



# Banese



## BANCO DO ESTADO DE SERGIPE S/A – BANESE 3Q2020 EARNINGS RELEASE

**For immediate disclosure:** Aracaju, November 13, 2020 Banco do Estado de Sergipe S.A. – **BANESE** (“Banese” or “Bank”), a mixed-capital corporation with shares traded on B3 under the tickers BGIP3 (registered common shares) and BGIP4 (registered preferred shares) and listed in the ITAG (Special Tag-Along Stock Index) index, announces its results for the third quarter of 2020. For additional information, please access Banese’s investor relations website at <https://ri.banese.com.br/>.

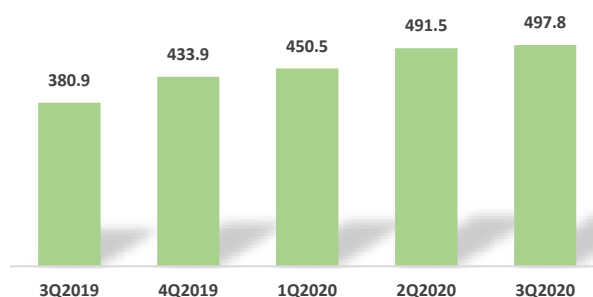
### BANESE RECORDS R\$6.6 BILLION IN ASSETS FUNDING VOLUMES CONTINUE TO INCREASE

#### 3Q2020 Highlights

All comparisons in this section refer to 3Q2019 (12M)

- Loan operations of R\$2.7 billion (+7.1%);
- Equity of R\$497.8 million (+30.7%);
- Total funding of R\$5.8 billion (+22.4%); and
- Total assets of R\$6.6 billion (+20.0%).

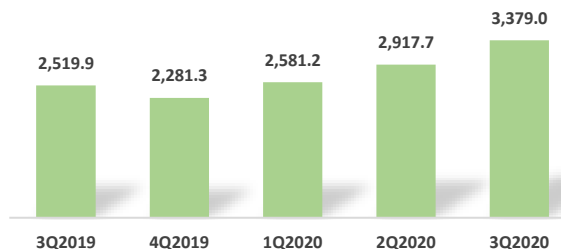
#### Shareholders' Equity - R\$ millions



All comparisons in this section refer to 2Q2020 (3M)

- Total Revenue increased by R\$58.4 million (+29.7%);
- Financial investments of R\$3.4 billion (+15.8%);
- Net Income of R\$9.0 million (+1.1%);
- Financial Margin totaled R\$122.3 million (+2.3%).

#### FINANCIAL INVESTMENTS - R\$ million



#### Investor Relations Contact

**Helom Oliveira da Silva**  
Executive Controller and Investor Relations Officer  
+55 (79) 3218-1201  
[ri@banese.com.br](mailto:ri@banese.com.br)

Equity Items - R\$ million	3Q2020	2Q2020		V3M	3Q2020	3Q2019		V12M
Total Assets	6,638.1	6,162.8	▲	+7.7%	6,638.1	5,531.1	▲	+20.0%
Loan Operations	2,688.6	2,745.4	▼	-2.1%	2,688.6	2,510.3	▲	+7.1%
Financial Investments <sup>(1)</sup>	3,379.0	2,917.7	▲	+15.8%	3,379.0	2,519.9	▲	+34.1%
Total Funding	5,806.8	5,376.5	▲	+8.0%	5,806.8	4,744.8	▲	+22.4%
Equity	497.8	491.5	▲	+1.3%	497.8	380.9	▲	+30.7%

Income Statement Items - R\$ million	3Q2020	2Q2020		V3M	9M2020	9M2019		V12M
Total Revenue	255.6	197.1	▲	+29.7%	677.0	674.5	▲	+0.4%
Gross Financial Intermediation Result	120.5	93.8	▲	+28.5%	318.0	303.9	▲	+4.6%
Operating Result	13.6	20.3	▼	-33.2%	64.4	94.0	▼	-31.5%
Financial Margin <sup>(2)</sup>	122.3	119.6	▲	+2.3%	359.9	341.0	▲	+5.5%
EBITDA <sup>(3)</sup>	15.2	21.9	▼	-30.6%	69.0	95.8	▼	-26.8%
Net Income	9.0	8.9	▲	+1.1%	34.6	57.7	▼	-40.0%
Net Interest Income (NII) <sup>(4)</sup>	108.8	114.3	▼	-4.8%	337.5	320.9	▲	+5.2%
Service Revenue	33.1	32.7	▲	+1.2%	99.7	96.9	▲	+2.9%
Allowance for Loan Losses	48.7	34.1	▲	+42.8%	120.8	68.0	▲	+77.6%
Administrative Expenses	87.5	82.2	▲	+6.4%	256.9	250.7	▲	+2.5%
Net Margin <sup>(5)</sup>	3.5%	4.5%	▼	-1.0 pp	5.1%	8.5%	▼	-3.4 pp
EBITDA Margin <sup>(6)</sup>	5.9%	11.1%	▼	-5.2 pp	10.2%	14.2%	▼	-4.0 pp

Efficiency Ratios and Measures (%)	3Q2020	2Q2020		V3M	9M2020	9M2019		V12M
Delinquency (% of the portfolio)	1.6%	1.4%	▲	+0.2 pp	1.6%	1.3%	▲	+0.3 pp
Basel Ratio	14.09%	15.47%	▼	-1.4 pp	14.09%	11.77%	▲	+2.3 pp
Net Interest Margin (NIM) <sup>(7)</sup>	1.8%	2.0%	▼	-0.2 pp	5.5%	6.3%	▼	-0.8 pp
Return on Assets (ROA) <sup>(8)</sup>	0.7%	0.9%	▼	-0.2 pp	0.7%	1.4%	▼	-0.7 pp
Return on Shareholders' Equity (ROE) <sup>(9)</sup>	9.7%	11.5%	▼	-1.8 pp	9.7%	19.4%	▼	-9.7 pp
Efficiency Ratio <sup>(10)</sup>	58.7%	83.3%	▼	-24.6 pp	71.4%	72.2%	▼	-0.8 pp
Provisioning Coverage Ratio	4.4%	4.8%	▼	-0.4 pp	4.4%	3.4%	▲	+1.0 pp
Administrative Coverage Ratio <sup>(11)</sup>	37.8%	39.8%	▼	-2.0 pp	38.8%	38.7%	▲	+0.1 pp
Payroll Coverage Ratio <sup>(12)</sup>	70.7%	74.7%	▼	-4.0 pp	73.4%	75.5%	▼	-2.1 pp

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

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

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

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

(5) Net Income/Total Revenue.

(6) EBITDA/Total Revenue.

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

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

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

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

(11) Service Revenue/Administrative Expenses.

(12) Service Revenue/Direct and Indirect Payroll Costs.

*This report may contain forward-looking statements. Such information reflects management's expectations, which may not materialize for reasons intrinsic or extrinsic to the Company. Words such as "believe," "anticipate," "wish," "predict," "expect," and similar expressions identify information that necessarily involves known or unknown future risks.*

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

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

**MESSAGE FROM MANAGEMENT**

In the third quarter, the Brazilian economic activity started to resume amid the Covid-19 pandemic that began in March. The flexibilization of security measures and the fiscal and monetary stimuli helped resume production, demands, and jobs, with positive prospects for coming months. The Central Bank improved the estimated decrease in GDP (Gross Domestic Product), from -6.5% to -5.0% in 2020. The economic scenario with historically low interest rates and controlled inflation has helped encourage loans to companies and families.

At Banese, besides keeping actions to fight the pandemic, we launched “Dias Melhores” campaign, created to promote the fight against the effects of the new coronavirus, with the spirit and resources for new times. The campaign also aims to reinforce the bank's vocation to care for and invest in people, at this difficult time for Sergipe and Brazil.

Below are some actions promoted by the campaign: Loans available with special conditions, exclusive offers for debt renegotiation, free home support, training courses available through “Capacitar-SE” project, sweepstakes, among others.

