingent assets

Contingent assets are not recognized in the financial statements, except when there is evidence ensuring their realization and when they are no longer subject to appeals.

ii. Contingent liabilities

Contingent liabilities are recognized in the financial statements when, based on the opinion of the legal counsel and management, the risk of loss in such legal or administrative proceeding is considered probable, and whenever the relevant amounts involved can be measured reliably. Only contingent liabilities assessed by the legal advisors as possible losses are disclosed in the notes to the financial statements, while those classified as remote losses do not require the recording of provisions nor disclosure.

iii. Legal obligation – tax and social security

This refers to lawsuits challenging the legality or constitutionality of certain taxes and contributions. The amount under dispute is measured and recorded.

u. Earnings per share

This is calculated based on weighted average shares of the period.

v. Revenue recognition

Revenues and expenses are recorded under the accrual method.

w. Recurring and non-recurring net income

Non-recurring net income is the net income that is related to the atypical activities of the Bank and is not expected to occur with frequency in future years. Recurring net income corresponds to typical activities of the Bank and has the predictability of occurring frequently in future years.

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5. Risk management

Risk management at BTG Pactual is carried out with the involvement of all management and control instances of the Institution. The Bank's Board of Directors, under the terms of CMN Resolution 4,557 / 2017, is responsible for setting the levels of risk appetite, approving and reviewing the policies, strategies and risk limits, policies and capital management strategies, the stress test program, the management of the business continuity management policy, among other activities. The Executive Board is responsible for formulating policies, defining risk guidelines and supervising risk management and control processes. In the sequence, there is a set of risk committees and areas, responsible for the execution of management activities and risk controls. The Executive Board is responsible for formulating policies, defining risk guidelines and supervising the processes of risk and control management.

The main committees/meetings involved in risk management activities are: (i) the Management meeting, which approves policies, defines overall limits and is ultimately responsible for managing risks; (ii) the Risk Management Committee which discusses policies, limits and risk monitoring; (iii) the Capital and Risk Committee, composed by independent members to supervise risk management results and strategies; (iv) New Business Committee, which assesses the feasibility and supervises the implementation of proposals for new businesses and products; (v) the Credit Risk area, which is responsible for approving new loans according to the guidelines set forth by our CRO; (vi) the Market Risk area, which is responsible for monitoring market risk, including the use of four risk limits (Value at Risk - VaR), and approving exceptions, (vii) Operational Risk Area, which assesses the main operational risks for the internal policies and regulatory risks established, (viii) Compliance Committee, which is responsible for establishing policy rules and reporting potential problems related to money laundering; (ix) the CFO and CRO, which is responsible for monitoring liquidity risk, including cash and cash equivalents and capital structure; (x) the Audit Committee, which is responsible for independent verification of compliance with internal controls and assessment of maintenance of the accounting records (xi) Socio-environmental Risk Area, which assesses socio-environmental risks, considering relevance and proportionality as principles, and also manages and reduces adverse social and environmental impacts caused by our operations and activities; and (xii) Environmental, Social and Governance (ESG) subcommittee, formed by C-levels, was established to ensure the assessment of socio-environmental risk is sufficiently incorporated into business practices, as well as to identify ESG business opportunities.

The Bank monitors and controls risk exposure through several and different supplemental internal systems, including credit, financial, operational, compliance, tax and legal systems. The Bank believes that the involvement of the Committees/areas (including their subcommittees) with management and continuous risk control promotes a strict risk control culture in the organization as a whole. The Bank's commissions comprise senior members of the business units and senior members of the control departments, which do not depend on the business areas. Further details on risk management can be found at www.btgpactual.com.br/ri, in the Corporate Governance / Risk management section.

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a. Operational limits

	<u>30/06/2021</u>	<u>31/12/2020</u>
Reference Shareholders' Equity Consolidated	35,040,325	26,680,655
Tier I	31,212,869	22,087,705
Common Equity	30,829,226	21,710,355
Complementary Equity	383,643	377,350
Tier II	3,846,649	4,045,185
Reference Shareholders' Equity (PR) - (a)	35,059,518	26,132,890
Required Reference Shareholders' Equity (PRE)	16,259,083	12,553,154
Total exposure risk-weighted - (b)	203,238,532	156,914,431
Credit risk	167,996,503	120,955,912
Operational risk	9,943,021	7,025,255
Market risk	25,299,008	28,933,264
Basel ratio - (a/b)	17.3%	16.7%
Tier I capital	15.4%	14.1%
Tier II capital	1.9%	2.6%
Fixed assets ratio	65.5%	99.6%
Fixed assets to equity capital ratio	17,522,039	13,057,529
Status for fixed assets to equity capital ratio	11,484,595	13,004,047
Amount of margin (insufficiency)	6,037,444	53,482

Resolutions 4.192/13 and 4.278/13 issued by the CMN regulates the requirements on Minimum Required Capital for Tier I and Additional Capital and Resolution 4.193/13 institute the Additional for the Main Capital. Credit risk was calculated based on the Circular Bacen 3.644/13, 3.652/13, 3.679/13 and 3.696/14, market risk based on Circulars 3.634, 3.635, 3.636, 3.637, 3.638, 3.639, 3.641 e 3.645, 2013 and Circular-Letter 3.498/11, and operational risk based on Circulars 3.640/13 and 3.675/13.

The Bank has chosen the basic indicator approach to measure operational risk.

As at the semester ended June 30, 2021 and year ended December 31, 2020, the Bank was in compliance with all operating limits.

b. Market risk

Value at Risk (VaR) is the potential loss of value of the trading positions due to adverse movements in the market during a defined period within a specific level of confidence. Together with the Stress Test, VaR is used to measure the exposure of the Bank's positions at market risk. The Bank uses a historical simulation for calculation of VaR, applying real distributions and correlation amongst assets, not using Greek approximations and standard distributions. VaR may be measured in accordance with different periods, historical data and reliable levels. The accuracy of the market risk methodology is tested through daily back testing that compares the compliance between VaR estimates and gains and losses realized.

The VaR presented below was calculated for a one day period, with the level of confidence of 95.0% and one year historical data. The reliable level of 95.0% means that there is a one in twenty chances that the day trade net income remains below the estimated VaR. Therefore, insufficiencies arising from net income expected from trade in a single day of trading exceeding the reported VaR would be expected to occur, on average, around once a month. Insufficiencies in a single day may exceed the VaR reported in material amounts.

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Insufficiencies may also occur more frequently or accrue during a longer period, such as the number of consecutive trading days. As it is backed up by historical data, VaR's accuracy is limited to its capacity to predict unprecedented market changes, as historical distributions in market risk factors may not produce accurate prognostics of future market risk. VaR methodologies and assumptions on different distributions may produce a materially different VaR. In addition, VaR calculated for a one-day period does not consider the market risk of positions that may not be settled or offset with hedges within the term of one day. As previously mentioned, the Bank uses stress test models as a complement to the VaR method for its daily risk activities.

The table below contains the Bank's daily average VaR for the periods ended:

In millions of R\$	June 2021	December 2020	June 2020
Daily average VaR	80,6	87,6	118,5

c. Credit risk

All of the Bank's and its subsidiaries' counterparties are subject to credit risk analyses focusing mainly on an assessment of their paying ability, based on simulations of cash flows, debt leverage and schedule, asset quality, interest coverage and working capital. Qualitative aspects, such as strategic guidance, business sector, expert areas, efficiency, regulatory environment and market share, are regularly assessed and used to supplement the credit analysis process. The Bank's and its subsidiaries' counterparty credit limits are established by the Credit Committee and are regularly reviewed. The measurement and monitoring of the total risk to which the Bank and its subsidiaries are exposed cover all the financial instruments that may generate counterparty risks, such as private equity, derivatives, guarantees given and possible settlement risks.

d. Liquidity risk

The Bank and its subsidiaries manage liquidity risk by concentrating their portfolio in high-level credit and highly-liquid assets, using funds obtained from prime counterparties at competitive rates. The Bank and its subsidiaries maintain a solid capital structure and a level of leverage. Additionally, any mismatching between assets and liabilities is monitored, considering the impact of extreme market conditions in order to assess their ability to realize assets or to reduce leverage.

e. Operational risk

In line with the Bacen guidelines and the Basel Committee concepts, an operating risk management policy applicable to the Bank and to its local and foreign subsidiaries has been defined.

The policy establishes a set of principles, procedures and tools that enable risk management to be permanently adjusted to the nature and complexity of products, services, activities, processes and systems.

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The Bank and its subsidiaries have a culture of managing operational risk which takes into account the assessment, monitoring, simulation and validation of risks, based on consistent internal controls. The mechanisms for managing and controlling operational risks are continually improved with a view to complying with the requirements of regulatory agencies, rapidly adjusting to changes and anticipating future trends, among which the New Basel Capital Accord propositions are to be highlighted.

f. Socio-environmental risk (ESG)

BTG Pactual's approach to sustainability is based on an understanding of our responsibility to our partners, employees, society and the environment as a supplier of financial services.

Fully aligned with our Commercial Principles, BTG Pactual's Socio-Environmental and Corporate Governance Policy reflects our long-term ambition and unconditional commitment to responsible and sustainable development. We operate with a consistent focus on the implications and long-term results of our actions, prioritizing long-term benefits over short-term gains, always looking at ESG risks and opportunities.

We believe that solid business practices and corporate responsibility are long-term drivers that must be applied daily to generate shareholder value through sustainable growth and recurring revenue and business flows.

6. Cash at banks

Cash refers basically to deposits abroad in prime banks.

7. Interbank investments

	30/06/2021					31/12/2020
	Total	Up to 90 days	90 to 365 days	1 to 3 years	Over 3 years	Total
Open market investments	39,068,893	38,581,986	486,907	-	-	48,866,043
Own portfolio	15,800,789	15,642,282	158,507	-	-	25,762,614
Federal government bonds	12,397,632	12,239,125	158,507	-	-	24,941,535
Foreign private securities	3,084,161	3,084,161	-	-	-	653,884
Corporate bonds	317,088	317,088	-	-	-	166,945
Foreign government bonds	1,908	1,908	-	-	-	250
Third-party portfolio	19,660,844	19,332,444	328,400	-	-	19,099,745
Federal government bonds	19,301,274	19,294,691	6,583	-	-	19,074,876
Foreign private securities	2,694	2,694	-	-	-	-
Corporate bonds	326,955	5,138	321,817	-	-	5,248
Foreign government bonds	29,921	29,921	-	-	-	19,621
Short position	3,607,260	3,607,260	-	-	-	4,003,684
Federal government bonds	3,462,576	3,462,576	-	-	-	3,989,435
Foreign government bonds	144,684	144,684	-	-	-	14,249
Interbank investments (*)	2,769,854	2,649,661	78,957	-	41,236	2,824,185
Interbank deposit certificates	136,667	16,474	78,957	-	41,236	889,228
Investments in foreign currency - overnight	2,633,187	2,633,187	-	-	-	1,934,957
Total	41,838,747	41,231,647	565,864	-	41,236	51,690,228

(*) Refers basically to interbank deposits in prime banks.

