Capital and Risk Management

Pillar III

September 2022

BTG Pactual
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CONTENTS

1 INTRODUCTION

The objective of this document is to present information regarding the risk and capital management process, comparing it against accounting and prudential information, liquidity and market risk indicators, risk weighted assets (RWA), Total Capital calculation, and the remuneration to the administrators of Banco BTG Pactual S.A. ("BTG Pactual", "Bank", or "Institution" for the purposes of this report) and the companies of the BTG Pactual Conglomerate. This document was prepared in compliance with Bacen Circular No. 3,930 and with the guidelines established by the Senior Management of BTG Pactual.

The Management of BTG Pactual understands that the analysis of this document, jointly with the Bank's financial statements, will provide a complete view of its activities and risk and capital management processes. However, additional information is also made available by the Bank on its website.

2 RISK MANAGEMENT SCOPE

The objective of BTG Pactual's risk management is to fully control all the risks inherent to its businesses and operations, primarily aimed at preserving its capital and assets, therefore assisting the Bank's Management in selecting the best business opportunities and, consequently, the best use of its capital.

BTG Pactual's risk management and control enables a complete monitoring of the businesses and operations carried out within the scope of its Financial and Economic-Financial Conglomerate by identifying, measuring, mitigating and controlling operations and supporting the sustainable development of the Bank's activities.

3 RISK MAP

BTG Pactual has mapped all the risks related to its activities and businesses, pursuant to normative guidelines issued by Bacen, established in National Monetary Council (CMN) Resolution No. 4,557, and Bacen Circular No. 3,930, which provides for the disclosure of information regarding the ongoing and integrated management of capital risks. The risk map highlights the following risks, considered the most material risks according to the Bank's Management, without prejudice to the management of all others risks to which the Bank is exposed:

- **Credit Risk** - the possibility of losses resulting from the non-fulfillment, by the borrower or counterparty, of their respective financial obligations under the agreed terms and conditions, a devaluation of credit agreements due to the deterioration in the borrower's risk classification, a reduction in gains or remuneration, and discounts granted in renegotiations or in the costs associated to the recovery of the borrowed amounts.

- **Market Risk** - the possibility of losses resulting from fluctuations in the market values of positions held by a financial institution, as well as its financial margins, including risks from operations that are exposed to variations in exchange rates, interest rates, share prices, and commodity prices.

- **Liquidity Risk** – the possibility of imbalances between negotiable assets and liabilities (mismatches between payments and receipts), which may affect the Bank's payment capacities due to the different currencies and deadlines for the payment and settlement of its rights and obligations.

- **Operational Risk** - the possibility of losses resulting from flaws, deficiencies or inadequacies of internal processes, people and systems, or external events. This includes legal risk associated with the inadequacy or deficiency in contracts signed by the Bank, as well as sanctions arising from non-compliance with legal provisions and indemnification for damages to third parties caused by the activities carried out by the Institution;

- **Reputational Risk** - the possibility of loss resulting from damage to the Bank's reputation, leading to loss in revenue, increase in operating and capital costs, or a deterioration in shareholder value caused by an adverse or potentially criminal event, even if the Bank is not held liable for the event. The Institution may eventually fail in meeting its stakeholders' expectations and deliver results that are significantly higher or lower than what was initially expected. Reputational risk is generally understood as the uncertainty in which a good reputation may be affected or reduced in some way due to certain circumstances.

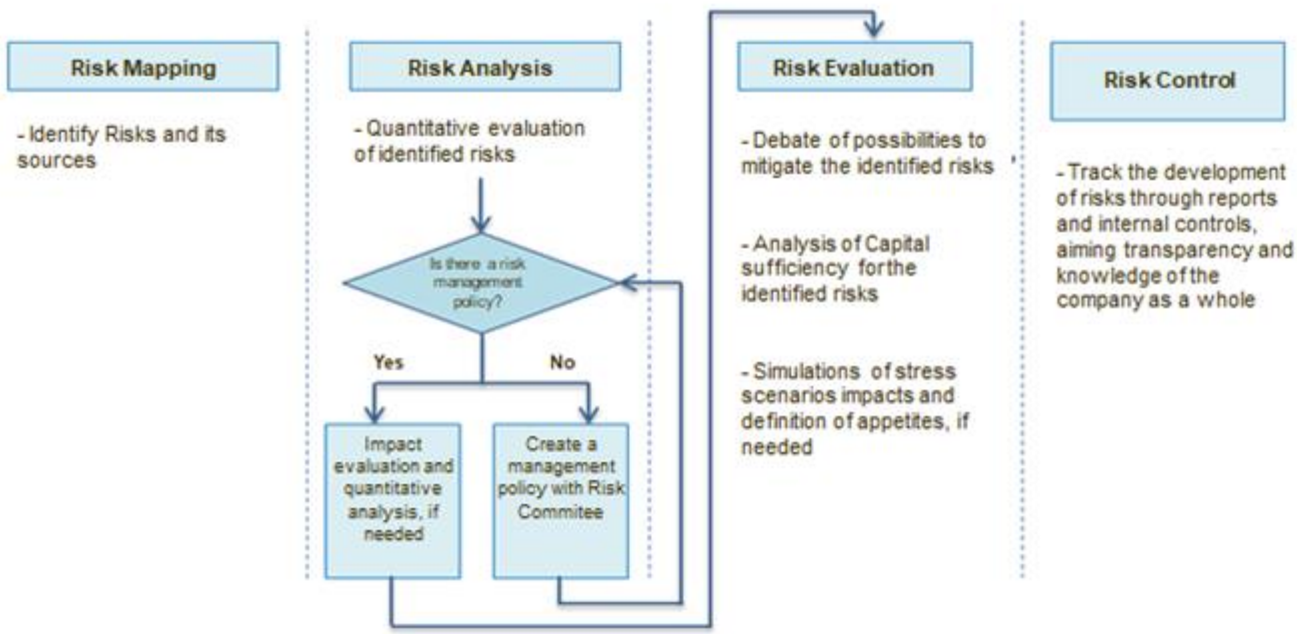
- **Social and Environmental Risk** – a risk associated to a potential damage than an economic activity can cause to society or the environment. Social and environmental risks relating to financial institutions are, in their majority, indirect risks. This risk occurs through business relationships, such as the supply chain, client financing, or investment activities.

4 CONTINUOUS INTEGRATED RISK MANAGEMENT AND INDICATORS

BTG Pactual invests and maintains strong and ongoing integrated risk and capital management processes, which are the basis of its strategic decisions to ensure the sustainability of its businesses. Below, we provide information on the prudential requirements and the Bank's continuous integrated risk management.

4.1 Processes

BTG Pactual considers its risk management process an essential instrument that guarantees its integrity, mainly in a scenario with increasing complexity and the internationalization of the Bank's activities.



4.2 Governance

BTG Pactual's governance structure is compatible with the dynamics of its businesses and with its risk management model. As a way of enhancing its processes, BTG Pactual, through its Senior Management (Board of Directors and Executive Board), reviews its governance model at least once a year, aiming to ensure that it is aligned with best market practices and to adapt any changes that may have occurred in regulatory requirements.

