

Consolidated Financial Statements

Banco BTG Pactual S.A. and subsidiaries

June 30, 2020

with independent auditor's review report.

BANCO BTG PACTUAL S.A and subsidiaries

Consolidated financial statements

June 30, 2020

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A free translation from Portuguese into English of report on review of consolidated interim financial statements prepared in Brazilian currency in accordance with the accounting practices adopted in Brazil applicable to institutions authorized to operate by the Central Bank of Brazil.

REPORT ON REVIEW OF CONSOLIDATED INTERIM FINANCIAL STATEMENTS

To the Shareholders and Management of
Banco BTG Pactual S.A.
Rio de Janeiro - RJ

Introduction

We have reviewed the consolidated interim financial statements of Banco BTG Pactual S.A. (the “Bank”), for the period ended June 30, 2020, which comprise the consolidated statements of financial position as of June 30, 2020, the related consolidated statements of profit or loss and the consolidated statements of comprehensive income for the three- and six-month periods then ended, and the consolidated statements of changes in equity and cash flows for the six-month period then ended, including the explanatory notes.

Management is responsible for preparation and fair presentation of these consolidated interim financial statements in accordance with the accounting practices adopted in Brazil applicable to institutions authorized to operate by the Central Bank of Brazil. Our responsibility is to express a conclusion on these consolidated interim financial statements based on our review.

Scope of review

We conducted our review in accordance with Brazilian and International Standards on Review Engagements (NBC TR 2410 and ISRE 2410 – Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review of interim financial 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 International Standards on Auditing and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial statements referred to above have not been prepared, in all material respects, in accordance with the accounting practices adopted in Brazil applicable to institutions authorized to operate by the Central Bank of Brazil.

Emphasis of matter

Equity pickup of foreign subsidiary

As mentioned in Note 13 to the consolidated interim financial statements, the Bank holds indirect investments on EFG International (“EFG” or “subsidiary”) but has no timely access to the financial information of this subsidiary before such financial statements are released. As such, equity pickup is recognized after the period allowed by the rules of the Central Bank of Brazil, and any adjustments recorded by EFG will only be considered in a later period by the Bank. Our conclusion is not qualified in respect of this matter.

Tax credits recorded in jointly-controlled subsidiary

As mentioned in Note 13 to the consolidated interim financial statements, at June 30, 2020, jointly-controlled subsidiary Banco PAN S.A. records income and social contribution tax credits totaling R\$ 3.6 billion, substantially recognized based on study of the current and future scenarios approved by the subsidiary’s Board of Directors. The key assumptions used in such study were macroeconomic indicators disclosed in the market. Realization of such tax credits depends on materialization of such projections and of the business plan, as approved by the management bodies of Banco PAN S.A. Our conclusion is not qualified in respect of this matter.

Presentation of individual interim financial statements

The Bank prepared a full set of individual interim financial statements for the six-month period ended June 30, 2020 in accordance with the accounting practices adopted in Brazil applicable to institutions authorized to operate by the Central Bank of Brazil, on which we issued an unqualified review report containing the same emphasis paragraphs described above, dated August 11, 2020.



Other matters

Consolidated statement of value added

The above-mentioned consolidated interim financial statements include the consolidated statement of value added (SVA) for the six-month period ended June 30, 2020, prepared under the responsibility of Bank management, and presented as supplementary information under the accounting practices adopted in Brazil applicable to institutions authorized to operate by the Central Bank of Brazil. This consolidated statement has been subject to review procedures performed in conjunction with review of quarterly financial information, for the purposes of forming our conclusion on whether this statement was reconciled with the interim financial information and accounting records, as applicable, and whether their layout and content were presented in accordance with Accounting Pronouncement NBC TG 09 – Statement of Value Added. Based on our review, nothing has come to our attention that causes us to believe that this statement of value added was not prepared fairly, in all material respects, in accordance with the criteria set forth in these standards and consistently with the overall consolidated interim financial information.

São Paulo, August 11, 2020.

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


Renata Zanotta Calçada
Accountant CRC-1RS062793/O-8

BANCO BTG PACTUAL S.A. and subsidiaries

Consolidated balance sheets

As at June 30, 2020 and December 31, 2019

(In thousands of reais)

	Note	30/06/2020	31/12/2019
Assets			
Current assets		180,325,478	124,259,836
Cash and cash equivalents	6	57,331,772	21,518,691
Financial instruments		69,201,719	63,858,332
Short-term interbank investments	7	8,034,258	6,587,697
Securities	8	31,717,769	43,259,457
Derivative financial instruments	9	8,383,950	2,053,042
Interbank transactions		2,135,919	1,005,015
Loans	10	19,498,163	11,149,602
Allowance for expected losses associated with credit risk	10	(568,340)	(196,481)
Other receivables		53,437,325	38,586,858
Foreign exchange portfolio	11	43,224,657	32,073,641
Income receivable	12	793,558	1,084,188
Securities trading and brokerage	11	8,097,963	4,527,679
Sundry	12	1,549,501	1,121,051
Allowance for impairment of assets		(228,354)	(219,701)
Other assets		354,662	295,955
Other assets		295,472	255,635
Prepaid expenses		139,697	120,827
Provision for losses on other assets		(80,507)	(80,507)
Long-term assets		40,532,747	32,566,491
Financial instruments		27,892,442	21,802,847
Long-term interbank investments	7	110,855	172,683
Securities	8	5,720,048	2,155,990
Derivative financial instruments	9	2,285,675	1,567,017
Interbank transactions		155,042	154,843
Loans	10	20,763,663	18,734,862
Allowance for expected losses associated with credit risk	10	(1,142,841)	(982,548)
Other receivables		12,606,031	10,756,583
Income receivable	12	70,450	15,333
Sundry	12	4,796,196	5,677,409
Deferred tax assets	18	7,739,385	5,063,841
Other assets		34,274	7,061
Prepaid expenses		34,274	7,061
Permanent assets		9,552,955	7,556,306
Investments		9,077,696	7,287,253
Investments in associates and jointly controlled entities - in Brazil	13	2,145,153	1,983,015
Investments in associates and jointly controlled entities - abroad	13	6,911,748	5,286,877
Other investments		25,327	22,783
Allowance for losses in investments		(4,532)	(5,422)
Property and equipment in use		130,094	78,163
Property in use		3,870	5,797
Other property and equipment in use		415,801	269,055
Accumulated depreciation		(289,577)	(196,689)
Intangible assets	14	345,165	190,890
Other intangible assets		590,476	473,614
Accumulated amortization		(245,311)	(282,724)
Total assets		230,411,180	164,382,633

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

BANCO BTG PACTUAL S.A. and subsidiaries

Consolidated balance sheets

As at June 30, 2020 and December 31, 2019

(In thousands of reais)

	Note	30/06/2020	31/12/2019
Liabilities			
Current liabilities		165,314,704	105,653,921
Deposits and financial instruments		112,076,848	64,057,410
Deposits	15	36,499,339	19,251,665
Open market funding	15	49,207,290	34,643,099
Funds from securities issued and accepted	15	17,078,197	5,326,075
Loans and borrowings	15	953,135	1,037,566
Derivative financial instruments	9	6,877,276	2,364,776
Subordinated debt	15	1,461,611	1,434,229
Interbank transactions		2,492	155
Unsettled receipts and payments		2,492	155
Interdependencies transactions		360,091	40,349
Unsettled third party assets		360,091	40,349
Other liabilities		52,875,273	41,556,007
Collection and payments of tax and similar charges		3,014	20,803
Foreign exchange portfolio	11	44,282,420	31,791,034
Social and statutory	16	787,063	1,516,506
Tax and social security	16	356,783	747,328
Deferred liabilities	18	74,237	72,227
Securities trading and brokerage	11	3,879,743	4,834,929
Sundry	16	3,492,013	2,573,180
Long-term liabilities		38,867,682	36,821,262
Financial instruments		35,506,546	31,648,610
Deposits	15	1,929,260	2,897,044
Open market funding	15	733,151	363,443
Funds from securities issued and accepted	15	19,139,074	17,394,404
Loans and borrowings	15	3,551,415	3,141,337
Derivative financial instruments	9	3,204,647	1,807,044
Subordinated debt	15	2,743,981	2,704,583
Debt instrument eligible to capital	15	4,205,018	3,340,755
Other liabilities		1,505,732	3,357,499
Sundry	16	1,505,732	3,357,499
Provision		1,855,404	1,815,153
Provision for contingent liabilities		1,671,640	1,687,195
Provision for guarantees		183,764	127,958
Deferred income		282,854	169,030
Shareholders' equity	19		
Capital		10,013,243	7,392,092
Capital Reserve		652,515	652,515
Other comprehensive income		(5,498)	9,194
Income reserves		13,240,291	13,498,618
Treasury shares		-	(165,784)
Retained earnings		1,727,077	-
Total shareholders' equity of controlling shareholders		25,627,628	21,386,635
Non-controlling interest		318,312	351,785
Total shareholders' equity		25,945,940	21,738,420
Total Liabilities and Shareholders' equity		230,411,180	164,382,633

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 semesters ended June 30

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

	Note	Quarter ended:		Semester ended:	
		30/06/2020	30/06/2019	30/06/2020	30/06/2019
Financial income		4,998,488	3,249,176	11,471,682	5,693,984
Loans		1,227,911	455,172	1,971,183	857,387
Securities		3,123,439	1,979,409	2,701,092	3,741,064
Derivative financial instruments		642,819	576,917	6,783,872	995,632
Foreign Exchange		-	216,872	-	59,985
Mandatory investments		4,319	20,806	15,535	39,916
Financial expenses		(3,127,094)	(1,958,136)	(10,199,911)	(3,690,327)
Funding operations		(1,205,070)	(1,789,332)	(2,163,034)	(3,154,476)
Borrowing and onlending		(1,312,104)	(80,880)	(3,669,979)	(405,987)
Foreign Exchange		(522,412)	-	(4,161,430)	-
Allowance for loan losses and other receivables	10	(87,508)	(87,924)	(205,468)	(129,864)
Net financial income		1,871,394	1,291,040	1,271,771	2,003,657
Other operating income (expenses)		(305,233)	388,901	521,158	610,616
Income from services rendered	20	810,875	713,476	1,676,405	1,347,327
Personnel expenses		(269,061)	(204,397)	(496,865)	(398,693)
Other administrative expenses	23	(467,473)	(302,563)	(884,349)	(589,169)
Tax charges		(128,046)	(114,826)	(179,929)	(184,014)
Equity earnings of associates and jointly controlled entities	13	(191,868)	309,577	227,074	433,734
Other operating income	21	305,205	67,089	591,475	163,693
Other operating expenses	22	(364,865)	(79,455)	(412,653)	(162,262)
Provisions expenses		(29,029)	(7,331)	(35,921)	(14,244)
Provision for contingent liabilities		(8,388)	(3,882)	15,555	(10,671)
Other		(20,641)	(3,449)	(51,476)	(3,573)
Operating income		1,537,132	1,672,610	1,757,008	2,600,029
Non-operating (expenses) / income		148,769	1,763	112,542	30,230
Income before income tax and profit sharing		1,685,901	1,674,373	1,869,550	2,630,259
Income tax and social contribution	18	(241,141)	(347,833)	252,157	(467,440)
Provision for income tax		(399,432)	(20,142)	(1,179,543)	(58,755)
Provision for social contribution		(317,270)	(48,884)	(910,025)	(100,651)
Deferred income tax and social contribution		475,561	(278,807)	2,341,725	(308,034)
Statutory profit sharing		(436,233)	(342,287)	(510,357)	(508,513)
Non-controlling interest		(31,168)	(12,630)	133,932	(7,710)
Net income for the quarter / semester	19	977,359	971,623	1,745,282	1,646,596
Net income per share - basic	25	0.37	0.37	0.67	0.62
Net income per share - diluted	25	0.38	0.37	0.67	0.63

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

BANCO BTG PACTUAL S.A.

