

Banco Santander (Brasil) S.A.

Consolidated Financial Statements

Prepared in accordance with International Financial Reporting

Standards - IFRS

December 31, 2020

Simple | Personal | Fair



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(A free translation of the original in Portuguese)

Independent auditor's report

To the Board of Directors and Stockholders
Banco Santander (Brasil) S.A.

Opinion

We have audited the accompanying consolidated financial statements of Banco Santander (Brasil) S.A. ("Bank") and its subsidiaries, which comprise the consolidated balance sheet as at December 31, 2020 and the consolidated income statements, statements of comprehensive income, statements of changes in stockholder's equity and cash flows statements for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Banco Santander (Brasil) S.A. and its subsidiaries as at December 31, 2020, and their financial performance and cash flows for the year then ended, in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

Basis for opinion

We conducted our audit in accordance with Brazilian and International Standards on Auditing. Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements" section of our report. We are independent of the Bank and its subsidiaries in accordance with the ethical requirements established in the Code of Professional Ethics and Professional Standards issued by the Brazilian Federal Accounting Council, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.





Banco Santander (Brasil) S.A.

Our audit for the year ended December 31, 2019 was planned and performed taking into consideration that the operations of the Bank and its subsidiaries did not present significant changes compared to the prior year. In this context, excepted for the exclusion of the key audit matters regarding Financial assets at fair value with low liquidity and without an active market - level III, the key audit matters and our audit approach remained mainly aligned with those of the prior year.

Why it is a key audit matter	How the matter was addressed in the audit
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Allowance for loan losses (Notes 1.c.2.1.iv, 2.h, 9, 43.h and 46.b)

Allowance for loan losses (Notes 1.c.2.1.iv, 2.h, 9, 43.h and 46.b)

As from January 1st, 2018, IFRS 9 - Financial Instruments became effective, which replaced IAS 39 - Financial Instruments; it establishes new requirements for the financial instruments recognition and measurement, among which is a new model of allowance for loan losses on credit risk, which is based on expected loss. IAS 39 used the incurred loss as a basis.

The estimate of impairment of credit operations, considering the new requirements of IFRS 9, involves a high level of judgment by Management. The determination of the expected credit loss considers, among other elements, the existence of an objective evidence of impairment loss of significant credits and, individual or in the aggregate, for assets that are not significant, as well as the deterioration of credit risk and the classification of the receivables as prescribed by IFRS 9. This process involves the use of several assumptions and internal and external factors, including credit quality, portfolio size, concentration and economic factors.

Management assessed the COVID-19 impact in the estimation of impairment of credit operations. In this assessment, Management considered forward-looking information, including changes in macroeconomic scenarios, impacting the calculation model for provisioning expected credit loss.

Therefore, this area remains as an area of focus in our audit.

We updated our understanding and tested the relevant internal controls in the calculation and recognition of the expected credit losses, mainly including the following main processes: (i) models and assumptions adopted by Management to determine the recoverable value of the credits; (ii) measurement of the guarantees in the determination of the recoverable value; (iii) approval and record of the operations renegotiated; (iv) processing and accounting of the allowance for losses; (v) reconciliation of the accounting balances with the analytical position; (vi) preparation of the explanatory notes.

For the provisions calculated considering the individual evaluation, we assessed and tested the criteria used to determine the recoverable value based on the credit risk.

For the provisions calculated considering the collective assessment, we tested the process of approval and validation of models applied in the determination of the recoverable value of credit. With the support of our specialists, we tested, on a sampling basis, the aforementioned models, considering the parameters developed for the most significant portfolios, as well as the integrity of the database used for the calculations.

We also tested the classification of the credits as established in IFRS 9. The classification considers the debtor's credit risk level, and when applicable, the deterioration of this risk, as well as the financial difficulty of the debtor, delays in their contractual obligations, renegotiations, guarantees, cash flow projections, among other aspects.



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Why it is a key audit matter	How the matter was addressed in the audit
	<p>We performed an understanding of the procedures adopted by Management in considering the impacts of COVID-19 in the estimation of expected credit loss, evaluating the reasonableness of the estimation considering models, assumptions and data used. Additionally, we confirmed that the adjustments made to the estimation of impairment of credit operations, due to the impacts of COVID19, were approved by the appropriated governance bodies.</p> <p>We considered that the criteria and assumptions adopted by the Management provides a reasonable basis for the calculation and accounting record of the credit losses based on IFRS 9, in the context of the consolidated financial statements.</p>

Provisions for legal and administrative proceedings (Notes 1.c.2.1.vi, 2.r and 22)

The Bank and its subsidiaries are parties to legal and administrative tax, labor, and civil proceedings arising from the normal course of their activities.

In general, these proceedings are terminated after a long period and involve not only discussions on merits, but also complex procedural aspects, in accordance with applicable legislation.

The decision to recognize a contingent liability and the measurement bases require the judgment of the Management, which is periodically reassessed, including when preparing the consolidated financial statements, and considering new events. In these circumstances, this remains as an area of focus in our audit.

We updated our understanding and tested the relevant internal controls over the identification and recording of provisions for legal and administrative proceedings, of a tax, labor and civil nature, and the disclosures in accompanying notes, including, among others, the internal controls related to the calculation template used to account for the provisions for labor and civil contingencies that are carried out under the historical average loss criteria for actions that are considered as common and similar in nature.

We tested the application of the mathematical models of historical average loss calculation, when applicable, related to labor and civil contingencies. We also tested the ongoing proceedings at the base date of the consolidated financial statements.

We performed confirmation procedures with the law firms responsible for the most significant administrative and legal proceedings to confirm the assessment of the prognosis, also considering the new events that occurred during the year, the totality of the information, and the correct amount of the provisions.



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Why it is a key audit matter	How the matter was addressed in the audit
	We consider that the criteria and assumptions that management adopted to determine and record the provisions for legal and administrative proceedings are reasonable, in all material respects, in the context of the consolidated financial statements.

Information technology environment (Note 46 (d))

The Bank and its subsidiaries have a business environment that is highly dependent on technology, requiring a complex infrastructure to support the high volume of transactions processed in its several systems on a daily basis.

The risks inherent to information technology, associated with possible deficiencies in processes and controls that support the processing of the technology systems, considering the legacy systems and existing technology environments, could result in the incorrect processing of critical information, including those used in the preparation of the consolidated financial statements.

For this reason, this remains as an area of focus in our audit.

With the assistance of our system experts, we updated our evaluation of the design and tested the operating effectiveness of the controls related to the management of the information technology environment, including the compensating controls established, when applicable.

The procedures carried out involved the combination of the control tests, and, when applicable, the testing of compensating controls, as well as the testing of the key processes related to information security, development and maintenance of systems, and operation of computers related to the infrastructure that supports the Bank and its subsidiaries' business.

We considered that the technology environment processes and controls provided a reasonable basis to determine the nature, period and extent of our audit procedures on the consolidated financial statements.

Other information accompanying the consolidated financial statements and the independent auditor's report

The Bank's management is responsible for the other information that comprises the Management Report.

Our opinion on the consolidated financial statements does not cover the Management Report, and we do not express any form of audit conclusion thereon.

In connection with the audit of the consolidated financial statements, our responsibility is to read the Management Report and, in doing so, consider whether this report is materially inconsistent with the financial statements or with our knowledge obtained in the audit or otherwise appears to be materially



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misstated. If, based on the work we have performed, we conclude that there is a material misstatement in the Management Report, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, Management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the financial reporting process of the Bank and its subsidiaries.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Brazilian and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Brazilian and International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud could involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Bank and its subsidiaries.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



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- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions could cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether these financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

São Paulo, February 26, 2021

PricewaterhouseCoopers
Auditores Independentes
CRC 2SP000160/O-5

Edison Arisa Pereira
Contador CRC 1SP127241/O-0

* Values expressed in thousands, except when indicated.

Consolidated Balance Sheets

Assets	Note	2020	2019	2018
Cash and Balances With The Brazilian Central Bank	4	20,148,725	20,127,364	19,463,587
Financial Assets Measured At Fair Value Through Profit Or Loss		60,900,466	32,342,306	43,711,800
Debt instruments	6	3,545,660	3,735,076	3,171,746
Balances With The Brazilian Central Bank		57,354,806	28,607,230	40,540,054
Financial Assets Measured At Fair Value Through Profit Or Loss Held For Trading		98,466,232	57,020,903	68,852,314
Debt instruments	6	68,520,799	34,885,631	50,066,469
Equity instruments	7	1,818,276	2,029,470	766,333
Trading derivatives	8.a	28,127,157	20,105,802	18,019,512
Non-Trading Financial Assets Mandatorily Measured At Fair Value Through Profit Or Loss		499,720	171,453	917,477
Equity instruments	7	438,912	171,453	298,297
Loans and advances to customers	9	60,808	-	619,180
Financial Assets Measured At Fair Value Through Other Comprehensive Income		109,740,387	96,120,233	85,436,677
Debt instruments	6	109,668,214	95,962,927	85,395,691
Equity instruments	7	72,173	157,306	40,986
Financial Assets Measured At Amortized Cost		554,924,796	474,680,904	429,731,475
Loans and amounts due from credit institutions	5	112,849,776	109,233,128	91,859,759
Loans and advances to customers	9	393,707,229	326,699,480	301,072,207
Debt instruments	6	48,367,791	38,748,296	36,799,509
Hedging Derivatives	8.a	743,463	339,932	343,934
Non-Current Assets Held For Sale	10	1,092,909	1,325,335	1,380,231
Investments in Associates and Joint Ventures	11	1,094,985	1,070,762	1,053,315
Tax Assets		41,063,782	33,599,178	31,565,767
Current		3,082,084	3,304,116	3,885,189
Deferred	23.d	37,981,698	30,295,062	27,680,578
Other Assets	15	7,222,411	5,061,337	4,800,467
Tangible Assets	12	9,537,111	9,781,957	6,588,975
Intangible Assets		30,766,498	30,595,788	30,018,988
Goodwill	13	28,360,137	28,375,004	28,378,288
Other intangible assets	14	2,406,361	2,220,784	1,640,700
TOTAL ASSETS		936,201,485	762,237,452	723,865,007

The accompanying Notes are an integral part of these consolidated financial statements,

* Values expressed in thousands, except when indicated.

Liabilities and Stockholders' Equity	Note	2020	2019	2018
Financial Liabilities Measured At Fair Value Through Profit Or Loss				
Loss Held For Trading		77,643,290	46,064,669	50,938,992
Trading derivatives	8.a	31,835,344	22,229,016	18,243,315
Short positions	8.b	45,807,946	23,835,653	32,695,677
Financial Liabilities Measured At Fair Value Through Profit Or Loss		7,038,467	5,319,416	1,946,056
Other Financial Liabilities	20	7,038,467	5,319,416	1,946,056
Financial Liabilities at Amortized Cost		707,288,791	575,230,401	547,295,169
Deposits from Brazilian Central Bank and deposits from credit institutions	16	131,656,962	99,271,415	99,022,806
Customer deposits	17	445,813,972	336,514,597	304,197,800
Marketable debt securities	18	56,875,514	73,702,474	74,626,232
Subordinated debts		-	-	9,885,607
Debt Instruments Eligible to Compose Capital	19	13,119,660	10,175,961	9,779,944
Other financial liabilities	20	59,822,683	55,565,954	49,782,780
Hedging Derivatives	8.a	144,594	200,961	223,520
Provisions				
Provisions for pensions funds and similar obligations	21	3,929,265	4,960,620	3,357,654
Provisions for judicial and administrative proceedings, commitments and other provisions	22	9,885,713	11,371,205	11,338,244
Tax Liabilities				
Current		10,130,248	10,960,075	8,074,764
Deferred	23.d	5,583,653	5,419,202	5,043,375
		4,546,595	5,540,873	3,031,389
Other Liabilities	24	14,051,245	10,920,944	9,095,148
Total Liabilities		830,111,613	665,028,291	632,269,547
Stockholders' Equity				
Share capital	27	106,205,067	96,736,290	91,944,333
Reserves		57,000,000	57,000,000	57,000,000
Treasury shares		40,414,981	34,877,493	30,440,288
Option for Acquisition of Equity Instrument		(791,358)	(681,135)	(461,432)
Profit for the year attributable to the Parent		-	(67,000)	(1,017,000)
Less: dividends and remuneration		13,418,529	16,406,932	12,582,477
		(3,837,085)	(10,800,000)	(6,600,000)
Other Comprehensive Income		(428,080)	(85,710)	(878,863)
Stockholders' Equity Attributable to the Parent		105,776,987	96,650,580	91,065,470
Non - Controlling Interests	26	312,885	558,581	529,990
Total Stockholders' Equity		106,089,872	97,209,161	91,595,460
Total Liabilities and Stockholders' Equity		936,201,485	762,237,452	723,865,007

The accompanying Notes are an integral part of these consolidated financial statements.

* Values expressed in thousands, except when indicated.

Consolidated Income Statements

	Note	2020	2019	2018
Interest and similar income	31	62,774,940	72,841,060	70,478,393
Interest expense and similar charges	32	(18,332,228)	(28,519,953)	(28,557,051)
Net interest income		44,442,712	44,321,107	41,921,342
Income from equity instruments	33	33,754	18,933	32,623
Income from companies accounted for by the equity method	11	112,261	149,488	65,958
Fee and commission income	34	20,606,707	20,392,458	17,728,452
Fee and commission expense	35	(4,378,493)	(4,679,306)	(3,596,293)
Gains (losses) on financial assets and liabilities (net)	36	12,998,060	2,462,545	(2,782,802)
Financial Assets At Fair Value Through Profit Or Loss		711,949	252,253	(138,673)
Financial Assets Measured At Fair Value Through Profit Or Loss Held For Trading		12,122,794	2,391,080	(2,764,859)
Non-Trading Financial Assets Mandatorily Measured At Fair Value Through Profit Or Loss		172,828	11,501	61,239
Financial instruments not measured at fair value through profit or loss		(239,054)	(57,522)	(138,104)
Other		229,543	(134,767)	197,595
Exchange differences (net)	37	(24,700,962)	(2,788,537)	(2,806,471)
Other operating expense (net)	38	(872,510)	(1,107,719)	(1,055,850)
Total Income		48,241,529	58,768,969	49,506,959
Administrative expenses		(17,114,960)	(16,941,526)	(16,792,138)
Personnel expenses	39	(8,871,482)	(9,327,714)	(9,206,007)
Other administrative expenses	40	(8,243,478)	(7,613,812)	(7,586,131)
Depreciation and amortization		(2,579,127)	(2,391,857)	(1,739,959)
Tangible assets	12	(2,039,805)	(1,870,836)	(1,216,704)
Intangible assets	14	(539,322)	(521,021)	(523,255)
Provisions (net)		(1,656,547)	(3,681,586)	(1,999,604)
Impairment losses on financial assets (net)		(17,450,188)	(13,369,905)	(12,713,435)
Financial Assets Measured At Amortized Cost and contingent commitments		(17,450,188)	(13,369,905)	(12,713,532)
Gains (losses) due to derecognition of financial assets measured at amortized cost		-	-	97
Impairment losses on other assets (net)		(84,908)	(131,435)	(508,310)
Other intangible assets	14	(66,269)	(103,924)	(300,865)
Other assets		(18,639)	(27,511)	(207,445)
Gains (losses) on disposal of assets not classified as non-current assets held for sale	41	230,713	10,646	(25,476)
Gains (losses) on non-current assets held for sale not classified as discontinued operations	42	77,463	9,843	181,734
Operating Income Before Tax		9,663,975	22,273,149	15,909,771
Income taxes	23	3,786,778	(5,641,699)	(3,109,853)
Consolidated Net income for the period		13,450,753	16,631,450	12,799,918
Profit attributable to the Parent		13,418,529	16,406,932	12,582,477
Profit attributable to non-controlling interests	26	32,224	224,518	217,441
Earnings Per Share (Brazilian Reais)	28			
Basic earnings per 1,000 shares				
Common shares		1,713.45	2,094.83	1,604.34
Preferred shares		1,884.80	2,304.32	1,764.78
Diluted earnings per 1,000 shares				
Common shares		1,713.45	2,094.83	1,604.34
Preferred shares		1,884.80	2,304.32	1,764.78
Net Profit attributable - Basic				
Common shares		6,511,367	7,965,194	6,108,349
Preferred shares		6,907,162	8,441,738	6,474,128
Net Profit attributable - Diluted				
Common shares		6,511,367	7,965,194	6,108,349
Preferred shares		6,907,162	8,441,738	6,474,128

* Values expressed in thousands, except when indicated.

Weighted average shares outstanding (in thousands) - Basic

Common shares	3,800,140	3,802,303	3,807,386
Preferred shares	3,664,666	3,663,444	3,668,527

Weighted average shares outstanding (in thousands) - Diluted

Common shares	3,800,140	3,802,303	3,807,386
Preferred shares	3,664,666	3,663,444	3,668,527

The accompanying Notes are an integral part of these consolidated financial statements,

* Values expressed in thousands, except when indicated.

Consolidated Statements of Comprehensive Income

	2020	2019	2018
Consolidated Profit for the Year	13,450,753	16,631,450	12,799,918
Other Comprehensive Income that will be reclassified subsequently to profit or loss when specific conditions are met:	(897,996)	1,468,651	558,967
Financial Assets Measured At Fair Value Through Other Comprehensive Income	(1,003,155)	1,352,702	475,809
Financial Assets Measured At Fair Value Through Other Comprehensive Income	(1,976,013)	2,926,285	388,481
Gains (Losses) on financial assets previously classified as available-for-sale and reclassified to the income statement (net)	-	-	7,982
Gains (Losses) on financial assets previously classified as available-for-sale and reclassified to reserves (net)	-	-	296,802
Income taxes	972,858	(1,573,583)	(217,456)
Cash flow hedges	105,159	115,949	83,158
Valuation adjustments	168,015	270,119	140,811
Amounts transferred to income statement	-	6,767	(6,767)
Income taxes	(62,856)	(160,937)	(50,886)
Other Comprehensive Income that will not be Reclassified to net Income:	555,624	(675,497)	(366,660)
Defined benefits plan	555,624	(675,497)	(366,660)
Defined benefits plan	1,110,034	(1,358,578)	(418,768)
Income taxes	(554,410)	683,081	52,108
Total Comprehensive Income	13,108,383	17,424,604	12,992,225
Attributable to the parent	13,076,159	17,200,086	12,774,784
Attributable to non-controlling interests	32,224	224,518	217,441
Total Comprehensive Income	13,108,383	17,424,604	12,992,225

The accompanying Notes are an integral part of these consolidated financial statements,

* Values expressed in thousands, except when indicated.

Consolidated Statements of Changes in Stockholders' Equity

	Stockholders' Equity Attributable to the Parent														
	Note	Share Capital	Reserves	Treasury Shares	Option for Acquisition of Equity Instrument	Profit Attributed to the Parent	Dividends and Remuneration	Total Stockholders' Equity	Financial Assets Measured At Fair Value Through Other Comprehensive Income	Defined Benefits plan	Translation adjustments investment abroad	Gains and losses - Cash flow hedge and Investment	Total	Non-controlling Interests	Total Stockholders' Equity
Balance at December 31, 2017		57,000,000	27,721,428	(148,440)	(1,017,000)	8,924,064	(6,300,000)	86,180,052	1,516,772	(2,704,380)	859,370	(742,932)	85,108,882	436,894	85,545,776
Total comprehensive income		-	-	-	-	12,582,477	-	12,582,477	475,809	(366,660)	-	83,158	12,774,784	217,441	12,992,225
Net profit		-	-	-	-	12,582,477	-	12,582,477	-	-	-	-	12,582,477	217,441	12,799,918
Other comprehensive income		-	-	-	-	-	-	-	475,809	(366,660)	-	83,158	192,307	-	192,307
Financial Assets Measured At Fair Value Through Other Comprehensive Income		-	-	-	-	-	-	-	475,809	-	-	-	475,809	-	475,809
Pension plans		-	-	-	-	-	-	-	-	(366,660)	-	-	(366,660)	-	(366,660)
Gain and loss - Cash flow and investment hedge		-	-	-	-	-	-	-	-	-	-	83,158	83,158	-	83,158
Appropriation of net income from prior years		-	8,924,064	-	-	(8,924,064)	-	-	-	-	-	-	-	-	-
Option to Acquire Own Instrument		-	106,440	-	-	-	-	106,440	-	-	-	-	106,440	(106,440)	-
Dividends and interest on capital	27.b	-	(6,300,000)	-	-	-	(300,000)	(6,600,000)	-	-	-	-	(6,600,000)	-	(6,600,000)
Share based compensation	39.b	-	(17,854)	-	-	-	-	(17,854)	-	-	-	-	(17,854)	-	(17,854)
Treasury shares	27.d	-	-	(312,305)	-	-	-	(312,305)	-	-	-	-	(312,305)	-	(312,305)
Capital restructuring	27.d	-	-	(687)	-	-	-	(687)	-	-	-	-	(687)	-	(687)
Treasury shares income	27.d	-	(15,868)	-	-	-	-	(15,868)	-	-	-	-	(15,868)	-	(15,868)
Other		-	(40,517)	-	-	-	-	(40,517)	-	-	-	-	(40,517)	44,690	4,173
Balance at December 31, 2018		57,000,000	30,377,693	(461,432)	(1,017,000)	12,582,477	(6,600,000)	91,881,738	1,992,581	(3,071,040)	859,370	(659,774)	91,002,875	592,585	91,595,460

* Values expressed in thousands, except when indicated.

	Stockholders' Equity Attributable to the Parent													
	Share Note Capital	Reserves	Treasury Shares	Option for Acquisition of Equity Instrument	Profit Attributed to the Parent	Dividends and Remuneration	Total Stockholders' Equity	Financial Assets Measured At Fair Value Through Other Comprehensive Income	Defined Benefits plan	Translation adjustments investment abroad	Gains and losses - Cash flow hedge and Investment	Total	Non-controlling Interests	Total Stockholders' Equity
Balance at December 31, 2018	57,000,000	30,377,693	(461,432)	(1,017,000)	12,582,477	(6,600,000)	91,881,738	1,992,581	(3,071,040)	859,370	(659,774)	91,002,875	592,585	91,595,460
Total comprehensive income	-	-	-	-	16,406,932	-	16,406,932	1,352,702	(675,497)	-	115,949	17,200,086	-	17,200,086
Net profit	-	-	-	-	16,406,932	-	16,406,932	-	-	-	-	16,406,932	-	16,406,932
Other comprehensive income	-	-	-	-	-	-	-	1,352,702	(675,497)	-	115,949	793,154	-	793,154
Financial Assets Measured At Fair Value Through Other Comprehensive Income	-	-	-	-	-	-	-	1,352,702	-	-	-	1,352,702	-	1,352,702
Pension plans	-	-	-	-	-	-	-	-	(675,497)	-	-	(675,497)	-	(675,497)
Gain and loss - Cash flow and investment hedge	-	-	-	-	-	-	-	-	-	-	115,949	115,949	-	115,949
Appropriation of net income from prior years	-	12,582,477	-	-	(12,582,477)	-	-	-	-	-	-	-	-	-
Option to Acquire Own Instrument	-	(1,598,336)	-	950,000	-	-	(648,336)	-	-	-	-	(648,336)	-	(648,336)
Dividends and interest on capital 27.b	-	(6,600,000)	-	-	-	(4,200,000)	(10,800,000)	-	-	-	-	(10,800,000)	-	(10,800,000)
Share based compensation 39.b	-	50,886	-	-	-	-	50,886	-	-	-	-	50,886	-	50,886
Treasury shares 27.d	-	-	(219,703)	-	-	-	(219,703)	-	-	-	-	(219,703)	-	(219,703)
Capital restructuring 27.d	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Treasury shares income 27.d	-	5,796	-	-	-	-	5,796	-	-	-	-	5,796	-	5,796
Other	-	58,976	-	-	-	-	58,976	-	-	-	-	58,976	(34,004)	24,972
Balance at December 31, 2019	57,000,000	34,877,492	(681,135)	(67,000)	16,406,932	(10,800,000)	96,736,289	3,345,283	(3,746,537)	859,370	(543,825)	96,650,580	558,581	97,209,161

* Values expressed in thousands, except when indicated.

	Stockholders' Equity Attributable to the Parent														
	Note	Share Capital	Reserves	Treasury Shares	Option for Acquisition of Equity Instrument	Profit Attributed to the Parent	Dividends and Remuneration	Total Stockholders' Equity	Financial Assets Measured At Fair Value Through Other Comprehensive Income	Defined Benefits plan	Translation adjustments investment abroad	Gains and losses - Cash flow hedge and Investment	Total	Non-controlling Interests	Total Stockholders' Equity
Balance at December 31, 2019		57,000,000	34,877,492	(681,135)	(67,000)	16,406,932	(10,800,000)	96,736,289	3,345,283	(3,746,537)	859,370	(543,825)	96,650,580	558,581	97,209,161
Total comprehensive income		-	-	-	-	13,418,529	-	13,418,529	(1,003,154)	555,624	-	105,159	13,076,159	32,224	13,108,383
Net profit		-	-	-	-	13,418,529	-	13,418,529	-	-	-	-	13,418,529	32,224	13,450,753
Other comprehensive income		-	-	-	-	-	-	-	(1,003,154)	555,624	-	105,159	(342,371)	-	(342,371)
Financial Assets Measured At Fair Value Through Other Comprehensive Income		-	-	-	-	-	-	-	(1,003,154)	-	-	-	(1,003,154)	-	(1,003,154)
Pension plans		-	-	-	-	-	-	-	-	555,624	-	-	555,624	-	555,624
Gain and loss - Cash flow and investment hedge		-	-	-	-	-	-	-	-	-	-	105,159	105,159	-	105,159
Appropriation of net income from prior years		-	16,406,932	-	-	(16,406,932)	-	-	-	-	-	-	-	-	-
Own Instrument Acquisition Option		-	(67,000)	-	67,000	-	-	-	-	-	-	-	-	-	-
Dividends and interest on capital from prior years	27.b	-	(10,800,000)	-	-	-	10,800,000	-	-	-	-	-	-	-	-
Dividends and interest on capital	27.b&47	-	-	-	-	-	(3,837,085)	(3,837,085)	-	-	-	-	(3,837,085)	-	(3,837,085)
Treasury shares	27.d	-	-	(110,223)	-	-	-	(110,223)	-	-	-	-	(110,223)	-	(110,223)
Other		-	(2,443)	-	-	-	-	(2,443)	-	-	-	-	(2,443)	(277,920)	(280,363)
Balance at December 31, 2020		57,000,000	40,414,981	(791,358)	-	13,418,529	(3,837,085)	106,205,067	2,342,129	(3,190,913)	859,370	(438,666)	105,776,987	312,885	106,089,872

The accompanying Notes are an integral part of these consolidated financial statements,

* Values expressed in thousands, except when indicated.

Consolidated Cash Flow Statements

	Note	2020	2019	2018
1, Cash Flows From Operating Activities				
Consolidated profit for the year		13,450,753	16,631,450	12,799,918
Adjustments to profit		(31,268,076)	14,654,879	14,765,404
Depreciation of tangible assets	12	2,039,805	1,870,836	1,216,704
Amortization of intangible assets	14	539,322	521,021	523,255
Impairment losses on other assets (net)		84,908	131,435	508,310
Provisions and Impairment losses on financial assets (net)		19,106,735	17,051,491	14,713,039
Net Gains (losses) on disposal of tangible assets, investments and non-current assets held for sale	41&42	(308,176)	(20,489)	(156,258)
Income from companies accounted by the equity method	11	(112,261)	(149,488)	(65,958)
Changes in deferred tax assets and liabilities	23,d	(8,232,869)	(2,912,279)	(1,594,440)
Monetary Adjustment of Escrow Deposits		(219,447)	(574,399)	(664,003)
Recoverable Taxes		(120,220)	(182,469)	(222,402)
Effects of Changes in Foreign Exchange Rates on Cash and Cash Equivalents		-	99	-
Effects of Changes in Foreign Exchange Rates on Assets and Liabilities		(44,250,466)	(2,609,679)	1,173,757
Other		204,593	1,528,800	(666,600)
Net (increase) decrease in operating assets		(137,901,127)	(42,332,510)	(79,913,313)
Balance with the Brazilian Central Bank		(21,361)	855	16,629,126
Financial Assets Measured At Fair Value Through Profit Or Loss		(26,198,034)	11,080,730	(8,791,116)
Other Financial Assets Measured At Fair Value Through Profit Or Loss		-	-	1,692,154
Financial Assets Measured At Fair Value Through Profit Or Loss Held for Trading		(41,445,329)	11,831,411	(16,412,738)
Non-Trading Financial Assets Mandatorily Measured at Fair Value Through Profit or Loss		(328,267)	746,024	(419,851)
Financial Assets Measured At Fair Value Through Other comprehensive Income		(14,905,798)	(8,835,552)	(4,323,459)
Financial Assets Measured At Amortized Cost		(80,778,996)	(60,462,247)	(75,906,801)
Other assets		25,776,658	3,306,269	7,619,372
Net increase (decrease) in operating liabilities		199,305,556	41,219,165	64,293,936
Financial Liabilities Measured At Fair Value Through Profit Or Loss held for trading		31,578,621	(4,874,323)	1,616,446
Financial Liabilities Measured At Fair Value Through Profit Or Loss		1,516,522	3,373,359	1,946,056
Financial liabilities at amortized cost		165,920,919	40,961,046	57,833,935
Other liabilities		289,494	1,759,083	2,897,499
Tax paid	23,a	(1,269,150)	(5,301,184)	(3,668,571)
Total net cash flows from operating activities (1)		42,317,956	24,871,800	8,277,374
2, Cash Flows From Investing Activities				
Investments		(2,019,278)	(3,500,499)	(3,157,796)
Capital increase in Investments in associates and Joint Ventures	11	-	-	(36,051)
Acquisition of subsidiary, less net cash in the acquisition		(13,570)	(746)	(111,224)
Tangible assets	12,a	(1,235,923)	(1,924,783)	(1,394,299)
Intangible assets		(769,785)	(1,519,725)	(1,616,222)
Non - current assets held for sale	10	-	(55,245)	-
Disposal		856,181	987,164	797,716
Tangible assets	12&41	47,096	29,911	122,009
Non - current assets held for sale	10	663,067	808,980	563,607
Dividends and interest on capital received		146,018	148,273	112,100
Total net cash flows from investing activities (2)		(1,163,097)	(2,513,335)	(2,360,078)
3, Cash Flows From Financing Activities				
Acquisition of own shares	27d	(110,223)	(219,703)	(312,305)
Issuance of Debt Instruments Eligible to Compose Capital	19	-	-	9,347,750
Issuance of other long-term financial liabilities	18	60,047,656	53,017,039	73,765,081
Dividends and interest on capital paid		(10,280,430)	(6,953,718)	(6,076,073)
Payments of other long-term financial liabilities	18	(82,900,914)	(61,914,716)	(78,903,009)
Payments of subordinated liabilities	19	-	(9,885,607)	(544,566)
Payments of interest of Debt Instruments Eligible to Compose Capital	19	(914,645)	(328,892)	(683,783)
Net increase in non-controlling interests	26	6,842	(14,266)	55,869
Capital Increase in Subsidiaries, by Non-Controlling Interests		-	100,000	48,000
Total net cash flows from financing activities (3)		(34,151,714)	(26,199,863)	(3,303,036)
Exchange variation on Cash and Cash Equivalents (4)		-	(99)	-
Net Increase in Cash (1+2+3+4)		7,003,145	(3,841,497)	2,614,258

* Values expressed in thousands, except when indicated.

Cash and cash equivalents at beginning of year	21,443,663	25,285,160	22,670,902
Cash and cash equivalents at end of year	28,446,808	21,443,663	25,285,160

	Notes	2020	2019	2018
Cash components and cash equivalents				
Central Bank cash and reserves	4	20,148,725	20,127,364	19,463,587
Loans and other amounts	5	8,298,083	1,316,299	5,821,573
Total cash and cash equivalents		28,446,808	21,443,663	25,285,160
Non-monetary transactions				
Loan foreclosures and other assets transferred to non-current assets held for sale	10	445,173	735,864	785,139
Dividends and interest on equity declared but not paid	27.b	665,000	7,800,000	4,800,000
Additional information				
Interest received		35,405,636	71,777,476	70,831,205
Interest paid		(13,973,268)	(27,654,965)	(29,796,455)

The accompanying Notes are an integral part of these consolidated financial statements.

*values expressed in thousands, except when indicated.

1. Introduction, basis of presentation of the consolidated financial statements and other information

a) Introduction

Banco Santander (Brasil) S.A. (Banco Santander or Bank), directly and indirectly controlled by Banco Santander, S.A., headquartered in Spain (Banco Santander Spain), is the lead institution of the Financial and Prudential Conglomerates (Conglomerate Santander) before the Central Bank of Brazil (Bacen), established as a joint-stock corporation, with head office at Avenida Presidente Juscelino Kubitschek, 2041 and 2235 – Building A - Vila Olímpia, in the City of São Paulo, State of São Paulo. Banco Santander operates as a multiple service bank, conducting its operations by means of its commercial, investment, loans, mortgage loans, leasing and foreign exchange portfolios. Through its subsidiaries, also operates in the payment institution, consortium management, securities brokerage, insurance brokerage, consumer finance, digital platforms, benefit management, recovery and non-performing credit management, capitalization and pension markets private, food and food vouchers, food and other administration. The operations are conducted in the context of a group of institutions that operate in an integrated manner in the financial market. The benefits and costs corresponding to the services provided are absorbed between them and are realized in the normal course of business and commuting conditions.

The Board of Directors authorized the issuance of the Financial Statements for the year ended on December 31, 2020, at the meeting held on February 25, 2021.

These Financial Statements and the accompanying documents were the subject of an unqualified report of the Independent Auditors and a recommendation for approval issued by the Company's Audit Committee and a favorable opinion of the Company's Fiscal Council.

b) Basis of presentation of the condensed consolidated financial statements

The Consolidated Financial Statements have been prepared in accordance with the standards of the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), and interpretations issued by the IFRSs Interpretations Committee (current name International Financial Reporting Interpretations Committee - IFRIC). All relevant information specifically related to the financial statements of Banco Santander, and only in relation to these, are being evidenced, and correspond to the information used by Banco Santander in its management.

c) Other information

c.1) Adoption of new standards and interpretations

The following changes to standards were first adopted for the year beginning January 1, 2020:

- Material definition: amendments to IAS 1 / CPC 26 "Presentation of the Financial Statements" and IAS 8 / CPC 23 "Accounting Policies, Change in Estimates and Error Correction"
- Business definition: changes to IFRS 3 / CPC 15 "Business Combination"
- IBOR reform: amendments to IFRS 9 / CPC 48, IAS 39 / CPC 38 and IFRS 7 / CPC 40 - "Financial instruments"
- Revised Conceptual Framework for Financial Reporting
- IBOR reform: changes to IFRS9, IAS39 and IFRS 7 - In September 2019, the IASB changed its IFRS 9 and IAS 39 standards as well as the related disclosure standard, IFRS 7, on some requirements for hedge accounting. The amendments are due to be implemented on January 1, 2020. The amendments modify some specific requirements on hedge accounting in order to provide assurance on the potential effects of the uncertainty caused by the IBOR reform project.

The implementations above did not have a significant impact on these Financial Statements.

Rules and interpretations that will come into force after December 31, 2020

As of the date of preparation of these consolidated financial statements, the following rules that have an effective adoption date after January 1, 2021 and have not yet been adopted by the Bank are:

- Amendments to IFRS 9, IAS 39 and IFRS 7 "Financial Instruments", IFRS 4 "Insurance Contracts" and IFRS 16 "Leases": the changes provided for in Phase 2 of the IBOR reform address issues that may affect the financial statements during the reform of a reference

* values expressed in thousands, except when indicated

interest rate, including the effects of changes in contractual cash flows or hedging relationships resulting from the replacement of a rate with an alternative reference rate (substitution issues). The effective date of application of this amendment is 1st. January 2021. The Group's contracts linked to LIBOR are being reviewed between the parties and will be updated by the respective alternative rates disclosed, plus a spread. Management estimates that the updated cash flows will be economically equivalent to the original, and does not expect material impacts related to this replacement.

- Amendment to IAS 16 "Property, plant and equipment": in May 2020, the IASB issued an amendment that prohibits an entity from deducting from the cost of property, plant and equipment the amounts received from the sale of items produced while the asset is being prepared for its intended use. Such revenues and related costs must be recognized in the income for the year. The effective date of application of this amendment is January 1, 2022.
- Amendment to IAS 37 "Provision, Contingent Liabilities and Contingent Assets": in May 2020, the IASB issued this amendment to clarify that, for the purpose of assessing whether a contract is onerous, the cost of complying with the contract includes the incremental costs of compliance of this contract and an allocation of other costs that are directly related to the fulfillment of it. The effective date of application of this amendment is January 1, 2022.
- IFRS 17 - In May 2017, the IASB issued the IFRS for insurance contracts that aims to replace IFRS 4. IFRS 17 has its implementation date of January 1, 2023. This standard aims to demonstrate greater transparency and useful information in the financial statements, one of the main changes being the recognition of profits as the insurance services are delivered, in order to assess the performance of insurers over time. Banco Santander is evaluating the possible impacts when adopting the standard.
- Amendment to IFRS 3 "Business Combination": issued in May 2020, with the aim of replacing the references from the old version of the conceptual framework to the most recent one. The amendment to IFRS 3 is effective as of January 1, 2022.
- Annual improvements - 2018-2020 cycle: in May 2020, the IASB issued the following changes as part of the annual improvement process, applicable from the 1st. January 2022:
 - (i) IFRS 9 - "Financial Instruments" - clarifies which rates should be included in the 10% test for the write-off of financial liabilities.
 - (ii) IFRS 16 - "Leases" - amendment to example 13 in order to exclude the example of lessor payments related to improvements in the leased property.
 - (iii) IFRS 1 "Initial Adoption of International Financial Reporting Standards" - simplifies the application of said standard by a subsidiary that adopts IFRS for the first time after its parent company, in relation to the measurement of the accumulated amount of exchange variations.

There are no other IFRS standards or IFRIC interpretations that have not yet come into force that could have a significant impact on the Bank's financial statements.

c.2) Estimates used

The consolidated results and the calculation of consolidated equity are impacted by the accounting policies, assumptions, estimates and measurement methods used by the Bank's directors in the preparation of interim consolidated financial statements. The Bank makes estimates and assumptions that affect the reported amounts of assets and liabilities of future periods. All estimates and assumptions required, in accordance with IFRSs, are the management's best estimate in accordance with the applicable standard.

In the consolidated financial statements, estimates are made by management of the Bank and consolidated entities in order to quantify certain assets, liabilities, revenues and expenses and disclosures of explanatory notes.

c.2.1) Critical estimates

The critical estimates and assumptions that have the most significant impact on the accounting balances of certain assets, liabilities, revenues and expenses and in the disclosure of explanatory notes, are described below:

i. Valuation of the fair value of certain financial instruments

Financial instruments are initially recognized at fair value and those that are not measured at fair value through profit or loss are adjusted for transaction costs.

Financial assets and liabilities are subsequently measured at the end of each period using valuation techniques. This calculation is based on assumptions, which take into account the management's judgment based on information and market conditions existing at the balance sheet date.

*values expressed in thousands, except when indicated.

Banco Santander classifies the measurements at fair value using the hierarchy of fair value that reflects the model used in the measurement process, segregating the financial instruments between Levels I, II or III.

Additional details are in notes 2.e and 46.c8 of the consolidated financial statements of December 31, 2020, which present the sensitivity analysis for Financial Instruments.

ii. Provisions for losses on credits for impairment

The carrying amount of non-recoverable financial assets is adjusted through the recording of a provision for loss due to "Losses on financial assets (net) - Financial assets measured at amortized cost" in the consolidated income statement. The reversal of previously recorded losses is recognized in the consolidated income statement in the period in which the impairment decreases and can be objectively related to a recovery event.

To individually measure the impairment loss on loans assessed for impairment, the Bank considers the conditions of the counterparty, such as its economic and financial situation, level of indebtedness, ability to generate income, cash flow, management, corporate governance and quality of internal controls, payment history, industry experience, contingencies and credit limits, as well as characteristics of assets, such as their nature and purpose, type, sufficiency and guarantees of liquidity level and total credit value, and also based on the historical experience of impairment and other circumstances known at the time of the valuation.

To measure the impairment loss on loans assessed collectively for impairment, the Bank separates financial assets into groups taking into account the characteristics and similarities of credit risk, that is, according to the segment, type of assets, guarantees and other factors associated with the historical experience of impairment and other circumstances known at the time of the valuation.

iii. IFRS 9 - Financial Instruments: issued in its final format in July 2014, the International Accounting Standards Board (IASB) approved IFRS 9, which replaced IAS 39 Financial Instruments, in accordance with the guidelines defined by the G20 by finance ministers of the world's 20 largest economies) in April 2009, establishing requirements for the recognition and measurement of financial instruments. This standard was adopted from January 1, 2018.

iv. Impairment

The Bank recognizes adjustments for expected credit losses with respect to the following financial instruments that are not measured at fair value through profit or loss:

- financial assets that are debt instruments;
- amounts receivable from leasing;
- financial guarantee contracts issued; and
- loan commitments issued.

No impairment loss is recognized in equity instruments.

The Bank measures the adjustments for losses at an amount equal to the expected credit losses during the expected life, except for the instruments below, for which they are recorded as expected credit losses in 12 months:

- debt instruments that present a low credit risk at the closing date; and
- other financial instruments (except lease receivables) in which the credit risk has not increased substantially since its initial recognition.

Adjustments for losses on amounts receivable from leasing are always measured at an amount equal to the expected credit losses during their useful lives.

Measurement of expected credit losses

The expected credit losses are an estimate weighted by the probability of credit losses. They are measured as follows:

- financial assets not subject to impairment at the closing date: as the present value of all cash shortfalls, that is, the difference between the cash flows due to the entity under the contract and the cash flows that the Bank expects to receive;
- financial assets subject to impairment at the closing date: as the difference between the gross book value and the present value of estimated future cash flows;
- loan commitments: as the present value of the difference between the contractual cash flows due to the Bank if the commitment is used in full and the cash flows that the Bank expects to receive; and

*values expressed in thousands, except when indicated.

- financial guarantee contracts: payments expected to reimburse the holder, less any amounts that the Bank expects to recover.

Modified assets

If the terms of a financial asset are renegotiated or modified or an existing financial asset is replaced by a new asset due to the debtor's financial difficulties, it is necessary to assess whether the financial asset should be written off and expected credit losses are measured as follows:

- If the expected restructuring does not result in a decrease in the existing asset, the expected cash flows from and the modified financial asset are included in the calculation of the cash shortfalls of the existing asset.
- If the expected restructuring results in a write-off of the existing asset, the expected fair value of the new asset is treated as the final cash flow of the existing financial asset at the time of its write-off.

This amount is included in the calculation of cash shortfalls arising from the existing financial asset discounted from the estimated write-off date until the closing date, using the original effective interest rate of the existing financial asset.

Transition: As permitted by the transitional provisions of IFRS 9, the Group chose not to restate comparative figures, upon initial adoption in January 1, 2018. Any adjustments in the carrying amounts of financial assets and liabilities at the transition date were recognized in the initial net income and other reserves of the current period. The Group also opted to continue applying the hedge accounting requirements of IAS 39 in adopting IFRS 9.

Determination of significant increases in credit risk

On each balance sheet calculation date, the Bank assesses whether financial assets recorded at amortized cost and debt financial instruments recorded at fair value through Other Comprehensive Income are subject to impairment, as well as other financial instruments subject to that assessment.

A financial asset is "subject to impairment" when one or more events that have a negative impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is subject to impairment includes the following observable data:

- significant financial difficulty for the debtor or issuer;
- delays in contractual obligations;
- breach of contract, such as default or delay;
- the restructuring of a loan or advance by the Bank under conditions that the Bank would not consider interesting to carry out;
- the likelihood that the debtor will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security due to financial difficulties.

A financial instrument that has been renegotiated due to deterioration in the borrower's condition is generally considered to be subject to impairment, unless there is evidence that the risk of not receiving contractual cash flows has been significantly reduced and there is no other impairment indicator.

Presentation of the provision for impairment losses in the balance sheet

Provisions for impairment losses are presented in the balance sheet as follows:

- financial assets measured at amortized cost: as a deduction from the gross book value of the assets;
- loan commitments and financial guarantee contracts: as a provision; and
- debt instruments measured at fair value through Other Comprehensive Income: no provision for losses is recognized in the balance sheet, as the book value of these assets corresponds to the fair value.

Individual or collective assessment

An individual measurement of impairment was based on management's best estimate of the present value of cash flows expected to be received. In estimating these cash flows, management exercised judgment as to the financial situation of a debtor and the net realizable value of any underlying guarantee. Each asset reduced to recoverable value was evaluated in relation to its merits, while the test strategy and the estimated cash flows considered recoverable, were approved by the Bank's credit risk officers.

When assessing the need for a collective provision for losses, management considered factors such as credit quality, portfolio size, concentrations and economic factors. In order to estimate the necessary provision, premises were established to define how the inherent losses were modeled and to determine the necessary data parameters, based on historical experience and current economic conditions.

*values expressed in thousands, except when indicated.

Measurement of impairment

Losses on impairment of assets measured at amortized cost were calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the asset's original effective interest rate. Impairment losses on assets measured at fair value through Other Comprehensive Income were calculated as the difference between the book value and the fair value.

