



Banese



BANCO DO ESTADO DE SERGIPE S/A – BANESE 2Q2020 EARNINGS RELEASE

For immediate disclosure: Aracaju, August 24, de 2020. Banco do Estado de Sergipe S.A. – **BANESE** (“Banese” or “Bank”), a mixed-capital corporation with shares traded on B3, under the tickers BGIP3 (registered common shares) and BGIP4 (registered preferred shares), and listed in the I TAG (Special Tag-Along Stock Index) index, announces its results for the 2Q2020. For additional information, please access Banese’s investor relations website at <https://ri.banese.com.br/>.

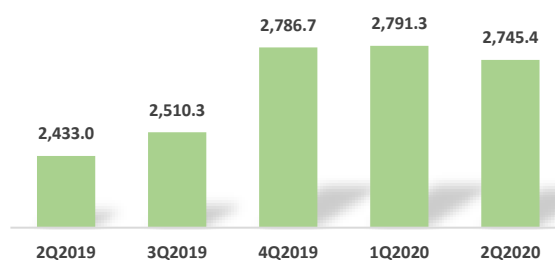
BANESE RECORDS R\$6.2 BILLION IN ASSETS FUNDING VOLUMES CONTINUE TO INCREASE

2Q2020 Highlights

All comparisons in this section refer to 2Q2019 (12M)

- Loan operations totaled R\$2.7 billion (+12.8%);
- Total assets totaled R\$6.2 billion (+12.2%);
- Total funding reached R\$5.4 billion (+13.5%);
- Shareholders' Equity totaled R\$491.5 million (+34.8%).

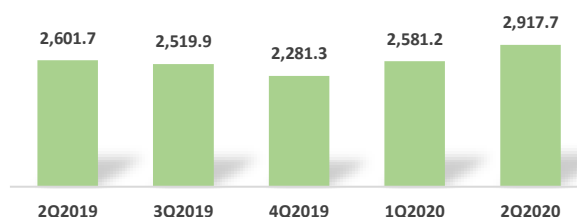
LOAN OPERATIONS - R\$ Millions



All comparisons in this section refer to 1Q2020 (3M)

- Financial investments totaled R\$2.9 billion (+13.0%);
- Total expenses reduced by R\$19.4 million in 1Q16 (-9.4%);
- Efficiency ratio stood at 83.3% (+6.9 p.p.);
- Administrative coverage ratio stood at 39.8% (+1.0 p.p.).

FINANCIAL INVESTMENTS - R\$ Million



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Balance Sheet Items – R\$ million	2Q2020	1Q2020		V3M	1H2020	1H2019		V12M
Total Assets	6,162.8	5,848.3	▲	+5.4%	6,162.8	5,494.6	▲	+12.2%
Loan Operations	2,745.4	2,791.3	▼	-1.6%	2,745.4	2,433.0	▲	+12.8%
Financial Investments ⁽¹⁾	2,917.7	2,581.2	▲	+13.0%	2,917.7	2,601.7	▲	+12.1%
Total Funding	5,376.5	5,081.2	▲	+5.8%	5,376.5	4,736.9	▲	+13.5%
Shareholders' Equity	491.5	450.5	▲	+9.1%	491.5	364.6	▲	+34.8%

Income Statement Items – R\$ million	2Q2020	1Q2020		V3M	1H2020	1H2019		V12M
Total Revenues	197.1	224.3	▼	-12.1%	421.4	438.1	▼	-3.8%
Gross Income from Financial Intermediation	93.8	103.8	▼	-9.6%	197.5	205.4	▼	-3.8%
Operating Income	20.3	30.5	▼	-33.4%	50.8	68.5	▼	-25.8%
Financial Margin ⁽²⁾	119.6	118.1	▲	+1.3%	237.6	226.2	▲	+5.0%
EBITDA ⁽³⁾	21.9	31.9	▼	-31.3%	53.8	69.1	▼	-22.1%
Net Income	8.9	16.7	▼	-46.7%	25.5	41.3	▼	-38.3%
Net Interest Income (NII) ⁽⁴⁾	114.3	114.3	►	ND	228.6	213.1	▲	7.3%
Revenue from Services	32.7	33.9	▼	-3.5%	66.6	64.6	▲	+3.1%
Allowance for Loan Losses (PCLD)	34.1	38.0	▼	-10.3%	72.1	40.6	▲	+77.6%
Administrative Expenses	82.2	87.2	▼	-5.7%	169.4	164.8	▲	+2.8%
Net Margin ⁽⁵⁾	4.5%	7.4%	▼	-2.9 p.p.	6.1%	9.4%	▼	-3.3 p.p.
EBITDA Margin ⁽⁶⁾	11.1%	14.2%	▼	-3.1 p.p.	12.8%	15.8%	▼	-3.0 p.p.

Efficiency Ratios and Measures (%)	2Q2020	1Q2020		V3M	1H2020	1H2019		V12M
Default (% of portfolio)	1.4%	1.2%	▲	+0.2 p.p.	1.4%	1.08%	▲	+0.3 p.p.
Basel Index	15.47%	14.12%	▲	+1.35 p.p.	15.47%	11.21%	▲	+4.3 p.p.
Net Interest Margin (NIM) ⁽⁷⁾	2.0%	2.1%	▼	-0.1 p.p.	4.0%	4.2%	▼	-0.2 p.p.
Return on Average Assets (ROAA) ⁽⁸⁾	0.9%	1.2%	▼	-0.3 p.p.	0.9%	1.5%	▼	-0.6 p.p.
Return on Equity (ROE) ⁽⁹⁾	11.5%	15.8%	▼	-4.3 p.p.	11.5%	20.9%	▼	-9.4 p.p.
Efficiency Ratio ⁽¹⁰⁾	83.3%	76.4%	▲	+6.9 p.p.	79.7%	75.5%	▲	+4.2 p.p.
Provisioning Ratio	4.8%	4.2%	▲	+0.6 p.p.	4.8%	3.3%	▲	+1.5 p.p.
Coverage Ratio - Administrative ⁽¹¹⁾	39.8%	38.8%	▲	+1.0 p.p.	39.3%	39.2%	▲	+0.1 p.p.
Coverage Ratio - Payroll ⁽¹²⁾	74.7%	74.9%	▼	-0.2 p.p.	74.8%	76.5%	▼	-1.7 p.p.

(1) Short-Term Interbank Investments and Marketable Securities + Remunerated Restricted Credits.

(2) Gross Financial Intermediation Result + Allowance for Loan Losses

(3) Operating Result - Equity Income + Depreciation/Amortization.

(4) Interest Income (credit operations + financial investments) – Interest Expenses (funding, marketable securities, loans and equity interests).

(5) Net Income/Total Revenue.

(6) EBITDA/Total Revenue.

(7) Net Interest Income/Average Balance of Income Generating Assets (credit operations + interbank investments + marketable securities + interbank accounts).

(8) Net Income over Average Total Assets (annualized rate).

(9) Net Income over Average Shareholders' Equity (annualized rate).

(10) (Net Interest Income + Service Revenue)/Total Expenses.

(11) Revenue from Services/Administrative Expenses.

(12) Revenue from Services/Direct and Indirect Payroll Costs.

This report may contain forward-looking statements. This report may contain forward-looking statements. Such statements reflect management's expectations that may not materialize for reasons both intrinsic or extrinsic to the Company. Words such as "believes", "anticipates", "wishes", "predicts", "expects" and similar expressions are intended to identify information which necessarily involves future risks, whether known or unknown.

Known risks include uncertainties and are not limited to the impact of competitive pricing and services, acceptance of services in the market, competitive market, internal or systemic macroeconomic aspects, regulatory and legal environment, currency fluctuations, inflation and interest rates, political risks, and other risks described in materials previously published by Banese.

This report is updated as of the date of its publication and Banese may not be held liable for subsequent events that are not predicted or mentioned in this report.

MESSAGE FROM MANAGEMENT

The second quarter of 2020 was among the most challenging and adverse periods ever faced by society. The serious impacts caused by the coronavirus pandemic have affected companies in all economic sectors, governments at all levels and particularly citizens. However, Banese went to great lengths to ease the adversities and help its customers and employees go through this period the best way possible.

All our decisions and crisis response action, headed by the Incident Response Committee (CORIN), has been supported by Senior Management and followed the guidelines issued by the WHO (World Health Organization), Ministry of Health and government decrees (municipal and state).

