

## **Financial Statements**

**BTG Pactual Corretora de Títulos de Valores  
Mobiliários S.A.**

June 30<sup>th</sup>, 2019

With independent auditors' report

# **BTG PACTUAL CORRETORA DE TÍTULOS E VALORES MOBILIÁRIOS S.A.**

Financial Statements

June 30<sup>th</sup>, 2019

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**A free translation from Portuguese into English of the Independent Auditors' Report on financial statement prepared in Reais (R\$) and in accordance with the accounting practices adopted in Brazil applicable to institutions authorized to operate by the Central Bank of Brazil.**

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## **INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS**

To the Shareholders and Management of  
**BTG Pactual Corretora de Títulos e Valores Mobiliários S.A.**  
Rio de Janeiro – RJ

### **Opinion**

We have audited the financial statements of BTG Pactual Corretora de Títulos e Valores Mobiliários S.A. ("Company"), which comprise the balance sheet as at June 30, 2019, and the related statements of income, changes in shareholders' equity and cash flows for the six-month period then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of BTG Pactual Corretora de Títulos e Valores Mobiliários S.A. as of June 30, 2019 and its financial performance and cash flows for the six-month period then ended in accordance with the accounting practices adopted in Brazil applicable to institutions authorized to operate by the Central Bank of Brazil.

### **Basis for opinion**

We conducted our audit in accordance with Brazilian and International Standards on Auditing. Our responsibilities under those standards are further described in the "*Auditor's responsibilities for the audit of the financial statements*" section of our report. We are independent of the Company in accordance with the relevant ethical principles of the Code of Professional Ethics of Accountant and professional standards issued by the Brazil's National Association of State Boards of Accountancy, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Responsibilities of Management and those charged with governance for the financial statements**

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



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

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

### **Auditor's responsibilities for the audit of the financial statements**

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

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

- Identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



- Concluded on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluated the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

São Paulo, August 28, 2019.

ERNST & YOUNG  
Auditores Independentes S.S.  
CRC-2SP034519/O-6

A handwritten signature in blue ink, reading 'Renata Zanotta Calçada', written in a cursive style.

Renata Zanotta Calçada  
Partner

## BTG PACTUAL CORRETORA DE TÍTULOS E VALORES MOBILIÁRIOS S.A.

### Balance sheets

As of June 30<sup>th</sup>

(In thousands of Reais)

|   | Note | 30/06/2019       | 30/06/2018       |
|---|------|------------------|------------------|
| <b>Assets</b>                                   |      |                  |                  |
| Current Assets                                  |      | 1,818,257        | 1,112,336        |
| Cash at banks                                   | 5    | 301              | 304              |
| Short-term interbank investments                | 6    | 294,565          | 291,077          |
| Interbank deposits                              |      | 294,565          | 291,077          |
| Securities and derivative financial instruments |      | 940,578          | 317,846          |
| Own portfolio                                   | 7    | 114,325          | 38,688           |
| Derivative financial instruments                | 8b   | 681,934          | 209,994          |
| Subject to guarantees                           | 7    | 144,319          | 69,164           |
| Other receivables                               |      | 582,643          | 502,098          |
| Income receivable                               |      | 5,381            | 34               |
| Securities trading and brokerage                | 9a   | 573,840          | 501,829          |
| Sundry  | 9b   | 3,422            | 235              |
| Other assets                                    |      | 170              | 1,011            |
| Prepaid expenses                                |      | 170              | 1,011            |
| Long-term-assets                                |      | 48,908           | 72,610           |
| Other receivables                               |      | 48,908           | 72,610           |
| Sundry  | 9b   | 48,908           | 72,610           |
| Permanent assets                                |      | 489              | 610              |
| Investments                                     |      | 307              | 492              |
| Other investments                               |      | 307              | 492              |
| Property and equipment in use                   |      | 182              | 118              |
| Other property and equipment in use             |      | 366              | 245              |
| Accumulated depreciation                        |      | (184)            | (127)            |
| <b>Total assets</b>                             |      | <b>1,867,654</b> | <b>1,185,556</b> |

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

## BTG PACTUAL CORRETORA DE TÍTULOS E VALORES MOBILIÁRIOS S.A.

### Balance sheets

As at June 30<sup>th</sup>

(In thousands of Reais)

|   | Note | 30/06/2019       | 30/06/2018       |
|---|------|------------------|------------------|
| <b>Liabilities</b>                                |      |                  |                  |
| Current liabilities                               |      | 1,485,001        | 772,906          |
| Derivative financial instruments                  | 8b   | 681,942          | 209,981          |
| Derivative financial instruments                  |      | 681,942          | 209,981          |
| Other liabilities                                 |      | 803,059          | 562,925          |
| Social and statutory                              | 10a  | 116,245          | 16,373           |
| Tax and social security                           | 10b  | 30,165           | 27,744           |
| Securities trading and brokerage                  | 9a   | 647,782          | 508,719          |
| Sundry  | 10c  | 8,867            | 10,089           |
| Long-term liabilities                             |      | 21,332           | 21,240           |
| Other liabilities                                 |      | 21,332           | 21,240           |
| Tax and social security                           | 10b  | 1,960            | 2,085            |
| Sundry  | 10c  | 19,372           | 19,155           |
| Shareholders' equity                              | 13   | 361,321          | 391,410          |
| Capital   |      | 177,315          | 177,315          |
| Income reserves                                   |      | 137,346          | 179,471          |
| Retained earnings                                 |      | 46,660           | 34,624           |
| <b>Total liabilities and shareholders' equity</b> |      | <b>1,867,654</b> | <b>1,185,556</b> |

