



# Management Report

2018



# Management Report

**Porto Alegre, March 6, 2019 –Banco Agibank S.A.** (“Bank” or “Agibank”), an innovative bank offering products and services to improve and facilitate people’s every day and financial lives, announces its **results for fiscal year 2018**. The financial statements were prepared based on accounting practices considering in the Brazilian corporate legislation, associated with the rules and instructions of the National Monetary Council (CMN) and the Central Bank of Brazil (BACEN). In view of the implementation in February 2018 of the Business Corporate Reorganization, the financial statements for the three months and six months ending June 30, 2018 and 2017, are not comparable. Consequently, with the sole objective of providing a better understanding of the company’s results in the context of the Corporate Reorganization, this Management Report has been prepared taking into consideration the unaudited **Combined Financial Statements**<sup>1</sup> for these periods and applying the same accounting practices.

## MESSAGE FROM THE MANAGEMENT

**2018 was the first year in Agibank’s new phase of development.** The Bank gained ground in crucial elements of the construction of tomorrow’s bank, playing a leading role in the digitalization of financial services and products in Brazil, showing resilience in a scenario of political and economic uncertainty that marked the year and delivering consistent results. Thus, the credit portfolio totaled R\$ 1,552.7 million (+52.7% from 2017), recurring net income<sup>2</sup> reached R\$ 159.8 million, up 24.0% from the previous year, and return on average equity (ROAE) was 37.9%. In line with its long-term vision, in keeping with its **objective for 2022 – to be among the 10 largest Brazilian banks** based on net income, Agibank climbed 11 positions in the Central Bank’s ranking of Prudential Banking Conglomerates to **31<sup>st</sup> place** in net income, based on the results for the year to September 2018<sup>3</sup> versus September 2017.

**Digital all the time. Physical when clients want it to be.** The relevant investment in technology in 2018, of around R\$ 146.6 million considering CAPEX (+306% from 2017) and OPEX (+85% from 2017), together with a network of 602 outlets as of December 2018 (from 435 points at yearend 2017), with a presence in every Brazilian city with a population of more than 100 thousand. Such a structure provided Agibank’s clients with a unique omnichannel experience, with converging sales and service channels that complement each other through a single platform for bricks-and-mortar and digital banking services, such as the app - which had 50 updates over the course of the year, incorporating new features –, internet banking, artificial intelligence-enabled call center, points of experience, self-service totems and withdrawal options.

**One more person joined Agibank every 20 seconds.** The app had 1.6 million downloads in 2018, reaching **1.1 million clients** (475.9 mil in 2017) with at least one financial product or service, such as credit, checking account, cards, investments, purchasing pool, insurance and payments.

**Agibank earned domestic and international recognition** as the year progressed, spearheading the financial industry’s digital transformation. It also released new services and features, formed important partnerships for the construction of a relationships-based bank, reinforced its role in

<sup>1</sup> Combined Financial Statements include the financial information of Banco Agibank S.A., Agibank Administradora de Consórcios Ltda., Agibank Financeira S.A. – Crédito, Financiamento e Investimento, Banklab Empresa de Tecnologia Ltda., Promil Promotora de Vendas Ltda., Soldi Promotora de Vendas Ltda., Agibank Corretora de Seguros Ltda. and Telecontato Call Center e Telemarketing Ltda., prepared according to accounting practices adopted in Brazil applicable to financial institutions authorized to operate by BACEN. In this context, due to the weight of the balance sheet of the Bank in the Combined Financial Statements, the latter are shown using the model instituted by the Accounting Plan for National Financial System Institutions - COSIF.

<sup>2</sup> Recurring Net Income = Net Income, excluding the effect of the Non-Recurring Expenses relative to the preparatory process for the IPO.

<sup>3</sup> As of this Management Report’s date of publication, the Central Bank had not yet published the December 2018 update of the ranking.



society by engaging in social projects, and was recognized by one of the leading risk-rating agencies, Fitch Ratings, with an initial rating of “**BBB(bra)**” – **National Long-Term Rating**, “Stable” outlook.

**London Tech Week.** In the first half of the year Agibank received the *TechXlr8* award in London, in the *Best DevOps Transformation* category, presenting its case study in agile transformation with the adoption of *DevOps* – a set of practices automating the processes between development and operations teams, increasing productivity, providing scalability of infrastructural resources and reducing time-to-market.

**Partnership with the largest card acquirer in Brazil.** In September, Agibank announced an important partnership with Cielo, revolutionizing the way payments are made throughout the country. Based on QR Code technology, Agibank’s clients are able to make their purchases from more than 1.1 million establishments anywhere in Brazil without the need of a card and by merely pointing their smartphone at the Point of Sale (POS) machine screen when confirming a purchase. It is worth emphasizing that the product was developed in record time, using the bank’s agile methodology and guaranteeing minimal time-to-market for the solution.

