

(A free translation of the original in Portuguese)

Banco BTG Pactual S.A.
Consolidated condensed interim
financial statements at
September 30, 2023
and report on review



(A free translation of the original in Portuguese)

Report on review of consolidated condensed interim financial statements

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

Introduction

We have reviewed the accompanying consolidated condensed interim balance sheet of Banco BTG Pactual S.A. and its subsidiaries ("Consolidated") as at September 30, 2023 and the related consolidated statements of income, comprehensive income for the three and nine month periods then ended and changes in equity and cash flows for the nine-month period then ended, and notes, comprising significant accounting policies and other explanatory information.

Management is responsible for the preparation and presentation of these consolidated condensed interim financial statements in accordance with the International Accounting Standard (IAS) 34 - "Interim Financial Reporting" issued by the International Accounting Standards Board (IASB). Our responsibility is to express a conclusion on these consolidated condensed interim financial statements based on our review.

Scope of review

We conducted our review in accordance with Brazilian and International Standards on Reviews of Interim Financial Information (NBC TR 2410 - "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" and ISRE 2410 - "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", respectively). A review of interim information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Brazilian and International Standards on Auditing and consequently did not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated condensed interim financial statements referred to above are not prepared, in all material respects, in accordance with the International Accounting Standard IAS 34 - "Interim Financial Reporting" issued by the International Accounting Standards Board (IASB).



Banco BTG Pactual S.A.

Emphasis

Deferred tax assets in consolidated subsidiary

As mentioned in note 18 to the consolidated condensed interim financial statements, the Bank has an investment in the subsidiary Banco Pan S.A., which, on September 30, 2023, recorded deferred tax assets arising from temporary additions in the calculation bases of Corporate Income Tax and Social Contribution, in the amount of approximately R\$ 3.5 billion, recognized based on expected realization of deferred tax assets. This projection of realization of deferred tax assets was reviewed by the management of Banco Pan S.A. based on a study of the current and future scenario and approved by the Board of Directors in August 1, 2023, whose main assumptions used were the macroeconomic, production and funding cost indicators. The realization of these deferred tax assets, in the estimated realization period, depends on the materialization of these projections and the business plan was approved by the management bodies. Our conclusion is not qualified in respect of this matter.

São Paulo, November 14, 2023

PricewaterhouseCoopers
Auditores Independentes Ltda.
CRC 2SP000160/O-5

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Contador CRC 1SP127241/O-0



Consolidated condensed interim financial
statements under IFRS

Banco BTG Pactual S.A.

Consolidated condensed interim financial statements under IFRS
Banco BTG Pactual S.A.

Balance sheet

(All amounts in thousands of reais)

	Note	09/30/2023	12/31/2022
Assets			
Cash	6	2,283,264	3,069,046
Financial instruments		438,275,932	398,146,160
Financial assets at fair value through profit or loss	7	190,546,661	156,996,525
Financial assets at fair value through other comprehensive income	8	22,881,074	16,455,650
Financial assets at amortized cost		224,848,197	224,693,984
Money market repurchase commitments	10	66,389,700	65,365,726
Interbank deposit investments	11	6,346,695	8,748,546
Deposited with the Central Bank		22,790,807	17,629,141
Credit operations	12	109,240,180	111,157,950
Marketable securities	13	17,531,370	15,431,811
Other receivables		2,549,445	6,360,809
Deferred tax assets	18	5,442,109	5,800,485
Other assets		33,816,702	27,044,878
Investments in affiliates and jointly-controlled subsidiaries	15	7,972,686	7,917,758
Property and equipment		518,678	508,618
Right-of-use		340,977	401,066
Intangible assets	16	9,759,896	10,253,420
Total assets		498,410,244	453,141,430
Liabilities			
Financial liabilities at fair value through profit or loss	7	60,613,871	62,834,530
Financial liabilities at amortized cost	14	333,587,609	297,156,935
Money market funding		103,659,546	87,139,332
Deposits		129,490,998	115,749,672
Acceptances and endorsements		71,190,286	67,944,679
Borrowings, onlendings and leases		13,241,204	18,103,247
Subordinated debts and debt instruments eligible to capital		16,005,576	8,220,005
Tax liabilities	5	3,243,049	2,178,344
Current		2,537,578	1,484,157
Deferred		705,472	694,187
Sundry liabilities		28,377,415	23,214,981
Other liabilities		10,661,471	9,268,805
Social and statutory liabilities		2,021,313	3,569,719
Provision for contingent liabilities	17	5,067,960	5,091,446
Provision for expected loss arising from credit risk for financial guarantees		343,953	275,636
Total liabilities		443,916,642	403,590,395
Equity			
Share capital	19	15,760,364	15,760,364
Treasury shares		(532,428)	(231,252)
Capital reserves		652,515	652,515
Revenue reserves		25,367,937	25,139,020
Retained earnings		5,393,728	-
Other comprehensive income		3,624,755	3,590,324
Total equity of controlling stockholders		50,266,871	44,910,971
Non-controlling interest		4,226,731	4,640,064
Total equity		54,493,602	49,551,035
Total liabilities and equity		498,410,244	453,141,430

See the accompanying notes to the consolidated condensed interim financial statements under IFRS.

Consolidated condensed interim financial statements under IFRS

Banco BTG Pactual S.A.

Condensed statement of income

(All amounts in thousands of reais, unless otherwise stated)

	Note	Quarters ended in:		Nine-month period ending in:	
		09/30/2023	09/30/2022 (Restated)	09/30/2023	09/30/2022 (Restated)
Net profit (loss) from financial instruments	21	5,211,569	4,927,267	16,278,884	15,458,999
Expected losses from credit risk		(661,308)	(708,108)	(1,897,793)	(2,428,760)
Net foreign exchange variations		252,695	265,274	1,324,437	1,040,740
Revenue from provision of services		2,521,166	2,170,568	6,485,757	6,031,443
Equity in the earnings of subsidiary, affiliates and jointly-controlled subsidiaries	15	343,037	258,731	1,010,507	667,467
Administrative expenses	22	(2,613,419)	(2,415,227)	(7,591,034)	(6,474,465)
Personnel expenses		(1,567,846)	(1,272,006)	(4,385,686)	(3,756,036)
Tax expenses		(436,716)	(371,003)	(1,380,870)	(1,160,874)
Other revenues / (expenses)		11,658	(299,284)	(1,640,045)	(1,684,839)
Operating profit before taxes		<u>3,060,836</u>	<u>2,556,212</u>	<u>8,204,157</u>	<u>7,693,675</u>
Income tax and social contribution	18	(371,855)	(441,223)	(911,612)	(1,621,674)
Provision for current income tax and social contribution		(446,311)	(152,086)	(1,278,832)	(727,735)
Provision for deferred income tax and social contribution		74,456	(289,137)	367,220	(893,939)
Net income for the period		<u>2,688,982</u>	<u>2,114,989</u>	<u>7,292,546</u>	<u>6,072,001</u>
Net income attributable to controlling stockholders		2,692,105	2,332,747	7,152,452	6,483,531
Net income attributable to non-controlling stockholders		(3,123)	(217,759)	140,094	(411,531)

See the accompanying notes to the consolidated condensed interim financial statements under IFRS.

Consolidated condensed interim financial statements under IFRS

Banco BTG Pactual S.A.

Condensed statement of comprehensive income

Periods ended September 30

(All amounts in thousands of reais)

	Quarters ended in:		Nine-month period ending in:	
	09/30/2023	09/30/2022 (Restated)	09/30/2023	09/30/2022 (Restated)
Net income for the period	2,688,982	2,114,989	7,292,546	6,072,001
Other comprehensive income with reclassification to profit or loss				
Change in carrying value adjustments - affiliates and jointly-controlled subsidiary	31,809	(64,048)	47,826	(64,373)
Change in carrying value adjustments of financial assets at fair value through other comprehensive income	(27,867)	(34,037)	(3,040)	24,141
Accumulated translation adjustments	(3,647)	41,307	(6,929)	27,556
Foreign exchange variations on foreign investments on non-monetary items	380,392	360,517	(653,379)	(875,371)
Hedge from foreign investments	(409,569)	(360,543)	637,740	875,925
Others	-	-	12,213	-
Total comprehensive income	2,660,100	2,058,185	7,326,977	6,059,879

See the accompanying notes to the consolidated condensed interim financial statements under IFRS.

Consolidated condensed interim financial statements under IFRS

Banco BTG Pactual S.A.

Condensed statements of changes in equity

Periods ended September 30

(In thousands of Reais, except for the amount of dividends per share)

	Note	Share capital	Capital reserves	Revenue reserve	Other comprehensive income	Treasury shares	Retained earnings	Total controlling stockholders	Total non-controlling stockholders	Total
Balances at December 31, 2021 (Restated)		15,760,364	652,515	20,111,693	3,774,191	-	-	40,298,763	3,710,967	44,009,730
Acquisition of treasury shares	19	-	-	-	-	(95,964)	-	(95,964)	-	(95,964)
Change in carrying value adjustments of affiliates and jointly-controlled subsidiary		-	-	69,619	(64,373)	-	-	5,246	-	5,246
Change in carrying value adjustments of financial assets at fair value through other comprehensive income		-	-	-	24,141	-	-	24,141	-	24,141
Accumulated translation adjustments		-	-	-	27,556	-	-	27,556	-	27,556
Foreign exchange variation on foreign investments		-	-	-	(875,371)	-	-	(875,371)	-	(875,371)
Hedge from foreign investments		-	-	-	875,925	-	-	875,925	-	875,925
Interim interest on equity (BRL 0.06 Per share)	19	-	-	-	-	-	(1,200,000)	(1,200,000)	-	(1,200,000)
Net income for the period		-	-	-	-	-	6,483,531	6,483,531	(411,531)	6,072,001
Allocations of net income										
Income reserve		-	-	200,494	-	-	(200,494)	-	-	-
Addition/(Decrease) in non-controlling interest		-	-	-	-	-	-	-	1,634,542	1,634,542
Balances at September 30, 2022 (Restated)		15,760,364	652,515	20,381,806	3,762,069	(95,964)	5,083,037	45,543,827	4,933,978	50,477,806
Balances at December 31, 2022		15,760,364	652,515	25,139,020	3,590,324	(231,252)	-	44,910,971	4,640,064	49,551,035
Acquisition of treasury shares	19	-	-	-	-	(301,176)	-	(301,176)	-	(301,176)
Change in carrying value adjustments of affiliates and jointly-controlled subsidiary		-	-	-	47,826	-	-	47,826	-	47,826
Change in carrying value adjustments of financial assets at fair value through other comprehensive income		-	-	-	(3,040)	-	-	(3,040)	-	(3,040)
Foreign exchange variation on foreign investments		-	-	-	(653,379)	-	-	(653,379)	-	(653,379)
Accumulated translation adjustments		-	-	-	(6,929)	-	-	(6,929)	-	(6,929)
Hedge from foreign investments		-	-	-	637,740	-	-	637,740	-	637,740
Goodwill/negative goodwill in acquisition of interest in subsidiaries		-	-	-	12,499	-	-	12,499	-	12,499
Net income for the period		-	-	-	-	-	7,152,452	7,152,452	140,094	7,292,546
Allocations of net income										
Interim interest on equity (BRL 0.07 Per share)	19	-	-	-	-	-	(1,530,000)	(1,530,000)	-	(1,530,000)
Income reserve		-	-	228,724	-	-	(228,724)	-	-	-
Others		-	-	193	(286)	-	-	(93)	-	(93)
Addition/(Decrease) in non-controlling interest	19	-	-	-	-	-	-	-	(553,427)	(553,427)
Balances at September 30, 2023		15,760,364	652,515	25,367,937	3,624,755	(532,428)	5,393,728	50,266,871	4,226,731	54,493,602

See the accompanying notes to the consolidated condensed interim financial statements under IFRS.

Consolidated condensed interim financial statements under IFRS

Banco BTG Pactual S.A.

Consolidated condensed statement of cash flows

Periods ended September 30

(All amounts in thousands of reais)

	Note	09/30/2023	09/30/2022 (Restated)
Operating activities			
Net income for the period		7,292,546	6,072,001
Adjustments to net income		1,033,968	4,022,423
Results from interests in affiliates and companies with shared control	15	(1,010,507)	(667,467)
Deferred tax assets	18	(367,220)	893,939
Provision for contingencies	17	(369,565)	253,094
Provision for expected losses associates with credit risk		1,897,793	2,428,760
Foreign exchange variation of permanent assets		49,545	228,570
Exchange-rate change on cash		53,492	33,086
Adjustment of judicial deposits and other		(142,591)	(101,777)
Depreciation and amortization		923,022	954,218
Adjusted net income for the period		8,326,514	10,094,424
Increase/decrease in operating activities			
Money market repurchase commitments		(1,076,276)	(33,805,609)
Interbank deposit investments		(1,521,658)	431,590
Credit operations		19,977	(9,826,932)
Marketable securities at amortized cost		(2,099,559)	(8,966,958)
Financial assets at fair value through profit or loss		(33,550,136)	(10,593,530)
Financial assets at fair value through other comprehensive income		(6,425,424)	(3,164,044)
Deferred tax assets		725,596	106,314
Other assets		(7,041,524)	(27,247,451)
Financial liabilities at fair value through profit or loss		(2,220,659)	20,490,405
Financial liabilities at amortized cost		8,879,283	11,725,965
Money market funding		16,520,214	32,833,730
Tax liabilities		1,064,706	16,355
Sundry liabilities		5,162,434	7,068,409
Other liabilities		(110,909)	4,005,226
Cash (used) / from operating activities		(13,347,421)	(6,832,106)
Investing activities			
Hedge from foreign investments		(637,740)	(875,952)
(Acquisition)/disposal of other investments	15	317,072	(657,636)
Dividends received	15	545,278	1,071,655
(Acquisition) / disposal of property and equipment		(104,098)	(72,850)
(Acquisition) / disposal of intangible assets	16	(267,761)	(1,073,665)
Cash (used in) / from investing activities		(147,250)	(1,608,448)
Financing activities			
Acquisition of treasury shares	19b	(301,176)	(95,964)
Proceeds from acceptances and issues of bonds		3,245,607	12,184,673
Subordinated debt and debt instruments eligible to equity		7,785,571	(404,305)
Non-controlling interest in equity		(413,333)	1,223,011
Interest on capital distributed	19	(1,530,000)	(1,200,000)
Cash flows from financing activities		8,786,669	11,707,415
Increase in cash and cash equivalents		(4,708,002)	3,266,861
Balances of cash and cash equivalents			
At the beginning of the period	25	76,556,439	50,276,002
Foreign exchange variations on cash and cash equivalents		(53,492)	(33,086)
At the end of the period		71,794,945	53,509,777
Increase in cash and cash equivalents		(4,708,002)	3,266,861

See the accompanying notes to the consolidated condensed interim financial statements under IFRS.