Consolidated statements of comprehensive

Quarters and semesters ended June 30

(In thousands of reais)

	Quarter ended:		Semester ended:	
	30/06/2020	30/06/2019	30/06/2020	30/06/2019
Net income for the quarter / semester	977,359	971,623	1,745,282	1,646,596
Changes in fair value of assets available for sale	(2,136)	(192,452)	(118,786)	(141,707)
Deferred IR/CSLL on fair value of assets available for sale	(908)	89,420	54,568	67,693
Changes in fair value of associates and jointly controlled	(64,510)	85,387	48,071	8,843
Currency translation adjustments	(3,763)	16,118	3,196	(2,142)
Exchange variation of investments	(542,230)	(80,043)	895,808	(24,853)
Foreign investment hedge	535,870	80,856	(897,549)	24,731
Total comprehensive income	899,682	970,909	1,730,590	1,579,161

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

Semesters ended June 30

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

	Note	Income reserve						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, 2018		7,392,092	652,515	-	1,245,452	2,672,775	6,852,992	10,771,219	103,187	(128,544)	-	18,790,469	138,671	18,929,140
Changes in fair value of assets available for sale		-	-	-	-	-	-	-	(74,014)	-	-	(74,014)	-	(74,014)
Changes in fair value of associates and jointly controlled		-	-	-	-	-	-	-	8,843	-	-	8,843	-	8,843
Currency translation adjustments		-	-	-	-	-	-	-	(2,142)	-	-	(2,142)	-	(2,142)
Exchange variation of investments		-	-	-	-	-	-	-	(24,853)	-	-	(24,853)	-	(24,853)
Foreign Investment hedge		-	-	-	-	-	-	-	24,731	-	-	24,731	-	24,731
Intermediate interest on equity (R\$0.23 per share)		-	-	600,000	-	-	(600,000)	-	-	-	-	-	-	-
Previous years adjustments		-	-	-	-	-	-	9,624	-	-	-	9,624	-	9,624
Net income for the semester		-	-	-	-	-	-	9,624	-	-	1,646,596	1,646,596	(7,710)	1,638,886
Net income allocation		-	-	-	-	-	-	-	-	-	-	-	-	-
Income reserve		-	-	-	83,567	-	-	83,567	-	-	(83,567)	-	-	83,567
Addition of non-controlling		-	-	-	-	-	-	-	-	-	-	-	246,151	246,151
Balances as at June 30, 2019		<u>7,392,092</u>	<u>652,515</u>	<u>600,000</u>	<u>1,329,019</u>	<u>2,672,775</u>	<u>6,262,616</u>	<u>10,864,410</u>	<u>35,752</u>	<u>(128,544)</u>	<u>1,563,029</u>	<u>20,379,254</u>	<u>377,112</u>	<u>20,839,933</u>
Balances as at December 31, 2019		7,392,092	652,515	-	1,433,056	1,980,478	10,030,619	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		-	-	-	-	-	-	-	(64,218)	-	-	(64,218)	-	(64,218)
Changes in fair value of associates and jointly controlled		-	-	-	-	-	-	-	48,071	-	-	48,071	-	48,071
Currency translation adjustments		-	-	-	-	-	-	-	3,196	-	-	3,196	-	3,196
Exchange variation of investments		-	-	-	-	-	-	-	895,808	-	-	895,808	-	895,808
Foreign Investment hedge		-	-	-	-	-	-	-	(897,549)	-	-	(897,549)	-	(897,549)
Intermediate interest on equity (R\$0.20 per share)		-	-	533,000	-	-	(533,000)	-	-	-	-	-	-	-
Equity pickup adjustment		-	-	-	-	-	(18,036)	(18,036)	-	-	-	(18,036)	-	(18,036)
Net income for the semester		-	-	-	-	-	-	(18,036)	-	-	1,745,282	1,745,282	133,932	1,879,214
Net income allocation		-	-	-	-	-	-	-	-	-	-	-	-	-
Income reserve		-	-	-	18,205	-	-	18,205	-	-	(18,205)	-	-	-
Reduction of non-controlling		-	-	-	-	-	-	-	-	-	-	-	(167,405)	(167,405)
Balances as at June 30, 2020		<u>10,013,243</u>	<u>652,515</u>	<u>533,000</u>	<u>1,451,261</u>	<u>1,980,478</u>	<u>9,221,087</u>	<u>13,185,826</u>	<u>(5,498)</u>	<u>-</u>	<u>1,727,077</u>	<u>25,573,163</u>	<u>318,312</u>	<u>25,891,475</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

Semesters ended June 30

(In thousands of reais)

	Note	30/06/2020	30/06/2019
Operating activities			
Net income for the semester		1,745,282	1,646,596
Adjustments to net income			
Equity pick up from associates and jointly controlled entities	13	(1,825,292)	790,288
Interest expense with subordinated debt		564,640	744,475
Deferred income tax and social contribution	18	(2,341,725)	308,034
Allowance for loan losses and other receivables	10	205,468	129,864
Allowance for contingent liabilities	17	(15,555)	10,671
Permanent assets exchange variation		(39,933)	1,702
Depreciation and amortization	23	28,887	29,276
Adjusted net income for the semester		(80,010)	2,436,884
(Increase)/decrease in operational activities			
Short-term interbank investments		(1,384,733)	11,247,419
Securities and derivative financial instruments		4,734,116	(4,739,505)
Loans		(11,281,237)	(3,224,467)
Other receivables and other assets		(13,213,545)	(18,898,424)
Interbank transactions		(1,128,766)	(573,682)
Interdependencies transactions		319,742	(8,461)
Other liabilities		10,034,951	16,009,873
Deferred income		113,824	45,064
Deposits		16,279,890	4,704,418
Open market funding		14,933,899	6,938,892
Loans and borrowings		325,647	(1,173,260)
Cash provided by operating activities		19,653,778	12,764,751
Investment activities			
Sale of other investment		(3,434)	2,426
(Acquisition) / sale of equity interests	13	139,356	273,361
Dividends and interest on equity received	13	372,031	790,460
(Acquisition) / sale of property		(54,705)	(16,984)
(Acquisition) / sale of intangible assets	14	(140,455)	2,183
Cash provided by investment activities		312,793	1,051,446
Financing activities			
Acquisition of treasury shares	19b	(92,712)	-
Funds from securities issued and accepted		13,496,792	2,562,020
Subordinated debt and debt instruments eligible to equity		366,403	1,568,222
Non-controlling interest		(33,473)	238,441
Capital increase	2	2,650,500	-
Interest on equity - distributed	19f	(541,000)	(604,500)
Cash provided by financing activities		15,846,510	3,764,183
Increase in cash and cash equivalents		35,813,081	17,580,380
Balance of cash and cash equivalents			
At the beginning of the semester	6	21,518,691	26,659,250
At the end of the semester		57,331,772	44,239,630
Increase in cash and cash equivalents		35,813,081	17,580,380
Non-cash transaction			
Treasury shares cancellation	19b	164,929	(74,014)
Public offering costs		258,496	-
Changes in fair value of assets available for sale		(29,349)	-
		(64,218)	(74,014)

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

BANCO BTG PACTUAL S.A. and subsidiaries

Consolidated statements of value added

Semesters ended June 30

(In thousands of reais)

	Note	30/06/2020	30/06/2019
Revenues		13,403,530	7,058,915
Financial brokerage		11,471,682	5,693,984
Services rendered	20	1,676,405	1,347,327
Other		255,443	17,604
Expenses		(10,199,911)	(3,690,327)
Financial brokerage		(9,994,443)	(3,560,463)
Allowance for loan losses and other receivables	10	(205,468)	(129,864)
Inputs acquired from third parties		(806,489)	(517,522)
Materials, energy and other		(18,673)	(6,625)
Outsourced services		(787,816)	(510,897)
Gross value added		2,397,130	2,851,066
Depreciation and amortization	23	(28,887)	(29,276)
Net value added produced by the entity		2,368,243	2,821,790
Value added received through transfer		227,074	433,734
Equity in the earnings of associates and jointly controlled entities		227,074	433,734
Value added to be distributed		2,595,317	3,255,524
Distribution of value added		2,595,317	3,255,524
Personnel		1,007,222	907,394
Direct compensation		868,981	776,815
Benefits		72,610	83,111
FGTS – government severance pay fund		65,631	47,468
Taxes, fees and contributions		(72,228)	651,454
Federal		(137,511)	606,202
Municipal		65,283	45,252
Remuneration of third party capital		48,973	42,370
Rent expenses		48,973	42,370
Remuneration of shareholders		1,611,350	1,654,306
Retained earnings		1,745,282	1,646,596
Non-controlling interest		(133,932)	7,710

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

June 30, 2020

(In thousands of reais, except otherwise indicated)

1. Operations

Banco BTG Pactual S.A. ("Bank" or "BTG Pactual") is incorporated as a multiple Bank, operating jointly with its subsidiaries ("the 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 as 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.

Application for Level 2 Adherence:

In order to reaffirm its commitment to continuous improvement of its governance and alignment with best practices in the market, BTG Pactual requested B3 to join B3's special Corporate Governance Level 2 listing segment. B3 approved the potential entry to Level 2, conditioned to (i) the conclusion of the Offering, (ii) Units, in free circulation, representing at least 21% of its capital stock, and (iii) the free float recomposition, as necessary, within 18 months from May 28, 2019.

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, to friends and families.

For firms like BTG Pactual, it 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 semester, we wanted 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. And, we want to take a moment to express our sincere hope that all of you are in good health during these difficult times.