**Agibank PayCar.** Also in September, Agibank launched a feature that offers a new experience in financial transactions for its clients. The payments solutions for Agibank-accredited service stations use license plate recognition prior to confirming the operation – which can be executed either by push notification to the client’s mobile device or facial recognition, without even the need to exit the vehicle. An IoT (Internet of Things) solution connects the license plates on clients’ cars to their digital accounts by means of OCR (Optical Character Recognition) technology.

**+Digital Company.** Again in September, Agibank won the +Digital Institute award that recognizes the companies best positioned to meet the challenges and reap the opportunities of the digital world. The survey reflected the importance of identifying companies operating at the digital forefront in their respective industries and facing the constant challenge of reviewing their practices to absorb increasingly connected markets and consumers.

**Security Leaders.** In October, Agibank was the grand winner in the Digital Banking category, and placed second in the innovation case of the year category with its “Dual Authentication Factor” project – a solution developed to add security to financial operations conducted via the app.

**Relatório Bancário Award.** In December, the bank was recognized in two categories of the traditional awards naming the financial market’s highlights in digital transformation-related categories. Agibank’s app was the best in the Financial Inclusiveness category, while the “Dual Authentication Factor for Financial Transactions” case won the Cyber Security category.

**New withdrawals solution.** Also as yearend approached, Agibank formed a partnership with Saque e Pague, a company with more than 1,000 terminals nationwide, which will add one more withdrawals channel for clients besides the traditional lottery houses and ATMs.

**How to Fish Project (“Projeto Pescar”).** With yearend came the graduation of the second class of Agibank’s Projeto Pescar unit. In addition to opening up a world of opportunities for underprivileged youths, the project provided an exercise in learning and citizenship for employees, who were able to serve as volunteer teachers, sponsors and tutors to students. The initiative is one of the Bank’s Corporate Education initiatives and one of its strategies to foster the development of Agibank employees and executives.

**150 Best Companies to Work.** All of these results and important deliveries could only be attained via an engaged and motivated team of over 3.7 thousand employees who make Agibank one of the best places to work according to the ranking published by *Você S/A* magazine, Bank featuring in the list for the second consecutive year.



**Best Corporate Governance Practices.** Side by side with these initiatives as 2018 progressed, Agibank implemented important changes to its management structure in line with best corporate governance practices, such as forming a Board of Directors with 40% independent members, with different executives holding the positions of Chairman and CEO, and the installation of the Compensation Committee, which advises the Board of Directors, and of Executive Committees: Commercial, Credit, Treasury, People Management, IT, Products and Risk.

**Prospects.** As the economy recovers and political uncertainty wanes, 2019 begins with a promising outlook for Brazil, reinforcing confidence that it will be a milestone: the beginning of a new cycle. In 2019, Agibank effectively begins operations as a **full relationship bank**. Its actions will have an even sharper focus on clients, and will be entirely driven by their needs, experience and satisfaction, which implies 100% dedication to ensure that every one of them is charmed by Agibank every single day. Outlets will become points of experience. Places where clients can live and feel in every detail and attitude what it means to be an Agibank account holder. The strategy will ensure client long-term retention, producing a virtuous cycle of growth anchored in increasingly simple and disruptive products and services with increasingly attractive terms, allowing people to enjoy better lives. It is worth emphasizing that approximately 100 thousand checking account holders have named Agibank their paycheck institution, making it their relationship bank of choice.

**Acknowledgments.** Agibank thanks its clients, employees, service providers and partners for yet another year of their support, efforts, trust and dedication. Let the next years come!

