



Earnings Release

Second Quarter 2021

August 10, 2021



btgpactual.com



Net New Money
(R\$)

+98bn

2Q 21
+257bn LTM

Total AuC
(R\$)

880bn

2Q 21

Total Revenues
(R\$)

3.8bn

2Q 2021
+52% y-o-y

Adjusted Net Income
(R\$)

1.7bn

2Q 2021
+74% y-o-y

Credit and SME
Portfolio (R\$)

+51%

y-o-y
86bn total | SME: 14bn

Unsecured Funding
(R\$)

+59%

y-o-y
128bn in 2Q 21

Basel Ratio

17.3%

2Q 21

ROAE Adj

21.6%

2Q 21

Highlights

Banco BTG Pactual S.A. reported total revenues of R\$3,771.0 million and adjusted net income of R\$1,718.9 million for the quarter ended June 2021.

BTG Pactual's adjusted net income per unit (considering the stock split) and annualized adjusted return on average shareholders' equity ("Annualized ROAE") were R\$0.45 and 21.6%, respectively, for the quarter, and R\$0.76 and 21.6%, respectively, for the year ended on such date.

As of June 30, 2020, total assets of BTG Pactual were R\$335.2 billion, a 19.8% increase when compared to March 31, 2021. Our BIS capital ratio was 17.3%.

Banco BTG Pactual Financial Summary and Key Performance Indicators

Highlights and KPIs (unaudited) <i>(in R\$ million, unless otherwise stated)</i>	Quarter			Year to Date	
	2Q 2020	1Q 2021	2Q 2021	6M 2020	6M 2021
Total revenues	2,482	2,796	3,771	4,000	6,567
Net income	977	1,176	1,678	1,745	2,855
Adjusted Net income	987	1,197	1,719	1,776	2,916
Adjusted Net income per unit (R\$)	1.09	1.28	0.45	1.96	0.76
Annualized ROAE	17.5%	16.5%	21.6%	16.0%	19.1%
Cost to income ratio	41.8%	42.9%	40.9%	42.2%	41.8%
Shareholders' equity	25,628	30,414	35,040		
Total Number of Shares (# in '000)	2,712,707	2,796,040	11,476,985		
Number of Units (# in '000)	904,236	932,013	3,825,662		
Book Value per unit (R\$)	28.3	32.6	9.2		
BIS Capital Ratio	19.6%	17.7%	17.3%		
Total assets (in R\$ Billion)	230.4	279.8	335.2		
Total of WuM and AuM	497.4	767.3	880.3		

BTG Pactual Performance

We are glad to announce strong results across all business segments, with record net income and net inflows for the quarter and for the semester since our IPO. We are benefiting from the unique tech-enable financial business we have built, in which the integration of our digital platforms with our traditional wholesale business is enabling our high growth and strong profitability. Following the strategy of expanding our distribution capabilities technology and product offering while maintaining a robust capitalization and high levels of liquidity, we concluded a follow-on offering in June 2021 of R\$2.98 billion (R\$ 122.01/unit). We ended the quarter with a Basel ratio of 17.3%, including the consolidation of Banco Pan. Annualized adjusted ROAE and adjusted net income were 21.6% and R\$1,719 million, respectively.

Total revenues reached R\$3,771.0 and were 34.9% higher than previous quarter and 51.9% higher than 2Q 2020, the highest we ever recorded.

As previously mentioned, 2Q 2021 performance was robust in all business units: (i) Investment Banking, once more, reported record revenues of R\$685.2 million, 41.7% higher than previous quarter, leveraged by our increasing retail distribution; (ii) Corporate and SME Lending also posted record revenues of R\$655.0 million, while we continued to grow our portfolio to R\$86.4 billion, of which R\$14.1bn (16% of total) in the SME business ; (iii) Sales & Trading reported significant revenues of R\$1,255.0 million, 54.8% above 1Q 2021 and 23.3% higher than the same period last year, with the lowest level of risk allocation - VaR, which demonstrates the increasing contribution from client (fee based) activities; (iv) Asset Management continues to deliver good results and had record inflows of R\$44.0bn during the quarter; and (v) Wealth Management & Consumer Banking delivered outstanding revenues growth and inflows, reaching R\$374.9 million and R\$54.0bn, respectively, as we continue to increase market share in the retail segment. Principal Investments reported consistent performance with revenues of R\$242.0 million, while Participations revenues increased 37.0% QoQ, reaching R\$158.8 million considering the acquisition of 100% of CaixaPar's ordinary equity stake in Banco Pan (the closing of the transaction was in May 2021, when we received all necessary regulatory approvals).

Operating expenses were R\$1,543.8 million in 2Q 2021 (up 28.8% when compared to 1Q 2021). The increase was mostly due to higher bonus provision attributed to the strong performance, and higher salaries and benefits expenses, as we increased our headcount by almost 10% over the quarter, leading our compensation ratio to 25.2%. Nevertheless, cost-to-income ratio was below historical levels, reaching 40.9%.

Accounting net income reached R\$1,678.4 million in 2Q 2021, 42.7% above 1Q 2021 and 71.7% above 2Q 2020. Shareholders' equity ended the quarter at R\$35.0 billion, a 15.2% increase when compared to the previous quarter, even considering R\$2.95 billion of capital increase from our follow on net of its costs. Liquidity coverage ratio ("LCR") was 215%.

In light of our accelerated growth in all client segments, the combined NNM (AM + WM & Consumer Banking) reached the impressive milestone of R\$98.0 billion, enhancing even further our distribution capacity. As of 2Q 2021, we achieved R\$880.3 billion in assets under management/custody, a 14.7% growth over the previous quarter and a 77.0% growth over the same period last year.

On top of all that, we received several awards recognizing the excellence of our products and services. For the first time the same bank was awarded: (i) Best Research and Sales team in Brazil and Latin America and, (ii) Best Trading team in LatAm by Institutional Investors. Throughout the quarter, we have already received seventeen awards from renowned ranking institutions including The Banker, World Finance, Euromoney and others.

Adjusted Net Income and ROAE (unaudited)

Adjusted Net Income and ROAE (unaudited)	2Q 2021 Accounting	Non Recurring Items & Goodwill	2Q 2021 Adjusted	6M 2021 Adjusted
Investment Banking	685.2		685.2	1,168.8
Corporate & SME Lending	655.0		655.0	1,209.8
Sales and Trading	1,255.0		1,255.0	2,065.9
Asset Management	269.9		269.9	534.5
Wealth Management & Consumer Banking	374.9		374.9	669.6
Principal Investments	242.0		242.0	480.4
Participations	158.8		158.8	274.8
Interest and Other	130.2		130.2	163.0
Total revenues	3,771.0	-	3,771.0	6,566.8
Bonus	(657.8)		(657.8)	(1,119.3)
Salaries and benefits	(291.9)		(291.9)	(557.7)
Administrative and other	(314.5)	6.5	(308.0)	(590.3)
Goodwill amortization	(65.1)	65.1	-	-
Tax charges, other than income tax	(214.5)		(214.5)	(367.6)
Total operating expenses	(1,543.8)	71.7	(1,472.1)	(2,634.9)
Income before taxes	2,227.2	71.7	2,298.9	3,931.9
Income tax and social contribution	(548.9)	(31.1)	(580.0)	(1,015.6)
Net Income	1,678.3	40.6	1,718.9	2,916.3
Annualized ROAE	20.5%		21.6%	19.1%

Note: Results excluding non-recurring items and goodwill provide a more meaningful information of the underlying profitability of our businesses

Non-Recurring Items & Goodwill

Administrative and Others: Related to projects to fight the Covid-19 pandemic

Goodwill: Mainly attributable to some of our most recent acquisitions, such as Necton and BTG Pactual Advisors.

Annualized ROAE adjusted by time weighted average of equity events.

Relevant Events

Follow-on

On June 8th, 2021, we have successfully issued a follow-on offering of R\$2.98 billion. The use of proceeds were general corporate purposes to accelerate acquisition initiatives and growth our digital retail platform, while keeping strong capital and liquidity metrics. The book was several times oversubscribed and the post-offering free float currently stands at 30.1%.

2025 Unsecured Senior Bond Retap

On July 1st, 2021, BTG Pactual successfully reopened its 4.50% due 2025 Senior Unsecured Bond for US\$250 million at a yield to investors of 3.25%. By adding another US\$250 million to the 2025 Bond (remaining life of 3.5 years), we secured additional proceeds to further strengthen our unsecured funding base, allowing us to expand our credit activities. With this reopening, the BTG 2025 Bond has an outstanding amount of US\$1.0 billion. The transaction settled on July 12, 2021.