- We are maintaining the Bank operational, with all services, communication channels and functionalities available to our clients, even with 88% of our employees working from home to maintain social distancing and ensure the safety of everyone;
- 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;

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- In the first weeks of the crisis, our client and operations teams cleared unprecedented volumes of transactions in secondary markets – in the last two months we have faced almost 2x higher volumes compared to the same period a year ago - keeping our operational platform available and working intensely in cooperation with our market counterparts;
- Using technology, we are keeping ourselves close and available to clients in all segments, bringing quality information and specialized advice on a daily basis, to support them in their business needs or in the management of their portfolios;

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 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

On July 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, amount which corresponds to the Bank's Capital increase.

On December 20, 2019, the Bank held a Board of Directors' meeting, in which approved the Novaportfolio Participações S.A.'s ("Novaportfolio") incorporation. The merger aims to simplify the current BTG Pactual's organizational structure through the consolidation of certain activities, therefore bringing an overall reduction in its financial and operational costs. On April 17, 2020, the Novaportfolio incorporation was approved by BACEN.

On December 18, 2019, the Bank BTG Pactual received the Central Bank of Brazil's approval to admission Mr. André Santos Esteves as a member of the company's controlling group, pending only the conclusion of the analysis from the competent regulatory authorities abroad.

On December 4, 2019, the Bank, through its Cayman Island's branch, issued Global Medium Term Notes, in the total amount of US\$500 million at a fixed coupon rate of 4.5% p.a., with maturity date on January 10, 2025, and semi-annually coupon payments.

On September 30, 2019, the Bank issued, through its Cayman Islands branch, an Equity Linked Note to BTG Pactual Holding S.A. ("Holding"), current its indirect controlling shareholder, with a 10 year maturity in the amount of CHF599 million, equivalent to approximately 25% of the share capital of the EFG International ("EFG"). The Equity Linked Note refers exclusively to the Bank transferring its EFG economic rights, including proceeds such as dividends. The Bank and the Holding intend to transfer approximately 25% of the common equity of EFG, currently held by the Bank to Holding. After this transaction, the Bank will hold approximately

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5% of EFG's common equity. The transaction for the actual transfer of the participation on EFG to the Holding is being analyzed by applicable regulators.

On June 4, 2019, BTG Pactual issued a secondary public offering of 55.2 million book-entry, non-par registered share deposit certificates of 1 common share and 2 class A preferred shares issued by the Bank. and held by Holding. On June 2019, the Bookbuilding procedure was concluded, with the establishment of a unit price of R\$46.00, resulting in a total restricted offer amount of R\$2,5 billion (including green shoe).

On June 17, 2019, the Holding held operations in Units representing shares issued by the Bank : (i) 34,598,868 common shares issued by the Bank, corresponding to 2% of the Bank's common shares; and (ii) 69,197,736 Bank Class A preferred shares corresponding to 12.43% of the Bank Class A preferred shares and corresponding to 7.64% of the Bank preferred shares. Holding interest represents approximately 3.94% of the total shares issued by the Bank. On the same date, BTG Pactual Holding Financeira Ltda. ("Holding Financeira"), carried out transactions in shares issued by the Bank, a position equivalent to: (i) 89.93% of the Bank's common shares; and (ii) 100% of the Bank Class B preferred shares and 38.56% of the preferred shares issued by the Bank. Holding Financeira represents approximately 68.34% of total shares issued by the bank.

On March 13, 2019, Caixapar notified the exercise of the right to acquire 50% of the shares subscribed by the Bank on November 2017, so that the total capital stock of the Company will be: (i) 41.7% for CAIXAPAR; (ii) 41.7% for BTG Pactual and (iii) 16.6% for minority shareholders. On June 30, 2020, the Bank has 41.37% of interest in Banco Pan, due to primary and secondary public offering of shares and acquisitions in free float.

Acquisitions and disposals

On September 30, 2019, the Bank and the Holding signed an equity purchase and sale agreement, in order to transfer the equity stake held by the Bank of Neoport Participações S.A. ("Nepoport"), in the approximate amount of R\$73,2 million. Neoport is a holding company that owns a few assets and liabilities such as: (i) the indirect investment held by the Bank on the Engelhart CTP Group S.A., in the context of keeping its trading commodities activity separated from the BTG Pactual operational structure; (ii) certain credit-nature assets; and (iii) the transfer, by the Bank, of a portion in the amount about of R\$874 million of its payment obligations due to Fundo Garantidor de Crédito regarding the the Banco Pan S.A. acquisition, in which the bank remain jointly liable debtor in the payment of the acquisition price related to Banco Pan S.A.

On September 3, 2019, the BTG Pactual Chile SpA. signed an equity purchase and sale agreement with DT Rigel S.A. and Vitacura Dos S.A. in order to sell your equity stake on BTG Pactual Chile S.A. Compañia de Seguros de Vida in the amount of UF1,8 million. On January 17, 2020, the sale of BTG Pactual Chile SpA was approved.

On July 19, 2019, the Bank acquired 80% of interest on Ourinvest Distribuidora de Títulos de Valores Mobiliários S.A., which will be maintained as an independent platform of BTG Pactual. On March 31, 2020, the acquisition was approved.

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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), 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 periodically reviews these estimates and assumptions.

The resolutions nº 3,959 / 2019 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 August 10, 2020, 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 on its 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 were eliminated, and the portions of net income (loss) and shareholders' equity relating to non-controlling interest were 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.

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

	Country	Equity interest - %	
		30/06/2020	31/12/2019
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	72.09	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	100.00
Enforce Gestão de Ativos S.A.	Brazil	70.00	70.00
BTG Pactual Corretora de Resseguros Ltda.	Brazil	100.00	100.00
ZB Consultoria Ltda	Brazil	99.99	99.99
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
Ouirinvest Distribuidora de Títulos e Valores Mobiliários S.A.	Brazil	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	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	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 Chile S.A. Compañía de Seguros de Vida	Chile	-	100.00
BTG Pactual Holding Delaware LLC	USA	100.00	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
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	100.00
Lutece Holdings Ltd.	Bermudas	-	100.00
Lutece Investment Management Ltd.	Bermudas	-	100.00
BTG Pactual Seguros S.A	Brazil	100.00	100.00

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	Country	Equity interest - %	
		30/06/2020	31/12/2019
BTG Pactual Reinsurance Ltd.	Cayman	100.00	100.00
BTG Pactual Holding EFG Ltd.	Brazil	100.00	100.00
BTG Pactual (UK) Limited	UK	100.00	100.00
BP AGENCIA DE SEGUROS LTD	Colombia	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
BTGP Latam Fund LLC	Cayman	-	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	100.00	100.00
FIDC NP Alternative Assets II	Brazil	100.00	100.00
BTG Pactual SICAV - Mexico Equity Fund	Luxembourg	94.44	94.44
BTG Pactual SICAV- Latin America Equity Fund	Luxembourg	75.21	75.21
BTG Pactual Fondo Alfa Concentrado S.A. de C.V.	Mexico	90.00	90.00
BTG Pactual Absoluto Global Equities Inst FIA IE	Brazil	100.00	100.00
BTG Pactual Absoluto Global Equities FIA	Brazil	-	79.00
BTG Pactual Absoluto Global Equities	Brazil	-	82.24
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

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; Income for the period: 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 fair value adjustments in the shareholders' equity.

4. Significant accounting practices

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

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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 asset and liability

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

Measured and classified in accordance with the criteria established by BACEN Circular Letter 3068/01, of November 8, 2001, under 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 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 statements of income after the effective realization.

iii. Held-to-maturity securities

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

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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 does 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 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 instruments and are classified according to their nature:

- 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 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 statements of income.
- Net Investment Hedge of Foreign Operations - 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.

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 good or right adjusted at market prices, at the appropriate assets or liabilities account. The income and expenses are recorded according to the maturity of their agreements.

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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 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 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 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 recognized on the initial recognition of 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.

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.

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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 compensation 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 on the agreed interest rate, updated up to 59th day of default, provided the expected receipt. 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 in 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

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, written of loans against losses are 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 2682/99.

k. Investment property

Investment properties held by Bank's subsidiaries, which main activity 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.

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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 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, is amortized according to 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.

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 3642, of November 26, 2008. Comprised by (i) goodwill paid in acquisition transferred to intangible assets due to incorporation of acquirer's equity by the acquired, or consolidation of the company; (ii) for acquired rights of assets management contracts; and (iii) softwares and improvements in third part property. Amortization is calculated using the straight-line basis over the period in which the rights generate benefits.

q. Impairment on 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.

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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.

r. 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 20% 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.

s. 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 such legal or administrative proceeding is considered probable, and whenever the amounts involved can be measured reliably relevant. 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 nor disclosure.

iii. Legal obligation – tax and social security

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

t. Earnings per share

Calculated based on weighted average shares of the period.

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u. Revenue recognition

Revenues and expenses are recorded under the accrual method.

5. Risk management

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. (xi) Socio-environmental Risk area assesses socio-environmental risks, considering relevance and proportionality as principles, also manages and reduces adverse social and environmental impacts caused by our operations and activities; and (xii) 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 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.

a. Operational limits

	30/06/2020	31/12/2019
Reference Shareholders' Equity	25,573,163	21,332,170
Consolidation adjustments	54,465	54,465
Reference Shareholders' Equity Consolidated	25,627,628	21,386,635
Tier I		
Common Equity	21,642,348	17,819,468
Complementary Equity	21,262,102	17,431,374
Tier II	380,246	388,094
Reference Shareholders' Equity (PR) - (a)	4,928,570	4,047,788
Required Reference Shareholders' Equity (PRE)	26,570,918	21,867,256
Required Reference Shareholders' Equity (PRE)	10,826,716	11,707,521
Total exposure risk-weighted - (b)	135,333,950	146,344,008
Credit risk	97,678,915	70,166,108
Operational risk	7,959,324	5,938,507
Market risk	29,695,711	70,239,393
Basel ratio - (a/b)	19.6%	14.9%
Tier I capital	16.0%	12.2%

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	30/06/2020	31/12/2019
Tier II capital	3.6%	2.7%
Fixed assets ratio	67.9%	86.0%
Fixed assets to equity capital ratio	13,277,025	10,926,576
Status for fixed assets to equity capital ratio	9,011,262	9,397,233
Amount of margin (insufficiency)	4,265,763	1,529,343

The 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 semester ended June 30, 2020 and semester ended December 31, 2019, 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 level of confidence of 95.0% and one year historical data. Reliable level of 95.0% means that there is one within twenty chances that the day trade net income remains below 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. 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 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\$	June 2020	December 2019	June 2019
Daily average VaR	118.5	135.7	139.9

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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 counterparties credit limits and its subsidiaries 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 was 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.

The Bank and its subsidiaries have a culture in 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 comply 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 comprehending our responsibility with our business partners, employees, society and the environment as a financial services' supplier.

