



3Q23 Earnings Release

November 13th, 2023

XP Inc. Reports Third Quarter 2023 Results

São Paulo, Brazil, November 13, 2023 – XP Inc. (NASDAQ: XP) (“XP” or the “Company”), a leading tech-enabled platform and a trusted pioneer in providing low-fee financial products and services in Brazil, reported today its financial results for the third quarter of 2023.

Summary

| Operating Metrics (unaudited) | 3Q23 | 3Q22 | YoY | 2Q23 | QoQ |
|--|--------------|--------------|-----------------|--------------|---------------|
| Total Client Assets (in R\$ bn) | 1,080 | 925 | 17% | 1,024 | 6% |
| Total Net Inflow (in R\$ bn) | 48 | 35 | 38% | 22 | 118% |
| Annualized Retail Take Rate | 1.34% | 1.33% | 1 bps | 1.30% | 4 bps |
| Active Clients (in '000s) | 4,412 | 3,805 | 16% | 4,013 | 10% |
| Headcount (EoP) | 6,699 | 6,948 | -4% | 6,002 | 12% |
| IFAs (in '000s) | 14.3 | 11.6 | 23% | 14.1 | 1% |
| Retail DATs (in mn) | 2.1 | 2.3 | -9% | 2.2 | -2% |
| Retirement Plans Client Assets (in R\$ bn) | 67 | 58 | 15% | 64 | 4% |
| Cards TPV (in R\$ bn) | 10.7 | 6.6 | 62% | 9.7 | 11% |
| Credit Portfolio (in R\$ bn) | 19.9 | 16.3 | 22% | 17.9 | 11% |
| Financial Metrics (in R\$ mn) | 3Q23 | 3Q22 | YoY | 2Q23 | QoQ |
| Gross revenue | 4,364 | 3,811 | 14% | 3,728 | 17% |
| Retail | 3,179 | 2,629 | 21% | 2,892 | 10% |
| Institutional | 386 | 577 | -33% | 385 | 0% |
| Corporate & Issuer Services | 519 | 436 | 19% | 283 | 83% |
| Other | 281 | 170 | 65% | 167 | 68% |
| Net Revenue | 4,132 | 3,620 | 14% | 3,549 | 16% |
| Gross Profit | 2,896 | 2,615 | 11% | 2,402 | 21% |
| Gross Margin | 70.1% | 72.2% | -216 bps | 67.7% | 240 bps |
| EBT | 1,157 | 983 | 18% | 968 | 20% |
| EBT Margin | 28.0% | 27.2% | 86 bps | 27.3% | 74 bps |
| Net Income | 1,087 | 1,031 | 5% | 977 | 11% |
| Net Margin | 26.3% | 28.5% | -218 bps | 27.5% | -123 bps |
| Basic EPS (in R\$) | 1.99 | 1.85 | 7% | 1.85 | 8% |
| Diluted EPS (in R\$) | 1.96 | 1.80 | 9% | 1.83 | 7% |
| ROAE¹ | 22.6% | 24.4% | -183 bps | 22.0% | 58 bps |
| ROAA² | 2.6% | 3.3% | -69 bps | 2.6% | 1 bps |

1 – Annualized Return on Average Equity.

2 – Annualized Return on Average Adjusted Assets. Adjusted Assets excludes Retirement Plans Liabilities and Float Balance.

Discussion of Results

Total Gross Revenue

Gross revenue was R\$4.4 billion in 3Q23, up 17% QoQ and 14% YoY, primarily driven by growth in our Retail revenue year-over-year and a strong recovery in Corporate & Issuer Services quarter-over-quarter. Modal's financials have been fully incorporated in 3Q23, accounting for R\$161 million in Gross Revenue for the quarter.