*Porto Alegre, March 6, 2019.  
Management*

## HIGHLIGHTS – 2018

- Agibank registered more than **614.1 thousand new clients** in 2018, of which **448.9 thousand opened accounts**, for a total of **1.1 million clients** and **535.3 thousand accounts** at yearend;
- **Results from Operations** were up **17.6%** in 2018 from 2017, reaching yearend with an **Operational Efficiency Index of 76.5%**;
- **Results from Financial Intermediation** were up **43.8%** in 2018 from 2017, reaching **R\$ 947.9 million**, with **Net Financial Margin of 53,6%**;
- **Net Income** was **R\$ 153.3 million** in 2018, up **19.0%** from 2017, for a **Net Margin of 16.2%**;
- In 2018, the Bank booked **R\$ 11.1 million** in **Non-Recurring Expenses** reflecting work in preparation for the IPO;
- **Recurring Net Income**, which excludes the effects of Non-Recurring Expenses, was **R\$ 159.8 million** in 2018, up **24.0%** from 2017 and reaching a **Recurring Net Margin of 16.9%**;
- **The Credit Portfolio** reached **R\$ 1,552.7 million** in the fiscal year, up **52.7%** from the previous year;
- The Bank opened **167 outlets** in the year, reaching **602 units** at yearend;
- Accumulated **CAPEX** was **R\$ 68.4 million** for the year, showcasing the bank's expanding investments in technology and new points of experience;
- **Net Equity** was **R\$ 463.0 million** in the fiscal year, up **33.9%** from 2017;
- **Return on Average Equity (ROAE)** was **37.9%** in 2018, down **5.6 p.p.** from the previous year;
- **Return on Average Assets (ROAA)** was **8.0%** in the fiscal year, down **2.2 p.p.** from 2017.



## PRINCIPAL INDICATORS

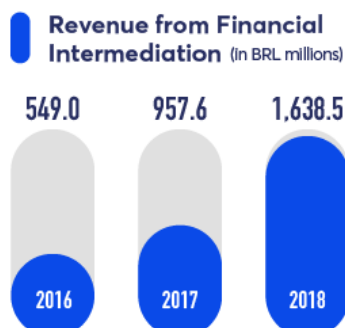
In millions of Reais, unless otherwise stated		2018	2017	2016	2018 / 2017	2018 / 2016
Results	Revenue from Financial Intermediation	1,638.5	957.6	549.0	71.1%	198.5%
	Expenses from Financial Intermediation	(690.6)	(298.4)	(185.0)	131.4%	273.3%
	Gross Profit from Financial Intermediation	947.9	659.1	364.0	43.8%	160.4%
	Operating Expenses	(705.3)	(451.9)	(223.7)	56.1%	215.4%
	Operating Income	243.7	207.3	140.3	17.6%	73.7%
	Net Income	153.3	128.8	109.2	19.0%	40.3%
	Recurring Net Income <sup>(1)</sup>	159.8	128.8	109.2	24.0%	46.2%
Performance	ROAE <sup>(2)</sup> (%)	37.9%	43.5%	53.4%	-5.6 p.p.	-15.5 p.p.
	ROAA <sup>(3)</sup> (%)	8.0%	10.2%	14.2%	-2.2 p.p.	-6.2 p.p.
	Net Interest Margin <sup>(4)</sup> (%)	53.6%	59.2%	62.3%	-5.6 p.p.	-8.7 p.p.
	Operating Efficiency Ratio <sup>(5)</sup> (%)	76.5%	71.4%	67.8%	5.1 p.p.	8.7 p.p.
	Net Margin <sup>(6)</sup> (%)	16.2%	19.5%	30.0%	-3.3 p.p.	-13.8 p.p.
	Recurring Net Margin <sup>(7)</sup> (%)	16.9%	19.5%	30.0%	-2.6 p.p.	-13.1 p.p.
Balance Sheet	Net Equity	463.0	345.7	246.0	33.9%	88.2%
	Assets	2,258.7	1,561.5	969.7	44.6%	132.9%
	Credit Portfolio	1,552.7	1,016.9	547.9	52.7%	183.4%
	Leverage <sup>(8)</sup>	3.4	2.9	2.2	0.5 p.p.	1.2 p.p.
	Allowance for Bad Debts/Credit Portfolio (%)	24.0%	18.3%	19.5%	5.7 p.p.	4.5 p.p.
	Capital Adequacy Ratio (%)	15.8%	19.1%	18.2%	-3.3 p.p.	-2.4 p.p.
Others	Total Number of Clients	1,090,070	475,941	286,150	129.0%	280.9%
	Total Number of Accounts	535,272	86,406	17,442	519.5%	2968.9%
	Total Number of Outlets	602	435	263	38.4%	128.9%
	Total Number of Outlets Openings	167	172	110	-	-
	CAPEX	68.4	17.0	9.4	302.6%	628.8%

(1) Recurring Net Income = Net Income excluding the effect of Non-Recurring Expenses related to preparation for the IPO; (2) ROAE = 12M Net Income / Average Net Equity; (3) ROAA = 12M Net Income / Average Assets; (4) Net Interest Margin = 12M Gross Profit from Financial Intermediation / Average Profitable Assets; (5) Operating Efficiency Ratio = (Adm. Expenses + Personnel Expenses + Tax Expenses + Other Expenses and Operating Revenues) / Gross Profit from Financial Intermediation + Revenues from Services + Income from Bank Fees; (6) Net Margin = Net Income / Gross Profit from Financial Intermediation; (7) Recurring Net Margin = Recurring Net Income / Gross Profit from Financial Intermediation



