



September 9, 2021

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CIRCULAR LETTER

To: Listed B3 and OTC Participants

Re: **Treatment of Positions, Collateral and Index Portfolios as a result of the Corporate Reorganization that involves Itaú Unibanco Holding S.A. (Itaú Unibanco) Investing in XP Inc.**

On August 20, 2021, through a Communication to the Market, Itaú Unibanco Holding S.A. announced that pursuant to the Statements of Material Fact published on November 3, 2020, November 26, 2020, December 31, 2020, January 31, 2021 and May 31, 2021, and the Communication to the Market published on July 27, 2021, due to the interest expressed by XP Inc. (XP) – a company headquartered in the Cayman Islands and listed on Nasdaq – to incorporate XPart S.A. (XPart), the General Meetings of XP and of XPart to deliberate on the incorporation of XPart by XP are programmed for **October 1, 2021** (Incorporation General Meetings).

If the XPart and XP shareholders approve the incorporation at the respective Incorporation General Meetings, securities issued by Itaú Unibanco will continue to be traded with the right to receive securities issued by XPart until the close of

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the October 1, 2021 trading session, and these rights will be substituted by Level I Sponsored Brazilian Depositary Receipts (BDRs), referencing Class A shares issued by XP.

Therefore, as of October 4, 2021, shares issued by Itau Unibanco will be traded “ex-partial spin-off”, with the following ratios: each Itaú Unibanco share held on October 1, 2021 will receive one XPart share and each 43.3128323 XPart shares will be substituted by one Level I Unsponsored BDR referencing Class A shares issued by XP, pursuant to the Statement of Material Fact that Itaúsa S.A. published on August 20, 2021.

If the XPart and XP shareholders approve the incorporation at the respective Incorporation General Meetings, positions in securities lending, options, equity forwards, flexible OTC options with CCP and assets deposited as collateral, as well as index portfolios, will be processed as described below.

1. Securities lending positions in ITUB3 and ITUB4

At the close of trading on October 5, 2021, active positions in ITUB3 and ITUB4 lending agreements will be converted into new ITUB3, ITUB4 and XPBR31 agreements.

The new ITUB3 and ITUB4 agreements will be to the same quantity as the respective original agreement. The quantity of the XPBR31 agreement will follow the proportion that the Companies announced of one original ITUB3 or ITUB4 share to 0.0230878459546 of an XPBR31 BDR. Fractions resulting from the



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transaction will be carried into the new XPBR31 agreements resulting from execution of the corporate action.

Any XPBR31 agreement quantities that are reduced to zero after execution of the corporate action will remain in the B3 Clearinghouse system with only the resulting fraction carried into the agreement.

The financial volume of the original ITUB3 and ITUB4 agreements will be distributed among the agreements resulting from the corporate action, in accordance with the criteria described in Annex I hereto.

The price of each agreement will be adjusted pursuant to subitem 3 of item 6.8.3. of the B3 Clearinghouse Operating Procedures Manual.

2. ITUB4 listed option positions

Seeking to maintain economic equilibrium for the holders of these options, before and after the corporate action, the ITUB4 call and put option positions outstanding at the end of October 1, 2021 will be converted into call and put options for a basket of ITUB4 and XPBR31 equities, with the ITUB99 underlying asset ticker. Each ITUB99 basket will be comprised of one ITUB4 equity and 0.0230878459546 of an XPBR31 BDR.

Call and put options on ITUB4 will be converted by a proportion of one to one into call and put options on ITUB99, with the same strike prices.



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In accordance with the proportions that the Company has determined and the option round lot, baskets will be always comprised of multiples of 100. Each round lot of 100 ITUB99 will be comprised of 100 ITUB4 and two XPBR31.

The 0.30878459546 fraction of XPBR31 resulting from the exercise of each 100 ITUB990 will be cash settled on T+2 of the exercise date of the basket as set forth in the procedure described in Annex II hereto.

2.1. Equities deposited to cover ITUB4 call options and ITUB99 call options

For ITUB99 call options covered by ITUB4 at the close of October 5, 2021, the amounts remaining in custody will be compulsorily converted from ITUB4 to ITUB99 at the opening of October 6, 2021, for those equities and BDRs that will remain in the 2071-4 coverage subaccount upon conversion.

The balance of XPBR31 BDRs not used for creating the ITUB99 basket will remain available for transfer by the investor's custody agent.

To calculate margin on October 4, 2021 and on October 5, 2021, ITUB99 call options covered with ITUB4 during this period will be considered covered.