Reversal of impairment

For assets measured at amortized cost: If an event that occurred after impairment caused the impairment loss to decrease, the impairment loss was reversed through profit or loss.

For debt securities measured at fair value through Other Comprehensive Income: If, in a subsequent period, the fair value of a debt security reduced to recoverable value has increased and this increase could be objectively linked to an event that occurred after recognition from impairment loss, impairment loss was reversed through profit or loss; otherwise, any increase in fair value was recognized through Other Comprehensive Income.

Any subsequent recovery in the fair value of an equity instrument measured at fair value through Other Comprehensive Income and reduced to recoverable value was recognized at any time in Other Comprehensive Income.

Below is the reconciliation of shareholders' equity resulting from the initial adoption of IFRS 9:

Reconciliation of Shareholders' Equity	
Shareholders' equity before IFRS 9 adjustments - 12/31/2017	87,087,601
Allowance for loan losses	(2,149,051)
Provisions for contingent commitments	(674,513)
Remeasurement of assets arising from the new categories	17,806
Others	237,867
Income taxes and deferred social contribution	1,026,066
Shareholders' equity after IFRS 9 adjustments - 01/01/2018	85,545,776

Information, assumptions and techniques used to estimate the impairment

Classification of financial instruments by stages

The portfolio of financial instruments subject to impairment is divided into three levels, based on the stage of each instrument related to its level of credit risk:

- Stage 1: It is understood that a financial instrument at this stage does not have a significant increase in risk since its initial recognition. The provision on this asset represents the expected loss resulting from possible default over the next 12 months;
- Stage 2: If a significant increase in risk is identified since initial recognition, without materializing deterioration, the financial instrument will be classified within this stage. In this case, the amount referring to the provision for expected loss due to default reflects the estimated loss of the residual life of the financial instrument. To assess the significant increase in credit risk, quantitative measurement indicators used in normal credit risk management will be used, as well as other qualitative variables, such as the indication of being a non-deteriorating operation if considered as refinanced or included operations in a special agreement; and
- Stage 3: A financial instrument is recorded within this stage, when it shows signs of deterioration evident as a result of one or more events that have already occurred and which materialize at a loss. In this case, the amount referring to the provision for losses reflects the expected losses due to credit risk over the expected residual life of the financial instrument.

Impairment estimation methodology

The measurement of impairment loss is performed using the following factors:

- Exposure to Default or EAD: is the value of the transaction exposed to credit risk, including the current balance ratio available that could be provided at the time of default. The models developed incorporate assumptions about changes in the payment schedule for operations.
- Probability of Default (PD): is defined as the probability that the counterparty will be able to fulfill its obligations to pay the principal and / or interest. For the purposes of IFRS 9, both will be considered: PD - 12 months (Stage 1), which is the probability that the financial instrument will default in the next 12 months as well as PD - lifetime (Stages 2 and 3), which considers the probability that the counterparty will default between the balance sheet date and the residual maturity date of the operation. The standard requires that future information relevant to the estimation of these parameters must be considered.

*values expressed in thousands, except when indicated.

- Loss on Default (LGD): is the resulting loss in the event of default, that is, the percentage of exposure that cannot be recovered in the event of default. It mainly depends on the guarantees associated with the transaction, which are considered as risk mitigation factors associated with each financial credit asset and the expected future cash flows to be recovered. As established in the regulations, future information must be taken into account for its estimation.

- Discount rate: is the rate applied to the estimated future cash flows over the expected life of the asset, to bring them to present value.

In order to estimate the aforementioned parameters, the Bank has applied its experience in the development of internal models for the calculation of parameters for both the regulatory environment and internal management purposes.

Definition of default

The Bank considers that a financial asset is in default when:

- it is likely that the debtor will not fully pay its credit obligations to the Bank; or
- the debtor presents significant credit obligations to the Bank overdue for more than 90 days, as a general rule.

Overdrafts are considered overdue if the customer breaches a recommended limit or has been granted a limit lower than the current open amount.

When assessing whether a debtor is in default, the Bank considers indicators:

- qualitative - for example, violations of covenants;
- quantitative - for example, overdue status and non-payment of another obligation of the same issuer with the Bank; and
- based on data collected internally and obtained from external sources.

v. Provisions for pension funds

Defined benefit plans are recorded based on an actuarial study, carried out annually by a specialized company, at the end of each year, effective for the subsequent period and are recognized in the consolidated income statement in the Interest and similar expenses and Provisions lines (net).

The present value of the defined benefit obligation is the present value without deducting any plan assets, from the expected future payments necessary to settle the obligation resulting from the employee's service in current and past periods.

Additional details are in note 2.x to the Consolidated Financial Statements of December 31, 2020.

vi. Provisions, assets and contingent liabilities

Provisions for judicial and administrative proceedings are constituted when the risk of loss of the judicial or administrative action is assessed as probable and the amounts involved are measurable with sufficient security, based on the nature, complexity and history of the actions and the opinion of the legal advisors internal and external.

Explanatory note 2.r to the Bank's consolidated financial statements for the year ended December 31, 2020, features information on provisions and contingent assets and liabilities. There were no significant changes in provisions and contingent assets and liabilities of the Bank between December 31, 2019 and December 31, 2020, the date of preparation of these consolidated financial statements.

vii. Goodwill

The goodwill recorded is subject to the impairment test, at least once a year or in a shorter period, in the event of any indication of impairment of the asset.

The basis used for the recoverability test is the value in use and, for this purpose, the cash flow is estimated for a period of 5 years. Cash flow was prepared considering several factors, such as: (i) macroeconomic projections of interest rates, inflation, exchange rate and others; (ii) behavior and growth estimates of the national financial system; (iii) increased costs, returns, synergies and investment plan; (iv) customer behavior; and (v) growth rate and adjustments applied to flows in perpetuity. The adoption of these estimates involves the probability of future events occurring and the alteration of any of these factors could have a different result. The cash flow estimate is based on a valuation prepared by an independent expert annually or whenever there is evidence of a reduction in its recoverable amount, which is reviewed and approved by management.

Further details are in note 13.

*values expressed in thousands, except when indicated.

viii. Expectation of realization of tax credits

Deferred tax assets and liabilities include temporary differences, identified as the amounts expected to be paid or recovered on differences between the book values of assets and liabilities and their respective calculation bases, and accumulated tax credits and losses and the negative CSLL base. These amounts are measured at the rates expected to be applied in the period in which the asset is realized or the liability is settled. Deferred tax assets are only recognized for temporary differences to the extent that it is considered probable that the consolidated entities will have sufficient future taxable profits against which the deferred tax assets can be used, and the deferred tax assets do not result from the initial recognition (except in a business combination) of other assets and liabilities in an operation that affects neither taxable income nor taxable income. Other deferred tax assets (tax credits and accumulated tax losses) are only recognized if it is considered probable that the consolidated entities will have sufficient future taxable profits to be used.

Deferred tax assets and liabilities recognized are revalued on the date of each balance sheet, making appropriate adjustments based on the findings of the analyzes carried out. The expectation of realization of the Bank's deferred tax assets is based on projections of future results and based on a technical study.

For further details, see note 2.aa to the Consolidated Financial Statements of December 31, 2020.

2. Accounting policies and method of measurement

The accounting policies and method of measurement applied in preparing the consolidated financial statements were as follows:

a) Foreign currency transactions

The financial statements are presented in Brazilian Reais, the functional and reporting currency of Banco Santander and its subsidiaries.

The assets and liabilities and foreign subsidiary are converted to Real as follows:

- Assets and liabilities are translated at the exchange rate at the balance sheets date.
- Revenues and expenses are translated at the monthly average exchange rates.
- Gain and losses on translation of net investment are recorded in the statement of comprehensive income, in "exchange rate of investees located abroad".

b) Basis of consolidation

i. Subsidiaries

"Subsidiaries" are defined as entities over which the Bank has control. Control is based on whether the Bank has: i) power over the investee; ii) exposure, or rights, to variable returns from its involvement with the investee; and iii) the ability to use its power over the investee to affect the amount of the returns, as set forth in the law, the Bylaws or agreement.

Consolidation of a subsidiary begins when the Bank obtains control over the subsidiary and ceases when the Bank loses control of the subsidiary. Specifically, income and expense of a subsidiary acquired or disposed during the year are included in the consolidated income statement and other comprehensive income from the date the Bank gains controls until the date when the Bank ceases to control the subsidiary.

Profit or loss and each component of Other Comprehensive Income are attributed to the owners of the Bank and to the non-controlling interests even if the effect is attributed to non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Bank and to the non-controlling interest even if this generates a negative balance for non-controlling interests. All transactions, balances, income and expenses between the companies of the Santander Group are eliminated in the consolidated financial statements.

Changes in the Santander Group's interest in a subsidiary that do not result in loss of control are registered as equity transactions. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the Company.

When the Bank loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Amounts previously recognized in other

Values expressed in thousands, except when indicated.

comprehensive income in relation to the subsidiary are registered (i.e. reclassified to income statement or transferred directly to retained earnings) in the same manner as it would be required if the relevant assets or liabilities are disposed of. The fair value of any investment retained in the former subsidiary at the date when control got lost is considered as the fair value on initial recognition for subsequent accounting under IFRS 9 Financial Instruments: Recognition and Measurement or, when applicable, the costs on initial recognition of an investment in an associate or jointly controlled entity.

ii. Interests in joint ventures (jointly controlled entities) and associates

Joint ventures mean interests in entities that are not subsidiaries but which are jointly controlled by two or more unrelated entities. This is evidenced by contractual arrangements whereby two or more entities ("ventures") acquire interests in entities (jointly controlled entities) so that strategic financial and operating decisions affecting the joint venture require the unanimous consent of the ventures.

Associates are entities over which the Bank is in a position to exercise significant influence (significant influence is the power to participate in the financial and operating decisions of the investee) but it does not control or has joint control over the investee.

In the consolidated financial statements, interest in joint ventures and investments in associates are registered using the equity method, i.e. at the Bank's share of net assets of the investee, after taking into consideration the dividends received from capital reductions and other related transactions. Relevant information regarding companies registered under the equity method by the Bank is provided in note 11.

iii. Business combinations, acquisitions and disposals

A business combination means the union of two or more individual business or economic business into one single entity or group of entities and is registered in accordance with IFRS 3 - "Business Combinations".

Business combinations are carried out so that the Bank obtains control over an entity and are recognized for accounting purposes as follow:

- The Bank measures the cost of the business combination, defined as the fair value of the assets offered, the liabilities incurred and the equity instruments issued, if any.
- The fair values of the assets, liabilities and contingent liabilities of the acquired entity or business, including any intangible assets which might not have been recognized by the acquiree, are estimated at the acquisition date and recognized in the consolidated financial statement.
- The excess of the acquisition cost over the fair value of the identifiable net assets acquired are recognized as goodwill (note 13). The excess of fair value of the identifiable net assets over the acquisition cost is an advantageous purchase gain and it is recorded as income on the date of the acquisition.

The note 3 includes a description of the most significant transactions carried out in 2020, 2019 and 2018.

iv. Investment Funds

These include investment funds in which the Santander Group companies hold a substantial interest or the entirety of the interests and are therefore exposed to, or have rights, to variable returns and have the ability to affect those returns through power over the fund, in accordance with IFRS 10 - Consolidated Financial Statements and are therefore, consolidated in these financial statements.

c) Definitions and classification of financial instruments

i. Definitions

"Financial instrument" is any contract that gives rise to a financial asset of one entity and, simultaneously, to a financial liability or financial interest of another entity.

"Equity instrument" is any agreement that evidences a residual interest in the asset of the issuing entity after deducting all of its liabilities.

"Financial derivative" is a financial instrument whose value changes in response to the change in an observable market variable (such as an interest rate, foreign exchange rate, financial instrument price, market index or credit rating), whose initial investment is zero or very small compared with other financial instruments with a similar response to changes in market factors, and which is settled at a future date.

Values expressed in thousands, except when indicated.

“Hybrid financial instruments” are contracts that simultaneously include a non-derivative host contract together with a derivative, known as an embedded derivative, that is not separately transferable and has the effect to make part of the cash flow of the hybrid contract vary similar to a stand-alone derivative.

The following transactions are not treated for accounting purposes as financial instruments:

- Investments in subsidiaries, jointly controlled entities and associates (note 3&11).
- Rights and obligations under employee benefit plans (note 21).

ii. Classification of financial assets for measurement purposes

Financial assets are initially classified into the various categories used for management and measurement purposes, unless they have to be presented as Non-current assets held for sale or they relate to Cash, cash balances at Central Banks and other deposits on demand, Changes in the fair value of hedged items in portfolio hedges of interest rate risk (asset side), Hedging derivatives and Investments, which are reported separately.

Upon initial recognition of an equity instrument not held for trading, the Bank may irrevocably choose to present subsequent changes in fair value through Other Comprehensive Income. This option is made considering each investment individually and was not used by the Bank. In addition, upon initial recognition, the Bank may irrevocably designate at fair value through profit or loss a financial asset that would otherwise meet the measurement requirements at amortized cost or at fair value through Other Comprehensive Income, if such designation eliminate or substantially reduce an accounting mismatch that could exist. This option was not used by the Bank.

Financial assets are included for measurement purposes in one of the following categories:

• **Financial Assets Measured At Fair Value Through Profit Or Loss Held For Trading:** this category includes the financial assets acquired to generate short-term profit resulting from the fluctuation of its prices and financial derivatives not classified as hedging instruments, whose primary business model of the Bank is to trade them frequently.

• **Financial Assets Measured At Fair Value Through Profit Or Loss:** this category includes the financial assets that did not meet the pre-established criteria when evaluating the SPPI Test (Solely Payment of Principal and Interest).

• **Non-Trading Financial Assets Mandatorily Measured At Fair Value Through Profit Or Loss:** this category includes the financial assets that at the time of initial designation was made the fair value option.

• **Financial Assets Measured At Fair Value Through Profit Or Loss:** are stated at fair value. This category does not include debt instruments classified as “Held-to-maturity investments” or “Financial assets at fair value through profit or loss”, and equity instruments issued by entities other than subsidiaries, associates and jointly controlled entities, provided that such instruments have not been classified as “Financial assets held for trading” or as “Other financial assets at fair value through profit or loss”.

The results arising from changes in fair value are recognized at the Financial Assets Measured At Fair Value Through Other Comprehensive Income line in the Shareholders’ equity except for cumulative impairment losses which are recognized in statement of profit or loss. When the investment is sold or has evidences of decreases on the fair value due to impairment, the previously recognized result at the same Shareholders’ Equity line, mentioned above is reclassified to the statement of profit or loss.

• **Financial Assets Measured At Amortized Cost:** this category includes financing granted to third parties, based on their nature, irrespective of the type of borrower and the form of financing, including finance lease transactions in which the consolidated entities act as lessors. The entities included in the consolidation have, in general, the intention of maintaining the loans and credits they grant until their final maturity, which, therefore, are presented in the consolidated balance sheet at amortized cost (which includes the necessary adjustments to reflect the estimated impairment losses).

A financial asset is measured at amortized cost if it meets the following conditions and is not designated at fair value through profit or loss:

- The asset is maintained within a business model whose objective is to maintain assets in order to receive contractual cash flows;
- The contractual terms of the financial asset generate, on specific dates, cash flows that refer exclusively to payments of the principal and interest on the principal amount outstanding;

Values expressed in thousands, except when indicated.

- A debt instrument is measured at fair value through Other Comprehensive Income if it meets the following conditions and is not designated at fair value through profit or loss;
- The asset is maintained within a business model whose objective is achieved by receiving contractual cash flows and by selling financial assets; and
- The contractual terms of the financial asset generate, on specific dates, cash flows that refer exclusively to payments of the principal and interest on the principal amount outstanding.

Business model assessment

The Bank assesses the objective of a business model in which an asset is maintained at the portfolio level, as it better reflects how the business is managed and what information is provided to management. The information considered comprises:

- Policies and objectives defined for the portfolio and the application of these policies in practice. Including, if the Administration's strategy is focused on earning contractual interest income, maintaining a specific interest rate profile, aligning the duration of the assets;
- How the portfolio's performance is assessed and reported to the Bank's management;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and how these risks are managed;
- How the business managers are remunerated - for example, if the remuneration is based on the fair value of the managed assets or the contractual cash flows received;
- The frequency, volume and timing of sales in previous periods, the reasons for such sales and your expectations about future sales. However, information on sales activity is not considered in isolation, but as part of an overall assessment of the objective defined by the Bank to manage financial assets.

Financial assets held for trading or managed, whose performance is assessed based on fair value, are measured at fair value through profit or loss, as (i) they are not held to receive contractual cash flows (ii) nor are they held to receive flows contractual cash flow and sell financial assets.

Valuation to determine whether contractual cash flows refer exclusively to principal and interest payments

For the purposes of this assessment, "principal" is defined as the fair value of the financial asset upon initial recognition. "Interest" is defined as the consideration for the value of the currency over time and for the credit risk associated with the value of the principal outstanding during a specific period and for other basic risks and costs of loans (for example, liquidity risk and administrative costs), as well as the profit margin.

When assessing whether contractual cash flows refer exclusively to payments of principal and interest, the Bank considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the term or value of the contractual cash flows in a way that would not meet this condition. When carrying out the assessment, the Bank considers:

- contingent events that would change the amount and timing of cash flows;
- leverage;
- advance payment terms and extension;
- terms that limit the Bank's right to cash flows from assets; and
- resources that modify the consideration of the currency value over time, for example, periodic adjustment of interest rates.

iii. Classification of financial assets for presentation purposes

Financial assets are classified by nature into the following headings in the consolidated financial statements:

- Cash and balances with the Bacen: cash balances and balances receivable on demand relating to deposits with Bacen and credit

Values expressed in thousands, except when indicated.

institutions.

- **Financial Assets Measured At Amortized Cost:** includes the debit balances of all credit and loans granted by the Bank, other than those represented by securities, as well as finance lease receivables and other debit balances of a financial nature in favor of the Bank, such as checks drawn on credit institutions, balances receivable from clearing houses and settlement agencies for transactions on the stock exchange and organized markets, bonds given in cash, capital calls, fees and commissions receivable for financial guarantees and debit balances arising from transactions not originating in banking transactions and services, such as the collection of rentals and similar items.
- **Loans and other amounts with credit institutions:** credit of any nature in the name of financial institutions.
- **Loans and advances to clients:** includes debit balances of all the remaining credit and loans granted by the Bank, including money market operations through centralized counterparties.
- **Debt instruments:** bonds and other securities that represent a debt for their issuer, that generate an interest return, and that are in the form of certificates or book entries.
- **Equity instruments:** Financial instruments issued by other entities, such as shares, which have the nature of equity instruments for the issuer, other than investments in subsidiaries, joint ventures or associates. Investment fund units are included in this item.
- **Trading derivatives:** includes the fair value in favor of the Bank of derivatives which do not form part of hedge accounting.
- **Hedging derivatives:** includes the fair value in favor of the Bank of derivatives designated as hedging instruments in hedge accounting.
- **Investments in associates and jointly controlled companies:** includes the investments made in the share capital of associates and jointly controlled companies.

iv. Classification of financial liabilities for measurement purposes

Financial liabilities are classified for measurement purposes into one of the following categories:

- **Financial Assets At Fair Value Through Profit Or Loss Held for Trading:** this category includes financial liabilities incurred for the purpose of generating a profit in the near term from fluctuations in their prices, financial derivatives not designated as hedging instruments, and financial liabilities arising from the outright sale of financial assets acquired under reverse repurchase agreements ("reverse repos") or borrowed (short positions).
- **Financial Assets At Fair Value Through Profit Or Loss:** financial liabilities are included in this category when they provide more relevant information, either because this eliminates or significantly reduces recognition or measurement inconsistencies (accounting mismatches) that would otherwise arise from measuring assets or liabilities or recognizing the gains or losses on them on different bases, or because a group of financial liabilities or financial assets and liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided on that basis to the Group's key management personnel.
- **Financial liabilities at amortized cost:** financial liabilities, irrespective of their instrumentation and maturity, not included in any of the above-mentioned categories which arise from the ordinary borrowing activities carried on by financial institutions.

v. Classification of financial liabilities for presentation purposes

Financial liabilities are classified by nature into the following items in the consolidated financial statements:

- **Deposits from Bacen:** deposits of any nature received from Bacen.
- **Deposits from credit institutions:** deposits of any nature, including credit received and money market operations in the name of credit institutions.
- **Client deposits:** includes deposits of any nature such as demand deposits, saving deposits and time deposits including money market operation received from client.

Values expressed in thousands, except when indicated.

- **Marketable debt securities:** includes the amount of bonds and other debt represented by marketable securities, other than subordinated liabilities.
- **Trading derivatives:** includes the fair value, with a negative balance for the Bank, of derivatives which do not form part of hedge accounting.
- **Short positions:** includes the amount of financial liabilities arising from the outright sale of financial assets purchased under reverse repurchase agreements or borrowed.
- **Subordinated liabilities:** amount of financing received which, for the purposes of payment priority, ranks behind ordinary debt. This category also includes the financial instruments issued by the Bank which, although equity for legal purposes, do not meet the requirements for classification as equity.
- **Other financial liabilities:** includes the amount of payment obligations having the nature of financial liabilities not included in other items, and liabilities under financial guarantee contracts, unless they have been classified as non-performing.
- **Hedging derivatives:** includes the fair value of the Bank's liability in respect of derivatives, including embedded derivatives separated from hybrid financial instruments, designated as hedging instruments in hedge accounting.
- **Debt Instruments Eligible to Compose Capital:** financial instruments issued by other entities, such as shares, with the nature of equity instruments for the issuer, except investments in subsidiaries, jointly controlled entities or associates.

d) Funding, debt notes issued and other liabilities

Funding debt rates and other liabilities Instruments are recognized initially at fair value, considered primarily as the transaction price. They are measured at amortized cost and its expenses are recognized as a financial cost.

Among the liabilities initial recognition methods, it is important to emphasize those compound financial instruments which are classified as such due to the fact that the instruments contain both, a debt instrument (liability) and an embedded equity component (derivative).

The recognition of a compound instrument consists of a combination of (i) a main instrument, which is recognized as an entity's genuine liability (debt) and (ii) an equity component (derivative convertible into ordinary share).

The issue of "Notes" must be registered in specific heading liabilities and updated according to the agreed rates and adjusted by the effect of exchange rate variations, when denominated in foreign currency. All remuneration related to these instruments, such as interest and Exchange variation (difference between the functional currency and the currency in which the instrument was named) shall be recognized as expenses for the period, according to the accrual basis.

The relevant details of these issued instruments are described in note 19.

e) Measurement of financial assets and liabilities and recognition of fair value changes

In general, financial assets and liabilities are initially recognized at fair value which, in the absence of evidence to the contrary, is deemed to be the transaction price. Financial instruments not measured at fair value through profit or loss, are adjusted by the transaction costs. Financial assets and liabilities are subsequently measured at each period-end as follows:

i. Measurement of financial assets

Financial assets are measured at fair value, without deduction of estimated costs of transaction that may be incurred on their disposal, except for loans and receivables, held-to-maturity investments, equity instruments whose fair value cannot be determined in a sufficiently objective manner and financial derivatives that have as equity instruments subject and are settled by delivery of those instruments.

The fair value of a financial instrument on a given date is taken to be the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. The most objective and common reference for the fair value of a financial instrument is the price that would be paid for it on an active, transparent and deep market (quoted price or market price).

Values expressed in thousands, except when indicated.

If there is no market price for a given financial instrument, its fair value is estimated on the basis of valuation techniques commonly used by market participants, according to the specific features of the instrument to be measured and, particularly, the various types of risk associated with it.

All derivatives are recognized in the balance sheets at fair value from the trade date. If the fair value is positive, they are recognized as assets and if the fair value is negative, they are recognized as liabilities. The changes in the fair value of derivatives from the trade date are recognized in "Gains (losses) on financial assets and liabilities" in the consolidated income statement. Specifically, the fair value of standard financial derivatives included in the portfolios of financial assets or liabilities held for trading is deemed to be their daily quoted price and if, for exceptional reasons, the quoted price cannot be determined on a given date, these financial derivatives are measured using methods similar to those used to measure over the counter "OTC" derivatives.

The fair value of OTC derivatives is taken to be the sum of the future cash flows arising from the instrument, discounted to present value at the date of measurement ("present value" or "theoretical close") using valuation techniques commonly used by market participants: "net present value" (NPV), option pricing models and other methods.

"Financial Assets Measured At Amortized Cost" and "Held-to-maturity investments" are measured at amortized cost using the effective interest method. "Amortized cost" is the acquisition cost of a financial asset or liability plus or minus, as appropriate, the principal repayments and the cumulative amortization (taken to the income statement) between the difference of the initial cost and the maturity amount. In the case of financial assets, amortized cost furthermore includes any reductions for impairment or uncollectibility. In the case of loans and receivables hedged in fair value hedges, the changes in the fair value of these assets related to the risk or risks being hedged are recognized.

The "effective interest rate" is the discount rate that exactly matches the initial amount of a financial instrument to all its estimated cash flows of all kinds over its remaining life. For fixed rate financial instruments, the effective interest rate coincides with the contractual interest rate established on the acquisition date plus, where applicable, the fees and transaction costs that, because of their nature, form part of their financial return. In the case of floating rate financial instruments, the effective interest rate coincides with the rate of return prevailing in all connections until the next benchmark interest reset date.

Equity instruments whose fair value cannot be determined in a sufficiently objective manner are measured at acquisition cost adjusted, where appropriate, by any related impairment loss.

Equity instruments whose fair value cannot be calculated in a sufficiently objective manner are measured at acquisition cost, adjusted, as the case may be, to the related impairment losses.

The amounts at which the financial assets are recognized represent, in all material respects, the Bank's maximum exposure to credit risk at each reporting date. Also, the Bank has received collateral and other credit enhancements to mitigate its exposure to credit risk, which consist mainly of mortgage guarantees, cash collateral, equity instruments and personal security, assets leased out under leasing and renting agreements, assets acquired under repurchase agreements and securities loans and derivatives.

ii. Measurement of financial liabilities

In general, financial liabilities are measured at amortized cost, as defined above, except for those included under "Financial Assets Measured At Fair Value Through Profit Or Loss" and financial liabilities designated as hedge items (or hedging instruments) in fair value hedges, which are measured at fair value.

iii. Recognition of fair value changes

As a general rule, changes in the carrying amount of financial assets and liabilities are recognized in the consolidated income statement, distinguishing between those arising from the accrual of interest and similar items -which are recognized under "Interest and similar income" or "Interest expense and similar charges", as appropriate - and those arising for other reasons, which are recognized at their net amount in the heading "Gains (losses) on financial assets and liabilities (net)".

Adjustments due to changes in fair value arising from Available-for-sale financial assets are recognized temporarily in equity in then heading "Other Comprehensive Income". Items charged or credited to this account remain in the Bank's consolidated equity until the related assets are written-off, whereupon they are charged to the consolidated income statement.

iv. Hedging transactions

The consolidated entities use financial derivatives for the following purposes: i) to provide these instruments to clients who request them in the management of their market and credit risks; ii) to use these derivatives in the management of the risks of the Bank entities' own positions and assets and liabilities ("hedging derivatives"); and iii) to obtain gains from changes in the prices of these

Values expressed in thousands, except when indicated.

derivatives ("financial derivatives").

Financial derivatives that do not qualify for hedge accounting are treated for accounting purposes as trading derivatives.

A derivative qualifies for hedge accounting if all the following conditions are met:

1. The derivative hedges one of the following three types of exposure:
 - a. Changes in the fair value of assets and liabilities due to fluctuations, among other, in the interest rate and/or exchange rate to which the position or balance to be hedged is subject ("fair value hedge");
 - b. Changes in the estimated cash flows arising from financial assets and liabilities, commitments and highly probable forecast transactions ("cash flow hedge");
 - c. The net investment in a foreign operation (hedge of a net investment in a foreign operation).
2. It is effective in offsetting exposure inherent in the hedged item or position throughout the expected term of the hedge, which means that:
 - a. At the date of arrangement the hedge is expected, under normal conditions, to be highly effective (prospective effectiveness).
 - b. There is sufficient evidence that the hedge was actually effective during the whole life of the hedged item or position (retrospective effectiveness).
3. There must be adequate documentation evidencing the specific designation of the financial derivative to hedge certain balances or transactions and how this effective hedge was expected to be achieved and measured, provided that this is consistent with the Bank's management of own risks.

The changes in value of financial instruments qualifying for hedge accounting are recognized as follows:

- a. In fair value hedges, the gains or losses arising on both the hedging instruments and the hedged items (attributable to the type of risk being hedged) are recognized directly in the consolidated income statement.
- b. In cash flow hedges, the effective portion of the change in value of the hedging instrument is recognized temporarily in equity under "Other comprehensive Income - Cash flow hedges" until the forecast transactions occur, when it is recognized in the consolidated income statement, unless, if the forecast transactions result in the recognition of non-financial assets or liabilities, it is included in the cost of the non-financial asset or liability. The ineffective portion of the change in value of hedging derivatives is recognized directly in the consolidated income statement.
- c. The ineffective portion of the gains and losses on the hedging instruments of cash flow hedges and hedges of a net investment in a foreign operation are recognized directly under "Gains (losses) on financial assets and liabilities (net)" in the consolidated income statement.

If a derivative designated as a hedge instrument no longer meets the requirements described above due to expiration, ineffectiveness or for any other reason, the derivative is classified as a derivative measured at fair value through profit or loss.

When fair value hedge accounting is discontinued (expired, sold or no longer meet hedge accounting criteria) the adjustments previously recognized on the hedged item are transferred to profit or loss at the effective interest rate re-calculated at the date of hedge discontinuation. The adjustments must be fully amortized at maturity.

When cash flow hedges are discontinued, any cumulative gain or loss on the hedging instrument recognized in equity in the heading "Other comprehensive Income" (from the period when the hedge was effective) remains recognized in equity until the forecast transaction occurs at which time it is recognized in profit or loss, unless the transaction is no longer expected to occur, in which case any cumulative gain or loss is recognized immediately in profit or loss.

For the accounting and disclosure of the hedge accounting structures as of December 31, 2019, the bank used the faculty of IFRS 9, to maintain the practices determined by IAS 39.

Values expressed in thousands, except when indicated.

f) Settlement of financial assets and liabilities

Derecognition of Financial Assets

The Bank derecognizes a financial asset when the contractual rights to the cash flows of the asset expire or when it transfers the rights to the receipt of the contractual cash flows in a transaction in which essentially all the risks and benefits of ownership of the financial asset are transferred or in which the Bank does not transfer or retain substantially all the risks and rewards of ownership of the financial asset and does not control the financial asset.

The difference between the carrying amount of the asset (or book value allocated to the portion of the asset disposed) and the sum (i) of the consideration received (including any new assets obtained, less any new liabilities assumed) and (ii) any accumulated gains or losses recognized in "Other Comprehensive Income" is recorded in the income statement.

As from the date of the adoption of IFRS, mentioned above, any accumulated gains / losses recognized in "Other Comprehensive Income" in relation to equity instruments designated at fair value through Other Comprehensive Income are not recorded in the statement of income through the write-off of these securities.

The Bank carries out transactions in which it transfers the assets recognized in its balance sheet, but maintains all or substantially all the risks and benefits of the assets transferred or part thereof. In these cases, the transferred assets are not written off. Examples of such operations include assignments of co-sponsored loan portfolios.

In operations in which the Bank does not retain or transfer substantially all the risks and rewards of ownership of a financial asset and hold control of the asset, the Bank continues to recognize the asset in the extent of its continued involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

Derecognition of Financial Assets due to Credit Assignment

The accounting treatment of transfers of financial assets depends on the extent to which the risks and rewards associated with the transferred assets are transferred to third parties:

1. If the Bank transfers substantially all the risks and rewards to third parties-unconditional sale of financial assets, sale of financial assets under an agreement to repurchase them at their fair value at the date of repurchase, sale of financial assets with a purchased call option or written put option that is deeply out of the money, securitization of assets in which the transferor does not retain a subordinated debt or grant any credit enhancement to the new holders, and other similar cases, the transferred financial asset is derecognized and any rights or obligations retained or created in the transfer are recognized simultaneously.

2. If the Bank retains substantially all the risks and rewards associated with the transferred financial asset -sale of financial assets under an agreement to repurchase them at a fixed price or at the sale price plus interest, a securities lending agreement in which the borrower undertakes to return the same or similar assets, and other similar cases, the transferred financial asset is not derecognized and continues to be measured by the same criteria as those used before the transfer. However, the following items are recognized:

a. An associated financial liability, for an amount equal to the consideration received; this liability is subsequently measured at amortized cost.

b. The income from the transferred financial asset not derecognized and any expense incurred on the new financial liability.

3. If the Bank neither transfers or retains substantially all the risks and rewards associated with the transferred financial asset - sale of financial assets with a purchased call option or written put option that is not deeply in or out of the money, securitization of assets in which the transferor retains a subordinated debt or other type of credit enhancement for a portion of the transferred asset, and other similar cases, the following distinction is made:

a. If the transferor does not retain control of the transferred financial asset, the asset is derecognized and any rights or obligations retained or created in the transfer are recognized.

b. If the transferor retains control, it continues to recognize the transferred financial asset for an amount equal to its exposure to changes in value and recognizes a financial liability associated with the transferred financial asset. The net carrying amount of the transferred asset and the associated liability is the amortized cost of the rights and obligations retained, if the transferred asset is measured at amortized cost, or the fair value of the rights and obligations retained, if the transferred asset is measured at fair value.

*values expressed in thousands, except when indicated.

Derecognition of Financial Liabilities

The Bank derecognizes a financial liability when its contractual obligations are terminated, canceled or when they expire.

g) Offsetting of financial instruments

Financial asset and liability balances are offset (i.e. reported in the consolidated balance sheets at their net amount) only if the Bank and their subsidiaries currently have a legally enforceable right to set off the recognized amounts and intend either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Offsetting Agreements and Obligations Settlement (CMN Resolution 3.263/2005) - The Bank has an agreement for the clearing and settlement of obligations under the National Financial System (SFN), signed with individuals and legal entities, whether or not members of the SFN, resulting in higher financial settlement guarantee, with the parties that have this modality of agreement. These agreements establish that payment obligations to Banco Santander arising from credit and derivative operations, in the event of default by the counterparty, will be offset against Banco Santander's payment obligations with the counterparty.

The following table provides details of financial assets and liabilities subject to offsetting at December 31, 2020, 2019 and 2018:

Thousand of reais				2020
Assets:	Financial assets, gross	Financial assets offset in the balance sheet, gross	Financial assets offset in the balance sheet, net	
Derivatives	29,431,287	(560,666)	28,870,621	
Liabilities:	Financial liabilities, gross	Financial liabilities offset in the balance sheet, gross	Financial liabilities offset in the balance sheet, net	
Derivatives	32,540,604	(560,666)	31,979,938	
Thousand of reais				2019
Assets:	Financial assets, gross	Financial assets offset in the balance sheet, gross	Financial assets offset in the balance sheet, net	
Derivatives	20,904,663	(458,929)	20,445,734	
Liabilities:	Financial liabilities, gross	Financial liabilities offset in the balance sheet, gross	Financial liabilities offset in the balance sheet, net	
Derivatives	22,888,906	(458,929)	22,429,977	
Thousand of reais				2018
Assets:	Financial assets, gross	Financial assets offset in the balance sheet, gross	Financial assets offset in the balance sheet, net	
Derivatives	18,667,611	(304,165)	18,363,446	
Liabilities:	Financial liabilities, gross	Financial liabilities offset in the balance sheet, gross	Financial liabilities offset in the balance sheet, net	

*values expressed in thousands, except when indicated.

Derivatives	18,771,000	(304,165)	18,466,835
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h) Impairment of financial assets

i. Definition

A financial asset is considered impaired when there is objective evidence that events have occurred which:

- Give rise to an adverse impact on the future cash flows that were estimated at the transaction date, in the case of debt instruments (loans and debt securities);
- In the case of equity instruments, mean that their carrying amount may not be fully recovered.
- Arising from the violation of terms of loans, and
- During the Bankruptcy process.

As a general rule, the adjustment of the value of the impaired financial instruments is recognized in the consolidated income statement for the period in which the impairment becomes evident, and the reversal, if any, of previously recognized impairment loss is recognized in the consolidated income statement for the period in which the impairment is reversed or reduced.

ii. Debt instruments carried at amortized cost

The amount of an impairment loss incurred for determination of the recoverable amount on a debt instrument measured at amortized cost is equal to the difference between its carrying amount and the present value of its estimated future cash flows (excluding future credit losses that have not been incurred) discounted the original effective interest rate of the financial asset (or the effective interest rate computed at initial recognition), and is presented as a reduction of the asset balance and recorded in income statements.

In estimating the future cash flows of debt instruments the following factors are considered:

- All the amounts that are expected to be obtained over the remaining life of the instrument, in this case, the provided guarantees. The impairment loss considers the likelihood of collecting accrued interest receivable.
- The various types of risk to which each instrument is subject; and
- The circumstances in which collections will foreseeably be made.

These cash flows are discounted using the instrument's effective interest rate.

Specifically, in regards to recoverable amount losses resulting from materialization of the insolvency risk of the obligors (credit risk), a debt instrument is impaired due to insolvency when there is evidence of a deterioration of the obligor's ability to pay, either because it is in arrears or for other reasons.

The Bank has certain policies, methods and procedures for covering its credit risk arising from insolvency allocable to counterparties.

These policies, methods and procedures are applied in the granting, in the examination and to document debt instruments, and contingent liabilities and commitments, the identification of their recoverable amount and the calculation of the amounts necessary to cover the related credit risk.

The procedures applied in the identification, measurement, control and reduction of the exposure to credit risk, are based on an individual basis or grouped by similarity.

- Clients with individual management: Wholesale clients, financial institutions and certain companies. Risk management is performed through an analysis complemented by tools to support the decision-making based in internal risk assessment.
- Clients with standardized management: individuals and companies not classified as individual clients. Risk management models based on automated decision-making and risk assessment procedure, complemented, when the model is not comprehensive or accurate enough, by teams of analysts specialized in this type of risk. The credits related to clients standardized, are usually considered not recoverable when they have historical loss experience and delinquency greater than 90 days.

*values expressed in thousands, except when indicated.

Regarding the provision for impairment losses from credit risk, the Bank evaluates all loans. Loans are either individually or collectively evaluated for impairment. Loans accounted as amortized cost, which are not individually evaluated for impairment, are collectively evaluated for impairment, grouping them considering the similarity of risk. Loans individually evaluated for impairment are not included in balances that are collectively evaluated for impairment.

To measure the impairment loss on loans individually evaluated for impairment, the Bank considers the conditions of the borrower, such as his economic and financial situation, level of indebtedness, ability to generate income, cash flow, management, corporate governance and quality of internal controls, payment history, industry expertise, contingencies and credit limits, as well as characteristics of assets, such as their nature and purpose, type, sufficiency and liquidity level guarantees and total amount of credit, as well as based on historical experience of impairment and other circumstances known at the moment of evaluation.

To measure the impairment loss on loans collectively evaluated for impairment, the Bank segregates financial assets into groups considering the characteristics and similarity of credit risk, in other words, according to segment, the type of assets, guarantees and other factors associated as the historical experience of impairment and other circumstances known at the time of assessment.

In some cases, the observable data required to estimate the amount of an impairment loss on a financial asset may be limited or no longer fully relevant to current circumstances.

In such cases, an entity uses its experienced judgment to estimate the amount of any impairment loss. Similarly, an entity uses its experienced judgment to adjust observable data for a group of financial assets to reflect current circumstances.

The impairment loss is calculated by using statistical models that consider the following factors:

Exposure at default (EAD) is the amount of risk exposure at the date of default by the counterparty. The timing of default is considered in the PD measurement.

In accordance with IFRSs, the exposure at default used for this calculation is the current exposure, as reported in the balance sheets.

- Probability of default, or "PD", is the probability of the borrower failing to meet its principal and/or interest payment obligations.

PD is measured using a time horizon of one year when the transaction is at stage one or for the life time of the transaction, when the it is at stages 2 or 3; that is, it quantifies the probability of the borrower default. A loan will be defaulted if either the principal or interest become past due by ninety days or more or the loan is active but there are doubts about the solvency of the counterparty (subjective doubtful assets).

- Loss given default, or "LGD", is the loss arising in the event of default.

LGD calculation is based on the net charge offs on defaulted loans, considering the guarantees/collateral associated with the loans, the income and expenses associated with the recovery process and the timing of default.

- In addition, prior to loans be written-off (which is only done after the Bank have completed all recovery efforts and after about 360 days late), it is registered fully provision of the loan's remaining balance so this provision (allowance for loan losses) fully covers the losses. Thus, the Bank that its loan loss allowance methodology has been developed to meet its risk metrics and capture loans that could potentially become impaired.

iii. Debt or equity instruments classified as financial assets measured at fair value through other comprehensive income

The difference between the amortized cost and fair value of debt or equity instruments classified as available for sale are recorded in equity under "Other Comprehensive Income."

When there is objective evidence that the aforementioned differences are due to a prolonged decline in fair value, they are no longer recognized in equity and are reclassified, at the cumulative amount at that date, to the consolidated income statement. Losses from a prolonged decline in fair value relating to an investment in equity instruments are not reversed in subsequent periods.

i) Repurchase agreements

Purchases (sales) of financial instruments under a non-optional resale (repurchase) agreement at a fixed price (repos) are recognized in the consolidated financial statements as financing granted (received), based on the nature of the debtor (creditor), under Loans and advances with Bacen, Loans and advances to credit institutions or Loans and advances to clients (Deposits from Bacen, Deposits from credit institutions or Client deposits).

*values expressed in thousands, except when indicated.

Differences between the purchase and sale prices are recognized as interest over the duration of the contract.

j) Accounting for leases

i. Financial leases

Financial leases, until December 31, 2018, are leases that transfer substantially all the risks and rewards incidental to ownership of the leased asset to the lessee. From January 1, 2019, see note 1.c.1.

When the consolidated entities act as the lessors of an asset, the sum of the present value of the lease payments receivable from the lessee, including the exercise price of the lessee's purchase option at the end of the lease term when such exercise price is sufficiently below fair value at the option date such that it is reasonably certain that the option will be exercised, is recognized as lending to third parties and is therefore included under Financial Assets Measured At Amortized Cost in the consolidated financial statements.

The finance income arising from these contracts is credited in the heading "Interest and similar income" in the consolidated income statement in order to achieve a constant rate of return over the deadline of the lease.

k) Accounting for Leases - IFRS 16

As of January 1, 2019, the Bank adopted IFRS 16, which replaces IAS 17.

I. Transition

As permitted by the specific transition provisions, Banco Santander has chosen to apply the rules in a modified retrospective manner, the effects of which were applied on January 1, 2019.

The changes in accounting practices resulting from the adoption of IFRS 16 have been applied to assets under right of use as part of tangible assets and lease liabilities as other liabilities in the balance sheet.

II. Lease Identification

In adopting IFRS 16, the Bank recognized lease liabilities involving leases that had already been classified as "commercial leases" in accordance with the principles of IAS 17 - Leases.

For the initial application of the standard, the Bank used the following practical procedures allowed:

- The exclusion of initial direct costs for measuring the right-of-use asset on the initial application date;
- It was decided not to separate the service provision component embedded in leasing contracts; and
- The Bank also decided not to apply IFRS 16 to contracts that were not identified as containing a lease under IAS 17 and IFRIC 4 - Determination of whether a Contract contains a Lease.

Additionally, the following recognition exemptions are also being used:

- Accounting for operating leases with a remaining term of less than 12 months on January 1, 2019 as short-term leases;
- Accounting for operating leases whose underlying asset is of low value;
- Until January 1, 2019, leases of fixed assets, in which the Bank, as a lessee, held substantially all the risks and benefits of ownership were classified as finance leases. The balances presented are immaterial.

The Bank leases various properties and equipment. Predominantly, the assets subject to the lease agreements are real estate deals referring to the agencies.

Banco Santander does not have any rights of use assets that fall within the definition of investment properties.

*values expressed in thousands, except when indicated.

III. Lease term

The lease agreements are formalized, analyzed and renegotiated individually and contain a wide range of different terms and conditions. The Bank assesses the term of the contract, as well as the intention to remain in the properties. Thus, the term estimates may vary according to the contractual conditions, considering extension options, and also according to legal provisions.

The Bank assumes that fines for contract termination collected before the due date do not make up a significant portion.

The lease agreements do not contain restrictive clauses, but the leased assets cannot be used as collateral for loans.

IV. Initial Measurement

In their initial registration, leases are recognized as a right-of-use asset and a corresponding liability on the date that the leased asset becomes available for use by the Group.

The use right to be registered is measured at cost against the lease liability, which represents the present value of lease payments that have not been made to date. The lease payments are discounted using the incremental interest rate on the lessee's loan. There is no onerous contract that required an adjustment to the usage rights to be recorded as assets on the date of initial adoption.

Usage rights are measured at amortized cost in accordance with the following:

- The value of the initial measurement of the leasing liability;
- Any lease payments made before or on the reduced start date of any incentive received;
- Any initial cost directly allocated; and
- Restoration costs, if the requirements of IAS 37 are met for the recording of Provisions, Contingent Liabilities and Contingent Assets.

