



Banese



BANCO DO ESTADO DE SERGIPE S/A – BANESE 1Q20 EARNINGS RELEASE

For Immediate Disclosure: Aracaju, May 29, 2020. Banco do Estado de Sergipe S.A. – **BANESE** (“Banese” or “Bank”), a mixed-capital company with shares traded on the B3 Stock Exchange, under tickers BGIP3 (Registered Common Shares) and BGIP4 (Registered Preferred Shares), and listed on ITAG (Special Tag-Along Stock Index), announces its earnings for the a mixed-capital company with shares traded on the B3 Stock Exchange, under tickers BGIP3 (Registered Common Shares) and BGIP4 (Registered Preferred Shares), and listed on ITAG (Special Tag-Along Stock Index), announces its earnings for the 1Q20. Additional information can be found on the Banese investor relations website, at <https://ri.banese.com.br/>.

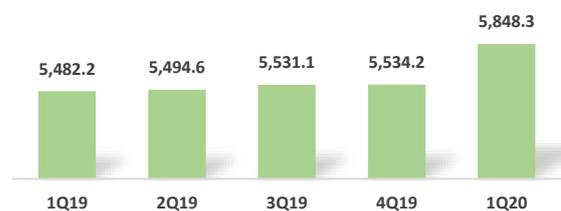
**BANESE RECORDS NET INCOME OF R\$16.7 MILLION.
LOAN ASSETS AND FUNDING VOLUME CONTINUES TO INCREASE.**

1Q20 Highlights

All comparisons in this section refer to 1Q19 (12M)

- Total Assets amounted to R\$5.8 billion (+6.7%);
- Loan Operations totaled R\$2.8 billion (+18.2%);
- Total Funding reached R\$5.1 billion (+5.5%);
- Shareholders’ Equity totaled R\$425.0 million (+6.0%).

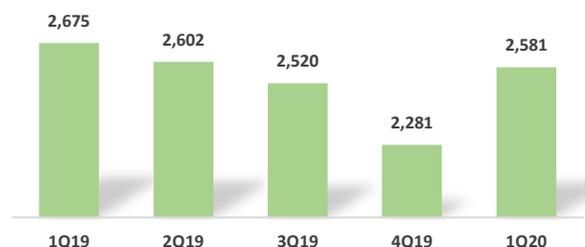
TOTAL ASSETS - R\$ Million



All comparisons in this section refer to 4Q19 (3M)

- Financial Investments totaled R\$2.6 million (13.1%);
- Total Expenses reduced by R\$8.0 million (-3.7%);
- Basel Index stood at 14.1% (+0.8 p.p.);
- Default Rates stood at 1.23% (-0.11 p.p.).

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



Balance Sheet Items - R\$ million	1Q20	4Q19		V3M	1Q19		V12M
Total Assets	5,848.3	5,534.2	▲	+5.7%	5,482.2	▲	+6.7%
Loan Operations	2,791.3	2,786.7	▲	+0.2%	2,361.0	▲	+18.2%
Financial Investments ⁽¹⁾	2,581.2	2,281.3	▲	+13.1%	2,674.8	▼	-3.5%
Total Funding	5,081.2	4,810.5	▲	+5.6%	4,815.7	▲	+5.5%
Shareholders' Equity	450.5	433.9	▲	+3.8%	425.0	▲	+6.0%

Income Statement Items - R\$ million	1Q20	4Q19		V3M	1Q19		V12M
Total Revenues	224.3	241.5	▼	-7.1%	215.0	▲	+4.3%
Gross Income from Financial Intermediation	103.8	93.9	▲	+10.5%	99.4	▲	+4.4%
Operating Income	30.5	22.9	▲	+33.2%	33.7	▼	-9.5%
Financial Margin ⁽²⁾	118.1	131.7	▼	-10.3%	109.0	▲	+8.3%
EBITDA ⁽³⁾	31.9	25.3	▲	+26.1%	34.1	▼	-6.5%
Net Income	16.7	25.9	▼	-35.5%	19.0	▼	-12.1%
Net Interest Income (NII) ⁽⁴⁾	114.3	117.6	▼	-2.8%	105.8	▲	+8.0%
Revenue from Services	33.9	37.7	▼	-10.1%	31.8	▲	+6.6%
Allowance for Loan Losses (PCLD)	38.0	57.9	▼	-34.4%	20.1	▲	+89.1%
Administrative Expenses	87.2	89.0	▼	-2.0%	82.5	▲	+5.7%
Net Margin ⁽⁵⁾	7.4%	10.7%	▼	-3.3 p.p.	8.8%	▼	-1.4 p.p.
EBITDA Margin ⁽⁶⁾	14.2%	10.5%	▲	+3.7 p.p.	15.9%	▼	-1.7 p.p.

Efficiency Ratios and Measures (%)	1Q20	4Q19		V3M	1Q19		V12M
Default (% of portfolio)	1.23%	1.18%	▲	+0.1 p.p.	0.98%	▲	+0.3 p.p.
Basel Index	14.12%	13.30%	▲	+0.8 p.p.	14.05%	▲	+0.1 p.p.
Net Return Margin (NIM) ⁽⁷⁾	2.1%	2.3%	▼	-0.2 p.p.	2.1%	▶	ND
Return on Average Assets (ROAA) ⁽⁸⁾	1.2%	1.5%	▼	-0.3 p.p.	1.4%	▼	-0.2 p.p.
Return on Equity (ROE) ⁽⁹⁾	15.8%	20.8%	▼	-5.0 p.p.	19.4%	▼	-3.6 p.p.
Efficiency Ratio ⁽¹⁰⁾	76.4%	71.2%	▲	+5.2 p.p.	76.2%	▲	+0.2 p.p.
Provisioning Ratio	4.2%	4.1%	▲	+0.1 p.p.	3.3%	▲	+0.9 p.p.
Coverage Ratio – Administrative ⁽¹¹⁾	38.8%	42.3%	▼	-3.5 p.p.	38.6%	▲	+0.2 p.p.
Coverage Ratio - Payroll ⁽¹²⁾	74.9%	81.0%	▼	-6.1 p.p.	74.9%	▶	ND

(1) Short-term Interbank Investments, Marketable Securities + Remunerated Restricted Loans.

(2) Gross Income from Financial Intermediation + Allowance for Loan Losses.

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

(4) Interest Income (Loan Operations + Financial Investments) – Interest Expense (Funding, Marketable Securities, Loans and Equity).

(5) Net Income / Total Revenue.

(6) EBITDA / Total Revenue.

(7) Net Interest Income/Average Balance of Revenue Generating Assets (Loan Operations + Financial Investments + Marketable Securities + Interbank Accounts).

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

(9) Net Income on Shareholders' Equity (annualized rate).

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

(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.

MESSAGE FROM MANAGEMENT

The first quarter of 2020 was marked by the emergence of great uncertainties and considerable volatility in both foreign and domestic markets arising from the COVID-19 pandemic. Brazil and the world have been discussing ways to solve this crisis, which is causing incalculable damage to the global economy.