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The collateral received in repurchase agreements amounts to R\$39,656,889 (December 31, 2020 - R\$50,135,292), whereas the collateral granted amounts to R\$63,124,982 (December 31, 2020 - R\$61,880,613).

8. Securities

a. By type of portfolio

The breakdown by type of instrument, contractual maturity and type of portfolio is as follows:

	30/06/2021							31/12/2020
	Cost	Market	Up to 90 days	90 to 365 days	1 to 3 years	3 to 5 years	Over 5 years	Market
Own portfolio	36,534,631	35,671,475	16,259,878	5,583,720	4,716,493	2,680,644	6,430,740	21,384,852
Federal government bonds	12,314,928	11,298,260	694,341	4,564,497	2,035,827	879,687	3,123,908	4,142,352
Debentures	2,879,205	2,885,425	824,547	34,066	831,175	794,765	400,872	3,832,505
Investment fund quotes								
Shares	982,353	1,027,534	571,438	-	-	443,111	12,985	648,956
Multimarket	2,568,692	2,606,101	2,374,273	37,009	1,352	-	193,467	1,615,019
FIDC - Credit Rights	465,593	460,751	210,499	61,904	1,043	170,464	16,841	193,402
Real Estate	416,474	285,869	281,150	-	-	-	4,719	128,293
Equity Investment fund	382,641	458,841	208,246	-	-	-	250,595	561,827
Shares	6,900,072	7,113,580	5,986,307	89,488	495,029	5,002	537,754	4,432,315
Certificate of real estate receivables	477,244	465,742	336	14,621	4,331	3,530	442,924	24,085
Certificate of bank deposits	11,409	11,434	9,209	395	543	1,143	144	6,993
Agribusiness receivables certificates	1,534,301	1,528,220	150	1,583	560,571	7,401	958,515	846,118
Promissory note	191,863	190,252	6,599	183,653	-	-	-	33,927
Other	763,214	758,268	120,726	3,864	595,753	36,312	1,613	195,310
Foreign government bonds	5,428,322	5,417,049	4,932,401	371,383	2,252	93,255	17,758	2,014,322
Foreign private securities	1,218,320	1,164,149	39,656	221,257	188,617	245,974	468,645	2,709,428
Unrestricted portfolio	1,143,921	1,132,027	-	702,165	257,115	97,400	75,347	31,170
Federal government bonds	1,143,921	1,132,027	-	702,165	257,115	97,400	75,347	31,170
Subject to repurchase agreements	40,298,698	39,672,130	1,213,588	26,156,458	4,767,025	5,504,926	2,030,133	36,942,427
Federal government bonds	37,341,239	36,650,413	908,064	25,507,760	4,588,555	5,195,352	450,682	34,252,259
Certificate of real estate receivables	14,229	14,040	-	-	-	974	13,066	91,639
Agribusiness receivables certificates	37,987	36,252	-	-	869	2,890	32,493	217,352
Foreign government bonds	355,112	355,726	-	101,394	72,884	-	181,448	52,058
Other	19,256	19,256	-	6,402	12,854	-	-	92,362
Foreign private securities	303,581	305,524	305,524	-	-	-	-	718,708
Debentures	2,227,294	2,290,919	-	540,902	91,863	305,710	1,352,444	1,518,049
Subject to guarantees	33,753,010	33,854,622	8,716,740	15,219,769	1,637,303	3,703,901	4,576,909	16,757,221
Federal government bonds	2,774,258	2,753,984	117,460	2,325,478	288,476	12,077	10,493	1,521,976
Investment fund quotes								
Multimarket	4,113,399	4,120,729	4,120,729	-	-	-	-	2,194,509
Shares	1,121	1,105	1,105	-	-	-	-	25
Debentures	9,004,536	8,931,434	11,091	361,242	1,074,744	3,610,686	3,873,671	9,696,511
Certificate of real estate receivables	649,473	687,441	-	-	-	-	687,441	328,163
Agribusiness receivables certificates	267,870	263,910	-	-	217,274	46,636	-	-
Shares	4,310,918	4,466,355	4,466,355	-	-	-	-	2,601,352
Foreign government bonds	12,573,826	12,572,855	-	12,533,049	-	34,502	5,304	56,400
Other	57,609	56,809	-	-	56,809	-	-	358,285
Trading securities	103,576,018	102,070,445	25,945,518	47,370,033	9,270,611	9,658,395	9,825,888	69,299,761
Available for sale securities	3,712,909	3,818,476	244,688	292,079	1,314,245	1,689,179	278,285	4,687,651
Held-to-maturity securities	4,441,333	4,441,333	-	-	793,080	639,297	3,008,956	1,128,258
Total	111,730,260	110,330,254	26,190,206	47,662,112	11,377,936	11,986,871	13,113,129	75,115,670

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(In thousands of reais, except otherwise indicated)

b. Trading securities

	30/06/2021							31/12/2020
	Cost	Market	Up to 90 days	90 to 365 days	1 to 3 years	3 to 5 years	Over 5 years	Market
Own portfolio	31,128,592	30,196,062	16,050,627	5,386,510	3,690,508	1,474,264	3,594,153	18,490,547
Federal government bonds	9,190,448	8,173,780	694,341	4,564,497	2,031,257	318,179	565,506	3,074,580
Debentures/Eurobonds	1,408,059	1,423,716	824,547	21,196	27,208	149,893	400,872	2,803,880
Investment fund quotes								
Shares	982,353	1,027,534	571,438	-	-	443,111	12,985	648,956
Multimarket	2,568,692	2,606,101	2,374,273	37,009	1,352	-	193,467	1,615,019
FIDC - Credit Rights	465,593	460,751	210,499	61,904	1,043	170,464	16,841	193,402
Real Estate	416,474	285,869	281,150	-	-	-	4,719	128,293
Equity Investment fund	-	-	-	-	-	-	-	330,108
Shares	6,682,824	6,896,332	5,986,307	89,488	277,781	5,002	537,754	4,306,038
Certificate of real estate receivables	474,113	463,743	336	13,934	4,131	3,530	441,812	23,152
Certificate of bank deposits	11,409	11,434	9,209	395	543	1,143	144	6,993
Agribusiness receivables certificates	1,534,301	1,528,220	150	1,583	560,571	7,401	958,515	846,118
Promissory note	5,594	5,594	5,594	-	-	-	-	5,485
Other	763,214	758,268	120,726	3,864	595,753	36,312	1,613	184,920
Foreign government bonds	5,428,322	5,417,049	4,932,401	371,383	2,252	93,255	17,758	2,014,322
Foreign private securities	1,197,196	1,137,671	39,656	221,257	188,617	245,974	442,167	2,309,281
Unrestricted portfolio	1,143,921	1,132,027	-	702,165	257,115	97,400	75,347	31,170
Federal government bonds	1,143,921	1,132,027	-	702,165	257,115	97,400	75,347	31,170
Subject to repurchase agreements	38,850,298	38,224,531	1,213,588	26,061,589	3,942,638	5,427,137	1,579,579	36,359,880
Federal government bonds	36,024,386	35,333,560	908,064	25,507,760	3,800,045	5,117,563	128	34,252,259
Certificate of real estate receivables	14,229	14,040	-	-	-	974	13,066	90,595
Foreign government bonds	355,112	355,726	-	101,394	72,884	-	181,448	52,058
Agribusiness receivables certificates	37,987	36,252	-	-	869	2,890	32,493	217,352
Foreign private securities	303,581	305,524	305,524	-	-	-	-	718,708
Debentures	2,115,003	2,179,429	-	452,435	68,840	305,710	1,352,444	1,028,908
Subject to guarantees	32,453,207	32,517,825	8,681,303	15,219,769	1,380,350	2,659,594	4,576,809	14,418,164
Federal government bonds	2,774,258	2,753,984	117,460	2,325,478	288,476	12,077	10,493	1,461,490
Investment fund quotes								
Multimarket	4,083,077	4,085,292	4,085,292	-	-	-	-	2,144,337
Shares	1,121	1,105	1,105	-	-	-	-	25
Debentures	7,735,055	7,630,074	11,091	361,242	817,791	2,566,379	3,873,571	7,897,178
Certificate of real estate receivables	649,473	687,441	-	-	-	-	687,441	-
Agribusiness receivables certificates	267,870	263,910	-	-	217,274	46,636	-	-
Shares	4,310,918	4,466,355	4,466,355	-	-	-	-	2,601,352
Other	12,573,826	12,572,855	-	12,533,049	-	34,502	5,304	56,400
Other	57,609	56,809	-	-	56,809	-	-	257,382
Total	103,576,018	102,070,445	25,945,518	47,370,033	9,270,611	9,658,395	9,825,888	69,299,761

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c. Available-for-sale securities

	30/06/2021							31/12/2020
	Cost	Market value	Up to 90 days	90 to 365 days	1 to 3 years	3 to 5 years	Over 5 years	Market value
Own portfolio	2,281,559	2,350,933	209,251	197,210	1,021,415	644,872	278,185	1,826,533
Investment fund quotes								
Equity investment fund	382,641	458,841	208,246	-	-	-	250,595	231,719
Shares	217,248	217,248	-	-	217,248	-	-	126,277
Debentures	1,471,146	1,461,709	-	12,870	803,967	644,872	-	1,028,625
Certificate of real estate receivables	3,131	1,999	-	687	200	-	1,112	933
Promissory note	186,269	184,658	1,005	183,653	-	-	-	28,442
Foreign private securities	21,124	26,478	-	-	-	-	26,478	400,147
Other	-	-	-	-	-	-	-	10,390
Subject to repurchase agreements	131,547	130,746	-	94,869	35,877	-	-	582,547
Debentures	112,291	111,490	-	88,467	23,023	-	-	489,141
Certificate of real estate receivables	-	-	-	-	-	-	-	1,044
Other	19,256	19,256	-	6,402	12,854	-	-	92,362
Subject to guarantees	1,299,803	1,336,797	35,437	-	256,953	1,044,307	100	2,278,571
Debentures	1,269,481	1,301,360	-	-	256,953	1,044,307	100	1,799,333
Investment fund quotes								
Multimarket	30,322	35,437	35,437	-	-	-	-	50,172
Certificate of real estate receivables	-	-	-	-	-	-	-	328,163
Other	-	-	-	-	-	-	-	100,903
Total	3,712,909	3,818,476	244,688	292,079	1,314,245	1,689,179	278,285	4,687,651

d. Held-to-maturity securities

	30/06/2021						31/12/2020
	Cost	Up to 90 days	90 to 365 days	1 to 3 years	3 to 5 years	Over 5 years	Cost
Own portfolio	3,124,480	-	-	4,570	561,508	2,558,402	1,067,772
Federal government bonds	3,124,480	-	-	4,570	561,508	2,558,402	1,067,772
Subject to repurchase agreements	1,316,853	-	-	788,510	77,789	450,554	-
Federal government bonds	1,316,853	-	-	788,510	77,789	450,554	-
Subject to guarantees	-	-	-	-	-	-	60,486
Federal government bonds	-	-	-	-	-	-	60,486
Total	4,441,333	-	-	793,080	639,297	3,008,956	1,128,258

If measured at fair value, held-to-maturity securities would be reported as at the semester ended June 30, 2021 with a negative adjustment of R\$34,707 (December 31, 2020 – R\$121,096 positive).