Consolidated condensed interim financial statements under IFRS

Banco BTG Pactual S.A.

1. Operating context

Banco BTG Pactual S.A. (“Bank” or “BTG Pactual”), established as a multiple bank, operates together with its subsidiaries (“BTG Pactual Group”), offering financial products and services related to trading and investment portfolios, credit, financing, leasing, insurance, foreign exchange, among others, in Brazil and in several locations abroad. The Bank’s headquarters is located at Praia de Botafogo, 501 – 5º floor – Torre Corcovado, in the city and state of Rio de Janeiro. Its main place of business is the office located at Av. Brigadeiro Faria Lima, 3477 – 14º floor (parte), in the city and state of São Paulo.

Operations are conducted in the context of a set of companies that operate in an integrated manner in the financial market, and certain operations have the intermediation of other companies that are part of the BTG Pactual Group. The Bank’s parent company is BTG Pactual Holding Financeira Ltda. (“Holding Financeira”), which is controlled by BTG Pactual G7 Holding S.A. through BTG Pactual Holding S.A. (“Holding”).

BTG Pactual has units listed on B3 S.A. in São Paulo. Each unit corresponds to 1 common share and 2 class A preferred shares.

2. Corporate reorganizations and acquisitions

Ourinvest Distribuidora de Títulos de Valores Mobiliários S.A.

On July 19, 2019, the Bank, through its investee BTG Pactual Asset Management S.A. DTVM, acquired 80% interest in Ourinvest Distribuidora de Títulos de Valores Mobiliários S.A. (“Ourinvest”), and the latter maintained its administrative and operational independence, despite being a member of BTG Pactual Conglomerate. The purchase and sale agreement also provided for the purchase option of the remaining shares of Ourinvest until 2022 in two tranches of 10% each (the option related to the first tranche was exercised in March 2021 and the second tranche in March 2022). On November 16, 2022, the transaction was concluded after satisfaction of all conditions precedent, including regulatory approvals.

On January 20, 2023, the company's name was changed from Ourinvest Distribuidora de Títulos e Valores Mobiliários S.A. to BTG Pactual Advisors Distribuidora de Títulos e Valores Mobiliários S.A.

Banco Pan S.A.

On April 5, 2021, a purchase and sale agreement was entered into between CaixaPar and Banco Sistema (controlled by BTG Pactual), for the acquisition of all common shares, registered and without par value, issued by Banco Pan and held by CaixaPar, representing 49.2% of the voting share capital of Banco Pan, equivalent to 26.8% of the share capital. For the conclusion of the operation, Banco Sistema paid CaixaPar the total amount of approximately BRL 3,7 billion, which corresponds to BRL 11.42 for each Share object of the operation. In May 2021, after having attested the satisfaction of all conditions precedent, including applicable regulatory approvals, the acquisition was settled.

In June 2022, the evaluation of the allocation of assets for the acquisition of Banco Pan S.A. was concluded, with no material effects on the lines of assets. However, the figures for 2021 (opening balance of these financial statements) and 2022 have been restated for comparative purposes (see note 3-f)

The final allocation of the price paid indicates the following amounts, including the effects of step acquisition indicated under IFRS 3 – business combination:

Consolidated condensed interim financial statements under IFRS

Banco BTG Pactual S.A.

	<u>BRL million</u>
Price Paid for the purchase of interest in Banco Pan on May 31 (26.84%)	3,694
Prior equity interest at fair value on May 31 (44.85%)	6,084
Non-controlling interest on the net fair value of assets and liabilities (28.31%)	2,305
(a) Subtotal	12,083
Banco Pan's Equity on May 31, 2021 (100%)	5,476
Capital gains on assets / liabilities and identified assets (100%)	4,849
Deferred tax related to capital gains and identified assets of the acquired position and minority interest	(1,203)
(b) Subtotal	9,122
(c) Goodwill related to Banco Pan (a - b):	2,960

(a) It refers to the fair value of Banco Pan (referring to 100% of ON and PN shares). The position previously held by Banco BTG S.A. was remeasured as required by IFRS 3 (Acquisition in stages), and this remeasurement generated a result of BRL 3,627 million.

(b) Related to the fair value of acquired assets and liabilities in obtainment of control

(c) The Bank's management did not identify indications of impairment in relation to goodwill on the acquisition of control of Banco Pan. (Note 16)

The intangible assets identified in the transaction were:

BRL million

Identified asset	Fair value calculated (referring to 100%)	Estimated useful life according to a report prepared by a specialized company
Client portfolio	1,607	8.4 years
Core deposits	553	10 years
Brand	278	N/A

Capital gains on assets and liabilities are written off according to the disposal (partial or total amortization) of the corresponding assets.

Acquisition of minority interest in CSD Central de Serviços de Registro e Depósito aos Mercados Financeiro e de Capitais S.A.

On January 24, 2022, the Bank communicated to shareholders and the market in general that it had signed, jointly with Santander Corretora de Seguros, Investimentos e Serviços S.A. and CBOE III, LLC, binding contracts for the acquisition of minority interest in CSD Central de Serviços de Registro e Depósito aos Mercados Financeiro e de Capitais S.A. ("CSD BR").

On May 26, 2022, the Bank confirmed, in view of the satisfaction of the applicable conditions precedent, the formalization of the operation related to the subscription of minority interest in CSD Central de Serviços de Registro e Depósito aos Mercados Financeiro e de Capitais S.A.

Acquisition of Elite Corretora de Câmbio e Valores Mobiliários Ltda.

On February 1, 2022, the Bank communicated to shareholders and the market in general the signing of definitive documents related to the acquisition of 100% (one hundred percent) of the capital of Elite Corretora de Câmbio e Valores Mobiliários Ltda.

This acquisition is part of the expansion strategy of BTG Pactual Digital in the investment advisory segment. On October 21, 2022, the transaction was concluded, after satisfaction of all conditions precedent, including regulatory approvals.

Consolidated condensed interim financial statements under IFRS

Banco BTG Pactual S.A.

Merger of shares of Mosaico Tecnologia ao Consumidor by Banco PAN S.A. (Controlled by BTG Pactual)

At October 03, 2021, Banco PAN S.A. (B3: BPAN4) signed an Agreement of Association and Other Covenants (“Association Agreement”) for the merger of all shares issued by Mosaico Tecnologia ao Consumidor S.A. (“Mosaico”) (B3: MOSI3), a native digital company that brings together the brands Zoom, Buscapé and Bondfaro, and which owns the largest platform of content and sales origination for e-commerce in Brazil (“Operação Mosaico”).

On March 11, 2022, the Board of Directors of Banco PAN confirmed the satisfaction of suspensive conditions regarding the effectiveness of Mosaico Operation, according to the Protocol and Justification of the Merger of Shares entered into between Banco PAN and Mosaico on October 26, 2021 and, therefore, stated that the resolutions of the Extraordinary General Meeting of Banco PAN held on December 1, 2021, including the merger of shares, became valid and effective, for all legal purposes and effects.

Acquisition of Banco BESA S.A.

On March 30, 2022, BTG Pactual agreed to acquire the share control of Banco BESA S.A. (“BESA”), as well as its subsidiaries. As communicated to the market on October 7, 2022, the transaction was concluded after regulatory approvals. The transaction complements the strategy of BTG Pactual, focused on the acquisition and recovery of defaulted loan portfolios and purchase of alternative financial assets.

The purchase price allocation (“PPA”) report, prepared by an independent company specialized in asset valuation, was completed in accordance with relevant regulatory deadlines, with no material impact on the lines of assets and liabilities.

FIS Privatbank S.A.

On March 23, 2023, Banco BTG Pactual S.A. communicated to shareholders and the market in general that one of its subsidiaries signed definitive documents referring to the acquisition of 100% (one hundred percent) of the capital of a financial institution headquartered in Luxembourg, FIS Privatbank S.A., for EUR 21.3 million. On September 20, 2023, the transaction was concluded after satisfaction of all condition’s precedent, including regulatory approvals.

Offers

Subordinated Financial Notes

On June 30, 2023, the Bank issued Subordinated Financial Notes that served as guarantee for Funding via Agribusiness Receivables Certificates issued by Opea Securitizadora S.A., totaling an offer amount of BRL 3,500,100 (three billion, five hundred million and one hundred thousand reais), divided into four series. Said Notes will mature on July 15, 2033, with principal balances being fully amortized on the maturity date and semi-annual interest payments.

On August 31, 2023, the Bank issued BRL 3,500,100 (three billion, five hundred million and one hundred thousand reais) of Subordinated Financial Notes, divided into four series. Said Notes will mature on September 15, 2033, with principal balances being fully amortized on the maturity date and semi-annual interest payments.

Consolidated condensed interim financial statements under IFRS

Banco BTG Pactual S.A.

Approval of share repurchase program

On January 11, 2022, the Bank communicated to stockholders and the market in general that the Bank's Board of Directors, at a meeting held on January 10, 2022, approved the share repurchase program, under the following conditions ("Repurchase Program"):

- Repurchase with the aim of providing better conditions to carry out the efficient investment of available cash resources in order to maximize the allocation of the Bank's capital;
- Acquisition of up to BRL 1,000,000,000.00, observing in every case the limits set forth in CVM Instruction 567;
- Non-existence, at BTG Pactual, of BPAC11 units or treasury shares;
- Maintenance, in treasury, of BPAC11 units acquired under the Program;
- Definition of a period of up to 18 months for the acquisitions, being the Executive Board responsible for deciding the best time to make the acquisitions; and
- Intermediation of BTG Pactual CTVM S.A. and operations conducted in accordance with the current regulation.

The Bank will keep regulators and the market in general informed about the Repurchase Program.

3. Presentation of consolidated condensed interim financial statements

a. Basis of preparation

The condensed consolidated interim financial statements in accordance with the Bank's IFRS were prepared in accordance with the international accounting standard IAS 34 - Interim Financial Reporting, issued by the International Accounting Standards Board (IASB).

This quarterly information is presented in line with the concept of selected explanatory notes without repeating certain explanatory notes previously disclosed, but with an indication of the changes that occurred in the period and, therefore, should be read in conjunction with the annual financial statements for the year ending December 31, 2022, disclosed on May 26, 2023. The list of these explanatory notes is presented below:

N °	Title	Page
15	Other assets	48
18	Tax liabilities	50
19	Sundry liabilities	50
20	Other liabilities	50
27	Other revenues / (expenses)	59

b. Judgment and significant accounting estimates

In the process of preparing the consolidated condensed interim financial statements under IFRS of the Bank, the Management has exercised judgment and used estimates to calculate certain amounts recognized in the consolidated condensed interim financial statements under IFRS. The most relevant application of exercise of judgment and use of estimates occur at:

Going concern

Management evaluated the ability of the Bank and its subsidiaries for going concern normally and is convinced that they have sufficient funds to continue operating. Additionally, Management is not aware

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of any material uncertainty that may generate significant doubts about its ability to continue operating. Therefore, the condensed consolidated interim financial statements under IFRS were prepared based on this principle.

Expected credit loss

The measurement of expected credit loss reflects the use of significant assumptions, as described below:

- **Term:** The Bank considers the maximum contractual period over which it will be exposed to the credit risk of the financial instrument. Assets that do not have a specific maturity have an estimated life expectation based on the period of exposure to credit risk. Additionally, all contractual terms are considered when determining expected life, including prepayment and rollover options.
- **Forward-looking information:** IFRS 9 – Financial Instruments requires a weighted and unbiased estimate of credit loss that embodies forecasts of future economic conditions. BTG Pactual uses macroeconomic information and public information on the market with projections prepared internally to determine the impact of said estimates in determining the expected credit loss.
- **Probability-weighted loss scenarios:** the Bank uses weighted scenarios to determine the expected credit loss over an adequate observation horizon, through analyses carried out by the credit risk team, also taking into account the characteristics of the papers (maturity, issuer, economic scenario, among others).
- **Criteria for significant increase or decrease in credit risk:** in each period of the Financial Statements under IFRS, BTG Pactual assesses whether the credit risk on a financial asset has increased significantly using relative and absolute indicators, according to the nature of each product.

BTG Pactual assesses whether the credit risk has increased significantly on individual (case by case) or collective basis. For collective valuation purposes, financial assets are grouped based on shared credit risk characteristics, taking into account the type of instrument, credit risk ratings, date of initial recognition, remaining term, branch, geographic location of the counterparty among several other factors.

