

(A free translation of the original in Portuguese)

Banco BTG Pactual S.A.
Quarterly information (ITR) at
September 30, 2021
and report on review of
quarterly information



(A free translation of the original in Portuguese)

Report on review of consolidated quarterly information

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

Introduction

We have reviewed the accompanying consolidated interim accounting information of Banco BTG Pactual S.A. ("Bank") and its subsidiaries, included in the Quarterly Information Form (ITR) for the quarter ended September 30, 2021, comprising the balance sheet at that date and the statements of income and comprehensive income for the quarter and nine-month periods then ended, and the statements of changes in shareholder equity and cash flows for the nine-month period then ended, and a summary of significant accounting policies and other explanatory information.

Management is responsible for the preparation of the consolidated interim accounting information in accordance with accounting practices adopted in Brazil, applicable to institutions authorized to operate by the Brazilian Central Bank (BACEN), as well as the presentation of this information in accordance with the standards issued by the Brazilian Securities Commission (CVM), applicable to the preparation of the Quarterly Information (ITR). Our responsibility is to express a conclusion on this interim accounting information 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 on the consolidated interim information

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim accounting information included in the quarterly information referred to above has not been prepared, in all material respects, in accordance with accounting practices adopted in Brazil, applicable to institutions authorized to operate by the Brazilian Central Bank (BACEN), and presented in accordance with the standards issued by the CVM.

Emphasis of matter

Deferred tax credits recorded in jointly controlled subsidiary



Banco BTG Pactual S.A.

As mentioned in note 13 to the interim financial statements, the Bank has an investment in the jointly owned subsidiary Banco Pan S.A., which, on September 30, 2021, recorded income tax and social contribution tax credits, in the amount of approximately R\$ 3.6 billion, recognized based on expected realization of tax credits. This projection of 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 in July 27, 2021, whose main assumptions used were the macroeconomic, production and funding cost indicators. The realization of these tax credits, in the estimated realization period, depends on the materialization of these projections and the business plan as approved by the management bodies. Our conclusion is not qualified in respect of this matter.

Other matters


Audit and revision of previous year's figures

The Quarterly Information (ITR) mentioned in the first paragraph includes consolidated accounting information corresponding to the result and comprehensive income for the quarter and nine-month periods ended September 30, 2020, changes in shareholders' equity, cash flows and added value for the nine-month period ended September 30, 2020, obtained from the Quarterly Information (ITR) for that quarter, and the consolidated balance sheet as of December 31, 2020, obtained from the financial statements as of December 31, 2020, presented for comparison purposes. The review of the Quarterly Information (ITR) for the quarter ended September 30, 2020 and the examination of the consolidated financial statements for the year ended December 31, 2020 were conducted under the responsibility of other independent auditors, who issued review and audit reports. with dates of November 9, 2020 and February 9, 2021, respectively, without modifications.

Consolidated Statement of Value Added

The quarterly information referred to above includes the consolidated statement of value added for nine-month period ended September 30, 2021. This statement is the responsibility of the Company's management and is presented as supplementary information under IAS 34. This statement has been subjected to review procedures performed together with the review of the quarterly information for the purpose of concluding whether it is reconciled with the consolidated interim accounting information and accounting records, as applicable, and if its form and content are in accordance with the criteria defined in the accounting standard CPC 09 - "Statement of Value Added". Based on our review, nothing has come to our attention that causes us to believe that this consolidated statement of value added has not been properly prepared, in all material respects, in accordance with the criteria established in this accounting standard, and that it is consistent with the consolidated interim accounting information taken as a whole.

São Paulo, November 8, 2021


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


Edison Arisa Pereira
Accountant CRC 1SP127241/O-0

BANCO BTG PACTUAL S.A. and subsidiaries

Consolidated balance sheets

As at September 30, 2021 and December 31, 2020

(In thousands of reais)

	Note	30/09/2021	31/12/2020
Assets			
Current assets		280,280,221	187,493,029
Cash at banks	6	2,513,133	1,794,059
Financial instruments		253,153,681	156,316,664
Short-term interbank investments	7	55,366,572	51,624,133
Securities	8	122,483,494	70,682,719
Derivative financial instruments	9	22,656,143	5,849,388
Interbank transactions		9,602,493	5,033,771
Loans	10	44,657,165	23,689,197
Allowance for expected losses associated with credit risk	10	(1,612,186)	(562,544)
Other receivables		23,510,261	28,569,642
Foreign exchange portfolio	11	11,943,914	19,373,261
Income receivable	12	1,046,053	1,385,346
Securities trading and brokerage	11	7,594,822	5,047,647
Sundry	12	3,326,504	3,026,363
Allowance for impairment of assets		(401,032)	(262,975)
Other assets		1,103,146	812,664
Other assets		736,728	701,514
Prepaid expenses		385,189	138,870
Provision for losses on other assets		(18,771)	(27,720)
Long-term assets		81,505,894	44,502,930
Financial instruments		62,418,666	32,689,303
Long-term interbank investments	7	60,752	66,095
Securities	8	7,568,932	4,432,951
Derivative financial instruments	9	3,780,965	2,378,158
Interbank transactions		154,843	155,115
Loans	10	52,311,033	26,977,410
Allowance for expected losses associated with credit risk	10	(1,457,859)	(1,320,426)
Other receivables		18,416,775	11,555,987
Receivables endorsements or sureties		218,203	224,678
Foreign exchange portfolio	11	5,302	6,029
Income receivable	12	13,641	9,515
Sundry	12	8,619,331	4,102,007
Deferred tax assets	18	9,560,298	7,213,758
Other assets		670,453	257,640
Other assets		16,014	-
Prepaid expenses		654,439	257,640
Permanent assets		10,448,567	12,929,374
Investments		6,929,627	12,470,940
Investments in associates and jointly controlled entities - in Brazil	13	4,300,989	6,343,115
Investments in associates and jointly controlled entities - abroad	13	2,593,375	6,105,557
Other investments		46,604	26,800
Allowance for losses in investments		(11,341)	(4,532)
Property and equipment in use		236,549	142,601
Property in use		6,996	4,576
Other property and equipment in use		594,315	445,641
Accumulated depreciation		(364,762)	(307,616)
Intangible assets	14	3,282,391	315,833
Other intangible assets		3,907,230	574,053
Accumulated amortization		(624,839)	(258,220)
Total assets		372,234,682	244,925,333

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

BANCO BTG PACTUAL S.A. and subsidiaries

Consolidated balance sheets

As at September 30, 2021 and December 31, 2020

(In thousands of reais)

	Note	30/09/2021	31/12/2020
Liabilities			
Current liabilities		259,899,690	179,301,351
Deposits and financial instruments		227,010,969	146,500,325
Deposits	15	101,301,431	54,996,405
Open market funding	15	73,271,327	59,584,116
Funds from securities issued and accepted	15	28,560,646	24,027,977
Loans and borrowings	15	1,121,532	2,408,422
Derivative financial instruments	9	20,955,338	4,720,378
Subordinated debt	15	1,781,929	763,027
Debt instrument eligible to capital	15	18,766	-
Interbank transactions		2,781,915	69,110
Unsettled receipts and payments		2,620,782	69,110
Correspondents		161,133	-
Interdependencies transactions		142,219	364,016
Unsettled third party assets		142,219	364,016
Other liabilities		29,899,149	32,367,900
Collection and payments of tax and similar charges		38,345	2,429
Foreign exchange portfolio	11	8,695,707	19,127,129
Social and statutory	16	2,014,327	2,371,534
Tax and social security	16	1,455,390	745,530
Securities trading and brokerage	11	7,532,901	5,227,307
Sundry	16	10,162,479	4,893,971
Provision		65,438	-
Provision for guarantees		65,438	-
Long-term liabilities		72,567,767	38,222,538
Financial instruments		66,004,287	34,763,117
Deposits	15	12,831,689	1,967,929
Open market funding	15	4,149,060	577,779
Funds from securities issued and accepted	15	33,721,058	18,286,134
Loans and borrowings	15	6,964,416	4,234,785
Derivative financial instruments	9	3,658,491	3,002,961
Subordinated debt	15	591,518	2,667,626
Debt instrument eligible to capital	15	4,088,055	4,025,903
Other liabilities		4,615,597	1,501,567
Foreign exchange portfolio	11	3,211,858	14,425
Tax and social security	16	16,687	-
Deferred liabilities	18	170,799	56,157
Sundry	16	1,216,253	1,430,985
Provision		1,947,883	1,957,854
Provision for contingent liabilities	17	1,821,017	1,776,483
Provision for guarantees		126,866	181,371
Deferred income		385,907	275,494
Shareholders' equity	19		
Capital		15,510,364	10,013,243
Capital reserve		652,515	652,515
Other comprehensive income		45,930	(87,573)
Income reserves		16,261,252	16,102,470
Retained earnings		3,789,292	-
Total shareholders' equity of controlling shareholders		36,259,353	26,680,655
Non-controlling interest		3,121,965	445,295
Total shareholders' equity		39,381,318	27,125,950
Total liabilities and shareholders' equity		372,234,682	244,925,333

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

BANCO BTG PACTUAL S.A. and subsidiaries

Consolidated statements of income

Quarters and nine-month period ended September 30

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

	Note	Quarter ended:		Nine-month period ended:	
		30/09/2021	30/09/2020	30/09/2021	30/09/2020
Financial income (expenses)		2,293,491	1,422,713	6,689,400	2,646,870
Loans		5,196,491	1,249,951	10,032,633	3,221,134
Securities		575,602	2,993,384	5,438,504	5,646,862
Derivative financial instruments		2,505,721	192,261	2,131,283	6,976,133
Foreign exchange		242,424	(291,648)	841,293	(4,453,078)
Mandatory investments		107,255	14,067	185,960	29,602
Funding operations		(3,514,230)	(1,559,049)	(6,901,050)	(3,722,083)
Borrowing and onlending		(2,345,901)	(1,144,193)	(4,288,843)	(4,814,172)
Allowance for loan losses and other receivables	10	(473,871)	(32,060)	(750,380)	(237,528)
Other operating income (expenses)		(80,893)	329,243	516,805	654,528
Income from services rendered	20	1,923,383	1,107,808	4,911,797	2,784,213
Personnel expenses		(560,532)	(239,430)	(1,262,016)	(736,295)
Other administrative expenses	23	(1,769,649)	(440,170)	(3,447,998)	(1,324,519)
Tax charges		(288,823)	(139,773)	(712,850)	(319,702)
Equity earnings of associates and jointly controlled entities	13	379,490	(1,715)	1,063,718	225,359
Other operating income	21	736,645	227,569	1,015,096	623,171
Other operating expenses	22	(501,407)	(185,046)	(1,050,942)	(597,699)
Provisions expenses		(61,360)	(24,960)	(220,487)	(60,881)
Provision for contingent liabilities		(36,870)	(3,395)	(44,534)	12,160
Other		(24,490)	(21,565)	(175,953)	(73,041)
Operating income		2,151,238	1,726,996	6,985,718	3,240,517
Non-operating (expenses) / income	24	816,466	(6,403)	933,253	349,626
Income before income tax and profit sharing		2,967,704	1,720,593	7,918,971	3,590,143
Income tax and social contribution	18	(443,700)	(314,732)	(1,463,075)	(62,575)
Provision for income tax		(160,104)	(245,799)	(27,248)	(1,425,342)
Provision for social contribution		(160,030)	(174,724)	(293,017)	(1,084,749)
Deferred income tax and social contribution		(123,566)	105,791	(1,142,810)	2,447,516
Statutory profit sharing		(647,442)	(441,319)	(1,743,767)	(951,676)
Non-controlling interest		(133,384)	37,337	(114,055)	171,269
Net income for the quarter / period	19	1,743,178	1,001,879	4,598,074	2,747,161
Net income per share - basic	25	0.15	0.09	0.40	0.24
Net income per share - diluted	25	0.15	0.09	0.40	0.24

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

BANCO BTG PACTUAL S.A.