When the crisis began in Brazil, we immediately activated our Incident Response Committee (CORIN), which is comprised of representatives from different corporate divisions and companies within the Banese conglomerate. The Committee has been meeting on a daily basis in order to ensure the safety and well-being of all audiences affected by the Bank's activities.

We have been working diligently and our Management has acted with a sense of urgency. All of our decisions follow the guidelines issued by WHO (World Health Organization), the Ministry of Health and Municipal and State decrees.

We implemented changes in our work routines, suspending corporate travels, training, events, and meetings, as well as authorizing employees to carrying out their activities through a home office format. Individual psychological support has also been offered to the Bank's employees, in partnership with volunteer psychology professionals, and we have also offered the influenza vaccine.

As we are also concerned about the physical operations of our business units, we implemented preventive protection actions for employees while guaranteeing customers safe access to our products and services to mitigate health risks for both audiences. Our branches have been operating on a contingency basis and thus we have encouraged customers to use our electronic and self-service channels. We have also been providing credit lines to assist those who have been financially affected by the pandemic.

Despite this scenario, Banese believes that it will continue to maintain sustainable results and the Bank will be able to overcome the current adversities with the engagement of its employees, advanced technologies and a product and service portfolio, which, together will meet its customers' needs.

ANALYSIS OF OPERATIONS

Assets

Total Assets by Type – R\$ million

	1Q20	4Q19		V3M	1Q19		V12M
Loan Assets	2,791.3	2,786.7	▲	+0.2%	2,361.0	▲	+18.2%
(-) Provisions	-118.0	-114.7	▲	+2.9%	-76.9	▲	+53.4%
Net Loan Assets	2,673.3	2,672.0	▶	ND	2,284.1	▲	+17.0%
Financial Investments	2,244.6	1,942.9	▲	+15.5%	2,351.4	▼	-4.5%
Restricted Loans	366.8	365.4	▲	+0.4%	353.1	▲	+3.9%
Permanent Assets	105.7	106.0	▼	-0.3%	102.1	▲	+3.5%
Other	457.9	447.9	▲	+2.2%	391.5	▲	+17.0%
Total	5,848.3	5,534.2	▲	+5.7%	5,482.2	▲	+6.7%

The balance of total assets reached R\$5,848.3 million at the end of 1Q20, increasing by 6.7% in 12 months and by 5.7% over the previous quarter. In 1Q20, we highlight the increase in financial investments, by R\$301.7 million, while net loan assets remained stable. Aiming to increase results, Banese's policy is to invest the amounts arising from the difference between funding volumes and volumes reserved for loans and other legal requirements.

In 12 months, invested net assets increased by 17.0%, reaching approximately R\$2.7 billion at the end of 1Q20.

The volume for provisions increased over the 1Q19, influenced by the negative change in corporate segment operations in our risk portfolio and the growth of the loan portfolio as a whole.

At the end of 1Q20, net loan assets represented 45.7% of total assets, financial investments accounted for 38.4% and restricted loans, permanent assets and other assets corresponded to 15.9%.

Funding

Banese has a diversified funding structure, which contributes with the Bank's comfortable liquidity levels as well as provides support for resumption of loan operations in a scenario of economic recovery.

Funding by Product Line - R\$ million

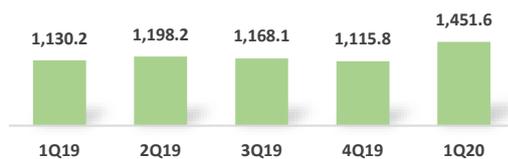
	1Q20	4Q19		V3M	1Q19		V12M
Demand Deposits	740.1	770.0	▼	-3.9%	688.5	▲	+7.5%
Savings Accounts	1,456.6	1,472.0	▼	-1.0%	1,381.3	▲	+5.5%
Judicial Deposits	1,059.9	1,036.7	▲	+2.2%	1,120.3	▼	-5.4%
CDB/RDB	1,451.6	1,115.8	▲	+30.1%	1,130.2	▲	+28.4%
CDI	84.9	126.7	▼	-33.0%	163.1	▼	-47.9%
LF/LFS/LCI	188.1	196.3	▼	-4.2%	244.2	▼	-23.0%
Repurchase Transactions	3.6	0.1	▲	+3,500.0%	26.8	▼	-86.6%
Onlending Obligations	96.3	92.9	▲	+3.7%	61.3	▲	+57.1%
Total	5,081.2	4,810.5	▲	+5.6%	4,815.7	▲	+5.5%

At the end of 1T20, total funding reached R\$5,081.2 million, increasing by 5.6% in 3 months and by 5.5% in 12 months, mainly due to the increase in time deposits.

Interbank deposits (CDI) reduced by 33.0% (R\$41.8 million) in 1Q20 and fell 47.9% (R\$78.2 million) in 12 months, due to the lower investments in interbank deposits subject to rural and real estate loans, given they have reciprocity provided by such funding.

Growth in Time Deposits (CDB/RDB)

Time Deposits - R\$ million



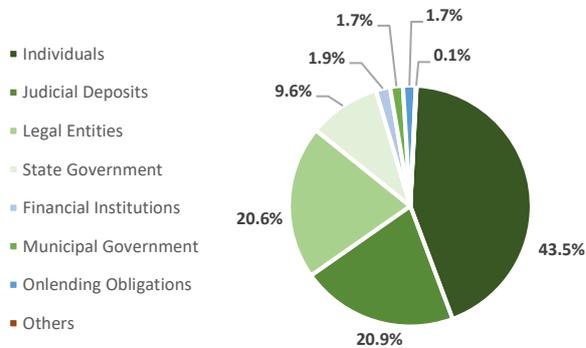
The balance of time deposits increased by 28.4% in 12 months, (R\$321.4 million) and by 30.1% in 1Q20 (R\$335.8 million), due to the increase in funding from the state government and legal entities in both periods.

Funding from Financial Bills remained stable in the last quarter. The negative variation in 12 months (reducing by 8.5%, or R\$4.6 million) was due to operations which matured and were renewed at lower amounts, as well as payment of interest in the period.

Subordinated Financial Bills increased by 2.7%, or R\$2.6 million, in 1Q20 due to inventory compensation, and decreased in 12 months by 29.1%, or R\$41.1 million, as a result of settlement on maturity dates and payment of interest in the period.

The volume of Real Estate Credit Bills decreased by 21.6% in 1Q20 (R\$10.7 million) and by 20.9% in 12 months (R\$10.3 million), both arising from loan operations that were not renewed at maturity. This is an attractive source of funding for being exempt from income tax thus increasing its chance of achieving more favorable profitability versus other products.

Key Funding Sources (% of total)



Banese's key funding sources are individuals, with approximately 43.5% of its total funding volume, while legal entities accounted for 20.9%. The dilution of funding between individuals and legal entities reduce liquidity risks.

Judicial deposits account for approximately 20.6% of Banese's total funding volume.