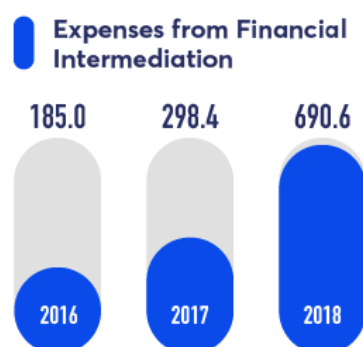
## MD&A

### REVENUE FROM FINANCIAL INTERMEDIATION



Revenue from Financial Intermediation reached R\$ 1,638.5 million in 2018, up 71.1% from the previous year and 198.5% from 2016. This was the product of credit portfolio growth, increased products cross selling and greater commercial productivity.

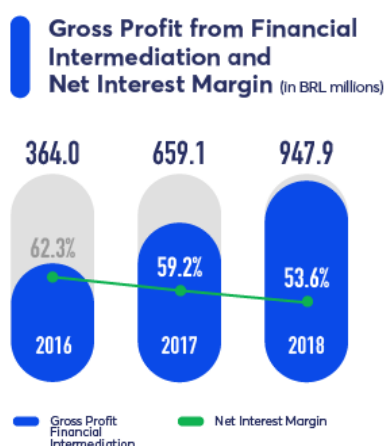
### EXPENSES FROM FINANCIAL INTERMEDIATION



Expenses from Financial Intermediation amounted to R\$ 690.6 million in 2018, up 131.4% from 2017, due mainly to higher Allowance for Bad Debts.

The bank's funding structure mainly involves CDB-based funding, which is adequate to the profile of its credit portfolio, which is managed conservatively, maintaining comfortable levels of liquidity.

### GROSS PROFIT FROM FINANCIAL INTERMEDIATION

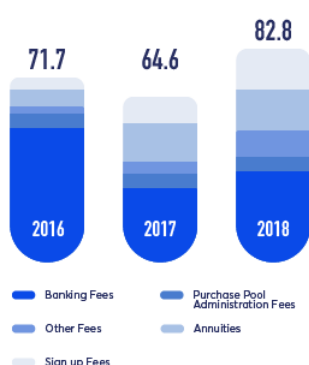


Gross Profit from Financial Intermediation was R\$ 947.9 million in 2018, up 43.8% from 2017 and 160.4% from 2016.

The annualized Net Interest Margin, which is calculated as the ratio of Gross Profit from Financial Intermediation to Profitable Assets, reached 53.6% in 2018, down 5.6 p.p. from 2017.

## REVENUES FROM SERVICES

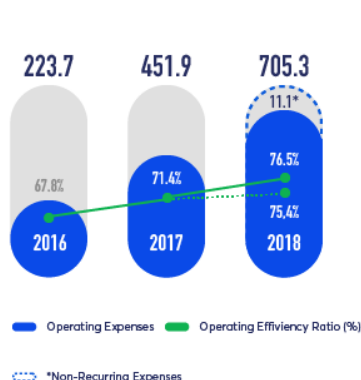
### Revenues from Services



Revenues from Services, including fee and services provided revenues, were R\$ 82.8 million in 2018, up 28.2% from 2017 and 15.4% from 2016, due mainly to higher revenues from insurance sales commissions.

## OPERATING EXPENSES

### Operating Expenses and Operating Efficiency Ratio



Operating Expenses increased 56.1% from 2017, reaching R\$ 705.3 million in 2018. This increase was in line with that of Revenues from Financial Intermediation, notwithstanding IPO-related expenses ("Non-Recurring Expenses") in the amount of R\$ 11.1 million.

The Operating Efficiency Ratio, whose calculation methodology is shown next, was 76.5% in 2018. If the effects of Non-Recurring Expenses were excluded, the Operating Efficiency Index would be 75.4% for the fiscal year.