Consolidated statements of comprehensive income

Quarters and nine-month period ended September 30

(In thousands of reais)

	Quarter ended:		Nine-month period ended:	
	30/09/2021	30/09/2020	30/09/2021	30/09/2020
Net income for the quarter / period	1,743,178	1,001,879	4,598,074	2,747,161
Changes in fair value of assets available for sale	45,618	(52,794)	163,592	(171,580)
Deferred IR/CSLL on fair value of assets available for sale	(3,636)	26,925	(57,000)	81,493
Changes in fair value of associates and jointly controlled	37,771	(7,671)	20,264	40,400
Currency translation adjustments	22,884	(3,991)	8,926	(795)
Exchange variation of investments	309,617	506,785	(33,369)	1,402,593
Foreign investment hedge	(286,404)	(516,922)	31,090	(1,414,471)
Total comprehensive income	1,869,028	954,211	4,731,577	2,684,801

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

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

BANCO BTG PACTUAL S.A. and subsidiaries

Statements of changes in shareholders' equity – parent company

Nine-month period ended September 30

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

	Note	Income reserves						Other comprehensive income	Treasury shares	Retained earnings	Controlling interests	Non-controlling interests	Total	
		Capital	Capital reserve	Special earnings reserve	Legal	Unrealized	Statutory							Total
Balances as at December 31, 2019		7,392,092	652,515	-	1,433,056	3,365,072	8,646,025	13,444,153	9,194	(165,784)	-	21,332,170	351,785	21,683,955
Capital increase	19	2,650,500	-	-	-	-	-	-	-	-	-	2,650,500	-	2,650,500
Public offering costs		(29,349)	-	-	-	-	-	-	-	-	-	(29,349)	-	(29,349)
Own shares acquired	19	-	-	-	-	-	-	-	-	(92,712)	-	(92,712)	-	(92,712)
Treasury shares cancellation	19	-	-	-	-	-	(258,496)	(258,496)	-	258,496	-	-	-	-
Changes in fair value of assets available for sale		-	-	-	-	-	-	-	(90,087)	-	-	(90,087)	-	(90,087)
Changes in fair value of associates and jointly controlled entities		-	-	-	-	-	-	-	40,400	-	-	40,400	-	40,400
Currency translation adjustments		-	-	-	-	-	-	-	(795)	-	-	(795)	-	(795)
Exchange variation of investments		-	-	-	-	-	-	-	1,402,593	-	-	1,402,593	-	1,402,593
Foreign investment hedge		-	-	-	-	-	-	-	(1,414,471)	-	-	(1,414,471)	-	(1,414,471)
Intermediate interest on equity (R\$0.10 per share)		-	-	266,500	-	-	(266,500)	-	-	-	-	-	-	-
Previous years adjustments		-	-	-	-	-	(18,036)	(18,036)	-	-	-	(18,036)	-	(18,036)
Net income for the period		-	-	-	-	-	-	-	-	2,747,161	2,747,161	-	171,269	2,918,430
Net income allocation		-	-	-	-	-	-	-	-	-	-	-	-	-
Income reserve		-	-	-	18,205	-	-	18,205	-	-	(18,205)	-	-	-
Intermediate interest on equity (R\$0.20 per share)		-	-	-	-	-	-	-	-	(533,000)	-	(533,000)	-	(533,000)
Reduction of non-controlling		-	-	-	-	-	-	-	-	-	-	-	(101,570)	(101,570)
Balances as at September 30, 2020		<u>10,013,243</u>	<u>652,515</u>	<u>266,500</u>	<u>1,451,261</u>	<u>3,365,072</u>	<u>8,102,993</u>	<u>13,185,826</u>	<u>(53,166)</u>	<u>-</u>	<u>2,195,956</u>	<u>25,994,374</u>	<u>421,484</u>	<u>26,415,858</u>
Balances as at December 31, 2020		10,013,243	652,515	-	1,597,062	1,980,478	12,524,930	16,102,470	(87,573)	-	-	26,680,655	445,295	27,125,950
Capital increase	19	5,547,288	-	-	-	-	-	-	-	-	-	5,547,288	-	5,547,288
Public offering costs		(50,167)	-	-	-	-	-	-	-	-	-	(50,167)	-	(50,167)
Changes in fair value of assets available for sale		-	-	-	-	-	-	-	106,592	-	-	106,592	-	106,592
Changes in fair value of associates and jointly controlled entities		-	-	-	-	-	-	-	20,264	-	-	20,264	-	20,264
Exchange variation of investments		-	-	-	-	-	-	-	(33,369)	-	-	(33,369)	-	(33,369)
Currency translation adjustments		-	-	-	-	-	-	-	8,926	-	-	8,926	-	8,926
Foreign investment hedge		-	-	-	-	-	-	-	31,090	-	-	31,090	-	31,090
Intermediate interest on equity (R\$0.06 per share)		-	-	-	-	-	-	-	-	(650,000)	(650,000)	-	-	(650,000)
Net income for the period		-	-	-	-	-	-	-	-	4,598,074	4,598,074	-	(114,055)	4,484,019
Net income allocation		-	-	-	-	-	-	-	-	-	-	-	-	-
Income reserve		-	-	-	158,782	-	-	158,782	-	-	(158,782)	-	-	-
Addition of non-controlling		-	-	-	-	-	-	-	-	-	-	-	2,790,725	2,790,725
Balances as at September 30, 2021		<u>15,510,364</u>	<u>652,515</u>	<u>-</u>	<u>1,755,844</u>	<u>1,980,478</u>	<u>12,524,930</u>	<u>16,261,252</u>	<u>45,930</u>	<u>-</u>	<u>3,789,292</u>	<u>36,259,353</u>	<u>3,121,965</u>	<u>39,381,318</u>

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

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

BANCO BTG PACTUAL S.A. and subsidiaries

Consolidated statements of cash flows

Nine-month period ended September 30

(In thousands of reais)

	Note	30/09/2021	30/09/2020
Operating activities			
Net income for the period		4,598,074	2,747,161
Adjustments to net income		2,310,381	(1,696,406)
Equity pick up from associates and jointly controlled entities	13	(1,063,718)	(225,359)
Interest expense with subordinated debt		1,470,205	934,567
Deferred income tax and social contribution	18	1,142,810	(2,447,516)
Reversal of provision	21	(104,041)	(183,325)
Allowance for loan losses and other receivables	10	750,380	237,528
Allowance for contingent liabilities	17	44,534	(12,160)
Permanent assets exchange variation		(2,141)	(44,864)
Depreciation and amortization	23	72,352	44,723
Adjusted net income for the period		6,908,455	1,050,755
(Increase)/decrease in operational activities			
Short-term interbank investments		(3,425,750)	(9,282,407)
Securities and derivative financial instruments		(52,560,732)	(10,612,595)
Loans		(15,681,107)	(18,208,219)
Other receivables and other assets		3,387,669	(8,003,192)
Interbank transactions		(316,731)	(2,647,821)
Interdependencies transactions		(221,797)	25,921
Other liabilities		(2,248,220)	6,927,482
Deferred income		110,413	123,370
Deposits		38,159,264	30,346,491
Open market funding		15,420,398	21,043,237
Loans and borrowings		1,442,741	1,073,025
Cash (used in) / provided by operating activities		(9,025,397)	11,836,047
Investment activities			
Sale of other investment		(12,995)	(4,715)
(Acquisition) / sale of equity interests	13	6,027,244	(91,762)
Dividends and interest on equity received	13	807,626	432,884
(Acquisition) / sale of property		(102,264)	(73,440)
Business combination net of cash		(7,580,815)	-
(Acquisition) / sale of intangible assets		(2,922,500)	(130,207)
Cash provided by / (used in) investment activities		(3,783,704)	132,760
Financing activities			
Acquisition of treasury shares	19b	-	(92,712)
Funds from securities issued and accepted		9,744,164	19,026,933
Subordinated debt and debt instruments eligible to equity		(2,455,434)	100,116
Non-controlling interest		2,676,670	69,699
Capital increase	2	5,547,288	2,650,500
Public offering costs		(50,167)	(29,349)
Interest on equity - distributed	19f	(1,746,000)	(541,000)
Cash provided by financing activities		13,716,521	21,184,187
Increase in cash and cash equivalents		907,420	33,152,994
Balance of cash and cash equivalents	26		
At the beginning of the period		44,406,399	21,518,691
At the end of the period		45,313,819	54,671,685
Increase in cash and cash equivalents		907,420	33,152,994
Non-cash transaction		106,592	(602,174)
Interest on equity	19	-	(541,000)
Changes in fair value of assets available for sale		106,592	(61,174)

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

BANCO BTG PACTUAL S.A. and subsidiaries

Consolidated statements of value added

Nine-month period ended September 30

(In thousands of reais)

	Note	30/09/2021	30/09/2020
Revenues		24,218,389	18,972,161
Financial brokerage		18,629,673	15,873,731
Services rendered	20	4,911,797	2,784,213
Other		676,919	314,217
Expenses		(11,940,273)	(13,226,861)
Financial brokerage		(11,189,893)	(12,989,333)
Allowance for loan losses and other receivables	10	(750,380)	(237,528)
Inputs acquired from third parties		(3,234,389)	(1,202,878)
Materials, energy and other		(26,565)	(26,357)
Outsourced services		(3,207,824)	(1,176,521)
Gross value added		9,043,727	4,542,422
Depreciation and amortization	23	(72,352)	(44,723)
Net value added produced by the entity		8,971,375	4,497,699
Value added received through transfer		1,063,718	225,359
Equity in the earnings of associates and jointly controlled entities		1,063,718	225,359
Value added to be distributed		10,035,093	4,723,058
Distribution of value added		10,035,093	4,723,058
Personnel		3,005,783	1,687,970
Direct compensation		2,638,058	1,490,501
Benefits		175,759	98,714
FGTS – government severance pay fund		191,966	98,755
Taxes, fees and contributions		2,175,926	382,276
Federal		1,960,819	273,091
Municipal		215,107	109,185
Remuneration of third party capital		141,255	76,920
Rent expenses		141,255	76,920
Remuneration of shareholders		4,712,129	2,575,892
Retained earnings		3,948,074	2,214,161
Interest on equity	19	650,000	533,000
Non-controlling interest		114,055	(171,269)

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

BANCO BTG PACTUAL S.A. and subsidiaries

Notes to the consolidated financial statements

September 30, 2021

(In thousands of reais, except otherwise indicated)

1. Operations

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

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

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

Covid-19 Pandemic | Context, Initiatives and Impacts

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

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

Before we cover the financials for the period, we want to describe some of the important initiatives that we have taken (and will continue to take) with respect to our operating model and our role in the community.

- We are maintaining the Bank's operations, with all services, communication channels and functionalities available to our clients;
- Our technology teams have delivered the connectivity and cybersecurity necessary for us to operate in this new work environment, with all our teams working stably, continuously, and without any operational incidents - and with a very high level of engagement all around the firm;
- In the first weeks of the crisis, our client and operations teams cleared unprecedented volumes of transactions in secondary markets keeping our operational platform available and working intensely in cooperation with our market counterparts; and
- Using technology, we are keeping ourselves close and available to clients in all segments, bringing them quality information and specialized advice on a daily basis, to support them in their business needs or in the management of their portfolios;

BANCO BTG PACTUAL S.A. and subsidiaries

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New Units Program

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

2. Corporate reorganization and acquisitions

- **Corporate events**

Senior Bond issue

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

Stock Split

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

Global Medium Term Notes Issuance

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

Primary public offering

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

BANCO BTG PACTUAL S.A. and subsidiaries

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

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

- **Acquisitions and disposals**

Credpago Serviços de Cobrança S.A.

On June 29, 2021, the Bank sold, to Loft Brasil Tecnologia Ltda., all of yours shares it held in Credpago Serviços de Cobrança SA for a total amount of R\$1,568 million, with a settlement agreed in (i) cash (partially at the time and the remainder in installments to be paid within 24 months) and (ii) in shares of Loft Holdings Ltd. On September 3, 2021, the sale was approved by regulatory agencies and the deal was completed in the following days.

Empiricus

On May 31, 2021, the Bank signed an agreement with Empiricus Research Publicações Ltda., Vitro Holding Financeira SA, Vitreo Holding SA, Vitreo Distribuidora de Títulos e Valores Mobiliarios SA, its subsidiaries and their respective shareholders (sellers) with the aim of acquiring these companies and establishing long-term partnerships with the sellers. The transaction is subject to applicable regulatory and corporate approvals to be completed.

Banco Pan S.A.

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

BANCO BTG PACTUAL S.A. and subsidiaries

Notes to the consolidated financial statements
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EFG Sale

On April, 2021, BTG Pactual Holding S.A. received the approval to conclude the purchase of BTG Pactual Holding EFG Ltda (“Holding EFG”) from Banco BTG Pactual, in the amount of R\$3.8 billion, through BTG Pactual (Cayman) International Holding Limited. Holding EFG owned approximately 89.51% of BTGP BSI Ltd – which represents approximately 22.25% of EFG. The transaction was settled with the termination of the Equity Linked Note issued against BTG Pactual Holding S.A. which had EFG as the underlying. After the transaction, Banco BTG Pactual will own 2.64% of EFG’s total share capital. On the same date, the Equity Linked Note issued under the terms of the CMN Resolution 4,192 of 2013, previously recorded in the liabilities of BTG Pactual Cayman Branch, was settled.

Kinvo Tecnologia da Informação Ltda

On March 16, 2021, BTG Pactual Corretora de Títulos e Valores Mobiliários S.A. signed the agreement for acquisition of 100% of the share capital of Kinvo Tecnologia da Informação Ltda for R\$72 million. This acquisition aims to expand BTG Pactual digital ecosystem and complements our product range. On May 17, 2021, after verification of certain conditions precedent, including all necessary regulatory approvals, the acquisition was concluded.

Necton Investimentos S.A.

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

EQI Investimentos

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

Ourinvest Distribuidora de Títulos de Valores Mobiliários S.A.

