

(A free translation of the original in Portuguese)

Banco BTG Pactual S.A.
Consolidated condensed interim
financial statements at
March 31, 2023
and report on review



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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 consolidated condensed balance sheet of Banco BTG Pactual S.A. ("Bank") and its subsidiaries as at March 31, 2023 and the related consolidated condensed statements of income, comprehensive income, changes in equity and cash flows for the quarter then ended, and explanatory notes.

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).

Emphasis

Deferred tax credits in subsidiary

As mentioned in Note 16 to the condensed consolidated interim financial statements, the Bank has an investment in the subsidiary Banco Pan S.A., which, on March 31, 2023, had income tax and social



Banco BTG Pactual S.A

contribution tax credits in the amount of approximately R\$ 3.3 billion, recognized based on projection for realization of tax credits. This projected realization of tax credits 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 on January 31, 2023, whose main assumptions used were macroeconomic indicators, production and cost of funding. The realization of these tax credits, within the estimated realization period, depends on the materialization of these projections and the business plan as approved by management and those charged with governance. Our conclusion is not qualified in respect of this matter.

São Paulo, May 29, 2023

A handwritten signature in dark ink, appearing to read 'Edison Arisa Pereira'.

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

Edison Arisa Pereira
Contador CRC 1SP127241/O-0

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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

As of March 31, 2023 and December 31, 2022

(All amounts in thousands of reais)

	Note	03/31/2023	12/31/2022
Assets			
Cash	6	3,239,320	3,069,046
Financial instruments		411,790,083	398,146,160
Financial assets at fair value through profit or loss	7	175,016,840	156,996,525
Financial assets at fair value through other comprehensive income	8	15,775,577	16,455,650
Financial assets at amortized cost		220,997,666	224,693,984
Money market repurchase commitments	10	70,933,246	65,365,726
Interbank deposit investments	11	7,855,782	8,748,546
Deposited with the Central Bank		16,022,084	17,629,141
Credit operations	12	106,159,569	111,157,950
Marketable securities	13	17,774,053	15,431,811
Other receivables		2,252,931	6,360,809
Deferred tax assets	18	5,880,512	5,787,356
Other assets		33,895,251	28,013,030
Investments in affiliates and jointly-controlled subsidiaries	15	8,094,398	7,917,758
Property and equipment		506,267	508,618
Right-of-use		390,426	401,066
Intangible assets	16	10,041,390	10,253,420
Total assets		473,837,647	454,096,453

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.

Balance sheet

As of March 31, 2023 and December 31, 2022

(All amounts in thousands of reais)

	Note	03/31/2023	12/31/2022
Liabilities			
Financial liabilities at fair value through profit or loss	7	72,679,516	62,834,529
Financial liabilities at amortized cost	14	302,861,857	297,156,935
Money market funding		91,991,668	87,139,332
Deposits		118,309,723	115,749,672
Acceptances and endorsements		69,351,106	67,944,679
Borrowings, onlendings and leases		14,835,851	18,103,247
Subordinated debts and debt instruments eligible to capital		8,373,509	8,220,005
Tax liabilities	18	2,433,573	2,178,344
Current		1,739,240	1,484,157
Deferred		694,333	694,187
Sundry liabilities		27,668,510	23,214,981
Other liabilities		10,167,060	10,207,782
Social and statutory liabilities		1,079,206	3,569,719
Provision for contingent liabilities	17	5,142,852	5,091,446
Provision for expected loss arising from credit risk for financial guarantees		313,683	275,636
Total liabilities		422,346,258	404,529,372
Equity			
Share capital	19	15,760,364	15,760,364
Treasury shares		(532,428)	(231,252)
Capital reserves		652,515	652,515
Revenue reserves		25,155,067	25,155,067
Retained earnings		2,101,250	-
Other comprehensive income		3,593,974	3,590,324
Total equity of controlling stockholders		46,730,742	44,927,018
Non-controlling interest		4,760,647	4,640,064
Total equity		51,491,389	49,567,082
Total liabilities and equity		473,837,647	454,096,453

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

Periods ended March 31

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

	Note	03/31/2023	03/31/2022 (Restated)
Net profit (loss) from financial instruments	21	4,563,755	5,145,815
Expected losses from credit risk		(494,242)	(722,370)
Net foreign exchange variations		1,200,373	231,025
Revenue from provision of services	23	2,015,315	1,758,066
Equity in the earnings of subsidiary, affiliates and jointly-controlled subsidiaries	15	247,189	203,455
Administrative expenses	22	(2,480,404)	(2,067,283)
Personnel expenses		(1,339,340)	(1,225,104)
Tax expenses		(428,550)	(439,458)
Other revenues / (expenses)		(955,445)	(337,246)
Operating profit before taxes		2,328,652	2,546,901
Income tax and social contribution	18	(176,097)	(635,506)
Provision for current income tax and social contribution		(685,993)	(174,180)
Provision for deferred income tax and social contribution		509,896	(461,326)
Net income for the period		2,152,555	1,911,395
Net income attributable to controlling stockholders		2,101,251	2,137,151
Net income attributable to non-controlling stockholders		51,304	(225,757)
Net income per share - Basic		0.19	0.17
Net income per share - Diluted		0.19	0.17

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 March 31

(All amounts in thousands of reais)

	03/31/2023	03/31/2022 (Restated)
Net income for the period	2,152,555	1,911,395
Other comprehensive income with reclassification to profit or loss		
Change in carrying value adjustments - affiliates and jointly-controlled subsidiary	(6,548)	(12,800)
Change in carrying value adjustments of financial assets at fair value through other comprehensive income	(8,740)	(2,022)
Accumulated translation adjustments	(6,249)	-
Foreign exchange variations on foreign investments on non-monetary items	(204,021)	(2,161,390)
Hedge from foreign investments	197,029	2,161,969
Other	32,179	-
Total comprehensive income	2,156,205	1,897,152
Comprehensive income attributable to controlling stockholders	2,207,509	1,721,415
Comprehensive income attributable to non-controlling stockholders	51,304	(225,757)

