



Banese



BANCO DO ESTADO DE SERGIPE S.A. – BANESE 2Q2021 EARNINGS RELEASE

For immediate disclosure: Aracaju, August 13, 2021. 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 the 2Q2021. For additional information, please access Banese’s investor relations website at <https://ri.banese.com.br/>.

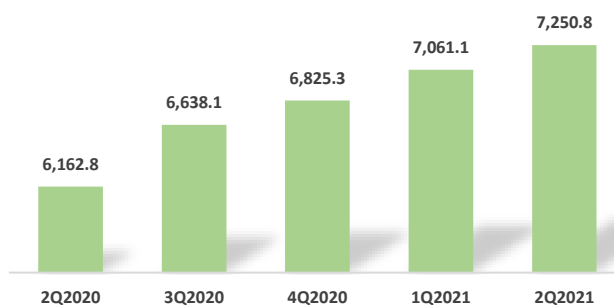
BANESE RECORDS NET INCOME OF R\$26.9M LOAN ASSETS AND VOLUME CAPTURED CONTINUE GROWING

2Q2021 Highlights

All comparisons in this section refer to 2Q2020 (12M)

- Total assets of R\$7.3 billion (+17.7%)
- Net Equity of R\$535.1 milhões (+8.9%);
- Net Income of R\$26.9 million (+209.2%)
- Total Funding of R\$6.3 billion (+17.6%)

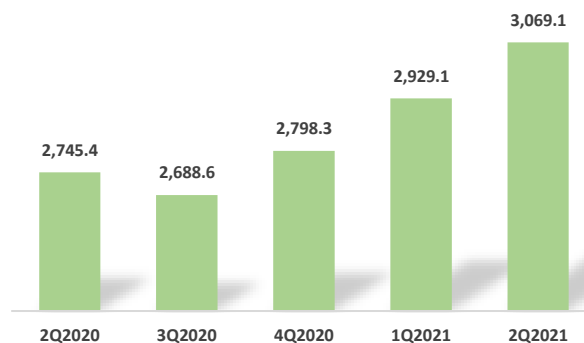
TOTAL ASSETS - R\$ Million



All comparisons in this section refer to 1Q2021 (3M)

- Loan operations reached the mark of R\$3.1 billion (+4.8%)
- Revenues from Financial Investments totaled R\$25.0 million (+60.3%)
- Net Interest Income of R\$115.3 million (+3.8%)
- Delinquency Rate fell slightly, by 0.09 p.p.

LOAN OPERATIONS - R\$ Millions



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Equity Items - R\$ million	2Q2021	1Q2021		V3M	1H2021	1H2020		V12M
Total Assets	7,250.8	7,061.1	▲	+2.7%	7,250.8	6,162.8	▲	+17.7%
Loan Operations	3,069.1	2,929.1	▲	+4.8%	3,069.1	2,745.4	▲	+11.8%
Financial Investments ⁽¹⁾	3,443.5	3,384.4	▲	+1.7%	3,443.5	2,917.7	▲	+18.8%
Total Funding	6,320.2	6,165.8	▲	+2.5%	6,320.2	5,376.5	▲	+17.6%
Net Equity	535.1	509.1	▲	+5.1%	535.1	491.5	▲	+8.9%

Income Statement Items - R\$ million	2Q2021	1Q2021		V3M	1H2021	1H2020		V12M
Total Revenue	233.3	220.9	▲	+5.6%	454.2	421.4	▲	+7.8%
Gross Income from Financial Intermediation	110.2	113.2	▼	-2.7%	223.4	197.5	▲	+13.1%
Operating Result	45.2	41.0	▲	+10.2%	76.6	50.8	▲	+50.8%
Financial Margin ⁽²⁾	113.7	121.9	▼	-6.7%	235.6	237.6	▼	-0.8%
EBITDA ⁽³⁾	40.8	40.1	▲	+1.7%	80.9	53.8	▲	+50.4%
Net Income	26.9	23.9	▲	+12.6%	50.8	25.4	▲	+100.0%
Net Interest Income (NII) ⁽⁴⁾	115.3	111.1	▲	+3.8%	226.4	228.6	▼	-1.0%
Service Revenue	30.0	32.0	▼	-6.3%	62.0	66.5	▼	-6.8%
Provisions for Loan Losses	27.8	32.4	▼	-14.2%	60.2	72.1	▼	-16.5%
Administrative Expenses	85.8	87.7	▼	-2.2%	173.5	169.4	▲	+2.4%
Net Margin ⁽⁵⁾	11.5%	10.8%	▲	+0.7 p.p.	11.2%	6.0%	▲	+5.1 p.p.
EBITDA Margin ⁽⁶⁾	17.5%	18.2%	▼	-0.7 p.p.	17.8%	12.8%	▲	+5.0 p.p.

Efficiency Ratios and Measures (%)	2Q2021	1Q2021		V3M	1H2021	1H2020		V12M
Delinquency (% of the portfolio)	0.88%	0.97%	▼	-0.09 p.p.	0.88%	1.44%	▼	-0.56 p.p.
Basel Ratio	13.22%	11.33%	▲	+1.9 p.p.	13.22%	15.47%	▼	-2.3 p.p.
Net Interest Margin (NIM) ⁽⁷⁾	1.7%	1.7%	►	N/A	3.4%	4.0%	▼	-0.6 p.p.
Return on Assets (ROAA) ⁽⁸⁾	1.4%	1.4%	►	N/A	1.4%	0.9%	▲	+0.5 p.p.
Return on Net Equity (ROE) ⁽⁹⁾	20.8%	20.5%	▲	+0.3 p.p.	20.8%	11.5%	▲	+9.3 p.p.
Efficiency Ratio ⁽¹⁰⁾	61.2%	60.4%	▲	+0.8 p.p.	60.8%	64.1%	▼	-3.3 p.p.
Provisioning Coverage Ratio	3.5%	3.6%	▼	-0.1 p.p.	3.5%	4.8%	▼	-1.3 p.p.
Administrative Coverage Ratio ⁽¹¹⁾	34.9%	36.5%	▼	-1.6 p.p.	35.7%	39.3%	▼	-3.6 p.p.
Payroll Coverage Ratio ⁽¹²⁾	74.2%	76.0%	▼	-1.8 p.p.	75.1%	74.8%	▲	+0.3 p.p.

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

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

(3) Operational 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 Equity (annualized rate).

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

(11) Revenue from Services/Administrative Expenses.

(12) 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 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.

**Change of methodology in relation to the previous quarters.*

MESSAGE FROM MANAGEMENT

In the first six months of 2021, even with the worsening in sanitary conditions and new restrictive measures in March and April, the impact on the Brazilian economy was smaller, which shows that that market has learned to produce and sell even with reduced mobility of employees and consumers, although more intense than in 2020.

The expected Gross Domestic Product (GDP) for 2021 was increased in recent months to 5.0%. Accumulated inflation in the 12-month period ending June 2021 was 8.35%, the highest since September 2016 (8.48%). Consequently, the basic interest rate (SELIC), was raised to 4.25% during 1H2021, with the objective of controlling inflation. In this semester, the credit market increased in Brazil and Sergipe, for both companies and families, mainly in comparison with the first six months of 2020.

Banese continued to take care of its customers and employees, reinforcing measures to deal with COVID-19, in which we highlight the encouragement made for the use of digital channels, changes in the opening hours of our branches, limiting the operations to essential services, as well as the implementation of the Teleworking Program to maintain part of our employees working from home.

Even with the challenging economic scenario, due to the COVID-19 pandemic, the Bank's results reached R\$50.8 million in 1H2021, a 100.0% growth compared to the first half of 2020. Banese's loan portfolio continued to follow the growth trend for Brazil and Sergipe, having reached the historic milestone of R\$3 billion reais, increasing 11.8% in the annual comparison, due to the commercial actions and the Company's new Strategic Planning, which introduced a new organizational structures focused on sales. There was also a positive variation in equity rates such as Total Assets and Net Equity, which reflected the positive business environment in the period, as well as our continuous investment in innovation, technology, development of human capital and new products and services.