4.3 Structure

BTG Pactual has policies, structures, rules and procedures for carrying out its capital and risk management. These instruments are submitted for approval by committees (Risk Committee and Management Committee Brazil, mentioned in the previous topic*)*, ensuring they are fully aligned with the Institution's strategic objectives. All exceptions must be previously resolved by the competent committees.

4.4 KM1: Quantitative Information on Prudential Requirements

With the primary objective of ensuring that BTG Pactual's solidity is maintained and has enough capital resources available to support its business growth, the Bank's Total Capital levels are maintained above the amount needed to cover its assumed risks, as shown by the Common Equity Tier 1 (CET 1), Tier I Capital and Basel ratios in the table below:

BTG Pactual	a	b	c	d	e
R$ million	9/30/2022	6/30/2022	3/30/2022	12/31/2021	9/30/2021
Available capital amount					
Common Equity Tier 1 (CET 1) capital	38,681	37,209	34,407	33,267	32,157
Tier 1 capital	39,068	37,608	34,792	33,658	32,539
Total capital	45,711	42,721	39,419	38,793	36,249
Excess of capital committed to adjusted permanent assets	-	-	-	-	-
Total capital detached	-	-	-	-	-
Risk-weighted assets (RWA)					
Total risk-weighted assets (RWA)	300,746	281,443	263,130	247,493	225,761
Risk-based capital ratios as a percentage of RWA					
Common Equity Tier 1 ratio (%)	12.9%	13.2%	13.1%	13.4%	14.2%
Tier 1 ratio (%)	13.0%	13.4%	13.2%	13.6%	14.4%
Total capital ratio (%)	15.2%	15.2%	15.0%	15.7%	16.1%
Additional CET1 buffer requirements as a percentage of RWA					
Capital conservation buffer requirement (%)	2.5%	2.5%	2.0%	2.0%	1.6%
Countercyclical buffer requirement (%)	0.0%	0.0%	0.0%	0.0%	0.0%
Bank G-SIB and/or D-SIB additional requirements (%)	0.0%	0.0%	0.0%	0.0%	0.0%
Combined buffer requirement (%)	2.5%	2.5%	2.0%	2.0%	1.6%
CET1 available after meeting the bank's minimum capital requirements (%)			4.1%	4.4%	5.6%
Leverage ratio					
Total leverage ratio exposure measure	540,610	526,298	435,963	403,411	445,589
Leverage ratio (%)	7.4%	7.2%	8.0%	8.3%	7.3%
Liquidity Coverage Ratio (LCR)					
Total high-quality liquid assets (HQLA)	52,927	57,220	43,892	40,945	36,667
Total net cash outflow	14,187	25,067	26,386	22,374	17,088
LCR (%)	373.1%	228.3%	166.0%	183.0%	215.0%
Net Stable Funding Ratio (NSFR)					
Total available stable funding (ASF)	183,449	182,823	176,659	168,017	137,739
Total required stable funding (RSF)	176,372	168,833	161,679	154,577	136,069
NSFR (%)	104.0%	108.3%	109.3%	108.7%	101.2%

As shown in the table above, BTG Pactual has leverage room for its minimum CET 1, Tier 1 and Total Capital.

5 RISK MANAGEMENT OVERVIEW (OVA)

On August 21, 2017, CMN Resolution No. 4,557 came into effect, establishing clear guidelines on the capital and risk management structure. We highlight, within the scope of the guidelines, the implementation of an ongoing and integrated risk management structure, the requirements for defining the Risk Appetite Statement (RAS) and the stress test program, the establishing of a Risk Committee and the appointment, before Bacen, of a Chief Risk Officer (CRO) with attributions, responsibilities, and independence from this Committee.

As for the RAS, BTG Pactual defines the nature and risk level considered acceptable for the Bank, and its risk culture guides the processes in such a way that they are monitored and managed. The risk culture permeates the entire BTG Pactual Conglomerate and its processes are aligned with the guidelines of its Board of Directors and Executive Board, who are responsible for defining the global objectives, expressed in targets and limits, for the risk management business units. In turn, the control and capital management units, which are segregated and independent from the business units, supports Management by monitoring, controlling, and executing capital and risk analysis processes.

6 OVA: OVERVIEW OF RISK WEIGHTED ASSETS (RWA)

Considering the recommendations set by the Basel Committee on Banking Supervision (Basel Committee), contained in the Basel III document, the Central Bank of Brazil established more adequate criteria for the risk levels associated with the operations carried out by financial institutions for capital requirement purposes.

As of March 1, 2023, CMN Resolution No. 4,193 defined the criteria for calculating the Total Capital required. Pursuant to this Resolution, as of this date, the calculation for BTG Pactual's regulatory capital for risk coverage began to consider the following composition:

- **RWA**$_{CPAD}$ = Portion relating to credit risk exposures subject to the calculation of the capital requirement through the standardized approach [Bacen Circular No. 3,644];
- **RWA**$_{MPAD}$ = Portion relating to market risk exposures subject to the calculation of the capital requirement through the standardized approach considering the portions;
    - RWAJUR1 = Portion related to exposures subject to variations in fixed interest rates, in Reais, whose capital requirement is calculated through the standardized approach [Circular 3,634]
    - RWAJUR2 = Portion related to exposures subject to variations in coupon rates, in foreign currencies, whose capital requirement is calculated through the standardized approach [Circular 3,635]
    - RWAJUR3 = Portion related to exposures subject to variations in coupon rates for price indexes whose capital requirement is calculated through the standardized approach [Circular 3,636]
    - RWAJUR4 = Portion related to exposures subject to variations in coupon rates for interest rates whose capital requirement is calculated through the standardized approach [Circular 3,637]
    - RWAacs = Portion related to exposures subject to variations in shares prices whose capital requirement is calculated through the standardized approach [Circular 3,638]
    - RWAcom = Portion related to exposures subject to variations in commodity prices whose capital requirement is calculated through the standardized approach [Circular 3,639]
    - RWAcam = Portion related to exposures to gold, in foreign currencies, and in assets subject to variations in exchange rates whose capital requirement is calculated through the standardized approach [Circular 3,389]

- **RWA**$_{OPAD}$ = Portion related to the calculation of capital required for operational risk through the standardized approach [Circular 3,640];

	RWA		Minimum Capital Requirement
R$ million	**9/30/2022**	**12/31/2021**	**9/30/2022**
Credit Risk: standardized approach	**224,505**	**203,488**	**17,960.39**
Credit risk excluding counterparty credit risk	182,325	157,238	14,586
Counterparty credit risk (CCR)	19,586	21,961	1,567
Of which: standardized approach for counterparty credit risk (SA-CCR)	19,586	21,961	1,567
Of which: Current Exposure Method approach (CEM)	-	-	-
Of which: other CCR	-	-	-
Credit valuation adjustment (CVA)	3,653	8,114	292
Equity investments in funds - look-through approach	2,403	1,232	192
Equity investments in funds - mandate-based approach	-	-	-
Equity investments in funds - fall-back approach	-	-	-
Securitisation exposures - standardized approach	2,715	1,288	217
Amounts below the thresholds for deduction	13,822	13,656	1,106
Market risk	**52,713**	**26,811**	**4,217**
Of which: standardized approach	52,713	26,811	4,217
Of which: internal models approach (IMA)	-	-	-
Operational risk	**23,528**	**17,194**	**1,882**
Total	**300,746**	**247,493**	**24,060**

The decline in risk-weighted assets was mainly concentrated in market risk as a result of the reduction in this type of risk.