The Bank has the intention and financial capacity to maintain such assets to maturity.

e. Reclassification of securities

In order to reflect the current strategy, in the first quarter of 2020 the Bank changed the classification of securities from available-for-sale securities to trading securities in the amount of R\$167,963 and net income in the amount of R\$49,810, net of tax effects. No reclassifications or changes in intention occurred during the semester ended June 30, 2021.

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9. Derivative financial instruments

The Bank and its subsidiaries actively engage in risk intermediation transactions involving derivative financial instruments, providing necessary hedging for its own needs and its clients aiming to reduce market, currency and interest rate risk exposures. Certain derivatives may be associated with operations involving securities or rights and obligations.

The risk underlying these operations is managed through strict control policies, the establishment of strategies and definitions of limits, among other monitoring techniques. The limits of risk exposure are determined by the Risk Committee and by type of instrument and counterparty concentration, among others.

Transactions conducted in Brazil are traded, registered or held in custody by B3 S.A., while transactions conducted abroad are traded and registered with prime brokers. The Bank uses different financial instruments to achieve economical hedging such as options, forwards, futures and swaps with periodic adjustment. The use of these instruments is to hedge positions in the cash markets, aiming to improve the risk level in the portfolio, where the risk monitoring committees deem necessary.

As at the semester ended June 30, 2021 and year ended December 31, 2020, the Bank's strategy of net investments in foreign operations consist of a hedge of the exposure in foreign currency arising from the functional currency of foreign operations, compared to the functional currency of the Bank.

	30/06/2021		
	Hedge instrument		
	Nominal value	Market (i)	Hedge assets
Net Investment Hedge of Foreign Operations	8,275,557	317,494	5,617,563

	31/12/2020		
	Hedge instrument		
	Nominal value	Market (i)	Hedge assets
Net Investment Hedge of Foreign Operations	9,169,326	(897,549)	4,852,426

(i) Recorded in stockholders' equity under the heading asset valuation adjustments.

To hedge the changes of the exchange variation of net investments in foreign operations, the Bank uses futures contracts, financial assets and forward contracts or NDF contracts entered into by the subsidiaries abroad.

a. Recognized in memorandum and balance sheet accounts

The notional amounts of transactions with financial instruments are recorded in memorandum accounts and the adjustment/premium in balance sheet accounts. The assumed positions arising from transactions with derivative financial instruments, shown below, consider the provisions of Bacen Circular Letter 3641/13, which determines the exclusion of agreements in currency, gold and other assets linked to foreign exchange exposure, with maturity on the first business day following the date the exchange exposure is verified.

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	30/06/2021				31/12/2020
	Up to 6 months	6 to 12 months	Over 1 year	Total	Total
Futures market					
Long position	7,760,880	7,535,024	6,325,481	21,621,385	46,405,846
Currency	1,531,587	16,634	10,928	1,559,149	3,060,027
Interest rate	6,150,110	7,517,418	5,800,208	19,467,736	42,437,408
Index	58,954	972	514,345	574,271	877,974
Commodities	20,229	-	-	20,229	30,437
Short position	28,739,706	2,963,953	2,739,059	34,442,718	29,610,519
Currency	5,533,289	-	-	5,533,289	29,552,860
Interest rate	23,145,386	2,919,347	2,146,861	28,211,594	15,120
Index	13,482	44,606	592,198	650,286	10,147
Commodities	47,549	-	-	47,549	32,392
Swap					
Long position	25,531,595	10,137,332	21,955,440	57,624,367	78,522,128
Currency	176,126	-	224,393	400,519	5,946,869
Interest rate	24,214,416	9,947,571	20,688,184	54,850,171	67,386,320
Index	125,847	4,994	982,996	1,113,837	262,708
Equities	684,806	85,312	40,610	810,728	4,152,437
Commodities	116,106	83,256	19,257	218,619	70,654
Other	214,294	16,199	-	230,493	703,140
Short position	25,531,595	10,137,332	21,955,440	57,624,367	78,522,128
Currency	27,423	88,159	1,034,555	1,150,137	5,946,869
Interest rate	21,517,375	8,263,112	18,550,976	48,331,463	67,386,320
Index	31,743	948,254	1,658,110	2,638,107	262,708
Equities	3,295,541	832,562	454,522	4,582,625	4,152,437
Commodities	416,661	5,245	250	422,156	70,654
Other	242,852	-	257,027	499,879	703,140
Credit Derivatives					
Long position	-	27,512	284,803	312,315	245,380
Sovereign	-	2,501	19,258	21,759	14,811
Corporate	-	25,011	265,545	290,556	230,569
Short position	-	27,512	408,558	436,070	531,197
Sovereign	-	-	12,430	12,430	26,295
Corporate	-	27,512	396,128	423,640	504,902
NDF					
Long position	58,035,545	10,413,327	9,870,595	78,319,467	96,340,819
Currency	53,593,774	8,401,916	1,980,384	63,976,074	92,165,893
Commodities	4,400,800	2,011,411	7,890,211	14,302,422	4,129,675
Other	40,971	-	-	40,971	45,251
Short position	58,035,545	10,413,327	9,870,595	78,319,467	96,340,819
Currency	53,593,774	8,401,916	1,980,384	63,976,074	92,165,893
Commodities	4,400,800	2,011,411	7,890,211	14,302,422	4,129,675
Other	40,971	-	-	40,971	45,251
Security forwards					
Long position	9,795,013	48,413	115	9,843,541	552,949
Interest rate	5,179,687	-	-	5,179,687	493,825
Equities	341,300	48,413	-	389,713	-
Currency	18	-	115	133	-
Government bonds	4,274,008	-	-	4,274,008	59,124
Short position	9,795,013	48,413	115	9,843,541	552,949
Interest rate	4,274,008	-	-	4,274,008	493,825
Equities	341,300	48,413	-	389,713	-
Currency	18	-	115	133	-
Government bonds	5,179,687	-	-	5,179,687	59,124
Options market					
Call option - long position	15,470,302	15,135,193	813,796	31,419,291	19,249,788
Equities	451,958	5,534	79,164	536,656	1,220,839
Commodities	87,755	3,300	12,201	103,256	52,903
Currency	3,138,213	176,359	722,431	4,037,003	17,489,681
Index	11,792,326	14,950,000	-	26,742,326	486,315
Other	50	-	-	50	50
Put option - long position	26,239,538	204,088,670	574,751	230,902,959	275,900,316
Equities	1,223,412	5,463,291	-	6,686,703	389,432
Commodities	3,220,769	-	-	3,220,769	204,899
Index	18,658,722	198,566,960	-	217,225,682	258,137,551
Currency	3,136,635	58,419	574,751	3,769,805	17,168,434
Call option - short position	13,188,464	14,991,156	225,129	28,404,749	10,935,136
Equities	746,624	-	14,056	760,680	538,427
Commodities	12,461	-	8,800	21,261	-
Currency	649,810	36,156	202,273	888,239	10,035,993
Index	11,779,569	14,955,000	-	26,734,569	360,716
Put option - short position	21,400,834	203,338,397	21,852	224,761,083	272,098,722
Equities	1,324,097	-	-	1,324,097	234,982
Commodities	1,114,102	-	-	1,114,102	-
Index	18,050,172	203,202,563	-	221,252,735	283,792
Currency	912,463	135,834	21,852	1,070,149	271,579,948

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b. By cost and market value

	30/06/2021					31/12/2020
	Cost	Market	Up to 6 months	6 to 12 months	Over 1 year	Total
Futures						
Long position	63	63	63	-	-	2,218
Short position	4,852	4,852	4,852	-	-	2,373
Swaps						
Long position	1,496,884	1,641,353	397,171	194,187	1,049,995	2,537,797
Short position	3,106,604	3,723,977	1,114,095	221,446	2,388,436	3,606,524
Credit derivatives						
Long position	-	27,609	-	115	27,494	16,308
Short position	4,543	17,543	2,874	115	14,554	4,958
NDF						
Long position	3,252,430	3,193,810	1,874,002	633,020	686,788	2,607,957
Short position	2,542,847	2,424,185	1,413,074	569,801	441,310	2,371,760
Security forwards						
Long position	9,880,586	9,879,834	9,825,755	48,413	5,666	552,906
Short position	9,868,837	9,866,275	9,818,705	47,570	-	553,006
Options market						
Long position	1,308,580	1,597,818	1,112,643	115,629	369,546	2,510,360
Short position	304,380	521,947	379,874	50,710	91,363	1,184,718
Long position	15,938,543	16,340,487	13,209,634	991,364	2,139,489	8,227,546
Short position	15,832,063	16,558,779	12,733,474	889,642	2,935,663	7,723,339

c. Notional by counterparty

	30/06/2021					31/12/2020
	Clearing houses / stock exchange	Financial Institutions (i)	Companies	Individuals	Total	Total
Futures market						
Long position	21,262,209	359,176	-	-	21,621,385	46,405,846
Short position	33,761,543	681,175	-	-	34,442,718	29,610,519
Swap						
Long position	719,522	52,044,904	4,608,214	251,727	57,624,367	78,522,128
Short position	719,522	52,044,904	4,608,214	251,727	57,624,367	78,522,128
Credit derivatives						
Long position	-	312,315	-	-	312,315	245,380
Short position	-	436,070	-	-	436,070	531,197
Non-deliverable forward - NDF						
Long position	-	41,106,891	37,088,400	124,176	78,319,467	96,340,819
Short position	-	41,106,891	37,088,400	124,176	78,319,467	96,340,819
Security forwards						
Long position	389,713	9,450,318	1,050	2,460	9,843,541	552,949
Short position	389,713	9,450,318	1,050	2,460	9,843,541	552,949
Options market						
Long position	1,413,258	260,247,575	394,692	266,725	262,322,250	295,150,104
Short position	1,900,823	250,687,283	360,795	216,931	253,165,832	283,033,858
Long position	23,784,702	363,521,179	42,092,356	645,088	430,043,325	517,217,226
Short position	36,771,601	354,406,641	42,058,459	595,294	433,831,995	488,591,470

(i) Includes investments funds.

d. Credit derivatives

	30/06/2021	31/12/2020
Credit swap		
Transferred risk		
Sovereign	21,760	14,811
Corporate	290,556	230,569
Risk received		
Sovereign	(12,430)	(26,295)
Corporate	(423,640)	(504,902)
	(123,754)	(285,817)

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During the semester ended June 30, 2021 and year ended December 31, 2020, there were no credit events related to triggering facts provided for in agreements.

e. Guarantee margins

Guarantee margins in transactions traded on B3 S.A. and other stock exchanges with derivatives comprises federal government and foreign government bonds totaling R\$27,544,598 (December 31, 2020 – R\$13,029,606) and shares in the amount of R\$4,466,355 (December 31, 2020 – R\$2,601,352).

f. Fair value of financial instruments

The fair values of financial instruments are calculated as follows:

- Swaps: cash flows are discounted to present value based on yield curves reflecting the appropriate risk factors. These yield curves are mainly based on the prices traded on B3 S.A., Brazilian government bonds traded on the secondary or derivative market and securities traded abroad. These yield curves may be used to obtain the fair value of currency swaps, interest rate swaps and swaps based on other risk factors (commodities, stock market indexes, etc.).
- Futures and Forwards: using stock exchange quotations or criteria identical to those described for swaps above.
- Options: the fair value of these instruments is calculated based on mathematical models (such as Black & Scholes) that use data containing implied volatility, interest rate yield curve and the fair value of the underlying asset. These data are obtained from different sources (normally prices from brokerage firms, Bloomberg and Reuters).
- Credit derivatives: the fair value of these instruments is calculated based on mathematical models largely adopted in the market that use data relating to the issuer's credit spread and interest rate yield curve. These data are obtained from different sources (normally prices from brokerage firms, Bloomberg and Reuters).
- Securities and short selling: the fair value of government bonds is calculated based on prices disclosed by the Brazilian Association of Financial and Capital Market Entities (ANBIMA). The fair value of corporate bonds is calculated based on prices traded on the secondary market, prices of similar assets and market visibility of the Bank's commercial departments. Shares are calculated based on the prices informed by B3 S.A. Fund quotas are valued based on quota prices disclosed by the custodian.
- Financial assets at fair value through profit (loss): The Bank estimates the fair values of the financial instruments by discounting cash flows to present value based on yield curves reflecting the proper risk factors.