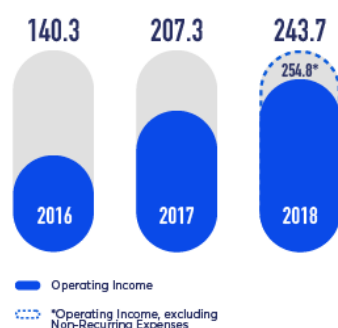
## OPERATING EFFICIENCY INDEX

In millions of Reais, unless otherwise stated	2018	2017	2016	2018 / 2017	2018 / 2016
Employee Expenses	305.9	212.5	119.7	43.9%	155.6%
Administrative Expenses	343.3	205.5	133.1	67.1%	158.0%
Tax Expenses	124.3	82.6	49.5	50.6%	151.2%
Other Operating Income (Expenses)	14.6	15.9	-6.9	-8.2%	-311.3%
<b>Total Expenses</b>	<b>788.1</b>	<b>516.5</b>	<b>295.4</b>	<b>52.6%</b>	<b>166.8%</b>
Revenue from Financial Intermediation	947.9	659.1	364.0	43.8%	160.4%
Revenue from Expenses	82.8	64.6	71.7	28.2%	15.4%
<b>Total Revenues</b>	<b>1,030.7</b>	<b>723.7</b>	<b>435.7</b>	<b>42.4%</b>	<b>136.6%</b>
<b>Operating Efficiency Ratio (%)</b>	<b>76.5%</b>	<b>71.4%</b>	<b>67.8%</b>	5.1 p.p.	8.7 p.p.
Non-Recurring Expenses	11.1	-	-	-	-
<b>Adjusted Operating Efficiency Ratio (%)</b>	<b>75.4%</b>	<b>71.4%</b>	<b>67.8%</b>	4.0 p.p.	7.6 p.p.



## OPERATING INCOME

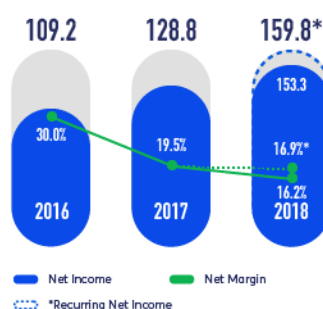
### Operating Income



In 2018, Operating Income reached R\$ 243.7 million, a 17.6% increase from 2017, due to higher Income from Financial Intermediation. Excluding the effects of Non-Recurring Expenses would bring Operating Income to R\$ 254.8 million for the fiscal year.

## NET INCOME

### Net Income and Net Margin



Agibank's Net Income in 2018 was R\$ 153.3 million, up 19.0% from 2017, with 16.2% Net Margin. If the effects of Non-Recurring Expenses were excluded, Net Recurring Income would be R\$ 159.8 million in 2018, up 24.0%, and its Recurring Net Margin would be 16.9%.

## DIVIDENDS AND INTEREST ON EQUITY CAPITAL

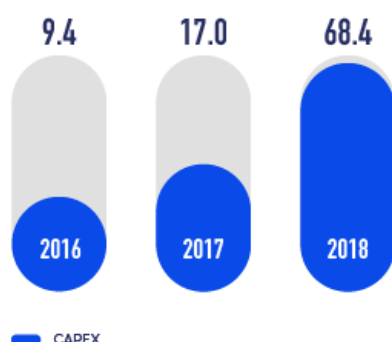
On December 31, 2018, Agibank paid out dividends as Interest on Equity Capital in the amount of R\$ 8.1 million, corresponding to R\$ 0.014528 per share based on 397,109,375 common shares and 162,714,612 preferred shares.

Thus, for fiscal year 2018, a total of R\$ 26.7 million were paid out as Interest on Equity Capital.



## CAPEX

### Investments



Agibank's strategy is based on being a technology company with a banking license, having as innovation as its key pillar and offering solutions to improve its clients' everyday lives. The Bank's investment guidelines directly reflect this strategy.

The Bank aims to expand and accelerate its information technology investments as a means to provide clients with a quality experience and consolidate a distinctive offering for its chosen market, as well as to increase operational efficiency. This investment is based on Agibank's technology strategy, which is structured based on four key elements: an omnichannel architecture, a hybrid infrastructure, an agile solutions development model (ASA – Agile Scale Agibank), and data security.

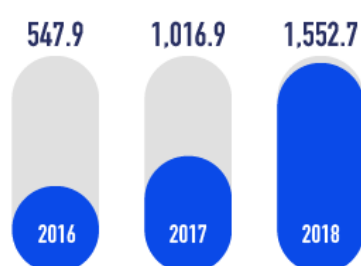
CAPEX in 2018 reached R\$ 68.4 million, up significantly (+302.6%) from the previous year. This was essentially due to increased investment in technology and systems that offer differentiation and innovation for the business, in addition to resources allocated to outlet opening and modernization.