As of October 6, 2021, the participant will request new coverage requests through the RTC system, after the custody agent creates and deposits ITUB99.

2.2. Creation and disaggregation of the ITUB99 equities basket

To create the ITUB99 baskets, custody agents will request that they be issued through the specific functionality of the CAC Central Depository online system, at the menu Emissão e Resgate, BDR e Unit, Solicitar Emissão de BDR e Unit.

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The custody agent must add the investor, enter the basket's ISIN code, BRITUBCDAXX4, and the quantity of baskets that it wants to issue, remembering that it can only request multiples of 100 baskets. The investor must have the equivalent ITUB4 and XPBR31 equities in its free subaccount (2101-6) to be able to make the request. These equities will be blocked until the basket issuance process is concluded. Processes requested up until 6:00 p.m. will be issued on the same day. Requests after that time will be attended up until the following business day.

ITUB99 basket creation will only be accepted for covering call option positions.

Basket disaggregation will be automatic after settlement of the last exercise of the valid series, or on the request of the custody agent through the specific functionality of the CAC Central Depository online system, at the menu Emissão e Resgate, BDR e Unit, Solicitar Emissão de BDR e Unit.

The custody agent must add the investor, enter the basket's ISIN code, BRITUBCDAXX4, and the quantity of baskets that it wishes to cancel. The investor must have the ITUB99 basket in its free subaccount to execute the request. These baskets will be blocked until the basket cancellation process has been completed. Processes requested up until 6:00 p.m. will be issued on the same day. Requests after that time will be met up until the following business day.

2.3. Trading

Outstanding ITUB4 option series converted into ITUB99 option series will remain available for trading up until their expiration date, but the creation of new ITUB99

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series will not be allowed. The ITUB99 basket will not trade on the cash market and will not be available for lending in the Securities Lending System (BTB).

2.4. ITUB99 options exercise

B3's Electronic Trading Department will cancel the ITUB99 call and put option exercise transactions at the end of the day and substitute them with an ITUB4 transaction and an XPBR31 transaction. For every 100 baskets of ITUB99, transactions will be generated that are multiples of 100 equities of ITUB4 and two BDRs of XPBR31.

Investors with covered ITUB99 positions will request basket disaggregation from the B3 Central Depository in order to handle settlement of assets resulting from the exercise.

The criteria for defining ITUB4 and XPBR31 prices generated by exercising the ITUB99 basket, and criteria for defining the financial value resulting from the XPBR31 fraction, are described in Annex II.

2.5. Publication of the basket's value

At the Market Data platforms (UMDF PUMA and UMDF PUMA Conflated), B3 will publish the last price of the basket of equities comprised of ITUB4 and XPBR31.

Publication will take place every 30 seconds through the ITUB code, beginning on October 4, 2021. The published price of the basket (similar to an IOPV) will be the price of the last transaction in ITUB4 plus the price of the last transaction with XPBR31, multiplied by 0.0230878459546.

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The first price will be published only when the two assets (ITUB4 and XPBR31) have been traded. There will also be publication of the minimum, maximum and average values of the basket, considering the published prices. Publication of the value of the basket will occur up until the last day that there are outstanding derivative instruments on the basket.

$$ITUB = ITUB4 + (XPBR31 \times 0.0230878459546)$$

3. Forward positions in ITUB3 and ITUB4

At the close of October 1, 2021, all active positions in ITUB3 and ITUB4 forward contracts will be converted into new ITUB3, ITUB4 and XPBR31 contracts.

The new ITUB3 and ITUB4 contracts will have the same quantity as the respective original contract. The quantity of the XPBR31 contract will follow the proportion announced by the Companies of one original ITUB3 or ITUB4 equity to 0.0230878459546 of an XPBR31 BDR.

Any XPBR31 contracts that have their quantity reduced to zero following the corporate action will remain in the B3 Clearinghouse system with the quantity reduced to zero up until expiration.

The B3 Central Depository will deliver to the buyer fractions resulting from the corporate action.

The financial volume of the original ITUB3 and ITUB4 equities will be distributed among the contracts resulting from the corporate action in compliance with the criteria described in Annex I.

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The price of each contract will be adjusted pursuant to the provisions of subitem 3 of item 6.8.2 of the B3 Clearinghouse Operating Procedures Manual.

4. OTC positions in ITUB4 flexible options with CCP

Seeking to maintain economic equilibrium for holders of these flexible options before and after the corporate action, positions in outstanding ITUB4 call and put options at the end of October 1, 2021 will be transformed into call and put options on a basket of equities comprised of ITUB4 and XPBR31, with the ITUB99 underlying asset ticker.

