

# Earnings Summary

Banco do Brasil recorded adjusted net income of R\$8.8 billion in 3Q23, holding steady in the quarter and up 4.5% YoY. ROE was 21.3%.

In the quarter, earnings were influenced by: (i) the good commercial performance and the growth of the loan and treasury portfolios, which had a positive impact on the gross financial margin (+3.5%); (ii) revenues from services (+1.7%), mainly influenced by fund management lines, insurance products, consortium deals and capital markets; (iii) the increase in the expanded ALLL expense (+4.7%), impacted by the increase in the credit risk level of a company in the large corporate segment that filed for judicial reorganization in January 2023, moving from risk G (70%) to risk H (100%) and; (iv) the control of administrative expenses (+1.5%), reflecting the proper management of contracts and investments in the Bank's digital transformation.

In the comparison of the nine accumulated months (9M23/9M22), adjusted net income was R\$26.1 billion (+14.0%), highlighted by: (i) the performance of the gross financial margin (+30.4%), influenced by the good results of the loan portfolio and the securities allocated to treasury; (ii) the growth of revenues from the provision of services (+5.0%), notably in the commercial consortium and insurance segments; (iii) a 32.5% increase in the result of interests in subsidiaries, affiliates and JVs; (iv) an increase of 101.2% in the expenses of the expanded ALLL and; (v) growth in administrative expenses (+8.0%).



## Statement of Income

**Table 1.** Summary Statement of Income – R\$ million

	3Q22	2Q23	3Q23	Δ% Y/Y	Δ% Q/Q	9M22	9M23	Δ% YTD
<b>Net Interest Income</b>	<b>19,558</b>	<b>22,887</b>	<b>23,680</b>	<b>21.1</b>	<b>3.5</b>	<b>51,946</b>	<b>67,728</b>	<b>30.4</b>
<b>ALLL Expanded View</b>	<b>(4,517)</b>	<b>(7,176)</b>	<b>(7,516)</b>	<b>66.4</b>	<b>4.7</b>	<b>(10,212)</b>	<b>(20,548)</b>	<b>101.2</b>
ALLL - Recovery of Write-offs	2,224	2,150	2,131	(4.2)	(0.9)	6,471	6,170	(4.6)
ALLL - Credit Risk	(6,315)	(8,495)	(9,164)	45.1	7.9	(15,383)	(21,807)	41.8
ALLL - Impairment	(163)	(340)	(93)	(42.9)	(72.7)	(431)	(3,670)	750.5
ALLL - Discount Granted	(264)	(491)	(391)	48.3	(20.3)	(869)	(1,240)	42.7
<b>Net Financial Margin</b>	<b>15,041</b>	<b>15,711</b>	<b>16,163</b>	<b>7.5</b>	<b>2.9</b>	<b>41,734</b>	<b>47,180</b>	<b>13.1</b>
Fee income	8,524	8,286	8,670	1.7	4.6	23,896	25,088	5.0
Administrative Expenses	(8,405)	(9,035)	(9,174)	9.2	1.5	(24,910)	(26,907)	8.0
Legal Risk <sup>1</sup>	(1,534)	(971)	(1,584)	3.3	63.2	(4,635)	(4,018)	(13.3)
Net Gains from Equity Method Investments	1,535	1,831	1,885	22.8	3.0	4,055	5,373	32.5
PREVI - Plano de Benefícios I	899	884	567	(36.9)	(35.8)	2,005	2,335	16.5
PREVI - Fundo Utilização Restatement	(8)	225	160	-	(29.1)	855	730	(14.5)
Other Operating Income <sup>2</sup>	(2,851)	(3,841)	(3,683)	29.2	(4.1)	(8,274)	(10,670)	29.0
<b>Profit Before Taxation and Profit Sharing</b>	<b>13,202</b>	<b>13,091</b>	<b>13,005</b>	<b>(1.5)</b>	<b>(0.7)</b>	<b>34,726</b>	<b>39,112</b>	<b>12.6</b>
Income and Social Contribution Taxes	(2,980)	(2,335)	(2,139)	(28.2)	(8.4)	(7,032)	(7,038)	0.1
Employee and Directors Profit Sharing	(1,065)	(1,120)	(1,119)	5.0	(0.1)	(2,908)	(3,327)	14.4
Non-Controlling Interests	(754)	(851)	(962)	27.5	13.0	(1,883)	(2,627)	39.5
<b>Adjusted Net Income</b>	<b>8,403</b>	<b>8,785</b>	<b>8,785</b>	<b>4.5</b>	<b>(0.0)</b>	<b>22,903</b>	<b>26,119</b>	<b>14.0</b>
One-Off Items	(261)	(431)	(389)	49.1	(9.8)	(391)	(1,162)	197.0
<b>Net Income</b>	<b>8,142</b>	<b>8,354</b>	<b>8,396</b>	<b>3.1</b>	<b>0.5</b>	<b>22,512</b>	<b>24,957</b>	<b>10.9</b>
<b>ROE - %</b>	<b>21.9</b>	<b>21.3</b>	<b>21.3</b>	<b>(63.8) p.p.</b>	<b>(5.7) p.p.</b>	<b>20.6</b>	<b>21.3</b>	<b>67.5 p.p.</b>

(1) Group containing the balance of the line 'Civil, Tax and Labor Claims'; (2) Group containing the result of the lines 'Other Provisions', Tax Expenses, 'Other Income / Operating Expenses' and 'Non-Operating Result'.