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Fully aligned with our Commercial Principles, BTG Pactual's Socio-Environmental and Corporate Governance Policy reflects our long-term vision 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 instead of short-term gains, always observant of ESG risks and opportunities.

We believe that sound business practices and corporate responsibility are long-term drivers that must be applied daily in order to generate value to shareholders, through sustainable growth and persistent revenue and business streams.

6. Cash and cash equivalents

	<u>31/12/2019</u>	<u>31/12/2018</u>
Balances at beginning of the semester		
Cash and cash equivalents	1,333,793	979,185
Open market investments	18,651,392	23,075,514
Interbank deposits	1,533,506	2,604,551
Total	<u>21,518,691</u>	<u>26,659,250</u>
Balances of end of the semester		
Cash and cash equivalents	3,682,123	1,224,324
Open market investments	50,560,116	42,872,510
Interbank deposits	3,089,533	1,944,262
Total	<u>57,331,772</u>	<u>46,041,096</u>

7. Interbank investments

	<u>30/06/2020</u>					<u>31/12/2019</u>
	Total	Up to 90 days	90 to 365 days	1 to 3 years	Over 3 years	Total
Open market investments	7,904,428	2,558,382	5,346,046	-	-	6,718,863
Own portfolio	4,515,730	1,627,209	2,888,521	-	-	1,660,342
Federal government bonds	4,504,529	1,616,860	2,887,669	-	-	1,449,009
Corporate bonds	11,201	10,349	852	-	-	164,134
Foreign government bonds	-	-	-	-	-	47,199
Third-party portfolio	220,378	185,273	35,105	-	-	2,224,039
Federal government bonds	214,135	179,030	35,105	-	-	2,207,893
Corporate bonds	6,243	6,243	-	-	-	16,146
Short position	3,168,320	745,900	2,422,420	-	-	2,834,482
Federal government bonds	3,151,850	729,430	2,422,420	-	-	2,834,482
Foreign government bonds	16,470	16,470	-	-	-	-
Interbank investments (*)	240,685	7,159	122,671	50,429	60,426	41,517
Interbank deposit certificates	240,685	7,159	122,671	50,429	60,426	41,517
Total	<u>8,145,113</u>	<u>2,565,541</u>	<u>5,468,717</u>	<u>50,429</u>	<u>60,426</u>	<u>6,760,380</u>

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

The collateral received in repurchase agreements amounts to R\$8,024,311 (December 31, 2019 - R\$6,537,461), whereas the collateral granted amounts to R\$53,905,043 (December 31, 2019 - R\$35,520,006).

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8. Securities

a. By type of portfolio

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

	30/06/2020							31/12/2019
	Cost	Market	Up to 90 days	90 to 365 days	1 to 3 years	3 to 5 years	Over 5 years	Market
Own portfolio	20,541,721	22,658,483	11,730,273	1,575,188	3,907,336	1,209,202	4,236,484	28,386,864
Federal government bonds	1,780,326	1,546,139	569,479	232,641	197,392	18,586	528,041	10,798,590
Debentures	5,869,905	5,993,936	221,974	257,262	2,326,599	990,170	2,197,931	2,659,706
Investment fund quotes								
Shares	157,162	188,244	164,392	-	-	-	23,852	338,851
Multimarket	2,049,455	2,067,071	1,750,982	5,470	-	-	310,619	2,371,825
FIDC - Credit Rights	19,562	15,034	5,891	-	1,618	-	7,525	86,914
Real Estate	44,390	17,637	4,863	-	-	-	12,774	156,794
Equity investment fund	617,716	711,280	124,252	-	-	-	587,028	738,886
Shares	2,864,984	4,873,869	4,752,680	788	92,267	-	28,134	5,686,972
Certificate of real estate receivables	108,147	106,179	1,015	1,928	89,665	2,374	11,197	29,163
Certificate of bank deposits	4,257	75,263	2,907	-	71,043	49	1,264	2,972
Promissory note	5,417	5,417	5,417	-	-	-	-	5,174
Other	2,363,733	2,369,784	1,431,755	233,075	633,119	68,097	3,738	679,742
Foreign government bonds	2,015,699	2,018,513	1,097,840	570,958	292,859	40,052	16,804	1,335,531
Foreign private securities	2,640,968	2,670,117	1,596,826	273,066	202,774	89,874	507,577	3,495,744
Unrestricted portfolio	451,596	465,835	-	-	450,587	-	15,248	442,381
Federal government bonds	451,596	465,835	-	-	450,587	-	15,248	442,381
Subject to repurchase agreements	3,556,050	3,324,233	-	70,149	395,733	330,283	2,528,068	10,813,419
Federal government bonds	643,660	648,160	-	4,256	4,494	21,770	617,640	9,041,588
Foreign government bonds	225,090	225,090	-	-	-	2,899	222,191	343,525
Other	455,944	459,206	-	73	61,167	150,372	247,594	21,949
Foreign private securities	1,192,371	1,129,025	-	-	-	155,242	973,783	14,436
Debentures	1,038,985	862,752	-	65,820	330,072	-	466,860	1,391,921
Subject to guarantees	11,020,065	10,989,266	5,391,643	84,020	2,041,096	1,907,494	1,565,013	5,772,783
Federal government bonds	3,557,297	3,566,870	2,805,187	84,020	620,092	768	56,803	2,549,273
Investment fund quotes								
Multimarket	1,347,882	1,354,272	1,354,272	-	-	-	-	1,156,191
Debentures (i)	4,489,908	4,463,306	-	-	1,373,245	1,906,726	1,183,335	123,898
Certificate of real estate receivables	344,944	324,875	-	-	-	-	324,875	360,721
Shares	1,232,275	1,232,184	1,232,184	-	-	-	-	1,562,295
Foreign private securities	47,759	47,759	-	-	47,759	-	-	20,042
	-	-	-	-	-	-	-	363
Trading securities	26,733,665	28,739,054	14,555,590	1,316,968	3,939,505	1,982,845	6,944,146	40,735,778
Available for sale securities	5,411,142	5,274,138	104,525	340,460	2,273,298	1,453,615	1,102,240	1,274,844
Held-to-maturity securities	3,424,625	3,424,625	2,461,801	71,929	581,949	10,519	298,427	3,404,825
Total	35,569,432	37,437,817	17,121,916	1,729,357	6,794,752	3,446,979	8,344,813	45,415,447

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b. Trading securities

	30/06/2020							31/12/2019
	Cost	Market	Up to 90 days	90 to 365 days	1 to 3 years	3 to 5 years	Over 5 years	Market
Own portfolio	18,118,920	20,198,307	11,675,601	1,300,548	2,692,437	848,791	3,680,930	27,681,414
Federal government bonds	1,780,326	1,546,139	569,479	232,641	197,392	18,586	528,041	10,798,590
Debentures/Eurobonds	4,689,111	4,824,941	221,974	12,315	1,794,153	629,759	2,166,740	2,441,158
Investment fund quotes								
Shares	157,162	188,244	164,392	-	-	-	23,852	338,851
Multimarket	2,049,455	2,067,071	1,750,982	5,470	-	-	310,619	2,371,825
FIDC - Credit Rights	19,562	15,034	5,891	-	1,618	-	7,525	86,914
Real Estate	44,390	17,637	4,863	-	-	-	12,774	156,794
Equity Investment fund	449,130	492,979	124,252	-	-	-	368,727	570,286
Shares	2,800,919	4,809,804	4,752,680	788	28,202	-	28,134	5,619,512
Certificate of real estate receivables	104,712	102,743	-	616	88,556	2,374	11,197	29,163
Certificate of bank deposits	4,257	75,263	2,907	-	71,043	49	1,264	2,972
Promissory note	5,417	5,417	5,417	-	-	-	-	5,174
Other	1,739,821	1,746,745	1,378,138	204,694	92,078	68,097	3,738	679,483
Foreign government bonds	2,015,699	2,018,513	1,097,840	570,958	292,859	40,052	16,804	1,293,660
Foreign private securities	2,258,959	2,287,777	1,596,786	273,066	126,536	89,874	201,515	3,287,032
Unrestricted portfolio	451,596	465,835	-	-	450,587	-	15,248	442,381
Federal government bonds	451,596	465,835	-	-	450,587	-	15,248	442,381
Subject to repurchase agreements	2,786,543	2,735,489	-	2,273	260,417	319,764	2,153,035	7,691,433
Federal government bonds	330,487	334,987	-	2,200	2,323	11,251	319,213	5,955,369
Foreign government bonds	225,090	225,090	-	-	-	2,899	222,191	343,525
Other	394,777	398,039	-	73	-	150,372	247,594	21,949
Foreign private securities	1,192,371	1,129,025	-	-	-	155,242	973,783	14,436
Debentures	643,818	648,348	-	-	258,094	-	390,254	1,356,154
Subject to guarantees	5,376,606	5,339,423	2,879,989	14,147	536,064	814,290	1,094,933	4,920,550
Federal government bonds	445,845	455,418	343,386	14,147	40,314	768	56,803	2,230,667
Investment fund quotes								
Multimarket	1,304,421	1,304,419	1,304,419	-	-	-	-	1,107,183
Debentures	2,346,306	2,299,643	-	-	447,991	813,522	1,038,130	-
Shares	1,232,275	1,232,184	1,232,184	-	-	-	-	1,562,295
Foreign private securities	47,759	47,759	-	-	47,759	-	-	20,042
Other	-	-	-	-	-	-	-	363
Total	26,733,665	28,739,054	14,555,590	1,316,968	3,939,505	1,982,845	6,944,146	40,735,778

c. Available-for-sale securities

	30/06/2020							31/12/2019
	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	2,422,801	2,460,176	54,672	274,640	1,214,899	360,411	555,554	705,450
Investment fund quotes								
Equity investment fund	168,586	218,301	-	-	-	-	218,301	168,600
Shares	64,065	64,065	-	-	64,065	-	-	67,460
Debentures	1,180,794	1,168,995	-	244,947	532,446	360,411	31,191	218,548
Certificate of real estate receivables	3,435	3,436	1,015	1,312	1,109	-	-	-
Foreign government bonds	-	-	-	-	-	-	-	41,871
Foreign private securities	382,009	382,340	40	-	76,238	-	306,062	208,712
Other	623,912	623,039	53,617	28,381	541,041	-	-	259
Subject to repurchase agreements	456,334	275,571	-	65,820	133,145	-	76,606	35,767
Debentures	395,167	214,404	-	65,820	71,978	-	76,606	35,767
Other	61,167	61,167	-	-	61,167	-	-	-
Subject to guarantees	2,532,007	2,538,391	49,853	-	925,254	1,093,204	470,080	533,627
Debentures	2,143,602	2,163,663	-	-	925,254	1,093,204	145,205	123,898
Investment fund quotes								
Multimarket	43,461	49,853	49,853	-	-	-	-	49,008
Certificate of real estate receivables	344,944	324,875	-	-	-	-	324,875	360,721
Total	5,411,142	5,274,138	104,525	340,460	2,273,298	1,453,615	1,102,240	1,274,844

(*) On June 30, 2020, debentures were reclassified to the item of available-for-sale securities, which had previously been classified as securities for trading. The reclassification occurred due to the feature of the transactions and the liquidity of the assets.