CredPago Sale

On July 2nd, 2021, BTG Pactual sold its entire participation (49% of total share capital) in CredPago Serviços de Cobrança S.A. to Loft Brasil Tecnologia Ltda. BTG Pactual will receive the proceeds in cash up to 24 months and in shares of Loft Holding Ltd. The conclusion of this transaction remains subject to regulatory approvals.

Grupo Universa Acquisition

On May 31, 2021, we signed the acquisition of 100% of the shares of Empiricus Research Publicações Ltda. ("Empiricus"), Vitreo Holding Financeira S.A. ("Vitreo VHF"), Vitreo Holding S.A. ("Vitreo Holding"), Vitreo Distribuidora de Títulos e Valores Mobiliários S.A. ("Vitreo DTVM" and, together with Vitreo VHF and Vitreo Holding, "Vitreo"), as well as their respective subsidiaries, including the Money Times and Your Money content portals and the Real Valor application.

Subject to the terms and conditions set forth under the share purchase agreement and other transaction documents, we will make the following payments for this acquisition: (i) R\$440 million in cash consideration at the closing of the transaction, (ii) R\$250 million in Banco BTG Pactual's units at the closing of the transaction and (iii) earn-out payments upon the achievement of certain operational and financial goals by the acquired companies.

Consolidated Adjusted Revenues

Revenues in 2Q 2021 were R\$ 3,771.0 million, a 35% increase compared to a strong previous quarter and 52% year-over-year growth. We delivered record revenues for a single quarter, with solid contribution from all business lines, particularly on our client franchises, maintaining a growing trend in our revenues with a more conservative risk allocation.

Adjusted Revenues (unaudited) <i>(in R\$ million, unless otherwise stated)</i>	Quarter			2Q 2021 % change to		Year to Date		6M 2021 % change to
	2Q 2020	1Q 2021	2Q 2021	2Q 2020	1Q 2021	6M 2020	6M 2021	6M 2020
Investment Banking	222	484	685	209%	42%	410	1,169	185%
Corporate & SME Lending	303	555	655	116%	18%	569	1,210	113%
Sales & Trading	1,018	811	1,255	23%	55%	1,473	2,066	40%
Asset Management	195	265	270	38%	2%	409	535	31%
Wealth Management & Consumer Banking	199	295	375	89%	27%	368	670	82%
Principal Investments	395	238	242	-39%	2%	378	480	27%
Participations	71	116	159	122%	37%	169	275	62%
Interest & Others	80	33	130	63%	297%	224	163	-27%
Total revenues	2,482	2,796	3,771	52%	35%	4,000	6,567	64%

Investment Banking

The tables below include details related to announced transactions in which BTG Pactual participated:

BTG Pactual Announced Transactions (unaudited)	Number of Transactions ^{(1),(3)}			Value ^{(2),(3)} (US\$ mln)					
	2Q 2020	1Q 2021	2Q 2021	2Q 2020	1Q 2021	2Q 2021			
Financial Advisory (M&A) ⁽⁴⁾				3	13	15	250	16,934	4,671
Equity Underwriting (ECM)	84			6	19	20	405	1,190	1,497
Debt Underwriting (DCM)				13	25	31	118	1,704	2,037

BTG Pactual Announced Transactions (unaudited)	Number of Transactions ^{(1),(3)}				Value ^{(2),(3)} (US\$ mln)			
	6M 2020		6M 2021		6M 2020		6M 2021	
Financial Advisory (M&A) ⁽⁴⁾					8	28	383	21,605
Equity Underwriting (ECM)	12	6	3	3	11	39	704	2,688
Debt Underwriting (DCM)					27	56	1,105	3,741

Source: Dealogic for ECM, M&A and International Brazilian DCM and Anbima for Local Brazilian DCM

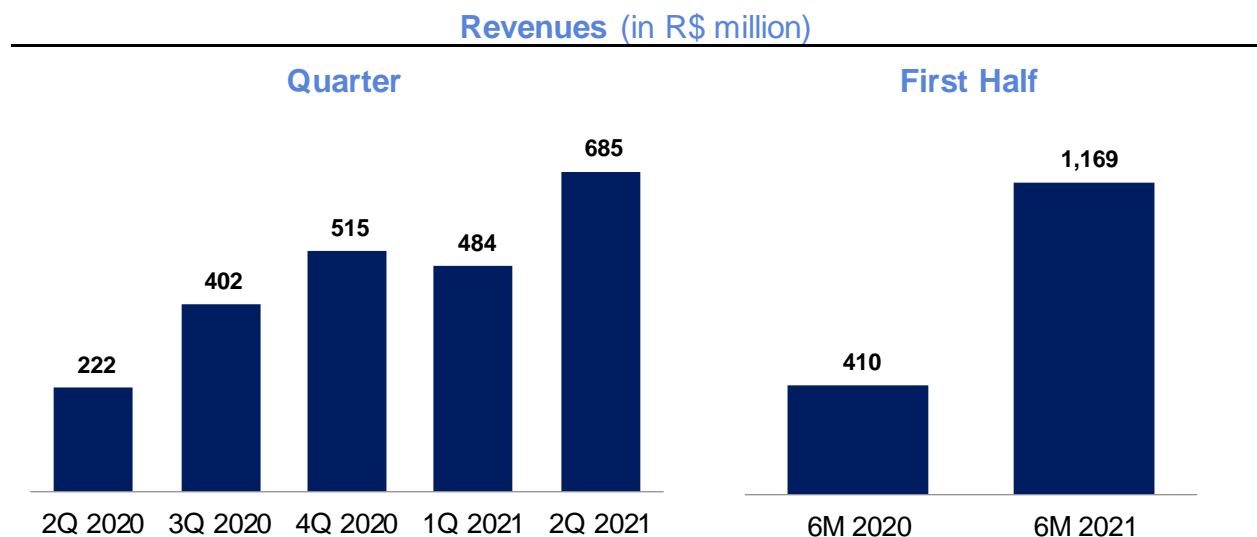
Notes:

- (1) Equity underwriting and debt underwriting represent closed transactions. Financial advisory represents announced M&A deals, which typically generate fees upon their subsequent closing.
- (2) Local DCM transactions were converted to U.S. Dollars using the end of quarter exchange rates reported by the Brazilian Central Bank.
- (3) Market data from previous quarters might vary in all products, due to potential inclusions and exclusions.
- (4) M&A market data for previous quarters may vary because: (i) deal inclusions might be delayed at any moment, (ii) canceled transactions will be withdrawn from the rankings, (iii) transaction value might be revised and (iv) transaction enterprise values might change due to debt inclusion, which usually occurs some weeks after the transaction is announced (mainly for non-listed targets).

Investment Banking 2Q 2021 market share highlights

M&A: #1 in number of transactions and volume in Brazil, and #1 in number of transactions in Latin America.

ECM: #2 in Brazil and Latin America in number of transactions.



2Q 2021 vs. 1Q 2021

Investment Banking established record revenues in a quarter of R\$685.2 million, an impressive 41.7% increase when compared to a strong 1Q 2021 and 33.1% higher than our previous record in 4Q 2020. The performance was driven by solid market activities in ECM and DCM as both had their best quarter ever. In Financial Advisory, revenues have picked up during the period due to higher market activity. Enhanced level of revenues is supported by our integrated business model, from origination to distribution, combined with our leading position in industry rankings.

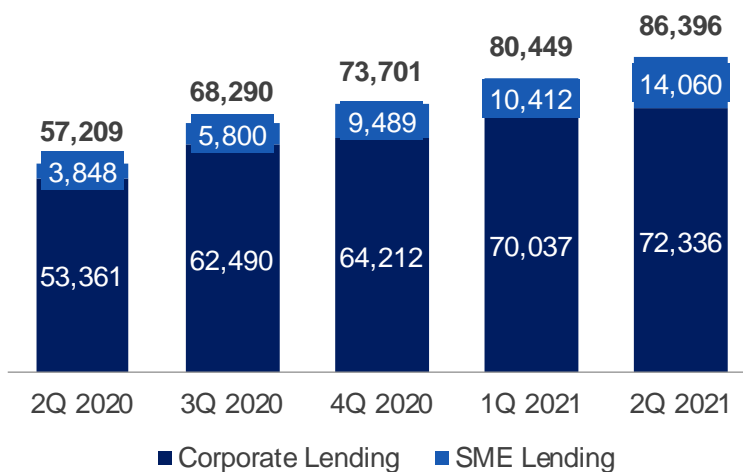
2Q 2021 vs. 2Q 2020

Investment banking revenues more than tripled compared to 2Q 2020, when we delivered R\$221.7 million. Strong performance in all segments drove the y-o-y revenue increase, as mentioned above.