Funding costs, in actual percentages, decreased by 0.03 p.p. in 1Q20 and by 0.26 p.p. in 12 months. The reduction in 1Q20 versus 4Q19 was due to the lower interest rates in Brazil. The reduction versus 1Q19 was due to lower interest rates and higher savings and the settlement of a portion of the Subordinated Finance Bill (LFS).

As for the CDI, the growth recorded was due to the drop in Brazil's interest rate level, which affected pre-fixed indexes and inflation for certain funding instruments, such as subordinated debt.

Funding Costs (Actual and % of CDI)



Loans

Loan Portfolio by Type – R\$ million

	1Q20	4Q19		V3M	1Q19		V12M
Commercial Portfolio	1,967.4	1,939.0	▲	+1.5%	1,652.6	▲	+19.0%
For Individuals	1,622.9	1,588.5	▲	+2.2%	1,357.8	▲	+19.5%
For Legal Entities	344.5	350.5	▼	-1.7%	294.8	▲	+16.9%
Development Portfolio	602.5	594.4	▲	+1.4%	517.1	▲	+16.5%
For Individuals	456.1	464.7	▼	-1.9%	420.5	▲	+8.5%
For Legal Entities	146.4	129.7	▲	+12.9%	96.6	▲	+51.6%
Securities and Loans Receivable	221.4	253.3	▼	-12.6%	191.3	▲	+15.7%
Total	2,791.3	2,786.7	▲	+0.2%	2,361.0	▲	+18.2%

Banese's loan portfolio reached R\$2.8 billion in assets, increasing by 18,2% in 12 months and by 0.2% in the last quarter. The expressive growth in the year was due to higher volumes of credit to Individuals, with emphasis to the free credit lines (payroll, personal credit, and salary-linked loans). The Legal Entity portfolio was concentrated on working capital for micro and small companies to mitigate risks of individual loans and avoid the negative impact generated by the potential default of a large transactions.

Banese holds the largest portion of the free credit loan market in the State of Sergipe, with a market share of 43.0% according to the Central Bank of Brazil (database: Feb/2020). The Bank's exposure is focused on retail operations, mainly payroll loans and small and medium-sized companies.

The positive variation of the individual commercial loan portfolio is a result of planned actions for the self-service channels, new business lines with partner companies and state and municipal public agencies, and strategic by the business units to reach customers eligible for credit, including through credit portability initiatives.

The development loan portfolio, which includes the management of real estate, industrial and agribusiness portfolio, accounted for 21.6% of Banese's total loan portfolio. The development loan portfolio was influenced by the growth of the agribusiness, industrial and real estate segments, and increased against the previous quarter (+1.4%) and over the last 12 months (+16.5%). It should be noted that in the last 3 months, the investment balance of the rural credit portfolio retracted by 10.6% in view of the settlements of agricultural costing operations (crops: corn and sugarcane) granted in the 2019 crop season.

Loan Portfolio Quality by Risk Rating

	R\$ million		Variation	% Portfolio		Variation
	1Q20	1Q19		1Q20	1Q19	
AA	1,056.5	416.1	▲ +153.9%	37.8%	17.6%	▲ +20.2 p.p.
A	1,030.8	1,008.2	▲ +2.2%	36.9%	42.7%	▼ -5.8 p.p.
B	373.4	570.0	▼ -34.5%	13.4%	24.1%	▼ -10.7 p.p.
C	153.2	239.6	▼ -36.1%	5.5%	10.2%	▼ -4.7 p.p.
D - H	177.4	127.1	▲ +39.6%	6.4%	5.4%	▲ +1.0 p.p.
Total	2,791.3	2,361.0	▲ +18.2%	100.0%	100.0%	▶ ND

In relative terms, the loan operations classified under the "AA" to "C" risk ratings range account for 93.6% of Banese's total loan portfolio. Loans classified under the "D" to "H" range, which concentrate higher-risk transactions, account for 6.4% of Banese's loan portfolio.

Loan Quality by Portfolio in 1Q20- R\$ million

	Total	Commercial	Industrial	Rural	Real Estate	Other
AA	1,056.6	1,056.6	0	0	0	0
A	1,030.8	376.9	11.5	60.6	367.4	214.4
B	373.4	299.6	36.7	18.9	12.7	5.5
C	153.2	123.6	16.8	7.6	4.3	0.7
D - H	177.3	110.7	32.4	20.5	13.0	0.8
Total	2,791.3	1,967.4	97.4	107.6	397.4	221.4

Financial Investments

Financial Investments – R\$ million

	1Q20	4Q19	V3M	1Q19	V12M
Short-term Interbank Investments	1,154.5	862.2	▲ +33.9%	1,220.8	▼ -5.4%
Marketable Securities (TVM)	1,085.4	1,079.4	▲ +0.6%	1,100.1	▼ -1.3%
Fund Units	46.0	45.6	▲ +0.9%	102.5	▼ -55.1%
Fixed Income	1,039.4	1,033.8	▲ +0.5%	997.6	▲ +4.2%
Repurchase + Collaterals	4.5	1.0	▲ +350.0%	27.7	▼ -83.8%
Remunerated Compulsory Deposits	336.8	338.7	▼ -0.6%	326.2	▲ +3.2%
Total	2,581.2	2,281.3	▲ +13.1%	2,674.8	▼ -3.5%

Short-term interbank investments and marketable securities totaled R\$2,239.9 million at the end of 1Q20, increasing by 15.4% (R\$298.3 million) due to the resources available in treasury. In 12 months, a reduction of 3.5% (R\$81.0 million) was recorded, reflecting the increase in the loan portfolio during the period.

The increase in interbank investments in 1Q20 was due to the investments in repurchase agreements arising from the resources available in treasury. The reduction recorded in the 12-month period was due to the settlement of positions held in interbank

deposits and lower asset operations in compliance with the Central Bank (Real Estate DI). The reduction of investment funds arises from the current strategy adopted by the Bank's treasury department, which is to focus on asset operations that require less capital. The increase in fixed income securities over the last 12 months is due to the return on government bonds linked to repurchase operations.

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

Portfolio Profitability

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

The portfolio's accumulated profitability in 1Q20 was 98.8% of the CDI, lower than the 100.7% of the CDI achieved in 4Q19, mainly due to the mark-to-market of public securities, and was also lower than the 101.2% of CDI achieved in 1Q19 due to less exposure to investment funds and the non-renewal of overdue positions in private loans.