Grupo Santander uses as an incremental rate the interest rate that it would have to pay when borrowing the necessary resource to obtain the asset with a value similar to the asset under the lease, for term, guarantee and similar economic scenarios, represented in Santander Brasil, by the curve of funding cost (funding) of a free asset, applied individually to each contract according to the projected estimates for the lease term.

Lease liabilities include the net present value of the following lease payments:

- Reduced fixed payments for any incentive;
- Variable payments that are based on a rate or index;
- Amounts expected to be paid by the lessee based on the residual value of guarantees;
- The exercise price of a call option, if the lessee is reasonably certain about the exercise of the option; and
- Penalty payments for terminating the lease if the term of the transaction reflects the exercise of the option by the lessee.

Below is presented the projected inflation (IGP-M) on December 31, 2020:

Projected IGP-M (annualized)

Up to 3 months	26.1%
From 3 to 12 months	5.3%
From to 1 to 3 years	4%
From 3 to 5 years	4%
More than 5 years	4%

V. Subsequent measurement

After the initial measurement, the values of the assets recorded as rights of use are being updated using the cost method, so any

*values expressed in thousands, except when indicated.

accumulated depreciation is deducted monthly, in accordance with the criteria of IAS 16/ CPC 27 - Property, Plant and Equipment in the depreciation of the right of use asset. use and corrected any remeasurement of the lease liability, when applicable.

The lease liability initially recorded is updated by monthly increasing the liability amount of the interest installment of each lease and reducing the amount of monthly lease payments and adjusted for any lease remeasurements, when applicable.

The lease liability is remeasured, in the event of changes in the lease term or the contract value, the amount resulting from the new determination of the lease liability is recorded against the corresponding asset in use right.

The rights of use are subject of impairment test.

The effects of adopting IFRS 16 have an impact exclusively on the operating segment - Banco Comercial.

l) Non-current assets held for sale

"Impairment losses" includes the carrying amount of individual items or disposal groups or items forming part of a business unit earmarked for disposal ("Discontinued operations"), whose sale in their present condition is highly probable and is expected to occur within one year, the property or other non-current assets received by the consolidated entities as total or partial settlement of their debtors' payment obligations to them are deemed to be non-current assets held for sale through the completion of actions which normally occurs up to one year.

Non-current assets held for sale are measured at the lower of fair value less costs to sell and their carrying amount at the date of classification in this category. These assets held for sale are not depreciated.

Impairment losses on an asset or disposal group arising from a reduction in its carrying amount to its fair value (less costs to sell) are recognized in the heading "Gains (losses) on disposal and expenses of non-current assets held for sale not classified as discontinued operations" in the consolidated income statement. The gains on a non-current asset held for sale resulting from subsequent increases in fair value (less costs to sell) increase its carrying amount and are recognized in the consolidated income statement up to an amount equal to the impairment losses previously recognized.

m) Residual maturity periods and average interest rates

The analysis of the maturities of the balances of certain items in the consolidated financial statements at December 31, 2020, 2019 and 2018 is provided in note 43-d.

n) Tangible assets

"Tangible assets" includes the amount of buildings, land, furniture, vehicles, computer hardware, right-of-use of assets and other fixtures owned by the Bank, including tangible assets received by the Bank in full or partial satisfaction of financial assets representing receivables from third parties which are intended to be held for continuing use and tangible assets acquired under finance leases are presented at acquisition cost, less the related accumulated depreciation and any impairment losses (net carrying amount higher than recoverable amount).

Depreciation is calculated, using the straight-line method, on the basis of the acquisition cost of the assets less their residual value. The land on which the buildings and other structures are located has an indefinite life and, therefore, it is not depreciated.

The tangible asset depreciation charge is recognized in the consolidated income statement and is calculated basically using the following depreciation rates (based on the average years of estimated useful life of the various assets):

	Annual Rate
Buildings for own use	4%
Furniture	10%
Fixtures	10%
Office and IT equipment	20%
Leasehold improvements	10% or up to contractual maturity

*values expressed in thousands, except when indicated.

The Bank assesses at end of each reporting period, if there is indication that the items of tangible assets carrying amount may be impaired, that is if there is an asset with its carrying amount bigger than its recoverable amount, either for use or sale.

Once an impairment loss of tangible assets is identified, it is adjusted to reach its recoverable amount by recognizing an impairment loss recorded in the heading "Impairment loss on other assets (Net)". Additionally the value of depreciation of that asset is recalculated in order to adjust the value of the life of the asset.

In case of evidence or indication of a recovery of a tangible asset value, the Bank recognizes the reversal of the impairment loss amount recorded in prior years and should adjust the future depreciation expenses according to the lifetime value of the asset. Under no circumstance, a reversal of impairment loss of an asset will increase its carrying amount higher than the amount that it would have had no impairment loss been recognized in prior years.

Upkeep and maintenance expenses relating to property, plant and equipment for own use are recognized as an expense in the period in which they are incurred.

o) Intangible assets

Intangible assets are identifiable non-monetary assets (separable from other assets) without physical substance which arise as a result of a legal transaction or software development. Only assets whose cost can be estimated reliably and from which the consolidated entities consider it probable that future economic benefits will be generated are recognized.

Intangible assets are recognized initially at acquisition or production cost and are measured deducting any accumulated amortization and any accumulated impairment losses.

i. Goodwill

In the acquisition and/or merger of investment in subsidiary, any difference between the investment cost and the investor's share in net fair value of assets, liabilities and contingent liabilities of the investee (subsidiary or affiliate) is accounted for in accordance with IFRS 3 "Business Combination".

Goodwill is only recognized when it has been acquired for consideration and represents, therefore, a payment made by the acquirer in anticipation of future economic benefits from assets of the acquired entity that are not capable of being individually identified and separately recognized.

On an annual basis or whenever there is any indication of impairment goodwill is reviewed for impairment (i.e. a reduction in its recoverable amount to below its carrying amount) and, if there is any impairment, the goodwill is written down with a charge to Impairment on non financial assets (net) - Intangible assets in the consolidated income statement.

The net fair value adjustments of assets, liabilities and contingent liabilities of the investee in relation to their carrying amount are allocated to individual identifiable assets acquired and liabilities assumed that comprise them based on their respective fair values at the date of purchase.

In the case of a business combination made in stages, prior interest in the acquired is measured again at fair value at the acquisition date when control of the acquired is obtained.

ii. Other intangible assets

Other intangible assets are non-monetary assets without physical substance. Generally arising from software development and acquisition of rights that can generate benefits for the Bank. They can have characteristics of definite or indefinite period.

Other intangible assets can have an indefinite useful life -when, based on an analysis of all the relevant factors, it is concluded that there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows for the consolidated entities- or a finite useful life, in all other cases.

Intangible assets with indefinite useful lives are not amortized. At the end of each accounting period the entity review the intangible asset classification as with indefinite useful live, in case this classification is maintained these assets are subject to annual impairment test (IAS36).

Intangible assets with finite useful lives are amortized over those useful lives using methods similar to those used to depreciate tangible assets. The amortization expense is recognized under "Depreciation and amortization" in the consolidated income statement.

*values expressed in thousands, except when indicated.

The Bank assesses at the end of each period, if there is any indication that the items of intangible assets may present an impairment loss, i.e. an asset that presents the carrying amount higher than the net realizable value. After identifying any reduction in impairment loss, it is adjusted to reach its fair value.

Measurement of the recoverable amount of other intangible assets - software is made based on the value in use, as well as the analysis of the discontinuity of the asset in relation to the activities of the Bank.

Expenditures for acquisition and development of software are amortized over a maximum period of 5 years.

p) Other assets

Other Assets include the balances of all prepayments and accrued income (excluding accrued interest), acquired client list, the net amount of the difference between pension plan obligations and the fair value of the plan assets with a balance on the entity's behalf, when this net amount shall be disclosed in the consolidated financial statements, and the amount of any other assets not included in other items.

The Bank uses the value in use of client relationship as a basis for measuring the impairment since it is not reasonably possible to determine the net value of sales, because there is no basis for making a reliable estimate of the value to be obtained by selling the asset in a transaction at cumulative basis, between knowledgeable, willing parties. The value in use of client lists acquired related to the purchase of the "payroll" will be determined individually. An analysis that aims to demonstrate the expectation of generating future economic benefit and the present value of expected cash flows is prepared by the business areas. Quarterly, these analyses are reviewed based on the actual cash flows of each business (value in use), which are compared with the carrying amount, checking whether there is a need to record a loss on non-recoverability.

q) Liabilities for insurance contracts

The liabilities for insurance contracts are comprised substantially by actuarial provisions for current and future benefits (PMBaC and PMBC). Insurance contracts are contracts under which the Bank accepts a significant risk, other than a financial risk, from a policyholder by agreeing to compensate the beneficiary on the occurrence of an uncertain future event by which the policyholder will be adversely affected.

Insurance liabilities are recognized when the contract is entered into and the premiums are charged. Contracts that have been classified as insurance are not reclassified. The liability is derecognized when the contract expires or is cancelled.

All valuation methods used by the subsidiaries are based on the general principle that the carrying amount of the net liability must be sufficient to meet any reasonably foreseeable obligation resulting from the insurance contracts. Investment assumptions are either determined by the local regulator and based on management's future expectations. In the later case, the anticipated future investment yield is set by management, considering the available market information and economic indicators. A significant assumption related to estimated gross profits on variable annuities, is the annual long-term growth rate of the underlying assets.

At each financial statement date an assessment is made in order to verify whether the actuarial provisions are adequate.

In the years ended December 31, 2020, 2019 and 2018, as determined by IFRS 4 - Contracts classification and subsequent amendments, the adequacy of the technical provisions constituted were evaluated through Liability Adequacy Test (LAT).

At December 31, 2020, the LAT indicated the need for the additional constitution of technical provisions amounted to R\$285,554 (12/31/2019 - R\$357,539 and 12/31/2018 - R\$215,754) for Indemnity Funds for Benefit (FGB) plans.

r) Provisions for legal and administrative proceedings, commitments and other provisions

Banco Santander and its subsidiaries are involved in lawsuits and administrative proceedings related to tax, labor and civil, in the normal course of their activities.

The provisions include legal obligations, lawsuits and administrative proceedings related to tax and social security obligations, whose object is to challenge their legality or constitutionality, regardless of the assessment that the probability of success, the amounts are fully recognized in the financial statements.

Provisions are reviewed at each financial statement date and adjusted to reflect the current best estimate and may be fully or partially

*values expressed in thousands, except when indicated.

reversed or reduced when the outflows of resources and obligations relevant to the process are no longer probable, including decay of legal deadlines, among others.

Provisions for the lawsuits and administrative proceedings are recorded when their risk of loss is considered probable and the amounts can be reliably measured, based on the nature, complexity and history of lawsuits, the legal opinion of the internal and external advisors, based on the best available information. For those lawsuits for which the risk of loss is possible, are not recorded and the information is disclosed in the financial statements and for the lawsuits for which the risk of loss is remote, no disclosure is required.

Contingent assets are not recognized, except when there are guarantees or favorable lawsuits decisions, about which features no longer fit, characterizing the gain as practically certain. Assets with probable success, if any, are only disclosed in the financial statements.

On the favorable decisions to Santander, the counterparty has the right, in the event of specific legal requirements, to file a rescission lawsuit within a period determined by current legislation. Rescission lawsuits are considered as new events and will be evaluated for contingent liability purposes if and when they are filed.

s) Other liabilities

"Other liabilities" includes the balance of all accrued expenses and deferred income, excluding accrued interest, and the amount of any other liabilities not included in other categories.

t) Share-based compensation

The Bank has long-term compensation plans with vesting conditions. The main vesting conditions are: (1) service conditions, since it is necessary that the participant continues to be employed by the Bank during the term of the Plan for his rights to vest; (2) performance conditions, since the number of Units that ultimately vest will be determined according to the result of certain performance parameter of the Bank, such as: total Shareholder Return (TSR) and may be reduced in case of failure to achieve the goals of reducing the Return on Risk Adjusted Capital (RORAC), comparison between actual and budget in each year, as determined by the Board of Directors and (3) market conditions, since some parameters are linked to the market price of the Bank's shares. The Bank measures the fair value of the services rendered by reference to the fair value of the equity instruments granted at the grant date, considering the market conditions for each plan when estimating the fair value.

Settlement in shares

The Bank measures the fair value of the services received by reference to the fair value of the equity instruments granted at the grant date, considering the market conditions for each grant when estimating the fair value. In order to recognize the personnel expenses against equity reserves throughout the vesting period, as the services are received, the Bank considers the treatment of service conditions and recognize the amount for the services received during the vesting period based on the best available estimate of the number of equity instruments expected to vest. Semi-annually, the Bank reviews the estimate of the number of equity instruments expected to vest.

Settlement in cash

For cash-settled share-based compensation (in the form of share appreciation rights), the Bank measures the fair value of services rendered and the corresponding liability incurred, based on the fair value of the share appreciation rights at the grant date and until the liability is settled. The Banks remeasures the fair value of the liability at the end of each reporting period and at the date of settlement, with any changes in fair value recognized in profit or loss for the period. In order to recognize the personnel expenses against a provision in "other liabilities" throughout the vesting period, reflecting the period as the services are received, the Bank bases the total liability on the best estimate of the number of share appreciation rights that will vest at the end of the vesting period and recognizes the amount for the services received during the vesting period based on such best available estimate. Periodically, the Bank reviews such estimate of the number of share appreciation rights that will vest at the end of vesting period.

u) Recognition of income and expenses

The most significant criteria used by the Bank to recognize its income and expenses are summarized as follows:

i. Interest income, interest expenses and similar items

Interest income, interest expenses and similar items are generally recognized on an accrual basis using the effective interest method.

*values expressed in thousands, except when indicated.

ii. Commissions, fees and similar items

Fees and commission income and expenses are recognized in the income statement using criteria that vary according to their nature (note 34). The main criteria are as follows:

- Fee and commission income and expenses relating to financial assets and financial liabilities measured at fair value through profit or loss are recognized when paid;
- Those arising from transactions or services that are performed over a period of time are recognized over the life of these transactions or services; and
- Those relating to services provided in a single act are recognized when the single act has been performed.

iv. Deferred collections and payments

These are recognized for accounting purposes at the amount resulting from discounting the expected cash flows at market rates.

v. Loan arrangement fees

Loan arrangement fees, mainly loan origination and application fees, are accrued and recognized in the income statement over the term of the loan. In the case of loan origination fees, the portion relating to the associated direct costs incurred in the loan arrangement is recognized immediately in the consolidated income statement.

v) Guarantees

v.1) Financial guarantees

"Financial guarantees" are defined as contracts whereby an entity undertakes to make specific payments for a third party if the latter does not do so, irrespective of the various legal forms they may have, such as guarantees, irrevocable documentary credits issued or confirmed by the entity, among others.

The Bank initially recognizes the commission of the financial guarantees as liability in the consolidated financial statements at fair value, which is generally the present value of the fees, commissions and similar interest receivable from these contracts over their term.

Financial guarantees, regardless of the guarantor, type of instrument or other circumstances, are reviewed periodically so as to determine the credit risk to which they are exposed and, if appropriate, to consider whether a provision is required. The credit risk is determined by application of criteria similar to those established for quantifying impairment losses on debt instruments measured at amortized cost.

The provisions made for these transactions are recognized in the heading "Provisions - Provisions for contingent liabilities, commitments and other provisions" in the consolidated financial statements (note 22).

If a specific provision is required for financial guarantees, the related unearned commissions are recognized in the heading "Financial liabilities at amortized cost – Other financial liabilities" in the consolidated financial statements are reclassified to the appropriate provision.

v.2) Guarantees and Credit Risk Mitigation Policy

Banco Santander controls the credit risk using the collateral in its operations. Each business unit is responsible for credit risk management and formalizes the use of collateral in its lending policies.

Banco Santander uses guarantees in order to increase its ability to recover operations subject to credit risk. The guarantees can be fiduciary, real, legal structures with power mitigation and compensation agreements. Annually the bank reviews its guarantees policies to capture changes in the market, in the characteristics of the assets given as guarantees and the conditions of the assets, these are examples of technical parameters reviewed.

Credit limits are continually monitored and changed in client behavior function. Thus, the potential loss values represent a fraction of the amount available.

*values expressed in thousands, except when indicated.

w) Assets under management and investment and pension funds managed by the Bank

Assets owned by third parties and managed by the consolidated entities are not presented in the consolidated financial statements. Management fees are included in "Fee and commission income" in the consolidated income statement. Note 43-b contains information on the third-party assets managed by the Bank.

The investment funds and pension funds managed by the consolidated entities are not recorded in the consolidated financial statements since the related assets are owned by third parties. The fees and commissions earned in the year for the services rendered by the Bank entities to these funds (asset management and custody services) are recognized in the heading "Fee and commission income" in the consolidated income statement.

x) Post-employment benefits

Post-employment benefit plans include the commitments of the Bank: (i) addition to the benefits of public pension plan; and (ii) healthcare in case of retirement, permanent disability or death for those employees, and their direct beneficiaries.

Defined contribution plans

Defined contribution plans is the post-employment benefit plan which the Bank, and its subsidiaries, as the sponsoring entity pays fixed contributions into a pension fund, not having a legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all benefits relating to services provided in the current and in previous periods.

The contributions made are recognized in the heading "Interest Expense and Similar Charges" in the income statement.

Defined benefit plans

Defined benefit plan is the post-employment benefit plan which is not a defined contribution plan and is shown in Note 21. For this type of plan, the sponsoring entity's obligation is to provide the benefits agreed with the former employees, assuming the potential actuarial risk that benefits will cost more than expected.

For defined benefit plan, the amendment of IAS 19 established fundamental changes in the accounting for and disclosure of employee post-employment benefits such as removing the corridor approach in the accounting for the obligation of the plans, as well as changes in the criteria for recognition of conventional interest of plan assets (valuation based on the discount rate actuarial liability).

In addition, there is full recognition in liabilities heading of actuarial losses (actuarial deficit) not recognized previously when they occur, which its counterparty is a heading in the stockholders' equity (Other Comprehensive Income).

Main Definitions

- The present value of the defined benefit obligation is the present value without any deduction from the plan assets, of expected future payments required to settle the obligation resulting from employee service in the current and past periods.
- Deficit or surplus is: (a) the present value of the defined benefit obligation, less (b) the fair value of plan assets.
- The sponsoring entity may recognize the plan assets in the financial statements when they meet the following characteristics: (i) the fund assets are sufficient to meet all employee benefit plan or the sponsor obligations; or (ii) the assets are returned to the sponsoring entity in order to reimburse it for employee benefits already paid.
- Actuarial gains and losses correspond to changes in the present value of defined benefit obligation resulting from: (a) adjustments by experience (the effects of differences between the actuarial assumptions adopted and what has actually occurred); and (b) effects of changes in actuarial assumptions.
- Current service cost is the increase in the present value of the defined benefit obligation resulting from employee service provided in the current period.
- The past service cost is the change in present value of defined benefit obligation for employee service provided in prior periods resulting from a change in the plan or reductions in the number of employees covered.

Post-employment benefits are recognized in income in the headings "Interest expense and similar Charges" and "Provisions (net)".

*values expressed in thousands, except when indicated.

The defined benefit plans are recorded based on an actuarial study, conducted annually by an external consulting firm, at the end of each year to be effective for the subsequent period.

y) Other long-term employee benefits

"Other long-term employee benefits", defined as obligations to early retirees considered as those who have ceased to render services at the entity but who, without being legally retired, continue to have economic rights relating to the entity until they acquire the legal status of retiree, long-service bonuses, obligations for death of spouse or disability before retirement that depend on the employee's length of service at the entity and other similar items, are treated for accounting purposes, where applicable, as established above for defined benefit post-employment plans, except that all past service costs and actuarial gains and losses are recognized immediately (note 21).

z) Termination benefits

Termination benefits are recognized when there is a detailed formal plan identifying the basic changes to be made, provided that implementation of the plan has begun, its main features have been publicly announced or objective facts concerning its implementation have been disclosed.

aa) Income taxes (IRPJ), Social Contribution (CSLL), Social Integration Program (PIS) and Tax for Social Security Financing (COFINS)

Income tax expense is obtained by adding the Income Tax, Social Contribution, PIS and COFINS. Current Income Tax and Social Contribution result from the application of the respective rates on taxable income, and the PIS and COFINS rates applied on the respective calculation basis provided for in the specific legislation, added also with changes in deferred tax assets and liabilities recognized in the consolidated income statement. The CSLL rate, for banks of any kind, was increased from 15% to 20% effective as of March 1, 2020, pursuant to Article 32 of Constitutional Amendment 103, published on November 13, 2019.

Income tax is calculated at the rate of 15% plus a surcharge of 10% levied on the profit, after adjustments determined by tax legislation. The social contribution (CSLL) is calculated at the rate of 20% for financial institutions (15% up to August 2015) and 9% for other companies, levied on the profit, after considering the adjustments determined by tax legislation. The CSLL rate, for banks of any kind, was increased from 15% to 20% effective as of March 1, 2020, pursuant to article 32 of Constitutional Amendment 103, published on November 13, 2019.

The expense for corporate income tax is recognized in the consolidated income statement, except when it results from a transaction recognized directly in equity, in which case the tax effect is also recognized in equity.

The current income tax expense is calculated as the sum of the current tax resulting from application of the appropriate tax rate to the taxable profit for the year (net of any deductions allowable for tax purposes), and of the changes in deferred tax assets and liabilities recognized in the consolidated income statement.

Tax assets classified as "Current" are amounts of tax to be recovered within the next twelve months.

Tax liabilities includes the amount of all tax liabilities (except provisions for taxes), which are broken down into "current" amount payable in respect of the income tax on the taxable profit for the year and other taxes in the next twelve months.

Deferred tax assets and liabilities include temporary differences, which are identified as the amounts expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities and their related tax bases, and tax loss and tax credit carry forwards. These amounts are measured at the tax rates that are expected to apply in the period when the asset is realized or the liability is settled.

Deferred tax assets are only recognized as temporary differences to the extent that it is considered probable that the consolidated entities will have sufficient future taxable profits against which the deferred tax assets can be utilized, and the deferred tax assets do not arise from the initial recognition (except in a business combination) of other assets and liabilities in a transaction that affects neither taxable profit or accounting profit. Other deferred tax assets (tax loss and tax credit carry forwards) are only recognized if it is considered probable that the consolidated entities will have sufficient future taxable profits against which they can be utilized.

Due to the change in social contribution tax rate, the group companies made the remeasurement of tax credit assets and deferred liabilities at the rates applicable to the period in which estimates the realization of assets and settlement of liabilities.

*values expressed in thousands, except when indicated.

Income and expenses recognized directly in stockholders equity are accounted as temporary differences. The deferred tax assets and liabilities recognized are reassessed at each financial statement date in order to ascertain whether they still exist, and the appropriate adjustments are made on the basis of the findings of the analyses performed.

Under the current regulation, the expected realization of tax credits is based on the Bank's projections of future results and on technical analysis of the realization of the temporary differences, as shown in Note 23.

PIS (Social Integration Program) and COFINS (Tax for Social Security Financing) have been computed at a combined rate of 4.65% on certain gross revenues and expenses. Financial institutions may deduct financial expenses in determining the PIS/COFINS tax basis. PIS and COFINS are considered a profit-base component (net basis of certain revenues and expenses), therefore and accordingly to IAS 12 it is recorded as income taxes.

• IFRIC 23 - Published in June 2017 by the IASB, IFRIC 23 - Uncertainty over Income Tax Treatments on Profit has mandatory application as of January 1, 2019 and aims to clarify procedures for the application of recognition and measurement requirements established in the IAS 12 of Taxes on Profit when there is uncertainty about the treatments to be adopted for the Taxes on Profit.

The Bank carried out analyzes on the procedures already adopted for accounting and presentation of Income Taxes in relation to the content of IFRIC 23 and it was possible to conclude that there are no impacts on related measurements nor disclosures.

bb) Consolidated cash flow statements

The following terms are used in the consolidated cash flow statements with the following meanings:

- Cash flows: inflows and outflows of cash and cash equivalents, which are short-term, highly liquid investments that are subject to an insignificant risk of changes in value and original maturity of three months or less.
- Operating activities: the primary revenue-generating activities of credit institutions and other activities that are not investing or financing activities.
- Investing activities: the acquisition and disposal of long-term assets and other investments not included in cash and cash equivalents.
- Financing activities: activities that result in changes in the size and composition of the equity and liabilities that are not operating activities.

In preparing the consolidated cash flows statement, the high liquidity investments with insignificant risk of changes in their values were classified as "Cash and cash equivalents". The Bank classifies as cash and cash equivalents balances recorded in the headings "Cash and balance with the Brazilian Central Bank" and "Loans and amounts due from credit institutions" in the consolidated financial statements, except restricted resources and long-term transactions.

The interest paid and received correspond to operating activities of Banco Santander.

*values expressed in thousands, except when indicated.

3. Basis of consolidation

Below are highlighted the controlled entities and investment funds included in the consolidated financial statements of Banco Santander. Similar information regarding companies accounted by the equity method by the Bank is provided in Note 11.

Investments	Activity	Quantity of Shares or Quotas Owned (in Thousands)			Direct Participation	Participation
		Common Shares and Quotas	Preferred Shares			
Controlled by Banco Santander						
Santander Leasing S.A. Arrendamento Mercantil (Santander Leasing)	Leasing	84	-	78.58%	100.00%	
Santander Brasil Administradora de Consórcio Ltda, (Santander Brasil Consórcio)	Buying Club	238,886	-	100.00%	100.00%	
Banco Bandepe S.A.	Bank	3,589	-	100.00%	100.00%	
Aymoré Crédito, Financiamento e Investimento S.A. (Aymoré CFI)	Financial	2,877	-	100.00%	100.00%	
Santander CCVM	Broker	14,067,640	14.067.640	99.99%	100.00%	
Santander Corretora de Seguros, Investimentos e Serviços S.A. (Santander Corretora de Seguros)	Other Activities	7,184	-	100.00%	100.00%	
Getnet S.A.	Payment Institution	69,565	-	100.00%	100.00%	
Sancap Investimentos e Participações S.A. (Sancap)	Holding	23,538,159	-	100.00%	100.00%	
Santander Brasil EFC	Financial	75	-	100.00%	100.00%	
Recovery of Defaulted						
Atual Serviços de Recuperação de Créditos e Meios Digitais S.A.	Credits	1,464,627	-	100.00%	100.00%	
Santander Holding Imobiliária S.A.	Holding	481,196	-	100.00%	100.00%	
Santander Brasil Tecnologia S.A.	Tecnology	45,371	-	100.00%	100.00%	
Rojo Entretenimento S.A.	Other Activities	7,417	-	94.60%	94.60%	
BEN Benefícios e Serviços S.A. (BEN Benefícios)	Other Activities	90,000	-	100.00%	100.00%	
Esfera Fidelidade S.A.	Other Activities	10,001	-	100.00%	100.00%	
Sanb Promotora de Vendas e Cobrança Ltda,	Other Activities	6,950	-	100.00%	100.00%	
Santander Tecnologia e Inovação Ltda,	Other Activities	5,045	-	100.00%	100.00%	
Toque Fale Serviços de Telemarketing Ltda, (Toque Fale)	Other Activities	75,050	-	100.00%	100.00%	
Controlled by Aymoré CFI						
Banco PSA	Bank	105	-	-	50.00%	
Banco Hyundai Capital Brasil S.A. (Note 2,c,,1)	Bank	150,000	-	-	50.00%	
Controlled by Santander Leasing						
PI Distribuidora de Títulos e Valores Mobiliários S.A.	Leasing	182	-	-	100.00%	
Controlled by Sancap						
Santander Capitalização S.A. (Santander Capitalização)	Capitalization	64,615	-	-	100.00%	
Evidence Previdência S.A.	Private Pension	42,819,564	-	-	100.00%	
Controlled by Atual Serviços de Recuperação de Créditos e Meios Digitais S.A.						
Return Capital Serviços de Recuperação de Créditos S.A.	Collection and recover of Credit management	200	-	-	100.00%	
Controlled by Return Capital Serviços de Recuperação de Créditos S.A. (current name of Ipanema Empreendimentos e Participações S.A.)						
Return Gestão de Recursos S.A. (atual denominação social da Gestora de Investimentos Ipanema S.A.)	Resources Management	11	-	-	100.00%	
Jointly Controlled Companies by Sancap						
Santander Auto S.A.	Other Activities	22,452	-	-	50.00%	
Controlled by Getnet S.A.						
Auttar HUT Processamento de Dados Ltda, (Auttar HUT)	Other Activities	3,865	-	-	100.00%	

Consolidated Investment Funds

- Santander Fundo de Investimento Amazonas Multimercado Crédito Privado de Investimento no Exterior (Santander FI Amazonas);
- Santander Fundo de Investimento Diamantina Multimercado Crédito Privado de Investimento no Exterior (Santander FI Diamantina);
- Santander Fundo de Investimento Guarujá Multimercado Crédito Privado de Investimento no Exterior (Santander FI Guarujá);
- Santander Fundo de Investimento Unix Multimercado Crédito Privado (Santander FI Unix);

*values expressed in thousands, except when indicated.

- Santander Fundo de Investimento SBAC Referenciado DI Crédito Privado (Santander FI SBAC);
- Santander Paraty QIF PLC (Santander Paraty) (2);
- Prime 16 – Fundo de Investimento Imobiliário (atual denominação do BRL V - Fundo de Investimento Imobiliário - FII) (1);
- Santander FI Hedge Strategies Fund (Santander FI Hedge Strategies) (2);
- Fundo de Investimento em Direitos Creditórios Multisegmentos NPL Ipanema VI - Não Padronizado (Fundo Investimento Ipanema NPL VI) (3);
- Fundo de Investimento em Direitos Creditórios Multisegmentos NPL Ipanema V - Não Padronizado (Fundo Investimento Ipanema NPL V) (4);
- Santander Hermes Multimercado Crédito Privado Infraestrutura Fundo de Investimentos (5); e
- Fundo de Investimentos em Direitos Creditórios Atacado – Não Padronizado (6).
- Atual – Fundo de Investimento Multimercado Credito Privado Investimento no Exterior (7).

(1) Banco Santander was a creditor for certain overdue credit operations that had real estate as collateral. The operation for the recovery of these credits consists of the contribution of real estate as collateral to the capital of the Real Estate Investment Fund and the consequent transfer of the Fund's quotas to Banco Santander, by means of a donation in payment of the aforementioned credit operations.

(2) Banco Santander, through its subsidiaries, holds the risks and benefits of Santander Paraty and the Santander FI Hedge Strategies Sub-Fund, residing in Ireland, and both are fully consolidated in their Consolidated Financial Statements. In the Irish market, an investment fund cannot act directly and, for this reason, it was necessary to create another structure (a sub-fund), Santander FI Hedge Strategies. Santander Paraty does not have an equity position, and all records come from the financial position of Santander FI Hedge Strategies.

(3) Refers to a structure where Banco Santander sold certain credit operations, which had already been transferred to losses (operations overdue for more than 360 days) to this fund. Atual Serviços de Recuperação de Créditos e Meios Digitais S.A. (current corporate name of Atual Companhia Securitizadora de Créditos Financeiros), a company controlled by Banco Santander, holds 100% of the shares of this fund.

(4) Indirectly controlled by Atual Serviços de Recuperação de Créditos e Meios Digitais S.A.

(5) Fund controlled through Banco Bandepe S.A.

(6) This fund started to be consolidated in June 2019 and is controlled through Atual Serviços de Recuperação de Créditos e Meios Digitais S.A.

(7) This fund started to be consolidated in August 2020 and is controlled through Atual Serviços de Recuperação de Créditos e Meios Digitais S.A.

Corporate movements were implemented in order to reorganize the entities' operations and activities in accordance with the Santander Conglomerate's business plan.

a) Disposal of equity interest held in Super Pagamentos e Administração de Meios Eletrônicos S.A.

On February 28, 2020, the sale to Superdigital Holding Company, SL, a company indirectly controlled by Banco Santander, SA, of the shares representing the entire share capital of Super Pagamentos e Administração de Meios Eletrônico SA ("Superdigital") for the amount of R\$270,000. As a result, the Bank ceased to be a shareholder of Superdigital.

b) Put option of equity interest in Banco Olé Consignado S.A.

On March 14, 2019, the minority shareholder of Banco Olé Bonsucesso Consignado S.A. (Olé Consignado) formalized its interest to exercise the put option right provided in the Investment Agreement, executed on July 30, 2014, to sell its 40% equity interest in the capital stock of Olé Consignado to Banco Santander (Brazil) S.A. ("Banco Santander").

On December 20, 2019, the parties entered into a binding agreement for the acquisition, by Banco Santander, of all the shares issued by Bosan Participações S.A. (holding company whose only asset are shares representing 40% of the capital of Banco Olé).

On January 31, 2020, the Company and the shareholders of Bosan Participações SA ("Bosan") concluded the definitive agreement and signed the purchase and sale agreement for 100% of the shares issued by Bosan, through the transfer of Bosan's shares to Company and payment to sellers in the total amount of R\$1,608,772. As a result, Banco Santander became, directly and indirectly, the holder of 100% of Banco Olé's shares.

On August 31, 2020, the shareholders of Banco Santander approved the merger by the Bank of Banco Olé Consignado SA and Bosan Participações SA. The mergers did not result in an increase in the capital of Santander Brasil and are pending approval by the Central Bank of Brazil.

c) Acquisition of direct equity interest in Toque Fale Serviços de Telemarketing LTDA.

On March 24, 2020, Banco Santander, SA acquired the shares representing the total share capital of Toque Fale Serviços de Telemarketing LTDA ("Toque Fale") for the amount of R\$1,099,854, corresponding to the book value of the shares on February 29, 2020, previously held by Getnet Adquirência e Serviços para Meios de Pagamento S.A. and Autter HUT Processamento de Dados LTDA. As a result, the Bank became a direct shareholder of Toque Fale and holder of 100% of its capital.

*values expressed in thousands, except when indicated.

d) Acquisition of Summer Empreendimentos Ltda.

On May 14, 2019, Banco Santander (Brasil) SA ("Banco Santander") and its wholly owned subsidiary Santander Holding Imobiliária S.A. ("SHI") executed a binding agreement with the partners of Summer Empreendimentos Ltda ("Summer") defining the negotiation terms for the purchase and sale of shares fully representing the capital of Summer. The acquisition was approved by BACEN on September 16, 2019 and closed on September 20, 2019. As a consequence, SHI has become the holder of 99.999% and Banco Santander 0.001% of the shares representing the capital stock of Summer. Due to the Entity's sale plan in the short term, Summer was initially recorded as Non-Current Assets Held by the Sale, at its cost value. In June 2020, with the failure to execute the established plan, Summer became part of the scope of Banco Santander Consolidated Financial Statements.

e) Incorporations of Banco Olé Consignado and Bosan Participações S.A.

On August 31, 2020, the shareholders of Banco Santander (Brasil) SA ("Santander Brasil") approved the merger, by Santander Brasil, of Banco Olé Consignado SA and Bosan Participações S.A. The mergers (i) did not result in an increase in the Santander Brasil's share capital; and (ii) are subject to approval by the Central Bank of Brazil.

4. Cash and balances with the Brazilian Central Bank

Thousand of reais	2020	2019	2018
Cash and cash equivalents(1)	20,148,725	20,127,364	19,463,587
of which:			
Cash	4,266,197	4,877,849	4,235,096
Cash and Foreign currency application abroad	15,882,528	15,249,515	15,228,491
Total	20,148,725	20,127,364	19,463,587

(1) Corresponds to assets maturing up to 3 months.

5. Loans and amounts due from credit institutions

The breakdown, by classification, type and currency, of the balances of "Loans and amounts due from credit institutions" in the consolidated financial statements is as follows:

Thousand of reais	2020	2019	2018
Classification:			
Financial Assets Measured At Amortized Cost	112,849,776	109,233,128	91,859,759
Of which:			
Loans and amounts due from credit institutions, gross	112,858,840	109,246,671	91,873,320
Impairment losses (note 9,c)	(9,064)	(13,543)	(13,561)
Loans and amounts due from credit institutions, net	112,849,776	109,233,128	91,859,759
Loans and amounts due from credit institutions, gross	112,858,840	109,247,248	91,873,320
Type:			
Time deposits	63,673,689	66,908,232	64,547,525
Reverse repurchase agreements (1) (2)	699,034	100,246	3,728,963
Escrow deposits	10,773,280	11,424,537	10,182,936
Other accounts	37,712,838	30,814,233	13,413,896
Total	112,858,840	109,247,248	91,873,320

(1) Guaranteed by debt instruments.

*values expressed in thousands, except when indicated.

Thousand of reais	2020	2019	2018
Currency:			
Brazilian Real	109,287,868	107,693,973	91,419,015
US dollar	2,778,911	1,401,601	422,247
Euro	782,997	151,097	32,058
Total	112,849,776	109,246,671	91,873,320

Thousand of reais	2020	2019	2018
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Cash equivalents:

Short-term transactions and low risk of change in its value (1)	8,298,083	1,316,299	5,821,573
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(1) The value refers to investments in the open market (repo transactions) and investments in interbank deposits (CDI) in the short term.

Note 43-d contains a detail of the residual maturity periods of financial assets measured at amortized cost.

6. Debt instruments

The breakdown, by classification, type and currency, of the balances of "Debt instruments" is as follows:

Thousand of reais	2020	2019	2018
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Classification:

Financial Assets Measured At Fair Value Through Profit Or Loss	3,545,660	3,735,076	3,171,746
Financial Assets Measured At Fair Value Through Profit Or Loss Held For Trading	68,520,799	34,885,631	50,066,469
Financial Assets Measured At Fair Value Through Other Comprehensive Income (1)	109,668,214	95,962,927	85,395,691
Financial Assets Measured At Amortized Cost	48,367,791	38,748,296	36,799,509

Of which:

Debt Instruments	49,945,226	40,803,323	39,513,460
Provision for impairment losses	(1,577,435)	(2,055,027)	(2,713,951)
Total	230,102,464	173,331,930	175,433,415

Type:

Government securities - Brazil (2)	191,896,439	135,848,053	116,531,146
Debentures and Promissory notes	17,071,856	13,874,883	10,555,952
Other debt securities	21,134,169	23,608,994	48,346,317
Total	230,102,464	173,331,930	175,433,415

(1) On December 31, 2018, management decided to change the classification of Financial Treasury Bills – LFT, of the securities portfolio of Getnet Adquirência e Serviços para Meios de Pagamento S.A. (Getnet SA), Banco Bandepe SA and Santander Corretora de Cambio e Valores Mobiliários S.A. (Santander CCVM), The securities were transferred from the Trading to Available for Sale category, in the amounts of R\$739,430, R\$14,099 and R\$375,488, respectively, Such transfers did not impact the amounts of Consolidated and also did not generate effect on the result. The change in the category occurred due to the revaluation of the recent trading history of these assets.

(2) Includes, substantially, National Treasury Bills (LTN), Treasury Bills (LFT) e National Treasury Notes (NTN-A, NTN-B, NTN-C e NTN-F).

The debt instruments are composed, majority by:

Thousand of reais	2020	2019	2018
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Currency:

Brazilian Real	207,752,590	164,447,235	166,743,410
US dollar	22,292,647	8,884,695	8,690,005
Euro	57,227	-	-
Total	230,102,464	173,331,930	175,433,415

*values expressed in thousands, except when indicated.

Thousand of reais	2020	2019	2018
Debt Instruments linked to:			
Repo Operations	101,371,733	102,849,859	90,909,891
Banco Central Mandatory Deposits	-	-	1,449,207
Operations guarantees in B3 S.A. - Brasil, Bolsa, Balcão (B3 S.A.)	12,963,251	6,618,651	17,985,160
Associated to judiciary deposits and other guarantees	9,665,135	9,573,331	2,078,042
Total	124,000,119	119,041,841	112,422,300

Note 43-d contains details of the residual maturity periods of financial assets measured at fair value through Other Results Comprehensive and corresponding financial assets measured at amortized cost.

7. Equity instruments

a) Breakdown

The breakdown, by classification and type, of the balances of "Equity instruments" is as follows:

Thousand of reais	2020	2019	2018
Classification:			
Financial Assets Measured At Fair Value Through Profit or Loss Held For Trading	1,818,276	2,029,470	766,333
Non-Trading Financial Assets Mandatorily Measured At Fair Value Through Profit or Loss	438,912	171,453	298,297
Financial Assets Measured At Fair Value Through Other Comprehensive Income	72,173	157,306	40,986
Total	2,329,361	2,358,229	1,105,616
Type:			
Shares of Brazilian companies	1,953,128	665,027	783,475
Shares of foreign companies	13,617	-	1,933
Investment funds (1)	362,616	1,693,202	320,208
Total	2,329,361	2,358,229	1,105,616

(1) Composed mainly by investment on fixed income, public and private securities.

b) Changes

The changes in the balance of "Equity instruments – Financial assets measured at fair value through profit or loss held for trading" were as follows:

Thousand of reais	2020	2019	2018
Balance at beginning of year	2,029,470	766,333	489,770
Net additions (disposals)	(211,194)	1,267,243	277,462
Valuation adjustments	-	(4,106)	(899)
Balance at end of year	1,818,276	2,029,470	766,333

The changes in the balance of "Equity instruments – Non-Trading Financial Assets Mandatorily Measured At Fair Value Through Profit Or Loss" were as follows:

Thousand of reais	2020	2019	2018
Balance at beginning of year	171,453	298,297	33,368
Net additions (disposals)	19,685	(126,893)	143,291
Valuation adjustments	247,774	49	121,638
Balance at end of year	438,912	171,453	298,297

*values expressed in thousands, except when indicated.

The changes in the balance of "Equity instruments – Financial Assets Measured At Fair Value Through Other Comprehensive Income" were as follows:

Thousand of reais	2020	2019	2018
Balance at beginning of year	157,306	40,986	1,106,637
Net additions (disposals)	(85,133)	(6,118)	(1,034,219)
Valuation adjustments	-	122,438	(31,432)
Balance at end of year	72,173	157,306	40,986

8. Derivative financial instruments and Short positions

The main risk factors associated to derivatives contracted are related to exchange rates, interest rates and stocks. To manage these and other market risk factors the Bank uses practices which include the measurement and follow up of the limit's usage previously defined on internal committees, as well as the daily follow up of the portfolios values in risk, sensitivities and changes in the interest rate and exchange exposure, liquidity gaps, among other practices which allow the control and follow up on the main risk metrics that can affect the Bank's position in the several markets which it acts. Based on this management model the Bank has accomplished its goal, using operations with derivatives, in optimize the relation risk/benefits even in situation with great volatility.

The derivatives fair value is determined through quotation of market prices. The swaps contracts fair value is determined using discounted cash flow modeling techniques, reflecting suitable risk factors. The fair value of NDF and Future contracts are also determined based on the quotation of market prices for derivatives traded in specific chamber (i.e. stock Exchange for example) or using the same methodology applied for swap contracts. The fair value of options derivatives (call and put) is determined based on the mathematical models, such as Black & Scholes, using yield rates, implied volatilities and the fair value of the corresponding asset. The current market prices are used to price the volatilities. For the derivatives which do not have prices directly disclosed by specific chamber, their fair values are obtained through pricing models which use market information, based on disclosed prices of more liquid assets. Interest rate curves and market volatilities are extracted from these prices to be used as first input in these models.

a) Trading and hedging derivatives

a.1) Derivatives

Portfolio Summary of Trading and Hedging Derivatives

	2020	2019	2018
Assets			
Swap Differentials Receivable	14,729,642	14,634,863	14,640,289
Option Premiums to Exercise	4,974,618	1,065,753	716,936
Forward Contracts and Others	9,166,361	4,745,101	3,006,221
Total	28,870,621	20,445,717	18,363,446
Liabilities			
Swap Differentials Payable	18,327,611	16,458,397	15,952,283
Option Premiums Launched	4,926,994	1,699,729	563,787
Forward Contracts and Others	8,725,333	4,271,852	1,950,765
Total	31,979,938	22,429,978	18,466,835

*values expressed in thousands, except when indicated.