7 LEVERAGE RATIO

The leverage ratio is defined as the ratio between Tier I Capital and Total Exposure and is calculated according to Bacen Circular No. 3,748. The ratio is intended to serve as a simple leverage measurement that is not sensitive to risk. Therefore, this ratio does not consider risk weighted factors (RWF) or mitigating factors. The information below follows the methodology established in this Circular:

BTG Pactual - Leverage Ratio Common Disclosure		
	a	b
R$ Million	**9/30/2022**	**6/30/2022**
Items shown in the Balance Sheet		
Balance sheet items except derivative financial instruments, securities received on loan and resales for settlement under repurchase transactions	415,055	423,920
Adjustments for equity items deducted in the calculation of Tier I	4,277	5,371
Total exposure shown in the Balance Sheet	**419,331**	**429,291**
Transactions using Derivative Financial Instruments		
Replacement value for derivatives transactions	93	964
Potential future gains from derivatives transactions	319	623
Adjustment for collateral in derivatives transactions	-	-
Adjustment related to the deduction of the exposure because of the qualified central counterparty (QCCP) in derivative transactions on behalf of clients in which there is no contractual obligation to reimburse due to bankruptcy or default of the entities responsible for the settlement and compensation of transactions	-	-
Reference value for credit derivatives	5,140	2,538
Adjustment of reference value calculated for credit derivatives	-	-
Total exposure for derivative financial instruments	**5,551**	**4,125**
Repurchase Agreement Transactions and Securities Lending		
Investments in repurchase agreement transactions and securities lending	98,845	79,100
Adjustment for repurchases for settlement and creditors of securities lending	1,771	1,847
Amount of counterparty credit risk (CCR)		
Amount of counterparty credit risk in transactions as intermediary		
Total exposure for repurchase transactions and securities lending	**97,074**	**77,253**
Off-balance sheet items		
Reference value of off-balance sheet transactions	42,964	42,125
Adjustment for application of FCC specific to off-balance sheet transactions	- 16,604	- 16,230
Total off-balance sheet exposure	**26,360**	**25,896**
Capital and Total Exposure		
Tier I	**39,773**	**37,608**
Total Exposure	**540,610**	**526,298**
Leverage Ratio		
Leverage Ratio	**7.4%**	**7.1%**

8 LIQUIDITY RISK

The Management Policy for this risk, approved and reviewed periodically by Senior Management, establishes practices that support the control and ongoing and integrated management strategy for the liquidity risk to which BTG Pactual is exposed.

These practices are constituted by the requirements defined in CMN Resolution No. 4,557 and the principles contained in the Principles for Sound Liquidity Risk Management and Supervision document (Basel Committee - BCBS, September 2008), among other best market practices, namely:

- Definition of a liquidity risk management structure, compatible with the nature and complexity of the products and services offered by BTG Pactual, and the size of its exposure to this risk;
- Division of responsibilities among BTG Pactual's execution teams, the liquidity risk management structure, and the policy established by Senior Management;
- Definition of processes for managing liquidity risk;
- Creation of processes for periodic stress tests;
- Creation of a Liquidity Contingency Plan for BTG Pactual.

The control and management of BTG Pactual's liquidity risk cover, at least, the following situations:

- the possibility of the Bank failing to efficiently fulfill its current and future, expected and unexpected, obligations, including those arising from guaranties, without affecting its daily operations and without incurring significant losses; and
- the possibility that BTG Pactual will not be successful in negotiating asset positions at market prices, due to its large size in relation to the commonly traded volume, or as result of any market discontinuity.

8.1 Parameters and Limits

BTG Pactual's liquidity monitoring controls and limits are defined by the Liquidity Risk Management Structure and approved by the Executive Board and the Board of Directors. The Bank's limits and controls are reviewed, at least, once a year.

8.2 Liquidity Risk and Management Structure

BTG Pactual's liquidity risk management structure aims to identify, assess, monitor and control the risks associated with each institution on a stand-alone basis and with the prudential conglomerate (under the terms of CMN Resolution No. 4,950), considering the possible impacts on the conglomerate's liquidity arising from the risks related to other entities controlled by the companies of the prudential conglomerate. In this sense, BTG Pactual's liquidity risk management covers:

- All operations carried out by BTG Pactual in the financial market and capital market, as well as possible contingent and unexpected exposures, including those arising from services such as settlement, sureties and guarantees, as well as loans contracted and used by the borrower.

- The prudential conglomerate and the companies part of the conglomerate, as well as the possible impacts on its liquidity arising from risks associated with other entities that are controlled by the companies of the prudential conglomerate.

- The liquidity risk in each of the countries where BTG Pactual operates, and in the currencies to which it is exposed, observing any restrictions on the transfer of liquidity and convertibility between currencies, such as those caused by operational problems or imposed by the authorities of any of these countries.

- The assessment of liquidity risk as part of the approval process for new products, in addition to the evaluation of their compatibility with existing procedures and controls.

BTG Pactual's liquidity risk management strategy has operational limits and controls that were designed to maintain exposure to liquidity risk at levels established by the Bank and to comply with regulatory limits. To achieve this, Bank has processes defined for identifying, evaluating, monitoring, controlling and communicating this risk.

8.3 Liquidity Risk Management Process

For the effective management of liquidity risk, BTG Pactual has a set of processes and procedures defined for controlling, mitigating, monitoring and communicating information about this risk.

These procedures are performed independently by specific units of each of the business areas and are reviewed, at least, once a year.

CFO Committee

Through periodic meetings and ongoing actions, this Committee monitors, among other liquidity risk aspects, BTG Pactual's cash flow, in addition to verifying if all objectives established in the liquidity management structure are being achieved.

The CFO Committee also reviews and establishes global risk limits and management criteria, including those for liquidity risk. It also approves the necessary procedures for the effective compliance with the Liquidity Risk Management Policy and for the execution of the processes established therein, as well as for compliance with regulatory standards.

LCR – Liquidity Coverage Ratio

The Liquidity Coverage Ratio (LCR) is the ratio between High-Quality Liquid Assets (HQLA) and the total expected net cash outflows for a 30-day period (Net Outflows), calculated according to the stress scenario standardized by the Central Bank of Brazil.

This indicator is intended to illustrate the existence of liquid assets at the Bank that are capable of withstanding a 1-month stress scenario. That is, to guarantee the Bank's short-term liquidity.

