

Earnings Release

3rd Quarter 2023

**Brasilia,
November 9th, 2023**

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IR website**



Administration Message

Brasilia, November 9, 2023

Net Profit
R\$ **76.4** million
^ 34.9%

Total Assets
R\$ **48.4** billion
^ 20.5%

Loan Portfolio
R\$ **34.6** billion
^ 19.4%

Total Funding
R\$ **41.9** billion
^ 23.3%

Default
2.01%
v 0.2 p.p.

Commissions and Fees
Revenue
R\$ **191.3** million
^ 26.3%

> 3Q23 vs. 3Q22

In 3Q23, BRB achieved recurring net profit of R\$76.4 million, with growth of 34.9% year-on-year. In the same period, the Bank reached R\$ 48.4 billion in its total assets, 20.5% more than in the same period of the previous year.

The main factor in this achievement was the strategy of growth and diversification of the loan portfolio, which reached R\$ 34.6 billion (+ 19.4% in the annual comparison). This result was built solidly and sustainably, maintaining low default levels in the portfolio, which closed the quarter at 2.01% and, therefore, below the market average (3.55%)¹.

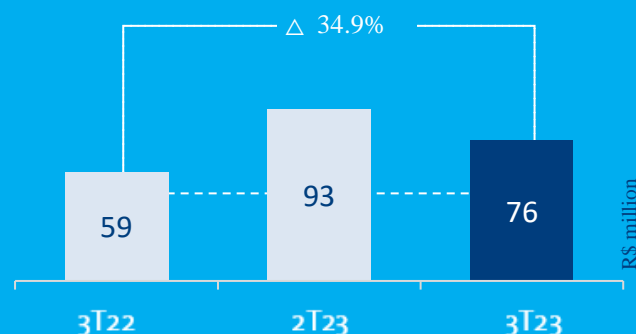
At the same time, BRB continues its focus on modernizing its operation and building business lines adaptable to the most varied audiences and situations in the lives of each of those who make up its customer base, reaching 7.5 million in 3Q23. In this way, the tradition of a socially responsible public bank combines with the expertise of financial operations to reach more people and generate results that benefit the whole society.

Therefore, BRB continues to invest in the qualification and retention of the best talents to provide society with professionals capable of producing, always attentive to the best standards of conduct found in the modern banking market. This Administration Report shows the reader three months in the lives of people committed to generating value with businesses whose beneficiaries are customers, the Bank and society.

Financial Performance

Net Profit

Net profit in 3Q23 was R\$ 76.4 million. This performance reflects BRB's vision of expanding its reach and exploring new business opportunities. In this process, the Bank gains a broader customer base while reinforcing its commitment to being a key driver of economic and social progress in its operation sectors, remaining true to its mission as a leading public bank.



Earning Items (R\$ million)	3Q22	2Q23	3Q23	Δ3M	Δ12M
Financial Intermediation Revenue	1,413	1,708	1,824	6.8%	29.0%
Credit	1,072	1,381	1,431	3.6%	33.5%
Real Estate Bonds and Securities	342	327	393	20.5%	15.2%
Financial Intermediation Expenses	-844	-1,026	-1,090	6.2%	29.1%
Financial Margin	569	682	734	7.7%	29.0%

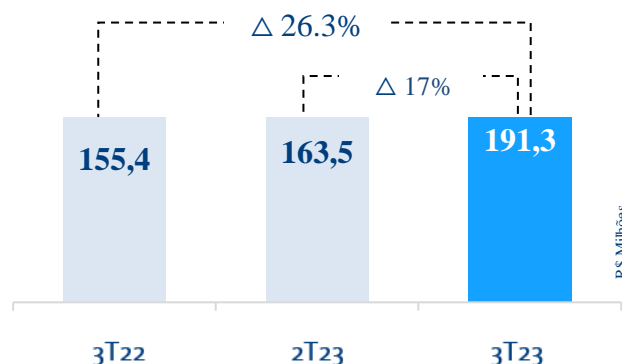
Loans to individuals, the portfolio's main segment, reached a balance of R\$ 18.5 billion, an annual growth of 7%. The rural portfolio grew 36.1% last year, reaching R\$ 1 billion. Loans to companies, in turn, increased 37.2% over 3Q22, reaching R\$4.5 billion.

The result from Treasury operations was R\$ 393 million in 3Q23, an increase of 15.2% compared to the same period of the previous year when the amount was R\$342 million. The increase reflects the active management strategy of the Bank's proprietary desk, which enabled gains in operations with federal public securities.

The loan portfolio structured growth, with constant adjustment of interest rates and the reduction of funding costs, in addition to the recycling assets strategy through the assignment of loan portfolios, increased the financial margin by 29% over the same quarter of the previous year.

Commissions and Fees Revenue

Commissions and Fees Revenue increased by 26.3% in the 12-month comparison and 17.0% over the previous quarter. In this result, revenue from cards, insurance and asset management stood out.