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

BANCO BTG PACTUAL S.A. and subsidiaries

Notes to the consolidated financial statements
September 30, 2021
(In thousands of reais, except otherwise indicated)

3. Presentation of the financial statements

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

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

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

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

The consolidated financial statements were approved by the Bank's management on November 8, 2021, and they contain a true and fair view of the development and results of the Bank. Management evaluated the Bank and its subsidiaries' capacity to continue operating as usual and has concluded that the Bank and its subsidiaries have funds to continue their operations in the future. Additionally, management is not aware of any material uncertainty that may create significant doubts with regard to the Bank ability to continue operating. Therefore, the financial statements were prepared based on this principle.

a. Consolidated financial statements

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

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

BANCO BTG PACTUAL S.A. and subsidiaries

Notes to the consolidated financial statements

September 30, 2021

(In thousands of reais, except otherwise indicated)

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

	Country	Equity interest - %	
		30/09/2021	31/12/2020
Direct subsidiaries			
BTG Pactual Asset Management S.A. Distribuidora de Títulos e Valores Mobiliários	Brazil	99.99	99.99
BTG Pactual Corretora de Títulos e Valores Mobiliários S.A.	Brazil	99.99	99.99
BTG Pactual Serviços Financeiros S.A. Distribuidora de Títulos e Valores Mobiliários	Brazil	99.99	99.99
BTG Pactual Holding Participações S.A.	Brazil	99.99	99.99
BTG Pactual Holding Internacional S.A.	Brazil	99.99	99.99
BW Properties S.A.	Brazil	75.86	72.09
BTG Pactual Holding de Seguros Ltda.	Brazil	99.99	99.99
BTG Pactual Cayman International Holding Limited	Cayman	100.00	100.00
BTG Pactual Corretora de Seguros Ltda.	Brazil	100.00	100.00
Banco Sistema S.A.	Brazil	99.91	99.91
BTGP-BSI LIMITED	UK	-	100.00
Enforce Gestão de Ativos S.A.	Brazil	70.00	70.00
BTG Pactual Corretora de Resseguros Ltda.	Brazil	100.00	100.00
Banco Pan S.A. (i)	Brazil	71.69	-
ZB Consultoria Ltda	Brazil	99.99	99.99
RESALE Tecnologia e Serviços Ltda	Brazil	65.42	65.42
Indirect subsidiaries			
BTG Pactual Gestora de Investimentos Alternativos Ltda.	Brazil	99.98	99.98
BTG Pactual WM Gestão de Recursos Ltda.	Brazil	99.99	99.99
BTG Pactual Gestora de Recursos Ltda.	Brazil	99.99	99.99
BTG Pactual Corporate Services Ltda.	Brazil	99.99	99.99
Ourininvest Distribuidora de Títulos e Valores Mobiliários S.A.	Brazil	90.00	80.00
BTG Pactual NY Corporation	USA	100.00	100.00
BTG Pactual Global Asset Management Limited	Bermuda	100.00	100.00
BTG Pactual Europe LLP	UK	-	100.00
BTG Pactual Asset Management US, LLC	USA	100.00	100.00
BTG Pactual US Capital, LLC	USA	100.00	100.00
BTG Global Asset Management (UK) Limited	UK	-	100.00
BTG Pactual Resseguradora S.A.	Brazil	100.00	100.00
BTG Pactual Vida e Previdência S.A.	Brazil	100.00	100.00
Banco BTG Pactual Chile S.A.	Chile	100.00	100.00
BTG Pactual Chile SPA	Chile	100.00	100.00
BTG Pactual Chile S.A.	Chile	100.00	100.00
BTG Pactual Chile Capital S.A. Corredores de Bolsa	Chile	100.00	100.00
BTG Pactual Chile Capital Administradora de Fondos de Inversion de Capital Extranjero S.A.	Chile	100.00	100.00
BTG Pactual Chile Capital S.A. Administradora General de Fondos	Chile	100.00	100.00
BTG Pactual Chile Servicios Financieros S.A.	Chile	100.00	100.00
Inmobiliaria BTG Pactual Chile Limitada	Chile	100.00	100.00
BTG Pactual Chile S.A. Administración de Activos	Chile	100.00	100.00
BTG Pactual Holding Delaware LLC	USA	-	100.00
BTG Pactual Peru Capital S.A. Sociedad Agente de Bolsa	Peru	100.00	100.00
BTG Pactual Peru Capital S.A. Sociedad Administradora de Fondos Inversion	Peru	100.00	100.00
BTG Pactual Perú S.A.C.	Peru	100.00	100.00
Banco BTG Colômbia S.A.	Colombia	100.00	-
BTG Pactual S.A. Comisionista de Bolsa	Colombia	99.97	99.97
BTG Pactual Sociedad Fiduciaria (Colômbia) S.A.	Colombia	99.97	99.97
Laurel Sociedad Gestora Profissional S.A.S	Colombia	100.00	100.00
BTG Pactual S.S. Soluciones y Servicios S.A.S.	Colombia	100.00	100.00
BTG Pactual E&P S.a.r.l.	Luxembourg	100.00	100.00
BTG Pactual Oil & Gas S.a.r.l.	Luxembourg	100.00	100.00
TTG Brasil Investimentos Florestais Ltda.	Brazil	100.00	100.00
BTG Pactual Timberland Investments Group LLC	USA	100.00	100.00
BTG Pactual Casa de Bolsa, S.A. de C.V.	Mexico	100.00	100.00
Bastec Tecnologia e Serviços Ltda.	Brazil	99.84	99.84
BTG Pactual UK Holdco Limited	UK	100.00	100.00
BTG Pactual Gestora de Fondos SA de CV Operadora de Fondos de Inversion	Mexico	100.00	100.00
TTG Forestry Services LLC	USA	100.00	100.00
BTG Pactual Argentina S.A.	Argentina	100.00	100.00
BTG Pactual RE Income S.A.	Colombia	100.00	100.00
BTG Pactual Chile Asesorias Financieras	Chile	100.00	100.00
PFC Consultoria e Assessoria Empresarial Eireli	Brazil	-	100.00
BTG Pactual Seguros S.A	Brazil	100.00	100.00
BTG Pactual Reinsurance Ltd.	Cayman	100.00	100.00

BANCO BTG PACTUAL S.A. and subsidiaries

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	Country	Equity interest - %	
		30/09/2021	31/12/2020
BTG Pactual Holding EFG Ltd.	Brazil	-	100.00
BTG Pactual (UK) Limited	UK	100.00	100.00
BP Agencia de Sseguros LTD	Colombia	100.00	100.00
Greenwood Echo LLC	USA	-	100.00
Holding Concordia Spinelli Participações Ltda (i)	Brazil	100.00	-
Santa Catarina Holding Participações Societaria Ltda (i)	Brazil	100.00	-
IUI Participações Ltda (i)	Brazil	100.00	-
Spinelli Holding Participações Ltda (i)	Brazil	100.00	-
Pan Arrendamento Mercantil S.A. (i)	Brazil	100.00	-
Pan Adm de Consórcio Ltda (i)	Brazil	100.00	-
Brazilian Securities Companhia de Securitização (i)	Brazil	100.00	-
Brazilian Finance & Real Estate S.A. (i)	Brazil	100.00	-
BM sua casa promotora de vendas Ltda (i)	Brazil	100.00	-
BTG Pactual Portugal Unipessoal	Portugal	100.00	-
Necton S.A. CVMC (i)	Brazil	100.00	-
Kinvo Tecnologia Ltda.	Brazil	100.00	-
Investment funds			
Fundo de Investimento Multimercado Crédito Privado LS Investimento no Exterior	Brazil	100.00	100.00
BTG Pactual International Portfolio Fund SPC - CLASS C	Cayman	100.00	100.00
BTG Pactual Global Fund LP	Cayman	100.00	100.00
BTG Pactual Oil & Gas FIQ FIP	Brazil	100.00	100.00
BTG Pactual Fundo de Investimento Imobiliário Ametista	Brazil	100.00	100.00
Warehouse Fundo de Investimento em Participação	Brazil	100.00	100.00
BTG Pactual Absolute Return Master Fund	Cayman	100.00	100.00
FIDC NP Alternative Assets I	Brazil	100.00	100.00
BTG Pactual ARF Equities Brasi FIA IE	Brazil	100.00	100.00
BTGP Int Fund II SPC - BTGPH Corp Hedge	Brazil	100.00	100.00
BTG PACTUAL RED FIP - Multimercado Investimento no Exterior	Brazil	98.65	98.65
FIM CP Energy	Brazil	72.56	72.56
FIM CP Vitória Fidelis	Brazil	53.11	53.11
FIDC NP Alternative Assets II	Brazil	100.00	100.00
BTG Pactual SICAV - Mexico Equity Fund	Luxembourg	-	94.30
BTG Pactual SICAV- Latin America Equity Fund	Luxembourg	60.26	58.88
BTG Pactual Fondo Alfa Concentrado S.A. de C.V.	Mexico	92.42	82.20
BTG Pactual Absoluto Global Equities Inst FIA IE	Brazil	100.00	100.00
Seedling FIP	Brazil	100.00	100.00
FIDC NP Alternative Assets III	Brazil	100.00	100.00
FIDC NP Precatórios Brasil	Brazil	100.00	100.00
FIDC Creditos não- Padronizados I	Brazil	100.00	100.00
Vulcan FIP Multiestrategia	Brazil	100.00	100.00
Exes Credito Direto FIM CP IE	Brazil	92.07	88.73
T.Rowe Global Allocation Fund FIC FIM IE	Brazil	69.99	96.37
FIM CP Proventia	Brazil	70.63	70.63
BTG Pactual Absoluto LS FIC FIM	Brazil	56.26	90.18
BTG Pactual Consumer Asset Backed Investment Fund	Cayman	60.39	100.00
BTG Pactual BRAZIL Infrastructure Fund II, LP	Cayman	100.00	100.00
BTG Pactual International Port Fund SPC - SP I	Cayman	100.00	100.00
BTG Pactual PAR SPC Segregated Petro Africa CL B	Cayman	57.33	57.33
Brasil Capital 100 B Prev Fundo de Investimento em cotas de fundos de investimentos em acoes	Brazil	-	100.00
BTG Pactual Absoluto LS Master Previdencia fundo de investimento multimercado	Brazil	-	83.08
Oceania Long Biased FI em cotas de fundos de investimento multimercado Access Previdencia	Brazil	-	89.40
EQI fundo de investimento em cotas de fundos de investimento em acoes	Brazil	-	100.00
EQI Macro Fundo de Investimento em cotas de fundos de investimento multimercado	Brazil	-	100.00
Global Advantage Fund dolar FI em cotas de fundos de investimento de acoes no exterior	Brazil	-	100.00
Alaska Previdencia 100 fundo de investimento em cotas de fundos de investimento multimercado	Brazil	-	62.00
BTG Pactual Strategic Capital Fund A, L.P	USA	100.00	-
FII BTG Pactual AAA Corporate Office Fund	Brazil	100.00	-
BTG Pactual ESG Fundo de Índice S&P/B3 Brazil ESG	Brazil	77.87	-
BTG Pactual Absoluto Global Equities Master Inst FI de ações Investimento no Exterior	Brazil	100.00	-
Invesco Greater China Equity Dolar fundo de investimento em cotas de fundos de investimento multimercado	Brazil	82.29	-
BTG Autoinvest moderado fundo de investimento em cotas de fundos de investimento multimercado	Brazil	99.14	-
BTG Autoinvest Sofisticado fundo de investimento em cotas de fundos de investimento multimercado	Brazil	99.04	-
Produtores Rurais ReceivablesS fundo de investimento em direitos creditorios	Brazil	65.64	-

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		30/09/2021	31/12/2020
BTG Pactual Absoluto LS Master Fundo de Investimento Multimercado	Brazil	100.00	-
Clave Ações Fundo de investimento em Cotas de Fundos de Investimento em Ações	Brazil	91.56	-
Clave Ações Institucional Fundo de Investimento em Cotas de Fundos de Investimento em Ações	Brazil	81.26	-
Invesco Greater China Equity Fundo de Investimento em Ações Investimento no Exterior	Brazil	100.00	-
Leste Global Multistrategy Plus	Brazil	50.05	-
Master 1112 fundo de investimento Multimercado	Brazil	100.00	-
T. ROWE Global Allocation Fund Dolar	Brazil	100.00	-
Aurora Midwest LP	USA	100.00	-
BTG Pactual PAR SPC - Bitcoin Fund	USA	100.00	-
Clave Macro II FC Fundo de Investimento Multimercado	Brazil	55.30	-
Clave ações P FC Fundos de Investimento em Ações	Brazil	51.59	-
Clave Master Fundos de Investimento em Ações	Brazil	63.25	-
Clave TR FC Fundos de Investimento em Ações	Brazil	100.00	-
ACS BR Tech brl Fundos de Investimento em Ações	Brazil	87.91	-
BTG Macro HF Fundo de Investimento Multimercado	Brazil	100.00	-
V7 FIDC NP SR	Brazil	51.07	-
AQR CA FC Fundo de Investimento Multimercado	Brazil	100.00	-
AQR CA INS FC Fundo de Investimento Multimercado	Brazil	100.00	-
Receivables 17 FIDC	Brazil	100.00	-
Clave Cortex Fundo de Investimento Multimercado	Brazil	99.01	-
BTG REF Semicond Fundo de Investimento Multimercado	Brazil	79.00	-
ACS RYO LB FC Fundo de Investimento Multimercado	Brazil	99.98	-
ACS RYO SEL FC Fundos de Investimento em Ações	Brazil	99.97	-
Clave TR FC Fundo de Investimento Multimercado	Brazil	100.00	-
Clave TR M Fundos de Investimento em Ações	Brazil	100.00	-

b. Functional currency

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

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

The effects of foreign exchange variations on investments abroad are distributed in the other comprehensive income adjustments in the shareholders' equity.

