Management Report

2019

Management Report

Porto Alegre, February 3, 2020 – **Banco Agibank S.A.** ("Bank", or "Agibank") an omnichannel digital bank offering solutions to improve and facilitate people's daily and financial lives, announces its **results for fiscal year 2019**. The financial statements were prepared based on accounting practices considering the Brazilian corporate legislation, associated with the rules and instructions of the National Monetary Council (CMN) and the Central Bank of Brazil (BACEN).

MESSAGE FROM THE MANAGEMENT

2019 was marked by progress building the relationship bank for existing and future Agibank customers. This included the release and improvement of new products, services, channels and features, boosting a long-term relationship that generates a virtuous cycle of growth, based on an increasingly comprehensive portfolio and with more attractive terms for people to enjoy better lives. Over the year, the Bank displayed its ability to reinvent itself, with a drive to become each customer's main bank, and showed significant evolution of its financial and operating indicators over the months because of the implementation of new credit models and a more diverse product mix. Agibank, which reached yearend with a total credit portfolio of R$ 1,665.4 million (+1.5% from 2018), reported net earnings of R$ 88.0 million, representing 17.8% return on average equity (ROAE) and 3.6% return on average assets (ROAA). The Bank's risk and liquidity indicators – 14.4% Capital Adequacy Ratio and 3,677.4% Liquidity Coverage Ratio (LCR) – illustrate the institution's satisfactory capital and liquidity positions.

The return, despite being lower than the Bank's historic record, showed positive evolution over the year with a gradual change in the credit portfolio, favoring facilities with lower risk and interest rates. This is illustrated by payroll-deductible loans and credit cards linked to payroll-deductible loans, whose share of the portfolio was 24.0% (from 15.9% in Dec/ 18) and personal credit linked to salaries or benefits, which increased by 116.2% from Dec/18, in line with the strategy of building closer relationships with customers. It is worth noting that, with over half of the credit portfolio linked to paychecks, default indexes showed significant evolution from previous semiannual milestones. This is illustrated by NPL (E-H), which was down 6.6 p.p. from Jun/19, reaching 30.5% in Dec/19, the lowest since 2018. Another indicator to support this is Loan Loss Provisions, which were 32.6% of the total credit portfolio in Jun/19 and reached 26.4% in Dec/19, down 6.2 p.p. This represents a lower cost of risk and a positive indicator for coming periods. In addition, Agibank continued to invest in technology, on improving credit-granting models and other credit-cycle phases, on improved internal processes, and on a better customer experience, leading to increased volumes of digital transactions and product cross-selling.

All of this substantiates the Bank's consolidating omnichannel vision. It is accessible on all platforms, where customers have at their disposal a unique blend of the offline and online worlds. In December, the Bank had a physical presence in every Brazilian city of more than 100 thousand residents, with 600 outlets that are more than just brick-and-mortar service spaces: they are experience spaces where customers undergo digital inclusion as they address their financial needs with the help of technology. Outlets offer free Wi-Fi, which enables downloading the App, opening a checking account, carrying out paycheck portability, or choosing to collect social-security benefits through Agibank, far removed from the traditional banking market's red-tape. Our digital channels have all been renovated, from the experience at ATMs through to our App and internet banking developed hand-in-hand with customers, who were listened to at interviews and home visits to get a deep understanding of their needs and yearnings, which became inputs for Agibank to align its products, channels, and communication strategy.

Over the year, Agibank earned domestic and international recognitions that made it stand out on the landscape of the financial sector's digital transformation, bearing witness to qualitative customer service, which lies at the core of every strategic initiative. The year was also marked by the consolidation of important partnerships, by the release of new services and features, and by the reaffirmation of its role in society by means of engaging in social projects.

RA1000 Certification. Banco Agibank was the only financial institution to make the RA 1000 index in the semiannual reputation ratings of Reclame Aqui. According to the Website, Agibank has replied to 100% of complaints and has resolved 89.5% of cases, for a score of 8.8. Out of all customers, 81.4% would do business with the Bank again. Reclame Aqui's criteria were the Response Ratio ("índice de resposta" – IR), average consumer ratings, and solution ratio ("índice de solução" – IS), which considers finalized and rated complaints only. To make the top rating, a business must have a response ratio greater than 50% and 10 or more consumer ratings. With this recognition, the Bank substantiates its ability to expand its customer base even as it further improves service quality at every point of contact – be it the App, virtual and phone-based service channels, or the 600 outlets across Brazil.

Innovation Champions. In April, Agibank was voted the sixth most innovative company in the South region of Brazil, placing first in the financial services category. The award is coordinated by the Amanhã Group and relies on technical evaluations by the IXL-Center (Center for Innovation, Excellence and Leadership) from Boston (USA), a world benchmark entity for research into best innovation management practices.

Digitalization of Payroll-Deductible Loans. In May 2019, Agibank got a head start in the payroll-deductible loan digitalization race and became the first bank in Brazil to certify its API with DataPrev, the Social Security system's technology and information company, to transform customers' experience with the product. In practice, this means getting access to customer information straight from the source, enabling a far more accurate credit analysis and, consequently, speedier granting, more flexible terms, and a lower risk of fraud. After the trials phase with DataPrev, customers are expected to be able to enjoy all of the payroll-deductible loan enhancements. They will be able to take the loans on both the institution's physical outlets and its digital channels, reinforcing the Bank's omnichannel strategy and reaffirming its innovative DNA.

Agibank Experience Journey. Also in May, the Bank launched the Agibank Experience Journey, a platform intended to transform employees' journeys within the Institution, boosting their development and the promotion of new talents. Structured based on four pillars – Live, Grow, Enjoy, and Come On –, the initiative is a drive to playing leading career roles, enhancing visibility when it comes to in-house opportunities and benefits offered, and adding quality to the corporate education fronts and performance and meritocratic practices that the Institution highly values.