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 March 31

(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		-	-	-	-	(15,981)	-	(15,981)	-	(15,981)
Change in carrying value adjustments of affiliates and jointly-controlled subsidiary		-	-	(83,841)	(12,800)	-	-	(96,641)	-	(96,641)
Change in carrying value adjustments of financial assets at fair value through other comprehensive income		-	-	-	(2,022)	-	-	(2,022)	-	(2,022)
Foreign exchange variation on foreign investments		-	-	-	(2,161,390)	-	-	(2,161,390)	-	(2,161,390)
Hedge from foreign investments		-	-	-	2,161,969	-	-	2,161,969	-	2,161,969
Net income for the period		-	-	-	-	-	2,137,152	2,137,152	(225,757)	1,911,395
Addition to non-controlling stockholders		-	-	-	-	-	-	-	1,178,550	1,178,550
Balances at March 31, 2022 (Restated)		15,760,364	652,515	- 20,027,852	3,759,948	(15,981)	2,137,152	42,321,850	4,663,760	46,985,610
Balances at December 31, 2022		15,760,364	652,515	25,155,067	3,590,324	(231,252)	-	44,927,018	4,640,064	49,567,081
Acquisition of treasury shares	17	-	-	-	-	(301,176)	-	(301,176)	-	(301,176)
Change in carrying value adjustments of affiliates and jointly-controlled subsidiary		-	-	-	(6,548)	-	-	(6,548)	-	(6,548)
Change in carrying value adjustments of financial assets at fair value through other comprehensive income		-	-	-	(8,740)	-	-	(8,740)	-	(8,740)
Foreign exchange variation on investments		-	-	-	(204,021)	-	-	(204,021)	-	(204,021)
Accumulated translation adjustments		-	-	-	(6,249)	-	-	(6,249)	-	(6,249)
Hedge from foreign investments		-	-	-	197,029	-	-	197,029	-	197,029
Goodwill/negative goodwill in acquisition of interest in subsidiaries		-	-	-	32,301	-	-	32,301	-	32,301
Net income for the period		-	-	-	-	-	2,101,251	2,101,251	51,304	2,152,555
Other		-	-	-	(122)	-	-	(122)	(42)	(164)
Addition to non-controlling stockholders	17	-	-	-	-	-	-	-	69,321	69,321
Balances at March 31, 2023		15,760,364	652,515	25,155,067	3,593,974	(532,428)	2,101,251	46,730,742	4,760,647	51,491,389

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 March 31

(All amounts in thousands of reais)

	Note	2023	2022 (Restated)
Operating activities			
Net income for the period		2,152,555	1,911,395
Adjustments to net income		237,103	1,765,835
Results from interests in affiliates and companies with shared control	15	(247,189)	(203,455)
Deferred tax assets	18	(509,896)	533,614
Provision for contingencies	17	129,734	83,656
Provision for expected losses associates with credit risk		494,242	722,370
Foreign exchange variation of permanent assets		112,099	598,025
Adjustment of judicial deposits and other		(44,169)	(43,959)
Depreciation and amortization		302,282	75,584
Adjusted net income for the period	22	2,389,658	3,677,230
Increase/decrease in operating activities			
Money market repurchase commitments		(3,391,120)	5,268,680
Interbank deposit investments		5,988	-
Credit operations		4,998,381	(3,202,328)
Marketable securities at amortized cost		(2,342,242)	(3,113,698)
Financial assets at fair value through profit or loss		(18,020,314)	(43,139,347)
Financial assets at fair value through other comprehensive income		680,073	494,287
Deferred tax assets		(93,156)	467,624
Other assets		858,809	(3,965,582)
Financial liabilities at fair value through profit or loss		9,844,987	19,297,417
Financial liabilities at amortized cost		(677,935)	4,621,026
Money market funding		4,852,336	13,659,999
Tax liabilities		255,229	(884,165)
Sundry liabilities		4,453,529	4,448,575
Other liabilities		(2,441,781)	(697,469)
Cash (used) / from operating activities		1,372,440	(3,067,750)
Investing activities			
Hedge of foreign investment, net	7	197,029	(2,161,969)
(Acquisition)/disposal of other investments	15	(15,087)	(425,986)
Dividends received	15	26,238	37,737
(Acquisition) / disposal of property and equipment		(42,938)	(72,850)
(Acquisition) / disposal of intangible assets	16	(116,649)	(997,947)
Cash (used in) / from investing activities		48,593	(3,621,015)
Financing activities			
Acquisition of treasury shares	19b	(301,176)	(15,981)
Proceeds from acceptances and issues of bonds		1,377,017	-
Subordinated debt and debt instruments eligible to equity		153,504	-
Non-controlling interest in equity		120,583	1,178,550
Interest on capital distributed	19	(1,315,000)	(825,000)
Cash flows from financing activities		34,928	337,569
Increase in cash and cash equivalents		1,455,961	(6,351,196)
Balances of cash and cash equivalents	24		
At the beginning of the period		76,556,439	57,344,251
Foreign exchange variations on cash and cash equivalents		4,036	-
At the end of the period		78,016,436	50,993,055
Increase in cash and cash equivalents		1,455,961	(6,351,196)

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 andar – 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 andar (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.

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 R\$ 3.7 billion, which corresponds to R\$ 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.

	R\$ million
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 R\$ 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:

R\$ 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 stockholders 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 stockholders and the market in general the signing of definitive documents related to the acquisition of 100% (one hundred percent) of the share 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.

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.

Consolidated condensed interim financial statements under IFRS

Banco BTG Pactual 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 completed, following 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 contract of an independent specialized advisory firm for preparation of the purchase price allocation report ("PPA") is in progress.

FIS Privatbank S.A.

On March 23, 2023, Banco BTG Pactual S.A. communicated to stockholders and the market in general that one of its subsidiaries signed definitive documents referring to the acquisition of 100% (one hundred percent) of the share capital of a financial institution headquartered in Luxembourg, FIS Privatbank S.A., for EUR 21.3 million. Completion of the transaction is subject to the verification of certain conditions precedent, including obtaining all necessary regulatory approvals.

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 R\$ 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

Consolidated condensed interim financial statements under IFRS

Banco BTG Pactual S.A.

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). For comparability purposes, we used the complete IFRS financial statements as of December 31, 2022, that were issued on May 26, 2023.

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 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

Consolidated condensed interim financial statements under IFRS

Banco BTG Pactual S.A.

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:

- 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

Consolidated condensed interim financial statements under IFRS

Banco BTG Pactual S.A.

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.
- 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.

Consolidated condensed interim financial statements under IFRS

Banco BTG Pactual S.A.