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4. Significant accounting practices

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

a. Cash and cash equivalents

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

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

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

c. Securities

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

i. Trading securities

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

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

ii. Available for sale securities

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

iii. Held-to-maturity securities

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

BANCO BTG PACTUAL S.A. and subsidiaries

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

d. Derivative financial instruments

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

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

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

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

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

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

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The transactions performed in the forward market of financial assets and commodities are registered by the final retained value, adjusted for the difference between this amount and the price of the asset or right adjusted at market prices, in the appropriate assets or liabilities account. The income and expenses are recorded according to the maturity of their agreements. Assets and liabilities resulting from swap and non-deliverable forward agreements (NDF) are recognized in assets and liabilities at their carrying amount, with adjustments to fair value, recorded in the statements of income.

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

f. Determining fair value

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

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

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

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

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

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

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

g. Financial instruments – net presentation

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

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

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

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

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

j. Allowance for expected losses associated with credit risk

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

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

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k. Investment property

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

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

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

l. Investments

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

m. Foreign currency translation

See note 3b.

n. Goodwill and negative goodwill

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

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

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

o. Property and equipment in use and

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

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p. Intangible assets

Intangible assets include acquired rights to the underlying assets designated to the entities' maintenance or used for such purpose, in accordance with CMN Resolution 4534. This comprises (i) goodwill paid on acquisition transferred to intangible assets due to incorporation of the acquirer's equity by the acquired, or consolidation of the company; (ii) for acquired rights of assets management contracts; and (iii) softwares and improvements to third party property. Amortization is calculated using the straight-line basis over the period in which the rights generate benefits.

q. Crypto-currency

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

After performing an analysis of each of the possible options, the Bank's Management understands that the classification that best suits the nature of transactions carried out with the crypto-assets is Other Assets. On the date of preparation of these financial statements, the Bank has a low value of crypto-assets transactions recognized in its balance sheet.

r. Impairment of non-financial assets

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

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

s. Income tax and social contribution

The provisions for income tax and social contribution are recorded based on accounting profits adjusted by additions and deductions according to the tax legislation. Deferred income tax and social contribution are calculated on temporary differences, whenever the realization of these amounts is considered as probable, at the rate of 15% for income tax, plus a 10% surtax on the annual taxable income exceeding R\$240, and 25% for social contribution.

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

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

These are recognized according to the criteria described below:

i. Contingent assets

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

ii. Contingent liabilities

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

iii. Legal obligation – tax and social security

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

u. Earnings per share

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

v. Revenue recognition

Revenues and expenses are recorded under the accrual method.

w. Recurring and non-recurring net income

As provided in BCB Resolution No. 2, of 12/2020, BTG Pactual discloses the non-recurring result in an note (28b.), presenting non-recurring events that occurred and contributed to the result, which are not related (or are incidentally) to normal Bank activities.

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5. Risk management

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

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

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

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a. Operational limits

	30/09/2021	31/12/2020
Reference Shareholders' Equity Consolidated	36,259,353	26,680,655
Tier I	32,539,244	22,087,705
Common Equity	32,157,332	21,710,355
Complementary Equity	381,912	377,350
Tier II	3,709,987	4,045,185
Reference Shareholders' Equity (PR) - (a)	36,249,231	26,132,890
Required Reference Shareholders' Equity (PRE)	18,060,885	12,553,154
Total exposure risk-weighted - (b)	225,761,063	156,914,431
Credit risk	183,477,557	120,955,912
Operational risk	17,193,881	7,025,255
Market risk	25,089,625	28,933,264
Basel ratio - (a/b)	16.1%	16.7%
Tier I capital	14.4%	14.1%
Tier II capital	1.7%	2.6%
Fixed assets ratio	62.0%	99.6%
Fixed assets to equity capital ratio	18,117,485	13,057,529
Status for fixed assets to equity capital ratio	11,230,622	13,004,047
Amount of margin (insufficiency)	6,886,863	53,482

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

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

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

b. Market risk

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

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

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

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

In millions of R\$	September 2021	December 2020	September 2020
Daily average VaR	101,4	87,6	157,4

c. Credit risk

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

d. Liquidity risk

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

e. Operational risk

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

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

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

f. Socio-environmental risk (ESG)

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

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

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

6. Cash at banks

Cash refers basically to deposits abroad in prime banks.

7. Interbank investments

	30/09/2021					31/12/2020
	Total	Up to 90 days	90 to 365 days	1 to 3 years	Over 3 years	Total
Open market investments	53,777,889	53,454,916	322,973	-	-	48,866,043
Own portfolio	8,677,944	8,654,929	23,015	-	-	25,762,614
Federal government bonds	2,320,575	2,320,575	-	-	-	24,941,535
Foreign private securities	6,097,297	6,097,297	-	-	-	653,884
Corporate bonds	249,808	226,793	23,015	-	-	166,945
Foreign government bonds	10,264	10,264	-	-	-	250
Third-party portfolio	28,826,783	28,526,825	299,958	-	-	19,099,745
Federal government bonds	28,432,687	28,432,687	-	-	-	19,074,876
Corporate bonds	305,592	5,634	299,958	-	-	5,248
Foreign government bonds	88,504	88,504	-	-	-	19,621
Short position	16,273,162	16,273,162	-	-	-	4,003,684
Federal government bonds	16,074,119	16,074,119	-	-	-	3,989,435
Foreign government bonds	199,043	199,043	-	-	-	14,249
Interbank investments (*)	1,649,435	1,401,663	187,020	-	60,752	2,824,185
Interbank deposit certificates	309,815	62,043	187,020	-	60,752	889,228
Investments in foreign currency - overnight	1,339,620	1,339,620	-	-	-	1,934,957
Total	55,427,324	54,856,579	509,993	-	60,752	51,690,228

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

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The collateral received in repurchase agreements amounts to R\$54,308,705 (December 31, 2020 - R\$50,135,292).

8. Securities

a. By type of portfolio

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

	30/09/2021							31/12/2020
	Cost	Market	Up to 90 days	90 to 365 days	1 to 3 years	3 to 5 years	Over 5 years	Market
Own portfolio	60,920,154	59,513,932	41,762,215	2,444,299	4,130,394	2,183,316	8,993,708	21,384,852
Federal government bonds	20,117,563	18,492,877	14,497,671	852,229	712,444	373,425	2,057,108	4,142,352
Debentures	8,221,517	8,093,812	2,678,263	629,350	741,424	905,441	3,139,334	3,832,505
Investment fund quotes								
Shares	749,732	814,332	797,714	-	-	-	16,618	648,956
Multimarket	4,583,152	4,687,349	4,379,804	112,245	1,338	-	193,962	1,615,019
FIDC - Credit Rights	526,011	521,659	228,266	64,580	1,003	180,047	47,763	193,402
Real Estate	298,159	273,452	244,426	-	-	-	29,026	128,293
Equity Investment fund	609,574	700,567	278,476	-	-	10,543	411,548	561,827
Shares	8,790,724	8,877,618	6,674,058	-	1,088,655	322,341	792,564	4,432,315
Certificate of real estate								
receivables	875,363	847,851	12,018	1,724	3,962	4,749	825,398	24,085
Certificate of bank deposits	13,034	14,183	9,883	1,063	2,789	298	150	6,993
Agribusiness receivables								
certificates	1,396,379	1,398,461	237	331	561,738	13,220	822,935	846,118
Promissory note	779,629	777,601	8,520	548,319	160,554	60,208	-	33,927
Other	704,288	819,018	121,483	4,212	627,351	65,929	43	195,310
Foreign government bonds	11,905,472	11,921,944	11,693,538	130,495	73,986	7,356	16,569	2,014,322
Foreign private securities	1,349,557	1,273,208	137,858	99,751	155,150	239,759	640,690	2,709,428
Unrestricted portfolio	305,008	303,914	-	257,159	37,611	9,144	-	31,170
Federal government bonds	305,008	303,914	-	257,159	37,611	9,144	-	31,170
Subject to repurchase agreements	33,800,472	33,254,648	543,294	16,768,921	10,767,515	1,653,553	3,521,365	36,942,427
Federal government bonds	27,391,001	26,959,981	73,919	15,995,201	10,001,852	704,624	184,385	34,252,259
Certificate of real estate								
receivables	103,957	97,855	-	-	-	-	97,855	91,639
Agribusiness receivables								
certificates	20,594	19,035	-	-	-	-	19,035	217,352
Foreign government bonds	3,389,590	3,291,097	212,968	-	738,986	784,724	1,554,419	52,058
Other	-	-	-	-	-	-	-	92,362
Foreign private securities	253,581	256,407	256,407	-	-	-	-	718,708
Debentures	2,641,749	2,630,273	-	773,720	26,677	164,205	1,665,671	1,518,049
Subject to guarantees	37,215,158	36,979,932	21,850,648	2,640,210	2,534,941	5,247,121	4,707,012	16,757,221
Federal government bonds	3,080,596	3,019,234	-	2,069,568	913,400	32,139	4,127	1,521,976
Investment fund quotes								
Multimarket	5,462,808	5,470,842	5,470,842	-	-	-	-	2,194,509
Shares	56,136	61,400	61,400	-	-	-	-	25
Debentures	11,135,698	10,909,277	-	223,200	1,407,582	5,134,269	4,144,226	9,696,511
Certificate of real estate								
receivables	495,070	493,309	-	-	-	25,798	467,511	328,163
Agribusiness receivables								
certificates	302,808	293,972	-	-	211,202	-	82,770	-
Shares	2,648,565	2,702,493	2,702,493	-	-	-	-	2,601,352
Foreign government bonds	13,671,463	13,670,516	13,597,854	8,492	877	54,915	8,378	56,400
Other	362,014	358,889	18,059	338,950	1,880	-	-	358,285
Trading securities	122,148,036	119,911,301	64,010,959	19,683,594	14,329,298	6,320,115	15,567,335	69,299,761
Available for sale securities	6,836,118	6,884,487	145,198	1,886,963	2,072,852	1,943,927	835,547	4,687,651
Held-to-maturity securities	3,256,638	3,256,638	-	540,032	1,068,311	829,092	819,203	1,128,258
Total	132,240,792	130,052,426	64,156,157	22,110,589	17,470,461	9,093,134	17,222,085	75,115,670