Financial Bonds Issue. In early June, as part of the strategy to diversify its funding structure, Agibank completed its first issue of financial bonds on the local debt market, raising $ 112.2 million. The issue took place by means of a restricted efforts public offering (ICVM 476) and exceeded the minimum projected demand of R$ 100 million. Add to this another R$ 30 million raised through private placement, for a total R$ 142.2 million raised. The public issue was rated "BBB(bra)" – Domestic Long-Term Rating by Fitch Ratings.

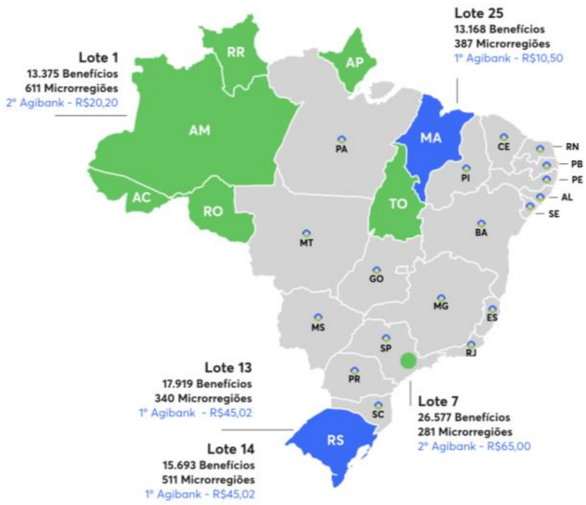
Great Place to Work. Still in the first half of 2019, Agibank became GPTW-certified. This is the result of a survey held by the Institute, which listened to over 1,000 randomly selected employees of Agibank and affiliated companies. The satisfaction level found was 82%, which enabled the bank to secure this important certification in its first participation. In addition, the organization certified Agibank as one of the 10 best financial institutions to work in Brazil, and one of the 15 best companies to work in Rio Grande do Sul, out of the State's large companies. This is evidence that our results and the delivery of important projects were only achieved with the support of an engaged and motivated team of more than 3.3 thousand employees who make Agibank one of the best places to work in Brazil today.

Consultant App. In the second half of 2019, our more than 2 thousand consultants gained access to a specific application where they can enter and file customer documents using mobile devices. Facial recognition and document scanning apps enable cutting the time spent on these activities by more than 50%, which means added service agility and quality. In the coming months, consultants will also become able to run the entire credit analysis and granting process using nothing more than a mobile phone.

How to Fish Project ("Projeto Pescar"). With yearend came the graduation of the third class of the Agibank unit of Projeto Pescar. In addition to opening up a world of new prospects for underprivileged teenagers, the project enables employees to exercise learning and citizenship, as they service as volunteer teachers, sponsors and mentors to the youths. The initiative is one of the Agibank Experience Journey's activities, and stands as a strategy to develop the Bank's employees and executives. In 2019, all of the participating young men and women were hired by Agibank after graduating from Pescar, which bears witness to the initiative's effectiveness as a gateway to the jobs market.

INSS Auction. Agibank successfully participated in the bidding process held by the National Social Security Institute – INSS, by means of an on-site auction ("Auction") near the end of the year. The Auction's purpose was to determine the order of preference for contracts with banking institutions for 240 months' execution of Social Security benefits to be granted from January 2020 to December 2024 (60 months).

Agibank placed 1st for the batches comprehending the states of Rio Grande do Sul and Maranhão, corresponding to an estimated 47 thousand new benefits/month for which Agibank will have priority allocation. It is worth emphasizing that, according to the dynamics stipulated by the INSS, if the institution placing first shows limited capacity to absorb benefits granted, the surplus will be assigned to the next institution by order of preference and so on successively. Given this, Agibank's strategy was to pursue the leading positions in batches where it may benefit from this dynamic – like those covering states in the North region of Brazil and the São Paulo State Capital, where the bank placed 2nd – as well as to make bids for other regions and optimize its customer acquisition cost (CAC).



We estimate that the potential volume from the batches mentioned before will exceed **1 million new benefits per year** (86 thousand new benefits/month). For Agibank, success in the Auction boosts its strategy of consolidating as a **relationship bank** and becomes a key driver for the previously announced expansion plan, which will bring the institution to expand its network to **1,200 outlets by 2023**. This means doubling the physical network, magnifying the strategy of using brick-and-mortar locations as customer digitalization and experience mechanisms.

Prospects. 2020 will be a challenging year, but there will also be reason for celebration. After all, it has been 20 years since the advent of the startup that became the Bank that currently serves millions of customers and employs thousands with a simple and genuine purpose: **to make people's daily lives better**. In addition, the macro-economic environment is showing signs of a benign scenario for the country, given the domestic economy's trending recovery, with the funds rate at its lowest level ever, and an outlook of low inflation under control. This carries the prospect of brisker growth in 2020, notwithstanding domestic political tensions and health-related concerns globally.

In the light of this, the year begins with the challenge of executing one of the Bank's greatest victories in recent years: the opportunity to become the best benefit- and paycheck-receiving bank for Brazilians. Therefore, the relevant market will increase significantly and give the bank a chance to scale up its relationship strategy nationwide. It is worth emphasizing that approximately 230 thousand checking account holders have already selected Agibank as their paycheck bank.

In this new phase for the Bank, consultants – Agibank employees who identify deeply with customers – will play an even more crucial role: understanding customers' needs, charming them through humanized service, with appropriate and fairer products, empowering them so that they may self-serve digitally on reformulated channels, with a unique user experience designed and developed to serve a persona that the Bank has known for 20 years.

