

Standalone financial statements

Banco BTG Pactual S.A.

December 31, 2020

with independent auditors' report.

BANCO BTG PACTUAL S.A.

Standalone financial statements

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A free translation from Portuguese into English of Independent Auditor's Report on individual 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.

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

To the
Shareholders and Management of
Banco BTG Pactual S.A.

Opinion

We have audited the financial statements of Banco BTG Pactual S.A. (Bank) which comprise the statement of financial position as of December 31, 2020, and the related statements of profit or loss, of comprehensive income, of changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Banco BTG Pactual S.A. as of December 31, 2020 and its financial performance and cash flows for the year then ended in accordance with the accounting practices adopted in Brazil applicable to institutions authorized to operate by the Central Bank of Brazil, including the Resolution nº 4.818/20 of the National Monetary Council (CMN) and the Resolution nº 2/20 of the Central Bank of Brazil (BACEN).

Basis for opinion

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

Emphasis of matters

Equity pickup in foreign subsidiary

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



Tax credits recorded in jointly-controlled subsidiary

As mentioned in Note 13 to the financial statements, at December 31, 2020, jointly-controlled subsidiary Banco PAN S.A. records income and social contribution tax credits totaling R\$ 3.5 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.

Restatement of corresponding figures

We draw attention to Note 3 to the financial statements, which describes that, due to correction of an error related to the realization of foreign exchange difference on investments abroad and the result of interests in subsidiaries, the amounts corresponding to December 31 2019, presented for comparison purposes, have been adjusted and are restated as provided in NBC TG 23, or CPC 23 (Accounting Practices, Changes in Estimates and Correction of Errors). Our conclusion is not qualified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on accompanying financial statements.

Fair value measurement of complex and illiquid financial instruments and derivatives

The Bank has complex and illiquid financial instruments in its investment portfolio, which are priced and recorded at fair value. The fair value measurement of these instruments requires that management use pricing models and subjective assumptions, such as expected cash flow, risk free rate, credit risk spread, among other inputs. Due to the nature of these instruments and the complexity and subjectivity involved in the valuation methodologies, we considered the measurement of these complex and illiquid financial instruments a key audit matter.



How our audit addressed the matter

Our audit procedures included, among others, the involvement of specialists in illiquid financial instruments pricing to assist us in the evaluation of the pricing methodologies and the assumptions considered by management in measuring the fair value of these instruments. In addition, we evaluated the adequacy of the disclosures in Notes 8 and 9 to the Bank's financial statements.

Based on the evidence obtained from the procedures performed on these complex and illiquid financial instruments and derivatives, which were consistent with management evaluation, we considered that the criteria and assumptions adopted by management on the fair value measurement of these complex and illiquid financial instruments and derivatives were adequate in the context of the financial statements taken as a whole.

Allowance for expected losses associated with credit risk

The Bank has a corporate credit portfolio, for which management uses its judgment in determining the allowance for expected losses associated with credit risk in accordance with the CMN Resolution no. 2682/1999. We considered this a key audit matter due to the subjectivity involved in determining the recoverable amount of these receivables and, as such, allowance for loan losses, per borrower or economic group, which involves, among other factors, financial and economic analysis of the counterparties, assessment of underlying guarantees, and credit renegotiations.

How our audit addressed the matter

Our audit procedures included, among others, the understanding of the process established by management, and tests of details related to: (i) the totality and integrity of the database; (ii) determination of levels of provision per borrower and subsequently the rating, through models and assumptions adopted by management, based on data and market assumptions, when available; (iii) measurement of guarantees; and (iv) monitoring of renegotiated transactions. In addition, we evaluated the adequacy of Bank disclosures in Note 10 to the financial statements.

Based on the evidence obtained from the procedures performed on allowance for expected losses associated with credit risk, which is consistent with management evaluation, we considered that the criteria and assumptions used by management for measurement and accounting are adequate in the context of the financial statements taken as a whole.



Related-party transactions

The Bank is part of an organizational structure that contains several legal entities, in Brazil and abroad. The Bank carries out transactions with these related parties in the course of its operations. Due to the number of related parties, the volume and inherent risk associated with these transactions, we considered these transactions a key audit matter.

How our audit addressed the matter

Our audit procedures included, among others, obtaining an understanding of the Bank's policies and procedures for identifying and mapping transactions with related parties, as well as obtaining formal representation by management with respect to the identification of all parties related with the Bank. We tested, on a sample basis, the transactions with related parties and the eliminations of these transactions' effects, when applicable, in the Bank's financial statements. In addition, we evaluated adequacy of the Bank's disclosures in Note 26 to the financial statements.

Based on the evidence obtained from the procedures performed on related-party transactions, which were consistent with management evaluation, we considered that management policies and criteria in identifying and recognizing these transactions were adequate in the context of the financial statements taken as a whole.

Information technology (IT) environment

Because of their volume and complexity, the operations of the Bank are highly dependent on the proper functioning of IT structures and systems. As such, we considered the IT environment a key audit matters.

How our audit addressed the matter

Our audit procedures included, among others, the involvement of IT experts in conducting tests of information technology general controls for change management processes and access to the systems that we deemed relevant to the preparation of the financial statements.

Our tests over design and operation of the information technology general controls considered relevant to the audit provided support to the planned nature, timing and extent of our substantive audit procedures.



Other matters

Presentation of consolidated financial statements

The Bank prepared a full set of consolidated financial statements for the year then ended December 31, 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 February 09, 2021. Our conclusion is not qualified in respect of this matter.

Statement of value added

The statement of value added (SVA) for the year then ended at December 31, 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, was subject to the same audit procedures performed in conjunction with the audit of the financial statements of the Bank. For the purposes of forming our opinion, we evaluated whether this statement was reconciled with the financial statements and accounting records, as applicable, and whether their layout and content were in accordance with the criteria set forth in Accounting Pronouncement CPC 09 - Statements of Value Added. In our opinion, this statement of value added was prepared fairly, in all material respects, in accordance with the criteria set forth in Accounting Pronouncement CPC 09 and consistently with the financial statements taken as a whole.

Other information accompanying the financial statements and the auditor's report

Management is responsible for such other information, which comprise the Management Report.

Our opinion on the financial statements does not cover the Management Report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management Report and, in doing so, consider whether this report is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of the Management Report, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the financial statements

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



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

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

Auditor's responsibilities for the audit of the financial statements

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

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

- Identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- Evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Concluded on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluated the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



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

We also provided those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and that we communicated to them all relationships and other matters that may be thought to bear on our independence and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determined those matters that were of most significant in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless the law or regulation precludes public disclosure about the matter or when in extremely rare circumstances we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

São Paulo, February 09, 2021.

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


Renata Zanotta Calçada
Partner

A free translation from Portuguese into English of standalone financial statements prepared in accordance with accounting practices adopted in Brazil applicable to institutions authorized to operate by the Central Bank of Brazil and in Reais

BANCO BTG PACTUAL S.A.

Balance sheets

As at December 31

(In thousands of reais)

	Note	2020	2019 (Restated)
Assets			
Current assets		179,516,384	132,373,813
Cash at banks	6	933,799	640,049
Financial instruments		151,665,953	89,455,758
Interbank investments	7	50,210,427	30,038,863
Securities	8	71,292,526	44,326,583
Derivative financial instruments	9	5,404,639	4,124,449
Interbank transactions		5,033,708	1,004,946
Loans	10	20,167,006	10,113,431
Allowance for expected losses associated with credit risk	10	(442,353)	(152,514)
Other receivables		26,256,807	42,144,118
Credits by honored endorsements and sureties		224,678	252,285
Foreign exchange portfolio	11	18,985,456	37,791,139
Income receivable	12	1,683,791	783,755
Securities trading and brokerage	11	3,706,151	2,870,372
Sundry	12	1,833,668	638,980
Allowance for impairment of assets		(176,937)	(192,413)
Other assets		659,825	133,888
Other assets		541,860	94,195
Prepaid expenses		126,914	101,384
Provision for losses on other assets		(8,949)	(61,691)
Non-current assets		54,877,801	29,359,970
Financial instruments		41,135,813	23,296,762
Interbank investments	7	2,163,992	658,125
Securities	8	3,791,810	811,379
Derivative financial instruments	9	13,761,647	8,100,922
Interbank transactions		131,742	131,470
Loans	10	22,496,827	14,518,415
Allowance for expected losses associated with credit risk	10	(1,210,205)	(923,549)
Other receivables		13,484,348	6,049,877
Foreign exchange portfolio	11	6,029	86,484
Income receivable	12	9,515	9,583
Deferred tax assets	18	6,514,305	4,522,348
Sundry	12	6,956,672	1,431,462
Allowance for impairment of assets		(2,173)	-
Other assets		257,640	13,331
Prepaid expenses		257,640	13,331
Permanent assets		18,872,613	14,344,574
Investments		18,681,482	14,235,984
Investments in subsidiaries, associates and jointly controlled entities - in Brazil	13	17,925,385	12,439,202
Investments in subsidiaries, associates and jointly controlled entities - abroad	13	754,732	1,795,417
Other investments		4,232	4,232
Allowance for losses in investments		(2,867)	(2,867)
Property and equipment in use		86,749	41,571
Property in use		2,975	-
Other property and equipment in use		274,032	156,800
Accumulated depreciation		(190,258)	(115,229)
Intangible assets	14	104,382	67,019
Other intangible assets		222,295	230,286
Accumulated amortization		(117,913)	(163,267)
Total assets		253,266,798	176,078,357

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

BANCO BTG PACTUAL S.A.

Balance sheets

As at December 31

(In thousands of reais)

	Note	2020	2019 (Restated)
Liabilities			
Current liabilities		<u>170,078,482</u>	<u>113,518,693</u>
Deposits and other financial instruments		<u>146,355,273</u>	<u>72,579,984</u>
Deposits	15	54,496,144	22,229,660
Open market funding	15	60,665,011	36,676,030
Funds from securities issued and accepted	15	23,300,233	5,323,907
Loans and borrowings	15	2,371,740	1,014,539
Derivative financial instruments	9	4,759,118	5,901,619
Subordinated debt	15	763,027	1,434,229
Interbank transactions		<u>69,110</u>	<u>155</u>
Unsettled receipts and payments		69,110	155
Interdependencies transactions		<u>364,016</u>	<u>40,349</u>
Unsettled third party assets		364,016	40,349
Other liabilities		<u>23,290,083</u>	<u>40,898,205</u>
Collection and payments of tax and similar charges		2,164	20,573
Foreign exchange portfolio	11	18,707,516	37,457,455
Social and statutory	16	1,719,211	1,053,000
Tax and social security	16	264,196	135,636
Securities trading and brokerage	11	1,328,518	2,133,681
Sundry	16	1,268,478	97,860
Non-current liabilities		<u>56,244,218</u>	<u>41,055,898</u>
Deposits and other financial instruments		<u>54,494,926</u>	<u>39,522,285</u>
Deposits	15	2,137,416	2,281,986
Open market funding	15	1,917,977	567,013
Funds from securities issued and accepted	15	17,127,453	16,510,769
Loans and onlending	15	3,857,597	2,875,518
Derivative financial instruments	9	23,239,687	11,574,053
Subordinated debt	15	2,188,893	2,372,191
Debt instrument eligible to equity	15	4,025,903	3,340,755
Provisions	17	<u>1,268,752</u>	<u>1,221,143</u>
Provision for contingent liabilities		1,110,654	1,103,865
Allowance for guarantees		158,098	117,278
Other liabilities		<u>480,540</u>	<u>312,470</u>
Foreign exchange portfolio	11	85,968	87,121
Deferred liabilities	18	1,509	4,048
Sundry	16	393,063	221,301
Deferred income		263,443	137,605
Shareholders' equity	19	<u>26,680,655</u>	<u>21,366,161</u>
Capital stock		10,013,243	7,392,092
Capital Reserve		652,515	652,515
Other comprehensive income		1,665,033	1,063,103
Income reserves		14,349,864	12,424,235
Treasury shares		-	(165,784)
Total liabilities and shareholders' equity		<u><u>253,266,798</u></u>	<u><u>176,078,357</u></u>

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

BANCO BTG PACTUAL S.A.