We believe that with the excellent work done by our employees and the trust placed by our shareholders in our management, we will continue to overcome adversity and implement measures to better serve our customers, help the community and contribute to the regional social and economic development.

## ANALYSIS OF OPERATIONS

### Assets

#### Total Assets by Type – R\$ million

	3Q2020	2Q2020		V3M	3Q2019		V12M
Credit Assets	2,688.6	2,745.4	▼	-2.1%	2,510.3	▲	+7.1%
(-) Provisions	-119.1	-130.8	▼	-8.9%	-86.1	▲	+38.3%
Net Credit Assets	2,569.5	2,614.6	▼	-1.7%	2,424.2	▲	+6.0%
Financial Investments	3,089.0	2,553.1	▲	+21.0%	2,193.5	▲	+40.8%
Restricted Credits	365.5	428.0	▼	-14.6%	348.8	▲	+4.8%
Permanent Assets	107.5	107.5	►	NA	105.7	▲	+1.7%
Other	506.6	459.6	▲	+10.2%	458.9	▲	+10.4%
<b>Total</b>	<b>6,638.1</b>	<b>6,162.8</b>	<b>▲</b>	<b>+7.7%</b>	<b>5,531.1</b>	<b>▲</b>	<b>+20.0%</b>

The balance of total assets surpassed the R\$6.6 billion mark at the end of 3Q2020, increasing by 20.0% in 12 months. We highlight the growth in the balance of financial investments (+R\$895.5 million in 12M and +R\$535.9 million in 3Q). It is Banese's policy to invest funds resulting from the difference between volume raised and allocated to loan operations and legal requirements in order to improve results. The growth in financial investments was directly due to the increase in funding and resources available in treasury due to the drop in loans in the "Pandemic".

Net assets invested in loans grew in 12M (+R\$145.3 million) and fell by -1.7% (-R\$45.1 million) over 2Q2020, with a portfolio of R\$2.6 billion at the end of 3Q2020.

The provisioning volume increased in twelve months due to payments suspended in contract installments and default due to the "COVID-19 Pandemic", besides the natural effect of the portfolio's growth, which decreased due to the settlement of loan losses, recorded at high-risk levels.

Restricted loans grew R\$16.7 million in LTM due to the increased compulsory cash reserves. Quarter-on-quarter, the drop observed (-R\$62.5 million) is due to the decrease in savings deposits from adopting rules established in BACEN's Official Letter 4033/20 (resources for investments in Time Deposits with Special Guarantee from FGC - DPGE).

At the end of 3Q2020, net loan assets represented 38.7% of total assets and financial investments 46.5%. Quarter-on-quarter, financial investments increased their relative share by 5.1 p.p. and net loan assets fell by 3.7 p.p. Year-on-year, financial investments increased their share by 6.8 p.p. while net loan assets fell by 5.1 p.p.

### Funding

#### Funding by Product Line – R\$ million

	3Q2020	2Q2020		V3M	3Q2019		V12M
Time Deposits	943.4	858.7	▲	+9.9%	689.2	▲	+36.9%
Savings Deposits	1,748.9	1,616.2	▲	+8.2%	1,408.1	▲	+24.2%
Court Deposits	1,051.1	996.5	▲	+5.5%	1,060.7	▼	-0.9%
CDB/RDB	1,624.8	1,463.8	▲	+11.0%	1,168.1	▲	+39.1%
CDI/DPGE	139.5	157.5	▼	-11.4%	142.3	▼	-2.0%
LF/LFS/LCI	185.9	183.3	▲	+1.4%	193.2	▼	-3.8%
Repurchase Transactions	5.1	4.2	▲	+21.4%	5.7	▼	-10.5%
Onlending Obligations	107.9	96.3	▲	+12.0%	77.5	▲	+39.2%
<b>Total</b>	<b>5,806.6</b>	<b>5,376.5</b>	<b>▲</b>	<b>+8.0%</b>	<b>4,744.8</b>	<b>▲</b>	<b>+22.4%</b>

At the end of 3Q2020, even amidst the economic impacts of the "COVID-19 pandemic", total funds raised reached R\$5.8 billion, up by 22.4% YoY, due to the growth in time deposits (+R\$456.6 million), savings (+R\$340.8 million) and cash (+R\$254.2 million). In the

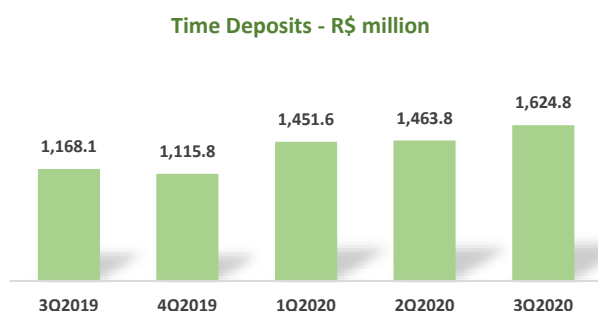
last quarter, the increase reached 8.0%, due to time deposits (+R\$161.0 million), savings (+R\$132.7 million), demand deposits (+R\$84.7 million) and judicial deposits (+R\$54.6 million).

Funding volume from interbank deposits (CDI) decreased by 11.4% in 3Q2020 (R\$18.0 million), reflecting the decrease in investments in interbank deposits linked to rural credit, which have reciprocity provided by such funding. Year-on-year, there was a 2.0% drop (-R\$2.8 million). Besides the reasons already mentioned in QoQ, the decrease is also due to the drop in investments in interbank deposits linked to real estate loans, which have reciprocity provided by such funding.

Funding from Financial Bills went slightly up by 0.6% in the quarter, due to inventory compensation. There was a 33.1% drop YoY due to operations not renewed on maturities.

The balance of Subordinated Financial Bills increased by R\$2.5 million in the quarter, and by 9.6% in 12 months, both due to inventory compensation. Financial Bills decreased slightly, by 0.2% in the quarter and 0.3% in 12 months, due to interest payments in the period.

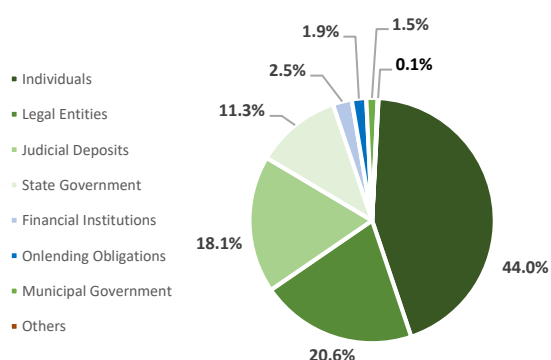
#### Evolution of Time Deposits (CDB/RDB)



Time deposits reached R\$1.6 billion in 3Q2020, up by R\$161.0 million in the quarter, +11.0%, and up by 39.1% YoY, +R\$456.7 million, both due to new funding from the state government and legal entities.

Banese's funding structure is diversified, which helps maintain comfortable liquidity levels and support the rebound of credit granting in a scenario of economic recovery.

#### Key Funding Sources (% of the Total)



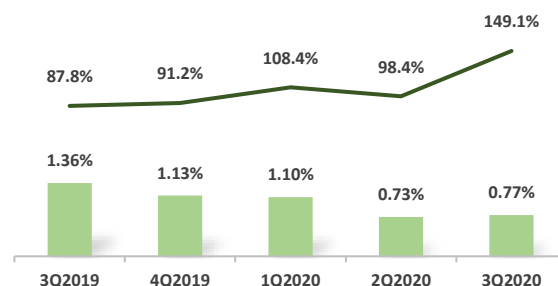
Banese's key funding sources are individuals, with approximately 44.0% of its total funding volume. Legal entities account for 20.6% of funding. The dilution of funding between individuals and legal entities reduce liquidity risks.

Court deposits represented 18.1% of Banese's total funding.