Fair value of financial instruments

The fair value of financial instruments is calculated using pricing techniques based on assumptions, which take into account information and market conditions. Main assumptions: historical data and information of similar transactions. For more complex or illiquid instruments, significant judgment is required to determine the model used by selecting specific data and in some cases, valuation adjustments are applied to the model value or quoted price for financial instruments that are not actively traded.

Deferred tax assets

Deferred tax assets are recognized on tax losses to the extent that is likely that the taxable profit will be available in the period in which the losses may be used. A criterion is required to establish the amount of future deferred taxable asset that should be recognized, based on the probable flow of future taxable profit and together with tax planning strategies, if any.

c. IFRS pronouncements reviewed

❖ Accounting pronouncements recently issued and applicable in 2023 or in future periods.

The following pronouncements became effective in 2023 or will be effective for periods after the date of these consolidated condensed interim financial statements under IFRS and were not adopted in advance:

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- IFRS 17 - Insurance Contracts: The pronouncement replaces IFRS 4 – Insurance Contracts and presents three evaluation approaches:
 - Standard Model: applicable to all insurance contracts without direct participation;
 - Premium Allocation Approach (PAA): applicable to contracts lasting up to 12 months or when it produces results similar to those that would be obtained if the standard model were used. It is more simplified than the standard model;
 - Variable Fee Approach: applicable to insurance contracts with direct participation. Insurance contracts that are substantially service contracts related to investments under which an entity promises a return on investment based on the underlying items.

Insurance contracts must be recognized through the analysis of the following items:

- Expected future cash flows: estimate of all components of the contractual cash flow;
 - Adjustment to the Risk: estimate of the offset required due to the deviations that may occur between cash flows;
 - Contractual margin: difference between any amounts received before the beginning of the contractual coverage and the present value of estimated cash flows at the beginning of the contract;
 - Discount: projected cash flows shall be discounted to present value, so as to reflect the time value of money, at rates that reflect the characteristics of the respective flows. This standard is effective for years started as of January 1, 2023. The possible impacts are being evaluated and will be completed by the date on which the standard enters into force.
- Amendment to IFRS 17 - The effectiveness of the standard begins on January 1, 2023, and the transition date corresponds to the previous year, January 1, 2022, with the transition impacts recorded directly in Equity, in Retained Earnings, when applicable and relevant. In our impact analyses, it was observed that the transition to IFRS 17 and the reassignment of financial assets resulted in irrelevant impacts on the Bank's Equity and results under IFRS, considering the characteristics of the insurance products sold by the group, as well as due to the relevance of insurance operations in the financial statements in IFRS. Additionally, the adoption of the standard will not result in regulatory and prudential impacts, since such limits, for BACEN purposes, are determined based on the Prudential Consolidated, in accordance with accounting standards and principles applicable to institutions authorized to operate by BACEN. In the case of the insurance activity regulator (SUSEP), operational and Solvency limits continue to be determined in accordance with local regulations, applicable to entities supervised by SUSEP.
 - Amendments to IAS 1 – Presentation of Financial Statements – Requires that only information on material accounting policies be disclosed, eliminating disclosures of information that duplicate or summarize the requirements of IFRS standards. These amendments are effective for years beginning on January 1, 2023 and have no financial impact. There was no material impact regarding changes in disclosure.
 - Amendments to IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors – Includes the definition of accounting estimates: monetary values subject to uncertainties in their measurement. Examples of accounting estimates are the expected credit loss and the fair value of an asset or liability. This amendment is effective for years started on January 1, 2023 and the analyses regarding the changes in disclosure concluded that there was no relevant impact on the consolidated condensed interim statements.

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- Amendments to IAS 12 – Income Taxes – Clarifies that the exemption for accounting of deferred taxes arising from temporary differences generated in the initial recognition of assets or liabilities do not apply to lease operations. These amendments are effective for the years started on January 1, 2023 did not materially impact the consolidated condensed interim financial statements.
- Amendments to IAS 12 – Income Tax issued on May 23, 2023, allowing companies a temporary exemption for accounting for deferred tax arising from the international reform of income tax implemented by the OECD (Organization for Economic Co-operation and Development), known as “Pillar Two”. These amendments are effective for the years started on January 1, 2023, but they are not required for the disclosure in the consolidated condensed interim statements for 2023. The possible impacts are being evaluated and will be completed by the date on which the standard enters into force.
- Amendments to IAS 7 – Statement of Cash Flow and IFRS 7 – Financial Instruments: Disclosures issued in May 2023 increasing the disclosure requirements for supplier financing agreements and their effect on a company’s liabilities, cash flows and exposure to liquidity risk. These amendments will become effective as from January 1, 2024. The possible impacts are being evaluated and will be completed by the date on which the standard enters into force.

d. Consolidated condensed interim financial statements

The Bank’s IFRS statements comprise the condensed consolidated interim financial statements of the Bank, its branches abroad, direct and indirect subsidiaries in Brazil and abroad, as well as investment funds and special purpose entities (SPE). Control exists where the Bank has the power to manage the entity’s financial and operating policies, generally attributed to holding a majority of voting rights, and is exposed to varying returns from its involvement with its investees and has the ability to use its power to affect that return.

The accounting practices adopted in the recording of operations and in the evaluation of the rights and obligations of the Bank, direct and indirect subsidiaries, and investment funds with relevant investment in consolidated companies, included in the consolidation, were consistently applied, and the investments, assets, liabilities and results existing and/or determined between the consolidated entities were eliminated. The table below lists the Bank’s main direct and indirect subsidiaries, including investment funds, consolidated in the condensed consolidated interim financial statements in IFRS.

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	Country	Interest in total capital - %	
		09/30/2023	12/31/2022
Subsidiaries			
BTG Pactual Cayman Branch	Cayman	100.00%	100.00%
BTG Pactual Corretora de Títulos e Valores Mobiliários S.A.	Brazil	99.99%	99.99%
Banco Sistema S.A.	Brazil	99.97%	99.97%
Banco Pan S.A.	Brazil	74.10%	73.95%
Banco BESA S.A.	Brazil	100.00%	96.50%
ECTP Brasil S.A. (i)	Brazil	100.00%	-
Indirect subsidiaries			
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 Capital S.A. Corredores de Bolsa	Chile	100.00%	100.00%
BTG Pactual Holding Participações S.A	Brazil	99.99%	99.99%
BTG Pactual Oil & Gas S.A.R.L.	Luxembourg	100.00%	100.00%
BTG Pactual COMM, (CH) SA	Switzerland	100.00%	100.00%
BTG Pactual AM US, LLC	Brazil	100.00%	100.00%
Banco BTG Colombia S.A	Colombia	100.00%	100.00%
ECTP Brasil S.A. (i)	Brazil	-	100.00%
Investment funds			
BTG Pactual Absolute Return Master Fund	Cayman	100.00%	100.00%
FIDC FGTS	Brazil	100.00%	100.00%
Fundo de Investimento Multimercado CP LS Investimento no Exterior	Brazil	100.00%	100.00%
FIDC NP Alternative Assets I	Brazil	100.00%	100.00%
Warehouse FIP	Brazil	100.00%	100.00%
BTGP Consignados II FIDC (ii)	Brazil	100.00%	-
Clave Total Return Master FIM	Brazil	82.71%	70.65%
BTGP Consignados FIDC (ii)	Brazil	100.00%	-
FIDC NP Alternative Assets III	Brazil	100.00%	100.00%
Clave Alpha Macro Participações FIC FIM	Brazil	-	90.52%

(i) In June 2023, ECTP Brasil S.A. became the Bank's direct investment.

(ii) Fund established in 2023.

e. Functional currency

The items included in the financial statements of the Bank and subsidiaries are measured using the currency of the primary economic environment in which the Bank operates ("the functional currency"). Consolidated condensed interim financial statements under IFRS are presented in reais (BRL), which is the functional currency of the controlling stockholder, the Bank. The rate used for translating assets and liabilities into foreign currency is that of the closing date, while the profit or loss accounts are translated into monthly average rates.

The financial currencies of subsidiaries, whose functional currency is different from that adopted by the Bank, are translated into the Bank's functional currency using the criteria of IAS 21.

The currency translation effects of subsidiaries headquartered abroad, with a functional currency different from the parent company, are recorded in equity and presented in the consolidated statement of comprehensive income, as well as the result of the hedge on these investments, when applicable.

f. Comparative financial statements restatement

In the financial statements of December 31, 2022, the Company adjusted with an impact on the balances as of December 31, 2021 (opening balances). The adjustments made resulted in the restatement of Equity (reduction of BRL 632,517).

Also, in these financial statements, the comparative balances of the statement of income were negatively adjusted by BRL 265,054 (net of tax effects) to reflect the amortization of capital gains referring to the first 9 months of the 2022 fiscal year.

The adjustments refer to the final assessment of the fair value of assets and liabilities (and corresponding amortizations) arising from the acquisition of control of Banco Pan (see note "2. Corporate reorganizations

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and acquisitions"). In June 2022, the evaluation of the Purchase Price Allocation (PPA) was completed, within the period allowed by IFRS 3 and, therefore, the information determined in the PPA applied to the 2021 and 2022 fiscal years resulted in impacts on the following items: "Deferred Tax Assets", "Intangible Assets" and Equity.

The nature of the changes is due to the application of the assumptions established for the recognition of the identified intangibles, as well as the respective applicable deferred taxation.

4. Significant accounting policies

The condensed consolidated interim financial statements were prepared based on the international standards in force until September 30, 2023. There were no significant changes in the accounting practices and policies adopted by the Bank when compared to the most recent annual financial statement. Except for the changes provided for by IFRS 17, the other accounting practices adopted by the Bank are described in explanatory note 3 of the Financial Statements in IFRS as of December 31, 2022. The conceptual changes are described below.

- IFRS 17 - Insurance Contracts: The pronouncement replaces IFRS 4 – Insurance Contracts and presents three evaluation approaches:
 - Standard Model: applicable to all insurance contracts without direct participation;
 - Premium Allocation Approach (PAA): applicable to contracts lasting up to 12 months or when it produces results similar to those that would be obtained if the standard model were used. It is more simplified than the standard model;
 - Variable Fee Approach: applicable to insurance contracts with direct participation. Insurance contracts that are substantially service contracts related to investments under which an entity promises a return on investment based on the underlying items.

Insurance contracts must be recognized through the analysis of the following items:

- Expected future cash flows: estimate of all components of the contractual cash flow;
 - Adjustment to the Risk: estimate of the offset required due to the deviations that may occur between cash flows;
 - Contractual margin: difference between any amounts received before the beginning of the contractual coverage and the present value of estimated cash flows at the beginning of the contract;
 - Discount: projected cash flows shall be discounted to present value, so as to reflect the time value of money, at rates that reflect the characteristics of the respective flows. This standard is effective for years started as of January 1, 2023. The possible impacts are being evaluated and will be completed by the date on which the standard enters into force.
- Amendment to IFRS 17 - The effectiveness of the standard begins on January 1, 2023, and the transition date corresponds to the previous year, January 1, 2022, with the transition impacts recorded directly in Equity, in Retained Earnings, when applicable and relevant. In our impact analyses, it was observed that the transition to IFRS 17 and the reassignment of financial assets resulted in irrelevant impacts on the Bank's Equity and results under IFRS, considering the characteristics of the insurance products sold by the group, as well as due to the relevance of insurance operations in the financial statements in IFRS. IFRS 17 establishes retrospective application as a new adoption norm. Thus, in the preparation of September 2023 financial statements, the Company applied adjustments to the opening balances in December 2022. The effect from these adjustments is BRL 16,047 decrease in stockholder equity. Further explanation

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on the reconciliation of the Balance Sheet and Income Statements between IFRS 4 and IFRS 17 are provided below.

	<u>2022 (Presented)</u>	<u>IFRS 17 Adjustments</u>	<u>2022 (Restated)</u>
Assets			
Deferred tax assets	5,787,356	13,129	5,800,485
Other assets	28,013,030	(968,153)	27,044,877
Total assets	454,096,453	(955,024)	453,141,429
Liabilities			
Other liabilities	10,207,782	(938,977)	9,268,805
Total liabilities	404,529,372	(938,977)	403,590,395
Equity			
Revenue reserves	25,155,067	(16,047)	25,139,020
Total equity	49,567,081	(16,047)	49,551,034

5. Risk management

Risk Management at BTG Pactual is carried out through the involvement of all instances of management and control of the Institution. The Bank's Board of Directors, pursuant to CMN Resolution 4557/2017, is the body responsible for setting risk appetite levels, approving and reviewing policies, strategies and risk limits, capital management policies and strategies, the stress test program, business continuity management policy, among other activities. The Executive Board is responsible for formulating policies, defining risk-related guidelines and overseeing risk management and control processes. Below, there is a set of committees and risk areas, responsible for carrying out risk management and control activities.

The main committees and areas involved in risk management activities are: (i) Executive Board's meeting, which defines global policies and limits and is responsible for managing our risks; (ii) Risk Committee, which assesses the execution of policies, compliance with limits and conducts risk monitoring; (iii) Risk and capital Committee, composed of independent members who evaluate the results of risk management and strategies; (iv) New Products Committee, which assesses the feasibility and oversees the implementation of new business and product proposals; (v) Credit Risk Area, which is responsible for approving new credit operations in accordance with the guidelines established by our Chief Risk Officer ("CRO"), (vi) Market Risk area, which is responsible for monitoring market risk, including the use of our risk limits (VaR), and for the approval of exceptions; (vii) Operating Risk area, which assesses the main operating risks considering the internal policies and regulatory limits established; (viii) Compliance Committee, which is responsible for establishing Anti Money Laundry ("AML") rules and reporting potential issues involving money laundering; (ix) CRO, who is responsible for monitoring liquidity risk, including cash position and capital structure management; (x) Audit Committee, which is responsible for carrying out independent assessment of the adequacy of internal controls, and for evaluating the maintenance of accounting records; (xi) Socio-environmental Risk area which assesses socio-environmental risks, in accordance with the principles of relevance and proportionality, as well as manages and reduces adverse social and environmental impacts resulting from our operations and activities; (xii) ESG Committee which is responsible for overseeing and managing the implementation of ESG policies and practices, processes and procedures for social, environmental and climate risks, ensuring the Bank's adherence to these guidelines.