The ITUB99 basket will be created only for the internal settlement of positions outstanding at the end of October 1, 2021. This underlying asset will not be available for registration at any time, but positions may be early settled.

In the case of the ITUB4 underlying asset, registration will not be interrupted for flexible options with CCP.

5. Procedures in the Index portfolios

For the opening of the October 4, 2021 trading session, the following adjustment procedures will come into effect.

5.1. The XPBR31 BDR will be included in the Ibovespa Index (IBOV), Brazil Index 50 Index (IBXL), Brazil 100 Index (IBXX), Carbon Efficient Index (ICO2) and Special Tag-Along Stock Index (ITAG), with the ITUB4 theoretical quantity multiplied by the swap ratio (0.0230878459546), rounded down. The indices' divisor will not change for this corporate action.

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5.2. The XPBR31 BDR will be included in the portfolios of the Special Corporate Governance Stock Index (IGCX), Corporate Governance Trade Index (IGCT), Brazil Broad-Based Index (IBrA), Dividend Index (IDIV), Financials Index (IFNC), Corporate Sustainability Index (ISE) and MidLargeCap Index (MLCX), with the ITUB3 theoretical quantity multiplied by the swap ratio (0.0230878459546), added to the ITUB4 theoretical quantity multiplied by the swap ratio (0.0230878459546), rounded down. The indices' divisor will not change for this corporate action.

5.3. At the end of the October 4, 2021 trading session, the XPBR31 BDR will be excluded from all the indices mentioned in items 5.1. and 5.2. above, by the price of the last transaction of the regular trading session, and the indices' divisors will be adjusted.

Please note that the divisors of all the indices will be adjusted in the case of other corporate actions that occur with the other assets that make up the portfolios.

These procedures will be published daily through the Agência de Notícias news service on the trading screens and at www.b3.com.br, Market data and indices, Indices, Broad indices, Bovespa Index (Ibovespa), News Agency.

6. Assets deposited as collateral

The ITUB3 and ITUB4 assets deposited as collateral in the collateral subaccounts (2390-6) will continue to be eligible as collateral, as will the new XPBR31 assets, pursuant to the collateral eligibility criteria described in item 6.3 of the B3 Clearinghouse Risk Management Manual and the parameters in force on October 4, 2021.

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Further information can be obtained from the Settlement (+55 11 2565-5013), Trading (+55 11 2565-5021) and Structured Transaction and OTC Derivatives (+55 11 2565-5044) Service Centers.

Gilson Finkelsztain
Chief Executive Officer

Mario Palhares
Chief Operating Officer -
Electronic Trading and CCP

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Annex I to Circular Letter 108/2021-PRE

Distribution Criteria for the Volume of Original ITUB3 and ITUB4 Contracts in the Contracts Resulting from the Corporate Action

1. There will be calculation of the percentage of the original contract that will be distributed in each contract resulting from the corporate action.

a) Percentage to be applied to the ITUB3 contract:

$$\%ITUB3 = \frac{PexITUB3}{PcumITUB3}$$

b) Percentage to be applied to the ITUB4 contract:

$$\%ITUB4 = \frac{PexITUB4}{PcumITUB4}$$

c) Percentage to be applied to the XPBR31 contract originating from ITUB3:

$$\%XPBR31(\text{origin ITUB3}) = 1 - \%ITUB3$$

d) Percentage to be applied to the XPBR31 contract originating from ITUB4:

$$\%XPBR31(\text{origin ITUB4}) = 1 - \%ITUB4$$

Where:

- $\%ITUB3$ = percentage of the volume of the original ITUB3 contract to be distributed in the new ITUB3 contract resulting from the corporate action
- $\%ITUB4$ = percentage of the volume of the original ITUB4 contract to be distributed in the new ITUB4 contract resulting from the corporate action

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- %XPBR31(origin ITUB3)= percentage of the volume of the original ITUB3 contract to be distributed in the XPBR31 contract resulting from the corporate action
- %XPBR31(origin ITUB4)= percentage of the volume of the original ITUB4 contract to be distributed in the XPBR31 contract resulting from the corporate action
- PcumITUB3 = ITUB3 closing price on the last day cum rights
- PcumITUB4 = ITUB4 closing price on the last day cum rights
- PexITUB3 = ITUB3 theoretical ex rights price calculated on the last day cum rights by subtracting the ITUB3 cum rights price by the BDR reference price (PrefXPBR31)
- PexITUB4 = ITUB4 theoretical ex rights price calculated on the last day cum rights by subtracting the ITUB4 cum rights price by the BDR reference price(PrefXPBR31).