Operational Expenses

At 3Q23, a deceleration in the growth of operational expenses was recorded as a consequence of the operational efficiency strategy implemented by the Bank.

BRB's expenses reflect the significant growth that the Institution has shown in recent years, aiming to be present in various regions of the country, bringing its comprehensive and modern range of banking products and services to an increasingly diverse and broad customer base.

	3Q22	2Q23	3Q23	Δ 3M	Δ 12M
Personnel Expenses	-265	-303	-291	-3.7%	9.9%
Administrative Expenses	-156	-154	-166	7.6%	6.2%
Technology	-63	-65	-67	3.1%	7.7%
Structural	-63	-60	-61	1.3%	-3.2%
Other Expenses	-30	-28	-37	32.1%	3.3%
Transactional	-47	-48	-47	-0.2%	1.3%
Amortization and Depreciation	-14	-15	-20	36.3%	45.3%
Total	-484	-526	-532	1.1%	9.8%

R\$ million

Assets and Liabilities Management

At the end of 3Q23, total assets amounted to R\$ 48.4 billion, marking a growth of 20.5% compared to 3Q22. The expanded loan portfolio reached R\$ 34.6 billion, accounting for 71.4% of total assets.

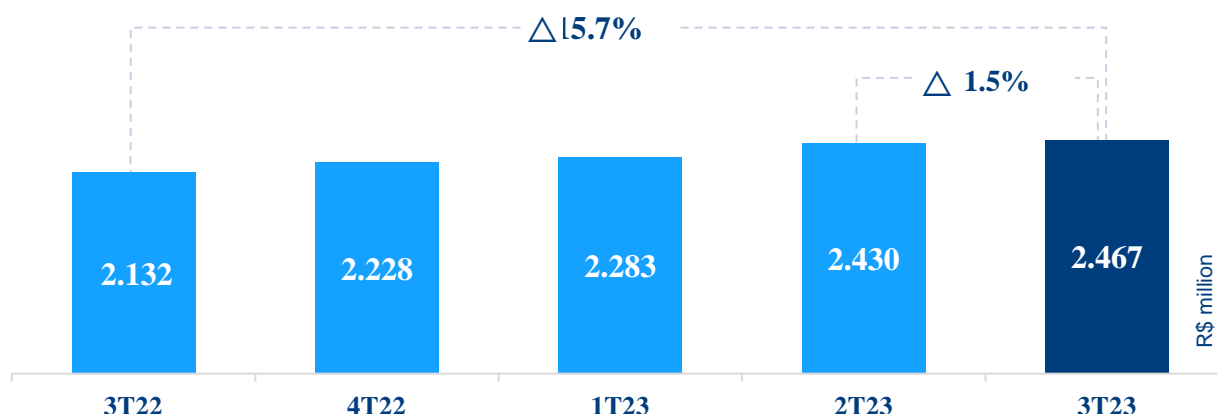
Funding

In the wake of a more positive economic scenario, with the reduction of the basic interest rates implemented throughout the second half of 2023, the cost of funding has been decreasing. BRB continues to support the growth of its assets through its strategy of diversification and stability in fundraising. The main highlight is BRB's court deposits, whose portfolio closed the quarter at R\$ 13.2 billion.

	3Q22	2Q23	3Q23	Δ Quar	Δ 12M	Share %	
						3Q22	3Q23
Customer Funding	30,662	38,433	40,388	5.1%	31.7%	90.1 %	96.3%
Demand Deposits	1,347	1,270	1,342	5.7%	-0,4%	4.0%	3,2%
Savings Account	2,634	2,583	2,578	-0.2%	-2.2%	7.7%	6.1%
Term Deposits	21,005	26,561	27,012	1.7%	28,6%	61.8%	64.4%
Court Deposits	9,018	12,916	13,232	2.4%	46.7%	26.5%	31.6%
Real Estate/Agribusiness Letters of Credit	4,233	6,410	7,605	18.6%	79.6%	12.4%	18.1%
Financial Letter	1,512	1,991	2,066	3.8%	36.7%	4,4%	4.9%
Compulsory Deposits	-70	-382	-214	-44.0%	205.3%	-0.2%	-0.5%
Other Funding	3,353	1,757	1,540	-12.4%	-54.1%	9.9%	3.7%
DI	56	0	-	-	-100.0%	0.2%	0.0%
Operations	2,148	1,379	1,101	-20.2%	-48.7%	6.3%	2.6%
Loans and Onlendings	1,128	347	396	14.2%	-64.9%	3.3%	0.9 %
Others	20	31	42	36.5%	114.4%	0.1%	0.1%
Total Funding	34,015	40,190	41,928	4.3%	23,3%		

Net Equity

BRB Net Equity ended the quarter at R\$ 2.467 million, representing an increase of 15.7% over the previous year and a 1.5% increase in the last 3 months.



Risk Management

The Bank has policies, standards, and procedures for managing its risks and capital. These instruments establish general principles of operation expressed by senior management and are aligned with the strategic objectives of the institution in accordance with specific regulations.