## Financial Margin

### Net Interest Income (NII)

In 3Q23, NII was R\$23.7 billion, up 3.5% QoQ and 30.4% in nine-month comparison.

In comparison with the previous quarter, the highlight was the 5.0% expansion in financial income (2.4% in loan operations and 12.3% in treasury), benefiting from the growth of the loan portfolio and securities portfolio. Furthermore, there was a 6.5% increase in financial expenses, influenced by the 8.5% increase in commercial funding.

In the accumulated view (9M), the 31.9% increase in financial income (27.1% in loan operations and 48.2% in treasury results) contributed to the increase in NII, driven by growth in volumes and rates on the loan portfolio and securities portfolio, partially offset by the increase of (+33.5%) in financial expenses.

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

	3Q22	2Q23	3Q23	Δ% Y/Y	Δ% Q/Q	9M22	9M23	Δ% YTD
<b>Net Interest Income</b>	<b>19,558</b>	<b>22,887</b>	<b>23,680</b>	<b>21.1</b>	<b>3.5</b>	<b>51,946</b>	<b>67,728</b>	<b>30.4</b>
<b>Financial Income</b>	<b>39,030</b>	<b>45,245</b>	<b>47,493</b>	<b>21.7</b>	<b>5.0</b>	<b>102,441</b>	<b>135,128</b>	<b>31.9</b>
Loan Operations	28,875	33,614	34,430	19.2	2.4	78,974	100,349	27.1
Treasury <sup>1</sup>	10,155	11,631	13,063	28.6	12.3	23,467	34,779	48.2
<b>Financial Expenses</b>	<b>(19,471)</b>	<b>(22,358)</b>	<b>(23,813)</b>	<b>22.3</b>	<b>6.5</b>	<b>(50,495)</b>	<b>(67,399)</b>	<b>33.5</b>
Commercial Funding	(16,762)	(19,195)	(20,821)	24.2	8.5	(42,462)	(58,089)	36.8
Institutional Funding <sup>2</sup>	(2,709)	(3,163)	(2,992)	10.4	(5.4)	(8,033)	(9,311)	15.9
<b>NIM - %<sup>3</sup></b>	<b>4.2</b>	<b>4.9</b>	<b>4.9</b>	<b>17.0</b>	<b>(0.5)</b>	<b>3.8</b>	<b>4.8</b>	<b>25.3</b>
<b>Risk Adjusted NIM - %</b>	<b>3.2</b>	<b>3.4</b>	<b>3.3</b>	<b>3.6</b>	<b>(1.1)</b>	<b>3.0</b>	<b>3.3</b>	<b>8.6</b>
<b>CDI / TMS</b>	<b>3.3</b>	<b>3.1</b>	<b>3.2</b>	<b>(2.9)</b>	<b>2.2</b>	<b>8.9</b>	<b>9.9</b>	<b>11.4</b>

(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.