BTG Pactual maintains HQLA in such a way that the ratio between this inventory and the total Net Outflows complies with, at least, the limits established in the Central Bank of Brazil CMN Resolution No. 4,401:

$$LCR = \frac{High\ Quality\ Liquid\ Assets}{Cash\ Outflow\ (Min)(Cash\ Inflow;\ 75\%\ x\ Cash\ Outflow)} \geq 100\%$$

The standardized stress scenario for the LCR considered by BTG Pactual considers idiosyncratic and market shocks that would cause the Bank, in a 30-day period, among others, to incur:

- A partial loss in unsecured wholesale funding capacity;
- A partial loss in the ability to raise funds in the short-term;
- Additional cash outflows, contractually expected, due to the downgrading of the Bank's credit risk rating, by up to three levels, including any additional requirement for collateral;
- Increase of volatility in prices, rates or indexes that impact the quality of the collateral or the potential future exposure of derivative positions, due to the application of larger discounts to collateral or to additional calls for collateral, or in other demands for liquidity;
- Higher-than-expected amounts withdrawn from credit and liquidity facilities; and
- The need for BTG Pactual to potentially prepay debt or pay non-contractual obligations, as a measure to mitigate its reputational risk.

Information on the Liquidity Coverage Ratio (LCR)

BTG Pactual - Short term Liquidity Indicator – LCR	a Average Unweighted Amount (R$ million) [2]	b Average Weighted Amount (R$ million) [3]
High-Quality Liquid Assets		
Total high-quality liquid assets (HQLA)	-	**52,927**
Cash Outflows [4]		
Retail deposits, of which:	**12,449**	**2,429**
Stable deposits	-	-
Less stable deposits	12,449	2,429
Unsecured wholesale funding, of which:	**45,955**	**22,893**
Operational deposits (all counterparties) and deposits in networks of cooperative banks	-	-
Non-operational deposits (all counterparties)	45,948	22,886
Unsecured debt	7	7
Secured wholesale funding	-	**2,941**
Additional requirements	**10,143**	**8,862**
Outflows related to derivative exposures and other collateral requirements	9,087	8,222
Outflows related to loss of funding on debt products	618	618
Credit and liquidity facilities	439	22
Other contractual funding obligations	**2,020**	**1,968**
Other contingent funding obligations	**22,061**	**2,462**
Total Cash Outflows	-	**41,555**
Cash Inflows [4]		
Secured lending	-	-
Inflows from fully performing exposures	6,630	5,394
Other cash inflows	22,859	22,791
Total Cash Inflows	**29,488**	**28,185**
		Total Adjusted Value (5)
Total HQLA		**52,927**
Total net cash outflows		**14,187**
LCR (%)		**373.1%**

Number of daily observations used to calculate simple averages: 65 in 3Q/2022 and 62 in 2Q/2022

2 Total balance off the cash inflows or outflows.

3 Corresponds to the amount resulting after the application of weighing factors.

4 Potential cash outflows and inflows.

5 Amount calculated after applying weighting factors and limits set by BACEN Circular 3,749.

The table above illustrates that the HQLA, mainly composed of Sovereign Bonds, totaled an average of R$57.2 billion. Meanwhile, the Net Outflows, mainly composed of Wholesale Funding, totaled an average of R$25.1 billion.

The quarterly average of the LCR ratio for the BTG Pactual Prudential Conglomerate increased from 166.0% in 2Q/2022 to 228.3% in 3Q/2022, which are at comfortable levels and higher than the regulatory limit. Thus, BTG Pactual has the capacity to support a liquidity stress period of over 30 days under the scenario provided by current regulation.

Net Stable Funding Ratio (NSFR)

The net stable funding ratio (NSFR), a long-term liquidity ratio, aims to demonstrate the Bank's ability to finance its assets through stable funding sources. Through this funding, the probability of momentary interruptions in the Bank's funding sources, which harms its liquidity position, is reduced.

NSFR corresponds to the ratio between Available Stable Funds (ASF) and the Required Stable Funds (RSF), as defined under Circular No. 3,869:

$$NSFR = \frac{Available\ Stable\ Funds\ (ASF)}{Required\ Stable\ Funds\ (RSF)} \geq 100\%$$

Available Stable Funds (ASF) are represented by liability items and capital, weighted according to the client's behavior, its relationship with the institution, legal aspects, among others. Required Stable Funds (RSF) are defined according to balance sheet assets and financial instruments recorded in clearing accounts, such as the granting of credit limits and guarantees, and are weighted by aspects such as term and counterparty, among others.

Information on the Net Stable Funding Ratio (NSFR)

BTG Pactual - Long term Liquidity Indicator – NSFR

	a	b	c	d	e
	Unweighted value by residual maturity (R$ million)				
9/30/2022	No maturity[1]	< 6 months[1]	6 months to < 1yr[1]	≥ 1yr[1]	Weighted value (R$ million) [2]
Available Stable Funding (ASF) [3]					
Capital	**42,538**	**-**	**-**	**6,643**	**49,182**
Total Capital, gross of regulatory deductions	42,538	-	-	6,643	49,182
Other capital instruments	-	-	-	-	-
Retail deposits	**768**	**22,094**	**9,931**	**12,406**	**41,919**
Stable deposits	-	-	-	-	-
Less stable deposits	768	22,094	9,931	12,406	41,919
Wholesale funding	**1,421**	**165,850**	**39,638**	**47,755**	**87,067**
Operational deposits	-	-	-	1,075	1,075
Other wholesale funding	1,421	165,850	39,638	46,680	85,992
Interdependent liabilities	-	-	-	-	-
Other liabilities	**1,729**	**44,553**	**-**	**5,281**	**5,281**
Derivative liabilities	-	-	-	-	-
All other liabilities and capital instruments not included in the above categories	1,729	44,553	-	5,281	5,281
Total available stable funding (ASF)	-	-	-	-	**183,449**
Required Stable Funding (RSF) [3]					
Total high-quality liquid assets (HQLA)	-	-	-	-	**8,525**
Deposits held at other financial institutions for operational purposes	-	-	-	-	-
Performing loans and securities:	**5,640**	**68,086**	**50,944**	**88,762**	**115,024**
Performing loans to financial institutions secured by Level 1 HQLA	-	47,101	-	-	4,710
Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions	-	6,011	426	1,045	2,160
Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, of which:	-	10,320	47,563	51,767	68,998
With a risk weight of less than or equal to 35% according to Circular 3.644	-	-	-	-	-
Performing residential mortgages, of which:	-	-	-	-	-
Which are in accordance to Circular 3,644, 2013, art. 22	-	-	-	-	-
Other loans and securities that do not qualify as HQLA, including exchange-traded equities	5,640	4,655	2,954	35,951	39,157
Interdependent assets	-	-	-	-	-
Other assets:	**22,652**	**29,906**	**2,998**	**25,675**	**52,235**
Physical traded commodities	-	-	-	-	-
Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs	-	-	-	-	51
Derivative assets	-	-	-	4,198	4,198
Derivative liabilities before deduction of variation margin posted	-	-	-	962	962
All other assets not included in the above categories	22,592	29,906	2,998	20,515	47,025
Off-balance sheet items	-	-	-	-	**587**
Total required stable funding (RSF)	-	-	-	-	**176,372**
NSFR (%)					**104.0%**

The table above illustrates that the Total Available Stable Funds, mainly composed of Capital and Wholesale and Retail Funding, totaled R$183.4 billion in 3Q/2022. Meanwhile, Total Required Stable Funds, mainly composed of Loans and Securities, totaled R$176.4 billion. The NSFR for the BTG Pactual Prudential Conglomerate declined from 108.3% in 2Q/2022 to 104.0% in 3Q/2022, which are at comfortable levels and higher than the regulatory limit. Thus, BTG Pactual has a stable funding source that is compatible with its requirements and demonstrates a quality structural liquidity.