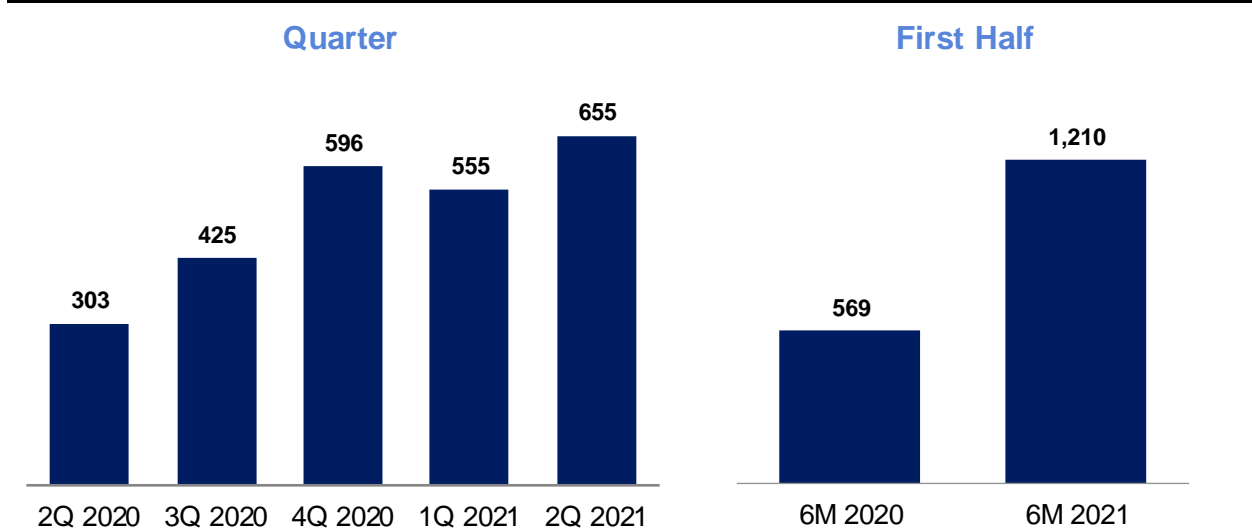
Corporate and SME Lending

During the quarter, our Corporate & SME Lending portfolio grew 7.4% reaching R\$86.4 billion, compared to R\$80.4 billion in 1Q 2021, as we continue to gain market share in our SME strategy and increase our product offering. We had a 51.0% year-over-year growth focused on high quality counterparties, and we maintained competitive spreads as well as adequate levels of provisions. In the period, our SME portfolio (BTG+ business) achieved R\$14.1 billion, or 16% of our total credit exposure, a 35% growth q-o-q and more than three times y-o-y.

Corporate and SME Lending Portfolio (in R\$ million)



Revenues (in R\$ million)



2Q 2021 vs. 1Q 2021

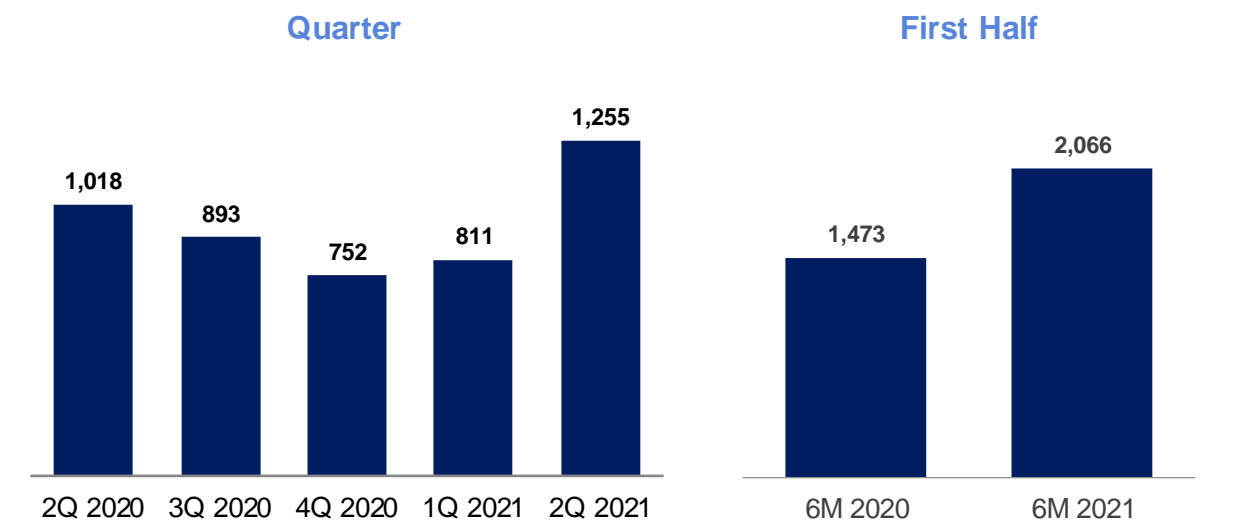
Corporate and SME Lending reported its best quarter since our IPO, with outstanding revenues of R\$655.0 million. Compared to 1Q 2021, revenues increased 18% due to (i) a 7.4% portfolio growth in the period, and (ii) a higher contribution from our Special Situations strategy. The credit book continues to maintain good asset quality with comfortable provisioning levels and competitive spreads.

2Q 2021 vs. 2Q 2020

Revenues from Corporate and SME Lending more than doubled year-over-year, from R\$302.7 million in 2Q 2020 to R\$655.0 million in 2Q 2021. The increase was due to the 51.0% portfolio growth in the period and higher contribution from our Special Situations portfolio when compared to the same period one year ago.

Sales & Trading

Revenues (in R\$ million)



2Q 2021 vs. 1Q 2021

Sales & Trading revenues were R\$1,255.0 million in 2Q 2021 compared to R\$810.9 million in 1Q 2021, a 54.8% increase, with overall good performance, mostly driven by our FX, Equities and Energy desks, combined with client activities, as our VaR usage went down to a lower level historically.

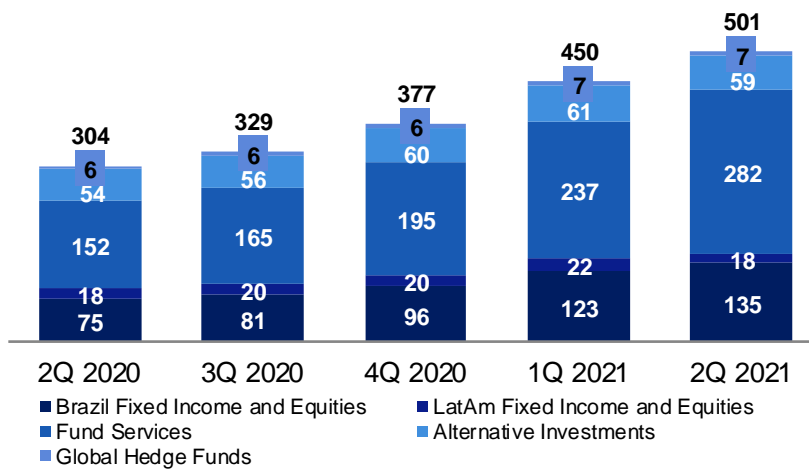
2Q 2021 vs. 2Q 2020

Sales & Trading revenues increased 23.3%, compared to R\$1,017.5 million in 2Q 2020, when we increased our risk appetite to seize market opportunities after the historical market freefall triggered by the COVID crisis. The y-o-y increase was mostly due to better contribution from our Equities, Credit and Energy desks, and higher contribution from client activities, partially offset by lower revenues from the FX desk.