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10. Loans

Loans are classified to risk levels in accordance with the criteria established by CMN Resolution 2682/99. This classification takes into consideration, among others, a periodic analysis of the transaction, defaults, client history and guarantee, when applicable.

The allowance for loan losses is calculated based on classification of clients in to the risk levels, as defined by the same Resolution.

Loans and other operations with credit characteristics are as follows:

a. Loans

i. By type of credit

Type of credit	30/06/2021		31/12/2020	
	Balance	Allowance	Balance	Allowance
Loans	62,825,040	(2,092,596)	40,895,440	(1,679,978)
Financing	18,165,636	(838,196)	2,765,734	(108,768)
FINAME/BNDES	4,193,337	(38,960)	4,015,395	(23,458)
Receivables (ii)	2,214,468	(185,295)	90,350	(28,391)
Advances in foreign exchange contracts (ii)	2,659,224	(42,156)	2,074,406	(36,552)
Securities financing	1,029,530	(5,468)	823,810	(5,823)
Transferred loans with co-obligations (i)	-	-	1,472	-
Subtotal	91,087,235	(3,202,671)	50,666,607	(1,882,970)
Adjustment to market value (iii)	(341,124)	-	-	-
Total	90,746,111	(3,202,671)	50,666,607	(1,882,970)

(i) Refers to transferred loans as collateral, related to repurchase agreements.

(ii) During the year ended December 31, 2020, the amounts once classified as "foreign exchange contracts advancements" and "other receivables - with loans characteristics" were reclassified to "loans" group.

(iii) Contracts including hedge accounting transactions.

ii. By risk level and maturity

Risk level	30/06/2021					31/12/2020		
	Overdue	Maturity			Total	Allowance	Total	Allowance
		Up to 6 months	6 to 12 months	Over 12 months				
AA	175,614	13,924,153	2,341,895	10,883,971	27,325,633	(11,775)	22,567,484	(12,168)
A	157,463	11,512,909	5,882,597	21,156,315	38,709,284	(194,701)	10,985,055	(55,300)
B	285,238	5,046,439	2,028,206	9,868,808	17,228,691	(182,245)	11,773,945	(132,497)
C	325,621	357,660	794,061	1,588,338	3,065,680	(126,577)	1,932,766	(92,371)
D	154,597	236,000	254,157	722,424	1,367,178	(197,228)	1,368,470	(223,614)
E	165,439	173,896	34,156	443,638	817,129	(298,072)	662,956	(243,445)
F	118,837	59,655	35,649	446,859	661,000	(383,220)	243,008	(133,470)
G	102,093	155,218	41,505	75,376	374,192	(270,405)	779,785	(636,967)
H	614,524	172,588	120,688	630,648	1,538,448	(1,538,448)	353,138	(353,138)
Total	2,099,426	31,638,518	11,532,914	45,816,377	91,087,235	(3,202,671)	50,666,607	(1,882,970)

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iii. By activity sector

Sector	30/06/2021	31/12/2020
Commerce	9,151,522	8,260,119
Industry	14,855,730	13,620,149
Services	32,629,233	25,972,744
Rural	562,727	527,425
Individuals	33,888,023	2,286,170
Total	91,087,235	50,666,607

b. Credit concentration

	30/06/2021	%	31/12/2020	%
Largest debtors				
10 largest debtors	11,792,645	13%	12,249,129	24%
20 following largest debtors	8,270,606	9%	8,435,272	17%
50 following largest debtors	10,609,287	12%	10,000,060	20%
100 following largest debtors	10,391,904	11%	9,214,961	18%
200 following largest debtors	9,066,390	10%	7,043,622	14%
500 following largest debtors	6,041,932	7%	3,492,334	7%
Above 500 following largest debtors	34,914,471	38%	231,229	0%
Total	91,087,235	100%	50,666,607	100%

c. Allowance for expected losses associated with credit risk

Changes in the allowance for expected losses associated with credit risk are as follows:

	30/06/2021	30/06/2020
Opening balances for the quarter	(1,882,970)	(1,179,029)
Reversal/(accrual) of allowance	(276,509)	(315,085)
Credit renegotiation	531,141	(316,551)
Credit portfolio acquisition (i)	(1,572,919)	-
Other	(1,414)	(72,305)
Closing balances for the quarter	(3,202,671)	(1,882,970)
Breakdown of closing balances		
Allowance for loan losses	(3,202,671)	(1,882,970)

(i) Refers to the Banco Pan S.A. consolidation.

d. Renegotiation/recovery of credits written off as loss

As at June 30, 2021, the amount of R\$3.204.652 was due to credit renegotiation (December 31, 2020 – R\$3,974,087). Also in the semester there was R\$86,089 of written off loans recovered (December 31, 2020 – R\$27,971).

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11. Other receivables/obligations

a. Foreign Exchange portfolio

	30/06/2021		31/12/2020	
	Assets	Liabilities	Assets	Liabilities
Unsettled exchange contracts	9,607,359	14,467,767	5,514,014	11,467,369
Rights on foreign exchange sales	18,667,042	-	13,867,773	-
(-) Advances in foreign currency received	(24)	-	(2,177)	-
(-) Advances in local currency received	(11,775)	-	(320)	-
Liability for foreign exchange purchase	-	12,878,601	-	7,674,185
Total	28,262,602	27,346,368	19,379,290	19,141,554
Current	28,260,152	27,338,998	19,373,261	19,127,129
Long-term	2,450	7,370	6,029	14,425

Guarantees for foreign exchange transactions carried out through B3 S.A., are represented by federal government bonds in the amount of R\$1,843,669 (December 31, 2020 - R\$1,126,263).

b. Securities trading and brokerage

	30/06/2021		31/12/2020	
	Assets	Liabilities	Assets	Liabilities
Clearing houses	163,593	342,969	422,002	216,833
Unsettled financial assets / liabilities	22,333	1,318,084	53,026	668,755
Pending settlement	3,915,272	2,490,553	4,437,251	2,745,303
Creditors for stock loans	-	100,194	-	51,005
Commissions and brokerage payable	-	104,468	-	125,925
Other securities trading and brokerage	226,987	1,786,315	135,368	1,419,486
Total	4,328,185	6,142,583	5,047,647	5,227,307
Current	4,328,185	6,142,583	5,047,647	5,227,307
Long-term	-	-	-	-

“Pending settlement” is basically represented by amounts pending settlement, relating to transactions involving the purchase and sale of securities and financial assets agreements at B3 S.A., and abroad through prime brokers, on the Bank’s behalf or on behalf of third parties, on the regular term.

“Other securities trading and brokerage” basically represents, in assets, intermediation transactions from time deposits to be settled, and in liabilities, the short position of foreign governments bonds to be settled, on the regular term.

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12. Other receivables

a. Income receivable

	<u>30/06/2021</u>	<u>31/12/2020</u>
Dividends and bonus	801,756	135,064
Receivables from services rendered	118,927	120,614
Rights on energy sales	473,123	684,384
Management and performance fees for investment funds and portfolio	341,586	385,422
Distribution fees	12,011	8,736
Commissions on guarantees	23,459	60,641
Total	<u>1,770,862</u>	<u>1,394,861</u>
Current	1,619,153	1,385,346
Long-term	151,709	9,515

b. Sundry

	<u>30/06/2021</u>	<u>31/12/2020</u>
Sundry	2,442,978	1,896,874
Judicial deposits	1,451,456	1,629,330
Taxes recoverable to offset	962,842	605,928
Securities and credits receivable		
Without loan characteristics	4,419,313	2,448,972
Investment properties	974,215	450,864
Salary advances	85,489	49,026
Other	323,200	47,376
Total	<u>10,659,493</u>	<u>7,128,370</u>
Current	3,386,368	3,026,363
Long-term	7,273,125	4,102,007

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13. Investments in associates and jointly controlled entities

	Associates and jointly-controlled entities					
	Shareholders' Equity		Net income (loss)		Interest	
	30/06/2021	31/12/2020	30/06/2021	30/06/2020	30/06/2021	31/12/2020
In Brazil						
Banco Pan S.A. (ii)	-	5,317,468	-	170,558	0.00%	44.85%
Too Seguros S.A.	358,319	332,791	39,393	14,271	51.00%	51.00%
Pan Corretora S.A.	49,411	42,309	27,617	9,189	51.00%	51.00%
Eneva S.A.	8,202,373	7,278,859	321,262	-	21.53%	22.93%
Abroad						
BTG Pactual Holding S.A.R.L.	5,130,083	5,482,135	558,679	563,320	41.03%	41.03%
BSI UK Holding	2,967,246	-	1,225,080	-	10.49%	0.00%
EFG International (i)	-	9,397,958	-	419,033	0.00%	29.39%

- (i) The equity accounting result related to the investment in EFG recognized during the period ended June 30, 2021, comprising the income generated by the investee for the second half of 2020, as a result of the late disclosure of its financial information.
- (ii) Banco Pan has a tax credit balance of R\$3.7 billion, substantially recognized based on a study of the current and future scenario approved by its Management.