ANALYSIS OF RESULTS

Revenues

Revenue Breakdown – R\$ million

	1Q20	4Q19		V3M	1Q19		V12M
Revenues from Loans	135.3	136.9	▼	-1.2%	126.5	▲	+7.0%
Revenues from Financial Investments	20.9	25.3	▼	-17.4%	35.2	▼	-40.6%
Revenues from Services	33.8	37.6	▼	-10.1%	31.8	▲	+6.3%
Revenues from Equity Interests	2.7	2.0	▲	+35.0%	3.3	▼	-18.2%
Other Operating Revenues	31.6	39.2	▼	-19.4%	17.5	▲	+80.6%
Non-Operating Revenues	0.0	0.5	▼	-100.0%	0.7	▼	-100.0%
Total	224.3	241.5	▼	-7.1%	215.0	▲	+4.3%

Banese's revenues totaled R\$224.3 million in 1Q20, R\$ 9.3 million higher than the same period of the previous year. We highlight the revenues from loan operations (R\$8.8 million) and other operating revenues (R\$14.1 million), which recorded a reversal of provisions for loan operations (R\$13.2 million).

Total revenues in 1Q20 reduced by R\$17.2 million versus 4Q19, but it is worth mentioning that in 4Q19, the Bank had non-recurring service revenues driven by the annual production bonus from operations with the Mapfre Insurance Group (R\$4.8 million); and recovery of credits written off as losses, in the amount of R\$10.9 million, which was offset by the R\$3.6 million increase in reversal of provisions for loan operations in the quarter.

Costs and Expenses
Direct Operating Costs – R\$ million

	1Q20	4Q19		V3M	1Q19		V12M
Funding Expenses	39.7	43.4	▼	-8.5%	52.6	▼	-24.5%
Earnings from Marketable Securities	0.3	0.03	▲	+900.0%	2.2	▼	-86.4%
Loan Expenses	1.9	1.1	▲	+72.7%	1.0	▲	+90.0%
Total	41.9	44.5	▼	-5.8%	55.8	▼	-24.9%

Funding expenses reduced by 24.9% in 12 months and by 5.8% in 3 months, mainly due to lower expenses for savings, legal deposits, and time deposits, all of which were impacted by the reduction in interest rates (Selic Meta).

Net Interest Income (NII)

Net Interest Income (Income from Loans plus Income from Financial Investments minus Direct Funding Costs) increased by 8.0% in 12 months and fell by 2.8% in the quarter.

The result is a combination of factors presented in the previous items mentioned in this report, as well as the reduction in revenues from loans and financial investments in 1Q20, even with lower funding expenses. In 12 months, Banese recorded an increase in revenues from loan operations.

Net Interest Income (NII) - R\$ million

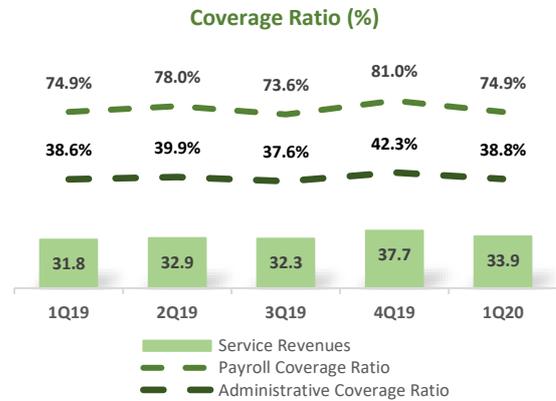
Personnel Expenses/Payroll – R\$ million

	1Q20	4Q19		V3M	1Q19		V12M
Salaries	26.9	27.6	▼	-2.5%	25.3	▲	+6.3%
Benefits	5.8	6.4	▼	-9.4%	5.5	▲	+5.5%
Social Charges	12.3	12.1	▲	+1.7%	11.4	▲	+7.9%
Training Programs and Other	0.1	0.4	▼	-75.0%	0.2	▼	-50.0%
Total	45.1	46.5	▼	-3.0%	42.4	▲	+6.4%

Personnel expenses increased by 6.4% in 12 months, in line with inflation and adjustments to the category in the period, and reduced by 3.0% versus 4Q19, given that in the last quarter of 2019, the Bank had non-recurring expenses related to the payment of the Food Basket - Collective Agreement (benefits expense) and training that was planned for the last month of the year (training expenses).

The Payroll Coverage Ratio was 74.9% in 1Q20, stable in relation to 1Q19 and reduced by 6.1 p.p. over 4Q19, when the Bank recorded a non-recurring increase in service revenues arising from the annual production bonus arising from operations with the Mapfre Insurance Group (R\$4.8 million).

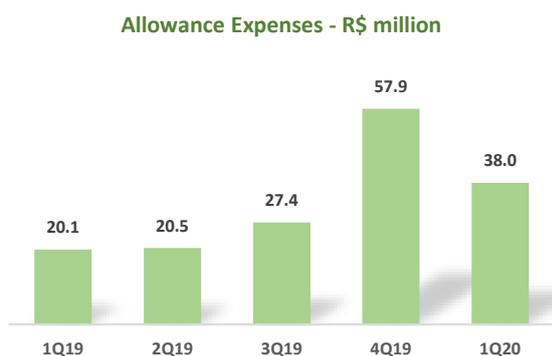
The Administrative Coverage Ratio in 1Q20 was reduced by 0.2 p.p. and 3.5 p.p. over 1Q19 and 4Q19, respectively. In 12 months, administrative expenses increased more than service revenues. In 1Q20, the reduction in administrative expenses was relatively less than the reduction in service revenues.



Other Administrative Expenses – R\$ million

	1Q20	4Q19	V3M	1Q19	V12M
Third-party Services	19.5	19.3	▲ +1.0%	18.0	▲ +8.3%
Consumption, Maintenance and Materials	6.1	5.8	▲ +5.2%	5.7	▲ +7.0%
Data Processing Systems	7.5	7.9	▼ -5.1%	8.0	▼ -6.3%
Insurance	1.1	1.1	▶ ND	1.1	▶ ND
Cash Transports	2.4	2.3	▲ +4.3%	2.1	▲ +14.3%
Tax	0.4	0.5	▼ -20.0%	0.6	▼ -33.3%
Other Expenses	5.0	5.7	▼ -12.3%	4.5	▲ +11.1%
Total	42.0	42.6	▼ -1.4%	40.0	▲ +5.0%

Other administrative expenses increased by 5.0% (R\$2.0 million) in 12 months, with highlights to expenses with Third-party Services, which are related to the payment for operations and sales carried out through the Banking Correspondent network in the country. In 1Q20, the reduction was by 1.4% (R\$0.6 million).



Expenses from Allowance for Loan Losses (PCLD) totaled R\$38.0 million in 1Q20, R\$17.9 million higher in 12 months. When comparing to 4Q19, this amount reduced by R\$19.9 million.

The increase in provision expenses in 12 months is mainly due to higher provision expenses in the commercial portfolio. The decrease in provision expenses in 3 months is due to the fact that in 4Q19, certain operations in the industrial segments received downgrades to the “D - H” risk classification.