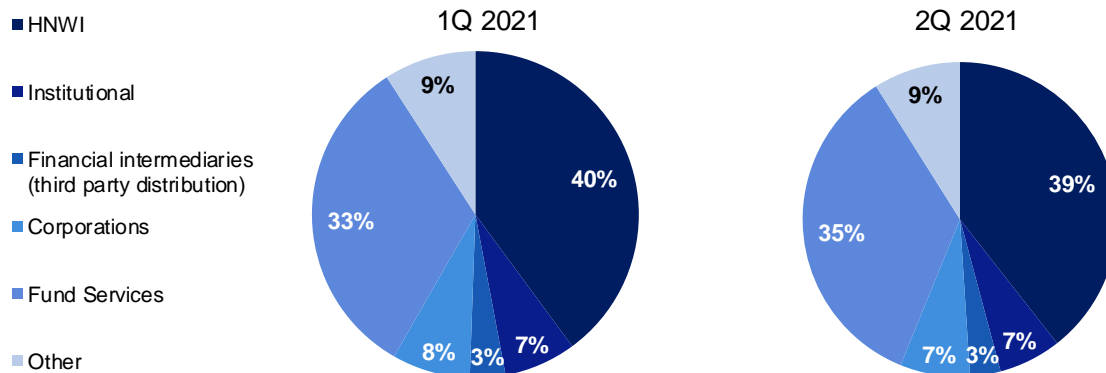
Asset Management

During 2Q 2021, total Assets under Management (AuM and AuA) surpassed the half trillion milestone, reaching R\$501.4 billion, an 11.5% quarterly increase and a 65.0% increase compared to 2Q 2020. AuM benefited from all time high inflows - Net New Money (NNM) was R\$44.0 billion in the quarter, coming mostly from Fund Services and Brazil Fixed Income and Equities strategies. Over the last 12 months, NNM reached the outstanding level of R\$129.4 billion.

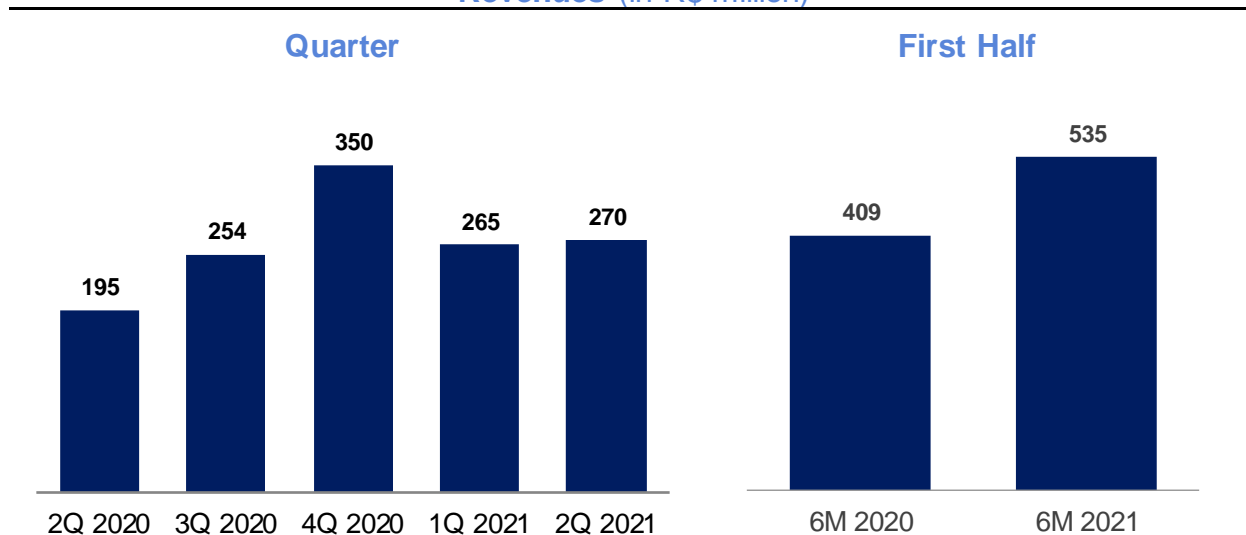
AuM & AuA by Asset Class (in R\$ billion)



AuM and AuA by Type of Client



Revenues (in R\$ million)



2Q 2021 vs. 1Q 2021

Asset Management revenues increased 2.0% to R\$269.9 million when compared to 1Q 2021. Management fees continue to increase q-o-q, in line with the growth of AuM/AuA, with higher contribution from Fund Services. Performance fees are recorded at the end of each fund's fiscal year, the majority of which takes place in December.

2Q 2021 vs. 2Q 2020

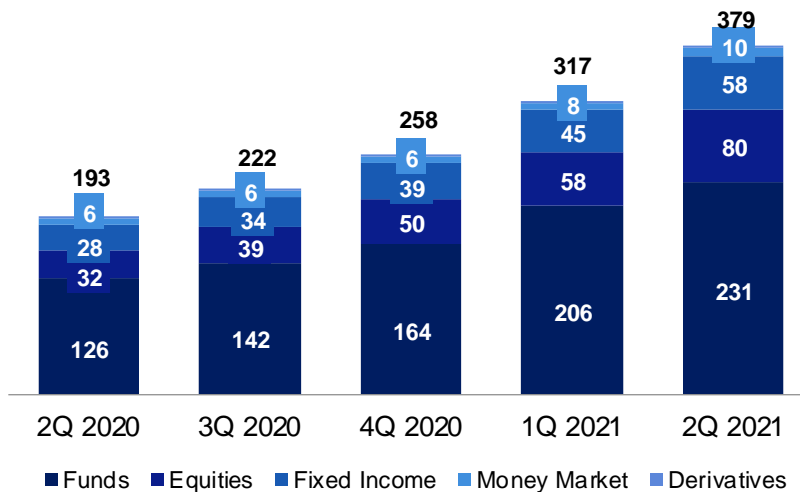
Asset Management revenues increased 38.2% from R\$195.2 million in 2Q 2020 to R\$269.9 million in 2Q 2021. The increase was mainly attributable to a 65.0% growth of AuM/AuA, which impacted all business lines.

Wealth Management & Consumer Banking

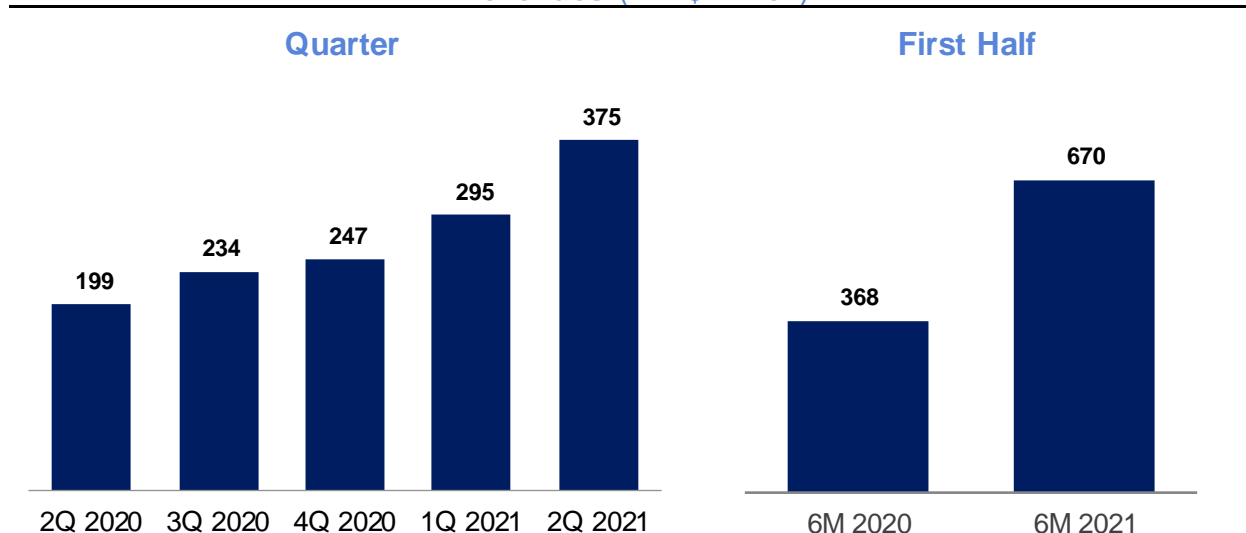
During the quarter, Wealth under Management (WuM) increased 19.4%, from R\$317.4 billion in 1Q 2021 to R\$378.9 billion in 2Q 2021. Year-over-year, WuM almost doubled as we increased our market share, especially in the upper income retail segment. Once again, we posted record Net New Money (NNM) of R\$54.0 billion with strong contribution from all our business desks. For the last 12 months, we reached impressive NNM of R\$127.7 billion.

It's worth noticing that in the NNM of 2Q 2021, we included the consolidation of approximately R\$12 billion from Necton, and the accelerated growth we are experiencing is a result of the network effects of our expanded product offering and presence in new markets.

WuM Breakdown (in R\$ billion)



Revenues (in R\$ million)



2Q 2021 vs. 1Q 2021

Wealth Management & Consumer Banking posted record revenues of R\$374.9, a 27.2% increase when compared to 1Q 2021. The increase was mainly due to WuM growth, while we continue to expand our distribution capacity within new business segments. Besides, revenues from brokerage and trading continue with high growth trend and reached record levels.