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

## BTG PACTUAL CORRETORA DE TÍTULOS E VALORES MOBILIÁRIOS S.A.

### Statements of income

Semesters ended on June 30<sup>th</sup>

(In thousands of Reais, except earnings per thousand of shares)

|   | <u>Note</u> | <u>30/06/2019</u> | <u>30/06/2018</u> |
|---|-------------|-------------------|-------------------|
| Financial income                                      |             | 18,418            | 11,112            |
| Securities  |             | 18,418            | 11,112            |
| Financial expenses                                    |             | (3,411)           | (1,106)           |
| Borrowing and onlending                               |             | (2,831)           | (260)             |
| Derivative financial instruments                      |             | (580)             | (846)             |
| Net financial income                                  |             | 15,007            | 10,006            |
| Other operating income / (expenses)                   |             | 70,204            | 70,927            |
| Income from services rendered                         | 14          | 107,682           | 104,987           |
| Personnel expenses                                    | 18          | (9,606)           | (9,248)           |
| Other administrative expenses                         | 16          | (19,878)          | (17,849)          |
| Tax charges   | 17          | (9,922)           | (9,400)           |
| Other operating income                                | 15          | 2,371             | 2,607             |
| Other operating expenses                              |             | (443)             | (170)             |
| Operating income                                      |             | 85,211            | 80,933            |
| Non-operating (expenses) / income                     |             | -                 | (617)             |
| Income before taxation and profit sharing             |             | 85,211            | 80,316            |
| Income tax and social contribution                    | 12          | (32,011)          | (28,341)          |
| Provision for income tax                              |             | (21,642)          | (17,269)          |
| Provision for social contribution                     |             | (13,177)          | (14,168)          |
| Deferred income tax and social contribution           |             | 2,808             | 3,096             |
| Statutory profit sharing                              |             | (6,540)           | (2,351)           |
| <b>Net income for the semester</b>                    |             | <b>46,660</b>     | <b>49,624</b>     |
| Interest on equity                                    | 13d         | -                 | (15,000)          |
| Weighted average of shares at the end of the semester | 22          | 272,743           | 272,743           |
| Net income per thousand of shares – basic and diluted | 22          | 0.17              | 0.18              |

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



## BTG PACTUAL CORRETORA DE TÍTULOS E VALORES MOBILIÁRIOS S.A.

### Statements of changes in shareholders' equity

Semesters ended on June 30<sup>th</sup>

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

|   | Note | Capital        | Income reserves |                |                | Retained Earnings | Total          |
|---|------|----------------|-----------------|----------------|----------------|-------------------|----------------|
|   |      |                | Legal           | Statutory      | Total          |                   |                |
| Balances as at December 31st, 2017                  |      | 177,315        | 35,463          | 144,441        | 179,904        | -                 | 357,219        |
| Previous year adjustments                           |      | -              | -               | (433)          | (433)          | -                 | (433)          |
| Net income for the semester                         |      | -              | -               | -              | -              | 49,624            | 49,624         |
| Intermediate interest on equity (R\$0.05 per share) | 13d  | -              | -               | -              | -              | (15,000)          | (15,000)       |
| <b>Balances as at June 30th, 2018</b>               |      | <b>177,315</b> | <b>35,463</b>   | <b>144,008</b> | <b>179,471</b> | <b>34,624</b>     | <b>391,410</b> |
| Balances as at December 31st, 2018                  |      | 177,315        | 35,463          | 201,883        | 237,346        | -                 | 414,661        |
| Net income for the semester                         |      | -              | -               | -              | -              | 46,660            | 46,660         |
| Distributed dividends (R\$0.37 per share)           | 13d  | -              | -               | (100,000)      | (100,000)      | -                 | (100,000)      |
| <b>Balances as at June 30th, 2019</b>               |      | <b>177,315</b> | <b>35,463</b>   | <b>101,883</b> | <b>137,346</b> | <b>46,660</b>     | <b>361,321</b> |

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

## BTG PACTUAL CORRETORA DE TÍTULOS E VALORES MOBILIÁRIOS S.A.

### Statements of cash flows

Semesters ended on June 30<sup>th</sup>

(In thousands of reais)

|   | <u>Note</u> | <u>30/06/2019</u> | <u>30/06/2018</u> |
|---|-------------|-------------------|-------------------|
| Operating activities                                      |             |                   |                   |
| Net income for the semester                               |             | 46,660            | 49,624            |
| Non-Cash adjustment to net income                         |             |                   |                   |
| Depreciation and amortization                             |             | 32                | 22                |
| Provision for tax, civil and labor contingencies          |             | 444               | 74                |
| Allowance for fiscal, civil and labor contingencies       |             | -                 | 617               |
| Adjusted net income                                       |             | 47,136            | 50,337            |
| Increase / (decrease) in operating assets and liabilities |             |                   |                   |
| Short-term interbank investments                          |             | 53,742            | (48,315)          |
| Securities and derivative financial instruments           |             | (172,511)         | 21,801            |
| Other receivables and other assets                        |             | (181,978)         | (31,655)          |
| Other liabilities   |             | 238,911           | 3,036             |
| Cash used in by operating activities                      |             | (14,700)          | (4,796)           |
| <b>Decrease in cash and cash equivalents</b>              |             | <b>(14,700)</b>   | <b>(4,796)</b>    |
| Balance of cash and cash equivalents                      |             |                   |                   |
| At the beginning of the semester                          |             | 15,001            | 10,258            |
| At the end of the semester                                | 21          | 301               | 5,462             |
| <b>Decrease in cash and cash equivalents</b>              |             | <b>(14,700)</b>   | <b>(4,796)</b>    |
| Non cash transactions                                     |             |                   |                   |
| Dividends distributed                                     | 13d         | (100,000)         | -                 |
| Interest on equity approved                               | 13d         | -                 | (15,000)          |

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

# **BTG PACTUAL CORRETORA DE TÍTULOS E VALORES MOBILIÁRIOS S.A.**

## **Notes to the financial statements**

As of June 30<sup>th</sup>, 2019

(In thousands of Reais, except when indicated)

### **1. Operations**

The business purpose of BTG Pactual Corretora de Títulos de Valores Mobiliários S.A. ("Broker") is: (a) securities trading on the Brazilian Securities, Commodities and Futures Exchange (B3 S.A.) and in futures, forward and options markets, on its own behalf or on behalf of third parties; (b) brokerage of transactions on the spot, forward or futures markets, on its own account or by the request of third parties, in addition to providing information to its clients on such markets; and (c) brokerage of transactions in the physical agricultural commodities markets.