		Interest in total capital - %	
	Country	03/31/2023	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	73.95%	73.95%
Banco BESA S.A.	Brazil	96.99%	96.50%
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. – Stockbrokers	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%
ECTP Brasil S.A.	Brazil	100.00%	100.00%
BTG Pactual COMM, (CH) S.A.	Switzerland	100.00%	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%
BTG Pactual AM US, LLC	USA	100.00%	100.00%
Clave Macro P Fc FIM	Brazil	81.26%	90.52%
Clave Tr Master FIM	Brazil	78.38%	70.65%

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 (R\$), 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. Restatement of financial statements

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

Also, in these financial statements, the comparative balances of the statement of income were negatively adjusted by R\$ 88,351 (net of tax effects) to reflect the amortization of capital gains referring to the first 3 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 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.

Consolidated condensed interim financial statements under IFRS

Banco BTG Pactual S.A.

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 March 31, 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.

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

Consolidated condensed interim financial statements under IFRS

Banco BTG Pactual S.A.

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; (xi) 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.br/ri, in the Corporate Governance / Risk Management section.

a. Operating limits

	03/31/2023	12/31/2022
Consolidated equity (i)	44,207,586	42,371,767
Level I	40,209,067	39,349,820
Core capital	39,785,440	38,920,976
Supplementary Capital	423,627	428,844
Level II	7,132,235	7,090,539
Reference Equity (PR) (a)	47,341,302	46,440,359
Capital requirement (PRE)	24,426,604	24,672,681
Total risk-weighted exposure - (b)	305,332,552	308,408,513
Credit risk	234,759,390	236,523,528
Operating risk	25,615,023	23,527,597
Market risk	44,958,139	48,357,389
Basel Ratio - (a/b)	15.5%	15.1%
Tier I Capital	13.2%	12.8%
Tier II Capital	2.3%	2.3%
Property and equipment consumption index	56.5%	56.5%
Property and equipment limit (LI)	23,670,651	23,220,179
Property and equipment limit situation	14,104,937	13,126,907
Value of margin or insufficiency	9,565,714	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.

Consolidated condensed interim financial statements under IFRS

Banco BTG Pactual S.A.

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

In the period ended March 31, 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 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 R\$ million	March 2023	December 2022
VaR daily average	125.6	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 counterpart 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:

Consolidated condensed interim financial statements under IFRS

Banco BTG Pactual S.A.

	Mar/23				
	Brazil	United States	Europe	Other	Total
Assets					
Cash	115,722	1,039,016	451,472	1,633,110	3,239,320
Financial instruments	339,212,991	15,999,610	4,246,587	52,330,895	411,790,083
Financial assets at fair value through profit or loss	143,662,694	5,538,451	1,985,622	23,830,073	175,016,840
Financial assets at fair value through other comprehensive income	11,809,934	574	-	3,965,069	15,775,577
Financial assets at amortized cost	183,740,363	10,460,585	2,260,965	24,535,753	220,997,666
Open market deposits	66,157,932	2,458,228	1,627,807	689,279	70,933,246
Interbank deposit investments	518,780	5,332,636	-	2,004,366	7,855,782
Deposited with the Central Bank	16,022,084	-	-	-	16,022,084
Credit operations	81,014,582	2,669,721	633,158	21,842,108	106,159,569
Marketable securities	17,774,053	-	-	-	17,774,053
Other receivables	2,252,931	-	-	-	2,252,931
Total	339,328,713	17,038,626	4,698,059	53,964,005	415,029,403

	Dec/2022				
	Brazil	United States	Europe	Other	Total
Assets					
Cash	215,917	680,946	354,082	1,818,100	3,069,046
Financial instruments	326,702,150	16,498,993	9,261,452	45,683,564	398,146,159
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	183,553,732	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

Consolidated condensed interim financial statements under IFRS

Banco BTG Pactual S.A.

The following table shows the main credit risk exposures based on book values and categorized by counterparty's economic activity:

	Mar/23									
	Governments	Financial institutions	Services	Investment funds	Individuals	Industry	Electricity	Rural	Other	Total
Assets										
Cash	-	3,239,320	-	-	-	-	-	-	-	3,239,320
Financial instruments	17,847,239	208,067,365	42,013,410	32,662,453	50,823,571	21,674,223	11,069,075	2,529,931	25,102,817	411,790,083
Financial assets at fair value through profit or loss	47,107	112,120,758	6,819,794	18,602,851	14,258,844	6,173,775	5,179,733	93,901	11,720,079	175,016,840
Financial assets at fair value through other comprehensive income	26,129	4,077,940	3,879,893	64,811	939,237	2,088,670	754,177	1,899,220	2,045,501	15,775,577
Financial assets at amortized cost	17,774,003	91,868,668	31,313,723	13,994,791	35,625,491	13,411,778	5,135,166	536,810	11,337,237	220,997,666
Open market deposits	-	57,489,801	265,027	13,159,428	-	-	18,991	-	-	70,933,246
Interbank deposit investments	-	7,855,782	-	-	-	-	-	-	-	7,855,782
Deposited with the Central Bank	-	16,022,084	-	-	-	-	-	-	-	16,022,084
Credit operations	-	8,248,070	31,048,696	835,313	35,625,491	13,411,778	5,116,175	536,810	11,337,237	106,159,569
Marketable securities	17,774,003	-	-	50	-	-	-	-	-	17,774,053
Other receivables	-	2,252,931	-	-	-	-	-	-	-	2,252,931
Total	17,847,239	211,306,685	42,013,410	32,662,453	50,823,571	21,674,223	11,069,075	2,529,931	25,102,817	415,029,403