It is also worth mentioning that, in line with this strategy and going against the flow of major banks, Agibank foresees a more prosperous environment and faces a growing relevant market, and continues to expand its service network. The Bank plans to open another 145 outlets before the end of 2020 – focusing on the regions where it placed well in the INSS Auction – Rio Grande do Sul, Maranhão, São Paulo (state capital) and the North region of Brazil –, when it will reach the mark of 740 outlets.

And so, with a highly engaged team that connects with Agibank's purpose and can bring about these changes, the Bank foresees great prospects for 2020, with accelerating credit portfolio growth, sustainable expansion of its customer base, and deeper and deeper relationships, in line with the purpose of **making people's daily lives better**.

Acknowledgments. Agibank thanks its clients, employees, service providers and partners for yet another year of their support, efforts, trust and dedication.

Porto Alegre, February 3, 2020.
The Management

HIGHLIGHTS

- Agibank placed 1st for 3 batches (RS CAPITAL | RS INTERIOR | MA) and 2nd for 2 more (SP CAPITAL | RR, AP, AM, TO, RO, AC) in the INSS Auction, and estimates a potential volume of over **1 million new benefits/year**;
- In line with the **relationship banking** strategy, Agibank made an important move by cutting **14.2%** off the **average interest rates on personal loans**, as the Central Bank of Brazil's Website shows;
- The Bank reached **696.3 thousand accounts** in December 2019, up 30;1% YoY;
- The **digital transactions volume** was up **184.5%** in 2019, indicating significant progress in customers' use of the Bank's products and services, together with a **62.3%** decrease in **cost per transaction**, indicating the capture of gains of scale;
- The **Credit Portfolio** reached **R$ 1,665.4 million** in the period, up **1.5%** from December 2018, with the highlight being the payroll-deductible portfolio, which gained 133.6%;
- **Defaulting was down in the period**, as measured by two indicators: **NPL** (E-H) went from 37.1% of the total credit portfolio in Jun/19 to 30.5% in Dec/19, the lowest since 2018; and **LLP expenses**, which were 32.6% of the total credit portfolio in Jun/19, reached 26.4% in Dec/19, down 6.2 p.p.;
- **Capital Adequacy Ratio** of **14.4%** and **LCR** of **3,677.4%** illustrate the institution's satisfactory capital and liquidity positions, respectively;
- The Bank's **Cash** position reached **R$ 1,137.0 million** in December 2019, up **48.4%** from December 2018;
- **Net earnings** of **R$ 88.0 million** in 2019 (-39.9% YoY), due mainly to lower intermediation income because of the gradually changing credit portfolio that now favors lines with lower risks and returns, and of an economic scenario that, albeit being more challenging, did evolve positively over the year, leading to **17.8% ROAE** and **3.6% ROAA**;
- **Net Equity** reached **R$ 525.3 million** in the period (+13.5% YoY);

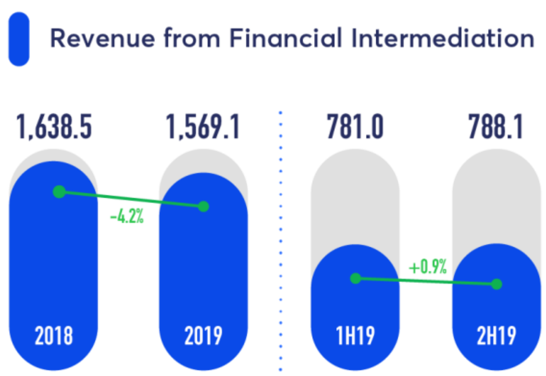
KEY INDICATORS

	In millions of Reais, unless otherwise stated	2019	2018	2019/2018	2H19	1H19	2H19/1H19
Results	Revenue from Financial Intermediation	1,569.1	1,638.4	-4.2%	788.1	781.0	0.9%
	Expenses from Financial Intermediation	(784.7)	(690.8)	13.6%	(332.9)	(451.8)	-26.3%
	Gross Profit from Financial Intermediation	784.5	947.6	-17.2%	455.2	329.2	38.3%
	Operating Expenses	(681.0)	(714.4)	-4.7%	(361.9)	(319.0)	13.4%
	Operating Income	103.5	233.2	-55.6%	93.3	10.2	815.4%
	Net Income	88.0	146.5	-39.9%	74.1	13.9	433.6%
Performance	ROAE[(1)] a.a. (%)	17.8%	37.4%	-19.6 p.p.	17.8%	13.2%	4.6 p.p.
	ROAA[(2)] a.a. (%)	3.6%	7.8%	-4.2 p.p.	3.6%	2.8%	0.8 p.p.
	Net Interest Margin[(3)] a.a. (%)	33.9%	53.7%	-19.8 p.p.	33.9%	36.2%	-2.3 p.p.
	Operating Efficiency Ratio[(4)] (%)	49.3%	52.4%	-3.1 p.p.	51.8%	46.7%	5.1 p.p.
	Risk-adjusted Operating Efficiency Ratio[(5)] (%)	87.8%	77.3%	10.5 p.p.	80.8%	97.2%	-16.4 p.p.
	Net Margin[(6)] (%)	11.2%	15.5%	-4.3 p.p.	16.3%	4.2%	12.1 p.p.
Balance Sheet	Net Equity	525.3	462.7	13.5%	525.3	481.6	9.1%
	Assets	2,608.1	2,258.7	15.5%	2,608.1	2,480.4	5.2%
	Cash	1,137.0	766.4	48.4%	1,137.0	989.2	14.9%
	Credit Portfolio	1,665.4	1,640.7	1.5%	1,665.4	1,832.0	-9.1%
	Leverage[(7)]	3.2	3.5	-0.3 p.p.	3.2	3.6	-0.4 p.p.
	Loan Loss Provision/Gross Credit Portfolio (%)	26.4%	24.0%	2.4 p.p.	26.4%	32.6%	-6.2 p.p.
	Capital Adequacy Ratio (%)	14.4%	15.8%	-1.4 p.p.	14.4%	14.0%	0.4 p.p.
Others	Total Number of Clients	1,034,059	1,090,070	-5.1%	1,034,059	1,162,076	-11.0%
	Total Number of Accounts	696,285	535,272	30.1%	696,285	643,403	8.2%
	Total Number of Outlets	595	602	-1.2%	595	596	-0.2%
	Total Number of Outlets Net Openings	-7	167	-	-1	-6	-
	CAPEX	25.1	68.4	-63.2%	9.3	15.9	-41.5%