The result achieved in this quarter was directly impacted by the new operating structure adopted by Banese to face COVID-19, the increase in expenses with provisions for credit operations, the retraction in financial and service revenues, as well as lower basic interest rates in Brazil.

Below is a list of the key actions taken, as a result of the pandemic, by Banese for its Customers, Employees and Society.

CUSTOMERS

- In order to reduce the number of customers at branches, we offer customer service via chat and the scheduling of essential services through our website.
- We encourage the use of the Banese app and Internet Banking and also implemented new features on these platforms.
- We changed the service hours at our business units and created exclusive service hours for customers in the risk group.
- In addition to the new operating hours, we also adopted contingency measures at the branches to avoid crowds by monitoring the number of seats available for customers and maintaining a minimum distance of 2 meters between them.
- Self-service spaces are also being monitored, in addition to the people flow outside our branches through the sorting and organization of outside customer lines aimed at complying with sanitary measures (customers have their body temperatures taken, must wear face masks and keep a safe distance from each other).
- We participated, with partner institutions, in live streamings on social media networks to provide information on our credit lines and actions to face the economic effects caused by the COVID-19 pandemic.
- We extended payment dates for outstanding loans of self-employed professionals and companies in up to 180 days. This applies only to customers who are not in default with their loan payments. We also provided companies with an emergency line for their cash flow needs in order to minimize the economic effects from the COVID-19 pandemic.
- Federal, state and municipal employees, private sector employees, retirees and pensioners were also offered an emergency grace period on their loans and real estate financings.

EMPLOYEES

- We offer online personal psychological assistance through partnerships with volunteer psychology professionals.
- A weekly communication is released containing information aimed at executing activities and maintaining emotional balance.
- We held a masterclass to discuss leadership during remote working periods, aimed towards managing positions.
- Our Human Resources department is available to assist front office branch employees by listening, welcoming and supporting them during this pandemic period.
- Approximately 30% of our employees are working remotely from their homes.
- Approximately 20% of our employees who are either over 60 years old, pregnant, breastfeeding or self-declared chronic patients were put on leave of absence.
- We promoted the influenza vaccination, seeking to avoid other influenza symptoms that may be confused with COVID-19.
- Personal protective equipment (PPE) was distributed (masks, face shields, 70% alcohol hand sanitizers, gloves and body temperature meter).
- Quick tests for COVID-19 were carried out on employees and third-party service providers of essential services.
- Physical protection barriers were also installed at workstations that deal with direct customer services.



SOCIETY

- Through Instituto Banese, we donated R\$5.3 million to the Sergipe State Health Department for the purchase of materials and to strengthen health services in the fight against the spread of the new coronavirus.
- As an incentive to the local economy, over 400,000 protective masks were produced at the Tobias Barreto/SE textile hub, which were distributed to Banese Group employees, social assistance entities by Instituto Banese and to the general population through the drive-thru format.
- The “*Quarentena da Gente*” Public Notice was launched by Instituto Banese, aimed at maintaining Sergipe's cultural and artistic productions.
- 70 popular culture groups and 12 charities received financial incentives via Instituto Banese.

During this very difficult moment, our commitment to act as a development agent to Sergipe's society has been stronger than ever and our actions are aimed at minimizing the economic and social crisis effects, not only for the companies and people who make up Banese's client base, but also for all those who are directly or indirectly impacted by our operations. We are certain that both the Company and society will emerge from this crisis even stronger, using the lessons learned to face the challenges that will be imposed in the future.

ANALYSIS OF OPERATIONS

Assets

Total Assets by Type – R\$ million

	2Q2020	1Q2020		V3M	2Q2019		V12M
Loan Assets	2,745.4	2,791.3	▼	-1.6%	2,433.0	▲	+12.8%
(-) Provisions	-130.8	-118.0	▲	+10.8%	-80.2	▲	+63.1%
Net Loan Assets	2,614.6	2,673.3	▼	-2.2%	2,352.8	▲	+11.1%
Financial Investments	2,553.1	2,244.6	▲	+13.7%	2,283.5	▲	+11.8%
Restricted Loans	428.0	366.8	▲	+16.7%	330.2	▲	+29.6%
Permanent Assets	107.5	105.7	▲	+1.7%	105.6	▲	+1.8%
Other	459.6	457.9	▲	+0.4%	422.5	▲	+8.8%
Total	6,162.8	5,848.3	▲	+5.4%	5,494.6	▲	+12.2%

The balance of total assets surpassed the R\$6.0 billion mark at the end of 1Q2020, increasing by 12.2% in 12 months and by 5.4% over the previous quarter. Total asset growth in 12 months was mainly caused by the increase in financial investments volume (+R\$269.6 million) and in net loan assets (+R\$261.8 million). It is Banese's policy to invest funds resulting from the difference between volume raised and allocated to loan operations and other legal requirements in order to improve results.

In 2Q2020, we highlight the increase in financial investments (+R\$308.4 million), which was due to the increase in treasury funds resulting from the increase in funding and the decrease in our loan portfolio.

Provisions increased in 1Q2020 versus 2Q2019. In the quarter, the increase in provisions was mainly due to real estate loans since payments were suspended and defaults increased due to the COVID-19 pandemic, followed by the increase in provisioning for the commercial portfolio, which was also influenced by the higher default rates and the consequent migration of operations to worse risk levels. In the 12-month period, in addition to the reasons already mentioned, the increase in provision was naturally influenced by the growth of the loan portfolio as a whole.

Restricted loans totaled R\$428.0 million at the end of 2Q2020, increasing by R\$97.8 million in 12 months and by R\$61.2 million in 3 months. This positive variation is related to the increase in demand deposits and savings.

At the end of 2Q2020, net loans assets represented 42.4% of total assets, financial investments accounted for 41.4%, and restricted loans, permanent assets and other assets totaled 16.2%. Compared to the previous quarter, financial investments increased their relative share by 3.0 p.p., net loan assets fell by 3.3 p.p. and the sum of restricted loans, permanent assets and other assets increased by +0.5 p.p. In 12 months, net loan assets reduced their share by 0.4 p.p., financial investments fell by 0.2 p.p. and the sum of restricted loans, permanent assets and other assets increased by 0.5 p.p.

Funding

Funding by Product Line – R\$ million

	2Q2020	1Q2020		V3M	2Q2019		V12M
Demand Deposits	858.7	740.1	▲	+16.0%	705.7	▲	+21.7%
Savings Deposits	1,616.2	1,456.6	▲	+11.0%	1,376.0	▲	+17.5%
Judicial Deposits	996.5	1,059.9	▼	-6.0%	1,038.4	▼	-4.0%
CDB/RDB	1,463.8	1,451.6	▲	+0.8%	1,198.2	▲	+22.2%
CDI	157.5	84.9	▲	+85.5%	112.0	▲	+40.6%
LF/LFS/LCI	183.3	188.1	▼	-2.6%	190.9	▼	-4.0%
Repurchase Transactions	4.2	3.6	▲	+16.7%	46.6	▼	-91.0%
Onlending Obligations	96.3	96.3	▶	ND	68.9	▲	+39.8%
Total	5,376.5	5,081.2	▲	+5.8%	4,736.7	▲	+13.5%

At the end of 2Q2020, even amidst the economic impacts of the COVID-19 pandemic, total funds raised reached R\$5.4 billion, increasing by R\$295.3 million in the quarter, mainly due to savings, demand and interbank deposits. In 12 months, funds increased by R\$639.8 million, reflecting time deposits, savings and demand deposits.

Funding volume from interbank deposits (CDI) increased by 85.5% in 2Q2020, or R\$72.6 million, reflecting the increase in investments in interbank deposits linked to real estate loans, which have reciprocity provided by such funding, and Time Deposits, which have the Special Guarantee from the FGC (DPGE). In 12 months, funding increased by 40.6%, or R\$45.5 million, which, in addition to the reasons already mentioned, was a result of investments in interbank deposits linked to rural loans, which have reciprocity provided by funds from interbank deposits.

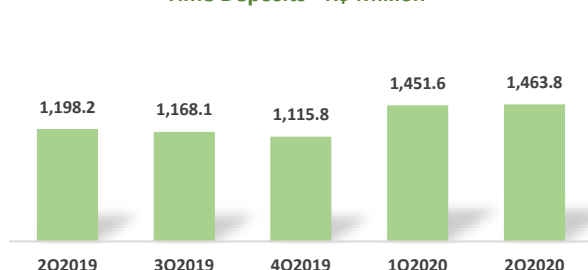
Funding from Financial Bills decreased by R\$6.3 million in the quarter, and by R\$15.7 million in 12 months, due to operations which matured and were not renewed.