Retail Revenue

| (in R\$ mn) | 3Q23 | 3Q22 | YoY | 2Q23 | QoQ |
|------------------------------------|--------------|--------------|--------------|--------------|--------------|
| Retail Revenue | 3,179 | 2,629 | 21% | 2,892 | 10% |
| Equities | 1,131 | 1,120 | 1% | 1,064 | 6% |
| Fixed Income | 718 | 489 | 47% | 578 | 24% |
| Funds Platform | 323 | 282 | 15% | 341 | -5% |
| Retirement Plans | 98 | 85 | 15% | 87 | 12% |
| Cards | 259 | 146 | 77% | 232 | 12% |
| Credit | 49 | 40 | 24% | 44 | 13% |
| Insurance | 36 | 21 | 72% | 36 | 1% |
| Other Retail | 565 | 447 | 26% | 511 | 11% |
| <i>Annualized Retail Take Rate</i> | <i>1.34%</i> | <i>1.33%</i> | <i>1 bps</i> | <i>1.30%</i> | <i>4 bps</i> |

Retail revenue was R\$3.2 billion in 3Q23, up 10% QoQ and 21% YoY. Retail revenue growth was driven by a combination of:

- (1) Year-over-year and sequential growth in Fixed Income revenue, led by a strong performance in primary markets in the quarter;
- (2) Strong continued growth in Cards revenue, which grew 77% YoY

Retail-related revenue in 3Q23 represented 68% of consolidated Net Income from Financial Instruments, as per the Accounting Income Statement.

Take Rate

Annualized Retail Take Rate was 1.34% in 3Q23, up 4 bps QoQ.

Institutional Revenue

Institutional revenue was R\$386 million in 3Q23, stable QoQ and down 33% YoY. Year-over-year decrease is mainly due to a tough comp in 3Q22, with a lot of hedging demand in the pre-elections period.

Institutional revenue in 3Q23 accounted for 13% of consolidated Net Income from Financial Instruments, as per the Accounting Income Statement.

Corporate & Issuer Services Revenue

Corporate & Issuer Services revenue totaled R\$519 million in 3Q23, up 83% QoQ and 19% YoY. The sequential increase in Corporate & Issuer Services revenue was due to the growth in Issuer Services revenue, mainly related to a strong pick-up in DCM activity in the quarter.

Corporate and Issuer Services related revenues in 3Q23 represented 9% of consolidated Net Income from Financial Instruments, as per the Accounting Income Statement.

Other Revenue

Other revenue was R\$281 million in 3Q23, up 68% QoQ and 65% YoY.

Other revenue in 3Q23 accounted for 11% of consolidated Net Income from Financial Instruments, as per the Accounting Income Statement.

Costs of Goods Sold and Gross Margin

Gross Margin was 70.1% in 3Q23 versus 67.7% in 2Q23 and 72.2% in 3Q22. Sequential improvement in gross margin was mainly related to better revenue mix between products and channels in the quarter.

SG&A Expenses³

| (in R\$ mn) | 3Q23 | 3Q22 | YoY | 2Q23 | QoQ |
|---|----------------|----------------|------------|----------------|------------|
| Total SG&A³ | (1,547) | (1,501) | 3% | (1,246) | 24% |
| People | (1,048) | (1,057) | -1% | (899) | 17% |
| Salary and Taxes | (396) | (377) | 5% | (344) | 15% |
| Bonuses | (486) | (510) | -5% | (428) | 13% |
| Share Based Compensation | (166) | (171) | -3% | (127) | 30% |
| Non-people | (499) | (444) | 12% | (347) | 44% |
| <i>LTM Compensation Ratio⁴</i> | 25.7% | 29.8% | -409 bps | 26.8% | -105 bps |
| <i>LTM Efficiency Ratio⁵</i> | 37.3% | 41.7% | -444 bps | 38.3% | -108 bps |
| Headcount (EoP) | 6,699 | 6,948 | -4% | 6,002 | 12% |

SG&A³ expenses totaled R\$1.5 billion in 3Q23, up 24% QoQ and 3% YoY. The sequential increase is in line with our annual guidance of R\$5.0 to 5.5 billion in total SG&A³ for the full year of 2023. The main increases in SG&A during the quarter came from:

- (1) Non-people expenses, mainly related to Expert event that happened during 3Q23;
- (2) Modal expenses incorporation, which accounted for R\$111 million in 3Q23.

Our last twelve months (LTM) compensation ratio⁴ in 3Q23 was 25.7%, an improvement from 29.8% and 26.8% in 3Q22 and 2Q23, respectively. Also, our LTM efficiency ratio⁵ reached 37.3% in 3Q23, compared to 41.7% and 38.3% in the same periods.

