Earnings Summary

Banco do Brasil recorded adjusted net income of R$8.8 billion in 2Q23, up 2.8% QoQ and 11.7% YoY. ROE was 21.3%.

In the quarter, earnings were influenced by the good commercial performance and loan portfolios' increase, which had a positive impact of +8.2% on the Net Interest Income (NII) and Fee Income (+1.9%), especially those related to loan disbursements. Regarding the expenses, there was an increase in ALLL Expanded View (+22.6%), due to non-payroll lines risk worsening in the individuals portfolio and due to the worsening of risks in the companies portfolio, impacted by the increase in the credit risk's level of a company in the large corporate segment that filed for a court-supervised reorganization process judicial recovery in January 2023, moving from risk F (50%) to risk G (70%). Administrative expenses (+3.9%) remained under control, reflecting the proper management of contracts and investments in the Bank's digital transformation.

In the year-to-date comparison (1H23/1H22), adjusted net income was R$17.3 billion (+19.5%), with emphasis on the performance of the NII (+36,0%), influenced by the good results of the loan portfolio and securities allocated in treasury. Fee Income was up 6.8%, notably in commercial segments such as consortium and insurance. Net Gains from Equity Method Investments was up 38.4%. On the other hand, there were increases in ALLL Expanded View (+128.8%) and in Administrative Expenses (+7.4%), in line with the employees' salary increase in the last collective agreement (8.0%).

Statement of Income

Table 1. Summary Statement of Income – R$ million

	2Q22	1Q23	2Q23	Chg. % 2Q22	Chg. % 1Q23	1H22	1H23	Chg. % 1H22
Net Interest Income	17,056	21,161	22,887	34.2	8.2	32,388	44,048	36.0
ALLL Expanded View	(2,937)	(5,855)	(7,176)	144.3	22.6	(5,695)	(13,031)	128.8
ALLL - Recovery of Write-offs	2,136	1,889	2,150	0.6	13.8	4,247	4,039	(4.9)
ALLL - Credit Risk	(4,581)	(4,148)	(8,495)	85.5	104.8	(9,067)	(12,644)	39.4
ALLL - Impairment	(146)	(3,237)	(340)	132.5	(89.5)	(269)	(3,577)	-
ALLL - Discount Granted	(347)	(359)	(491)	41.6	36.9	(605)	(849)	40.3
Net Financial Margin	14,119	15,306	15,711	11.3	2.6	26,692	31,017	16.2
Fee income	7,847	8,132	8,286	5.6	1.9	15,372	16,418	6.8
Administrative Expenses	(8,305)	(8,698)	(9,035)	8.8	3.9	(16,505)	(17,733)	7.4
Legal Risk[1]	(1,527)	(1,463)	(971)	(36.5)	(33.6)	(3,101)	(2,433)	(21.5)
Other Operating Income[2]	(177)	(260)	(901)	409.6	246.0	(934)	(1,161)	24.3
Profit Before Taxation and Profit Sharing	11,956	13,017	13,091	9.5	0.6	21,524	26,108	21.3
Income and Social Contribution Taxes	(2,491)	(2,564)	(2,335)	(6.3)	(9.0)	(4,052)	(4,899)	20.9
Employee and Directors Profit Sharing	(995)	(1,089)	(1,120)	12.5	2.8	(1,843)	(2,208)	19.8
Non-Controlling Interests	(602)	(814)	(851)	41.3	4.5	(1,129)	(1,666)	47.5
Adjusted Net Income	7,867	8,550	8,785	11.7	2.8	14,500	17,335	19.5
One-Off Items	(178)	(343)	(431)	142.0	25.6	(131)	(774)	492.0
Net Income	7,689	8,207	8,354	8.7	1.8	14,370	16,561	15.2
ROE - %	20.8	21.0	21.3			19.7	21.4	

(1) Group containing the balance of the line 'Civil, Tax and Labor Claims'; (2) Group containing the result of the lines' Other Provisions', 'Net Gains from Equity Methods Investments', 'PREVI - Benefit Plan 1', 'Previ - Update of Utilization Fund', Tax Expenses, 'Other Income / Operating Expenses' and 'Non-Operating Result'.