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 this first half of 2021. We also thank our clients and shareholders for their trust.

ANALYSIS OF OPERATIONS

Assets

Total Assets by Type – R\$ million

	2Q2021	1Q2021		V3M	2Q2020		V12M
Loan Assets	3,069.1	2,929.1	▲	+4.8%	2,745.4	▲	+11.8%
(-) Provisions	-107.4	-105.9	▲	+1.4%	-130.8	▼	-17.9%
Net Loan Assets	2,961.7	2,823.2	▲	+4.9%	2,614.6	▲	+13.3%
Financial Investments	3,076.7	3,011.2	▲	+2.2%	2,553.1	▲	+20.5%
Restricted Loans	467.5	448.0	▲	+4.4%	428.0	▲	+9.2%
Permanent Assets	180.8	176.2	▲	+2.6%	107.5	▲	+68.2%
Others	564.1	602.5	▼	-6.4%	459.6	▲	+22.7%
Total	7,250.8	7,061.1	▲	+2.7%	6,162.8	▲	+17.7%

The balance of total assets reached R\$7.3 billion at the end of 2Q2021, up by 17.7% in 12 months and 2.7% higher than the previous quarter.

Total asset growth in 12 months was mainly due to the increase in the volume of financial investments (R\$+523.6 million) and in net loan assets (R\$+347.1 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 2Q2021, we highlight the R\$138.5 million growth in net loan assets, driven by the growth in our commercial (R\$+89.7 million) and rural (R\$+38.8 million) portfolios, which were directly influenced by the granting of loans to individuals.

The volume of provisions increased by 1.61% in 2Q2021, as a result of the growth in our portfolio. In 12 months, the volume of provisions fell by 23.2% due to settlements and transfers of losses on loan operations in the corporate segment.

At the end of 2Q2021, net loans assets represented 40.8% of total assets and financial investments accounted for 42.4%. Net loan assets increased their relative share by 0.8 p.p. QoQ, while financial investments fell by 0.2 p.p.

The YoY positive variation in Permanent Assets is due to the R\$70 million capital contribution in October 2020 at SEAC - Sergipe Administradora de Cartões S.A., Company, belonging to Banese's conglomerate, whose main activity is offering solutions for payment methods, focusing on credit, debit, and benefit cards (food and meals), acting as issuer, creditor, and processor, now holding a 71.68% interest in the Company compared to the previous interest of 49.75%.

Funding

Funding by Product Line – R\$ million

	2Q2021	1Q2021		V3M	2Q2020		V12M
Demand Deposits	1,069.1	1,071.8	▼	-0.3%	858.7	▲	+24.5%
Savings Deposit	1,902.1	1,880.8	▲	+1.1%	1,616.2	▲	+17.7%
Judicial Deposits	1,243.7	1,153.9	▲	+7.8%	996.5	▲	+24.8%
Certificate of Bank Deposit/RDB	1,625.1	1,571.1	▲	+3.4%	1,463.8	▲	+11.0%
CDI/DPGE	147.4	152.2	▼	-3.2%	157.5	▼	-6.4%
LF/LFS/LCI	179.7	193.5	▼	-7.1%	183.3	▼	-2.0%
Repurchase Transactions	11.3	10.0	▲	+13.0%	4.2	▲	+169.0%
Onlending Obligations	141.8	132.5	▲	+7.0%	96.3	▲	+47.2%
Total	6,320.2	6,165.8	▲	+2.5%	5,376.5	▲	+17.6%

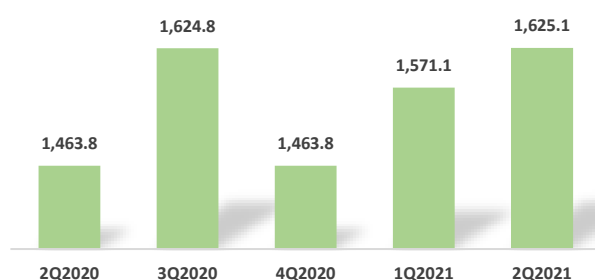
Banese ended 2Q2021 with a total funding of R\$6.2 billion, up by 2.5% (R\$+154.4 million) in the quarter, mainly from judicial deposits (R\$+89.8 million), Certificate of Bank Deposit/RDB (R\$+54.0 million) and savings deposits (R\$+21.3 million). In the YoY comparison, total funding increased by 17.6% (R\$+943.7 million), mainly due to savings deposits (R\$+285.9 million), judicial deposits (R\$+247.2 million), demand deposits (R\$+210.4 million) and Certificate of Bank Deposit/RDB (R\$+161.3 million).

The funding volume from interbank deposits (CDI) reduced by 3.2% (R\$-4.8 million) QoQ and fell by 6.4% (R\$-10.0 million) YoY, as a result of lower funding in Term Deposits with Special Guarantee from FGC (DPGE).

The balance of Subordinated Financial Bills increased by 3.5% in the quarter and by 14.8% in 12 months, due to inventory compensation. Financial Bills decreased by 35.6% in the quarter and were 38.0% lower in 12 months, due to maturities that were not renewed. Funding from Housing Loan Bills fell by 2.4% in the quarter, also due to maturities that were not renewed, and increased slightly by 0.4% YoY due portfolio compensation.

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

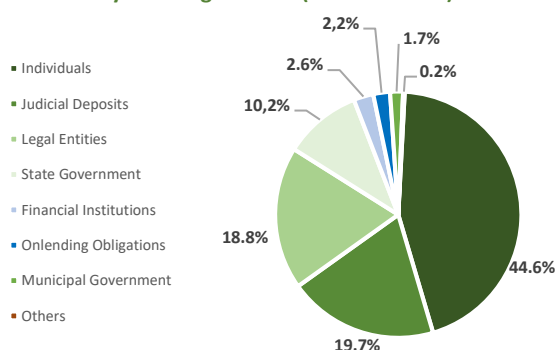
Time Deposits - R\$ Million



Total funding in time deposits reached R\$1.6 billion in 2Q2021, up by 3.4%, or R\$+54.0 million, in the quarter, impacted by the higher government funding. In the 12-month comparison, funding increased 11.0% (R\$+161.3 million), impacted by higher funding from the government and the corporate segment.

Banese's funding structure is diversified, which helps it maintain comfortable liquidity levels and support the business expansion and loan concessions.

Key Funding Sources (% of the Total)



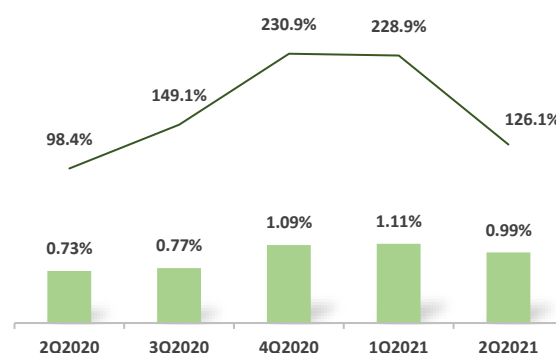
Banese's key funding sources are individuals, with approximately 44.6% of its total funding volume. Legal entities account for 18.8% of funding. The dilution of funding between individuals and legal entities mitigates liquidity risks.

Judicial deposits accounted for 19.7% of Banese's total funding.

The funding cost decreased by 0.12 p.p. in 2Q2021 over 1Q2021, impacted by the reduction in the Brazilian Consumer Price Index (INPC) and the pre-fixed funding, which remunerates the higher funding cost in Subordinated Financial Bill (LFS), as well as the higher share of savings and judicial deposits, even with the increase in the SELIC rate. In the YoY comparison, funding costs increased by 0.26 p.p., mainly due to the higher inflation.