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	Changes in investments							
	31/12/2020	Acquisition / Increase/ Transfer / (Sales)	Dividends paid	Fair value adjustment	Exchange variation	Equity pickup from associates	30/06/2021	Equity pickup from associates in 30/06/2020
In Brazil								
Banco Pan S.A.	2,385,034	(2,352,023)	(33,385)	374	-	-	-	126,481
Negative Goodwill - Banco Pan	(3,275)	3,275	-	-	-	-	-	-
Pan Corretora S.A.	21,577	-	(10,463)	-	-	14,085	25,199	7,895
Too Seguros S.A.	169,722	-	(6,430)	(641)	-	20,090	182,741	18,497
Eneva S.A.	3,756,636	(224,123)	-	(14,568)	-	71,946	3,589,891	-
Other (iii)	13,421	62,123	-	-	(5,233)	2,746	73,057	1,855
Total	6,343,115	(2,510,748)	(50,278)	(14,835)	(5,233)	108,867	3,870,888	154,728
Abroad								
BTG Pactual Holding S.A.R.L. (i)	2,249,320	-	(283,595)	(32,266)	(57,812)	229,226	2,104,873	203,064
EFG International (i)	2,762,060	(2,866,462)	(144,058)	6,458	68,225	173,777	-	149,458
BSI UK Holding	-	72,092	-	-	-	172,358	244,450	-
Goodwill - EFG International (i) (ii)	1,094,177	(1,121,124)	-	-	26,947	-	-	(280,176)
	6,105,557	(3,915,494)	(427,653)	(25,808)	37,360	575,361	2,349,323	72,346
Total	12,448,672	(6,426,242)	(477,931)	(40,643)	32,127	684,228	6,220,211	227,074

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- (i) The difference between equity pick up in subsidiaries and net income of subsidiaries refers to the exchange rate variation.
- (ii) See note 17a.
- (iii) Eneva's shares were received in a debt renegotiation and were recorded under Securities. On the base date of December 31, 2020, management reassessed its intention and accounting classification on the investment in the company and took the decision to reclassify the participation as a Permanent Investment. The transfer between accounting items was carried out at market value (accounting practice before reclassification). After reclassification, in accordance with the accounting practices applicable to Financial Institutions, the measurement of this asset will be made using the equity pickup and will be the basis for periodic reviews to meet the concept of recoverable value, at least semi-annually or when there are objective signs of impairment captured by management through external and internal sources.

14. Intangible assets

	Changes in Intangible assets				30/06/2021
	31/12/2020	Acquisitions / Transfer / Write off	Amortization expenses	Exchange variation	
Intangible assets					
Cost	574,053	3,053,659	-	(11,937)	3,615,775
Amortization	(258,220)	(228,449)	(16,673)	8,420	(494,922)
Total	<u>315,833</u>	<u>2,825,210</u>	<u>(16,673)</u>	<u>(3,517)</u>	<u>3,120,853</u>

The intangible assets amortization period is 5 years.

15. Fund raising and loans and onlending

a. Summary

	30/06/2021						31/12/2020
	Total	Up to 90 days	90 to 365 days	1 to 3 years	3 to 5 years	Over 5 years	Total
Deposits	97,775,535	34,732,050	49,372,374	9,262,809	3,065,439	1,342,863	56,964,334
Open market funding	62,908,367	60,857,593	542,139	828	-	1,507,807	60,161,895
Funds from securities issued and accepted	57,980,766	5,289,204	24,604,266	13,704,497	12,260,890	2,121,909	42,314,111
Loans and borrowings	5,822,560	600,078	63,578	520,613	901,188	3,737,103	6,643,207
Subordinated debts and subordinated debt eligible to equity	6,149,406	-	11,285	1,670,117	157,341	4,310,663	7,456,556
Total	<u>230,636,634</u>	<u>101,478,925</u>	<u>74,593,642</u>	<u>25,158,864</u>	<u>16,384,858</u>	<u>13,020,345</u>	<u>173,540,103</u>

b. Deposits

	30/06/2021						31/12/2020
	Total	Up to 90 days	90 to 365 days	1 to 3 years	3 to 5 years	Over 5 years	Total
Demand deposits	7,591,810	7,591,810	-	-	-	-	2,655,156
Interbank deposits	2,757,632	1,291,082	107,833	1,211,974	146,743	-	1,569,295
Time deposits	87,037,050	25,460,115	49,264,541	8,050,835	2,918,696	1,342,863	52,739,883
Other deposits	389,043	389,043	-	-	-	-	-
Total	<u>97,775,535</u>	<u>34,732,050</u>	<u>49,372,374</u>	<u>9,262,809</u>	<u>3,065,439</u>	<u>1,342,863</u>	<u>56,964,334</u>

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c. Open market funding

Open market funding has collateral on the following securities:

	30/06/2021						31/12/2020
	Total	Up to 90 days	90 to 365 days	1 to 3 years	3 to 5 years	Over 5 years	Total
Own Portfolio	38,388,880	37,860,055	527,866	828	-	131	36,614,052
Federal government bonds	35,135,633	35,132,374	2,300	828	-	131	34,136,364
Corporate securities	1,738,487	1,528,489	209,998	-	-	-	2,187,870
Foreign securities	77,250	77,250	-	-	-	-	247,357
Foreign government bonds	1,437,510	1,121,942	315,568	-	-	-	42,461
Third-party portfolio	19,570,820	19,570,820	-	-	-	-	18,590,387
Federal government bonds	19,534,056	19,534,056	-	-	-	-	18,566,182
Foreign securities	15,970	15,970	-	-	-	-	-
Corporate bonds	-	-	-	-	-	-	4,605
Foreign government bonds	20,794	20,794	-	-	-	-	19,600
Unrestricted portfolio (i)	4,948,667	3,426,718	14,273	-	-	1,507,676	4,957,456
Federal government bonds	4,772,320	3,250,371	14,273	-	-	1,507,676	4,943,108
Foreign securities	1,329	1,329	-	-	-	-	-
Foreign government bonds	175,018	175,018	-	-	-	-	14,348
Total	62,908,367	60,857,593	542,139	828	-	1,507,807	60,161,895

(i) From the unrestricted portfolio, R\$3,901,811 (December 31, 2020 – R\$4,370,758) refers to short position and R\$1,046,857 (December 31, 2020 – R\$586,698) to third-party portfolio.

d. Funds from securities issued and accepted

	30/06/2021						31/12/2020
	Total	Up to 90 days	90 to 365 days	1 to 3 years	3 to 5 years	Over 5 years	Total
Securities – Brazil	43,661,767	3,495,704	22,391,716	11,988,127	4,439,447	1,346,773	29,312,146
Financial bills	34,055,681	1,745,200	18,897,179	8,885,069	3,589,075	939,158	23,718,574
Mortgage bonds/letters of credit for agribusiness	9,070,059	1,722,941	3,455,606	2,859,050	627,685	404,777	5,361,812
Certificates of structured transactions	386,214	27,563	38,931	94,195	222,687	2,838	231,760
Debentures	149,813	-	-	149,813	-	-	-
Securities – abroad	14,318,999	1,793,500	2,212,550	1,716,370	7,821,443	775,136	13,001,965
Medium term notes	11,479,453	307,801	2,139,668	1,587,943	6,866,269	577,772	8,312,534
Fixed rate notes and others	2,839,546	1,485,699	72,882	128,427	955,174	197,364	4,689,431
Total	57,980,766	5,289,204	24,604,266	13,704,497	12,260,890	2,121,909	42,314,111

As at June 30, 2021, securities in Brazil were basically indexed to interest reference rates (CDI) between 85% and 127% or inflation indexes (IPCA and IGPM) plus 0.43 % p.a. to 7.55% p.a. (December 31, 2020 – indexed to (CDI) between 60% and 127% or inflation indexes (IPCA and IGPM) plus 1.2% p.a. to 7.55% p.a.).

On June 30, 2021, securities abroad have rates between 2.5% p.a. and 13.7% p.a. (December 31, 2020 – between 3.5% p.a. and 7.09% p.a.).

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e. Loans and onlending

	30/06/2021					31/12/2020	
	Total	Up to 90 days	90 to 365 days	1 to 3 years	3 to 5 years	Over 5 years	Total
Loans abroad	1,816,949	584,890	25,011	181,274	318,544	707,230	2,801,087
Foreign currency	1,317,998	506,627	25,011	79,130	-	707,230	876,813
Loans abroad	498,951	78,263	-	102,144	318,544	-	1,924,274
Loans - Brazil	441	-	-	441	-	-	3,458
Loans	441	-	-	441	-	-	3,458
Borrowings in Brazil	4,005,170	15,188	38,567	338,898	582,644	3,029,873	3,838,662
FINAME/BNDES	4,005,170	15,188	38,567	338,898	582,644	3,029,873	3,838,662
Total	5,822,560	600,078	63,578	520,613	901,188	3,737,103	6,643,207

On June 30, 2021, securities abroad have rates between 2.6% p.a. and 8.0% p.a. (December 31, 2020 – between 1.35% p.a. and 8.00% p.a.).

f. Subordinated debt and debt instrument eligible to capital

Type - original currency	30/06/2021				31/12/2020	
	Issued amount (original currency)	Issued	Maturity	Total compensation a.a.	Net amount	Net amount
Financial bills - R\$ (i)	4,161,000	15/04/2011	04/06/2030	Inflation plus fixed rates	18,442	769,159
Subordinated debt - US\$	800,000	28/09/2012	15/09/2022	5.75%	1,703,726	2,122,542
Subordinated debt - CLP	391,410	01/01/2019	01/11/2028	2.40%	515,083	538,951
Subordinated debt eligible to equity - R\$	874,369	23/12/2014	15/04/2069	4.85% to 14.2%	891,882	897,482
Subordinated debt eligible to equity - US\$	600,000	15/02/2019	15/02/2029	7.75%	3,020,273	3,128,422
Total					6,149,406	7,456,556

(i) Financial bills have different maturities, interests and main value, with semi-annual amortization.

16. Other obligations

a. Social and statutory

	30/06/2021	31/12/2020
Dividends and profit sharing payable	163,666	1,072,794
Employees' profit sharing	1,426,067	1,298,740
Total	1,589,733	2,371,534
Current	1,586,869	2,371,534
Long term	2,864	-

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b. Tax and social security

	<u>30/06/2021</u>	<u>31/12/2020</u>
Tax and contributions to be collected	234,380	159,808
Tax and contribution payable	840,885	585,722
Total	<u>1,075,265</u>	<u>745,530</u>
Current	1,058,239	745,530
Long term	17,026	-

c. Sundry

	<u>30/06/2021</u>	<u>31/12/2020</u>
Payable for acquisition of assets and rights (i)	205,431	202,549
Accounts payable	2,398,175	360,294
Other creditors - Brazil	6,263,868	5,613,648
Other creditors - Abroad	113,787	122,151
Other	602,416	26,314
Total	<u>9,583,677</u>	<u>6,324,956</u>
Current	8,185,876	4,893,971
Long term	1,397,801	1,430,985

(i) Refers to amounts payable for the acquisition of investments (substantially Banco Pan S.A.).

17. Contingent assets and liabilities and legal obligations

The Bank's and its subsidiaries' Management evaluate existing contingencies in relation to legal proceedings filed against these entities and recognizes a provision to cover probable losses on such proceedings. Management's judgment is based on the opinion of its internal and external legal counsel regarding the expected outcome for each proceeding.

a. Contingent assets

During the year ended December 31, 2020, the Bank recorded gains from two arbitration proceedings agreements, described as follows:

The Bank recorded a gain of R\$216.5 million as a result of a definitive agreement celebrated in an arbitration process, duly probated by the respective arbitration court. Both the arbitration and settlement agreement are subject to a confidentiality obligation.