Statements of income

Year and semester ended December 31

(In thousands of reais, except for earnings per share)

	Note	2020		2019 (Restated)
		2nd semester	Year	Year
Financial income		5,697,262	13,196,315	11,127,402
Loans		1,571,627	2,491,758	1,480,378
Securities		4,092,953	10,656,340	9,165,386
Derivative financial instruments		-	-	402,904
Mandatory investments		32,682	48,217	78,734
Financial expenses		(3,177,120)	(14,167,448)	(7,711,561)
Funding operations		(2,906,405)	(5,011,787)	(6,006,409)
Derivative financial instruments		(1,012,444)	(2,731,366)	-
Foreign exchange		472,117	(3,754,548)	(48,862)
Borrowings		366,608	(2,458,973)	(1,308,223)
Allowance for loan losses and other receivables	10	(96,996)	(210,774)	(348,067)
Net financial income		2,520,142	(971,133)	3,415,841
Other operating income / (expenses)		593,018	2,030,145	1,423,256
Income from services rendered	20	1,357,985	2,206,604	1,429,449
Personnel expenses		(227,897)	(427,283)	(301,692)
Other administrative expenses	23	(683,698)	(1,115,390)	(750,207)
Tax charges	24	(128,713)	(40,808)	(343,016)
Equity pick up in subsidiaries, associates and jointly controlled entities	13	360,194	1,574,626	1,460,055
Other operating income	21	341,172	359,039	67,194
Other operating expenses	22	(426,025)	(526,643)	(138,527)
Provision expenses		9,638	(39,991)	59
Allowance for contingent liabilities		9,912	(6,789)	(47,447)
Guarantees		(274)	(33,202)	47,506
Operating income		3,122,798	1,019,021	4,839,156
Non-operating income	25	879,315	1,369,099	235,813
Income / (loss) before taxation and profit sharing		4,002,113	2,388,120	5,074,969
Income tax and social contribution	18	(784,404)	1,512,132	(507,129)
Provision for income tax		(48,613)	(48,613)	(41,471)
Provision for social contribution		(95,180)	(95,180)	(30,889)
Deferred income tax and social contribution		(640,611)	1,655,925	(434,769)
Statutory profit sharing		(301,658)	(620,127)	(640,223)
Net income for the semester / year		2,916,051	3,280,125	3,927,617
Net income per share - basic	27	1.09	1.23	1.49
Net income per share - diluted	27	1.09	1.23	1.50

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

BANCO BTG PACTUAL S.A.

Statements of comprehensive income

Year and semester ended December 31

(In thousands of reais)

	2020		2019
	2nd semester	Year	Year
Net income for the semester / year	2,916,051	3,280,125	3,927,617
Changes in fair value of assets available for sale	(70,379)	(189,165)	13,723
Deferred IR/CSLL on fair value of assets available for sale	35,461	90,029	(11,356)
Changes in fair value of associates and jointly controlled	(157,906)	(41,886)	(60,445)
Exchange variation of investments	(569,148)	742,952	(155,692)
Total comprehensive income	2,154,079	3,882,055	3,713,847

Items presented on statements of comprehensive income can subsequently be reclassified to statements of income.

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

BANCO BTG PACTUAL S.A.

Statements of changes in shareholders' equity

Year and semester ended December 31

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

	Note	Income reserves						Other comprehensive income	Treasury shares	Retained earnings	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	2,672,781	5,457,160	9,375,393	1,499,011	(128,544)	-	18,790,467
Restatements adjustments		-	-	-	-	222,138	54,463	276,601	(222,138)	-	-	54,463
Balances as at January 1, 2019		7,392,092	652,515	-	1,245,452	2,894,919	5,511,623	9,651,994	1,276,873	(128,544)	-	18,844,930
Own shares acquired		-	-	-	-	-	-	-	-	(37,240)	-	(37,240)
Changes in fair value of associates and jointly controlled		-	-	-	-	-	-	-	(60,445)	-	-	(60,445)
Changes in fair value of assets available for sale		-	-	-	-	-	-	-	2,367	-	-	2,367
Exchange variation of investments		-	-	-	-	-	-	-	(155,692)	-	-	(155,692)
Intermediate interest on equity (R\$0.24 per share)	19	-	-	-	-	-	-	-	-	-	(624,000)	(624,000)
Adjustments by previous years		-	-	-	-	-	9,624	9,624	-	-	-	9,624
Net income for the year		-	-	-	-	-	-	-	-	-	3,927,617	3,927,617
Net income allocation		-	-	-	-	-	-	-	-	-	-	-
Income reserve		-	-	-	187,604	(516,760)	3,091,773	2,762,617	-	-	(2,762,617)	-
Interest on equity (R\$0.21 per share)	19	-	-	-	-	-	-	-	-	-	(541,000)	(541,000)
Balances as at December 31, 2019 (Restated)		<u>7,392,092</u>	<u>652,515</u>	<u>-</u>	<u>1,433,056</u>	<u>2,378,159</u>	<u>8,613,020</u>	<u>12,424,235</u>	<u>1,063,103</u>	<u>(165,784)</u>	<u>-</u>	<u>21,366,161</u>
Capital increase	19	2,650,500	-	-	-	-	-	-	-	-	-	2,650,500
Offering costs		(29,349)	-	-	-	-	-	-	-	-	-	(29,349)
Own shares acquired	19	-	-	-	-	-	-	-	-	(92,712)	-	(92,712)
Cancellation of treasury shares	19	-	-	-	-	-	(258,496)	(258,496)	-	258,496	-	-
Changes in fair value of assets available for sale		-	-	-	-	-	-	-	(99,136)	-	-	(99,136)
Changes in fair value of associates and jointly controlled		-	-	-	-	-	-	-	(41,886)	-	-	(41,886)
Exchange variation of investments		-	-	-	-	-	-	-	742,952	-	-	742,952
Net income for the year		-	-	-	-	-	-	-	-	-	3,280,125	3,280,125
Net income allocation		-	-	-	-	-	-	-	-	-	-	-
Income reserve		-	-	-	164,006	-	2,020,119	2,184,125	-	-	(2,184,125)	-
Interest on equity (R\$0.42 per share)	19	-	-	-	-	-	-	-	-	-	(1,096,000)	(1,096,000)
Balances as at December 31, 2020		<u>10,013,243</u>	<u>652,515</u>	<u>-</u>	<u>1,597,062</u>	<u>2,378,159</u>	<u>10,374,643</u>	<u>14,349,864</u>	<u>1,665,033</u>	<u>-</u>	<u>-</u>	<u>26,680,655</u>
Balances as at June 30, 2019		10,013,243	652,515	533,000	1,451,261	2,378,159	7,821,524	12,183,944	2,427,015	-	345,869	25,622,586
Changes in fair value of assets available for sale		-	-	-	-	-	-	-	(34,918)	-	-	(34,918)
Changes in fair value of assets available for sale - jointly controlled		-	-	-	-	-	-	-	(157,906)	-	-	(157,906)
Exchange variation of investments		-	-	-	-	-	-	-	(569,158)	-	-	(569,158)
Net income for the semester		-	-	-	-	-	-	-	-	-	2,916,051	2,916,051
Intermediate interest on equity		-	-	(533,000)	-	-	533,000	-	-	-	-	-
Net income allocation		-	-	-	-	-	-	-	-	-	-	-
Legal reserve		-	-	-	145,801	-	2,020,119	2,165,920	-	-	(2,165,920)	-
Interest on equity (R\$0.42 per share)	19	-	-	-	-	-	-	-	-	-	(1,096,000)	(1,096,000)
Balances as at December 31, 2020		<u>10,013,243</u>	<u>652,515</u>	<u>-</u>	<u>1,597,062</u>	<u>2,378,159</u>	<u>10,374,643</u>	<u>14,349,864</u>	<u>1,665,033</u>	<u>-</u>	<u>-</u>	<u>26,680,655</u>

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

BANCO BTG PACTUAL S.A.

Statements of cash flows

Year and semester ended December 31

(In thousands of reais)

	Note	2020		2019
		2nd semester	Year	Year
Operating activities				
Net income for the semester / year		2,916,051	3,280,125	3,927,617
Adjustments to net income				
Equity pick up in subsidiaries, associates and jointly controlled entities	13	(360,194)	(1,598,472)	(1,504,249)
Interest expense with subordinated debt and debt instrument eligible to equity		800,739	1,366,379	1,372,634
Allowance for loan losses and other receivables	10	96,996	210,774	348,067
Guarantees		(7,475)	33,202	(47,506)
Allowance for contingent liabilities	17	(9,912)	6,789	47,447
	22	(7,625)	(11,905)	(41,653)
Permanent assets exchange variation	14	83	(552)	(110)
Goodwill amortization	13	-	23,846	44,194
Deferred income tax and social contribution	18	640,611	(1,655,925)	434,769
Depreciation and amortization	23	11,737	23,230	30,471
Adjusted net income for the semester / year		4,081,011	1,677,491	4,611,681
Operational activities				
Short-term interbank investments		880,195	(881,905)	11,520,225
Securities and derivative financial instruments		(37,176,887)	(30,956,989)	(19,395,664)
Loans		(8,589,238)	(17,702,317)	(6,892,488)
Other receivables and other assets		18,280,102	11,086,018	(17,633,811)
Interbank transactions		(2,831,306)	(3,960,079)	469,133
Interdependencies transactions		3,925	323,667	(34,577)
Other liabilities		(24,899,515)	(18,016,784)	15,918,186
Deferred income		(6,521)	125,838	30,824
Deposits		19,606,648	32,121,914	83,344
Open market funding		10,441,552	25,339,945	24,347
Loans and borrowings		2,286,175	2,339,280	(1,044,359)
Cash provided by / (used in) operating activities		(17,923,859)	1,496,079	(12,343,159)
Investing activities				
(Acquisition) / sale of investments and capital increase	13	(349,755)	(453,417)	1,018,594
(Acquisition) / of property and equipment in use		(20,576)	(59,209)	(17,237)
(Acquisition) / sale of intangible assets	14	27,015	(46,009)	(3,661)
Dividends and interest on equity received	13	940,766	1,077,766	1,257,193
Cash provided by investing activities		597,450	519,131	2,254,889
Financing activities				
Acquisition of treasury shares	19	-	(92,712)	(37,240)
Funds from securities issued and accepted		6,661,597	18,593,010	8,264,038
Subordinated debt and debt instrument eligible to equity		(1,804,580)	(1,535,731)	(3,116,466)
Interest on equity	19	-	(541,000)	(624,000)
Capital increase	2	-	2,650,500	-
Cash provided by financing activities		4,857,017	19,074,067	4,486,332
(Decrease) / Increase in cash and cash equivalents	28	(12,469,392)	21,089,277	(5,601,938)
Balance of cash and cash equivalents				
At the beginning of the semester / year		53,962,818	20,404,149	26,006,088
At the end of the semester / year		41,493,426	41,493,426	20,404,150
(Decrease) / Increase in cash and cash equivalents		(12,469,392)	21,089,277	(5,601,938)
Noncash transactions				
Changes in fair value of assets available for sale		(1,130,918)	(965,989)	(538,633)
		(34,918)	(99,136)	2,367
Interest on equity	19	(1,096,000)	(1,096,000)	(541,000)
Cancellation of treasury shares	19	-	258,496	-
Offering costs		-	(29,349)	-

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

BANCO BTG PACTUAL S.A.

