



Banese



BANCO DO ESTADO DE SERGIPE S.A. – BANESE 4Q2021 AND 2021 EARNINGS RELEASE

For immediate disclosure: Aracaju, February 21, 2022. 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 ITAG (Special Tag-Along Stock Index) index, announces its results for 4Q2021 and 2021. For additional information, please access Banese’s investor relations website at <https://ri.banese.com.br/>.

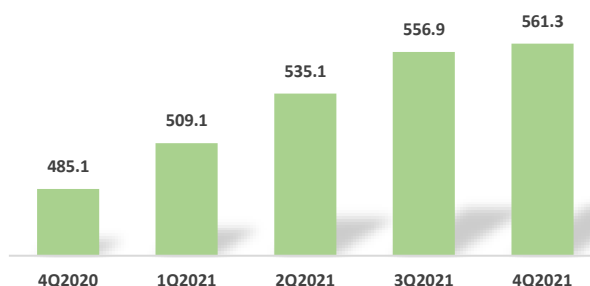
BANESE RECORDS NET INCOME OF R\$83.7 million LOAN ASSETS AND FUNDING VOLUME CONTINUE GROWING

4Q2021 Highlights

All comparisons in this section refer to 4Q2020 (12M)

- Shareholders’ Equity of R\$561.3 million (+15.7%);
- Total assets of R\$7.3 billion (+7.2%);
- Loan operations increased R\$537.5 million (+19.2%);
- Total funding reached R\$6.4 billion (+8.4%);
- Administrative coverage expense ratio of 31.8% (+7.8 p.p.).

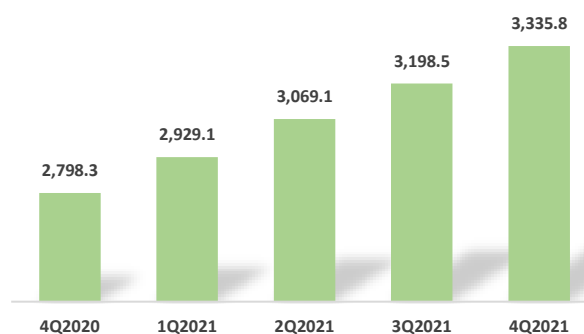
Net Equity - R\$ Millions



All comparisons in this section refer to 3Q2021 (3M)

- Loan operations totaled R\$3.3 billion (+4.3%);
- Total revenue increased by R\$22.6 million (+8.7%);
- Net loan assets totaled R\$3.2 billion (+3.9%);
- Allowance for doubtful accounts fell by 7.5%.

LOAN OPERATIONS - R\$ Millions



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Balance Sheet Items – R\$ million	4Q2021	4Q2020		V12M	4Q2021	3Q2021		V3M
Total Assets	7,319.5	6,825.2	▲	+7.2%	7,319.5	7,364.9	▼	-0.6%
Loan Operations	3,335.8	2,798.3	▲	+19.2%	3,335.8	3,198.5	▲	+4.3%
Financial Investments ⁽¹⁾	3,328.7	3,342.3	▼	-0.4%	3,328.7	3,439.5	▼	-3.2%
Total Funding	6,448.7	5,948.0	▲	+8.4%	6,448.7	6,422.9	▲	+0.4%
Shareholders' Equity	561.3	485.1	▲	+15.7%	561.3	556.9	▲	+0.8%

Income Statement Items - R\$ million	2021	2020		V12M	4Q2021	3Q2021		V3M
Total Revenue	1,000.0	940.9	▲	+6.3%	284.7	261.1	▲	+9.0%
Gross Income from Financial Intermediation	427.1	454.4	▼	-6.0%	96.9	106.7	▼	-9.2%
Operating Result ⁽²⁾	150.2	73.3	▲	+104.9%	28.2	35.9	▼	-21.4%
Financial Margin ⁽³⁾	499.0	504.9	▼	-1.2%	125.3	129.2	▼	-3.0%
EBITDA ⁽⁴⁾	152.4	77.6	▲	+96.4%	31.3	36.3	▼	-13.8%
Net Income	83.7	48.9	▲	+71.2%	11.1	21.8	▼	-49.1%
Net Interest Income (NII) ⁽⁵⁾	468.8	448.6	▲	+4.5%	121.4	120.9	▲	+0.4%
Service Revenue	129.1	132.7	▼	-2.7%	32.5	34.6	▼	-6.1%
Provisions for Loan Losses	147.5	140.8	▲	+4.8%	41.9	45.3	▼	-7.5%
Administrative Expenses	368.3	394.5	▼	-6.6%	102.1	92.6	▲	+10.3%
Net Margin ⁽⁶⁾	8.3%	5.2%	▲	+3.1 p.p.	3.9%	8.3%	▼	-4.5 p.p.
EBITDA Margin ⁽⁷⁾	15.2%	8.2%	▲	+7.0 p.p.	11.0%	13.9%	▼	-2.9 p.p.

Efficiency Ratios and Measures (%)	2021	2020		V12M	4Q2021	3Q2021		V3M
Delinquency (% of the portfolio)	1.21%	1.44%	▼	-0.23 p.p.	1.21%	1.07%	▲	+0.14 p.p.
Basel Ratio	13.15%	11.18%	▲	+1.97 p.p.	13.15%	13.35%	▼	-0.20 p.p.
Net Interest Margin (NIM) ⁽⁸⁾	6.9%	7.2%	▼	-0.3 p.p.	1.8%	1.8%	►	N/A
Return on Assets (ROAA) ⁽⁹⁾	1.2%	0.8%	▲	+0.4 p.p.	1.2%	1.3%	▼	-0.1 p.p.
Return on Net Equity (ROE) ⁽¹⁰⁾	15.7%	10.3%	▲	+5.4 p.p.	15.7%	18.4%	▼	-2.7 p.p.
Efficiency Ratio ⁽¹¹⁾	66.2%	67.2%	▼	-1.0 p.p.	78.9%	65.5%	▲	+13.4 p.p.
Provisioning Coverage Ratio	4.1%	3.9%	▲	+0.2 p.p.	4.1%	3.7%	▲	+0.4 p.p.
Administrative Coverage Ratio ⁽¹²⁾	35.0%	33.6%	▲	+1.4 p.p.	31.8%	37.3%	▼	-5.5 p.p.
Payroll Coverage Ratio ⁽¹³⁾	74.0%	57.7%	▲	+16.3 p.p.	70.3%	75.8%	▼	-5.5 p.p.

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

(2) Operating Revenues - Operating Expenses (without Non-Operating Revenue and Expenses).

(3) Gross Financial Intermediation Result + Allowance for Doubtful Accounts.

(4) Operational Result - Equity Income + Depreciation/Amortization.

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

(6) Net Income/Total Revenue.

(7) EBITDA/Total Revenue.

(8) Net Interest Income/Average Balance of Income-Generating Assets (loan operations + interbank investments + marketable securities + interbank accounts).

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

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

(11) Administrative Expenses/Gross Profit from Financial Intermediation + Revenue from Services) *.

(12) Revenue from Services/Administrative Expenses.

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

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

**Changes in methodology in 2Q2021.*

MESSAGE FROM MANAGEMENT

Global economic growth significantly fell at the end of 2021, mainly in China, the United States, and the European Union, reducing the effects of monetary and fiscal stimulus to increase consumer spending and attract investments. The forecast of the world's economic growth for 2021 fell to 5.9%, according to the International Monetary Fund (IMF), and recovery in 2022 is at risk due to successive inflationary pressures in several countries.

Brazil has undergone a strong economic recovery in the first quarter of 2021, which continued heterogeneously and slowly over the year, due to the partial improvement in health conditions and the acceleration of the rising pace of inflation, reducing growth prospects. The industry is still undergoing raw material shortages and gradual normalization of inventories. The services segment slowed down, mainly household services, due to high unemployment and inflation. The projection of Gross Domestic Product (GDP) Brazil for 2021 fell to 4.5% and the accumulated inflation was 10.06% in 2021. To control inflation, the basic interest rate (SELIC) reached 9.25% in December 2021. We are aware that 2022 will be another economically, socially, and politically challenging year.