The funding cost increased by 0.04 p.p. in the quarter, mainly due to the increase in the cost of funding in Subordinated Financial Bill (LFS), due to the increase in the National Consumer Price Index (INPC), which compensates the highest volume captured in the product. Compared to 3Q2019, there was a 0.59 p.p. drop due to the growth in the share of savings deposits and the cut to the country's basic interest rate.

As for the CDI, the increase in the quarter was due to fundings with pre-fixed indexes, such as subordinated debt, and the decrease in the Selic Target rate in the period.

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



## Credit

**Loan Portfolio by Type – R\$ million**

	3Q2020	2Q2020		V3M	3Q2019		V12M
Commercial Portfolio	1,859.6	1,926.7	▼	-3.5%	1,726.8	▲	+7.7%
For Individuals	1,462.3	1,559.5	▼	-6.2%	1,420.4	▲	+2.9%
For Legal Entities	397.3	367.2	▲	+8.2%	306.4	▲	+29.7%
Development Portfolio	607.3	624.5	▼	-2.8%	562.9	▲	+7.9%
For Individuals	477.1	473.0	▲	+0.9%	454.1	▲	+5.1%
For Legal Entities	130.2	151.5	▼	-14.1%	108.8	▲	+19.7%
Securities and Credits Receivable	221.7	194.2	▲	+14.2%	220.6	▲	+0.5%
<b>Total</b>	<b>2,688.6</b>	<b>2,745.4</b>	<b>▼</b>	<b>-2.1%</b>	<b>2,510.3</b>	<b>▲</b>	<b>+7.1%</b>

Banese's loan portfolio ended 3Q2020 with around R\$2.7 billion in assets, down by 2.1% over 2Q2020, still suffering the impacts of the "COVID-19 Pandemic"; and up by 7.1% over 3Q2019.

Loan for individuals was focused on boosting sales given the issues faced in the current economic scenario, to support the customer needs, highlighting credit lines of free destination (payroll loans, personal credit and salary-linked loans). The corporate loan portfolio was focused on working capital for micro and small companies, up by 27.0% in 12 months and 1.7% in the quarter. In 12 months, the highlight is the volume growth of rescheduling operations, whose object was to extend maturities of current working capital contracts as requested by companies whose operations were affected by the pandemic.

Banese holds the largest portion of the free credit loan market in the State of Sergipe, with a market share of 42.2% according to the Central Bank of Brazil (June 2020). The Bank's exposure is focused on retail operations, mainly payroll loans and small and medium-sized companies. The positive variation of the individual commercial loan portfolio is a result of planned actions for the self-service channels (individuals represent 78.6% of the bank's portfolio in 3Q2020); new business lines with partner companies and state, municipal and federal public agencies, and strategic by the business units to reach customers eligible for credit, including through credit portability initiatives.

The development loan portfolio, which includes the management of real estate, industrial and agribusiness portfolios, had a balance of R\$607.3 million in 3Q2020, accounting for 22.6% of Banese's total loan portfolio. In the last quarter there was a drop in the industrial loan portfolio, -19.6% or -R\$19.7 million, due to operations settled and that already had their balances provisioned and expected to be settled this quarter. The mortgage loan portfolio fell by -0.8% or -R\$3.3 million, with the volume of contracts, considering all settlements, amortizations, and suspensions of existing operations in the portfolio, was not enough to keep or increase the balance invested. In the rural portfolio, due to weather conditions and the beginning of the new agricultural year, many loans were granted for agricultural costs with corn and other investments to plant sugar cane, up by 4.8% or +R\$5.8 million in the quarter.

The portfolio of Securities and Receivables with Loan Characteristics grew by R\$27.5 million in the last quarter, mainly due to the greater use of the revolving credit card limit in the period.

#### Loan Portfolio Quality by Risk Rating

	R\$ million		Change	% of the portfolio		Change
	3Q2020	3Q2019		3Q2020	3Q2019	
AA	923.9	432.2	▲ +113.8%	34.7%	17.2%	▲ +17.5 pp
A	990.1	1,090.2	▼ -9.2%	37.2%	43.4%	▼ -6.2 pp
B	396.2	585.8	▼ -35.9%	14.1%	23.3%	▼ -9.2 pp
C	230.8	255.3	▼ -12.6%	8.4%	10.2%	▼ -1.8 pp
D - H	147.6	146.8	▲ +0.5%	5.5%	5.8%	▼ -0.3 pp
<b>Total</b>	<b>2,688.6</b>	<b>2,510.3</b>	▲ +6.0%	<b>100.0%</b>	<b>100.0%</b>	► NA

In relative terms, the loan operations classified under the "AA" to "C" risk ratings range account for 94.5% of Banese's total loan portfolio (+0.3 pp. compared to 94.2% in 3Q2019). 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 (-0.3 p.p. versus the 5.8% in 3Q2019).

#### Loans Quality by Portfolio in 3Q20 – R\$ million

	Total	Commercial	Industrial	Rural	Real Estate	Other
AA	923.9	923.9	0	0	0	0
A	990.1	308.1	15.3	79.7	371.7	215.3
B	396.2	310.9	52.3	17.2	10.2	5.6
C	230.8	199.5	20.1	7.2	3.8	0.2
D - H	147.6	107.4	2.9	22.3	14.3	0.6
<b>Total</b>	<b>2,688.6</b>	<b>1,849.8</b>	<b>90.6</b>	<b>126.4</b>	<b>400.0</b>	<b>221.7</b>

In relation to the loan risk levels by segment, the rural portfolio (where loans are classified as "D - H" account for 17.6% of the portfolio) have lower quality. The classification refers to the characteristics of the products and the relatively high volume of each individual operation.

#### Financial Investments

##### Financial Investments – R\$ million

	3Q2020	2Q2020	V3M	3Q2019	V12M
Short-Term Interbank Investments	1,991.1	1,455.9	▲ +36.8%	1,117.9	▲ +78.1%
Marketable Securities	1,092.2	1,091.9	▲ +0.03%	1,068.9	▲ +2.2%
Mutual Fund Shares	46.3	46.2	▲ +0.2%	45.1	▲ +2.7%
Fixed Income	1,045.9	1,045.7	▲ +0.02%	1,023.8	▲ +2.2%
Repurchase Transactions + Guarantees	5.7	5.1	▲ +11.8%	6.5	▼ -12.3%
Remunerated Compulsory Deposits	290.0	364.9	▼ -20.5%	326.6	▼ -11.2%
<b>Total</b>	<b>3,379.0</b>	<b>2,917.7</b>	▲ +15.8%	<b>2,519.9</b>	▲ +34.1%

Interbank liquidity investments grew by 36.8%, +R\$535.2 million, in 3Q2020, due to repurchase transactions, investments in Time Deposits with Special Guarantee (DPGE) and increase in assets in compliance with Central Bank's requirements (Real Estate DI and Micro-Loan DI). In 12 months, grew 78.1%, +R\$873.2 million, also impacted by investments in Rural DI, to comply with Central Bank's requirements.

Securities remained stable in 3Q2020, with slight growth due to the profitability of interests in investment funds and fixed income assets. In 12 months, grew 2.2%, +R\$23.3 million, due to the return on Treasury Financial Bills (LFTs) not related to repurchase transactions not renewed at maturity and the provision of guarantees. In the period, there was a drop in investments in Bank Deposit Certificates (CDB), due to the treasury strategy to prioritize operations with assets that require less capital.

In this context, total interbank investments and securities reached a balance of R\$3.1 billion at the end of 3Q2020, up by 21.0% QoQ (+R\$535.5 million) and 41.0% LTM (R\$+896.5 million), due to the increase in funding and higher volume of funds available in treasury.

Banese complies with the provisions of Bacen Circular 3068/2001, which sets out 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 that includes investing all liquid assets in low-risk instruments in order to maintain comfortable liquidity and capital levels.