	Dec/2022									
	Governments	Financial institutions	Services	Investment funds	Individuals	Industry	Electricity	Rural	Other	Total
Assets										
Cash	293,596	2,775,449	-	-	-	-	-	-	-	3,069,046
Financial instruments	107,341,508	97,686,315	49,741,272	37,916,416	41,077,891	27,908,069	7,433,492	2,269,733	26,771,465	398,146,160
Financial assets at fair value through profit or loss	66,865,087	38,146,752	8,277,620	21,175,299	2,867,370	5,947,795	1,609,231	183,814	11,923,558	156,996,525
Financial assets at fair value through other comprehensive income	252,129	5,568,407	3,825,560	67,346	-	114,142	189,967	-	6,438,098	16,455,650
Financial assets at amortized cost	40,224,292	53,971,156	37,638,092	16,673,771	38,210,520	21,846,132	5,634,294	2,085,919	8,409,808	224,693,984
Open market deposits	25,253,202	23,800,510	222,492	16,080,911	-	-	8,611	-	-	65,365,726
Interbank deposit investments	-	8,748,546	-	-	-	-	-	-	-	8,748,546
Deposited with the Central Bank	-	17,629,141	-	-	-	-	-	-	-	17,629,141
Credit operations	-	3,766,368	36,309,920	592,860	37,300,918	18,802,911	5,625,683	611,380	8,147,909	111,157,950
Marketable securities	8,799,978	26,590	1,105,679	-	909,602	3,043,221	-	1,474,539	72,202	15,431,811
Other receivables	6,171,112	-	-	-	-	-	-	-	189,697	6,360,809
Total	107,635,104	100,461,764	49,741,272	37,916,416	41,077,891	27,908,069	7,433,492	2,269,733	26,771,465	401,215,205

Consolidated condensed interim financial statements under IFRS

Banco BTG Pactual S.A.

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 March 31, 2023 and in the year ended December 31, 2022:

	Mar/23		
	≤12 months	>12 months	Total
Assets			
Cash	3,239,320	-	3,239,320
Financial instruments	320,931,774	90,858,309	411,790,082
Financial assets at fair value through profit or loss	168,013,286	7,003,554	175,016,840
Financial assets at fair value through other comprehensive income	6,000,243	9,775,334	15,775,577
Financial assets at amortized cost	146,918,245	74,079,421	220,997,666
Money market repurchase commitments	70,933,246	-	70,933,246
Interbank deposit investments	7,839,803	15,979	7,855,782
Deposited with the Central Bank	16,022,084	-	16,022,084
Credit operations	47,647,079	58,512,490	106,159,569
Marketable securities	4,278,588	13,495,465	17,774,053
Other receivables	197,445	2,055,486	2,252,931
Tax assets - Deferred	-	5,880,512	5,880,512
Other assets	20,429,152	13,466,099	33,895,251
Investments in affiliates and jointly-controlled subsidiaries	-	8,094,398	8,094,398
Property and equipment	-	506,267	506,267
Right-of-use	-	390,426	390,426
Intangible assets	-	10,041,390	10,041,390
Total Assets	344,600,246	129,237,401	473,837,647

Consolidated condensed interim financial statements under IFRS

Banco BTG Pactual S.A.

	Dec/22		
	≤12 months	>12 months	Total
Assets			
Cash	3,069,046	-	3,069,046
Financial instruments	316,622,391	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	158,749,862	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	-	5,787,356	5,787,356
Other assets	16,161,069	11,851,961	28,013,030
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	335,931,311	118,400,002	454,331,312

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 March 31, 2023 and in the year ended December 31, 2022:

	Mar/23		
	≤12 months	>12 months	Total
Liabilities			
Financial liabilities at fair value through profit or loss	66,543,042	6,136,474	72,679,516
Financial liabilities at amortized cost	220,681,995	82,179,862	302,861,857
Money market funding	85,196,414	6,795,254	91,991,668
Deposits	101,016,983	17,292,740	118,309,723
Acceptances and endorsements	29,850,204	39,500,902	69,351,106
Borrowings, onlendings and leases	4,618,394	10,217,457	14,835,851
Subordinated debts and debt instruments eligible to capital	-	8,373,509	8,373,509
Tax liabilities	1,889,960,28	543,613	2,433,573
Sundry liabilities	25,780,975	1,887,535	27,668,510
Other liabilities	4,393,062	5,773,998	10,167,060
Social and statutory liabilities	1,079,206	-	1,079,206
Provision for contingent liabilities	308,571	4,834,281	5,142,852
Provision for expected loss arising from credit risk for financial guarantees	94,105	219,578	313,683
Total liabilities	320,770,917	101,575,341	422,346,258

Consolidated condensed interim financial statements under IFRS

Banco BTG Pactual S.A.

	Dec/22		
	≤12 months	>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	9,604,866	602,916	10,207,782
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	311,757,606	92,771,766	404,529,372

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.

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.

Consolidated condensed interim financial statements under IFRS

Banco BTG Pactual S.A.

6. Cash

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

	03/31/2023	12/31/2022
Cash	3,239,320	3,069,046
	3,239,320	3,069,046

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	03/31/2023	12/31/2022
Marketable securities	98,981,596	92,001,575
Loans and advances to clients	3,854,388	3,605,244
Derivative financial instruments	38,672,265	14,288,216
Foreign exchange portfolio	33,508,591	47,101,490
Total	175,016,840	156,996,525

Liabilities	03/31/2023	12/31/2022
Derivative financial instruments	38,159,461	13,760,429
Share loans	1,935,934	2,125,686
Foreign exchange portfolio	32,584,121	46,948,415
Total	72,679,516	62,834,529

b. Marketable securities:

	03/31/2023		12/31/2022	
	Cost	Fair value	Cost	Fair value
Federal government bonds	42,186,400	41,392,630	39,019,182	38,414,390
Shares	10,725,825	10,725,825	10,006,567	10,006,567
Certificates of agribusiness receivables	1,528,328	1,478,060	2,851,130	2,822,310
Certificate of real estate receivables (CRI)	1,609,180	1,551,206	1,679,005	1,570,193
Corporate bond	2,555,792	2,740,762	2,161,079	2,277,366
Funds	24,299,010	24,299,011	22,727,233	22,727,233
Debentures	12,578,898	12,423,178	9,541,581	12,231,020
Promissory notes	1,772,666	1,772,666	1,721,726	1,721,726
Time deposits abroad	2,540,200	2,567,091	-	-
Other	31,104	31,166	246,614	230,770
Total	99,827,404	98,981,596	89,954,117	92,001,575

c. Loans and advances to clients

	Market value	
	03/31/2023	12/31/2022
Loans and advances to clients (i)	3,854,388	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

Consolidated condensed interim financial statements under IFRS

Banco BTG Pactual S.A.

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 March 31, 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.

03/31/2023			
	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	16,529,940	197,029	(204,021)

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.

Consolidated condensed interim financial statements under IFRS

Banco BTG Pactual S.A.

03/31/2023			
	Hedge instrument		Object of hedge
	Nominal value	Market	
Fair value hedge	(3,387,436)	(678,871)	726,386
12/31/2022			
	Hedge instrument		Object of hedge
	Nominal value	Market	
Fair value hedge	(14,403,135)	(770,541)	877,576

(i) Recorded in the consolidated statement of income.