Banese's Net Income totaled R\$83.7 million in 2021, a growth of 71.2% over 2020, due to the behavior of businesses, with an increase in the loan portfolio, funding at a growing rate, and recovery of credits written-off as a loss. Given the slow resumption of economic activities, combined with the inflationary scenario, the results obtained by the Company are deemed as positive and higher than expected, such as the Net Income, Loan Portfolio, and Shareholders' Equity.

In 2021, the Bank continued to encourage the use of digital channels and compliance with all mandatory health protocols while providing services at its business units, as a way of coping with Covid-19 and continuing to care for its customers and employees.

We take this opportunity to give special recognition to our employees, who have been committed to the expansion of our business and whose dedication and effort resulted in the good performance achieved by the Bank in 2021. We also thank our customers and shareholders for their trust.

ANALYSIS OF OPERATIONS

Assets

Total Assets by Type – R\$ million

	4Q2021	4Q2020		V12M	3Q2021		V3M
Loan Assets	3,335.8	2,798.3	▲	+19.2%	3,198.5	▲	+4.3%
(-) Provisions	-135.7	-109.7	▲	+23.7%	-119.5	▲	+13.6%
Net Loan Assets	3,200.1	2,688.6	▲	+19.0%	3,079.0	▲	+3.9%
Financial Investments	2,959.7	2,990.3	▼	-1.0%	3,072.1	▼	-3.7%
Restricted Loans	471.6	425.1	▲	+10.9%	453.8	▲	+3.9%
Permanent Assets	177.6	177.2	▲	+0.2%	182.4	▼	-2.6%
Others	510.5	544.0	▼	-6.2%	577.6	▼	-11.6%
Total	7,319.5	6,825.2	▲	+7.2%	7,364.9	▼	-0.6%

Banese's total assets exceeded R\$7.3 billion at the end of 4Q2021, a YoY growth of 7.2%. We can highlight the increase in the balance of net loan assets, which increased by 19.0% YoY (R\$+511.5 million) and by 3.9% QoQ (R\$+121.1 million), totaling R\$3.2 billion at the end of the year.

The volume of provisioning increased YoY, due to the growth of the portfolio and the worsening of loan operation ratings. The QoQ increase in provisions was mainly a result of the growth of the Commercial, Financing, and Securities and Credits Receivable (related to credit cards) portfolios, as well as the migration of risk levels of operations linked to the Commercial portfolio.

At the end of 4Q2021, net loans assets accounted for 43.7% of total assets and financial investments accounted for 40.4%. Net loan assets increased their relative share by 1.9 p.p. QoQ, while financial investments fell by 1.3 p.p. from 3Q2021. YoY, their share increased by 4.3 p.p., while financial investments fell by 3.4 p.p..

As for restricted credits, the YoY variation (R\$+46.5 million) was a result of the higher balance of cash deposit receivables in the period; the QoQ variation (R\$+17.8 million) was due to the increase of Pix-related credits (Instant Payments), which recorded higher demand and need for funds.

Permanent Assets slightly increased YoY (+R0.4 million) and fell by R\$-4.8 million QoQ, mainly due to the absorption of the results recorded in SEAC – Sergipe Administradora de Cartões S.A., a company belonging to the Banese conglomerate.

Funding

Funding by Product Line – R\$ million

	4Q2021	4Q2020		V12M	3Q2021		V3M
Demand Deposits	1,158.4	1,047.0	▲	+10.6%	1,117.7	▲	+3.6%
Savings Deposit	1,937.9	1,879.4	▲	+3.1%	1,915.9	▲	+1.1%
Judicial Deposits	1,287.3	1,088.5	▲	+18.3%	1,241.4	▲	+3.7%
Certificate of Bank Deposit/RDB	1,568.3	1,463.8	▲	+7.1%	1,659.8	▼	-5.5%
CDI/DPGE	152.0	139.9	▲	+8.6%	150.1	▲	+1.3%
LF/LFS/LCI	186.8	191.0	▼	-2.2%	180.3	▲	+3.6%
Repurchase Transactions	13.0	7.8	▲	+66.7%	8.6	▲	+51.2%
Onlending Obligations	145.0	130.3	▲	+11.3%	149.1	▼	-2.7%
Total	6,448.7	5,947.7	▲	+8.4%	6,422.9	▲	+0.4%

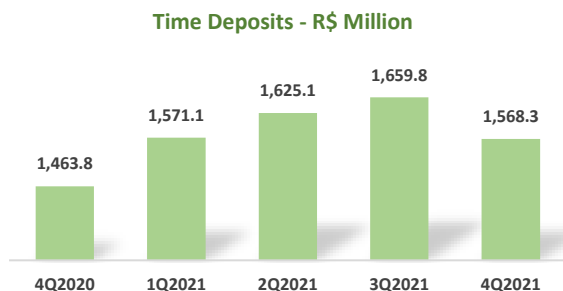
Funds raised totaled R\$6.4 billion at the end of 4Q2021, a YoY increase of 8.4%, mainly due to the growth of remunerated judicial deposits (R\$+198.8 million), demand deposits (R\$+111.4 million), and time deposits (R\$+104.5 million). QoQ, the total funds raised increased by 0.4% (R\$+25.8 million), also due to the growth of remunerated judicial deposits (R\$+45.9 million), demand deposits (R\$+40.7 million), and savings (R\$+22.0 million), however with a decrease in time deposits (R\$-91.5 million) and Onlending Operations (R\$-4.1 million).

Funding volume from interbank deposits (CDI) increased by 8.6% YoY (R\$+12.1 million), as a result of funding with reciprocity in interbank deposits linked to real estate loans; and by 1.3% QoQ, due to the portfolio profitability.

The balance of Subordinated Financial Bills increased by 16.3% YoY (R\$+17.7 million) and by 4.5% QoQ (R\$+5.4 million), both due to inventory remuneration. Financial Bills fell by 36.5% YoY, due to unrenewed maturities, and increased by 1.9% QoQ, due to inventory remuneration. Funding from Housing Loan Bills fell by 11.6% YoY, due to unrenewed maturities, and increased by 1.8% QoQ, due to the portfolio profitability.



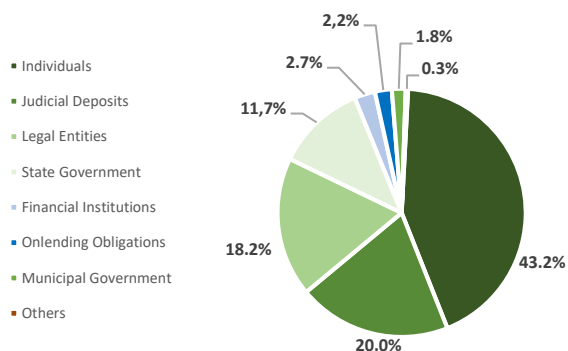
Evolution of Time Deposits (Certificate of Bank Deposit/RDB)



Time deposits came to R\$1.6 billion in December 2021, a YoY growth of 7.1% (R\$+104.5 million), and a QoQ decrease of -5.5% (R\$-91.5 million), with both periods mainly impacted by government funding.

The Company'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 the Total)

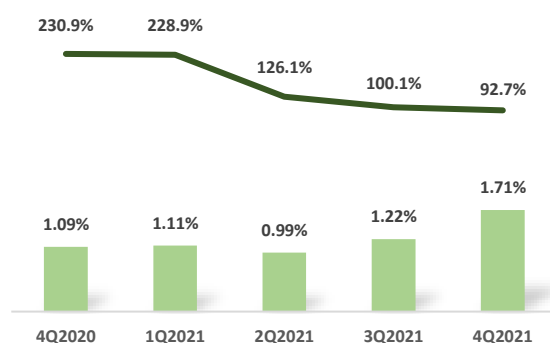


Banese's key funding sources are individuals, which account for approximately 43.2% of the total funding volume. Judicial deposits account for 20.0% of Banese's total funding. Legal entities account for 18.2% of funding.

The dilution of funding between individuals and legal entities mitigates liquidity risks.

The funding cost increased by 0.49 p.p. QoQ and 0.62 p.p. YoY, due to the rise in the SELIC rate, which remunerates most of the post-fixed funding instruments, and the increase in the National Consumer Price Index (INPC), which remunerates the largest volume raised in Subordinated Financial Bills (LFS). As for the CDI, the QoQ and YoY decreases were a result of the rise in the Selic rate, even with higher funding costs linked to fixed-rate indexes and inflation, such as subordinated debt.