As for the CDI, the reduction in the quarter compared to 1Q2021 was due to fundings with pre-fixed indexes and indexes linked to inflation, such as subordinated debt, in addition to the increase in the SELIC rate during the period. In the YoY comparison, the increase was due to higher costs of funding linked to inflation indexes.

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



Loan

Loan Portfolio by Type – R\$ million

	2Q2021	1Q2021		V3M	2Q2020		V12M
Commercial Portfolio*	2,156.7	2,067.0	▲	+4.3%	1,926.7	▲	+11.9%
For Individuals	1,651.3	1,592.0	▲	+3.7%	1,559.5	▲	+5.9%
For Legal Entities	505.4	475.0	▲	+6.4%	367.2	▲	+37.6%
Development Portfolio	666.8	621.1	▲	+7.4%	624.5	▲	+6.8%
For Individuals	536.0	491.8	▲	+9.0%	473.0	▲	+13.3%
For Legal Entities	130.8	129.3	▲	+1.2%	151.5	▼	-13.7%
Securities and Loans Receivable	245.6	241.0	▲	+1.9%	194.2	▲	+26.5%
Total	3,069.1	2,929.1	▲	+4.8%	2,745.4	▲	+11.8%

(*) free allocation credit modality

Banese's loan portfolio reached R\$3.1 billion in assets, up by 4.8% QoQ and by 11.8% YoY, reflecting the Bank's strategic positioning aimed at increasing its market share and promotion of regional economic development, driven by the Covid-19 pandemic economy support programs.

Given the effects of the pandemic on the financial sector, mainly in the second and third quarters of 2020, Banese's loan portfolio maintained its growth trend, arising from the actions taken to redirect services to the self-service channels (focused on the

Individuals segment), new business lines with partner companies and state and municipal public agencies, and strategic actions by the business units to reach customers eligible for loans.

The commercial loan portfolio aimed at the Individuals segment reached R\$1.7 billion at the end of 2Q2021, a 3.7% growth in the quarter and 5.9% higher YoY. The growth of this portfolio was due to the Bank's strong commitment in diversifying its credit lines, through sales actions aimed at attracting new customers to increase asset inventory and profitability. We highlight the Payroll-Deductible segment, which contributed to the increase in the lower risk portfolio by 2.4% in the quarter and by 11.3% in the last 12 months.

The commercial loan portfolio for the Corporate segment also increased, by 6.4% in the quarter and by 37.6% YoY. We also emphasize the working capital line backed by credit card sales revenue, which encourages portfolio diversification and, consequently, mitigates the risk of credit concentration. Banese holds the largest portion of the free credit loan market in the state of Sergipe, with a market share of 36.9% according to the Central Bank of Brazil (May 2021).

The development loan portfolio, which includes the management of housing, industrial and agribusiness portfolios, had a balance of R\$666.8 million in 2Q2021, accounting for 21.7% of Banese's total loan portfolio. In 2Q2021, the balance of the development loan portfolio increased by 7.4%, mainly due to rural (+30.5%) and industrial (+10.5%) loans. In 12 months, this portfolio increased by 6.8%, mainly as a result of rural loans (+37.6%), due to the strengthening of agribusiness.

The portfolio of Securities and Receivables with Loan Characteristics grew by R\$4.6 million in the quarter and by R\$51.4 million in 12 months, driven by the greater use of the revolving credit card limit.

Quality of the Loan Portfolio by Risk Rating

	R\$ million		Change	% of the Portfolio		Change
	2Q2021	2Q2020		2Q2021	2Q2020	
AA	779.4	844.2	▼ -7.7%	37.4%	37.4%	► N/A
A	1,373.9	1,026.5	▲ +33.8%	30.8%	30.7%	▲ +0.1 p.p.
B	534.1	421.1	▲ +26.8%	15.3%	15.3%	► N/A
C	214.3	253.0	▼ -15.3%	9.2%	9.2%	► N/A
D - H	167.4	200.6	▼ -16.6%	7.3%	7.4%	▼ -0.1 p.p.
Total	3,069.1	2,745.4	▲ +11.8%	100.0%	100.0%	► N/A

In relative terms, the loan operations classified under the "AA" to "C" risk ratings range accounted for 94.5% of Banese's total loan portfolio (+1.8 p.p. compared to 92.7% in 2Q2020). Loans classified under the "D" to "H" risk ratings, which concentrate the operations with the highest credit risk, represent 5.5% of Banese's credit portfolio (-1.8 p.p. versus 7.3% in 2Q2020).

Loans Quality by Portfolio in 2Q2021 – R\$ million

	Total	Commercial	Industrial	Rural	Housing	Others
AA	779.4	779.4	-	-	-	-
A	1,373.9	620.7	21.2	102.7	391.2	238.1
B	534.1	445.0	49.2	24.3	9.3	6.3
C	214.3	177.3	21.5	11.8	3.2	0.5
D - H	167.4	134.3	3.5	27.2	1.7	0.7
Total	3,069.1	2,156.7	95.4	166.0	405.4	245.6

As for the loan risk levels by segment, the rural portfolio (in which loans are classified as "D - H" account for 16.4% of the portfolio) has 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

	2Q2021	1Q2021		V3M	2Q2020		V12M
Short-Term Interbank Investments	1,563.2	1,507.6	▲	+3.7%	1,455.9	▲	+7.4%
Free Marketable Securities	1,460.6	1,492.9	▼	-2.2%	1,091.9	▲	+33.8%
Mutual Fund Shares	2.4	3.8	▼	-36.8%	46.2	▼	-94.8%
Fixed Income	1,458.2	1,489.1	▼	-2.1%	1,045.7	▲	+39.4%
Linked Securities	52.9	10.7	▲	+394.4%	5.1	▲	+937.3%
Remunerated Compulsory Deposits	366.8	373.2	▲	-1.7%	364.9	▲	+0.5%
Total	3,443.5	3,384.4	▲	+1.7%	2,917.7	▲	+18.0%

The balance of financial investments was R\$3.4 billion at the end of 2Q2021, up 1.7% over 1Q2021 (R\$+59.1 million) and 18.0% in 12 months (R\$+525.8 million), both due to increased funding volumes and higher resources available in treasury.

The increase in interbank liquidity investments in 2Q2021 was due to investments in Time Deposits with Special Guarantee (DPGE) and increase in assets in compliance with Central Bank's requirements (Rural DI). In 12 months, the growth was a result of the increase in Time Deposits with Special Guarantee (DPGE), Interbank Deposits and assets in compliance with the requirements with the Central Bank (Housing DI).

Free Marketable Securities fell by 2.2% in the quarter (R\$-32.3 million), as a result of binding of Federal Government Bonds, to comply with the requirements of Savings Deposits. In the 12-month comparison, an increase of 33.8% (R\$+368.7 million) was reported as a result of the increase in investments in Financial Treasury Bills (LFT) and in Financial Bills (LF). The reduction of investment funds arises from the 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 in 12 months was due to government bonds linked to repurchase transactions.

Banese complies with the provisions of Bacen Circular 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 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 to maintain investments in liquid assets and low-risk instruments in order to maintain comfortable liquidity and capital levels, aimed at reaching profitability higher than the country's interest rate.

The YTD return on the portfolio in 2Q2021 reached 106.7% of the CDI, higher than the 104.5% of the CDI in 1Q2021, due to the improvement in the mark-to-market (MtM) of the bank's portfolio of Treasury Bills (LFT), and the 98.73% of the CDI in 2Q2020, resulting from investments in private bonds with better remuneration, in addition to the reasons previously mentioned. The changes in MtM of the Treasury Bills (LFT) reflects the fiscal risk associated with the National Treasury, mainly due to the uncertainty that the Federal Government will maintain its spending ceiling and the need to rollover public debt. Notwithstanding, the higher short-term debt results in demand for higher remuneration, including for LFT, a bond that has always had less risk and small volatility.