The Bank monitors and controls risk exposure through a variety of different but complementary credit, financial, operational, compliance, tax and legal internal systems. We believe that the involvement of the committees/areas (including their subcommittees) with the continuous management and control of risks promotes a culture of strict risk control across the organization. The Bank's committees are made up of senior members of the business units and senior members of the control departments, who are independent from the business areas. Further risk management details are available at [www.btgpactual.com](#), in the Corporate Governance / Risk Management section.

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a. Operating limits

	<u>09/30/2023</u>	<u>12/31/2022</u>
Consolidated equity (i)	47,772,327	42,371,767
Level I	44,320,916	39,349,820
Core capital	43,897,097	38,920,976
Supplementary Capital	423,819	428,844
Level II	<u>14,546,903</u>	<u>7,090,539</u>
Reference Equity (PR) (a)	<u>58,867,819</u>	<u>46,440,359</u>
Capital requirement (PRE)	27,133,897	24,672,681
Total risk-weighted exposure - (b)	<u>339,173,710</u>	<u>308,408,513</u>
Credit risk	229,711,828	236,523,528
Operating risk	29,844,615	23,527,597
Market risk	79,617,267	48,357,389
Basel Ratio - (a/b)	17.4%	15.1%
Tier I Capital	13.1%	12.8%
Tier II Capital	4.3%	2.3%
Property and equipment consumption index	62.3%	56.5%
Property and equipment limit (LI)	29,433,909	23,220,179
Property and equipment limit situation	18,327,594	13,126,907
Value of margin or insufficiency	11,106,316	10,093,272

(i) The limits are calculated based on the Prudential Consolidated, in accordance with accounting standards and principles applicable to institutions authorized to operate by BACEN.

CMN Resolutions 4,955 and 4,958, of 2021, became effective in January 2022, were observed, and provide the criteria for calculating installments and capital requirements, including the minimum requirement of Reference Equity (PR), Tier I Capital and Core Capital and Core Capital Additions. For determination of risk, the procedures set forth in Circular Letters 3644, 3652, 3679, of 2013, and 3696, of 2014 were observed for credit risk, in Circular Letters 3634, 3635, 3636, 3637, 3638, 3639, 3641 and 3645, of 2013, and Circular-Letter 3498, of 2011, for market risk, and Circular Letters 3640 and 3675, of 2013, for operating risk, all published by the Central Bank of Brazil.

The Bank opted for the basic indicator approach for measuring operating risk.

In the period ended September 30, 2023 and in the year ended December 31, 2022, all prudential and operating limits are fully complied with.

b. Market risk

Value at Risk (VaR) measures the potential loss on financial instruments due to adverse market events over a defined time horizon with a specified level of confidence. Along with stress tests, VaR is used to measure the exposure of our financial instruments to market risk. We use historical simulation with full remeasurement of instruments to calculate VaR, preserving real distributions and the correlation between assets, not making use of approximations (Greek approximations) and normal distributions. Our VaR can be measured and indicated according to different periods, historical data and levels of confidence. The accuracy of the market risk methodology is tested using daily back-testing, which compares the adherence between the VaR estimates and the realized gains and incurred losses.

The VaR shown below was calculated for a period of one day, level of confidence of 95.0% and one year of historical data. A 95.0% level of confidence means that there is a one in twenty chance that net trading revenues will be below the estimated VaR. Accordingly, shortfalls in net trading revenues on a single trading day greater than the VaR presented are expected and estimated to occur, on average, approximately once a month. Shortfalls on a single day can exceed the VaR by significant amounts; and they can also occur more

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frequently or accumulate over a longer period, such as several consecutive trading days. Given its reliance on historical data, VaR accuracy is limited in its ability to predict unprecedented market changes, as historical distributions in market risk factors cannot produce accurate estimates of future market risk. Different VaR methodologies and statistical distribution estimates can produce a substantially different VaR. Furthermore, the VaR calculated for a period of one day does not capture the market risk of positions that cannot be liquidated or offset with hedges within a period of one day. As mentioned earlier, we use models in stress tests as a complement to VaR in our daily risk activities.

The following table contains the daily average VaR of the Bank and its subsidiaries for the periods ended in:

In BRL million	September 2023	December 2022
VaR daily average	157.5	132.7

c. Credit risk

All counterparties of the Bank and its subsidiaries are submitted to a strict credit analysis process, whose main focus is to assess the borrower's payment capacity, based on cash flow simulations, leverage and debt schedule, quality of assets, interest hedge and working capital. Qualitative aspects, such as strategic orientation, business sector, areas of expertise, efficiency, regulatory environment and market share, are systematically evaluated and complement the credit analysis process. Counterparty credit limits are established by the Credit Risk area and are reviewed regularly. Measurement and follow-up of exposure to credit risk includes all financial instruments able to generate counterparty risk, such as private securities, derivatives, guarantees provided, and transactions' possible settlement risks, among others.

The maximum exposures of financial assets segregated by geographic region are shown below:

	September 2023				
	Brazil	United States	Europe	Other	Total
Assets					
Cash	138,424	383,156	1,124,099	637,585	2,283,264
Financial instruments	369,371,988	11,740,477	6,616,151	50,547,316	438,275,932
Financial assets at fair value through profit or loss	155,483,409	6,702,441	3,106,982	25,253,829	190,546,661
Financial assets at fair value through other comprehensive income	18,228,242	-	-	4,652,832	22,881,074
Financial assets at amortized cost	195,660,337	5,038,036	3,509,169	20,640,655	224,848,197
Open market deposits	63,580,112	-	2,217,314	592,274	66,389,700
Interbank deposit investments	2,077,280	2,480,494	403,950	1,384,970	6,346,695
Deposited with the Central Bank	22,790,807	-	-	-	22,790,807
Credit operations	87,131,323	2,557,542	887,904	18,663,411	109,240,180
Marketable securities	17,531,370	-	-	-	17,531,370
Other receivables	2,549,445	-	-	-	2,549,445
Total	369,510,412	12,123,634	7,740,250	51,184,901	440,559,196
	December 2022				
	Brazil	United States	Europe	Other	Total
Assets					
Cash	215,917	680,946	354,082	1,818,100	3,069,046
Financial instruments	326,702,151	16,498,993	9,261,452	45,683,564	398,146,160
Financial assets at fair value through profit or loss	130,134,087	5,311,441	2,445,144	19,105,853	156,996,525
Financial assets at fair value through other comprehensive income	13,014,331	27,618	-	3,413,701	16,455,650
Financial assets at amortized cost	183,553,733	11,159,934	6,816,308	23,164,009	224,693,984
Open market deposits	56,633,499	2,218,703	6,228,862	284,663	65,365,726
Interbank deposit investments	719,863	6,287,113	-	1,741,570	8,748,546
Deposited with the Central Bank	17,629,141	-	-	-	17,629,141
Credit operations	86,837,544	2,654,007	574,608	21,091,791	111,157,950
Marketable securities	15,418,863	111	12,838	-	15,431,811
Other receivables	6,314,823	-	-	45,986	6,360,809
Total	326,918,067	17,179,939	9,615,534	47,501,664	401,215,205

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d. Asset liquidity analysis

In volatile markets or when the trading of a security in the market is impaired, the liquidity of the Bank's portfolio positions may be reduced. In such cases, the Bank may not be able to sell some assets, which would adversely affect its ability to balance its portfolio or respond to redemption requests. Furthermore, such circumstances may force the Bank to sell assets at reduced prices, adversely affecting its performance. If there are no other market players to sell them at the same time, the Bank may not be able to sell these assets or avoid related losses. If the Bank incurs substantial trading losses, the need for liquidity could increase considerably while its access to liquidity could be impaired. Along with a market downturn, the Bank's counterparties could incur losses, weakening their financial condition and increasing the Bank's credit risk to them.

In accordance with its policy, the Bank regularly monitors its liquidity position. The table below summarizes the expected cash flows for the Bank and its subsidiaries In the period ended September 30, 2023 and in the year ended December 31, 2022:

	September 2023		
	Up to 12 months	Over 12 months	Total
Assets			
Cash	2,283,264	-	2,283,264
Financial instruments	344,366,146	93,909,786	438,275,932
Financial assets at fair value through profit or loss	176,944,517	13,602,144	190,546,661
Financial assets at fair value through other comprehensive income	9,266,079	13,614,995	22,881,074
Financial assets at amortized cost	158,155,550	66,692,646	224,848,197
Money market repurchase commitments	66,389,619	81	66,389,700
Interbank deposit investments	6,336,940	9,755	6,346,695
Deposited with the Central Bank	22,790,807	-	22,790,807
Credit operations	56,078,035	53,162,145	109,240,180
Marketable securities	5,395,836	12,135,534	17,531,370
Other receivables	1,164,313	1,385,132	2,549,445
Tax assets - Deferred	-	5,442,109	5,442,109
Other assets	17,801,976	16,014,726	33,816,702
Investments in affiliates and jointly-controlled subsidiaries	-	7,972,686	7,972,686
Property and equipment	-	518,678	518,678
Right-of-use	-	340,977	340,977
Intangible assets	-	9,759,896	9,759,896
Total Assets	364,451,387	133,958,857	498,410,244
	December 2022		
	Up to 12 months	Over 12 months	Total
Assets			
Cash	3,069,046	-	3,069,046
Financial instruments	316,622,392	81,523,767	398,146,160
Financial assets at fair value through profit or loss	151,610,500	5,386,025	156,996,525
Financial assets at fair value through other comprehensive income	6,262,029	10,193,621	16,455,650
Financial assets at amortized cost	158,749,863	65,944,121	224,693,984
Money market repurchase commitments	65,291,081	74,645	65,365,726
Interbank deposit investments	8,724,472	24,075	8,748,546
Deposited with the Central Bank	17,629,141	-	17,629,141
Credit operations	57,940,120	53,217,830	111,157,950
Marketable securities	4,849,153	10,582,658	15,431,811
Other receivables	4,315,896	2,044,913	6,360,809
Tax assets - Deferred	-	5,800,485	5,800,485
Other assets	15,192,917	11,851,961	27,044,878
Investments in affiliates and jointly-controlled subsidiaries	-	7,917,758	7,917,758
Property and equipment	-	508,618	508,618
Right-of-use	78,804	322,262	401,066
Intangible assets	-	10,253,420	10,253,420
Total Assets	334,963,159	118,178,271	453,141,430

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e. Liquidity risk

The Bank and its subsidiaries manage liquidity risk by concentrating their portfolio on high credit quality and highly liquid assets, using funds obtained from top-tier counterparties at competitive rates. The Bank and its subsidiaries maintain a strong capital structure and a low level of leverage. Possible mismatches between assets and liabilities are monitored considering impact of extreme market conditions to evaluate its ability to realize assets or decrease the leverage. The collaterals for operations are also periodically monitored.

The table below summarizes the contractual cash flow for the Bank and its subsidiaries In the period ended September 30, 2023 and in the year ended December 31, 2022:

	September 2023		
	Up to 12 months	Over 12 months	Total
Liabilities			
Financial liabilities at fair value through profit or loss	49,279,777	11,334,094	60,613,871
Financial liabilities at amortized cost	244,192,366	89,395,243	333,587,609
Money market funding	100,808,566	2,850,980	103,659,546
Deposits	111,173,115	18,317,883	129,490,998
Acceptances and endorsements	28,142,478	43,047,808	71,190,286
Borrowings, onlendings and leases	4,068,208	9,172,996	13,241,204
Subordinated debts and debt instruments eligible to capital	-	16,005,576	16,005,576
Tax liabilities	2,287,113	955,936	3,243,049
Sundry liabilities	26,561,349	1,816,066	28,377,415
Other liabilities	5,815,100	4,846,371	10,661,471
Social and statutory liabilities	2,021,313	-	2,021,313
Provision for contingent liabilities	291,331	4,776,630	5,067,960
Provision for expected loss arising from credit risk for financial guarantees	278,405	65,549	343,953
Total liabilities	330,726,754	113,189,888	443,916,642

	December 2022		
	Up 12 months	Over 12 months	Total
Liabilities			
Financial liabilities at fair value through profit or loss	58,322,379	4,512,151	62,834,530
Financial liabilities at amortized cost	218,037,044	79,119,891	297,156,935
Money market funding	78,342,684	8,796,648	87,139,332
Deposits	104,464,297	11,285,375	115,749,672
Acceptances and endorsements	27,686,963	40,257,716	67,944,679
Borrowings, onlendings and leases	7,543,100	10,560,147	18,103,247
Subordinated debts and debt instruments eligible to capital	-	8,220,005	8,220,005
Tax liabilities	-	2,178,344	2,178,344
Sundry liabilities	21,838,699	1,376,282	23,214,981
Other liabilities	8,665,889	602,916	9,268,805
Social and statutory liabilities	3,569,719	-	3,569,719
Provision for contingent liabilities	302,812	4,788,634	5,091,446
Provision for expected loss arising from credit risk for financial guarantees	82,088	193,548	275,636
Total liabilities	310,818,629	92,771,766	403,590,395

f. Operating risk

Aligned with the guidelines of Bacen and the concepts of the Basel Committee, the Bank defined an operating risk management policy applicable to the Bank and its subsidiaries in Brazil and abroad.