Funding costs (in absolute terms and as a % of the CDI)



Loan

Loan Portfolio by Type – R\$ million

	4Q2021	4Q2020		V12M	3Q2021		V3M
Commercial Portfolio*	2,359.3	1,914.3	▲	+23.2%	2,259.7	▲	+4.4%
For Individuals	1,805.3	1,476.8	▲	+22.2%	1,718.3	▲	+5.1%
For Legal Entities	554.0	437.5	▲	+26.6%	541.4	▲	+2.3%
Development Portfolio	707.1	628.8	▲	+12.5%	690.0	▲	+2.5%
For Individuals	570.6	490.3	▲	+16.4%	554.8	▲	+2.8%
For Legal Entities	136.5	138.5	▼	-1.4%	135.2	▲	+1.0%
Securities and Loans Receivable	269.4	255.2	▲	+5.6%	248.8	▲	+8.3%
Total	3,335.8	2,798.3	▲	+19.2%	3,198.5	▲	+4.3%

(*) free allocation credit modality

Banese's loan portfolio reached R\$3.3 billion in assets, increasing by 4.3% QoQ and by 19.2% YoY. Of the total, R\$2.4 billion corresponds to the commercial loan portfolio, which increased by 4.4% QoQ and by 23.2% YoY.

The increase in Banese's commercial loan portfolio was mainly due to the Bank's organizational sales strategy, with actions aimed at loans in the digital channels, the creation of credit lines backed by credit card sales, agreements with new companies and government agencies, actions with bank correspondents to boost loans, and debt retention and acquisition for active and inactive serves of the Sergipe State and Municipal Governments.

The commercial loan portfolio aimed at the Individuals segment reached R\$1.8 billion at the end of 4Q2021, with increases of 5.1% QoQ and 22.2% YoY. We highlight the Payroll-Deductible segment, contributing to the increase in the lower risk portfolio, growing by 8.9% QoQ (R\$+9.2 million) and by 23.5% YoY (R\$+231.8 million).

The commercial loan portfolio aimed at Legal Entities increased by 2.3% QoQ and by 26.6% YoY. We emphasize the working capital financing operations backed by credit card sales, which encourages portfolio diversification and mitigates the risk of credit concentration. In 2021 there were also investments in federal programs of credit aimed at the development of micro and small companies, and small entrepreneurs affected by the pandemic, with loans totaling R\$14.7 million.

Banese holds the largest share of the free credit loan market in the state of Sergipe, with a market share of 36.0% according to the Central Bank of Brazil (November 2021). The Bank's exposure is focused on retail operations, especially those pegged to payroll and small and medium-sized company loans.

The development loan portfolio, which includes the real estate, financing, and rural portfolios, totaled R\$707.1 million in 4Q2021, accounting for 21.2% of Banese's total loan portfolio. In 4Q2021, the balance of the development loan portfolio increased by 2.5%, driven by real estate loans (+4.5%) for both Legal Entities and the Individuals segment. Year-over-year, the 12.5% growth was mainly due to rural loans (+36.3%) and real estate loans (+6.5%).

The Securities and Receivables with Loan Characteristics portfolio grew by R\$20.6 million QoQ and by R\$14.2 million YoY, driven by the increased use of the revolving credit card limit in the period.

Quality of the Loan Portfolio by Risk Rating

	R\$ million		Change	% of the portfolio		Change
	4Q2021	4Q2020		4Q2021	4Q2020	
AA	1,371.8	975.6	▲ +40.6%	41.1%	34.9%	▲ +6.2 p.p.
A	1,098.9	1,026.8	▲ +7.0%	32.9%	36.7%	▼ -3.8 p.p.
B	467.6	453.3	▲ +3.2%	14.0%	16.2%	▼ -2.2 p.p.
C	192.0	201.7	▼ -4.8%	5.8%	7.2%	▼ -1.4 p.p.
D - H	205.5	140.8	▲ +46.0%	6.2%	5.0%	▲ +1.2 p.p.
Total	3,335.8	2,798.3	▲ +19.2%	100.0%	100.0%	► N/A

In relative terms, the loan operations classified under the “AA” to “C” risk ratings range accounted for 93.8% of Banese’s total loan portfolio (-1.2 p.p. compared to the 95.0% recorded in 4Q2020). Loans classified under the “D” to “H” risk ratings, which concentrate the operations with the highest credit risk, accounted for 6.2% of Banese’s loan portfolio (+1.2 p.p. versus 5.0% in 4Q2020).

Loans Quality by Portfolio in 4Q2021 – R\$ million

	Total	Commercial	Industrial	Rural	Real Estate	Others
AA	1,371.8	1,371.8	0	0	0	0
A	1,098.9	288.0	15.8	114.1	419.9	261.1
B	467.6	380.3	44.3	22.8	13.4	6.8
C	192.0	146.6	30.7	11.4	2.8	0.5
D - H	205.5	172.6	3.6	26.6	1.8	0.9
Total	3,335.8	2,359.3	94.4	174.9	437.9	269.3

As for the loan risk levels by segment, the products of the rural portfolio (in which loans classified as “D - H” account for 15.2% of the portfolio) have lower quality. The classification refers to the characteristics of the products and the relatively high volume of each operation.

Financial Investments

Financial Investments – R\$ million

	4Q2021	4Q2020	V12M	3Q2021	V3M
Short-Term Interbank Investments	1,514.7	1,744.0	▼ -13.1%	1,654.5	▼ -8.4%
Marketable Securities	1,398.0	1,237.9	▲ +12.9%	1,371.5	▲ +1.9%
Mutual Fund Shares	3.4	4.0	▼ -15.0%	2.5	▲ +36.0%
Fixed Income	1,394.6	1,233.9	▲ +13.0%	1,369.0	▲ +1.9%
Repurchase Transactions + Guarantees	13.6	8.4	▲ +61.9%	46.1	▼ -70.5%
Remunerated Compulsory Deposits	402.4	352.0	▲ +14.3%	367.1	▲ +9.6%
Total	3,328.7	3,342.3	▼ -0.4%	3,439.2	▼ -3.2%

Short-term interbank investments fell by 8.4% in 4Q2021 (R\$-139.8 million), due to the decrease in the volume of Repurchase Transactions. Year-over-year, short-term interbank investments fell by 13.1% (R\$-229.3 million), due to the reduction in Repurchase Transactions, Interbank Deposits (DI), and assets in compliance with Central Bank’s requirements (Rural DI).

Marketable Securities increased by 1.9% QoQ (R\$+26.5 million) and by 12.9% YoY (R\$+160.1 million), due to profitability and higher investments in Financial Treasury Bills (LFT).

In this context, Short-Term Interbank Investments and Marketable Securities totaled R\$2.9 billion at the end of December 2021, down by 3.7% QoQ (R\$-113.3 million) and by 2.3% YoY (R\$-69. million), due to the increase in loan operations.

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

Portfolio Profitability

Banese's treasury asset portfolio currently adopts a strategy to maintain investments in low-risk assets to maintain comfortable liquidity and capital levels, aimed at reaching profitability higher than the country's basic interest rate.

The YTD return on the portfolio reached 109.3% of the CDI in 4Q2021, lower than the 109.5% of the CDI recorded in 3Q2021, due to the mark-to-market (MtM) of the bank's portfolio of Financial Treasury Bills (LFT), and higher than the 97.7% profitability of the CDI recorded in 4Q2020, as a result of investments in private bonds with better remuneration, in addition to the reasons previously mentioned. The MtM of LFTs slightly fell in December 2021, ending the upward dynamic observed since the end of May 2021, when secondary market pricing improved because of the rise in the economy's basic interest rate. Despite the negative impact at the end of the year, MtM was positive, unlike the previous year. The Selic rate is expected to continue increasing in the short term, due to the inflationary scenario.