Financial Margin

Net Interest Income (NII)

In 2Q23, the Net Interest Income (NII) was R$22,9 billion, up 8.2% QoQ (2Q23/1Q23) and 36.0% YTD (1H23/1H22).

In the quarter, Financial Income increased by 6.7% (4.1% in Loan Operations and 15,3% in Treasury) benefiting from the growth of the loan portfolio and securities issued respectively. Furthermore, there was growth of 5.3% in the Commercial Funding expenses and 0,2% in Institutional Funding expenses.

In the half-year comparison, contributed to the increase in NII the 38.2% increase in Financial Income (31.6% in Loan Operations and 63.1% in Treasury Result), driven by the growth in volumes and rates of the loan portfolio. and securities issued, partially offset by the increase (40.5%) in Financial Expenses.

Table 2. Net Interest Income (NII) and Net Interest Margin (NIM) – R$ million

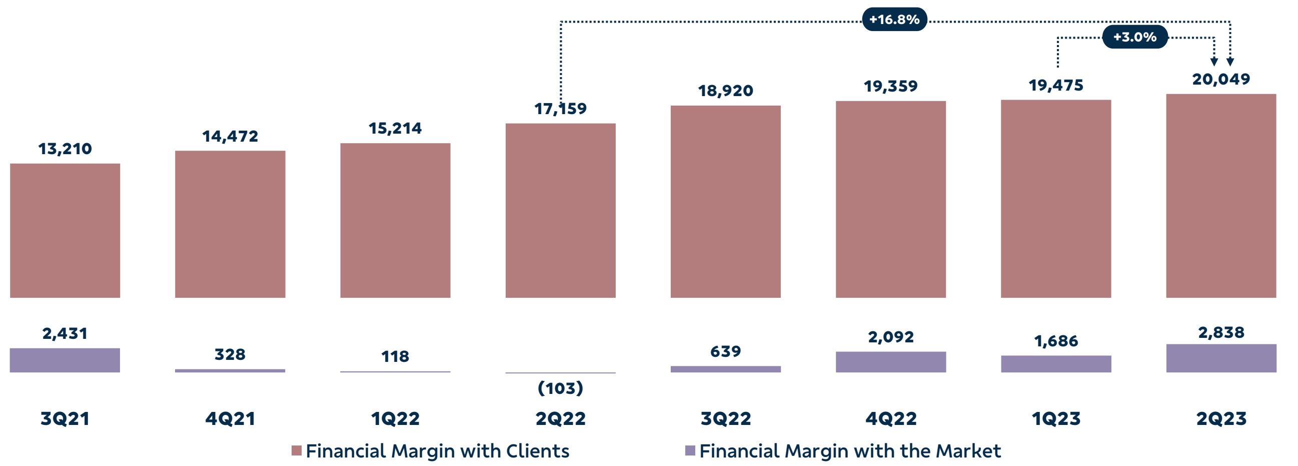
				Chg. %				Chg. %
	2Q22	1Q23	2Q23	2Q22	1Q23	1H22	1H23	1H22
Net Interest Income	17,056	21,161	22,887	34.2	8.2	32,388	44,048	36.0
Financial Income	33,649	42,390	45,245	34.5	6.7	63,412	87,635	38.2
Loan Operations	26,196	32,304	33,614	28.3	4.1	50,099	65,918	31.6
Treasury[1]	7,453	10,086	11,631	56.1	15.3	13,313	21,716	63.1
Financial Expenses	(16,593)	(21,229)	(22,358)	34.7	5.3	(31,024)	(43,586)	40.5
Commercial Funding	(13,827)	(18,073)	(19,195)	38.8	6.2	(25,700)	(37,268)	45.0
Institutional Funding[2]	(2,766)	(3,156)	(3,163)	14.4	0.2	(5,324)	(6,319)	18.7
NIM - %[3]	3.8	4.6	4.9			3.6	4.7	
Risk Adjusted NIM - %	3.1	3.3	3.4			3.0	3.3	

(1) It includes the result from interest, tax hedging, derivatives, and other financial instruments that offset the effects of the exchange rate variation on result; (2) It includes senior bonds, subordinated debt, and domestic and abroad hybrid capital and debt instruments; (3) Net Interest Income/Earning Assets Average, annualized.