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A favorable outcome was reached, for the Bank, in the amount of R\$204.6 millions, in the arbitration process regarding the Bank's acquisition of BSI, due to legal implications from the time BSI belonged to Assicurazioni Generali S.P.A. As a result, given the information relevance and also aiming the best presentation of the economic fundamentals in the consolidated financial statements that involve this outcome, the context of this negotiation and, subsequently the sale of BSI to EFG, the Bank adjusted the goodwill from the original acquisition, although it still presents the economical premises that gave rise to it when we observe the results of previous periods and future perspectives, had its realization in this period of R\$206.8 millions.

b. Contingent liabilities classified as probable losses and legal obligations

i. Labor provisions

This comprises lawsuits filed by former employees, mostly claiming overtime and salary parity. The contingencies are recorded based on an analysis of the potential loss amounts, considering the current stage of the lawsuit and the opinion of external and internal legal counsel.

ii. Civil provisions

For civil lawsuits (regarding pain and suffering, and pecuniary injury, among others) with the chance of an unfavourable outcome contingency amounts are recorded based on an estimate of probable losses based on the opinion of internal and external legal counsel.

iii. Tax and social security provisions

Tax and social security provisions are represented by legal and administrative proceedings of federal, state and municipal taxes, regarding legal obligations and contingent liabilities. The provisions are recognized based on the opinion of internal and external legal counsel and the court level to which each proceeding was submitted.

c. Breakdown and changes in provisions

The Bank's Management is challenging the constitutionality of certain procedures regarding federal taxes, in addition to being party to legal, tax and civil proceedings. Based on the opinion of its legal counsel, Management considers that the provisions recorded for such proceedings at June 30, 2021 are appropriate to cover probable losses arising therefrom.

The provisions recognized and their changes are as follows for the semester ended June 30:

	30/06/2021				30/06/2020
	Tax (i)	Civil	Labor	Total	Total
Balance at the beginning of the semester	1,559,046	170,847	46,590	1,776,483	1,687,195
Recognition (ii)	120,793	426,826	177,845	725,464	12,836
Write-off	(449,817)	(136,080)	(51,477)	(637,374)	(36,467)
Balance at the end of the semester	<u>1,230,022</u>	<u>461,593</u>	<u>172,958</u>	<u>1,864,573</u>	<u>1,663,564</u>

(i) The Bank has been legally discussing the legality of some taxes and contributions. The amounts referring to legal obligations and contingencies assessed by internal and external lawyers as a probable loss, are provisioned in the amount that management considers adequate to cover future losses.

(ii) Include amounts of Banco Pan S.A. and Necton consolidation.

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The nature of the main provision is described below:

i. Suspended payment taxes and other tax liabilities

BTG Pactual Group has been challenging in court the legal nature of some taxes and contributions. The amounts relating to legal obligations and contingencies assessed as probable loss by the internal and external counsel is fully recorded in provision. The main legal disputes are the following:

COFINS (“Social security financing tax”) - Challenge of the legal grounds for the levy of COFINS under rules established by Law 9718/98.

As at June 30, 2021, the Bank was part to taxes lawsuits with a possible outcome, which were not recorded in provision. The descriptions of the main lawsuits are as follows:

- Lawsuits relating to the payment of profit sharing, in which is questioned the levy and payment of social security contribution on these values and its deductibility on the income tax and social tax base. The amount claimed is R\$911 million. Part of this amount is secure by indemnity clause, as it refers to the period before the acquisition of the Bank by the current controllers.
- Lawsuits regarding the demutualization and IPO of B3 S.A., in which is questioned the taxation of PIS and Cofins on revenues earned from the sale of shares of the company’s previously mentioned. The amount claimed is R\$28 million and part of it is secure by indemnity clause, as it refers to the period before the acquisition of the Bank by the current controllers.
- On December 2015, the Bank received a tax assessment in the amount of R\$1,864 billion, referring to events occurred on 2010 and 2011, where they judged as undue our use of the goodwill originated in the acquisition of the Bank by UBS, held on 2006, as well as in the buyback of the Bank by BTG, on 2009. An appeal was filed against this tax assessment on the Administrative Council of Tax Appeals, which ruled partially favorable of reducing the amount of the assessment on R\$278 million. In opposition to the unfavorable piece, the Bank filed another appeal to the same institution in February 2019, it was deemed valid in relation to the use of the goodwill generated in the Bank's acquisition operations by UBS. In addition, on December 2017, the Bank received another tax assessment in the amount of R\$906 million, referring to 2012 events, where they believe happened the wrongfully use of goodwill originated from the Bank acquisition by UBS on 2006, also the goodwill from the repurchase by the Bank on 2009 and the goodwill originated in the private subscription of shares made by investors through the Copa Prince Company, in 2011. On October, 2019, the second administrative instance partially ruled as reasonable the cancelation of the goodwill generated on the private capital subscription made by investors through Copa Prince Company. An appeal was filed against the unfavorable piece. On December 2018, a tax assessment was received, in the amount of R\$454 million, related to the period of 2013. Against this assessment an appeal was filed, which is awaiting ruling of the second administrative instance. Lastly, on February 2019 a tax assessment was received, in the amount of R\$274 million, related to the period of 2014. Against this assessment an appeal was filed, which is awaiting ruling of the first administrative instance. As a result, the Bank does not expect to incur any losses (other than the costs of the appeal itself) related to this matter and have not established (and do not expect to) any related contingencies on its financial

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statements. Besides the reviews as to the legitimacy of these tax assessments, in case the Bank has to incur losses, it also believes is entitled to be reimbursed by its controller shareholder for a part of the losses. Thus, in no event the BTG Pactual expect to incur any material losses in connection with this matter.

- On December 2017, the Bank received a tax assessment which it is discussed insufficient tax collection of PIS and COFINS and imposes isolated fine, referring to the year of 2012, in the amount of R\$199 million. Against the assessment, an appeal was presented, which awaits trial in second administrative instance.
- On December 2017, in the capacity of the Banco Pan S/A sponsor, the Bank received a tax assessment of allegedly due income tax on the sale of investment in Brazil by a foreign party, referring to the year of 2012, in the amount of R\$78 million. Against the assessment an administrative appeal was presented, which awaits trial in second administrative instance.
- On December 2017, the Bank received a tax assessment that seeks to collect income tax on the supposed capital gains on corporate incorporation - when One Properties was incorporated by BR Properties -, in the amount of R\$1,133 million. Against the assessment, an appeal was presented, which awaits trial in second administrative instance.
- On December 2018, the Asset Manager received a tax assessment in total amount of R\$98 million for events that occurred in 2013 and 2014, regarding the amortized goodwill from the acquisition of BRFE in 2012. On September 2019 an unfavorable decision was ruled by the first instance court. Against this decision, and administrative appeal was presented on the second administrative instance.
- On December 2018, the Bank was made aware of the non-approval compensation of the negative balance of income tax, related to 2013, in the amount of R\$72 million. On June 2019 an unfavorable decision was ruled by the court on the first administrative instance. Against the decision, an appeal was presented, which awaits trial in second administrative instance. On March 2019, the Bank was made aware of the non-approval compensation of the negative balance of social contribution (CSLL), regarding the same year, in the amount of R\$68 million. On August 2019, an unfavorable decision was ruled to the Bank in the first administrative instance. Against this decision, and administrative appeal was presented on the second administrative instance.
- On September 2019, in the capacity of Banco Sistema S/A's sponsor, the Bank received a tax assessment that seeks to collect income tax, social contribution, PIS and COFINS, in the total amount of R\$3.543 billion, regarding the acquisition of Banco Bamerindus do Brasil (current Banco Sistema) in 2014. On October 2019, an appeal was filled on the first administrative instance, of which awaits trail. Based on the prognosis disclosed by its legal team, the Bank didn't record any provision on its financial statements, furthermore the Administration doesn't expect to incur in any loss regarding this matter.
- On March 2020, the Bank received a tax assessment charging income tax, social contribution, PIS and COFINS related to the capital gain on the sale of Rede D'or's shares, in 2015, in the amount of R\$588 million. In April 2020, an appeal was filed at the first administrative level, which is waiting judgment.

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ii. Provision for other contingent liabilities

As at the semester ended June 30, 2021 and year ended December 31, 2020, the bank was part to several civil, labor, lawsuits and other contingences with a possible outcome, which were not recorded in provisions.

18. Income tax and social contribution

The reconciliation of income tax and social contribution expenses with the figure obtained by applying the tax rate on income before these taxes is as follows:

Income tax and social contribution	Quarter ended:		Semester period ended:	
	30/06/2021	30/06/2020	30/06/2021	30/06/2020
Tax base	2,364,044	1,218,500	3,874,271	1,493,125
Income before taxes and profit sharing	3,016,394	1,685,901	4,951,267	1,869,550
Statutory profit sharing	(665,066)	(436,233)	(1,096,325)	(510,357)
Non-controlling interest	12,716	(31,168)	19,329	133,932
Total charge of income tax and social contribution at the current rates	(1,063,819)	(550,632)	(1,743,421)	(674,213)
Permanent (additions) / deductions in taxation calculation	1,371,211	(166,070)	1,743,290	(1,415,355)
Equity pick up in associated and jointly controlled companies in Brazil	(103,588)	51,163	88,227	107,717
Income/(loss) of foreign exchange on foreign investments	179,804	-	74,207	-
Interest on equity	-	(22,891)	253,350	220,559
Dividends	6,833	336	13,941	54,934
Fair value of securities and derivatives	1,128,482	(208,834)	1,210,421	(1,603,148)
Allowance for expected losses associated with credit risk	(338,473)	(33,501)	(45,370)	(66,771)
Other non-deductible expenses net of non-taxable income	498,153	47,657	148,514	(128,646)
Tax and social contribution expense	307,392	(716,702)	(131)	(2,089,568)
(Expenses) / Revenues from deferred taxes	(993,037)	475,561	(1,019,244)	2,341,725
Total revenues / (expenses)	(685,645)	(241,141)	(1,019,375)	252,157

Income tax and social contributions are calculated and recorded in accordance with the criteria established by Bacen Circular Letter 3,059/02, taking into account the period of realization.

Changes in deferred tax assets are presented as follows:

Income tax and social contribution	31/12/2020	Recognition	Realization	30/06/2021
	Tax loss	1,009,853	1,327,114	(9,467)
Interest on equity	253,350	331,696	(253,350)	331,696
Allowance for expected losses associated with credit risk	1,898,528	1,523,518	-	3,422,046
Fair value of securities and derivatives	2,840,159	-	(1,163,423)	1,676,736
Tax contingencies and provision for suspended-payment taxes	246,347	19,028	-	265,375
Other temporary differences	514,226	833,490	-	1,347,716
Total	6,762,463	4,034,846	(1,426,240)	9,371,069
Income tax and social contribution	31/12/2019	Recognition	Realization	30/06/2020
Tax loss carryforwards	1,339,748	45,641	(4,184)	1,381,205
Interest on equity	243,450	221,637	(243,450)	221,637
Allowance for expected losses associated with credit risk	923,160	958,147	-	1,881,307
Fair value of securities and derivatives	1,682,855	1,651,296	-	3,334,151
Tax contingencies and provision for suspended-payment taxes	239,944	6,187	-	246,131
Other temporary differences	452,430	-	(129,547)	322,883
Total	4,881,587	2,882,908	(377,181)	7,387,314

(i) Include amounts of Banco Pan S.A. and Necton consolidation.