(1) ROAE = 12-mo Net Income/Average Equity; (2) ROAA = 12-mo Net Income/Average Assets; (3) Net Financial Margin = 12-mo Gross Profit from Fin. Int../Average Interest-Bearing Assets; (4) Operating Efficiency Ratio = (Adm. Exp.. + Payroll Exp. + Tax Exp. + Other Operating Expenses and Revenues/Gross Profit from Fin. Int. before LLP + Services Revenue, Bank Fee Income; (5) Risk-adjusted OER = (Adm. Expenses + Payroll Expenses + Tax Expenses + Other Operating Expenses and Revenues)/Gross Profit from Fin. Int. + Services Revenues + Bank Fee Income; (6) Net Margin = Net Income/Gross Profit from Fin. Int.; (7) Leverage = Total Credit Portfolio/Equity.

MD&A

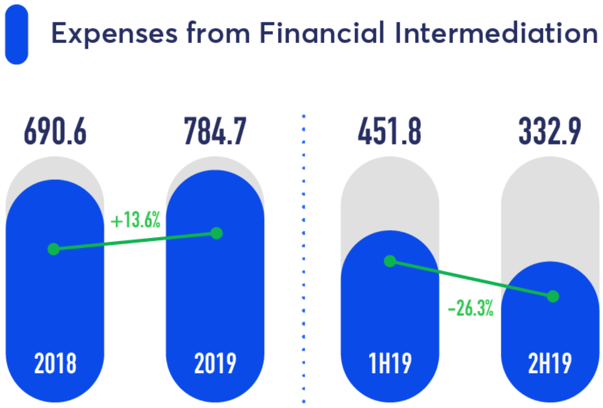
REVENUE FROM FINANCIAL INTERMEDIATION



Revenue from Financial Intermediation reached R$ 1,569.1 million in 2019, down 4.2% from the previous year. This was the result of a mixture of favoring the origination of facilities with lower risk and return, like payroll-deductible loans and credit cards, and of the 14.2% cut off personal credit interest rates, which have lower risk levels.

In the latter half of the year, Revenue from Financial Intermediation was R$ 788.1 million, up 0.9% from 1H19. This was due mainly to revenues generated from the assignment of defaulted credits that had been written-off as losses from loan operations, as discussed in the financial statements.

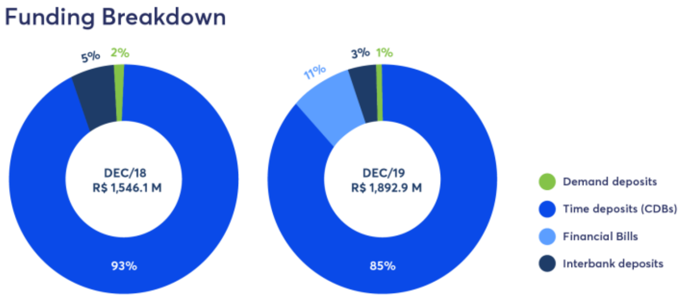
EXPENSES FROM FINANCIAL INTERMEDIATION



Expenses from Financial Intermediation were R$ 784.7 million in 2019, up 13.6% from 2018.

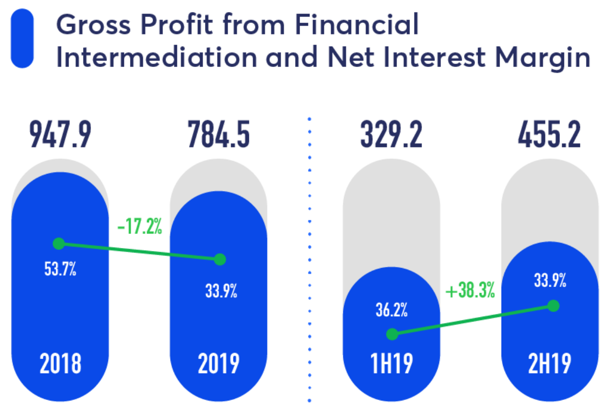
In the second half of 2019, Expenses from Financial Intermediation were R$ 332.9 million, down 26.3% from 1H19. This was mainly due to lower Loan Loss Provisions (LLP), capturing the benefits of a better portfolio mix and increased efficiency in the credit cycle phases, from modeling to granting and maintenance.

As for funding, the Bank relies on a fundraising structure whose main component is CDB-based fundraising (time deposits), appropriate for the profile of its credit portfolio, which is conservatively managed while maintaining comfortable levels of liquidity.



In the last year, in addition to increasing the number of partners distributing securities issued to 42, the Bank has been diversifying its funding sources, particularly with public, bilateral and subordinated Financial Bonds issues. In early June 2019, Agibank completed its first issue of financial bonds on the local debt market, for R$ 112.2 million raised (ICVM 476). Add to this another R$ 30 million raised through private placement, for a total R$ 142.2 million raised and bilateral issues. The public issue was rated by Fitch Ratings “BBB(bra)” – National Long-Term Rating.