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b. Trading securities

	30/09/2021							31/12/2020
	Cost	Market	Up to 90 days	90 to 365 days	1 to 3 years	3 to 5 years	Over 5 years	Market
Own portfolio	53,638,554	52,214,483	41,686,571	729,858	1,846,451	512,379	7,439,224	18,490,547
Federal government bonds	16,647,420	15,022,813	14,497,671	155,450	(402,816)	(465,397)	1,237,905	3,074,580
Debentures/Eurobonds	6,194,761	6,085,603	2,678,263	68,509	80,896	233,190	3,024,745	2,803,880
Investment fund quotes								
Shares	749,732	814,332	797,714	-	-	-	16,618	648,956
Multimarket	4,583,152	4,687,349	4,379,804	112,245	1,338	-	193,962	1,615,019
FIDC - Credit Rights	526,011	521,659	228,266	64,580	1,003	180,047	47,763	193,402
Real Estate	298,159	273,452	244,426	-	-	-	29,026	128,293
Equity Investment fund	382,988	424,058	278,476	-	-	10,543	135,039	330,108
Shares	8,541,269	8,628,163	6,674,058	-	839,200	322,341	792,564	4,306,038
Certificate of real estate								
receivables	637,700	622,507	12,018	48	2,441	4,162	603,838	23,152
Certificate of bank deposits	13,034	14,183	9,883	1,063	2,789	298	150	6,993
Agribusiness receivables								
certificates	1,396,379	1,398,461	237	331	561,738	13,220	822,935	846,118
Promissory note	126,101	126,101	-	126,101	-	-	-	5,485
Other	704,288	819,018	121,483	4,212	627,351	65,929	43	184,920
Foreign government bonds	11,838,266	11,854,786	11,626,414	130,495	73,952	7,356	16,569	2,014,322
Foreign private securities	999,294	921,998	137,858	66,824	58,559	140,690	518,067	2,309,281
Unrestricted portfolio	305,008	303,914	-	257,159	37,611	9,144	-	31,170
Federal government bonds	305,008	303,914	-	257,159	37,611	9,144	-	31,170
Subject to repurchase agreements	33,671,074	33,126,019	543,294	16,665,780	10,742,158	1,653,422	3,521,365	36,359,880
Federal government bonds	27,390,108	26,959,090	73,919	15,995,003	10,001,290	704,493	184,385	34,252,259
Certificate of real estate								
receivables	103,957	97,855	-	-	-	-	97,855	90,595
Foreign government bonds	3,389,590	3,291,097	212,968	-	738,986	784,724	1,554,419	52,058
Agribusiness receivables								
certificates	20,594	19,035	-	-	-	-	19,035	217,352
Foreign private securities	253,581	256,407	256,407	-	-	-	-	718,708
Debentures	2,513,244	2,502,535	-	670,777	1,882	164,205	1,665,671	1,028,908
Subject to guarantees	34,533,400	34,266,885	21,781,094	2,030,797	1,703,078	4,145,170	4,606,746	14,418,164
Federal government bonds	2,891,207	2,829,836	-	1,885,809	911,108	28,792	4,127	1,461,490
Investment fund quotes								
Multimarket	5,419,346	5,419,347	5,419,347	-	-	-	-	2,144,337
Shares	56,136	61,400	61,400	-	-	-	-	25
Debentures	9,087,041	8,830,363	-	136,496	579,891	4,035,665	4,078,311	7,897,178
Certificate of real estate								
receivables	456,834	458,958	-	-	-	25,798	433,160	-
Agribusiness receivables								
certificates	302,808	293,972	-	-	211,202	-	82,770	-
Shares	2,648,565	2,702,493	2,702,493	-	-	-	-	2,601,352
Other	13,671,463	13,670,516	13,597,854	8,492	877	54,915	8,378	56,400
Other	-	-	-	-	-	-	-	257,382
Total	122,148,036	119,911,301	64,010,959	19,683,594	14,329,298	6,320,115	15,567,335	69,299,761

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c. Available-for-sale securities

	30/09/2021							31/12/2020
	Cost	Market value	Up to 90 days	90 to 365 days	1 to 3 years	3 to 5 years	Over 5 years	Market value
Own portfolio	4,027,254	4,045,103	75,644	1,174,409	1,217,924	841,845	735,281	1,826,533
Federal government bonds	215,797	215,718	-	156,747	49,241	9,730	-	-
Investment fund quotes								
Equity investment fund	226,586	276,509	-	-	-	-	276,509	231,719
Shares	249,455	249,455	-	-	249,455	-	-	126,277
Debentures	2,026,756	2,008,209	-	560,841	660,528	672,251	114,589	1,028,625
Certificate of real estate receivables	237,663	225,344	-	1,676	1,521	587	221,560	933
Promissory note	653,528	651,500	8,520	422,218	160,554	60,208	-	28,442
Foreign government bonds	67,206	67,158	67,124	-	34	-	-	-
Foreign private securities	350,263	351,210	-	32,927	96,591	99,069	122,623	400,147
Other	-	-	-	-	-	-	-	10,390
Subject to repurchase agreements	129,398	128,629	-	103,141	25,357	131	-	582,547
Federal government bonds	893	891	-	198	562	131	-	-
Debentures	128,505	127,738	-	102,943	24,795	-	-	489,141
Certificate of real estate receivables	-	-	-	-	-	-	-	1,044
Other	-	-	-	-	-	-	-	92,362
Subject to guarantees	2,679,466	2,710,755	69,554	609,413	829,571	1,101,951	100,266	2,278,571
Federal government bonds	187,097	187,106	-	183,759	-	3,347	-	-
Debentures	2,048,657	2,078,914	-	86,704	827,691	1,098,604	65,915	1,799,333
Investment fund quotes								
Multimarket	43,462	51,495	51,495	-	-	-	-	50,172
Certificate of real estate receivables	38,236	34,351	-	-	-	-	34,351	328,163
Other	362,014	358,889	18,059	338,950	1,880	-	-	100,903
Total	6,836,118	6,884,487	145,198	1,886,963	2,072,852	1,943,927	835,547	4,687,651

d. Held-to-maturity securities

	30/09/2021						31/12/2020
	Cost	Up to 90 days	90 to 365 days	1 to 3 years	3 to 5 years	Over 5 years	Cost
Own portfolio	3,254,346	-	540,032	1,066,019	829,092	819,203	1,067,772
Federal government bonds	3,254,346	-	540,032	1,066,019	829,092	819,203	1,067,772
Subject to guarantees	2,292	-	-	2,292	-	-	60,486
Federal government bonds	2,292	-	-	2,292	-	-	60,486
Total	3,256,638	-	540,032	1,068,311	829,092	819,203	1,128,258

If measured at fair value, held-to-maturity securities would be reported as at the period ended September 30, 2021 with a negative adjustment of R\$39,302 (December 31, 2020 – R\$121,096 positive).

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

e. Reclassification of securities

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

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9. Derivative financial instruments

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

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

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

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

	30/09/2021		
	Hedge instrument		
	Nominal value	Market (i)	Hedge assets
Net Investment Hedge of Foreign Operations	11,664,908	31,090	6,021,899

	31/12/2020		
	Hedge instrument		
	Nominal value	Market (i)	Hedge assets
Net Investment Hedge of Foreign Operations	9,169,326	(1,414,471)	4,852,426

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

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

a. Recognized in memorandum and balance sheet accounts

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

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	30/09/2021				31/12/2020
	Up to 6 months	6 to 12 months	Over 1 year	Total	Total
Futures market					
Long position	8,855,799	10,912,279	14,544,535	34,312,613	46,405,846
Currency	77,770	-	12,009	89,779	3,060,027
Interest rate	8,751,811	10,912,279	13,396,709	33,060,799	42,437,408
Index	22,041	-	1,135,817	1,157,858	877,974
Commodities	4,177	-	-	4,177	30,437
Short position	43,087,677	4,276,531	4,657,987	52,022,195	29,610,519
Currency	22,452,954	-	-	22,452,954	29,552,860
Interest rate	20,541,307	4,160,756	3,821,225	28,523,288	15,120
Index	29,244	115,775	836,762	981,781	10,147
Commodities	64,172	-	-	64,172	32,392
Swap					
Long position	15,376,455	6,966,859	13,787,314	36,130,628	78,522,128
Currency	295,579	-	400,000	695,579	5,946,869
Interest rate	13,417,702	6,134,726	11,810,515	31,362,943	67,386,320
Index	627,296	697,887	1,525,472	2,850,655	262,708
Equities	653,151	70,571	20,101	743,823	4,152,437
Commodities	119,243	63,675	-	182,918	70,654
Other	263,484	-	31,226	294,710	703,140
Short position	15,376,455	6,966,859	13,787,314	36,130,628	78,522,128
Currency	1,839,154	11,574	1,035,056	2,885,784	5,946,869
Interest rate	8,936,081	5,621,675	10,314,273	24,872,029	67,386,320
Index	418,192	240,491	1,967,822	2,626,505	262,708
Equities	3,443,488	832,986	438,937	4,715,411	4,152,437
Commodities	354,179	3,106	-	357,285	70,654
Other	385,361	257,027	31,226	673,614	703,140
Credit Derivatives					
Long position	27,197	2,720	737,539	767,456	245,380
Sovereign	-	-	61,193	61,193	14,811
Corporate	27,197	2,720	676,346	706,263	230,569
Short position	27,197	2,720	309,622	339,539	531,197
Sovereign	-	-	13,517	13,517	26,295
Corporate	27,197	2,720	296,105	326,022	504,902
NDF					
Long position	53,481,117	12,756,470	17,446,425	83,684,012	96,340,819
Currency	48,790,256	9,817,001	2,132,030	60,739,287	92,165,893
Commodities	4,649,381	2,939,469	15,314,395	22,903,245	4,129,675
Other	41,480	-	-	41,480	45,251
Short position	53,481,117	12,756,470	17,446,425	83,684,012	96,340,819
Currency	48,790,256	9,817,001	2,132,030	60,739,287	92,165,893
Commodities	4,649,381	2,939,469	15,314,395	22,903,245	4,129,675
Other	41,480	-	-	41,480	45,251
Deliverable forward - DF					
Security forwards					
Long position	17,068,795	51,932	124	17,120,851	552,949
Interest rate	9,305,405	-	-	9,305,405	493,825
Equities	504,550	51,893	-	556,443	-
Currency	50	39	124	213	-
Government bonds	7,258,790	-	-	7,258,790	59,124
Short position	17,068,795	51,932	124	17,120,851	552,949
Interest rate	7,258,790	-	-	7,258,790	493,825
Equities	504,550	51,893	-	556,443	-
Currency	50	39	124	213	-
Government bonds	9,305,405	-	-	9,305,405	59,124
Options market					
Call option - long position	13,740,785	275,151	854,550	14,870,486	19,249,788
Equities	1,246,007	47,274	55,657	1,348,938	1,220,839
Commodities	26,366	13,979	-	40,345	52,903
Currency	3,460,354	213,898	798,893	4,473,145	17,489,681
Index	9,008,008	-	-	9,008,008	486,315
Other	50	-	-	50	50
Put option - long position	190,263,549	112,302	683,948	191,059,799	275,900,316
Equities	7,736,705	6,307	1,265	7,744,277	389,432
Commodities	477,307	-	-	477,307	204,899
Index	178,163,171	-	-	178,163,171	258,137,551
Currency	3,886,366	105,995	682,683	4,675,044	17,168,434
Call option - short position	11,560,197	57,081	203,671	11,820,949	10,935,136
Equities	1,880,075	16,851	1,398	1,898,324	538,427
Commodities	26,491	8,800	-	35,291	-
Currency	680,631	31,430	202,273	914,334	10,035,993
Index	8,973,000	-	-	8,973,000	360,716
Put option - short position	183,487,102	144,152	25,582	183,656,836	272,098,722
Equities	2,100,419	6,307	1,265	2,107,991	234,982
Commodities	153,752	-	-	153,752	-
Index	180,911,617	-	-	180,911,617	283,792
Currency	321,314	137,845	24,317	483,476	271,579,948

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b. By cost and market value

	30/09/2021					31/12/2020
	Cost	Market	Up to 6 months	6 to 12 months	Over 1 year	Total
Futures						
Long position	2,753	2,753	2,753	-	-	2,218
Short position	12,126	12,126	12,126	-	-	2,373
Swaps						
Long position	2,654,369	2,812,330	658,258	571,508	1,582,564	2,537,797
Short position	3,173,851	3,971,907	487,330	493,679	2,990,898	3,606,524
Credit derivatives						
Long position	-	29,790	-	107	29,683	16,308
Short position	19,835	32,138	2,888	107	29,143	4,958
NDF						
Long position	3,697,151	3,777,375	1,725,685	662,688	1,389,002	2,607,957
Short position	2,698,118	2,736,219	1,764,724	451,295	520,200	2,371,760
Security forwards						
Long position	17,192,801	17,176,996	17,098,066	58,435	20,495	552,906
Short position	17,089,775	17,077,180	17,030,179	45,500	1,501	553,006
Options market						
Long position	2,405,159	2,637,864	1,834,340	44,303	759,221	2,510,360
Short position	753,661	784,259	654,676	12,834	116,749	1,184,718
Long position	25,952,233	26,437,108	21,319,102	1,337,041	3,780,965	8,227,546
Short position	23,747,366	24,613,829	19,951,923	1,003,415	3,658,491	7,723,339

c. Notional by counterparty

	30/09/2021					31/12/2020
	Clearing houses / stock exchange	Financial Institutions (i)	Companies	Individuals	Total	Total
Futures market						
Long position	33,825,192	487,421	-	-	34,312,613	46,405,846
Short position	51,116,247	905,948	-	-	52,022,195	29,610,519
Swap						
Long position	2,285,525	27,931,088	5,658,890	255,125	36,130,628	78,522,128
Short position	2,285,525	27,931,088	5,658,890	255,125	36,130,628	78,522,128
Credit derivatives						
Long position	-	767,456	-	-	767,456	245,380
Short position	-	339,539	-	-	339,539	531,197
Non-deliverable forward - NDF						
Long position	-	43,720,159	39,660,402	303,451	83,684,012	96,340,819
Short position	-	43,720,159	39,660,402	303,451	83,684,012	96,340,819
Security forwards						
Long position	556,443	16,561,090	2,323	995	17,120,851	552,949
Short position	556,443	16,561,090	2,323	995	17,120,851	552,949
Options market						
Long position	2,305,581	202,895,302	348,349	381,053	205,930,285	295,150,104
Short position	3,325,841	191,518,102	311,007	322,835	195,477,785	283,033,858
Long position	38,972,741	292,362,516	45,669,964	940,624	377,945,845	517,217,226
Short position	57,284,056	280,975,926	45,632,622	882,406	384,775,010	488,591,470

(i) Includes investments funds.