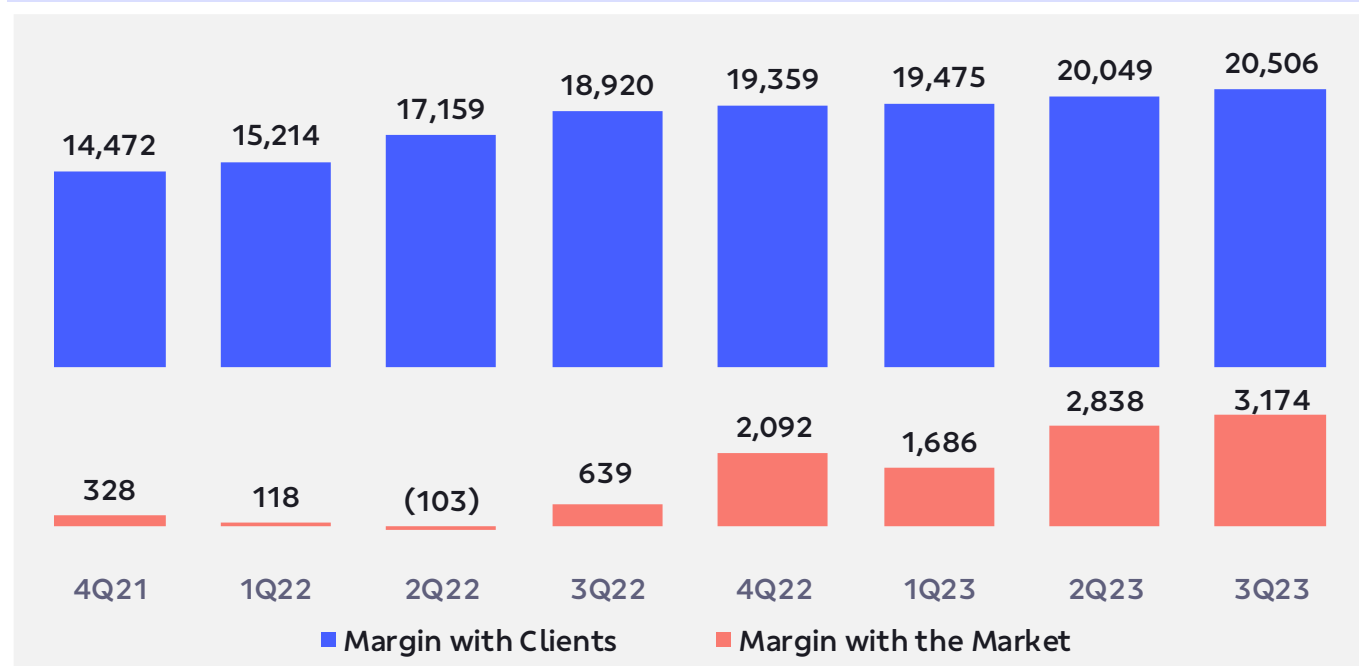


## Managerial NII

### Margin with Clients and with the Market

Aiming to provide greater transparency and comparability to the investor market, since the 2Q23, Banco do Brasil presents its Managerial NII (with Clients and with the Market).

**Figure 1.** Margin with Clients and with the Market – R\$ million



((1) Comparing with the accounting NII presented at the beginning of this chapter, the Margin with Clients is essentially formed by the loan operations income plus private securities, net of opportunity expenses for each type of operation, and by the commercial funding expenses and compulsory deposits, plus opportunity income for each type of operation; (2) Similarly, the Margin with the Market essentially consists of treasury result (excluding private securities), institutional funding expenses, Banco Patagonia's NII and net income from opportunities (income/expenses) plus income of compulsory applications.

In 3Q23, Margin with Clients grew by 2.3% QoQ, influenced by the positive performance of the loan portfolio, the increase in spread, from 8.9% to 9.0%, and also by the greater number of business days.

In the nine-month comparison, the Margin with Clients growth (+17.0%) was driven by the increase of the average portfolio and its repricing, with a positive effect on the clients spread. In the Margin with the Market, the growth is explained by the increase in the average Selic rate (9.92% in 9M23 compared to 8.91% in 9M22), with a direct impact on the remuneration of free securities and repo operations, in addition to the growth in the Banco Patagonia's NII.

**Table 3.** Margin with Clients and with the Market – R\$ million

	3Q22	2Q23	3Q23	Δ% Y/Y	Δ% Q/Q	9M22	9M23	Δ% YTD
<b>Net Interest Income</b>	<b>19,558</b>	<b>22,887</b>	<b>23,680</b>	<b>21.1</b>	<b>3.5</b>	<b>51,946</b>	<b>67,728</b>	<b>30.4</b>
<b>Margin with Clients <sup>1</sup></b>	<b>18,920</b>	<b>20,049</b>	<b>20,506</b>	<b>8.4</b>	<b>2.3</b>	<b>51,293</b>	<b>60,030</b>	<b>17.0</b>
Average Balance	845,282	933,243	943,831	11.7	1.1	815,271	930,358	14.1
Clients Spread <sup>1</sup>	9.26	8.87	8.98	(3.0)	1.2	8.48	8.69	2.6
<b>Margin with the Market <sup>2</sup></b>	<b>639</b>	<b>2,838</b>	<b>3,174</b>	<b>397.0</b>	<b>11.8</b>	<b>653</b>	<b>7,698</b>	<b>-</b>



## ALLL Expanded View

Expanded ALLL expenses, which correspond to credit risk expenses (in accordance with CMN Resolution No. 2,682/99), added to the amounts recovered from losses, in addition to discounts granted and impairment losses, totaled R\$7.5 billion in 3Q23 (+4.7% QoQ and +66.4% YoY). Year-to-date (9M23), growth was 101.2%, totaling R\$20.5 billion in the period.