Earnings Before Taxes

3 - Total SG&A and non-people SG&A exclude revenue from incentives from Tesouro Direto, B3.

4 - Compensation ratio is calculated as People SG&A (Salary and Taxes, Bonuses and Share Based Compensation) divided by Net Revenue.

5 - Efficiency ratio is calculated as SG&A ex-revenue from incentives from Tesouro Direto, B3, and others divided by Net Revenue.

EBT, a good proxy for earnings power, was R\$1.2 billion in 3Q23, up 20% QoQ and 18% YoY, mainly driven by revenue growth and improving operating leverage in the quarter. EBT Margin was 28.0%, up 74 bps QoQ and 86 bps YoY, in line with our medium-term annual guidance of 26% to 32% between 2023 and 2025.

Net Income and EPS

In 3Q23, Net Income was R\$1.1 billion, up 11% QoQ and 5% YoY. Basic EPS was R\$1.99, up 8% QoQ and 7% YoY. Fully diluted EPS was R\$1.96, up 7% QoQ and 9% YoY.

Other Information

Webcast and Conference Call Information

The Company will host a webcast to discuss its third quarter financial results on Monday, November 13th, 2023, at 5:00 pm ET (7:00 pm BRT). To participate in the earnings webcast please subscribe at [3Q23 Earnings Web Meeting](#). The replay will be available on XP's investor relations website at <https://investors.xpinc.com/>

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Important Disclosure

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The information contained in this release does not purport to be comprehensive and has not been subject to any independent audit or review. Certain of the financial information as of and for the periods ended of December 31, 2021 and December 31, 2020, 2019, 2018 and 2017 has been derived from audited financial statements and all other financial information has been derived from unaudited interim financial statements. A significant portion of the information contained in this release is based on estimates or expectations of the Company, and there can be no assurance that these estimates or expectations are or will prove to be accurate. The Company's internal estimates have not been verified by an external expert, and the Company cannot guarantee that a third party using different methods to assemble, analyze or compute market information and data would obtain or generate the same results.

Statements in the release, including those regarding the possible or assumed future or other performance of the Company or its industry or other trend projections, constitute forward-looking statements. These statements are generally identified by the use of words such as "anticipate," "believe," "could," "expect," "should," "plan," "intend," "estimate" and "potential," among others. By their nature, forward-looking statements are necessarily subject to a high degree of uncertainty and involve known and unknown risks, uncertainties, assumptions and other factors because they relate to events and depend on circumstances that will occur in the future whether or not outside the control of the Company. Such factors may cause actual results, performance or developments to differ materially from those expressed or implied by such forward-looking statements and there can be no assurance that such forward-looking statements will prove to be correct. These risks and uncertainties include factors relating to: (1) general economic, financial, political, demographic and business conditions in Brazil, as well as any other countries we may serve in the future and their impact on our business; (2) fluctuations in interest, inflation and exchange rates in Brazil and any other countries we may serve in the future; (3) competition in the financial services industry; (4) our ability to implement our business strategy; (5) our ability to adapt to the rapid pace of technological changes in the financial services industry; (6) the reliability, performance, functionality and quality of our products and services and the investment performance of investment funds managed by third parties or by our asset managers; (7) the availability of government authorizations on terms and conditions and within periods acceptable to us; (8) our ability to continue attracting and retaining new appropriately-skilled employees; (9) our capitalization and level of indebtedness; (10) the interests of our controlling shareholders; (11) changes in government regulations applicable to the financial services industry in Brazil and

elsewhere; (12) our ability to compete and conduct our business in the future; (13) the success of operating initiatives, including advertising and promotional efforts and new product, service and concept development by us and our competitors; (14) changes in consumer demands regarding financial products, customer experience related to investments and technological advances, and our ability to innovate to respond to such changes; (15) changes in labor, distribution and other operating costs; (16) our compliance with, and changes to, government laws, regulations and tax matters that currently apply to us; (17) other factors that may affect our financial condition, liquidity and results of operations. Accordingly, you should not place undue reliance on forward-looking statements. The forward-looking statements included herein speak only as at the date of this release and the Company does not undertake any obligation to update these forward-looking statements. Past performance does not guarantee or predict future performance. Moreover, the Company and its affiliates, officers, employees and agents do not undertake any obligation to review, update or confirm expectations or estimates or to release any revisions to any forward-looking statements to reflect events that occur or circumstances that arise in relation to the content of the release. You are cautioned not to unduly rely on such forward-looking statements when evaluating the information presented and we do not intend to update any of these forward-looking statements.