The YTD return on the portfolio in 3Q2020 reached 94.4% of the CDI, lower than the 98.7% in 2Q2020, due to the mark-to-market (MtM) of the bank's portfolio of Treasury Bills (LFT), which had a pricing volatility in the secondary market, with the trend intensified at the end of the quarter. The fluctuation is related to the fiscal risk of the National Treasury, especially due to the uncertainty of the Federal Government complying with the spending limit, with new securities issued short maturities and more attractive payoffs and, therefore, prospects of issues to roll over the short-term public debt. The result is also lower than the profitability of 3Q2019, 100.80% of the CDI, reflecting the mark to market (MtM) already mentioned.

## ANALYSIS OF RESULTS

### Revenue

Breakdown of Revenue – R\$ million

	3Q2020	2Q2020		V3M	9M2020	9M2019		V12M
Credit Revenue	123.9	129.7	▼	-4.5%	389.0	385.3	▲	+1.0%
Income from Financial Investments	14.6	16.9	▼	-13.6%	52.4	104.1	▼	-49.7%
Service Revenue	33.1	32.7	▲	+1.2%	99.6	96.8	▲	+2.9%
Income from Equity Investments	2.4	2.5	▼	-4.0%	7.7	9.9	▼	-22.2%
Other Operating Income	81.5	15.2	▲	+436.2%	128.2	76.4	▲	+67.8%
Non-Operating Revenue	0.01	0.1	▼	-90.0%	0.2	2.0	▼	-90.0%
<b>Total</b>	<b>255.5</b>	<b>197.1</b>	<b>▲</b>	<b>+29.6%</b>	<b>677.1</b>	<b>674.5</b>	<b>▲</b>	<b>+0.4%</b>

In 3Q2020, Banese's revenues totaled R\$255.5 million, up by 29.6% over 2Q2020. Highlight for Other Operating Revenues (+R\$66.3 million), with a R\$45.7 million reversal of provisions for loan operations, from settling transactions recorded at high-risk levels. Total revenues reached R\$677.1 million in 9M20, up by 0.4% over 9M2019.

Revenues from financial investments fell by R\$2.3 million in the quarter and R\$51.7 million in 9M2020 vs. 9M2019, mainly due to the effects of the mark-to-market of federal public securities in the quarter, and the cut to the country's basic interest rate, despite the increased balance of financial investments.

Service Revenues totaled R\$33.1 million in the quarter. Grew 1.2% QoQ, with the revenues from the portfolios of collection, funds transfer and checking account showing a slight recovery in the Pandemic context.

Grew 2.9% in 9M2019 vs. 9M2020, mainly driven by the rates of agreements, highlighting insurance linked to the guarantee of loan transactions.

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



## Costs and Expenses

### Direct Operating Costs – R\$ million

	3Q2020	2Q2020		V3M	9M2020	9M2019		V12M
Funding Expenses	25.8	30.8	▼	-16.2%	96.2	161.4	▼	-40.4%
Earnings from Marketable Securities	2.9	0.2	▲	+1,350.0%	3.4	4.0	▼	-15.0%
Loan Obligations	1.0	1.3	▼	-23.1%	4.2	3.2	▲	+31.3%
<b>Total</b>	<b>29.7</b>	<b>32.3</b>	<b>▼</b>	<b>-8.0%</b>	<b>103.8</b>	<b>168.6</b>	<b>▼</b>	<b>-38.4%</b>

Funding expenses reduced by 16.2% (R\$-5.0 million) in 03 months and by 40.4% (R\$-65.2 million) in the YTD comparison, due to lower interest rates (Selic Meta), generating reductions in expenses for savings, legal deposits, repurchase transactions, interbank deposits, time deposits and financial and real state bills.

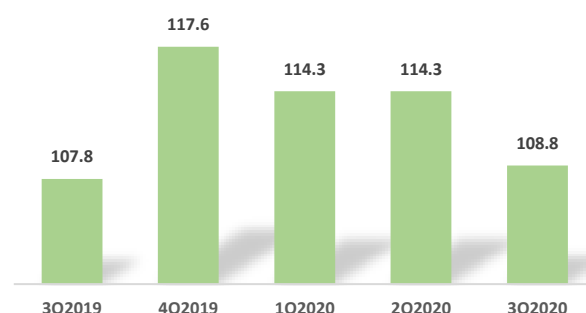
Expense with Securities Result grew by 1,350.0% due to the mark-to-market (MtM) of the federal public securities of the bank's portfolio, as previously mentioned in the Portfolio's Profitability item of this report.

## Net Interest Income (NII)

Net interest income (Credit Revenue Plus Income from Financial Investments less Direct Funding Costs) increased by 0.9% in 3Q2020 vs. 3Q2019. The variation was -4.8% QoQ.

The result is a combination of factors presented in the previous items mentioned in this report, such as the reduction in revenues from loans and financial investments in the quarter, even with lower funding expenses. The result YoY was due the drop in funding expenses.

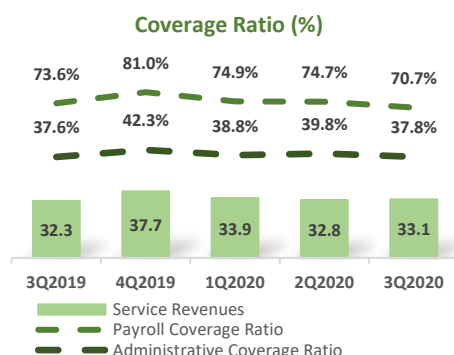
### Net Interest Income (NII) - R\$ Million



### Personnel/Payroll Expenses – R\$ million

	3Q2020	2Q2020		V3M	9M2020	9M2019		V12M
Salaries	29.3	26.2	▲	+11.8%	82.4	76.9	▲	+7.2%
Benefits	5.7	5.8	▼	-1.7%	17.3	16.5	▲	+4.8%
Social Charges	11.8	11.8	►	NA	35.9	34.3	▲	+4.7%
Training and Other	0.05	0.1	▼	-50.0%	0.2	0.7	▼	-71.4%
<b>Total</b>	<b>46.8</b>	<b>43.9</b>	<b>▲</b>	<b>+6.6%</b>	<b>135.8</b>	<b>128.4</b>	<b>▲</b>	<b>+5.8%</b>

Personnel expenses grew by 5.8% in 12 months and 6.6% in the last three months, due to salary readjustments and payment of salary bonuses signed in a national collective agreement and collective agreement specific for Banese, respectively.



Revenues from services in the third quarter of 2020 guaranteed a 70.7% coverage of personnel expenses, reducing by 2.9 p.p. and 4.0 p.p. in the annual and quarterly comparison, respectively. The increase in personnel expenses, with the payment of a salary bonus, was higher than the increase in revenues from services.

The Administrative Coverage Ratio in 3Q2020 reached 37.8%, varying by +0.2 p.p. in the 12-month comparison and by -2.0 p.p. in the quarter.

#### Other Administrative Expenses – R\$ million

	3Q2020	2Q2020	V3M	9M2020	9M2019	V12M
Third-Party Services	20.5	17.6	▲ +16.5%	57.6	57.1	▲ +0.9%
Consumption, Maintenance and Materials	5.2	4.8	▲ +8.3%	16.1	17.7	▼ -9.0%
Systems and Data Processing	7.2	6.6	▲ +9.1%	21.2	23.5	▼ -9.8%
Insurance	0.8	0.8	► NA	2.7	2.6	▲ +3.8%
Transportation of Cash	2.6	2.0	▲ +30.0%	6.9	6.3	▲ +9.5%
Taxes	0.9	0.3	▲ +200.0%	1.5	1.8	▼ -16.7%
Other Expenses	3.5	6.4	▼ -45.3%	14.9	13.3	▲ +12.0%
<b>Total</b>	<b>40.7</b>	<b>38.5</b>	<b>▲ +5.7%</b>	<b>120.9</b>	<b>122.3</b>	<b>▼ -1.1%</b>

Other administrative expenses grew by 5.7% (+R\$2.2 million) in the last quarter, highlighting Third-Party Services, mainly expenses related to the compensation of operations and sales carried out by the Correspondent network in the country (+R\$1.0 million) and expenses with attorney fees (+R\$1.1 million).