RESULTS ANALYSIS

Revenues

Breakdown of Revenue – R\$ million

	2021	2020		V12M	4Q2021	3Q2021		V3M
Loan Revenue	548.9	512.8	▲	+7.1%	150.9	140.4	▲	+7.5%
Revenue from Financial Investments	139.1	68.8	▲	+102.2%	57.8	40.7	▲	+42.0%
Income from Services	128.9	132.5	▼	-2.7%	32.4	34.5	▼	-6.1%
Revenue from Equity Investments	9.1	8.9	▲	+2.2%	0.02	1.5	▼	-98.7%
Other Operating Income	172.4	217.6	▼	-20.8%	42.2	43.9	▼	-3.9%
Non-Operating Revenue	1.6	0.3	▲	+433.3%	1.4	0.1	▲	+1300.0%
Total	1,000.0	940.9	▲	+6.3%	284.7	261.1	▲	+9.0%

Banese's revenue totaled R\$1,000.0 million in 2021, up by 6.3% over 2020. The major changes were in revenues from financial investments (R\$+70.3 million), mainly due to the interest rate rise in Brazil, combined with allocation in better-remunerated assets; and loan revenue (R\$+36.2 million), directly influenced by the increase in the portfolio. Regarding other operating revenues, revenues from loans linked to SFH fell by R\$-41.3 million. It is worth noting the recognition of revenue from the Salary Variation Compensation Fund (FCVS) lawsuit in 2020, with a final and unappealable decision for Banese. Positive variation of R\$1.3 million in non-operating revenues from capital gains.

Revenues totaled R\$284.7 million in 4Q2021, especially revenue from financial investments (R\$+17.1 million), impacted by the rise in the Selic rate; and loan revenue (R\$+10.5 million), resulting from the portfolio growth.

Revenue from Services totaled R\$32.4 million in 4Q2021, reaching R\$128.9 million in 2021, down by 6.1% QoQ and by 2.7% YoY, periods with the highest decreases in the collection of fund transfer-related revenue (issue of TED/DOCs and interbank account transfers, as a result of Pix transactions).

To remain competitive and aligned with the banking market in offering innovative solutions, Banese has been developing new services linked to instant payment methods – Pix (Pix Withdrawal, Pix Change) and analyzing opportunities for new sources of revenue, as well as improving the current services offered to provide a better user experience.

Costs and Expenses

Direct Operating Costs – R\$ million

	2021	2020		V12M	4Q2021	3Q2021		V3M
Funding Expenses	199.9	123.0	▲	+62.5%	79.8	54.8	▲	+45.6%
Earnings from Marketable Securities	3.6	3.7	▼	-2.7%	0.1	1.7	▼	-94.1%
Loan Obligations Expenses	11.9	6.2	▲	+91.9%	3.5	3.7	▼	-5.4%
Total	215.4	132.9	▲	+62.1%	83.4	60.2	▲	+38.5%

The total direct costs of the operations increased by 62.1% YoY (R\$+82.5 million) and by 38.5% QoQ (R\$+23.2 million), both of which directly related to the rise in the basic interest rate (Selic) and higher volume of remunerated funding in the period.

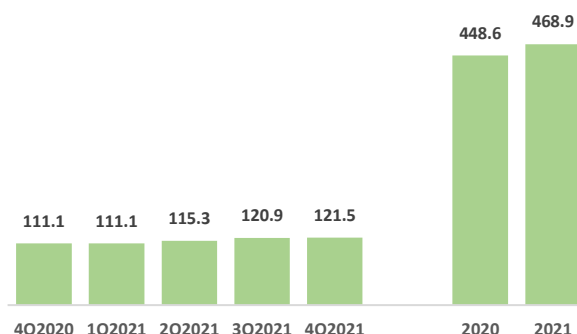
The YoY increase in expenses with loan and onlending obligations was a result of funds received from BNDES and FNE, where expenses are generated as the transactions are released.

Net Interest Income (NII)

Net Interest Income (Credit Revenue Plus Income from Financial Investments less Direct Funding Costs) increased by 0.5% QoQ and by 4.5% YoY.

The result is a combination of factors already presented in the previous items mentioned in this report, such as the increase in revenues from financial investments and loans that were higher than the funding expenses.

Net Interest Income (NII) - R\$ million



Personnel/Payroll Expenses - R\$ million

	2021	2020		V12M	4Q2021	3Q2021		V3M
Payroll	105.9	150.9	▼	-29.8%	27.4	28.3	▼	-3.2%
Benefits	22.5	28.3	▼	-20.5%	6.4	5.6	▲	+14.3%
Social Charges	45.5	50.4	▼	-9.7%	12.1	11.6	▲	+4.3%
Training and Others	0.5	0.3	▲	+66.7%	0.3	0.1	▲	+200.0%
Total	174.4	229.9	▼	-24.1%	46.2	45.6	▲	+1.3%

Personnel expenses fell by 24.1% YoY (R\$-55.5 million). It is worth noting that the payment of financial and social benefits provided for in the Retirement Incentive Program (PEA) (around R\$46 million) was recorded in 4Q2020 and comprises the total number of employees who joined the program. In 2021, 150 employees were dismissed, corresponding to 55% of the adhesions and an accumulated decrease of 16% in Banese's headcount.

The new employees approved in the competitive examination were not hired in 2021, contributing to the reduction of personnel expenses, and in-person corporate training and availability of new scholarships were suspended, given the still critical moment of the Covid-19 pandemic.

The payroll coverage ratio was 74.0% in 2021, 16.3 p.p. higher than the ratio recorded in 2020. It fell by 5.5 p.p. in 4Q2021. The Administrative Coverage Ratio reached 35.0% in 4Q2021, a YoY increase of +1.4 p.p.

Other Administrative Expenses – R\$ million

	2021	2020		V12M	4Q2021	3Q2021		V3M
Outsourced Services	91.8	79.3	▲	+15.8%	24.7	23.9	▲	+3.3%
Consumption, Maintenance and Materials	21.5	21.0	▲	+2.4%	6.4	5.2	▲	+23.1%
Financial Services and Data Processing	39.5	28.2	▲	+40.1%	8.8	9.5	▼	-7.4%
Insurance	4.0	3.6	▲	+11.1%	0.6	0.8	▼	-25.0%
Transportation of Cash	10.6	9.8	▲	+8.2%	2.7	2.7	►	N/A
Taxes	1.1	1.9	▼	-42.1%	0.2	0.2	►	N/A
Other Expenses	25.4	20.8	▲	+22.1%	12.5	4.7	▲	+166.0%
Total	193.9	164.6	▲	+17.8%	55.9	47.0	▲	+18.9%

Other administrative expenses increased by 17.8% YoY (R\$+29.3 million), especially Outsourced Services (with Technical Advisors and Ponto Banese – Correspondent Bank in Brazil); Financial Services and Data Processing (with BB cash costs, software maintenance, and provision of IT services); and Other Expenses (with Promotions and Public Relations – sponsorships and donations). The increase came to 18.9% in 4Q2021 (R\$+8.9 million), especially from Other Expenses (with expenses with Promotions and Public Relations, Marketing and Advertising of R\$+9.4 million); and Consumption, Maintenance, and Materials (with Electricity and Asset Preservation of R\$+4.8 million).

Other Operating Expenses – R\$ million

	2021	2020		V12M	4Q2021	3Q2021		V3M
Amortization and Depreciation	14.0	16.3	▼	-14.1%	3.2	3.4	▼	-5.9%
Provisions for Loan Operations	147.5	140.8	▲	+4.8%	41.9	45.3	▼	-7.5%
Loan Depreciation	3.2	29.2	▼	-89.0%	0.7	0.7	►	N/A
Liability Provisions	28.0	63.2	▼	-55.7%	4.5	7.6	▼	-40.8%
Partnership with the Court of Justice	17.2	17.5	▼	-1.7%	3.8	3.9	▼	-2.6%
ISS/PIS/COFINS Taxes	35.9	37.3	▼	-3.8%	9.4	9.2	▲	+2.2%
Discounts Granted	4.5	4.3	▲	+4.7%	0.1	0.3	▼	-66.7%
Profit Sharing	12.4	8.1	▲	+53.1%	2.8	1.9	▲	+47.4%
Others	10.0	22.5	▼	-55.6%	2.1	1.8	▲	+16.7%
Total	272.7	339.2	▼	-19.6%	68.5	74.1	▼	-7.6%

Other Operating Expenses fell by R\$66.5 million YoY, especially with the decrease of expenses with Liabilities Provisions (R\$-35.2 million), considering that in 2020 the Bank recorded liabilities provisions of labor lawsuits related to satisfying the judgment of claims related to Paid Weekly Rest (DSR); and Others (R\$-12.5 million), due to lower expenses with the operationalization of the loan business (loyalty assignment, refund of loan paid in installments to customers and investors) and interest from actuarial liabilities.