Market data and industry information used throughout this release are based on management's knowledge of the industry and the good faith estimates of management. The Company also relied, to the extent available, upon management's review of industry surveys and publications and other publicly available information prepared by a number of third-party sources. All of the market data and industry information used in this release involves a number of assumptions and limitations, and you are cautioned not to give undue weight to such estimates. Although the Company believes that these sources are reliable, there can be no assurance as to the accuracy or completeness of this information, and the Company has not independently verified this information.

The contents hereof should not be construed as investment, legal, tax or other advice and you should consult your own advisers as to legal, business, tax and other related matters concerning an investment in the Company. The Company is not acting on your behalf and does not regard you as a customer or a client. It will not be responsible to you for providing protections afforded to clients or for advising you on the relevant transaction.

This release includes our Float, Adjusted Gross Financial Assets, Net Asset Value, and Adjustments to Reported Net Income, which are non-GAAP financial information. We believe that such information is meaningful and useful in understanding the activities and business metrics of the Company's operations. We also believe that these non-GAAP financial measures reflect an additional way of viewing aspects of the Company's business that, when viewed with our International Financial Reporting Standards ("IFRS") results, as issued by the International Accounting Standards Board, provide a more complete understanding of factors and trends affecting the Company's business. Further, investors regularly rely on non-GAAP financial measures to assess operating performance and such measures may highlight trends in the Company's business that may not otherwise be apparent when relying on financial measures calculated in accordance with IFRS. We also believe that certain non-GAAP financial measures are frequently used by securities analysts, investors and other interested parties in the evaluation of public companies in the Company's industry, many of which present these measures when reporting their results. The non-GAAP financial information is presented for informational purposes and to enhance understanding of the IFRS financial statements. The non-GAAP measures should be considered in addition to results prepared in accordance with IFRS, but not as a substitute for, or superior to, IFRS results. As other companies may determine or calculate this non-GAAP financial information differently, the usefulness of these measures for comparative purposes is limited. A reconciliation of such non-GAAP financial measures to the nearest GAAP measure is included in this release.

For purposes of this release:

"Active Clients" means the total number of retail clients served through our XP Investimentos, Rico, Clear, XP Investments and XP Private (Europe) brands, with Client Assets above R\$100.00 or that have transacted at least once in the last thirty days. For purposes of calculating this metric, if a client holds an account in more than one of the aforementioned entities, such client will be counted as one "active client" for each such account. For example, if a client holds an account in each of XP Investimentos and Rico, such client will count as two "active clients" for purposes of this metric.

"Client Assets" means the market value of all client assets invested through XP's platform and that is related to reported Retail Revenue, including equities, fixed income securities, mutual funds (including those managed by XP Gestão de Recursos Ltda., XP Advisory Gestão de Recursos Ltda. and XP Vista Asset Management Ltda., as well as by third-party asset managers), pension funds (including those from XP Vida e Previdência S.A., as well as by third-party insurance companies), exchange traded funds, COEs (Structured Notes), REITs, and uninvested cash balances (Float Balances), among others. Although Client Assets includes custody from Corporate Clients that generate Retail Revenue, it does not include custody from institutional clients (asset managers, pension funds and insurance companies).

Rounding

We have made rounding adjustments to some of the figures included in this release. Accordingly, numerical figures shown as totals in some tables may not be an arithmetic aggregation of the figures that preceded them.