In 12 months, fell by -1.1% (-R\$1.4 million), with the higher drop in expenses with Systems and Data Processing and Consumption, Maintenance and Materials, due to administrative measures to control and cut expenses to cope with the state of public calamity.

#### Other Operating Expenses – R\$ million

	3Q2020	2Q2020	V3M	9M2020	9M2019	V12M
Depreciation and Maintenance	4.0	4.1	▼ -2.4%	12.3	11.6	▲ +6.0%
Credit Depreciation	0.1	0.1	► NA	0.3	0.4	▼ -25.0%
Liability Provisions	42.2	4.9	▲ +761.2%	51.0	28.6	▲ +78.3%
Partnership with the Court of Justice	4.3	4.3	► NA	13.0	13.7	▼ -5.1%
ISS/PIS/COFINS Taxes	9.0	8.7	▲ +3.4%	26.5	27.7	▼ -4.3%
Discounts Granted	2.8	0.7	▲ +300.0%	3.9	0.1	▲ +3800.0%
Profit Sharing	1.0	2.1	▼ -52.4%	5.3	8.4	▼ -36.9%
Other	6.5	5.4	▲ +20.4%	15.2	9.3	▲ +63.4%
<b>Total</b>	<b>69.9</b>	<b>30.3</b>	<b>▲ +130.7%</b>	<b>127.9</b>	<b>99.8</b>	<b>▲ +28.2%</b>

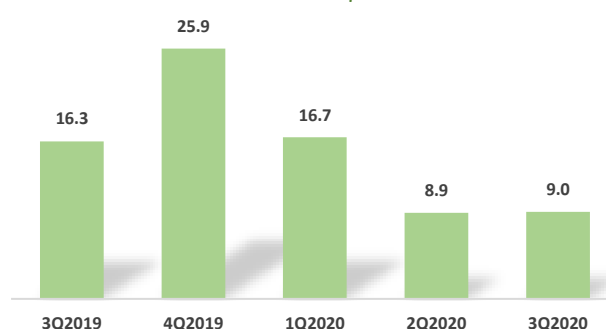
Other operating expenses increased by R\$28.1 YoY and R\$39.6 million QoQ, highlighting Liabilities Provisions, with a R\$34.6 million provision for labor liabilities recorded in 3Q2020, referring to provisions to comply with court decisions on labor lawsuits related to the Paid Weekly Rest (DSR).

### Net Income

Banese's net income in 3Q2020 totaled R\$9.0 million, down by 44.8% YoY. Despite the increased total revenues, there was a drop in operating efficiency as the period was impacted by the cut to the economy's basic interest rate, the increase in provisions and also the service restrictions from the "COVID-19 Pandemic". Grew 1.1% QoQ.

Year-to-date net income totaled R\$34.6 million in 9M2020, down by 40.1% compared to the R\$57.7 million in 9M2019.

Net Income - R\$ million



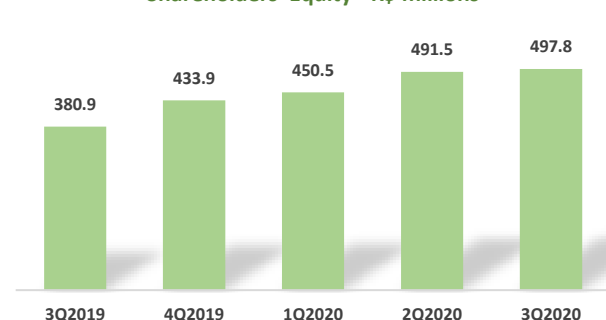
### Equity

Banese's equity was positive by 30.7% YoY and 1.3% QoQ.

The increased in 12 months is due to the incorporation of results in the period and the actuarial valuation adjustments relating to the supplementary pension plan for Banese employees through the Instituto Banese de Seguridade Social – SERGUS (defined benefit plan), according to CPC 33-R1, approved by CVM Resolution 695/2012.

The actuarial adjustment negatively impacted Banese's Shareholders' Equity by -R\$7.3 million at the end of 2Q2020 due to the increase in the market rate used to calculate the present value of actuarial obligations. The negative effect on the Bank's Shareholders' Equity was -R\$75.2 million in 3Q2019 and -R\$39.5 million at the end of 4Q2019.

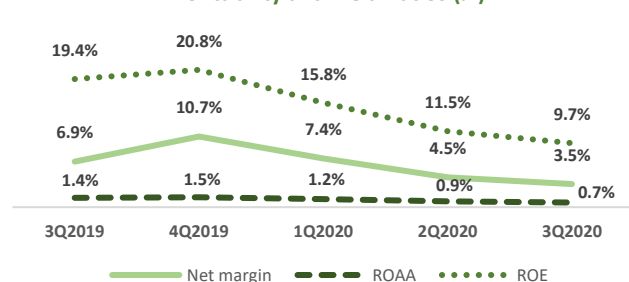
Shareholders' Equity - R\$ millions



### Profitability and Yield Ratios

Banese's Return on Equity (ROE), Net Margin, and Return on Average Assets (ROAA) at the end of 3Q2020 decreased QoQ and YoY, due to results and business presented in this report, suffering the impacts by the "COVID 19 Pandemic".

Profitability and Yield Ratios (%)

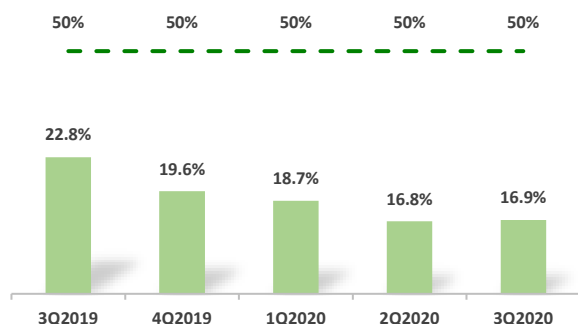


### Capitalization and Basel Ratio

Ratios and Capitalization (R\$ million)	3Q2020	2Q2020		V3M	3Q2019		V12M
Reference Equity (PR)	507.6	532.4	▼	-4.7%	375.3	▲	+35.3%
Tier I	465.9	471.5	▼	-1.2%	318.4	▲	+46.4%
Tier II	41.6	60.9	▼	-31.7%	56.9	▼	-26.9%
Basel Ratio	14.0%	15.4%	▼	-1.4 pp	11.7%	▲	+2.3 pp
Core Capital Ratio	12.9%	13.7%	▼	-0.8 pp	9.9%	▲	+3.0 pp
Tier I Capital Ratio	12.9%	13.7%	▼	-0.8 pp	9.9%	▲	+3.0 pp
Minimum Basel Ratio + ACP	9.2%	9.2%	►	NA	10.5%	▼	-1.3 pp
Margin on Reference Equity, including capital for coverage of Interest Rate Risk of Banking Portfolio and ACP.	147,868	164,752	▼	-10.2%	26,983	▲	+448.0%

Banese Conglomerate's Basel Ratio totaled 14.09% at the end of 3Q2020, down by 1.4 p.p. when compared to the ratio calculated at the end of 2Q2020, due to the 4.7% decrease in the Reference Equity (around R\$24.8 million), mainly as a result of the 31.7% drop in the Reference Equity Tier II (around R\$19.3 million), due to the change in the range of the Subordinated Financial Bill of the companies Sergus and Casse, which now account for 40% vs. 60%.

### Property & Equipment-to-Equity Ratio (%)



The fixed asset-to-equity ratio ended 3Q2020 at 16.9%, increasing by 0.1 p.p. over the ratio in 2Q2020, due to the 4.7% decrease in the Reference Equity (approximately R\$24.7 million).

The result was substantially lower than the 50.0% maximum immobilization limit imposed by the Brazilian Central Bank.

It is worth noting that the lower this figure is the better.