Other Operating Expenses – R\$ million

	1Q20	4Q19		V3M	1Q19	V12M
Depreciation and Maintenance	4.1	4.4	▼	-6.8%	3.7	▲ +10.8%
Impairment of Loans	0.1	0.1	▶	ND	0.1	▶ ND
Provision for Liabilities	3.8	4.7	▼	-19.1%	1.8	▲ +111.1%
Agreement with Court of Appeals	4.4	4.5	▼	-2.2%	4.6	▼ -4.3%
ISS/PIS/COFINS	8.8	10.2	▼	-13.7%	9.1	▼ -3.3%
Discounts Granted	0.04	0.0	▲	100%	0.0	▲ 100%
Interest on Equity	0.0	0.0	▶	ND	0.0	▶ ND
Profit Sharing	2.3	4.2	▼	-45.2%	2.1	▲ +9.5%
Other	3.3	2.6	▲	+26.9%	2.8	▲ +17.9%
Total	26.8	30.7	▼	-12.7%	24.2	▲ +10.7%

Other operating expenses increased by R\$2.6 million in 12 months, with highlights to expenses for tax liabilities (R\$2.0 million in 1Q20) referring to provisions/updates of tax liabilities and labor claims.

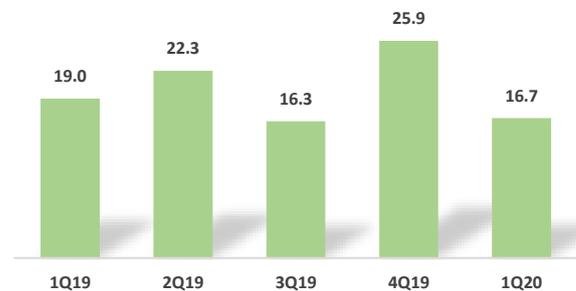
In 1Q20, operating expenses reduced by R\$ 3.9 million, of which R\$1.9 million was in profit sharing given the bank recorded a supplementary expense for the payment of this item in 4Q19.

Net Income

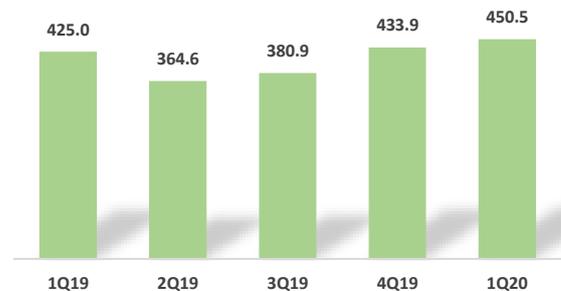
As a result of the operating performance presented in this report, net income reached R\$16.7 million in 1Q20, reducing by 12.1% over 1Q19 and 35.5% lower than in 4Q19.

In the last 12 months, despite the increase in the loan and funding portfolios and net interest income, the expenses with provisions for loan operations caused the key negative impacts on results.

In 1Q20, it should be noted that in December 2019, the tax credit inventory on temporary additions was based on adjusted CSLL, increasing the 15% rate to 20%, in compliance with current regulations and generating an extraordinary positive impact on the results reported in 4Q19.

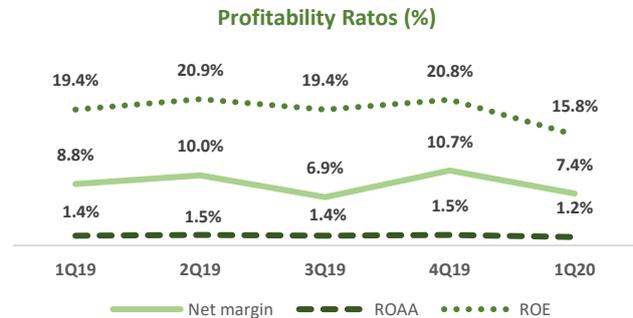
Net Income - R\$ million

Shareholders' Equity

Banese's Shareholders' Equity increased by 6.0% in 12 months and by 3.8% over 4Q19, basically due to the incorporation of results and directly impacted by 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 impact on Shareholders' Equity was negative by R\$3.9 million at the end of 1Q19. Due to the reduction in the market rate used to calculate the present value of actuarial obligations, at the end of 4Q19, this actuarial adjustment impacted Shareholders' Equity by a negative amount of R\$39.5 million.

Shareholders' Equity - R\$ millions


Profitability Ratios

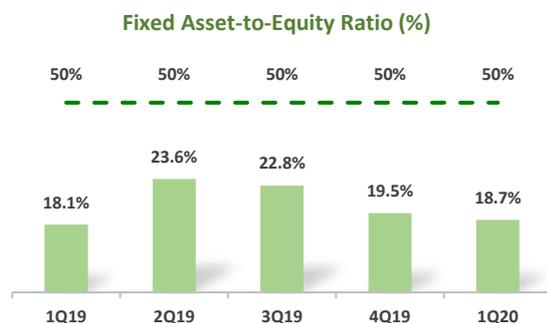
Return on Equity (ROE), Net Margin and Return on Average Assets (ROAA) achieved by Banese at the end of 1Q20 had negative variations arising from the results presented in this report.



Capitalization and Basel

Ratios and Capitalization (R\$ million)	1Q20	4Q19	V3M	1Q19	V12M
Reference Equity (PR)	479.2	451.2	▲ +6.2%	469.4	▲ +2.1%
PR Tier I	419.3	392.9	▲ +6.7%	397.0	▲ +5.6%
PR Tier II	59.9	58.3	▲ +2.7%	72.3	▼ -17.1%
Basel Ratio	14.1%	13.3%	▲ +0.8 p.p.	14.0%	▲ +0.1 p.p.
Core Capital Ratio	12.3%	11.6%	▲ +0.7 p.p.	11.8%	▲ +0.5 p.p.
Tier I Capital Ratio	12.3%	11.6%	▲ +0.7 p.p.	11.8%	▲ +0.5 p.p.
Minimum Basel Ratio + ACP	10.5%	10.5%	▶ ND	10.5%	▶ ND
Margin on Reference Equity, including capital for coverage of Interest Rate Risk of Banking Portfolio and ACP.	38,840	78,667	▼ -50.6%	90,463	▼ -57.1%

Banese Conglomerate's Basel Ratio reached 14.1% at the end of 1Q20, increasing by 0.8 p.p. when compared to the ratio at the end of 4Q19, by virtue of the increase in PR Tier I by 6.7% (approximately R\$26.4 million), arising from the accumulated result in the period. The PR Tier II increased by 2.7% (approximately R\$1.6 million), due to the incorporation of interest on subordinated financial bills.