Summary by Category

	2020		2019		2018	
	Notional	Fair Value	Notional (1)	Fair Value	Notional (1)	Fair Value
Swap	398,925,842	(3,597,969)		(1,823,534)		(1,431,110)
Assets	278,752,387	14,729,642	282,164,189	147,010,930	177,233,869	44,487,274
CDI (Interbank Deposit Rates)	41,316,315	3,010,880	40,550,627	16,908,791	36,135,015	24,267,591
Fixed Interest Rate - Real	54,159,848	9,607,342	47,140,927	-	47,968,999	-
Indexed to Price and Interest Rates	5,124,411	-	2,388,118	-	2,581,215	-
Foreign Currency	178,076,136	1,039,529	192,084,517	130,102,139	90,495,240	20,219,683
Others	75,676	1,071,891	-	-	53,400	-
Liabilities	120,173,455	(18,327,611)	279,803,610	(148,834,464)	176,385,349	(45,918,384)
CDI (Interbank Deposit Rates)	33,239,801	(13,693,733)	24,353,405	-	11,801,600	-
Fixed Interest Rate - Real	45,088,689	(2,772,479)	67,937,624	(24,079,732)	88,317,044	(23,075,374)
Indexed to Price and Interest Rates	33,026,692	(450,958)	125,829,755	(123,445,067)	24,308,601	(21,775,017)
Foreign Currency	6,636,885	153,695	60,394,529	-	50,748,008	-
Others	2,181,388	(1,564,135)	1,288,297	(1,309,665)	1,210,096	(1,067,993)
Options	2,043,286,085	47,624	1,446,536,133	(1,222,465)	335,073,080	153,149
Purchased Position	1,006,266,897	4,974,618	678,089,904	381,706	149,076,796	716,936
Call Option - US Dollar	1,188,387	39,202	171,871	(281)	14,518,058	239,079
Put Option - US Dollar	1,948,673	109,075	1,456,975	4,355	8,893,620	90,736
Call Option - Other	134,761,947	1,093,583	98,154,363	818,664	3,118,344	131,297
Interbank Market	101,421,659	556,039	98,154,363	819,262	639,488	4,537
Others ⁽²⁾	33,340,288	537,544	-	(598)	2,478,856	126,760
Put Option - Other	868,367,889	3,732,758	578,306,695	(441,032)	122,546,774	255,824
Interbank Market	864,852,555	3,729,297	578,306,695	(440,959)	121,782,816	217,726
Others ⁽²⁾	3,515,334	3,461	-	(73)	763,958	38,098
Sold Position	1,037,019,188	(4,926,994)	768,446,229	(1,604,171)	185,996,284	(563,787)
Call Option - US Dollar	1,537,670	699,243	254,945	(1,472)	7,615,856	(101,034)
Put Option - US Dollar	2,315,919	(192,335)	263,994	(2,842)	12,160,912	(169,431)
Call Option - Other	130,919,394	(453,919)	174,166,802	(440,731)	31,679,919	(66,002)
Interbank Market	120,156,285	(464,405)	174,166,802	(440,959)	29,609,298	(13,195)
Others ⁽²⁾	10,763,109	10,486	-	228	2,070,621	(52,807)
Put Option - Other	902,246,206	(4,979,984)	593,760,488	(1,159,126)	134,539,597	(227,320)
Interbank Market	869,328,317	(4,597,427)	593,760,488	(1,159,038)	133,703,672	(179,841)
Others ⁽²⁾	32,917,888	(382,557)	-	(88)	835,925	(47,479)
Futures Contracts	270,258,566	-	433,873,180	-	289,508,200	-
Purchased Position	110,275,866	-	72,912,029	-	86,203,734	-
Exchange Coupon (DDI)	12,438,695	-	7,394,951	-	20,590,068	-
Interest Rates (DI1 and DIA)	97,837,171	-	55,430,519	-	32,690,685	-

*values expressed in thousands, except when indicated.

Foreign Currency	-	-	9,978,419	-	32,456,813	-
Indexes ⁽³⁾	-	-	-	-	466,168	-
Others	-	-	108,140	-	-	-
Sold Position	159,982,699	-	360,961,151	-	203,304,466	-
Exchange Coupon (DDI)	73,114,014	-	146,032,485	-	146,948,795	-
Interest Rates (DI1 and DIA)	67,958,767	-	196,170,105	-	54,160,203	-
Foreign Currency	18,653,658	-	17,305,604	-	1,992,574	-
Indexes ⁽³⁾	256,261	-	290,254	-	202,894	-
Treasury Bonds/Notes	-	-	1,162,703	-	-	-
Forward Contracts and Others	163,040,700	441,028	169,401,317	473,249	90,910,841	1,055,456
Purchased Commitment	96,309,648	9,166,361	79,970,842	426,991	38,666,269	1,303,561
Currencies	87,254,202	5,026,567	79,969,759	426,986	38,095,625	1,250,706
Others	9,055,447	4,139,794	1,083	5	570,644	52,855
Sold Commitment	66,731,052	(8,725,333)	89,430,475	46,258	52,244,572	(248,105)
Currencies	64,986,757	(4,846,929)	89,426,698	46,170	51,958,529	(252,160)
Others	1,744,295	(3,878,404)	3,777	88	286,043	4,055

(1) Nominal value of updated contracts.

(2) Includes options of index, mainly being options involving US treasury, shares and stock indexes.

(3) Includes Bovespa and S&P index.

a.2) Derivatives Financial Instruments by Counterparty

Notional	2020			Total
	Customers	Related Parties	Financial Institutions ⁽¹⁾	
"Swap"	40,241,232	97,784,443	140,726,712	278,752,387
Options	23,788,051	922,740	2,018,575,293	2,043,286,085
Futures Contracts	3,198,239	-	267,060,326	270,258,566
Forward Contracts and Others	67,837,797	49,447,532	45,755,371	163,040,700

(1) Includes trades with B3 S.A. and other securities and commodities exchanges.

Notional	2019			2018
	Customers	Related Parties	Financial Institutions ⁽¹⁾	
"Swap"	66,976,262	38,784,704	176,403,223	282,164,189
Options	17,041,979	154,903	1,429,326,073	1,446,522,955
Futures Contracts	1,430,470	-	432,442,712	433,873,182
Forward Contracts and Others	47,199,547	118,612,607	3,589,163	169,401,317

(1) Includes trades with B3 S.A. and other securities and commodities exchanges.

*values expressed in thousands, except when indicated.

a.3) Derivatives Financial Instruments by Maturity

Notional				2020
	Up to 3 Months	From 3 to 12 Months	Over 12 Months	Total
"Swap"	58,388,872	98,073,784	122,289,731	278,752,387
Options	931,156,902	572,661,800	539,467,382	2,043,286,084
Futures Contracts	181,521,486	36,328,390	52,408,689	270,258,566
Forward Contracts and Others	104,098,351	33,788,798	25,153,551	163,040,700

Notional				2019	2018
	Up to 3 Months	From 3 to 12 Months	Over 12 Months	Total	Total
"Swap"	58,298,876	106,268,113	117,597,200	282,164,189	177,233,869
Options	681,033,183	646,187,139	119,302,640	1,446,522,962	335,073,080
Futures Contracts	140,882,437	179,337,860	113,652,884	433,873,181	289,508,200
Forward Contracts and Others	91,779,011	50,070,366	27,551,940	169,401,317	90,910,841

a.4) Derivatives by Market Trading

Notional			2020
	Stock Exchange ⁽¹⁾	Over the Counter	Total
"Swap"	82,122,957	196,629,429	278,752,387
Options	1,940,172,322	103,113,762	2,043,286,084
Futures Contracts	270,258,566	-	270,258,566
Forward Contracts and Others	25,182,494	137,858,206	163,040,700

(1) Includes trades with B3 S.A.

Notional			2019	2018
	Stock Exchange ⁽¹⁾	Over the Counter	Total	Total
"Swap"	150,179,790	131,984,399	282,164,189	177,233,869
Options	1,423,788,845	22,734,117	1,446,522,962	335,073,080
Futures Contracts	433,873,181	-	433,873,181	289,508,200
Forward Contracts and Others	42,651,980	126,749,337	169,401,317	90,910,841

a.5) Information on Credit Derivatives

Banco Santander uses credit derivatives with the objectives of performing counterparty risk management and meeting its customers' demands, performing protection purchase and sale transactions through credit default swaps and total return swaps, primarily related to Brazilian sovereign risk securities.

Total Return Swaps – TRS

Credit derivatives are where the exchange of the return of the reference obligation occurs through a cash flow and where, in the event of a credit event, the protection buyer is usually entitled to receive from the protection seller the equivalent of the difference between the and the fair value (market value) of the reference obligation on the settlement date of the contract.

*values expressed in thousands, except when indicated.

Credit Default Swaps – CDS

These are credit derivatives where, in the event of a credit event, the protection buyer is entitled to receive from the protection seller the equivalent of the difference between the face value of the CDS agreement and the fair value (market value) of the reference obligation on the settlement date of the contract. In return, the seller receives compensation for the sale of the protection. Below, the composition of the Credit Derivatives portfolio shown by its reference value and effect in the calculation of Required Stockholders' Equity.

	2020		2019		2018	
	Nominal Value Retained Risk Total Rate of Return Swap	Nominal Value Transferred Risk - Credit Swap	Nominal Value Retained Risk Total Rate of Return Swap	Nominal Value Transferred Risk - Credit Swap	Nominal Value Retained Risk Total Rate of Return Swap	Nominal Value Transferred Risk - Credit Swap
Credit Swaps	3,483,628	519,670	2,435,880	-	1,959,128	416,541
Total	3,483,628	519,670	2,435,880	-	1,959,128	416,541

Value referring to the premium paid on CDS for use as collateral (transfer of risks) in the amount of R\$1,506 (12/31/2019 – R\$0).

The effect in the Required Stockholder's Equity of the risk received was R\$6,985 (12/31/2019 – R\$5,257).

During the period, there was no occurrence of credit event related to the events generated by the contracts.

	2020		2019		2018	
	Over 12 Months		Over 12 Months		Over 12 Months	
Maximum Potential for Future Payments - Gross	12 Months	Total	12 Months	Total	12 Months	Total
Per Instrument						
CDS	4,003,298	4,003,298	2,435,880	2,435,880	1,959,128	1,959,128
Total	4,003,298	4,003,298	2,435,880	2,435,880	1,959,128	1,959,128
Per Risk Classification						
Below Investment Grade	4,003,298	4,003,298	2,435,880	2,435,880	1,959,128	1,959,128
Total	4,003,298	4,003,298	2,435,880	2,435,880	1,959,128	1,959,128
Per Reference Entity						
Brazilian Government	4,003,298	4,003,298	2,435,880	2,435,880	1,959,128	1,959,128
Total	4,003,298	4,003,298	2,435,880	2,435,880	1,959,128	1,959,128

a.6) Hedge Accounting

There are three types of hedge accounting: Fair Value Hedge, Cash Flow Hedge and Foreign Currency Investments Hedge.

The derivatives used as hedging instruments are represented as follows:

a.6.i) Fair Value Hedge

Banco Santander's fair value hedging strategy consists of hedging the exposure to changes in fair value related to recognized assets and liabilities.

*values expressed in thousands, except when indicated.

The fair value strategy adopted by management segregates transactions by risk factor (e.g. Real/Dollar foreign exchange risk, fixed Reais interest rate risk, Dollar foreign exchange coupon risk, inflation risk, interest rate risk, etc.). The transactions generate exposures that are consolidated by risk factor and compared with internal pre-established limits.

In order to hedge the changes of fair value in receivables and interest payments, Santander uses interest rate Swap contracts related to pre-fixed (pre define interest rate at inception) assets and liabilities.

Banco Santander applies fair value hedge as follows:

- Designates Foreign Currency + Coupon versus %CDI and Pre - Real Interest Rate or contracts dollar futures (DOL, DDI/DI) as derivatives instruments in Hedge Accounting structures, with foreign currency loan operations being the object of such transactions.
- The Bank has a portfolio of credit assets denominated in US dollars at the fixed rate in the balance sheet of Santander EFC, whose operations are recorded in Euro. As a way of managing this mismatch, the Bank designates each Euro Floating Foreign Currency swap versus Fixed Dollar as the market risk hedge of the corresponding loan.
- The Bank has a pre-fixed interest rate risk generated by government securities (NTN-F and LTN) in the Financial Assets portfolio measured through Other Comprehensive Income. To manage this mismatch, the entity contracts DI futures on the Stock Exchange and designates them as a derivative instrument in a hedge accounting framework.
- The Bank has a risk to the IPCA (Broad pricing to consumers index) generated by debentures in the portfolio of securities available for sale. To manage this mismatch, it contracts IPCA (DAP) futures on the Stock Exchange and designates them as a derivative instrument in a Hedge Accounting structure.

In order to assess the effectiveness and measure the ineffectiveness of the strategies, the institution complies with international accounting standard IAS 39, which requires that the effectiveness test be performed at the beginning (prospective test) of the hedge structure and be repeated periodically (prospective and retrospective tests) in order to demonstrate that the hedge ratio remains effective.

To assess the effectiveness and measure the ineffectiveness of the strategies, the Bank follows IAS 39, which requires that the effectiveness test be performed at the beginning (prospective test) of the hedge structure, and repeated periodically (prospective and retrospective test) to demonstrate that the hedge relationship remains effective.

a) Prospective test: according to the standard, the prospective test must be done on the start date (inception) and quarterly to demonstrate that the expectation regarding the effectiveness of the hedge relationship is high.

a.1) The initial prospective test (at inception): it is restricted to a qualitative review of the critical terms and conditions of the instrument and the hedged object, to a conclusion that changes in the market value of both instruments are expected to completely cancel each other out.

a.2) The prospective periodic test: the sensitivity of the present value of the hedged object and the hedging instrument to a parallel variation of 10 Basis Points in the interest rate curve will be computed periodically. For the purposes of effectiveness, the ratio of the two sensitivities must be between 80% and 125%.

b) Retrospective test: the retrospective effectiveness test will be conducted by comparing the market to market (mtm) variation of the hedge instrument from the beginning date with the variation of the hedge object's mtm from the beginning.

In fair value hedges, gains or losses, both on hedge instruments and on hedged items (attributable to the type of risk being protected) are recognized directly in the consolidated income statement.

Hedge Structure	2020			2019		2018
	Effective Portion Accumulated	Portion Ineffective	Effective Portion Accumulated	Portion Ineffective	Effective Portion Accumulated	Portion Ineffective
Fair Value Hedge						
Brazilian Treasury Bonds (LTN, NTN-F)	(2,183,841)	-	(2,853,807)	-	(1,381,156)	-
Bonds (LEA)	-	-	(61,761)	-	(191,472)	-
Resolution 2770	-	-	(94)	-	689	-
Trade Finance Off	(5,092)	-	(4,015)	-	(58,020)	-
Total	(2,188,933)	-	(2,919,677)	-	(1,629,959)	-

*values expressed in thousands, except when indicated.

Strategies	Hedge Instruments			12/31/2020 Hedge Objects		
	Curve	Adjustment to	Accounting	Curve	Adjustment to	Accounting
	Value	Market Value	Value	Value	Market Value	Value
Future Contracts	46,649,331	-	46,649,331	42,529,036	2,802,690	45,331,727
Hedge of Securities	46,649,331	-	46,649,331	42,529,036	2,802,690	45,331,727

Strategies	Hedge Instruments			12/31/2019 Hedge Objects		
	Curve	Adjustment to	Accounting	Curve	Adjustment to	Accounting
	Value	Market Value	Value	Value	Market Value	Value
Swap Contracts	3,249,742	101,264	3,351,004	3,555,326	662,773	4,218,099
Credit Operations Hedge	1,118,210	28,993	1,147,202	1,423,809	63,231	1,487,040
Hedge of Securities	2,131,532	72,271	2,203,802	2,131,517	599,542	2,731,059
Future Contracts	789,631	-	789,631	45,427,125	3,000,490	48,427,614
Hedge of Securities	789,631	-	789,631	45,427,125	3,000,490	48,427,614

Strategies	Hedge Instruments			12/31/2018 Hedge Objects		
	Curve	Adjustment to	Accounting	Curve	Adjustment to	Accounting
	Value	Market Value	Value	Value	Market Value	Value
Swap Contracts	3,908,082	140,447	4,048,529	3,921,249	65,014	3,986,263
Credit Operations Hedge	1,152,249	115,180	1,267,429	1,166,387	50,668	1,217,055
Hedge of Securities	2,755,833	25,267	2,781,100	2,754,862	14,346	2,769,208
Future Contracts	41,286,091	-	41,286,091	44,130,671	(205,941)	43,924,730
Hedge of Securities	41,286,091	-	41,286,091	44,130,671	(205,941)	43,924,730

(*) The Bank has market risk hedge strategies, the objects of which are assets in its portfolio, which is why we demonstrate the passive edge of the respective instruments. For structures whose instruments are futures, we show the balance of the calculated daily adjustment, recorded in a clearing account.

a.6.II) Cash Flow Hedge

The Bank's cash flow hedge strategies consist of hedging exposure to changes in cash flows, interest payments and exchange rate exposure, which are attributable to changes in interest rates on recognized assets and liabilities and changes exchange rates for unrecognized assets and liabilities.

The Bank applies the cash flow hedge as follows:

- Enters into fixed-rate asset swaps and foreign currency liabilities and designates them as a hedging instrument in a Cash Flow Hedge structure, with the object of foreign currency loan operations negotiated with third parties through offshore agencies and securities Brazilian foreign debt held to maturity.
- It contracts Dollar futures or DDI + DI futures (Synthetic Dollar Futures) and designates them as a protection instrument in a Cash Flow Hedge structure, having as object item the Bank's credit portfolio in Dollars and Promissory Notes in securities portfolio available for sale.
- The Bank has a portfolio of assets indexed to the Euro and traded at offshore branches. In the transaction, the value of the asset in Euro will be converted to the Dollar by the rate of the exchange contract of the transaction. As from the conversion, the principal amount of the funding, already expressed in US dollars, will be adjusted by a floating or fixed rate. The assets will be covered with Swap Cross Currency in order to cross the risk in Euro for LIBOR + Coupon.

To assess the effectiveness and measure the ineffectiveness of these strategies, Banco Santander follows IAS 39, which indicates that the effectiveness test must be carried out in the design/start of the hedge structure (prospective test) and repeated periodically

*values expressed in thousands, except when indicated.

(prospective and retrospective test) for demonstrate that the expectation of the hedge relationship remains effective (between 80 and 125%).

In this hedge strategy, the effectiveness tests (prospective/retrospective) are conducted by comparing two proxies, one for the hedged object and the other for the instrument.

The hedge object proxy is a "conceptual" swap, where the passive "tip" simulates the part of the Stable Portion to be protected and the active pre-fixed "tip" is identical to the set of futures designated as a hedge, being consistent with market rates practiced on the day the hedge is designated. The hedge instrument proxy is a "conceptual" swap, where the active "tip" is made up of the number of futures contracts designated as hedging, and the passive pre-fixed "tip" is the rate negotiated in the acquisition of these contracts. The proxy is stable throughout the strategy since the contracts are maintained until maturity.

Any ineffectiveness is recognized in the income statement.

a) Prospective Test: according to the regulations, the prospective test must be performed on the start date and quarterly to demonstrate that the expectation regarding the effectiveness of the hedge relationship is high, however the tests are carried out monthly for proactive monitoring and more efficient projections, in addition to better maintenance of testing-related routines.

a.1) Periodic Prospective Test: Market Risk makes the projections of three scenarios for the tests, being: 1st 10bps on the curve; 2nd 50bps on the curve and 3rd 100bps on the curve. Using the validated estimates, prospective tests are performed by valuing the two variable legs of the transaction to market.

a.2) Initial Prospective Test: the methodology of the periodic prospective test should also be applied on the start date of each new strategy.

b) Retrospective test: it must be performed monthly with historical data to demonstrate cumulatively that the hedge was effective, according to the methodology presented above. Any ineffectiveness is recognized in the income statement.

The Ineffective portion is measured using the prospective hedge test and if identified recognized in the income statement in the line Gains (losses) on financial assets and liabilities (net).

Effectiveness should be between 80% and 125%.

In cash flow hedges, the effective portion of the variation in the value of the hedge instrument is temporarily recognized in equity under the caption "Other comprehensive income - cash flow hedges" (Note 26) until the anticipated transactions occur, when this portion is recognized in the consolidated income statement, except if the anticipated transactions result in the recognition of non-financial assets or liabilities, this portion will be included in the cost of the financial asset or liability. The non-effective portion of the variation in the value of foreign exchange hedge derivatives is recognized directly in the consolidated income statement. And the ineffective portion of the gains and losses on cash flow hedge instruments in an operation abroad is recognized directly in "Gains (losses) on financial assets and liabilities (net)" in the consolidated statements of income.

Hedge Structure	2020		2019		2018	
	Effective Portion Accumulated	Portion Ineffective	Effective Portion Accumulated	Portion Ineffective	Effective Portion Accumulated	Portion Ineffective
Cash Flow Hedge						
Eurobonds	14,666	-	(6,074)	-	(8,925)	-
Trade Finance Off	58,088	-	139,852	-	(16,453)	(3,981)
Government Securities (LFT)	727,437	-	503,665	-	331,922	-
Bank Deposit Certificate - CDB	-	-	-	-	1,225	-
Total	800,190	-	637,443	-	307,769	(3,981)

*values expressed in thousands, except when indicated.

12/31/2020				
Strategies	Accounting Adjustment to		Hedge Instruments	Hedge Object
	Value - liability	Market Value	Market Value	Accounting Value
Swap Contracts	1,428,053	1,428,053	1,302,666	1,302,666
Hedge of Securities	1,428,053	1,428,053	1,302,666	1,302,666
Future Contracts	19,500,234	19,500,234	23,447,934	23,447,934
Hedge of Securities	19,500,234	19,500,234	23,447,934	23,447,934

12/31/2019				
Strategies	Accounting Adjustment to		Hedge Instruments	Hedge Object
	Value - liability	Market Value	Market Value	Accounting Value
Swap Contracts	1,361,658	35,110	1,396,768	1,324,685
Credit Operations Hedge	435,872	(3,494)	432,378	399,831
Hedge of Securities	925,786	38,604	964,390	924,854
Future Contracts	54,460,972	-	54,460,972	7,726,566
Credit Operations Hedge (1)	50,975,253	-	50,975,253	4,506,878
Hedge of Securities	3,485,719	-	3,485,719	3,219,688

12/31/2018				
Strategies	Accounting Adjustment to		Hedge Instruments	Hedge Object
	Value - liability	Market Value	Market Value	Accounting Value
Swap Contracts	2,227,004	(24,206)	2,202,798	2,423,678
Credit Operations Hedge	1,032,283	68,730	1,101,012	1,198,921
Hedge of Securities	1,194,721	(92,936)	1,101,786	1,224,757
Future Contracts	44,541,939	-	44,541,939	17,224,115
Credit Operations Hedge (1)	44,000,952	-	44,000,952	16,910,915
Hedge of Securities	540,987	-	540,987	313,200

(*) The Bank has cash flow hedge strategies, the objects of which are assets in its portfolio, which is why we have shown the liability side of the respective instruments. For structures whose instruments are futures, we show the notional's balance, recorded in a clearing account.
(1) Updated value of the instruments on December 31, 2020 is R\$6,972,063 (12/31/2019 - R\$8,425,386).

In Consolidated, the mark-to-market effect of swap and future asset contracts corresponds to a credit in the amount of R\$11,169 (12/31/2019 - R\$11,063) and is recorded in equity, reduced tax effects, of which R\$5,026 will be realized against revenue in the next twelve months.

a.7) Derivative Financial Instruments - Margins Pledged as Guarantee

The margin given in guarantee for transactions traded at B3 S.A. with its own and third party derivative financial instruments is composed of federal public securities.

	2020	2019	2018
Financial Treasury Bills - LFT	4,363,666	5,342,992	7,552,926
National Treasury Bills - LTN	6,155,276	1,086,556	3,392,886
National Treasury Notes - NTN	2,814,274	660,918	873,134
Total	13,333,215	7,090,466	11,818,946

b) Short Positions

As of December 31, 2020, the balance of short positions totaled R\$ 45,807,946 (2019 - R\$ 23,835,653 and 2018 - R\$ 32,695,677) which includes the amount of financial liabilities resulting from the direct sale of financial assets purchased through resale or loan commitments.

9. Loans and advances to clients

a) Breakdown

The breakdown, by classification, of the balances of "Loans and advances to clients" in the consolidated financial statements is as follows:

*values expressed in thousands, except when indicated.

Thousand of reais	2020	2019	2018
Classification:			
Non-Trading Financial Assets Mandatorily Measured At Fair Value Through Profit Or Loss	60,808	-	619,180
Financial Assets Measured At Amortized Cost	393,707,229	326,699,480	301,072,207
Of which:			
Loans and receivables at amortized cost	417,761,218	347,256,660	321,314,010
Impairment losses	(24,053,989)	(20,557,180)	(20,241,803)
Loans and advances to customers, net	393,768,037	326,699,480	301,691,387
Loans and advances to customers, gross	417,822,026	347,256,660	321,933,190

Thousand of reais	2020	2019	2018
Type:			
Loans operations ⁽¹⁾	390,941,415	329,910,319	308,364,517
Lease Portfolio	2,096,240	2,111,842	1,836,504
Repurchase agreements	4,530,041	10,500	509,147
Other receivables ⁽²⁾	20,254,330	15,223,999	11,223,022
Total	417,822,026	347,256,660	321,933,190

(1) Includes loans and other loans with credit characteristics.

(2) Refers substantially to Foreign Exchange Transactions and Other Receivables with credit granting characteristics.

Note 43-d contains a detail of the residual maturity periods of loans and receivables.

There are no loans and advances to clients for material amounts without fixed maturity dates.

b) Detail

Following is a detail, by loan type and status, borrower sector and interest rate formula, of the loans and advances to clients, which reflect the Bank's exposure to credit risk in its core business, gross of impairment losses:

Thousand of reais	2020	2019	2018
Loan borrower sector:			
Commercial, and industrial	191,281,653	145,387,439	146,293,616
Real estate-construction	45,791,869	39,720,713	36,515,352
Installment loans to individuals	178,652,145	160,036,668	137,287,593
Lease financing	2,096,359	2,111,840	1,836,629
Total	417,822,026	347,256,660	321,933,190

Thousand of reais	2020	2019	2018
Interest rate formula:			
Fixed interest rate	292,884,352	258,760,620	240,772,724
Floating rate	124,937,674	88,496,040	81,160,466
Total	417,822,026	347,256,660	321,933,190

Debt Sector by Maturity	2020						Total	% of total
	Less than 1 year	% of total	Between 1 and 5 years	% of total	More than 5 years	% of total		
Commercial and industrial	127,569,542	58.23%	60,190,422	40.94%	3,521,688	6.81%	191,281,652	45.78%
Real estate	3,419,553	1.56%	8,973,495	6.10%	33,398,822	64.54%	45,791,870	10.96%
Installment loans to individuals	87,174,594	39.79%	76,667,187	52.15%	14,810,364	28.62%	178,652,145	42.76%
Lease financing	899,055	0.41%	1,182,713	0.80%	14,591	0.03%	2,096,359	0.50%
Loans and advances to customers, gross	219,062,744	100%	147,013,817	100%	51,745,465	100%	417,822,026	100%

*values expressed in thousands, except when indicated.

							2019	
Debt Sector by Maturity	Less than 1 year	% of total	Between 1 and 5 years	% of total	More than 5 years	% of total	Total	% of total
Commercial and industrial	102,083,249	54.83%	39,408,727	33.44%	3,895,463	9.01%	145,387,439	41.87%
Real estate	3,633,231	1.95%	8,145,568	6.91%	27,941,913	64.65%	39,720,713	11.44%
Installment loans to individuals	79,624,744	42.76%	69,034,596	58.58%	11,377,328	26.33%	160,036,668	46.09%
Lease financing	855,624	0.46%	1,252,673	1.06%	3,543	0.01%	2,111,840	0.61%
Loans and advances to customers, gross	186,196,848	100%	117,841,564	100%	43,218,247	100%	347,256,660	100%

							2018	
Debt Sector by Maturity	Less than 1 year	% of total	Between 1 and 5 years	% of total	More than 5 years	% of total	Total	% of total
Commercial and industrial	109,802,828	58.92%	32,538,999	32.77%	3,951,789	10.90%	146,293,616	45.44%
Real estate	4,298,925	2.31%	7,964,308	8.02%	24,252,119	66.90%	36,515,352	11.34%
Installment loans to individuals	71,433,099	38.33%	57,808,600	58.21%	8,045,894	22.20%	137,287,593	42.64%
Lease financing	838,659	0.45%	997,644	1.00%	326	0.00%	1,836,629	0.57%
Loans and advances to customers, gross	186,373,511	100%	99,309,551	100%	36,250,128	100%	321,933,190	100%

Thousand of reais	2020	2019	2018
Maturity			
Less than 1 year	219,062,744	186,196,849	186,373,511
Between 1 and 5 years	147,013,817	117,841,564	99,309,551
More than 5 years	51,745,465	43,218,247	36,250,128
Loans and advances to customers, gross	417,822,026	347,256,660	321,933,190
Internal risk classification			
Low (1)	347,315,357	257,133,115	240,440,294
Medium-low (1)	24,277,404	56,549,196	50,485,682
Medium (2)	26,231,871	11,754,806	11,967,262
Medium – high (2)	3,896,457	8,512,386	7,722,198
High (3)	16,100,937	13,307,156	11,317,754
Loans and advances to customers, gross	417,822,026	347,256,660	321,933,190
(1) Transactions classified on Stage 1			
(2) Transactions classified on Stage 2			
(3) Transactions classified on Stage 3			

c) Impairment losses

The following tables show the reconciliation of the initial and final balances of the provision for losses by category of financial instrument. The terms of credit losses expected in 12 months, credit losses expected during the useful life and impairment losses are explained in the note on accounting practices. The comparative values referring to 01/01/2018 represent the provision for losses of credit on 12/31/2017 after the initial adoption adjustments of IFRS 9 (note 1)

The variations in the provisions for losses due to non-recovery in the balances of the item "Financial assets measured at amortized cost" are as follows:

*values expressed in thousands, except when indicated.

Thousand of reais	2020			Total
	Stage 1 Credit losses expected in 12 months	Stage 2 Expected credit losses over a useful life not subject to impairment	Stage 3 Expected credit losses during the useful life subject to impairment	
Balance at beginning of year	4,358,601	3,293,690	14,973,459	22,625,750
Impairment losses charged to income for the year	4,968,075	2,881,726	10,462,365	18,312,166
Transfers between stages	(3,142,225)	2,850,217	7,081,358	6,789,350
Movement of the period	8,110,300	31,509	3,380,007	11,522,817
Of which:				
Commercial and industrial	3,230,168	1,867,504	1,821,724	6,919,396
Real estate-construction	(8,544)	(27,803)	117,762	81,415
Installment loans to individuals	1,752,883	1,041,818	8,513,988	11,308,689
Lease financing	(6,432)	207	8,891	2,666
Variation by Stage	(3,489,478)	(1,246,810)	4,736,287	-
Write-off of impaired balances against recorded impairment allowance	-	-	(15,297,428)	(15,297,428)
Of which:				
Commercial and industrial	-	-	(4,617,446)	(4,617,446)
Real estate-construction	-	-	(232,262)	(232,262)
Installment loans to individuals	-	-	(10,433,132)	(10,433,132)
Lease financing	-	-	(14,588)	(14,588)
Balance at end of year	5,837,199	4,928,606	14,874,684	25,640,488
Of which:				
Loans and advances to customers	5,746,000	4,919,000	13,388,989	24,053,989
Loans and amounts due from credit institutions (Note 5)	9,065	-	-	9,065
Provision for Debt Instruments (Note 6)	82,135	9,606	1,485,695	1,577,435
Recoveries of loans previously charged off	-	-	861,253	861,253
Of which:				
Commercial and industrial	-	-	422,023	422,023
Real estate-construction	-	-	55,631	55,631
Installment loans to individuals	-	-	370,491	370,491
Lease financing	-	-	13,107	13,107

Thousand of reais	2020	2019	2018
Balance at beginning of year	22,625,750	22,969,315	20,723,062
Impairment losses charged to income for the year	18,311,441	14,361,382	13,540,105
Of which:			
Commercial and industrial	6,918,671	2,376,910	3,620,292
Real estate-construction	81,415	94,957	192,901
Installment loans to individuals	11,308,689	11,866,475	9,708,243
Lease financing	2,666	23,040	18,669
Write-off of impaired balances against recorded impairment allowance	(15,296,703)	(14,704,948)	(11,293,852)
Of which:			
Commercial and industrial	(4,616,722)	(5,713,369)	(3,981,414)
Real estate-construction	(232,262)	(108,294)	(190,660)
Installment loans to individuals	(10,433,131)	(8,834,391)	(7,099,553)
Lease financing	(14,589)	(48,893)	(22,225)
Balance at end of year	25,640,488	22,625,750	22,969,315
Of which:			
Loans and advances to customers	24,053,989	20,557,180	20,241,803
Loans and amounts due from credit institutions (Note 5)	9,065	13,543	13,561
Provision for Debt Instruments (Note 6)	1,577,435	2,055,027	2,713,951
Recoveries of loans previously charged off	861,253	991,476	826,573
Of which:			
Commercial and industrial	422,023	519,594	345,085

*values expressed in thousands, except when indicated.

Real estate-construction	55,631	46,639	103,433
Installment loans to individuals	370,491	417,477	369,557
Lease financing	13,107	7,767	8,498

Considering these amounts recognized in "Impairment losses charged to income for the year" and the "Recoveries of loans previously charged off", the "Impairment losses on financial assets - Loans and receivables" amounted on December 31, 2020 R\$17,450,188 (2019 - R\$13,369,905 and 2018 - R\$12,713,532),

The balances of the provision for losses due to non-recovery by debtor sector are as follows:

Thousand of reais	2020	2019	2018
Commercial and industrial	9,757,193	7,455,243	10,791,702
Real estate - Construction	193,935	344,782	358,119
Installment loans to individuals	15,675,765	14,800,208	11,768,124
Lease financing	13,594	25,517	51,370
Total	25,640,488	22,625,750	22,969,315

d) Impaired assets

The details of the changes in the balance of the financial assets classified as "Loans and receivables – loans and advances to clients" (as defined at Note 1.i) and considered to be impaired due to credit risk are as follows:

Thousand of reais	2020	2019	2018
Balance at beginning of year on 01/01/2018 after the initial adoption IFRS 9)	23,426,076	22,425,801	19,847,987
Net additions	14,757,908	16,000,733	13,871,666
Written-off assets	(15,007,946)	(15,000,458)	(11,293,852)
Balance at end of year	23,176,039	23,426,076	22,425,801

Following is a detail of the financial assets considered to be impaired classified by age of the oldest past-due amount:

Thousand of reais	2020	2019	2018
With no Past-Due Balances or Less than 3 Months Past Due	12,966,813	11,729,920	12,000,867
With Balances Past Due by			
3 to 6 Months	3,049,974	3,961,042	3,473,591
6 to 12 Months	4,798,859	5,721,762	4,929,099
12 to 18 Months	1,243,809	985,476	1,144,035
18 to 24 Months	607,527	523,441	325,701
More than 24 Months	509,056	504,435	552,508
Total	23,176,039	23,426,076	22,425,801

Debt Sector

Commercial and industrial	10,558,213	10,072,655	11,832,302
Real estate - Construction	456,130	826,863	1,035,352
Installment loans to individuals	12,144,238	12,497,179	9,499,148
Lease financing	17,458	29,379	58,999
Total	23,176,039	23,426,076	22,425,801

*values expressed in thousands, except when indicated.

e) Loan past due for less than 90 days but not classified as impaired

Thousand of reais	% of total loans past due for less than 90 days		% of total loans past due for less than 90 days	
	2020	2019	2018	2017
Commercial and industrial	5,131,885	25.80%	3,517,086	19.77%
Real estate - Construction	3,085,498	15.51%	5,781,977	20.23%
Installment loans to individuals	11,660,666	58.62%	13,489,513	59.24%
Financial Leasing	13,292	0.07%	24,325	0.75%
Total	19,891,340	100.00%	22,812,900	100.00%

f) Lease at present value

As at December 31, 2020, 2019 and 2018 there were no leasing agreements or commitments that are considered individually relevant.

Breakdown by maturity

Gross investment in lease transactions

Thousand of reais	2020	2019	2018
Overdue	2,740	3,233	4,817
Due to:			
Up to 1 year	952,172	978,748	975,183
From 1 to 5 years	1,394,525	1,442,244	1,160,986
Over 5 years	20,128	4,014	1,071
Total	2,369,565	2,428,239	2,142,057

g) Transfer of financial assets with retention of risks and benefits

On December 31, 2020, the amount recorded on "Loans and advances to clients" related to loan portfolio assigned is R\$55,284 (2019 - R\$76,028 and 2018 - R\$122,271) and R\$55,105 (2019 - R\$75,500 and 2018 - R\$126,906) of "Other financial liabilities - Financial Liabilities Associated with Assets Transfer" (Note 21).

The assignment operation was carried out with a co-obligation clause, with compulsory repurchase in the following situations:

- defaulted contracts for a period of more than 90 consecutive days;
- contracts subject to renegotiation;
- contracts subject to portability, pursuant to Resolution 3,401 of the National Monetary Council (CMN);
- contracts subject to intervention.

10. Non-current assets held for sale

At December 31, 2020, 2019 and 2018, the total amount of non-current assets held for sale includes foreclosed assets and other tangible assets. The change in the "Non-current assets held for sale" is as follows:

Thousand of reais	2020	2019	2018
Balance at beginning of year	1,580,496	1,598,367	1,507,548
Loan repayments - repossession of assets	445,173	735,864	785,139
Capital Increase in Companies held for sale (1)	-	55,245	-
Additions / disposals (net) due to change in the scope of consolidation (2)	-	-	(130,713)
Sales	(663,067)	(808,980)	(563,607)
Final balance, gross	1,362,602	1,580,496	1,598,367
Impairment losses (3)	(269,693)	(255,161)	(218,136)
Impairment as a percentage of foreclosed assets	19.79%	16.14%	13.65%
Balance at end of year	1,092,909	1,325,335	1,380,231

(1) On September 20, 2019, Santander Holding Imobiliária completed the acquisition of the company Summer Empreendimentos Ltda, ("Summer"), whose main asset is a branch located on Avenida Faria Lima in the city of São Paulo, for the amount of R\$45,245. At the conclusion of the transaction, a structured plan for the sale of this company to a third party was formalized in the short term. In December 2019, Santander

*values expressed in thousands, except when indicated.

Holding Imobiliária carried out a capital increase in Summer in the amount of R\$ 10,000.

- (2) On June 30, 2018, Banco Santander management reevaluated its strategy on investing in Real TJK Empreendimento Imobiliário SA (currently called Rojo Entretenimento SA), a company that owns Teatro Santander, and decided to transfer the non-assets item -currents held for sale for investments in associates and controlled companies (Note 11).
- (3) In 2020, it includes the amount of R\$24,751 (2019 – R\$251,945 e 2018 – R\$159,120) of provisions for devaluations on properties and R\$122 (2019 – R\$3,216) of provisions for devaluations on vehicles, constituted based on appraisal reports prepared by a specialized external consultancy, recorded as a provision for losses due to non-recovery (Impairment).

11. Investments in associates and joint ventures

Jointly controlled

Banco Santander considers investments classified as jointly controlled when they possess a shareholders agreement, which sets that the strategic, financial and operating decisions requires the unanimous consent of all investors.

Significant Influence

Associates are entities over which the Bank is in a position to exercise significant influence (significant influence is the power to participate in the financial and operating decisions of the investee) but it does not control or has joint control over the investee.

a) Breakdown

Jointly Controlled by Banco Santander	Activity	Country	Participation %		
			2020	2019	2018
Banco RCI Brasil S.A.	Bank	Brazil	39.89%	39.89%	39.89%
	Other				
Norchem Participações e Consultoria S.A. (1)	Activities	Brazil	0.00%	50.00%	50.00%
Cibrasec - Companhia Brasileira de Securitização(1)(2)(6)	Securitization	Brazil	0.00%	0.00%	9.72%
	Other				
Estruturadora Brasileira de Projetos S.A. - EBP (1)(2)	Activities	Brazil	11.11%	11.11%	11.11%
Gestora de Inteligência de Crédito (1)	Credit Bureau	Brazil	20.00%	20.00%	20.00%
	Other				
Campo Grande Empreendimentos (5)	Activities	Brazil	25.32%	25.32%	25.32%
	Other				
Santander Auto S.A.	Activities	Brazil	50.00%	50.00%	50.00%

Jointly Controlled by Santander Corretora de Seguros (current corporate name of Santander Participações S.A.)

	Other				
Webmotors S.A. (3)	Activities	Brazil	70.00%	70.00%	70.00%
	Other				
Tecnologia Bancária S.A. - TECBAN (1)	Activities	Brazil	18.98%	18.98%	19.81%
	Insurance				
Hyundai Corretora de Seguros	Broker	Brazil	50.00%	50.00%	0.00%
	Insurance				
PSA Corretora de Seguros e Serviços Ltda, (4)	Broker	Brazil	50.00%	50.00%	50.00%

Significant Influence of Banco Santander

Norchem Holding e Negócios S.A. (1)	Other				
	Activities	Brazil	0.00%	21.75%	21.75%

Jointly Controlled by Banco Santander	Investments		
	2020	2019	2018
Banco RCI Brasil S.A.	544,236	509,890	458,292
Norchem Participações e Consultoria S.A.	-	21,078	26,105
Cibrasec - Companhia Brasileira de Securitização	-	-	7,298
Estruturadora Brasileira de Projetos S.A. - EBP	1,273	3,889	3,690
Gestora de Inteligência de Crédito	28,680	47,744	59,098
Campo Grande Empreendimentos	255	255	255
Banco Hyundai Capital Brasil S.A. (anteriormente denomina da BHJV Assessoria e Consultoria Empresarial Ltda,)	-	-	51,073
Santander Auto S.A.	15,775	12,374	7,555

*values expressed in thousands, except when indicated.

Jointly Controlled by Santander Corretora de Seguros (current corporate name of Santander Participações SA)	504,766	454,280	419,016
Webmotors S.A.	316,597	296,216	273,721
Tecnologia Bancária S.A. - TECBAN	186,357	156,589	144,090
Hyundai Corretora de Seguros	1,044	934	-
PSA Corretora de Seguros e Serviços Ltda,	768	541	1,205
Significant Influence of Banco Santander	-	21,252	20,933
Norchem Holding e Negócios S.A.	-	21,252	20,933
Total	1,094,985	1,070,762	1,053,315

	Results of Investments		
	2020	2019	2018
Jointly Controlled by Banco Santander	50,915	92,976	41,212
Banco RCI Brasil S.A.	72,057	105,250	46,244
Norchem Participações e Consultoria S.A.	333	975	1,120
Cibrasec - Companhia Brasileira de Securitização	-	75	193
Estruturadora Brasileira de Projetos S.A. - EBP	9	199	(1,017)
Gestora de Inteligência de Crédito	(19,064)	(11,354)	(6,466)
Banco Hyundai Capital Brasil S.A. (anteriormente denomina da BHJV Assessoria e Consultoria Empresarial Ltda,)	-	-	1,083
Santander Auto S.A.	(2,421)	(2,169)	55

Jointly Controlled by Santander Corretora de Seguros (current corporate name of Santander Participações SA)	61,380	55,936	24,161
Webmotors S.A.	38,823	42,848	30,626
Tecnologia Bancária S.A. - TECBAN	22,219	12,498	(6,929)
Hyundai Corretora de Seguros	110	(66)	-
PSA Corretora de Seguros e Serviços Ltda,	226	656	464
Significant Influence of Banco Santander	(33)	576	585
Norchem Holding e Negócios S.A.	(33)	576	585
Total	112,261	149,488	65,958

	2020 Total		
	Total assets	Total liabilities	Income ⁽¹¹⁾
Jointly Controlled by Banco Santander	12,900,571	11,255,396	51,847
Banco RCI Brasil S.A.	11,620,304	10,255,995	99,951
Norchem Participações e Consultoria S.A.	70,475	27,781	534
Estruturadora Brasileira de Projetos S.A. - EBP	11,562	39	148
Gestora de Inteligência de Crédito	1,126,424	933,115	(45,410)
Santander Auto S.A.	71,807	38,466	(3,376)

Jointly Controlled by Santander Corretora de Seguros (current corporate name of Santander Participações SA)	2,952,308	1,692,770	68,469
Webmotors S.A.	512,687	78,856	21,529
Tecnologia Bancária S.A. - TECBAN	2,435,377	1,612,822	46,735
Hyundai Corretora de Seguros Ltda,	2,076	251	(43)
PSA Corretora de Seguros e Serviços Ltda,	2,168	841	247
Significant Influence of Banco Santander	126,877	29,391	(225)
Norchem Holding e Negócios S.A.	126,877	29,391	(225)
Total	15,979,756	12,977,558	120,091

*values expressed in thousands, except when indicated.

	2019		Total Income (11)
	Total assets	Total liabilities	
Jointly Controlled by Banco Santander	14,121,618	12,502,780	206,482
Banco RCI Brasil S.A.	13,452,716	12,174,504	263,851
Norchem Participações e Consultoria S.A.	69,865	27,709	1,949
Estruturadora Brasileira de Projetos S.A. - EBP	35,314	311	1,790
Gestora de Inteligência de Crédito	527,362	288,643	(56,769)
Santander Auto S.A.	36,361	11,613	(4,339)
Jointly Controlled by Santander Corretora de Seguros (current corporate name of Santander Participações SA)	2,873,140	1,628,364	125,439
Webmotors S.A.	484,454	60,734	61,212
Tecnologia Bancária S.A. - TECBAN	2,382,907	1,564,801	63,046
Hyundai Corretora de Seguros Ltda,	1,909	41	(132)
PSA Corretora de Seguros e Serviços Ltda,	3,870	2,788	1,313
Significant Influence of Banco Santander	126,937	29,226	2,650
Norchem Holding e Negócios S.A.	126,937	29,226	2,650
Total	17,121,695	14,160,370	334,571

	2018		Total Income (11)
	Total assets	Total liabilities	
Jointly Controlled by Banco Santander	10,500,055	8,755,688	80,954
Banco RCI Brasil S.A.	9,849,508	8,679,715	115,928
Norchem Participações e Consultoria S.A.	79,633	27,423	2,240
Cibrasec - Companhia Brasileira de Securitização	80,300	3,893	1,989
Estruturadora Brasileira de Projetos S.A. - EBP	33,389	176	(9,151)
Gestora de Inteligência de Crédito	338,382	42,894	(32,328)
Banco Hyundai Capital Brasil S.A.	103,703	1,557	2,166
Santander Auto S.A.	15,140	30	110
Jointly Controlled by Santander Corretora de Seguros (current corporate name of Santander Participações SA)	2,463,262	1,573,082	9,703
Webmotors S.A.	221,313	60,905	43,751
Tecnologia Bancária S.A. - TECBAN	2,238,156	1,510,794	(34,976)
PSA Corretora de Seguros e Serviços Ltda,	3,793	1,383	928
Significant Influence of Banco Santander	123,959	27,714	2,690
Norchem Holding e Negócios S.A.	123,959	27,714	2,690
Total	13,087,276	10,356,484	93,347

(1) Companies with a one-month delay for the equity accounting. For accounting of equity in earnings, used on 12/31/2020 the position of 11/30/2020.