• Derivative financial instruments per counterparty (notional)

	03/31/2023					12/31/2022
	Settlement chamber / stock exchange	Financial institutions and funds	Companies	Individuals	Total	Total
Future market						
Long position	92,110,926	-	-	-	92,110,926	63,524,718
Short position	50,742,874	-	-	-	50,742,874	57,514,170
Swap						
Asset position	17,619,036	114,836,771	17,209,284	291,571	149,956,662	204,628,645
Liability position	17,619,036	114,836,771	17,209,284	291,571	149,956,662	204,628,565
Credit derivatives						
Asset position	-	1,531,339	-	-	1,531,339	1,348,213
Liability position	-	6,225,629	-	-	6,225,629	5,131,045
Forward contracts - NDF						
Asset position	-	48,435,066	69,986,917	157,515	118,579,498	110,483,208
Liability position	-	48,435,066	69,986,917	157,515	118,579,498	110,483,208
Forward operations						
Asset position	216,784	25,710,153	3,244,234	-	29,171,170	18,273,566
Liability position	216,784	25,710,153	3,244,234	-	29,171,170	17,809,190
Options market						
Asset position	1,821,532	49,154,616	2,479,123	10,043	53,465,314	216,012,965
Liability position	2,821,207	37,441,896	2,198,492	6,158	42,467,753	206,904,120
Asset position	111,768,278	239,667,946	92,919,557	459,129	444,814,910	614,271,315
Liability position	71,399,901	232,649,515	92,638,927	455,244	397,143,587	602,470,298

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

	03/31/2023				12/31/2022
	≤6 months	06–12 months	>1 year	Total	Total
Future market					
Long position	57,681,576	14,022,803	20,406,546	92,110,926	63,524,718
Currency	1,283,912	-	-	1,283,912	326,896
Interest rate	47,300,399	12,293,318	16,595,020	76,188,737	43,903,695
Commodities	806,785	10,327	8,493	825,606	2,843,478
Ratios	8,290,480	1,719,158	3,803,033	13,812,671	16,450,649
Short position	20,276,895	11,993,111	18,472,869	50,742,875	57,514,170
Currency	10,339,019	-	-	10,339,019	5,270,756
Interest rate	9,744,906	11,862,732	13,195,573	34,803,211	43,324,813
Commodities	50,424	130,379	635	181,438	4,188,836
Ratios	142,546	-	5,276,661	5,419,207	4,729,765
Swap					
Asset position	53,352,853	44,937,022	51,666,787	149,956,662	204,628,644
Currency	10,973,969	6,273,642	1,385,546	18,633,158	24,270,800
Interest rate	40,364,285	35,734,569	49,638,813	125,737,666	177,024,152
Commodities	476,124	340,810	98,068	915,002	1,275,154
Ratios	-	-	-	-	80
Share	1,538,475	2,588,002	544,359	4,670,836	2,058,458
Liability position	53,352,853	44,937,022	51,666,787	149,956,662	204,628,564
Currency	10,973,969	6,273,642	1,385,546	18,633,158	24,270,800
Interest rate	40,364,285	35,734,569	49,638,813	125,737,666	177,024,152
Commodities	476,124	340,810	98,068	915,002	1,275,154
Share	1,538,475	2,588,002	544,359	4,670,836	2,058,458
Credit derivatives					
Asset position	-	-	1,531,339	1,531,339	1,348,213

Consolidated condensed interim financial statements under IFRS

Banco BTG Pactual S.A.

	03/31/2023				12/31/2022
	≤6 months	06–12 months	>1 year	Total	Total
Sovereign	-	-	32,946	32,946	33,837
Corporate	-	-	1,498,393	1,498,393	1,314,376
Liability position	-	-	6,225,629	6,225,629	5,131,045
Sovereign	-	-	63,429	63,429	12,966
Corporate	-	-	6,162,200	6,162,200	5,118,079
Forward contracts - NDF					
Asset position	87,399,438	11,094,446	20,085,614	118,579,497	110,483,208
Currency	83,502,255	7,636,285	738,039	91,876,579	83,554,636
Commodities	3,897,183	3,458,161	19,347,574	26,702,918	26,928,572
Liability position	87,399,438	11,094,446	20,085,614	118,579,497	110,483,208
Currency	83,502,255	7,636,285	738,039	91,876,579	83,554,636
Commodities	3,897,183	3,458,161	19,347,574	26,702,918	26,928,572
Forward operations					
Asset position	28,868,916	249,232	53,022	29,171,171	18,273,568
Interest rate	13,373,185	90	23,050	13,396,325	464,376
Commodities	2,988,164	228,626	27,444	3,244,234	17,205,770
Government bond	12,313,828	-	-	12,313,828	465,818
Share	193,739	20,515	2,529	216,784	-
Currency	-	-	-	-	137,604
Liability position	28,868,916	249,232	53,022	29,171,171	17,809,192
Interest rate	13,373,185	90	23,050	13,396,325	-
Commodities	2,988,164	228,626	27,444	3,244,234	17,205,770
Government bond	12,313,828	-	-	12,313,828	465,818
Share	193,739	20,515	2,529	216,784	137,604
Options market					
Asset position					
Purchase of purchase option	15,203,626	4,312,376	1,471,024	20,987,025	65,211,784
Share	3,094,538	510,882	127,306	3,732,725	3,545,328
Commodities	1,734,735	1,477,000	-	3,211,735	1,433,412
Ratios	1,239,244	-	-	1,239,244	53,046,476
Currency	7,622,811	2,324,494	1,343,718	11,291,023	7,186,568
Interest rate	1,512,298	-	-	1,512,298	-
Stock option plan	29,464,547	2,882,685	131,057	32,478,289	150,801,181
Share	13,284,931	308,793	10,845	13,604,569	6,558,305
Commodities	228,430	3,454	-	231,884	471,918
Ratios	487,477	-	-	487,477	130,179,914
Currency	5,475,721	2,570,437	120,213	8,166,371	8,627,707
Interest rate	9,987,988	-	-	9,987,988	4,963,337
Liability position					
Sale of purchase option	10,945,516	5,588,591	23,342	16,557,449	68,721,674
Share	3,280,468	605,740	22,781	3,908,989	3,600,048
Commodities	1,810,851	1,145,113	-	2,955,963	1,402,701
Ratios	641,942	-	-	641,942	53,030,026
Currency	3,690,896	3,837,739	561	7,529,196	6,266,135
Interest rate	1,521,359	-	-	1,521,359	4,422,764
Sale of put option	23,347,518	1,824,125	738,660	25,910,304	142,605,210
Share	5,892,803	400,340	10,599	6,303,741	1,131,960
Commodities	265,071	248,524	-	513,596	845,943
Ratios	501,993	-	-	501,993	130,153,346
Currency	3,251,276	1,175,261	728,062	5,154,599	5,510,624
Interest rate	13,436,375	-	-	13,436,375	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 March 31, 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

Consolidated condensed interim financial statements under IFRS

Banco BTG Pactual S.A.