Transactions are undertaken within a group of companies operating in the financial market under an integrated corporate structure, where revenues and expenses are allocated as earned or incurred.

The Broker's financial statements must be read jointly with its parent company's, Banco BTG Pactual S.A. ("Bank"), issued on August 12<sup>th</sup>, 2019.

The Management approved the Broker's financial statements on August 28<sup>th</sup>, 2019.

### **2. Presentation of the financial statements**

The financial statements of the Brokerage House were prepared in accordance with accounting practices adopted in Brazil, applicable to institutions authorized to operate by the Central Bank of Brazil ("BACEN").

The preparation of the financial statements in accordance with the accounting practices adopted in Brazil, applicable to institutions authorized to operate by the Central Bank, requires that management use appropriate judgment to determine and record accounting estimates. The assets and liabilities subject to these estimates and assumptions refer to provision for the suspended collection of taxes and contributions and the provision for contingent liabilities and fair value of financial assets. Actual results may significantly differ from these estimates due to the underlying inaccuracy of the determination process. The Broker reviews these estimates and assumptions on a regular basis.

Management has assessed the Broker ability to continue operating normally and is convinced that the Broker has the resources to continue its business in the future. In addition, the Management is not aware of any material uncertainties that could generate significant doubts about its ability to continue operating. Therefore, the financial statements have been prepared based on this principle

#### **Functional currency**

The items included in the Broker's financial statements are measured using the currency of the main economic environment in which the Broker operates (functional currency). The financial statements are presented in reais (R\$), which is the Broker's functional currency. Assets and liabilities were translated into reais at the closing rate at the reporting date, while income and expense accounts were translated at the average monthly rate of the period.

# **BTG PACTUAL CORRETORA DE TÍTULOS E VALORES MOBILIÁRIOS S.A.**

## **Notes to the financial statements**

As of June 30<sup>th</sup>, 2019

(In thousands of Reais, except when indicated)

### **3. Significant accounting practices**

The most significant accounting practices adopted by the Broker are the following:

#### **a. Cash and cash equivalents**

For the purposes of statements of cash flow, cash and cash equivalents include, pursuant to CMN Resolution 3,604/08, 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**

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, calculated on a “pro rata die” basis, based on the effective rate of the transactions.

#### **c. Securities**

Measured and classified in accordance with the criteria established by BACEN Circular Letter 3068 of November 8, 2001, under the following categories:

##### **i. Trading securities**

Acquired with the purpose of being actively and frequently traded. Trading securities are recognized at cost plus income earned and adjusted to fair value and accounted in income (loss).

##### **ii. Securities available for sale**

Available for sale securities are classified neither as trading securities nor as held-to-maturity securities. They are accounted for at cost, plus income earned, with a corresponding entry to income (loss), and subsequently adjusted to fair value, with a corresponding entry to a separate account in shareholders' equity, net of tax effects, which will only be recognized in income (loss) after the effective realization.

##### **iii. Held-to-maturity securities**

This classification comprises of securities that the Broker has the intention and ability to hold to maturity. They are accounted for at cost, plus income earned, with a corresponding entry to income (loss) for the period.

Decreases in the fair value of available-for-sale and held-to-maturity securities below their respective restated costs, related to non-temporary reasons, are recognized in income (loss) as realized losses.

## **BTG PACTUAL CORRETORA DE TÍTULOS E VALORES MOBILIÁRIOS S.A.**

### **Notes to the financial statements**

As of June 30<sup>th</sup>, 2019

(In thousands of Reais, except when indicated)

According to BACEN Circular Letter 3,068/01, trading securities are recorded in the balance sheet, in current assets, regardless of their maturity.

#### **d. 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 even based on the price determined for other financial instruments with similar characteristics. Therefore, at the time of financial settlement of these transactions, results may differ from the estimates. 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 against their results.

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

Assets and liabilities resulting from swap and currency forward transactions of non-delivery forward agreements (NDF) are recognized in assets and liabilities at their carrying amount, adjusted at fair value, with a corresponding entry to income (loss), with no offset between amounts payable and receivables.

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

#### **e. Derivative financial instruments**

Derivatives are classified according to Management's intention, on the transaction date, considering whether such transactions will be conducted to hedge against risk or not.

The transactions using financial instruments for the Broker's own purposes, or that do not comply with hedge criteria (mainly derivatives used to manage the global risk exposure), are accounted for at fair value, with gains and losses, realized or unrealized, recorded directly in income (loss) for the period.

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 with changes in their fair value in relation to the fair value of the hedged item, both in the beginning and throughout the agreement, and deemed as effective in the reduction of risk associated to the exposure to be hedged, are deemed as hedge and are classified according to their nature:

- Fair value 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 income (loss) for the period; and

## **BTG PACTUAL CORRETORA DE TÍTULOS E VALORES MOBILIÁRIOS S.A.**

### **Notes to the financial statements**

As of June 30<sup>th</sup>, 2019

(In thousands of Reais, except when indicated)

- **Cash flow hedge:** the instruments classified in this category are measured at fair value, and the effective portion of the appreciation or depreciation are recorded in a separate account under shareholders' equity, net of tax effects. The non-effective portion of the respective hedge is directly recorded in income (loss) for the period.