The risk management process at BRB is available on the [Investor Relations website](#).

Market Risk

The Bank always seeks to anticipate the risk of losses caused by fluctuations in the market values of its instruments. The main mechanisms used to manage and monitor this possibility include Value at Risk (VaR), sensitivity analyses, stress tests, and quarterly backtesting.



Value at Risk (VaR)

Value at risk (R\$ Thousand) – Market Risk

At BRB, market risk is measured by the Value at Risk (VaR) metric, which, under normal market conditions, represents the maximum expected loss for the institution's portfolio based on a certain degree of confidence and within a specific time horizon.

The average VaR and maximum VaR for market risk (for a one business day time horizon with a 99% confidence level) decreased by 16.34% and 7.49%, respectively, while the minimum VaR increased by 7.50%. The reductions in average and maximum VaR during the period were mainly due to decreases in potential losses from exposures to variable income in Conglomerado BRB, and the increase in minimum VaR resulted from an increase in exposure to foreign currencies.

Conglomerado Prudencial BRB	3Q22	4Q22	1Q23	2Q23	3Q23
Average VaR	340	435	413	330	276
Minimum VaR	310	378	308	199	214
Maximum VaR	365	485	516	413	382

In million



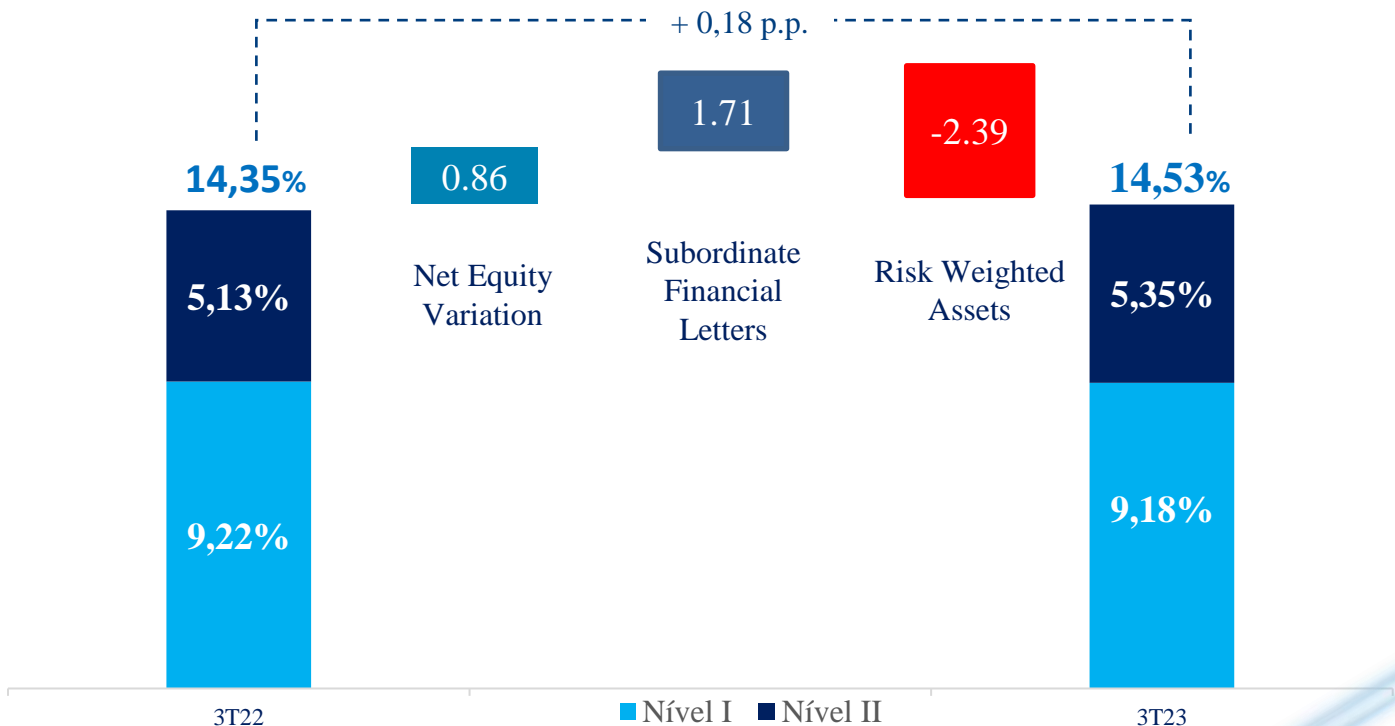
Liquidity Risk

BRB's liquidity risk management is carried out mainly by measuring and controlling specific indicators and by stress tests. Through these instruments, it appears that the Institution holds a quantity of monetizable assets that guarantee the efficient fulfillment of the financial obligations assumed.

During 3Q23, BRB maintained its strategy of diversified fundraising, enabling sustainable growth. It is noteworthy that liquidity ratios (short and long term) ended 3Q23 above the approved limits in the Risk Appetite Statement (RAS).

Capital Management


C.A.R Evolution



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