The policy consists of a set of principles, procedures and instruments that provide permanent adequacy of the risk management to the size, nature and complexity of the Bank's products, services, activities, processes and systems.

The Bank and its subsidiaries have a strong operating risk management culture, which is based on risk assessment, monitoring, simulation and validation, and on consistent internal controls. There is constant improvement of operating risk management and control mechanisms, aimed at complying with regulatory requirements and the guidelines of regulatory bodies, quickly adapting to changes and anticipating trends, among which we can mention the new proposals for the revision of Basel.

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g. Social and environmental risk (ESG)

BTG Pactual understands social, environmental and climate risks as: financial losses or damages to image and reputation as a result of socio-environmental damages. It includes the possibility of losses for the institution caused, directly or indirectly, by events associated with the transition to a low-carbon economy, in which the emission of greenhouse gases is reduced or offset; and by events associated with extreme environmental conditions, which may be related to changes in weather patterns.

BTG Pactual, in conducting its business, activities and operational processes, assumes commitments based on responsible and sustainable business practices, balancing economic, financial, regulatory, environmental, social and climate aspects in its operations. We believe that sound business practices and corporate responsibility are long-term fundamentals that should be applied daily to create value to stockholders and clients through long-term sustainable growth.

For up-to-date information about management of the aforementioned risks and regarding ESG, please refer to our annual reports published on the IR page, as well as our ESG page.

6. Cash

The breakdown of this caption is shown in the table below:

	<u>09/30/2023</u>	<u>12/31/2022</u>
Cash	2,283,264	3,069,046
	<u>2,283,264</u>	<u>3,069,046</u>

The balance of this caption refers basically to bank deposits abroad.

7. Financial assets and liabilities at fair value through profit or loss

a. Summary

Assets	<u>09/30/2023</u>	<u>12/31/2022</u>
Marketable securities	129,476,796	92,001,575
Loans and advances to clients	3,534,317	3,605,244
Derivative financial instruments	38,215,922	14,288,216
Foreign exchange portfolio	19,319,626	47,101,490
Total	<u>190,546,661</u>	<u>156,996,525</u>

Liabilities	<u>09/30/2023</u>	<u>12/31/2022</u>
Derivative financial instruments	38,669,105	13,760,429
Share loans	2,518,710	2,125,686
Foreign exchange portfolio	19,426,056	46,948,415
Total	<u>60,613,871</u>	<u>62,834,530</u>

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b. Marketable securities:

	09/30/2023		12/31/2022	
	Cost	Fair value	Cost	Fair value
Federal government bonds	65,149,434	65,271,489	39,019,182	38,414,390
Shares	12,523,540	12,523,540	10,006,567	10,006,567
Certificates of agribusiness receivables	669,919	651,111	2,851,130	2,822,310
Certificate of real estate receivables (CRI)	1,663,330	1,620,665	1,679,005	1,570,193
Corporate bond	2,643,740	2,675,685	2,161,079	2,277,366
Funds	26,261,081	26,261,081	22,727,233	22,727,233
Debentures	16,882,341	16,242,072	9,541,581	12,231,020
Promissory notes	3,265,505	3,254,890	1,721,726	1,721,726
Other	968,042	976,263	246,613	230,770
Total	130,026,932	129,476,796	89,954,116	92,001,575

c. Loans and advances to clients

	Market value	
	09/30/2023	12/31/2022
Loans and advances to clients (i)	3,534,317	3,605,244

(i) They refer to positions from Banco Pan that were classified according to the "fair value through profit or loss" business model, considering the portfolio assignment strategy.

d. Derivative financial instruments

The Bank and its subsidiaries actively participate in risk intermediation operations involving derivative financial instruments, meeting their own needs as well as clients' needs, with a view to reducing exposure to market, currency and interest rate risks. Some derivative financial instruments may be associated with operations involving marketable securities or, also, rights and obligations.

The management of risks involved in these operations is carried out through strict control policies, definition of strategies, determination of limits, among other monitoring techniques. Risk exposure limits are approved by the Board of Directors, based on the aforementioned policies.

Operations in Brazil are negotiated and filed or held in custody at B3 S.A. and when they are carried out abroad, at first-rate brokerage firms. BTG Pactual Group uses different financial instruments as economic hedge, such as options, forwards, futures and swaps with periodic adjustments. The use of these instruments is intended to constitute a hedge of treasury positions in markets, aiming to adjust the level of risk existing in the portfolio to the expected exposure limits, whenever the Committees/management and risk monitoring areas deem necessary.

- Net investment hedge structure in foreign operations

In the period ended September 30, 2023, and the year ended December 31, 2022, the Bank's net investment abroad hedge strategy consists of a hedge of exposure in foreign currency, arising from the functional currency of the operation abroad in relation to the Bank's functional currency (Real).

In order to hedge changes in future cash flows, resulting from foreign exchange variation in net investments, in operations abroad, the Bank uses futures contracts, financial assets and forward contracts or NDF contracts (Non Deliverable Forward) by our subsidiaries abroad.

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	09/30/2023		
	Hedge instrument		Object of hedge
	Nominal value	Change in the fair value (i)	Foreign exchange variations on foreign investments (i)
Net investment hedge in foreign operations	18,293,825	637,740	(653,379)

	12/31/2022		
	Hedge instrument		Object of hedge
	Nominal value	Change in the fair value (i)	Foreign exchange variations on foreign investments (i)
Net investment hedge in foreign operations	17,833,471	1,090,005	(1,088,823)

(i) Recorded in the equity under "Carrying value adjustments".

- Market risk hedge structure:

The Bank adopts the fair value hedge strategy, which consists of accounting for the desired economic protection effects. The fixed rate exposure comes from the Financing and Structured Credit activity that the Bank operates with its customers through the Corporate Lending area, and due to the characteristics and practice of the Brazilian market.

In addition, to finance all of Banco BTG Pactual's business lines, funding is carried out through debt instruments indexed mainly to the CDI and IPCA percentage, consequently with intrinsic exposure to the fixed rate. The main objects protected through this strategy are Bank Deposit Certificates - CDB, Financial Bills - LF, Agribusiness Credit Bills - LCA and Real Estate Credit Bills - LCI.

The instruments designated for the hedging relationship, in turn, are DI and IPCA (DAP) futures and Swaps.

	09/30/2023		
	Hedge instrument		Object of hedge
	Nominal value	Market	
Fair value hedge	(26,016,079)	(1,009,623)	959,323

	12/31/2022		
	Hedge instrument		Object of hedge
	Nominal value	Market	
Fair value hedge	(14,403,135)	(770,541)	877,576

During the period ended September 30, 2023, a portion of the Hedge strategies was revoked, whose effective portion was BRL 155,021 and which will be deferred in income (loss) according to the terms of the Hedged items

- Derivative financial instruments per counterparty (notional)

	09/30/2023					12/31/2022
	Settlement chamber / stock exchange	Financial institutions and funds	Companies	Individuals	Total	Total
Future market						
Long position	81,593,380	2,596,551	-	-	84,189,931	63,524,718
Short position	137,296,723	2,724,577	-	-	140,021,300	57,514,170
Swap						
Asset position	30,556,805	182,028,678	15,797,168	288,495	228,671,146	204,628,645
Liability position	30,572,401	182,319,414	16,437,891	273,628	229,603,334	204,628,565
Credit derivatives						
Asset position	-	5,969,215	-	-	5,969,215	1,348,213
Liability position	-	7,805,567	-	-	7,805,567	5,131,045
Forward contracts - NDF						
Asset position	-	62,590,994	62,967,522	184,774	125,743,290	110,483,208
Liability position	-	62,531,336	63,798,077	164,906	126,494,319	110,483,208
Forward operations						
Asset position	209,076	22,082,303	600,049	27,443	22,918,871	18,273,566
Liability position	192,537	22,086,816	405,239	27,315	22,711,907	17,809,190
Options market						
Asset position	28,989,076	72,162,986	2,210,841	82,394	103,445,297	216,012,965
Liability position	30,361,967	57,567,444	1,846,245	55,974	89,831,630	206,904,120
Asset position	141,348,337	347,430,727	81,575,580	583,106	570,937,750	614,271,315
Liability position	198,423,628	335,035,154	82,487,452	521,823	616,468,057	602,470,298

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- By cost and market value:

	09/30/2023					12/31/2022
	Cost	Market	Up to 6 months	From 6 to 12 months	Over 1 year	Market
Swap						
Asset position	2,765,602	3,325,500	839,559	415,203	2,070,738	6,430,579
Liability position	4,031,332	4,381,980	812,491	505,618	3,063,871	4,088,255
Credit derivatives						
Asset position	4,905	243,816	-	8,641	235,175	124,003
Liability position	26,257	67,951	-	7,298	60,653	241,160
Forward contracts - NDF						
Asset position	6,911,161	4,583,220	1,033,378	1,304,467	2,245,375	2,534,071
Liability position	5,598,292	5,248,632	2,307,823	892,844	2,047,965	5,260,535
Forward operations						
Asset position	23,136,825	22,918,871	17,801,406	342,122	4,775,343	1,887,209
Liability position	22,936,297	22,711,907	17,705,475	249,988	4,756,444	2,085,240
Options market						
Asset position	3,709,170	7,144,515	5,461,505	499,246	1,183,764	3,312,354
Liability position	3,049,722	6,258,635	4,560,708	402,240	1,295,687	2,085,239
Asset position	36,527,663	38,215,922	25,135,848	2,569,679	10,510,395	14,288,216
Liability position	35,641,900	38,669,105	25,386,497	2,057,988	11,224,620	13,760,429

- Derivative financial instruments recorded in memorandum and equity accounts (Notional):

	09/30/2023				12/31/2022
	Up to 6 months	From 6 to 12 months	Over 1 year	Total	Total
Future market					
Long position	52,080,221	7,794,597	24,315,113	84,189,931	63,524,718
Currency	2,698,326	47,591	18	2,745,935	326,896
Interest rate	46,538,025	7,133,203	24,303,672	77,974,900	43,903,695
Commodities	918,388	613,803	11,423	1,543,614	2,843,478
Indexes	1,925,482	-	-	1,925,482	16,450,649
Short position	46,586,629	12,408,908	81,025,763	140,021,300	57,514,170
Currency	14,805,362	1	-	14,805,363	5,270,756
Interest rate	28,885,508	12,339,561	80,823,401	122,048,470	43,324,813
Commodities	2,278,922	69,346	202,362	2,550,630	4,188,836
Indexes	616,837	-	-	616,837	4,729,765
Swap					
Asset position	115,488,119	49,150,837	64,032,190	228,671,146	204,628,644
Currency	26,014,189	6,395,529	6,442,355	38,852,073	24,270,800
Interest rate	86,080,195	42,188,178	54,392,872	182,661,245	177,024,152
Commodities	916,336	369,671	874,689	2,160,696	1,275,154
Indexes	1,843,669	138,059	1,969,302	3,951,030	-
Stocks	633,730	59,400	352,972	1,046,102	2,058,538
Liabilities position	115,277,424	49,261,577	65,064,333	229,603,334	204,628,564
Currency	26,356,933	6,467,168	7,159,546	39,983,647	24,270,800
Interest rate	85,368,766	42,332,281	54,849,206	182,550,253	177,024,152
Commodities	780,827	267,007	571,300	1,619,134	1,275,154
Indexes	1,842,815	135,535	1,778,338	3,756,688	-
Stocks	928,083	59,586	705,943	1,693,612	2,058,458
Credit derivatives					
Asset position	-	203,509	5,765,706	5,969,215	1,348,213
Sovereign	-	7,436	120,182	127,618	33,837
Corporate	-	196,073	5,645,524	5,841,597	1,314,376
Liabilities position	-	184,380	7,621,187	7,805,567	5,131,045
Sovereign	-	1,252	145,220	146,472	12,966
Corporate	-	183,128	7,475,967	7,659,095	5,118,079
Forward contracts - NDF					
Asset position	72,527,000	20,032,848	33,183,442	125,743,290	110,483,208
Currency	70,983,198	16,351,292	16,099,845	103,434,335	83,554,636
Commodities	466,102	1,134,899	6,448,180	7,116,977	26,928,572
Interest rate	2,009,904	2,546,657	10,635,417	15,191,978	-
Liabilities position	73,887,321	19,634,050	32,972,948	126,494,319	110,483,208
Currency	70,359,210	16,291,820	16,075,136	102,726,166	83,554,636
Commodities	2,187,559	1,576,344	6,470,136	10,234,039	26,928,572
Interest rate	1,340,552	1,765,886	10,427,676	13,534,114	-
Forward transactions					
Asset position	17,801,405	342,122	4,775,344	22,918,871	18,273,566
Interest rate	9,245,398	-	347	9,245,745	464,376
Commodities	420,480	145,950	33,619	600,049	17,205,768