ANALYSIS OF RESULTS

Revenues

Breakdown of Revenue – R\$ million

	2Q2021	1Q2021		V3M	1H2021	1H2020		V12M
Loan Revenue	130.1	127.5	▲	+2.0%	257.6	265.0	▼	-2.8%
Revenue from Financial Investments	25.0	15.6	▲	+60.3%	40.6	37.8	▲	+7.4%
Income from Services	30.0	32.0	▼	-6.3%	62.0	66.5	▼	-6.8%
Revenue from Equity Investments	2.9	4.7	▼	-38.3%	7.6	5.2	▲	+46.2%
Other Operating Income	45.2	41.1	▲	+10.0%	86.3	46.8	▲	+84.4%
Non-Operating Revenue	0.1	0.0	►	N/A	0.1	0.1	►	N/A
Total	233.3	220.9	▲	+5.6%	454.2	421.4	▲	+7.8%

Banese's total revenue amounted to R\$223.3 million in 2Q2021, increasing by 5.6% over 1Q2021. The highest variation was in revenue from financial investments, which increased by R\$9.4 million and was due to the higher basic interest rate (SELIC), and the effects from mark-to-market (MtM) on the Federal Government Bonds that are included in this portfolio. The Other operating income line increased by R\$4.1 million, impacted a non-recurring income of R\$9.6 million from the interest portion on the actuarial liability obligation and its effects from accounting adjustments and recognition of Banese's responsibility, observing the contribution proportion as of 06/2021. Notwithstanding, the increase in this accounting line was offset by the reduction in revenues due to the recovery of CBP and reversal of credit provisions. Loan revenue increased by approximately R\$2.7 million, and revenue from services reduced by R\$2.0 million.

The reduction in Income from Services, by 6.3% in the quarter and 6.8% in 12 months, was partially due to the reduction in volume for TED/DOC transactions, which are migrating to instant payment services (PIX), and the difficulties still imposed by the "COVID-19 pandemic".

As a way of aligning with the market and matching services and solutions, Banese invests in initiatives such partnerships to increase payment agreements, PIX and Open Banking.

In the first half of 2021, Banese had total revenues of R\$454.2 million, 7.8% higher than in 1H2020, with emphasis, in addition to what was already mentioned, on revenues from reversals of loan provisions (R\$+7.1 million), mainly for housing loans, revenues from reversals of operating provisions for Tax Liabilities, Tax on Services – ISS lawsuits with final and unappealable ruling in favor of Banese (R\$+7.4 million), and recovery of overpaid ISS (R\$+4.6 million).

Costs and Expenses

Direct Operating Costs – R\$ million

	2Q2021	1Q2021		V3M	1H2021	1H2020		V12M
Funding Expenses	37.9	27.4	▲	+38.3%	65.3	70.4	▼	-7.2%
Earnings from Marketable Securities	0.7	1.0	▼	-30.0%	1.7	0.6	▲	+183.3%
Loan Obligations Expenses	1.2	3.6	▼	-66.7%	4.8	3.2	▲	+50.0%
Total	39.8	32.0	▲	+24.4%	71.8	74.2	▼	-3.2%

Funding expenses increased 24.4% in the quarter (R\$+7.8 million), directly due to the higher basic interest rate of the economy (SELIC) and a higher funding volume in the period. In the first half of 2021, these expenses fell by 3.2% (R\$-2.4 million), mainly due to the lower basic interest rate compared to 1H2020, which impacts post-fixed fundings.

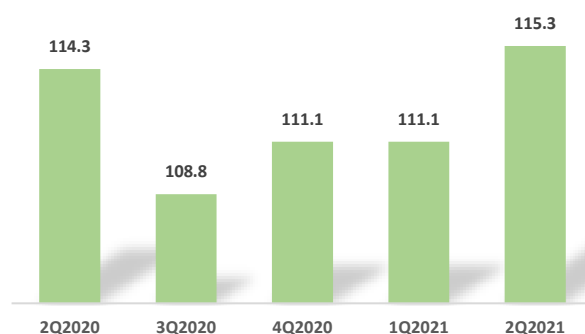
The growth in expenses with obligations for loans and onlendings YoY was due to funds received from BNDES in December 2020, of approximately R\$30 million, where expenses are generated as the operations are released.

The reduction in Marketable Securities expenses was due to the mark-to-market (MtM) of federal government bonds that make up the Company's own portfolio

Net Interest Income (Credit Revenue Plus Income from Financial Investments less Direct Funding Costs) increased by 3.8% QoQ and by 0.9% 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 in the quarter, even with higher funding expenses. Year on year, the result was due to lower revenues from loan operations, despite the lower funding expenses.

Net Interest Income (NII) - R\$ Million



Personnel/Payroll Expenses - R\$ million

	2Q2021	1Q2021	V3M	1H2021	1H2020	V12M
Salaries	24.4	25.8	▼ -5.4%	50.2	53.1	▼ -5.5%
Benefits	5.1	5.3	▼ -3.8%	10.5	11.6	▼ -9.5%
Social Charges	10.8	11.0	▼ -1.8%	21.7	24.1	▼ -10.0%
Training and Others	0.1	0.1	► N/A	0.2	0.2	► N/A
Total	40.4	42.2	▼ -4.3%	82.6	89.0	▼ -7.2%

Personnel expenses fell mainly due to the Retirement Stimulus Program - PEA launched in the last quarter of 2020. In 2Q2021, 17 dismissals were carried out through said program, totaling 127 dismissals in 1H2021, corresponding to 48% of the program's total adhesions and an accumulated drop of 12% in Banese's workforce.

The payroll coverage index in the quarter was 74.2%, down by 1.8 p.p. over the index reported in 1Q2021, due to lower income from services in the period. The payroll coverage index in 12 months increased by 0.3 p.p., due to lower personnel expenses resulting from the dismissals through the Retirement Incentive Program - PEA. The Administrative Coverage Ratio in 2Q2021 reached 34.9%, varying by -1.6 p.p. in the quarter and by -3.6 p.p. in the 12-month comparison.

Other Administrative Expenses – R\$ million

	2Q2021	1Q2021	V3M	1H2021	1H2020	V12M
Outsourced Services	21.6	21.6	► N/A	43.2	37.1	▲ +16.4%
Consumption, Maintenance and Materials	5.0	4.9	▲ +2.0%	9.9	10.9	▼ -9.2%
Systems and Data Processing	10.6	10.6	▲ N/A	21.2	14.0	▲ +51.4%
Insurance	1.5	1.1	▲ +36.4%	2.6	1.9	▲ +36.8%
Transportation of Cash	2.5	2.7	▼ -7.4%	5.1	4.3	▲ +18.6%
Taxes	0.3	0.4	▼ -25.0%	0.6	0.7	▼ -14.3%
Other Expenses	4.0	4.3	▼ -7.0%	8.3	11.4	▼ -27.2%
Total	45.4	45.5	▼ -0.2%	91.0	80.3	▲ +13.2%

Other administrative expenses fell slightly, by 0.2% (R\$-0.1 million) in the quarter, and increased by 13.2% (R\$+10.6 million) YoY, especially in Systems and Data Processing (maintenance of software and execution of technology services), Insurance (insurance policies for the Company's management), and Transportation of Cash (transactions and collections for treasury and Banco do Brasil).