(2) Although the participation is less than 20%, the Bank exercises joint control over the entity with the other majority shareholders, through a shareholders agreement where no business decision can be taken by a single shareholder.

(3) Although the participation is greater than 50%, in accordance with the shareholders agreement, control is shared by Santander Corretora de Seguros and Carsales.com Investments PTY LTD. (Carsales).

(4) In accordance with the shareholders agreement, control is shared by Santander Corretora de Seguros and PSA Services LTD.

(5) Participation arising from credit recovery of Banco Comercial e de Investimentos Sudameris S.A., merged in 2009 by Banco ABN AMRO Real S.A., which in the same year was merged by Banco Santander (Brasil) S.A., one of the Company's partners. The partners are conducting procedures for the extinction of the company, which depends on the sale of a property. Once sold, the company will be liquidated and each partner will receive their share of the equity.

(6) On July 24, 2019, Banco Santander sold its entire stake in CIBRASEC - Companhia Brasileira de Securitização ("CIBRASEC"), corresponding to 4,000 common shares and 50 preferred shares, to ISEC Securitizadora SA for the amount of R\$9,845,611,54. Due to the closing of the transaction, Banco Santander is no longer a shareholder of CIBRASEC.

(*) The Bank has no guarantees granted to companies with joint control and significant influence.

*values expressed in thousands, except when indicated.

(**) The Bank does not have contingent liabilities with significant possible risk of loss related to investments for companies with joint control and significant influence.

b) Changes

The changes in the balance of this item in the years ended December 31, 2020, 2019 and 2018 were:

	2020	2019	2018
Jointly Controlled by Banco Santander			
Balance at beginning of year	1,049,510	1,032,382	845,704
Additions / disposals (net) due to change in the scope of consolidation	(41,851)	(51,073)	-
Additions /disposals	13,571	746	119,557
Capital reduction	-	-	36,051
Share of results of entities accounted for using the equity method	112,294	148,912	65,373
Dividends proposed/received	(59,784)	(69,904)	(35,351)
Others	21,246	(11,553)	1,048
Balance at end of year	1,094,985	1,049,510	1,032,382
Significant Influence of Banco Santander			
Balance at beginning of year	21,252	20,933	20,860
Share of results of entities accounted for using the equity method	(33)	576	585
Dividends proposed/received	(239)	(257)	(512)
Disposals	(20,980)	-	-
Balance at end of year	-	21,252	20,933

c) Impairment losses

No impairment losses were recognized on investments in associates and joint ventures in 2020, 2019 and 2018.

d) Other information

Details of the principal jointly controlled entities:

Banco RCI Brasil S.A.: A company incorporated in the form of a joint stock company with headquarters in Paraná, aims to the main practice of investment, leasing, credit, financing and investment operations, with a view to sustain the growth of the automotive brands Renault and Nissan in the Brazilian market, with operations focused on, mainly to financing and leasing to the final consumer. It is a financial institution that is part of the RCI Group Banque and Santander Conglomerate, their operations being conducted in the context of a set of institutions that operate in the financial market. According to the Shareholders Agreement, the main decisions that impact this company is taken jointly between Banco Santander and other controlling shareholders.

Webmotors S.A.: A company incorporated in the form of a privately held company with headquarters in São Paulo and has as its object development, implementation and / or availability of electronic catalogs, space, product, services or means for the sale of products and / or services related to the automobile industry, on the Internet through the "website" (owned by Webmotors) or other means related to electronic commerce activities and other uses or applications of the Internet, as well as participation in the capital of other companies and the management of related businesses and ventures. It is a member of the Santander Economic-Financial Conglomerate (Conglomerado Santander) and Carsales.com Investments PTY LTD (Carsales), with its operations conducted in the context of a set of institutions that act in an integrated manner. According to the Shareholders Agreement, the main decisions that impact this company are taken jointly between Banco Santander and other controllers.

	2020		2019		2018	
	Banco RCI Brasil	Webmotors	Banco RCI Brasil	Webmotors	Banco RCI Brasil	Webmotors
Current assets	11,270,565	276,168	12,052,008	241,919	9,849,508	221,313
Current liabilities	9,825,654	220,707	10,781,921	61,290	8,679,715	60,905
Cash and cash equivalents	201,142	1,411	489,400	1,667	37,115	1,034
Depreciation and amortization	(1,577)	(14,949)	(1,666)	(9,234)	(977)	(7,423)
Revenue	732,253	277,270	661,215	165,049	1,316,687	167,881
Interest income	1,354,283	2,283	1,401,154	5,079	1,290,703	4,134
Interest expense	(483,506)	-	(547,546)	-	(575,944)	-
Tax Income / (expense)	(169,957)	(26,314)	(83,455)	(26,863)	(147,266)	(16,013)
Current financial liabilities (excluding trade and other payables and provisions)	-	-	4,178,761	53,807	3,130,908	49,709

*values expressed in thousands, except when indicated.

Non-current financial liabilities (excluding trade and other payables and provisions)	470,081	-	470,081	1,006	4,813,909	5,458
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12. Tangible assets

Tangible assets of the Bank relate to property, plant and equipment for the its own use.

a) Breakdown

The detail, by class of asset, of the tangible assets in the consolidated balance sheets is as follows:

Thousand of reais

Cost	Land and buildings	IT equipment and fixtures	Furniture and vehicles	Leased Fixed Assets	Others	Total
Balance at December 31, 2017	2,649,312	4,288,216	7,830,143	-	3,759	14,771,430
Additions	2,534	449,489	941,895	-	381	1,394,299
Additions resulting mergers	-	1,368	463	-	-	1,831
Write-off	(18,230)	(162,497)	(199,877)	-	-	(380,604)
Change in scope of consolidation	99,759	19,517	17,749	-	1,302	138,327
Transfers	45,663	32,232	640,758	-	(3,759)	714,894
Balance at December 31, 2018	2,779,038	4,628,325	9,231,131	-	1,683	16,640,177
Initial adoption IFRS 16	-	-	-	2,465,750	-	2,465,750
Additions	85,333	826,685	1,012,395	-	370	1,924,783
Additions resulting mergers	-	-	-	689,982	-	689,982
Cancellation of lease agreements	-	-	-	(72,951)	-	(72,951)
Write-off	(17,041)	(122,926)	(122,279)	-	-	(262,246)
Change in scope of consolidation	-	-	-	-	-	-
Transfers	(7,160)	13,236	51,445	-	-	57,521
Balance at December 31, 2019	2,840,170	5,345,320	10,172,692	3,082,781	2,053	21,443,016
Initial adoption IFRS 16	-	-	-	-	-	-
Additions	8,831	559,388	667,704	-	-	1,235,923
Additions by Company Acquisition	-	-	-	738,603	-	738,603
Cancellation of lease agreements	-	-	-	(246,308)	-	(246,308)
Write-off	(23,771)	(2,241,220)	(416,600)	-	-	(2,681,591)
Change in scope of consolidation	-	-	-	-	-	-
Transfers	(8,485)	120,158	39,861	-	(806)	150,728
Balance at December 31, 2020	2,816,745	3,783,646	10,463,657	3,575,076	1,247	20,640,371
Accumulated depreciation						
Balance at December 31, 2017	(629,250)	(3,291,697)	(4,332,047)	-	-	(8,252,994)
Additions	(82,714)	(484,629)	(649,361)	-	-	(1,216,704)
Additions resulting mergers	-	(978)	(196)	-	-	(1,174)
Write-off	8,816	140,332	109,447	-	-	258,595
Transfers	(52,094)	(76,292)	(631,965)	-	-	(760,351)
Balance at December 31, 2018	(760,844)	(3,714,712)	(5,511,258)	-	-	(9,986,814)
Additions	(93,455)	(482,256)	(730,993)	(564,132)	-	(1,870,836)
Additions by Company Acquisition	10,517	148,486	65,016	8,316	-	232,335
Write-off	15,091	10,272	(9,183)	-	-	16,180
Change in scope of consolidation	-	-	-	-	-	-
Transfers	-	-	-	-	-	-
Balance at December 31, 2019	(828,691)	(4,038,210)	(6,186,418)	(555,816)	-	(11,609,135)
Additions	(86,954)	(537,908)	(846,881)	(568,062)	-	(2,039,805)
Write-off	11,020	2,263,857	359,618	-	-	2,634,495

Independent Auditor's Report	Financial Statements	Explanatory Notes	Management Report	Composition of Management bodies		
<i>*values expressed in thousands, except when indicated.</i>						
Transfers	1,765	66,717	(88,612)	-	-	(20,130)
Additions by Company Acquisition	-	-	-	-	-	-
Change in scope of consolidation	-	-	-	-	-	-
Balance at December 31, 2020	(902,860)	(2,245,544)	(6,762,293)	(1,123,878)	-	(11,034,575)
Losses from non-recovery (impairment)						
Balance at December 31, 2017	(3,247)	-	(5,306)	-	-	(8,553)
Impacts on results	(10,607)	-	(49,556)	-	-	(60,163)
Transfers	(5)	-	4,333	-	-	4,328
Balance at December 31, 2018	(13,859)	-	(50,529)	-	-	(64,388)
Impacts on results	(587)	-	13,050	-	-	12,463
Transfers	-	-	-	-	-	-
Balance at December 31, 2019	(14,446)	-	(37,479)	-	-	(51,925)
Impacts on results	(11,162)	-	7,789	-	(13,387)	(16,760)
Transfers	-	-	-	-	-	-
Balance at December 31, 2020	(25,608)	-	(29,690)	-	(13,387)	(68,685)
Carrying amount						
Balance at December 31, 2018	2,004,335	913,613	3,669,344	-	1,683	6,588,975
Balance at December 31, 2019	1,997,033	1,307,110	3,948,795	2,526,965	2,053	9,781,956
Balance at December 31, 2020	1,888,277	1,538,102	3,671,674	2,451,198	(12,140)	9,537,111

The depreciation expenses has been included in the heading "Depreciation and amortization" in the income statement.

b) Tangible asset purchase commitments

On December 31, 2020 the Bank has no contractual commitments for the acquisition of tangible assets (2019 - R\$0 and 2018 R\$3,2 million).

13. Intangible assets - Goodwill

Goodwill is the difference between the acquisition cost and the Bank's participation in the net fair value of assets, liabilities and contingent liabilities of the acquired company. When the difference is negative (negative goodwill), it is recognized immediately through income statement. In accordance with IAS 36 the goodwill is tested annually for impairment or whenever there is an evidence of reduction on the recoverable value of the cash generating unit to which the goodwill was allocated. Goodwill is recognized at cost considering the accumulated impairment losses. Impairment losses related to goodwill are not reversible. Gains and losses related to the sale of an entity include the carrying amount of goodwill relating to the entity sold.

The goodwill recorded is subject to impairment test (note 2.o.i) and has been allocated according to the operating segments (note 44).

Based on the assumptions described bellow, no impairment loss was recognized for goodwill at December 31, 2020, 2019 and 2018.

Thousand of reais	2020	2019	2018
Breakdown			
Banco ABN Amro Real S.A. (Banco Real)	27,215,749	27,217,565	27,217,565
Olé Consignado (Current Company name of Banco Bonsucesso Consignado)	62,800	62,800	62,800
Super Pagamentos e Administração de Meios Eletrônicos Ltda, (Super)	-	13,050	13,050
Banco PSA Finance Brasil S.A.	1,557	1,557	1,557
Getnet Adquirência e Serviços para Meios de Pagamento S.A. (Santander Getnet)	1,039,304	1,039,304	1,039,304
Return Capital Serviços de Recuperação de Créditos S.A. (Current Company name of Ipanema Empreendimentos e Participações S.A.)	24,346	24,346	27,630
Santander Brasil Tecnologia S.A.	16,381	16,382	16,382
Total	28,360,137	28,375,004	28,378,288

*values expressed in thousands, except when indicated.

Commercial Banking

	2020	2019	2018
Main assumptions:			
Basis of determining recoverable amounts		Value in use: cash flows	
Period of the projections of cash flows ⁽¹⁾	5 years	5 years	5 years
Growth rate perpetual (1)	4.3%	4.8%	5.1%
Discount rate ⁽²⁾	12.4%	12.5%	13.6%

(1) The projections of cash flow are prepared using management's growth plans and internal budget, based on historical data, market expectations and conditions such as industry growth, interest rate and inflation.

(2) The discount rate is calculated based on the capital asset pricing model (CAPM), The discount rate before tax is 19.56% (2019 – 17.88% and 2018 – 19.33%).

Thousand of reais	2020	2019	2018
Balance at beginning of the year	28,375,004	28,378,288	28,364,256
Additions (loss):			
Super (Note 3)	(13,050)	-	-
Banco ABN Amro Real S.A. (Banco Real)	(1,817)	-	-
Return Capital Serviços de Recuperação de Créditos S.A. (current name of Ipanema Empreendimentos e Participações S.A.)	-	(3,284)	(490)
Produban Serviços de Informática S.A.	-	-	16,382
Others	-	-	(1,860)
Balance at end of the year	28,360,137	28,375,004	28,378,288

A quantitative impairment test of goodwill is carried out on an annual basis at the second half of the year. At the end of each year, a qualitative assessment is carried out in order to check the existence of signs of impairment. For the years 2020, 2019 and 2018, no indication of impairment was identified. During the year ended December 31, 2020, and the prior years there was no evidence of impairment.

In the goodwill impairment test, discount rates and perpetuity growth are the most sensitive assumptions for calculating the present value (value in use) of discounted future cash flows. With a variation of + 0.25% or -0.25% in these rates, the value of future cash flows discounted to present value continues to indicate the absence of impairment.

14. Intangible assets - Other intangible assets

The details, by asset category, of the other intangible assets in the consolidated balance sheets are as follows:

Cost	IT developments	Other assets	Total
Balance at December 31, 2017	6,570,681	410,974	6,981,655
Additions	804,782	137	804,919
Write-off	11,567	-	11,567
Transfers	87	-	87
Balance at December 31, 2018	6,910,273	411,071	7,321,344
Additions	1,290,686	15,757	1,306,443
Write-off	(2,544,403)	(130,622)	(2,675,025)
Transfers	(26,758)	(2,481)	(29,239)
Balance at December 31, 2019	5,629,798	293,725	5,923,523
Additions	990,184	6,969	997,153
Write-off	(240,626)	(7,803)	(248,429)
Transfers	(25,515)	3,036	(22,479)
Balance at December 31, 2020	6,353,841	295,927	6,649,768

*values expressed in thousands, except when indicated.

Accumulated amortization

Balance at December 31, 2017	(3,552,435)	(292,762)	(3,845,197)
Additions	(504,009)	(19,246)	(523,255)
Write-off	(1,000,893)	58	(1,000,835)
Transfers	(15)	-	(15)
Balance at December 31, 2018	(5,032,693)	(311,950)	(5,344,643)
Additions	(501,682)	(19,339)	(521,021)
Write-off	2,326,982	79,945	2,406,927
Transfers	(241,395)	(288)	(241,683)
Balance at December 31, 2019	(3,448,788)	(251,632)	(3,700,420)
Additions	(534,000)	(5,322)	(539,322)
Balance at December 31, 2020	(3,982,788)	(256,954)	(4,239,742)

Losses from non-recovery (Impairment) - IT

	IT developments	Other assets	Total
Balance at December 31, 2017	(1,283,380)	(15,291)	(1,298,671)
Impact on net profit (1)	(300,865)	-	(300,865)
Write-off	1,263,535	-	1,263,535
Balance at December 31, 2018	(320,710)	(15,291)	(336,001)
Impact on net profit (1)	110,466	-	110,466
Transfers	207,925	15,291	223,216
Balance at December 31, 2019	(2,319)	-	(2,319)
Impact on net profit (1)	(66,269)	-	(66,269)
Write-off	(1,346)	-	(1,346)
Balance at December 31, 2020	(69,934)	-	(69,934)

Carrying amount

Balance at December 31, 2018	1,556,870	83,830	1,640,700
Balance at December 31, 2019	2,178,691	42,093	2,220,784
Balance at December 31, 2020	2,301,119	105,242	2,406,361

(1) Refers to the impairment of assets in the acquisition and development of software. The loss in the acquisition and development of software was recorded due to the obsolescence and discontinuity of the referred systems.

The amortization expenses has been included in the heading "Depreciation and amortization" in the income statement.

15. Other assets

The breakdown of the balance of "Other assets" is as follows:

Thousand of reais	2020	2019	2018
Customer relationships	1,873,048	1,926,536	1,674,187
Prepayments and accrued income	1,007,792	1,059,223	685,755
Contractual guarantees of former controlling stockholders (Note 22.a)	496	103,272	605,638
Actuarial asset (Note 22)	361,149	346,422	273,281
Other receivable (1)	3,979,926	1,625,884	1,561,606
Total	7,222,411	5,061,337	4,800,467

(1) Corresponds mainly to amounts receivable from third parties and contractual pre payments related to payroll services.

*values expressed in thousands, except when indicated.

16. Deposits from the Brazilian Central Bank and Deposits from credit institutions

The breakdown, by classification, type and currency, of the balances of these items is as follows:

Thousand of reais	2020	2019	2018
Classification:			
Financial liabilities at amortized cost	131,656,962	99,271,415	99,022,806
Total	131,656,962	99,271,415	99,022,806
Type:			
Deposits on demand ⁽¹⁾	296,340	685,026	709,605
Time deposits ⁽²⁾	76,489,490	56,602,470	47,227,456
Repurchase agreements	54,871,132	41,983,919	51,085,745
Of which:			
Backed operations with Private Securities ⁽³⁾	13,843,463	9,506,255	6,977,766
Backed operations with Government Securities	41,027,669	32,477,663	44,107,979
Total	131,656,962	99,271,415	99,022,806

(1) Non-interest bearing accounts.

(2) Includes operations with credit institutions resulting from export and import financing lines, transfers from the country (BNDES and Finaem) and abroad, and other credit lines abroad.

(3) Refers primarily to repurchase agreements backed by own-issued debentures.

Thousand of reais	2020	2019	2018
Currency:			
Reais	77,743,482	58,282,793	74,159,613
Euro	13,156	39,522	105,119
US dollar	53,900,324	40,949,100	24,758,074
Total	131,656,962	99,271,415	99,022,806

17. Client deposits

The breakdown, by classification and type, of the balance of "Customer deposits" is as follows:

Thousand of reais	2020	2019	2018
Classification:			
Financial liabilities at amortized cost	445,813,972	336,514,597	304,197,800
Total	445,813,972	336,514,597	304,197,800
Type:			
Demand deposits			
Current accounts ⁽¹⁾	35,550,105	28,231,479	18,853,519
Savings accounts	62,210,443	49,039,857	46,068,346
Time deposits	269,929,085	200,739,544	190,982,541
Repurchase agreements	78,124,340	58,503,717	48,293,394
Of which:			
Backed operations with Private Securities ⁽²⁾	14,944,250	9,506,255	6,977,766
Backed operations with Government Securities	63,180,090	48,997,462	41,315,628
Total	445,813,972	336,514,597	304,197,800

(1) Non-interest bearing accounts.

(2) Refers primarily to repurchase agreements backed by own-issued debentures.

Note 43-d contains a detail of the residual maturity periods of financial liabilities at amortized cost.

*values expressed in thousands, except when indicated.

18. Marketable debt securities

The breakdown, by classification and type, of the balance of "Marketable debt securities" is as follows:

Thousand of reais	2020	2019	2018
Classification:			
Financial liabilities at amortized cost	56,875,514	73,702,474	74,626,232
Total	56,875,514	73,702,474	74,626,232
Type:			
Real estate credit notes - LCI (1)	18,846,138	21,266,079	27,159,982
Eurobonds	9,399,277	8,715,382	4,516,647
Treasury Bills (2)	12,749,911	27,587,340	30,721,206
Agribusiness credit notes - LCA	14,746,831	14,776,877	11,925,018
Guaranteed Real Estate Credit Notes (3)	1,133,356	1,356,796	303,379
Total	56,875,514	73,702,474	74,626,232

(1) Real Estate Credit Notes are fixed income securities pegged by mortgages and mortgage-backed securities or liens on property. On December 31, 2020, have maturities between 2021 and 2027 (2019 – maturities between 2020 and 2026 and 2018 – maturities between 2019 and 2026).

(2) The main features of the Treasury Bills are the minimum period of two years, minimum notional of R\$50 and permission for early redemption of only 5% of the issued amount, On December 31, 2020, have a maturity between 2021 to 2025 (2019 – maturities between 2020 and 2025 and 2018 – maturities between 2019 and 2025).

(3) Guaranteed Real Estate Letters are real estate investment securities guaranteed by the issuer and by a pool of real estate credits separated from the other assets of the issuer, As of December 31, 2020, maturity until 2021 and 2023 (12/31/2019 - have a maturity between 2021 e 2022).

Indexers:	Domestic	Abroad
Treasury Bills	100% to 112% of CDI	-
	100% of IGPM	-
	100% of IPCA	-
	Pre fixed: 3.41% to 16.97%	-
	104.75% of SELIC	-
Real estate credit notes - LCI	80% to 102.5% of CDI	-
	Pre fixed: 2.4% of 10.33%	-
	1.5 to 1.7% of IPCA	-
	1.65% of TR	-
Agribusiness credit notes - LCA	85% to 102,5% of CDI	-
Guaranteed Real Estate Credit Notes - LIG	94% to 98% of CDI	-
Eurobonds	-	0.0% to 10%
	-	CDI+6.4%

The breakdown, by currency, of the balance of this account is as follows:

Thousand of reais	2020	2019	2018
Currency:			
Real	47,490,706	64,987,092	70,109,585
US dollar	9,384,808	8,715,382	4,516,647
Total	56,875,514	73,702,474	74,626,232

	Average interest (%)		
Currency:	2020	2019	2018
Real	2.5%	5.0%	5.5%
US dollar	5.2%	4.1%	5.9%
Total	3.9%	4.5%	5.6%

*values expressed in thousands, except when indicated.

The variations in the balance "Obligations for bonds and securities" were as follows:

Thousand of reais	2020	2019	2018
Balance at beginning of year	73,702,474	74,626,232	70,247,012
Issuances	60,047,656	53,017,039	73,765,081
Payments	(82,900,914)	(61,914,716)	(78,903,009)
Taxes (note 32)	2,785,942	5,138,306	4,606,949
Exchange variation and others (1)	3,240,356	2,835,613	4,910,199
Balance at the end of the year	56,875,514	73,702,474	74,626,232

(1) In 2020, the Foreign Exchange Variation linked to "Bonds and Securities" is related to Eurobonds.

On December 31, 2020, 2019 and 2018, none of these instruments was convertible into Bank shares or granted privileges or rights which, in certain circumstances, make them convertible into shares. The note 43-d contains a detail of the residual maturity periods of financial liabilities at amortized cost in each year.

The breakdown of "Bonds and other securities" is as follows:

	Issuance	Maturity	Currency	Interest rate (p.y)	2020	2019	2018
Eurobonds	2017	2019	USD	LIBOR 3M + 1.00%	-	-	194,243
Eurobonds	2017	2021	BRL	4.4%	14,469	63,181	855,035
Eurobonds	2017	2024	USD	2.4% to 10.0%	853,929	664,996	19,386
Eurobonds	2018	2019	USD	Zero Coupon to 9%	-	-	197,055
Eurobonds	2018	2019	USD	LIBOR 3M + 0.95%	-	-	34,776
Eurobonds	2018	2020	USD	Up to 3.5%	-	37,476	1,211,361
Eurobonds	2018	2019	USD	LIBOR 1M + 1.5%	-	-	1,287,821
Eurobonds	2017	2020	BRL	4.4%	-	929,042	639,275
Eurobonds	2018	2020	USD	Above 3.5%	-	35,438	-
Eurobonds	2018	2024	USD	6.6% to 6.7%	1,625,192	1,260,099	-
Eurobonds	2018	2025	USD	Up to 9%	1,720,187	1,427,601	-
Eurobonds	2019	2020	USD	0% to 4.4%	-	3,556,724	-
Eurobonds	2019	2027	USD	CDI + 6.4%	1,279,506	727,118	-
Eurobonds	2020	2021	USD	CDI + 1.9%	170,257	-	-
Eurobonds	2020	2021	USD	0% to 4%	3,252,482	-	-
Eurobonds	2020	2022	USD	0% to 4%	16,923	-	-
Eurobonds	2020	2022	USD	CDI + 1.9%	121,926	-	-
Eurobonds	2020	2023	USD	0% to 8%	22,888	-	-
Eurobonds	2020	2023	USD	CDI + 1.9%	223,435	-	-
Eurobonds	2020	2024	USD	CDI + 1.9%	98,082	-	-
Other						13,707	77,695
Total					9,399,277	8,715,382	4,516,647

19. Debt Instruments Eligible to Compose Capital

Details of the balance of "Debt Instruments Eligible to Compose Capital" for the issuance of such instruments to compose the Tier I and Tier II of regulatory capital due to the Regulatory Capital Optimization Plan are as follows:

					2020	2019	2018
	Issuance	Maturity	Issuance Value	Interest Rate (a.a.) (1)			
Tier I (2)	nov-18	no maturity (perpetual)	US\$1,250	7.250%	6,554,451	5,092,153	4,893,668
Tier II (2)	nov-18	nov/18	US\$1,250	6.125%	6,565,209	5,083,808	4,886,276
Total					13,119,660	10,175,961	9,779,944

(1) The debt instruments issued in November 2018 were released through the Cayman Agency and, consequently, there is no incidence of withholding tax.

(2) Interest paid semiannually, as of May 8, 2019.

*values expressed in thousands, except when indicated.

	2020	2019	2018
Balance at beginning of the year	10,175,961	9,779,944	8,436,901
Issuance - Tier I	-	-	4,673,875
Issuance - Tier II	-	-	4,673,875
Interest payment Tier I (1)	506,771	272,947	331,677
Interest payment Tier II (1)	402,622	230,594	272,539
Exchange differences / Others	2,948,951	221,368	1,960,467
Payments of interest - Tier I	(495,789)	(178,278)	(381,008)
Payments of interest - Tier II	(418,856)	(150,614)	(302,775)
Repurchase	-	-	(9,885,607)
Balance at end of the year	13,119,660	10,175,961	9,779,944

(1) The remuneration of interest relating to the Debt Instruments Eligible to Compose Capital Tier I and II was recorded against income for the period as "Interest expense and similar charges" (Note 32).

On November 5, 2018, the Board of Directors approved the issuance of the equity instruments, which was held on November 8, 2018. Such issuance was in the form of Notes issued in US dollars, US\$2.5 billion, for payment in Tier I and Tier II of Reference Equity. The offer of these notes was made outside Brazil and the United States of America, for non-US Persons, based on Regulation S under the Securities Act, and was fully paid in by Santander España, controlling shareholder of Banco Santander Brasil. On the same date, the Board of Directors approved the redemption of the Tier I and Tier II notes issued on January 29, 2014, in the total amount of US\$2.5 billion (Note 26,e).

The specific characteristics of Notes issued to make up Tier I are: (a) Principal: US\$1.250 billion (b) Interest Rate: 7.25% p.a.; (c) no maturity (perpetual); (d) Periodicity of payment of interest: semiannually from May 8, 2019.

The specific characteristics of Notes issued to make up Tier II are: (a) Principal: US\$1.250 billion; (b) Interest Rate: 6.125% p.a.; (c) Maturity Term: on November 8, 2028; and (d) Periodicity of payment of interest: semiannually, as of May 8, 2019.

Notes have the following common characteristics:

(a) Unit value of at least US\$150 thousand and in integral multiples of US\$1 thousand in excess of such minimum value;

(b) The Notes may be repurchased or redeemed by Banco Santander after the fifth anniversary as of the date of issue of the Notes, at the sole discretion of the Bank or as a result of changes in the tax legislation applicable to the Notes; or at any time, due to the occurrence of certain regulatory events.

20. Other financial liabilities

The breakdown of the balances of these items is as follows:

Thousand of reais	2020	2019	2018
Credit card obligations	48,912,963	38,531,519	39,761,739
Unsettled financial transactions (2)	7,210,396	7,239,785	3,356,871
Dividends and Interest on Capital payable	1,223,310	7,826,247	4,508,569
Tax collection accounts - Tax payables	864,292	883,768	1,205,746
Liability associated with the transfer of assets (Note 9.g)	55,105	75,500	126,906
Other financial liabilities (1)	8,595,084	6,328,551	2,769,005
Total	66,861,150	60,885,370	51,728,836

(1) On December 31, 2020, it includes the financial liability in the total amount of R\$0 million (2019 - R\$1,600 million and 2018 - R\$519 million), related to the commitment of the put option of the shares held by Banco Bonsucesso (Note 3,a) and R\$0 (2019 - R\$0 million and 2018 - R\$1,427 million), related to the put option for the shares issued by Getnet SA, which was authorized by BACEN on February 18, 2019 and settled on February 25, 2019.

(2) Includes operations to settle with B3 S.A. (Current Company Name of BM&FBovespa) and payment orders in foreign currency.

21. Provisions for pensions and similar obligations

On December 31, 2020 the balance of provisions for pension funds and similar obligations totaled R\$3,929,265 (2019 - R\$4,960,620 and 2018 - R\$3,357,654).

I. Supplemental Pension Plan

Banco Santander and its subsidiaries sponsor the closed pension entities for the purpose of granting pensions and supplementary

*values expressed in thousands, except when indicated.

pensions over those granted by the Social Security, as defined in the basic regulations of each plan.

- **Banesprev - Fundo Banespa de Seguridade Social (Banesprev)**

- **Plan I:** defined benefit plan fully sponsored by Banco Santander, it covers employees hired after May 22, 1975 called Participants Recipients, and those hired until May 22, 1975 called Participants Aggregates, who are also entitled to death benefits. This plan is closed to new entrants since March 28, 2005.

- **Plan II:** defined benefit plan, constituted from July 27, 1994, effective of the new text of the Statute and Regulations of the Basic Plan II, Plan I participants who chose the new plan began to contribute to the rate of 44.9% stipulated by the actuary for funding each year, introduced in April 2012 extraordinary cost to the sponsor and participants, as agreed with the PREVIC - Superintendence of Pension Funds, due to deficit in the plan. This plan is closed to new entrants since June 3, 2005.

- **Plan III:** defined benefit plan fully sponsored by Banco Santander, it covers employees hired until May 22, 1975, closed and paid off.

- **Supplemental Pension Plan Pré 75:** defined benefit plan was created in view of the privatization of Banespa and is managed by Banesprev and offered only to employees hired before May 22, 1975, which its effective date is January 1, 2000. This plan is closed to new entrants since April 28, 2000.

- **Plan I:** variable contribution plan, for employees hired after May 22, 1975, previously served by the Plans I and II. This plan receives contributions from the sponsor and the participants. The benefits are in the form of defined contribution during the period of contribution and defined benefit during the receipt of benefit, if paid as monthly income for life. Plan is closed to new entrants since September 1, 2005.

- **Plan II:** variable contribution plan, designed for employees hired as of November 27, 2000, in which the sponsor only contributes to the risk benefits and administrative expenses. In this plan the benefit is set in the form of defined contribution during the period of contribution and defined benefit during the receipt of benefits in the form of monthly income for life, in whole or in part of the benefit. The risk benefits of the plan are in defined benefit. This plan is closed to new entrants since July 23, 2010.

- **Three plans (DCA, DAB and CACIBAN):** additional retirement and former employees associated pension, arising from the process of acquisition of the former Banco Meridional, established under the defined benefit plan. The plans were closed to new participants prior to the acquisition of Grupo Bozano Simonsen by Banco Santander in November 1999.

- **Plan Sanprev I:** defined benefit plan, established on September 27, 1979, covering employees enrolled in the plan sponsor and it is in process of extinction since June 30, 1996.

- **Plan Sanprev II:** plan that provides insurance risk, pension supplement temporary, disability retirement annuity and the supplemental death and sickness allowance and birth, including employees enrolled in the plan sponsor and is funded solely by sponsors through monthly contributions, as indicated by the actuary. This plan is closed to new entrants since March 10, 2010.

- **Plan Sanprev III:** variable contribution plan covering employees of the sponsors who made the choice to contribute, by contribution freely chosen by participants from 2% of their salary. That the benefit plan is a defined contribution during the contribution and defined benefit during the receipt of the benefit, being in the form of monthly income for life, in whole or in part of the benefit. This plan is closed to new entrants since March 10, 2010.

- **Sanprev – Santander Associação de Previdência (Sanprev)**

Closed-End Private Pension Entity (EFPC) that used to manage three benefit plans, 2 in the Defined Benefit modality and 1 in the modality of Variable Contribution, whose process of management transfer of these plans to Banesprev occurred in January 2017. According to Portaria 389 of PREVIC, of May 8, 2018, it was approved the closure of the authorization of operation of Sanprev.

- **Bandeprev - Bandepe Previdência Social (Bandeprev)**

Defined benefit plan, sponsored by Banco Bandepe and Banco Santander, managed by Bandeprev. The plans are divided into basic plan and special retirement supplement plan, with different eligibility requirements, contributions and benefits by subgroups of participants. The plans are closed to new entrants since 1999 for Banco Bandepe's employees and for others since 2011.

- **Other Plans**

SantanderPrevi - Sociedade de Previdência Privada (SantanderPrevi): it's a closed-end private pension entity with the purpose of

*values expressed in thousands, except when indicated.

constitution and implementation of social security pension plans, complementary to the social security contribution, in the form of actual legislation.

The Retirement Plan of SantanderPrevi is structured as Defined Contribution and closed to new members since July 2018 as approved by PREVIC, with contributions shared between sponsors and plan participants. The appropriate values by the sponsors in the year of 2020 was R\$69,142 (2019 – R\$110,325 e 2018 – R\$89,959).

It has 10 cases of lifetime income with benefits arising from the previous plan.

SBPREV - Santander Brasil Open Pension Plan: As from January 2, 2018, Santander started to offer this new optional supplementary pension plan for new employees hired and for employees who are not enrolled in any other pension plan managed by the Closed Entities Complementary Pension Plan of the Group. This new program includes the PGBL- Free Benefit Generation Plan and VGBL- Free Benefit Generator Life managed by Icatu Seguros, the Open Entity of Complementary Pension Plan, which are open for new accessions, with similar characteristics to SantanderPrevi's plan, the instituting / stipulating companies and the participants in the plans. The appropriated values by the sponsors in the year of 2020 were R\$14,054 (2019 – R\$8,917).

II. Health and Dental Care Plan

• Cabesp - Caixa Beneficente dos Funcionários do Banco do Estado de São Paulo S.A.:

Entity that covers health and dental care expenses of employees hired until Banespa privatization in 2000, as defined in the entity's bylaws.

• HolandaPrevi's Retirees (current corporate name of SantanderPrevi):

For the health care plan Retirement has lifetime nature and is a closed group. In his termination the employee should have completed 10 years of employment with Banco Real and 55 years of age. In this case it was offered the continuity of health care plan where the employee pays 70% and the Bank pays 30% of the monthly payment. This rule lasted until December, 2002 and after this period that the employee got terminated with the status Retired Holandaprevi, he pays 100% of the health plan monthly payment.

• Former employees of Banco Real S.A. (Retiree by Circulars):

It grants entitlement to healthcare to former employees of Banco Real, with lifetime benefit it was granted in the same condition as the active employee, in this case, with the same coverage and plan design.

Eligible only for basic plans and premium apartment, if the beneficiary chooses for the apartment plan he pays the difference between the plans plus the co-participation in the basic plan. Not allowed new additions of dependents. It is subsidized in 90% of the plan.

• Bandeprev's retirees:

Health care plan granted to Bandeprev's retirees as a lifetime benefit, for which Banco Santander is responsible for subsidizing 50% of the benefits of employees retired until November 27, 1998. For whom retired after this date, the subsidy is 30%.

• Directors with Lifetime Benefits (Lifetime Directors):

Lifetime health care benefit granted to a small closed group of former directors coming from Banco Sudameris, being 100% subsidized by the Bank.

• Health Directors:

Directors, Executive Directors, Vice-President Directors and Chief Executive Officer, may, by choice, choose to remain medical assistance, in case of termination of the link with Banco Santander or companies in its conglomerate without cause; as long as they comply the following requirements: have contributed for at least 3 (three) years to the health plan; having served as a director at Banco Santander or companies its conglomerate for at least 3 (three) years; be 55 years of age. The plan will be maintained in the same way as the DIRECTOR enjoyed at the time of his dismissal, including the payment of his share, which must be paid by bank slip. The dependents active at the time of termination will be kept on the same plan as the director, and the inclusion of new dependents in no chance.

• Free Clinic:

Health care plan (free clinic) is offered for a lifetime to retirees who have contributed to the Foundation Sudameris for at least 25 years and has difference in default if the user chooses apartment. The plan is only offered in standard infirmary where the cost is 100% of

*values expressed in thousands, except when indicated.

the Foundation Sudameris.

• **Life insurance for Banco Real's retirees (Life Insurance):**

For Retirees from Circulars: indemnity in case of Natural Death, Disease Disability, Accidental Death. The subsidy is 45% of the value. It is a closed group.

• **Life Insurance Assistance Boxes (Life Insurance):**

Included in the bulk of the life insurance in December 2018 the insurance of the retirees of the DCA, DAB and CACIBAN plans. This insurance was granted to retirees of the former Southern Bank, coverage was according to the choice of retiree at the time of joining the benefit. The Bank's allowance is 50% of the premium amount for the holder and some retirees have the spouse clause bearing 100% of the cost. The plan is closed for new participants.

Additionally, it is assured to retired employees, since they meet to certain legal requirements and fully pay their respective contributions, the right to be maintaining as a beneficiary of the Banco Santander health plan, in the same conditions for healthcare coverage, taken place during their employment contract. Banco Santander provisions related to this retired employees are calculated using actuarial based in the present value of the current cost.

III. Actuarial Techniques

The amount of the defined benefit obligations was determined by independent actuaries using the following actuarial techniques:

• **Valuation method:**

Projected unit credit method, which uses each year of service as giving rise to an additional unit of benefit entitlement and measures each unit separately.

• **Nominal discount rate for actuarial obligation and calculation of interest on assets:**

- Banesprev, Sanprev, SantanderPrevi, Bandeprev and Other Plans – 6.8% (2019 – 7.1% and 2018 – 9.1%).
- Cabesp, Law 9,656 and others obligations – 7.1% (2019 – 7.2% e 2018 – 9.3%).

• **Estimated long-term inflation rate:**

- Banesprev, Sanprev, SantanderPrevi, Bandeprev and Other Plans – 3.3% (2019 – 3.5% e 2018 – 4.0%).

• **Estimate salary increase rate:**

- Banesprev, Sanprev, SantanderPrevi, Bandeprev Básico and Other Plans – 3.8% (2019 – 4.0% e 2018 – 5.0%).

The funding status of the defined benefit obligations in 2020 and in the last 2 years are as follows:

	2020	2019	2018
Present value of the obligations - Post-employment plans:			
To current employees	478,837	687,786	716,492
Vested obligations to retired employees	28,202,580	27,369,696	23,296,715
	28,681,417	28,057,482	24,013,207
Less:			
Fair value of plan assets	28,634,891	25,822,890	22,708,990
Unrecognized assets ⁽¹⁾	(2,762,220)	(1,346,547)	(1,079,808)
Provisions – Post-employment plans, net	2,808,746	3,581,139	2,384,025

*values expressed in thousands, except when indicated.

Present value of the obligations - Other similar obligations:

To current employees	135,902	204,439	184,606
Vested obligations to retired employees	5,782,124	6,047,368	4,604,466
	5,918,026	6,251,807	4,789,072

Less:

Fair value of plan assets	5,398,667	5,222,517	4,157,251
Unrecognized assets ⁽¹⁾	(240,010)	-	(68,527)

Provisions - Other similar obligations, net **759,370** **1,029,290** **700,347**

Total provisions for pension plans, net **3,568,115** **4,610,429** **3,084,373**

Of which:

Actuarial provisions	3,929,265	4,960,620	3,357,654
Actuarial assets (note 15)	361,149	350,191	273,281

(1) Refers to fully funded surplus plans Banesprev I and III, Sanprev I,II and III and Bandeprev.

On the fourth quarter of 2018, the management settled the actuarial deficit of Banesprev V and DAB in 2017 in the amount of R\$295,529 and R\$1,246, respectively, and the contribution in the estimated amount of R\$152,329 to cover the actuarial deficit from 2018 to Banesprev Pré 75.

In the first half of 2018, there was an increase in the cost contribution established for a post-employment benefit plan, which is calculated as a percentage of the total monthly compensation of members. The increase in the contribution resulted in a decrease in the past service cost due to changes in the plan. The envisaged changes implied a reduction in the present value of the obligations of the defined benefit plan, which is supported by actuarial valuations.

The amounts recognized in the consolidated income statement in relation to the aforementioned defined benefit obligations are as follows:

	Post-Employment Plans		
	2020	2019	2018
Staff costs - Current service costs (note 39)	4,186	2,774	3,142
Interest and similar income and expenses - Interest cost (net) (notes 31 and 32)	108,268	149,232	124,754
Interest and similar income and expenses - Interest on unrecognized assets (notes 31 and 32)	97,291	100,346	104,160
Other movements	-	-	-
Extraordinary charges	16,786	(1,101)	12,432
Total	226,532	251,251	244,488

	Other Similar Obligations		
	2020	2019	2018
Staff costs - Current service costs (note 40)	5,860	8,142	5,797
Interest and similar income and expenses - Interest cost (net) (notes 32 and 33)	71,374	61,845	76,124
Interest and similar income and expenses - Interest on unrecognized assets (notes 32 and 33)	-	3,173	15,521
Other movements - Extraordinary charges (2)	(142)	22,624	(816,230)
Total	77,092	95,784	(718,788)

*values expressed in thousands, except when indicated.

The changes in the present value of the accrued defined benefit obligations were as follows:

	2020	2019	2018
Present value of the obligations at beginning of year	28,057,482	24,013,207	22,001,609
Current service cost (Note 40)	4,186	2,774	3,142
Interest cost	1,940,515	2,087,484	2,029,099
Benefits paid	(2,060,960)	(1,960,103)	(1,876,014)
Actuarial (gains)/losses	722,261	3,908,350	1,674,908
Others	17,933	5,770	180,463
Present value of the obligations at end of year	28,681,417	28,057,482	24,013,207

	2020	2019	2018
Present value of the obligations at beginning of year	6,251,807	4,789,072	5,043,761
Current service cost (Note 40)	5,860	8,142	5,797
Interest cost	448,836	443,837	438,567
Benefits paid	(337,742)	(378,782)	(346,185)
Actuarial (gains)/losses	(450,735)	1,366,837	455,193
Other (1)	-	22,701	(808,061)
Present value of the obligations at end of year	5,918,026	6,251,807	4,789,072

(1) In the year ended December 31, 2018 there was an increase in the cost contribution established for a postemployment benefit plan, which is calculated as a percentage of the total monthly compensation of associates. The increase in the contribution resulted in a decrease in the past service cost, due to changes in the plan. The envisaged changes implied a reduction in the present value of the obligations of the defined benefit plan, which is supported by actuarial valuations. In the Consolidated Statements of Income, this amount was recorded under Provision (Net).

The changes in the fair value of the plan assets were as follows:

	2020	2019	2018
Fair value of plan assets at beginning of year	25,822,890	22,708,990	20,689,637
Interest (Expense) Income	1,832,247	1,938,252	1,904,345
Remeasurement - Actual return (loss) on plan assets excluding the amounts included in net interest expense	2,994,598	3,087,544	1,347,689
Contributions/(surrenders)	49,716	51,807	481,959
Of which:			
By the Bank	44,970	44,752	472,723
By plan participants	4,746	7,055	9,236
Benefits paid	(2,060,960)	(1,960,103)	(1,876,014)
Exchange differences and other items	(3,600)	(3,600)	161,374
Fair value of plan assets at end of year	28,634,891	25,822,890	22,708,990

	2020	2019	2018
Fair value of plan assets at beginning of year	5,222,517	4,157,251	3,721,147
Interest (Expense) Income	377,462	381,992	362,444
Remeasurement - Actual return (loss) on plan assets excluding the amounts included in net interest expense	(34,409)	915,626	304,632
Contributions/(surrenders)	132,416	107,037	72,548
Of which:			
By the Bank	132,416	107,037	72,548
Benefits paid	(299,319)	(339,389)	(310,458)
Exchange differences and other items	-	-	6,938
Fair value of plan assets at end of year	5,398,667	5,222,517	4,157,251

*values expressed in thousands, except when indicated.