Managerial Financial Margin

Aiming to provide greater transparency and comparability to the investor market, as of the 2nd quarter of 2023, Banco do Brasil will present, in addition to the financial view (relocated), its Net Interest Income with Clients and with the Market view.

Figure 1. Historical Data – Financial Margin with Clients and Market– R$ million



In 2Q23 the Margin with Clients increased 3.0% QoQ, explained by the increase in average, balance as well as the increase the spread, 8.8% to 8.9%. In the Margin with the Market, the result can be explained, mainly, due to the increase in the result of securities allocated in treasury and in the financial margin of Banco Patagonia during the quarter.

In the half-year comparison, the Margin with Clients (+22.1%) was driven by growth in the average balance and clients spread, with the variation in the spread mainly related to the improvement in the margin of liabilities. In the Margin with the Market, the growth is explained by the increase in the average Selic rate (6.5% in 1H23 versus 5.42% in 1H22), with a direct impact on the remuneration of free securities and committed operations, in addition to the growth of Banco Patagonia financial margin.

More information on the composition of the Financial Margin with Clients and Market is available in Chapter 2 of this document.

Table 3. Financial Margin with Clients and Market – R$ million

				Chg. (%)				Chg. (%)
	2Q22	1Q23	2Q23	2Q22	1Q23	1H22	1H23	1H22
Net Interest Income	17,056	21,161	22,887	34.2	8.2	32,388	44,048	36.0
Margin with Clients	17,159	19,475	20,049	16.8	3.0	32,374	39,524	22.1
Average Balance	806,985	913,999	933,243	15.6	2.1	800,266	923,621	15.4
Clients Spread [1]	8.78	8.80	8.87	1.1	0.9	8.25	8.74	5.9
Margin with the Market [2]	(103)	1,686	2,838	–	68.3	14	4,524	–

(1) Comparing with the accounting/financial view presented at the beginning of this chapter, the Margin with clients is essentially formed by the Income from Loan Operations with private securities, net opportunity expenses for each type of operation , and Commercial Funding Expenses and Compulsory deposits, plus opportunity incomes for each type of operation; (2) Similarly, the Margin with the Market essentially consists of Treasury Income (excluding private securities), Institutional Funding Expenses, Banco Patagonia's NII and net income from opportunities (income/expenses) plus income of compulsory applications.

ALLL Expanded View

Expanded ALLL was R$ 7.2 billion in 2Q23, up 22.6% QoQ and up 144.3% YoY.

Table 4. ALLL Expanded View – R$ million

				Chg. %				Chg. %
	2Q22	**1Q23**	**2Q23**	**2Q22**	**1Q23**	**1H22**	**1H23**	**1H22**
ALLL Expanded View	(2,937)	(5,855)	(7,176)	144.3	22.6	(5,695)	(13,031)	128.8
ALLL Expenses - Recovery of Write-offs	2,136	1,889	2,150	0.6	13.8	4,247	4,039	(4.9)
ALLL Expenses - Credit Risk	(4,581)	(4,148)	(8,495)	85.5	104.8	(9,067)	(12,644)	39.4
ALLL Expenses - Impairment	(146)	(3,237)	(340)	132.5	(89.5)	(269)	(3,577)	–
ALLL Expenses - Discounts Granted	(347)	(359)	(491)	41.6	36.9	(605)	(849)	40.3

Recovery of Write-Offs: Up 13.8% QoQ and up 0.6% YoY, due to the good business performance.

Credit Risk: 104.8% increase compared to the previous quarter and 85.5% increase compared to 2Q22.