## ANALYSIS OF CREDIT OPERATIONS

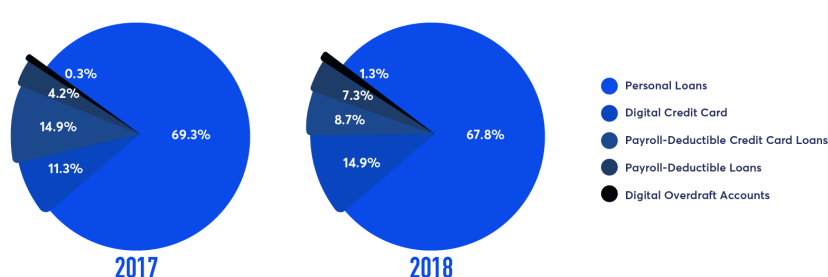
### CREDIT PORTFOLIO

In millions of Reals, unless otherwise stated			Portfolio			Var. %	
Credit Portfolio	Dec/18	Dec/17	Dec/16	Dec/18 x Dec/17	Dec/18 x Dec/16		
Personal Credit	1,053.0	705.0	385.8	49.4%	172.9%		
Digital Credit Cards	231.3	114.6	34.3	101.9%	574.6%		
Credit Card linked Payroll-Deductible Loans	135.0	151.5	120.0	-10.9%	12.4%		
Payroll-Deductible Loans	112.6	42.9	7.7	162.4%	1364.2%		
Digital Overdraft Accounts	20.7	2.8	0.1	629.1%	22678.1%		
<b>Credit Portfolio</b>	<b>1,552.7</b>	<b>1,016.9</b>	<b>547.9</b>	<b>52.7%</b>	<b>183.4%</b>		
Allowance for other doubtful accounts	(372.7)	(185.9)	(106.7)	100.5%	249.3%		
<b>Net Credit Portfolio</b>	<b>1,179.9</b>	<b>831.0</b>	<b>441.2</b>	<b>42.0%</b>	<b>167.4%</b>		

### Credit Portfolio Evolution



### Credit Portfolio Breakdown





On December 31, 2018, the Total Credit Portfolio was R\$ 1.552,7 million, up 52.7% from December 2017 and 183.4% from de 2016. Particular emphasis is due to the growth of the Personal Credit and Digital Checking Account portfolios and the increased representativeness of the Credit Cards and Payroll-Deductible Loans portfolios.

The Credit Portfolio, net of Provision for Bad Credits, was R\$ 1,179.9 million, up 42.0% from December 2017 and 167.4% from December 2016.

## CREDIT PORTFOLIO QUALITY

In millions of Reais, unless otherwise stated		Portfolio			Provision		
Rating	% of provision	Dec/18	Dec/17	Dec/16	Dec/18	Dec/17	Dec/16
A	0.5%	804.0	615.0	350.1	(4.0)	(3.1)	(1.8)
B	1%	94.3	62.4	24.8	(0.9)	(0.6)	(0.2)
C	3%	91.5	65.2	24.0	(2.7)	(2.0)	(0.7)
D	10%	79.8	45.3	16.5	(8.0)	(4.5)	(1.7)
E	30%	98.9	39.9	21.5	(29.7)	(12.0)	(6.5)
F	50%	77.2	34.9	19.2	(38.6)	(17.5)	(9.6)
G	70%	60.9	23.5	18.4	(42.6)	(16.4)	(12.9)
H	100%	246.2	130.6	73.5	(246.2)	(129.8)	(73.5)
<b>Total</b>		<b>1,552.7</b>	<b>1,016.9</b>	<b>547.9</b>	<b>(372.7)</b>	<b>(185.9)</b>	<b>(106.7)</b>

## CAPITAL MANAGEMENT

### CAPITAL ADEQUACY RATIO

In millions of Reais, unless otherwise stated	Dec/18	Dec/17	Dec/16
Referential Equity - Tier I	410.9	426.0	311.8
Core Capital	410.9	426.0	311.8
<b>Referential Equity</b>	<b>410.9</b>	<b>426.0</b>	<b>311.8</b>
Referential Equity - Tier II	-	-	-
Credit Risk-weighted Assets	1,211.6	1,224.7	889.7
Market Risk-weighted Assets	17.4	45.6	22.1
Operational Risk-weighted Assets	1,375.7	1,375.7	723.0
<b>Risk-weighted Assets</b>	<b>2,604.7</b>	<b>2,646.0</b>	<b>1,634.9</b>
RBAN	80.6	77.2	70.3
<b>Capital Adequacy Ratio (RE/RWA)</b>	<b>15.8%</b>	<b>16.1%</b>	<b>19.1%</b>
<b>Expanded Capital Adequacy Ratio (RE/(RWA+RBAN))</b>	<b>15.3%</b>	<b>15.6%</b>	<b>18.3%</b>

The Bank's Basel Capital Adequacy Ratio was 15.8% in December 2018, down 3.4 p.p. from December 2017. This was basically due to the credit portfolio's expansion and the change in the operating risk determination period.