9 MARKET RISK

MRA: Qualitative information on market risk management

Conceptually, market risk is essentially defined as the risk of losses due to adverse changes in prices of risk components underlying the positions of the portfolio. All market risk, from a bank's trading activities or any other business area, must be identified, measured, monitored and controlled to protect the institution from undesired exposures.

The purpose of this document is to describe BTG Pactual's market risk management and control structure, as well as the policy for defining and monitoring risk limits (VaR, Stress, Exposure/Concentration and Operational), in addition to the Stop Loss.

MARKET RISK MANAGEMENT STRUCTURE

The Business Trading areas of BTG Pactual are, in first instance, primarily responsible for managing market risk. Business areas that do not have a specific mandate for this management must transfer any material market risk in their portfolio to the trading areas.

In turn, the Market Risk area carries out the market risk control function and operates independently from the Trading areas, reporting directly to BTG Pactual's Chief Risk Officer (CRO).

RESPONSIBILITIES OF THE MARKET RISK AREA

- Identification and measurement of market risk through the VaR calculation, with stress tests and portfolio exposures and sensitivities calculated through BTG Pactual's Market Risk System (PARIS);
- Elaboration of daily reports containing the consolidated numbers and individual risk (by entity), which must be submitted to the parties responsible for the Trading areas and to Senior Management, providing the necessary support for proper risk management;
- Definition and revision of the risk calculation models used by BTG Pactual;
- Definition and revision of Hypothetical *Stress Test* scenarios;
- Production of backtesting analyses, at least once a month, with the input data being calculated by the Finance area, to verify the risk estimates generated by the PARIS system and the parameters used in the calculation;
- Ongoing monitoring of risks incurred and investigation of any eventual apparent anomaly, such as:
    a) Inconsistencies between the reported risk and the actual PnL (revenue and expenses), not only for backtesting exceptions, but also for any situation in which there is a significant divergence between them, all of which must be investigated jointly with the Finance area;
    b) Inconsistencies between the risks incurred and the strategies of the business areas must be submitted for assessment, whenever necessary, by Senior Management and the Heads of the Trading areas; and
    c) Positions that, eventually, are not being actively managed.

MARKET RISK LIMITS

With the objective of maintaining the risks incurred by BTG Pactual's business areas in line with expected results, and in observance of the Bank's capital base, market risk limits were established and must be followed by the trading desks.

Market risk limits are controlled through the following risk measures:

- **Portfolio Limits:**
  - VaR limit of 95% (1 day) per portfolio / business area.
  - Limits of the Hypothetical Stress Test by business area / region where BTG Pactual operates.

- **Concentration Limits:**
  - Limits of Exposure/Concentration to risk factors according to country/region/issuer.

- **Operational Limits:**
  - Limits used to cover eventual material risks that may eventually not be adequately captured by traditional metrics, including exposures to risk factors that are not observable. Limits may also be defined when their need is indicated by specific market conditions, such as liquidity or control deficiencies.

CURRENT LIMITS AND INTERNAL COMMUNICATION

VaR, Stress and Exposure limits are disclosed daily in the consolidated risk report generated by the Market Risk area and are used by each of the respective trading desks. Each morning, the report is sent to the parties responsible for the trading areas, being used as BTG Pactual's main tool for monitoring these limits.

ESTABLISHING OF LIMITS

Limits are reviewed at least once every quarter and consider the risk utilization history and the expected average and maximum risk exposures of each trading area. The Market Risk area elaborates a proposed limit, considering mainly BTG Pactual's current capital base, and submits the report for assessment and approval by the Risk Committee, observing the guidelines defined by Senior Management.

STOP LOSS

The Risk Committee approves the Stop Loss levels for each trading desk, which are monitored as quickly as possible and, if reached, the Risk Committee is responsible for deciding if the Bank's positions should be reduced, and how quickly, or if the limits should be increased.

ALTERATIONS/EXCEPTIONS

Any type of alteration or exception to BTG Pactual's risk policy must be approved by the Risk Committee, which is comprised by the Chief Executive Officer (CEO), Chief Operations Officer (COO) and Chief Financial Officer (CFO) and the parties responsible for the Market Risk, Credit Risk and Operational Risk areas, in compliance with the guidelines established by Senior Management.

TRADING BOOK AND BANKING BOOK

Pursuant to the Central Bank of Brazil - Bacen Circular No. 3,354, which establishes the minimum criteria to classify operations carried out by financial institutions that must be included it their Trading Book and which operations must be maintained outside of this Portfolio, but rather in the Banking Book portfolio, and Bacen Circular No. 3,365, which provides on the measurement of interest rate risk for operations in the Banking Book, BTG Pactual separates the operations classified in the Banking Book from the operations classified in the Trading Book when calculating market risk.

When measuring the risk of the Banking Book, BTG Pactual follows the assumptions and guidelines defined in Bacen Circular No. 3,365 and evaluates which operations are sensitive to changes in interest rates, including the use of risk measurement techniques in stress scenarios.

For operations without a defined maturity date, BTG Pactual uses an internal model based on studies of the historical behavior for portfolios with this characteristic.

EXHIBITIONS

Interest rate risk for the non-trading portfolio

The following scenarios were used for the sensitivity analysis:

- Scenario 1: Increase in interest rates by 1 basis point;
- Scenario 2: 25% shock in interest rates, considering the biggest loss between the highest and lowest scenarios; and
- Scenario 3: 50% shock in interest rates, considering the biggest loss between the highest and lowest scenarios.

Risk Factors (R$ Thousand)	Sep-2022		
	Scenario 1	Scenario 2	Scenario 3
Currency coupons	-850	-12,327	-23,674
Price indexes	631	-6,006	-12,012
Fixed rate	-130	-2,141	-4,282
Reference rate (TR)	136	-2,489	-4,979

10 CREDIT RISK

Credit risk consists of the possibility of losses resulting from the non-fulfillment, by the borrower or counterparty, of their respective financial obligations under the agreed terms and conditions, a devaluation of credit agreements due to the deterioration in the borrower's risk classification, a reduction in gains or remuneration. Credit risk is inherent to loans and financing activities. However, it is also present in some derivative products and in certain structured operations.