2Q 2021 vs. 2Q 2020

Revenues from Wealth Management & Consumer Banking increased 88.8%, compared to R\$198.6 million in 2Q 2020, following the 95.9% increase in WuM compared to the same period a year ago.

Principal Investments

2Q 2021 vs. 1Q 2021

Principal Investments revenues remained stable compared to 1Q 2021, from R\$238.4 million to R\$242.0 million. During the quarter, we had positive equity pick up from investments, mainly from Prime and Eneva, which are recorded under “investments in associates and jointly controlled entities” on our balance sheet.

2Q 2021 vs. 2Q 2020

Principal Investments revenues had gains of R\$242.0 million in 2Q 2021 as mentioned above, compared to \$395.5 million in 2Q 2020, when global equity markets recovered from the losses that the COVID-19 pandemic created in the first quarter of 2020.

Participations

2Q 2021 vs. 1Q 2021

In Participations, we recorded gains of R\$158.8 million, with positive results from all our investments. Revenues in 2Q 2021 consisted of (i) R\$108.5 million gains from Banco Pan, which includes goodwill amortization from the acquisition of Caixa’s ordinary shares , (ii) R\$14.4 million gains from Too Seguros and Pan Corretora and, (iii) R\$36.0 million gains from our remaining stake in EFG. In 1Q 2021, we recorded R\$115.9 million in earnings, mostly driven by Banco Pan equity pick-up.

2Q 2021 vs. 2Q 2020

Participations gains were R\$158.8 million in 2Q 2021, as noted above, compared to R\$71.5 million in 2Q 2020. The increase was mostly related to a stronger performance of Banco Pan as well as a positive performance from our remaining equity stake in EFG.

Interest & Others

2Q 2021 vs. 1Q 2021

Revenues from Interest & Others were R\$130.2 million in 2Q 2021, compared to R\$32.8 million in 1Q 2021. The increase was mainly due to the interest rate rise and the 15.2% increase in our shareholder’s equity from R\$30.4 billion to R\$35.0 billion. Interest & Others revenues correspond mainly to interest rates of the Central Bank of Brazil applied over our tangible equity (i.e. internal cost of funding).

2Q 2021 vs. 2Q 2020

Revenues from Interest & Others increased 63.1% y-o-y, mainly due to higher interest rates as well as the 52.3% increase in shareholder’s equity from R\$25.6 billion to R\$35.0 billion.

Adjusted Operating Expenses

Adjusted Operating Expenses (unaudited) <i>(in R\$ million, unless otherwise stated)</i>	Quarter			2Q 2021 % change to		Year to Date		6M 2021 % change to
	2Q 2020	1Q 2021	2Q 2021	2Q 2020	1Q 2021	6M 2020	6M 2021	6M 2020
Bonus	(438)	(462)	(658)	50%	43%	(526)	(1,119)	113%
Salaries and benefits	(225)	(266)	(292)	29.6%	9.8%	(431)	(558)	30%
Administrative and other	(226)	(288)	(315)	39.3%	9.4%	(498)	(602)	21%
Goodwill amortization	(15.4)	(30.6)	(65)	324.1%	113.1%	(27)	(96)	251%
Tax charges, other than income tax	(132)	(153)	(214)	61.9%	40.1%	(204)	(368)	80%
Total operating expenses	(1,036.5)	(1,198.6)	(1,544)	48.9%	28.8%	(1,687)	(2,742)	63%
Cost to income ratio	42%	43%	41%	-2%	-5%	42%	42%	-1%
Compensation ratio	27%	26%	25%	-6%	-3%	24%	26%	7%
Total number of employees	2,855	3,824	4,175	46%	9%	2,855	4,175	46%
Partners and associate partners	236	260	258	9%	-1%	236	258	9%
Employees	2,619	3,564	3,917	50%	10%	2,619	3,917	50%

Bonus

In 2Q 2021, bonus expenses were R\$657.8 million, a 42.5% increase compared to 1Q 2021, and 50.3% higher than 2Q 2020. The increase is mostly attributed to a higher revenue level (especially from our client franchises). Our bonuses are determined in accordance with our profit-sharing program, and are calculated as a percentage of our adjusted, or operating revenues (which exclude Interest & Other, Principal Investment and Participations revenues), subtracted by our operating expenses.

Salaries and benefits

Staff costs increased 9.8% in the quarter and 29.6% when compared to 2Q 2020, mostly due to: (i) increase of 353 headcounts during the quarter especially at the Digital Retail Unit (DRU) and IT, (ii) consolidation of Necton Investimentos into BTG Pactual's payroll. Expenses related to salaries and benefits were R\$225.3 million in 2Q 2020 and R\$265.8 million in 1Q 2021, compared to R\$291.9 million in 2Q 2021.

Administrative and other

Total administrative and other expenses increased 9.4%, from R\$287.6 million in 1Q 2021 to R\$314.5 million in 2Q 2021, mainly related to an increase in IT costs and the consolidation of Necton. When compared to 2Q 2020, expenses increased 39.3% mostly due to the expansion of our Digital Retail Unit.

Goodwill amortization

In 2Q 2021, goodwill amortization expenses totaled R\$65.1 million, mostly due to Necton and BTG Pactual Advisors. Goodwill amortization doubled when compared to 1Q 2021 and grew 4x when compared to 2Q 2020, mostly due to inorganic growth efforts/acquisitions of small and middle size companies.

Tax charges, other than income tax

Tax charges, other than income tax, were R\$214.5 million, 5.7% of total revenues, compared to R\$153.1 million in 1Q 2021, 5.5% of total revenues, and R\$132.5 million in 2Q 2020, 5.3% of total revenues.

Adjusted Income Taxes

Adjusted Income Tax (unaudited) <i>(in R\$ million, unless otherwise stated)</i>	Quarter			Year to Date	
	2Q 2020	1Q 2021	2Q 2021	6M 2020	6M 2021
Income before taxes	1,446	1,597	2,227	2,313	3,824
Income tax and social contribution	(469)	(421)	(549)	(568)	(970)
Effective income tax rate	32.4%	26.3%	24.6%	24.6%	25.4%

Our effective income tax rate for the quarter was 24.6% (representing an income tax expense of R\$548.9 million), compared to a rate of 26.3% in 1Q 2021 and 32.4% in 2Q 2020. The decrease was mainly due to a more favorable revenues mix, with proportionally less revenues subject to high corporate tax rates in the period.

Balance Sheet

Our total assets increased 19.8%, from R\$279.8 billion at the end of 1Q 2021 to R\$335.2 billion at the end of 2Q 2021, mainly due to Banco Pan's consolidation impact of R\$42.7 billion and a 41.5% increase in our Assets Financed Through REPO, from R\$48.9 billion to R\$69.2 billion. This was partially offset by a decrease of 18.6% in our Illiquid Assets from R\$23.0 billion to R\$18.7 billion at the end of 2Q 2021. Our leverage ratio increased to 9.6x from 9.2x at 1Q 2021.

On the liability side, we have Banco Pan's consolidation impact of R\$35.1 billion and our repo financing increased, in line with the movements in our assets. This was partially offset by a 14.3% decrease in our Trading Portfolio liability, from R\$60.9 billion to R\$52.2 billion. The unsecured funding increased 5.3% to R\$127.5 billion at the end of 2Q 2021.

Shareholders' equity increased from R\$30.4 billion at the end of 1Q2021 to R\$35.0 billion at the end of 2Q 2021, mostly impacted by the net income of R\$1,678.4 million in the quarter and by the follow on proceeds, net of its costs, of R\$2.95 billion.

Risk and Capital Management

There were no significant changes in the risk and capital management framework in the quarter.