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d. Held-to-maturity securities

	30/06/2020						31/12/2019
	Cost	Up to 90 days	90 to 365 days	1 to 3 years	3 to 5 years	Over 5 years	Cost
Subject to re purchase	313,173	-	2,056	2,171	10,519	298,427	3,086,219
Federal government bonds	313,173	-	2,056	2,171	10,519	298,427	3,086,219
Subject to guarantees	3,111,452	2,461,801	69,873	579,778	-	-	318,606
Federal government bonds	3,111,452	2,461,801	69,873	579,778	-	-	318,606
Total	3,424,625	2,461,801	71,929	581,949	10,519	298,427	3,404,825

If measured at fair value, held-to-maturity securities would be reported as at the semester ended June 30, 2020 with a positive adjustment of R\$71,383 (December 31, 2019 – R\$7,853 positive).

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

e. Reclassification of securities

In order to reflect the current strategy, in the semester ended at June 30, 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 year ended on ended December 31, 2019.

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, 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., transactions conducted abroad are traded and registered with prime brokers. The Bank uses different financial instruments to achieve economical hedge 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 deemed necessary.

As at the semester ended June 30, 2020 and year ended December 31, 2019, the bank 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.

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	30/06/2020		
	Hedge instrument		
	Nominal value	Market (i)	Hedge assets
Net Investment Hedge of Foreign Operations	12,870,240	(897,549)	6,706,413
	31/12/2019		
	Hedge instrument		
	Nominal value	Market (i)	Hedge assets
Net Investment Hedge of Foreign Operations	12,304,307	(76,232)	6,973,807

(i) Recorded in stockholders' equity under 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 (Non Deliverable Forward) 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 memo 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 3641/13, 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.

	30/06/2020				31/12/2019
	Up to 6 months	6 to 12 months	Over 1 year	Total	Total
Futures market					
Long position	8,482,546	3,233,949	3,992,164	15,708,659	87,483,832
Currency	2,223,397	-	89,160	2,312,557	111,995
Interest rate	5,660,121	2,875,389	3,317,502	11,853,012	84,522,452
Index	574,598	358,560	585,502	1,518,660	2,413,021
Commodities	24,430	-	-	24,430	436,364
Short position	29,706,989	9,197,529	5,044,438	43,948,956	14,891,447
Currency	6,311,266	191,206	-	6,502,472	6,909,040
Interest rate	23,380,160	9,003,682	4,324,077	36,707,919	7,427,064
Index	9,534	-	719,694	729,228	555,343
Commodities	6,029	2,641	667	9,337	-
Swap					
Long position	43,867,855	9,943,998	22,135,200	75,947,053	346,947,951
Currency	20,711,148	3,305,894	309,297	24,326,339	202,156
Interest rate	21,474,015	6,228,220	21,230,711	48,932,946	345,944,271
Index	141,422	24,847	237,861	404,130	154,412
Equities	1,353,952	315,403	341,761	2,011,116	508,166
Commodities	44,896	21,342	2,398	68,636	12,602
Other	142,422	48,292	13,172	203,886	126,344
Short position	43,867,855	9,943,998	22,135,200	75,947,053	346,947,951
Currency	20,591,860	2,690,675	793,405	24,075,940	689,070
Interest rate	21,388,535	7,183,755	19,263,077	47,835,367	343,679,312
Index	291,231	40,000	983,134	1,314,365	1,778,953
Equities	973,450	29,568	1,013,111	2,016,129	563,457
Commodities	474,922	-	-	474,922	3,985
Other	147,857	-	82,473	230,330	233,174
Credit Derivatives					
Long position	19,440	-	238,714	258,154	201,918
Sovereign	19,440	-	14,566	34,006	12,515

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	30/06/2020				31/12/2019
	Up to 6 months	6 to 12 months	Over 1 year	Total	Total
Corporate	-	-	224,148	224,148	189,403
Short position	156,340	-	539,894	696,234	88,101
Sovereign	19,440	-	14,566	34,006	-
Corporate	136,900	-	525,328	662,228	88,101
Non-deliverable forward - NDF					
Long position	47,681,255	6,639,340	5,526,611	59,847,206	24,856,821
Currency	45,749,914	5,609,908	2,234,461	53,594,283	22,188,034
Commodities	1,931,341	1,029,432	3,292,150	6,252,923	2,668,787
Short position	47,681,255	6,639,340	5,526,611	59,847,206	24,856,821
Currency	45,749,914	5,609,908	2,234,461	53,594,283	22,188,034
Commodities	1,931,341	1,029,432	3,292,150	6,252,923	2,668,787
Security forwards					
Long position	3,565,775	422	-	3,566,197	105,338
Interest rate	1,434,337	211	-	1,434,548	81,449
Equities	267	-	-	267	-
Government bonds	2,131,171	211	-	2,131,382	23,889
Short position	3,565,774	423	-	3,566,197	105,338
Interest rate	1,434,337	212	-	1,434,549	23,889
Equities	267	-	-	267	-
Government bonds	2,131,170	211	-	2,131,381	81,449
Options market					
Call option - long position	11,335,747	168,239	590,890	12,094,876	121,449,017
Equities	1,070,655	-	97,455	1,168,110	353,300
Commodities	5,644,497	-	-	5,644,497	7,774,031
Currency	4,483,071	69,811	493,435	5,046,317	2,006,086
Index	137,524	98,428	-	235,952	111,315,600
Put option - long position	49,149,202	51,684,881	10,018	100,844,101	36,215,115
Equities	281,978	5,436,481	-	5,718,459	2,851,411
Commodities	18,972,611	-	-	18,972,611	204,590
Index	22,780,121	46,222,000	-	69,002,121	29,873,454
Currency	7,114,492	26,400	10,018	7,150,910	3,285,660
Call option - short position	8,389,694	396,374	50,847	8,836,915	121,137,544
Equities	2,358,542	253,000	-	2,611,542	423,403
Commodities	2,997,495	14,750	-	3,012,245	7,816,417
Currency	2,878,326	24,044	50,847	2,953,217	961,940
Index	155,331	104,580	-	259,911	111,935,784
Put option - short position	48,268,292	46,283,106	50,000	94,601,398	36,736,275
Equities	2,041,630	-	-	2,041,630	301,183
Commodities	18,944,371	-	-	18,944,371	194,481
Index	22,778,000	46,222,000	-	69,000,000	34,647,179
Currency	4,504,291	61,106	50,000	4,615,397	1,593,432

b. By cost and market value

	30/06/2020				31/12/2019	
	Cost	Market	Up to 6 months	6 to 12 months	Over 1 year	Total
Futures						
Long position	2,718	2,717	2,717	-	-	-
Short position	7,993	7,993	7,993	-	-	-
Swaps						
Long position	1,824,013	1,934,461	226,110	193,899	1,514,452	1,295,173
Short position	3,162,701	3,518,698	355,159	158,671	3,004,868	2,109,734
Credit derivatives						
Long position	-	7,810	-	-	7,810	19,757
Short position	6,486	14,722	2,707	-	12,015	4,620

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Non-deliverable forward - NDF						
Long position	3,049,559	3,037,161	1,971,805	543,936	521,420	1,257,397
Short position	1,685,816	1,664,237	1,157,647	348,123	158,467	1,574,651
Security forwards						
Long position	3,565,968	3,569,275	3,568,854	421	-	105,531
Short position	3,566,072	3,569,554	3,569,133	421	-	105,418
Options market						
Long position	1,808,061	2,118,201	1,557,569	318,639	241,993	942,201
Short position	1,089,450	1,306,719	992,084	285,338	29,297	377,397
Long position	10,250,319	10,669,625	7,327,055	1,056,895	2,285,675	3,620,059
Short position	9,518,518	10,081,923	6,084,723	792,553	3,204,647	4,171,820

c. Notional by counterparty

	30/06/2020					31/12/2019
	Clearing houses / stock exchange	Financial Institutions (i)	Companies	Individuals	Total	Total
Futures market						
Long position	15,029,045	679,614	-	-	15,708,659	87,483,832
Short position	43,224,574	724,382	-	-	43,948,956	14,891,447
Swap						
Long position	24,716,570	46,769,306	4,144,269	316,908	75,947,053	346,947,951
Short position	24,716,570	46,769,306	4,144,269	316,908	75,947,053	346,947,951
Credit derivatives						
Long position	-	258,154	-	-	258,154	201,918
Short position	-	696,234	-	-	696,234	88,101
Non-deliverable forward - NDF						
Long position	-	41,598,467	18,106,149	142,590	59,847,206	24,856,821
Short position	-	41,598,467	18,106,149	142,590	59,847,206	24,856,821
Security forwards						
Long position	267	3,565,930	-	-	3,566,197	105,338
Short position	267	3,565,930	-	-	3,566,197	105,338
Options market						
Long position	490,396	111,967,812	88,207	392,562	112,938,977	157,664,132
Short position	1,169,862	102,008,620	105,309	154,522	103,438,313	157,873,819
Long position	40,236,278	204,839,283	22,338,625	852,060	268,266,246	617,259,992
Short position	69,111,273	195,362,939	22,355,727	614,020	287,443,959	544,763,477

(i) Includes investments funds.

d. Credit derivatives

	30/06/2020	31/12/2019
Credit swap		
Transferred risk		
Sovereign	34,005	12,515
Corporate	224,147	189,403
Risk received		
Sovereign	(34,006)	-
Corporate	(662,227)	(88,101)
	(438,081)	113,817

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During the semester ended June 30, 2020 and year ended December 31, 2019, there was no credit events related to triggering facts provided for in agreements.

According to CMN's resolutions, the effect on the calculation of the required reference shareholders' equity (PRE) as at June 30, 2020 is R\$53,240 (December 31, 2019 – R\$31,040).

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\$9,628,237 (December 31, 2019 – R\$3,108,380) and shares in the amount of R\$1,232,184 (December 31, 2019 – R\$1,562,295).

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 proper 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 Forward:** 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 uses 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).
- **Securities and short selling:** the fair value of government bonds are 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 Company'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.