Credit risk is present in Banking Products and in Traded Products:

- The risk in Banking Products includes amounts receivable from a counterparty or its guarantors arising from the release of financial resources in credit operations, funds invested in other financial institutions (bank or interbank deposits), the acquisition of private securities, as well as the issuance of guarantees/letters of credit or the commitment to do so. The exposure level for Banking Products is captured in nominal terms.

Exposure of Banking Products = Principal + Interest

- The risk in Traded Products includes amounts receivable (actual or potential) from a counterparty in derivative operations, stock lending (outside the stock exchange), as well as repurchase agreements or resale of securities. At BTG Pactual, this exposure is reported as the sum of the maximum potential exposure during the term of the operation[1] plus the amount receivable from the counterparty (positive mark-to-market). This exposure is measured through the following formula:

Exposure of Traded Products = [Notional x (add-on)] + MTM (mark-to-market)

[1] The Market Risk Management Area is responsible for calculating the risk factors (add-on) for the potential credit exposure in a given period. As a reference, we included our current Risk Factors Table in Annex I.

The default risk inherent in assets held by BTG Pactual's Treasury (issuer risk) is reported as a market risk exposure and considers the liquidity of these assets and their secondary market.

Credit exposure can be viewed at two different levels: gross exposure and net exposure. In the gross exposure, we recognize amounts owed without any type of guarantee received, while in the net exposure, we recognize reductions arising from collateral, guarantees, risk transfers and netting agreements. Net exposure in guarantee is only measured in situations where a favorable opinion was issued from the Legal Department of the BTG Pactual Conglomerate.

CREDIT RISK MANAGEMENT STRUCTURE

Similar to other risk areas at BTG Pactual, the Credit Risk area is also independent from the business areas and reports directly to the Chief Risk Officer (CRO) and indirectly to the Chief Operations Officer (COO) of the BTG Pactual Conglomerate. This area (Credit Risk) is responsible for approving any and all new operations through a workflow defined according to the specific characteristics of each area, always aimed at ensuring: (i) adequate segregation of functions in the approval process; (ii) operations are approved by the designated approval authorities at the Bank; and (iii) operations are duly formalized. To achieve this, the Bank adopts a methodology consisting of analysis on financial items and guarantees, as well as a complete understanding of the nature of the counterparties.

In addition, the Credit Risk area is responsible for maintaining the ongoing monitoring and controlling of this risk in all of BTG Pactual’s credit products, aiming to maintain exposure levels in compliance with the limits established by Senior Management. To achieve this, the Bank prepares management and control reports containing information such as: disbursements, exhibitions, amortizations and arrears, monitoring of guarantees, and monitoring of financial and equity positions of the counterparties involved.

The Credit Risk Control Area is also responsible for identifying, measuring, monitoring, controlling, and reporting the credit risk embedded in operations carried out by all companies of the BTG Pactual Conglomerate. The Head of the Credit Risk Control Area allocates resources for the development, maintenance, and approval of risk policies, all of which must reflect the Control Principles of the BTG Pactual Conglomerate.

The Committee, structured as a working group, carries out all the due-diligence procedures, such as technical visits, database verification, consultations with external legal advisors and consulting firms, among others. If there is potential that the operation will be approved, this Committee shall present a proposal to the FCC (Final Credit Committee).

The FCC is the committee at BTG Pactual responsible for approving credit proposals. This Committee is comprised by representatives from the Credit Risk Control (CRC), Business, Operations, Legal, and Compliance areas, as well as by the Head of the Fixed Income area of the BTG Pactual Conglomerate. The approval authority of the CRC area is independent in relation to the approval authorities of the other business areas. In other words, the CRC area has the power to veto any proposed operation presented. In specific situations, a proposal may be referred to the Conglomerate's Chief Operating Officer (COO) for assessment and decision.

The Risk Committee of the BTG Pactual Conglomerate - which is comprised by the Chief Executive Officer (CEO), Chief Operations Officer (COO), Chief Financial Officer (CFO), Chief Risk Officer (CRO), the Heads of the Credit Risk Control and Market Risk areas (relating to credit risk) - is responsible for approving and implementing procedures related to Credit Risk management, and defining sector and portfolio limits, among others, in addition to approval of credit levels.

The Management Committee Brazil, comprised by the Chief Executive Officer (CEO), Chief Operations Officer (COO), Chief Financial Officer (CFO) and the main partners of BTG Pactual, including the Head of the Credit Risk Control area, is responsible for approving the credit levels for the business areas. This Committee also defines the content and frequency of credit risk reports, pursuant to internal guidelines and the guidelines established by current regulations.

ESTABLISHMENT AND MAINTENANCE OF CREDIT COUNTERPARTIES

- When serving all potential credit clients, like all other clients of BTG Pactual's products and services, the AML Program (Prevention of Money Laundering and Financing of Terrorism - PLD/FT) and the Client Identification Program (CIP) must be followed. Every potential BTG Pactual client must be analyzed under the "background checking" procedures defined in the AML Program and must be approved by the AML-Compliance area. Credit counterparties must be analyzed by the Credit Risk Control (CRC) area and are subject to prior limit approvals by the responsible areas (as provided in Annex III herein).
- The business areas are responsible for ensuring that no direct or implicit commitments are made during negotiations of proposals with counterparties without the knowledge and prior approval of the Credit Officer (CO).
- All counterparties of the companies under the BTG Pactual Conglomerate are subject to ongoing monitoring and periodic reviews.

CONTROL OF CREDIT EXPOSURE

Overview
The BTG Pactual Conglomerate establishes periodic verification routines for the credit exposures and risks embedded in products, operations, counterparties, and portfolios, aiming to identify, quantify, and control the many nuances of credit risk.

Product
All financial instruments that generate some type of credit risk for companies of the BTG Pactual Conglomerate (including loans in general, purchase of private securities, structured operations, derivative operations, guarantees, among other modalities) must have exposure data properly reported to the risk management and control areas.

As mentioned in the previous paragraphs of this document, Banking Products are monitored on a nominal basis, while Traded Products reflect the potential exposure of the companies of the BTG Pactual Conglomerate, during the term of the operation, to a given asset[2].

Counterparty
Counterparty exposure is calculated by the sum of the exposures in several products. Exposures are reported in gross and net amount in the counterparty reports.

Portfolio
Portfolio exposure is used to identify the concentration of risk by sector, economic group, and product.

Exposures are aggregated by gross amounts and deducted, as applicable, from the credit allowance established for them.

Probability of Default and Ratings
The Probability of Default (PD) is a statistical parameter used by the Credit Risk Control area and measures the probability of a certain counterparty not fulfilling its financial obligations (declaration of suspension or default).
The probability of default is related to counterparties and the rating of the counterparty corresponds to a range of default probabilities in a certain period (1 year for BTG Pactual). The table below provides details of probability of default for each rating. The ratings are determined according to BTG Pactual's internal models and are reviewed annually.

[2] The asset in this context refers to the 'reference asset/underlying' asset of the operation, that is, the maximum amount for which the potential price volatility of such asset is calculated, leading to its potential risk factor or add-on. This calculation is carried out by the Market Risk Management area.