The YoY increase in expenses with Provisions for Loan Operations was mainly a result of the portfolios' growth. The QoQ decrease in expenses with provisions was influenced by the Commercial loan portfolio.

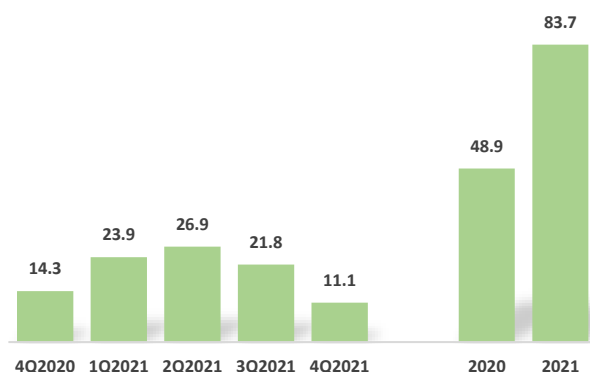
Net Income

Banese's net income totaled R\$83.7 million in 2021, up by 71.2% over 2020. In 4Q2021, net income came to R\$11.1 million, impacted by the equity pick-up expense, the effect of the tax credit from the change of the CSLL rate, and other expenses previously mentioned.

The evolution in the 2021 result was a consequence of the behavior of the business, with the expansion of the loan portfolio, funding maintaining a growth rate, and operating costs directly impacted by the rise in inflation and the economy's basic interest rate (Selic). We can highlight other operating revenues with a positive effect of reversals of provisions for tax lawsuits with a final and unappealable decision for Banese, recovery of credits written-off as loss, and interest of actuarial liabilities according to CPC 33 (R1) and CPC 23.

It is also worth noting the adjustment, in December 2020, of (i) the accounting of Actuarial Liabilities under the rules of CPC 33 (R1); and (ii) Interest on Equity inherent to Equity Pick-Up, according to CPC 23, of R\$-5.5 million in the Net Income for 2020, totaling R\$48.9 million.

Net Income - R\$ Million



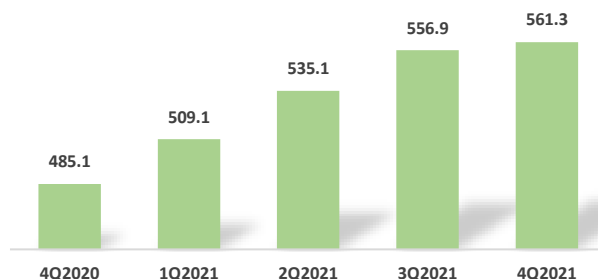
Shareholders' Equity

Banese's Shareholders' Equity increased by 15.7% YoY and by 0.8% QoQ.

The increase in the quarter was due to the incorporation of results in the period and the actuarial valuation adjustment related to Banese employees' supplementary pension plan contracted with Instituto Banese de Seguridade Social – SERGUS (defined benefit plan), according to CPC 33 (R1), approved by CVM Resolution 695/2012; and was also influenced by the payment of Interest on Equity.

The actuarial adjustment impacted Banese's Shareholders' Equity by R\$+5.3 million at the end of 4Q2021, 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\$-8.2 million in 4Q20 and R\$-4.0 million in 3Q21.

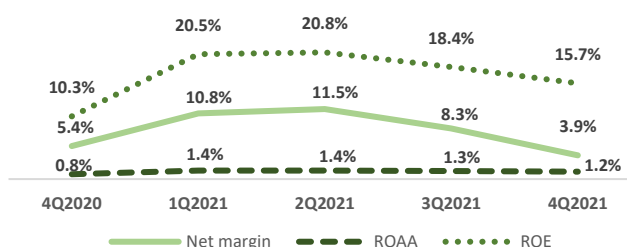
Shareholders' Equity - R\$ Millions



Profitability and Yield Ratios

Return on Equity (ROE) and Return on Average Assets (ROAA) increased YoY, while Net Margin fell in the same period. The ratios achieved by Banese were a consequence of the results and businesses presented in this report.

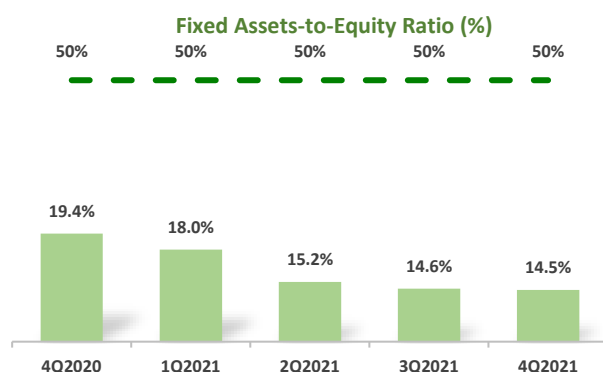
Profitability and Yield Ratios (%)



Capitalization and Basel Ratio – R\$ million

Ratios and Capitalization	2021	2020		V12M	4Q2021	3Q2021		V3M
Reference Equity	613.2	444.1	▲	+38.09%	613.2	603.3	▲	+1.65%
Tier I	499.9	400.7	▲	+24.77%	499.9	495.1	▲	+0.98%
Tier II	113.3	43.3	▲	+161.30%	113.3	108.2	▲	+4.71%
Basel Ratio	13.15%	11.18%	▲	+1.97 p.p.	13.15%	13.35%	▼	-0.20 p.p.
Principal Capital Ratio	10.72%	10.09%	▲	+0.63 p.p.	10.72%	10.96%	▼	-0.24 p.p.
Capital Rate Tier I	10.72%	10.09%	▲	+0.63 p.p.	10.72%	10.96%	▼	-0.24 p.p.
Minimum Basel Ratio + ACP	10.00%	9.25%	▲	+0.75 p.p.	10.00%	9.625%	▲	+0.38 p.p.
Margin on Reference Equity, including capital for coverage of Interest Rate Risk of Banking Portfolio and ACP.	119.8	55.5	▲	+115.84%	119.8	142.1	▼	-15.69%

Banese's Conglomerate Basel Ratio totaled 13.15% at the end of 2021, up by 1.97 p.p. over the index at the end of 2020, mainly due to the 24.77% growth in the Tier II Reference Equity (approximately R\$99.2 million), than the accumulated result of the period and the reduction of prudential adjustments, as due to the increase of the Level II Reference Equity by 161.30% (approximately R\$70.0 million), due to subordinated financial notes.



Fixed Asset-to-Equity Ratio

The fixed asset-to-equity ratio ended 4Q2021 at 14.5%, down by 0.1 p.p. QoQ, due to the increase in permanent assets (approximately R\$8.2 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 August 30, 2021, Fitch Ratings affirmed the Bank's National Long-Term Rating at 'A-(bra)' (A minus (bra)) and changed the outlook from Negative to Stable. The review of the outlook to Stable reflects Fitch's view that the impacts of the coronavirus pandemic on Banese's business model and financial profile were lower than expected, mainly on credit quality and profitability metrics.

On June 29, 2021, Moody's América Latina Ltda ("Local Moody's") assigned Banese an AA-.br rating, with an AA-.br rating on the Bank's long-term deposits and an ML A-1.br rating on its short-term deposits, both on a national scale, with a negative outlook, due to the exposure of its business segments that are more vulnerable to the Covid-19 pandemic, which can affect asset quality and profitability.

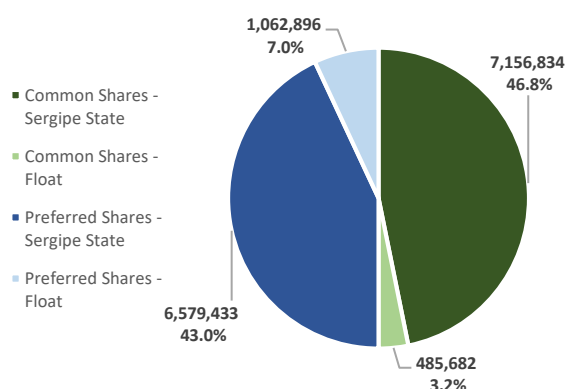
On December 15, 2021, Moody's Investors Service (Moody's) assigned a Ba2 rating on Banese's deposits in foreign currency, considering its strong liquidity metrics, as well as the generation of recurring earnings, which guarantees the replacement of the

Bank's capital. The negative outlook reflects the challenges to the quality and profitability of Banese's assets, arising from rapid credit growth and exposure to business segments more vulnerable to inflation, and weak economic activity.