The balance of Subordinated Financial Bills increased by R\$1.6 million in the quarterly, and by R\$8.1 million in 12 months, both due to inventory compensation. Financial Bills decreased slightly, by 0.2% in the quarter, due to interest payments in the period and remained stable versus 2Q2019.

Judicial deposits fell by 6.0% in the quarter and reduced by 4.0% in 12 months, due to compliance with judicial permits for payment of lawsuits. Due to the agreement between Banese and the Sergipe State Court of Justice, the Bank exclusively receives this type of deposit in Sergipe.

Growth in Time Deposits (CDB/RDB)

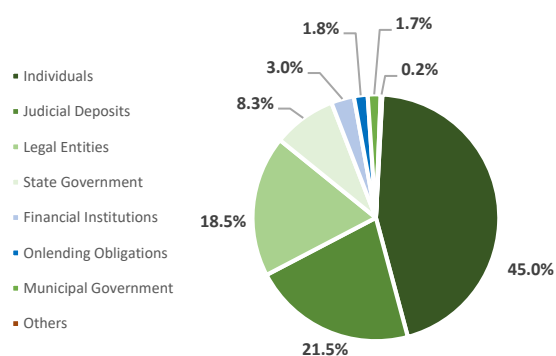
Time Deposits - R\$ Million



Time deposits reached R\$1.5 billion in 2Q2020, increasing by R\$12.2 million in the quarter, or 0.8%, as a result of funding by legal entities in the period. In 12 months, the balance increased by 22.2%, or R\$265.6 million, due to new fundings by the State of Sergipe and legal entities.

Banese's funding structure is diversified, which helps it maintain comfortable liquidity levels and support the rebound in loans in scenarios of economic recovery.

Key Funding Sources (% of total)



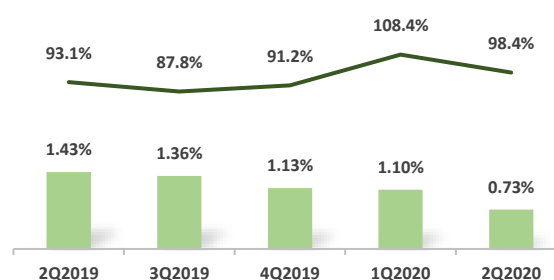
Banese's key funding sources are individuals, with approximately 45.0% of its total funding volume. Legal entities account for 21.5% of funding. The dilution of funding between individuals and legal entities reduce liquidity risks.

Judicial deposits account for 18.5% of Banese's total funding.

Funding costs reduced by 0.37 p.p. in the quarter and reduced by 0.7 p.p. versus 2Q2019. The reduction in 2Q2020 was due to the drop in Brazil's interest rates. For the 12-month period, in addition to the drop in the interest rates, savings deposits also increased and part of the Subordinated Financial Bill (LFS) inventory was settled.

As for the CDI, the reduction in the quarter compared to 1Q2020 was due to fundings with pre-fixed indexes, such as subordinated debt. The percentage growth compared to 2Q2019 was impacted by the savings remuneration rules, where the Selic rate below 8.5% raises the cost of these funding in relation to the CDI.

Funding costs (Actual and % of CDI)



Loans

Loan Portfolio by Type – R\$ million

	2Q2020	1Q2020		V3M	2Q2019		V12M
Commercial Portfolio	1,926.7	1,967.4	▼	-2.1%	1,690.0	▲	+14.0%
For Individuals	1,559.5	1,622.9	▼	-3.9%	1,394.9	▲	+11.8%
For Legal Entities	367.2	344.5	▲	+6.6%	295.1	▲	+24.4%
Development Portfolio	624.5	602.5	▲	+3.7%	540.0	▲	+15.6%
For Individuals	473.0	456.1	▲	+3.7%	436.9	▲	+8.3%
For Legal Entities	151.5	146.4	▲	+3.5%	103.1	▲	+46.9%
Securities and Loans Receivable	194.2	221.4	▼	-12.3%	203.0	▼	-4.3%
Total	2,745.4	2,791.3	▼	-1.6%	2,433.0	▲	+12.8%

Banese's loan portfolio reached R\$2.7 billion in assets, increasing by 12.8% in 12 months and reducing by 1.6% in the quarter due to the impacts from the COVID-19 pandemic. The expressive growth in the year was due to the greater targeting of loans to Individuals, with emphasis on the credit lines of free destination (payroll loans, personal credit and salary-linked loans). The Legal Entity portfolio was concentrated on working capital for micro and small companies, with emphasis on the growth in the our customer base and a lower average ticket, which resulted in a fragmentation of the portfolio to mitigate risks of individual loans and avoid the negative impact generated by the potential default of a large transactions. We highlight the growth in the

rescheduling of operations, whose object was to extend maturities of current working capital contracts as requested by companies whose operations were affected by the pandemic.

Banese holds the largest portion of the free credit loan market in the State of Sergipe, with a market share of 42.4% according to the Central Bank of Brazil (database: Apr/2020). The Bank's exposure is focused on retail operations, mainly payroll loans and small and medium-sized companies. The positive variation of the individual commercial loan portfolio is a result of planned actions for the self-service channels, new business lines with partner companies and state and municipal public agencies, and strategic by the business units to reach customers eligible for credit, including through credit portability initiatives.

The development loan portfolio, which includes the management of real estate, industrial and agribusiness portfolios, had a balance of R\$624.5 million in 2Q2020, accounting for 22.7% of Banese's total loan portfolio. This increased by 3.7% in the quarter, and by 15.7% in the annual comparison. The growth of the investment balance was driven by the industrial portfolio, which increased by 3.3% in the quarter and by 38.2% in 12 months. Following the same growth trend, the rural credit portfolio increased by 12.1% in the quarter, and by 28.0% in 12 months, and the real estate segment increased by 1.5% in 2Q20, and by 8.1% in 12 months. Among the actions that boosted the development portfolio was the availability of a credit line with our own resources for the industrial portfolio, aimed at meeting the demand by companies in several economic sectors, in which we offer a grace period and flexible terms for fixed and semi-fixed investments; the prospecting of rural projects to fund agricultural and livestock costs, aiming to meet the needs of agricultural activities in a scenario in which production costs are rising due to the appreciation of the agribusiness sector; and actions aimed at prospecting portability of real estate loans, mostly for public employees, as well as the granting of new financing lines for residential and commercial properties.

Loan Portfolio Quality by Risk Rating

	R\$ million		Variation	% Portfolio		Variation
	2Q2020	2Q2019		2Q2020	2Q2019	
AA	844.2	394.4	▲ +114.0%	37.4%	16.2%	▲ +21.2 p.p.
A	1,026.5	1,039.3	▼ -1.2%	30.7%	42.7%	▼ -12.0 p.p.
B	421.1	605.0	▼ -30.4%	15.3%	24.9%	▼ -9.5 p.p.
C	253.0	262.2	▼ -3.5%	9.2%	10.8%	▼ -1.6 p.p.
D - H	200.6	132.1	▲ +51.9%	7.3%	5.4%	▲ +1.9 p.p.
Total	2,745.4	2,433.0	▲ +12.8%	100.0%	100.0%	► ND

In relative terms, the loan operations classified under the "AA" to "C" risk ratings range account for 92.7% of Banese's total loan portfolio (in 2Q2019 they accounted for 94.2%). Loans classified under the "D" to "H" risk ratings, which concentrate the operations with the highest credit risk, represent 7.3% of Banese's credit portfolio (+1.9 p.p. versus the 5.4% in 2Q2019).

Loans Quality by Portfolio in 2Q20 – R\$ million

	Total	Commercial	Industrial	Rural	Real Estate	Other
AA	844.2	844.2	0	0	0	0
A	1,026.5	377.3	21.2	73.1	367.1	187.8
B	421.1	361.2	27.3	16.8	11.0	4.8
C	253.1	211.0	23.1	8.1	10.3	0.5
D - H	200.2	113.9	41.8	22.6	14.9	1.1
Total	2,745.4	1,907.6	119.7	120.6	403.3	194.2

In relation to the loan risk levels by segment, the industrial portfolio (where loans are classified as "D - H", accounted for 34.9% of the portfolio) and rural loans (18.7% of the "D - H" risk profile) have lower quality. The classification refers to the characteristics of the products and the relatively high volume of each individual operation.