### Ratings

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

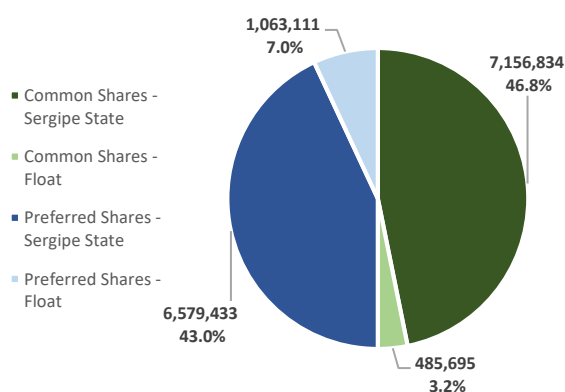
On July 10, 2020, Moody's Investors Service (Moody's) affirmed all of Banese's ratings, including the "Ba2" individual credit risk rating for long-term deposits in domestic currency, on the global scale, with a negative outlook, and deposits ratings, on the global and national scale, as "Aa3.br". The outlook for long-term deposits in foreign currency continues Stable. The negative outlook for long-term deposits in domestic currency, on the global scale, considered the challenges of maintaining quality and profitable assets,

due to the increase of the loan portfolio, and the exposure to segments that are affected with the crisis caused by the coronavirus pandemic.

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

#### ADDITIONAL INFORMATION

##### Banese on B3



Banese's ownership structure in 3Q2020 was comprised by 89.8% of shares owned by the State of Sergipe and 10.2% of shares are Free Float. The outstanding shares are comprised of 31.4% ON shares and 68.6% PN shares.

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

Banese shares are listed in B3's ITAG index, which concentrates shares with special tag-along rights.

##### Clients and Service Channels

In 3Q2020, Banese's customer base totaled 888,786 current and savings accounts, consisting of 852,806 individual customers and 35,980 legal entities, increasing by 2.0% over 3Q2019. The number of customers was positive by of 1.0% compared to 4Q2019, but there was a very small growth when compared to 2Q2020 (+0.3%).

The focus on digital channels ensures convenience for customers and more agility in the acquisition of a wide portfolio of products and services. The use of self-service channels to make transactions remains as the method preferred by Banese's customers, as 81.8% of the total transactions were made in self-service from January to September 2020, with 70.0% on digital channels.

The YTD volume of transactions in the Internet and Mobile Banking grew by 39.3% until September 2020 YoY, due to the higher quality of service, with Banese's specialization in the digital model.

#### Channel Data

	3Q2020	2Q2019		V3M	9M2020	9M2019		V12M
Branches	63	63	►	NA	63	63	►	NA
Service Points	09	09	►	NA	09	09	►	NA
ATMs	491	491	►	NA	491	482	▲	+9
Bank Correspondents in Brazil	203	197	▲	+6	203	193	▲	+10
Transactions in Branches, ATMs and Bank Correspondents	9.4 million	7.8 million	▲	+1.6 million	27.7 million	30.7 million	▼	-3.0 million
Transaction Volume	R\$8.5 billion	R\$7.2 billion	▲	R\$+1,3 billion	R\$26.3 billion	R\$31.0 billion	▼	R\$-4.7 billion
Online Transactions	22.9 million	22.2 million	▲	+0.7 million	66.5 million	66.4 million	▲	+0.1 million
Transaction Volume	R\$3.8 billion	R\$3.4 billion	▲	R\$+0.4 billion	R\$9.4 billion	R\$6.8 billion	▲	R\$+2.6 billion

#### Financial Services – Banese 2.0

The Intelligent Deposit service allows Legal Entities to obtain gains with an automated and proactive treasury management. This service speeds up the conversion of cash flows into working capital, reduces collection expenses and mitigates the operational failures. In 3Q2020, transaction volume totaled 13,300 deposits and R\$17.5 million in transaction value in the period.

Banese also offers cash bill recycling terminals, which are self-service terminals in which cash deposited into the machine become accessible for withdrawal by other customers. Banese has a total of 97 ATMs available across the State for the recycling of bills, and 87 ATMs in partnership with the “Saque e Pague” network.

#### Investments in Human Capital

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

The Vocational Training Incentive Program, which aims to increase the knowledge base of its employees, encourages undergraduate, specialization and foreign language courses by offering scholarships of 50% of the course value. In 3Q2020, 91 scholarships were granted.

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

#### BANESE CONGLOMERATE

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

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

The number of clients eligible to make purchases reached 602,000 in 3Q2020, up 5.7% from 3Q2019. The volume of transactions using products managed by SEAC (Banese Debit, Banese Card and Banese Food/Meal Card) ended the third quarter of 2020 at R\$580.1 million, 15.4% higher than in 3Q2019. The financial volume of the Banese Card (the Company's main product), reached R\$522.2 million from June to September, increasing by 14.0% over the same period of the previous year.

In this 3Q2020, SEAC made it possible for businesses to request online accreditation through Portal Lojista, which optimizes the process so that they can make transactions with Banese Card and other market brands, reducing bureaucracy, costs, and waiting time.

**Banese Corretora de Seguros**

Banese Administradora e Corretora de Seguros Ltda. offers the best insurance solutions in partnership with the main insurance companies in the country. Totalling 40 years offering quality and trust to its customers.

In 3Q2020, the volume of insurance contracted totaled R\$32.0 million, up by 20.1% YoY. The growth was driven mainly by Banese Consortium, Lender and by significant contributions to private pension in August. When compared to 2Q2020, the increase totaled 27.2%.

YTD revenue in 3Q2020 reached R\$6.8 million, up by 3.7% over YTD 3Q2019 and 5.0% QoQ.

**Instituto Banese and Museu da Gente Sergipana (Banese Institute and Museum of the People of Sergipe)**

Aiming to be recognized as a source of knowledge, inspiration and cultivation of artistic and cultural expressions, Instituto Banese develops social and environmental responsibility actions in line with public policies, and serves as a transformation agent through actions and investments aimed at the best interests for the society of the State of Sergipe. The actions and projects of the entities supported by Instituto Banese benefited 32,451 individuals in 3Q2020 and invested R\$76.8 million.

The *Museu da Gente Sergipana Governador Marcelo Déda* museum, the Institution's key project, was developed to reinforce the Bank's social role as the great motivator and patron of several languages of the culture of the State of Sergipe. In September, Banese Institute launched the virtual visit platform to the museum, an initiative that allows a 360º tour of all museum's facilities. Navigation is a complete, immersive and interactive experience just like in-person visits, making people feel as if they were inside the museum. In less than two months, the platform has already received over 756,428 visits, exceeding the total number of in-person visitors to the Museum since it opened, in 2011, until March 2020, which totaled 714,340 people.

## TABLES AND ATTACHMENTS

## Consolidated Income Statement – BANESE – (R\$ thousand)

	09.30.2020	09.30.2019
<b>Revenue from Financial Intermediation</b>	<b>475,176</b>	<b>509,881</b>
Credit Transactions	402,674	391,765
Income from Marketable Securities Transactions	65,490	107,614
Earnings from Compulsory Investment	7,012	10,502
<b>Financial Intermediation Expenses</b>	<b>(170,991)</b>	<b>(221,986)</b>
Market Funding Operations	(94,845)	(158,829)
Loans and Onlending	(4,211)	(3,248)
Provision for Expected Credit Loss Associated with Credit Risk	(41,915)	(37,138)
Provision for Revolving Credit Card Loan	(30,020)	(22,771)
<b>Gross Income from Financial Intermediation</b>	<b>304,185</b>	<b>287,895</b>
Other Operating Revenues (Expenses)	(170,720)	(140,615)
Service Revenues	98,015	94,551
Banking Fee Revenue	56,858	58,087
Personnel Expenses	(161,137)	(154,232)
Other Administrative Expenses	(170,440)	(164,011)
Tax Expenses	(43,107)	(44,133)
Equity Income in Affiliates and Subsidiary	-	-
Other Operating Revenues	88,479	95,454
Other Operating Expenses	(39,388)	(26,331)
<b>Expenses with Provisions</b>	<b>(53,426)</b>	<b>(29,421)</b>
Expenses with Provisions for Contingencies	(53,426)	(29,421)
<b>Operating Income</b>	<b>80,039</b>	<b>117,859</b>
Non-Operating Income (Expenses)	2,076	575
<b>Pre-tax Income</b>	<b>82,115</b>	<b>118,434</b>
Income and Social Contribution Taxes	(34,535)	(42,418)
Provision for Income Tax	(29,189)	(23,340)
Provision for Social Contribution Tax	(22,097)	(14,665)
Deferred Tax Asset	16,751	(4,413)
Profit Sharing – Employees and Management	(5,266)	(8,360)
<b>Net Income Before Non-Controlling Interest</b>	<b>42,314</b>	<b>67,656</b>
Non-Controlling Interests	(7,739)	(9,954)
<b>Net Income</b>	<b>34,575</b>	<b>57,702</b>