**Table 4.** ALLL Expanded View – R\$ million

	3Q22	2Q23	3Q23	Δ% Y/Y	Δ% Q/Q	9M22	9M23	Δ% YTD
<b>ALLL Expanded View</b>	<b>(4,517)</b>	<b>(7,176)</b>	<b>(7,516)</b>	<b>66.4</b>	<b>4.7</b>	<b>(10,212)</b>	<b>(20,548)</b>	<b>101.2</b>
ALLL Expenses - Recovery of Write-offs	2,224	2,150	2,131	(4.2)	(0.9)	6,471	6,170	(4.6)
ALLL Expenses - Credit Risk	(6,315)	(8,495)	(9,164)	45.1	7.9	(15,383)	(21,807)	41.8
ALLL Expenses - Impairment	(163)	(340)	(93)	(42.9)	(72.7)	(431)	(3,670)	750.5
ALLL Expenses - Discounts Granted	(264)	(491)	(391)	48.3	(20.3)	(869)	(1,240)	42.7

**Recovery of Write-Offs** – down 0.9% compared to the previous quarter and 4.2% in relation to the same period last year. In year-to-date (9M23), down 4.6% compared to 9M22.

**Credit Risk** – up 7.9% compared to the previous quarter and 45.1% in relation to 3Q22.

The year-to-date view (9M23) was impacted by the change in the debt profile of a specific client in the large corporate segment, which occurred in 1Q23, with the deconstitution of a provision in the amount of R\$2,546 million and concomitant recognition of loss due to impairment of debentures arising in the context of the change in the debt profile (from credit operations to securities).

In addition, in 3Q23, there was additional provisions for operations for a company in the large corporate segment that filed for judicial recovery in January 2023, moving from risk G (70%) to risk H (100%), with an impact of R\$507.4 million in the flow of ALLL in the period. In the previous quarter (2Q23), the same event had already impacted credit risk by R\$338.8 million, when operations moved from risk F (50%) to risk G (70%).

**Impairment** – down 72.7% QoQ and 42.9% YoY. In Year-to-date, impairment losses was R\$3.7 billion, up 750.5%, mainly explained by the debt reprofiling mentioned before.

**Discounts Granted** – down 20.3% in 3Q23 and up 48.3% in comparison to 3Q22. In the first nine months of 2023, the growth, compared to the same period of the previous year, was 42.7%.



## Fee Income

Fee income was R\$8.7 billion in 3Q23, up 4.6% QoQ, positively influenced by insurance, pension plan and premium bonds (+10.6%); asset management (+5.7%); and consortiums (+8.6%) with more than 159 thousand new quotas sold with a turnover of R\$12.0 billion in one quarter.

In the year-to-date, there was growth of 5.0%, with positive performance in most business lines, highlighting the increase in insurance, pension and premium bonds and consortiums.

**Table 5.** Fee Income – R\$ million

	3Q22	2Q23	3Q23	Δ% Y/Y	Δ% Q/Q	9M22	9M23	Δ% YTD
<b>Fee Income</b>	<b>8,524</b>	<b>8,286</b>	<b>8,670</b>	<b>1.7</b>	<b>4.6</b>	<b>23,896</b>	<b>25,088</b>	<b>5.0</b>
Asset Management	2,206	2,035	2,151	(2.5)	5.7	6,295	6,242	(0.8)
Checking Account	1,691	1,629	1,673	(1.1)	2.7	4,725	4,874	3.2
Insur., Pens. Plans & Premium Bonds	1,376	1,281	1,418	3.0	10.6	3,697	4,005	8.3
Loans and Guarantees	572	664	642	12.2	(3.3)	1,616	1,832	13.4
Credit/Debit Cards	647	618	705	8.9	14.1	1,792	1,997	11.4
Consortium Management Fees	524	605	658	25.5	8.6	1,418	1,837	29.6
Collections	386	359	331	(14.4)	(7.9)	1,138	1,060	(6.8)
Billings	252	253	245	(2.8)	(3.0)	763	752	(1.4)
Contract Processing	231	241	247	6.8	2.3	623	722	15.9
Subsidiaries Abroad	218	219	194	(10.9)	(11.5)	621	639	2.8
Nat. Treasury & Manag. of Official Funds	88	85	81	(8.6)	(5.3)	269	251	(6.8)
Capital Market	128	85	111	(13.1)	30.7	341	276	(19.2)
Foreign Exchange Services	59	85	77	29.7	(9.8)	187	225	20.7
Other	144	124	137	(4.8)	10.4	412	376	(8.8)