Rating	Probability of Default (PD) – 1 year
AAA	0.00%
AA+	0.00%
AA	0.00%
AA-	0.07%
A+	0.04%
A	0.06%
A-	0.10%
BBB+	0.15%
BBB	0.17%
BBB-	0.40%
BB+	0.86%
BB	0.84%
BB-	1.66%
B+	2.13%
B	5.48%
B	7.51%
CCC/CC	20.97%

Note: In addition to using an internal rating scale, BTG Pactual also complies with CMN Resolution 2,682. The classification above, for clients and operations, is provided in this Resolution and also considers the number of overdue days.

Loss Given Default

The probability of default of a counterparty does not necessarily reflect the potential loss that companies of the BTG Pactual Conglomerate would incur if the default were to materialize. Collateralized operations, of all forms, normally have a lower probability of default than unsecured operations.

The Loss Given Default (LGD) is a parameter used by BTG Pactual to estimate the possibility of incurring a loss if the borrower or counterparty declares default.

The LGD must cover not only the loss of the operation's principal amount, but also amounts for interest, contractual fines, and associated costs (such as legal costs), without excluding the Bank's cost of capital allocation over the course of a given operation, including the re-structuring and recovery of amounts owed to BTG Pactual.

CREDIT RISK

Concession

The initial phase of the process. Covers the client analysis and evaluation phases of the operation, as well as the approval process. The companies of the BTG Pactual Conglomerate use the methods described above to define a client's probability of default and the exposure limit. In terms of the operation analysis, the companies of the BTG Pactual Conglomerate seek to evaluate the compatibility of a client's profile and its payment capacity with the risk appetite described in the RAS.

Monitoring

The Credit Risk Control area is responsible for monitoring credit operations. The Credit Risk System contains the database of all operations in progress and produces a daily monitoring report, by analysts and Credit Officers, on the current situation of the operations, including any overdue amounts, aimed at taking appropriate measures.

Credit operations in progress are monitored on a daily basis and, if payments are not made by clients on the scheduled dates, the control system identifies and reports the default event so that measures can be taken by the CRC and business areas.

Operations with liquid guarantees (receivables in general) are regularly monitored to ensure that the expected flow is in line with the credit agreement, aimed at anticipating any problems that may cause a default event.

Additionally, the due date of all operations is communicated to their respective borrowers in order to notify them of the occurrence. If the payment is not made, the credit backoffice informs the team that approved the operation, requesting a deadline for covering the overdue balance.

Recovery
During the recovery phase, the BTG Pactual Conglomerate seeks to reduce potential losses incurred in credit operations, reduce recovery costs, and increase the recovery rate. This phase includes out-of-court collections, outsourcing of collections (through outsourced companies that provide collection and recovery services for default amounts) and judicial collections for required situations.

At least once a month, a meeting is held between the areas responsible for monitoring out-of-court collections (Credit, Structuring, Backoffice, Legal and Fixed Income) to evaluate the effectiveness of the actions taken for receiving the overdue amounts.

If the Bank decides to renegotiate with a defaulting client, and this leads to a reduction in interest, charges, or any other amount referring to the credit operation, said renegotiation must be approved by the authority responsible for approving the credit operation (in the Credit Risk Control and Commercial areas).

EXCEPTIONS TO THE CREDIT POLICY
Exceptions to the Credit Policy must be approved by the Head of the Credit area and according to his/her approval limit granted by the Credit Committee. The Head of this area, upon his/her sole discretion, may submit the exceptional situation to be evaluated and approved by the Credit Committee. Exceptional situations that surpass the limit and/or responsibilities of the Head of the Credit area must be submitted for evaluation and deliberation by the Credit Committee.

11 OPERATIONAL RISK

Definitions

Operational risk is defined as the possibility of incurring financial and non-financial losses arising from external events, failures, deficiencies, or inadequacy of internal processes, actions, and conduct by people and the proper functioning of systems due to market conditions and/or operational difficulties.

This includes legal risks associated with the exposure to sanctions arising from non-compliance with legal provisions, the inadequacy or deficiency in contracts signed by the Bank, and indemnification for damages to third parties caused by the activities performed by the Institution.

The following events are considered operational risk, among others:

- Internal frauds;
- External frauds;
- Labor demands and poor workplace safety;
- Inappropriate conducts relating to clients, products and services;
- Damage to physical assets owned or being used by BTG Pactual and the companies of the BTG Pactual Conglomerate;
- Situations that lead to the interruption of the Bank's activities;

- Failures in information technology (IT) systems, processes or infrastructure;
- Failures to execute, meeting deadlines and manage activities.

Role of the Operational Risk area

Banco BTG Pactual's Operational Risk area is responsible for monitoring the level of exposure to operational risk for the companies of the BTG Pactual Conglomerate, considering the established limits and risk appetite contained in the Risk Appetite Statement (RAS), reducing operational losses, identifying and managing the multiple risks inherent to the processes, effectively taking advantage of business opportunities and improving the amount of allocated capital.

In carrying out its role, the Operational Risk area provides advisory for the management of operational risks, supporting managers through methodologies, governance, tools, corrective actions, and the monitoring of the control environment.

The Operational Risk area must focus its actions on events arising from operational risk that may impact BTG Pactual's performance towards its strategic, tactical and operational objectives, monitoring the key operational risk events and the quality of the control environment.

Model and responsibilities

Banco BTG Pactual follows a three lines of defense model that determines different roles and responsibilities for the governance, operational risk management, and internal controls inherent to its business lines and operations.

1.3.1. First Line of Defense

The First Line of Defense comprises all of Banco BTG Pactual's employees as "takers" of the risks inherent in their activities and are, therefore, also responsible for managing them. The Heads of each area are responsible for managing their respective risks.

In the First Line of Defense, they must identify their inherent risks, design and implement effective internal controls and procedures to manage, control and mitigate these risks, as well as supervise the execution of controls and procedures in their respective areas with third parties and service providers, as well as implement corrective measures to give the proper treatment to the identified vulnerabilities.

1.3.2. Second Line of Defense

The Second Line of Defense comprises the areas of Operational Risk, Compliance and Prevention of Money Laundering and Financing of Terrorism (PLD/FT), Legal, Information Security, Ombudsman, Sustainability and other Financial Risk areas. The role of the Second Line of Defense consists in supervising, supporting, monitoring, and independently challenging the risk management carried out by the First Line of Defense.

The Second Line of Defense is responsible for ensuring that the risk management is in accordance with the risk appetite determined by the Bank's Risk Appetite Statement (RAS). To achieve this, the Second Line of Defense must monitor, challenge, and evaluate the effectiveness of the risk management carried out by the First Line of Defense.

The Second Line of Defense areas are responsible for providing guidance and acting as an advisor to the First Line of Defense in its governance role, foreseeing and proving effective processes for tracking and reporting the materialization of risk events at the Bank in a timely manner, and promoting a solid risk culture across the Institution.