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10. Loans

Loans are classified in 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 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	30/06/2020		31/12/2019	
	Balance	Allowance	Balance	Allowance
Loans	31,070,778	(1,542,230)	20,733,601	(1,053,385)
Financing	3,379,885	(108,167)	3,315,152	(84,719)
FINAME/BNDES	3,299,938	(29,676)	2,871,239	(13,693)
Receivables (ii)	62,938	(13,833)	52,562	(13,834)
Advances in foreign exchange contracts (ii)	1,727,667	(17,275)	1,205,230	(13,398)
Securities financing	717,781	-	1,704,456	-
Transferred loans with co-obligations (i)	2,839	-	2,224	-
Total	40,261,826	(1,711,181)	29,884,464	(1,179,029)

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

(ii) On June 30, 2020, the amounts once classified as "foreign exchange contracts advancements" and "other receivables - with loans characteristics" were reclassified to "loans" group.

ii. By risk level and maturity

Risk level	30/06/2020					31/12/2019		
	Overdue	Maturity			Total	Allowance	Total	Allowance
		Up to 6 months	6 to 12 months	Over 12 months				
AA	34,872	6,444,512	3,398,281	9,129,449	19,007,114	(4,662)	12,651,874	(2,208)
A	38,637	1,292,385	1,592,473	4,495,004	7,418,499	(37,049)	7,492,664	(39,993)
B	85,456	1,830,031	2,185,526	4,284,716	8,385,729	(98,575)	5,659,720	(69,439)
C	138,526	880,112	841,632	784,516	2,644,786	(135,859)	1,818,317	(64,627)
D	3,536	39,040	29,669	663,815	736,060	(151,321)	743,399	(165,290)
E	82,073	31,807	134,403	451,258	699,541	(240,660)	468,523	(170,350)
F	130,287	7,046	9,925	88,808	236,066	(126,691)	882,604	(514,725)
G	30,540	37,195	34,264	690,023	792,022	(574,355)	66,213	(51,247)
H	39,885	117,151	8,899	176,074	342,009	(342,009)	101,150	(101,150)
Total	583,812	10,679,279	8,235,072	20,763,663	40,261,826	(1,711,181)	29,884,464	(1,179,029)

iii. By activity sector

Sector	30/06/2020	31/12/2019
Commerce	8,363,053	5,074,292
Industry	7,108,535	4,974,259
Services	23,010,431	17,477,913
Rural	405,480	1,749,315
Individuals	1,374,327	608,685
Total	40,261,826	29,884,464

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b. Credit concentration

	30/06/2020	%	31/12/2019	%
Largest debtors				
10 largest debtors	10,863,400	28%	10,232,042	34%
20 following largest debtors	6,585,960	16%	5,162,441	17%
50 following largest debtors	7,602,388	19%	4,972,836	17%
100 following largest debtors	6,878,356	17%	4,757,499	16%
200 following largest debtors	5,240,939	13%	3,593,137	12%
500 following largest debtors	2,595,594	6%	1,145,846	4%
Above 500 following largest debtors	495,189	1%	20,663	0%
Total	40,261,826	100%	29,884,464	100%

c. Allowance for expected losses associated with credit risk

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

	Quarter ended:		Semester ended:	
	30/06/2020	30/06/2019	30/06/2020	30/06/2019
Opening balances for the quarter / semester	(1,303,001)	(690,667)	(1,179,029)	(663,489)
Reversal/(accrual) of allowance	(87,508)	(87,924)	(205,468)	(129,864)
Provision transferred to credit portfolio	(316,551)	(140,627)	(316,551)	(140,627)
Other	(4,121)	33,156	(10,133)	47,918
Closing balances for the quarter / semester	(1,711,181)	(886,062)	(1,711,181)	(886,062)
Breakdown of closing balances				
Allowance for loan losses	(1,711,181)	(886,062)	(1,711,181)	(886,062)

d. Renegotiation/recovery of credits written off as loss

As at June 30, 2020, the amount of R\$2,086,884 were due to credit renegotiation (December 31, 2019 – R\$2,005,488). Also in the semester ended June 30, 2020 there were R\$10,822 written off loans recovered (December 31, 2019 – R\$35,739).

11. Other receivables/obligations

a. Foreign Exchange portfolio

	30/06/2020		31/12/2019	
	Assets	Liabilities	Assets	Liabilities
Unsettled exchange contracts	15,965,850	27,074,272	8,038,746	22,514,109
Rights on foreign exchange sales	27,261,395	-	24,036,550	-
(-) Advances in foreign currency received	(2,332)	-	-	-
(-) Advances in local currency received	(256)	-	(1,655)	-
Liability for foreign exchange purchase	-	17,208,148	-	9,276,925
Total	43,224,657	44,282,420	32,073,641	31,791,034
Current	43,224,657	44,282,420	32,073,641	31,791,034
Long-term	-	-	-	-

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Guarantees for foreign exchange transactions carried out through B3 S.A., are represented by federal government bonds in the amount of R\$128,845 (December 31, 2019 - R\$1,102,108).

b. Securities trading and brokerage

	30/06/2020		31/12/2019	
	Assets	Liabilities	Assets	Liabilities
Clearing houses	3,005,194	88,382	334,575	219,939
Unsettled financial assets / liabilities	1,136	987,471	641	705,270
Pending settlement	5,031,570	1,779,853	4,101,163	2,221,869
Creditors for stock loans	-	58,936	-	104,774
Other securities trading and brokerage	-	44,841	-	22,117
Commissions and brokerage payable	59,908	920,260	91,146	1,560,960
Swap brokerage	155	-	154	-
Total	<u>8,097,963</u>	<u>3,879,743</u>	<u>4,527,679</u>	<u>4,834,929</u>
Current	8,097,963	3,879,743	4,527,679	4,834,929
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.

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

12. Other receivables

a. Income receivable

	30/06/2020	31/12/2019
Dividends and bonus	71,337	128,454
Receivables from services rendered	76,654	83,801
Rights on energy sales	139,311	198,669
Management and performance fees for investment funds and portfolio	510,651	658,265
Distribution fees	5,935	7,232
Commissions on guarantees	60,120	23,100
Total	<u>864,008</u>	<u>1,099,521</u>
Current	793,558	1,084,188
Long-term	70,450	15,333

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b. Sundry

	<u>30/06/2020</u>	<u>31/12/2019</u>
Sundry	1,467,790	1,467,704
Judicial deposits	1,755,754	1,762,213
Taxes recoverable to offset	380,289	757,972
Securities and credits receivable		
Without loan characteristics	1,977,831	1,956,922
Investment properties	451,732	487,965
Salaries advances	44,175	34,476
Other	268,126	331,208
Total	<u>6,345,697</u>	<u>6,798,460</u>
Current	1,549,501	1,121,051
Long-term	4,796,196	5,677,409

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13. Investments in associates and jointly controlled entities

	Associates and jointly-controlled entities					
	Shareholders' Equity		Net income (loss)		Interest	
	30/06/2020	31/12/2019	30/06/2020	30/06/2019	30/06/2020	31/12/2019
In Brazil						
Banco Pan S.A. (iii)	5,112,742	4,926,168	314,450	213,814	41.73%	39.50%
Too Seguros S.A.	295,606	346,774	36,270	20,298	51.00%	51.00%
Pan Corretora S.A.	70,912	55,432	15,480	17,343	51.00%	51.00%
Abroad						
BTG Pactual Holding S.A.R.L.	7,205,754	5,651,699	494,916	127,658	41.03%	41.03%
EFG International (i) (ii)	9,506,904	6,719,738	285,196	128,433	29.39%	29.39%

(i) On June 30, 2020, the equity on EFG include total return swap in the amount of CHF46,686.

(ii) The equity accounting result related to the investment in EFG recognized during the semester ended June 30, 2020 comprises the income generated by the investee for the second half of 2019, as a result of the late disclosure of its financial information.

(iii) 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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	Changes in investments							
	31/12/2019	Acquisition / Increase/ Transfer / (Sales)	Dividends paid	Fair value adjustment	Exchange variation	Equity pickup from associates	30/06/2020	Equity pickup from associates in 30/06/2019
In Brazil								
Banco Pan S.A.	1,855,340	90,028	(50,883)	(1,866)	-	126,481	2,019,100	93,911
Negative Goodwill - Banco Pan	(85,055)	13,627	-	-	-	-	(71,428)	-
Pan Corretora S.A.	28,270	-	-	-	-	7,895	36,165	8,845
Too Seguros S.A.	176,853	-	(44,638)	47	-	18,497	150,759	10,352
Other	7,607	1,095	-	-	-	1,855	10,557	(1,167)
Total	1,983,015	104,750	(95,521)	(1,819)	-	154,728	2,145,153	111,941
Abroad								
BTG Pactual Holding S.A.R.L. (i)	2,318,892	(259,748)	(205,723)	35,370	864,666	203,064	2,956,521	337,519
Engelhart CTP Group S.A. (i) (ii)	-	-	-	-	-	-	-	24,702
EFG International (i)	1,974,931	15,642	(70,787)	33,280	780,598	149,458	2,883,122	26,454
Goodwill - EFG International (i) (iii)	993,054	-	-	-	359,227	(280,176)	1,072,105	(66,882)
	5,286,877	(244,106)	(276,510)	68,650	2,004,491	72,346	6,911,748	321,793
Total	7,269,892	(139,356)	(372,031)	66,831	2,004,491	227,074	9,056,901	433,734

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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 2.

(iii) See note 17a.

14. Intangible assets

	Changes in Intangible assets				30/06/2020
	31/12/2019	Acquisitions / Transfer / Write off	Amortization expenses	Exchange variation	
Intangible assets					
Cost	473,614	44,126	-	72,736	590,476
Amortization	(282,724)	96,329	(18,348)	(40,568)	(245,311)
Total	<u>190,890</u>	<u>140,455</u>	<u>(18,348)</u>	<u>32,168</u>	<u>345,165</u>

The intangible assets amortization period is 5 years.