Statements of value added

Year and semester ended December 31

(In thousands of reais)

	Note	2020		2019
		2nd semester	Year	Year
Income		7,859,350	16,564,424	12,725,513
Financial income		5,697,262	13,196,315	11,127,402
Services rendered	20	1,357,985	2,206,604	1,429,449
Other		804,103	1,161,505	168,662
Expenses		(3,177,120)	(14,167,448)	(7,711,561)
Financial brokerage		(3,080,124)	(13,956,674)	(7,363,494)
Allowance for loan losses and other receivables	10	(96,996)	(210,774)	(348,067)
Inputs acquired from third parties		(644,858)	(1,040,716)	(676,563)
Materials, energy and other		(18,739)	(27,299)	(7,462)
Outsourced services		(626,119)	(1,013,417)	(669,101)
Gross value added		4,037,372	1,356,260	4,337,389
Depreciation and amortization	23	(11,737)	(23,230)	(30,471)
Net value added produced by the entity		4,025,635	1,333,030	4,306,918
Value added received through transfer		360,194	1,574,626	1,460,055
Equity pick up in subsidiaries, associates and jointly controlled entities	13	360,194	1,574,626	1,460,055
Value added to be distributed		4,385,829	2,907,656	5,766,973
Distribution of value added		4,385,829	2,907,656	5,766,973
Personnel		529,553	1,047,409	941,915
Direct compensation		446,125	894,612	838,197
Benefits		74,419	134,152	90,847
FGTS – government severance pay fund		9,009	18,645	12,871
Taxes, fees and contributions		913,115	(1,471,326)	854,269
Federal		844,239	(1,578,791)	786,044
Municipal		68,876	107,465	68,225
Remuneration of third party capital		27,110	51,448	43,172
Rent		27,110	51,448	43,172
Remuneration of shareholders		2,916,051	3,280,125	3,927,617
Retained earnings		1,820,051	2,184,125	2,762,617
Interest on equity		1,096,000	1,096,000	1,165,000

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

BANCO BTG PACTUAL S.A.

Notes to the standalone financial statements
December 31, 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 is controlled by BTG Pactual Holding Financeira Ltda. (“Holding Financeira”), which is controlled by BTG Pactual Holding S.A. (“Holding”), which is controlled by BTG Pactual G7 Holding S.A. (“G7”).

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 period, 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;

BANCO BTG PACTUAL S.A.

Notes to the standalone financial statements

December 31, 2020

(In thousands of reais, except otherwise indicated)

- Our technology teams have delivered the connectivity and cybersecurity necessary for us to operate in this new work environment, with all our teams working stably, continuously, and without any operational incidents - and with a very high level of engagement all around the Firm;
- In the first weeks of the crisis, our client and operations teams cleared unprecedented volumes of transactions in secondary markets – 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's 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 restructuring and acquisitions

- **Corporate reorganizations**

Primary Public offering

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.

Novaportfolio Participações S.A.

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.

Admission of Mr. André Santos Esteves

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.

BANCO BTG PACTUAL S.A.

Notes to the standalone financial statements
December 31, 2020
(In thousands of reais, except otherwise indicated)

Global Medium Term Notes Issuance

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.

Equity Linked Note Issuance

On September 30, 2019, the Bank issued, through its Cayman Islands branch, an Equity Linked Note to BTG Pactual Holding S.A., 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 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.

Secondary public offering

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, 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.

Banco Pan S.A.

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 December 31, 2020, the Bank has 44,85% of interest in Banco Pan, due to primary and secondary public offering of shares and acquisitions in free float.

BANCO BTG PACTUAL S.A.

Notes to the standalone financial statements
December 31, 2020
(In thousands of reais, except otherwise indicated)

- **Acquisitions and disposals**

Necton Investimentos S.A.

As at October 26, 2020, definitive documents were signed regarding the acquisition of 100% of the share capital of Necton Investimentos S.A. Corretora de Valores Mobiliarios e Commodities, for the amount of R\$348 million. This acquisition is part of BTG Pactual's expansion strategy in the investment retail segment. The conclusion and closing of the transaction are subject to verification of certain precedent conditions, including obtaining all necessary regulatory approvals, including from Bacen.

EQI Investimentos

On July 15, 2020, EQI Investimentos ("EQI") accepted the Bank's proposition to become its subsidiary as an autonomous agent. The proposal foreshes the Bank's support on the EQI project of acting, after obtaining the applicable regulatory approvals, as a securities broker.

CredPago Serviços de Cobrança S.A.

During the period ended September 30, 2020, the Group, through fund Seedling FIP, held on to 49% of CredPago Serviços de Cobrança S.A., subject to obtaining the applicable regulatory approval, acquired in two tranches: (i) acquisition of 20% on January 31, 2020, in the amount of R\$42 million, and (ii) acquisition of an additional portion of 29% on July 27, 2020, in the amount of R\$116 million. This enterprise happened in the normal course of business, complementing the current strategy in the insurance and digital retail business, as disclosed to the market.

Neoport Participações S.A.

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. ("Neoport"), 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 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.

BTG Pactual Chile S.A. Compañía de Seguros de Vida

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. Compañía de Seguros de Vida in the amount of UF1,8 million. On January 17, 2020, the sale of BTG Pactual Chile SpA was approved.

BANCO BTG PACTUAL S.A.

Notes to the standalone financial statements
December 31, 2020
(In thousands of reais, except otherwise indicated)

Ourinvest Distribuidora de Títulos de Valores Mobiliários S.A.

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

3. Presentation of the standalone financial statements

The Bank's standalone 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 preparation of the standalone 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.

Bacen resolution 2/2020 consolidated general criteria and procedures of the disclosure of individual financial statements, effective from January/2021, including: Statement of Comprehensive Income; Earnings per share and changes made to the presentation of balance sheets.

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

Functional currency

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

BANCO BTG PACTUAL S.A.

Notes to the standalone financial statements

December 31, 2020

(In thousands of reais, except otherwise indicated)

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) stockholders' 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.

Restatement

During the year ended December 31, 2020, the Bank made adjustments on its comparative financial, due to the rectifying of numbers regarding exchange variation of foreign investments and Investments in subsidiaries. Such adjustments were applied retrospectively, reflecting upon the numbers on the Balance Sheet and the Statement of changes in shareholders' equity, as shown below:

	<u>01/01/2019</u>	<u>Adjustments</u>	<u>01/01/2019</u>
	Original	Adjustments	Restated
Shareholders' equity	18,790,467	54,463	18,844,930
Capital stock	7,392,092	-	7,392,092
Capital reserve	652,515	-	652,515
Other comprehensive income	1,499,011	(222,138)	1,276,873
Income reserves	9,375,393	276,601	9,651,994
Trasury shares	(128,544)	-	(128,544)
Total liabilities and shareholders' equity	160,744,461	54,463	160,798,924
	<u>31/12/2019</u>	<u>Adjustments</u>	<u>31/12/2019</u>
	Original	Adjustments	Restated
Assets			
Loans	45,147,123	(9,161)	45,137,962
Deferred tax assets	4,518,227	4,121	4,522,348
Permanent assets	14,305,543	39,031	14,344,574
Investments	14,196,953	39,031	14,235,984
Investments in subsidiaries, associates and jointly controlled entities - in Brazil	12,400,171	39,031	12,439,202
Investments in subsidiaries, associates and jointly controlled entities - abroad	1,795,417	-	1,795,417
Others investments	4,232	-	4,232
Allowance for losses in investments	(2,867)	-	(2,867)
Property and equipment in use and Intangible assets	108,590	-	108,590
Total assets	176,044,366	33,991	176,078,357
Shareholders' equity	21,332,170	33,991	21,366,161
Capital stock	7,392,092	-	7,392,092
Capital reserve	652,515	-	652,515
Other comprehensive income	1,481,250	(418,147)	1,063,103
Income reserves	11,972,097	452,138	12,424,235
Trasury shares	(165,784)	-	(165,784)
Total liabilities and shareholders' equity	176,044,366	33,991	176,078,357
	<u>31/12/2019</u>	<u>Adjustments</u>	<u>31/12/2019</u>
	Original	Adjustments	Restated
Securities	9,174,547	(9,161)	9,165,386
Equity pick up in subsidiaries, associates and jointly controlled entities	1,475,487	(15,432)	1,460,055
Non-operating income	39,806	196,007	235,813
Deferred income tax and social contribution	(438,892)	4,123	(434,769)
Net income for the year	3,752,080	175,537	3,927,617

BANCO BTG PACTUAL S.A.

Notes to the standalone financial statements
December 31, 2020
(In thousands of reais, except otherwise indicated)

- Exchange variation adjustments of foreign investments' liquidation

The Bank identified adjustments as a result of the exchange variation on its foreign investments, previously listed as changes in fair value, which - due to its liquidation - were recycled and recognized in Income Reserves with an increase in the amount of R\$418,147, of which, R\$222,138 referring to the 2018 financial year.

- Equity pickup adjustments of subsidiaries

Deferred tax obligations were identified in subsidiaries, therefore resulting in a reduction of our investment and Income Reserves in the amount of R\$15,432. Was identified an increase in investment referring to unrealized profit from transferred loan transactions from Banco Pan to FIDC's, eliminated in the Banco Pan recognition, in the amount of R\$54,463.

4. Significant accounting practices

The significant accounting practices adopted by the Bank are the following:

a. Cash and cash equivalents

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

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

The transactions with clauses of adjustment for inflation/exchange rate adjustment and transactions with fixed interest rates are recorded at present value, net of transaction costs, calculated on an amortized basis, based on the effective rate of the transactions.

c. Securities

They are evaluated and classified according to the criteria established by Bacen Circular No. 3,068, of November 8, 2001, in 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 and accounted for 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.

BANCO BTG PACTUAL S.A.

Notes to the standalone financial statements
December 31, 2020
(In thousands of reais, except otherwise indicated)

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.

d. 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.

BANCO BTG PACTUAL S.A.

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December 31, 2020
(In thousands of reais, except otherwise indicated)

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.

e. Derivative financial instruments

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

The transactions using financial instruments performed on their own, or that does not comply with hedge criteria (mainly derivatives used to manage the global risk exposure), are accounted for at fair value, with gains and losses, realized or unrealized, recognized directly statements of income for the period.

Derivative financial instruments used to mitigate the risks arising from exposures to changes in the fair value of financial assets and financial liabilities and that are highly correlated 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 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 income (loss) for the period;
- Cash flow hedge: the instruments classified in this category are measured at fair value, and the effective portion of the appreciation or depreciation are recorded in a separate account under shareholders' equity, net of tax effects. The non-effective portion of the respective hedge is directly recorded in income (loss) for the period.