GROSS PROFIT FROM FINANCIAL INTERMEDIATION



Gross Profit from Financial Intermediation was R$ 784.5 million in 2019, down 17.2% from 2018. The annualized Net Interest Margin, which is calculated as the ratio of Gross Profit from Financial Intermediation to Interest-Bearing assets, reached 33.9% in 2019.

In the latter half of 2019, Gross Profit from Financial Intermediation was R$ 455.2 million, up 38.3% from 1H19 because of the reasons that led to increased Revenues and reduced Expenses, as noted before.

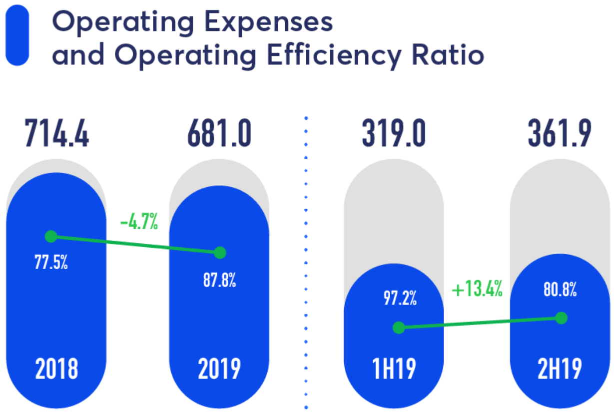
SERVICE REVENUES

In millions of Reais, unless otherwise stated	2019	2018	2019/2018	2H19	1H19	2H19/1H19
Comissions	23.1	25.2	-8.3%	11.9	11.2	6.2%
Purchase Pool Administration Fees	4.7	4.7	-0.5%	2.5	2.2	9.8%
Sign up Fees	13.9	15.5	-10.7%	6.9	7.0	-0.6%
Annuities	8.9	16.7	-46.7%	3.9	5.0	-22.4%
Other Fees	10.6	15.8	-33.1%	4.5	6.1	-26.9%
Total	**61.2**	**78.1**	**-21.6%**	**29.7**	**31.6**	**-6.0%**

Revenues from Services, which includes both bank fees and services rendered, were R$ 61.2 million in 2019, down 21.6% from 2018, due mainly to lower revenues from credit card annual dues.

In 2H19, Revenues from Services were R$ 29.7 million, down 6.0%, from the first quarter of 2019.

OPERATING EXPENSES



Operating Expenses were down 4.7% from 2018, reaching R$ 681.0 million 2019, due mainly to lower tax expenses (29.4%). It is worth emphasizing that February 2019 saw the approval of the partial spinoff of the Bank's equity capital to Nuova Holding S.A., a related party. Because of the spin-off, sales promoters Soldi Promotora de Vendas Ltda. and Promil Promotora de Vendas Ltda. Became subsidiaries of Nuova Holding S.A.. As a result, since the reorganization, operating expenses associated with outlets were booked as Administrative Expenses.

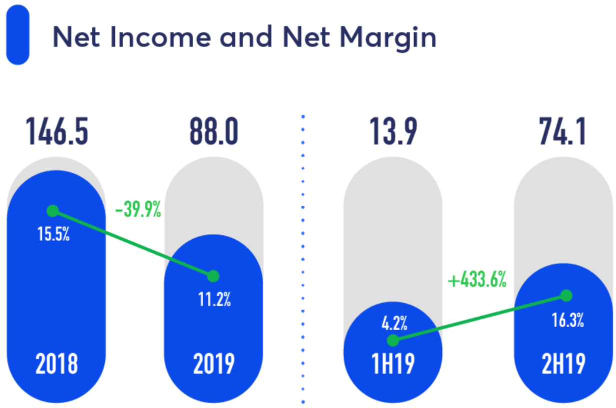
The Operating Efficiency Ratio (OER), whose calculation methodology is shown next, was 87.8% in 2019, up 10.5 p.p.

In 2H19, Operating Expenses were R$ 361.9 million, up 13.4% from 1H19's R$ 319.0 million, Therefore, OER was 80.8% in the period, down 16.4 p.p. from the first half of 2019, due mainly to increased growth of Financial Intermediation Profits (+38.3%)

OPERATING EFFICIENCY RATIO

In millions of Reais, unless otherwise stated	2019	2018	2019/2018	2H19	1H19	2H19/1H19
Employee Expenses	154.8	270.7	-42.8%	66.3	88.5	-25.0%
Administrative Expenses	495.0	390.2	26.9%	286.8	208.2	37.7%
Tax Expenses	82.7	117.1	-29.4%	37.5	45.1	-16.8%
Other Operating Income and Expenses	9.8	14.5	-32.6%	0.9	8.8	-89.4%
Total Expenses	**742.2**	**792.5**	**-6.3%**	**391.6**	**350.6**	**11.7%**
Revenue from Financial Intermediation before LLP	1,445.6	1,433.4	0.9%	726.4	719.2	1.0%
Banking Service Fees	61.2	78.1	-21.6%	29.7	31.6	-6.0%
Total Revenues	**1,506.9**	**1,511.4**	**-0.3%**	**756.1**	**750.7**	**0.7%**
Operating Efficiency Ratio (%)	**49.3%**	**52.4%**	-3.1 p.p.	**51.8%**	**46.7%**	5.1 p.p.
Loan Loss Provision (LLP)	-661.2	-485.7	36.1%	-271.2	-389.9	-30.4%
Revenue from Financial Intermediation	784.5	947.6	-17.2%	455.2	329.2	38.3%
Risk-adjusted Operating Efficiency Ratio (%)	**87.8%**	**77.3%**	10.5 p.p.	**80.8%**	**97.2%**	-16.4 p.p.