	03/31/2023		12/31/2022	
	Cost	Fair value	Cost	Fair value
Federal government bonds	323,370	322,096	863,362	859,910
Quotas of investment funds	64,811	64,811	66,293	66,293
Shares	2,186,293	2,186,293	2,373,916	2,373,916
Debentures	6,321,354	6,261,780	6,696,478	6,632,630
Certificate of real estate receivables (CRI)	221,444	210,967	224,106	211,245
Certificates of agribusiness receivables	15,120	14,969	15,038	15,038
Promissory notes	3,588,537	3,565,234	3,541,427	3,520,241
Foreign private securities	3,173,942	3,135,088	2,796,672	2,710,234
Other	14,337	14,339	60,603	66,143
Total	15,909,208	15,775,577	16,637,895	16,455,650

9. Fair value of financial instruments

The fair values of financial instruments are determined as follows:

- 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:

Consolidated condensed interim financial statements under IFRS

Banco BTG Pactual S.A.

	Mar 2023			
	Level 1	Level 2	Level 3	Total
Assets				
Financial assets at fair value through profit or loss	86,672,767	82,205,316	6,138,757	175,016,840
Financial assets at fair value through other comprehensive income	5,040,749	8,503,737	2,231,091	15,775,577
Liabilities				
Financial liabilities at fair value through profit or loss	9,207,793	63,469,621	2,102	72,679,516

	Dec 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	17,413,166	45,361,368	59,995	62,834,529

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

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.

	03/31/2023	12/31/2022
Own portfolio	19,274,011	10,329,313
Financed Operations	45,304,503	46,136,586
Short position	6,354,732	8,899,827
	70,933,246	65,365,726

11. Interbank deposits

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

	03/31/2023	12/31/2022
Interbank deposits	518,732	729,351
Foreign currency investments - overnight	7,337,050	8,019,195
	7,855,782	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:

Consolidated condensed interim financial statements under IFRS

Banco BTG Pactual S.A.

	03/31/2023		
	Balance	Provision	Total
Loans	75,591,360	(5,152,933)	70,438,427
Financing	24,636,496	(1,435,576)	23,200,920
FINAME/BNDES	4,542,232	(14,305)	4,527,927
Operations with credit assignment characteristics	2,960,258	105,690	3,065,949
Advance on export contracts - ACC	3,700,340	(43,084)	3,657,256
Financing of marketable securities	1,095,020	(17,102)	1,077,917
Credits assigned with co-obligation	161,902	(10,682)	151,220
Subtotal	112,687,608	(6,567,993)	106,119,615
Fair value adjustments (i)	39,954	-	39,954
Total	112,727,562	(6,567,993)	106,159,569

(i) Including contracts subject to hedge accounting.

	12/31/2022		
	Balance	Provision	Total
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.

13. Marketable securities measured at amortized cost

	03/31/2023	12/31/2022
Federal government bonds	9,688,667	8,816,005
Rural Product Bill	8,085,336	6,612,834
Other	50	2,972
Total	17,774,053	15,431,811

14. Financial liabilities at amortized cost

	03/31/2023	12/31/2022
Deposits	118,309,723	115,749,672
Money market funding	91,991,668	87,139,332
Acceptances and endorsements	69,351,106	67,944,679
Borrowings, onlendings and leases	14,835,851	18,103,247
Subordinated debts and debt instruments eligible to capital	8,373,509	8,220,005
Total	302,861,857	297,156,935

Consolidated condensed interim financial statements under IFRS

Banco BTG Pactual S.A.

15. Investments in affiliates and jointly-controlled subsidiaries

	Affiliates and jointly-controlled companies					
	Equity		Profit / (loss)		Interest	
	03/31/2023	12/31/2022	03/31/2023	12/31/2022	03/31/2023	03/31/2022
Too Seguros S.A.	506,500	450,877	85,561	217,995	51.00%	51.00%
Pan Corretora S.A.	63,641	49,044	14,597	47,765	51.00%	51.00%
BTG Pactual Holding S.A.R.L.	3,672,623	3,427,813	341,987	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	03/31/2023	Profit (loss) from interest on 03/31/2022
Too Seguros S.A.	229,947	-	(15,126)	43,636	-	(142)	258,315	16,289
Pan Corretora S.A.	25,012	-	-	7,444	-	-	32,456	5,103
BTG Pactual Holding S.A.R.L.	1,371,125	-	-	136,795	(38,871)	-	1,469,049	69,465
Other (i)	6,291,674	15,087	(11,112)	59,314	(9,164)	(11,220)	6,334,578	112,598
Total	7,917,758	15,087	(26,238)	247,189	(48,035)	(11,362)	8,094,398	203,455

(i) The caption Other includes basically balances related to the following interest: Eneva: 22.02%, 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%).

Consolidated condensed interim financial statements under IFRS

Banco BTG Pactual S.A.

16. Intangible assets

	Changes in intangible assets				03/31/2023
	12/31/2022	Acquisitions / Transfer / Write- off	Amortization	Foreign exchange variations	
Goodwill (i)	8,400,982	7,998	-	-	8,408,980
Intangible assets	3,633,091	108,651	-	(79,126)	3,662,616
Accumulated amortization	(1,780,653)	(8,517)	(256,098)	15,062	(2,030,206)
Total	10,253,420	108,132	(256,098)	(64,064)	10,041,390

(i) As mentioned in Note 2, in June 2022, the evaluation of the allocation of assets for the acquisition of Banco Pan S.A. was concluded. In the period ended March 31, 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

Consolidated condensed interim financial statements under IFRS

Banco BTG Pactual S.A.