Agency	Scale	Long Term	Short Term	Outlook
Fitch Ratings	National	A- (bra)	F1 (bra)	Stable
Moody's Local	National – Deposits	AA-.br	ML A-1.br	Negative
Moody's Investor Service	Global in Domestic Currency – Deposits	Ba2	Not Prime	Negative
	Global in Foreign Currency – Deposits	Ba2	Not Prime	Negative

ADDITIONAL INFORMATION

Banese on B3



Banese's ownership structure in 4Q2021 was comprised of 89.8% of shares owned by the State Government of Sergipe and 10.2% at Free Float. The outstanding shares are comprised of 31.3% common shares and 68.7% preferred 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

At the end of 2021, Banese's customer base totaled 821,478 current and savings accounts, consisting of 795,672 individual customers and 25,806 legal entities.

Banese has invested in the availability of a larger products and services portfolio on digital channels and in improving the usability of virtual services. Due to the pandemic, this investment was intensified so that customers have safe access to products, services, and transactions, without having to go to a physical service point, minimizing the exposure risk. With Banese's Virtual Service, the customer has several products and services available and can schedule a time for in-person service, without queues and more security.

The use of self-service channels to make transactions has become a priority to Banese's customers, as 85.3% of the total transactions were made in self-service channels in 2021, with 77.4% on digital channels alone.

The volume of transactions carried out on the Internet and Mobile Banking channels increased by 22.7% in 2021 over 2020, while the transaction volume grew by 127.6% YoY.

Channel Data

	2021	2020		V12M	4Q2021	3Q2021		V3M
Branches	63	63	►	N/A	63	63	►	N/A
Service Points	09	09	►	N/A	09	09	►	N/A
ATMs	476	486	▼	-10	476	464	▲	+12
Bank Correspondents in Brazil	218	204	▲	+14	218	210	▲	+8
Transactions in Branches, ATMs and Bank Correspondents	34.9 million	37.6 million	▼	-7.2%	8.8 million	8.5 million	▲	+3.5%
Transaction Volume	R\$41.6 billion	R\$36.0 billion	▲	+15.6%	R\$10.7 billion	R\$10.6 billion	▲	+0.9%
Online Transactions	122.2 million	99.6 million	▲	+22.7%	30.3 million	32.4 million	▼	-6.5%
Transaction Volume	R\$41.2 billion	R\$18.1 billion	▲	+127.6%	R\$11.1 billion	R\$9.9 billion	▲	+12.1%

Considering the growing number of transactions and financial volume handled through digital channels, the broad network of Correspondents in the country, and following the Company's Strategic Planning, Banese has been adapting its service network to this reality in recent years. Thus, the Bank ended 2021 with 63 branches, 54 of which were physical units (12 in the capital city and 42 in the countryside).

Financial Services – Banese 2.0

Banese continues to implement the strategy of providing its customers with innovative means of payment and banking services through new technologies. In 2021, we highlight the inclusion of the Digital Recharges service (which serves the customer daily consumption services such as Games, Uber, Netflix, Spotify) and the new functionalities of the Instant Payment System (Pix).

Investments in Human Capital

Banese has invested in the professional development and improvement of its employees through several initiatives, including the Banese Corporate University, the Educational Training Incentive Program, the Apprenticeship Program, and the Continuing Certification Program, among other actions. The Bank also encourages the search for self-development, aiming to raise the performance and engagement of teams.

The Professional Training Program is part of Banese's continued educational framework. It complies with the institution's strategic requirements as it furthers the applicability of new knowledge to institutional dynamics by granting scholarships at 50% of the cost for undergraduate, graduate, English language courses, and learning platforms. Specialization and foreign language courses have the largest number of active scholarships.

In 2021, we expanded the audience of the virtual learning platform by including the other companies in the Banese Group and young apprentices, and we also added new courses and maintained the campaigns for publicizing of courses. These initiatives led to 559 courses concluded in 4Q2021 alone, and 2,715 courses concluded in 2021. We also highlight the courses Anti-Money Laundering and Fight to Terrorist Financing Policy, and Data Privacy focused on the General Data Protection Regulation (GDPR). In 2021, Banese licensed employees to act as Corporate Educators to establish and strengthen a culture of continuous learning and organizational development, as it is co-responsible for the production of content and training programs.

Aiming to boost continuing certification, the Bank also offers a program that encourages obtaining certifications and attending events and training. As a result, Banese seeks to improve the technical knowledge of its employees so that they can carry out their professional activities with excellence, and sustainably maintain the Bank's competitiveness regarding the other players on the

financial market. Banese also developed several actions to further health, engage and train its employees, and implemented initiatives to make its internal processes more transparent and isonomic.

BANESE CONGLOMERATE

Banese's economic conglomerate is comprised by Banese and SEAC - Sergipe Administradora de Cartões e Serviços S.A. (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.

SEAC - Sergipe Administradora de Cartões e Serviços S.A.

SEAC offers solutions for payment methods and related services, focused on the market of credit cards, vouchers, and acquisition solutions.

The number of qualified customers grew by 3.6% YoY and by 0.9% QoQ, to 637,800 customers in 4Q2021. The volume of transactions using products managed by SEAC and other brands, including its brand TKS, totaled R\$1,059.9 million at the end of 4Q2021, 21.5% higher YoY and 9.7% higher QoQ.

The financial volume of Banese Card (product with a 68.2% share within the portfolio) reached R\$723.2 million in 4Q2021, up by 18.2% YoY and by 13.0% QoQ. The financial volume generated by Other Brands (with a 24.3% share) totaled R\$257.2 million in 4Q2021. This performance is due to new partnerships with large retail chains, extensive accreditation actions, expanded revolving limits, and greater acceptance, including in e-commerce, enabled by the co-branding of cards through the partnership with the Elo brand.

In 2Q2021, SEAC prioritized the creation of new products, furthering architecture and product optimization, improving its service channels, and continued to follow the trends of the payment methods market. In 2021, the number of states using the Banese Card Elo Nanquim moved up from six to 27, as a result of successful promotional campaigns and marketing strategies. We also launched the new Banese Card ELO Nanquim OAB, following the same standard of ELO Nanquim, providing exclusivity to Lawyers of Sergipe.

In addition, in partnership with the State Government, 67 municipalities in Sergipe received the *Mais Inclusão Sergipe pela Infância* (More Inclusion in Sergipe for Childhood) Card, fulfilling one of the structuring actions of *Sergipe Pela Infância* (PSPI) (Sergipe for Children) Program, and Lagartense Card, a new municipal social program that will prioritize single mothers in situations of social vulnerability.

Banese Corretora de Seguros

Aiming at always improving customer service, Banese Administradora e Corretora de Seguros Ltda. has consolidated its partnership with the main Brazilian insurance companies, offering the best solutions in the diverse insurance segments and seeking to expand the product portfolio offered to the public.

In 4Q2021, the insurance broker recorded R\$43.8 million in contracted insurance, a 51.8% increase over the same period in 2020. The volume of insurance contracted totaled R\$136.1 million in 2021, up by 12.6% YoY. The increase was mainly due to higher volumes of Personal Accident, Consortium, and Credit insurances contracted. Compared to the previous quarter, the volume of contracted insurance increased by 8.0%.

Revenue from insurance contracts increased by 22.3% in 2021 over 2020, and by 88.3% in 4Q2021 over 4Q2020.

Instituto Banese and Museu da Gente Sergipana

Instituto Banese has sought to be an agent of transformation through actions and investments aimed at the interests of the society of the State of Sergipe, to be recognized as a source of knowledge, inspiration, and improvement of artistic and cultural expressions. With the creation of social and environmental responsibility actions in line with government policies, Instituto Banese benefited 10,002 people in 4Q2021, directly linked to strategic projects in the 12 supported and sponsored entities, and indirectly benefited several other people. In 2021, 40,289 people were benefited.