Breakdown of gains (losses) actuarial by experience, financial assumptions and demographic hypotheses:

	2020	Post-Employment Plans 2019	2018
Experience Plan	(807,895)	(446,444)	(803,717)
Changes in Financial Assumptions	85,634	(2,615,119)	(871,176)
Changes in Financial Demographic	-	1,228	-
Gain (Loss) Actuarial - Obligation	(722,261)	(3,060,335)	(1,674,893)
Return on Investment, Return Unlike Implied Discount Rate	2,994,598	2,624,960	1,344,089
Gain (Loss) Actuarial - Asset	2,994,598	2,624,960	1,344,089
Changes in Surplus / Deficit Uncollectible	(1,318,382)	(164,428)	117,320

	2020	Other Similar Obligations 2019	2018
Experience Plan	289,237	(209,175)	(79,810)
Changes in Financial Assumptions	182,120	(1,157,662)	(376,949)
Changes in Financial Demographic	(20,621)	-	-
Gain (Loss) Actuarial - Obligation	450,735	(1,366,837)	(456,759)
Return on Investment, Return Unlike Implied Discount Rate	(34,409)	915,626	307,048
Gain (Loss) Actuarial - Asset	(34,409)	915,626	307,048
Changes in Surplus Uncollectible	(240,010)	71,698	(52,604)

The experience adjustments arising from plan assets and liabilities are shown below:

	2020	Post - Employment Plans 2019	2018
Experience in Net Assets Adjustments	2,994,598	2,624,960	1,344,089

	2020	Other Similar Obligations 2019	2018
Experience in Net Assets Adjustments	(34,409)	915,626	307,048

The amounts of actuarial obligation of defined benefit plans not covered and defined benefit plans partially or totally covered are shown below:

	2020	2019	2018
	759,370	815,929	700,347
	33,840,073	33,493,360	28,101,932

The main categories of plan assets as a percentage of total plan assets are as follows:

	2020	2019	2018
Equity instruments	0.00%	0.00%	4.81%
Debt instruments	97.41%	92.92%	94.59%
Properties	0.17%	0.26%	0.28%
Other	2.45%	6.82%	0.32%

*values expressed in thousands, except when indicated.

The expected return on plan assets was determined based on the market expectations for returns over the duration of the related obligations.

The actual return on plan assets was R\$4,826,845 (2019 - R\$6,301,111 e 2018 - R\$3,823,004).

The following table shows the estimated benefits payable for the next ten years from December 31, 2020:

2021	2,281,173
2022	2,334,653
2023	2,385,827
2024	2,435,557
2024	2,482,183
2026 to 2030	12,981,893
Total	24,901,286

Assumptions about the rates related to medical care costs have a significant impact on the amounts recognized in income. The change of one percentage point in the medical care cost rates would have the effects as follows:

	2020		2019		Sensitivity 2018	
	Current Service Cost and Interest	Present Value of Obligations	Current Service Cost and Interest	Present Value of Obligations	Current Service Cost and Interest	Present Value of Obligations
Discount Rate						
(+)0.5%	(28,711)	(402,547)	(31,672)	(440,072)	(29,066)	(307,980)
(-)0.5%	32,099	450,049	35,572	494,257	32,403	343,340
Boards of Mortality						
Applied (+) 2 years	(47,637)	(667,904)	(51,720)	(718,632)	(45,937)	(486,742)
Applied (-) 2 years	54,226	760,289	56,687	787,636	49,355	522,958
Cost of Medical Care						
(+)0.5%	34,718	486,769	38,388	533,380	35,949	380,906
(-)0.5%	(31,637)	(443,569)	(35,060)	(487,146)	(32,100)	(340,122)

The following table shows the duration of the actuarial liabilities of the plans sponsored by Banco Santander:

Plans	Post - Employment Plans Duration (in years)
Banesprev Plans I	11,92
Banesprev Plans II	12,38
Banesprev Plans III	10,79
Banesprev Plans IV	14,80
Banesprev Plans V	9,24
Banesprev Pre-75	10,10
Sanprev I	6,93
Sanprev II	11,57
Sanprev III	10,46
Bandeprev Basic	10,08
Bandeprev Special I	6,80
Bandeprev Special II	6,53
SantanderPrevi	7,69

*values expressed in thousands, except when indicated.

CACIBAN / DAB / DCA 6,46/5,88/7,06

Plans **Other Similar Obligations**

Cabesp	15,03
Bandepe	14,98
Free Clinic	11,47
Lifetime officers	9,27
Health officers	25,65
Circulars ⁽¹⁾	13,47 E 11,92
Life Insurance	7,99

(1) The duration 12,15 refers to the plan of Former Employees of Banco ABN Amro and 11,93 to the plan of Former Employees of Banco Real.

Actuarial Assumptions Adopted in Calculations

	2020		2019		2018	
	Pension	Health	Pension	Health	Pension	Health
Nominal Discount Rate for Actuarial Obligation	6.8%	7.1%	7.1%	7.2%	9.1%	9.3%
Rate Calculation of Interest Under Assets to the Next Year	6.8%	7.1%	7.1%	7.2%	9.1%	9.3%
Estimated Long-term Inflation Rate	3.3%	3.3%	3.5%	3.5%	4.0%	4.0%
Estimated Salary Increase Rate	3.8%	N/A	4.0%	4.0%	5.0%	5.0%
Mortality tables	AT2000	AT2000	AT2000	AT2000	AT2000	AT2000

(1) Net cost of interest on the defined benefit obligation, interest / (income) on the fair value of the plan's assets and interest on the maximum asset recognition limit

*values expressed in thousands, except when indicated.

22. Provisions for judicial and administrative proceedings, commitments and other provisions

a) Breakdown

The breakdown of the balance of "Provisions" is as follows:

Thousand of reais	2020	2019	2018
Pension fund provisions and similar requirements	3,929,265	4,960,620	3,357,654
Provisions for lawsuits and administrative proceedings, commitments and other provisions	9,885,713	11,371,205	11,338,244
Judicial and administrative proceedings under the responsibility of former controlling stockholders (Note 15)	496	103,272	605,638
Judicial and administrative proceedings	8,648,892	9,226,735	9,507,240
Of which:			
Civil	3,429,155	3,201,061	3,377,338
Labor	2,886,990	3,504,296	3,819,107
Tax and Social Security	2,332,747	2,521,378	2,310,795
Provisions for contingent commitments (Note 22.b)	724,779	683,918	626,267
Others provisions	511,546	1,357,280	599,099
Total	13,814,978	16,331,825	14,695,898

b) Changes

The changes in "Provisions" were as follows:

Thousand of reais	2020		
	Pensions (1)	Other Provisions	Total
Balance at beginning of year	4,960,620	11,365,589	16,331,825
Additions charged to income:			
Interest expense and similar charges	276,933	-	276,933
Personnel Expenses (Note 40)	10,046	-	10,046
Constitutions / Reversals and Adjustment of provisions	13,044	1,565,402	1,578,446
Other Comprehensive Income	(1,133,245)	-	(1,133,245)
Additions to provisions for contingent commitments	-	40,861	40,861
Payments to external funds	(215,829)	-	(215,829)
Amount paid	-	(3,136,423)	(3,136,423)
Transfer to other assets - actuarial assets (Note 15)	17,695	-	17,695
Transfers, exchange differences and other changes	-	50,284	50,284
Balance at end of year	3,929,265	9,885,713	13,814,978

*values expressed in thousands, except when indicated.

Thousand of reais	2019		
	Pensions (1)	Other Provisions	Total
Balance at beginning of year	3,357,654	11,338,244	14,695,898
Additions charged to income:			
Interest expense and similar charges	314,596	-	314,596
Personnel Expenses (Note 40)	10,917	-	10,917
Constitutions / Reversals and Adjustment of provisions	21,523	2,936,187	2,957,710
Other Comprehensive Income	1,416,815	-	1,416,815
Additions to provisions for contingent commitments	-	(57,651)	(57,651)
Payments to external funds	(183,899)	-	(183,899)
Amount paid	-	(2,870,703)	(2,870,703)
Transfer to other assets - actuarial assets (Note 15)	23,014	-	23,014
Transfers, exchange differences and other changes	-	19,512	19,512
Balance at end of year	4,960,620	11,365,589	16,331,825

Thousand of reais	2018		
	Pensions (1)	Other Provisions	Total
Balance at beginning of year	3,923,456	10,063,459	13,986,915
Additions charged to income:			
Interest expense and similar charges	320,559	-	320,559
Personnel Expenses (Note 40)	8,939	-	8,939
Constitutions / Reversals and Adjustment of provisions	(801,332)	3,556,512	2,755,180
Other Comprehensive Income	483,058	-	483,058
Additions to provisions for contingent commitments	-	(48,246)	(48,246)
Payments to external funds	(594,024)	-	(594,024)
Amount paid	-	(2,247,172)	(2,247,172)
Transfer to other assets - actuarial assets (Note 15)	16,998	-	16,998
Transfers, exchange differences and other changes	-	13,691	13,691
Balance at end of year	3,357,654	11,338,244	14,695,898

(1) For further information, see note 22. Provisions for pension funds and similar obligations.

b.1) Provisions for contingent payments

According to note 2.iii.ix, IFRS 9 requires that the provision for expected credit losses be recorded for contracts of financial guarantees rendered, which have not yet been honored. Provision expense reflecting credit risk should be measured and accounted for when the honor of these guarantees occurs and the client accused does not comply with its contractual obligations. The movement of these provisions in 2020 and 2019 is as follows:

Thousand of reais	2020	2019	2018
Balance at beginning of year (in 1/01/2018 after the initial adoption of the IFRS 9)	683,918	626,267	674,513
Creation of provision for contingent commitments	40,861	57,651	(48,246)
Balance at end of year	724,779	683,918	626,267

*values expressed in thousands, except when indicated.

Banco Santander and its subsidiaries are involved in lawsuits and administrative proceedings related to tax, labor, social security and civil arising in the normal course of its activities.

The provisions were constituted based on the nature, complexity, lawsuits historic and company's assessment of lawsuit losses based on the opinions of internal and external legal advisors. The Santander has the policy to constitute provision of full amount of lawsuits who's the result of loss assessment is probable. The legal obligation of tax and social security were fully recognized in the financial statements.

b.2) Lawsuits and Administrative Proceedings – related to Tax and Social Security

The main legal obligations and administrative proceedings, recorded at the line of "Tax Liabilities – Current", recorded integrality as an obligation are described as follows:

Main lawsuits and administrative proceedings related to legal obligations, tax and social security

• **PIS and COFINS** - R\$3,993,873 (2019 - R\$3,755,556 and 2018 – 3,632,467): Banco Santander and its subsidiaries filed lawsuits seeking to eliminate the application of Law 9,718/1998, which modified the calculation basis for PIS and COFINS to cover all revenues of legal entities and not only those arising from the provision of services and sale of goods. Regarding the Banco Santander Process, on April 23, 2015, a STF decision was issued admitting the Extraordinary Appeal filed by the Federal Government regarding PIS and denying the follow-up to the Extraordinary Appeal of the Federal Public Prosecutor regarding COFINS. Both appealed this decision, without any success, so that the suit relating to COFINS is defined, ruling the judgment of the Federal Regional Court of the 4th Region of August 2007, favorable to Banco Santander. Pursuant to the STF, Banco Santander's PIS and the PIS and COFINS of other subsidiaries are pending final judgment.

Main lawsuits and administrative proceedings with probable loss risk

Banco Santander and its subsidiaries are parties in lawsuits and administrative proceedings related to tax and social security matters, which their risk of loss are classified as probable, based on the opinion of legal counsel. Those are the main themes at the proceedings:

• **Provisional Contribution on Financial Transactions (CPMF) on Customer Operations** - R\$924,457 (2019 - R\$906,355 and 2018 – R\$729,919): in May 2003, the Federal Revenue Service issued a tax assessment against Santander Distribuidora de Títulos e Valores Mobiliários Ltda. (Santander DTVM) and another tax assessment against Banco Santander Brasil S.A. The tax assessments refer to the collection of CPMF tax on transactions conducted by Santander DTVM in the cash management of its customers' funds and clearing services provided by Banco to Santander DTVM in 2000, 2001 and 2002. Based on the risk assessment of legal counsel, the tax treatment was accurate. Santander DTVM had a favorable decision at the Board of Tax Appeals (CARF). Banco Santander had an unfavorable decision and was considered responsible for the collection of the CPMF tax. Both decisions were appealed by the respective losing party to the highest jurisdiction of CARF. In June 2015, Bank and DTVM had obtained a non favorable decision at CARF. On July 3, 2015, Banco and Santander Brasil Tecnologia S.A. (current name of Produban Serviços de Informática S.A. and Santander DTVM) filed a lawsuit seeking to cancel both tax debts. This lawsuit was ruled groundless and is currently awaiting judgment by the Regional Federal Court (TRF 3). Based on the legal advisors' assessment, a provision was set up to cover the loss considered probable in the lawsuit.

• **Social Security Contribution (INSS)** - R\$51,409 (2019 - R\$282,053 and 2018 - R\$273,233): Banco Santander and its subsidiaries are involved in administrative and judicial proceedings regarding the collection of income tax on social security and education allowance contributions over several funds that, according to the evaluation of legal advisors, do not have nature of salary.

• **Tax on Services (ISS) - Financial Institutions** - R\$263,183 (2019 - R\$224,631 and 2018 - R\$228,403): Banco Santander and its subsidiaries discuss administrative and legal requirements, by several municipalities, of the payment of ISS on various revenues arising from operations that are usually not classified as services (Note 23.c.4 – Possible Risk Loss).

b.3) Civil, Labor, Tax, and Security Social Liabilities Contingent Classified with Loss Risk as Possible:

Refer to lawsuits and administrative proceedings involving tax, labor and civil matters classified by legal counsels with loss risk as possible, which they were not recorded.

The tax lawsuits classification with loss risk as possible totaled R\$27,447 million, being the main lawsuits as follow:

• **INSS on Profits or Results (PLR)** - Bank and the subsidiaries have several lawsuits and administrative proceedings arising from questioning tax authorities in connection with the taxation for social security purposes of certain items which are not considered to be employee remuneration. As of December 31, 2020, the amounts related to these proceedings totaled approximately R\$4,931

*values expressed in thousands, except when indicated.

million.

- **Tax on Services (ISS)** - Financial Institutions - Banco Santander and its subsidiaries discuss administrative and legal requirements, by several municipalities, of the payment of ISS on various revenues arising from operations that are usually not classified as services. On December 31, 2020, the amounts related to these proceedings totaled approximately R\$3,582 million.
- **Unapproved Compensation** - The Bank and its affiliates discuss administrative and legal proceedings with the Federal Revenue, Office to grant tax relief with credits arising from overpayments. On December 31, 2020, the amounts related to these proceedings totaled approximately R\$4,641 million.
- **Goodwill Amortization of Banco Real** - the Federal Tax Office of Brazil issued infraction notices against the Bank to require the income tax and social payments, including late charges, for the period of 2009. The Tax Authorities considered that the goodwill related to acquisition of Banco Real, amortized for accounting purposes prior to the merger, could not be deducted by Banco Santander for tax purposes. The infraction notice was contested. On July 14, 2015, the Police Judging RFB decided favorably to Banco Santander, fully canceling the tax debt. On November 10, 2016, the appeal was filed, prompting the Bank to lodge an appeal with CARF, which is awaiting judgment. On December 31, 2019, the balance was approximately R\$1,440 million.
- **Credit Losses** - Bank and its subsidiaries challenged the tax assessments issued by the Federal Revenue Services claiming the deduction for credit losses because they fail to meet the relevant requirements under applicable law. As of December 31, 2020, the amount related to this claim is approximately R\$581 million.
- **Use of CSLL Tax and Negative Tax Loss** - Tax assessments issued by the Federal Revenue Service in 2009 for alleged undue compensation of tax loss carryforwards and negative basis of CSLL, as a consequence of tax assessments drawn up in previous periods. Judgment is pending at the administrative level. As of December 31, 2020, the amount was R\$1,072 million.
- **Goodwill Amortization of Banco Sudameris** - the Tax Authorities have issued infraction notices to require the income tax and social contribution payments, including late charges, relating to tax deduction of amortization of goodwill from the acquisition of Banco Sudameris, related to the period of 2007 to 2012. Banco Santander timely presented its appeals, which are pending. On December 31, 2020, the amounts related to these proceedings totaled approximately R\$646 million.
- **IRPJ and CSLL - Capital Gain** - the Federal Tax Office of Brazil issued infraction notices against Santander Seguros, successor company of ABN AMRO Brasil Dois Participações S.A. (AAB Dois Par), charging income Tax and Social Contribution to related base year 2005. The Federal Tax Office of Brazil claims that capital gain in sales of shares from Real Seguros S.A and Real Vida Previdência S.A. by AAB Dois Par should be taxed by the rate of 34% instead 15%. The assessment was contested administratively based on understanding that tax treatment adopted at the transaction was in compliance with tax laws and capital gain was taxed properly. The administrative lawsuit is awaiting trial. The Banco Santander is responsible for any adverse outcome in this lawsuit as former Zurich Santander Brasil Seguros e Previdência S.A. stockholder. As of December 31, 2019, the amount related to this lawsuit is approximately R\$488 million.

The labor claims with classification of loss risk as possible totaled R\$227 million, excluding the lawsuits below:

Readjustment of Banesprev retirement complements by the IGPD - lawsuit filed in 2002 in Federal Court by the Association of Retired Employees of the Banco do Estado de São Paulo S.A. - Banespa, requesting the readjustment of the retirement supplementation by the IGPD for Banespa retirees who have been admitted until May 22, 1975. The judgment granted the correction but only in the periods in which no other form of adjustment could be applied. The Bank and Banesprev have appealed this decision and although the appeals have not yet been judged, the Bank's success rate in this matter in the High Courts is around 90%. In Provisional Execution, calculations were presented by the Bank and Banesprev with "zero" result due to the exclusion of participants who, among other reasons, are listed as authors in other lawsuits or have already had some type of adjustment. The amount related to this claim is not disclosed due to the current stage of the lawsuit and such disclosure may impact the progress of the claim.

The liabilities related to civil lawsuits with classification of loss risk as possible totaled R\$1,753 million, being the main lawsuits as follow:

Indemnity Lawsuit Arising of the Banco Bandepe - related to mutual agreement on appeal to the Justice Superior Court (STJ - Superior Tribunal de Justiça).

Indemnity Lawsuit Related to Custody Services - provided by Banco Santander at an early stage which was not handed down yet.

Lawsuit Arising from a Contractual Dispute - the acquisition of Banco Geral do Comércio S.A. on appeal to the Court of the State

*values expressed in thousands, except when indicated.

of São Paulo (TJSP - Tribunal de Justiça do Estado de São Paulo).

b.4) Other Lawsuits Under the Responsibility of Former Controlling Stockholders

Refer to tax, labor and civil lawsuits in the amounts of R\$0, R\$0 and R\$496 (2019 - R\$102,482, R\$213 and R\$578), respectively, which the responsible people were the former controlling stockholders of the Bank and acquired companies. Based on the agreement signed, these lawsuits have guaranteed reimbursement from part of the former controllers, whose respective duties were recorded in other receivables – others.

23. Tax assets and liabilities

a) Income and Social Contribution Taxes

The total charge for the year can be reconciled to accounting profit as follows:

Thousand of reais	2020	2019	2018
Operating Profit Before Tax	9,663,975	22,273,149	15,909,771
Interest on capital ⁽¹⁾	-	-	(4,080,000)
Operating Profit Before Tax	9,663,975	22,273,149	11,829,771
Rates (25% income tax and 20% social contribution tax)	(4,348,789)	(8,909,260)	(5,323,397)
PIS and COFINS (net of income and social contribution taxes) (2) (6)	(1,589,260)	(1,983,839)	(1,490,190)
Non-taxable/Non-deductible:			
Equity in affiliates	85,723	59,795	29,681
Goodwill(3)	(183,854)	(137,175)	(101,305)
Exchange variation - foreign branches (4)	6,831,484	715,424	2,792,995
Net Indeductible Expenses of Non-Taxable Income (6)	(57,663)	214,242	384,554
Adjustments:			
Constitution of income and social contribution taxes on temporary differences	551,983	70,223	136,353
Effects of change in rate of social contribution taxes (5)		1,604,000	
CSLL Aliquot Differential Effect (5)	353,777	2,796,493	(90,013)
Other adjustments	665,239	(71,602)	551,469
Income taxes	3,786,778	(5,641,699)	(3,109,853)
Of which:			
Current tax (6)	(5,111,380)	(6,692,328)	(4,704,293)
Deferred taxes	8,898,158	1,050,629	1,594,440
Taxes paid in the year	(1,269,150)	(5,301,184)	(3,668,571)

(1) Amount distributed to shareholders as interest attributable to shareholders' equity. For accounting purposes, although the interest should be reflected in the income statement for tax deduction, the charge is reversed before the calculation of the net income in the financial statements and deducted from the shareholders' equity since it is considered as dividend.

(2) PIS and COFINS are considered a profit-base component (net basis of certain revenues and expenses), therefore and accordingly to IAS 12 they are recorded as income taxes.

(3) The difference between the tax basis and accounting basis of goodwill on acquisition of Banco ABN Amro Real S.A. is a permanent and definitive difference. Administration in this case the possibility of loss on impairment or disposal is remote and only applies to the entity as a whole and according to the characteristics of the business combination performed, it is not possible to segregate and identify the business originally acquired. Therefore deferred tax liability is not record.

(4) Permanent difference related of foreign currency exchange variation on investments abroad nontaxable/ deductible (see details below).

(5) Effect of the rate differential for other non-financial corporations, with a social contribution rate of 9%, as well as the effect of the additional 5% applicable to financial institutions, valid until the end of 2018.

(6) Includes mainly the tax effect on expenses with donations, revenues from judicial deposit updates and other income and expenses that do not qualify as temporary differences.

Exchange Hedge of Grand Cayman, branch in Luxembourg and of Santander Brasil EFC

Banco Santander operates an agency in the Cayman Islands, a branch in Luxembourg, and a subsidiary called Santander Brasil Establecimiento Financiero de Credito, EFC, or "Santander Brasil EFC" (an independent subsidiary in Spain), which are used primarily to raise funds in the capital and financial markets to provide the Bank with credit lines that are extended to its clients for foreign trade and working capital financing.

To hedge the exposure to exchange rate variations, the Bank uses derivatives and funding (economic hedge). In accordance with Brazilian tax rules, gains or losses arising from the impact of the appreciation or depreciation of the Real on foreign investments are

*values expressed in thousands, except when indicated.

not taxable or deductible for PIS / COFINS / IR / CSLL purposes, while the gains or losses of the derivatives used as hedges are taxable or deductible. The purpose of these derivatives is to protect net income after taxes.

Tax distinct treatment from such exchange rate differences results in volatility in "Operating Income Before Tax" and "Income taxes". The foreign exchange variations recorded as a result of foreign investments in the year ended on December 31, 2020, 2019 and 2018.

	2020	2019	2018
Exchange differences (net)			
Result generated by the exchange rate variations on the Bank's investment in the Cayman, Luxembourg and EFC Branch	16,791,857	1,512,322	6,673,535
Gains (losses) on financial assets and liabilities (net)			
Result generated by derivative contracts used as hedge	(30,374,869)	(2,776,601)	(12,540,855)
Income Taxes			
Tax effect of derivative contracts used as hedge - PIS / COFINS	311,819	(106,497)	255,481
Tax effect of derivative contracts used as hedge - IR / CS	13,271,193	1,370,776	5,611,839

b) Effective tax rate calculation

The effective tax rate is as follows:

Thousand of reais	2020	2019	2018
Operating Profit Before Tax	9,663,975	22,273,149	15,909,771
Income tax	(3,786,778)	5,641,699	3,109,853
Effective tax rate	(39.18)%	25.33%	19.55%

c) Tax recognized in equity

In addition to the income tax recognized in the consolidated income statement, the Bank recognized the following amounts in consolidated equity:

Thousand of reais	2020	2019	2018
Tax credited to equity	3,008,035	3,517,590	2,785,330
Measurement at fair value through other comprehensive income	472,472	416,748	369,805
Measurement of cash flow hedges	1,533	186	2,081
Measurement of investment hedges	562,353	562,353	562,353
Defined benefit plan	1,971,677	2,538,303	1,851,091
Tax charged to equity	(3,087,311)	(3,952,457)	(2,168,758)
Measurement at fair value through other comprehensive income	(2,700,991)	(3,618,126)	(1,997,600)
Measurement of cash flow hedges	(386,284)	(322,080)	(163,038)
Defined benefit plan	(36)	(12,251)	(8,120)
Total	(79,276)	(434,867)	616,572

Relates to deferred taxes recognized in equity due to temporary differences accounted for in equity.

d) Deferred taxes

The detail of the balances of "Tax assets – Deferred" and "Tax liabilities – Deferred" is as follows:

Thousand of reais	2020	2019	2018
Tax assets:	37,981,698	30,295,062	27,680,578
Of which:			
Temporary differences (1)	32,113,436	29,565,702	26,416,527
Tax loss carry forwards	5,693,104	367,120	846,587
Social contribution taxes 18%	175,158	362,240	417,464
Total deferred tax assets	37,981,698	30,295,062	27,680,578

*values expressed in thousands, except when indicated.

Tax liabilities:	4,546,595	5,540,873	3,031,389
Of which:			
Excess depreciation of leased assets	166,903	148,839	123,257
Adjustment to fair value of trading securities and derivatives	4,379,692	5,392,034	2,908,132
Total deferred tax liabilities	4,546,595	5,540,873	3,031,389

(1) Temporary differences relate mainly to impairment losses on loans and receivables and provisions for lawsuits and administrative proceedings, and the effect of the fair value of financial instruments.

The changes in the balances of "Tax Assets – Deferred" and "Tax Liabilities – Deferred" in the last three years were as follows:

Thousand of reais	Balances at December 31, 2019	Adjustment to Income	Valuation adjustments ⁽¹⁾	Other ⁽²⁾	Acquisition / Merger	Balance at December 31, 2020
Tax assets:	30,295,060	8,362,100	(400,583)	(418,784)	161,603	37,999,396
Temporary differences	29,565,700	3,223,197	(400,583)	(418,784)	161,603	32,131,133
Tax loss carry forwards	367,120	5,325,984	-	-	-	5,693,104
Social contribution taxes 18%	362,240	(187,081)	-	-	-	175,159
Tax liabilities:	5,540,873	129,231	(1,063,160)	(60,349)	-	4,546,595
Temporary differences	5,540,873	129,231	(1,063,160)	(60,349)	-	4,546,595
Total	24,754,187	8,232,869	662,577	(358,435)	161,603	33,452,801

Thousand of reais	Balances at December 31, 2018	Adjustment to Income	Valuation adjustments ⁽¹⁾	Other ⁽²⁾	Acquisition / Merger	Balance at December 31, 2019
Tax assets:	27,680,578	3,693,727	471,499	(1,550,744)	-	30,295,060
Temporary differences	26,416,527	4,240,405	471,499	(1,562,731)	-	29,565,700
Tax loss carry forwards	846,587	(491,454)	-	11,987	-	367,120
Social contribution taxes 18%	417,464	(55,224)	-	-	-	362,240
Tax liabilities:	3,031,389	781,448	1,773,065	(45,029)	-	5,540,873
Temporary differences	3,031,389	781,448	1,773,065	(45,029)	-	5,540,873
Total	24,649,189	2,912,279	(1,301,566)	(1,505,715)	-	24,754,187

Thousand of reais	Balances at December 31, 2017	Adjustment to Income	Valuation adjustments ⁽¹⁾	Other ⁽²⁾	Acquisition / Merger	Balance at December 31, 2018
Tax assets:	24,778,078	1,674,317	(186,260)	1,369,934	44,509	27,680,578
Temporary differences	23,375,600	1,812,744	(186,260)	1,369,934	44,509	26,416,527
Tax loss carry forwards	866,579	(19,992)	-	-	-	846,587
Social contribution taxes 18%	535,899	(118,435)	-	-	-	417,464
	2,496,531	79,877	607,773	(153,623)	831	3,031,389
Temporary differences	2,496,531	79,877	607,773	(153,623)	831	3,031,389
Total	22,281,547	1,594,440	(794,033)	1,523,557	43,678	24,649,189

(1) It relates to deferred taxes recognized in equity due to temporary differences accounted in equity.

(2) In 2020, it mainly refers to net of deferred taxes amounted to R\$1,595,773 (2019 - R\$1,216,311 and 2018 - R\$241,708), which have the same counterparty and realization period.

e) Expected realization of deferred tax assets

Year	Tax assets				Tax liabilities	
	Temporary differences	Tax loss carry forwards	Social contribution taxes 18%	Total	Temporary differences	Total
2021	4,334,901	3,214,512	175,158	7,724,571	2,282,399	2,282,399
2022	12,412,237	60,066	-	12,472,303	2,123,509	2,123,509
2023	10,671,466	266,517	-	10,937,983	31,007	31,007
2024	819,052	2,034,568	-	2,853,620	16,662	16,662
2025	2,758,198	9,520	-	2,767,718	16,028	16,028

Independent Auditor's Report	Financial Statements	Explanatory Notes	Management Report	Composition of Management bodies		
<i>*values expressed in thousands, except when indicated.</i>						
2026 a 2028	525,852	107,921	-	633,773	46,338	46,338
2029 a 2030	609,428	-	-	609,428	30,652	30,652
Total	32,131,134	5,693,104	175,158	37,999,396	4,546,595	4,546,595

24. Other liabilities

The breakdown of the balance of "Other Liabilities" is as follows:

Thousand of reais	2020	2019	2018
Accrued expenses and deferred income (1)	5,115,936	5,038,011	3,193,291
Transactions in transit (3)	674,162	785,418	925,336
Provision for share-based payment	325,930	317,539	260,739
Liabilities for insurance contracts	1,987,577	1,901,801	1,797,167
Other (2)	5,947,640	2,878,175	2,918,615
Total	14,051,245	10,920,944	9,095,148

(1) Corresponds, mainly, to payments to be made - personnel expenses.

(2) Includes credits for funds to be released, such as Administratives expenses, amounts due to associates and suppliers.

(3) Includes mainly the amounts to transfer to the credit card companies (resources in transit) and amount to release referred to the real estate credits.

*values expressed in thousands, except when indicated.

25. Other Comprehensive Income

The balances of Other Comprehensive Income include the amounts, net of the related tax effect, of the adjustments to assets and liabilities recognized temporarily in equity stated in the Consolidated Statement of Changes in Equity and Consolidated Statements of Comprehensive Income until they are extinguished or realized, when they are recognized in the consolidated income statement. The amounts attributable to subsidiaries, investments in associates and joint ventures are presented, on a line by line basis, in the appropriate items based on their nature.

It should be noted that the consolidated Statements of Comprehensive Income includes the changes to Other Comprehensive Income as follows:

- Revaluation gains (losses): This includes the amount of the gains, net of losses incurred in the year, recognized directly in equity. The amounts recognized in equity in the year remain under this heading, even if in the same year they are transferred to the income statement or to the initial carrying amount of the assets or liabilities or are reclassified to another heading.
- Amounts transferred to income statement: This includes the amount of the revaluation gains (losses) previously recognized in equity, even in the same year, which are subsequently recognized in the income statement.
- Amounts transferred to the initial carrying number of hedged objects: This includes the amount of the revaluation gains (losses) previously recognized in Equity, even in the same year, which are recognized in the initial carrying amount of assets or liabilities as a result of cash flow hedges.
- Other transfers: This includes the amount of the transfers made in the year between the various Other Comprehensive Income items.

In the Consolidated Statements of Comprehensive Income, the amounts in "Other Comprehensive Income" are recognized gross, including the amount relating to non-controlling interests, and the corresponding tax effect is presented under a separate heading, except in the case of entities accounted for using the equity method, the amounts for which are presented net of the tax effect.

a) Financial assets measured at fair value through other comprehensive income

a.1) Financial assets measured at fair value through other comprehensive income

Other Comprehensive Income – Financial assets measured at fair value through other comprehensive income includes the net amount of unrealized changes in the fair value of assets classified as available-for-sale financial assets (see Notes 6 and 7), net of taxes.

The breakdown, by type of instrument and geographical origin of the issuer, of Other Comprehensive Income Financial assets measured at fair value through other comprehensive income (IFRS 9) on December 31, 2020 is as follows:

Thousand of reais				2020
	Revaluation gains	Revaluation losses	Net revaluation gains (losses)	Fair value
Debt Instruments				
Government debt securities	11,061,691	(8,832,504)	2,229,187	109,317,614
Private-sector debt securities	953,043	(840,101)	112,942	38,131
Total	12,014,734	(9,672,605)	2,342,129	109,355,745

Thousand of reais				2019
	Revaluation gains	Revaluation losses	Net revaluation gains (losses)	Fair value
Debt Instruments				
Government debt securities	7,251,721	(3,952,558)	3,299,163	95,961,823
Private-sector debt securities	824,294	(778,175)	46,119	1,104
Total	8,076,015	(4,730,733)	3,345,282	95,962,927

Thousand of reais				2018
	Revaluation gains	Revaluation losses	Net revaluation gains (losses)	Fair value
Debt Instruments				
Government debt securities	3,917,451	(1,608,673)	2,308,778	85,395,136
Private-sector debt securities	1,546,895	(1,863,092)	(316,197)	555
Total	5,464,346	(3,471,765)	1,992,581	85,395,691

*values expressed in thousands, except when indicated.

Banco Santander evaluates at each disclosure to the market whether there is any evidence that the instruments classified as Financial Assets Measured at Fair Value in Other Comprehensive Income (debt securities) have indications of loss due to impairment.

b) Cash flow hedges

Other Comprehensive Income — Cash flow hedges includes the gains or losses attributable to hedge instruments that qualify as effective hedges. These amounts will remain under this heading until they are recognized in the consolidated income statement in the periods in which the hedged items affect them (see Note 8).

c) Hedges of net investments in foreign operations and Translation adjustments foreign investment

Other Comprehensive Incomes — Hedges of net investments in foreign operations includes the net amount of changes in the value of hedging instruments in hedges of net investments in foreign operations, In 2019 this hedge was discontinued (Note 8.a5).

Other Comprehensive Income — Exchange differences includes the net amount of the differences arising on the translation to Reais of the balances of the consolidated entities whose functional currency is not the Reais (Note 2.a).

26. Non-controlling interests

"Non-controlling interests" refer to the net equity value attributable to equity instruments that do not belong, directly or indirectly, to the Bank, including the portion of the annual profit attributed to the subsidiaries.

a) Breakdown

The detail, by company, of the balance of "Equity - Non-controlling interests" is as follows:

Thousand of reais	2020	2019	2018
Financial Position of non-controlling interest	312,885	558,581	529,990
Santander Leasing S,A, Arrendamento Mercantil	-	447	447
Getnet S,A.	-	-	249,007
Olé Consignado S,A.	-	271,078	116,967
Banco PSA Finance Brasil S,A.	138,644	131,222	155,399
Rojo Entretenimento S,A.	7,087	7,245	7,015
Banco Hyundai Capital	167,155	148,589	
Return Capital Serviços de Recuperação de Créditos S.A. (Atual denominação Social da Ipanema Empreendimentos e Participações)	-	-	1,155

Thousand of reais	2020	2019	2018
Profit attributable to non-controlling interests	32,224	224,518	217,441
Of which:			
Santander Leasing S.A. Arrendamento Mercantil	(444)	3	25
Getnet S.A.	-	3,962	55,518
Olé Consignado S.A.	-	199,332	138,527
Banco PSA Finance Brasil S.A.	14,146	15,887	17,914
Rojo Entretenimento S.A.	(159)	230	166
Banco Hyundai Capital	18,681	2,520	-
Return Capital Serviços de Recuperação de Créditos S,A, (Atual denominação Social da Ipanema Empreendimentos e Participações)	-	2,584	1,150
Others	-	-	4,141

b) Changes

The changes in the balance of "Non-controlling interests" are summarized as follows:

Thousand of reais	2020	2019	2018
Balance at beginning of year	558,581	529,990	436,894
Additions / disposals (net) due to change in the scope of consolidation (1)	(271,078)	51,073	6,849
Dividends paid / Interest on Capital	-	(92,734)	(60,936)

*values expressed in thousands, except when indicated.

Capital increase (2)	-	100,000	48,000
Profit attributable to non-controlling interests	32,224	224,518	213,300
Update PUT Olé Consignado S.A.	-	(240,000)	(106,440)
Others	(6,842)	(14,266)	(7,677)
Balance at end of year	312,885	558,581	529,990

- (1) In 2019, it refers mainly to Banco Hyundai Capital, which was consolidated using the equity method. In 2020, it refers the incorporation of Banco Olé Consignado S.A by the Company.
- (2) In 2019 and 2018, it refers to the capital increase of Olé Consignado.

27. Shareholders' equity

a) Capital

According to the by-laws, Banco Santander's capital stock may be increased up to the limit of its authorized capital, regardless of statutory reform, by resolution of the Board of Directors and through the issuance of up to 9,090,909,090 (nine billion, ninety million, nine hundred and nine thousand and ninety) shares, subject to the established legal limits on the number of preferred shares. Any capital increase that exceeds this limit will require stockholders' approval.

The capital stock, fully subscribed and paid, is divided into registered book-entry shares with no par value.

	2020			Thousand of shares 2019		
	Common	Preferred	Total	Common	Preferred	Total
Brazilian residents	109,885	135,438	245,323	90,069	115,785	205,854
Foreign residents	3,708,810	3,544,398	7,253,208	3,728,626	3,564,051	7,292,677
Total shares	3,818,695	3,679,836	7,498,531	3,818,695	3,679,836	7,498,531
(-) Treasury shares	(18,829)	(18,829)	(37,658)	(16,702)	(16,702)	(33,404)
Total outstanding	3,799,866	3,661,007	7,460,873	3,801,993	3,663,134	7,465,127

	Thousand of shares 2018		
	Common	Preferred	Total
Brazilian residents	82,043	107,699	189,742
Foreign residents	3,736,652	3,572,137	7,308,789
Total shares	3,818,695	3,679,836	7,498,531
(-) Treasury shares	(13,317)	(13,317)	(26,634)
Total outstanding	3,805,378	3,666,519	7,471,897

b) Dividends and Interest on Capital

According to the Bank's bylaws, stockholders are entitled to a minimum dividend equivalent to 25% of net income for the year, adjusted according to legislation. Preferred shares are nonvoting and nonconvertible, but have the same rights and advantages granted to common shares, in addition to priority in the payment of dividends at a rate that is 10% higher than those paid on common shares, and in the capital reimbursement, without premium, in the event of liquidation of the Bank.

Prior to the Annual Stockholders Meeting, the Board of Directors may resolve on the declaration and payment of dividends on earnings based on: (i) balance sheets or earning reserves showed in the last balance sheet; or (ii) balance sheets issued in the period shorter than 6 months, since the total of dividends paid in each half of the fiscal year shall not exceed the amount of capital reserves. These dividends are fully attributed to the mandatory dividend.

CMN Resolution No. 4,885, of December 23, 2020, prohibits the institutions authorized to operate by the Central Bank of Brazil to remunerate their capital above the highest of: i) 30% of the adjusted net profit under the terms of item I of article 20 of Law No. 6,404/76; or ii) minimum mandatory dividends established by article 202 of Law No. 6,404 / 76, including in the form of Interest on Equity, until December 31, 2020. The standard also prohibits the reduction of capital, except in specific situations, and the increase in the remuneration of its officers, administrators and members of the Board of Directors and the Fiscal Council.

The amount of R\$665,000 in dividends and interest on own capital paid in February 2020, is recorded under the caption of other obligations - social and statutory (2019 – R\$7,800,000 and R\$2018 – 4,800,00);

*values expressed in thousands, except when indicated.

	Thousand of reais	Real per Thousand Shares / Units		
		Common	Preferred	Units
Interest on Capital (1) (5)	890,000	113,7129	125,0842	238,7971
Interest on Capital (2) (5)	770,000	98,3793	108,2172	206,5965
Interest on Capital (3) (5)	1,000,000	127,7636	140,5400	268,3036
Interest on Capital (4) (5)	665,000	84,9626	93,4589	178,4214
Total	3,325,000			

(1) Deliberated by the Board of Directors on April 27, 2020, paid on June 24, 2020, without any remuneration as restatement.

(2) Deliberated by the Board of Directors on July 28, 2020, paid on September 25, 2020, without any remuneration monetary restatement.

(3) Deliberated by the Board of Directors on October 26, 2020, paid on December 23, 2020, without any remuneration monetary restatement security.

(4) Deliberated by the Board of Directors on December 28, 2020, paid as of February 1, 2021, without any remuneration as monetary restatement.

(5) They were fully imputed to the minimum mandatory dividends to be distributed by the Bank for the fiscal year 2020.

	Thousand of reais	Real per Thousand Shares / Units		
		Common	Preferred	Units
Interest on Capital (1) (6)	1,000,000	127,5853	140,3438	267,9291
Interim Dividends (2) (6)	1,000,000	127,6399	140,4039	268,0438
Interest on Capital (3) (6)	1,000,000	127,6610	140,4271	268,0881
Interest on Capital (4) (6)	1,010,000	128,9673	141,8641	270,8314
Interim Dividends (5) (6)	6,790,000	867,0180	953,7197	1,820,7377
Total	10,800,000			

(1) Deliberated by the Board of Directors on March 29, 2019, paid on May 28, 2019, without any remuneration as restatement.

(2) Deliberated by the Board of Directors on June 28, 2019, paid on July 31, 2019, without any remuneration as restatement.

(3) Deliberated by the Board of Directors on September 30, 2019, paid on October 30, 2019, without any remuneration monetary restatement.

(4) Deliberated by the Board of Directors on December 27, 2019, paid on February 21, 2020, without any remuneration monetary restatement.

(5) Deliberated by the Board of Directors on December 27, 2019, paid on February 21, 2020, without any remuneration monetary restatement.

(6) The amount of interest on own capital and interim dividends were fully imputed to the minimum mandatory dividends distributed by the Bank for the 2019 financial year.

	Thousand of reais	Reais per Thousand Shares / Units		
		Common	Preferred	Units
Interest on Capital (1) (6)	600,000	76,3304	83,9634	160,2938
Interest on Capital (2) (6)	600,000	76,4956	84,1451	160,6407
Interest on Capital (3) (6)	600,000	76,4985	84,1484	160,6469
Interim Dividends (4) (6)	2,880,000	367,4149	404,1564	771,5713
Interest on Capital (5) (6)	1,920,000	244,9433	269,4376	514,3809
Total	6,600,000			

(1) Established by the Board of Directors in March 27, 2018, Common Shares - R\$ 64.8808, preferred - R\$71.3689 and Units - R\$ 136.2497 net of taxes, and was paid on April 26, 2018 without any compensation as monetary indexation.

(2) Established by the Board of Directors in June 26, 2018, was paid on July 27, 2018 without any compensation as monetary indexation.

(3) Established by the Board of Directors in September 28, 2018, common - R\$ 65.0237, preferred - R\$ 71.5261 and Units - R\$ 136.5498 net of taxes and paid on October 26, 2018, without any compensation as monetary indexation.

(4) Established by the Board of Directors in December 28, 2018, common - R\$ 312.3027, preferred - R\$ 343.5329 and Units - R\$ 655.8356 net of taxes and paid on February 26, 2019, without any compensation as monetary indexation.

(5) Deliberated by the Board of Directors on December 28, 2018 and paid as of February 26, 2019, without any monetary indexation.

(6) The amount of dividends and interest on shareholders' equity will be fully charged to the minimum mandatory dividends to be distributed by the Bank for the financial year 2018.

*values expressed in thousands, except when indicated.

c) Reserves

The reserves are allocated as follows after the deductions and statutory provisions, from the net income:

Legal reserve

In accordance with Brazilian Corporate Law, 5% is transferred to the legal reserve, until it reaches 20% of the share capital. This reserve is designed to ensure the integrity of the capital and can only be used to offset losses or increase capital.

Capital reserve

The Bank's capital reserve consists of: goodwill reserve for subscription of shares and other capital reserves, and can only be used to absorb losses that exceed retained earnings and profit reserves, redemption, reimbursement or acquisition of shares for the Bank's own issue; capital increase, or payment of dividends to preferred shares under certain circumstances.

Reserve for equalization dividend

After the allocation of dividends, the remaining balance if any, may, upon proposal of the Executive Board and approved by the Board of Directors, be allocated to reserve for equalization of dividends, which will be limited to 50% of the capital. This reserve aims to ensure funds for the payment of dividends, including as interest on own capital, or any interim payment to maintain the flow of shareholders remuneration.

d) Treasury shares

At a meeting held on February 2, 2021, the Board of Directors approved, in continuity with the repurchase program that expired on November 4, 2020, a new repurchase program for Units and ADRs issued by Banco Santander, either directly or on its own. Cayman branch, for maintenance in treasury or for subsequent sale.

The Buyback Program covers the acquisition of up to 36,956,402 Units, representing 36,956,402 common shares and 36,956,402 preferred shares, which, on December 31, 2020, corresponded to approximately 1% of the Bank's share capital. As of December 31, 2020, Banco Santander had 355,661,814 common shares and 383,466,228 preferred shares outstanding.

The repurchase aims to enable the payment of administrators, management-level employees and other employees of the Bank and companies under its control, under the terms of the Long-Term Incentive Plans. The term of the Buyback Program is up to 18 months from February 3, 2021, ending on August 2, 2022.