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d. Credit derivatives

	30/09/2021	31/12/2020
Credit swap		
Transferred risk		
Sovereign	61,193	14,811
Corporate	706,262	230,569
Risk received		
Sovereign	(13,517)	(26,295)
Corporate	(326,021)	(504,902)
	427,917	(285,817)

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

e. Guarantee margins

Guarantee margins in transactions traded on B3 S.A. and other stock exchanges with derivatives comprises federal government and foreign government bonds totaling R\$32,965,266 (December 31, 2020 – R\$13,029,606) and shares in the amount of R\$2,702,493 (December 31, 2020 – R\$2,601,352).

f. Fair value of financial instruments

The fair values of financial instruments are calculated as follows:

- Swaps: cash flows are discounted to present value based on yield curves reflecting the appropriate risk factors. These yield curves are mainly based on the prices traded on B3 S.A., Brazilian government bonds traded on the secondary or derivative market and securities traded abroad. These yield curves may be used to obtain the fair value of currency swaps, interest rate swaps and swaps based on other risk factors (commodities, stock market indexes, etc.).
- Futures and Forwards: using stock exchange quotations or criteria identical to those described for swaps above.
- Options: the fair value of these instruments is calculated based on mathematical models (such as Black & Scholes) that use data containing implied volatility, interest rate yield curve and the fair value of the underlying asset. These data are obtained from different sources (normally prices from brokerage firms, Bloomberg and Reuters).
- Credit derivatives: the fair value of these instruments is calculated based on mathematical models largely adopted in the market that use data relating to the issuer's credit spread and interest rate yield curve. These data are obtained from different sources (normally prices from brokerage firms, Bloomberg and Reuters).

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- Securities and short selling: the fair value of government bonds is calculated based on prices disclosed by the Brazilian Association of Financial and Capital Market Entities (ANBIMA). The fair value of corporate bonds is calculated based on prices traded on the secondary market, prices of similar assets and market visibility of the Bank's commercial departments. Shares are calculated based on the prices informed by B3 S.A. Fund quotas are valued based on quota prices disclosed by the custodian.
- Financial assets at fair value through profit (loss): The Bank estimates the fair values of the financial instruments by discounting cash flows to present value based on yield curves reflecting the proper risk factors.

10.Loans

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

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

Loans and other operations with credit characteristics are as follows:

a. Loans

i. By type of credit

Type of credit	30/09/2021		31/12/2020	
	Balance	Allowance	Balance	Allowance
Loans	63,614,449	(2,070,927)	40,895,440	(1,679,978)
Financing	20,363,061	(881,633)	2,765,734	(108,768)
FINAME/BNDES	4,284,312	(24,202)	4,015,395	(23,458)
Receivables (ii)	2,769,448	(67,837)	90,350	(28,391)
Advances in foreign exchange contacts (ii)	4,771,471	(16,998)	2,074,406	(36,552)
Securities financing	1,432,028	(5,904)	823,810	(5,823)
Transferred loans with co-obligations (i)	408,614	(2,544)	1,472	-
Subtotal	97,643,383	(3,070,045)	50,666,607	(1,882,970)
Adjustment to market value (iii)	(675,185)	-	-	-
Total	96,968,198	(3,070,045)	50,666,607	(1,882,970)

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

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

(iii) Contracts including hedge accounting transactions.

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ii. By risk level and maturity

Risk level	30/09/2021					31/12/2020		
	Overdue	Maturity			Total	Allowance	Total	Allowance
		Up to 6 months	6 to 12 months	Over 12 months				
AA	66,352	16,709,883	3,533,891	13,424,540	33,734,666	(11,072)	22,567,484	(12,168)
A	209,694	10,936,731	5,125,960	26,205,440	42,477,825	(212,021)	10,985,055	(55,300)
B	307,089	3,039,507	1,578,678	8,584,715	13,509,989	(151,118)	11,773,945	(132,497)
C	222,589	808,400	460,840	1,612,292	3,104,121	(120,150)	1,932,766	(92,371)
D	283,794	102,883	72,778	930,181	1,389,636	(191,098)	1,368,470	(223,614)
E	163,681	60,512	167,494	527,090	918,777	(290,748)	662,956	(243,445)
F	141,792	182,214	24,571	439,388	787,965	(451,298)	243,008	(133,470)
G	172,026	48,075	22,269	75,004	317,374	(239,510)	779,785	(636,967)
H	645,679	141,014	103,954	512,383	1,403,030	(1,403,030)	353,138	(353,138)
Total	2,212,696	32,029,219	11,090,435	52,311,033	97,643,383	(3,070,045)	50,666,607	(1,882,970)

iii. By activity sector

Sector	30/09/2021	31/12/2020
Commerce	9,005,683	8,260,119
Industry	15,943,527	13,620,149
Services	36,077,355	25,972,744
Rural	525,922	527,425
Individuals	36,090,896	2,286,170
Total	97,643,383	50,666,607

b. Credit concentration

	30/09/2021	%	31/12/2020	%
Largest debtors				
10 largest debtors	13,130,426	14%	12,249,129	24%
20 following largest debtors	5,041,595	5%	8,435,272	17%
50 following largest debtors	9,164,751	9%	10,000,060	20%
100 following largest debtors	9,173,834	9%	9,214,961	18%
200 following largest debtors	9,515,656	10%	7,043,622	14%
500 following largest debtors	11,301,051	12%	3,492,334	7%
Above 500 following largest debtors	40,316,070	41%	231,229	0%
Total	97,643,383	100%	50,666,607	100%

c. Allowance for expected losses associated with credit risk

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

	30/09/2021	30/09/2020
Opening balances for the period	(1,882,970)	(1,179,029)
Reversal/(accrual) of allowance	(750,380)	(237,528)
Provision transferred to credit portfolio	-	(316,551)
Credit renegotiation	531,141	-
Credit portfolio acquisition (i)	(1,742,564)	-
Write off	604,201	-
Other	170,527	(41,633)
Closing balances for the period	(3,070,045)	(1,774,741)

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

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d. Renegotiation/recovery of credits written off as loss

As at September 30, 2021, the amount of R\$4,938,405 was due to credit renegotiation (December 31, 2020 – R\$3,974,087). Also in the period there was R\$94.483 of written off loans recovered (December 31, 2020 – R\$27,971).

11. Other receivables/obligations

a. Foreign Exchange portfolio

	30/09/2021		31/12/2020	
	Assets	Liabilities	Assets	Liabilities
Unsettled exchange contracts	3,354,579	8,407,372	5,514,014	11,467,369
Rights on foreign exchange sales	8,617,445	-	13,867,773	-
(-) Advances in foreign currency received	(15,362)	-	(2,177)	-
(-) Advances in local currency received	(7,446)	-	(320)	-
Liability for foreign exchange purchase	-	3,500,193	-	7,674,185
Total	11,949,216	11,907,565	19,379,290	19,141,554
Current	11,943,914	8,695,707	19,373,261	19,127,129
Long-term	5,302	3,211,858	6,029	14,425

Guarantees for foreign exchange transactions carried out through B3 S.A., are represented by federal government bonds in the amount of R\$1,312,173 (December 31, 2020 - R\$1,126,263).

b. Securities trading and brokerage

	30/09/2021		31/12/2020	
	Assets	Liabilities	Assets	Liabilities
Clearing houses	409,489	266,877	422,002	216,833
Unsettled financial assets / liabilities	27,988	1,022,243	53,026	668,755
Pending settlement	6,687,011	3,865,922	4,437,251	2,745,303
Creditors for stock loans	-	116,251	-	51,005
Commissions and brokerage payable	-	147,735	-	125,925
Other securities trading and brokerage	470,334	2,113,873	135,368	1,419,486
Total	7,594,822	7,532,901	5,047,647	5,227,307
Current	7,594,822	7,532,901	5,047,647	5,227,307
Long-term	-	-	-	-

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

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

12. Other receivables

a. Income receivable

	<u>30/09/2021</u>	<u>31/12/2020</u>
Dividends and bonus	177,839	135,064
Receivables from services rendered	150,899	120,614
Rights on energy sales	317,366	684,384
Management and performance fees for investment funds and portfolio	379,332	385,422
Distribution fees	10,675	8,736
Commissions on guarantees	23,583	60,641
Total	<u>1,059,694</u>	<u>1,394,861</u>
Current	1,046,053	1,385,346
Long-term	13,641	9,515

b. Sundry

	<u>30/09/2021</u>	<u>31/12/2020</u>
Sundry	2,641,878	1,896,874
Judicial deposits	1,461,856	1,629,330
Taxes recoverable to offset	1,458,258	605,928
Securities and credits receivable		
Without loan characteristics	5,211,427	2,448,972
Investment properties	1,048,530	450,864
Salary advances	116,667	49,026
Other	7,219	47,376
Total	<u>11,945,835</u>	<u>7,128,370</u>
Current	3,326,504	3,026,363
Long-term	8,619,331	4,102,007

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13. Investments in associates and jointly controlled entities

	Associates and jointly-controlled entities					
	Shareholders' Equity		Net income (loss)		Interest	
	30/09/2021	31/12/2020	30/09/2021	30/09/2020	30/09/2021	31/12/2020
In Brazil						
Banco Pan S.A. (ii)	5,676,188	5,317,468	584,128	484,628	71.69%	44.85%
Too Seguros S.A.	357,942	332,791	46,060	51,706	51.00%	51.00%
Pan Corretora S.A.	58,747	42,309	36,954	25,431	51.00%	51.00%
Eneva S.A.	13,731,878	7,278,859	321,099	-	21.54%	22.93%
Abroad						
BTG Pactual Holding S.A.R.L.	5,217,468	5,482,135	919,700	445,971	41.03%	41.03%
BSI UK Holding	3,493,655	-	1,458,798	-	15.09%	0.00%
EFG International (i)	-	9,397,958	-	-	0.00%	29.39%

(i) The equity accounting result related to the investment in EFG recognized during the period ended September 30, 2021, comprising the income generated by the investee for the second half of 2020, as a result of the late disclosure of its financial information.

(ii) Banco Pan has a tax credit balance of R\$3.6 billion, substantially recognized based on a study of the current and future scenario approved by its Management.

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	31/12/2020	Changes in investments					30/09/2021	Equity pickup from associates in 30/09/2020
		Acquisition / Increase/ Transfer / (Sales)	Dividends paid	Fair value adjustment	Exchange variation	Equity pickup from associates		
In Brazil								
Banco Pan S.A.	2,385,034	(2,467,750)	(33,385)	374	-	115,727	-	200,826
Negative Goodwill - Banco Pan	(3,275)	3,275	-	-	-	-	-	-
Pan Corretora S.A.	21,577	-	(10,464)	-	-	18,846	29,959	12,970
Too Seguros S.A.	169,722	-	(9,918)	(745)	-	23,490	182,549	26,370
Eneva S.A.	3,756,636	(224,123)	-	735	-	150,036	3,683,284	-
Other (iii)	13,421	392,889	-	-	(9,005)	7,892	405,197	427
Total	6,343,115	(2,295,709)	(53,767)	364	(9,005)	315,991	4,300,989	240,593
Abroad								
BTG Pactual Holding S.A.R.L. (i)	2,249,320	-	(609,801)	(6,578)	130,433	377,353	2,140,727	182,982
EFG International (i)	2,762,060	(2,866,462)	(144,058)	6,458	68,225	173,777	-	81,960
Goodwill - EFG International (i) (ii)	1,094,177	(1,121,124)	-	-	26,947	-	-	(280,176)
BSI UK Holding	-	256,051	-	-	-	196,597	452,648	-
	6,105,557	(3,731,535)	(753,859)	(120)	225,605	747,727	2,593,375	(15,234)
Total	12,448,672	(6,027,244)	(807,626)	244	216,600	1,063,718	6,894,364	225,359

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

14. Intangible assets

	Changes in Intangible assets				30/09/2021
	31/12/2020	Acquisitions / Transfer / Write off (i)	Amortization expenses	Exchange variation	
Intangible assets					
Cost	574,053	3,328,216	-	4,961	3,907,230
Amortization	(258,220)	(326,455)	(38,108)	(2,056)	(624,839)
Total	<u>315,833</u>	<u>3,001,761</u>	<u>(38,108)</u>	<u>2,905</u>	<u>3,282,391</u>

The intangible assets amortization period is 5 years.

- (i) Refers basically to Banco Pan acquisition.