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

03/31/2023				
	Tax	Civil	Labor	Total
Balance at the beginning of the period	3,022,096	1,815,473	253,877	5,091,446
Formation / reversal	24,830	107,376	(2,472)	129,734
Write-off	(56)	(60,810)	(17,462)	(78,328)
Balance at end of the period	3,046,870	1,862,039	233,943	5,142,852

12/31/2022				
	Tax	Civil	Labor	Total
Balance at the beginning of the period	1,335,922	385,331	148,975	1,870,228
Merger of balance (i)	1,616,114	1,511,941	76,548	3,204,603
Formation / reversal	89,941	164,853	75,523	330,317
Write-off	(19,880)	(246,653)	(47,169)	(313,702)
Balance at end of the period	3,022,097	1,815,472	253,877	5,091,446

(i) Balances arising substantially from the business combination of Banco BESA S.A. and its investees.

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 March 31, 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 R\$ 1,874 billion. 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 R\$ 89 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 R\$ 2,058 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

Consolidated condensed interim financial statements under IFRS

Banco BTG Pactual S.A.

of Tax Appeals of the Federal Revenue Service of Brazil (CARF), which was judged partially favorable to reduce the amount assessed by R\$ 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.

- In December 2017, a tax assessment notice in the amount of R\$ 1.133 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 R\$ 514 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 R\$ 310 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 R\$ 227 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 R\$ 87 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 R\$ 1,272 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 R\$ 79 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 R\$ 75 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.

Consolidated condensed interim financial statements under IFRS

Banco BTG Pactual S.A.

- In September 2019, as jointly and severally liable for Banco Sistema, the Bank received a tax assessment notice aimed at charging IRPJ, CSLL, PIS and COFINS, totaling R\$ 4,029 million, referring to the acquisition of Banco Bamerindus do Brasil (currently Banco Sistema) in 2014. In October 2019, a defense was presented at the first administrative level, which, in April 2020, was partially upheld, reducing the amount of the assessment by 98%. Against the unfavorable part of the decision, an appeal was lodged with the second administrative instance. Due to the prognosis attributed by the lawyers, the Bank did not record any provision in its individual financial statements. In addition, Management does not expect to incur any loss related to the matter.
- 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 R\$ 669 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 397 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 R\$ 109 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 R\$ 110 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 R\$ 140 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.
- BESA has escrow deposits linked to IRPJ, CSLL, PIS, COFINS tax enforcements and proceedings discussing the exclusion of REFIS, which are updated in accordance with current regulations.
- 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 March 2023, the amounts related to these proceedings total approximately R\$ 138,145.
- 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 March 2023, the amounts related to these proceedings total approximately R\$ 261,377.

Consolidated condensed interim financial statements under IFRS

Banco BTG Pactual S.A.

- 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 March 2023, amounts related to these proceedings total approximately R\$ 990,418.
- 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 March 2023, the amount related to this proceeding totals approximately R\$ 245,952.

i. Other contingent liabilities

In the period ended March 31, 2023, and in the year ended December 31, 2022, the Bank was a party to civil, labor and other proceedings, with a possible chance of success, which is why they are not provisioned.

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	03/31/2023	12/31/2022
Calculation basis	2,246,931	9,204,516
Total charge of income tax and social contribution at current rates	(1,011,119)	(4,142,032)
Temporary (additions) / exclusions in tax calculation	325,126	3,237,888
Equity in the earnings of subsidiary of affiliates in the country	(88,459)	1,092,687
Dividends	176,629	317,256
Interest on capital	254,250	1,161,098
Result of market valuation of marketable securities and derivative financial instruments	79,491	1,246,456
Provision for impairment of trade receivables	(47,484)	(620,730)
Foreign exchange gain/(loss) on investments abroad	(655)	31,253
IFRS 16		
Remeasurement of shareholding (Acquisition in stages)	(72,288)	(289,150)
Other non-deductible expenses, net of non-taxable income	23,642	299,018
Current income tax and social contribution expense - Brazil	(685,993)	(904,145)
(Expense) / revenue with deferred taxes	509,897	(678,647)
Total (expense) / income	(176,096)	(1,582,792)

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

Consolidated condensed interim financial statements under IFRS

Banco BTG Pactual S.A.

Income tax and social contribution	12/31/2022	Increase	Realization	03/31/2023
Income tax losses and negative basis of social contribution on net income	1,563,907	-	540,528	2,104,435
Interest on capital	254,250	164,486	(254,250)	164,486
Expected loss allowances associated with credit risk	3,987,154	47,632	-	4,034,785
Mark-to-market of marketable securities and derivatives	402,650	-	(242,382)	160,268
Business combination	(3,427,722)	664,294	-	(2,763,428)
Tax contingencies and provisions for suspended taxes	311,856	696	-	312,552
Other temporary differences	2,544,018	-	(777,503)	1,766,515
Total	5,636,112	877,108	(733,607)	5,779,613

Income tax and social contribution	12/31/2021	Increase	Realization	03/31/2022
Income tax losses and negative basis of social contribution on net income	1,993,882	1,415,347	-	3,409,229
Interest on capital	254,250	9,881	(254,250)	9,881
Expected loss allowances associated with credit risk	3,627,272	-	(115,753)	3,511,519
Mark-to-market of marketable securities and derivatives	1,605,492	-	(1,640,603)	(35,111)
Business combination	(1,203,359)	72,288	-	(1,131,071)
Tax contingencies and provisions for suspended taxes	301,629	1,239	-	302,868
Other temporary differences	1,413,949	116,517	-	1,530,466
Total	7,993,115	1,615,272	(2,010,606)	7,597,781

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	521,696	211,721	733,417
2024	357,210	459,715	816,925
2025	1,029,674	784,485	1,814,158
2026	976,251	648,514	1,624,765
As of 2027	790,346	-	790,346
Total	3,675,177	2,104,435	5,779,612
Present value	2,706,299	1,569,002	4,275,301

Banco Pan S.A., a subsidiary consolidated in the financial statements, has a tax credit balance of R\$ 3.3 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 March 1, 2021, Provisional Act No. 1,034 was approved, through which new CSLL rates became effective. In this Provisional Act, a 25% rate was defined for banking companies until December 31, 2021 and 20% from January 1, 2022. For other financial institutions, a 20% rate was provided until December 31, 2021, returning to 15% from 2022. The effects of this increase on the condensed consolidated interim financial statements for the period were immaterial.