Market Risk – Value-at-risk

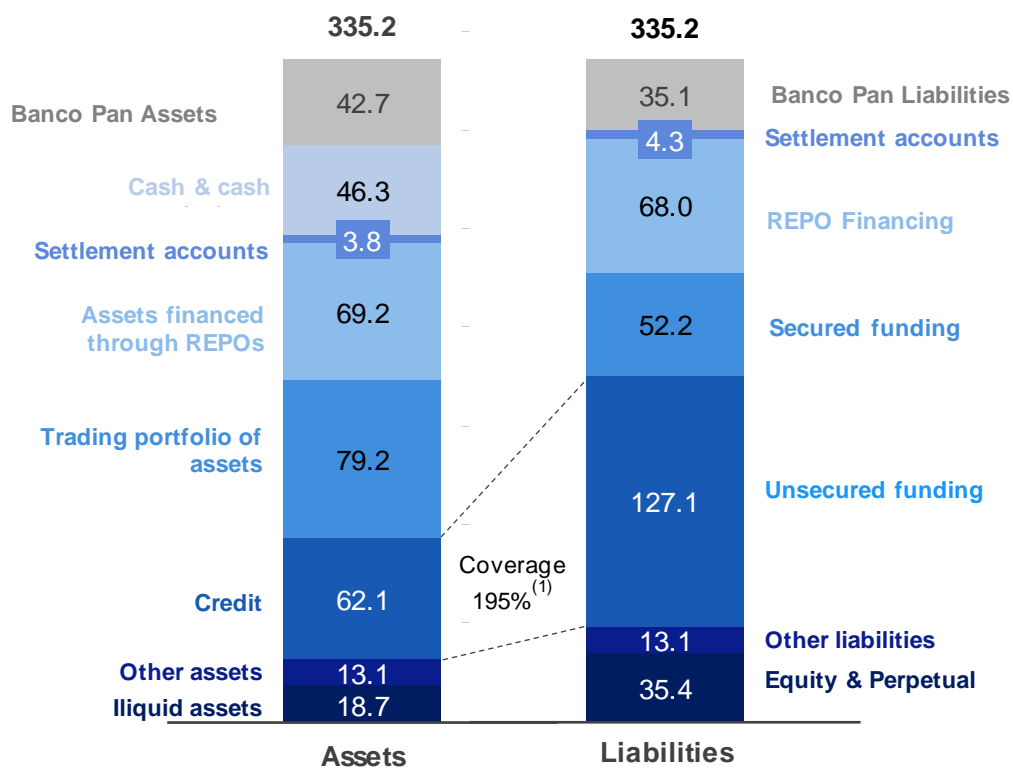
Value-at-risk (unaudited) <i>(in R\$ million, unless otherwise stated)</i>	Quarter		
	2Q 2020	1Q 2021	2Q 2021
Total average daily VaR	118.5	126.7	80.6
Average daily VaR as a % of average equity	0.50%	0.44%	0.25%

Our total average daily VaR decreased 36.4% when compared to 1Q 2021. The decrease was mainly driven by the lower volatility during the quarter as well as because of our smaller positions in the Equities Desks.

Liquidity Risk Analysis

The chart below summarizes the composition of assets and liabilities as of June 30, 2021:

Summarized Balance Sheet (unaudited) (in R\$ billion)

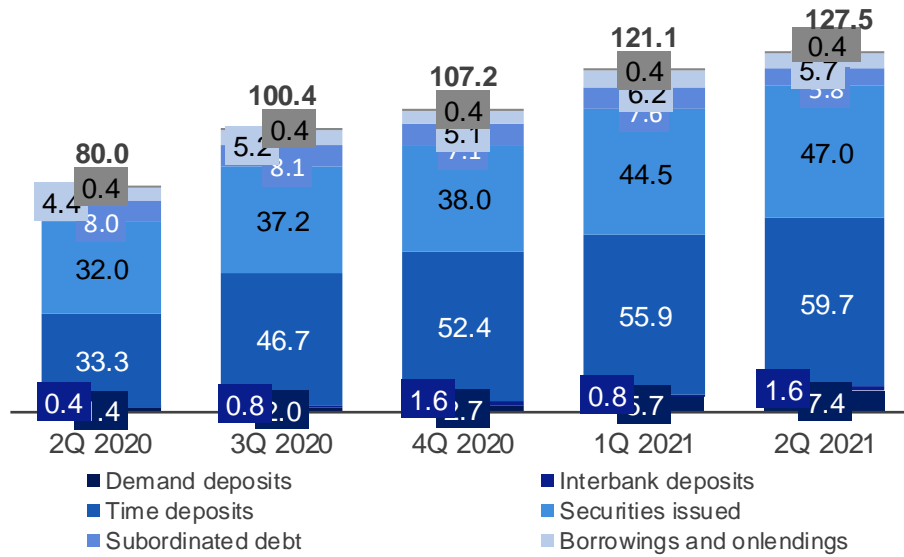


Note:

1. Excludes demand deposits

Unsecured Funding Analysis

The chart below summarizes the composition of our unsecured funding base evolution:



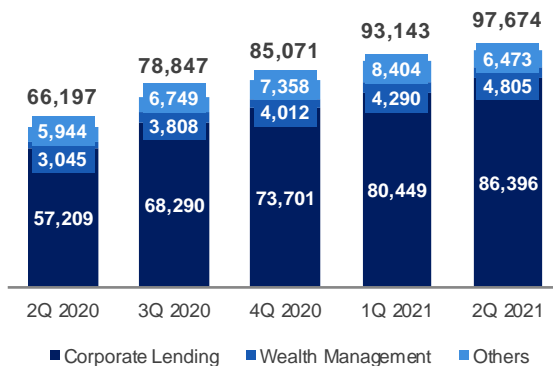
Our total unsecured funding increased from R\$121.1billion at the end of 1Q 2021 to R\$127.5billion at the end of 2Q 2021, mainly due to an increase in time deposits and securities issued.

BTG Pactual Broader Credit Portfolio

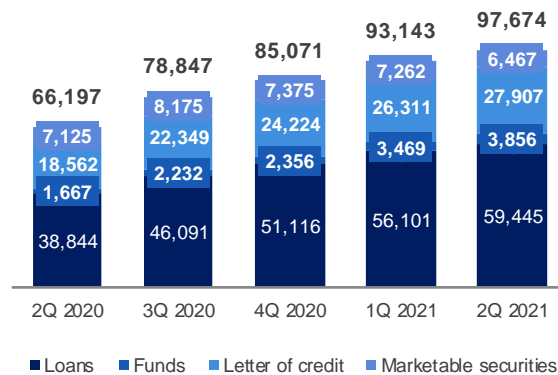
Our broader credit portfolio is comprised of loans, receivables, advances on foreign exchange contracts, letters of credit and marketable securities bearing credit exposures (including debentures, promissory notes, real estate bonds, and investments in credit receivable funds – FIDCs).

The balance of our broader credit portfolio increased 4.9% when compared to the previous quarter, from R\$93.1 billion to R\$97.7 billion and 47.5% compared to 2Q 2020.

**Broader Credit Portfolio
Breakdown by Area** (in R\$ million)



**Broader Credit Portfolio
Breakdown by Product** (in R\$ million)



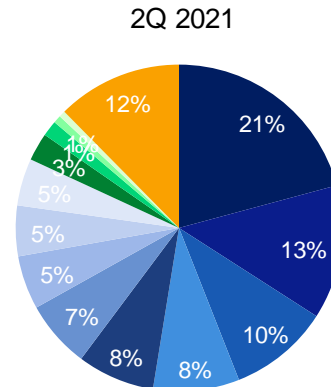
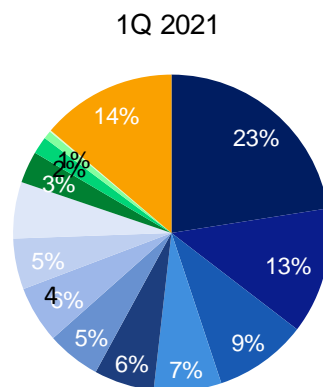
Notes:

Others: includes interbank deposits, Merchant Banking structured transactions and others

Wealth Management impacts WM results, others impact Sales & Trading and Merchant Banking results

Corporate Lending & Others Portfolio by Industry (% of total)

- Utilities
- Financials
- Retail
- Food & Beverage
- Infrastructure
- Agribusiness
- Wealth Management
- Real Estate
- Oil & Gas
- Metals & Mining
- Telecom
- Auto-Parts
- Petrochemicals
- Others