Unaudited Managerial Income Statement (in R\$ mn)

| Managerial Income Statement | 3Q23 | 3Q22 | YoY | 2Q23 | QoQ |
|--|----------------|----------------|-------------|----------------|------------|
| Total Gross Revenue | 4,364 | 3,811 | 14% | 3,728 | 17% |
| Retail | 3,179 | 2,629 | 21% | 2,892 | 10% |
| Equities | 1,131 | 1,120 | 1% | 1,064 | 6% |
| Fixed Income | 718 | 489 | 47% | 578 | 24% |
| Funds Platform | 323 | 282 | 15% | 341 | -5% |
| Retirement Plans | 98 | 85 | 15% | 87 | 12% |
| Cards | 259 | 146 | 77% | 232 | 12% |
| Credit | 49 | 40 | 24% | 44 | 13% |
| Insurance | 36 | 21 | 72% | 36 | 1% |
| Other | 565 | 447 | 26% | 511 | 11% |
| Institutional | 386 | 577 | -33% | 385 | 0% |
| Corporate & Issuer Services | 519 | 436 | 19% | 283 | 83% |
| Other | 281 | 170 | 65% | 167 | 68% |
| Net Revenue | 4,132 | 3,620 | 14% | 3,549 | 16% |
| COGS | (1,236) | (1,005) | 23% | (1,147) | 8% |
| Gross Profit | 2,896 | 2,615 | 11% | 2,402 | 21% |
| Gross Margin | 70.1% | 72.2% | -216 bps | 67.7% | 240 bps |
| SG&A | (1,541) | (1,463) | 5% | (1,246) | 24% |
| People | (1,048) | (1,057) | -1% | (899) | 17% |
| Non-People | (493) | (405) | 22% | (347) | 42% |
| D&A | (71) | (44) | 63% | (51) | 40% |
| Interest expense on debt | (135) | (128) | 6% | (152) | -11% |
| Share of profit or (loss) in joint ventures and associates | 9 | 1 | 562% | 15 | -63% |
| EBT | 1,157 | 983 | 18% | 968 | 20% |
| EBT Margin | 28.0% | 27.2% | 86 bps | 27.3% | 74 bps |
| Tax Expense (Accounting) | (71) | 48 | -248% | 9 | -874% |
| Tax expense (Tax Withholding in Funds) ⁶ | (169) | (212) | -20% | (168) | 1% |
| Effective tax rate (Normalized) | (18.1%) | (13.7%) | -435 bps | (14.0%) | -410 bps |
| Net Income | 1,087 | 1,031 | 5% | 977 | 11% |
| Net Margin | 26.3% | 28.5% | -218 bps | 27.5% | -123 bps |
| Adjustments | 92 | 118 | -22% | 85 | 8% |
| Adjusted Net Income⁷ | 1,179 | 1,149 | 3% | 1,062 | 11% |
| Adjusted Net Margin | 28.5% | 31.7% | -321 bps | 29.9% | -140 bps |

6 - Tax adjustments are related to tax withholding expenses that are recognized net in gross revenue.

7 - See appendix for a reconciliation of Adjusted Net Income.

Accounting Income Statement (in R\$ mn)

| Accounting Income Statement | 3Q23 | 3Q22 | YoY | 2Q23 | QoQ |
|---|--------------|--------------|-------------|--------------|-------------|
| Net revenue from services rendered | 1,822 | 1,558 | 17% | 1,483 | 23% |
| Brokerage commission | 525 | 498 | 5% | 488 | 8% |
| Securities placement | 637 | 525 | 21% | 407 | 56% |
| Management fees | 414 | 361 | 15% | 419 | -1% |
| Insurance brokerage fee | 43 | 35 | 24% | 42 | 3% |
| Commission Fees | 206 | 135 | 53% | 174 | 18% |
| Other services | 169 | 149 | 13% | 91 | 85% |
| Sales Tax and contributions on Services | (173) | (145) | 19% | (139) | 25% |
| Net income from financial instruments at amortized cost and at fair value through other comprehensive income | 142 | 563 | -75% | 618 | -77% |
| Net income from financial instruments at fair value through profit or loss | 2,168 | 1,499 | 45% | 1,448 | 50% |
| Total revenue and income | 4,132 | 3,620 | 14% | 3,549 | 16% |
| Operating costs | (1,122) | (977) | 15% | (1,092) | 3% |
| Selling expenses | (50) | (33) | 53% | (45) | 10% |
| Administrative expenses | (1,544) | (1,503) | 3% | (1,276) | 21% |
| Other operating revenues (expenses), net | (18) | 29 | n.a. | 24 | -175% |
| Expected credit losses | (115) | (28) | n.a. | (55) | 109% |
| Interest expense on debt | (135) | (128) | 6% | (152) | -11% |
| Share of profit or (loss) in joint ventures and associates | 9 | 1 | n.a. | 15 | -38% |
| Income before income tax | 1,157 | 983 | 18% | 968 | 20% |
| Income tax expense | (71) | 48 | -248% | 9 | n.a. |
| Net income for the period | 1,087 | 1,031 | 5% | 977 | 11% |