In 1Q23, there was a change in the debt profile of a specific client in the large corporate segment, with the desconstitution of provision (R$2,546 million), with the concomitant recognition of an impairment loss resulting from the change in the debt profile (from loans to securities). Also, in the quarter, there was an additional provision for a company in the large corporate segment that filed for a court-supervised reorganization process judicial recovery in January 2023, moving from risk F (50%) to risk G (70%), with an impact of R$338.8 million. In the individual portfolio, there was a non-payroll lines risk worsening.

Impairment: Down 89.5% QoQ and up 132.5% YoY. The drop in the quarterly comparison is explained by the change in the debt profile, mentioned in the Credit Risk topic.

Discounts Granted: Up 36.9% QoQ and up 41.6% YoY, due to the renegotiation campaign in 2Q23.

Fee Income

Fee income was R$8.3 billion in 2Q23, up 1.9% QoQ, positively influenced by loan operations and guarantees (+26.6%) and consortium (+5.6%) operations. This performance reflects the good commercial performance, with higher loan disbursements, notably for wholesale customers, and an increase in the commercialization of consortiums in the period, which reached 104 thousand new quotas in a total of R$8.5 billion.

In the half-yearly comparison, up 6.8%, with a positive performance in most business lines, with emphasis on the growth of R$266 million in insurance, pension plan and premium bonds, due to the increase in revenues from brokerage.

Table 5. Fee Income – R$ million

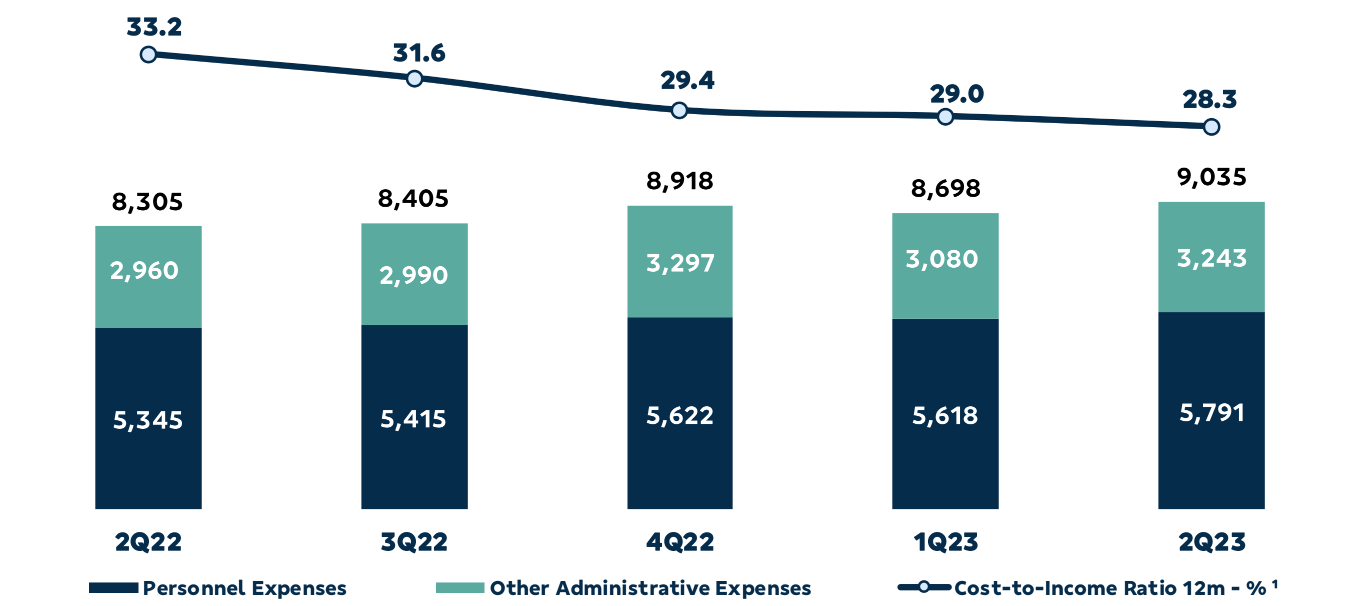
				Chg. %				Chg. %
	2Q22	**1Q23**	**2Q23**	**2Q22**	**1Q23**	**1H22**	**1H23**	**1H22**
Fee Income	7,847	8,132	8,286	5.6	1.9	15,372	16,418	6.8
Asset Management	2,129	2,056	2,035	(4.4)	(1.0)	4,089	4,091	0.1
Checking Account	1,544	1,573	1,629	5.5	3.6	3,034	3,201	5.5
Insur., Pens. Plans & Premium Bonds	1,142	1,306	1,281	12.2	(1.9)	2,321	2,587	11.5
Loans and Guarantees	582	525	664	14.2	26.6	1,043	1,189	14.0
Credit/Debit Cards	585	674	618	5.7	(8.2)	1,145	1,292	12.9
Consortium Management Fees	348	573	605	73.9	5.6	893	1,179	32.0
Collections	383	371	359	(6.2)	(3.1)	751	730	(2.9)
Billings	257	254	253	(1.7)	(0.5)	511	507	(0.7)
Contract Processing	243	234	241	(0.5)	3.2	392	475	21.3
Subsidiaries Abroad	206	225	219	6.5	(2.6)	403	445	10.2
Nat. Treasury & Manag. of Official Funds	93	85	85	(8.4)	0.7	181	170	(6.0)
Capital Market	120	79	85	(28.9)	7.7	213	164	(22.8)
Foreign Exchange Services	64	63	85	33.3	34.2	127	148	16.5
Other	152	114	124	(18.3)	8.5	268	239	(11.0)