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- 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 stockholders' equity, and reclassified to income for the period in the event of the disposal of the foreign operation. The ineffective portion is recognized in the statements of income for the period.

f. 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. Therefore, at the time of financial settlement of these transactions, results may differ from the estimates. The daily adjustments of transactions performed in the futures market are recorded as effective income and expense when generated or incurred. The premium paid or received upon performance of transactions in the stock option market, other financial assets and commodities are recorded in the respective assets accounts for amounts paid or received, adjusted at market price against their results.

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

Assets and liabilities resulting from swap and currency forward transactions of non-deliverable forward agreements (NDF) are recognized in assets and liabilities at their carrying amount, adjusted at fair value, with a corresponding entry to statements of income.

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

g. Financial instruments – net presentation

Financial assets and liabilities are presented as net in the balance sheet if, and only if, there is a current and enforceable legal right to offset the amounts recorded and if there is an intention to 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.

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i. Loans and other receivables (transactions with loan 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 loan losses

Recognized based on an analysis of potential losses at an amount deemed as sufficient to cover probable losses, pursuant to CMN Resolution 2682/99, among which:

- Allowances are recorded for loans, based on the classification of the client’s risk, based on the periodic analysis of client quality and of activity industries and not only upon default.
- Considering exclusively the default, written off 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. Investments

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

l. Foreign currency translation

See note 3.

m. Goodwill or 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 jointly controlled entities, and in deferred income to subsidiaries.

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n. Property and equipment in use

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.

o. 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.

p. Crypto-currency

Corresponds to rights acquired and controlled by the entity as a result of past events, which have identifiable non-monetary assets without physical substance, and capable of generating future economic benefits. In reference to this topic are purchase and sale transactions for crypto-assets carried out by the Company during the year ended December 31, 2020. The Company measures crypto-assets through the determination of fair value.

On the date of preparation of these financial statements, the Bank has unrealized crypto-assets transactions on its balance sheet.

q. Impairment

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

Assets subject to impairment are deducted, when applicable, of the impairment losses that are calculated according to the bigger of value in use or fair value less costs to sell the assets. 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.

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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, legal, tax and social security obligations

Recognized according to the criteria described below:

i. Contingent assets

Contingent assets are not recognized in the standalone 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 standalone financial statements when, based on the opinion of the legal counsel and management, the risk of loss in an 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 standalone financial statements, while those classified as remote losses do not require the recording of provisions nor disclosure.

iii. Legal obligation – tax and social security

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

t. Earnings per share

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

u. Revenue recognition

Revenues and expenses are recorded on the accrual basis.

5. Risk management

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

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

	<u>2020</u>	<u>2019</u>
Reference Shareholders' Equity	26,680,655	21,332,170
Tier I	22,087,705	17,819,468
Common Equity	21,710,355	17,431,374
Complementary equity	377,350	388,094
Tier II	4,045,185	4,047,788
Reference Shareholders' Equity (PR) - (a)	26,132,890	21,867,256
Required Reference Shareholders' Equity (PRE)	12,553,154	11,707,521
Total exposure risk-weighted - (b)	156,914,431	146,344,007
Credit risk	120,955,912	70,166,108
Operational risk	7,025,255	5,938,507
Market risk	28,933,264	70,239,392
Basel ratio - (a/b)	16.7%	14.9%
Tier I capital	14.1%	12.1%
Tier II capital	2.6%	2.8%
Fixed assets ratio	99.6%	86.0%
Fixed assets to equity capital ratio	13,057,529	10,926,576
Status for fixed assets to equity capital ratio	13,004,047	9,397,233
Amount of margin or insufficient	53,482	1,529,343

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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 operating risk.

As at the year ended December 31, 2020 and 2019, the Bank was in compliance with all operating limits.

b. Market 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, at a confidence level of 95.0% and one-year historical data. Reliable level of 95.0% means that there is one within twenty changes that the day trade net income remains below estimated VaR. Therefore, insufficiencies arising from net income expected from trading in a single day exceeding the reported VaR would be expected to occur, on average, around once a month. Losses in a single day may exceed the VaR reported in material amounts. Losses 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 period ended:

In millions of R\$	December 2020	December 2019	December 2018
Daily average VaR	87.6	135.7	82.7

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c. Credit risk

All of the Bank's and its subsidiaries' counterparties are subject to strict 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 bonds, derivatives, guarantees given, possible settlement risks among others.

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 carefully monitored, considering the impact of extreme market conditions in order to assess their ability to realize assets or to reduce leverage.

e. Operating 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 strong 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.

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.

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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 at banks

Cash refer basically to deposits abroad in prime banks.

7. Interbank investments

	2020					2019
	Total	Up to 90 days	90 to 365 days	1 to 3 years	Over 3 years	Total
Open market investments	50,777,127	47,805,095	874,135	438,871	1,659,026	29,399,925
Own portfolio	24,146,547	23,820,962	187,189	-	138,396	1,484,882
Federal government bonds	24,124,935	23,799,350	187,189	-	138,396	1,334,668
Corporate bonds	3,560	3,560	-	-	-	103,943
Foreign government bonds	18,052	18,052	-	-	-	-
Third-party portfolio	21,111,426	20,002,620	679,024	331,731	98,051	46,271
Federal government bonds	21,106,178	19,997,372	679,024	331,731	98,051	23,708,091
Corporate bonds	5,248	5,248	-	-	-	23,691,945
Short position	5,519,154	3,981,513	7,922	107,140	1,422,579	16,146
Federal government bonds	5,519,154	3,981,513	7,922	107,140	1,422,579	4,206,952
Interbank investments	1,597,292	1,339,591	191,606	-	66,095	1,297,063
Interbank deposit certificates	889,230	631,529	191,606	-	66,095	231,517
Investments in foreign currency - overnight	708,062	708,062	-	-	-	1,065,546
Total	52,374,419	49,144,686	1,065,741	438,871	1,725,121	30,696,988

As at December 31, 2020 the collateral received in repurchase agreements amounts to R\$11,877,810 (December 31, 2019- R\$31,071,010), whereas the collateral granted amounts to R\$62,795,958 (December 31, 2019 – R\$37,012,573).

8. Securities

a. Summary by type of portfolio

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

	2020							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	26,024,393	28,068,608	14,502,910	2,930,486	1,906,659	1,536,723	7,191,830	34,703,167
Federal government bonds	3,537,977	3,506,534	15,099	2,678,633	310,600	20,512	481,690	10,103,415
Debentures	3,208,909	3,240,561	2,206	14,319	631,297	1,042,049	1,550,690	2,329,344
Certificate of real estate receivables	24,834	24,085	1,808	11,730	3,936	3,046	3,565	29,163
Investment fund quotes								
Multimarket	13,368,933	13,395,252	13,206,044	-	-	-	189,208	13,977,640
Shares	98,009	143,677	121,041	-	-	-	22,636	327,838
FIDC - Credit rights	2,035,222	2,514,286	122,014	-	427,507	-	1,964,765	1,873,057
Equity investment fund	1,184,966	2,562,464	-	-	70,493	-	2,491,971	876,971

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	2020							2019
	Cost	Market	Up to 90 days	90 to 365 days	1 to 3 years	3 to 5 years	Over 5 years	Market
Real estate	156,614	128,390	-	-	-	-	-	128,390
Shares	1,060,910	1,207,356	993,699	-	170,838	-	42,819	3,778,535
Agribusiness receivables certificates	846,028	846,118	-	-	210,302	384,934	178,108	-
Others	219,413	213,314	30,607	112,866	69,354	346	141	879,211
Foreign private securities	263,903	261,816	-	40,164	12,332	85,836	123,484	307,192
Foreign government bonds	18,675	24,755	10,392	-	-	-	14,363	58,065
Unrestricted portfolio	30,963	31,169	-	7,150	5,982	-	18,037	442,381
Federal government bonds	30,963	31,169	-	7,150	5,982	-	18,037	442,381
Subject to repurchase agreements	36,401,397	35,420,708	3,692,543	25,090,384	3,460,149	2,287,759	889,873	7,821,946
Federal government bonds	34,265,113	33,447,157	3,689,163	25,015,925	2,625,900	2,087,208	28,961	6,377,186
Debentures	1,734,684	1,572,199	499	74,459	653,008	184,228	660,005	1,408,375
Agribusiness receivables certificates	217,369	217,352	-	-	9,024	14,089	194,239	-
Certificate of real estate receivables	91,793	91,639	2,881	-	79,856	2,234	6,668	-
Foreign private securities	-	-	-	-	-	-	-	14,436
Others	92,438	92,361	-	-	92,361	-	-	21,949
Subject to guarantees	11,633,324	11,563,851	438,173	1,216,908	2,007,535	4,631,512	3,269,723	2,170,468
Federal government bonds	1,222,989	1,217,124	80,269	1,136,855	-	-	-	1,760,217
Investment fund quotes								
Multimarket	30,322	35,004	35,004	-	-	-	-	34,192
Certificate of real estate receivables	388,149	300,864	-	-	-	-	300,864	330,714
Debentures	9,414,730	9,430,578	-	80,053	1,803,468	4,578,198	2,968,859	-
Agribusiness receivables certificates	261,621	257,381	-	-	204,067	53,314	-	-
Shares	315,513	322,900	322,900	-	-	-	-	45,345
Trading securities	70,075,225	71,065,472	18,566,972	29,084,528	5,860,608	6,933,721	10,619,643	44,292,391
Available for sale securities	4,014,852	4,018,864	66,654	160,400	1,519,717	1,522,273	749,820	845,571
Total	74,090,077	75,084,336	18,633,626	29,244,928	7,380,325	8,455,994	11,369,463	45,137,962

(i) Substantially securities issued by Brazilian companies.

b. Trading securities

	2020							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	24,697,335	26,491,610	14,472,803	2,924,598	1,202,453	1,148,782	6,742,974	34,258,269
Federal government bonds	3,537,977	3,506,534	15,099	2,678,633	310,600	20,512	481,690	10,103,415
Debentures	2,230,089	2,268,071	1,208	8,431	53,634	654,108	1,550,690	2,329,344
Certificate of real estate receivables	22,838	23,152	1,141	11,730	3,670	3,046	3,565	29,163
Investment fund quotes								
Multimarket	13,368,933	13,395,252	13,206,044	-	-	-	189,208	13,977,640
Shares	98,009	143,677	121,041	-	-	-	22,636	327,838
FIDC - Credit rights	2,035,222	2,514,286	122,014	-	427,507	-	1,964,765	1,873,057
Equity investment fund	1,016,235	2,135,553	-	-	70,493	-	2,065,060	708,316
Real estate	156,614	128,390	-	-	-	-	128,390	162,736
Shares	934,633	1,081,079	993,699	-	44,561	-	42,819	3,711,075
Agribusiness receivables certificates	846,028	846,118	-	72,774	210,302	384,934	178,108	-
Others	190,124	184,872	2,165	112,866	69,354	346	141	878,952
Foreign private securities	241,958	239,871	-	40,164	12,332	85,836	101,539	98,668
Foreign government bonds	18,675	24,755	10,392	-	-	-	14,363	58,065
Unrestricted portfolio	30,963	31,169	-	7,150	5,982	-	18,037	442,381
Federal government bonds	30,963	31,169	-	7,150	5,982	-	18,037	442,381
Subject to repurchase agreements	35,628,821	34,838,162	3,691,000	25,015,925	3,029,873	2,211,491	889,873	7,786,179
Federal government bonds	34,265,113	33,447,157	3,689,163	25,015,925	2,625,900	2,087,208	28,961	6,377,186
Debentures	1,055,584	1,083,058	-	-	315,093	107,960	660,005	1,372,608
Agribusiness receivables certificates	217,369	217,352	-	-	9,024	14,089	194,239	-
Certificate of real estate receivables	90,755	90,595	1,837	-	79,856	2,234	6,668	-
Foreign private securities	-	-	-	-	-	-	-	14,436
Others	-	-	-	-	-	-	-	21,949
Subject to guarantees	9,718,106	9,704,531	403,169	1,136,855	1,622,300	3,573,448	2,968,759	1,805,562
Federal government bonds	1,222,989	1,217,124	80,269	1,136,855	-	-	-	1,760,217
Debentures	7,917,983	7,907,126	-	-	1,418,233	3,520,134	2,968,759	-
Agribusiness receivables certificates	261,621	257,381	-	-	204,067	53,314	-	-
Shares	315,513	322,900	322,900	-	-	-	-	45,345
Total	70,075,225	71,065,472	18,566,972	29,084,528	5,860,608	6,933,721	10,619,643	44,292,391