Other Operating Expenses – R\$ million

	2Q2021	1Q2021		V3M	1H2021	1H2020		V12M
Amortization and Depreciation	3.5	3.9	▼	-10.3%	7.4	8.2	▼	-9.8%
Provisions for Loan Operations	27.8	32.4	▼	-14.2%	60.2	72.1	▼	-16.5%
Loan Depreciation	0.7	1.1	▼	-36.4%	1.8	0.3	▲	+500.0%
Liability Provisions	9.3	6.6	▲	+40.9%	15.9	8.7	▲	+82.8%
Partnership with the Court of Justice	4.9	4.7	▲	+4.3%	9.6	8.7	▲	+10.3%
ISS/PIS/COFINS Taxes	8.7	8.5	▲	+2.4%	17.3	17.5	▼	-1.1%
Discounts Granted	4.1	0.0	►	N/A	4.1	1.1	▲	+272.7%
Profit Sharing	5.7	1.9	▲	+200.0%	7.7	4.3	▲	+79.1%
Others	3.3	2.8	▲	+17.9%	6.2	8.7	▼	-28.7%
Total	68.0	62.1	▲	+9.5%	130.1	129.5	▼	+0.5%

Other Operating Expenses increased by R\$5.9 million in the quarter, mainly due to Discounts Granted, expenses with the loan recoveries and Profit Sharing to settle the distribution limit in the semester, in accordance with the Collective Bargaining Agreement of Bank Workers - CCT.

The reduction in expenses with Provisions for Loan Operations in the quarter was due to the recovery and settlement of loan operations mainly linked to the housing portfolio. In 12 months, we had recurring reductions in expenses with provisions, mainly due to settlements and transfers of losses on loan operations in the corporate segment.

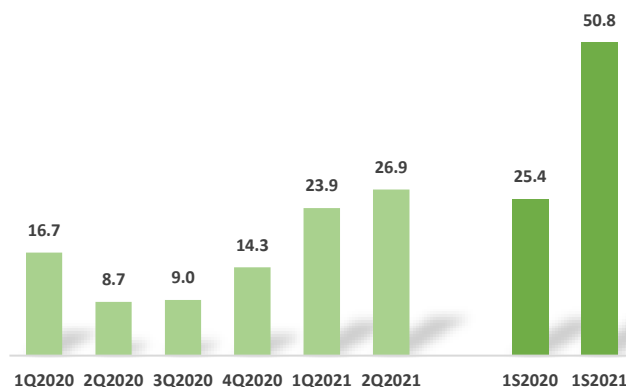
Net Income

Banese's Net Income totaled R\$26.9 million in 2Q2021, and R\$50.8 million in 1H2021, 100.0% higher when compared to 1H2020.

The growth in Net Income also reflects the behavior of our businesses, with an expanding loan portfolio, funding at an ongoing growth pace, improvement in risk levels, credit recoveries, lower provisions for doubtful accounts and control of administrative expenses.

Therefore, in 2Q2021, a non-recurring event occurred, in the amount of R\$9.6 million, which contributed positively to the result achieved, referring to the variation in interest on actuarial liabilities according to CPC 33 (R1) and CPC 23.

Also due to the correction in 12/2020: (i) the accounting for Actuarial Liabilities is in accordance with the rules of CPC 33 (R1); and (ii) Interest on Equity for Equity Income was adjusted, in compliance with CPC 23, by a negative R\$5.5 million in Net Income for 4Q2020, changing from R\$19.8 million to R\$14.3 million.

Net Income - R\$ Million


Net Equity

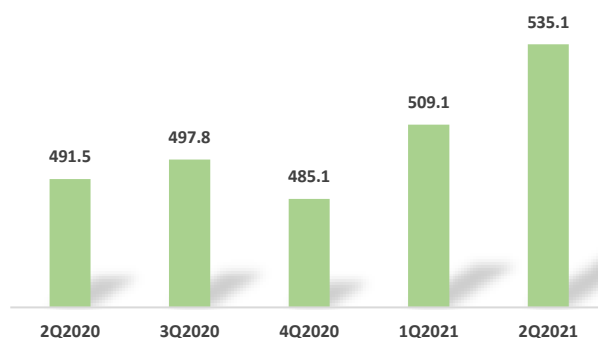
Banese's equity was positive by 8.9% YoY and by 5.1% QoQ.

The QoQ and YoY increase is due to the incorporation of results in the period, the payment of Interest on Equity and the actuarial valuation adjustment related to the supplementary pension plan for Banese employees through Instituto Banese de Seguridade Social – SERGUS (defined benefit plan), according to CPC 33 (R1), approved by CVM Resolution 695/2012.

The impact of the actuarial adjustment on Banese's Net Equity at the end of 2Q2021 was R\$-4.0 million due to Actuarial Valuation Adjustments. The negative effect on the Bank's Equity was by R\$-7.3 million in 2Q20.

Furthermore, there were adjustments in Net Equity in 4Q2020 and 1Q2021 due to corrections made on 12/2020, namely: (i) the accounting for Actuarial Liabilities, which changed Net Equity in 1Q2021 from R\$-24.0 million to R\$-8.2 million; and (ii) Interest on Equity for Equity Income, which reduced net equity in 4Q2020 by R\$2.7 million, from R\$487.8 million to R\$485.1 million.

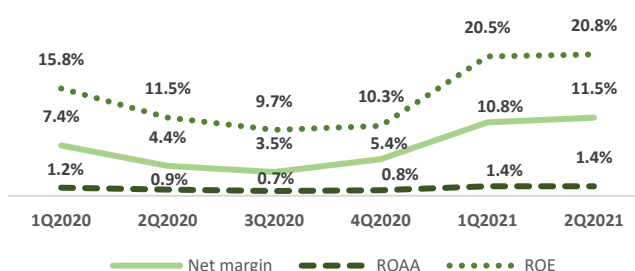
Net Equity - R\$ Millions



Profitability and Yield Ratios

Return on Equity (ROE) and Net Margin increased slightly in the quarter, while Return on Average Assets (ROAA) remained stable in the period. The indexes presented by Banese grew in the 12-month period, due to results and business presented in this report, which have been recovering from the impacts caused by the "COVID-19 pandemic".

Profitability and Yield Ratios (%)

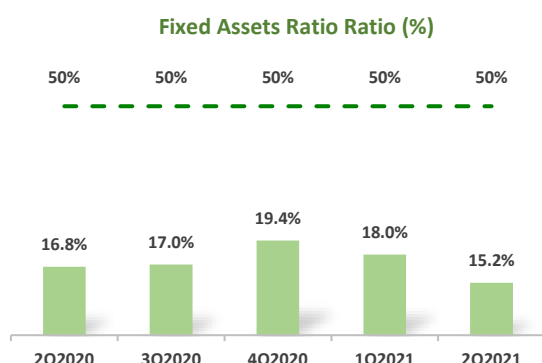


Capitalization and Basel

Ratios and Capitalization (R\$ million)	2Q2021	1Q2021	V3M	2Q2020	V12M
Reference Equity	581.4	478.5	▲ +21.51%	532.3	▲ +9.22%
Tier I	474.3	433.5	▲ +9.41%	471.5	▲ +0.60%
Tier II	107.1	45.0	▲ +137.88%	60.9	▲ +75.96%
Basel Ratio	13.22%	11.33%	▲ +1.89 p.p.	15.47%	▼ -2.25 p.p.
Principal Capital Ratio	10.78%	10.26%	▲ +0.52 p.p.	13.70%	▼ -2.92 p.p.
Capital Rate Tier I	10.78%	10.26%	▲ +0.52 p.p.	13.70%	▼ -2.92 p.p.
Minimum Basel Ratio + ACP	9.625%	9.25%	▲ +0.38 p.p.	9.25%	▲ +0.38 p.p.
Margin on Reference Equity, including capital for coverage of Interest Rate Risk of Banking Portfolio and ACP.	133,662	53,536	▲ +149.67%	164,752	▼ -18.87%

Banese's Conglomerate Basel Ratio totaled 13.22% at the end of 2Q2021, up by 1.89 p.p. over the index at the end of 1Q2021, mainly due to the 137.88% growth in the Tier II Reference Equity (approximately R\$62.1 million), due to the incorporation of interest on subordinated financial bills. The 9.41% growth in Tier I Referential Equity (approximately R\$40.8 million) also

contributed with this result, due to the reduction of prudential deductions, mainly arising from the actuarial valuation adjustments relating to the supplementary pension plan for Banese employees through the Instituto Banese de Seguridade Social – SERGUS (defined benefit plan).