Administrative Expenses and Cost-to-Income Ratio

In 2Q23, administrative expenses were R$9.0 billion, up 3.9% QoQ, due to the increase of 5.3% in Other Administrative Expenses and 3.1% in Personnel Expenses.

In comparison with 1H22, administrative expenses grew 7.4%, within the range of the Corporate Projections. The cost-to-income ratio accumulated in 12 months was 28.3%, the best level of the historical data.

Figure 2. Administrative Expenses – R$ million



(1) Cost-to-Income Ratio: Administrative Expenses / Operating Income. Data referring to the Income Statement with Reallocations.

Capital Adequacy Ratio

In June/23, the Capital Adequacy Ratio was 15.72% and Tier I was 14.13, being 12.21% of Common Equity Tier 1 (CET1). The CET1 increased 20 bps in the quarter, mainly explained by the incorporation of net income to the shareholder's equity, discounted of allocated dividends, on the first quarter of 2023 (+0.51 p.p.).

Figure 3. Capital Adequacy Ratio – %

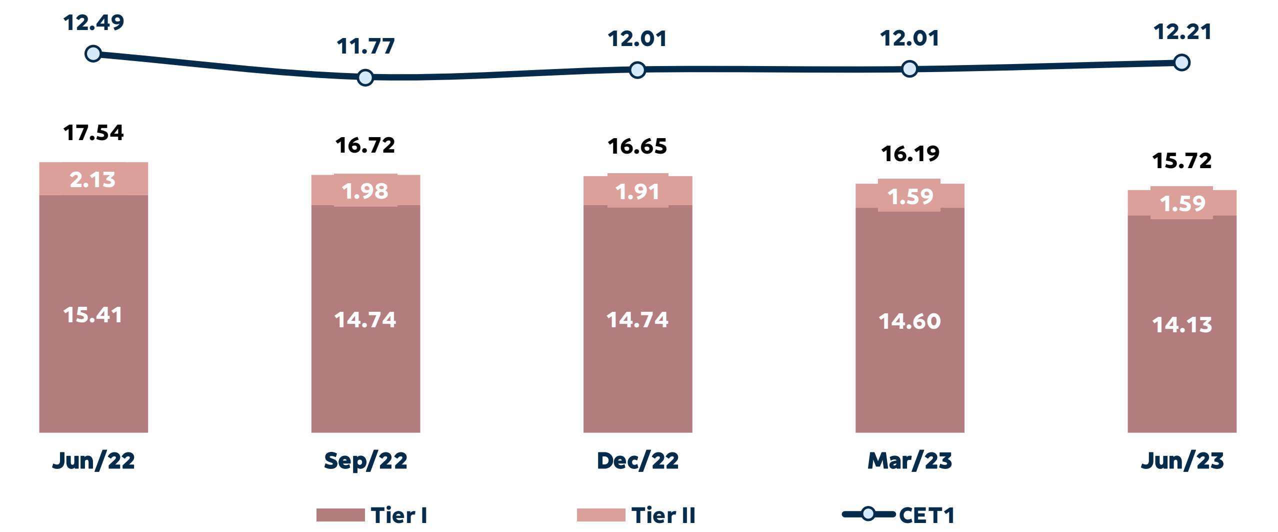


Figure 4. Changes in Common Equity Tier 1 (CET1)– %

Loan Portfolio

In June/23, Banco do Brasil's Expanded Loan Portfolio was R$1.045 trillion, which includes, in addition to the Classified Portfolio, private securities and guarantees, corresponding to a quarterly growth of 1.2%.

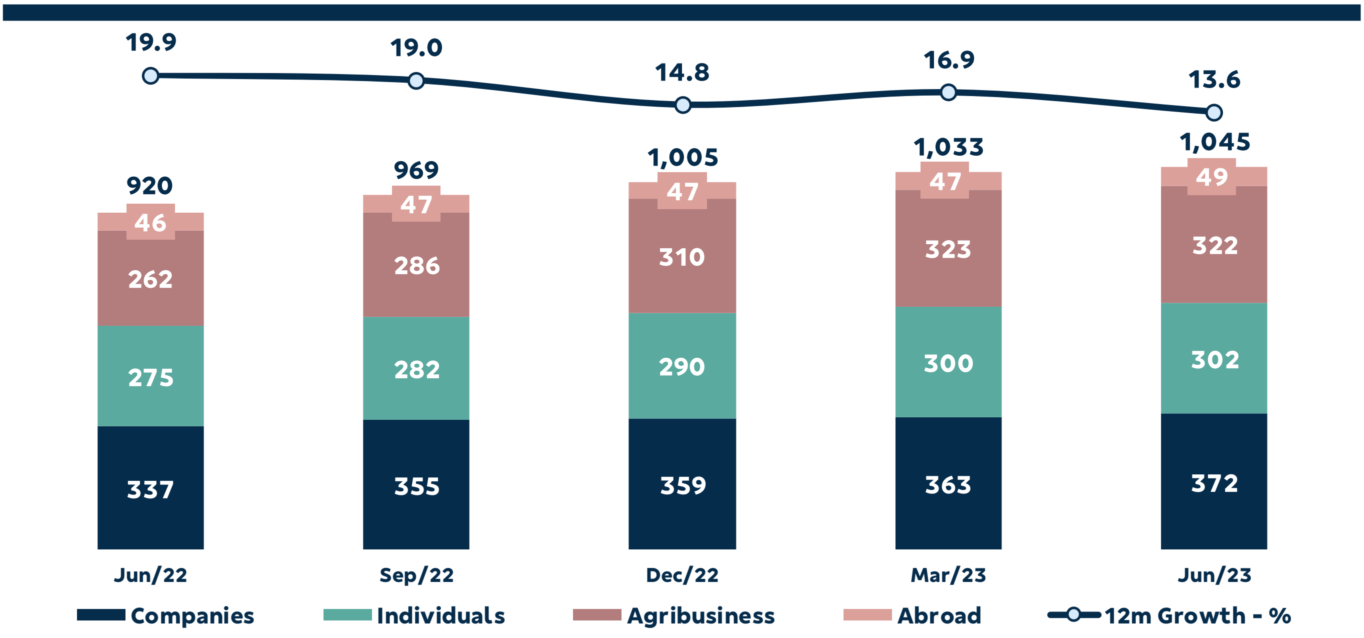
In YoY comparison, the growth was 13.6%. In both comparison periods, positive performances were observed in all business segments.