Balance Sheet (in R\$ mn)

| Assets | 3Q23 | 2Q23 |
|--|----------------|----------------|
| Cash | 3,822 | 2,916 |
| Financial assets | 214,838 | 216,446 |
| Fair value through profit or loss | 120,854 | 124,465 |
| Securities | 101,039 | 99,280 |
| Derivative financial instruments | 19,815 | 25,185 |
| Fair value through other comprehensive income | 38,486 | 33,091 |
| Securities | 38,486 | 33,091 |
| Evaluated at amortized cost | 55,498 | 58,890 |
| Securities | 6,175 | 7,824 |
| Securities purchased under agreements to resell | 12,252 | 15,786 |
| Securities trading and intermediation | 3,569 | 2,917 |
| Accounts receivable | 620 | 646 |
| Loan Operations | 26,645 | 24,088 |
| Other financial assets | 6,236 | 7,630 |
| Other assets | 7,586 | 6,498 |
| Recoverable taxes | 302 | 220 |
| Rights-of-use assets | 204 | 209 |
| Prepaid expenses | 4,401 | 4,270 |
| Other | 2,679 | 1,800 |
| Deferred tax assets | 2,023 | 1,532 |
| Investments in associates and joint ventures | 2,261 | 2,250 |
| Property and equipment | 348 | 301 |
| Goodwill & Intangible assets | 2,551 | 837 |
| Total Assets | 233,427 | 230,781 |

| Liabilities | 3Q23 | 2Q23 |
|--|----------------|----------------|
| Financial liabilities | 158,537 | 159,678 |
| Fair value through profit or loss | 32,888 | 40,800 |
| Securities | 14,342 | 14,554 |
| Derivative financial instruments | 18,546 | 26,247 |
| Evaluated at amortized cost | 125,649 | 118,877 |
| Securities sold under repurchase agreements | 39,517 | 34,623 |
| Securities trading and intermediation | 17,062 | 15,451 |
| Financing instruments payable | 53,094 | 51,931 |
| Accounts payables | 604 | 626 |
| Borrowings | 1,260 | - |
| Other financial liabilities | 14,112 | 16,247 |
| Other liabilities | 54,793 | 52,520 |
| Social and statutory obligations | 711 | 947 |
| Taxes and social security obligations | 488 | 442 |
| Retirement plans liabilities | 53,280 | 50,907 |
| Provisions and contingent liabilities | 110 | 79 |
| Other | 204 | 146 |
| Deferred tax liabilities | 74 | 134 |
| Total Liabilities | 213,404 | 212,331 |
| Equity attributable to owners of the Parent company | 20,014 | 18,440 |
| Issued capital | 0 | 0 |
| Capital reserve | 18,745 | 16,523 |
| Other comprehensive income | 107 | 264 |
| Treasury | (117) | (117) |
| Retained earnings | 1,279 | 1,770 |
| Non-controlling interest | 9 | 9 |
| Total equity | 20,023 | 18,449 |
| Total liabilities and equity | 233,427 | 230,781 |

Float, Adjusted Gross Financial Assets and Net Asset Value

(in R\$ mn)

We present Adjusted Gross Financial Assets because we believe this metric captures the liquidity that is, in fact, available to us, net of the portion of liquidity that is related to our Float Balance (and therefore attributable to clients). We calculate Adjusted Gross Financial Assets as the sum of (1) Cash and Financial Assets (comprised of Cash plus Securities – Fair value through profit or loss, plus Securities – Fair value through other comprehensive income, plus Securities – Evaluated at amortized cost, plus Derivative financial instruments, plus Securities (purchased under agreements to resell), plus Loans and Foreign exchange portfolio (assets) less (2) Financial Liabilities (comprised of the sum of Securities loaned, Derivative financial instruments, Securities sold under repurchase agreements and Private pension liabilities), Deposits, Structured Operation Certificates (COE), Financial Bills, Foreign exchange portfolio (liabilities), Credit cards operations and (3) less Float Balance.