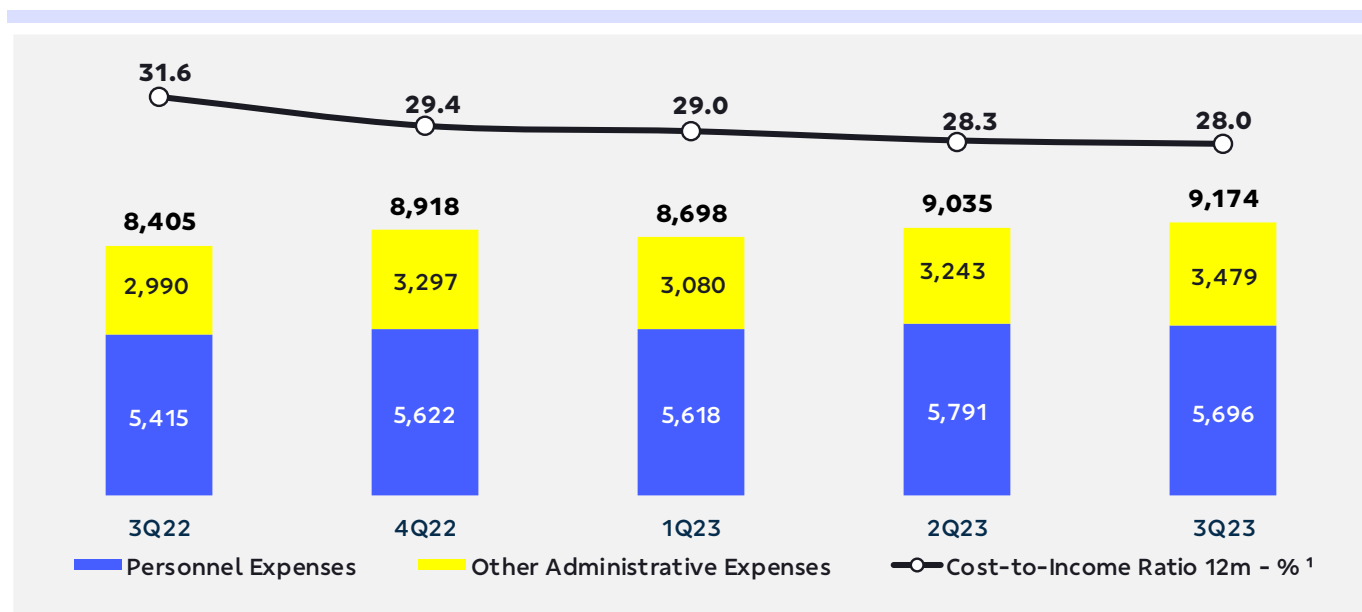


## Administrative Expenses and Cost-to-Income Ratio

In 3Q23, administrative expenses were R\$9.2 billion, up 1.5% QoQ, due to the increase of 7.2% in Other Administrative Expenses and 1.7% in Personnel Expenses.

In comparison with 9M22, administrative expenses grew 8.0%, within the range of the Corporate Projections. The cost-to-income ratio accumulated in 12 months was 28.0%.

**Figure 2.** Administrative Expenses – R\$ million



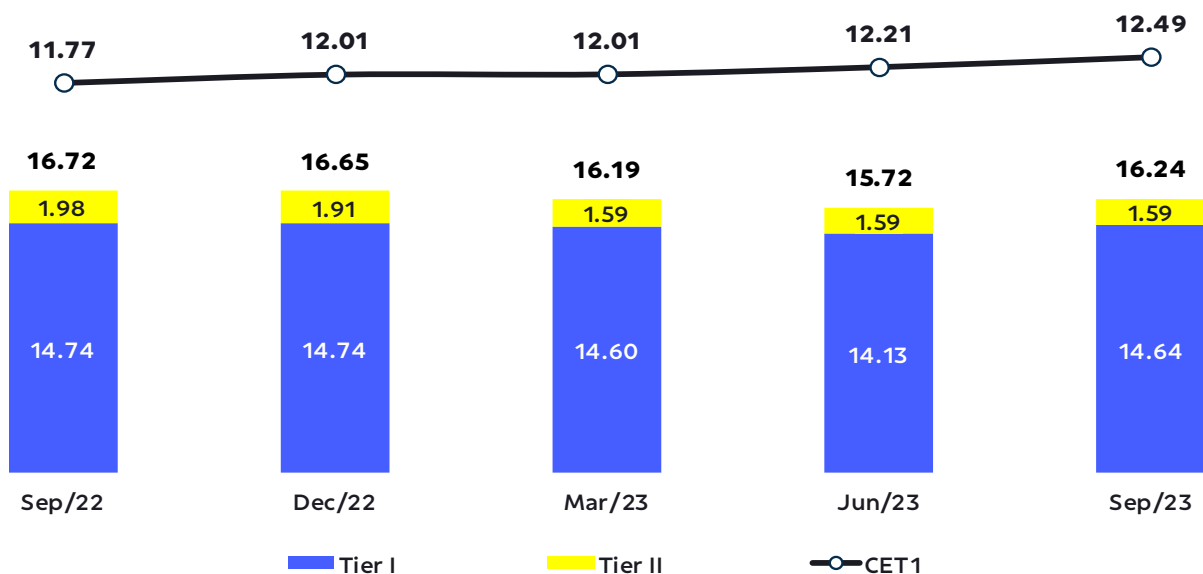
(1) Cost-to-Income Ratio: Administrative Expenses / Operating Income. Data referring to the Income Statement with Reallocations.