NET INCOME



Agibank's Net Income in 2019 was R$ 88.0 million, down 39.9% from 2018. Net Margin was 11.2%. Despite the YoY drop, analysis of the semiannual evolution (+433.6% from 1H19 and +59.7% from 2H18) shows that results are recovering, due mainly to lower defaulting that translates into lower expenses with Loan Loss Provisions, as discussed above.

DIVIDENDS AND INTEREST ON EQUITY CAPITAL

In 2019, Agibank paid out dividends as Interest on Equity Capital in the amount of R$ 29.1 million.

CAPEX

Agibank is innovation-driven and aims to offer solutions to make customers' daily lives better. This strategy reflects directly on investment guidelines.

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.

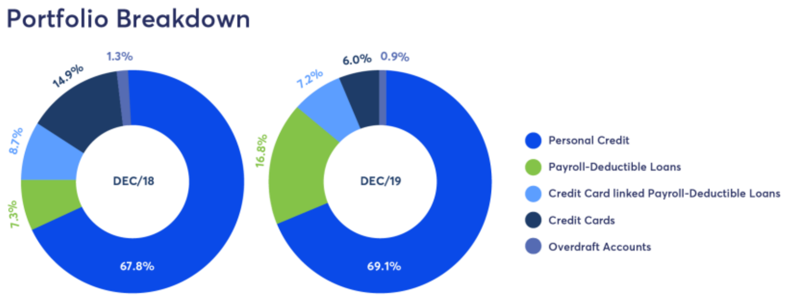
CAPEX in 2019 was R$ 25.1 million down 63.2% YoY, due basically to a lower pace of outlets opening and to the extension of the deadline for completion of technology projects.

ANALYSIS OF CREDIT OPERATIONS

CREDIT PORTFOLIO

In millions of Reais, unless otherwise stated	Portfolio			Var. %	
Credit Portfolio	**dec/19**	**jun/19**	**dec/18**	**dec/19 x jun/19**	**dec/19 x dec/18**
Personal Credit	1,084.7	1,235.3	1,053.0	-12.2%	3.0%
Payroll-Deductible Loans	263.0	172.8	112.6	52.2%	133.6%
Credit Card linked Payroll-Deductible Loans	113.0	129.3	135.0	-12.6%	-16.3%
Digital Credit Cards	93.4	186.1	231.3	-49.8%	-59.6%
Digital Overdraft Accounts	14.8	23.6	20.7	-37.2%	-28.5%
Credit Portfolio	**1,568.9**	**1,747.2**	**1,552.7**	**-10.2%**	**1.0%**
Securities and Credits Receivable	96.4	84.9	88.0	13.6%	9.6%
Total Gross Credit Portfolio	**1,665.4**	**1,832.0**	**1,640.7**	**-9.1%**	**1.5%**
LLP - Credit Portfolio	(413.6)	(569.6)	(372.7)	-27.4%	11.0%
LLP - Securities and Credits receivable	(3.6)	(3.2)	(2.7)	12.6%	31.5%
Net Credit Portfolio	**1,248.2**	**1,259.3**	**1,265.2**	**-0.9%**	**-1.3%**

On December 31, 2019, the Total Credit Portfolio was R$ 1,665.4 million, practically stable from the position in December 2018 and down 9.1% from June 2019, with a notable mention to the growth of the Payroll-Deductible Credit portfolio, which, together with the Payroll-Deductible Credit Card portfolio, represents 24.0% of the total credit portfolio (from 16.0% in 2018). It is worth noting that, on December 2019, over half of the credit portfolio was already linked to paychecks, which reduces significantly the portfolio's risk.



The Credit Portfolio, net of Loan Loss Provisions, was R$ 1,248.2 million, down 1.3% and 0.9% from December 2018 and June 2019, respectively.

QUALITY OF THE CREDIT OPERATIONS PORTFOLIO

In millions of Reais, unless otherwise state		Portfolio			Provision			Breakdown		
Rating	**% of provision**	**dec/19**	**jun/19**	**dec/18**	**dec/19**	**jun/19**	**dec/18**	**dec/19**	**jun/19**	**dec/18**
A	0.5%	904.2	894.2	804.0	(4.5)	(4.5)	(4.0)	58%	51%	52%
B	1%	76.4	73.2	94.3	(0.8)	(0.7)	(0.9)	5%	4%	6%
C	3%	61.2	71.8	91.5	(1.8)	(2.2)	(2.7)	4%	4%	6%
D	10%	49.2	59.4	79.8	(4.9)	(5.9)	(8.0)	3%	3%	5%
E	30%	57.3	56.4	98.9	(17.2)	(16.9)	(29.7)	4%	3%	6%
F	50%	49.1	68.7	77.2	(24.5)	(34.4)	(38.6)	3%	4%	5%
G	70%	39.2	61.7	60.9	(27.4)	(43.2)	(42.6)	2%	4%	4%
H	100%	332.4	461.8	246.2	(332.3)	(461.8)	(246.2)	21%	26%	16%
Total		**1,568.9**	**1,747.2**	**1,552.7**	**(413.5)**	**(569.6)**	**(372.7)**	**100%**	**100%**	**100%**