Financial Investments

Financial Investments – R\$ million

	2Q2020	1Q2020		V3M	2Q2019		V12M
Short-Term Interbank Investments	1,455.9	1,154.5	▲	+26.1%	1,136.8	▲	+28.1%
Marketable Securities (TVM)	1,091.9	1,085.4	▲	+0.6%	1,098.9	▼	-0.6%
Funds Units	46.2	46.0	▲	+0.4%	104.0	▼	-55.6%
Fixed Income	1,045.7	1,039.4	▲	+0.6%	994.9	▲	+5.1%
Repurchase + Collaterals	5.1	4.5	▲	+13.3%	47.5	▼	-89.3%
Remunerated Compulsory Deposits	364.9	336.8	▼	+8.3%	318.5	▲	+14.6%
Total	2,917.7	2,581.2	▲	+13.0%	2,601.7	▲	+12.1%

Short-term interbank investments and marketable securities totaled R\$2.9 billion at the end of 2Q2020, increasing by 13.0% versus 1Q2020 (R\$336.5 million) and by 23.1% in 12 months due to increased funding volumes and higher resources available in treasury.

The increase in interbank investments in 2Q2020 was due to repurchase transactions, increase in asset operations in compliance with the Central Bank (Real Estate DI) and interbank deposits. In 12 months, the growth was a result of the increase in repurchase transactions and assets in compliance with the requirements with the Central Bank (Real Estate DI and Rural DI). The reduction of investment funds arises from the current strategy adopted by the Bank's treasury department, which is to focus on asset operations that require less capital. The increase in fixed income securities over the last 12 months is due to the return on government bonds linked to repurchase transactions.

Banese complies with the provisions of Bacen Circular 3068/2001, which sets out criteria for accounting registration and valuation of marketable securities. This means that investments are made in liquidity instruments denominated in national currency and are marked to market in order to mitigate risks related to changes in value and volatility of financial instruments.

Portfolio Profitability

Banese's treasury asset portfolio currently adopts a strategy that includes investing all liquid assets in low-risk instruments in order to maintain comfortable liquidity and capital levels.

The portfolio's accumulated profitability in 2Q2020 was 98.7% of the CDI, slightly lower than the 98.8% of the CDI achieved in 1Q2020, mainly due to the lower performance of investment funds in the period and also lower than the 101.51% of CDI achieved in 2Q2019 due to less exposure to investment funds and the non-renewal of overdue positions in private loans.

ANALYSIS OF RESULTS

Revenues

Revenue Breakdown – R\$ million

	2Q2020	1Q2020		V3M	1H2020	1H2019		V12M
Revenues from Loans	129.7	135.3	▼	-4.1%	265.0	254.7	▲	+4.0%
Revenues from Financial Investments	16.9	20.9	▼	-19.1%	37.8	71.1	▼	-46.8%
Revenues from Services	32.7	33.8	▼	-3.3%	66.5	64.6	▲	+2.9%
Revenues from Equity Interests	2.5	2.7	▼	-7.4%	5.2	6.9	▼	-24.6%
Other Operating Revenues	15.2	31.6	▼	-51.9%	46.8	39.0	▲	+20.0%
Non-Operating Revenues	0.1	0.0	▲	+100.0%	0.1	1.8	▼	-94.4%
Total	197.1	224.3	▼	-12.1%	421.4	438.1	▼	-3.8%

Banese's total revenues was R\$197.1 million in 2Q2020, R\$27.2 million lower than the previous quarter. The largest variation observed was in other operating revenues, with a highlight to the reversals of provisions for loan operations (-R\$15.4 million). In

service revenues, we observed a 3.3% reduction, mainly due to the retraction in collection and checking account revenues, as a result of the pandemic during this quarter, with restrictions on services provided.

Total accumulated revenues reported in the first half of 2020 was R\$421.4 million, 3.8% lower than in 1H2019, mainly due to the reduction in revenues from financial investments caused by the decrease in basic interest rates in the period. Revenue from equity investments also declined as the COVID-19 pandemic affected the revenues of SEAC - Sergipe Administradora de Cartão e Serviços Ltda., a company belonging to the Banese conglomerate. Revenues from loans increased (+R\$10.3 million), in line with the growth of the portfolio in the period.

Revenues from services totaled R\$66.5 million in 1H2020, increasing by approximately 3.0% over 1H2019, driven mainly by transfer fees for funds and agreements.

As a way of aligning with the market and matching services and solutions, Banese invests in initiatives such as: new digital recharges, opening of bank accounts in batches, smart deposits, partnerships to increase payment agreements, open banking and instant payments (PIX).

Costs and Expenses

Direct Operating Costs – R\$ million

	2Q2020	1Q2020		V3M	1H2020	1H2019		V12M
Funding Expenses	30.8	39.7	▼	-22.4%	70.4	107.2	▼	-34.3%
Earnings from Marketable Securities	0.2	0.3	▼	-33.3%	0.6	3.4	▼	-82.4%
Loan Expenses	1.3	1.9	▼	-31.6%	3.2	2.1	▲	+52.4%
Total	32.3	41.9	▼	-22.9%	74.2	112.7	▼	-34.2%

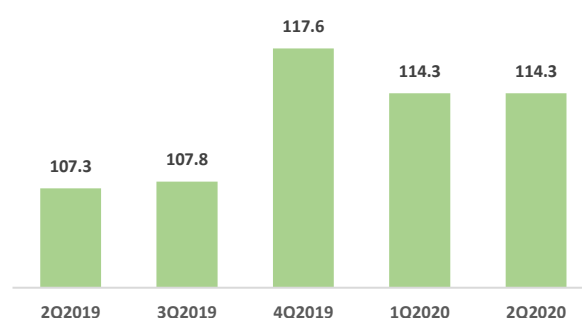
Funding expenses reduced by 34.3% in 12 months and by 22.4% in 3 months, and were directly related to lower interest rates (Selic Meta), generating reductions in expenses for savings, legal deposits, time deposits and financial bills.

Net Interest Income (NII)

Net Interest Income (Income from Loans plus Income from Financial Investments minus Direct Funding Costs) were stable in relation to the previous quarter and increased by 8.0% in 12 months.

The result is a combination of factors presented in the previous items mentioned in this report, such as the reduction in revenues from loans and financial investments in the quarter, even with lower funding expenses. In 12 months, the increase was due to higher revenues from loan operations.

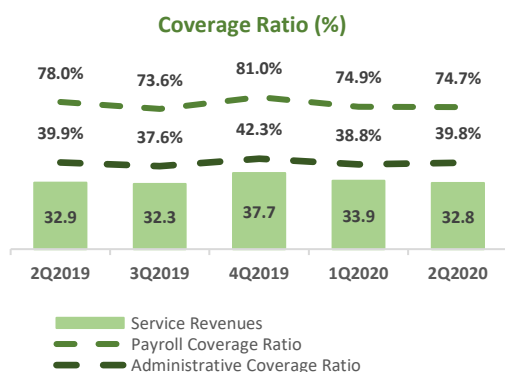
Net Interest Income (NII) - R\$ Million



Personnel/Payroll Expenses – R\$ million

	2Q2020	1Q2020		V3M	1H2020	1H2019		V12M
Salaries	26.2	26.9	▼	-2.6%	53.1	50.5	▲	+5.3%
Benefits	5.8	5.8	►	ND	11.6	11.0	▲	+5.5%
Social Charges	11.8	12.3	▼	-4.1%	24.1	22.6	▲	+6.6%
Training Programs and Other	0.1	0.1	►	ND	0.2	0.5	▼	-60.0%
Total	43.9	45.1	▼	-2.7%	89.0	84.6	▲	+5.3%

Personnel expenses increased by 5.3% in 1H2020 versus 1H2019, in line with the adjustments to the category in the period, and reduced by 2.7% in 2Q2020 versus 1Q2020. In view of the need to face the financial and social crisis as a result of the COVID-19 pandemic, the Bank chose administrative measures with a bias to reduce expenses, including in the personnel line.



Revenues from services in the second quarter of 2020 guaranteed a 74.7% coverage of personnel expenses, reducing by 3.3 p.p. and 0.2 p.p. in the annual and quarterly comparison, respectively.

The Administrative Coverage Ratio in 2Q2020 reached 39.8%, increasing by 1.2 p.p. in the quarter and by 0.1 p.p. in the 12-month comparison. In 12 months, administrative expenses increased and revenues from services decreased.