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The present value of tax credits, based on the expected realization of deferred tax assets, is as follows:

Description	Tax credits on temporary differences	Tax loss carry forwards	Total
2021	1,069,189	881,785	1,950,974
2022	2,181,085	159,766	2,340,851
2023	1,181,714	356,265	1,537,979
2024	962,936	477,091	1,440,027
2025 onwards	1,648,644	452,594	2,101,238
Total	7,043,568	2,327,501	9,371,069
Present value	5,629,273	1,884,571	7,513,844

The line "deferred tax assets" also included PIS and COFINS deferred tax credits in the amount of R\$305,424 (December 31, 2020 - R\$451,295).

Deferred income tax and social contribution liabilities amounts to R\$141,922 (December 31, 2020 - R\$56,157).

On November 13, 2019, Constitutional Amendment No. 103 was published, which increased the social contribution percentage on Net Income for financial institutions from 15% to 20% of taxable income, effective as of March 1, 2020.

On March 1, 2021, the Provisional Measure No. 1,034 was approved, by which new CSLL rates became effective. The social contribution rate was set at 25% until December 31, 2021, and 20% from January 1, 2022. The increase effects in the financial statements were irrelevant.

19.Shareholders equity

a. Capital

As at June 30, 2021, fully subscribed and paid in capital consists of 11,476,985,224 shares (December 31, 2020 – 2712,706,972), of which 7,234,454,500 are common shares (December 31, 2020 – 1,756,433,722), 2,845,105,864 are class A preferred shares (December 31, 2020 – 606,916,910), 1,397,425,360 are class B preferred shares (December 31, 2020 – 349,356,340), registered shares without par value.

As described in Note 2, on May 28, 2021, the Bank made a public offering of newly issued shares, on best efforts underwriting, of 24,402,000 Units, composed of 24,402,000 common shares and 48,804,000 preferred shares.

As described in Note 2, on January 13, 2021, the Bank made a public offering of newly issued shares, on best efforts underwriting, of 27,777,778 Units, composed of 27,777,778 common shares and 55,555,556 preferred shares.

As described in Note 2, on June 29, 2020, the Bank made a public offering of newly issued shares, on best efforts underwriting, of 35,625,000 Units, composed of 35,625,000 common shares and 71,250,000 preferred shares.

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The common shares have the right to one vote each in the deliberations of the General Shareholders Meeting and participate on equal terms to the Class A Preferred Shares and Class B preferred shares in the distribution of profits.

Class A and B preferred shares have no right to vote and have priority in capital reimbursement, without premium, and participate on equal terms with the common shares in the profits distribution.

The Class A Preferred Shares shall have the right to be included in acquisition public offer due to transfer of control of the Company, provided their holders to receive a minimum amount per share equal to 80% (eighty percent) of the amount paid by common share of the control block.

The Class B preferred shares are convertible into common shares, upon request by writing to the holder or the Bank without deliberation and Board or Shareholders Meeting, provided that: (i) such conversion occurs at the time of issuance of new shares by the Bank whether or not within the limit of authorized capital (unless the shareholder converting the shares is BTG Pactual Holding S.A.); (ii) upon conversion, BTG Pactual Holding S.A. (or its successor in any capacity, including by virtue of merger, division or other corporate reorganization) continues to hold directly or indirectly, more than 50% of common shares issued by the Bank; and (iii) conversion is in accordance with the Bank's Shareholders' Agreement. Class B preferred shares can be convertible into Class A preferred shares at the request of its holder, and provided that: (i) the Bank is a public company with shares listed on stock exchanges and (ii) conversion is in accordance with the Bank Shareholders' Agreement.

b. Treasury shares

During the semester ended June 30, 2021, the Bank did not buy its own units (December 31, 2020 – R\$92,712, equivalent to 3,378,900 units). In the semester ended June 30, 2021 there were no units cancelled (December 31, 2020 – R\$258,496, equivalent to 10,468,200 units). On December 31, 2020, the Bank has no treasury shares.

c. Legal reserve

This reserve is established at the rate of 5% of net income for the year, before any other allocation, limited to 20% of capital.

d. Statutory reserve

According to the Bank's by laws, the purpose of this reserve is to maintain working capital and is limited to the balance of capital.

e. Unrealized income reserve

This is established considering undistributed dividends obtained in foreign branch.

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f. Profit distribution

The shareholders are entitled to minimum dividends of 1% on net income adjusted in accordance with Article 202 of Law 6,404/76.

During the year ended December 31, 2020, the Bank provisioned R\$1,096,000, relating to interest on equity, equivalent to R\$0.42 per share, which generated R\$493,200 in tax benefits. These amounts were approved in the Special Shareholders' Meetings held on July 17, 2020 and December 30, 2020 and paid on February 5, 2021.

g. Reconciliation of net income and shareholders equity

	Shareholders' equity		Net income			
	30/06/2021	31/12/2020	Quarter ended:		Semester period ended:	
			30/06/2021	30/06/2020	30/06/2021	30/06/2020
Banco BTG Pactual S.A.	35,040,325	26,680,655	2,502,043	1,271,863	3,175,630	364,074
Others (i)	-	-	(823,644)	(294,504)	(320,734)	1,381,208
Banco BTG Pactual S.A. Consolidated	35,040,325	26,680,655	1,678,399	977,359	2,854,896	1,745,282

(i) The difference in net income and Stockholders' equity between the Bank financials statements and consolidated financial statements results from the recording of exchange variations on investments abroad, and hedges of these investments where the functional currency is different from that of the parent company, net of the respective deferred tax assets.

20. Income from services rendered

	Quarter ended:		Semester period ended:	
	30/06/2021	30/06/2020	30/06/2021	30/06/2020
Management and performance fee from investment funds and portfolios	369,451	237,672	726,910	499,388
Professional services	573,212	194,846	982,594	388,936
Brokerage	223,045	123,114	402,195	263,569
Guarantees	108,976	85,324	201,122	224,041
Commission over securities placement	343,553	166,570	621,339	294,291
Other services	49,446	3,349	54,254	6,180
Total	1,667,683	810,875	2,988,414	1,676,405

21. Other operating income

	Quarter ended:		Semester period ended:	
	30/06/2021	30/06/2020	30/06/2021	30/06/2020
Adjustment of amounts receivable for acquisition of investments	(24,732)	15,315	71,911	91,156
Foreign exchange rate gains	(194,962)	6,448	115,608	73,013
Reversal of provision	33,683	259,035	39,790	368,614
Monetary correction over judicial deposits	5,683	6,035	14,028	19,914
Recovery of charges and expenses	6,081	8,251	19,405	8,609
Other operating income	8,964	10,121	17,709	30,169
Total	(165,283)	305,205	278,451	591,475

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22. Other operating expenses

	Quarter ended:		Semester period ended:	
	30/06/2021	30/06/2020	30/06/2021	30/06/2020
Foreign exchange expenses	249,625	217,779	323,098	221,351
Adjustment of amounts payable for acquisition of investments	62,064	116,207	93,818	147,042
Goodwill amortization	39,825	4,288	47,941	8,725
Discounts granted in renegotiation	8,585	-	8,741	-
Payable commissions	359	-	15,342	-
	7,889	-	7,889	-
Other	50,495	26,591	52,706	35,535
Total	<u>418,842</u>	<u>364,865</u>	<u>549,535</u>	<u>412,653</u>

23. Other administrative expenses

	Quarter ended:		Semester period ended:	
	30/06/2021	30/06/2020	30/06/2021	30/06/2020
Outsourced services and consulting	312,062	80,213	510,601	227,726
Telecommunications and data processing	238,512	125,157	401,581	221,823
Leases and condominiums	49,117	28,589	83,011	55,396
Expenses of the financial system	426,480	184,888	511,646	267,960
Advertising and public relations	71,936	16,843	99,373	45,960
Depreciation and amortization	20,811	14,848	36,841	28,887
Travel and lodging	7,075	3,633	9,373	15,669
Other	17,564	13,302	25,923	20,928
Total	<u>1,143,557</u>	<u>467,473</u>	<u>1,678,349</u>	<u>884,349</u>

24. Related parties

Related-party balances, which are carried out based on usual market rates and conditions, are reflected in the following accounts:

	Parent company (i)		Subsidiaries and joint controlled entities		Total	
	30/06/2021	31/12/2020	30/06/2021	31/12/2020	30/06/2021	31/12/2020
Assets						
Interbank investments deposits	-	-	-	502,285	-	502,285
Derivative financial instruments	-	-	444,910	332,558	444,910	332,558
Loans and Receivables	4,341,853	4,296,749	-	-	4,341,853	4,296,749
Liabilities						
Time deposits	(31,493)	(135,247)	(34,688)	-	(66,181)	(135,247)
Derivative financial instruments	-	-	(288,137)	(181,944)	(288,137)	(181,944)
Open market funding	-	-	(917,210)	(1,432,661)	(917,210)	(1,432,661)
Funds from securities issued and accepted	-	(3,514,229)	-	(61,960)	-	(3,576,189)
Sundry	-	-	(54,941)	(71,016)	(54,941)	(71,016)
	Parent company		Subsidiaries and joint controlled entities		Total	
	30/06/2021	30/06/2020	30/06/2021	30/06/2020	30/06/2021	30/06/2020
Statements of income						
Financial income	-	-	22,168	12,390	22,168	12,390
Financial expenses	(235)	(2,712)	(6,726)	(410,935)	(6,961)	(413,647)
Other operating income / (expenses)	16,354	(23,269)	-	5,377	16,354	(17,892)

(i) Includes natural person.

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Total compensation paid to key management personnel this semester totaled R\$8,898 (December 31, 2020 – R\$18,808), which is considered short-term benefits.