CAPITAL MANAGEMENT

CAPITAL ADEQUACY RATIO

In millions of Reais, unless otherwise stated	dec/19	jun/19	dec/18
Referential Equity - Tier I	467.2	410.4	410.9
Core Capital	467.2	410.4	410.9
Referential Equity	**499.3**	**440.7**	**410.9**
Referential Equity - Tier II	32.1	30.3	-
Credit Risk-weighted Assets	1,221.1	1,238.2	1,211.6
Market Risk-weighted Assets	11.0	10.8	17.4
Operational Risk-weighted Assets	2,236.4	1,895.2	1,375.7
Risk-weighted Assets	**3,468.5**	**3,144.2**	**2,604.7**
RBAN	152.9	250.9	80.6
Capital Adequacy Ratio (RE/RWA)	**14.4%**	**14.0%**	**15.8%**
Expanded Capital Adequacy Ratio (RE/(RWA+RBAN))	**13.8%**	**13.0%**	**15.3%**

The Bank's Capital Adequacy Ratio reached 14.4% in December 2019, meaning a 1.4 p.p. drop from December 2018, due basically to the credit portfolio's expansion and to the change in the operational risk determination period.

LIQUIDITY MANAGEMENT

LIQUIDITY COVERAGE RATIO - LCR

In millions of Reais, unless otherwise stated	dec/19	jun/19	dec/18
High Quality Liquid Assets	721.7	625.9	548.0
Potential Cash Outflows	19.6	21.9	23.9
LCR (%)	**3677.4%**	**2852.7%**	**2292.9%**

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

LCR in December 2019 reached 3,677.4%, up 1,384.5 p.p. from December 2018, due mainly to the larger position in high quality liquid assets and to reduced liquid funding.

ABOUT AGIBANK

Agibank is a **full-service bank** that **embraces each customer's needs as the most important element to be addressed**. **Digital all the time, physical when customers need it to be**, the Bank offers simple and reasonably priced **products and services** to **streamline the financial lives of thousands of Brazilians**. **For people who prefer to handle things digitally**, there is the App, Internet banking, chat and a relationship center that is always on call. **For those who will not give up one-on-one service**, there are more than 600 outlets across Brazil, plus 2 thousand consultants available to **address issues and offer solutions**. Our portfolio includes upkeep charge-free checking accounts, credit and debit cards, credit facilities, investments, purchase pools and insurance. A network of partners provides over 30 thousand cash withdrawal ATMs and more than 2 million establishments certified to accept payments using QR Codes. **For Agibank, a bank must be like life is: sometimes digital, sometimes physical, never imposing, making people's daily lives better.**

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 are any roundings.

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Balance Sheet | Assets – Consolidated

(R$ thousands)

ASSETS	dec/19	jun/19	dec/18	dec/19 x jun/19	dec/19 x dec/18
Current Assets	**2,141,911**	**2,112,948**	**1,985,881**	**1.4%**	**7.9%**
Cash and bank deposits	21,596	1,401	9,124	1441.5%	136.7%
Short-term interbank investments	756,077	733,920	548,541	3.0%	37.8%
Securities and derivative financial instruments	161,514	87,760	115,827	84.0%	39.4%
Interbank accounts	2,150	3,472	354	-38.1%	507.3%
Loan operations	1,375,794	1,624,721	1,479,416	-15.3%	-7.0%
Allowance for loan losses	(404,542)	(566,137)	(370,716)	-28.5%	9.1%
Securities trading and brokerage	-	1	2	-	-
Taxes and contributions recoverable	24,638	23,728	19,574	3.8%	25.9%
Receivables from affiliated companies	5,079	98	152	5082.7%	3241.4%
Deferred tax assets	63,263	75,822	75,989	-16.6%	-16.7%
Miscellaneous	39,744	41,082	15,503	-3.3%	156.4%
Notes and credits receivables	96,448	84,864	88,016	13.7%	9.6%
Allowance for loan losses	(3,591)	(3,188)	(2,730)	12.6%	31.5%
Prepaid expenses	3,741	5,404	6,829	-30.8%	-45.2%
Long-term Receivables	**398,399**	**295,848**	**192,832**	**34.7%**	**106.6%**
Securities and derivative financial instruments	197,807	166,076	92,900	19.1%	112.9%
Loan operations	193,462	122,439	73,261	58.0%	164.1%
Allowance for loan losses	(9,390)	(3,440)	(2,029)	173.0%	362.8%
Funds receivable from closed groups	2,553	2,627	2,805	-2.8%	-9.0%
Securities credits receivable	2	5	4	-60.0%	-50.0%
Taxes and contributions to compensate	7,483	-	4,423	-	69.2%
Escrow deposits on judicial claims	2,231	1,142	16,865	95.4%	-86.8%
Prepaid expenses	4,251	4,521	4,603	-6.0%	-7.6%
Tax credits	-	2,478	-	-	-
Permanent Assets	**67,839**	**71,607**	**79,961**	**-5.3%**	**-15.2%**
Investments	34	34	118	0.0%	-71.2%
Property, plant and equipment	11,288	13,101	27,020	-13.8%	-58.2%
Intangible assets	56,517	58,472	52,823	-3.3%	7.0%
TOTAL ASSETS	**2,608,149**	**2,480,403**	**2,258,674**	**5.2%**	**15.5%**

Balance Sheet | Liabilities – Consolidated

(R$ thousands)