#### **f. Investments**

The investments in permanent assets are accounted for at cost, less allowance for losses, when applicable.

#### **g. Impairment**

Recognized as loss, in the results for the period, if clear evidence indicates that assets are valued at an unrecoverable amount. This procedure is performed at least at the end of each fiscal year.

Assets subject to impairment are reduced to their recoverable amount, when applicable, which is the greater of the asset's value in use or fair value less costs to sell. The main estimates used in determining the recoverable amount are: the expectation of future cash flows, discount rates, and illiquidity, among others.

#### **h. Income tax and social contribution**

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

#### **i. Contingent assets and liabilities and legal, tax and social security obligations**

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 a legal or administrative proceeding is considered probable, and whenever the amounts involved can be measured reliably. Contingent liabilities assessed by the legal advisors as possible losses are only disclosed in the notes to the financial statements, while those classified as remote losses do not require the recording of provisions or disclosure.

## **BTG PACTUAL CORRETORA DE TÍTULOS E VALORES MOBILIÁRIOS S.A.**

### **Notes to the financial statements**

As of June 30<sup>th</sup>, 2019

(In thousands of Reais, except when indicated)

#### **iii. Legal liabilities – tax and social security**

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

#### **j. Earnings per share**

Calculated based on the weighted average number of shares outstanding for the period.

#### **k. Revenues and expenses recognition**

Revenues and expenses are recorded under the accrual basis.

#### **l. Apportionment of costs**

BTG Pactual Group adopts criteria for apportionment of costs and administrative expenses that impact the Broker.

## **4. Risk management**

The main committee/area structure allows for the inputs from the entire organization and ensures that the decisions are implemented effectively. The main committees/meetings involved in risk management activities are: (i) Management meeting, which approves policies, defines overall limits and is ultimately responsible for managing risks; (ii) Risk Management Committee which discusses policies, limits and risk monitoring; (iii) Capital and Risk Committee, composed by independent members to supervise risk management results and strategies; (iv) New Business Committee, which assesses the feasibility and supervises the implementation of proposals for new businesses and products; (v) Credit Risk area, which is responsible for approving new loans according to the guidelines set forth by our CRO; (vi) Market Risk area, which is responsible for monitoring market risk, including the use of our risk limits (Value at Risk - VaR), and approving exceptions, (vii) Operational Risk Area, which assesses the main operational risks for the internal policies and regulatory risks established; (viii) Compliance Committee, which is responsible for establishing policy rules and reporting potential problems related to money laundering; (ix) CFO and CRO, which is responsible for monitoring liquidity risk, including cash and cash equivalents and capital structure; (x) Audit Committee, which is responsible for independent verification of compliance with internal controls and assessment of maintenance of the accounting records.

The BTG Pactual Group 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](http://www.btgpactual.com.br/ri), in the Corporate Governance / Risk management section.

# BTG PACTUAL CORRETORA DE TÍTULOS E VALORES MOBILIÁRIOS S.A.

## Notes to the financial statements

As of June 30<sup>th</sup>, 2019

(In thousands of Reais, except when indicated)

### 5. Cash at banks

Cash at banks refers basically to deposits in Banco BTG Pactual S.A., in the amount of R\$301 (June 30<sup>th</sup>, 2018 – R\$304).

### 6. Short-term interbank investments

|                                | 30/06/2019     |                | 30/06/2018     |
|--------------------------------|----------------|----------------|----------------|
|                                | Total          | 90 to 365 days | Total          |
| Interbank investments          |                |                |                |
| Interbank deposit certificates | 294,565        | 294,565        | 291,077        |
|                                | <b>294,565</b> | <b>294,565</b> | <b>291,077</b> |

### 7. Securities

#### a. By type of portfolio

As at June 30<sup>th</sup>, 2019 and 2018, the securities portfolio was classified as held for trading. The breakdown by type of instrument and contractual maturity of the portfolio are as follows:

|                          | 30/06/2019     |                |               |               |               | 30/06/2018     |
|--------------------------|----------------|----------------|---------------|---------------|---------------|----------------|
|                          | Cost / Curve   | Market         | Up to 90 days | 1 to 3 years  | 3 to 5 years  | Market         |
| Own portfolio            | <b>115,780</b> | <b>114,325</b> | <b>72,495</b> | <b>38,452</b> | <b>3,378</b>  | <b>38,688</b>  |
| Federal government bonds | 41,534         | 41,830         | -             | 38,452        | 3,378         | 32,372         |
| Shares                   | 73,474         | 71,718         | 71,718        | -             | -             | 6,316          |
| Investment fund quotes   |                |                |               |               |               |                |
| Shares                   | 772            | 777            | 777           | -             | -             | -              |
| Subject to guarantees    | <b>141,183</b> | <b>144,319</b> | <b>17,497</b> | <b>45,208</b> | <b>81,614</b> | <b>69,164</b>  |
| Federal government bonds | 125,008        | 126,822        | -             | 45,208        | 81,614        | 55,407         |
| Shares                   | 3,035          | 3,086          | 3,086         | -             | -             | 203            |
| Investment fund quotes   |                |                |               |               |               |                |
| Multimarket              | 13,140         | 14,411         | 14,411        | -             | -             | 13,554         |
| <b>Total</b>             | <b>256,963</b> | <b>258,644</b> | <b>89,992</b> | <b>83,660</b> | <b>84,992</b> | <b>107,852</b> |

#### b. Reclassification of securities

Management classifies securities according to its trading intention. No reclassifications or changes in intention were made by management during the semesters ended on June 30<sup>th</sup>, 2019 and 2018.