15. Fund raising and loans and onlending

a. Summary

	30/09/2021						31/12/2020
	Total	Up to 90 days	90 to 365 days	1 to 3 years	3 to 5 years	Over 5 years	Total
Deposits	114,133,120	61,912,126	39,389,305	8,348,902	3,098,877	1,383,910	56,964,334
Open market funding	77,420,387	72,567,761	703,566	894,715	679,957	2,574,388	60,161,895
Funds from securities issued and accepted	62,281,704	19,964,969	8,595,677	17,217,939	14,574,569	1,928,550	42,314,111
Loans and borrowings	8,085,948	966,869	154,663	444,282	774,097	5,746,037	6,643,207
Subordinated debts and subordinated debt eligible to equity	6,480,268	-	1,800,695	130,979	26,249	4,522,345	7,456,556
Total	<u>268,401,427</u>	<u>155,411,725</u>	<u>50,643,906</u>	<u>27,036,817</u>	<u>19,153,749</u>	<u>16,155,230</u>	<u>173,540,103</u>

b. Deposits

	30/09/2021						31/12/2020
	Total	Up to 90 days	90 to 365 days	1 to 3 years	3 to 5 years	Over 5 years	Total
Demand deposits	9,924,410	9,924,410	-	-	-	-	2,655,156
Interbank deposits	2,822,334	1,176,510	65,404	1,431,882	148,538	-	1,569,295
Time deposits	101,007,615	50,432,445	39,323,901	6,917,020	2,950,339	1,383,910	52,739,883
Other deposits	378,761	378,761	-	-	-	-	-
Total	<u>114,133,120</u>	<u>61,912,126</u>	<u>39,389,305</u>	<u>8,348,902</u>	<u>3,098,877</u>	<u>1,383,910</u>	<u>56,964,334</u>

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c. Open market funding

Open market funding has collateral on the following securities:

	30/09/2021						31/12/2020
	Total	Up to 90 days	90 to 365 days	1 to 3 years	3 to 5 years	Over 5 years	Total
Own Portfolio	33,532,893	32,894,467	638,426	-	-	-	36,614,052
Federal government bonds	26,634,526	26,634,526	-	-	-	-	34,136,364
Corporate securities	3,576,394	3,077,241	499,153	-	-	-	2,187,870
Foreign securities	61,982	61,982	-	-	-	-	247,357
Foreign government bonds	3,259,991	3,120,718	139,273	-	-	-	42,461
Third-party portfolio	27,689,799	27,689,799	-	-	-	-	18,590,387
Federal government bonds	10,145,833	10,145,833	-	-	-	-	18,566,182
Foreign securities	-	-	-	-	-	-	-
Corporate bonds	5,495	5,495	-	-	-	-	4,605
Foreign government bonds	17,538,471	17,538,471	-	-	-	-	19,600
Unrestricted portfolio (i)	16,197,695	11,983,495	65,140	894,715	679,957	2,574,388	4,957,456
Federal government bonds	12,065,423	10,690,675	65,140	-	-	1,309,608	4,943,108
Foreign securities	23,992	23,992	-	-	-	-	-
Foreign government bonds	4,108,280	1,268,828	-	894,715	679,957	1,264,780	14,348
Total	77,420,387	72,567,761	703,566	894,715	679,957	2,574,388	60,161,895

(i) From the unrestricted portfolio, R\$13,008,253 (December 31, 2020 – R\$4,370,758) refers to short position and R\$349,990 (December 31, 2020 – R\$586,698) to third-party portfolio.

The collateral granted in repurchase agreements amounts to R\$78,208,344 (December 31, 2020 – R\$61,880,613).

d. Funds from securities issued and accepted

	30/09/2021						31/12/2020
	Total	Up to 90 days	90 to 365 days	1 to 3 years	3 to 5 years	Over 5 years	Total
Securities – Brazil	46,324,856	18,631,591	5,883,797	15,388,650	5,275,794	1,145,024	29,312,146
Financial bills	33,282,447	16,310,237	1,906,165	10,492,078	4,005,741	568,226	23,718,574
Mortgage bonds/letters of credit for agribusiness	12,428,553	2,304,406	3,939,237	4,621,526	1,007,978	555,406	5,361,812
Certificates of structured transactions	463,849	16,948	38,395	125,039	262,075	21,392	231,760
Debentures	150,007	-	-	150,007	-	-	-
Securities – abroad	15,956,848	1,333,378	2,711,880	1,829,289	9,298,775	783,526	13,001,965
Medium term notes	13,228,096	-	2,664,564	1,293,372	8,685,989	584,171	8,312,534
Fixed rate notes and others	2,728,752	1,333,378	47,316	535,917	612,786	199,355	4,689,431
Total	62,281,704	19,964,969	8,595,677	17,217,939	14,574,569	1,928,550	42,314,111

As at September 30, 2021, securities in Brazil were basically indexed to interest reference rates (CDI) between 90% and 127% or inflation indexes (IPCA and IGPM) plus 0.43% p.a. to 7.55 % p.a. (December 31, 2020 – indexed to (CDI) between 60% and 127% or inflation indexes (IPCA and IGPM) plus 1.2% p.a. to 7.55% p.a.).

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

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e. Loans and onlending

	30/09/2021					31/12/2020	
	Total	Up to 90 days	90 to 365 days	1 to 3 years	3 to 5 years	Over 5 years	Total
Loans abroad	3,947,007	966,349	139,898	93,406	348,848	2,398,506	2,801,087
Foreign currency	3,356,067	817,663	139,898	-	-	2,398,506	876,813
Loans abroad	590,940	148,686	-	93,406	348,848	-	1,924,274
Loans - Brazil	2,003	-	-	2,003	-	-	3,458
Loans	2,003	-	-	2,003	-	-	3,458
Borrowings in Brazil	4,136,938	520	14,765	348,873	425,249	3,347,531	3,838,662
FINAME/BNDES	4,136,938	520	14,765	348,873	425,249	3,347,531	3,838,662
Total	8,085,948	966,869	154,663	444,282	774,097	5,746,037	6,643,207

On September 30, 2021, securities abroad have rates between 1.1% p.a. and 8.0% p.a. (December 31, 2020 – between 1.35% p.a. and 8.00% p.a.).

f. Subordinated debt and debt instrument eligible to capital

Type - original currency	30/09/2021				31/12/2020	
	Issued amount (original currency)	Issued	Maturity	Total compensation a.a.	Net amount	Net amount
Financial bills - R\$ (i)	4,161,000	15/04/2011	04/06/2030	Inflation plus fixed rates	31,885	769,159
Subordinated debt - US\$	800,000	28/09/2012	15/09/2022	5.75%	1,826,617	2,122,542
Subordinated debt - CLP	391,410	01/01/2019	01/11/2028	2.40%	514,945	538,951
Subordinated debt eligible to equity - R\$	874,369	23/12/2014	15/04/2069	4.85% to 14.2%	893,946	897,482
Subordinated debt eligible to equity - US\$	600,000	15/02/2019	15/02/2029	7.75%	3,212,875	3,128,422
Total					6,480,268	7,456,556

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

16. Other obligations

a. Social and statutory

	30/09/2021	31/12/2020
Dividends and profit sharing payable	238,980	1,072,794
Employees' profit sharing	1,775,347	1,298,740
Total	2,014,327	2,371,534
Current	2,014,327	2,371,534
Long term	-	-

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b. Tax and social security

	<u>30/09/2021</u>	<u>31/12/2020</u>
Tax and contributions to be collected	319,935	159,808
Tax and contribution payable	1,152,142	585,722
Total	<u>1,472,077</u>	<u>745,530</u>
Current	1,455,390	745,530
Long term	16,687	-

c. Sundry

	<u>30/09/2021</u>	<u>31/12/2020</u>
Payable for acquisition of assets and rights (i)	208,177	202,549
Accounts payable	2,643,979	360,294
Other creditors - Brazil	7,892,697	5,613,648
Other creditors - Abroad	62,407	122,151
Other	571,472	26,314
Total	<u>11,378,732</u>	<u>6,324,956</u>
Current	10,162,479	4,893,971
Long term	1,216,253	1,430,985

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

17. Contingent assets and liabilities and legal obligations

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

a. Contingent assets

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

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

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

b. Contingent liabilities classified as probable losses and legal obligations

i. Labor provisions

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

ii. Civil provisions

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

iii. Tax and social security provisions

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

c. Breakdown and changes in provisions

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

The provisions recognized and their changes are as follows for the period ended September 30:

	30/09/2021				30/09/2020
	Tax (i)	Civil	Labor	Total	Total
Balance at the beginning of the period	1,559,046	170,847	46,590	1,776,483	1,687,195
Recognition (ii)	133,932	432,240	185,881	752,053	12,836
Write-off	(449,934)	(180,482)	(77,103)	(707,519)	(36,467)
Balance at the end of the period	1,243,044	422,605	155,368	1,821,017	1,663,564

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

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

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The nature of the main provision is described below:

i. Suspended payment taxes and other tax liabilities

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

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

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

- Lawsuits relating to the payment of profit sharing, in which is questioned the levy and payment of social security contribution on these values and its deductibility on the income tax and social tax base. The amount claimed is R\$918 million. Part of this amount is secure by indemnity clause, as it refers to the period before the acquisition of the Bank by the current controllers.
- Lawsuits regarding the demutualization and IPO of B3 S.A., in which is questioned the taxation of PIS and Cofins on revenues earned from the sale of shares of the company’s previously mentioned. The amount claimed is R\$68 million and part of it is secure by indemnity clause, as it refers to the period before the acquisition of the Bank by the current controllers.
- On December 2015, the Bank received a tax assessment in the amount of R\$1,876 billion, referring to events occurred on 2010 and 2011, where they judged as undue our use of the goodwill originated in the acquisition of the Bank by UBS, held on 2006, as well as in the buyback of the Bank by BTG, on 2009. An appeal was filed against this tax assessment on the Administrative Council of Tax Appeals, which ruled partially favorable of reducing the amount of the assessment on R\$278 million. In opposition to the unfavorable piece, the Bank filed another appeal to the same institution in February 2019, it was deemed valid in relation to the use of the goodwill generated in the Bank’s acquisition operations by UBS. In addition, on December 2017, the Bank received another tax assessment in the amount of R\$914 million, referring to 2012 events, where they believe happened the wrongfully use of goodwill originated from the Bank acquisition by UBS on 2006, also the goodwill from the repurchase by the Bank on 2009 and the goodwill originated in the private subscription of shares made by investors through the Copa Prince Company, in 2011. On October, 2019, the second administrative instance partially ruled as reasonable the cancelation of the goodwill generated on the private capital subscription made by investors through Copa Prince Company. An appeal was filed against the unfavorable piece. On December 2018, a tax assessment was received, in the amount of R\$458 million, related to the period of 2013. Against this assessment an appeal was filed, which is awaiting ruling of the second administrative instance. Lastly, on February 2019 a tax assessment was received, in the amount of R\$277 million, related to the period of 2014. Against this assessment an appeal was filed, which is awaiting ruling of the first administrative instance. As a result, the Bank does not expect to incur any losses (other than the costs of the appeal itself) related to this matter and have not established (and do not expect to) any related contingencies on its financial

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

- On December 2017, the Bank received a tax assessment which it is discussed insufficient tax collection of PIS and COFINS and imposes isolated fine, referring to the year of 2012, in the amount of R\$201 million. Against the assessment, an appeal was presented, which awaits trial in second administrative instance.
- On December 2017, in the capacity of the Banco Pan S/A sponsor, the Bank received a tax assessment of allegedly due income tax on the sale of investment in Brazil by a foreign party, referring to the year of 2012, in the amount of R\$201 million. Against the assessment an administrative appeal was presented, which awaits trial in second administrative instance.
- On December 2017, the Bank received a tax assessment that seeks to collect income tax on the supposed capital gains on corporate incorporation - when One Properties was incorporated by BR Properties -, in the amount of R\$1,142 million. Against the assessment, an appeal was presented, which awaits trial in second administrative instance.
- On December 2018, the Asset received a tax assessment in total amount of R\$98 million for events that occurred in 2013 and 2014, regarding the amortized goodwill from the acquisition of BRFE in 2012. On September 2019 an unfavorable decision was ruled by the first instance court. Against this decision, and administrative appeal was presented on the second administrative instance.
- On December 2018, the Bank was made aware of the non-approval compensation of the negative balance of income tax, related to 2013, in the amount of R\$73 million. On June 2019 an unfavorable decision was ruled by the court on the first administrative instance. Against the decision, an appeal was presented, which awaits trial in second administrative instance. On March 2019, the Bank was made aware of the non-approval compensation of the negative balance of social contribution (CSLL), regarding the same year, in the amount of R\$68 million. On August 2019, an unfavorable decision was ruled to the Bank in the first administrative instance. Against this decision, and administrative appeal was presented on the second administrative instance.
- On September 2019, in the capacity of Banco Sistema S/A's sponsor, the Bank received a tax assessment that seeks to collect income tax, social contribution, PIS and COFINS, in the total amount of R\$3.574 billion, regarding the acquisition of Banco Bamerindus do Brasil (current Banco Sistema) in 2014. On October 2019, an appeal was filled on the first administrative instance, of which awaits trail. Based on the prognosis disclosed by its legal team, the Bank didn't record any provision on its financial statements, furthermore the Administration doesn't expect to incur in any loss regarding this matter.
- On March 2020, the Bank received a tax assessment charging income tax, social contribution, PIS and COFINS related to the capital gain on the sale of Rede D'or's shares, in 2015, in the amount of R\$593 million. In April 2020, an appeal was filed at the first administrative level, which is waiting judgment.