## LIQUIDITY MANAGEMENT

### LIQUIDITY COVERAGE RATIO - LCR

In millions of Reais, unless otherwise stated	Dec/18	Dec/17	Dec/16
High Quality Liquid Assets	548.0	400.9	377.7
Potential Cash Outflows	23.9	21.7	42.0
LCR (%)	2292.9%	1847.8%	899.8%

LCR indicates the capacity of the Bank to absorb the effects of a scenario of stress with the outflow of a large volume of highly liquid assets. The amounts are calculated on the basis of the methodology defined by Brazilian Central Bank regulations in line with Basel III guidelines.

In December 2018, LCR was 2,292 %, up 1,393.1 p.p. from December 2017, due mainly to the increase in highly liquid assets and reduced funding with liquid obligations.



## ABOUT AGIBANK

Agibank is a technology company that offers financial products and services, its purpose being to improve people's everyday lives. Agibank has a distinctive value proposition that focuses on an innovative and disruptive business model structured by means of a highly scalable digital infrastructure. It is a lean, horizontal and modern bank with a startup culture.

The Bank aims to provide comprehensive service to its clients – members of emerging classes, individual microentrepreneurs and micro and small enterprises – and has developed a high-tech financial platform that offers simple, agile and innovative solutions. Agibank is connected with more than 1.1 million active customers, offering services such as credit, checking accounts, cards, investments, consortia, insurance and payments based on an omnichannel strategy that combines digital channels and a network of 602 brick-and-mortar points of experience nationwide in December 2018. It is a unique model that focuses on an effective and direct relationship with clients, enabling profitable and sustainable growth.

## DISCLAIMER

The statements in this document related to the prospects for the businesses, forecasts on operating and financial results and those relating to the outlook for growth of Banco Agibank S.A., are merely estimates and as such are based exclusively on the expectations of Management as to the future of the businesses. These expectations depend substantially on market conditions, the performance of the Brazilian economy, the sector and the international markets and are therefore subject to change without prior notice. All variations presented herein are calculated based on the numbers in thousands of Brazilian *Reais* as well as the roundings.

## CONTACTS – INVESTOR RELATIONS

### PAULINO RAMOS RODRIGUES

CFO & IRO

[paulino.rodriques@agibank.com.br](mailto:paulino.rodriques@agibank.com.br)

+55 51 3921 1402

### FELIPE GASPAR OLIVEIRA

Investor & Institutional Relations

[felipe.oliveira1@agibank.com.br](mailto:felipe.oliveira1@agibank.com.br)

+55 51 3921 1301



## BALANCE SHEET | ASSETS – COMBINED BACEN GAAP

In thousands of BRL

ASSETS	Dec/18 <i>non-audited</i>	Dec/17	Dez/16 <i>non-audited</i>
<b>Current Assets</b>	<b>1,985,881</b>	<b>1,459,310</b>	<b>890,608</b>
Cash and bank deposits	9,124	2,335	1,256
Short-term interbank investments	548,541	391,278	211,765
Securities and derivative financial instruments	115,827	100,227	139,230
Interbank accounts	354	114	121
Loan operations	1,479,416	988,669	542,931
Allowance for loan losses	(370,716)	(185,467)	(106,240)
Securities trading and brokerage	2	3	53
Taxes and contributions recoverable	19,574	4,357	3,199
Receivables from affiliated companies	152	-	-
Deferred tax assets	75,989	78,279	55,039
Miscellaneous	15,503	17,696	17,317
Notes and credits receivable	88,016	60,177	25,638
Allowance for loan losses	(2,730)	(927)	(339)
Prepaid expenses	6,829	2,569	638
<b>Long-term Receivables</b>	<b>192,832</b>	<b>71,434</b>	<b>55,470</b>
Securities and derivative financial instruments	92,900	28,278	7,497
Loan operations	73,261	28,207	4,981
Allowance for loan losses	(2,029)	(419)	(466)
Funds receivable from closed groups	2,805	1,440	1,380
Securities credits receivable	4	3	-
Escrow deposits on judicial claims	16,865	9,583	6,299
Prepaid expenses	4,603	2,510	150
Tax credits	4,423	1,832	28,486
<b>Permanent Assets</b>	<b>79,961</b>	<b>30,774</b>	<b>23,593</b>
Investments	118	76	71
Property, plant and equipment	27,020	18,441	13,130
Intangible assets	52,823	12,257	10,392
<b>TOTAL ASSETS</b>	<b>2,258,674</b>	<b>1,561,518</b>	<b>969,671</b>