Other Administrative Expenses – R\$ million

	2Q2020	1Q2020		V3M	1H2020	1H2019		V12M
Third-Party Services	17.6	19.5	▼	-9.7%	37.1	36.9	▲	+0.5%
Consumption, Maintenance and Materials	4.8	6.1	▼	-21.3%	10.9	11.6	▼	-6.0%
Data Processing Systems	6.6	7.5	▼	-12.0%	14.0	15.8	▼	-11.4%
Insurance	0.8	1.1	▼	-27.3%	1.9	1.9	►	ND
Cash Transports	2.0	2.4	▼	-16.7%	4.3	4.0	▲	+7.5%
Tax	0.3	0.4	▼	-25.0%	0.7	1.5	▼	-53.3%
Other Expenses	6.4	5.0	▲	+28.0%	11.4	8.5	▲	+34.1%
Total	38.5	42.0	▼	-8.3%	80.3	80.2	▲	+0.1%

Banese adopted a series of administrative measures aimed at controlling and reducing expenses to face the state of public calamity. As a result, in 1H2020, other administrative expenses remained stable in relation to 1H2019. The R\$2.9 million increase in Other Expenses was due to a donation to Instituto Banese as an action to combat and prevent the impacts caused by the COVID-19 pandemic.

In comparison with 1Q2020, other administrative expenses reduced by R\$3.5 million as a result of actions taken to face the financial crisis caused by the pandemic.

Other Operating Expenses – R\$ million

	2Q2020	1Q2020		V3M	1H2020	1H2019		V12M
Depreciation and Maintenance	4.1	4.1	►	ND	8.2	7.4	▲	+10.8%
Impairment of Loans	0.1	0.1	►	ND	0.3	0.2	▲	+50.0%
Provision for Liabilities	4.9	3.8	▲	+28.9%	8.7	8.4	▲	+3.6%
Agreement with Court of Appeals	4.3	4.4	▼	-2.3%	8.7	9.2	▼	-5.4%
ISS/PIS/COFINS	8.7	8.8	▼	-1.1%	17.5	18.4	▼	-4.9%
Discounts Granted	0.7	0.4	▲	+75.0%	1.1	0.1	▲	+1,000%
Profit Sharing	2.1	2.3	▼	-8.7%	4.3	6.2	▼	-30.6%
Other	5.4	3.3	▲	+63.6%	8.7	6.0	▲	+45.0%
Total	30.3	27.2	▲	+11.4%	57.5	55.9	▲	+2.9%

Other operating expenses increased by R\$1.6 million in 1H2020 over 1H2019, and R\$3.2 million in the last quarter. We highlight for the Others line, which include goodwill expenses for the Securities and Loans Receivable portfolio, acquired from SEAC - Sergipe Administradora de Cartão e Serviços Ltda., a company belonging to the Banese conglomerate.

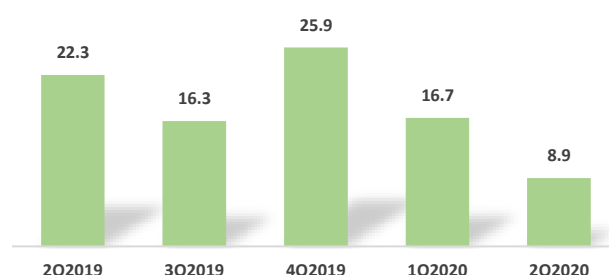
Net Income

Banese recorded a net income of R\$8.9 million in 2Q2020, impacted by the increase in expenses with provisions for loan operations and the retraction in financial and service revenues.

The result for the period was directly affected by the reduction in basic interest rates and by restrictions on services provided in the period due to the COVID-19 pandemic.

Accumulated net income stood at R\$25.5 million at the end of 1H2020.

Net Income - R\$ million

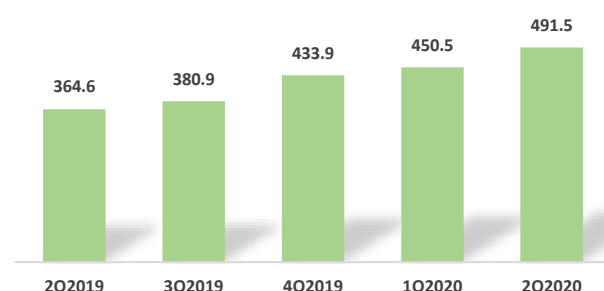


Shareholders' Equity

Banese's Shareholders' Equity increased by 34.8% in 12 months and by 9.1% over 1Q2020, basically due to the incorporation of results in the period and the actuarial valuation adjustments relating to the supplementary pension plan for Banese employees through the Instituto Banese de Seguridade Social – SERGUS (defined benefit plan), according to CPC 33-R1, approved by CVM Resolution 695/2012.

The actuarial adjustment negatively impacted Banese's Shareholders' Equity by -R\$7.3 million at the end of 2Q2020 due to the increase in the market rate used to calculate the present value of actuarial obligations. The negative effect on the Bank's Shareholders' Equity was -R\$75.2 million in 2Q2019 and -R\$39.5 million at the end of 1Q2020.

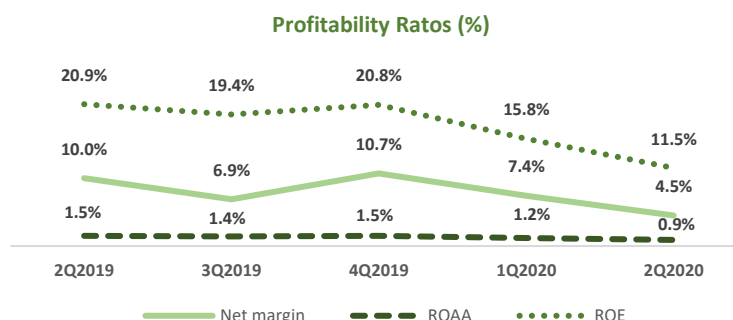
Shareholders' Equity - R\$ millions



Profitability Ratios

Profitability indexes help us to view the return on invested capital in the period.

Return on Equity (ROE), Net Margin and Return on Average Assets (ROAA) achieved by Banese in 2Q2020 retracted in the quarter and the 12-month period due to the business environment already presented in this report.

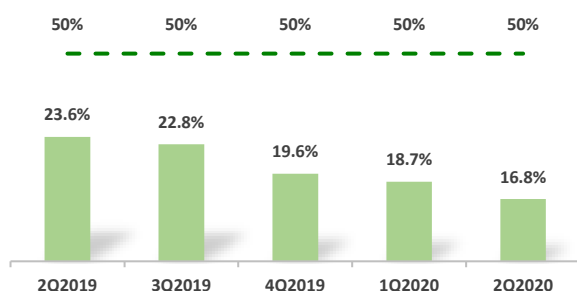


Capitalization and Basel

Ratios and Capitalization (R\$ million)	2Q2020	1Q2020	V3M	2Q2019	V12M
Reference Equity (PR)	532.4	479.2	▲ +11.1%	367.5	▲ +44.9%
PR Tier I	471.5	419.3	▲ +12.5%	293.3	▲ +60.8%
PR Tier II	60.9	59.9	▲ +1.6%	74.2	▼ -17.9%
Basel Ratio	15.4%	14.1%	▲ +1.3 p.p.	11.2%	▲ +4.2 p.p.
Core Capital Ratio	13.7%	12.3%	▲ +1.4 p.p.	8.9%	▲ +4.8 p.p.
Tier I Capital Ratio	13.7%	12.3%	▲ +1.4 p.p.	8.9%	▲ +4.8 p.p.
Minimum Basel Ratio + ACP	9.2%	10.5%	▼ -1.3 p.p.	10.5%	▼ -1.3 p.p.
Margin on Reference Equity, including capital for coverage of Interest Rate Risk of Banking Portfolio and ACP.	164,752	38,840	▲ 324.2%	4,279	▲ 3,750.3%

Banese Conglomerate's Basel Ratio reached 15.4% at the end of 2Q2020, increasing by 0.8 p.p. when compared to the ratio at the end of 1Q2020, by virtue of the increase in PR Tier I by 12.5% (approximately R\$52.2 million), arising from the accumulated result in the period and the reduction in the prudential adjustment of "Unrealized Losses from Equity Valuation Adjustments except cash flow hedge" in 81.4%, totaling approximately R\$7.3 million, against R\$39.5 million, net of tax credits (approximately R\$5.9 million), due to the decrease in the actuarial liabilities of SERGUS. The PR Tier II increased by 1.6% (approximately R\$938 thousand), due to the incorporation of interest on subordinated financial bills.