It is a measure that we track internally daily, and it more intuitively reflects the effect of the operational profits we generate and the variations between working capital assets and liabilities (cash flows from operating activities), investments in fixed and intangible assets and investments in the IFA Network (cash flows from investing activities) and inflows and outflows related to equity and debt securities in our capital structure (cash flows from financing activities). Our management treats all securities and financial instrument assets, net of financial instrument liabilities, as balances that compose our total liquidity, with subline items (such as, for example, “securities at fair value through profit and loss” and “securities at fair value through other comprehensive income”) expected to fluctuate substantially from quarter to quarter as our treasury manages and allocates our total liquidity to the most suitable financial instruments.

In order to explain how we measure our cash position or generation internally, we are introducing the Net Asset Value concept. Since we are a financial institution, we hold several types of financial instruments with different characteristics, hence the definition of net cash that makes more sense from a business perspective is the Net Asset Value. It is basically the adjusted gross financial assets net of debt instruments.

| Adjusted Gross Financial Assets | 3Q23 | 2Q23 |
|--|------------------|------------------|
| Assets | 216,300 | 216,881 |
| (+) Cash | 3,822 | 2,916 |
| (+) Securities - Fair value through profit or loss | 101,039 | 99,280 |
| (+) Securities - Fair value through other comprehensive income | 38,486 | 33,091 |
| (+) Securities - Evaluated at amortized cost | 6,175 | 7,824 |
| (+) Derivative financial instruments | 19,815 | 25,185 |
| (+) Securities purchased under agreements to resell | 12,252 | 15,786 |
| (+) Loans and credit card operations | 26,645 | 24,088 |
| (+) Foreign exchange portfolio | 4,240 | 5,556 |
| (+) Energy | 2,105 | 1,270 |
| (+) Central Bank Deposits | 1,722 | 1,885 |
| Liabilities | (183,729) | (185,632) |
| (-) Securities | (14,342) | (14,554) |
| (-) Derivative financial instruments | (18,546) | (26,247) |
| (-) Securities sold under repurchase agreements | (39,517) | (34,623) |
| (-) Retirement Plans Liabilities | (53,280) | (50,907) |
| (-) Deposits | (22,635) | (25,668) |

| | | |
|--|---------------|---------------|
| (-) Structured Operations | (16,241) | (15,248) |
| (-) Financial Bills | (7,812) | (5,206) |
| (-) Foreign exchange portfolio | (4,562) | (6,007) |
| (-) Credit card operations | (6,442) | (5,899) |
| (-) Commitments subject to possible redemption | - | (1,090) |
| (-) Other Funding | (352) | (185) |
| (-) Float | (13,493) | (12,534) |
| (=) Adjusted Gross Financial Assets | 19,078 | 18,715 |

| Net Asset Value | 3Q23 | 2Q23 |
|--|----------------|----------------|
| (=) Adjusted Gross Financial Assets | 19,078 | 18,715 |
| Gross Debt | (9,428) | (7,946) |
| (-) Borrowings | (1,260) | - |
| (-) Debentures | (2,656) | (2,379) |
| (-) Structured financing | (2,114) | (2,321) |
| (-) Bonds | (3,398) | (3,246) |
| (=) Net Asset Value | 9,650 | 10,769 |

| Float (=net uninvested clients' deposits) | 3Q23 | 2Q23 |
|---|----------------|----------------|
| Assets | (3,569) | (2,917) |
| (-) Securities trading and intermediation | (3,569) | (2,917) |
| Liabilities | 17,062 | 15,451 |
| (+) Securities trading and intermediation | 17,062 | 15,451 |
| (=) Float | 13,493 | 12,534 |

Reconciliation of Adjusted Net Income (in R\$ mn)

| Adjusted Net Income | 3Q23 | 3Q22 | YoY | 2Q23 | QoQ |
|------------------------------|--------------|--------------|-----------|--------------|------------|
| Net Income | 1,087 | 1,031 | 5% | 977 | 11% |
| (+) Share Based Compensation | 151 | 186 | -19% | 140 | 8% |
| (+/-) Taxes | (59) | (68) | -13% | (55) | 7% |
| Adj. Net Income | 1,179 | 1,149 | 3% | 1,062 | 11% |