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Government bonds	7,953,635	171,637	4,737,657	12,862,929	465,818
Stocks	180,820	24,535	3,721	209,076	-
Currency	1,072	-	-	1,072	137,604
Liabilities position	<u>17,705,475</u>	<u>249,988</u>	<u>4,756,444</u>	<u>22,711,907</u>	<u>17,809,190</u>
Interest rate	9,247,387	-	349	9,247,736	-
Commodities	334,423	56,005	14,811	405,239	17,205,768
Government bonds	7,956,229	171,637	4,737,938	12,865,804	465,818
Stocks	166,845	22,346	3,346	192,537	137,604
Currency	591	-	-	591	-
Options					
Asset position	91,895,897	7,980,674	3,568,726	103,445,297	216,012,965
Purchase of call option	<u>25,479,278</u>	<u>4,440,394</u>	<u>3,126,855</u>	<u>33,046,527</u>	<u>65,211,784</u>
Indexes	543,546	47,955	-	591,501	-
Stocks	7,022,230	701,391	334,419	8,058,040	56,591,804
Commodities	5,896,093	620,167	22,634	6,538,894	1,433,412
Currency	8,469,842	2,541,690	323,089	11,334,621	7,186,568
Interest rate	3,547,567	529,191	2,446,713	6,523,471	-
Purchase of put option	<u>66,416,619</u>	<u>3,540,280</u>	<u>441,872</u>	<u>70,398,771</u>	<u>150,801,181</u>
Indexes	127,670	87,555	-	215,225	-
Stocks	17,217,952	323,269	217,856	17,759,077	136,738,219
Commodities	4,368,648	640,955	-	5,009,603	471,918
Currency	36,125,191	1,547,072	224,016	37,896,279	8,627,707
Interest rate	8,577,158	941,429	-	9,518,587	4,963,337
Liabilities position	77,189,076	8,159,508	4,483,046	89,831,630	206,904,120
Sale of call option	<u>24,096,233</u>	<u>3,922,643</u>	<u>4,211,830</u>	<u>32,230,707</u>	<u>68,721,674</u>
Indexes	762,519	47,955	-	810,474	-
Stocks	6,136,097	678,014	1,683,732	8,497,843	56,630,074
Commodities	7,611,047	623,323	16,119	8,250,489	1,402,701
Currency	7,185,504	2,043,766	65,078	9,294,349	6,266,135
Interest rate	2,401,066	529,585	2,446,901	5,377,552	4,422,764
Sale of put option	<u>53,092,844</u>	<u>4,236,865</u>	<u>271,216</u>	<u>57,600,924</u>	<u>138,182,446</u>
Indexes	90,944	79,055	-	169,999	-
Stocks	10,653,463	307,486	204,716	11,165,665	126,862,542
Commodities	4,220,203	578,892	-	4,799,095	845,943
Currency	29,551,076	2,330,003	66,500	31,947,578	5,510,624
Interest rate	8,577,158	941,429	-	9,518,587	4,963,337

e. Reclassification of marketable securities

Management classifies marketable securities according to the business models defined based on the strategies of its trading desks.

In the period ended September 30, 2023 and in the year ended December 31, 2022, reclassifications or changes in the intentions were not made by the Management.

8. Financial assets at fair value through other comprehensive income

	09/30/2023		12/31/2022	
	Cost	Fair value	Cost	Fair value
Federal government bonds	2,090,817	2,092,637	863,362	859,910
Shares	2,871,751	2,871,751	2,373,916	2,373,916
Debentures	6,557,883	6,469,096	6,696,478	6,632,630
Certificate of real estate receivables (CRI)	302,466	312,088	224,106	211,245
Promissory notes	6,665,879	6,623,619	3,541,427	3,520,241
Foreign private securities	3,690,158	3,620,627	2,796,672	2,710,234
Other	890,676	891,256	141,934	147,474
Total	23,069,630	22,881,074	16,637,895	16,455,650

9. Fair value of financial instruments

The fair values of financial instruments are determined as follows:

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- Swaps - its cash flows are discounted to present values based on profitability curves that reflect the appropriate risk factors. These profitability curves can be traced mainly based on prices observed in negotiations at B3 S.A. for Brazilian government bonds on the secondary market or for derivatives and marketable securities traded overseas. These profitability curves can be used to obtain the fair values of currency swaps, interest rate swaps and swaps based on other risk factors (commodities, stock exchange indices, etc.).
- Futures and Forwards – quoted on stock exchanges or using criteria identical to those described above for swaps.
- Options – the fair values of these instruments are determined based on mathematical models (such as Black & Scholes) that are fed with data on implicit volatility, profitability curve for interest rates and fair values of the underlying assets. All of this data is obtained by using different sources (usually brokers and brokerage firms' prices, Bloomberg, Reuters).
- Credit derivatives – the fair values of these instruments are determined based on well-established mathematical market models that are fed with issuer's credit spread data and profitability curve for interest rates. This data is obtained using different sources (usually market prices, Bloomberg, Reuters).
- Marketable securities – the fair values of public bonds are calculated based on the prices published by ANBIMA. The fair values of corporate debt securities are calculated based on secondary market prices, on the price of similar assets and on the market visibility by the Company's commercial areas. The shares are calculated based on the prices provided by B3 (Brazilian stock exchange). Fund quotas are calculated considering the prices of quotas disclosed by the custodian.
- Financial assets valued at fair value - we estimate the fair values of financial instruments by applying the discount of cash flows at present value based on profitability curves that reflect the appropriate risk factors.

We present below a summary of the pricing hierarchy of assets and liabilities at fair value, classified according to the pricing methodology adopted by the Bank:

	September 2023			
	Level 1	Level 2	Level 3	Total
Assets				
Financial assets at fair value through profit or loss	100,579,780	81,636,399	8,330,482	190,546,661
Financial assets at fair value through other comprehensive income	10,845,649	9,756,096	2,279,329	22,881,074
Liabilities				
Financial liabilities at fair value through profit or loss	8,264,470	49,352,738	2,996,663	60,613,871
	December 2022			
	Level 1	Level 2	Level 3	Total
Assets				
Financial assets at fair value through profit or loss	70,744,858	78,793,623	7,458,045	156,996,525
Financial assets at fair value through other comprehensive income	5,098,143	9,762,638	1,594,869	16,455,650
Liabilities				
Financial liabilities at fair value through profit or loss	17,413,167	45,361,368	59,995	62,834,530

There were no reclassifications between the levels 1, 2 and 3 during the period ended September 30, 2023 and year ended December 31, 2022.

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10. Money market repurchase commitments

The amounts presented below are basically short-term operations, indexed to reference interest rates in the local or foreign market.

	<u>09/30/2023</u>	<u>12/31/2022</u>
Own portfolio	10,329,026	10,329,313
Financed Operations	53,492,694	46,136,586
Short position	2,567,980	8,899,827
Total	66,389,700	65,365,726

11. Interbank deposits

The breakdown of this caption is shown in the table below:

	<u>09/30/2023</u>	<u>12/31/2022</u>
Interbank deposits	2,077,255	729,351
Foreign currency investments - overnight	4,269,440	8,019,195
Total	6,346,695	8,748,546

12. Loan operations

a. Breakdown of portfolio and expected loss

The breakdown of the caption Credit Operations and receivables is as follows:

	<u>09/30/2023</u>		
	<u>Balance</u>	<u>Provision</u>	<u>Total</u>
Loans	78,029,753	(5,252,425)	72,777,328
Financing	25,974,388	(1,527,984)	24,446,404
FINAME/BNDES	4,938,619	(16,011)	4,922,608
Operations with credit assignment characteristics	2,742,068	130,546	2,872,614
Advance on export contracts - ACC	3,022,705	(38,118)	2,984,587
Financing of marketable securities	793,757	-	793,757
Credits assigned with co-obligation	103,580	(6,413)	97,167
Subtotal	115,604,870	(6,710,404)	108,894,465
Fair value adjustments (i)	345,715	-	345,715
Total	115,950,585	(6,710,404)	109,240,180

(i) Including contracts subject to hedge accounting.

	<u>12/31/2022</u>		
	<u>Balance</u>	<u>Provision</u>	<u>Total</u>
Loans	82,877,477	(5,266,019)	77,611,458
Financing	22,722,026	(1,490,735)	21,231,291
FINAME/BNDES	4,611,090	(22,298)	4,588,792
Operations with credit assignment characteristics	3,294,589	(81,321)	3,213,268
Advance on export contracts – ACC	3,600,871	(12,637)	3,588,234
Financing of marketable securities	1,000,715	(17,667)	983,048
Credits assigned with co-obligation	198,221	(13,283)	184,938
Subtotal	118,304,989	(6,903,960)	111,401,029
Fair value adjustments (i)	(243,079)	-	(243,079)
Total	118,061,910	(6,903,960)	111,157,950

(i) Including contracts subject to hedge accounting.

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13. Marketable securities measured at amortized cost

	<u>09/30/2023</u>	<u>12/31/2022</u>
Federal government bonds	8,432,774	8,816,005
Rural Product Bill	9,098,544	6,612,834
Other	52	2,972
Total	<u>17,531,370</u>	<u>15,431,811</u>

14. Financial liabilities at amortized cost

	<u>09/30/2023</u>	<u>12/31/2022</u>
Deposits	129,490,997	115,749,672
Money market funding	103,659,546	87,139,332
Acceptances and endorsements	71,190,286	67,944,679
Borrowings, onlendings and leases	13,241,204	18,103,247
Subordinated debts and debt instruments eligible to capital	16,005,576	8,220,005
Total	<u>333,587,609</u>	<u>297,156,935</u>

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15. Investments in affiliates and jointly-controlled subsidiaries

	Affiliates and jointly-controlled companies					
	Equity		Profit / (loss)		Interest	
	09/30/2023	12/31/2022	09/30/2023	09/30/2022	09/30/2023	12/31/2022
Too Seguros S.A.	652,980	450,877	254,907	217,995	51.00%	51.00%
Pan Corretora S.A.	67,054	49,044	41,893	47,765	51.00%	51.00%
BTG Pactual Holding S.A.R.L.	3,731,565	3,427,813	1,659,881	1,079,848	40.00%	40.00%

	12/31/2022	Acquisition / Contribution / Transfer / (Sales)	Dividends/Interest on capital	Profit (loss) from interest	Foreign exchange variation	Carrying value adjustment	09/30/2023	Profit (loss) from interest on 09/30/2022
Too Seguros S.A.	229,947	-	(27,198)	130,003	-	268	333,020	62,924
Pan Corretora S.A.	25,012	-	(12,178)	21,365	-	-	34,199	17,263
BTG Pactual Holding S.A.R.L.	1,371,125	-	(494,350)	663,953	(48,101)	-	1,492,627	124,964
Other (i)	6,291,674	(317,072)	(11,551)	195,186	(20,307)	(25,091)	6,112,840	462,316
Total	7,917,758	(317,072)	(545,278)	1,010,507	(68,408)	(24,822)	7,972,686	667,467

(i) The caption Other includes basically balances related to the following interest: Eneva: 21.24%, Galgo S.A.: 6.67%, Visum: 50% and Absolute: 25% (As of December 31, 2022 – Eneva 21.53%, Galgo S.A. 6.67%, and Visum 50%).

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16. Intangible assets

	Changes in intangible assets				09/30/2023
	12/31/2022	Acquisitions / Transfer / Write- off	Amortization	Foreign exchange variations	
Goodwill (i)	8,400,982	210,449	-	-	8,611,431
Intangible assets	3,633,091	9,450	-	23,288	3,665,829
Accumulated amortization	(1,780,653)	47,862	(780,148)	(4,425)	(2,517,364)
Total	10,253,420	267,761	(780,148)	18,863	9,759,896

(i) In June 2022, the evaluation of the allocation of assets for the acquisition of Banco Pan S.A. was concluded. In the period ended September 30, 2023, no impairment was identified in the period for this asset. The review of goodwill for impairment was based, among other factors, on macroeconomic assumptions, market share, regulatory and stress scenarios.

17. Contingent assets and liabilities

The Bank's Management evaluates the obligations of the companies of BTG Pactual Group and recognizes provision whenever it understands that it is probable that funds will be used to settle present obligations (formalized or not formalized) with uncertain terms or amounts. Management's judgment to determine the expected loss also takes into account the interpretations of its external legal counsel.

a. Provision

i. Tax

Provisions for tax and social security proceedings arise from judicial and administrative proceedings related to federal, state and municipal taxes. It is recognized based on the probability of outflow of funds, and also considering the opinion of external legal advisors and the level status of each proceeding.

ii. Civil

In civil lawsuits in which loss is deemed potential (pain and suffering, property damages, and other proceedings with condemnation requests), contingency amounts are accrued based on the likelihood of outflow of funds and the opinion of external legal advisors is one of the sources to obtain an estimate.

iii. Labor

They consist of lawsuits filed by former employees, mainly requests for overtime pay and salary equalization. The amounts of provision are estimated according to analysis of the potential amount of loss considering, among others, the stage of the proceeding and the opinions of external legal advisors.

b. Breakdown and changes in provision

Provision formed and respective changes may be shown as follows In the period ended September 30, 2023 and year ended December 31, 2022:

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	09/30/2023					
	Tax			Civil (i)	Labor	Total
	Legal Obligation	Tax and social security obligations	Total			
Balance at the beginning of the period	1,373,158	1,685,971	3,059,129	1,815,755	216,562	5,091,446
Constitution / Reversal	119,161	(85,431)	33,730	321,517	(9,168)	346,079
Remand	(96,383)	-	(96,383)	(220,683)	(52,499)	(369,565)
Balance at the end of the period	1,395,936	1,600,540	2,996,476	1,916,589	154,895	5,067,960

(i) On September 30, 2023, it considers provision for other non-litigious risks in the amount of BRL 703,987 (BRL 687,258 on December 31, 2022). From this amount, BRL 44,197 are increases/reversals and BRL (27,469) are from written-offs for payment purposes.

The nature of the main provisions is presented below.

i. Taxes with enforceability suspended and other tax liabilities

The Bank has been discussing the legality of some taxes and contributions. The amounts related to present obligations (legal or not formalized), with probable outflow of funds (also based on interpretations of external legal counsel), are provisioned in the amount considered by Management as sufficient to cover future losses. Among the aforementioned legal discussions, we highlight the proceeding involving the legality of COFINS collection in accordance with the rules established in Law 9718/98.