Fixed Asset-to-Equity Ratio (%)



The fixed asset-to-equity ratio ended 2Q2020 at 16.8%, reducing by 1.9 p.p. over the ratio in 1Q2020, due to the 11.1% increase in the Reference Equity (approximately R\$53.2 million).

The result was substantially below the maximum fixed assets requirement established by the Central Bank of Brazil, which is 50.0%.

It is important to emphasize that, the lower the ratio, the better it is.

Ratings

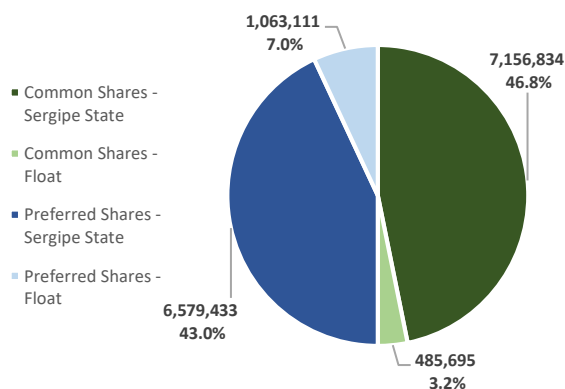
On April 17, 2020, Fitch Ratings affirmed the Bank's National Long-Term Rating at 'A-(bra)' (A minus (bra)) and changed the outlook from Negative to Stable. At the same time, the agency also affirmed the Bank's National Short-Term Rating at 'F1(bra)'. The change in outlook considered the economic impact of the coronavirus pandemic, which could negatively affect the quality of assets and the Bank's profitability, even though its liquidity indicators remain adequate.

On July 10, 2020, Moody's Investors Service (Moody's) affirmed all of Banese's ratings, including the "Ba2" individual credit risk rating for long-term deposits in domestic currency, on the global scale, with a negative outlook, and long-term national deposits ratings, on the global and national scale, as "Aa3.br". The outlook for long-term deposits in foreign currency continues Stable. The negative outlook for long-term deposits in domestic currency, on the global scale, considered the challenges of maintaining quality and profitable assets, due to the increase of the loan portfolio, and the exposure to segments that are affected with the crisis caused by the coronavirus pandemic.

Agency	Scale	Long-Term	Short-Term	Outlook
Fitch Ratings	National	A- (bra)	F1 (bra)	Negative
Moody's	National – Deposits	Aa3 br	BR-1	Negative
	Global in Domestic Currency – Deposits	Ba2	Not Prime	Negative
	Global in Foreign Currency – Deposits	Ba3	Not Prime	Stable

ADDITIONAL INFORMATION

Banese on B3



Banese's ownership structure in 1H2020 was comprised by 89.8% of shares owned by the State of Sergipe and 10.2% of shares are Free Float. The outstanding shares are comprised of 31.4% ON shares and 68.6% PN shares.

The ownership structure represents 15.2 million shares, of which 7.6 million are common shares (BGIP3) and 7.6 million are preferred shares (BGIP4).

Banese's shares are included in the ITAG Index of B3, which concentrates shares with special Tag Along rights.

Customer and Service Channels

In 1H2020, Banese's customer base totaled 885,955 current and savings accounts, consisting of 852,758 individual customers and 33,197 legal entities, increasing by 1.0% over 1H2019 and the end of 2019. In comparison with the previous quarter, the customer base did not vary significantly (0.2%).

The focus on digital channels ensures convenience for customers and more agility for acquiring more products and services. The use of self-service channels to perform transactions is still the preferred method by Banese's customers, given that 81.9% of all transactions were done through the self-service channels from the months of January to June 2020, of which 70.0% was done in the digital channels alone.

The volume of transactions carried out on the Internet and Mobile Banking channels increased by 20.4% in 1H20 against the same period in 2019 due to higher service quality offered by the specialized Banese digital model.

Details of Channels

	2Q2020	2Q2019		V3M	1H2020	1H2019		V12M
Branches	63	63	►	ND	63	63	►	ND
Customer Service Units	09	09	►	ND	09	09	►	ND
ATM Terminals	491	493	▼	-2	491	493	▼	-2
Banking Correspondents in Brazil	197	210	▼	-13	197	210	▼	-13
Transactions at Branches, ATMs, and Banking Correspondents	7.8 million	10.0 million	▼	-2.2 million	18.2 million	20.5 million	▼	-2.3 million
Transaction Volume	R\$7.2 billion	R\$10.1 billion	▼	-R\$2.9 billion	R\$17.7 billion	R\$20.7 billion	▼	-R\$3.0 billion
Online Transactions	22.2 million	22.1 million	▲	+0.1 million	43.5 million	43.6 million	▼	-0.1 million
Transaction Volume	R\$3.4 billion	R\$2.2 billion	▲	R\$1.2 billion	R\$5.6 billion	R\$4.5 billion	▲	R\$1.1 billion

Financial Services – Banese 2.0

The Intelligent Deposit service allows Legal Entities to obtain gains with an automated and proactive treasury management. This service speeds up the conversion of cash flows into working capital, reduces collection expenses and mitigates the operational failures. In 1H2020, transaction volume totaled 37.0 thousand deposits and R\$42.8 million in transaction value in the period.

Banese also offers cash bill recycling terminals, which are self-service terminals in which cash deposited into the machine become accessible for withdrawal by other customers. Banese has a total of 96 ATMs are available across the State for the recycling of bills, and 86 ATMs in partnership with the “Saque e Pague” network.

Investments in Human Capital

Banese has been investing in training programs designed to develop skills, improve team performance and engagement levels, promote innovation opportunities and enhance competitive advantages. These actions are in line with the Bank's strategic plan and values.

The Vocational Training Incentive Program, which aims to increase the knowledge base of its employees, encourages undergraduate, specialization and foreign language courses by offering scholarships of 50% of the course value and, in 2Q2020, 97 scholarships were granted.

The Banese Corporate University, a virtual learning environment, offers its employees more than 105 self-learning courses. The virtual learning platform was an essential tool in the quarter, especially for the employees in the “Risk Group”, and thus increased the number of courses in 2Q2020 by approximately 220%, totaling 306 courses, of which we highlight: Banese's Code of Ethical Conduct, Time Management, Risk Management and Customer Service.

The Bank also has offers programs for mandatory certifications, as well as external events and training courses, either in company or through distance learning channels, with the purpose of developing skills, increasing the performance and engagement of its teams, and creating spaces for innovation and growth of competitive advantages

BANESE CONGLOMERATE

Banese's economic conglomerate is comprised by Banese and Sergipe Administradora de Cartões e Serviços Ltda. (SEAC). In addition, Banese's group of companies also include: Banese Corretora e Administradora de Seguros, Instituto Banese de Seguridade Social (SERGUS), Caixa de Assistência dos Empregados do Banese (CASSE) and Instituto Banese.

Sergipe Administradora de Cartões e Serviços Ltda.

Sergipe Administradora de Cartões e Serviços Ltda. (SEAC) offers solutions for payment methods and related services, focused on the credit market, vouchers and acquisition solutions. The Banese Card is present in the States of Sergipe, Alagoas, Paraíba, and iexpanded to the States of Rio Grande do Norte, Ceará and Bahia.

The number of qualified customers reached 586 thousand clients in 1H2020, increasing by 4.2% over 1H2019. The volume of transactions using products managed by SEAC (Banese Debit, Banese Card and Banese Food/M meal Card) ended the first half of 2020 at R\$941.8 million, 1.7% higher than in 1H2019. The financial volume of the Banese Card (the Company's main product), reached R\$848.2 million, increasing by 1.6% over the same period of the previous year.

The first half of 2020 was marked by the launching of the co-flagged Banese Elo Card, which can be used in national and international establishments that accept the Elo, Discover and Dinners cards, as well as the Banese Card Nanquim for high-income clients, which offers: VIP rooms, travel insurance, shopping protection insurance, international travel chip, in addition to accumulating points in the Livel points program. SEAC also implemented an online proposal capture system, through the chat service available on Banese's Card website, and had a relevant participation in the development of the *Mais Inclusão* Card, an emergency aid program during the pandemic period, all of which brought greater visibility to the food/meal card.

Banese Corretora de Seguros

Banese Administradora e Corretora de Seguros Ltda. offers the best insurance solutions in partnership with the main insurance companies in the country. The company has been offering quality and trustworthy services to its clients for over 40 years.