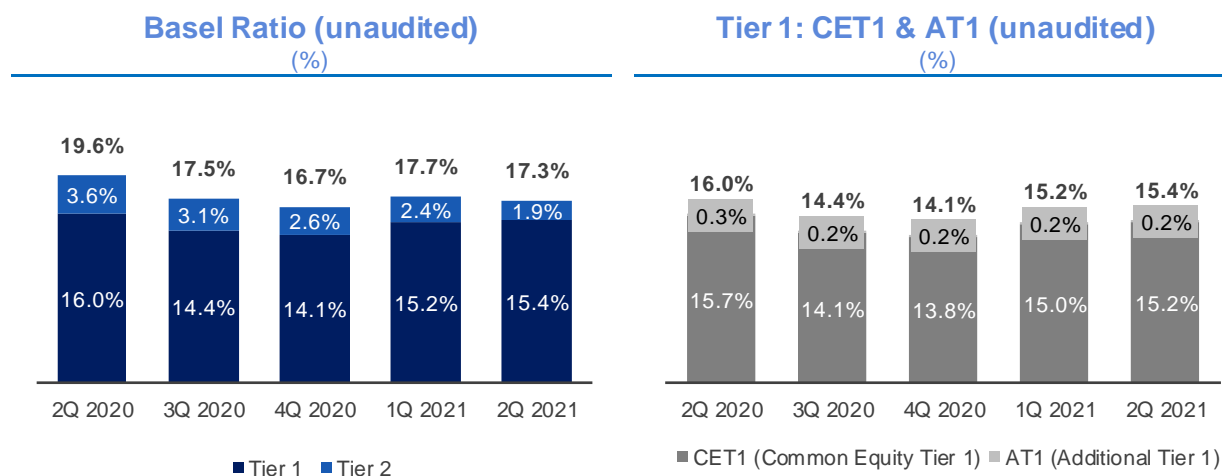
Credit Risk

The following table shows the distribution of our credit exposures as of June 30, 2021 by credit rating. The ratings below reflect our internal assessment, consistently applied in accordance with the Brazilian Central Bank standard ratings scale:

Rating (unaudited) (in R\$ million)	2Q 2021
AA	48,876
A	24,192
B	18,857
C	3,008
D	1,813
E	477
F	412
G	357
H	253
Total	98,245

Capital Management

BTG Pactual complies with standards of capital requirements established by the Brazilian Central Bank that are consistent with those proposed by the Basel Committee on Banking Supervision, under the Basel Capital Accord. Our BIS capital ratios, calculated in accordance with the Brazilian Central Bank standards and regulations, are applicable only to BTG Pactual. The BIS capital ratio was 17.3% at the end of 2Q 2021. Our liquidity coverage ratio (LCR) ended the quarter at 215%.



Exhibits

Basis for Presentation

Except where otherwise noted, the information concerning our financial condition presented in this document is based on our Balance Sheet, which is prepared in accordance with Brazilian GAAP for Banco BTG Pactual S.A. and its subsidiaries. Except where otherwise noted, the information concerning our results of operations presented in this document is based on our Adjusted Income Statement, which represents a revenue breakdown by business unit net of funding costs and financial expenses allocated to such unit, and a reclassification of certain other expenses and costs.

Our Adjusted Income Statement is derived from the same accounting information used for preparing our Income Statement in accordance with Brazilian GAAP and IFRS. The classification of the line items in our Adjusted Income Statement is unaudited and materially differs from the classification and presentation of the corresponding line items in our Income Statement. As explained in the notes to the Financial Statements of BTG Pactual, our financial statements are presented with the exclusive purpose of providing, in a single set of financial statements and in one GAAP, information related to the operations of BTG Pactual and represents the consolidation of transactions of Banco BTG Pactual S.A. and its subsidiaries.

Key Performance Indicators (“KPIs”) and Ratios

The key performance indicators (“KPIs”) and ratios are monitored by BTG Pactual’s management and pursued to be achieved across financial periods. Consequently, key indicators calculated based on annual results across financial periods may be more meaningful than quarterly results and results of any specific date. KPIs are calculated annually and adjusted, when necessary, as part of the strategic planning process and to reflect regulatory environment or materially adverse market conditions.

This section contains the basis for presentation and the calculation of selected KPIs and ratios presented in this report.

KPIs and Ratios	Description
AuM and AuA	Assets under management and assets under administration consist of proprietary assets, third party assets, wealth management funds and/or joint investments managed or administrated among a variety of assets classes, including fixed income, equities, money market accounts, multi-market funds and private equity funds.
Cost to income ratio	It is computed by dividing the adjusted total operating expenses by adjusted total revenues.
Compensation ratio	It is computed by dividing the sum of adjusted bonus and salaries and benefits expenses by adjusted total revenues.
Effective income tax rate	It is computed by dividing the adjusted income tax and social contribution or (expense) by the adjusted income before taxes.
Net income per unit	Net income per unit presents the results of each pro-forma unit formed by 3 different classes of shares of Banco and it considers the outstanding units as of the date of this report. This item is a non-GAAP measurement and may not be comparable to similar non-GAAP measures used by other companies.
ROAE	Annualized ROE is computed by dividing annualized net income by the average shareholders' equity. We determine the average shareholders' equity based on the initial and final net equity for the quarter.

KPIs and Ratios	Description
VaR	<p>The VaR numbers reported are calculated on a one-day time horizon, a 95.0% confidence level and a one-year look-back window. A 95.0% confidence level means that there is a 1 in 20 chance that daily trading net revenues will fall below the VaR estimated. Thus, shortfalls from expected trading net revenues on a single trading day greater than the reported VaR would be anticipated to occur, on average, about once a month. Shortfalls on a single day can exceed reported VaR by significant amounts and they can also occur more frequently or accumulate over a longer time horizon, such as a number of consecutive trading days. Given its reliance on historical data, the accuracy of VaR is limited in its ability to predict unprecedented market changes, as historical distributions in market risk factors may not produce accurate predictions of future market risk. Different VaR methodologies and distributional assumptions can produce materially different VaR. Moreover, VaR calculated for a one-day time horizon does not fully capture the market risk of positions that cannot be liquidated or offset with hedges within one day. "Stress Test" modeling is used as a complement of VaR in the daily risk management activities.</p>
WuM	<p>Wealth under management consists of private wealth clients' assets that we manage across a variety of asset classes, including fixed income, money market, multi-asset funds and merchant banking funds. A portion of our WuM is also allocated to our AuM to the extent that our wealth management clients invest in our asset management products.</p>
Leverage Ratio	<p>Leverage Ratio is computed by dividing the total assets by the shareholders' equity.</p>

Selected Financial Data

Balance Sheet (unaudited) <i>(in R\$ million, unless otherwise stated)</i>	Quarter			2Q 2021 % change to	
	2Q 2020	1Q 2021	2Q 2021	2Q 2020	1Q 2021
Assets					
Cash and bank deposits	3,682	2,607	5,296	44%	103%
Interbank investments	61,795	47,931	41,839	-32%	-13%
Marketable securities and derivatives	48,107	87,902	126,671	163%	44%
Interbank transactions	2,291	5,945	8,550	273%	44%
Loans	38,551	54,398	87,543	127%	61%
Other receivables	66,043	66,787	54,486	-17%	-18%
Other assets	389	1,210	1,271	227%	5%
Permanent assets	9,553	13,024	9,540	0%	-27%
Total assets	230,411	279,804	335,195	45%	20%
Liabilities					
Deposits	38,429	62,794	97,776	154%	56%
Open market funding	49,940	54,066	62,908	26%	16%
Funds from securities issued and accepted	36,217	49,174	57,981	60%	18%
Interbank transactions	363	386	2,462	579%	538%
Loans and onlendings	4,505	6,811	5,823	29%	-15%
Derivatives	10,082	6,683	16,559	64%	148%
Subordinated liabilities	4,206	3,689	2,237	-47%	-39%
Other liabilities	60,441	64,984	51,858	-14%	-20%
Deferred income	283	244	279	-1%	14%
Shareholders'equity	25,628	30,414	35,040	37%	15%
Non-controlling interest	318	558	2,273	614%	307%
Total liabilities	230,411	279,804	335,195	45%	20%

Adjusted Income Statement (unaudited) <i>(in R\$ million, unless otherwise stated)</i>	Quarter			2Q 2021 % change to		Year to Date		6M 2021 % change to
	2Q 2020	1Q 2021	2Q 2021	2Q 2020	1Q 2021	6M 2020	6M 2021	6M 2020
Investment Banking	222	484	685	209%	42%	410	1,169	185%
Corporate and SME Lending	303	555	655	116%	18%	569	1,210	113%
Sales & Trading	1,018	811	1,255	23%	55%	1,473	2,066	40%
Asset Management	195	265	270	38%	2%	409	535	31%
Wealth Management & Consumer Banking	199	295	375	89%	27%	368	670	82%
Principal Investments	395	238	242	-39%	2%	378	480	27%
Participations	71	116	159	122%	37%	169	275	62%
Interest & Others	80	33	130	63%	297%	224	163	-27%
Total revenues	2,482	2,796	3,771	52%	35%	4,000	6,567	64%
Bonus	(438)	(462)	(658)	50%	43%	(526)	(1,119)	113%
Salaries and benefits	(225)	(266)	(292)	30%	10%	(431)	(558)	30%
Administrative and other	(226)	(288)	(315)	39%	9%	(498)	(602)	21%
Goodwill amortization	(15)	(31)	(65)	324%	113%	(27)	(96)	251%
Tax charges, other than income tax	(132)	(153)	(214)	62%	40%	(204)	(367.6)	80%
Total operating expenses	(1,036)	(1,199)	(1,544)	49%	29%	(1,687)	(2,742)	63%
Income before taxes	1,446	1,597	2,227	54%	39%	2,313	3,824	65%
Income tax and social contribution	(469)	(421)	(549)	17%	30%	(568)	(970)	71%
Net Income	977	1,176	1,678	72%	43%	1,745	2,855	64%