## **BTG PACTUAL CORRETORA DE TÍTULOS E VALORES MOBILIÁRIOS S.A.**

### **Notes to the financial statements**

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#### **c. Margins given under guarantee**

The margin of guarantee given in transactions traded on B3 S.A. and other stock exchanges is composed of federal public securities and sovereign bonds and other securities in the amount of R\$ 126,822 (June 30<sup>th</sup>, 2018 - R\$55,407) and R\$3,086 (June 30<sup>th</sup>, 2018 - R\$203) guarantees offered in exchange transactions carried out with B3 S.A. intermediation, are represented by investment funds in the amount of R\$14,411 (June 30<sup>th</sup>, 2018 – R\$13,554).

## **8. Derivative financial instruments**

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

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 Broker uses different financial instruments to achieve economical hedge such as options, forwards, futures and swaps with periodic adjustments.

For the semesters ended on June 30<sup>th</sup>, 2019 and 2018, the Broker did not have derivative financial instruments classified as hedge accounting.

#### **a. Recognized in memorandum and balance sheets 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, demonstrated below, considers the provisions of BACEN Circular Letter No 3641/13 together with the amendments by BACEN Circular Letter No 3662/13, which determines the exclusion of agreements in currency, gold and other assets linked to foreign exchange exposure, with maturity in the first business day following the date the exchange exposure is verified. As of June 30<sup>th</sup>, 2019, the operations with derivative financial instruments were composed as follows:

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## Notes to the financial statements

As of June 30<sup>th</sup>, 2019

(In thousands of Reais, except when indicated)

|                       | 30/06/2019     |                | 30/06/2018     |
|-----------------------|----------------|----------------|----------------|
|                       | Up to 6 months | Total          | Total          |
| Security forwards     |                |                |                |
| Long position         | 676,897        | 676,897        | 209,994        |
| Interest rate         | 197,324        | 197,324        | -              |
| Government bonds      | 479,400        | 479,400        | 209,994        |
| Shares                | 173            | 173            | -              |
| Short position        | 676,897        | 676,897        | 209,981        |
| Interest rate         | 197,324        | 197,324        | 209,981        |
| Government bonds      | 479,400        | 479,400        | -              |
| Shares                | 173            | 173            | -              |
| <b>Long Position</b>  | <b>676,897</b> | <b>676,897</b> | <b>209,994</b> |
| <b>Short Position</b> | <b>676,897</b> | <b>676,897</b> | <b>209,981</b> |

### b. By cost and market value

|                     | 30/06/2019     |                |                | 30/06/2018     |
|---------------------|----------------|----------------|----------------|----------------|
|                     | Cost / Curve   | Market         | Up to 6 months | Total          |
| Deliverable forward |                |                |                |                |
| Long position       |                |                |                |                |
| Shares              | 164            | 164            | 164            | -              |
| Public bonds        | 484,494        | 484,494        | 484,494        | 209,994        |
| Interest rate       | 197,276        | 197,276        | 197,276        | -              |
| Short position      |                |                |                |                |
| Shares              | 171            | 172            | 172            | -              |
| Public bonds        | 479,282        | 479,282        | 479,282        | 209,981        |
| interest rate       | 202,488        | 202,488        | 202,488        | -              |
| Long position       | <b>681,934</b> | <b>681,934</b> | <b>681,934</b> | <b>209,994</b> |
| Short position      | <b>681,941</b> | <b>681,942</b> | <b>681,942</b> | <b>209,981</b> |

### c. Notional value by counterparty

|                       | 30/06/2019             |            |             |                | 30/06/2018     |
|-----------------------|------------------------|------------|-------------|----------------|----------------|
|                       | Financial Institutions | Companies  | Individuals | Total          | Total          |
| Forward transactions  |                        |            |             |                |                |
| Long position         | 676,724                | 173        | -           | 676,897        | 209,994        |
| Short position        | 676,724                | 173        | -           | 676,897        | 209,981        |
| <b>Long position</b>  | <b>676,724</b>         | <b>173</b> | <b>-</b>    | <b>676,897</b> | <b>209,994</b> |
| <b>Short position</b> | <b>676,724</b>         | <b>173</b> | <b>-</b>    | <b>676,897</b> | <b>209,981</b> |

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## Notes to the financial statements

As of June 30<sup>th</sup>, 2019

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### d. Fair value of financial instruments

The fair value of financial instruments is calculated as follows:

- Swaps: their cash flows are discounted to present value based on profitability curves that reflect the appropriate risk factors. These profitability curves can be traced mainly based on prices observed in negotiations in B3 S.A., Brazilian public securities in the secondary market or derivatives and securities traded abroad. These profitability curves can 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 the same criteria described above.

## 9. Other receivables / other liabilities

### a. Securities trading and brokerage

|  | 30/06/2019     |                | 30/06/2018     |                |
|--|----------------|----------------|----------------|----------------|
|  | Assets         | Liabilities    | Assets         | Liabilities    |
| Clearing houses                                | 344,384        | 235,615        | 300,182        | 201,926        |
| Debtors/creditors – pending settlement account | 229,309        | 333,862        | 201,514        | 300,076        |
| Creditors for stock loans                      | -              | 40,040         | -              | 5,475          |
| Swap brokerage                                 | 147            | -              | 133            | -              |
| Others securities trading and brokerage        | -              | 38,265         | -              | 1,242          |
| <b>Total</b>                                   | <b>573,840</b> | <b>647,782</b> | <b>501,829</b> | <b>508,719</b> |
| Current  | 573,840        | 647,782        | 501,829        | 508,719        |
| Long-term                                      | -              | -              | -              | -              |

The item "Clearing houses" is basically represented by amounts pending settlement within the statutory deadlines relating to the purchase and sale of securities and financial assets held by clients or by themselves on the B3 S.A. intermediated by brokerage contracts operations, and when abroad, in first-tier brokers, paid/received directly from B3 S.A.