In 1H2020, the volume of insurance policies hired totaled R\$59.9 million, increasing by 11.2% over the same period in 2019 and was driven by significant increases in private pension plan contributions. In 2Q2020, the volume of insurance policies hired totaled R\$23.3 million, 15.1% lower than 2Q2019.

With revenues of R\$6.5 million in 2Q2020, which corresponded to a 4.2% increase over the same quarter in the previous year, Banese Corretora stood out in the insurance market in Sergipe. In 1H2020, revenues totaled R\$14.9 million, up by 20.8% over 1H2019.

Instituto Banese and the Museu da Gente Sergipana Museum

Aiming to be recognized as a source of knowledge, inspiration and cultivation of artistic and cultural expressions, Instituto Banese develops social and environmental responsibility actions in line with public policies, and serves as a transformation agent through actions and investments aimed at the best interests for the society of the State of Sergipe.

The actions and projects of the entities supported by Instituto Banese benefited 99,954 individuals in 1H2020 and invested R\$4.0 million. The increase in investment was mainly used for the Fundação de Beneficência Hospital de Cirurgia, which will serve patients and health professionals.

The Museu da Gente Sergipana Governador Marcelo Déda museum, the Institution's key project, was developed to reinforce the Bank's social role as the great motivator and patron of several languages of the culture of the State of Sergipe. The museum focuses on exposing collections of material and immaterial cultural heritages of the State of Sergipe through interactive multimedia and traveling exhibitions. In 2Q2020, the museum remained closed to the public.

TABLES AND ATTACHMENTS
Consolidated Income Statement – BANESE – (R\$ thousand)

	06.30.2020	06.30.2019
Revenue from Financial Intermediation	321,937	336,948
Credit Transactions	267,530	258,893
Income from Marketable Securities Transactions	49,234	71,060
Earnings from Compulsory Investment	5,173	6,995
Financial Intermediation Expenses	(133,085)	(140,894)
Market Funding Operations	(69,453)	(105,470)
Loans and Onlending	(3,197)	(2,087)
Allowance for Loan Losses	(40,104)	(20,903)
Provision for Revolving Credit Card Loan	(20,331)	(12,434)
Gross Income from Financial Intermediation	188,852	196,054
Other Operating Revenues (Expenses)	(117,609)	(101,610)
Service Revenues	63,149	61,957
Banking Fee Revenue	37,662	38,525
Personnel Expenses	(105,934)	(101,919)
Other Administrative Expenses	(113,182)	(106,707)
Tax Expenses	(28,204)	(29,587)
Equity Income in Affiliates and Subsidiary	-	-
Other Operating Revenues	53,044	53,400
Other Operating Expenses	(24,144)	(17,279)
Expenses with Provisions	(10,061)	(8,901)
Expenses with Provisions for Contingencies	(10,061)	(8,901)
Operating Income	61,182	85,543
Non-Operating Income (Expenses)	1,835	623
Pre-tax Income	63,017	86,166
Income and Social Contribution Taxes	(27,898)	(31,640)
Provision for Income Tax	(21,076)	(15,400)
Provision for Social Contribution Tax	(15,548)	(9,718)
Deferred Tax Asset	8,726	(6,522)
Profit Sharing – Employees and Management	(4,295)	(6,201)
Net Income Before Non-Controlling Interest	30,824	48,325
Non-Controlling Interests	(5,293)	(6,965)
Net Income	25,531	41,360

Income Statement - BANESE MÚLTIPLO – (R\$ thousand)

	06.30.2020	06.30.2019
Revenue from Financial Intermediation	311,243	335,547
Credit Transactions	268,902	260,888
Income from Marketable Security Transactions	37,168	67,664
Earnings from Compulsory Investment	5,173	6,995
Financial Intermediation Expenses	(113,712)	(130,198)
Market Funding Operations	(70,411)	(107,208)
Loans and Onlending	(3,197)	(2,087)
Allowance for Loan Losses	(40,104)	(20,903)
Provision for Revolving Credit Card Loan	-	-
Gross income from Financial Intermediation	197,531	205,349
Other Operating Revenues (Expenses)	(138,000)	(128,419)
Service Revenues	28,957	26,136
Banking Fee Revenue	37,662	38,525
Personnel Expenses	(90,987)	(86,776)
Other Administrative Expenses	(86,000)	(83,942)
Tax Expenses	(18,149)	(19,916)
Equity Income In Affiliates and Subsidiary	5,240	6,896
Other Operating Revenues	5,378	5,943
Other Operating Expenses	(20,101)	(15,285)
Expenses with Provisions	(8,711)	(8,414)
Expenses with Provisions for Contingencies	(8,711)	(8,414)
Operating Income	50,820	68,516
Non-Operating Income	(558)	844
Pre-Tax Income	50,262	69,360
Income and Social Contribution Taxes	(20,436)	(21,799)
Provision for Income Tax	(17,708)	(11,949)
Provision for Social Contribution Tax	(13,449)	(7,555)
Deferred Tax Asset	10,721	(2,295)
Profit Sharing – Employees and Management	(4,295)	(6,201)
Net Income Before Non-Controlling Interest	25,531	41,360
Non-Controlling Interests	-	-
Net Income	25,531	41,360



Consolidated Balance Sheet – ASSETS (R\$ thousand)

	06.30.2020	12.31.2019
CURRENT ASSETS	4,318,598	3,857,329
CASH AND CASH EQUIVALENTS	1,089,618	613,613
FINANCIAL INSTRUMENTS	3,286,907	3,317,859
INTERBANK INVESTMENTS	431,326	342,261
Interbank Deposits	431,326	342,261
MARKETABLE SECURITIES AND DERIVATIVE FINANCIAL INSTRUMENTS	1,178,501	1,209,380
Own Portfolio	1,173,233	1,208,219
Subject to Repurchase Agreements	4,194	104
Linked to Guarantees Given	872	858
Linked to Central Bank of Brazil	202	199
INTERBANK ACCOUNTS	433,166	362,040
Payments and Receivables to be Settled	19,682	7,330
Restricted Deposits:	398,278	336,334
- Central Bank Deposits	398,020	336,184
- Agreements	258	150
Correspondents	15,206	18,376
LOAN OPERATIONS	783,231	869,401
Loan Operations:	783,231	869,401
- Private Sector	783,231	869,401
OTHER RECEIVABLES	460,683	534,777
Unearned Income	11,182	12,116
Sundry	449,942	522,815
Allowance for Losses on Other Receivables Without Loan Characteristics	(441)	(154)
PROVISIONS FOR EXPECTED LOAN LOSSES	(91,591)	(100,902)
Provision for Loan Losses	(52,434)	(60,955)
Provision for Other Doubtful Accounts	(1,386)	(1,580)
Provision for Receivables Related to Payment Transactions	(37,771)	(38,367)
TAX CREDITS	31,066	23,624
Tax credits on Temporary Differences	10,649	8,670
Tax credits on Negative Tax Basis	5,659	6,474
Tax credits on Taxes and Contributions to be Compensated	14,758	8,480
OTHER ASSETS	2,598	3,135
Other Assets	1,656	1,395
Prepaid Expenses	942	1,740

Consolidated Balance Sheet – ASSETS (R\$ thousand) - CONTINUATION

	06.30.2020	12.31.2019
NON-CURRENT ASSETS	2,208,134	2,106,721
LONG-TERM RECEIVABLES	2,104,617	2,004,131
FINANCIAL INSTRUMENTS	2,005,607	1,871,090
INTERBANK INVESTMENTS	24,640	-
Interbank Deposits	24,640	-
MARKETABLE SECURITIES AND DERIVATIVE FINANCIAL INSTRUMENTS	19,893	21,403
Own Portfolio	19,893	21,403
INTERBANK ACCOUNTS	29,719	29,106
Restricted Deposits:	29,719	29,106
- National Housing System (SFH)	29,719	29,106
LOAN OPERATIONS	1,767,980	1,664,072
Loan Operations:	1,767,980	1,664,072
- Private Sector	1,767,980	1,664,072
OTHER RECEIVABLES	163,375	156,509
Unearned Income	15	-
Sundry	163,360	156,509
PROVISIONS FOR EXPECTED LOAN LOSSES	(77,024)	(52,145)
Provision for Loan Losses	(77,024)	(52,145)
TAX CREDITS	128,780	141,512
Tax credits on Temporary Differences	120,721	131,901
Tax credits on Negative Tax Basis	373	1,958
Tax credits on Taxes and Contributions to be Compensated	7,686	7,653
OTHER ASSETS	47,254	43,674
Other Assets	48,285	44,144
Allowance for Devaluation	(2,713)	(2,713)
Prepaid Expenses	1,682	2,243
INVESTMENTS	-	-
Interest in Affiliates and Subsidiaries	-	-
OTHER INVESTMENTS	6	6
Other Investments	454	454
Provisions for Losses	(448)	(448)
PROPERTY AND EQUIPMENT FOR USE	232,938	223,866
Property for Use	104,436	73,440
Other Property and Equipment Items for Use	128,502	150,426
INTANGIBLE ASSETS	70,621	68,554
Intangible Assets	70,621	68,554
DEPRECIATION AND AMORTIZATION	(200,048)	(189,836)
Accumulated Amortization of Property and Equipment Items for Use	(143,449)	(135,756)
Accumulated Amortization of Intangible Assets	(56,599)	(54,080)
TOTAL	6,526,732	5,964,050