Museu da Gente Sergipana Governador Marcelo Déda, 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. With the museum's virtual tour platform launched in 2020, the visitor can discover, meet, research, and revisit the historical and cultural content represented by traditions, customs, architectural heritage, biodiversity, cuisine, economic aspects, and cultural manifestations in a 360° tour through the entire museum.

In 2021, the Banese Group launched, through Instituto Banese, ProjetarSE, a center to provide technical support to the municipal governments of the State of Sergipe. It aims to guide the municipalities in raising funds for various types of works, developing architectural, urban planning, and engineering projects, and strengthening the institutional capacity of the municipal governments. In its first year of operation, the initiative had 13 initiated projects and 33 municipalities registered, with the potential to improve the quality of life of over 200,000 people.

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

	12.31.2021	12.31.2020 Reapresentado
Revenue from Financial Intermediation	719,587	653,234
Credit Transactions	558,526	528,762
Income from Marketable Securities Transactions	146,950	86,255
Earnings from Compulsory Investment	14,111	38,217
Financial Intermediation Expenses	(331,338)	(212,822)
Market Funding Operations	(197,394)	(120,981)
Loans and Onlending	(11,944)	(6,216)
Provision for Expected Credit Loss Associated with Credit Risk	(71,910)	(50,511)
Provision for Revolving Credit Card Loan	(50,090)	(35,114)
Gross Income from Financial Intermediation	388,249	440,412
Other Operating Revenues (Expenses)	(202,736)	(277,589)
Service Revenues	163,098	135,688
Banking Fee Revenue	67,525	76,354
Personnel Expenses	(215,925)	(265,073)
Other Administrative Expenses	(267,787)	(232,988)
Tax Expenses	(62,677)	(59,837)
Equity Income in Affiliates and Subsidiary	-	-
Other Operating Revenues	180,677	126,736
Other Operating Expenses	(67,647)	(58,469)
Expenses with Provisions	(33,149)	(68,904)
Expenses with Legal Provisions	(33,149)	(68,904)
Operating Income	152,364	93,919
Pre-tax Income	152,364	93,919
Income and Social Contribution Taxes	(52,600)	(24,955)
Expenses with Income Tax	(29,192)	(43,283)
Expenses with Social Contribution Tax	(26,968)	(34,089)
Deferred Tax Asset	3,560	52,417
Profit Sharing – Employees and Management	(12,440)	(8,093)
Net Income Before Non-Controlling Interest	87,324	60,871
Non-Controlling Interests	(3,585)	(11,968)
Net Income	83,739	48,903

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

	12.31.2021	12.31.2020
Revenue from Financial Intermediation	710,872	634,048
Credit Transactions	561,177	530,748
Income from Marketable Security Transactions	135,584	65,083
Earnings from Compulsory Investment	14,111	38,217
Financial Intermediation Expenses	(283,756)	(179,688)
Market Funding Operations	(199,902)	(122,961)
Loans and Onlending	(11,944)	(6,216)
Provision for Expected Credit Loss Associated with Credit Risk	(71,910)	(50,511)
Provision for Revolving Credit Card Loan	-	-
Gross income from Financial Intermediation	427,116	454,360
Other Operating Revenues (Expenses)	(255,485)	(320,915)
Service Revenues	61,534	56,371
Banking Fee Revenue	67,525	76,354
Personnel Expenses	(178,631)	(233,579)
Other Administrative Expenses	(202,542)	(175,348)
Tax Expenses	(36,995)	(39,147)
Equity Income In Affiliates and Subsidiary	5,277	8,923
Other Operating Revenues	68,612	34,961
Other Operating Expenses	(40,265)	(49,450)
Expenses with Provisions	(27,987)	(63,245)
Expenses with Legal Provisions	(27,987)	(63,245)
Operating Income	143,644	70,200
Non-Operating Income	143,644	70,200
Pre-Tax Income	(47,465)	(13,204)
Income and Social Contribution Taxes	(23,588)	(38,404)
Expenses with Income Tax	(22,839)	(30,939)
Expenses with Social Contribution Tax	(1,038)	56,139
Deferred Tax Asset	(12,440)	(8,093)
Profit Sharing – Employees and Management	83,739	48,903
Net Income Before Non-Controlling Interest	-	-
Non-Controlling Interests	83,739	48,903
Net Income	710,872	634,048



Consolidated Balance Sheet – ASSETS (R\$ thousand)

	12.31.2021	12.31.2020 Reapresentado
CURRENT ASSETS	4,267,190	3,935,459
CASH AND CASH EQUIVALENTS	59,949	80,485
FINANCIAL INSTRUMENTS	4,318,810	3,940,388
INTERBANK INVESTMENTS	1,379,799	1,416,741
Reverse Repurchase Agreements	253,285	647,004
Interbank Deposits	1,126,514	769,737
MARKETABLE SECURITIES AND DERIVATIVE FINANCIAL INSTRUMENTS	877,706	819,728
Own Portfolio	830,700	811,286
Subject to Repurchase Agreements	12,989	7,821
Linked to Guarantees Given	650	621
Linked to Central Bank of Brazil	33,367	-
INTERBANK ACCOUNTS	500,869	394,853
Payments and Receivables to be Settled	93,351	29,464
Restricted Deposits:	407,518	365,349
- Central Bank Deposits	407,518	365,098
- Agreements	-	251
Correspondents	-	40
LOAN OPERATIONS	850,501	696,524
Loan Operations:	850,501	696,524
- Private Sector	850,501	696,524
OTHER RECEIVABLES	709,935	612,542
Unearned Income	12,220	13,813
Sundry	697,879	599,274
Allowance for Losses on Other Receivables Without Loan Characteristics	(164)	(545)
PROVISIONS FOR EXPECTED LOAN LOSSES	(116,336)	(88,413)
Provision for Loan Losses	(62,913)	(52,431)
Provision for Other Doubtful Accounts	(1,770)	(1,517)
Provision for Receivables Related to Payment Transactions	(51,653)	(34,465)
OTHER ASSETS	4,767	2,999
Other Assets	2,258	1,422
Prepaid Expenses	2,509	1,577
NON-CURRENT ASSETS	3,538,154	3,304,083
LONG-TERM RECEIVABLES	3,423,550	3,202,702
FINANCIAL INSTRUMENTS	3,188,066	2,962,251
INTERBANK INVESTMENTS	134,932	327,243
Interbank Deposits	134,932	327,243
MARKETABLE SECURITIES AND DERIVATIVE FINANCIAL INSTRUMENTS	582,520	536,912
Own Portfolio	582,520	536,912
INTERBANK ACCOUNTS	64,074	59,768
Restricted Deposits:	64,074	59,768
- National Housing System (SFH)	64,074	59,768
LOAN OPERATIONS	2,215,956	1,846,558
Loan Operations:	2,215,956	1,846,558
- Private Sector	2,215,956	1,846,558
OTHER RECEIVABLES	190,584	191,770
Unearned Income	20	29
Sundry	197,603	198,780
Allowance for Losses on Other Receivables Without Loan Characteristics	(7,039)	(7,039)

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

		12.31.2021	12.31.2020 Reapresentado
PROVISIONS FOR EXPECTED LOAN LOSSES		(63,943)	(48,761)
	Provision for Loan Losses	(63,943)	(48,761)
TAX CREDITS		222,296	216,916
	Tax credits on Temporary Differences	180,434	187,614
	Tax credits on Negative Tax Basis	1,573	4,833
	Tax credits on Taxes and Contributions to be Compensated	40,289	24,469
OTHER ASSETS		77,131	72,296
	Other Assets	77,818	73,957
	Allowance for Devaluation	(7,207)	(4,977)
	Prepaid Expenses	6,520	3,316
INVESTMENTS		-	-
	Interest in Affiliates and Subsidiaries	-	-
OTHER INVESTMENTS		6	6
	Other Investments	454	454
	Provisions for Losses	(448)	(448)
PROPERTY AND EQUIPMENT FOR USE		252,534	236,273
	Property for Use	74,103	74,193
	Other Property and Equipment Items for Use	178,431	162,080
INTANGIBLE ASSETS		88,975	74,321
	Intangible Assets	88,975	74,321
DEPRECIATION AND AMORTIZATION		(226,911)	(209,219)
	Accumulated Amortization of Property and Equipment Items for Use	(163,418)	(150,179)
	Accumulated Amortization of Intangible Assets	(63,493)	(59,040)
TOTAL		7,805,344	7,239,542