	2020	2019	2018
	Quantity	Quantity	Quantity
	Units	Units	Units
Treasury shares at beginning of the period	16,702	13,317	1,773
Shares Acquisitions	5,052	6,465	15,816
Cancellation of Shares (2)	-	-	-
Payment - Share-based compensation	(2,925)	(3,080)	(4,272)
Treasury shares at end of the period	18,829	16,702	13,317
Balance of Treasury Shares in thousand of reais	R\$ 789,587	R\$ 679,364	R\$ 460,550
Emission Costs in thousands of Reais	R\$ 1,771	R\$ 1,771	R\$ 882
Balance of Treasury Shares in thousands of reais	R\$ 791,358	R\$ 681,135	R\$ 461,432
Cost/Share Price	Units	Units	Units
Minimum cost (1)	R\$7,55	R\$7,55	R\$7,55
Weighted average cost (1)	R\$33,24	R\$28,59	R\$28,59
Maximum cost (1)	R\$49,55	R\$43,84	R\$43,84
Share Price	R\$44,83	R\$42,70	R\$42,70

(1) Considering since the beginning of operations on the stock exchange.

Additionally, in the year ended December 31, 2020, treasury shares were sold, that resulted in a loss of 9,274 (2019 - loss of R\$5,796 and 2018 - loss of R\$15,868) recorded directly in equity in capital reserves.

*values expressed in thousands, except when indicated.

28. Earnings per share

a) Basic earnings per share

Basic earnings per share is calculated by dividing the net profit attributable to the Parent by the weighted average outstanding shares during the year average number, excluding the average number of own shares held during the year and held in treasury.

	2020	2019	2018
Profit attributable to the Parent	13,418,529	16,406,932	12,582,477
Earnings per share (Brazilian Reais)			
Basic earnings per 1,000 shares (Brazilian Reais)			
Common shares	1,713.45	2,094.83	1,604.34
Preferred shares	1,884.80	2,304.32	1,764.78
Net Profit attributable - Basic (Brazilian Reais)			
Common shares	6,511,367	7,965,194	6,108,349
Preferred shares	6,907,162	8,441,738	6,474,128
Weighted average shares outstanding - Basic			
Common shares	3,800,140	3,802,303	3,807,386
Preferred shares	3,664,666	3,663,444	3,668,527

b) Diluted earning per share

The diluted earnings per share is calculated by dividing the net profit attributable to the Parent by the weighted average outstanding shares during the year average number, excluding the average number of own shares held during the year and held in treasury, including the effect of dilutive potential programs long-term compensation.

	2020	2019	2018
Profit attributable to the Parent	13,418,529	16,406,932	12,582,477
Earnings per share (Brazilian Reais)			
Diluted earnings per 1,000 shares (Brazilian Reais)			
Common shares	1,713.45	2,094.83	1,604.34
Preferred shares	1,884.80	2,304.32	1,764.78
Net Profit attributable - Diluted (Brazilian Reais)			
Common shares	6,511,367	7,965,194	6,108,349
Preferred shares	6,907,162	8,441,738	6,474,128
Weighted average shares outstanding - Diluted			
Common shares	3,800,140	3,802,303	3,807,386
Preferred shares	3,664,666	3,663,444	3,668,527

(1) The exercise period of the SOP 2013 Long Term Incentive Plan purchase option ended in June 2018. The Bank does not have stock-based compensation plans in force (Note 39) and consequently has no anti-dilution items.

*values expressed in thousands, except when indicated.

29. Fair value of financial assets and liabilities

Under IFRS 13, the fair value measurement uses a fair value hierarchy that reflects the model used in the measurement process which should be in accordance with the following hierarchical levels:

Level 1: Determined on the basis of public (unadjusted) quoted prices in highly active markets for identical assets and liabilities, these include public debt securities, stocks, derivatives listed.

Level 2: They are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).

Level 3: They are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Trading Financial Assets, Other financial assets at fair value on through income statement, Available-for-sale financial assets and Financial liabilities held for trading.

Level 1: The securities with high liquidity and quoted prices in active market are classified as level 1. At this level there were classified most of the Brazilian Government Securities (mainly LTN, LFT, NTN-B, NTN-C and NTN-F), shares in stock exchange and other securities traded in the active market.

Level 2: When quoted price cannot be observed, the management, using its own internal models, make its best estimate of the price that would be set by the market. These models use data based on observable market parameters as an important reference. Various techniques are used to make these estimates, including the extrapolation of observable market data and extrapolation techniques. The best evidence of fair value of a financial instrument on initial recognition is the transaction price, unless the fair value of the instrument can be obtained from other market transactions carried out with the same instrument or similar instruments or can be measured using a valuation technique in which the variables used include only data from observable market, especially interest rates. These securities are classified at level 2 of the fair value hierarchy and are composed mainly of Government Securities (NTN-A), repo, LCI Cancelable, in a less liquid market than those classified at level 1.

Level 3: When there is information that is not based on observable market data, Banco Santander uses internally developed models, from curves generated according to the internal model. Level 3 comprises mainly unlisted shares.

Derivatives

Level 1: Derivatives traded on stock exchanges are classified in Level 1 of the hierarchy.

Level 2: For derivatives traded over the counter, the valuation (primarily swaps and options) usually uses observable market data, such as: exchange rates, interest rates, volatility, correlation between indexes and market liquidity.

When pricing the financial instruments aforementioned, it is used the Black-Scholes Model (exchange rate options, interest rate options; caps and floors) and the present value method (discount of future values by market curves).

Level 3: Derivatives not traded in the stock exchange and that do not have an observable data in an active market were classified as Level 3. These are composed by exotic derivatives. Below are the valuation characteristics considered for the main financial instruments classified as Level 3:

Category	Type Asset/Liability	Valuation technique	Main unobservable inputs
Linear derivatives	Coupon Fra	BMF Closing Prices	Currency Coupon rate - long term
	Inflation Swap	Discounted cash flow	IGPM Coupon rate
	Interest Rate Swap	Discounted cash flow	Pre-fixed rates – long term
Non linear derivatives	Equities Options	Black&Scholes	Implicit volatility- long term
	Inflation Options	Black&Scholes	IPCA Implicit volatility- long term
	Interest Rate Options	Black&Scholes	IDI Implicit volatility- long term
	Currency Options	Black&Scholes	USD/BRL Implicit volatility- long term
Cash	Pension Plan Liability	Actuarial Model	IGPM Coupon rate
	Private Bonds	Discounted cash flow	Discount rate ("Yields")
	Public Bonds	Discounted cash flow	NTN-C and TDA Discount rate ("Yields")
Put options	Put Options	Discounted cash flow	Growth and Discount rates

The Banco Santander's policy related to instrument classification in the fair value hierarchy existing since September/2018, introduced detailed procedures about the instrument classification process. Definitions were included related to instruments, risk factors and deadlines as well as observability degree of market prices and its importance in the fair value measurement model. The application of such definitions since September 2018 resulted in reclassifications of certain financial instruments, as shown in the section "Changes of Fair Value Level 3".

*values expressed in thousands, except when indicated.

The following table shows a summary of the fair values of financial assets and liabilities for the period ended December 31, 2020, 2019 and 2018, classified based on several measurement methods adopted by the Bank to determine their fair value:

	12/31/2020			
	Level 1	Level 2	Level 3	Total
Financial Assets Measured At Fair Value Through Profit Or Loss	588,778	57,354,806	2,956,882	60,900,466
Debt instruments	588,778	-	2,956,882	3,545,660
Balances With The Brazilian Central Bank	-	57,354,806	-	57,354,806
Financial Assets Measured At Fair Value Through Profit Or Loss Held For Trading	70,139,962	27,508,722	817,548	98,466,232
Debt instruments	68,461,854	11,848	47,097	68,520,799
Equity instruments	1,678,108	128,251	11,917	1,818,276
Derivatives	-	27,368,623	758,534	28,127,157
Non-Trading Financial Assets Mandatorily Measured At Fair Value Through Profit Or Loss	-	217,569	282,151	499,720
Equity instruments	-	185,790	253,122	438,912
Loans and advances to customers	-	31,779	29,029	60,808
Financial Assets Measured At Fair Value Through Other Comprehensive Income	106,456,132	1,987,234	1,297,021	109,740,387
Debt instruments	106,454,645	1,953,504	1,260,065	109,668,214
Equity instruments	1,487	33,730	36,956	72,173
Hedging derivatives (assets)	-	743,463	-	743,463
Financial Liabilities Measured At Fair Value Through Profit Or Loss Held For Trading	-	76,890,170	753,121	77,643,291
Trading derivatives	-	31,082,223	753,121	31,835,344
Short positions	-	45,807,947	-	45,807,947
Financial Liabilities Measured At Fair Value Through Profit Or Loss	-	7,038,467	-	7,038,467
Other financial liabilities	-	7,038,467	-	7,038,467
Hedging derivatives (liabilities)	-	144,594	-	144,594
	12/31/2019			
	Level 1	Level 2	Level 3	Total
Financial Assets Measured At Fair Value Through Profit Or Loss	975,393	28,739,507	2,627,405	32,342,305
Debt instruments	975,393	132,277	2,627,405	3,735,075
Balances With The Brazilian Central Bank	-	28,607,230	-	28,607,230
Financial Assets Measured At Fair Value Through Profit Or Loss Held For Trading	35,057,803	21,247,552	715,548	57,020,903
Debt instruments	33,028,333	1,726,441	130,857	34,885,631
Equity instruments	2,029,470	-	-	2,029,470
Derivatives	-	19,521,111	584,691	20,105,802
Non-Trading Financial Assets Mandatorily Measured At Fair Value Through Profit Or Loss	143,077	627	27,749	171,453
Equity instruments	143,077	627	27,749	171,453
Financial Assets Measured At Fair Value Through Other Comprehensive Income	93,555,527	1,612,741	951,966	96,120,234
Debt instruments	93,531,617	1,612,741	818,569	95,962,927
Equity instruments	23,910	-	133,397	157,307
Hedging derivatives (assets)	-	339,932	-	339,932
Financial Liabilities Measured At Fair Value Through Profit Or Loss Held For Trading	-	45,499,913	564,757	46,064,670
Trading derivatives	-	21,664,260	564,757	22,229,017
Short positions	-	23,835,653	-	23,835,653
Financial Liabilities Measured At Fair Value Through Profit Or Loss	-	3,719,416	1,600,000	5,319,416
Hedging derivatives (liabilities)	-	200,961	-	200,961

*values expressed in thousands, except when indicated.

	Level 1	Level 2	Level 3	2018 Total
Financial Assets Measured At Fair Value Through Profit Or Loss	2,660,859	40,540,054	510,887	43,711,800
Debt instruments	2,660,859		510,887	3,171,746
Balances With The Brazilian Central Bank	-	40,540,054	-	40,540,054
Financial Assets Measured at Fair Value in the Income through Trading	49,855,112	17,626,932	1,370,270	68,852,314
Debt instruments	49,094,924	432,910	538,635	50,066,469
Equity instruments	757,843	8,490	-	766,333
Derivatives	2,345	17,185,532	831,635	18,019,512
Financial assets not intended for trading Mandatory measured at fair value in the income statement	142,732	619,798	154,947	917,477
Loans and advances to customers	-	619,180	-	619,180
Equity instruments	142,732	618	154,947	298,297
Financial assets measured at fair value in other comprehensive income	83,283,924	1,442,797	709,956	85,436,677
Debt instruments	83,253,117	1,442,797	699,777	85,395,691
Equity instruments	30,807	-	10,179	40,986
Hedging derivatives (assets)	-	343,934	-	343,934
Financial Liabilities Measured At Fair Value Through Profit Or Loss Held For Trading	32,697,510	17,600,024	641,458	50,938,992
Trading derivatives	1,833	17,600,024	641,458	18,243,315
Short positions	32,695,677	-	-	32,695,677
Hedging derivatives (liabilities)	-	223,520	-	223,520

Movements in fair value of Level 3

The following tables demonstrate the movements during 2020, 2019 and 2018 for the financial assets and liabilities classified as Level 3 in the fair value hierarchy:

	Fair Value 12/31/2019	Gains/ losses (Realized/Not Realized)	Transfers to Level 3	Additions / Low	Fair value 12/31/2020
Financial Assets Measured At Fair Value Through Profit Or Loss	2,627,405	83,832	(239,512)	485,157	2,956,882
Financial Assets Measured At Fair Value Through Profit Or Loss Held For Trading	715,548	502,596	(231,468)	(169,128)	817,548
Non-Trading Financial Assets Mandatorily Measured At Fair Value Through Profit Or Loss	27,749	100,091	125,282	29,029	282,151
Financial Assets Measured At Fair Value Through Other Comprehensive Income	951,966	(21,677)	(197,098)	563,830	1,297,021
Financial Liabilities Measured At Fair Value Through Profit Or Loss	564,757	500,159	(406,971)	95,176	753,121
Financial Liabilities Measured At Fair Value Through Profit Or Loss Held For Trading	1,600,000	-	-	(1,600,000)	-

*values expressed in thousands, except when indicated.

	Fair Value 12/31/2018	Gains/ losses (Realized/Not Realized)	Transfers to Level 3	Additions / Low	Fair value 12/31/2019
Financial Assets Measured At Fair Value Through Profit Or Loss	510,887	290,773	1,700,499	125,246	2,627,405
Financial Assets Measured At Fair Value Through Profit Or Loss Held For Trading	1,370,270	238,632	(1,031,076)	137,722	715,548
Non-Trading Financial Assets Mandatorily Measured At Fair Value Through Profit Or Loss	154,947	(101,541)	-	(25,657)	27,749
Financial Assets Measured At Fair Value Through Other Comprehensive Income	709,956	253,803	291	(12,084)	951,966
Financial Liabilities Measured At Fair Value Through Profit Or Loss Held For Trading	641,458	190,813	(586,346)	318,832	564,757

	Fair Value 12/31/2017	Gains/ losses (Realized/Not Realized)	Transfers to Level 3	Additions / Low IFRS 9 Impact	Fair value 12/31/2018	
Financial assets measured at fair value in the result	33,368	60,887	-	445,991	(29,359)	510,887
Financial Assets Measured at Fair Value in the Income through Trading	-	(181,355)	1,264,576	246,051	40,998	1,370,270
Financial assets not intended for trading Mandatory measured at fair value in the income statement	-	(7,280)	-	-	162,227	154,947
Financial assets measured at fair value through other comprehensive income	140,143	47,773	645,708	-	(123,668)	709,956
Financial liabilities measured at fair value in the result	-	115,212	710,219	(183,973)	-	641,458

Fair value movements linked to credit risk

Changes in fair value attributable to changes in credit risk are determined on the basis of changes in the prices of credit default swaps compared to similar obligations of the same obligor when such prices are observable, since these credit swaps better reflect the market risk assessment for a specific financial asset. When such prices are not observable, changes in fair value attributable to changes in credit risk are determined as the total value of changes in fair value not attributable to changes in the underlying interest rate or other observed market rates. In the absence of specific observable data, this approach provides a reasonable approximation of changes attributable to credit risk, as it estimates the margin change above the reference value that the market may require for the financial asset. In 2018, there were no significant changes between the fair value categories due to changes in credit risk.

Financial assets and liabilities not measured at fair value

The financial assets owned by the Bank are measured at fair value in the accompanying consolidated balance sheets, except for loans and receivables.

Similarly, the Bank's financial liabilities except for financial liabilities held for trading and those measured at fair value - are measured at amortized cost in the consolidated balance sheets.

i) Financial assets measured at other than fair value

Below is a comparison of the carrying amounts of financial assets of the Bank measured by a value other than the fair value and their respective fair values on December 31, 2020, 2019 and 2018:

During 2020, The Bank reclassified R\$ 53,357,038 of "loans and amounts due from credit institutions" from level 2 to level 3, as there was no active trading market for these instruments."

*values expressed in thousands, except when indicated.

	12/31/2020				
Assets	Accounting Value	Fair Value	Level 1	Level 2	Level 3
Cash and Balances With The Brazilian Central Bank	20,148,725	20,148,725	20,148,725	-	-
Financial Assets Measured At Amortized Cost					
Loans and amounts due from credit institutions	112,849,776	112,849,776	-	59,492,738	53,357,038
Loans and advances to customers	393,707,229	396,878,319	-	4,530,041	392,348,278
Debt instruments	48,367,791	49,963,947	4,425,723	17,486,057	28,052,167
Total	575,073,521	579,840,767	24,574,448	81,508,836	473,757,483

	12/31/2019				
Assets	Accounting Value	Fair Value	Level 1	Level 2	Level 3
Cash and Balances With The Brazilian Central Bank	15,249,515	15,249,515	-	15,249,515	-
Financial Assets Measured At Amortized Cost					
Loans and amounts due from credit institutions	109,233,128	109,233,128	-	109,233,128	-
Loans and advances to customers	326,699,480	327,278,243	-	-	327,278,243
Debt instruments	38,748,296	39,678,192	5,378,791	7,858,612	26,440,789
Total	489,930,419	491,439,078	5,378,791	132,341,255	353,719,032

	2018				
Assets	Accounting Value	Fair Value	Level 1	Level 2	Level 3
Cash and Balances With The Brazilian Central Bank	15,228,491	15,269,809	-	15,269,809	-
Financial Assets Measured At Amortized Cost:					
Loans and other amounts with credit institutions	91,859,759	91,859,759	-	91,859,759	-
Loans and advances to customers	301,702,207	303,495,240	-	-	303,495,240
Financial assets measured at amortized cost - Debt instruments	36,799,509	38,927,356	9,766,162	29,161,194	-
Total	433,337,208	437,299,602	9,766,162	124,038,200	303,495,240

ii) Financial liabilities measured at other than fair value

Following is a comparison of the carrying amounts of Bank's financial liabilities measured by a value other than fair value and their respective fair values on December 31, 2020, 2019 and 2018:

During 2020, The Bank reclassified R\$ 73,075,341 of "Deposits of Brazil's Central Bank and deposits of credit institutions" and R\$ 390,760,088 of "Customer deposits" from level 2 to level 3, as there was no active trading market for these instruments."

	12/31/2020				
Liabilities	Accounting Value	Fair Value	Level 1	Level 2	Level 3
Financial Liabilities at Measured Amortized Cost:					
Deposits of Brazil's Central Bank and deposits of credit institutions	131,656,962	131,654,431	-	58,579,090	73,075,341
Customer deposits	445,813,972	445,856,090	-	55,096,002	390,760,088
Marketable debt securities	56,875,514	57,265,307	-	-	57,265,307
Debt instruments Eligible Capital	13,119,660	13,119,660	-	-	13,119,660
Other financial liabilities	59,822,683	59,822,683	-	-	59,822,683
Total	707,288,791	707,718,171	-	113,675,092	594,043,080

*values expressed in thousands, except when indicated.

	12/31/2019				
Liabilities	Accounting Value	Fair Value	Level 1	Level 2	Level 3
Financial Liabilities at Measured Amortized Cost:					
Deposits of Brazil's Central Bank and deposits of credit institutions	99,271,415	99,271,415	-	99,271,415	-
Customer deposits	336,514,597	336,593,455	-	336,593,455	-
Marketable debt securities	73,702,474	73,889,348	-	10,205,065	63,684,284
Subordinated Debt	10,175,961	10,175,961	-	10,175,961	-
Other financial liabilities	55,565,954	55,565,954	-	-	55,565,954
Total	575,230,401	575,496,133	-	456,245,896	119,250,238

	12/31/2018				
Liabilities	Accounting Value	Fair Value	Level 1	Level 2	Level 3
Financial Liabilities at Measured Amortized Cost:					
Deposits of Brazil's Central Bank and deposits of credit institutions	99,022,806	99,022,806	-	99,022,806	-
Customer deposits	304,197,800	304,197,800	-	304,197,800	-
Marketable debt securities	74,626,232	74,626,232	-	4,599,204	70,027,028
Subordinated Debt	9,885,607	9,885,607	-	9,885,607	-
Debt Instruments Eligible to Compose Capital	9,779,944	9,779,944	-	9,779,944	-
Other financial liabilities	49,782,780	49,782,780	-	-	49,782,780
Total	547,295,169	547,295,169	-	427,485,361	119,809,808

The methods and assumptions used to estimate the fair values summarized in the tables above are set forth below:

- Loans and amounts due from credit institutions and from clients – Fair value are estimated for groups of loans with similar characteristics. The fair value was measured by discounting estimated cash flow using the average interest rate of new contracts. That is, the future cash flow of the current loan portfolio is estimated using the contractual rates, and then the new loans spread over the risk free interest rate are incorporated to the risk free yield curve in order to calculate the loan portfolio fair value. In terms of behavior assumptions, it is important to highlight that a prepayment rate is applied to the loan portfolio, thus a more realistic future cash flow is achieved.
- Deposits from Bacen and credit institutions and Client deposits – The fair value of deposits was calculated by discounting the difference between the cash flows on a contractual basis and current market rates for instruments with similar maturities. For variable-rate deposits, the carrying amount was considered to approximate fair value.
- Debt and Subordinated Securities and Debt Instruments Eligible to Compose Capital – The fair value of long-term loans were estimated by cash flow discounted at the interest rate offered on the market with similar terms and maturities. The valuation techniques used to estimate each level are defined in note 2.e.

30. Operational Ratios

In July 2008 came into force the rules on regulatory capital measurement by the Standardized Approach of Basel II. On 2013 was issued a set of Resolutions and Circulars, aligned with the recommendations of the Basel Committee on Banking Supervision. These rules were repealed by CMN Resolution nº 4,192 and 4,193 which took effect from October 2013, establishing the model for calculating the minimum Regulatory Capital requirements, Tier I and Common Equity Tier I. These Resolutions states that the composition of the Regulatory Capital is done through equity, subordinated debt and hybrid capital instruments.

As required by CMN Resolution nº 4,193/2013, the requirement for PR in 2019 was 10.5%, composed of 8.0% of Reference Equity Minimum plus 2.5% of Capital Conservation Additional. Considering this additional, PR Level I increased to 8.5% and Minimum Principal Capital to 7.0%.

For the base year 2020, the PR requirement remains at 10.25%, including 8.0% of Reference Equity Minimum, plus 1.25% of Capital Conservation Additional and 1.0% of Systemic Additional, PR Level I reaches 8.25% and Minimum Principal Capital 6.75%.

In face of the pandemic scenario, the Brazilian Central Bank have been monitoring the Brazilian market and has established a number

*values expressed in thousands, except when indicated.

of regulations in order to diminish the impacts of the pandemic. For banking capitalization purposes, it has established a reduction in the additional for conservancy of principal capital from 2.5% to 1.25%, in order to expand the capacity of credit concessions. The Basel ratio is calculated in accordance with the Financial Statements of the Prudential Conglomerate, which are prepared in accordance to the accounting practices adopted in Brasil, which is applicable to Financial Institutions authorized to operate by Bacen, as presented below:

Thousand of reais	2020	2019	2018
Tier I Regulatory Capital	77,571,525	66,481,661	61,476,715
Principal Capital	71,006,316	61,389,509	56,581,518
Supplementary capital	6,565,209	5,092,153	4,895,197
Tier II Regulatory Capital	6,554,451	5,083,808	4,887,175
Regulatory Capital (Tier I and II)	84,125,976	71,565,469	66,363,890
Credit Risk (1)	478,303,523	407,786,238	358,955,592
Market Risk (2)	15,846,255	20,235,208	39,231,773
Operational Risk	57,419,401	47,965,481	42,375,554
Total RWA (3)	551,569,179	475,986,927	440,562,919
Basel I Ratio	14,06	13,97	13,95
Basel Principal Capital	12,87	12,90	12,84
Basel Regulatory Capital	15,25	15,04	15,06

(1) Exposures to credit risk subject to the calculation of the capital requirement using a standardized approach (RWACPAD) are based on the procedures established by Circular Bacen 3,644, dated March 4, 2013 and its subsequent complements through the wording of Circular Bacen 3,174 of August 20, 2014 and Bacen Circular 3,770 of October 29, 2015.

(2) Includes portions for market risk exposures subject to variations in rates of foreign currency coupons (RWAjur2), price indexes (RWAjur3) and interest rate (RWAjur1/RWAjur4), the price of commodities (RWAcom), the price of shares classified as trading portfolios (RWAacs), and portions for gold exposure and foreign currency transactions subject to foreign exchange (RWAcam).

(3) Risk Weighted Assets.

Banco Santander publishes the Risk Management Report on a quarterly basis with information on risk management, a brief description of the Recovery Plan, capital management, PR and RWA.

Financial institutions are required to maintain investments in permanent assets compatible with adjusted regulatory capital. Funds invested in permanent assets, calculated on a consolidated basis, are limited to 50% of adjusted regulatory capital, as per prevailing regulation. Banco Santander classifies for said index. The Bank is in compliance with the requirements aforementioned.

31. Interest and similar income

Interest and similar income in the consolidated income statement consists of interest accrued in the year on all financial assets with implicit or explicit return, calculated using the effective interest method, regardless of the fair value measurement, and the result as a result of hedge accounting. Interest is recognized on a gross basis, without deducting taxes withheld at source.

The breakdown of the main items of interest and similar charges accrued in 2020, 2019 and 2018 is as follows:

Thousand of reais	2020	2019	2018
Cash and balances with the Brazilian Central Bank	1,552,121	3,827,648	5,095,828
Loans and advances - Credit institutions	1,518,557	3,843,798	2,977,670
Loans and advances - Customers	44,103,997	50,406,078	46,471,507
Debt instruments	13,556,403	13,528,096	13,629,167
Pension Plans (Note 22,b)	16,720	27,353	-
Other interest	2,027,142	1,208,087	2,304,221
Total	62,774,940	72,841,060	70,478,393

*values expressed in thousands, except when indicated.

32. Interest expense and similar charges

"Interest and similar expenses" in the consolidated income statement consist of interest accrued in the year on all financial liabilities with implicit or explicit return, including remuneration in kind, calculated using the effective interest method, regardless of the measurement of the fair value, cost adjustments as a result of hedge accounting and interest costs attributed to pension funds.

The breakdown of the main items of interest and similar charges accrued in 2020, 2019 and 2018 is as follows:

Thousand of reais	2020	2019	2018
Credit institutions deposits	4,327,276	4,866,357	5,367,471
Customer deposits	7,504,276	14,965,958	13,576,866
Marketable debt securities and subordinated liabilities:			
Marketable debt securities (note 18)	2,785,942	5,138,306	4,606,949
Subordinated liabilities	-	-	25,336
Debt Instruments Eligible to Compose Capital (note 19)	909,393	503,541	604,216
Pension Plans (note 21.b)	301,389	342,068	343,137
Other interest ⁽¹⁾	2,503,953	2,703,723	4,033,076
Total	18,332,228	28,519,953	28,557,051

(1) It is mainly composed of Expenses with Interest on Repo Agreements

33. Income from equity instruments

"Income from equity instruments" includes the dividends and payments on equity instruments out of profits generated by investees after the acquisition of the equity interest.

The breakdown of the balance of this item is as follows:

Thousand of reais	2020	2019	2018
Equity instruments classified as:			
Financial Assets Measured At Fair Value Through Profit Or Loss	30,232	13,398	27,047
Financial Assets Measured At Fair Value Through Other Comprehensive Income	3,522	5,535	5,576
Total	33,754	18,933	32,623

34. Fee and commission income

The heading "Fee and commission income" comprises the amount of all fees and commissions accruing in favor of the Bank in the year, except those that form an integral part of the effective interest rate on financial instruments.

The breakdown of the balance of this item is as follows:

Thousand of reais	2020	2019	2018
Collection and payment services:			
Bills	1,083,262	1,143,229	1,070,258
Demand accounts	2,425,416	2,554,559	2,311,925
Cards (Credit and Debit) and Acquiring Services	6,009,780	6,620,708	5,854,503
Checks and other	138,483	188,249	169,872
Orders	856,723	720,521	622,405
Total	10,513,664	11,227,266	10,028,962

*values expressed in thousands, except when indicated.

Marketing of non-Banking financial products:

Investment funds	450,940	725,494	717,924
Insurance	3,134,723	3,120,471	2,975,661
Capitalization plans	634,775	829,852	402,859
Total	4,220,438	4,675,817	4,096,444

Securities services:

Securities underwriting and placement	695,978	721,793	448,914
Securities trading	281,686	186,847	137,617
Administration and custody	495,457	401,310	41,794
Asset management	1,144	2,291	2,173
Total	1,474,265	1,312,241	630,497

Other:

Foreign exchange	1,450,636	968,270	934,801
Financial guarantees	728,232	650,241	708,819
Other fees and commissions	2,219,472	1,558,623	1,328,928
Total	4,398,340	3,177,134	2,972,549

Total	20,606,707	20,392,458	17,728,452
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35. Fee and commission expense

Fee and commission expense" shows the amount of all fees and commissions paid or payable in the year, except those that form an integral part of the effective interest rate on financial instruments.

The breakdown of the balance of this item is as follows:

Thousand of reais	2020	2019	2018
Commissions assigned to third parties (1)	2,685,005	3,639,239	2,364,119
Other fees and commissions	1,693,488	1,040,066	1,232,174
Total	4,378,493	4,679,306	3,596,293

(1) Composed, mainly, by credit cards.

36. Gains or losses on financial assets and liabilities

Gains (losses) on financial assets and liabilities (net) includes the amount of the valuation adjustments of financial instruments, except those attributable to interest accrued as a result of application of the effective interest method and to allowances, and the gains or losses derived from the sale and purchase thereof.

The breakdown of the balance of this item, by type of instrument, is as follows:

Thousand of reais	2020	2019	2018
Financial Assets Measured At Fair Value Through Profit Or Loss	711,949	252,253	(138,673)
Financial Assets Measured At Fair Value Through Profit Or Loss Held For Trading (1)	12,122,794	2,391,080	(2,764,859)
Non-Trading Financial Assets Mandatorily Measured At Fair Value Through Profit Or Loss	172,828	11,501	61,239
Financial Assets Not Measured At Fair Value Through Profit Or Loss	(239,054)	(57,522)	(138,104)
Financial Assets available-for-sale			
Debt instruments	(207,011)	(46,136)	(111,750)
Equity instruments	(32,043)	(11,386)	(26,354)

*values expressed in thousands, except when indicated.

Financial Assets Measured At Fair Value Through Other Comprehensive Income

Gains or losses from hedge accounting, net	229,543	(134,767)	197,595
Total	12,998,060	2,462,545	(2,782,802)

(1) Includes the exchange hedge of the Bank's interest in Cayman (note 23).

37. Exchange differences (net)

Exchange differences demonstrate the gains or losses on foreign currency transactions, the differences that arise on translations of monetary items in foreign currencies to the functional currency, and those disclosed on non-monetary assets in foreign currency at the time of their disposal.

Thousand of Reais	2020	2019	2018
Revenue with Exchange variations	78,578,786	23,622,963	12,752,765
Expenses with Exchange Variations	(103,279,748)	(26,411,500)	(15,559,237)
Total	(24,700,962)	(2,788,537)	(2,806,471)

38. Other operating income and expenses

The breakdown of "Other operating income (expense)" is as follows:

Thousand of reais	2020	2019	2018
Other operating income	792,639	591,125	556,715
Other operating expense	(1,237,133)	(1,351,568)	(1,281,764)
Contributions to fund guarantee of credit - FGC	(428,016)	(347,276)	(330,801)
Total	(872,510)	(1,107,719)	(1,055,850)

39. Personnel expenses

a) Breakdown

The breakdown of "Personnel expenses" is as follows:

Thousand of reais	2020	2019	2018
Wages and salaries	5,730,779	5,876,328	5,812,688
Social security costs	1,222,352	1,276,620	1,404,537
Benefits	1,390,044	1,491,485	1,387,078
Defined benefit pension plans (note 22)	6,892	10,917	8,939
Contributions to defined contribution pension plans	117,216	131,885	131,388
Share-based compensation	19,348	88,248	58,050
Training	49,037	66,215	62,756
Other personnel expenses	335,813	386,016	340,571
Total	8,871,481	9,327,714	9,206,007

b) Share-Based Compensation

Banco Santander has long-terms compensation plans linked to the market price of the shares. The members of the Executive Board of Banco Santander are eligible for these plans, as well as other members selected by the Board of Directors, whose selection will take into account seniority of the group. For the Board of Directors members in order to be eligible, it is necessary to exercise Executive Board functions. These amounts are recorded under Other liabilities (Note 24) and personnel expenses (Note 39.a).

b.1) Local and Global Program

Program	Plan	Vesting Period	Period of Exercise/Settlement
		01/2019 to 12/2021	03/2022 and 03/2023
		01/2020 to 12/2022	03/2023 and 03/2024
Local	Santander Brasil Bank Shares	2019 to 2023	2022 and 2023
Global	Santander Spain Shares and Options	01/2020 to 12/2022	03/2023 and 03/2025

*values expressed in thousands, except when indicated.

Program	Liquidity Type	Vesting Period	Period of Exercise/Settlement	01/01 to 12/31/2020	01/01 to 12/31/2019
		01/2019 to 12/2021	03/2022 and 03/2023	R\$ 4,916,667 (*)	R\$ 4,916,667 (*)
		01/2020 to 12/2022	03/2023 and 03/2024	R\$ 9,440,000 (*)	R\$ 9,440,000 (*)
Local	Santander Brasil Bank Shares	2019 to 2023	2022 and 2023	841,446 SANB11	841,446 SANB11
				318,478 SAN	318,478 SAN
Global	Santander Spain Shares and Options	01/2020 to 12/2022	03/2023 and 03/2025	1,664,983 opções s/ SAN	1,664,983 opções s/ SAN
				R\$ 14,356,667	R\$ 14,356,667
				841,446 SANB11	841,446 SANB11
				318,478 SAN	318,478 SAN
				1,664,983 opções s/ SAN	1,664,983 opções s/ SAN
Balance of Plans on December 31, 2020					

Our long-term programs are divided into Local and Global plans, with specific performance indicators and conditions for maintaining the participant's employment relationship until the payment date in order to be entitled to the receipt

The payment of the plans is calculated based on the percentage of achievement of the indicators applied on the reference value (target), with the Local plans being paid in SANB11 units and the Global plans in shares and options of Grupo Santander (SAN).

Each participant has a reference value defined in cash, converted into SANB11 units or into Santander Group (SAN) shares and options, usually at the price of the last 15 trading sessions of the month immediately prior to the grant of each plan. At the end of the vesting period, the resulting shares are delivered with a 1-year restriction, and this payment is still subject to the application of the Malus / Clawback clauses, which may reduce or cancel the shares to be delivered in cases of non-compliance with internal rules and exposure excessive risks.

Impact on Results

The impacts on the result are recorded in the Personnel Expenses item, as follows:

Program	Liquidity Type	01/01 to 12/31/2020
Local	Santander Brasil Bank Shares	10,776
Global	Santander Spain Shares and Options	846

b.2) Variable Remuneration Referenced to Shares

In the long-term incentive plan (deferral), the requirements for payment of future deferred installments of variable remuneration are determined, considering the long-term sustainable financial bases, including the possibility of applying reductions or cancellations depending on the risks assumed and fluctuations of the cost of capital.

The variable remuneration plan with payment referenced in Banco Santander shares is divided into 2 programs: (i) Identified Collective and (ii) Other Employees. The impacts on the result are recorded in the Personnel Expenses item, as follows:

Program	Participant	Liquidity Type	01/01 to 12/31/2020	01/01 to 12/31/2019
Collective Identified	Members of the Executive Committee, Statutory Officers and other executives who assume significant and responsible risks of control areas	50% in cash indexed to 100% of CDI and 50% in shares (Units SANB11)	103,696	98,441
Unidentified Collective	Management-level employees and employees who are benefited by the Deferral Plan	50% in cash indexed to 100% of CDI and 50% in shares (Units SANB11)	98,069	104,068

*values expressed in thousands, except when indicated.

40. Other general administrative expenses

a) Breakdown

The detail of other general administrative expenses is as follows:

Thousand of reais	2020	2019	2018
Genreal maintenance expenses	743,580	748,196	1,330,549
Technology maintenance expenses	2,355,310	2,058,619	1,786,416
Advertising	654,175	712,855	621,645
Communications	648,856	472,873	457,323
Per diems and travel expenses	69,922	140,016	127,277
Taxes other than income tax	280,098	112,012	88,977
Surveillance and cash courier services	594,953	630,585	617,129
Insurance premiums	16,620	34,778	29,434
Specialized and technical services	2,171,460	2,172,567	2,089,614
Technical reports	319,814	360,990	359,468
Others specialized and technical services	1,851,646	1,811,577	1,730,146
Other administrative expenses (1)	709,504	531,311	437,767
Total	8,243,478	7,613,812	7,586,131

(1) For the year ended December 31, 2020, includes mainly Data Processing Expenses in the balance of R\$176.105 (2019 – R\$67.724 and 2017 - R\$73.664), Service Expenses in the balance of R\$27,751 (2019 - revenue of R\$26.852 and 2018 - R\$87.199), Expenses with Benefit Guarantor Fund - FGB R\$8,478 (2019 – R\$34,996 and 2017 - R\$5,334), Interest on Own Capital R\$0 (2018 – R\$38.006 and 2017 - R\$20.826) and Recovery of Charges and Expenses R\$212,850 (2019 – R\$92.408 and 2017 – R\$89.409).

b) Other information

The balance of "Technical reports" includes the fees paid by the consolidated companies to their respective auditors, the detail are as follows:

Millions of Reais	2020	2019	2018
Audit of the annual financial statements of the companies audited by external audit (constant scope of consolidation)	24,0	25,2	19,9
Audit Related	0,4	0,1	0,5
Others	0,0	0,3	0,1
Total	24,4	25,6	20,5

The approximate value of taxes according to law 12,741/2012 totaled R\$1,5 million (2019 - R\$3,6 million e 2018 - R\$2,9million),

41. Gains or losses on non financial assets and investments, net

The breakdown of the balance of this item is as follows:

Thousand of reais	2020	2019	2018
Gains	285,335	55,709	11,627
Tangible and intangible assets	36,778	55,709	11,627
Investments	248,557	-	-
Losses	(54,622)	(45,063)	(37,103)
Tangible and intangible assets	(14,517)	(45,063)	(37,103)
Investments (1)	(40,105)	-	-
Total	230,713	10,646	(25,476)

42. Gains (losses) on disposal and expenses of non-current assets held for sale not classified as discontinued operations

For the year ended December 31, 2020, revenue of R\$77 million is mainly comprised of an expense of R\$24 million with the constitution of a provision for losses on other values and assets, net of the reversal of the provision for loss of recoverable value of properties, constitution of a provision for losses on other values and assets and revenue of R\$49 million resulting from the sale of assets received



*values expressed in thousands, except when indicated.

in the credit recovery processes with customers, and for the year ended December 31, 2019, the income of R\$ 10 millions, includes R\$16 million in revenue from the reversal of provision for loss of recoverable value of properties, constitution of provision for losses on other values and assets and a R\$34 million result on the sale of assets received in the credit recovery processes with customers and for the year ended December 31, 2018 mainly includes R\$104 million of provisions for devaluations on properties, based on appraisal reports prepared by external consultants the specialized.

43. Other disclosures

a) Guarantees and commitments

The Bank provides a variety of guarantees to its clients to improve their credit standing and allow them to compete the following table summarizes at December 31, 2020, 2019 and 2018 all of the guarantees.

As required, the "maximum potential amount of future payments" represents the notional amounts that could be considered as a loss if there were a total default by the guaranteed parties, without consideration of possible recoveries from collateral held or pledged, or recoveries under recourse provisions. There is no relationship between these amounts and probable losses on these guarantees, In fact, "maximum potential amount of future payments" significantly exceeds inherent losses.

Thousand of reais	2020	2019	2018
Maximum potential amount of future payments			
Contingent liabilities			
Guarantees and other sureties	45,930,486	41,870,332	39,081,803
Financial guarantees	32,477,336	29,397,344	27,216,418
Performance guarantees	989,979	1,009,367	907,856
Financial letters of credit	12,407,888	11,387,788	10,860,425
Other	55,283	75,833	97,104
Other contingent exposures	2,351,530	2,442,235	3,178,671
Documentary Credits	2,351,530	2,442,235	3,178,671
Total Contingent Liabilities	48,282,016	44,312,567	42,260,474
Commitments			
Loan commitments drawable by third parties ⁽¹⁾	131,706,433	125,876,671	122,652,229
Total Commitments	131,706,433	125,876,671	122,652,229
Total	179,988,449	170,189,238	164,912,704

(1) Includes the approved limits and unused overdraft, credit card and others.

Financial guarantees are provided to Bank's clients in respect of their obligations to third parties. The Bank has the right to seek reimbursement from the clients for any amount it shall have to pay under such guarantee. Additionally, the Bank may hold cash or other highly liquid collateral for these guarantees.

These guarantees are subject to the same credit evaluation performed on the origination of loans.

The Bank's expectation is that many of these guarantees to expire without the need of cash disbursement in advance. Therefore, in the ordinary course of business, the Bank expects that these guarantees will have virtually no impact on its liquidity.

Performance guarantees are issued to guaranteed clients obligations such as to make contractually specified investments, to supply specified products, commodities, or maintenance or warranty services to a third party, completion of projects in accordance with contract terms, etc. Financial standby letters of credit include guarantees of payment of loans, credit facilities, promissory notes and trade acceptances. The Bank always requires collateral to grant this kind of financial guarantees. In Documentary Credits, the Bank acts as a payment intermediary between trading companies located in different countries (import-export transactions). Under a documentary credit transaction, the parties involved deal with the documents rather than the commodities to which the documents may relate. Usually the traded commodities are used as collateral to the transaction and the Bank may provide some credit facilities. Loan commitments draw able by third parties include mostly credit card lines and commercial commitments. Credit card lines are unconditionally cancelable by the issuer. Commercial commitments are mostly 1 year facilities subject to information requirements to be provided by Banks's clients.

The risk criteria followed to issue all kinds of guarantees, financial standby letters of credit, documentary credits and any risks of signature are in general the same as those used for other products of credit risk, and therefore subject to the same admission and

*values expressed in thousands, except when indicated.

monitoring standards. The guarantees granted on behalf of Bank's clients are subject to the same credit quality review process as any other risk product. On a regular basis, at least once a year, the solvency of the mentioned clients is checked as well as the probability of those guarantees to be executed. In case that any doubt on the client's solvency may arise we create allowances with charge to net income, by the amount of the inherent losses even if there is no claim to us.

The provision for losses on the non-recovery guarantees and other securities (Note 9.c) is recorded as "Impairment losses on financial assets (net)" on consolidated income statement and its calculation is described in note 2.i.

Additionally, the liability recognized as deferred revenue for the premium received for providing the above guarantees, which is being amortized into income over the life of the related guarantees is R\$356,226 (2019 - R\$285,218 and 2018 - R\$330,018).

b) Off-balance funds under management

Banco Santander has under its management investment funds for which it does not hold any substantial participation interests and does not act as principal over the funds, and it does not own any shares of such funds. Based on the contractual relationship governing the management of such funds, third parties who hold the participation interests in such funds are those who are exposed to, or have rights, to variable returns and have the ability to affect those returns through power over the fund. Moreover, though Santander Brasil acts as fund manager, in analyzing the fund manager's remuneration regime, the remuneration regime is proportionate to the service rendered, and therefore does not create exposure of such importance to indicate that the fund manager is acting as the principal (Note 2.w).

The funds managed by Banco Santander not recorded in the balance sheet are as follows:

Thousand of reais	2020	2019	2018
Funds under management	2,716,477	2,034,999	1,896,689
Managed Funds	191,873,169	230,199,261	200,366,261
Total	194,589,646	232,234,260	202,262,950

c) Third-party securities held in custody

On December 31, 2020, the Bank held in custody debt securities and equity instruments totaling R\$35,519,498 (2019 - R\$27,283,548 e 2018 - R\$34,040,742) entrusted to it by third parties which are off-balance instruments.

d) Residual maturity

The breakdown, by maturity, of the balances of certain items in the consolidated balance sheets is as follows:

							2020 Thousand of reais
	On Demand	Up to 3 Months	3 to 12 Months	1 to 3 Years	3 to 5 Years	After 5 Years	Total
Assets:							
Cash and balances with the Brazilian Central Bank	7,373,662	12,775,063	-	-	-	-	20,148,725
Debt instruments	432,579	13,195,527	33,903,698	64,225,680	70,182,705	48,162,275	230,102,464
Equity instruments	-	-	-	-	-	2,329,361	2,329,361
Loans and amounts due from credit institutions	57,722,384	2,777,562	36,783,150	15,155,444	363,135	48,101	112,849,776
Loans and advances to customer	29,385,631	80,281,579	93,750,065	98,550,271	47,160,700	44,639,790	393,768,036
Derivatives	-	14,558,434	1,994,418	6,726,841	1,869,509	3,721,418	28,870,620
Total	94,914,256	123,588,165	166,431,331	184,658,236	119,576,049	98,900,945	788,068,982

*values expressed in thousands, except when indicated.