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c. Available-for-sale securities

	2020							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	1,327,058	1,576,998	30,107	5,888	704,206	387,941	448,856	444,898
Certificate of real estate receivables	1,996	933	667	-	266	-	-	-
Foreign private securities	21,945	21,945	-	-	-	-	21,945	208,524
Other	29,289	28,442	28,442	-	-	-	-	259
Investment fund quotes								
Equity investment fund	168,731	426,911	-	-	-	-	426,911	168,655
Debentures	978,820	972,490	998	5,888	577,663	387,941	-	-
Shares	126,277	126,277	-	-	126,277	-	-	67,460
Subject to repurchase agreements	772,576	582,546	1,543	74,459	430,276	76,268	-	35,767
Debentures	679,100	489,141	499	74,459	337,915	76,268	-	35,767
Certificate of real estate receivables	1,038	1,044	1,044	-	-	-	-	-
Other	92,438	92,361	-	-	92,361	-	-	-
Subject to guarantees	1,915,218	1,859,320	35,004	80,053	385,235	1,058,064	300,964	364,906
Investment fund quotes								
Multimarket	30,322	35,004	35,004	-	-	-	-	34,192
Debentures	1,496,747	1,523,452	-	80,053	385,235	1,058,064	100	-
Certificate of real estate receivables	388,149	300,864	-	-	-	-	300,864	330,714
Total	4,014,852	4,018,864	66,654	160,400	1,519,717	1,522,273	749,820	845,571

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

d. Reclassification of securities

In order to reflect the current strategy, in the first quarter of 2020, the Bank changed the classification of securities from Available for Sale Securities to Trading Securities in the amount of R\$167,963 and net income in the amount of R\$49,810, net of tax effects. No reclassifications or changes in intention occurred during the year ended on ended December 31, 2019.

9. Derivative financial instruments

The Bank actively engages 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 though 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.

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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.

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 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. The receivable leg and payable leg are presented separately for Swap, Non-Deliverable Forward (NDF) and Deliverable Forward (DF) derivatives in the table below.

	2020				2019
	Up to 6 months	6 to 12 months	Over 1 year	Total	Total
Futures market					
Long position	39,111,579	2,156,374	4,991,663	46,259,616	169,793,212
Currency	2,882,787	55,426	28,942	2,967,155	78,834
Interest rate	36,079,854	2,100,948	4,255,302	42,436,104	168,668,913
Index	148,938	-	707,419	856,357	1,045,465
Short position	15,553,922	6,915,478	6,857,751	29,327,151	28,711,866
Currency	7,202,404	-	-	7,202,404	13,589,580
Interest rate	8,292,389	6,915,478	6,834,012	22,041,879	14,020,098
Index	59,129	-	23,739	82,868	1,102,188
Swap					
Long position	20,869,281	30,440,086	457,701,033	509,010,400	276,290,616
Currency	5,559,815	119,572	216,748,037	222,427,424	404,172
Interest rate	11,930,504	29,054,147	239,979,981	280,964,632	274,990,321
Commodities	32,455	38,199	-	70,654	25,203
Index	24,847	40,000	197,861	262,708	308,822
Equities	2,631,692	1,174,996	775,154	4,581,842	309,409
Other	689,968	13,172	-	703,140	252,689
Short position	20,869,280	30,440,086	457,701,034	509,010,400	276,290,616
Currency	4,276,879	11,776	195,322,351	199,611,006	1,326,027
Interest rate	14,770,967	29,789,905	260,168,545	304,729,417	269,794,363
Index	40,000	-	983,134	1,023,134	3,557,906
Commodities	1,085,837	586,433	986,840	2,659,110	19,191
Equities	557,875	38,199	-	596,074	1,126,779
Other	137,722	13,773	240,164	391,659	466,350
Credit derivatives					
Long position	-	-	245,380	245,380	403,837
Sovereign	-	-	14,811	14,811	25,031
Corporate	-	-	230,569	230,569	378,806
Short position	-	-	531,197	531,197	176,202
Sovereign	-	-	26,295	26,295	-

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	2020				2019
	Up to 6 months	6 to 12 months	Over 1 year	Total	Total
Corporate	-	-	504,902	504,902	176,202
Non-deliverable forward - NDF					
Long position	92,882,763	13,536,152	5,110,907	111,529,822	94,668,855
Currency	89,834,709	11,535,822	1,641,871	103,012,402	89,331,282
Commodities	3,048,054	2,000,330	3,469,036	8,517,420	5,337,573
Short position	92,882,763	13,536,152	5,110,907	111,529,822	94,668,855
Currency	89,834,709	11,535,822	1,641,871	103,012,402	89,331,282
Commodities	3,048,054	2,000,330	3,469,036	8,517,420	5,337,573
Security forwards					
Long position	503,190	-	-	503,190	319,533
Interest rate	493,825	-	-	493,825	271,754
Government bonds	9,365	-	-	9,365	47,779
Short position	503,190	-	-	503,190	319,533
Interest rate	9,365	-	-	9,365	47,779
Government bonds	493,825	-	-	493,825	271,754
Options					
Long position					
Call option	11,283,244	1,358,009	586,456	13,227,709	62,992,747
Equities	554,516	186,576	136,922	878,014	310,686
Commodities	49,865	3,038	-	52,903	15,544,354
Index	119,752	-	-	119,752	2,088,948
Currency	10,559,111	1,168,395	449,534	12,177,040	45,048,759
Put option	84,193,015	188,639,285	1,963,066	274,795,366	148,581,157
Equities	184,716	-	-	184,716	5,284,796
Commodities	182,976	-	-	182,976	407,101
Index	69,408,029	185,952,000	1,934,460	257,294,489	56,086,097
Currency	14,417,294	2,687,285	28,606	17,133,185	86,803,163
Short position					
Call option	9,637,737	229,667	27,782	9,895,186	97,630,790
Equities	555,087	82,126	-	637,213	227,131
Commodities	144,997	6,100	-	151,097	15,632,834
Index	113,028	-	-	113,028	-
Currency	8,824,625	141,441	27,782	8,993,848	81,770,825
Put option	82,022,057	187,398,602	1,954,517	271,375,176	101,107,289
Equities	220,211	2,428	-	222,639	325,700
Commodities	486,359	-	-	486,359	388,963
Index	69,374,506	185,952,000	1,934,460	257,260,966	56,145,502
Currency	11,940,981	1,444,174	20,057	13,405,212	44,247,124

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b. By cost and market value

	2020					2019
	Cost	Market	Up to 6 months	6 to 12 months	Over 1 year	Total
Swaps						
Long position	1,968,260	13,974,598	756,547	247,948	12,970,103	3,833,833
Short position	2,916,621	23,841,304	320,853	505,055	23,015,396	5,626,646
Credit derivatives						
Long position	-	16,307	-	-	16,307	19,757
Short position	4,959	4,958	3,213	-	1,745	4,620
Non-deliverable forward - NDF						
Long position	2,493,893	2,479,522	1,511,284	418,340	549,898	3,336,445
Short position	2,718,284	2,731,852	1,865,730	666,680	199,442	3,434,873
Forward transaction						
Long position	503,189	503,155	503,155	-	-	159,950
Short position	503,153	503,152	503,152	-	-	159,834
Options market						
Long position	1,519,519	2,192,704	1,266,984	700,381	225,339	4,875,386
Short position	294,322	917,539	544,677	349,758	23,104	8,249,699
Long position	6,484,861	19,166,286	4,037,970	1,366,669	13,761,647	12,225,371
Short position	6,437,339	27,998,805	3,237,625	1,521,493	23,239,687	17,475,672

c. Notional value by counterparty

	2020					2019
	Clearing houses / stock exchange	Financial Institutions (i)	Companies	Individuals	Total	Total
Futures market						
Long position	46,212,050	47,566	-	-	46,259,616	169,793,212
Short position	29,312,031	15,120	-	-	29,327,151	28,711,866
Swap						
Long position	6,812,820	498,075,683	3,962,338	159,559	509,010,400	276,290,616
Short position	6,812,820	498,075,683	3,962,338	159,559	509,010,400	276,290,616
Credit derivatives						
Long position	-	245,380	-	-	245,380	403,837
Short position	-	531,197	-	-	531,197	176,202
Non-deliverable forward - NDF						
Long position	-	74,575,799	36,851,896	102,127	111,529,822	94,668,855
Short position	-	74,575,799	36,851,896	102,127	111,529,822	94,668,855
Forward transactions						
Long position	-	503,190	-	-	503,190	319,533
Short position	-	503,190	-	-	503,190	319,533
Options market						
Long position	-	287,560,036	160,720	302,319	288,023,075	211,573,904
Short position	-	280,883,688	184,098	202,576	281,270,362	198,738,079
Long position	53,024,870	861,007,654	40,974,954	564,005	955,571,483	753,049,957
Short position	36,124,851	854,584,677	40,998,332	464,262	932,172,122	598,905,151

(i) Includes investments funds.

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d. Credit derivatives

	<u>2020</u>	<u>2019</u>
Credit swap		
Transferred risk		
Sovereign	14,811	25,031
Corporate	230,569	378,805
Risk received		
Sovereign	(26,295)	-
Corporate	(504,902)	(176,202)
	<u>(285,817)</u>	<u>227,634</u>

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

e. Guarantee margin

Guarantee margin in transactions traded on B3 S.A. and other stock exchanges with derivatives comprises federal government bonds and others, totaling R\$10,114,688 (December 31, 2019 – R\$1,023,015), and equities in the amount of R\$322,900 (December 31, 2019 – R\$45.345).

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 are 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 brokers and 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 market prices, Bloomberg and Reuters).

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- 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.