The individuals expanded portfolio grew 0.6% QoQ and 10.0% YoY, mainly due to the positive performance in payroll loans (+2.0% QoQ and +9.3% YoY).

The companies expanded portfolio showed QoQ growth of 2.5% and 10.4% YoY. Highlight to the increase of working capital (+1.4% QoQ and +6.8% YoY), investments (+7.2% QoQ and +8.1% YoY), and ACC/ACE (+10.5% QoQ and +24.8% YoY).

The agribusiness expanded portfolio was down 0.3% QoQ and up 22.7% YoY. The quarterly drop reflects the settlement of working capital operations, which occurs seasonally in the last quarter of the Crop Plan. In 12-month comparison, highlight for working capital (+30.6%) and investment operations (+46.8%).

Figure 5. Expanded Loan Portfolio – R$ billion



(1) Series revised in March/23 for private securities and guarantees and expanded companies loan portfolio.

Credit Quality

In June/23, the NPL +90d (ratio between transactions more than 90 days overdue and the classified loan portfolio balance) was 2.73%, below the Brazilian Banking Industry, and the coverage ratio (ratio between allowance for losses associated with credit risk and the balance of transactions overdue for more than 90 days) was 201.3%.

In the quarter, part of the credit operations with the specific customer of the large corporate segment that filed for judicial recovery in January 2023 started to impact the delinquency indicator above 90 days. Without this impact, Banco do Brasil's NPL+90d would be 2.65%.

Figure 6. NPL +90d of Classified Loan Portfolio – %

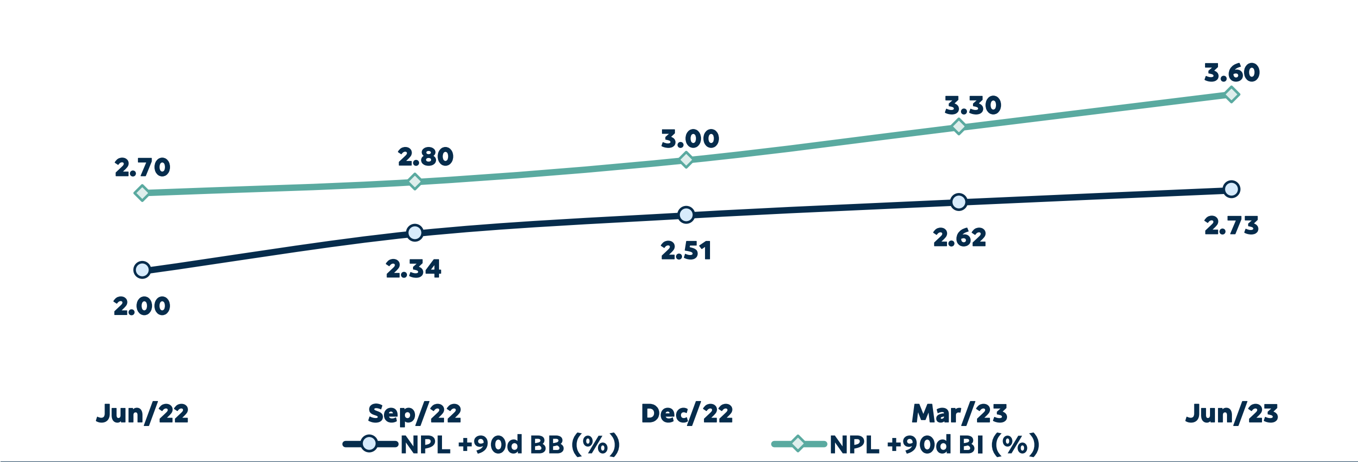
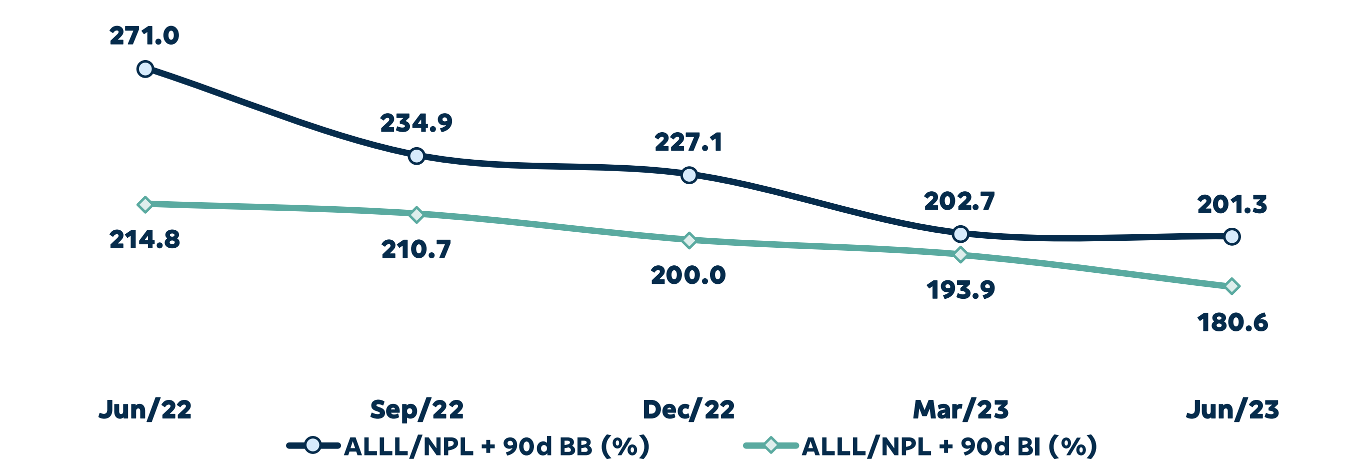