Income Statement (unaudited) <i>(in R\$ million, unless otherwise stated)</i>	Banco BTG Pactual S.A.	
	1Q 2021	2Q 2021
Financial income	4,427	7,113
Financial expenses	(3,575)	(3,569)
Gross financial income	852	3,544
Other operating income (expenses)	1,069	(630)
Operating income (expenses)	1,920	2,914
Non-operating income/(expenses)	15	102
Income before taxes and profit sharing	1,935	3,016
Income and social contribution taxes	(334)	(686)
Statutory profit sharing	(431)	(665)
Non-controlling interest	7	13
Net income	1,176	1,678

Selected Presentation Differences

The table presents a summary of certain material differences between the Adjusted Income Statement and the Income Statement prepared in accordance to the BR GAAP:

	Adjusted Income Statement	Income Statement
Revenues	<ul style="list-style-type: none"> Revenues segregated by business unit, which is the functional view used by our management to monitor our performance Each transaction allocated to a business unit, and the associated revenue, net of transaction and funding costs (when applicable), is reported as generated by such business unit 	<ul style="list-style-type: none"> Revenues are presented in accordance with BRGAAP and standards established by COSIF and IFRS Segregation of revenues follows the contractual nature of the transactions and is aligned with the classification of the assets and liabilities - from which such revenues are derived Revenues are presented without deduction of corresponding financial or transaction costs
Expenses	<ul style="list-style-type: none"> Revenues are net of certain expenses, such as trading losses, as well as transaction costs and funding costs Revenues are net of cost of funding of our net equity (recorded at "interest & others") SG&A expenses incurred to support our operations are presented separately 	<ul style="list-style-type: none"> Breakdown of expenses in accordance with COSIF Financial expenses and trading losses presented as separate line items and not deducted from the financial revenues with which they are associated Transactions costs are capitalized as part of the acquisition cost of assets and liabilities in our inventory SG&A expenses incurred to support our operations are presented separately in our income statement
Principal Investments Revenues	<ul style="list-style-type: none"> Revenues net of funding costs (including cost of net equity) and of trading losses, including losses from derivatives and from foreign exchange variations Revenues are reduced by associated transaction costs and by management and performance fees paid 	<ul style="list-style-type: none"> Revenues included in different revenue line items (marketable securities, derivative financial income and equity pick-up from subsidiaries) Losses, including trading losses and derivative expenses, presented as financial expenses
Sales & Trading Revenues	<ul style="list-style-type: none"> Revenues net of funding costs (including cost of net equity) and of trading losses, including losses from derivatives and from foreign exchange variations Revenues deducted from transaction costs 	<ul style="list-style-type: none"> Revenues included in numerous revenue line items (marketable securities, derivative financial income, foreign exchange and compulsory investments) Losses, including trading losses, derivative expenses and funding and borrowings costs, presented as financial expenses
Corporate Lending Revenues	<ul style="list-style-type: none"> Revenues net of funding costs (including cost of net equity) 	<ul style="list-style-type: none"> Revenues included in certain revenue line items (credit operations, marketable securities and derivative financial income) Losses, including derivative expenses, presented as financial expenses
Banco Pan Revenues	<ul style="list-style-type: none"> Revenues consist of the equity pick-up from our investment, presented net of funding costs (including cost of net equity) 	<ul style="list-style-type: none"> Revenues from equity pick-up recorded as equity pickup from subsidiaries
Salaries and Benefits	<ul style="list-style-type: none"> Salaries and benefits include compensation expenses and social security contributions 	<ul style="list-style-type: none"> Generally recorded as personnel expenses
Bonus	<ul style="list-style-type: none"> Bonus include cash profit-sharing plan expenses (% of our net revenues) 	<ul style="list-style-type: none"> Generally recorded as employees' statutory profit-sharing
Administrative and Other	<ul style="list-style-type: none"> Administrative and Others are consulting fees, offices, IT, travel and entertainment expenses, as well as other general expenses 	<ul style="list-style-type: none"> Generally recorded as other administrative expenses, and other operating expenses
Goodwill amortization	<ul style="list-style-type: none"> Goodwill amortization of investments in operating subsidiaries other than merchant banking investments 	<ul style="list-style-type: none"> Generally recorded as other operating expenses
Tax charges, other than income tax	<ul style="list-style-type: none"> Tax expenses are comprised of taxes applicable to our revenues not considered by us as transaction costs due to their nature (PIS, Cofins and ISS) 	<ul style="list-style-type: none"> Generally recorded as tax charges other than income taxes
Income tax and social contribution	<ul style="list-style-type: none"> Income tax and other taxes applicable to net profits 	<ul style="list-style-type: none"> Generally recorded as income tax and social contribution

The differences discussed above are not exhaustive and should not be construed as a reconciliation of the Adjusted income statement to the income statement or financial statements. The business units presented in the Adjusted income statement should not be presumed to be operating segments under IFRS because our management does not solely rely on such information for decision making purposes. Accordingly, the Adjusted Income Statement contains data about the business, operating and financial results that are not directly comparable to the income statement or the financial statements and should not be considered in isolation or as an alternative to such income statement or financial statements. In addition, although our management believes that the Adjusted Income Statement is useful for evaluating our performance; the Adjusted Income Statement is not based on Brazilian GAAP, IFRS, U.S. GAAP or any other generally recognized accounting principles.

Forward-looking statements

This document may contain estimates and forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the U.S. Securities Exchange Act of 1934, as amended, or the Exchange Act. These statements may appear throughout this document. These estimates and forward-looking statements are mainly based on the current expectations and estimates of future events and trends that affect or may affect the business, financial condition, and results of operations, cash flow, liquidity, prospects and the trading price of the units. Although we believe that these estimates and forward-looking statements are based upon reasonable assumptions, they are subject to many significant risks, uncertainties and assumptions and are made considering information currently available to us. Forward-looking statements speak only as of the date they were made, and we do not undertake the obligation to update publicly or to revise any forward-looking statements after we distribute this document as a result of new information, future events or other factors. In light of the risks and uncertainties described above, the forward-looking events and circumstances discussed in this document might not occur and future results may differ materially from those expressed in or suggested by these forward-looking statements. Forward-looking statements involve risks and uncertainties and are not a guaranty of future results. As a result, you should not make any investment decision on the basis of the forward-looking statements contained herein.

Rounding

Certain percentages and other amounts included in this document have been rounded to facilitate their presentation. Accordingly, figures shown as totals in certain tables may not be an arithmetical aggregation of the figures that precede them and may differ from the financial statements.

Glossary

Alternext	Alternext Amsterdam
BM&FBOVESPA	The São Paulo Stock Exchange (BM&FBOVESPA S.A. – <i>Bolsa de Valores, Mercadorias e Futuros</i>).
BR Properties	BR Properties S.A.
CMN	The Brazilian National Monetary Council (Conselho Monetário Nacional).
ECB LTRO	European central Bank Long-term repo operation.
ECM	Equity Capital Markets.
Euronext	NYSE Euronext Amsterdam
HNWI	High net worth individuals
IPCA	The inflation rate is the Consumer Price Index, as calculated by the IBGE.
M&A	Mergers and Acquisitions.
NNM	Net New Money
GDP	Gross Domestic Product.
Selic	The benchmark interest rate payable to holders of some securities issued by the Brazilian government.
SG&A	Selling, General & Administrative



Earnings Release – Second Quarter 2021

August 10th, 2021 (before trading hours)

English Conference Call

August 10th, 2021 (Tuesday)

12:00 PM (New York) / 01:00 PM (Brasília)

Phone: +55 (11) 2188-0155

Code: BTG Pactual

Replay until 16/08: +55 (11) 2188-0400

Code: BTG Pactual

Portuguese Conference Call

August 10th, 2021 (Tuesday)

10:00 AM (New York) / 11:00 AM (Brasília)

Phone: +55 (11) 2188-0155

Code: BTG Pactual

Replay until 16/08: +55 (11) 2188-0400

Code: BTG Pactual

Webcast: The conference calls audio will be live broadcasted, through a webcast system available on our website www.btgpactual.com/ir

Participants are requested to connect 15 minutes prior to the time set for the conference calls.

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