15. Fund raising and loans and onlending

a. Summary

	30/06/2020						31/12/2019
	Total	Up to 90 days	90 to 365 days	1 to 3 years	3 to 5 years	Over 5 years	Total
Deposits	38,428,599	16,229,502	20,269,837	1,764,394	164,866	-	22,148,709
Open market funding	49,940,441	46,433,338	2,773,952	-	-	733,151	35,006,542
Funds from securities issued and accepted	36,217,271	2,023,541	15,054,656	9,437,361	5,456,392	4,245,321	22,720,479
Loans and borrowings	4,504,550	513,021	440,114	157,337	745,339	2,648,739	4,178,903
Subordinated debts and subordinated debt eligible to equity	8,410,610	-	1,461,611	2,222,856	252,191	4,473,952	7,479,567
Total	<u>137,501,471</u>	<u>65,199,402</u>	<u>40,000,170</u>	<u>13,581,948</u>	<u>6,618,788</u>	<u>12,101,163</u>	<u>91,534,200</u>

b. Deposits

	30/06/2020						31/12/2019
	Total	Up to 90 days	90 to 365 days	1 to 3 years	3 to 5 years	Over 5 years	Total
Demand deposits	1,388,069	1,388,069	-	-	-	-	624,855
Interbank deposits	396,226	188,585	57,470	-	150,171	-	261,935
Time deposits	36,644,304	14,652,848	20,212,367	1,764,394	14,695	-	21,261,919
Total	<u>38,428,599</u>	<u>16,229,502</u>	<u>20,269,837</u>	<u>1,764,394</u>	<u>164,866</u>	<u>-</u>	<u>22,148,709</u>

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c. Open market funding

Open market funding has collateral on the following securities:

	30/06/2020					31/12/2019	
	Total	Up to 90 days	90 to 365 days	1 to 3 years	3 to 5 years	Over 5 years	Total
Own Portfolio	3,260,127	2,800,919	459,208	-	-	-	10,802,366
Federal government bonds	623,114	622,422	692	-	-	-	8,986,414
Corporate securities	1,323,290	864,774	458,516	-	-	-	1,421,883
Foreign securities	-	-	-	-	-	-	67,156
Foreign government bonds	1,313,723	1,313,723	-	-	-	-	326,913
Third-party portfolio	42,690,532	42,637,410	53,122	-	-	-	19,170,982
Federal government bonds	42,674,103	42,620,981	53,122	-	-	-	19,129,708
Corporate bonds	16,429	16,429	-	-	-	-	22,252
Foreign securities	-	-	-	-	-	-	6,317
Foreign government bonds	-	-	-	-	-	-	12,705
Unrestricted portfolio (i)	3,989,782	995,009	2,261,622	-	-	733,151	5,033,194
Federal government bonds	3,989,761	994,988	2,261,622	-	-	733,151	4,894,003
Foreign securities	-	-	-	-	-	-	87,741
Foreign government bonds	21	21	-	-	-	-	51,450
Total	49,940,441	46,433,338	2,773,952	-	-	733,151	35,006,542

(i) From the unrestricted portfolio, R\$3,407,126 (December 31, 2019 – R\$3,556,112) refers to short position and R\$582,656 (December 31, 2019 – R\$269,164) to third-party portfolio.

d. Funds from securities issued and accepted

	30/06/2020					31/12/2019	
	Total	Up to 90 days	90 to 365 days	1 to 3 years	3 to 5 years	Over 5 years	Total
Securities – Brazil	22,653,264	1,039,014	14,480,151	6,666,771	449,088	18,240	13,321,782
Financial bills	17,838,139	222,776	12,738,521	4,457,839	404,247	14,756	8,992,294
Mortgage bonds/letters of credit for agribusiness	4,574,355	789,988	1,699,609	2,077,155	4,851	2,752	4,153,084
Certificates of structured transactions	240,770	26,250	42,021	131,777	39,990	732	176,404
Securities – abroad	13,564,007	984,527	574,505	2,770,590	5,007,304	4,227,081	9,398,697
Medium term notes	8,991,819	943,421	-	2,719,466	4,798,532	530,400	5,992,714
Fixed rate notes and others	4,572,188	41,106	574,505	51,124	208,772	3,696,681	3,405,983
Total	36,217,271	2,023,541	15,054,656	9,437,361	5,456,392	4,245,321	22,720,479

As at June 30, 2020, securities in Brazil were basically indexed to interest referenced rates (CDI) between 85% and 127% or inflation indexes (IPCA and IGPM) plus 1.20% p.a. to 7.55% p.a. (December 31, 2019 – indexed to (CDI) between 85% and 105% or inflation indexes (IPCA and IGPM) plus 1.6% p.a. to 7.55% p.a.).

On June 30, 2020, securities abroad have rates between 5.50% p.a. and 7.39% p.a. (December 31, 2019 – between 3.5% p.a. and 7.09% p.a.).

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e. Loans and onlending

	30/06/2020					31/12/2019	
	Total	Up to 90 days	90 to 365 days	1 to 3 years	3 to 5 years	Over 5 years	Total
Loans abroad	1,344,189	464,865	427,988	94,790	356,546	-	1,437,598
Foreign currency	730,290	387,730	247,770	94,790	-	-	1,158,410
Loans abroad	613,899	77,135	180,218	-	356,546	-	279,188
Borrowings in Brazil	3,160,361	48,156	12,126	62,547	388,793	2,648,739	2,741,305
FINAME/BNDES	3,160,361	48,156	12,126	62,547	388,793	2,648,739	2,741,305
Total	4,504,550	513,021	440,114	157,337	745,339	2,648,739	4,178,903

On June 30, 2020, securities abroad have rates between 1.35% p.a. and 8.00% p.a. (December 31, 2019 – between 1.69% p.a. and 9.23% p.a.).

f. Subordinated debt and debt instrument eligible to capital

Type - original currency	Issued amount (original currency)	30/06/2020			31/12/2019	
		Issued	Maturity	Total compensation a.a.	Net amount	Net amount
Financial bills - R\$ (i)	4,161,000	15/04/2011	15/04/2021	Inflation plus fixed rates	1,456,589	2,137,312
Subordinated debt - US\$	800,000	28/09/2012	15/09/2022	5.75%	2,264,034	1,616,839
Subordinated debt - CLP (iii)	391,410	01/01/2019	01/11/2028	2.40%	484,969	384,662
Subordinated debt eligible to equity - R\$	874,369	23/12/2014	15/04/2069	4.85% to 14.2%	908,458	914,266
Subordinated debt eligible to equity - US\$ (ii)	600,000	15/02/2019	15/02/2029	7.75%	3,296,560	2,426,488
Total					8,410,610	7,479,567

- (i) Financial bills have different maturities and have interests and principal generally amortized every six months beginning as at 2016.
- (ii) On February 12, 2019, the Bank reported its shareholders and the market, the issuance of Subordinated Notes, issued through Cayman Islands branch, in the amount of US\$600,000 at a fixed coupon of 7.750% per year, with a maturity date of February 15, 2029, and callable in five years.
- (iii) The subordinated debt was issued by Banco BTG Pactual Chile S.A.

16. Other obligations

a. Social and statutory

	30/06/2020	31/12/2019
Dividends and profit sharing payable	4,246	547,197
Employees' profit sharing	782,817	969,309
Total	787,063	1,516,506
Current	787,063	1,516,506
Long term	-	-

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b. Tax and social security

	<u>30/06/2020</u>	<u>31/12/2019</u>
Tax and contributions to be collected	127,309	102,617
Tax and contribution payable	229,474	644,711
Total	<u>356,783</u>	<u>747,328</u>
Current	356,783	747,328
Long term	-	-

c. Sundry

	<u>30/06/2020</u>	<u>31/12/2019</u>
Payable for acquisition of assets and rights (i)	200,366	196,528
Accounts payable - personnel	286,018	509,298
Other creditors - Brazil	4,217,566	5,131,008
Other creditors - Abroad	256,955	70,923
Other	36,840	22,922
Total	<u>4,997,745</u>	<u>5,930,679</u>
Current	3,492,013	2,573,180
Long term	1,505,732	3,357,499

(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

On the semester ended June 30, 2020, the Bank recorded gains from two arbitration proceedings agreement, described as follows:

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

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 unfavourable outcome (pain and suffering and pecuniary injury, among others), contingency amounts are recorded based on 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 counselors 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 June 30, 2020 are appropriate to cover probable losses arising therefrom.

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

	30/06/2020			30/06/2019	
	Tax	Civil	Labor	Total	
Balance at the beginning of the semester	1,535,594	102,589	49,012	1,687,195	1,648,713
Recognition	18,014	4,044	2,154	24,212	53,400
Write-off	(1,162)	(37,565)	(1,040)	(39,767)	(35,985)
Balance at the end of the semester	<u>1,552,446</u>	<u>69,068</u>	<u>50,126</u>	<u>1,671,640</u>	<u>1,666,128</u>

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The nature of the main provisions is presented below:

i. Suspended payment taxes and other taxes 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 June 30, 2020, 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\$914 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\$27 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\$1,842 million, 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\$895 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\$447 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\$270 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

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matter and have not established (and do not expect to) any related contingencies on its financial 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\$196 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\$77 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\$1,118 million. Against the assessment, an appeal was presented, which awaits trial in second administrative instance.
- On December 2018, the Asset Manager received a tax assessment in total amount of R\$96 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\$71 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\$67 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\$3,488 million, regarding the acquisition of Banco Bamerindus do Brasil (current Banco Sistema) in 2014. On October 2019, an appeal was filed 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.
- In 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\$579 million. In April 2020, an appeal was filed at the first administrative level, which is waiting judgment.

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ii. Provision for other contingent liabilities

As at the semester ended June 30, 2020 and year ended December 31, 2019, 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:		Semester ended:	
	30/06/2020	30/06/2019	30/06/2020	30/06/2019
Tax base	1,218,500	1,319,456	1,493,125	2,114,036
Income before taxes and profit sharing	1,685,901	1,674,373	1,869,550	2,630,259
Statutory profit sharing	(436,233)	(342,287)	(510,357)	(508,513)
Non-controlling interest	(31,168)	(12,630)	133,932	(7,710)
Total charge of income tax and social contribution at the current rates	(550,632)	(533,900)	(674,213)	(848,698)
Permanent (additions) / deductions in taxation calculation	(166,070)	464,874	(1,415,355)	689,292
Equity pick up in associated and jointly controlled companies in Brazil	51,163	(18,413)	107,717	(20,227)
Interest on equity	(22,891)	241,558	220,559	241,800
Dividends	336	16,612	54,934	17,255
Fair value of securities and derivatives	(208,834)	549,753	(1,603,148)	636,245
Allowance for expected losses associated with credit risk	(33,501)	(91,019)	(66,771)	(103,786)
Other non-deductible expenses net of non-taxable income	47,657	(233,617)	(128,646)	(81,995)
Tax and social contribution expense	(716,702)	(69,026)	(2,089,568)	(159,406)
(Expenses) / Revenues from deferred taxes	475,561	(278,807)	2,341,725	(308,034)
Total revenues / (expenses)	(241,141)	(347,833)	252,157	(467,440)

Income tax and social contributions are calculated and recorded in accordance with the criteria established by BACEN Circular Letter 3059/02, taking into account the period of realization.