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- In July 2021, as joint and several responsible, the Bank received a tax assessment notice allegedly due on the income distributed to investment fund shareholders, in the amount of R\$349 million. An administrative appeal was filed against the assessment, which is awaiting judgment.

ii. Provision for other contingent liabilities

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

18. Income tax and social contribution

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

Income tax and social contribution	Quarter ended:		Nine-month period ended:	
	30/09/2021	30/09/2020	30/09/2021	30/09/2020
Tax base	2,186,878	1,316,611	6,061,149	2,809,736
Income before taxes and profit sharing	2,967,704	1,720,593	7,918,971	3,590,143
Statutory profit sharing	(647,442)	(441,319)	(1,743,767)	(951,676)
Non-controlling interest	(133,384)	37,337	(114,055)	171,269
Total charge of income tax and social contribution at the current rates	(984,096)	(590,169)	(2,727,517)	(1,264,382)
Permanent (additions) / deductions in taxation calculation	663,962	169,646	2,407,252	(1,245,709)
Equity pick up in associated and jointly controlled companies in Brazil	160,012	(4,788)	248,239	102,929
Income/(loss) of foreign exchange on foreign investments	(69,569)	-	4,638	-
Interest on equity	292,500	262,741	545,850	483,300
Dividends	12,389	3,381	26,330	58,315
Fair value of securities and derivatives	200,248	(73,180)	1,410,669	(1,676,328)
Allowance for expected losses associated with credit risk	(113,542)	(17,667)	(158,912)	(84,438)
Other non-deductible expenses net of non-taxable income	181,924	(841)	330,438	(129,487)
Tax and social contribution expense	(320,134)	(420,523)	(320,265)	(2,510,091)
(Expenses) / Revenues from deferred taxes	(123,566)	105,791	(1,142,810)	2,447,516
Total revenues / (expenses)	(443,700)	(314,732)	(1,463,075)	(62,575)

Income tax and social contributions are calculated and recorded in accordance with the criteria established by Bacen Circular Letter 4842, taking into account the period of realization.

Changes in deferred tax assets are presented as follows:

Income tax and social contribution	31/12/2020	Recognition	Realization	30/09/2021
Tax loss	1,009,853	1,243,500	(59,652)	2,193,701
Interest on equity	253,350	217,246	(253,350)	217,246
Allowance for expected losses associated with credit risk	1,898,528	1,718,435	-	3,616,963
Fair value of securities and derivatives	2,840,159	-	(1,272,650)	1,567,509
Tax contingencies and provision for suspended-payment taxes	246,347	60,629	-	306,976
Other temporary differences	514,226	853,881	-	1,368,107
Total	6,762,463	4,093,691	(1,585,652)	9,270,502
Income tax and social contribution	31/12/2019	Recognition	Realization	30/09/2020
Tax loss carryforwards	1,339,748	-	(14,500)	1,325,248
Interest on equity	243,450	323,291	(483,300)	83,441
Allowance for expected losses associated with credit risk	923,160	968,604	-	1,891,764
Fair value of securities and derivatives	1,682,855	1,754,150	-	3,437,005
Tax contingencies and provision for suspended-payment taxes	239,944	8,858	-	248,802
Other temporary differences	452,430	27,174	-	479,604
Total	4,881,587	3,082,077	(497,800)	7,465,864

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

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

Description	Tax credits on temporary differences	Tax loss carry forwards	Total
2021	687,734	566,416	1,254,150
2022	2,602,648	158,475	2,761,123
2023	1,350,392	358,072	1,708,464
2024	980,312	477,265	1,457,577
2025 onwards	1,484,318	604,870	2,089,188
Total	7,105,404	2,165,098	9,270,502
Present value	4,001,714	3,133,457	7,135,171

The item "deferred tax assets" also included PIS and COFINS deferred tax credits in the amount of R\$289,796 (December 31, 2020 - R\$451,295).

Deferred income tax and social contribution liabilities amounts to R\$289,796 (December 31, 2020 - R\$56,157).

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

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

19.Shareholders equity

a. Capital

As at September 30, 2021, fully subscribed and paid in capital consists of 11,476,985,224 shares (December 31, 2020 – 2712,706,972), of which 7,234,454,000 are common shares (December 31, 2020 – 1,756,433,722), 2,845,105,864 are class A preferred shares (December 31, 2020 – 606,916,910), 1,397,425,360 are class B preferred shares (December 31, 2020 – 349,356,340), registered shares without par value.

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

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

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

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

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

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

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

b. Treasury shares

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

c. Legal reserve

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

d. Statutory reserve

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

e. Unrealized income reserve

This is established considering undistributed dividends obtained in foreign branch.

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f. Profit distribution

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

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

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

g. Reconciliation of net income and shareholders equity

	Shareholders' equity		Net income			
	30/09/2021	31/12/2020	Quarter ended:		Nine-month period ended:	
			30/09/2021	30/09/2020	30/09/2021	30/09/2020
Banco BTG Pactual S.A.	36,259,353	26,680,655	1,431,456	1,029,393	4,607,086	1,393,467
Others (i)	-	-	311,722	(27,514)	(9,012)	1,353,694
Banco BTG Pactual S.A. Consolidated	36,259,353	26,680,655	1,743,178	1,001,879	4,598,074	2,747,161

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

20. Income from services rendered

	Quarter ended:		Nine-month period ended:	
	30/09/2021	30/09/2020	30/09/2021	30/09/2020
Management and performance fee from investment funds and portfolios	469,666	298,270	1,196,576	797,658
Professional services	624,634	358,158	1,607,228	747,094
Brokerage	269,505	140,274	671,700	403,843
Guarantees	107,568	83,191	308,690	307,232
Commission over securities placement	331,442	226,038	952,781	520,329
Other services	120,568	1,877	174,822	8,057
Total	1,923,383	1,107,808	4,911,797	2,784,213

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21. Other operating income

	Quarter ended:		Nine-month period ended:	
	30/09/2021	30/09/2020	30/09/2021	30/09/2020
Adjustment of amounts receivable for acquisition of investments	126,529	8,941	198,440	100,097
Foreign exchange rate gains	340,521	193,133	456,129	266,146
Reversal of provision	64,251	10,584	104,041	183,325
Monetary correction over judicial deposits	15,222	7,984	29,250	27,898
Recovery of charges and expenses	24,072	3,336	43,477	11,945
Other operating income	166,050	3,591	183,759	33,760
Total	<u>736,645</u>	<u>227,569</u>	<u>1,015,096</u>	<u>623,171</u>

22. Other operating expenses

	Quarter ended:		Nine-month period ended:	
	30/09/2021	30/09/2020	30/09/2021	30/09/2020
Foreign exchange expenses	36,014	110,670	359,112	332,021
Adjustment of amounts payable for acquisition of investments	55,176	44,240	148,994	191,282
Goodwill amortization	105,252	14,966	153,193	23,691
Discounts granted in renegotiation	28,152	-	36,893	-
Payable commissions	4,402	-	19,744	-
Allowance for other receivables without loan characteristics	97,574	-	97,574	-
Other	174,837	15,170	235,432	50,705
Total	<u>501,407</u>	<u>185,046</u>	<u>1,050,942</u>	<u>597,699</u>

23. Other administrative expenses

	Quarter ended:		Nine-month period ended:	
	30/09/2021	30/09/2020	30/09/2021	30/09/2020
Outsourced services and consulting	436,233	145,071	946,834	372,797
Telecommunications and data processing	384,118	130,741	785,699	352,564
Leases and condominiums	73,882	31,219	156,893	86,615
Expenses of the financial system	683,215	72,936	1,194,861	340,896
Advertising and public relations	129,335	25,350	228,708	71,310
Depreciation and amortization	35,511	15,836	72,352	44,723
Travel and lodging	5,504	3,370	14,877	19,039
Other	21,851	15,647	47,774	36,575
Total	<u>1,769,649</u>	<u>440,170</u>	<u>3,447,998</u>	<u>1,324,519</u>

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24. Non-operating (expenses) / income

This Item is basically composed by (i) results related to sale of investments, as described on note 2, (ii) results related to sale of assets not for own use, (iii) Gains related to gains of Arbitration process, as described on note 17, (iv) other expenses/income not related to operating income.

25. Related parties

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

	Parent company (i)		Subsidiaries and joint controlled entities		Total	
	30/09/2021	31/12/2020	30/09/2021	31/12/2020	30/09/2021	31/12/2020
Assets						
Interbank investments deposits	-	-	-	502,285	-	502,285
Derivative financial instruments	-	-	153,888	332,558	153,888	332,558
Loans and Receivables	4,293,631	4,296,749	82,581	-	4,376,212	4,296,749
Sundry	-	-	168,165	-	168,165	-
Liabilities						
Time deposits	(36,508)	(135,247)	(166,473)	-	(202,981)	(135,247)
Derivative financial instruments	-	-	(92,489)	(181,944)	(92,489)	(181,944)
Open market funding	-	-	(345,700)	(1,432,661)	(345,700)	(1,432,661)
Funds from securities issued and accepted	-	(3,514,229)	-	(61,960)	-	(3,576,189)
Sundry	-	-	(59,743)	(71,016)	(59,743)	(71,016)
	Parent company		Subsidiaries and joint controlled entities		Total	
	30/09/2021	30/09/2020	30/09/2021	30/09/2020	30/09/2021	30/09/2020
Statements of income						
Financial income	-	-	2,546	12,390	2,546	12,390
Financial expenses	(392)	(3,037)	(110,322)	(410,546)	(110,714)	(413,583)
Other operating income / (expenses)	-	34,383	1,119	5,377	1,119	39,760

(i) Includes natural person.

Total compensation paid to key management personnel this period totaled R\$13,763 (December 31, 2020 – R\$18,808), which is considered short-term benefits.

26. Earnings per share

	Quarter ended:		Nine-month period ended:	
	30/09/2021	30/09/2020	30/09/2021	30/09/2020
Net income for the quarter / period	1,743,178	1,001,879	4,598,074	2,747,161
Weighted average per thousand of common shares outstanding in the quarter / period	7,234,454	7,234,454	7,234,454	7,234,454
Weighted average per thousand of common shares held in treasury	-	-	-	2,549
Net income for the quarter per common share - basic	0.24	0.14	0.64	0.38
Net income for the quarter per common share - diluted	0.24	0.14	0.64	0.38
Weighted average per thousand of class A preferred shares outstanding in the quarter / period	2,845,106	2,845,106	2,845,106	2,845,106
Weighted average per thousand of class A preferred shares held in treasury	-	-	-	5,098
Net income for the quarter per class A preferred shares - basic	0.61	0.35	1.62	0.97
Net income for the quarter per class A preferred shares - diluted	0.61	0.35	1.62	0.97
Weighted average per thousand of class B preferred shares outstanding in the quarter / period	1,397,425	1,397,425	1,397,425	1,397,425
Net income for the quarter per class B preferred shares - basic and diluted	1.25	0.72	3.29	1.97
Weighted average per thousand of shares outstanding in the quarter / period	11,476,985	11,476,985	11,476,985	11,476,985
Weighted average per thousand of shares held in treasury	-	-	-	7,647
Net income per share - basic	0.15	0.09	0.40	0.24
Net income per share - diluted	0.15	0.09	0.40	0.24

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27. Other information

Cash and cash equivalents

	<u>31/12/2020</u>	<u>31/12/2019</u>
Balances at beginning of the period		
Cash and cash equivalents	1,794,059	1,333,793
Open market investments	40,175,098	18,651,392
Interbank deposits	2,437,242	1,533,506
Total	<u>44,406,399</u>	<u>21,518,691</u>
Balances of end of the period		
	<u>30/09/2021</u>	<u>30/09/2020</u>
Cash and cash equivalents	2,513,133	3,510,457
Open market investments	41,461,066	47,391,146
Interbank deposits	1,339,620	3,770,082
Total	<u>45,313,819</u>	<u>54,671,685</u>

Commitments and responsibilities

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

	<u>30/09/2021</u>	<u>31/12/2020</u>
Co-obligation and risks for guarantees granted	26,354,838	62,645,262
Responsibility for the management of futures and investment portfolio (i)	487,823,078	349,599,848
Securities	188,863,696	161,997,910
Securities under custody	1,399,319,990	1,249,696,343
Securities trading and brokerage	1,309,699,698	3,390,389,602
Loans contract to release	9,856,730	2,469,412
Commitments to be released	143,786	115,800

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

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

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

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

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

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

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Non-recurring Items

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

- R\$186,4 million due to goodwill amortization and product distribution;
- R\$11,7 million related to projects to combat Covid-19;
- R\$0,5million related to administrative expenses;and
- R\$12,4 related to financial income from transfer of management of consortium groups.