The "Debtors/creditors – pending settlement" account is mainly represented by amounts pending settlement, relating to transactions involving the purchase and sale of securities and financial asset agreements at B3 S.A, and abroad through prime brokers, on the Broker's behalf or on behalf of third parties.

# BTG PACTUAL CORRETORA DE TÍTULOS E VALORES MOBILIÁRIOS S.A.

## Notes to the financial statements

As of June 30<sup>th</sup>, 2019

(In thousands of Reais, except when indicated)

### b. Sundry

|   | <u>30/06/2019</u>    | <u>30/06/2018</u>    |
|---|----------------------|----------------------|
| Advances on wages                       | 259                  | 230                  |
| Deferred tax assets - IR/CSLL (Note 12) | 11,936               | 31,871               |
| Deferred tax assets - PIS/Cofins        | 16                   | 7                    |
| Judicial deposits                       |                      |                      |
| COFINS - suspended collection           | 17,634               | 17,043               |
| PIS - suspended collection              | 1,759                | 1,702                |
| ISS - suspended collection              | -                    | 295                  |
| Labor resources interposition           | 44                   | 35                   |
| CPMF penalty                            | 1,885                | 1,821                |
| Taxes to offset                         | 15,634               | 19,836               |
| Sundry debtors - Brazil                 | 3,163                | 5                    |
| <b>Total</b>                            | <b><u>52,330</u></b> | <b><u>72,845</u></b> |
| Current                                 | 3,422                | 235                  |
| Long-term                               | 48,908               | 72,610               |

## 10. Other liabilities

### a. Social and statutory

|                                     | <u>30/06/2019</u>     | <u>30/06/2018</u>    |
|-------------------------------------|-----------------------|----------------------|
| Dividends and profit sharing        | 114,177               | 14,023               |
| Bonus and employee's profit sharing | 2,068                 | 2,350                |
| <b>Total</b>                        | <b><u>116,245</u></b> | <b><u>16,373</u></b> |
| Current                             | 116,245               | 16,373               |
| Long-term                           | -                     | -                    |

### b. Tax and social security

|   | <u>30/06/2019</u>    | <u>30/06/2018</u>    |
|---|----------------------|----------------------|
| Taxes and contributions to be collected               | 2,249                | 2,388                |
| Taxes and contributions payable                       | 27,916               | 25,356               |
| Deferred income tax and social contribution (Note 12) | 1,960                | 2,085                |
| <b>Total</b>  | <b><u>32,125</u></b> | <b><u>29,829</u></b> |
| Current   | 30,165               | 27,744               |
| Long-term   | 1,960                | 2,085                |

## BTG PACTUAL CORRETORA DE TÍTULOS E VALORES MOBILIÁRIOS S.A.

### Notes to the financial statements

As of June 30<sup>th</sup>, 2019

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#### c. Sundry

|   | <u>30/06/2019</u>    | <u>30/06/2018</u>    |
|---|----------------------|----------------------|
| Provision for accounts payable                  | 5,557                | 6,315                |
| Provision for contingent liabilities (Note 11b) | 20,334               | 21,326               |
| Other creditors - Brazil                        | 2,348                | 1,603                |
| <b>Total</b>                                    | <b><u>28,239</u></b> | <b><u>29,244</u></b> |
| Current   | 8,867                | 10,089               |
| Long-term                                       | 19,372               | 19,155               |

### 11. Contingent assets and liabilities and legal obligations – Tax and social security

The Broker's management evaluates existing contingencies in connection with judicial proceedings filed against the company and recognizes a provision to cover probable losses on such proceedings. Management's judgment takes into consideration the opinion of its internal and external legal advisors in relation to the expected outcome for each proceeding.

#### a. Contingent assets

As at June 30<sup>th</sup>, 2019 and 2018, the Broker did not record any contingent assets.

#### b. Contingent liabilities classified as probable losses and legal obligations

##### i. Labor provisions

Comprise 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 with chances of unfavorable outcome (pain and suffering and pecuniary injury, among others), contingency amounts are recorded 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.

## BTG PACTUAL CORRETORA DE TÍTULOS E VALORES MOBILIÁRIOS S.A.

### Notes to the financial statements

As of June 30<sup>th</sup>, 2019

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#### iv. Breakdown and changes in provisions

The Broker's management is questioning the constitutionality of certain procedures regarding federal taxes, in addition to be a party to legal, tax and civil proceedings. Based on the opinion of its legal counsel, management considers that the provisions recorded for such proceedings as of June 30<sup>th</sup>, 2019 are appropriate to cover probable losses arising therefrom.

The provisions recognized, and their changes are as follows for the years ended on June 30<sup>th</sup>, 2019 and 2018:

|  | 30/06/2019 |       |       |        | 30/06/2018 |
|--|------------|-------|-------|--------|------------|
|  | Tax        | Labor | Civil | Total  | Total      |
| Balance at the beginning of the semester | 18,292     | 1,598 | 50    | 19,940 | 20,464     |
| Recognition / adjustment                 | 304        | 140   | -     | 444    | 862        |
| Write-off                                | -          | -     | (50)  | (50)   | -          |
| Balance at the end of the semester       | 18,596     | 1,738 | -     | 20,334 | 21,326     |

Provision for contingent liabilities (Note 10c)

As at June 30<sup>th</sup>, 2019, the Broker was involved in tax proceedings with a possible chance of success, proceedings that are not provisioned for. Below is the description of the most relevant ones:

- Proceedings regarding the payment of the profit-sharing plan (PLR), to which is being discussed the non-deductibility of the social security contribution off the Social Security and Income Tax base. The amount involved is R\$38 million (June 30<sup>th</sup>, 2018 – R\$37 million). Part of the proceeding's value is held as a form of collateral for compensation, given that it refers to a year prior to the acquisition of Banco BTG Pactual S.A. by its current shareholders.