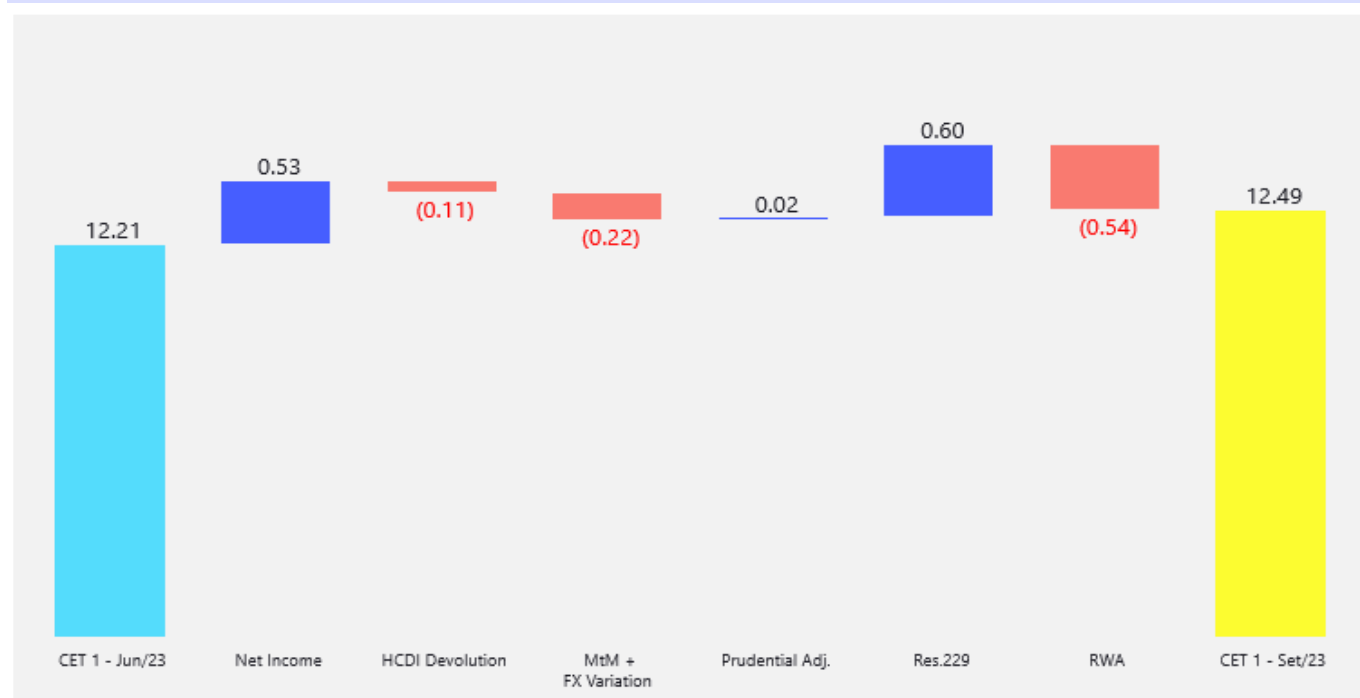
# Capital Adequacy Ratio

Capital adequacy ratio was 16.24% in September 2023. The Tier I was 14.64%, with 12.49% of CET1. The Referential Equity, which considers the requirements to assess Basel regulatory capital, was R\$179.3 billion, up 3.2% YoY.

**Figure 3.** Capital Adequacy Ratio – %



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







# Loan Portfolio

## Credit Volume

The expanded loan portfolio, which includes, in addition to the classified portfolio, private securities and guarantees provided, totaled R\$1.07 trillion in September/23, up 2.0% in the quarter and 10.0% in the year.