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

	09.30.2020	09.30.2019
<b>Revenue from Financial Intermediation</b>	<b>460,345</b>	<b>505,641</b>
Credit Transactions	404,400	395,028
Income from Marketable Security Transactions	48,933	100,111
Earnings from Compulsory Investment	7,012	10,502
<b>Financial Intermediation Expenses</b>	<b>(142,329)</b>	<b>(201,739)</b>
Market Funding Operations	(96,203)	(161,353)
Loans and Onlending	(4,211)	(3,248)
Provision for Expected Credit Loss Associated with Credit Risk	(41,915)	(37,138)
Provision for Revolving Credit Card Loan	-	-
<b>Gross income from Financial Intermediation</b>	<b>318,016</b>	<b>303,902</b>
Other Operating Revenues (Expenses)	(202,669)	(181,392)
Service Revenues	42,850	38,834
Banking Fee Revenue	56,858	58,087
Personnel Expenses	(138,551)	(131,672)
Other Administrative Expenses	(129,059)	(128,896)
Tax Expenses	(28,006)	(29,405)
Equity Income In Affiliates and Subsidiary	7,662	9,855
Other Operating Revenues	19,355	24,809
Other Operating Expenses	(33,778)	(23,004)
<b>Expenses with Provisions</b>	<b>(50,953)</b>	<b>(28,563)</b>
Expenses with Provisions for Contingencies	(50,953)	(28,563)
<b>Operating Income</b>	<b>64,394</b>	<b>93,947</b>
Non-Operating Income	(664)	621
<b>Pre-Tax Income</b>	<b>63,730</b>	<b>94,568</b>
Income and Social Contribution Taxes	(23,889)	(28,506)
Provision for Income Tax	(24,244)	(17,356)
Provision for Social Contribution Tax	(18,995)	(10,918)
Deferred Tax Asset	19,350	(232)
Profit Sharing – Employees and Management	(5,266)	(8,360)
<b>Net Income Before Non-Controlling Interest</b>	<b>34,575</b>	<b>57,702</b>
Non-Controlling Interests	-	-
<b>Net Income</b>	<b>34,575</b>	<b>57,702</b>



Consolidated Balance Sheet – ASSETS (R\$ thousand)

	09.30.2020	12.31.2019
<b>CURRENT ASSETS</b>	<b>4,232,826</b>	<b>3,857,329</b>
CASH AND CASH EQUIVALENTS	1,333,179	613,613
FINANCIAL INSTRUMENTS	2,961,917	3,317,859
INTERBANK INVESTMENTS	531,405	342,261
Interbank Deposits	531,405	342,261
MARKETABLE SECURITIES AND DERIVATIVE FINANCIAL INSTRUMENTS	842,874	1,209,380
Own Portfolio	837,194	1,208,219
Subject to Repurchase Agreements	5,063	104
Linked to Guarantees Given	617	858
Linked to Central Bank of Brazil	-	199
INTERBANK ACCOUNTS	378,242	362,040
Payments and Receivables to be Settled	29,517	7,330
Restricted Deposits:	335,493	336,334
- Central Bank Deposits	335,238	336,184
- Agreements	255	150
Correspondents	13,232	18,376
LOAN OPERATIONS	694,095	869,401
Loan Operations:	694,095	869,401
- Private Sector	694,095	869,401
OTHER RECEIVABLES	515,301	534,777
Unearned Income	12,366	12,116
Sundry	510,558	522,815
Allowance for Losses on Other Receivables Without Loan Characteristics	(7,623)	(154)
PROVISIONS FOR EXPECTED LOAN LOSSES	(96,538)	(100,902)
Provision for Loan Losses	(57,027)	(60,955)
Provision for Other Doubtful Accounts	(1,481)	(1,580)
Provision for Receivables Related to Payment Transactions	(38,030)	(38,367)
TAX CREDITS	31,010	23,624
Tax credits on Temporary Differences	10,701	8,670
Tax credits on Negative Tax Basis	4,216	6,474
Tax credits on Taxes and Contributions to be Compensated	16,093	8,480
OTHER ASSETS	3,258	3,135
Other Assets	1,535	1,395
Prepaid Expenses	1,723	1,740

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

	09.30.2020	12.31.2019
<b>NON-CURRENT ASSETS</b>	<b>2,816,700</b>	<b>2,106,721</b>
<b>LONG-TERM RECEIVABLES</b>	<b>2,716,106</b>	<b>2,004,131</b>
FINANCIAL INSTRUMENTS	2,558,064	1,871,090
INTERBANK INVESTMENTS	205,713	-
Interbank Deposits	205,713	-
MARKETABLE SECURITIES AND DERIVATIVE FINANCIAL INSTRUMENTS	360,789	21,403
Own Portfolio	360,789	21,403
INTERBANK ACCOUNTS	30,032	29,106
Restricted Deposits:	30,032	29,106
- National Housing System (SFH)	30,032	29,106
LOAN OPERATIONS	1,772,743	1,664,072
Loan Operations:	1,772,743	1,664,072
- Private Sector	1,772,743	1,664,072
OTHER RECEIVABLES	188,787	156,509
Unearned Income	22	-
Sundry	188,765	156,509
PROVISIONS FOR EXPECTED LOAN LOSSES	(53,554)	(52,145)
Provision for Loan Losses	(53,554)	(52,145)
TAX CREDITS	138,206	141,512
Tax credits on Temporary Differences	129,839	131,901
Tax credits on Negative Tax Basis	671	1,958
Tax credits on Taxes and Contributions to be Compensated	7,696	7,653
OTHER ASSETS	73,390	43,674
Other Assets	72,565	44,144
Allowance for Devaluation	(2,713)	(2,713)
Prepaid Expenses	3,538	2,243
INVESTMENTS	-	-
Interest in Affiliates and Subsidiaries	-	-
OTHER INVESTMENTS	6	6
Other Investments	454	454
Provisions for Losses	(448)	(448)
PROPERTY AND EQUIPMENT FOR USE	233,324	223,866
Property for Use	74,152	73,440
Other Property and Equipment Items for Use	159,172	150,426
INTANGIBLE ASSETS	72,255	68,554
Intangible Assets	72,255	68,554
DEPRECIATION AND AMORTIZATION	(204,991)	(189,836)
Accumulated Amortization of Property and Equipment Items for Use	(147,173)	(135,756)
Accumulated Amortization of Intangible Assets	(57,818)	(54,080)
<b>TOTAL</b>	<b>7,049,526</b>	<b>5,964,050</b>



Consolidated Balance Sheet– LIABILITIES (R\$ thousand)