Consolidated Balance Sheet– LIABILITIES (R\$ thousand)

	06.30.2020	12.31.2019
CURRENT LIABILITIES	4,413,685	4,245,344
DEPOSITS AND OTHER FINANCIAL INSTRUMENTS	3,914,800	3,643,741
DEPOSITS	3,788,422	3,574,253
Demand Deposits	857,418	757,056
Savings Deposits	1,616,238	1,472,015
Interbank Deposits	157,455	126,718
Time Deposits	1,157,311	1,218,464
INTERBANK ACCOUNTS	40,815	612
Receivables and Payments to be Settled	40,815	612
OPEN MARKET FUNDING	-	104
Own Portfolio	-	104
FUNDS FROM ACCEPTANCE AND ISSUE OF NOTES	64,462	48,439
Funds from Real Estate, Mortgage, Credit and Similar Notes	64,462	48,439
LOCAL ONLENDING – OFFICIAL INSTITUTIONS	20,945	20,333
BNDES	74	74
FINAME	491	1,033
Other Institutions	20,536	19,226
OTHER LIABILITIES	498,885	601,603
Collection of Taxes and Alike	21,506	1,698
Social and Statutory Charges	531	9,194
Tax and Social Security Obligations	25,655	16,495
Subordinated Debts	891	407
Sundry	450,302	573,809
NON-CURRENT LIABILITIES	1,578,515	1,245,438
DEPOSITS AND OTHER FINANCIAL INSTRUMENTS	1,333,124	1,009,684
DEPOSITS	1,236,568	886,567
Time Deposits	1,236,568	886,567
OPEN MARKET FUNDING	4,187	-
Own Portfolio	4,187	-
FUNDS FROM ACCEPTANCE AND ISSUE OF NOTES	17,368	50,566
Funds from Real Estate, Mortgage, Credit and Similar Notes	17,368	50,566
LOCAL ONLENDING – OFFICIAL INSTITUTIONS	75,001	72,551
BNDES	233	270
FINAME	1,120	1,231
Other Institutions	73,648	71,050
OTHER LIABILITIES	102,010	98,113
Subordinated Debts	101,471	97,273
Sundry	539	840
PROVISIONS	132,714	126,586
Provisions for Contingencies	132,714	126,586
DEFERRED INCOME	10,667	11,055
Deferred Income	10,667	11,055

Consolidated Balance Sheet– LIABILITIES (R\$ thousand) - CONTINUATION

	06.30.2020	12.31.2019
SHAREHOLDERS' EQUITY	534,532	473,268
Capital - Domiciled in Brazil	348,000	348,000
Profit Reserves	126,604	125,327
Other Comprehensive Results	(7,318)	(39,470)
Accumulated Profit	24,254	-
Non-Controlling Interests	42,992	39,411
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	6,526,732	5,964,050

Consolidated Statement of Value Added (R\$ thousand)

	06.30.2020	06.30.2019
VALUE ADDED CALCULATION		
Revenue from Financial Intermediation	321,937	336,948
Financial Intermediation Expenses	(133,085)	(140,894)
Other Operating Revenues (Expenses)	18,839	27,220
Non-Operating Income	1,835	623
Service revenue	100,811	100,482
Materials, Energy, Third-Party Services and Other Expenses	(96,006)	(94,210)
Gross Value Added	214,331	230,169
Retentions	(10,052)	(8,856)
Amortization	(2,506)	(2,621)
Depreciation	(7,546)	(6,235)
Net Value Added Produced by the Company	204,279	221,313
Value Added Received in Transfer	-	-
Equity Pickup	-	-
Value Added to be Distributed	204,279	221,313
DISTRIBUTION OF VALUE ADDED		
Government	56,102	61,227
Tax Expenses	19,478	36,109
Income and Social Contribution Taxes	36,624	25,118
Employees	110,229	108,120
Salaries and Fees	64,119	61,855
Social Charges	24,736	23,491
Private Pension Plan	2,438	2,173
Benefits and Training	14,641	14,400
Profit Sharing	4,295	6,201
Rents	2,319	2,211
Taxes and Contributions	4,805	1,430
Non-Controlling Interests	5,293	6,965
(Accumulated Losses) / Retained Earnings	25,531	41,360
Value Added Distributed	204,279	221,313



Consolidated Cash Flow (R\$ thousand)

	06.30.2020	06.30.2019
CASH FLOW FROM OPERATING ACTIVITIES		
Adjusted net income	107,288	100,780
Net Income	25,531	41,360
Adjustment to Net Income	81,757	59,420
Allowance for Loan Losses	40,104	20,903
Provision/ (Reversal) for Restricted Deposits-FCVS	254	239
Depreciation and Amortization	10,234	8,997
PIS and COFINS tax Credit on Depreciation with Affiliates	(182)	(141)
Adjustment of Provision for Liabilities	10,061	8,901
Other Operational Provisions	6,765	5,722
Expense for Loyalty Bonus	5,421	680
Other Non-Operational Provisions	10	361
Marketable Securities Marking to Market	417	(22)
Deferred Tax Asset	(8,726)	6,522
Capital Losses	1,318	1,148
Reversal of Other Operating Provisions	(1,509)	(3,368)
Inflation Adjustment	(2,162)	(540)
Other Non-Operational Revenue	(579)	(2,416)
Equity Income in Subsidiaries	-	-
Provision for Revolving Credit Card Loan	20,331	12,434
Variation in Assets and Liabilities	389,092	(1,605)
(Increase) Decrease in Short-Term Liquidity Investments	(113,705)	(113,124)
(Increase) Decrease in Marketable Securities and Derivative Financial Instruments	31,972	(51,092)
(Increase) Decrease in Interbank Accounts (Assets/ Liabilities)	(31,790)	40,717
(Increase) Decrease in Credit Transactions	(17,738)	(120,771)
(Increase) Decrease in Other Assets	(3,043)	1,370
(Increase) Decrease in Other Credits	78,886	(6,772)
(Increase) Decrease in Provisions for Losses Associated with Credit Risk	(44,867)	2,777
(Increase) Decrease in Other Receivables	5,290	(45,849)
Increase (Decrease) in Deposits	564,170	172,589
Increase (Decrease) in Funds Obtained in the Open Market	4,083	(1,844)
Increase (Decrease) in Borrowings and Onlending	3,218	3,790
Gains / (Losses) Other Comprehensive Income	32,152	(71,349)
Increase (Decrease) in Deferred Income	(388)	(368)
Increase (Decrease) in Other Liabilities	(115,215)	187,743
Increase (Decrease) in Provisions	(3,933)	578
NET CASH GENERATED FROM OPERATING ACTIVITIES	496,380	99,175
CASH FLOW FROM INVESTING ACTIVITIES		
Transfer of Property in Use to Freelease	-	1
Acquisition of Property and Equipment for Use	(9,098)	(16,230)
Write-off of Property and Equipment for Use	173	3,678
Intangible Asset Investments	(2,054)	(2,525)
Dividends Received from Subsidiary	-	-
NET CASH FROM (USED IN) INVESTING ACTIVITIES	(10,979)	(15,076)
CASH FLOW FROM FINANCING ACTIVITIES		
Non-Controlling Interests	5,293	6,965
Dividends Paid to Non-Controlling	(1,712)	-
Interest on Capital	-	(11,400)
Increase (Decrease) in Real Estate	(17,175)	(1,362)
Subordinated Debts	4,198	(65,430)
NET CASH USED IN FINANCING ACTIVITIES	(9,396)	(71,227)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	476,005	12,872
Cash and banks at the beginning of the period	613,613	830,331
Cash and banks at the end of the period	1,089,618	843,203