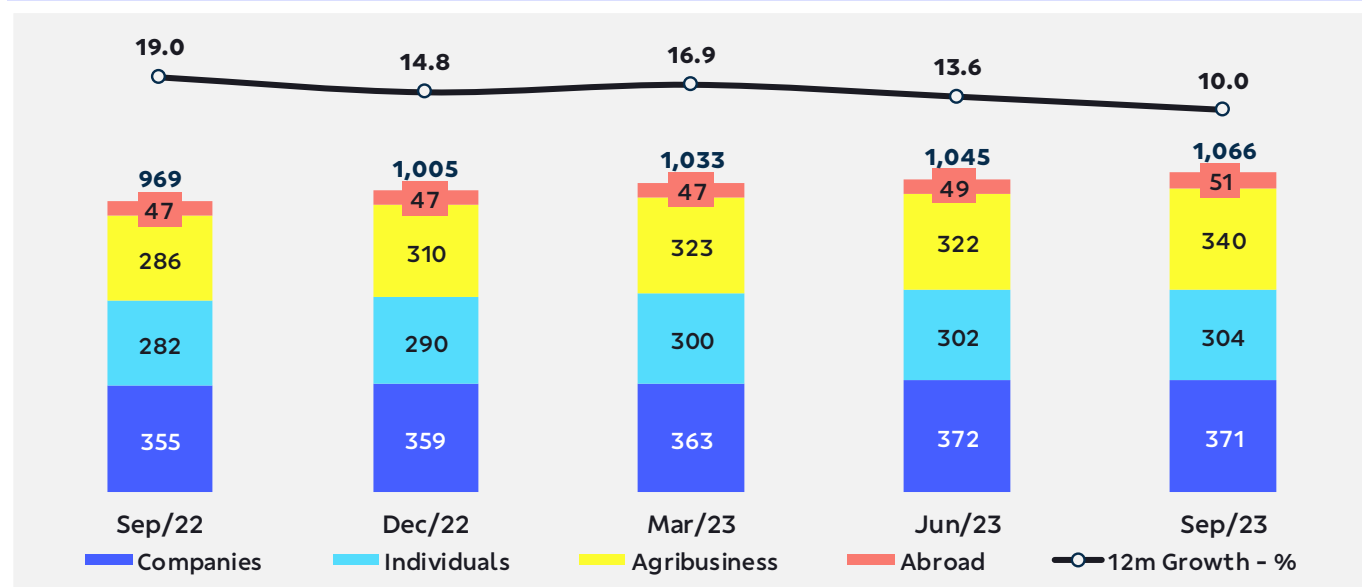
The classified loan portfolio totaled R\$946 billion in September/23, up 2.6% in the quarter (Individuals +0.7%, Companies +1.5% and Agribusiness +6.0%), and 9.8% in the year (Individuals +7.8%, Companies +6.0% and Agribusiness +17.0%).

The individuals expanded portfolio grew 0.7% QoQ and 7.9% YoY, mainly due to the performance of payroll loans (+2.0% QoQ and +8.90% YoY).

The companies expanded portfolio remained practically stable in the quarter (-0.1%) and increased 4.7% in 12 months, highlighted by the performance of investments (+8.1% QoQ and +15.2% YoY) and working capital (+1.6% QoQ and +2.9% YoY).

The agribusiness expanded portfolio grew 5.7% QoQ and 18.9% YoY and mainly reflects growth in working capital for input purchase (+14.2% QoQ and +18.9% YoY), agricultural investment (+4.8% QoQ and +37.1% YoY) and Pronaf (+3.7% QoQ and +6.8% YoY).

**Figure 5.** Expanded Loan Portfolio – R\$ billion



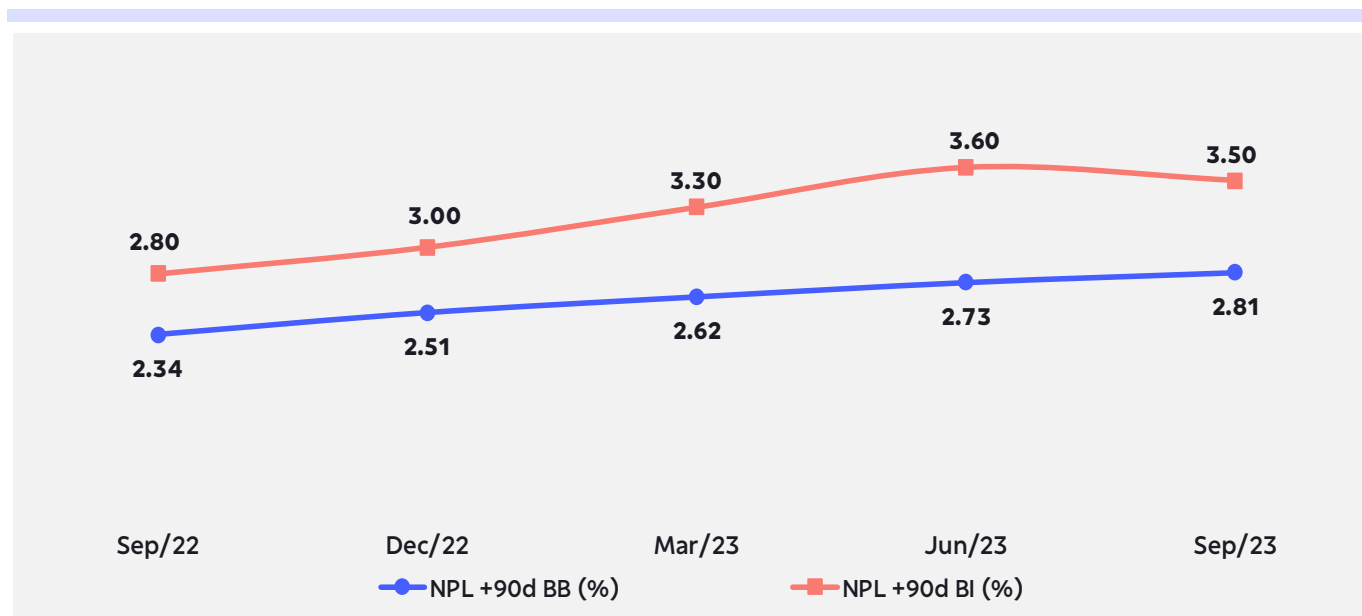
(1) Series revised in March/23 for private securities and guarantees and expanded companies loan portfolio.