LIABILITIES	dec/19	jun/19	dec/18	dec/19 x jun/19	dec/19 x dec/18
Current liabilities	**1,115,304**	**1,058,888**	**576,731**	**5.3%**	**93.4%**
Demand deposits	26,285	19,562	23,931	34.4%	9.8%
Interbank deposits	50,088	53,607	83,419	-6.6%	-40.0%
Time deposits	881,586	873,197	272,518	1.0%	223.5%
Interbank accounts	5,671	357	382	1488.5%	1384.6%
Relações interfinanceiras	-	426	100	-	-
Financing and borrowings	-	-	3,035	-	-
Collection and payment of taxes and similar	798	579	497	37.8%	60.6%
Social and statutory	27,354	145	29,799	18764.8%	-8.2%
Tax and social security contributions	25,352	10,518	32,437	141.0%	-21.8%
Funds obligations with closed groups	514	485	1,365	6.0%	-62.3%
Other liabilities	97,656	100,012	129,248	-2.4%	-24.4%
Long-term liabilities	**967,355**	**939,838**	**1,218,936**	**2.9%**	**-20.6%**
Time deposits	730,257	764,036	1,166,187	-4.4%	-37.4%
Real Estate Credit Notes, Mortgage Notes, Credit and Similar Notes	167,225	118,098	5,270	41.6%	3073.1%
Funds pending receipt - judicial collection	2,553	2,627	2,805	-2.8%	-9.0%
Loan obligations	-	-	4,497	-	-
Tax and social security	-	6,216	-	-	-
Equity eligible debt instruments	32,068	30,337	-	5.7%	-
Other liabilities	35,252	18,524	40,177	90.3%	-12.3%
Non-controlling interest	170	112	285	51.8%	-40.4%
EQUITY	**525,320**	**481,565**	**462,722**	**9.1%**	**13.5%**
Capital Stock	326,927	326,927	313,384	0.0%	4.3%
Capital Reserves	11,436	11,436	11,436	0.0%	0.0%
Profit Reserves	193,458	143,190	137,894	35.1%	40.3%
Adjustments to Market Value - securities and derivatives	38	12	8	216.7%	375.0%
(-)Treasury Shares	-6,539	-	-	-	-
TOTAL LIABILITIES AND EQUITY	**2,608,149**	**2,480,403**	**2,258,674**	**5.2%**	**15.5%**

Income Statement – Consolidated

(R$ thousands)

INCOME STATEMENT	dec/19	jun/19	2019/2018	2H19	dec/19 x jun/19	dec/19 x dec/18	2H19/1H19	2H19/2H18
REVENUE FROM FINANCIAL INTERMEDIATION	**1,569,119**	**1,638,411**	**-4.2%**	**788,114**	**781,005**	**860,024**	**0.9%**	**-8.4%**
Loan operations	1,476,344	1,607,830	-8.2%	720,771	755,573	842,954	-4.6%	-14.5%
Short-term interbank investiments	38,480	20,879	84.3%	19,748	18,732	11,777	5.4%	67.7%
Securities transactions	14,474	9,486	52.6%	7,777	6,697	5,285	16.1%	47.2%
Derivative financial instruments	(5)	(25)	-80.0%	11	(16)	8	-168.8%	37.5%
Foreign exchange	54	241	-77.6%	35	19	-	84.2%	-
Sales of financial assets	39,772	-	-	39,772	-	-	-	-
EXPENSES FROM FINANCIAL INTERMEDIATION	**(784,656)**	**(690,782)**	**13.6%**	**(332,888)**	**(451,768)**	**(412,338)**	**-26.3%**	**-19.3%**
Market funding expenses	(122,526)	(89,685)	36.6%	(61,268)	(61,258)	(49,830)	0.0%	23.0%
Loan operations and onlending	(116)	(467)	-75.2%	-	(116)	(347)	-	-
Foreign exchange expenses	-	(58)	-	-	-	(58)	-	-
Allowance for loan losses	(661,153)	(485,731)	36.1%	(271,217)	(389,936)	(247,125)	-30.4%	9.7%
Allowance for other doubtful accounts	(861)	(1,803)	-52.2%	(403)	(458)	(1,940)	-12.0%	-79.2%
Gains on sale of financial assets	-	(113,038)	-	-	-	(113,038)	-	-
GROSS PROFIT FROM FINANCIAL INTERMEDIATION	**784,463**	**947,629**	**-17.2%**	**455,226**	**329,237**	**447,686**	**38.3%**	**1.7%**
OPERATING EXPENSES	**(680,989)**	**(714,433)**	**-4.7%**	**(361,942)**	**(319,047)**	**(387,977)**	**13.4%**	**-6.7%**
Revenue from services	36,732	42,592	-13.8%	17,907	18,825	25,596	-4.9%	-30.0%
Banking fees	24,510	35,485	-30.9%	11,765	12,745	16,220	-7.7%	-27.5%
Employee expenses	(154,789)	(270,712)	-42.8%	(66,338)	(88,451)	(170,968)	-25.0%	-61.2%
Administrative expenses	(495,028)	(390,239)	26.9%	(286,797)	(208,231)	(185,848)	37.7%	54.3%
Tax expenses	(82,656)	(117,089)	-29.4%	(37,543)	(45,113)	(64,825)	-16.8%	-42.1%
Other operating income (expenses)	(9,758)	(14,470)	-32.6%	(936)	(8,822)	(8,152)	-89.4%	-88.5%
Non-Operating Income	760	1,156	-34.3%	41	719	180	-94.3%	-77.2%
INCOME BEFORE TAXES	**104,234**	**234,352**	**-55.5%**	**93,325**	**10,909**	**59,889**	**755.5%**	**55.8%**
Income tax and social contribution	(16,072)	(87,740)	-81.7%	(19,132)	3,060	(13,400)	-725.2%	42.8%
Minority Interest	(134)	(124)	8.1%	(58)	(76)	(61)	-23.7%	-4.9%
NET INCOME	**88,028**	**146,488**	**-39.9%**	**74,135**	**13,893**	**46,428**	**433.6%**	**59.7%**

RATING

FitchRatings

-- National Long-Term Rating ‘BBB(bra)’, Stable Outlook
-- National Short-Term Rating ‘F3(bra)’