# BTG PACTUAL CORRETORA DE TÍTULOS E VALORES MOBILIÁRIOS S.A.

## Notes to the financial statements

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### 12. Income tax and social contribution

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

|   | <u>30/06/2019</u>      | <u>30/06/2018</u>      |
|---|------------------------|------------------------|
| Tax Base  | 78,671                 | 62,965                 |
| Income before taxes and profit sharing                                  | 85,211                 | 80,316                 |
| Statutory profit sharing  | (6,540)                | (2,351)                |
| Interest on equity  | -                      | (15,000)               |
| Total charge of income tax and social contribution at the current rates | (31,468)               | (28,334)               |
| Permanent (additions) / deductions in taxation calculation              | 258                    | (6)                    |
| Dividends   | 141                    | 26                     |
| Other Permanent (additions) / deductions                                | 117                    | (32)                   |
| Temporary (additions) / deductions on the taxation calculation          | (3,609)                | (3,097)                |
| Market-to-market evaluation of securities and derivatives               | 96                     | (175)                  |
| Other provisions  | (3,729)                | (1,122)                |
| Tax contingencies and provision for suspended-payment taxes             | 24                     | -                      |
| Interest on equity  | -                      | (1,800)                |
| Tax and social contribution expense                                     | <u>(34,819)</u>        | <u>(31,437)</u>        |
| Expenses from deferred taxes assets                                     | <u>2,808</u>           | <u>3,096</u>           |
| <b>Total expenses</b>   | <b><u>(32,011)</u></b> | <b><u>(28,341)</u></b> |

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

The present value of tax credits, based on the expected realization of deferred tax assets, described in "Other receivables / other liabilities – Sundry" (Note 9b), is as follows:

| <u>Income tax and social contribution</u> | <u>Tax credits on temporary differences</u> | <u>Total</u>         |
|---|---|----------------------|
| 2019                                      | 3,606                                       | 3,606                |
| 2020                                      | 4,039                                       | 4,039                |
| 2021                                      | 232   | 232                  |
| 2022                                      | 232   | 232                  |
| From 2023 onwards                         | 3,827                                       | 3,827                |
|   | 11,936                                      | 11,936               |
| <b>Present value</b>                      | <b><u>10,211</u></b>                        | <b><u>10,211</u></b> |

## **BTG PACTUAL CORRETORA DE TÍTULOS E VALORES MOBILIÁRIOS S.A.**

### **Notes to the financial statements**

As of June 30<sup>th</sup>, 2019

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In the semester ended on June 30<sup>th</sup>, 2019, tax credits were recorded in the amount of R\$9,565 (June 30<sup>th</sup>, 2018 – R\$5,364) and write-offs in the amount of R\$9.417 (June 30<sup>th</sup>, 2018 – R\$1,992) occurred.

The Broker has deferred tax liabilities in the amount of R\$1,960 (June 30<sup>th</sup>, 2018 – R\$2,085), according to note 10(b).

On May 21, 2015, Provisional Measure nº 675 (MP 675/15) was published which increased the rate of the Social Contribution on Net Profit of the financial and insurance sectors from 15% to 20% of taxable profit, from September 1, 2015. On October 7, 2015, the Law 13.169, which reduces the rate from 20% to 15% from 2019 onwards, was published.

### **13. Shareholders' equity**

#### **a. Capital**

As at June 30<sup>th</sup>, 2019 and 2018, fully subscribed and paid capital was R\$177,315 represented by 272,743,163 registered shares with no par value, of which 238,025,646 are common shares and 34,717,517 are preferred shares. Preferred shareholders are not entitled to voting, but in the event of broker dissolution, are ensured priority in the reimbursement of capital at no premium.

#### **b. Legal Reserve**

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

#### **c. Statutory reserve**

According to the Bylaws, the purpose of this reserve is to maintain working capital and is limited to the balance of capital.

#### **d. Profit sharing**

Shareholders are entitled to annual dividends of at least 25% of net income, adjusted in accordance with article 202 of Law No. 6404/76. Interest on equity when approved and paid is appropriated as minimum dividend portion.

During the semester ended on June 30<sup>th</sup>, 2019, the Broker deliberated R\$100,000, relating to dividends of previous year, equivalent to R\$0.37 per share. The amount was approved on an Executive Board Meeting held on June 28<sup>th</sup>, 2019.

The minutes of the Executive Board Meeting held on May 30, 2018, approved the distribution of interest on equity in the amount of R\$15,000, equivalent to R\$0.05 per share which generated R\$6,750 of tax benefit, paid on October 15, 2018.



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## Notes to the financial statements

As of June 30<sup>th</sup>, 2019

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### 14. Income from services rendered

|                | <u>30/06/2019</u>     | <u>30/06/2018</u>     |
|----------------|-----------------------|-----------------------|
| Brokerage      | 104,693               | 82,950                |
| Other services | 2,989                 | 22,037                |
| <b>Total</b>   | <b><u>107,682</u></b> | <b><u>104,987</u></b> |

### 15. Other operating income

|   | <u>30/06/2019</u>   | <u>30/06/2018</u>   |
|---|---------------------|---------------------|
| Recovery of charges and expenses                        | 1,589               | 278                 |
| Reversal of provisions                                  | 431                 | -                   |
| Adjustment to inflation of judicial deposits and others | 351                 | 2,329               |
| <b>Total</b>  | <b><u>2,371</u></b> | <b><u>2,607</u></b> |