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, as 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 loan characteristics are as follows:

a. Loans

i. By type of credit

Type of credit	2020		43830	
	Balance	Allowance	Balance	Allowance
Loans	33,102,968	(1,461,448)	15,726,076	(956,819)
Financing	3,379,242	(102,709)	4,774,515	(78,318)
FINAME/BNDES	4,015,395	(23,458)	2,871,239	(13,694)
Receivables (ii)	90,350	(28,391)	52,562	(13,834)
Advances in foreign exchange contacts (ii)	2,074,406	(36,552)	1,205,230	(13,398)
Transferred loans with co-obligations (i)	1,472	-	2,224	-
Total	<u>42,663,833</u>	<u>(1,652,558)</u>	<u>24,631,846</u>	<u>(1,076,063)</u>

(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.

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ii. By risk level and maturity

Risk level	2020					2019		
	Overdue	Maturity			Total	Allowance	Total	Allowance
		Up to 6 months	6 to 12 months	Over 12 months				
AA	40,500	8,875,711	1,630,998	7,555,343	18,102,552	-	9,795,721	-
A	6,462	3,746,934	636,142	6,478,554	10,868,092	(54,334)	7,487,477	(38,805)
B	21,412	2,517,484	1,739,873	5,613,227	9,891,996	(100,026)	4,087,925	(40,831)
C	7,229	85,750	76,563	698,640	868,182	(44,336)	1,112,726	(34,517)
D	9,631	261,119	11,999	861,302	1,144,051	(192,475)	710,360	(160,083)
E	40,199	101,589	-	313,017	454,805	(169,053)	393,790	(140,825)
F	-	11	128,403	88,462	216,876	(116,484)	882,604	(514,725)
G	35,756	-	19,517	722,782	778,055	(636,626)	66,213	(51,247)
H	152,271	216	21,237	165,500	339,224	(339,224)	95,030	(95,030)
Total	<u>313,460</u>	<u>15,588,814</u>	<u>4,264,732</u>	<u>22,496,827</u>	<u>42,663,833</u>	<u>(1,652,558)</u>	<u>24,631,846</u>	<u>(1,076,063)</u>

iii. By activity sector

Sector	2020	43830
Commerce	77,004	101,821
Industry	13,584,743	4,921,784
Services	26,894,568	17,618,639
Rural	525,643	1,747,237
Individuals	1,581,875	242,365
Total	<u>42,663,833</u>	<u>24,631,846</u>

b. Credit concentration

	2020	%	43830	%
Largest debtors				
10 largest debtors	10,059,645	24%	10,637,555	43%
20 following largest debtors	6,772,121	16%	5,001,292	20%
50 following largest debtors	8,307,784	19%	3,618,375	15%
100 following largest debtors	7,666,953	18%	3,277,527	13%
200 following largest debtors	5,502,747	13%	1,853,526	8%
500 following largest debtors	3,117,463	7%	243,571	1%
Above 500 following largest debtors	1,237,120	3%	-	0%
Total	<u>42,663,833</u>	<u>100%</u>	<u>24,631,846</u>	<u>100%</u>

c. Allowance for expected losses associated with credit risk

	2020	2019
Opening balance for the year	(1,076,063)	(599,260)
Reversal/(recording) of allowance	(210,774)	(348,067)
Portfolio transfer (i)	(316,551)	(140,628)
Other	(49,170)	11,892
Closing balances	<u>(1,652,558)</u>	<u>(1,076,063)</u>
Breakdown of closing balances		
Allowance for expected losses associated with credit risk	<u>(1,652,558)</u>	<u>(1,076,063)</u>

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d. Renegotiation/recovery of credits written off to loss

As at December 31, 2020, the amount of R\$3,915,098 were due to credit renegotiation (December 31, 2019 – R\$1,015,342). Also in the year ended December 31, 2020 there were R\$14,345 written off loans recovered (December 31, 2019 – R\$29,122).

11. Other receivables/obligations

a. Foreign exchange portfolio

	2020		43830	
	Assets	Liabilities	Assets	Liabilities
Unsettled exchange contracts	5,437,396	11,329,285	12,685,285	23,729,236
Rights on foreign exchange sales	13,556,591	-	25,193,993	-
(-) Advances in foreign currency received	(2,182)	-	-	-
(-) Advances in local currency received	(320)	-	(1,655)	-
Liability for foreign exchange purchase	-	7,464,199	-	13,815,340
Total	<u>18,991,485</u>	<u>18,793,484</u>	<u>37,877,623</u>	<u>37,544,576</u>
Current	18,985,456	18,707,516	37,791,139	37,457,455
Non-current	6,029	85,968	86,484	87,121

Guarantees for foreign exchange transactions carried out through B3 S.A., are represented by federal government bonds in the amount of R\$1,126,263 (December 31, 2019 - R\$1,102,108).

b. Securities trading and brokerage

	2020		2019	
	Assets	Liabilities	Assets	Liabilities
Clearing houses	399,997	190,417	261,767	181,108
Commissions and brokerage payable	-	125,486	-	22,117
Pending settlement	3,224,683	285,750	2,506,156	982,025
Unsettled third-party interbank investments	-	52,286	-	18,631
Creditors for stock loans	-	135	-	18,585
Securities trading and brokerage	81,471	674,444	102,449	911,215
Total	<u>3,706,151</u>	<u>1,328,518</u>	<u>2,870,372</u>	<u>2,133,681</u>
Current	3,706,151	1,328,518	2,870,372	2,133,681
Non-current	-	-	-	-

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

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

12. Other receivables

a. Income receivable

	<u>2020</u>	<u>2019</u>
Dividends and profit sharing	911,059	519,956
Receivables from services rendered	16,654	34,961
Rights on energy sales	684,384	198,669
Management and performance fees from investment funds and portfolios	14,219	12,073
Distribution fees	8,668	7,085
Commissions on guarantees	58,322	20,594
Total	<u>1,693,306</u>	<u>793,338</u>
Current	1,683,791	783,755
Non-current	9,515	9,583

b. Sundry

	<u>2020</u>	<u>2019</u>
Sundry - Brazil	6,861,382	67,791
Amounts receivable from arbitration proceedings (i)	83,162	-
Judicial deposits	1,105,238	1,095,859
Taxes to offset	232,529	203,273
Securities and credits receivable		
Without loan characteristics	425,463	692,500
Other	82,566	11,019
Total	<u>8,790,340</u>	<u>2,070,442</u>
Current	1,833,668	638,980
Non-current	6,956,672	1,431,462

(i) As described on Note 17a

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13. Investments in subsidiaries, associates companies and jointly controlled entities

	Subsidiaries, associates and jointly controlled entities					
	Shareholders Equity		Net income (loss)		Equity interest	
	2020	2019	2020	2019 (Restated)	2020	2019
In Brazil						
BTG Pactual Asset Management S.A. DTVM	259,344	318,893	79,344	93,362	99.99%	99.99%
BTG Pactual Corretora de Títulos e Valores Mobiliários S.A.	536,959	401,804	185,155	109,983	99.99%	99.99%
BTG Pactual Serviços Financeiros S.A. DTVM	69,738	87,809	31,264	32,124	99.99%	99.99%
BTG Pactual Holding Participações S.A.	14,079	11,059	794	522	99.99%	99.99%
BTG Pactual Holding Internacional S.A.	9,150,585	7,802,725	988,259	804,559	99.99%	99.99%
BW Properties S.A.	478,442	460,354	18,280	1,243	42.72%	42.72%
BTG Pactual Holding de Seguros Ltda.	734,666	717,603	80,795	102,486	99.99%	99.99%
Pan Corretora S.A.	42,309	55,432	41,030	54,093	51.00%	51.00%
Banco Sistema S.A.	686,494	1,038,249	7,959	111,262	99.91%	99.91%
Eneva S.A.	7,278,859	-	-	-	22.93%	0.00%
BTGP Corretora de Seguros S.A.	28,563	4,373	24,190	12,873	99.99%	99.99%
BTG Pactual Corretora de Resseguros Ltda	25,573	5,738	19,835	19,138	99.99%	99.99%
Jointly-controlled entities - In Brazil						
Banco Pan S.A. (ii)	5,317,468	4,926,168	655,569	836,053	44.85%	39.50%
Abroad						
BTG Pactual Internacional Holding Ltd.	11,425	8,909	(274)	1,637	99.99%	99.99%
BSI Limited (i)	321,973	1,469,002	(122,054)	(147,374)	100.00%	100.00%

(i) Refers to investment vehicle used by the Bank, to invest in EFG. The equity accounting result related to the investment in EFG recognized during the year ended December 31, 2020 comprises the income generated by the investee for the first half of 2020, as a result of the late disclosure of its financial information.

(ii) Banco PAN has a tax credit balance of R\$3,5 billion, substantially recognized based on a study of the current and future scenario approved by its Management.

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	Changes in investments							
	2019	Aquisition / Increase / Transfer / (Sales)	Dividends paid	Equity pick up	Foreign exchange	Fair value adjustments	2020	Equity pick up in 2019 (Restated)
Subsidiaries and associates - In Brazil								
BTG Pactual Asset Management S.A. DTVM	318,891	-	(138,899)	79,343	-	-	259,341	93,362
BTG Pactual Corretora de Títulos e Valores Mobiliários S.A.	401,805	-	(50,000)	185,153	-	-	536,958	109,983
BTG Pactual Serviços Financeiros S.A. DTVM	87,810	-	(49,335)	31,264	-	-	69,739	32,125
BTG Pactual Holding Participações S.A.	11,058	-	-	794	2,335	(109)	14,078	522
BTG Pactual Holding Internacional S.A.	7,802,724	-	(280,000)	988,259	601,576	38,025	9,150,584	804,559
Eneva S.A. (iii)	-	3,756,636	-	-	-	-	3,756,636	-
BW Properties S.A.	196,668	-	(83)	7,809	-	-	204,394	531
Goodwill – BW Properties S.A.	2,322	-	-	-	-	-	2,322	-
Warehouse 1 Empreendimentos Imobiliários S.A.	-	-	-	-	-	-	-	321
BTG Pactual Holding de Seguros Ltda.	717,602	-	(56,711)	80,795	-	(7,020)	734,666	93,157
BTGP Corretora de Seguros S.A.	4,372	-	-	24,190	-	-	28,562	12,873
Pan Corretora S.A.	28,270	-	(27,618)	20,925	-	-	21,577	27,588
Banco Sistema S.A.	1,037,572	-	(359,667)	7,952	-	-	685,857	111,145
BTG Pactual Corretora de Resseguros Ltda	5,738	-	-	19,835	-	-	25,573	19,138
Other	54,093	1,164	(1,134)	(3,016)	-	2,229	53,336	9,505
Total	10,668,925	3,757,800	(963,441)	1,443,303	603,911	33,125	15,543,623	1,314,809
Jointly-controlled entities - In Brazil								
Banco Pan S.A. (i)	1,909,792	316,010	(114,325)	277,497	-	(3,940)	2,385,034	330,241
Negative goodwill - Pan S.A.	(139,515)	136,243	-	-	-	-	(3,272)	-
Total	1,770,277	452,253	(114,325)	277,497	-	(3,940)	2,381,762	330,241
Total	12,439,202	4,210,053	(1,077,766)	1,720,800	603,911	29,185	17,925,385	1,645,050
Abroad								
Pactual Overseas Corporation (ii)	-	-	-	-	-	-	-	303
BTG Pactual Internacional Holding Ltd. (ii)	8,910	-	-	(274)	2,790	-	11,426	1,637
Banco BTG Pactual Luxembourg S.A.	-	-	-	-	-	-	-	4,633
BSI Limited (ii)	1,469,002	(1,699,542)	-	(122,054)	745,185	(70,619)	321,972	(147,374)
Goodwill - BSI Limited (ii)	317,505	-	-	(23,846)	127,675	-	421,334	(44,194)
Total	1,795,417	(1,699,542)	-	(146,174)	875,660	(70,619)	754,732	(184,995)
Total	14,234,619	2,510,511	(1,077,766)	1,574,626	1,479,561	(41,434)	18,680,117	1,460,055

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- (i) See note 2.
- (ii) The difference between equity pick up in subsidiaries and net income of subsidiaries refers to exchange variation.
- (iii) Eneva's shares were received in a debt renegotiation and were recorded under Securities. On the base date of December 31, 2020, management reassessed its intention and accounting classification on the investment in the company and took the decision to reclassify the participation as a Permanent Investment. The transfer between accounting items was carried out at market value (accounting practice before reclassification). After reclassification, in accordance with the accounting practices applicable to Financial Institutions, the measurement of this asset will be made using the equity pickup and will be the basis for periodic reviews to meet the concept of recoverable value, at least semi-annually or when there are objective signs of impairment captured by management through external and internal sources

14. Intangible asset

	Changes in intangible assets				2020
	2019	Acquisitions / transfer	Amortization expenses	Exchange variation	
Intangible assets					
Softwares	230,286	(11,893)	-	3,902	222,295
Amortization	(163,267)	57,902	(9,198)	(3,350)	(117,913)
Total	67,019	46,009	(9,198)	552	104,382

The intangible asset amortization period is 5 years.