Fixed Assets Ratio

The fixed asset-to-equity ratio ended 2Q2021 at 15.20%, reducing by 2.83 p.p. over the ratio in 1Q2021, due to the 21.51% increase in the Reference Equity (approximately R\$102.9 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.

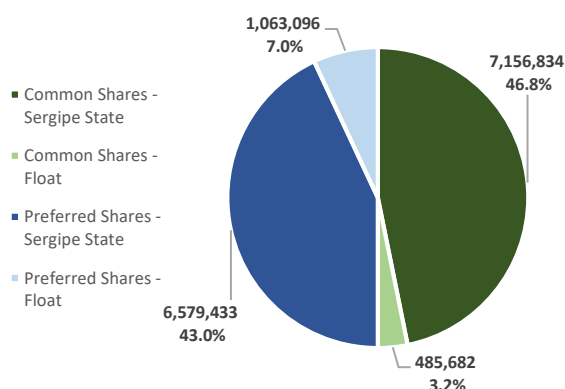
On December 11, 2020, Moody's Investors Service (Moody's) upgraded Banese's foreign currency deposit rating to Ba2, previously Ba3, due to Brazil's foreign currency ceiling (stable Ba2) raised to Baa2 announced on December 7, 2020. The outlook for the rating of foreign currency deposits has changed from stable to negative. The former stable outlook was due to the sovereign ceiling that limited the Bank's foreign currency deposit rating, which carried the sovereign's stable outlook, despite the Bank's other ratings having a negative outlook.

On June 29, 2021, Moody's América Latina Ltda ("Local Moody's") assigned Banese a AA-.br rating, with a AA-.br rating on the Bank's long-term deposits and a 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.

Agency	Scale	Long-Term	Short-Term	Outlook
Fitch Ratings	National	A- (bra)	F1 (bra)	Negative
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 2Q21 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 31.3% 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

In 1H21, Banese's customer base totaled 833,536 current and savings accounts, consisting of 807,032 individual customers and 26,504 legal entities.

Banese has invested in the availability of a larger products and services portfolio on digital channels and in improving the usability of the virtual service media. Due to the pandemic, this investment was intensified so that customers have access to products, services, and transactions safely, 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 remains as the method preferred by Banese's customers, as 84.9% of the total transactions were made in self-service channels in 1H2021, with 76.9% on the digital channels alone.

The volume of transactions carried out on the Internet and Mobile Banking channels increased by 17.5% QoQ and by 37.2% YoY. We also highlight the increase in transaction values in 1H2021, up by 244.6% over 1H2020.

Channel Data

	2Q2021	1Q2021		V3M	1H2021	1H2020		V12M
Branches	63	63	►	N/A	63	63	►	N/A
Service Points	09	09	►	N/A	09	09	►	N/A
ATMs	462	461	▲	+1	462	491	▼	-31
Bank Correspondents in Brazil	206	203	▲	+3	206	197	▲	+4
Transactions in Branches, ATMs and Bank Correspondents	8.6M	9.0M	▼	-4.4%	17.6M	17.6M	▼	-3.3%
Transaction Volume	R\$10.4B	R\$9.8B	▲	+6.1%	R\$20.2B	R\$17.7B	▲	+14.1%
Online Transactions	32.2M	27.4M	▲	+17.5%	59.7M	43.5M	▲	+37.2%
Transaction Volume	R\$8.6B	R\$10.7B	▼	-19.6%	R\$19.3B	R\$5.6B	▲	+244.6%

Considering the growing number of transactions and financial volume handled through digital channels, the vast 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 1H2021 with 63 branches, of which 56 were physical units (14 in the capital city and 42 in the countryside).

Financial Services – Banese 2.0

Focused on meeting the needs of customers through innovative solutions and adopting new technologies to offer products and services, Banese has modernized banking services and means of payment, for example, making available Instant Payments (PIX) and including digital services in the recharge options of daily consumer services such as Games, Uber, Netflix, Spotify, among others. Payments may also be done through Banese Card credit cards at affiliated self-service locations and Cashback on debit purchases from partners who participate in campaigns promoted by ELO Cards.

Among modernization initiatives that will be implemented during this year we highlight the Open Banking (standardized data and services shared by regulated institutions by opening and integrating their systems, using dedicated interfaces for this purpose), the signing of a partnership to expand the bill payment and recharge operation, with access to all types of payment forms, and a system that will assist companies in the process of opening accounts for new employees.

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 the search for self development, aiming to raise the performance and engagement of teams and promote innovation and growth opportunities.

The Vocational Training Incentive Program, which aims to increase the knowledge base of its employees, offers 50% scholarships in undergraduate, specialization and foreign language courses, in addition to online learning platforms, in areas that are aligned with the Bank's strategic planning. Specialization courses have the largest number of active scholarships, followed by foreign language courses.

In 2Q2021, campaigns were carried out to disclose Banese's Corporate University courses, which created an exponential increase in access to courses and, consequently, in certificates issued during the period, with highlights to courses in areas such as Money Laundering Prevention and Terrorism Financing and Data Privacy with focus on the General Data Protection Law (LGPD in Portuguese). The Banese Corporate University has engaged employees to take a leading role in their corporate training by building knowledge paths that genuinely interest and contribute to their professional success in the corporate environment.

Aiming to encourage continuing education, the Bank also offers programs that ensure obtaining certifications and attending events and training, most of which are carried out in virtual learning environments and call conference rooms. The training and development process provides opportunities for the employees to expand their learning capacity, directly impacting the quality and efficiency of processes, relationship with customers and productivity, enhancing organizational results and contributing to the sustainability of the business.

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 card, vouchers and acquisition solutions. With its own brand, Banese Card is present in the states of Sergipe, Alagoas, Paraíba, and expanded its operations to the states of Rio Grande do Norte, Ceará and Bahia. It has a headquarter and 4 supporting stores, strategically distributed in three Brazilian states.

The number of qualified customers reached 621.7 thousand clients in 1H2021, increasing by 6% from the end of 1H2020. The volume of transactions using products managed by SEAC and other brands, including its own brand TKS, was R\$1.7 billion at the end of 1H2021, 79.8% higher than the volumes achieved in 1H2020. In 2Q2021 alone, transaction volume reached R\$879.2 million, 53% higher than in 2Q2020.

The financial volume of the Banese Card (with a 68.0% share), reached R\$1.1 billion in the first six months, increasing by 35.7% over 1H2020. In 2Q2021, this growth was 47.8% higher than in the same period of the previous year, with a volume of R\$599.7 million. The financial volume generated by Other Brands, with a 24.3% share, reached R\$411.4 million in the first six months. This performance is due to partnerships with large retail chains, extensive accreditation actions, expanded revolving limits, and and greater acceptance, including in e-commerce, enabled by the co-branding of cards through the partnership with the Elo brand.

In 2Q2021, SEAC gave priority to the creation of new products, signed new partnerships, remodeled the current ones, making them more attractive, improved its service channels and continued to follow the trends of the means of payment market. An affinity partnership was signed with the Confiança soccer team, with the launching of personalized cards offering fans several exclusive benefits. Banese Card customers will also be able to use their credit card to pay bills and taxes at Banese ATMs, and with the Elo Flex platform they will have control over the card's benefits and choose the ones that better suit their needs.

Banese Corretora de Seguros

To improve customer service, Banese Administradora e Corretora de Seguros Ltda. has consolidated its partnership with the main Brazilian insurance companies, seeking to expand the product portfolio offered to the public.

In 2Q2021, the insurance broker recorded R\$26.1 million in contracted insurance, a 12.1% increase over the same period in the previous year. In the first six months, total contracted insurance reached R\$51.7 million.