### 16. Other administrative expenses

|  | <u>30/06/2019</u>    | <u>30/06/2018</u>    |
|--|----------------------|----------------------|
| Outsourced services and consulting (i)     | 1,772                | 2,246                |
| Telecommunications and data processing (i) | 14,653               | 11,495               |
| Expenses of the financial system (i)       | 97                   | 16                   |
| Advertising and public relations (i)       | 785                  | 558                  |
| Leases and condominiums (i)                | 751                  | 960                  |
| Travel and lodging (i)                     | 334                  | 945                  |
| Depreciation/amortization (i)              | 386                  | 585                  |
| Others (i)                                 | 1,100                | 1,044                |
| <b>Total</b>                               | <b><u>19,878</u></b> | <b><u>17,849</u></b> |

(i) The BTG Pactual Group adopted a cost-sharing and administrative expenses assessment criterion, which affected the Broker

### 17. Tax charges

|                      | <u>30/06/2019</u>   | <u>30/06/2018</u>   |
|----------------------|---------------------|---------------------|
| CVM's inspection fee | 44                  | 44                  |
| ISS                  | 4814                | 4,787               |
| COFINS               | 4248                | 3,824               |
| IOF                  | 31                  | 9                   |
| PIS                  | 690                 | 621                 |
| Others               | 95                  | 115                 |
| <b>Total</b>         | <b><u>9,922</u></b> | <b><u>9,400</u></b> |

## BTG PACTUAL CORRETORA DE TÍTULOS E VALORES MOBILIÁRIOS S.A.

### Notes to the financial statements

As of June 30<sup>th</sup>, 2019

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### 18. Personnel expenses

As at June 30<sup>th</sup>, 2019 and 2018, the balance of the account refers to payment of benefits and social charges.

### 19. Related parties

Related-party balances, which are carried out at arm's length, are reflected in the following accounts:

|                                     | Controller     |                | Subsidiaries  |              | Total          |                |
|-------------------------------------|----------------|----------------|---------------|--------------|----------------|----------------|
|                                     | 30/06/2019     | 30/06/2018     | 30/06/2019    | 30/06/2018   | 30/06/2019     | 30/06/2018     |
| <b>Assets</b>                       |                |                |               |              |                |                |
| Cash at banks                       | 300            | 303            | -             | -            | 300            | 303            |
| Interbank investments deposits      | 294,565        | 291,077        | -             | -            | 294,565        | 291,077        |
| Derivative financial instruments    | 32,715         | -              | -             | -            | 32,715         | -              |
| Securities trading and brokerage    | 344,384        | 299,556        | -             | -            | 344,384        | 299,556        |
| <b>Total assets</b>                 | <b>671,964</b> | <b>590,936</b> | <b>-</b>      | <b>-</b>     | <b>671,964</b> | <b>590,936</b> |
| <b>Liabilities</b>                  |                |                |               |              |                |                |
| Derivative financial instruments    | 32,772         | -              | -             | -            | 32,772         | -              |
| Other liabilities                   |                |                |               |              |                |                |
| Social and statutory                | 7,637          | 12,750         | -             | -            | 7,637          | 12,750         |
| Securities trading and brokerage    | 235,615        | 201,926        | -             | -            | 235,615        | 201,926        |
| Sundry                              | 2,028          | 1,532          | 4,219         | 5,162        | 6,247          | 6,694          |
| <b>Total liabilities</b>            | <b>278,052</b> | <b>216,208</b> | <b>4,219</b>  | <b>5,162</b> | <b>282,271</b> | <b>221,370</b> |
| <b>Revenues/Expenses</b>            |                |                |               |              |                |                |
| Financial income                    | 9,157          | 7,672          | -             | -            | 9,157          | 7,672          |
| Financial expenses                  | (57)           | -              | -             | -            | (57)           | -              |
| Other operating income / (expenses) | -              | -              | 13,043        | -            | 13,043         | -              |
| <b>Total Income</b>                 | <b>9,100</b>   | <b>7,672</b>   | <b>13,043</b> | <b>-</b>     | <b>22,143</b>  | <b>7,672</b>   |

There was no compensation paid to key management personnel for the semesters ended on June 30<sup>th</sup>, 2019 and 2018.

### 20. Operating limits

With the exception of the required minimum shareholders' equity and capital limits, the Broker opted to calculate its operating limits on a consolidated basis based on the BTG Pactual Financial Conglomerate, which is the lead institution for Banco BTG Pactual S.A.

On June 30<sup>th</sup>, 2019 and 2018, all operating limits are duly met.

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## Notes to the financial statements

As of June 30<sup>th</sup>, 2019

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### 21. Other information

#### a. Cash and cash equivalents

|  | <u>31/12/2018</u> | <u>31/12/2017</u> |
|--|-------------------|-------------------|
| <b>Balances at the beginning of the semester</b> |                   |                   |
| Cash at banks                                    | 301               | 2,878             |
| Interbank deposits (i)                           | 14,700            | 7,380             |
|  | <b>15,001</b>     | <b>10,258</b>     |
|  | <hr/>             | <hr/>             |
| <b>Balances at the end of the semester</b>       | <u>30/06/2019</u> | <u>30/06/2018</u> |
| Cash at banks                                    | 301               | 304               |
| Interbank deposits (i)                           | -                 | 5,158             |
|  | <b>301</b>        | <b>5,462</b>      |
|  | <hr/>             | <hr/>             |

#### b. Commitments

There were no funds nor investment portfolios managed by the Broker as at June 30<sup>th</sup>, 2019 and 2018.

### 22. Earnings per share

|  | <u>30/06/2019</u> | <u>30/06/2018</u> |
|--|-------------------|-------------------|
| Net income for the semester attributed to the controlling shareholders         | 46,660            | 49,624            |
| Weighted average of shares at the end of the semester (per thousand of shares) | 272,743           | 272,743           |
| <b>Net income per thousand of shares – basic and diluted</b>                   | <b>0.17</b>       | <b>0.18</b>       |
|  | <hr/>             | <hr/>             |