PrefXPBR31 = XPBR31 reference price calculated through the ex-theoretical closing price of XPBR31 calculated on the last ITUB date cum rights:

$$\text{PrefXPBR31} = \text{PcloseXPInc} * \text{FXRateDollarRef}$$

Where:

- PfehchXPInc = closing price of XPInc in U.S. Dollars on NASDAQ on the last day cum rights of the Itaú Unibanco shares
- FXRateDollarRef = Reference exchange rate of Brazilian Reals to U.S. Dollars calculated on the last day cum rights of the Itaú Unibanco shares.

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The percentage to be applied for each contract is multiplied by the volume of the original contract to calculate the volume of each contract resulting from the corporate action.

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Annex II to Circular Letter 108/2021-PRE

Procedures to Generate Transactions that Originate from Exercise of the Baskets of Assets and Cash Settlement of the Fractions

On the exercise date for the options on the basket of ITUB99 assets, transactions originating from the exercise will be cancelled at the end of the day and substituted by transactions in the components of the basket, ITUB4 and XPBR31.

Regardless of the quantity exercised, there will be the generation of transactions in the underlying assets in multiples of 100 baskets, which is the round lot of the option. In other words, for every 100 baskets exercised, a transaction will be generated with 100 ITUB4 shares and another transaction with two XPBR31 BDRs.

For example, in the case of the exercise of 1,000 baskets, trades will be generated with 1,000 ITUB4 and 20 XPBR31, in other words, ten times the quantity that would be generated considering the round lot of 100.

The total financial volume of transactions generated in ITUB4 and ITUB3 will be the same as the financial volume of the original exercise.

Financial volume of the exercise:

$$V_{fe} = \text{Exercised quantity} \times \text{Strike price}$$

Considering the price of the last XPBR31 and ITUB4 transaction upon exercise, in the case of early exercise, or the closing price, in the case of automatic exercise,

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there will be calculation of the financial percentage that ITUB4 represents in the basket to generate the transaction with ITUB4 and with XPBR31.

a) Price of the basket:

$$\text{Basket price} = \text{ITUB4 Price} + \text{XPBR31 Price} \times 0.0230878459546$$

b) Percentage of ITUB4 in the basket:

$$\%ITUB4 = \frac{\text{ITUB4 Price}}{\text{Basket Price}} \text{ rounded off by two decimal places}$$

c) Quantity and price of the transaction that will be generated in ITUB4 after exercise:

$$\text{ITUB4 exe qtd.} = \text{Quantity exercised in the basket}$$

$$\text{ITUB4 strike price} = \%ITUB4 \text{ in the basket} \times \text{Value of the strike price rounded off by two decimal places}$$

d) Volume of the transaction generated in ITUB4 after exercise:

$$\text{ITUB4 exercised vol.} = \text{ITUB4 qty. executed} \times \text{ITUB4 strike price}$$

e) Quantity and price of the transaction to be generated on XPBR31 after exercise:

$$\text{Exercised qty. XPBR31} = \text{Exercised qty. in the basket} \times 0.02$$

$$\text{XPBR31 Strike price} = \frac{\text{Vfe} - \text{ITUB4 Exercised vol.}}{(\text{XPBR31 Exercised qty.})}$$

On T+2 from the exercise there will be cash settlement, through the B3 Clearinghouse multilateral settlement window, of the value resulting from the



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XPBR31 fraction that is a component of the basket of assets. For every 100 baskets, there is a fraction of 0.30878459546 XPBR31.

Regardless of the originally exercised quantity, cash settlement will be generated considering the odd lots quantity for each multiple of 100 baskets.

For example, in the case of the exercise of 1,000 baskets, 3.0878459546 odd lots will be generated, that is, ten times the quantity that would be generated considering the round lot of 100.

The financial value of the odd lot will be calculated individually for each exercise in accordance with the following formula:

$$\text{Odd Lot Fin.} = \frac{Q}{100} \times 0.30878459546 \times \text{XPBR31 Price}$$

Where:

- Odd Lot Fin. = financial value of the odd lot calculated for each exercise transaction of the ITUB99 basket rounded off by two decimal places
- Q = original quantity of the exercise of ITUB99
- XPBR31 Price = last price of XPBR31 immediately prior to the exercise, in the case of early exercise, or the closing price of XPBR31 on the exercise date, in the case of automatic exercise.

The value resulting from cash settlement of the basket's odd lots will be debited from the seller of the option and credited to the buyer, in the case of a call option, and debited from the buyer of the option and credited to the seller in the case of a put option.