Changes in deferred tax assets are presented as follows:

Income tax and social contribution	31/12/2019	Recognition	Realization	30/06/2020
Tax loss	1,339,748	45,641	(4,184)	1,381,205
Interest on equity	243,450	221,637	(243,450)	221,637
Allowance for expected losses associated with credit risk	923,160	958,147	-	1,881,307
Fair value of securities and derivatives	1,682,855	1,651,296	-	3,334,151
Tax contingencies and provision for suspended-payment taxes	239,944	6,187	-	246,131
Other temporary differences	452,430	-	(129,547)	322,883
Total	4,881,587	2,882,908	(377,181)	7,387,314
Income tax and social contribution	31/12/2018	Recognition	Realization	30/06/2019
Tax loss carryforwards	1,488,833	190,854	(7,842)	1,671,845
Interest on equity	241,800	240,000	(241,800)	240,000
Allowance for expected losses associated with credit risk	669,902	85,249	-	755,151
Fair value of securities and derivatives	2,490,288	-	(657,415)	1,832,873
Tax contingencies and provision for suspended-payment taxes	213,633	4,015	-	217,648
Other temporary differences	289,287	52,707	-	341,994
Total	5,393,743	572,825	(907,057)	5,059,511

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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
2020	325,851	732,844	1,058,695
2021	1,198,885	81,338	1,280,223
2022	1,065,415	83,938	1,149,353
2023	1,108,357	90,025	1,198,382
2024 onwards	2,307,601	393,060	2,700,661
Total	6,006,109	1,381,205	7,387,314
Present value	4,790,145	1,097,663	5,887,808

The line of "deferred tax assets" also has PIS and COFINS deferred tax credits in the amount of R\$352,071 (December 31, 2019 - R\$293,101).

Deferred income tax and social contribution liabilities amounts to R\$74,237 (December 31, 2019 - R\$72,227).

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, 2015. On October 6, 2015, Law 13.169 was published which decrease the rate of the Social Contribution on Net Profit from 20% to 15% from 2019.

On November 12, 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.

19.Shareholders equity

a. Capital

As at June 30, 2020, fully subscribed and paid in capital consists of 2,712,706,972 shares (December 31, 2019 – 2,637,236,572), of which 1,756,433,722 are common shares (December 31, 2019 – 1,731,276,922), 606,916,910 are class A preferred shares (December 31, 2019 – 556,603,310), 349,356,340 are class B preferred shares (December 31, 2018 – 349,356,340), registered shares without par value.

As described on 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.

On July 5, 2019, a change in the Bank's share capital occurred, due to a conversion request made by BTG Pactual Holding Financeira Ltda. of 100,000,000 class B preferred shares issued by the Bank into 100,000,000 class A preferred shares.

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

Preferred shares Class A and B 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 semester ended June 30, 2020, the Bank bought its own units, in the amount of R\$92,712, equivalent to 3,378,900 units. (December 31, 2019 - R\$37,240, equivalent to 730,500 units). On the semester ended June 30, 2020 there were R\$258.495, equivalent to 10,468,200 units cancelled. (December 31, 2019 the were no units cancelled). On June 30, 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, 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

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 6404/76.

On December 27, 2019, the Bank has accrued R\$541,000, relating to interest on equity, equivalent to R\$0.21 per share, which generated R\$216,400 of tax benefit. These amounts were approved in the Special Shareholders' Meeting held on December 27, 2019 and the payment occurred on February 17, 2020.

On August 5, 2019, the Bank has accrued R\$624,000, relating to interest on equity, equivalent to R\$0.24 per share, which generated R\$249,600 of tax benefit. These amounts were approved in the Special Shareholders' Meeting held on August 5, 2019 and the payment occurred on August 15, 2019.

g. Reconciliation of net income and shareholders equity

	Shareholders' equity		Net income			
	30/06/2020	31/12/2019	Quarter ended:		Semester ended:	
			30/06/2020	30/06/2019	30/06/2020	30/06/2019
Banco BTG Pactual S.A.	25,573,163	21,332,170	1,271,863	1,052,482	364,074	1,671,327
Refers to the reconciliation of shareholders' equity and income (loss) in the individual and consolidated financial statements of Banco Pan S.A.(i)	54,465	54,465	-	-	-	-
Others (ii)	-	-	(294,504)	(80,859)	1,381,208	(24,731)
Banco BTG Pactual S.A. Consolidated	25,627,628	21,386,635	977,359	971,623	1,745,282	1,646,596

(i) The consolidated information reported by Banco Pan S.A. includes its direct and indirect subsidiaries and special purpose entities, represented by credit rights investment funds (FIDCs). During consolidation of FIDCs, unrealized profit from transferred loan transactions from Banco Pan to FIDCs are eliminated, thus resulting in a difference between individual and consolidated shareholders' equity. This difference is reflected in the individual and consolidated shareholders' equity of Banco BTG Pactual S.A. due to the recognition of the investment in Pan through the equity pick up method of accounting.

(ii) The difference in net income and Stockholders' Equity between Bank financials statements and consolidated financial statements results from the record 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:		Semester ended:	
	30/06/2020	30/06/2019	30/06/2020	30/06/2019
Management and performance fee from investment funds and portfolios	237,672	286,494	499,388	500,092
Professional services	194,846	204,013	388,936	423,191
Brokerage	123,114	74,576	263,569	145,437
Guarantees	85,324	66,399	224,041	128,581
Commission over securities placement	166,570	80,054	294,291	146,855
Other services	3,349	1,940	6,180	3,171
Total	810,875	713,476	1,676,405	1,347,327

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21. Other operating income

	Quarter ended:		Semester ended:	
	30/06/2020	30/06/2019	30/06/2020	30/06/2019
Adjustment of amounts receivable for acquisition of investments	15,315	35,147	91,156	46,142
Foreign exchange rate gains	6,448	10,331	73,013	58,222
Reversal of provision - contingencies	259,035	-	368,614	9,198
Monetary correction over judicial deposits	6,035	16,232	19,914	31,739
Recovery of charges and expenses	8,251	295	8,609	2,028
Other operating income	10,121	5,084	30,169	16,364
Total	<u>305,205</u>	<u>67,089</u>	<u>591,475</u>	<u>163,693</u>

22. Other operating expenses

	Quarter ended:		Semester ended:	
	30/06/2020	30/06/2019	30/06/2020	30/06/2019
Foreign exchange expenses	217,779	45,684	221,351	85,386
Adjustment of amounts payable for acquisition of investments	116,207	24,613	147,042	55,434
Goodwill amortization	4,288	4,213	8,725	7,909
Other	26,591	4,945	35,535	13,533
Total	<u>364,865</u>	<u>79,455</u>	<u>412,653</u>	<u>162,262</u>

23. Other administrative expenses

	Quarter ended:		Semester ended:	
	30/06/2020	30/06/2019	30/06/2020	30/06/2019
Outsourced services and consulting	80,213	90,932	227,726	185,901
Telecommunications and data processing	125,157	73,754	221,823	150,658
Leases and condominiums	28,589	25,031	55,396	47,727
Expenses of the financial system	184,888	50,420	267,960	95,630
Advertising and public relations	16,843	27,830	45,960	45,717
Depreciation and amortization	14,848	15,490	28,887	29,276
Travel and lodging	3,633	13,826	15,669	23,967
Other	13,302	5,280	20,928	10,293
Total	<u>467,473</u>	<u>302,563</u>	<u>884,349</u>	<u>589,169</u>

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24. Related parties

Institutions comprising the BTG Pactual Group invest their cash and cash equivalents mainly in funding products offered by the Bank. Related-party balances, which are all carried at arm's length, are reflected in the following accounts:

	Parent company (i)		Subsidiaries and joint controlled entities		Total	
	30/06/2020	31/12/2019	30/06/2020	31/12/2019	30/06/2020	31/12/2019
Assets						
Interbank investments deposits	-	-	503,158	479,451	503,158	479,451
Derivative financial instruments	-	-	64,323	18,623	64,323	18,623
Loans and Receivables	4,091,784	3,319,030	-	-	4,091,784	3,319,030
Liabilities						
Time deposits	(126,646)	(94,605)	-	-	(126,646)	(94,605)
Derivative financial instruments	-	-	(4,044)	(185,694)	(4,044)	(185,694)
Open market funding	-	-	(879,999)	(710,000)	(879,999)	(710,000)
Funds from securities issued and accepted	(3,523,683)	(2,468,477)	-	-	(3,523,683)	(2,468,477)
Sundry	-	-	(80,527)	(18,623)	(80,527)	(18,623)
	Parent company		Subsidiaries and joint controlled entities		Total	
	30/06/2020	30/06/2019	30/06/2020	30/06/2019	30/06/2020	30/06/2019
Statements of income						
Financial income	-	-	12,390	10,465	12,390	10,465
Financial expenses	(2,712)	(5,183)	(410,935)	(3,205)	(413,647)	(8,388)
Other operating income / (expenses)	(23,269)	19,059	5,377	-	(17,892)	19,059

(i) Includes natural person.

Total compensation paid to key management personnel totaling this period R\$8,073 (June 30, 2019 – R\$7,230) which is considered short term benefit.

25. Earnings per share

	Quarter ended:		Semester ended:	
	30/06/2020	30/06/2019	30/06/2020	30/06/2019
Net income for the quarter / semester	977,359	971,623	1,745,282	1,646,596
Weighted average per thousand of common shares outstanding in the quarter / semester	1,721,822	1,731,277	1,726,549	1,731,277
Weighted average per thousand of common shares held in treasury	10,468	6,359	8,957	6,359
Net income for the quarter / semester per common share - basic	0.57	0.56	1.01	0.95
Net income for the quarter / semester per common share - diluted	0.57	0.56	1.02	0.95
Weighted average per thousand of class A preferred shares outstanding in the quarter / semester	537,693	456,603	547,148	456,603
Weighted average per thousand of class A preferred shares held in treasury	20,936	12,718	17,913	12,718
Net income for the quarter / semester per class A preferred shares - basic	1.82	2.13	3.19	3.61
Net income for the quarter / semester per class A preferred shares - diluted	1.89	2.19	3.3	3.71
Weighted average per thousand of class B preferred shares outstanding in the quarter / semester	350,455	449,356	349,906	449,356
Net income for the quarter / semester per class B preferred shares - basic and diluted	2.79	2.16	4.99	3.66
Weighted average per thousand of shares outstanding in the quarter / semester	2,609,970	2,637,237	2,623,603	2,637,237
Weighted average per thousand of shares held in treasury	31,405	19,076	26,870	19,076
Net income for the quarter / semester per share - basic	0.37	0.37	0.67	0.62
Net income for the quarter / semester per share - diluted	0.38	0.37	0.67	0.63

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26. Other information

Commitments and responsibilities

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

	<u>30/06/2020</u>	<u>31/12/2019</u>
Co-obligation and risks for guarantees granted	52,932,278	37,263,529
Responsibility for the management of futures and investment portfolio (i)	286,866,439	288,127,182
Securities	74,394,641	58,843,624
Securities under custody	1,243,549,474	1,165,779,556
Securities trading and brokerage	1,585,911,558	5,138,223,360
Loans contract to release	1,271,542	1,786,924
Commitments to be released	12,500	11,000

(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” register amounts related to loans contracted with clients to release.

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

27. Subsequent events

On July 27, 2020, the Bank held ownership, subject to applicable regulatory approval, of 49% on CredPago Serviços de Cobrança S.A.. The purchase occurs in the normal course of business, integrating the current strategy in the insurance and digital retail business, as disclosed.