1.3.3. Third Line of Defense

BTG Pactual's Internal Audit is considered the Third Line of Defense. This line is responsible for recommending recurring improvement processes through independent assessments. The Internal Audit reports directly to the Board of Directors, pursuant to current regulations, and its activities are evaluated and monitored by the Bank's Audit Committee.

The Internal Audit carries out independent reviews to assess the effectiveness of the systems, processes, internal controls, risk management and corporate governance across different areas of BTG Pactual, pursuant to applicable corporate and regulatory requirements and aimed at reaching its independent opinion and formulating recommendations for corrections and improvements.

As the Third Line of Defense, the activities carried out by BTG Pactual's Internal Audit are performed without interference of any kind, including the choice of audits, work scope, audit procedures, frequency of audit work, dates, and contents of the reports, reporting directly to the Bank's Board of Directors.

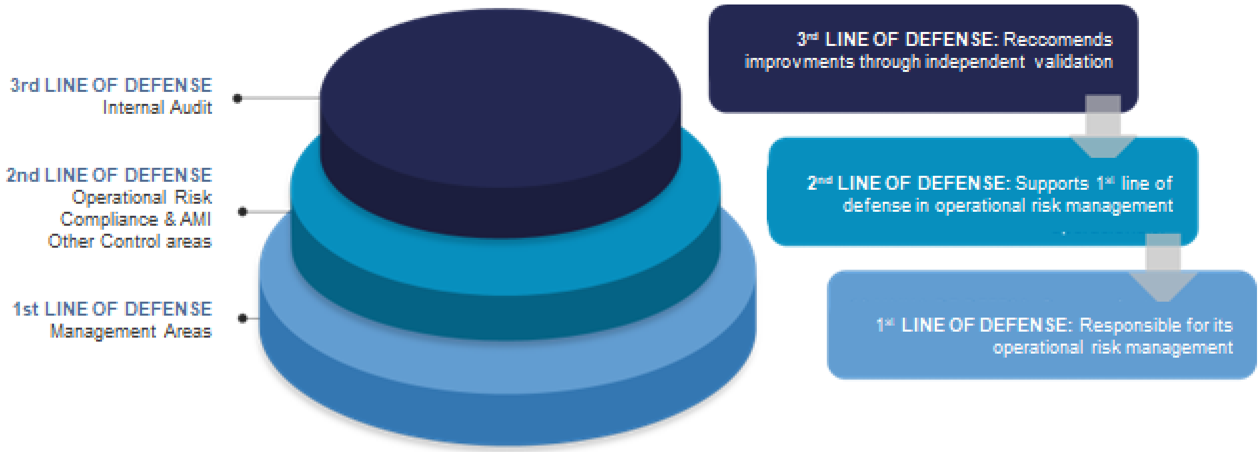


Figure 1: Lines of Defense Chart

Operational Risk Management Structure

Risk Management Department

The risk management activity is considered by BTG Pactual's Senior Management as one of the support and development pillars of the Bank's business, in Brazil and abroad, optimizing the use of capital resources and the return for shareholders and clients.

Risk management is carried out by areas that manage their activities independently from the business lines. Each risk area reports to BTG Pactual's Risk Management Department, under the responsibility of the Chief Risk Officer (CRO) and the Senior Management of the companies of the BTG Pactual Conglomerate.

The following units are part of the risk management structure:
- Credit Risk Management;
- Market Risk Management;
- Liquidity Risk Management;
- Social and Environmental Risk Management; and
- Operational Risk Management.

These units are responsible for supporting the business areas in identifying, measuring, monitoring, and submitting, to higher authorities, risk factors that could significantly impact BTG Pactual's operations. The Chief Risk Officer (CRO) is responsible for the independent control of these risks and for supervising and reviewing risk management activities at BTG Pactual. The CRO is also responsible for operating and managing the Risk Committees.

Business Managers are responsible for the ongoing monitoring of risk exposures, ensuring a balanced relationship between risk and return. Additionally, they must be involved and committed in the management and control of operational risks arising from their activities.

12 SOCIAL AND ENVIRONMENTAL RISK

Social and environmental risk is the risk of financial loss or damage to the Bank's image and reputation arising from potential environmental and social harms caused to society and the environment as a result of an economic activity. The social and environmental risks associated with BTG Pactual can be direct or indirect. Direct risks are linked to the Bank's own activities and are related to its operational structures, while indirect risks derive from its business relationships, including those with the supply chain and clients through financing and investment activities.

BTG Patual's approach to social and environmental risk management is based on the understanding of its responsibility, as a provider of financial services, with society and the environment. The Bank's Social, Environmental and Corporate Governance Policy, and its Sustainability Policy are fully aligned with its Business Principles and reflect the long-term ambition and commitment to responsible and sustainable development, with objectives, performance targets and programs aimed at raising awareness on matters that create value for different stakeholders. For this, both Policies describe the principles that guide the business, the incorporation of social and environmental risk analysis in the Bank's operations, the protection of human rights, the training of teams and vast dialogue with stakeholders, in line with the 17 Sustainable Development Goals included in the 2030 Agenda of the United Nations (UN).

13 REPUTATIONAL RISK

BTG Pactual understands reputational risk as the risk arising from internal actions, risk events, and external factors that may create a negative perception of the Bank among its clients, counterparties, shareholders, investors, regulators, commercial partners, and others, negatively impacting the brand's value and/or incurring financial losses, in addition to negatively affecting its ability to maintain existing business relationships, initiate new business relationships and/or to continue to have access to funding sources under normal market conditions.

The Bank's Senior Management considers reputation as an essential element for achieving its long-term goals, which is why it seeks to align its speech, actions, and ethical and transparent conducts, fundamental for increasing the level of trust with the audience in which it maintains relationships and with stakeholders. Therefore, BTG Pactual's reputational risk is structured through several internal processes and initiatives, which are backed by policies with the objective of providing mechanisms for monitoring, managing, controlling, and mitigating the key risks that may negatively affect the Bank's reputation, or the reputation of any other company of the BTG Pactual Conglomerate.

To ensure compliance with the Bank's policies and guidelines contained in its Regulations and Codes of Conduct, Business Principles and Ethics, and with laws and regulations, we highlight the following processes:

- Continuous monitoring of compliance with applicable laws, regulations, policies, and standards, undergoing comprehensive and regular assessments and tests on compliance risk for all operations of the BTG Pactual Conglomerate, as well as regular reporting of compliance matters to the Compliance Committee;

- Monitoring of matters related to licensing/registration/certification of employees, external business activities, and personal investments; and
- Periodic assessment on the adequacy of the internal procedures and guidelines, as well as monitoring of the situations of failure identified in the policies and procedures, submitting proposals for improvement when necessary.

Every business decision and action taken on behalf of BTG Pactual, or any other company of the BTG Pactual Conglomerate, must only be done after it has been duly analyzed to confirm if it is correct, legal, and fair. The Compliance Manual was prepared to help employees and other members of the Bank's staff in the decision-making processes, providing guidelines and benchmarks on best practices covering a wide range of topics and guidance on how to avoid conflicts of interest at work.