In terms of revenues, a decline of 2.8% was reported in 2Q2021 over 2Q2020. In the first six months, revenues declined by 9.8% in relation to the same period of the previous year. This was due to the change in commissioning for products that are more financially relevant (credit life insurance), and payment of the remaining amount as profit sharing in the quarter.

Instituto Banese and Museu da Gente Sergipana

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, focused on promoting the rescue, preservation and dissemination of the Sergipe culture. Banese Institute benefited 33,002 people in 1H2021, directly linked to strategic projects in the 12 supported and sponsored entities, and indirectly benefited people through total investments of around R\$109.5 thousand.

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.

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

	06.30.2021	06.30.2020
Revenue from Financial Intermediation	323,059	321,937
Credit Transactions	269,328	267,530
Income from Marketable Securities Transactions	48,131	49,234
Earnings from Compulsory Investment	5,600	5,173
Financial Intermediation Expenses	(108,363)	(133,085)
Market Funding Operations	(63,827)	(69,453)
Loans and Onlending	(4,777)	(3,197)
Allowance for Loan Losses	(21,109)	(40,104)
Provision for Revolving Credit Card Loan	(18,650)	(20,331)
Gross Income from Financial Intermediation	214,696	188,852
Other Operating Revenues (Expenses)	(101,423)	(118,234)
Service Revenues	73,767	63,149
Banking Fee Revenue	33,878	37,662
Personnel Expenses	(102,252)	(105,934)
Other Administrative Expenses	(127,299)	(113,182)
Tax Expenses	(29,726)	(28,204)
Equity Income in Affiliates and Subsidiary	-	-
Other Operating Revenues	82,477	56,438
Other Operating Expenses	(32,268)	(28,163)
Expenses with Provisions	(17,453)	(10,061)
Expenses with Legal Provisions	(17,453)	(10,061)
Operating Income	95,820	60,557
Pre-tax Income	95,820	60,557
Income and Social Contribution Taxes	(34,354)	(25,582)
Income Tax Expenses	(12,767)	(21,076)
Social Contribution Tax Expenses	(9,726)	(15,548)
Deferred Tax Asset	(11,861)	11,042
Profit Sharing – Employees and Management	(7,682)	(4,295)
Net Income Before Non-Controlling Interest	53,784	30,680
Non-Controlling Interests	(2,991)	(5,293)
Net Income	50,793	25,387

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

	06.30.2021	06.30.2020
Revenue from Financial Intermediation	314,616	311,243
Credit Transactions	270,130	268,902
Income from Marketable Security Transactions	38,886	37,168
Earnings from Compulsory Investment	5,600	5,173
Financial Intermediation Expenses	(91,168)	(113,712)
Market Funding Operations	(65,282)	(70,411)
Loans and Onlending	(4,777)	(3,197)
Allowance for Loan Losses	(21,109)	(40,104)
Provision for Revolving Credit Card Loan	-	-
Gross income from Financial Intermediation	223,448	197,531
Other Operating Revenues (Expenses)	(122,637)	(141,018)
Service Revenues	28,147	28,957
Banking Fee Revenue	33,878	37,662
Personnel Expenses	(84,635)	(90,987)
Other Administrative Expenses	(95,683)	(86,000)
Tax Expenses	(17,915)	(18,149)
Equity Income In Affiliates and Subsidiary	7,570	5,240
Other Operating Revenues	27,421	5,554
Other Operating Expenses	(21,420)	(23,295)
Expenses with Provisions	(15,884)	(8,711)
Expenses with Legal Provisions	(15,884)	(8,711)
Operating Income	84,927	47,802
Pre-Tax Income	84,927	47,802
Income and Social Contribution Taxes	(26,452)	(18,120)
Income Tax Expenses	(9,289)	(17,708)
Social Contribution Tax Expenses	(7,581)	(13,449)
Deferred Tax Asset	(9,582)	13,037
Profit Sharing – Employees and Management	(7,682)	(4,295)
Net Income Before Non-Controlling Interest	50,793	25,387
Non-Controlling Interests	-	-
Net Income	50,793	25,387



Consolidated Balance Sheet – ASSETS (R\$ thousand)

	06.31.2021	12.31.2020
CURRENT ASSETS	4,107,197	3,935,459
CASH AND CASH EQUIVALENTS	75,870	80,485
FINANCIAL INSTRUMENTS	4,106,420	3,940,388
INTERBANK INVESTMENTS	1,176,422	1,416,741
Reverse Repurchase Agreements	273,688	647,004
Interbank Deposits	902,734	769,737
MARKETABLE SECURITIES AND DERIVATIVE FINANCIAL INSTRUMENTS	971,059	819,728
Own Portfolio	918,165	811,286
Subject to Repurchase Agreements	11,284	7,821
Linked to Guarantees Given	627	621
Linked to Central Bank of Brazil	40,983	-
INTERBANK ACCOUNTS	488,189	394,853
Payments and Receivables to be Settled	71,867	29,464
Restricted Deposits:	405,511	365,349
- Central Bank Deposits	405,511	365,098
- Agreements	-	251
Correspondents	10,811	40
LOAN OPERATIONS	833,374	696,524
Loan Operations:	833,374	696,524
- Private Sector	833,374	696,524
OTHER RECEIVABLES	637,376	612,542
Unearned Income	12,564	13,813
Sundry	625,131	599,274
Allowance for Losses on Other Receivables Without Loan Characteristics	(319)	(545)
PROVISIONS FOR EXPECTED LOAN LOSSES	(80,222)	(88,413)
Provision for Loan Losses	(44,639)	(52,431)
Provision for Other Doubtful Accounts	(1,531)	(1,517)
Provision for Receivables Related to Payment Transactions	(34,052)	(34,465)
OTHER ASSETS	5,129	2,999
Other Assets	2,379	1,422
Prepaid Expenses	2,750	1,577
NON-CURRENT ASSETS	3,596,394	3,304,083
LONG-TERM RECEIVABLES	3,491,945	3,202,702
FINANCIAL INSTRUMENTS	3,264,551	2,962,251
INTERBANK INVESTMENTS	386,762	327,243
Interbank Deposits	386,762	327,243
MARKETABLE SECURITIES AND DERIVATIVE FINANCIAL INSTRUMENTS	643,169	536,912
Own Portfolio	643,169	536,912
INTERBANK ACCOUNTS	61,968	59,768
Restricted Deposits:	61,968	59,768
- National Housing System (SFH)	61,968	59,768
LOAN OPERATIONS	1,990,096	1,846,558
Loan Operations:	1,990,096	1,846,558
- Private Sector	1,990,096	1,846,558
OTHER RECEIVABLES	182,556	191,770
Unearned Income	22	29
Sundry	189,573	198,780
Allowance for Losses on Other Receivables Without Loan Characteristics	(7,039)	(7,039)

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

	06.31.2021	12.31.2020
PROVISIONS FOR EXPECTED LOAN LOSSES	(54,261)	(48,761)
Provision for Loan Losses	(54,261)	(48,761)
TAX CREDITS	201,461	216,916
Tax credits on Temporary Differences	166,911	187,614
Tax credits on Negative Tax Basis	2,380	4,833
Tax credits on Taxes and Contributions to be Compensated	32,170	24,469
OTHER ASSETS	80,194	72,296
Other Assets	78,299	73,957
Allowance for Devaluation	(4,967)	(4,977)
Prepaid Expenses	6,862	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	245,944	236,273
Property for Use	74,221	74,193
Other Property and Equipment Items for Use	171,723	162,080
INTANGIBLE ASSETS	77,505	74,321
Intangible Assets	77,505	74,321
DEPRECIATION AND AMORTIZATION	(219,006)	(209,219)
Accumulated Amortization of Property and Equipment Items for Use	(157,549)	(150,179)
Accumulated Amortization of Intangible Assets	(61,457)	(59,040)
TOTAL	7,703,591	7,239,542