The fixed asset-to-equity ratio ended 1Q20 at 18.7%, reducing by 0.8 p.p. over the ratio in 4Q19, due to the 6.2% increase in the Reference Equity (approximately R\$28 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

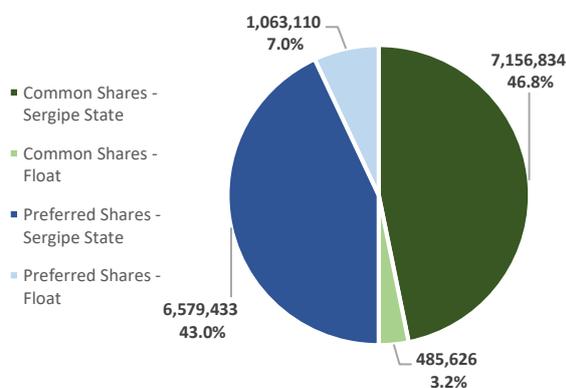
On April 17, 2020, Fitch Ratings affirmed the Bank's Nacional Long-Term Rating at 'A-(bra)' (A minus (bra)) and changed the outlook to Negative. At the same time, the agency also affirmed the Bank's Nacional Short-Term Rating at 'F1(bra)'. The change in outlook was due to the economic impact of the coronavirus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

On March 31, 2020, Moody's Investors Service (Moody's) affirmed all of Banese's ratings, including the "Ba2" individual credit risk rating for long-term deposits in domestic currency, on the global scale, with a negative outlook, and long-term national deposits ratings 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 reduction of the Bank's capitalization ratio by virtue of the recognition of actuarial liabilities of the pension plan.

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

ADDITIONAL INFORMATION

Banese on B3



Banese's ownership structure in 1Q20 was comprised by 89.8% of shares owned by the State of Sergipe and 10.2% of shares are Free Float. The outstanding shares are comprised of 31.4% ON shares and 68.6% PN shares.

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

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

Customer and Service Channels

In 1Q20, Banese's customer base totaled 884,017 current and savings accounts, 2.2% higher than in 1Q19 and consisting of 850,906 individual customers and 33,111 legal entities. In comparison with the previous quarter, the customer base did not vary significantly (0.5%).

The focus on digital channels ensures convenience for customers and more agility for acquiring more products and services. The use of self-service channels to perform transactions is still the preferred method by Banese's customers, given that 81.3% of all transactions were done through the self-service channels from the months of January to March 2020.

The volume of transactions carried out on the Internet and Mobile Banking channels increased by 17.6% in 1Q20 versus 1Q19. This is a result of the increase in the service quality of Banese's specialized digital model.

Details of Channels

	1Q20	4Q19	V3M	1Q19	V12M
Branches	63	63	▶ 0	63	▶ 0
Customer Service Units	09	09	▶ 0	10	▼ -1
ATM Terminals	492	488	▲ +4	498	▼ -6
Banking Correspondents in Brazil	197	204	▼ -7	233	▼ -36
Transactions at Branches, ATMs, and Banking Correspondents	9.9 MM	10.6 MM	▼ -0.7 MM	10.5 MM	▼ -0.6 MM
Transaction Volume	R\$10.0 Bn	R\$10.5 Bn	▼ - R\$0.5 Bn	R\$10.5 Bn	▼ - R\$0.5 Bn
Online Transactions	21.8 MM	24.6 MM	▼ -2.8 MM	21.5 MM	▲ +0.3 MM
Transaction Volume	R\$2.6 Bn	R\$2.5 Bn	▲ + R\$0.1 Bn	R\$2.2 Bn	▲ + R\$0.4 Bn

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 1Q20, transaction volume totaled 23.3 thousand deposits and R\$26.0 million in transaction value in the period.

Banese has a total of 96 ATMs available across the State for the recycling of bills, and 86 ATMs in partnership with the “Saque e Pague” network.

Investments in Human Capital

Investments in learning programs carried out by the Bank are in line with its strategic plans and are aimed at developing skills, enhancing team performance and engagement, promoting opportunities for innovation, and increasing competitive advantages. These actions are in line with the Bank’s strategic plan and values.

The Vocational Training Incentive Program, which aims to increase the knowledge base of its employees, encourages undergraduate, specialization and foreign language courses by offering scholarships of 50% of the course value and the Bank currently has 114 active scholarships.

The Banese Corporate University, a virtual learning environment, offers its employees more than 105 self-learning courses. In 1Q20, 135 courses were concluded, of which we highlight: Prevention and Fighting Money Laundering Crimes, Introduction to the Card Market, Basic Graphoscopy, and Risk Management, all of which were developed with the Bank’s content.

The Bank also has offers programs for mandatory certifications, as well encourages participation in 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

THE BANESE CONGLOMERATE

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

Sergipe Administradora de Cartões e Serviços Ltda.

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

The number of qualified customers reached 579 thousand clients in 1Q20, increasing by 1.5% over 1Q19. The volume of transactions using products managed by SEAC (Banese Debit, Banese Card and Banese Food/Meal Card) ended the quarter at R\$492.1 million, 10.8% higher than in 1Q19. The financial volume of the Banese Card alone, the Company's main product, reached R\$442.4 million, increasing by 11.8% over the same quarter of the previous year.

The beginning of 2020 was marked by the launching of the co-flagged Bano Card Elo, which can be used in national and international establishments that accept the Elo, Discover and Dinners cards. SEAC also implemented an online proposal capture system, through the chat service available on Banese's Card website, thus increasing the number of customers and strengthening competitiveness and the search for excellence in customer service.

Banese Corretora de Seguros

Banese Administradora e Corretora de Seguros Ltda., throughout its 40 years of existence, has been entering partnership agreements with leading insurers to better serve its clients and offer the best solutions in several insurance lines.

In 1Q20, the volume of insurance policies hired reached R\$36.6 million, increasing by 38.6% over the same period in 2019 and by 25.0% over 4Q19. The growth was driven mainly by life insurance, personal accident insurance, and a significant increase in private pension plan contributions.

Revenues reached R\$8.4 million in 1Q20, 37.7% higher than in 1Q19 and increasing by 31.8% over 4Q19.

Instituto Banese and the Museu da Gente Sergipana Museum

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

The actions and projects of the entities supported by Instituto Banese benefited 67,503 individuals in 1Q20 and invested R\$1.17 million. The increase in investment was mainly used for the Fundação de Beneficência Hospital de Cirurgia, which will serve patients and health professionals.

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

At the end of 1Q20, the museum received 23,313 visitors, consolidating itself as an important arts and culture storehouse not only for people in Sergipe, but also for visitors from all regions across Brazil and the world.

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

	03.31.2020	03.31.2019
Revenue from Financial Intermediation	165,860	162,442
Credit Transactions	135,605	125,334
Income from Marketable Securities Transactions	27,456	33,648
Earnings from Compulsory Investment	2,799	3,460
Financial Intermediation Expenses	(64,767)	(67,186)
Market Funding Operations	(39,046)	(51,741)
Loans and Onlending	(1,942)	(992)
Allowance for Loan Losses	(14,300)	(9,633)
Provision for Revolving Credit Card Loan	(9,479)	(4,820)
Gross Income from Financial Intermediation	101,093	95,256
Other Operating Revenues (Expenses)	(61,428)	(51,669)
Service Revenues	33,389	30,061
Banking Fee Revenue	19,013	18,905
Personnel Expenses	(54,238)	(51,079)
Other Administrative Expenses	(58,740)	(52,492)
Tax Expenses	(14,445)	(14,443)
Equity Income in Affiliates and Subsidiary	-	-
Other Operating Revenues	24,614	25,809
Other Operating Expenses	(11,021)	(8,430)
Expenses with Provisions	(4,288)	(2,017)
Expenses with Provisions for Contingencies	(4,288)	(2,017)
Operating Income	35,377	41,570
Non-Operating Income (Expenses)	1,188	532
Pre-tax Income	36,565	42,102
Income and Social Contribution Taxes	(14,960)	(17,632)
Provision for Income Tax	(10,664)	(7,808)
Provision for Social Contribution Tax	(7,202)	(4,822)
Deferred Tax Asset	2,906	(5,002)
Profit Sharing – Employees and Management	(2,199)	(2,073)
Net Income Before Non-Controlling Interest	19,406	22,397
Non-Controlling Interests	(2,751)	(3,362)
Net Income	16,655	19,035
Interest on Equity (IOE)	-	-