Consolidated Balance Sheet – LIABILITIES (R\$ thousand)

	12.31.2021	12.31.2020 Reapresentado
CURRENT LIABILITIES	5,347,538	5,090,172
DEPOSITS AND OTHER FINANCIAL INSTRUMENTS	4,758,963	4,373,682
DEPOSITS	4,654,986	4,280,166
Demand Deposits	1,142,761	1,036,185
Savings Deposits	1,937,941	1,879,392
Interbank Deposits	152,007	139,906
Time Deposits	1,419,439	1,222,472
Other-Deposits	2,838	2,211
INTERBANK ACCOUNTS	6,695	4,839
Receivables and Payments to be Settled	6,695	4,839
FUNDS FROM ACCEPTANCE AND ISSUE OF NOTES	40,364	43,873
Funds from Real Estate, Mortgage, Credit and Similar Notes	40,364	43,873
LOCAL ONLENDING – OFFICIAL INSTITUTIONS	56,918	44,804
BNDES	2,925	1,276
FINAME	382	438
Other Institutions	53,611	43,090
OTHER LIABILITIES	588,575	716,490
Collection of Taxes and Alike	2,948	660
Social and Statutory Charges	17,457	16,547
Tax and Social Security Obligations	14,510	34,842
Third-Party Funds in Transit	298	262
Sundry	553,362	664,179
NON-CURRENT LIABILITIES	1,850,376	1,618,314
DEPOSITS AND OTHER FINANCIAL INSTRUMENTS	1,539,737	1,324,435
DEPOSITS	1,427,559	1,192,276
Time Deposits	1,427,559	1,192,276
OPEN MARKET FUNDING	4,177	7,814
Own Portfolio	4,177	7,814
FUNDS FROM ACCEPTANCE AND ISSUE OF NOTES	20,369	38,700
Funds from Real Estate, Mortgage, Credit and Similar Notes	20,369	38,700
LOCAL ONLENDING – OFFICIAL INSTITUTIONS	87,632	85,645
BNDES	7,897	11,212
FINAME	415	801
Other Institutions	79,320	73,632
OTHER LIABILITIES	131,013	109,410
Social and Statutory Charges	4,318	-
Subordinated Debts	126,105	108,414
Sundry	590	996
PROVISIONS	169,793	174,118
Provisions for Contingencies	169,793	174,118
DEFERRED INCOME	9,833	10,351
Deferred Income	9,833	10,351

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

	12.31.2021	12.31.2020 Reapresentado
SHAREHOLDERS' EQUITY	607,430	531,056
Capital - Domiciled in Brazil	426,000	348,000
Capital Increase	-	78,000
Profit Reserves	130,044	67,305
Equity Valuation Adjustments	5,278	(8,177)
Non-Controlling Interests	46,108	45,928
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	7,805,344	7,239,542

Consolidated Statement of Value Added (R\$ thousand)

	12.31.2021	12.31.2020 Reapresentado
VALUE ADDED CALCULATION		
Revenue from Financial Intermediation	719,587	653,234
Financial Intermediation Expenses	(331,338)	(212,822)
Other Operating Revenues (Expenses/Provisions)	79,881	(637)
Service revenue	230,623	212,042
Materials, Energy, Third-Party Services and Other Expenses	(241,699)	(202,111)
Gross Value Added	457,054	449,706
Retentions	(18,494)	(20,097)
Amortization	(4,411)	(4,931)
Depreciation	(14,083)	(15,166)
Net Value Added Produced by the Company	438,560	429,609
Value Added Received in Transfer	-	-
Equity Pickup	-	-
Value Added to be Distributed	438,560	429,609
DISTRIBUTION OF VALUE ADDED		
Government	115,277	84,792
Tax Expenses	59,117	7,420
Income and Social Contribution Taxes	56,160	77,372
Employees	228,365	273,166
Salaries and Fees	133,735	173,984
Social Charges	47,173	51,689
Private Pension Plan	5,548	5,081
Benefits and Training	29,469	34,319
Profit Sharing	12,440	8,093
Rents	3,678	4,621
Taxes and Contributions	3,916	6,159
Shareholders	21,000	13,164
Interest on Equity	21,000	13,164
Non-Controlling Interests	3,585	11,968
(Accumulated Losses) / Retained Earnings	62,739	35,739
Value Added Distributed	438,560	429,609



Consolidated Cash Flow (R\$ thousand)

	12.31.2021	12.31.2020 Reapresentado
CASH FLOW FROM OPERATING ACTIVITIES		
Adjusted net income	153,869	167,639
Net Income	83,739	48,903
Adjustment to Net Income	70,130	118,736
Allowance for Loan Losses	71,910	50,511
Provision/ (Reversal) for Restricted Deposits-FCVS	3,245	29,220
Depreciation and Amortization	18,949	20,476
PIS and COFINS tax Credit on Depreciation with Affiliates	(455)	(379)
Adjustment of Provision for Liabilities	33,149	68,904
Other Operational Provisions	15,398	13,597
Expense for Loyalty Bonus	835	5,846
Other Provisions	-	2,167
Marketable Securities Marking to Market	(998)	2,158
Deferred Tax Asset	(3,560)	(50,161)
Capital Losses	5,924	2,106
Reversal of Other Operating Provisions	(29,024)	(7,693)
Inflation Adjustment	(8,608)	(3,856)
Equity Income in Subsidiaries	-	-
Gains / (Losses) Other Comprehensive Income	13,455	20,954
Provision for Revolving Credit Card Loan	(50,090)	(35,114)
Variation in Assets and Liabilities	(511,438)	(17,515)
(Increase) Decrease in Short-Term Liquidity Investments	(164,466)	(754,719)
(Increase) Decrease in Marketable Securities and Derivative Financial Instruments	(102,588)	(128,015)
(Increase) Decrease in Interbank Accounts (Assets/ Liabilities)	(111,711)	(88,468)
(Increase) Decrease in Credit Transactions	(523,375)	(9,609)
(Increase) Decrease in Other Assets	(6,603)	(28,486)
(Increase) Decrease in Other Credits	(60,939)	(53,422)
(Increase) Decrease in Provisions for Losses Associated with Credit Risk	21,285	(31,270)
(Increase) Decrease in Other Receivables	(5,380)	(51,780)
Increase (Decrease) in Deposits	610,103	1,011,622
Increase (Decrease) in Funds Obtained in the Open Market	(3,637)	7,710
Increase (Decrease) in Borrowings and Onlending	14,101	37,565
Increase (Decrease) in Deferred Income	(518)	(704)
Increase (Decrease) in Other Liabilities	(140,236)	93,433
Increase (Decrease) in Provisions provided by provided by	(37,474)	(21,372)
NET CASH GENERATED FROM OPERATING ACTIVITIES	(357,569)	150,124
CASH FLOW FROM INVESTING ACTIVITIES		
Transfer of Property in Use to Freelease	(109)	123
Acquisition of Property and Equipment for Use	(17,498)	(14,158)
Write-off of Property and Equipment for Use and Intangible	455	379
Disposal of property and equipment	1,010	506
Disposal of Depreciation	(1,199)	-
Intangible Asset Investments	(14,612)	(5,738)
Transfer for non-use assets	236	-
Dividends Received from Subsidiary	-	-
NET CASH FROM (USED IN) INVESTING ACTIVITIES	(31,717)	(18,888)
CASH FLOW FROM FINANCING ACTIVITIES		
Non-Controlling Interests	180	9,288
Dividends Paid to Non-Controlling	-	(1,712)
Dividendos Adicionais Propostos Não Pagos	-	(2,742)
Interest on Capital	(21,000)	(16,903)
Increase (Decrease) in Real Estate	(21,840)	(16,432)
Subordinated Debts	17,691	11,141
NET CASH PROVIDED BY /USED IN FINANCING ACTIVITIES	(24,969)	(17,360)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(414,255)	113,876
Cash and banks at the beginning of the period	727,489	613,613
Cash and banks at the end of the period	313,234	727,489