## BALANCE SHEET | LIABILITIES – COMBINED BACEN GAAP

In thousands of BRL

LIABILITIES	Dec/18 <i>non-audited</i>	Dec/17	Dez/16 <i>non-audited</i>
<b>Current liabilities</b>	<b>576,731</b>	<b>479,088</b>	<b>501,765</b>
Demand deposits	23,931	10,186	1,317
Time deposits	272,518	170,835	174,943
Funds from acceptance	382	103,680	183,592
Interbank accounts	100	46	-
Financing and borrowings	3,035	3,003	3,534
Collection and payment of taxes and similar	497	543	371
Social and statutory	29,799	37,413	28,213
Derivative Financial Instruments	-	-	-
Tax and social security contributions	32,437	43,452	33,760
Funds obligations with closed groups	1,365	-	-
Other liabilities	129,248	109,930	57,030
<b>Long-term liabilities</b>	<b>1,218,936</b>	<b>736,716</b>	<b>221,872</b>
Time deposits	1,166,187	711,471	85,568
Funds from acceptance	5,270	708	117,262
Funds pending receipt - judicial collection	2,805	1,440	1,380
Financing and borrowings	4,497	1,500	4,500
Tax and social security	-	-	-
Other liabilities	40,177	21,597	1,666
<b>Equity</b>	<b>463,007</b>	<b>345,714</b>	<b>246,034</b>
Controlling interest	462,722	345,609	245,972
Non-controlling interest	285	105	62
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>2,258,674</b>	<b>1,561,518</b>	<b>969,671</b>



## INCOME STATEMENT – COMBINED BACEN GAAP

In thousands of BRL

Income Statement	2018 <i>non-audited</i>	2017	2016 <i>non-audited</i>	2018 / 2017	2018 / 2016
<b>Revenue from Financial Intermediation</b>	<b>1,638,511</b>	<b>957,554</b>	<b>548,994</b>	<b>71.1%</b>	<b>198.5%</b>
Loan operations	1,607,830	932,195	516,765	72.5%	211.1%
Short-term interbank investments	20,656	8,945	8,187	130.9%	152.3%
Securities transactions	9,929	16,089	24,977	-38.3%	-60.2%
Derivative financial instruments	(25)	280	131	-108.9%	-119.1%
Foreign exchange	121	45	(1,066)	168.9%	-111.4%
<b>Expenses from Financial Intermediation</b>	<b>(690,610)</b>	<b>(298,436)</b>	<b>(185,025)</b>	<b>131.4%</b>	<b>273.3%</b>
Market funding expenses	(89,452)	(64,352)	(61,614)	39.0%	45.2%
Loan operations and onlending	(536)	(1,113)	(1,566)	-51.8%	-65.8%
Allowance for loan losses	(485,781)	(232,753)	(121,845)	108.7%	298.7%
Allowance for other doubtful accounts	(1,803)	(218)	0	727.1%	-
Gains on sale of financial assets	(113,038)	0	0	-	-
<b>Gross Profit from Financial Intermediation</b>	<b>947,901</b>	<b>659,118</b>	<b>363,969</b>	<b>43.8%</b>	<b>160.4%</b>
<b>Operating Expenses</b>	<b>(705,330)</b>	<b>(451,868)</b>	<b>(223,653)</b>	<b>56.1%</b>	<b>215.4%</b>
Revenue from services	47,314	35,545	58,139	33.1%	-18.6%
Banking fees	35,484	29,044	13,585	22.2%	161.2%
Employee expenses	(305,895)	(212,543)	(119,690)	43.9%	155.6%
Administrative expenses	(343,333)	(205,499)	(133,070)	67.1%	158.0%
Tax expenses	(124,342)	(82,559)	(49,506)	50.6%	151.2%
Other operating income (expenses)	(14,558)	(15,856)	6,889	-8.2%	-311.3%
Non-Operating Income	1,157	-302	13,881	-483.1%	-91.7%
<b>Income Before Taxes</b>	<b>243,728</b>	<b>206,948</b>	<b>154,197</b>	<b>17.8%</b>	<b>58.1%</b>
Current income tax and social contribution	(95,485)	(74,731)	(46,728)	27.8%	104.3%
Deferred income tax and social contribution	5,010	(3,414)	1,777	-246.7%	181.9%
<b>Net Income</b>	<b>153,253</b>	<b>128,803</b>	<b>109,246</b>	<b>19.0%</b>	<b>40.3%</b>
Controlling interest	153,070	128,672	109,155	19.0%	40.2%
Non-controlling interest	183	131	91	39.7%	101.1%
Net Effect of Non-Recurring Expenses	6,511	0	0	-	-
<b>RECURRING NET INCOME</b>	<b>159,764</b>	<b>128,803</b>	<b>109,246</b>	<b>24.0%</b>	<b>46.2%</b>

## RATINGS

**FitchRatings**

-- National Long-Term Rating 'BBB(bra)', stable Outlook  
-- National Short-Term Rating 'F3(bra)'