15. Fund raising and loans borrowings

a. Summary

	2020					2019
	Total	Up to 90 days	90 to 365 days	1 to 3 years	3 to 5 years	Over 5 years
Deposits	56,633,560	23,895,273	30,600,871	1,947,066	190,350	-
Open market funding	62,582,988	60,241,897	423,114	311,086	-	1,606,891
Funds from securities issued and accepted	40,427,686	1,949,879	21,350,354	7,930,728	5,481,138	3,715,587
Loans and borrowings	6,229,337	2,182,088	189,652	188,205	895,993	2,773,399
Subordinated debts and subordinated debt eligible to equity	6,977,823	10,625	752,402	2,172,262	154,675	3,887,859
Total	172,851,394	88,279,762	53,316,393	12,549,347	6,722,156	11,983,736

b. Deposits

	2020					2019
	Total	Up to 90 days	90 to 365 days	1 to 3 years	3 to 5 years	Over 5 years
Demand deposits	2,474,628	2,474,628	-	-	-	-
Interbank deposits	1,341,915	207,902	982,316	-	151,697	-
Time deposits	52,817,017	21,212,743	29,618,555	1,947,066	38,653	-
Total	56,633,560	23,895,273	30,600,871	1,947,066	190,350	-

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c. Open market funding

Open market funding has collateral on the following securities:

	2020					2019	
	Total	Up to 90 days	90 to 365 days	1 to 3 years	3 to 5 years	Over 5 years	Total
Own portfolio	<u>35,310,369</u>	<u>34,925,527</u>	<u>384,842</u>	-	-	-	<u>7,784,727</u>
Federal government bonds	33,335,969	33,335,969	-	-	-	-	6,346,110
Corporate bonds	1,974,400	1,589,558	384,842	-	-	-	1,438,617
Third-party portfolio	<u>20,602,090</u>	<u>20,575,267</u>	<u>26,823</u>	-	-	-	<u>22,985,715</u>
Federal government bonds	20,597,485	20,570,662	26,823	-	-	-	22,963,463
Corporate bonds	4,605	4,605	-	-	-	-	22,252
Unrestricted portfolio (i)	<u>6,670,529</u>	<u>4,741,103</u>	<u>11,449</u>	<u>311,086</u>	-	<u>1,606,891</u>	<u>6,472,601</u>
Federal government bonds	6,670,529	4,741,103	11,449	311,086	-	1,606,891	6,472,601
Total	<u>62,582,988</u>	<u>60,241,897</u>	<u>423,114</u>	<u>311,086</u>	-	<u>1,606,891</u>	<u>37,243,043</u>

(i) From the unrestricted portfolio, R\$5,886,127 (December 31, 2019 – R\$4,789,390) refers to short position and R\$784,402 (December 31, 2019 – R\$1,683,211) to third-party portfolio.

d. Fund from securities issued and accepted

	2020					2019	
	Total	Up to 90 days	90 to 365 days	1 to 3 years	3 to 5 years	Over 5 years	Total
Securities – Brazil	<u>29,308,667</u>	<u>1,880,805</u>	<u>21,301,841</u>	<u>5,565,282</u>	<u>530,541</u>	<u>30,198</u>	<u>13,316,231</u>
Financial bills	23,718,572	800,591	18,840,060	3,677,158	392,583	8,180	8,992,294
Mortgage bonds/letters of credit for agrobusiness	5,358,334	1,065,132	2,408,844	1,793,714	70,079	20,565	4,147,533
Structured transactions	231,761	15,082	52,937	94,410	67,879	1,453	176,404
Securities – abroad	<u>11,119,019</u>	<u>69,074</u>	<u>48,513</u>	<u>2,365,446</u>	<u>4,950,597</u>	<u>3,685,389</u>	<u>8,518,445</u>
Medium term notes (i)	6,429,586	-	-	2,324,023	4,105,563	-	5,112,462
Fixed rate notes and others	4,689,433	69,074	48,513	41,423	845,034	3,685,389	3,405,983
Total	<u>40,427,686</u>	<u>1,949,879</u>	<u>21,350,354</u>	<u>7,930,728</u>	<u>5,481,138</u>	<u>3,715,587</u>	<u>21,834,676</u>

As at December 31, 2020, securities in Brazil were basically indexed to interest referenced rates (CDI) between 60% and 127% or inflation indexes (IPCA and IGPM) plus 1.2% p.a. to 7.5% 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 December 31, 2020, securities abroad have rates between 3.0% p.a. and 7.39% p.a. (December 31, 2019 – between 3.25% p.a. and 7.09% p.a.).

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e. Loans and borrowings

	2020					2019	
	Total	Up to 90 days	90 to 365 days	1 to 3 years	3 to 5 years	Over 5 years	Total
Loans abroad	2,413,513	2,166,566	156,827	90,120	-	-	1,175,418
Foreign currency	876,813	629,866	156,827	90,120	-	-	1,158,459
Loans abroad	1,536,700	1,536,700	-	-	-	-	16,959
Borrowings in Brazil – official institution	3,815,824	15,522	32,825	98,085	895,993	2,773,399	2,714,639
FINAME/BNDES	3,815,824	15,522	32,825	98,085	895,993	2,773,399	2,714,639
Total	6,229,337	2,182,088	189,652	188,205	895,993	2,773,399	3,890,057

On December 31, 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 equity

Type - original currency	2020					2019
	Issued amount (original currency)	Issued	Maturity	Total compensation a.a.	Net amount	Net amount
Financial bills - R\$ (i)	4,161,000	15/04/2011	15/04/2069	Inflation plus fixed rates	829,378	2,189,581
Subordinated debt - US\$	800,000	28/09/2012	15/09/2022	5.75%	2,122,541	1,616,839
Subordinated debt eligible to equity - R\$	15,253	23/12/2014	09/03/2069	IPCA + 7.9%	897,482	914,267
Subordinated debt eligible to equity - US\$ (ii)	600,000	15/02/2019	15/02/2029	7.75%	3,128,422	2,426,488
Total					6,977,823	7,147,175

- (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, 2019, and callable in five years.

16. Other obligations

a. Social and statutory

	2020	2019
Dividends and profit sharing payable	1,067,211	541,000
Employees' profit sharing	652,000	512,000
Total	1,719,211	1,053,000
Current	1,719,211	1,053,000
Non-current	-	-

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b. Tax and social security

	<u>2020</u>	<u>2019</u>
Tax and contributions to be collected	65,671	44,282
Tax and contribution payable	198,525	91,354
Total	<u>264,196</u>	<u>135,636</u>
Current	264,196	135,636
Non-current	-	-

c. Sundry

	<u>2020</u>	<u>2019</u>
Payable for acquisition of assets and rights (i)	202,428	196,439
Amounts payable to related companies (ii)	1,021,597	-
Allowance for accounts payable	89,730	40,354
Payable - subject to loans operations	6,318	6,318
Other creditors - Brazil	337,944	72,450
Other creditors - Abroad	-	610
Other	3,524	2,990
Total	<u>1,661,541</u>	<u>319,161</u>
Current	1,268,478	97,860
Non-current	393,063	221,301

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

(ii) Refers to receivables related to the agreement celebrated in an arbitration process, involving the sale of BSI Private Banking, to be transferred to related companies.

17. Contingent assets and liabilities and legal obligations

The Bank's evaluates 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

As at December 31, 2020 and 2019, the Bank did not record contingent assets.

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. As at December 31, 2019, the Bank did not record contingent assets.

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There was a favorable outcome for the Bank in the amount of R\$204.6 million referring to an arbitration involving the acquisition of Banco BSI due to legal implications in the period in which BSI belonged to Assicurazioni Generali S.P.A. As a consequence, given the relevance of the information and for a better 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 of origin of this acquisition which, although still present the economic reasoning that gave rise to it when we observe the results of previous periods and future perspectives, it was realized in this period in the amount of R \$ 206.8 million.

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 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 December 31, 2020 are appropriate to cover probable losses arising therefrom.

The provisions recognized and their changes are as follows for the year ended December 31:

	2020			2019	
	Tax	legal	Labor	Total	
Balance at the beginning of the year	1,050,692	7,177	45,996	1,103,865	1,056,418
Recognition	27,306	7	1,769	29,082	53,378
Write-off	(12,219)	(6,937)	(3,137)	(22,293)	(5,931)
Balance at the end of the year	1,065,779	247	44,628	1,110,654	1,103,865

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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 a 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 December 31, 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\$510 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\$1,851 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 addition, on December 2017, the Bank received another tax assessment in the amount of R\$899 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\$451 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\$272 million, related to the period of 2014. Against this assessment an appeal was filed, which is awaiting ruling of the first administrative instance. As a result, the Bank does not expect to incur any losses (other than the costs of the appeal itself) related to this matter and have not established (and do not expect to) any related contingencies on its standalone 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.

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- 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\$198 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\$1,124 million. Against the assessment, an appeal was presented, which awaits trial in 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\$72 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\$3,511 billion, regarding the acquisition of Banco Bamerindus do Brasil (current Banco Sistema) in 2014. On October 2019, an appeal was filled on the first administrative instance, of which awaits trail. Based on the prognosis disclosed by its legal team, the Bank didn't record any provision on its standalone 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\$583 million. In April 2020, an appeal was filed at the first administrative level, which is waiting judgment.

ii. Provision for other contingent liabilities

As at the year ended December 31, 2020 and 2019, the bank was part to several civil, labor, lawsuits and other contingences with a possible outcome, which were not recorded in provisions.