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 March 31, 2023 were immaterial.

Consolidated condensed interim financial statements under IFRS

Banco BTG Pactual S.A.

19. Equity

a. Share capital and capital reserves

At March 31, 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 March 31, 2023	7,234,165,568	2,844,529,000	1,397,425,360	11,476,119,928
Outstanding on December 31, 2022	7,220,045,968	2,816,289,800	1,397,425,360	11,433,761,128

b. Treasury shares

In the period ended March 31, 2023, the Bank repurchased units in the amount of R\$ 301,176, equivalent to 14,119,600 units (on March 31, 2022, the Bank repurchased units in the amount of R\$ 15,981, equivalent to 847,900 units).

Consolidated condensed interim financial statements under IFRS

Banco BTG Pactual S.A.

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

The stockholders are entitled to minimum distribution of 1% on the profit for the year, adjusted under the terms of the Article 202 of Law 6404/76.

For the period ended March 31, 2023, the Bank did not decide on the profit distribution.

For the year ended December 31, 2022, the Bank resolved and paid the following amounts related to interest on capital:

(i) R\$ 1,200,000, equivalent to R\$ 0.10 per share. Said amount and respective allocation were approved by the Board of Directors on August 1, 2022, and were paid on August 15, 2022.

(ii) R\$ 750,000, equivalent to R\$ 0.07 per share. Said amount and respective allocation were approved by the Board of Directors on December 13, 2022, and were paid on February 15, 2023:

(iii) R\$ 565,000, equivalent to R\$ 0.05 per share. Said amount and respective allocation were approved by the Board of Directors on December 29, 2022, and were paid on February 15, 2023.

20. Earnings per share

	03/31/2023	03/31/2022
Net income for the year	2,152,555	1,911,395
Weighted average per thousand outstanding common shares in the year	7,244,166	7,234,454
Weighted average per thousand treasury common shares	3,247	688
Net income per common share - basic	1.08	0.28
Net income per common share - diluted	1.08	0.28
Weighted average per thousand Class A preferred shares, outstanding in the year	2,864,529	2,845,106
Weighted average per thousand Class A preferred treasury shares	6,493	1,375
Net income per Class A preferred share - basic	2.74	0.67
Net income per Class A preferred share - diluted	2.74	0.67
Weighted average per thousand Class B preferred shares, outstanding in the year	1,397,425	1,397,425
Net income per Class B preferred share - basic and diluted	5.61	1.37
Weighted average per thousand outstanding shares in the year	11,476,120	11,476,985
Weighted average per thousand treasury shares	9,740	2,063
Net income per share - Basic	0.19	0.17
Net income per share - Diluted	0.19	0.17

Consolidated condensed interim financial statements under IFRS

Banco BTG Pactual S.A.

21. Net profit (loss) from financial instruments

	03/31/2023	03/31/2022
Credit operations	7,373,710	6,079,395
Profit (loss) from compulsory investments at the Central Bank of Brazil	434,201	293,425
Market funding	(813,599)	(2,105,105)
Deposits	(2,939,002)	(2,191,706)
Acceptances and endorsements	(3,253,038)	(1,958,394)
Loans and lease liabilities	(2,644,418)	(2,258,695)
Profit (loss) from	6,405,901	7,286,896
Total	4,563,755	5,145,816
Interest revenues	10,345,138	8,159,506
Interest expenses	(12,187,284)	(10,300,586)
Profit (loss) from fair value measurement	6,405,901	7,286,896

22. Administrative expenses

	03/31/2023	03/31/2022
Outsourced and advisory services	644,753	466,719
Telecommunication and data processing	466,815	386,172
Rentals and condominiums	40,166	29,172
Travel and accommodation	24,781	10,724
Expenses of the financial system	192,534	244,462
Advertising and public relations	169,601	148,631
Depreciation and amortization	302,282	353,967
Commissions paid to banking correspondents	415,491	372,232
Other	223,981	55,204
Total	2,480,404	2,067,283

23. Revenue from provision of services

	03/31/2023	03/31/2022
Management fee and performance premium of funds and investment portfolios	527,063	391,008
Technical Advisory	471,426	367,410
Brokerage	286,271	284,567
Marketable securities' placement commission	92,925	195,536
Income from guarantees	126,981	95,607
Revenues from services rendered to individuals and other services	510,649	423,938
Total	2,015,315	1,758,066

Consolidated condensed interim financial statements under IFRS

Banco BTG Pactual S.A.

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	
	03/31/2023	12/31/2022	03/31/2023	12/31/2022	03/31/2023	12/31/2022
Assets						
securities and derivative financial instruments	-	-	19,963	20,404	19,963	20,404
Credit operations	6,497,586	5,381,593	70	519	6,497,656	5,382,112
	-	-	68,254	90,502	68,254	90,502
Liabilities						
Deposits	(142,818)	(22,260)	(86,521)	(78,560)	(229,339)	(100,820)
Derivative financial instruments	-	-	304	(418)	304	(418)
Money market funding	-	-	-	-	-	-
Sundry	-	-	-	(20,404)	-	(20,404)
	Controlling stockholders		Joint control and affiliates		Total	
	03/31/2023	03/31/2022	03/31/2023	03/31/2022	03/31/2023	03/31/2022
Profit (loss) for the period						
Financial operations income	6	8	-	-	6	8
Financial intermediation expenses	(2,101)	(4,534)	(16,197)	(5,202)	(18,298)	(9,736)

The total compensation paid to Key Management Personnel for the period ended March 31, 2023 was R\$ 4,862 (December 31, 2022 – R\$ 16,720), which is considered as a short-term benefit.

25. Other information

a. Cash and cash equivalents

	12/31/2022	12/31/2021
Balances at the beginning of the period		
Cash	3,068,946	3,219,641
Money market repurchase commitments	65,255,592	40,590,537
Interbank deposit investments	8,231,901	3,624,401
Total	76,556,439	47,434,579
	03/31/2023	03/31/2022
Balances at the end of the period		
Cash	3,239,320	3,535,687
Money market repurchase commitments	67,431,992	42,426,341
Interbank deposit investments	7,345,124	4,603,607
Total	78,016,436	50,565,635

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

Consolidated condensed interim financial statements under IFRS

Banco BTG Pactual S.A.

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.

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.