25. Earnings per share

	Quarter ended:		Semester period ended:	
	30/06/2021	30/06/2020	30/06/2021	30/06/2020
Net income for the quarter / semester	1,678,399	977,359	2,854,896	1,745,282
Weighted average per thousand of common shares outstanding in the quarter / semester	1,852,953	1,721,822	1,816,931	1,726,549
Weighted average per thousand of common shares held in treasury	-	10,468	-	8,957
Net income for the quarter per common share - basic	0.91	0.57	1.57	1.01
Net income for the quarter per common share - diluted	0.91	0.57	1.57	1.02
Weighted average per thousand of class A preferred shares outstanding in the quarter / semester	704,156	537,693	679,746	547,148
Weighted average per thousand of class A preferred shares held in treasury	-	20,936	-	17,913
Net income for the quarter per class A preferred shares - basic	2.38	1.82	4.20	3.19
Net income for the quarter per class A preferred shares - diluted	2.38	1.89	4.20	3.3
Weighted average per thousand of class B preferred shares outstanding in the quarter / semester	360,874	350,455	355,147	349,906
Net income for the quarter per class B preferred shares - basic and diluted	4.65	2.79	8.04	4.99
Weighted average per thousand of shares outstanding in the quarter / semester	2,917,983	2,609,970	2,851,823	2,623,603
Weighted average per thousand of shares held in treasury	-	31,405	-	26,870
Net income per share - basic	0.58	0.37	1.00	0.67
Net income per share - diluted	0.58	0.38	1.00	0.67

26. Other information

Cash and cash equivalents

	31/12/2020	31/12/2019
Balances at beginning of the semester		
Cash and cash equivalents	1,794,059	1,333,793
Open market investments	40,175,098	18,651,392
Interbank deposits	2,437,242	1,533,506
Total	44,406,399	21,518,691
Balances of end of the semester		
Cash and cash equivalents	5,295,511	3,682,123
Open market investments	32,307,657	50,560,116
Interbank deposits	2,633,187	3,089,533
Total	40,236,355	57,331,772

Commitments and responsibilities

The Bank's and its subsidiaries' main commitments and responsibilities are as follows:

	30/06/2021	31/12/2020
Co-obligation and risks for guarantees granted	66,616,185	62,645,262
Responsibility for the management of futures and investment portfolio (i)	509,383,815	349,599,848
Securities	157,022,515	161,997,910
Securities under custody	1,355,685,439	1,249,696,343
Securities trading and brokerage	1,477,139,799	3,390,389,602
Loans contract to release	11,478,721	2,469,412
Commitments to be released	176,600	115,800

(i) Recognized by the sum of the equity values of funds and investment portfolios

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“Co-obligations and risks for guarantees granted” mainly comprises guarantees granted or assets allocated to exchange trading securities.

“Securities under custody” reflects third-party public and private security positions under custody with SELIC and B3 S.A.

“Securities trading and brokerage” represents amounts from derivatives purchase and sale agreements related to third-party transactions.

“Loans contracted to release” represents amounts related to loans contracted with clients to release.

The item “Commitments to be released” represents amounts related to the financial commitments of the Bank with its investees.

Banco Pan S.A. consolidation

Effects of the consolidation of Banco Pan S.A. in the Bank's financial statements as of June 30, 2021.

- Consolidated balance sheets

	Consolidated	Banco Pan S.A.	Elim	Consolidated + Pan
Assets	286.696.156	42.563.200	(3.604.487)	325.654.869
Cash at banks	5.287.589	7.922	-	5.295.511
Financial instruments	232.582.784	35.624.136	(3.604.487)	264.602.433
Short-term interbank investments	45.320.234	123.000	(3.604.487)	41.838.747
Securities	106.551.820	3.778.434	-	110.330.254
Derivative financial instruments	16.340.487	-	-	16.340.487
Interbank transactions	7.010.591	1.538.914	-	8.549.505
Loans	58.713.823	32.032.288	-	90.746.111
Allowance for expected losses associated with credit risk	(1.354.171)	(1.848.500)	-	(3.202.671)
Other receivables	47.876.910	6.609.118	-	54.486.028
Receivables endorsements or sureties	199.341	-	-	199.341
Foreign exchange portfolio	28.262.602	-	-	28.262.602
Income receivable	1.770.862	-	-	1.770.862
Securities trading and brokerage	4.305.553	22.632	-	4.328.185
Sundry	7.801.658	2.857.835	-	10.659.493
Deferred tax assets	5.947.842	3.728.651	-	9.676.493
Allowance for impairment of assets	(410.948)	-	-	(410.948)
Other assets	948.873	322.024	-	1.270.897
Other assets	176.594	238.181	-	414.775
Prepaid expenses	722.003	152.890	-	874.893
Provision for losses on other assets	50.276	(69.047)	-	(18.771)
Permanent assets	13.406.293	119.177	(3.985.000)	9.540.470
Investments	10.207.203	13.224	(3.985.000)	6.235.427
Property and equipment in use	157.498	26.692	-	184.190
Intangible assets	3.041.592	79.261	-	3.120.853
Total assets	300.102.449	42.682.377	(7.589.487)	335.195.339

BANCO BTG PACTUAL S.A. and subsidiaries

Notes to the consolidated financial statements

June 30, 2021

(In thousands of reais, except otherwise indicated)

	Consolidated	Banco Pan S.A.	Elim	Consolidated + Pan
Liabilities	264.084.162	37.123.822	(3.604.487)	297.603.497
Deposits and financial instruments	219.719.915	31.079.985	(3.604.487)	247.195.413
Deposits	80.733.110	19.406.912	(2.364.487)	97.775.535
Open market funding	62.707.664	1.440.703	(1.240.000)	62.908.367
Funds from securities issued and accepted	47.757.337	10.223.429	-	57.980.766
Loans and borrowings	5.822.560	-	-	5.822.560
Derivative financial instruments	16.558.779	-	-	16.558.779
Subordinated debt	2.228.310	8.941	-	2.237.251
Debt instrument eligible to capital	3.912.155	-	-	3.912.155
Interbank transactions	314.902	2.043.406	-	2.358.308
Interdependencies transactions	103.761	-	-	103.761
Unsettled third party assets	103.761	-	-	103.761
Other liabilities	42.405.572	3.502.437	-	45.908.009
Collection and payments of tax and similar charges	31.704	-	-	31.704
Foreign exchange portfolio	27.346.368	-	-	27.346.368
Social and statutory	1.373.849	215.884	-	1.589.733
Tax and social security	612.927	462.338	-	1.075.265
Deferred liabilities	52.868	85.811	-	138.679
Securities trading and brokerage	6.142.583	-	-	6.142.583
Sundry	6.845.273	2.738.404	-	9.583.677
Provision	1.540.012	497.994	-	2.038.006
Provision for contingent liabilities	1.366.579	497.994	-	1.864.573
Provision for guarantees	173.433	-	-	173.433
Deferred income	278.815	-	-	278.815
Shareholders' equity				
Total shareholders' equity of controlling shareholders	35.040.325	5.558.555	(5.558.555)	35.040.325
Non-controlling interest	699.147	-	1.573.555	2.272.702
Total shareholders' equity	35.739.472	5.558.555	(3.985.000)	37.313.027
Total Liabilities and Shareholders' equity	300.102.449	42.682.377	(7.589.487)	335.195.339

• Consolidated statements of income

	Consolidated	Banco Pan S.A.	Elim	Consolidated + Pan
Financial income	5.706.006	4.670.612	-	10.376.618
Loans	601.633	4.234.509	-	4.836.142
Securities	4.711.079	151.823	-	4.862.902
Derivative financial instruments	(280.954)	280.954	-	-
Foreign Exchange	598.265	604	-	598.869
Mandatory investments	75.983	2.722	-	78.705
Financial expenses	(4.518.132)	(1.462.577)	-	(5.980.709)
Funding operations	(2.626.219)	(760.601)	-	(3.386.820)
Borrowing and onlending	(1.942.942)	-	-	(1.942.942)
Derivative financial instruments	(374.438)	-	-	(374.438)
Allowance for loan losses and other receivables	425.467	(701.976)	-	(276.509)
Net financial income	1.187.874	3.208.035	-	4.395.909
Other operating income (expenses)	3.346.996	(2.536.298)	(213.000)	597.698
Income from services rendered	2.660.856	327.558	-	2.988.414
Personnel expenses	(347.105)	(354.379)	-	(701.484)
Other administrative expenses	228.074	(1.906.423)	-	(1.678.349)
Tax charges	(238.467)	(185.560)	-	(424.027)
Equity earnings of associates and jointly controlled entities	897.228	-	(213.000)	684.228
Other operating income	278.451	-	-	278.451
Other operating expenses	(132.041)	(417.494)	-	(549.535)
Provisions expenses	(44.678)	(114.449)	-	(159.127)
Provision for contingent liabilities	106.785	(114.449)	-	(7.664)
Other	(151.463)	-	-	(151.463)
Operating income	4.490.192	557.288	(213.000)	4.834.480
Non-operating (expenses) / income	55.084	(3.297)	65.000	116.787
Income before income tax and profit sharing	4.545.276	553.991	(148.000)	4.951.267
Income tax and social contribution	(858.146)	(161.229)	-	(1.019.375)
Provision for income tax	349.227	(216.371)	-	132.856
Provision for social contribution	42.950	(175.937)	-	(132.987)
Deferred income tax and social contribution	(1.250.323)	231.079	-	(1.019.244)
Statutory profit sharing	(1.096.325)	-	-	(1.096.325)
Non-controlling interest	264.091	-	(244.762)	19.329
Net income for the semester	2.854.896	392.762	(392.762)	2.854.896

BANCO BTG PACTUAL S.A. and subsidiaries

Notes to the consolidated financial statements

June 30, 2021

(In thousands of reais, except otherwise indicated)

• Loans

Type of credit	Consolidated		Banco Pan S.A.		Consolidated + Pan	
	Balance	Allowance	Balance	Allowance	Balance	Allowance
Loans	45.840.658	(1.132.680)	16.984.382	(959.147)	62.825.040	(2.091.827)
Financing	4.904.014	(98.408)	13.261.622	(739.788)	18.165.636	(838.196)
FINAME/BNDES	4.193.337	(38.960)	-	-	4.193.337	(38.960)
Receivables	105.769	(35.734)	2.108.701	(149.561)	2.214.470	(185.295)
Advances in foreign exchange contacts	2.659.224	(42.156)	-	-	2.659.224	(42.156)
Securities financing	1.029.530	(5.468)	-	-	1.029.530	(5.468)
Subtotal	58.732.532	(1.353.406)	32.354.705	(1.848.496)	91.087.237	(3.201.902)
Adjustment to market value	(18.598)	-	(322.528)	-	(341.126)	-
Total	58.713.934	(1.353.406)	32.032.177	(1.848.496)	90.746.111	(3.201.902)

• Fund raising and loans and onlending

	Consolidated	Banco Pan S.A.	Elim	Consolidated + Pan
Deposits	80.733.059	19.406.912	(2.364.487)	97.775.484
Open market funding	62.707.664	1.440.703	(1.240.000)	62.908.367
Funds from securities issued and accepted	47.757.337	10.223.429	-	57.980.766
Loans and borrowings	5.822.560	-	-	5.822.560
Subordinated debts and subordinated debt eligible to equity	6.140.465	8.941	-	6.149.406
Total	203.161.085	31.079.985	(3.604.487)	230.636.583

Non-recurring Items

In accordance with BCB Resolution 2/2020, presented below are the non-recurring items for the period, recognized in other administrative expenses:

- R\$30.6 million due to goodwill amortization and product distribution.
- R\$3.9 million related to projects to combat Covid-19.
- R\$1.3 million related to administrative expenses.

BANCO BTG PACTUAL S.A. and subsidiaries

Notes to the consolidated financial statements

June 30, 2021

(In thousands of reais, except otherwise indicated)

27. Subsequent events

On July 1, 2021, BTG Pactual reopened its 4.50% due 2025 Senior Unsecured Bond for US\$250 million at a yield to investors of 3.25%. With this reopening, the BTG 2025 Bond has an outstanding amount of US\$1.0 billion. The transaction was settled on July 12, 2021.

On August 2, 2021, the Bank provisioned R\$650,000, relating to interest on equity, equivalent to R\$0.06 per share, which generated R\$292,500 in tax benefits. These amounts were approved in the Special Shareholders' Meeting held on August 2, 2021.