Consolidated Balance Sheet – LIABILITIES (R\$ thousand)

	06.31.2021	12.31.2020
CURRENT LIABILITIES	5,223,930	5,090,172
DEPOSITS AND OTHER FINANCIAL INSTRUMENTS	4,584,597	4,373,682
DEPOSITS	4,455,593	4,280,166
Demand Deposits	1,066,543	1,036,185
Savings Deposits	1,902,120	1,879,392
Interbank Deposits	147,423	139,906
Time Deposits	1,336,108	1,222,472
Other Deposits	3,399	2,211
INTERBANK ACCOUNTS	53,480	4,839
Receivables and Payments to be Settled	53,480	4,839
FUNDS FROM ACCEPTANCE AND ISSUE OF NOTES	29,010	43,873
Funds from Real Estate, Mortgage, Credit and Similar Notes	29,010	43,873
LOCAL ONLENDING – OFFICIAL INSTITUTIONS	46,514	44,804
BNDES	2,849	1,276
FINAME	457	438
Other Institutions	43,208	43,090
OTHER LIABILITIES	639,333	716,490
Collection of Taxes and Alike	20,767	660
Social and Statutory Charges	5,227	16,547
Tax and Social Security Obligations	25,495	34,842
Third-Party Funds in Transit	835	262
Sundry	587,009	664,179
NON-CURRENT LIABILITIES	1,897,505	1,618,314
DEPOSITS AND OTHER FINANCIAL INSTRUMENTS	1,594,428	1,324,435
DEPOSITS	1,462,195	1,192,276
Time Deposits	1,462,195	1,192,276
OPEN MARKET FUNDING	3,198	7,814
Own Portfolio	3,198	7,814
FUNDS FROM ACCEPTANCE AND ISSUE OF NOTES	34,223	38,700
Funds from Real Estate, Mortgage, Credit and Similar Notes	34,223	38,700
LOCAL ONLENDING – OFFICIAL INSTITUTIONS	94,812	85,645
BNDES	9,587	11,212
FINAME	706	801
Other Institutions	84,519	73,632
OTHER LIABILITIES	117,359	109,410
Subordinated Debts	116,529	108,414
Sundry	830	996
PROVISIONS	175,582	174,118
Provisions for Contingencies	175,582	174,118
DEFERRED INCOME	10,136	10,351
Deferred Income	10,136	10,351

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

	06.30.2021	12.31.2020
SHAREHOLDERS' EQUITY	582,156	531,056
Capital - Domiciled in Brazil	426,000	348,000
Capital Increase	-	78,000
Profit Reserves	69,844	67,305
Equity Valuation Adjustments	(3,956)	(8,177)
Retained earnings (Accumulated Losses)	43,254	-
Non-Controlling Interests	47,014	45,928
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	7,703,591	7,239,542

Consolidated Statement of Value Added (R\$ thousand)

	06.30.2021	06.30.2020
VALUE ADDED CALCULATION		
Revenue from Financial Intermediation	323,059	321,937
Financial Intermediation Expenses	(108,363)	(133,085)
Other Operating Revenues (Expenses/Provisions)	32,756	18,214
Service revenue	107,645	100,811
Materials, Energy, Third-Party Services and Other Expenses	(113,898)	(96,006)
Gross Value Added	241,199	211,871
Retentions	(9,570)	(10,052)
Amortization	(2,398)	(2,506)
Depreciation	(7,172)	(7,546)
Net Value Added Produced by the Company	231,629	201,819
Value Added Received in Transfer	-	-
Equity Pickup	-	-
Value Added to be Distributed	231,629	201,819
DISTRIBUTION OF VALUE ADDED		
Government	64,080	53,786
Tax Expenses	41,587	19,478
Income and Social Contribution Taxes	22,493	34,308
Employees	109,934	110,229
Salaries and Fees	63,127	64,119
Social Charges	22,742	24,736
Private Pension Plan	2,499	2,438
Benefits and Training	13,884	14,641
Profit Sharing	7,682	4,295
Rents	2,027	2,319
Taxes and Contributions	1,804	4,805
Non-Controlling Interests	2,991	5,293
(Accumulated Losses) / Retained Earnings	50,793	25,387
Value Added Distributed	231,629	201,819



Consolidated Cash Flow (R\$ thousand)

	06.30.2021	06.30.2020
CASH FLOW FROM OPERATING ACTIVITIES		
Adjusted net income	124,468	139,440
Net Income	50,793	25,387
Adjustment to Net Income	73,675	114,053
Equity Pickup Adjustment - Previous Year	(2,680)	-
Allowance for Loan Losses	21,109	40,104
Provision/ (Reversal) for Restricted Deposits-FCVS	1,778	254
Depreciation and Amortization	9,786	10,234
PIS and COFINS tax Credit on Depreciation with Affiliates	(216)	(182)
Adjustment of Provision for Liabilities	17,453	10,061
Other Operational Provisions	4,738	6,775
Expense for Loyalty Bonus	464	5,421
Marketable Securities Marking to Market	660	417
Deferred Tax Asset	11,861	(8,726)
Capital Losses	1,711	1,318
Reversal of Other Operating Provisions	(10,164)	(1,509)
Inflation Adjustment	(4,367)	(2,162)
Other Operational Revenue	(1,329)	(579)
Equity Income in Subsidiaries	-	-
Gains / (Losses) Other Comprehensive Income	4,221	32,296
Provision for Revolving Credit Card Loan	18,650	20,331
Variation in Assets and Liabilities	(477,302)	356,940
(Increase) Decrease in Short-Term Liquidity Investments	(192,516)	(113,705)
(Increase) Decrease in Marketable Securities and Derivative Financial Instruments	(258,248)	31,972
(Increase) Decrease in Interbank Accounts (Assets/ Liabilities)	(48,673)	(31,790)
(Increase) Decrease in Credit Transactions	(280,388)	(17,738)
(Increase) Decrease in Other Assets	(10,028)	(3,043)
(Increase) Decrease in Other Credits	(13,332)	78,886
(Increase) Decrease in Provisions for Losses Associated with Credit Risk	(42,450)	(44,867)
(Increase) Decrease in Other Receivables	15,455	5,290
Increase (Decrease) in Deposits	445,346	564,170
Increase (Decrease) in Funds Obtained in the Open Market	(4,616)	4,083
Increase (Decrease) in Borrowings and Onlending	10,877	3,218
Increase (Decrease) in Deferred Income	(215)	(388)
Increase (Decrease) in Other Liabilities	(82,525)	(115,215)
Increase (Decrease) in Provisions	(15,989)	(3,933)
NET CASH GENERATED FROM OPERATING ACTIVITIES	(352,834)	496,380
CASH FLOW FROM INVESTING ACTIVITIES		
Acquisition of Property and Equipment for Use	(9,597)	(9,098)
Write-off of Property and Equipment for Use	197	-
Disposal of property and equipment	4	173
Intangible Asset Investments	(3,185)	(2,054)
Transfer for non-use assets	(76)	-
Deferred Tax on Intangible Assets	19	-
Equity Pickup Adjustment - Previous Year	-	-
Dividends Received from Subsidiary	-	-
NET CASH FROM (USED IN) INVESTING ACTIVITIES	(12,638)	(10,979)
CASH FLOW FROM FINANCING ACTIVITIES		
Non-Controlling Interests	3,766	5,293
Dividends Paid to Non-Controlling	-	(1,712)
Interest on Capital	(5,000)	-
Increase (Decrease) in Real Estate	(19,340)	(17,175)
Subordinated Debts	8,115	4,198
NET CASH USED IN FINANCING ACTIVITIES	(12,459)	(9,396)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(377,931)	476,005
Cash and banks at the beginning of the period	727,489	613,613
Cash and banks at the end of the period	349,558	1,089,618