On September 30, 2023, the Bank was a party to tax proceedings with a possible likelihood of success, which are not accrued, in accordance with current accounting standards (IAS 37). The relevant proceedings are described below.

- Proceedings related to payment of Profit Sharing (PLR), in which the alleged incidence of social security contribution on amounts referring to participation and its deductibility from IRPJ (corporate income tax) and CSLL (social contribution on net income) calculation base is discussed. The amount involved is BRL 1,412 million. Part of this amount is guaranteed by an indemnity clause, since it refers to the period prior to the acquisition of the Bank by current controllers.
- Proceeding related to demutualization and IPO of Bovespa (São Paulo Stock Exchange) and BM&F (Futures and Commodities Exchange), which discusses taxation of PIS and Cofins on revenues earned on sale of said companies' shares. The amount involved is BRL 65 million and is also guaranteed by an indemnity clause, since it refers to the period prior to the acquisition of the Bank by the current controlling shareholders.
- In December 2015, a tax assessment notice in the amount of BRL 2,132 million was received, referring to the years 2010 and 2011, in which the tax authority considered undue the use of goodwill generated in the operations of acquisition of the Bank by UBS, carried out in 2006, as well as in the repurchase of the Bank by BTG, in 2009. A defense against this notice was presented to the Administrative Board of Tax Appeals of the Federal Revenue Service of Brazil (CARF), which was judged partially favorable to reduce the amount assessed by BRL 278 million. Against the unfavorable portion, the Bank also filed an appeal with the CARF, which, in February 2019, was judged valid for use of goodwill generated in the Bank's acquisition by UBS. Against this decision, appeals were filed by the PGFN and the Bank.

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- In December 2017, a tax assessment notice in the amount of BRL 1,178 million was received, referring to 2012, in which it was considered improper to use the goodwill generated in the operations of acquisition of the Bank by UBS carried out in 2006, the goodwill related to the repurchase of the Bank by BTG in 2009 and the goodwill generated in the private subscription of shares carried out by investors through Companhia Copa Prince, in 2011. In October 2019, the second administrative level judged partially valid to recognize goodwill generated in the private subscription of shares carried out by investors through Companhia Copa Prince. Against this decision, appeals were filed by the Bank and the PGFN. In December 2018, a tax assessment notice was received in the amount of BRL 537 million, referring to 2013. A defense was presented against this assessment, which awaits decision of the second administrative level. Finally, in February 2019, a tax assessment notice in the amount of BRL 324 million was received, referring to 2014. A defense was presented against this tax assessment, which is awaiting judgment at the second administrative level. The Bank does not expect to incur any loss (other than appeal expenses) related to the assessment notices, and it has not made (and does not expect to make) any provision in its financial statements. In addition to assessing the groundlessness of assessment notices, if the Bank incurs losses, Management believes it is entitled to be compensated by its parent company for part of these losses. Accordingly, in no case does BTG Pactual expect to incur any material loss related to this matter.
- In December 2017, the Bank received a tax assessment notice in which an alleged insufficient payment of PIS and COFINS is discussed and imposes a separate fine, referring to 2012, in the amount of BRL 238 million. Against the assessment, an administrative appeal was filed, which was judged partially valid to exclude the isolated fine. Against the unfavorable part of the decision, an appeal was lodged with the second administrative instance.
- In December 2017, as jointly and severally liable for Banco Pan S.A., the Bank received an IRRF assessment notice allegedly due on the sale of an investment in Brazil by a foreign entity, referring to 2012, in the amount of BRL 91 million. An administrative appeal was filed against the assessment, which is awaiting judgment at the second administrative level.
- In December 2017, the Bank received a tax assessment notice aimed at charging Income Tax on the alleged capital gain in the merger of companies, when One Properties was merged into BR Properties, in the amount of BRL 1,325 million. An administrative appeal was filed against the assessment, which is awaiting judgment at the second administrative level.
- In December 2018, the Bank became aware of the non-approval of the compensation for the negative balance of IRPJ, referring to 2013, in the amount of BRL 82 million. In June 2019, an unfavorable decision was handed down at the first administrative level. An appeal was filed against this decision, which is awaiting judgment at the second administrative level. In March 2019, the Bank became aware of the non-approval of the CSLL negative balance compensation, referring to the same year, in the amount of BRL 78 million. In August 2019, an unfavorable decision was handed down to the Bank in the first administrative instance. Against this decision, an appeal was filed with the second administrative instance.

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- In September 2019, as jointly and severally liable for Banco Sistema, the Bank received a tax deficiency notice aimed at collecting IRPJ (Corporate Income Tax), CSLL (Social Contribution on Net Income), PIS (Social Integration Program), and COFINS (Contribution to Social Security Financing), totaling BRL 4,213 million, referring to the acquisition of Banco Bamerindus do Brasil (currently Banco Sistema) in 2014. In October 2019, a defense was presented at the administrative trial court that, in April 2020, was partially granted, reducing assessment amount by 98%. Against the unfavorable part of the decision, an appeal was filed at the second administrative instance. In the event of a final and unappealable unfavorable decision, there will be an impact on the balance of tax loss and negative basis of social contribution used to pay the PERT program in 2017, in the amount of BRL 1,245 million. Due to the prognosis given by the lawyers, the Bank did not constitute any provision in its standalone financial statements. In addition, the Management does not expect to incur any loss related to the topic.
- In March 2020, the Bank received a tax assessment notice aimed at charging IRPJ, CSLL, PIS and COFINS on the capital gain on the sale of Rede D'or shares, in 2015, in the amount of BRL 700 million. In September 2020, an unfavorable decision was handed down in the first administrative instance. Against this decision, an appeal was filed with the second administrative instance.
- In July 2021, as jointly and severally liable, the Bank received an IRRF assessment notice allegedly due on income distributed to investment fund shareholders, in the amount of BRL 417 million. An administrative appeal was filed against the assessment, which is awaiting judgment.
- In December 2021, the Bank received a tax assessment notice aimed at charging IRPJ/CSLL, in the amount of BRL 114 million, due to an alleged formal error in filling out its ECF in 2016. An administrative appeal was filed against the assessment, which is awaiting judgment.
- In December 2018, Gestora de Recursos, an indirect subsidiary of the Bank, received a tax assessment notice totaling BRL 115 million, referring to the years 2013 and 2014, regarding the amortized goodwill generated in the acquisition of BFRE in 2012. In September 2019, an unfavorable lower court decision was rendered. Against this decision, an appeal was lodged at the second administrative level.
- In December 2021, Banco Sistema, a direct subsidiary of the Bank, received a PIS/COFINS assessment notice in the amount of BRL 145 million, allegedly levied on operating income for the period from 2007 to 2009. Against the assessment, an administrative appeal was filed, which was upheld to exclude the tax debt. Against said decision, the PGFN filed an appeal which is awaiting judgment at the administrative higher court.
- INSS on Profit Sharing (PLR) and Worker Meal Program (PAT) – Incidence of social security contribution on PLR and PAT, for calendar years 2012, 2013, 2016 and 2017 of Banco Pan, a direct subsidiary of the Bank. In June 2023, the amounts related to these proceedings total approximately BRL 145,322.
- Unapproved offsets - Rejection of requests for offsets of IRPJ, CSLL, PIS, COFINS, arising from overpayments or undue payments by Banco Pan, the Bank's direct subsidiary. In June 2023, the amounts related to these proceedings total approximately BRL 274,900.

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- IRPJ/CSLL – Deductibility of Losses on Credit Operations and other operating expenses, referring to the calendar years 2007 to 2017 of Banco Pan. As of June 2023, amounts related to these proceedings total approximately BRL 1,034,156.
- PIS/COFINS – Deductibility of commission expenses paid to banking correspondents and losses on sale or transfer of financial assets, referring to the 2017 calendar year of Banco Pan. In June 2023, the amount related to this proceeding totals approximately BRL 258,442.
- On March 3, 2023 under jointly liable condition referred to the Fundo de Investimento Imobiliário - FII Shopping Parque Dom Pedro, PSF received note of infraction in order to charge taxes as IRPJ, CSLL, PIS/COFINS and penalties for non-compliance to ancillary obligation, to total BRL 566 million, concerning its qualification as legal entity under 9.779/99 law. The defense was presented against the charge. PSF Financial Statements did not establish any provisions due to lawyers prognosis.
- In September 2023 under jointly liable condition referred to the Fundo de Investimento Imobiliário - FII PLUS, PSF received note of infraction in order to charge taxes as IRPJ, CSLL, PIS/COFINS to total BRL 28 million, concerning its qualification as legal entity under 9.779/99 law. The defense was presented against the charge. PSF Financial Statements did not establish any provisions due to lawyer's prognosis.
- In September 2023 under jointly liable condition referred to the Fundo de Investimento Imobiliário - FII TRANSINC, PSF received note of infraction in order to charge taxes as IRPJ, CSLL, PIS/COFINS to total BRL 4 million, concerning its qualification as legal entity under 9.779/99 law. The defense was presented against the charge. PSF Financial Statements did not establish any provisions due to lawyer's prognosis.

18. Income tax and social contribution

Reconciliation of income tax and social contribution expense with the product of the tax rate on profit before income tax and social contribution is as follows:

Income tax and social contribution on profit	<u>09/30/2023</u>	<u>09/30/2022</u>
Calculation basis	7,969,204	7,693,675
Total charge of income tax and social contribution at current rates	(3,586,142)	(3,462,154)
Temporary (additions) / exclusions in tax calculation	2,307,310	2,734,418
Equity in the earnings of subsidiary of affiliates in the country	(65,916)	1,254,934
Dividends	325,251	252,942
Interest on capital	942,750	794,250
Result of market valuation of marketable securities and derivative financial instruments	838,518	1,095,552
Provision for impairment of trade receivables	(189,239)	57,601
Foreign exchange gain/(loss) on investments abroad	66,849	62,174
Remeasurement of shareholding (Acquisition in stages)	(216,863)	(216,863)
Other non-deductible expenses, net of non-taxable income	605,958	(566,172)
Current income tax and social contribution expense - Brazil	(1,278,832)	(727,735)
(Expense) / revenue with deferred taxes	367,220	(893,939)
Total (expense) / income	(911,612)	(1,621,675)

Movement of deferred tax assets referring to income tax and social contribution, presented under the heading "Tax Assets - Deferred", can be shown as follows:

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Income tax and social contribution	12/31/2022	Increase	Realization	09/30/2023
Income tax losses and negative basis of social contribution on net income	1,563,907	-	8,603	1,572,510
Interest on capital	254,250	21,202	(254,250)	21,202
Expected loss allowances associated with credit risk	3,987,154	230,651	-	4,217,805
Mark-to-market of marketable securities and derivatives	402,650	-	(668,497)	(265,847)
Business combination	(3,427,722)	808,869	-	(2,618,853)
Tax contingencies and provisions for suspended taxes	311,856	297	-	312,153
Other temporary differences	2,557,147	259,351	(701,483)	2,115,015
Total	5,649,241	1,320,369	(1,615,626)	5,353,984

Income tax and social contribution	12/31/2021	Increase	Realization	09/30/2022
Income tax losses and negative basis of social contribution on net income	1,993,882	-	(91,974)	1,901,908
Interest on capital	254,250	26,584	(254,250)	26,584
Expected loss allowances associated with credit risk	3,627,272	-	(100,946)	3,526,326
Mark-to-market of marketable securities and derivatives	1,605,492	-	(1,234,470)	371,022
Business combination	(1,203,359)	144,575	-	(1,058,784)
Tax contingencies and provisions for suspended taxes	301,629	5,347	-	306,976
Other temporary differences	1,413,949	644,348	-	2,058,297
Total	7,993,115	820,854	(1,681,640)	7,132,329

The financial item deferred tax assets have tax credits, which refer to deferred PIS and COFINS in the amount of BRL 88,125 (December 31, 2022 –BRL 151,244).

Below is the breakdown of present value of tax credits, in view of the expectation for the realization of deferred tax assets.

Description	Tax credits on temporary differences	Tax loss and negative basis for social contribution	Total
2023	326,137	93,092	419,228
2024	304,935	204,924	509,859
2025	1,007,902	280,301	1,288,203
2026	1,007,902	249,313	1,257,215
As of 2027	1,134,598	744,880	1,879,478
Total	3,781,475	1,572,509	5,353,984
Present value	2,882,577	1,123,502	4,006,078

Banco Pan S.A., a subsidiary consolidated in the financial statements, has a tax credit balance of BRL 3.5 billion, substantially recognized based on a study of the current and future scenario approved by its Management. On November 13, 2019, Constitutional Amendment No. 103 was published, which provides for increase of Social Contribution on Banks' Profit rate from 15% to 20%, effective as of March 1, 2020.

On April 28, 2022, Provisional Act No. 1,115 was published, which instituted new CSLL rates for financial institutions and similar institutions for the period from August 1, 2022 to December 31, 2022. Specifically, the Provisional Act increased to 21% CSLL rate applicable to banks in the discussed period, with such rate reduced again to 20% as of January 1, 2023. For other financial institutions and the like, in accordance with applicable legislation, CSLL rate was increased to 16% from August 1, 2022 to December 31, 2022, being reduced to 15% beginning as of January 1, 2023. The effects of this increase on the condensed consolidated interim financial statements for the period September 30, 2023 were immaterial.