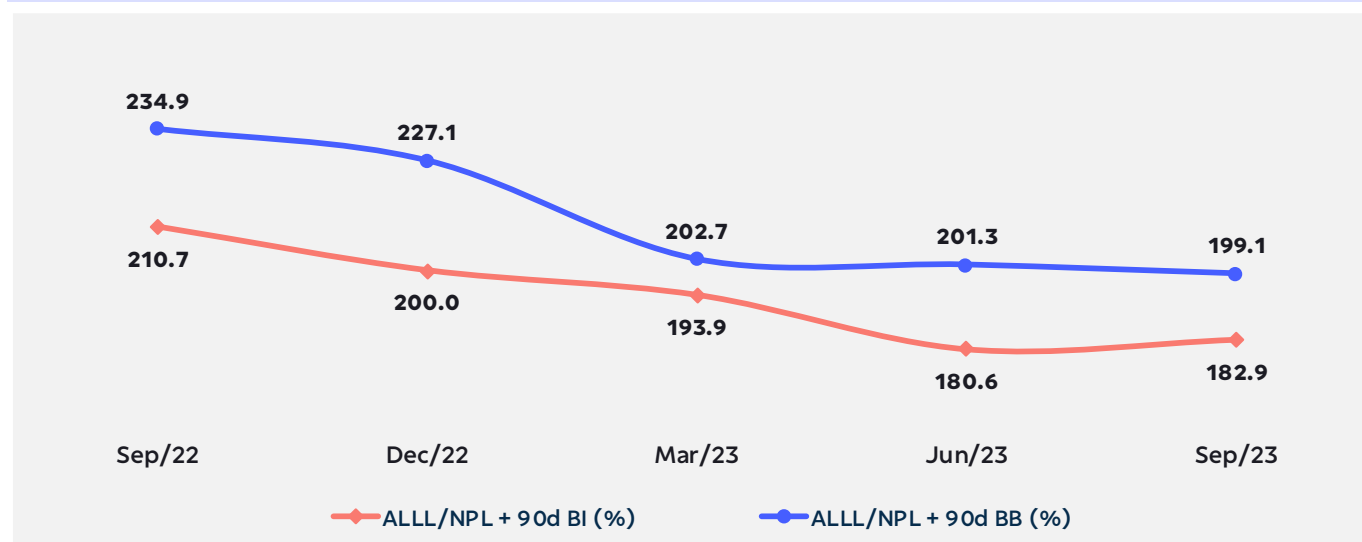
## Credit Quality

The increase of 8 bps in the quarter's NPL+90d (ratio between operations overdue for more than 90 days and the balance of the classified loan portfolio) is mainly explained by the effect brought about by the loans made with a company in the large corporate segment that filed for judicial recovery in January 2023 and that had already impacted the indicator in June/23. Without considering these impacts, NPL+90d would have been 2.63% in September/23 (from 2.81%) and 2.65% (from 2.73%) in June/23. The balance of operations with the referred customer is already reflected in the NPL over 90 days ratio, as well as being 100% provisioned.

**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<sup>1</sup>

	Indicators	Released	Presented 9M23
Equity	Loan Portfolio*	growth between <b>9.0% and 13.0%</b>	<b>+10.7%</b>
	Individuals	growth between <b>7.0% and 11.0%</b>	<b>+7.9%</b>
	Companies	growth between <b>8.0% and 12.0%</b>	<b>+5.5%</b>
	Agribusiness	growth between <b>14.0% and 18.0%</b>	<b>+18.9%</b>
Income	Net Interest Income	growth between <b>22.0% and 26.0%</b>	<b>+30.4%</b>
	ALLL Expanded View	between <b>R\$ -27.0 and -23.0 billion</b>	<b>-R\$ 20.5 billion</b>
	Fee Income	growth between <b>4.0% and 8.0%</b>	<b>+5.0%</b>
	Administrative Expenses	growth between <b>7.0% and 11.0%</b>	<b>+8.0%</b>
	Adjusted Net Income	between <b>R\$ 33.0 e 37.0 billion</b>	<b>R\$ 26.1 billion</b>

(\*) 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.