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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:

	2020		2019
	2nd semester	Year	Year
Tax base	3,700,455	1,767,993	4,434,746
Income before taxes and profit sharing	4,002,113	2,388,120	5,074,969
Statutory profit sharing	(301,658)	(620,127)	(640,223)
Total charge of income tax and social contribution at the current rates	(1,683,270)	(813,662)	(1,705,332)
Permanent (additions) / deductions in taxation calculation	1,539,477	669,869	1,632,972
Equity pick up in subsidiaries and associates and jointly controlled companies in Brazil	464,105	1,330,075	507,053
Interest on equity	239,850	483,300	491,400
Allowance for loan losses	(7,424)	(74,411)	(181,583)
Dividends	8,201	60,131	25,319
Fair value of securities and derivatives	548,923	(1,050,130)	998,081
Other non-deductible expenses net of non-taxable income	285,822	(79,096)	(207,298)
Tax and social contribution expense	(143,793)	(143,793)	(72,360)
(Expenses) / revenues from deferred taxes assets	(640,611)	1,655,925	(434,769)
Offset of tax losses carry forward - Brazil	(784,404)	1,512,132	(507,129)

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 as follows:

Income tax and social contribution	2019	Recognition	Realization (i)	2020
Tax loss	960,284	-	(464,745)	495,539
Interest on equity	243,450	493,200	(483,300)	253,350
Allowance for loan losses	899,018	973,568	(14,632)	1,857,954
Marked-to-market valuation of securities and derivatives	1,681,637	1,153,544	-	2,835,181
Tax contingencies and provision for suspended-payment taxes	233,236	4,019	-	237,255
Other temporary differences	322,480	(4,121)	79,248	397,607
Total	4,340,105	2,620,210	(883,429)	6,076,886
Income tax and social contribution	2018	Recognition	Realization (i)	2019
Tax loss carryforward	1,068,272	147,331	(255,319)	960,284
Interest on equity	241,800	493,050	(491,400)	243,450
Allowance for loan losses	648,374	250,644	-	899,018
Marked-to-market valuation of securities and derivatives	2,489,416	190,302	(998,081)	1,681,637
Goodwill on the acquisition of investment	207,139	26,097	-	233,236
Tax contingencies and provision for suspended-payment taxes	133,143	189,337	-	322,480
	4,788,144	1,296,761	(1,744,800)	4,340,105

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

Description	Tax credits on temporary differences	Tax loss carry forwards	Total
2021	1,464,764	79,126	1,543,890
2022	901,821	80,215	982,036
2023	901,821	85,542	987,363
2024	1,205,765	80,184	1,285,949
2025 onwards	1,107,176	170,472	1,277,648
Total	5,581,347	495,539	6,076,886
Present value	4,579,486	410,845	4,990,331

The line of "deferred tax assets" also has PIS and COFINS deferred tax credits in the amount of R\$437,419 (December 31, 2019 - R\$182,243).

The Bank has deferred tax obligations in the amount of R\$1,509 (December 31, 2019 - R\$4.048) according to Note 16(b).

On May 21, 2015, Provisional Measure nº 675 (MP 675/15) was published which increased the rate of the Social Contribution on Net Profit of the financial and insurance sectors from 15% to 20% of taxable profit, from September, 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 December 31, 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.

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

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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 aquisition 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 Company'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 Company's shareholders' agreement.

b. Treasury shares

During the year ended December 31, 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 year ended December 31, 2020 there were an amount of R\$258,496 units cancelled, equivalent to 10,468,200 units. (December 31, 2019 the were no units cancelled). On December 31, 2020, the Bank has no treasury shares.

c. Legal reserve

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

d. Statutory reserve

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

e. Unrealized income reserve

Established considering undistributed dividends obtained in foreign branch.

f. Profit distribution

The shareholders are entitled to minimum dividends of 1% on net income in accordance with Article 202 of Law 6404/76.

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During the year ended December 31, 2020, the Bank provisioned R\$1,096,000, relating to interest on equity, equivalent to R\$0.42 per share, which generated R\$493,200 in tax benefits. These amounts were approved in the Special Shareholders' Meeting held on July 17, 2020 and December 30, 2020.

As at 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

As at 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.

20. Income from services rendered

	2020		2019
	2nd semester	Year	Year
Management and performance fee from investment funds and portfolios	135,004	250,576	122,687
Technical services	238,484	412,565	652,210
Commission on the placement of securities	782,370	1,089,116	337,545
Guarantees granted	163,893	387,934	281,557
Other services	38,234	66,413	35,450
Total	<u>1,357,985</u>	<u>2,206,604</u>	<u>1,429,449</u>

21. Other operating income

	2020		2019
	2nd semester	Year	Year
Adjustment to inflation of judicial deposits	9,149	18,488	39,179
Reversal of allowances	37,095	37,612	26,682
Exchange rate variation	15,203	22,902	760
Adjustments of receivables from sale	272,977	272,977	537
Other operating income	6,748	7,060	36
Total	<u>341,172</u>	<u>359,039</u>	<u>67,194</u>

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22. Other operating expenses

	2020		2019
	2nd semester	Year	Year
Exchange rate variation	398,981	483,941	933
Monetary restatement expense	2,176	5,989	61,655
Allowance for other receivables without loan characteristics	7,625	11,905	41,653
Discounts granted in renegotiation	12,861	14,586	22,351
Fee	4,185	4,788	-
Others	197	5,434	11,935
Total	<u>426,025</u>	<u>526,643</u>	<u>138,527</u>

23. Other administrative expenses

	2020		2019
	2nd semester	Year	Year
Outsourced services and consulting	294,697	460,630	277,326
Telecommunications and data processing	199,883	334,539	193,531
Leases and condominiums	36,507	69,671	60,990
Expenses of the financial system	47,963	92,915	78,582
Advertising and public relations	53,434	83,065	72,159
Depreciation/amortization	11,737	23,230	30,471
Others	39,477	51,340	37,148
Total	<u>683,698</u>	<u>1,115,390</u>	<u>750,207</u>

24. Tax charges

	2020		2019
	2nd semester	Year	Year
PIS/COFINS	55,938	(80,871)	251,550
ISS	61,671	97,071	63,449
IOF	777	1,016	367
ICMS	3,220	13,534	23,241
IPTU	2,978	6,213	4,745
Others	4,129	3,845	(336)
Total	<u>128,713</u>	<u>40,808</u>	<u>343,016</u>

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25. Non-operating income

	2020		2019
	2nd semester	Year	Year
Arbitration process	25,072	229,679	-
Exchange rate on investment abroad	800,232	1,087,617	196,009
Changes in equity interest	48,160	51,353	39,804
Others	5,851	450	-
Total	879,315	1,369,099	235,813

26. 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 arms' length, are reflected in the following accounts:

	Parent company (i)		Subsidiaries and joint controlled entities		Total	
	2020	2019	2020	43830	2020	43830
Assets						
Interbank investments	-	-	502,285	2,572,242	502,285	2,572,242
Securities	-	-	-	222,020	-	222,020
Derivative financial instruments	-	-	30,229,604	13,711,528	30,229,604	13,711,528
Loans and Receivables	4,296,749	3,319,030	1,277,769	-	5,574,518	3,319,080
Foreign exchange portfolio	-	-	29,021	222,020	29,021	222,020
Income Receivable	-	-	801,884	8,978	801,884	8,978
Securities trading and brokerage	-	-	487,618	568,917	487,618	568,917
Sundry	-	-	6,939,679	1,340	6,939,679	1,340
Liabilities						
Deposits	(135,247)	(94,681)	(6,812,670)	-	(6,947,917)	(94,681)
Open market funding	-	-	(3,443,615)	(5,147,196)	(3,443,615)	(5,147,196)
Funds from securities issued and accepted	(3,514,229)	(2,468,477)	(71,016)	-	(3,585,245)	(2,468,477)
Derivative financial instruments	-	-	(21,551,503)	(9,199,146)	(21,551,503)	(9,199,146)
Foreign exchange portfolio	-	-	(29,144)	(879,130)	(29,144)	(879,130)
Securities trading and brokerage	-	-	(169,922)	(147,492)	(169,922)	(147,492)
Sundry	-	-	(1,489,716)	(282,498)	(1,489,716)	(282,498)
	Parent company		Subsidiaries and joint controlled entities		Total	
	2020	2019	2020	2019	2020	2019
Statements of income						
Financial income	-	-	769,659	48,633,084	769,659	48,633,084
Financial expenses	(3,129)	(15,675)	(2,857,615)	(46,958,438)	(2,860,744)	(46,974,113)
Other operating income	-	16,998	7,771	(28,661)	7,771	(11,663)

(i) Includes natural person.

Total compensation paid in the year to key management personnel totaling R\$16,277 (December 31, 2019 – R\$14,350) is considered a short-term benefit.

On December 31, 2020, investments in interbank deposits between related parties are negotiated indexed to 100% price index (IPCA).

On December 31, 2020, open market funding and deposits from related parties have fixed rates at 1.89% apr. and rates indexed to 100% of the reference interest rate (CDI) or price index (IPCA and IGMP) plus a fixed rate up to 1.89%.

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27. Earnings per share

	2020		2019
	2nd semester	Year	Year
Net income for the semester / year	2,916,051	3,280,125	3,927,617
Weighted average per thousand of common shares outstanding in the year	1,741,573	1,741,573	1,731,277
Weighted average per thousand of common shares held in treasury	1,908	1,908	6,549
Net income for the semester per common share - basic	1.67	1.88	2.27
Net income for the semester per common share - diluted	1.68	1.89	2.28
Weighted average per thousand of class A preferred shares outstanding in the semester / year	577,196	577,196	459,891
Weighted average per thousand of class A preferred shares held in treasury	3,817	3,817	13,098
Net income for the semester per class A preferred shares - basic	5.05	5.68	8.54
Net income for the semester per class A preferred shares - diluted	5.09	5.72	8.79
Weighted average per thousand of class B preferred shares outstanding in the semester / year	349,356	349,356	446,069
Net income for the semester per class B preferred shares - basic and diluted	8.35	9.39	8.80
Weighted average per thousand of shares outstanding in the semester / year	2,668,125	2,668,125	2,637,237
Weighted average per thousand of shares held in treasury	5,725	5,725	19,647
Net income per share - basic	1.09	1.23	1.49
Net income per share - diluted	1.10	1.23	1.50

28. Other information

a. Cash and cash equivalents

	2020	2018
	Balances as at beginning of year	
Cash at banks	640,048	354,764
Open market investments	18,508,555	23,479,214
Interbank deposits	1,255,546	2,172,110
Total	20,404,149	26,006,088
	2020	2019
Balances as at end of year		
Cash at banks	933,799	640,048
Open market investments	39,349,280	18,508,555
Interbank deposits	1,210,347	1,255,546
Total	41,493,426	20,404,149

b. Commitments and responsibilities

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

	2020	2019
Co-obligation and risks for guarantees granted	65,576,431	39,528,558
Responsibility for the management of funds and investment portfolio	18,377,748	17,257,664
Securities under custody	332,426,893	253,166,634
Securities trading and brokerage	3,876,036,704	5,103,916,918
Loans contracted to release	2,469,412	1,786,924
Commitments to be released	115,800	15,400

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

“Responsibility for the management of funds and investment portfolio” is recognized by the sum of the equity value of funds and investment portfolios.

“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 loan contracts with clients to release.

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

c. Non-recurring Items

- R\$64,3 million due to goodwill amortization and exclusive rights.
- R\$22.7 million related to projects to combat Covid-19.
- R\$6 million related to administrative expenses.

29.Subsequent events

Global Medium Term Notes Issuance

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

Primary Public offering

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

Interest on equity payment

The interest on equity deliberate during the year ended December 31, 2020, was paid on February 5, 2021.