Figure 7. Coverage Index of Classified Loan Portfolio – %



Guidance

Banco do Brasil's guidance is prepared and presented for the reference year, with quarterly appraisal, where the indicators can remain unchanged or be revised. Although the indicators are expected to close the year within the estimated ranges, the progress does not happen in a linear way, so that the values observed in the intermediate periods are guiding until their full comparability is possible at the end of the reference year.

The estimates are based on management's current expectations and projections about future events and financial trends that may affect the BB Conglomerate's business. Information on the assumptions used in the preparation of the 2023's Guidance can be obtained both in the 2023 Reference Form and in the 4Q22 MD&A.

Table 6. 2023's Guidance[1]

	Released	Observado 1S23	Reviewed
Loan Portfolio*	growth between 8.0% and 12.0%	+15.3%	growth between 9.0% and 13.0%
Individuals	growth between 7.0% and 11.0%	+10.0%	unchanged
Companies	growth between 7.0% and 11.0%	+13.5%	growth between 8.0% and 12.0%
Agribusiness	growth between 11.0% and 15.0%	+22.7%	growth between 14.0% and 18.0%
Net Interest Income	growth between 17.0% and 21.0%	+36.0%	growth between 22.0% and 26.0%
ALLL Expanded View	between R$ -23.0 and -19.0 billion	-R$ 13.0 billion	between R$ -27.0 and -23.0 billion
Fee Income	growth between 7.0% and 11.0%	+6.8%	growth between 4.0% and 8.0%
Administrative Expenses	growth between 7.0% and 11.0%	+7.4%	unchanged
Adjusted Net Income	between R$ 33.0 e 37.0 billion	R$ 17.3 billion	unchanged

(*) The loan guidances considers classified domestic loan portfolio, added to private securities and guarantees, and does not include government loans.

(1) The guidance is based on Management's current expectations, estimates and projections about future events and financial trends that may affect the conglomerate's business and are not a guarantee of future performance, in addition, they involve risks and uncertainties that may go beyond control of Management, and may, therefore, result in balances and results different from those presented. Management's expectations and projections are linked to market conditions (technological changes, competitive pressures on products, prices, among others), the country's general economic performance (interest and exchange rates, political and economic changes, inflation, changes in legislation taxation, among others) and international markets.