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

	03.31.2020	03.31.2019
Revenue from Financial Intermediation	159,658	162,618
Credit Transactions	136,335	126,230
Income from Marketable Security Transactions	20,524	32,928
Earnings from Compulsory Investment	2,799	3,460
Financial Intermediation Expenses	(55,895)	(63,253)
Market Funding Operations	(39,653)	(52,628)
Loans and Onlending	(1,942)	(992)
Allowance for Loan Losses	(14,300)	(9,633)
Provision for Revolving Credit Card Loan	-	-
Gross income from Financial Intermediation	103,763	99,365
Other Operating Revenues (Expenses)	(69,404)	(63,806)
Service Revenues	14,847	12,895
Banking Fee Revenue	19,013	18,905
Personnel Expenses	(46,298)	(43,626)
Other Administrative Expenses	(44,649)	(41,925)
Tax Expenses	(9,198)	(9,694)
Equity Income In Affiliates and Subsidiary	2,723	3,328
Other Operating Revenues	3,883	3,752
Other Operating Expenses	(9,725)	(7,441)
Expenses with Provisions	(3,847)	(1,840)
Expenses with Provisions for Contingencies	(3,847)	(1,840)
Operating Income	30,512	33,719
Non-Operating Income	(42)	417
Pre-Tax Income	30,470	34,136
Income and Social Contribution Taxes	(11,616)	(13,028)
Provision for Income Tax	(9,224)	(6,716)
Provision for Social Contribution Tax	(6,313)	(4,148)
Deferred Tax Asset	3,921	(2,164)
Profit Sharing – Employees and Management	(2,199)	(2,073)
Net Income Before Non-Controlling Interest	16,655	19,035
Non-Controlling Interests	-	-
Net Income	16,655	19,035
Interest on Equity (IOE)	-	-

Consolidated Balance Sheet – ASSETS (R\$ thousand)

	03.31.2020	03.31.2019
CURRENT ASSETS	4,087,783	3,857,329
CASH AND CASH EQUIVALENTS	971,752	613,613
FINANCIAL INSTRUMENTS	3,173,684	3,317,859
INTERBANK INVESTMENTS	249,508	342,261
Interbank Deposits	249,508	342,261
MARKETABLE SECURITIES AND DERIVATIVE FINANCIAL INSTRUMENTS	1,226,627	1,209,380
Own Portfolio	1,221,904	1,208,219
Subject to Repurchase Agreements	3,656	104
Linked to Guarantees Given	866	858
Linked to Central Bank of Brazil	201	199
INTERBANK ACCOUNTS	359,944	362,040
Payments and Receivables to be Settled	13,620	7,330
Restricted Deposits:	337,392	336,334
- Central Bank Deposits	337,089	336,184
- Agreements	303	150
Correspondents	8,932	18,376
LOAN OPERATIONS	846,857	869,401
Loan Operations:	846,857	869,401
- Private Sector	846,857	869,401
OTHER RECEIVABLES	490,748	534,777
Unearned Income	17,012	12,116
Sundry	473,948	522,815
Allowance for Losses on Other Receivables Without Loan Characteristics	(212)	(154)
PROVISIONS FOR EXPECTED LOAN LOSSES	(84,273)	(100,902)
Provision for Loan Losses	(45,307)	(60,955)
Provision for Other Doubtful Accounts	(1,458)	(1,580)
Provision for Receivables Related to Payment Transactions	(37,508)	(38,367)
TAX CREDITS	23,772	23,624
Tax credits on Temporary Differences	4,827	8,670
Tax credits on Negative Tax Basis	5,683	6,474
Tax credits on Taxes and Contributions to be Compensated	13,262	8,480
OTHER ASSETS	2,848	3,135
Other Assets	1,262	1,395
Prepaid Expenses	1,586	1,740

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

	03.31.2020	03.31.2019
NON-CURRENT ASSETS	2,182,208	2,106,721
LONG-TERM RECEIVABLES	2,078,728	2,004,131
FINANCIAL INSTRUMENTS	1,957,432	1,871,090
INTERBANK INVESTMENTS	25,008	-
Interbank Deposits	25,008	-
MARKETABLE SECURITIES AND DERIVATIVE FINANCIAL INSTRUMENTS	20,647	21,403
Own Portfolio	20,647	21,403
INTERBANK ACCOUNTS	29,410	29,106
Restricted Deposits:	29,410	29,106
- National Housing System (SFH)	29,410	29,106
LOAN OPERATIONS	1,723,049	1,664,072
Loan Operations:	1,723,049	1,664,072
- Private Sector	1,723,049	1,664,072
OTHER RECEIVABLES	159,318	156,509
Unearned Income	17	-
Sundry	159,301	156,509
PROVISIONS FOR EXPECTED LOAN LOSSES	(71,241)	(52,145)
Provision for Loan Losses	(71,239)	(52,145)
Provision for Other Doubtful Accounts	(2)	-
TAX CREDITS	149,069	141,512
Tax credits on Temporary Differences	139,665	131,901
Tax credits on Negative Tax Basis	1,733	1,958
Tax credits on Taxes and Contributions to be Compensated	7,671	7,653
OTHER ASSETS	43,468	43,674
Other Assets	44,144	44,144
Allowance for Devaluation	(2,713)	(2,713)
Prepaid Expenses	2,037	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	229,441	223,866
Property for Use	86,348	73,440
Other Property and Equipment Items for Use	143,093	150,426
INTANGIBLE ASSETS	69,044	68,554
Intangible Assets	69,044	68,554
DEPRECIATION AND AMORTIZATION	(195,011)	(189,836)
Accumulated Amortization of Property and Equipment Items for Use	(139,664)	(135,756)
Accumulated Amortization of Intangible Assets	(55,347)	(54,080)
TOTAL	6,269,991	5,964,050

Consolidated Balance Sheet– LIABILITIES (R\$ thousand)