	09.30.2020	12.31.2019
<b>CURRENT LIABILITIES</b>	<b>4,712,722</b>	<b>4,245,344</b>
DEPOSITS AND OTHER FINANCIAL INSTRUMENTS	4,168,759	3,643,741
DEPOSITS	4,027,113	3,574,253
Demand Deposits	942,661	757,056
Savings Deposits	1,748,871	1,472,015
Interbank Deposits	139,522	126,718
Time Deposits	1,195,819	1,218,236
Special Deposits Remuneration	240	228
INTERBANK ACCOUNTS	49,613	612
Receivables and Payments to be Settled	49,613	612
OPEN MARKET FUNDING	-	104
Own Portfolio	-	104
FUNDS FROM ACCEPTANCE AND ISSUE OF NOTES	57,343	48,439
Funds from Real Estate, Mortgage, Credit and Similar Notes	57,343	48,439
LOCAL ONLENDING – OFFICIAL INSTITUTIONS	34,690	20,333
BNDES	74	74
FINAME	473	1,033
Other Institutions	34,143	19,226
OTHER LIABILITIES	543,963	601,603
Collection of Taxes and Alike	17,635	1,698
Social and Statutory Charges	394	9,194
Tax and Social Security Obligations	29,850	16,495
Subordinated Debts	746	407
Sundry	495,338	573,809
<b>NON-CURRENT LIABILITIES</b>	<b>1,793,524</b>	<b>1,245,438</b>
DEPOSITS AND OTHER FINANCIAL INSTRUMENTS	1,515,354	1,009,684
DEPOSITS	1,412,554	886,567
Time Deposits	1,412,554	886,567
OPEN MARKET FUNDING	5,074	-
Own Portfolio	5,074	-
FUNDS FROM ACCEPTANCE AND ISSUE OF NOTES	24,532	50,566
Funds from Real Estate, Mortgage, Credit and Similar Notes	24,532	50,566
LOCAL ONLENDING – OFFICIAL INSTITUTIONS	73,194	72,551
BNDES	214	270
FINAME	1,065	1,231
Other Institutions	71,915	71,050
OTHER LIABILITIES	104,785	98,113
Subordinated Debts	104,035	97,273
Sundry	750	840
PROVISIONS	162,872	126,586
Provisions for Contingencies	162,872	126,586
DEFERRED INCOME	10,513	11,055
Deferred Income	10,513	11,055

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

	09.30.2020	12.31.2019
<b>SHAREHOLDERS' EQUITY</b>	<b>543,280</b>	<b>473,268</b>
Capital - Domiciled in Brazil	348,000	348,000
Profit Reserves	123,862	125,327
Other Comprehensive Results	(7,318)	(39,470)
Accumulated Profit	33,298	-
Non-Controlling Interests	45,438	39,411
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>7,049,526</b>	<b>5,964,050</b>

**Consolidated Statement of Value Added (R\$ thousand)**

	09.30.2020	09.30.2019
<b>VALUE ADDED CALCULATION</b>		
Revenue from Financial Intermediation	475,176	509,881
Financial Intermediation Expenses	(170,991)	(221,986)
Other Operating Revenues (Expenses)	(4,335)	39,702
Non-Operating Income	2,076	575
Service revenue	154,873	152,638
Materials, Energy, Third-Party Services and Other Expenses	(146,683)	(144,928)
<b>Gross Value Added</b>	<b>310,116</b>	<b>335,882</b>
<b>Retentions</b>	<b>(15,061)</b>	<b>(13,815)</b>
Amortization	(3,717)	(4,024)
Depreciation	(11,344)	(9,791)
<b>Net Value Added Produced by the Company</b>	<b>295,055</b>	<b>322,067</b>
<b>Value Added Received in Transfer</b>	-	-
Equity Pickup	-	-
<b>Value Added to be Distributed</b>	<b>295,055</b>	<b>322,067</b>
<b>DISTRIBUTION OF VALUE ADDED</b>		
<b>Government</b>	<b>77,642</b>	<b>86,551</b>
Tax Expenses	26,356	48,546
Income and Social Contribution Taxes	51,286	38,005
<b>Employees</b>	<b>166,403</b>	<b>162,592</b>
Salaries and Fees	98,934	93,797
Social Charges	36,788	35,532
Private Pension Plan	3,640	3,400
Benefits and Training	21,775	21,503
Profit Sharing	5,266	8,360
<b>Rents</b>	<b>3,479</b>	<b>3,437</b>
<b>Taxes and Contributions</b>	<b>5,217</b>	<b>1,831</b>
<b>Non-Controlling Interests</b>	<b>7,739</b>	<b>9,954</b>
<b>(Accumulated Losses) / Retained Earnings</b>	<b>34,575</b>	<b>57,702</b>
<b>Value Added Distributed</b>	<b>295,055</b>	<b>322,067</b>



## Consolidated Cash Flow (R\$ thousand)

	09.30.2020	09.30.2019
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>Adjusted net income</b>	<b>109,201</b>	<b>152,742</b>
Net Income	34,575	57,702
Adjustment to Net Income	74,626	95,040
Allowance for Loan Losses	41,915	37,138
Provision/ (Reversal) for Restricted Deposits-FCVS	384	362
Depreciation and Amortization	15,320	14,032
PLS and COFINS tax Credit on Depreciation with Affiliates	(259)	(217)
Adjustment of Provision for Liabilities	53,426	29,421
Other Operational Provisions	11,202	8,139
Expense for Loyalty Bonus	5,620	1,645
Other Non-Operational Provisions	10	369
Marketable Securities Marking to Market	3,186	1
Deferred Tax Asset	(16,751)	4,413
Capital Losses	1,655	1,755
Reversal of Other Operating Provisions	(4,968)	(20,048)
Inflation Adjustment	(2,621)	(1,508)
Other Non-Operational Revenue	(731)	(3,233)
Equity Income in Subsidiaries	-	-
Provision for Revolving Credit Card Loan	(30,020)	22,771
Additional Dividend Proposed Non-Paid	(2,742)	-
<b>Variation in Assets and Liabilities</b>	<b>627,771</b>	<b>(86,429)</b>
(Increase) Decrease in Short-Term Liquidity Investments	(394,857)	(133,279)
(Increase) Decrease in Marketable Securities and Derivative Financial Instruments	23,934	(29,189)
(Increase) Decrease in Interbank Accounts (Assets/ Liabilities)	31,489	23,798
(Increase) Decrease in Credit Transactions	66,635	(206,223)
(Increase) Decrease in Other Assets	(29,839)	1,847
(Increase) Decrease in Other Credits	10,614	(25,301)
(Increase) Decrease in Provisions for Losses Associated with Credit Risk	(14,850)	7,566
(Increase) Decrease in Other Receivables	(4,080)	(50,758)
Increase (Decrease) in Deposits	978,847	218,856
Increase (Decrease) in Funds Obtained in the Open Market	4,970	(42,744)
Increase (Decrease) in Borrowings and Onlending	15,000	12,064
Gains / (Losses) Other Comprehensive Income	32,152	(71,349)
Increase (Decrease) in Deferred Income	(542)	(412)
Increase (Decrease) in Other Liabilities	(74,562)	141,559
Increase (Decrease) in Provisions	(17,140)	67,136
<b>NET CASH GENERATED FROM OPERATING ACTIVITIES</b>	<b>736,972</b>	<b>66,313</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Transfer of Property in Use to Freelease	-	1
Acquisition of Property and Equipment for Use	(9,649)	(20,728)
Write-off of Property and Equipment for Use	259	-
Disposal of property and equipment	5	5,975
Intangible Asset Investments	(3,680)	(2,840)
Dividends Received from Subsidiary	-	-
<b>NET CASH FROM (USED IN) INVESTING ACTIVITIES</b>	<b>(13,065)</b>	<b>(17,592)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Non-Controlling Interests	7,739	9,954
Dividends Paid to Non-Controlling	(1,712)	-
Interest on Capital	-	(11,400)
Increase (Decrease) in Real Estate	(17,130)	(522)
Subordinated Debts	6,762	(63,897)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>(4,341)</b>	<b>(65,865)</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>719,566</b>	<b>(17,144)</b>
<b>Cash and banks at the beginning of the period</b>	<b>613,613</b>	<b>830,331</b>
<b>Cash and banks at the end of the period</b>	<b>1,333,179</b>	<b>813,187</b>