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19. Equity

a. Share capital and capital reserves

At September 30, 2023, the subscribed and paid-up share capital is comprised of 11,506,119,928 shares (December 31, 2022 - 11,506,119,928), and 7,244,165,568 common shares (December 31, 2022 - 7,244,165,568), 2,864,529,000 are class A preferred shares (December 31, 2022 - 2,864,529,000), 1,397,425,360 class B preferred shares (December 31, 2022 - 1,397,425,360), all registered and with no par value.

Common shares entitle their respective holders to one vote in Shareholders' Meeting's resolutions and will participate, on equal terms with Class A preferred shares and Class B preferred shares in the distribution of profits.

Holders of Class A and B preferred shares have restricted voting rights, but will have priority in the reimbursement of capital, without premium, and will participate, under the same conditions as common shares, in the distribution of profits.

Class A preferred shares entitle the respective holders to be included in a public offering for the acquisition of shares as a result of the Disposal of the Company's Control at the same price and under the same conditions offered to the Selling Controlling Stockholder.

Class B preferred shares will be convertible into common shares, upon simple written request by their holder or the Bank, without the need for resolution and meeting of the board or stockholders, provided that (i) such conversion occurs upon the issue of new shares by the Bank, within or outside the authorized capital limit (unless the stockholder to be converted is BTG Pactual Holding S.A.) (ii) after the conversion, BTG Pactual Holding S.A. (or the company that may succeed it in any capacity, including by virtue of takeover, merger, spin-off or other type of corporate reorganization) continues to hold, directly or indirectly, more than 50% of the common shares issued by the Bank and (iii) the Bank's stockholders' agreement is always met. These shares will be convertible into Class A preferred shares, at the request of their holder, and provided that (i) the Bank is a publicly-held company with its shares listed on the stock exchange and (ii) the Bank's Stockholders' Agreement is always met. Class B preferred shares have the right to be included in a public tender offer as a result of any disposal of the Bank's control, at the same price and same conditions.

Below is the composition of the shares:

	Common	Preferred shares		Total
		Class A	Class B	
Outstanding on September 30, 2023	7,244,165,568	2,864,529,000	1,397,425,360	11,506,119,928
Outstanding on December 31, 2022	7,244,165,568	2,864,529,000	1,397,425,360	11,506,119,928

b. Treasury shares

In the period ended September 30, 2023, the Bank repurchased units in the amount of BRL 301,176, equivalent to 14,119,600 units (on December 31, 2022, the Bank repurchased units in the amount of BRL 231,252, equivalent to 10,000,000 units).

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c. Legal reserve

It is semi-annually formed at the rate of 5% of the profit for the year, calculated according to the Brazilian Corporation Law before any allocation, limited to 20% of the share capital.

d. Statutory reserve

Pursuant to the Bylaws, the purpose of this reserve is to maintain working capital and its amount is limited to the share capital balance.

e. Unrealized revenue reserve

Recognized based on the undistributed income determined in a branch abroad.

f. Profit distribution

Shareholders are entitled to minimum dividends at the limit of 1% of the net income for the fiscal year adjusted pursuant to Article 202 of Law No. 6.404/76.

As of 2023, the Bank decided the following amount referred to interest on equity:

(i) BRL 1,530,000, equivalent to BRL 0.13 per share. Such amount and its respective destination were approved by the Board of Directors on August 1, 2023 and were paid on August 15, 2023.

During the year ended December 31, 2022, the Bank resolved on the following amounts relating to interest on equity:

(i) BRL 1,200,000, equivalent to BRL 0.10 per share. Such amount and its respective destination were approved by the Board of Directors on August 1, 2022 and were paid on August 15, 2022.

(ii) BRL 750,000, equivalent to BRL 0.07 per share. Such amount and its respective destination were approved by the Board of Directors on December 13, 2022 to be paid on February 15, 2023.

(iii) BRL 565,000, equivalent to BRL 0.05 per share. Such amount and its respective destination were approved by the Board of Directors on December 29, 2022 to be paid on February 15, 2023.

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20. Earnings per share

	<u>09/30/2023</u>	<u>09/30/2022</u>
Net income for the period	7,299,002	6,072,001
Weighted average per thousand outstanding common shares in the period	7,244,166	7,244,166
Weighted average per thousand treasury common shares	22,436	2,127
Net income per common share - basic	<u>1.01</u>	<u>0.84</u>
Net income per common share - diluted	<u>1.01</u>	<u>0.84</u>
Weighted average per thousand Class A preferred shares, outstanding in the period	2,864,529	2,864,529
Weighted average per thousand Class A preferred treasury shares	44,872	4,255
Net income per Class A preferred share - basic	<u>2.55</u>	<u>2.12</u>
Net income per Class A preferred share - diluted	<u>2.59</u>	<u>2.12</u>
Weighted average per thousand Class B preferred shares, outstanding in the period	1,397,425	1,397,425
Net income per Class B preferred share - basic and diluted	<u>5.22</u>	<u>4.35</u>
Weighted average per thousand outstanding shares in the period	11,506,120	11,506,120
Weighted average per thousand treasury shares	67,307	6,382
Net income per share - Basic	<u>0.63</u>	<u>0.53</u>
Net income per share - Diluted	<u>0.64</u>	<u>0.53</u>

21. Net profit (loss) from financial instruments

	<u>09/30/2023</u>	<u>09/30/2022</u>	<u>09/30/2023</u>	<u>09/30/2022</u>
Credit operations	7,949,302	7,985,312	23,553,772	20,903,008
Profit (loss) from compulsory investments at the Central Bank of Brazil	503,625	453,710	1,394,858	1,143,770
Market funding	(3,563,833)	(3,182,106)	(9,860,744)	(12,387,842)
Deposits	(2,761,214)	(2,591,110)	(8,780,564)	(7,502,269)
Acceptances and endorsements	(2,141,228)	(2,633,566)	(8,167,869)	(6,500,849)
Loans and lease liabilities	(3,195,606)	(2,365,374)	(7,647,117)	(12,536,328)
Profit (loss) from securities and derivative financial instruments	8,420,523	7,260,401	25,786,548	32,339,509
Total	<u>5,211,569</u>	<u>4,927,267</u>	<u>16,278,884</u>	<u>15,458,999</u>
Interest revenues	10,328,893	8,532,691	37,846,567	25,517,132
Interest expenses	(13,537,847)	(10,865,825)	(47,354,231)	(42,397,642)
Profit (loss) from fair value measurement	8,420,523	7,260,401	25,786,548	32,339,509
Total	<u>5,211,569</u>	<u>4,927,267</u>	<u>16,278,884</u>	<u>15,458,999</u>

22. Administrative expenses

	<u>Quarters ended in:</u>		<u>Nine-month period ending in:</u>	
	<u>09/30/2023</u>	<u>09/30/2022</u> <u>(Restated)</u>	<u>09/30/2023</u>	<u>09/30/2022 (Restated)</u>
Outsourced and advisory services	730,695	707,659	2,077,936	1,884,306
Telecommunication and data processing	468,794	396,057	1,401,222	1,138,850
Rentals and condominiums	48,759	55,225	124,188	216,581
Expenses of the financial system	233,634	188,638	629,077	547,762
Advertising and public relations	147,638	276,844	468,435	750,219
Depreciation and amortization	277,138	322,999	923,022	954,218
Commissions paid to banking correspondents	391,801	364,705	1,233,834	668,718
Other	314,960	103,100	733,320	313,811
Total	<u>2,613,419</u>	<u>2,415,227</u>	<u>7,591,034</u>	<u>6,474,465</u>

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23. Revenue from provision of services

	Quarters ended in:		Nine-month period ending in:	
	09/30/2023	09/30/2022	09/30/2023	09/30/2022
Management fee and performance premium of funds and investment portfolios	593,881	602,600	1,645,503	1,504,047
Technical Advisory	416,816	515,794	1,029,463	1,455,388
Brokerage	268,852	254,519	867,657	880,938
Marketable securities' placement commission	517,309	270,674	860,935	682,547
Income from guarantees	155,716	103,743	471,173	301,754
Revenues from services rendered to individuals and other services (i)	568,592	423,238	1,611,026	1,206,769
Total	2,521,166	2,170,568	6,485,757	6,031,443

(i) Refers substantially to services provided by Banco Pan, including credit card revenue, current account fees and charges.

24. Related parties

BTG Pactual Group member institutions invest their cash and cash equivalents primarily in the Bank's funding products. The balances of transactions with related parties, which are carried out based on usual market rates and conditions, are reflected in the following accounts:

	Controlling stockholders (i)		Joint control and affiliates		Total	
	09/30/2023	12/31/2022	09/30/2023	12/31/2022	09/30/2023	12/31/2022
Assets						
Securities and derivative financial instruments	-	-	7,108	20,404	7,108	20,404
Credit operations	6,184,644	5,381,593	114	519	6,184,758	5,382,112
Others	-	-	91,828	90,502	91,828	90,502
Liabilities						
Deposits	(54,443)	(22,260)	(93,481)	(78,560)	(147,924)	(100,820)
Derivative financial instruments	-	-	(1,253)	(418)	(1,253)	(418)
Others	-	-	-	(20,404)	-	(20,404)
Profit (loss) for the period						
Financial operations income	15	28	-	-	15	28
Financial intermediation expenses	(3,111)	(14,758)	(23,687)	(12,412)	(26,798)	(27,170)

(i) Includes individuals

As disclosed on the Bank Investor Relations website on December 23, 2022, and September 08, 2023, the Bank signed a commitment for the acquisition of credit portfolios from Banco Pan S.A. ("Pan"), a company controlled and consolidated in these financial statements. These transactions are considered "neutral" for BTG, as the credit operations transferred by Pan were already included in the consolidated financial statements and therefore would not affect the equity position and the results of the controlling entity.

The total compensation paid to Key Management Personnel for the period ended September 30, 2023, was BRL 14,676 (December 31, 2022 – BRL 16,720), which is considered as a short-term benefit.

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25. Other information

a. Cash and cash equivalents

	<u>12/31/2022</u>	<u>12/31/2021</u>
Balances at the beginning of the period		
Cash	3,068,946	3,219,641
Money market repurchase commitments	65,255,592	43,431,960
Interbank deposit investments	8,231,901	3,624,401
Total	<u>76,556,439</u>	<u>50,276,002</u>
Balances at the end of the period		
	<u>09/30/2023</u>	<u>09/30/2022</u>
Cash	2,283,264	2,818,789
Money market repurchase commitments	65,203,290	47,071,213
Interbank deposit investments	4,308,391	3,619,775
Total	<u>71,794,945</u>	<u>53,509,777</u>

b. Comparison between BRGAAP and IFRS accounting practices

As established by CMN Resolution 4818/20, we present below the main differences between the parent company financial statements prepared in accordance with the accounting practices adopted in Brazil for institutions authorized to operate by the Central Bank of Brazil (BRGAAP) and the financial statements prepared in accordance with the International Financial Reporting Standards (IFRS).

Business combination

Goodwill acquired in business combinations results from the difference between the consideration and the fair value of the assets acquired and liabilities assumed. This goodwill is amortized over the expected period for the realization of future economic benefits that justified its recognition under BRGAAP. On the other hand, in accordance with IFRS, goodwill is not amortized, but is tested, at least annually, to identify possible impairments. Regarding the acquisition in stages (step acquisition), until the year 2022, BRGAAP did not require the measurement of the fair value of the interest previously held before the acquisition of control. Under IFRS, the effects of remeasurements impacted the statement of income, with the corresponding amount being allocated to the revenue reserve. This difference in accounting treatment through 2022 results in a difference in equity across GAAP.

Financial instruments

In addition to the differences in the classification of financial instruments between BRGAAP and IFRS, the main divergence introduced by IFRS 9, in comparison with Central Bank's rules (Resolution 2682 and Circular Letter 3068), is the systematic calculation of expected loss for financial assets.

Leases

Although it has an insignificant impact on the result for the period, IFRS 16 provides for the accounting of the total flow of lease payments to be made, discounted at an incremental rate, as a liability of the Bank, with the corresponding recognition of the Right of use in Assets at the initial moment. Subsequently, the asset will be depreciated based on the useful life of the lease agreement, while the liability will be updated considering the effect of interest over time. BRGAAP, on the other hand, provides for the straight-line recognition of lease in income, as a balancing entry in accounts payable monthly.

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Foreign exchange variation of foreign investments

Until 2016, under BRGAAP, exchange changes on investments abroad were accounted for as profit (loss) for the period, while under IFRS these effects were always recorded in the Equity as Other Comprehensive Income when the functional currency of the investee was different from the functional currency of the investor. As of 2017, there was convergence in this accounting treatment in both practices, and since then the transactions have not shown differences. However, considering the divergence of concepts between practices up to 2017, there is a difference, arising from previous years, under Other comprehensive income between GAAPs.

Tax effects

Based on the items mentioned above and considering that the Bank's tax base is determined in accordance with BRGAAP accounting, deferred tax effects related to these GAAP differences are determined and accounted for in these financial statements.

26. Subsequent events

Órama Distribuidora de Títulos e Valores Mobiliários S.A.

On October 2, 2023, Banco BTG Pactual S.A. communicated to shareholders and the market in general that it has signed, through a subsidiary, the definitive documents related to the acquisition of 100% (one hundred percent) of the share capital of Órama Distribuidora de Títulos e Valores Mobiliários S.A., for the amount of BRL 500 million, subject to certain adjustments. The completion of the transaction is subject to the fulfillment of certain precedent conditions, including obtaining all necessary regulatory approvals.

Subordinated Financial Notes

On November 6, 2023, the Bank issued BRL 2,000,100 (two billion and one hundred thousand Brazilian reais) of Subordinated Financial Notes, divided into four series. Said Notes will mature on November 16, 2033, with principal balances being fully amortized on the maturity date and semi-annual interest payments.