	03.31.2020	03.31.2019
CURRENT LIABILITIES	4,176,203	4,245,344
DEPOSITS AND OTHER FINANCIAL INSTRUMENTS	3,614,475	3,643,741
DEPOSITS	3,513,823	3,574,253
Demand Deposits	739,685	757,056
Savings Deposits	1,456,555	1,472,015
Interbank Deposits	84,877	126,718
Time Deposits	1,232,706	1,218,464
INTERBANK ACCOUNTS	30,204	612
Receivables and Payments to be Settled	30,204	612
OPEN MARKET FUNDING	-	104
Own Portfolio	-	104
FUNDS FROM ACCEPTANCE AND ISSUE OF NOTES	49,503	48,439
Funds from Real Estate, Mortgage, Credit and Similar Notes	49,503	48,439
LOCAL ONLENDING – OFFICIAL INSTITUTIONS	20,945	20,333
BNDES	74	74
FINAME	848	1,033
Other Institutions	20,023	19,226
OTHER LIABILITIES	561,728	601,603
Collection of Taxes and Alike	14,434	1,698
Social and Statutory Charges	686	9,194
Tax and Social Security Obligations	21,810	16,495
Subordinated Debts	794	407
Sundry	524,004	573,809
NON-CURRENT LIABILITIES	1,602,827	1,245,438
DEPOSITS AND OTHER FINANCIAL INSTRUMENTS	1,362,736	1,009,684
DEPOSITS	1,245,163	886,567
Time Deposits	1,245,163	886,567
OPEN MARKET FUNDING	3,650	-
Own Portfolio	3,650	-
FUNDS FROM ACCEPTANCE AND ISSUE OF NOTES	38,732	50,566
Funds from Real Estate, Mortgage, Credit and Similar Notes	38,732	50,566
LOCAL ONLENDING – OFFICIAL INSTITUTIONS	75,191	72,551
BNDES	251	270
FINAME	1,176	1,231
Other Institutions	73,764	71,050
OTHER LIABILITIES	100,490	98,113
Subordinated Debts	99,907	97,273
Sundry	583	840
PROVISIONS	128,730	126,586
Provisions for Contingencies	128,730	126,586
DEFERRED INCOME	10,871	11,055
Deferred Income	10,871	11,055

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

	03.31.2020	03.31.2019
SHAREHOLDERS' EQUITY	490,961	473,268
Capital - Domiciled in Brazil	348,000	348,000
Profit Reserves	125,327	125,327
Other Comprehensive Results	(39,470)	(39,470)
Accumulated Profit or Loss	16,655	-
Non-Controlling Interests	40,449	39,411
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	6,269,991	5,964,050

Consolidated Statement of Value Added (R\$ thousand)

	03.31.2020	03.31.2019
VALUE ADDED CALCULATION		
Revenue from Financial Intermediation	165,860	162,442
Financial Intermediation Expenses	(64,767)	(67,186)
Other Operating Revenues (Expenses)	9,305	15,362
Non-Operating Income	1,188	532
Service revenue	52,402	48,966
Materials, Energy, Third-Party Services and Other Expenses	(52,076)	(46,657)
Gross Value Added	111,912	113,459
Retentions	(5,085)	(4,373)
Amortization	(1,260)	(1,289)
Depreciation	(3,825)	(3,084)
Net Value Added Produced by the Company	106,827	109,086
Value Added Received in Transfer	-	-
Equity Pickup	-	-
Value Added to be Distributed	106,827	109,086
DISTRIBUTION OF VALUE ADDED		
Government	29,405	32,075
Tax Expenses	11,539	19,445
Income and Social Contribution Taxes	17,866	12,630
Employees	56,437	53,152
Salaries and Fees	32,957	30,974
Social Charges	12,655	11,905
Private Pension Plan	1,248	1,020
Benefits and Training	7,378	7,180
Profit Sharing	2,199	2,073
Rents	1,169	1,089
Taxes and Contributions	410	373
Shareholders	-	-
Interest on Equity	-	-
Non-Controlling Interests	2,751	3,362
(Accumulated Losses) / Retained Earnings	16,655	19,035
Value Added Distributed	106,827	109,086

Consolidated Cash Flow (R\$ thousand)

	03.31.2020	03.31.2019
CASH FLOW FROM OPERATING ACTIVITIES		
Adjusted net income	50,154	45,977
Net Income	16,655	19,035
Adjustment to Net Income	33,499	26,942
Allowance for Loan Losses	14,300	9,633
Provision/ (reversal) for Restricted Deposits-FCVS	126	119
Depreciation and Amortization	5,174	4,441
PIS and COFINS tax Credit on Depreciation with Affiliates	(89)	(68)
Adjustment of Provision for Liabilities	4,288	1,993
Other Operational Provisions	2,928	2,912
Expense for Loyalty Bonus	2,141	207
Other Non-Operational Provisions	-	177
Marketable Securities Marking to Market	271	(21)
Deferred Tax Asset	(2,906)	5,002
Capital Losses	455	394
Other Operating Revenues	-	(247)
Reversal of Other Operating Provisions	(985)	(904)
Inflation Adjustment	(366)	(1,088)
Other Non-Operational Revenue	(1,317)	(428)
Equity Income in Subsidiaries	-	-
Provision for Revolving Credit Card Loan	9,479	4,820
Variation in Assets and Liabilities	321,140	47,938
(Increase) Decrease in Short-Term Liquidity Investments	67,745	(152,123)
(Increase) Decrease in Marketable Securities and Derivative Financial Instruments	(16,762)	(32,344)
(Increase) Decrease in Interbank Accounts (Assets/ Liabilities)	31,258	13,129
(Increase) Decrease in Credit Transactions	(36,433)	(45,930)
(Increase) Decrease in Other Assets	493	(484)
(Increase) Decrease in Other Credits	46,339	17,105
(Increase) Decrease in Provisions for Losses Associated with Credit Risk	(21,312)	6,732
(Increase) Decrease in Other Receivables	(7,705)	4,200
Increase (Decrease) in Deposits	298,166	237,983
Increase (Decrease) in Funds Obtained in the Open Market	3,546	(21,590)
Increase (Decrease) in Borrowings and Onlending	3,252	(3,799)
Increase (Decrease) in Deferred Income	(184)	(178)
Increase (Decrease) in Other Liabilities	(45,119)	25,362
Increase (Decrease) in Provisions	(2,144)	(125)
NET CASH GENERATED FROM OPERATING ACTIVITIES	371,294	93,915
CASH FLOW FROM INVESTING ACTIVITIES		
Transfer of Property in Use to Freelease	-	1
Acquisition of Property and Equipment for Use	(5,574)	(9,438)
Write-off of Property and Equipment for Use	-	1,695
Intangible Asset Investments	(483)	(470)
Dividends Received from Subsidiary	-	-
NET CASH FROM (USED IN) INVESTING ACTIVITIES	(6,057)	(8,212)
CASH FLOW FROM FINANCING ACTIVITIES		
Non-Controlling Interests	1,038	3,362
Increase (decrease) in Funds from Real Estate Bills	(10,770)	40,308
Subordinated debts	2,634	(17,797)
NET CASH USED IN FINANCING ACTIVITIES	(7,098)	(10,127)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	358,139	75,576
Cash and banks at the beginning of the period	613,613	830,331
Cash and banks at the end of the period	971,752	905,907