Liabilities:

Financial liabilities at amortized cost:

Deposits from credit institutions ⁽¹⁾	-	83,922,876	43,315,412	3,764,159	-	654,516	131,656,962
Customer deposits ⁽¹⁾	85,433,287	139,191,140	121,804,752	62,768,886	36,578,335	37,572	445,813,972
Marketable debt securities ⁽¹⁾	-	8,815,410	18,736,230	28,158,133	747,340	418,401	56,875,514
Debt Instruments Eligible to Compose Capital	-	220,425	-	12,899,235	-	-	13,119,660
Other financial liabilities	23,352	21,858,532	20,730,398	17,203,162	4,787	2,452	59,822,683
Short positions	-	45,807,946	-	-	-	-	45,807,946
Derivatives	-	2,046,924	1,973,701	8,010,713	7,744,145	12,204,455	31,979,938
Total	85,456,639	301,863,252	206,560,493	132,804,288	45,074,607	13,317,396	785,076,675

Difference (assets less liabilities) 9,457,617 (178,275,087) (40,129,162) 51,853,948 74,501,442 85,583,549 2,992,307

	2019						Total
	On Demand	Up to 3 Months	3 to 12 Months	1 to 3 Years	3 to 5 Years	After 5 Years	
Assets:							
Cash and balances with the Brazilian Central Bank	6,549,535	13,577,829	-	-	-	-	20,127,364
Debt instruments	7,747,516	1,174,094	22,926,088	45,058,398	35,118,355	61,307,478	173,331,930
Equity instruments	-	-	-	-	-	2,358,229	2,358,229
Loans and amounts due from credit institutions	69,135,371	1,943,291	21,064,571	14,525,161	2,411,265	153,469	109,233,128
Loans and advances to customer	9,451,762	84,839,695	43,180,508	89,624,089	34,092,967	65,510,459	326,699,480
Derivatives	6,806,370	1,893,308	2,649,730	3,546,082	1,950,678	3,599,566	20,445,734
Total	99,690,554	103,428,217	89,820,897	152,753,730	73,573,264	132,929,201	652,195,865
Liabilities:							
Financial liabilities at amortized cost:							
Deposits from credit institutions ⁽¹⁾	390,626	16,584,181	49,097,816	25,655,631	4,877,076	2,666,086	99,271,415
Customer deposits ⁽¹⁾	69,048,756	130,872,214	76,244,908	43,395,748	16,923,318	29,654	336,514,597
Marketable debt securities ⁽¹⁾	-	10,675,356	695,071	37,268,809	3,900,484	21,162,755	73,702,474
Debt Instruments Eligible to Compose Capital	-	170,939	-	10,005,022	-	-	10,175,961
Other financial liabilities	10,334	24,360,724	14,509,911	16,678,725	4,717	1,543	55,565,954
Short positions	-	4,748,545	1,554,274	1,256,416	3,747,700	12,528,718	23,835,653
Derivatives	6,776,746	4,345,286	406,383	4,696,823	2,502,040	3,702,699	22,429,977
Total	76,226,462	191,757,244	142,508,362	138,957,174	31,955,334	40,091,454	621,496,030
Difference (assets less liabilities)	23,464,093	(88,329,028)	(52,687,465)	13,796,556	41,617,931	92,837,747	30,699,835

*values expressed in thousands, except when indicated.

	2018						
	Thousand of reais						
	On Demand	Up to 3 Months	3 to 12 Months	1 to 3 Years	3 to 5 Years	After 5 Years	Total
Assets:							
Cash and balances with the Brazilian Central Bank	19,070,796	392,791	-	-	-	-	19,463,587
Debt instruments	27,402	51,255,820	25,903,428	13,186,253	26,367,903	58,692,609	175,433,415
Equity instruments	839,620	34,420	231,576	-	-	-	1,105,616
Loans and amounts due from credit institutions	69,780,780	8,449,138	844,658	12,739,730	11,371	34,082	91,859,759
Loans and advances to customer	-	111,595,396	75,720,016	63,043,973	21,397,689	29,934,313	301,691,387
Derivatives	-	13,815,791	1,240,161	1,114,446	1,074,875	1,118,173	18,363,446
Total	89,718,598	185,543,356	103,939,839	90,084,402	48,851,838	89,779,177	607,917,210
Liabilities:							
Financial liabilities at amortized cost:							
Deposits from credit institutions ⁽¹⁾	1,139	55,872,675	18,564,342	19,850,530	2,598,172	2,135,948	99,022,806
Customer deposits ⁽¹⁾	65,241,618	102,942,180	76,987,570	42,399,934	16,624,469	2,029	304,197,800
Marketable debt securities ⁽¹⁾	-	11,104,594	26,741,036	22,479,019	5,854,091	8,447,492	74,626,232
Subordinated liabilities	9,885,607	-	-	-	-	-	9,885,607
Debt Instruments Eligible to Compose Capital	-	-	-	-	-	9,779,944	9,779,944
Other financial liabilities	66,265	31,566,995	35,648	18,086,272	-	27,600	49,782,780
Financial liabilities held for trading:							
Short positions	206,423	-	1,139,847	31,349,407	-	-	32,695,677
Derivatives	-	7,639,956	7,723,730	1,069,718	604,593	1,428,838	18,466,835
Total	75,401,052	209,126,400	131,192,173	135,234,880	25,681,325	21,821,851	598,457,681
Difference (assets less liabilities)	14,317,546	(23,583,044)	(27,252,334)	(45,150,478)	23,170,513	67,957,326	9,459,529

(1) Includes obligations which may be subject to early payment, being: demand and time deposits, repurchase agreements with clients, LCI and LCA.

*values expressed in thousands, except when indicated.

e) Equivalent value in Reais of assets and liabilities

The main foreign currency balances in the consolidated financial statements, based on the nature of the related items, are as follows:

Equivalent Value in Thousand of Reais	2020		2019		2018	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
Cash and reserves at the Central Bank of Brazil	15,835,124	-	15,359,225	-	6,947,282	-
Financial assets/liabilities measured at fair value through profit or loss held for trading	27,012,315	7,867,168	3,349,879	3,210,360	1,211,296	101,833
Financial assets measured at fair value through other comprehensive income	17,062,156	-	20,386,034	-	7,049,727	-
Financial assets/liabilities measured at amortized cost	52,002,476	118,142,613	68,996,884	44,140,284	17,912,203	35,567,194
Total	111,912,071	126,009,781	108,092,022	47,350,644	33,120,508	35,669,027

f) Other Obligations

The Banco Santander rents properties, mainly used for branches, based on a standard contract which may be cancelled at its own criterion and includes the right to opt for renewals and adjustment clauses. The leases are classified as operating leases.

The total of the future minimum payments of non-cancellable operating leases is shown below:

	2020	2019	2018
Up to 1 Year	670,619	651,207	670,553
Between 1 to 5 Years	1,607,995	1,492,289	1,435,970
More than 5 Years	171,420	147,125	167,868
	2,450,034	2,290,621	2,274,391

Additionally, Banco Santander has contracts with no contractual maturity, totaling R\$918 (2018 - R\$674) monthly rent corresponding to the contracts with this feature. Payment of operating leases recognized as expenses in 2019 fiscal year were R\$700,958 (2018 - R\$683,011).

Monthly rental contracts will be adjusted on an annual basis, as per prevailing legislation, at Índice Geral de Preços do Mercado (IGPM) variation. The lessee is entitled to unilaterally rescind the agreement, at any time, as contractual clauses and legislation.

g) Contingent assets

On December 31, 2020, 2019 and 2018 no contingent assets were recorded.

h) COVID-19

The Bank monitors the effects of this pandemic that affect its operations and that may adversely affect its results. Since the beginning of the pandemic in Brazil, Committees have been set up to monitor the effects of the spread and its impacts, in addition to government actions to mitigate the effects of COVID-19.

The Bank maintains its operational activities, observing the protocols of the Ministry of Health and other Authorities. Among the actions taken, we highlight (a) the dismissal of employees from the risk group and intensification of work in the home office, (b) the definition of a follow-up protocol, with health professionals, for employees and family members who have the symptoms of COVID19 and (c) increased communication about preventive measures and remote means of care.

The Federal Government through the National Monetary Council and the Central Bank of Brazil has adopted measures to mitigate the impacts caused by COVID-19, specifically on credit operations, fundraising, reduction of reserve requirements and aspects related to capital, such as (a) measures to facilitate the renegotiation of credit operations without an increase in provisions, (b) a reduction in capital requirements, in order to expand the credit system's ability to grant credit and (c) a reduction in reserve requirements, to improve liquidity conditions.



*values expressed in thousands, except when indicated.

The Bank, aware of its responsibilities, made adjustments to its policies in order to respond to the COVID-19 pandemic and adopted measures such as those shown below:

- Extensions for individuals were granted with a 2-month grace period with the possibility of extension for another month.
- In the case of a legal entity, extensions were granted with a grace period of up to 6 months in line with BNDES (National Bank for Economic and Social Development).

The extensions were granted from March to September 2020.

Throughout 2020, the position of extensions in response to the Pandemic COVID-19 reached 1,728,197 customers, R\$ 40,592 million in extended credit, equivalent to 9.72% of the total credit portfolio, as shown below:

Thousand of reais

	Total Extended Portfolio	Of which: expired	Total Portfolio	% Portfolio Extended
Commercial and industrial	11,277,454	8,876,863	191,281,653	5.90%
Mortgage loans - construction	14,061,449	13,569,186	45,791,869	30.71%
Loans to individuals	15,193,901	15,062,757	178,652,145	8.50%
Leasing	59,404	29,388	2,096,359	2.83%
Total*	40,592,207	37,538,194	417,822,027	9.72%

* The total portfolio excludes exposures not accounted for in the balance sheet

Of the total extensions expired on December 31, 2020 of R\$37,538 million, R\$28,348 million were in stage 1, R\$6,608 million in stage 2 and R\$2,567 million in stage 3.

The scenario of uncertainties caused by the Pandemic COVID-19 brought an increase in expected losses, for which continuous monitoring has been maintained.

In response, in 2020, the Bank constituted an additional provision in the amount of R\$3,200,000 (R\$1,411,000 in stage 1, R\$1,120,000 in stage 2 and R\$669,000 in stage 3). This provision was calculated based on the analysis of the potential macroeconomic effects and took into account not only quantitative and qualitative indicators, but also the adequate and accurate identification of risks and a collective assessment of exposures.

For the expected losses estimation, prospective information is taken into account. Santander Brazil considers three macroeconomic scenarios, periodically updated. The evolution for a period of five years of the main macroeconomic indicators used to estimate the expected losses in Santander Brazil is as follows (before pandemic impacts):

Variables	Pessimistic Scenarios					Base Scenarios					Optimistic Scenarios				
	2020	2021	2022	2023	2024	2020	2021	2022	2023	2024	2020	2021	2022	2023	2024
Interest Rate	7.0%	9.5%	9.0%	9.0%	9.0%	4.5%	5.5%	6.0%	6.0%	6.0%	3.5%	3.8%	5.0%	5.0%	5.0%
Unemployment Rate	12.8%	15.9%	17.7%	18.2%	17.9%	10.8%	10.2%	9.7%	8.8%	8.5%	10.1%	8.9%	7.8%	6.8%	6.6%
Housing Price Change	-2.3%	-2.4%	-1.2%	-0.3%	0.0%	0.8%	2.1%	3.6%	3.5%	3.5%	2.5%	7.2%	7.7%	7.3%	7.3%
GDP Growth	-3.0%	-3.3%	-1.7%	-0.9%	1.9%	2.3%	2.2%	2.4%	2.5%	2.5%	4.4%	5.0%	4.6%	4.5%	3.7%
Burden Income	21.0%	21.5%	22.0%	22.0%	22.0%	20.4%	20.4%	20.4%	20.4%	20.4%	19.5%	19.0%	18.8%	18.9%	18.9%



*values expressed in thousands, except when indicated.

Each macroeconomic scenario is associated with a determined likelihood of occurrence. Regarding its assignment, Santander Brazil links the highest weight to the base scenarios whilst links the lowest weights to the most extreme scenarios:

Scenarios Weights	2020	2019	2018
Pessimistic scenarios	10%	10%	10%
Base scenarios	80%	80%	80%
Optimistic scenarios	10%	10%	10%

Regarding the scenarios considering the pandemic used to calculate the post-model adjustment (used for accounting purposes), the projected evolution of the main macroeconomic indicators for a period of five years is shown below:

4Q Variables	Pessimistic Scenarios					Base Scenarios					Optimistic Scenarios				
	2020	2021	2022	2023	2024	2020	2021	2022	2023	2024	2020	2021	2022	2023	2024
Interest Rate	2.0%	3.5%	9.0%	9.0%	9.0%	2.0%	2.8%	4.8%	6.0%	6.0%	2.0%	2.8%	4.8%	6.0%	6.0%
Unemployment Rate	15.2%	19.2%	19.0%	18.6%	18.0%	15.2%	12.4%	11.4%	10.7%	9.8%	15.2%	12.4%	11.4%	10.7%	9.8%
Housing Price Change	-1.9%	-2.7%	-1.4%	-0.2%	1.5%	-1.9%	1.6%	3.1%	3.3%	3.3%	-1.9%	1.6%	3.1%	3.3%	3.3%
GDP Growth	-4.0%	-6.0%	-1.8%	2.4%	1.2%	-4.0%	3.8%	2.5%	2.4%	2.5%	-4.0%	3.8%	2.5%	2.4%	2.5%
Burden Income	21.3%	22.3%	22.7%	23.2%	23.0%	21.3%	20.9%	20.8%	20.7%	20.7%	21.3%	20.9%	20.8%	20.7%	20.7%

The sensitivity analysis of the main portfolios expected loss to variations of +/- 100 bps for the macroeconomic variables used in the construction of the scenarios is as follows:

	Change in Provision		
	Consumer%	Corporate%	Rest%
GDP Growth			
-100 bp	0.89	1.66	0.75
+ 100 bp	(0.91)	(1.49)	(0.41)
Burden Income			
-100 bp	(0.82)	1.56	(0.43)
+ 100 bp	1.61	0.69	1.49
Interest Rate (Selic)			
-100 bp	(1.43)	0.55	(0.29)
+ 100 bps	2.11	8.42	1.54

44. Business segment reporting

In accordance with IFRS 8, an operating segment is a component of an entity:

- that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity),
- whose operating results are regularly reviewed by the entity's management responsible to make decisions about resources to be allocated to the segment and assess its performance, and
- For which different financial information are available.

*values expressed in thousands, except when indicated.

Based on these guidelines, the Bank has identified the following reportable operating segments:

- Commercial Banking.
- Global Wholesale Banking.

The Bank has two segments, the commercial (except for the Corporate Banking business managed globally using the Global Relationship Model) and the Global Wholesale Banking segment includes the Investment Banking and Markets operations, including departments cash and stock trades.

The Bank operates in Brazil and abroad, through the Cayman branch, Luxembourg branch and its subsidiary in Spain, with Brazilian clients and therefore has no geographical segments.

The income statements and other significant data are as follows:

Thousand of reais	2020		
(Condensed) Income Statement	Commercial Banking	Global Wholesale Banking	Total
NET INTEREST INCOME	41,457,352	2,985,361	44,442,713
Income from equity instruments	3,617	30,137	33,754
Income from companies accounted for by the equity method	84,051	28,210	112,261
Net fee and commission income	14,405,280	1,822,934	16,228,214
Gains (losses) on financial assets and liabilities (net) and Exchange differences (net) (1)	(13,515,305)	1,812,403	(11,702,902)
Other operating expense (net)	(767,088)	(105,422)	(872,510)
TOTAL INCOME	41,667,906	6,573,623	48,241,529
Personnel expenses	(8,139,785)	(731,697)	(8,871,482)
Other administrative expenses	(7,634,670)	(608,808)	(8,243,478)
Depreciation and amortization	(2,488,517)	(90,610)	(2,579,127)
Provisions (net)	(1,638,787)	(17,759)	(1,656,546)
Impairment losses on financial assets (net)	(17,379,570)	(70,619)	(17,450,189)
Impairment losses on non-financial assets (net)	(28,403)	(56,504)	(84,907)
Other non-financial gains (losses)	308,176	-	308,176
OPERATING PROFIT BEFORE TAX (1)	4,666,350	4,997,625	9,663,975
Currency Hedge ⁽¹⁾	13,583,011	-	13,583,011
ADJUSTED OPERATING INCOME BEFORE TAX (1)	18,249,361	4,997,626	23,246,987

*values expressed in thousands, except when indicated.

Thousand of reais

2019

(Condensed) Income Statement

	Commercial Banking	Global Wholesale Banking	Total
NET INTEREST INCOME			
Income from equity instruments			
Income from companies accounted for by the equity method	42,043,774	2,277,333	44,321,107
Net fee and commission income	4,864	14,069	18,933
Gains (losses) on financial assets and liabilities (net) and Exchange differences (net) ⁽¹⁾	149,488	-	149,488
Other operating expense (net)	13,923,272	1,789,880	15,713,152
TOTAL INCOME	(1,541,343)	1,215,351	(325,992)
Personnel expenses	(1,069,052)	(38,668)	(1,107,720)
Other administrative expenses	53,511,003	5,257,965	58,768,968
Depreciation and amortization	(8,554,254)	(773,460)	(9,327,714)
Provisions (net)	(7,139,828)	(473,984)	(7,613,812)
Impairment losses on financial assets (net)	(2,297,010)	(94,847)	(2,391,857)
Impairment losses on non-financial assets (net)	(3,668,709)	(12,877)	(3,681,586)
Other non-financial gains (losses)	(13,423,361)	53,455	(13,369,906)
OPERATING PROFIT BEFORE TAX ⁽¹⁾	(73,216)	(58,219)	(131,435)

Currency Hedge⁽¹⁾ 20,489 - 20,489

ADJUSTED OPERATING INCOME BEFORE

TAX ⁽¹⁾ 18,375,114 3,898,033 22,273,147

NET INTEREST INCOME 1,264,279 - 1,264,279

Income from equity instruments **19,639,393 3,898,033 23,537,426**

(1) Includes, in the Commercial Bank, the currency hedge of the investment in dollars (a strategy to mitigate the tax effects and the variation of the exchange rate of offshore investments on net income), the result of which is recorded under "on financial assets and liabilities" fully offset in the line of Taxes.

Thousand of reais

2018

(Condensed) Income Statement

	Commercial Banking	Global Wholesale Banking	Total
NET INTEREST INCOME	39,390,512	2,530,830	41,921,342
Income from equity instruments	9,974	22,649	32,623
Income from companies accounted for by the equity method	65,958	-	65,958
Net fee and commission income	12,537,112	1,595,047	14,132,159
Gains (losses) on financial assets and liabilities (net) and Exchange differences (net) (1)	(6,752,093)	1,162,820	(5,589,273)
Other operating expense (net)	(965,466)	(90,384)	(1,055,850)
TOTAL INCOME	44,285,998	5,220,961	49,506,959
Personnel expenses	(8,404,198)	(801,809)	(9,206,007)
Other administrative expenses	(7,186,035)	(400,096)	(7,586,131)
Depreciation and amortization	(1,637,484)	(102,475)	(1,739,959)
Provisions (net)	(1,947,578)	(52,026)	(1,999,604)
Impairment losses on financial assets (net)	(12,419,979)	(293,456)	(12,713,435)
Impairment losses on non-financial assets (net)	(450,201)	(58,109)	(508,310)
Other non-financial gains (losses)	156,258	-	156,258
OPERATING PROFIT BEFORE TAX (1)	12,396,779	3,512,992	15,909,771
Currency Hedge ⁽¹⁾	5,867,320	-	5,867,320
ADJUSTED OPERATING INCOME BEFORE			
TAX (1)	18,264,099	3,512,992	21,777,091

(1) Includes, at Banco Comercial, the foreign exchange hedge of the dollar investment (a strategy to mitigate the tax effects and exchange rate variation of offshore investments on net income), the result of which is recorded in "Gains (losses) on financial assets and liabilities" fully offset in the Tax line.

*values expressed in thousands, except when indicated.

			2020
Other aggregates:	Commercial Banking	Global Wholesale Banking	Total
Total assets	839,962,420	96,239,065	936,201,485
Loans and advances to customers	317,553,409	76,214,628	393,768,037
Customer deposits	322,328,033	123,485,939	445,813,972

			2019
Other aggregates:	Commercial Banking	Global Wholesale Banking	Total
Total assets	677,139,468	85,097,984	762,237,452
Loans and advances to customers	259,644,994	67,054,486	326,699,480
Customer deposits	253,313,187	83,201,410	336,514,597

			2018
Other aggregates:	Commercial Banking	Global Wholesale Banking	Total
Total assets	646,128,672	77,736,335	723,865,007
Loans and advances to customers	237,411,240	64,280,147	301,691,387
Customer deposits	227,689,079	76,508,721	304,197,800

45. Related party transactions

The parties related to the Bank are deemed to include, in addition to its subsidiaries, associates and jointly controlled entities, the Bank's key management personnel and the entities over which the key management personnel may exercise significant influence or control.

Banco Santander has the Policy on Related Party Transactions approved by the Board of Directors, which aim to ensure that all transactions are made on the policy typified in view the interests of Banco Santander and its stockholders'. The policy defines powers to approve certain transactions by the Board of Directors. The rules laid down are also applied to all employees and directors of Banco Santander and its subsidiaries.

The transactions and remuneration of services with related parties are carried out in the ordinary course of business and under commutative conditions, including interest rates, terms and guarantees, and do not involve risks greater than normal collection or present other disadvantages.

a) Key-person management compensation

The Bank's Board of Directors' Meeting held on March 26, 2020 approved, in accordance with the favorable recommendation of the Compensation Committee, the proposal for the maximum global compensation for the Directors (Board of Directors and Executive Board) for the year 2020, in the amount up to R\$400,000,000 (four hundred million reais), covering fixed, variable and share-based compensation and other benefits, The proposal was the subject of a resolution at the Annual General Meeting (AGM) to be held on April 30, 2020.

i) Long-term benefits

The Banco Santander as well as Banco Santander Spain, as other subsidiaries of Santander Group, have long-term compensation programs tied to their share's performance, based on the achievement of goals.

*values expressed in thousands, except when indicated.

ii) Short-term benefits

The following table shows the Board of Directors' and Executive Board's:

Thousand of reais	2020	2019	2018
Fixed Compensation	90,889	89,518	90,580
Variable Compensation - in cash	83,352	70,816	48,526
Variable Compensation - in shares	81,306	80,832	34,155
Others (1)	47,832	46,937	54,494
Total Short-Term Benefits	303,379	288,103	227,755
Variable Compensation - in cash	98,407	92,704	31,797
Variable Compensation - in shares	97,729	102,046	30,060
Total Long-Term Benefits	196,136	194,750	61,857
Total (2)	499,515	482,853	289,612

(1) In the first half of 2018, Banco Santander management decided to provision and settle a certain benefit in advance, which was practiced by the Bank's liberality.

(2) Refers to the amount recognized as an expense for the year ended December 31, 2019 and deferred expense from previous years approved on each respective year, by Banco Santander and its subsidiaries to their Directors for the positions they hold at Banco Santander and other companies of the Santander Conglomerate. The amounts related to the Variable and Share-Based Compensation will be paid in the subsequent periods.

Additionally, in the exercise ended on December 31, 2020, withholding taxes were collected on management compensation in the amount of R\$29,162 (2019 - R\$33,912 and 2018 - R\$36,356).

iii) Contract termination

The termination of the employment relationship for non-fulfillment of obligations or voluntarily does not entitle executives to any financial compensation.

b) Lending operations

Under current law, it is not granted loans or advances involving:

I - directors, members of board of directors and audit committee as well as their spouses and relatives up to the second degree;

II - individuals or legal entities of Banco Santander, which hold more than 10% of the share capital;

III - Legal entities which hold more than 10% of the share capital, Banco Santander and its subsidiaries; and

IV - legal entities in which any of the officers, members of the Board of Directors and Audit Committee, as well as their spouses or relatives up to the second degree, hold more than 10% of the share capital.

c) Ownership Interest

The table below shows the direct interest (common shares and preferred shares) as of December 31, 2020, 2019 and 2018:

	Common Shares		Preferred Shares		Total Shares		2020
Stockholders'	(thousand)	(%)	(thousand)	(%)	(thousand)	(%)	Total Shares (%)
Sterrebeek B,V, ⁽¹⁾	1,809,583	47.4%	1,733,644	47.1%	3,543,227	47.3%	
Grupo Empresarial Santander, S,L, ⁽¹⁾	1,627,891	42.6%	1,539,863	41.8%	3,167,755	42.2%	
Banco Santander, S.A. ⁽¹⁾	2,696	0.07%	-	0.0%	2,696	0.04%	
Employees	2,046	0.05%	2,046	0.06%	4,092	0.05%	
Directors (*)	4,034	0.11%	4,034	0.11%	8,067	0.11%	
Others	353,616	9.3%	381,420	10.4%	735,036	9.8%	
Total	3,799,866	99.5%	3,661,007	99.5%	7,460,873	99.5%	
Treasury shares	18,829	0.5%	18,829	0.5%	37,658	0.5%	
Total	3,818,695	100%	3,679,836	100%	7,498,531	100%	
Free Float ⁽²⁾	355,662	9.3%	383,466	10.4%	739,128	9.9%	

*values expressed in thousands, except when indicated.

						2019
Stockholders'	Common Shares (thousand)	Common Shares (%)	Preferred Shares (thousand)	Preferred Shares (%)	Total Shares (thousand)	Total Shares (%)
Grupo Empresarial Santander, S,L. ⁽¹⁾	1,107,673	29.0%	1,019,645	27.7%	2,127,318	28.4%
Sterrebeek B,V, ⁽¹⁾	1,809,583	47.4%	1,733,644	47.1%	3,543,227	47.3%
Banco Santander, S.A. ⁽¹⁾	521,964	13.7%	519,268	14.1%	1,041,232	13.9%
Employees	2,526	0.1%	2,533	0.1%	5,059	0.1%
Directors (*)	4,525	0.1%	4,524	0.1%	9,049	0.1%
Others	355,722	9.3%	383,519	10.4%	739,241	9.9%
Total	3,801,993	99.6%	3,663,133	99.5%	7,465,126	99.6%
Treasury shares	16,702	0.4%	16,702	0.5%	33,404	0.4%
Total	3,818,695	100%	3,679,835	100%	7,498,530	100%
Free Float ⁽²⁾	358,248	9.4%	386,053	10.5%	744,301	9.9%

						2018
Stockholders'	Common Shares (thousand)	Common Shares (%)	Preferred Shares (thousand)	Preferred Shares (%)	Total Shares (thousand)	Total Shares (%)
Grupo Empresarial Santander, S,L. ⁽¹⁾	1,107,673	29.0%	1,019,645	27.7%	2,127,318	28.4%
Sterrebeek B,V, ⁽¹⁾	1,809,583	47.4%	1,733,644	47.1%	3,543,227	47.2%
Banco Santander, S.A. ⁽¹⁾	521,964	13.7%	519,268	14.1%	1,041,232	13.9%
Employees	2,986	0.1%	2,987	0.1%	5,973	0.1%
Administrators (*)	3,930	0.1%	3,930	0.1%	7,860	0.1%
Others	359,242	9.4%	387,045	10.5%	746,287	9.9%
Total	3,805,378	99.7%	3,666,519	99.6%	7,471,897	99.6%
Treasury shares	13,317	0.3%	13,317	0.4%	26,634	0.4%
Total	3,818,695	100%	3,679,836	100%	7,498,531	100%
Free Float ⁽²⁾	362,228	9.5%	390,032	10.6%	752,260	10.0%

(1) Companies of the Santander Spain Group.

(2) Composed by Employees, Qatar Holding and other.

(*) None of the members of the Board of Directors and the Executive Board holds 1.0% or more of any class of shares.

d) Related-party transactions

Santander has a Policy for Related Party Transactions approved by the Board of Directors, which aims to ensure that all transactions typified by the policy to take effect in view of the interests of Banco Santander and its stockholders. The policy defines the power to approve certain transactions by the Board of Directors. The planned rules also apply to all employees and officers of Banco Santander and its subsidiaries.

Operations and charges for services with related parties are carried out in the ordinary course of business and under reciprocal conditions, including interest rates, terms and guarantees, and do not entail greater risk than the normal collection or have other disadvantages.

*values expressed in thousands, except when indicated.

Beginning in 2018, transactions and balances with key management personnel are shown. The main transactions and balance are as follows:

Thousand of reais	Parent ⁽¹⁾	Joint-controlled companies	2020 Other Related-Party ⁽²⁾
Assets	2,966,012	3,589,575	8,962,950
Financial assets for trading	(1,326,965)	-	(2,527,296)
Banco Santander, S.A. – Espanha (1)	(1,326,965)	-	-
Super Pagamentos e Administração de Meios Eletrônicos S.A.	-	-	(211,154)
Real Fundo de Investimento Multimercado Santillana Credito Privado (2)	-	-	(2,316,142)
Loans and other values with credit institutions - Cash and overnight operations in foreign currency	4,240,680	3,587,028	10,446,557
Banco Santander, S.A. – Espanha (3)	4,240,680	-	-
PSA Corretora de Seguros e Serviços Ltda	-	-	113
Santander Digital Assets, SL	-	-	8,105
Santander Bank, National Association	-	-	10,315,450
Banco Santander Totta, S.A. (2)	-	-	1,250
Bank Zachodni (2)	-	-	171
Santander UK plc	-	-	92,703
Banco Santander, S.A. – México (2)	-	-	27,993
Banco RCI Brasil S.A.	-	3,587,028	-
Hyundai Corretora de Seguros Ltda	-	-	3
Integry Tecnologia e Serviços A,H,U Ltda,	-	-	45
Super Pagamentos e Administração de Meios Eletrônicos S.A.	-	-	532
Santander Global Technology, S,L,, SOCI	-	-	192
Loans and advances to customers	-	-	998,063
Zurich Santander Brasil Seguros e Previdência S.A. (4)	-	-	823,467
Zurich Santander Brasil Seguros S.A. (4)	-	-	57,081
Webmotors S.A.	-	-	18,455
Banco Santander Espanha (1)	-	-	224
Isban Mexico, S.A. de C,V,	-	-	122
Gesban Servicios Administrativos Globales, S,L,	-	-	23
Santander Brasil Gestão de Recursos Ltda	-	-	169
Gestora de Inteligência de Crédito	-	-	66,667
Loop Gestão de Patios S.A.	-	-	11,966
Key management Personnel (5)	-	-	19,889
Other Assets	52,297	2,547	34,589
Banco Santander, S.A. – Espanha (1)	52,297	-	-
Banco RCI Brasil S.A.	-	2,547	-
Zurich Santander Brasil Seguros e Previdência S.A. (4)	-	-	34,589
Guarantees and Limits	-	-	11,038
Key management Personnel (5)	-	-	11,038
Liabilities	(24,084,795)	(226,046)	(1,779,587)
Deposits of Brazil Central Bank and deposits of credit institutions	(10,456,623)	(226,046)	(37,214)
Banco Santander, S.A. – Espanha (1)	(10,456,623)	-	-
Super Pagamentos e Administração de Meios Eletrônicos S.A.	-	-	(36,390)
Loop Gestão de Pátios S.A.	-	-	(824)
Banco RCI Brasil S.A.	-	(226,046)	-
Securities	-	-	(117,368)
Key management Personnel (5)	-	-	(117,368)
Customer deposits	-	-	(869,888)
Zurich Santander Brasil Seguros e Previdência S.A. (4)	-	-	(64,836)
Santander Brasil Gestão de Recursos Ltda	-	-	(335)
Webmotors S.A.	-	-	(1,411)
Santander Securities Services Brasil DTVM S.A.	-	-	(581,543)
Santander Brasil Asset (2)	-	-	(100)
Gestora de Inteligência de Crédito	-	-	(149,257)
Key management Personnel (5)	-	-	(36,762)
Others	-	-	(35,644)

*values expressed in thousands, except when indicated.

Other financial liabilities - Dividends and interest on capital Payable	(508,491)	-	-
Banco Santander Espanha	(195)	-	-
Grupo Empresarial Santander, S,L, (1)	(239,890)	-	-
Sterrebeeck B,V, (1)	(268,406)	-	-
Other Payables	(21)	-	(755,117)
Banco Santander Espanha (1)	(21)	-	-
Santander Brasil Asset (2)	-	-	(95)
Santander Securities Services Brasil DTVM S.A.	-	-	(9,373)
Zurich Santander Brasil Seguros e Previdência S.A. (4)	-	-	(78,686)
Key management Personnel (5)	-	-	(633,276)
Others	-	-	(33,687)
Debt Instruments Eligible to Compose Capital	(13,119,660)	-	-
Banco Santander Espanha (1)	(13,119,660)	-	-

*values expressed in thousands, except when indicated.

Thousand of Reais

			2019
	Parent ⁽¹⁾	Joint- controlled companies	Other Related- Party ⁽²⁾
Assets	5,294,152	4,387,013	874,668
Financial assets for trading - Derivatives net	(763,547)	-	(113,931)
Banco Santander, S.A. – Espanha (1)	(763,547)	-	-
Real Fundo de Investimento Multimercado Santillana Credito Privado (2)	-	-	(113,931)
Loans and other values with credit institutions - Cash and overnight operations in foreign currency	5,896,120	-	70,261
Banco Santander, S.A. – Espanha (3)	5,896,120	-	-
Banco Santander Totta, S.A. (2)	-	-	7,921
Bank Zachodni (2)	-	-	94
Santander UK plc	-	-	16,701
Banco Santander, S.A. – México (2)	-	-	45,545
Loans and advances to customers	912	20,367	884,696
Zurich Santander Brasil Seguros e Previdência S.A.	-	-	814,320
Zurich Santander Brasil Seguros S.A.	-	-	58,778
Webmotors S.A.	-	20,367	-
Banco Santander Espanha (1)	912	-	-
Isban Mexico, S.A. de C.V.	-	-	122
Gesban Servicios Administrativos Globales, S,L	-	-	23
Santander Brasil Gestão de Recursos Ltda	-	-	169
Key management Personnel (5)	-	-	11,284
Loans and other values with credit institutions ⁽¹⁾	86,638	4,365,518	192
Banco Santander, S.A. – Espanha (1)	86,638	-	-
Banco RCI Brasil S.A.	-	4,365,518	-
Santander Global Technology, S,L, SOCI	-	-	192
Other Assets	74,029	1,128	28,476
Banco Santander, S.A. – Espanha (1)	74,029	-	-
Banco RCI Brasil S.A.	-	1,128	-
Zurich Santander Brasil Seguros e Previdência S.A. (4)	-	-	28,476
Guarantees and Limits	-	-	4,974
Key management personnel (5)	-	-	4,974
Liabilities	(17,105,753)	(169,103)	(1,529,828)
Deposits of Brazil Central Bank and deposits of credit institutions	(42,060)	(167,017)	(20,571)
Banco Santander, S.A. – Espanha (1)	(42,060)	-	-
Real Fundo de Investimento Multimercado Santillana Credito Privado (2)	-	-	(20,571)
Banco RCI Brasil S.A.	-	(167,017)	-
Securities obligations	-	-	(89,074)
Key management personnel (5)	-	-	(89,074)
Customer deposits	-	(2,086)	(1,008,416)
Zurich Santander Brasil Seguros e Previdência S.A. (4)	-	-	(199,934)
Santander Brasil Gestão de Recursos Ltda	-	-	(332,916)
Webmotors S.A.	-	(2,082)	-
Santander Securities Services Brasil DTVM S.A.	-	-	(404,427)
Santander Brasil Asset (2)	-	-	(16,762)
Key Management personnel (5)	-	-	(36,104)
Others	-	(4)	(18,273)
Other financial liabilities - Dividends and interest on capital Payable	(6,874,602)	-	(12,226)
Banco Santander, S.A. – Espanha (1)	(1,067,623)	-	-
Grupo Empresarial Santander, S,L, (1)	(2,177,207)	-	-
Sterrebeeck B,V, (1)	(3,629,772)	-	-
Banco Madesant (2)	-	-	(1,948)
Key management personnel (5)	-	-	(10,278)
Other Payables	(13,130)	-	(399,541)
Banco Santander, S.A. – Espanha (1)	(13,130)	-	-
Santander Brasil Asset	-	-	(7,203)
Santander Securities Services Brasil DTVM S.A.	-	-	(5,066)
Zurich Santander Brasil Seguros e Previdência S.A. (4)	-	-	(21,219)
Key management personnel (5)	-	-	(357,249)
Others	-	-	(8,804)

*values expressed in thousands, except when indicated.

Debt Instruments Eligible to Compose Capital		(10,175,961)	-
Banco Santander, S.A. – Espanha (1)		(10,175,961)	-
Thousand of Reais			
		Parent ⁽¹⁾	Joint- controlled companies
			Other Related- Party ⁽²⁾
Assets		8,169,537	3,112,734
Financial assets for trading - Derivatives net		(72,815)	205,337
Banco Santander, S.A. – Espanha (1)		(72,815)	-
Real Fundo de Investimento Multimercado Santillana Credito Privado (2)		-	266,027
Banco RCI Brasil S.A.		-	205,337
Loans and other values with credit institutions - Cash and overnight operations in foreign currency		8,194,590	-
Banco Santander Espanha (3)		8,194,590	-
Banco Santander Totta, S.A. (2)		-	7,883
Abbey National Treasury Services Plc (2)		-	87,260
Bank Zachodni (2)		-	193
Santander UK plc		-	46,615
Banco Santander, S.A. – México (2)		-	5,037
Loans and advances to customers		347	-
Zurich Santander Brasil Seguros e Previdência S.A. (4)		-	913,875
Zurich Santander Brasil Seguros S.A. (4)		-	45,851
Banco Santander Espanha (1)		347	-
Isban Mexico, S.A. de C.V,		-	122
Gesban Servicios Administrativos Globales, S,L,		-	23
Santander Brasil Gestão de Recursos Ltda		-	169
Santander Securities Services Brasil Participações S.A. (2)		-	927
Key management personnel (5)		-	5,495
Loans and other values with credit institutions ⁽¹⁾		15,143	2,905,947
Banco Santander Espanha		15,143	-
Banco RCI Brasil S.A.		-	2,905,947
BHJV Assessoria e Consultoria em Gestão Empresarial LTDA		-	10
Produban Brasil Tecnologia		-	2,091
Santander Global Technology, S,L,, SOCI		-	192
Other Assets		32,272	1,450
Banco Santander Espanha		32,272	-
Banco RCI Brasil S.A.		-	1,450
Liabilities		(23,166,005)	(38,380)
Deposits of Brazil Central Bank and deposits of credit institutions		(107,084)	(36,871)
Banco Santander, S.A. – Espanha (1)		(107,084)	-
Real Fundo de Investimento Multimercado Santillana Credito Privado (2)		-	(1,151,399)
Banco Santander Rio S.A. (2)		-	(259,220)
Banco RCI Brasil S.A.		-	(36,871)
Securities obligations		-	(96,133)
Key management personnel (5)		-	(96,133)
Customer deposits		-	(1,509)
Santander Securities Services Brasil Participações S.A. (2)		-	(58,968)
Zurich Santander Brasil Seguros e Previdência S.A.		-	(234,249)
Gestora de Inteligência de Crédito		-	(190,674)
Santander Brasil Gestão de Recursos Ltda		-	(126,988)
Webmotors S.A.		-	(1,509)
Santander Securities Services Brasil DTVM S.A.		-	(427,209)
Santander Brasil Asset (2)		-	(18,639)
Key management personnel (5)		-	(37,889)
Others		-	(40,059)
Other financial liabilities - Dividends and interest on capital Payable		(3,922,473)	-
Banco Santander, S.A. – Espanha (1)		(609,159)	-
Grupo Empresarial Santander, S,L, (1)		(1,242,259)	-
Sterrebeeck B,V, (1)		(2,071,055)	-
Banco Madesant (2)		-	(1,112)
Key management personnel (5)		-	(4,432)

*values expressed in thousands, except when indicated.

Other Payables	(9,603)	-	(424,504)
Banco Santander, S.A. – Espanha (1)	(9,603)	-	-
Santander Brasil Asset	-	-	(14,476)
Santander Securities Services Brasil DTVM S.A.	-	-	(4,291)
Zurich Santander Brasil Seguros e Previdência S.A. (4)	-	-	(16,924)
Key management personnel (5)	-	-	(381,292)
Others	-	-	(7,521)
Debt Instruments Eligible to Compose Capital	(19,126,845)	-	-
Banco Santander Espanha	(19,126,845)	-	-

(*) All loans and other amounts with related parties were made in the normal course of business and on a sustainable basis, including interest rates and guarantees and do not involve risks greater than normal collection or have other disadvantages.

(1) Banco Santander (Brasil) S.A. is indirectly controlled by Banco Santander Espanha (note 1-a), through the subsidiaries Grupo Empresarial Santander, S.L. and Sterrebeek B.V.

(2) Refers to the parent company's subsidiaries (Banco Santander Espanha).

(3) As of December 31, 2020, it refers to cash and cash equivalents in the amount of R \$ 2,459,371 (2019 - R \$ 1,089,578 and 2018 - R \$ 1,515,437).

(4) Significant influence of Banco Santander Espanha.

(5) The balance with key management personnel refers to operations contracted prior to the term of the mandates.

Thousand of Reais

	Parent ⁽¹⁾	Joint-controlled companies	2020 Other Related-Party ⁽²⁾
Income	(2,164,484)	204,209	1,442,100
Interest and similar income - Loans and amounts due from credit institutions	13,934	185,646	1,485
Banco RCI Brasil S.A.	13,934	-	-
Pessoal Chave da Administração	-	185,646	-
Key management personnel	-	-	1,485
Guarantees and Limits	-	-	61
Key management personnel	-	-	61
Interest expense and similar charges - Customer deposits	-	-	(19,215)
Santander Brasil Gestão de Recursos Ltda	-	-	(5,664)
Gestora de Inteligência de Crédito	-	-	(1,039)
Webmotors S.A.	-	-	(2)
Super Pagamentos e Administração de Meios Eletrônicos S.A.	-	-	(7,198)
Pessoal Chave da Administração	-	-	(4,657)
Others	-	-	(655)
Interest expense and similar charges - Deposits from credit institutions	(569,355)	(6,226)	(15,032)
Banco Santander – Espanha	(569,355)	-	-
Banco RCI Brasil S.A.	-	(6,226)	-
SAM Brasil Participações	-	-	(3)
Santander Securities Services Brasil DTVM S.A. (2)	-	-	(14,645)
Santander Asset management, S.A. SGIIC,	-	-	(384)
Fee and commission income (expense)	(2,002)	24,789	3,092,951
Banco Santander – Espanha	(2,002)	-	-
Banco RCI Brasil S.A.	-	24,789	-
Banco Santander International	-	-	45,261
Webmotors S.A.	-	-	223
Zurich Santander Brasil Seguros S.A.	-	-	321,008
Zurich Santander Brasil Seguros e Previdência S.A.	-	-	2,706,398
Key management personnel	-	-	308
Others	-	-	19,753
Gains (losses) on financial assets and liabilities (net) and exchange differences (net)	(541,693)	-	(413,101)
Banco Santander, S.A. – Espanha	(541,693)	-	-
Real Fundo de Investimento Multimercado Santillana Credito Privado	-	-	(396,689)
Santander Securities Services Brasil DTVM S.A. (2)	-	-	(4,662)
Zurich Santander Brasil Seguros e Previdência S.A.	-	-	(17,344)
Key management personnel	-	-	180
Others	-	-	5,414
Administrative expenses and Amortization	(202,787)	-	(1,354,006)
Banco Santander, S.A. – Espanha	(202,787)	-	-
ISBAN Chile S.A.	-	-	(20)
Aquanima Brasil Ltda,	-	-	(52,431)
TECBAN - Tecnologia Bancaria Brasil	-	-	(364,349)

*values expressed in thousands, except when indicated.

Santander Securities Services Brasil DTVM S.A. (2)	-	-	(46,813)
Santander Global Technology, S,L,, SOCI	-	-	(358,364)
Key management personnel	-	-	(499,514)
Others	-	-	(32,515)
Others Administrative expenses - Donation	-	-	(19,630)
Santander Cultural	-	-	(330)
Fundação Santander	-	-	(1,600)
Instituto Escola Brasil	-	-	(700)
Fundação Sudameris	-	-	(17,000)
Result on the sale of assets not classified as non-current assets held for sale	-	-	168,588
Super Pagamentos e Administração de Meios Eletrônicos S.A.	-	-	168,588
Debt Instruments Eligible to Compose Capital	(862,581)	-	-
Banco Santander Espanha	(862,581)	-	-

Thousand of Reais

	Parent ⁽¹⁾	Joint- controlled companies	Other Related- Party ⁽²⁾
Income	(1,458,386)	226,141	1,254,022
Interest and similar income - Loans and advances to customers	219,060	437,322	630
Interest and similar income - Loans and amounts due from credit institutions	109,530	218,661	630
Banco Santander Espanha	109,530	-	-
Banco RCI Brasil S.A.	-	218,661	-
Key management personnel	-	-	630
Guarantees and Limits	-	-	24
Key management personnel	-	-	24
Interest expense and similar charges - Customer deposits	-	(25)	(27,433)
Santander Brasil Gestão de Recursos Ltda	-	-	(16,387)
Gestora de Inteligência de Crédito	-	-	(3,275)
Webmotors S.A.	-	(25)	-
Key management personnel	-	-	(7,747)
Others	-	-	(24)
Interest expense and similar charges - Deposits from credit institutions	(174)	(3,375)	(96,579)
Banco Santander – Espanha	(174)	-	-
Banco RCI Brasil S.A.	-	(3,375)	-
SAM Brasil Participações	-	-	(37)
Real Fundo de Investimento Multimercado Santillana Credito Privado	-	-	(67,821)
Santander Securities Services Brasil DTVM S.A. (2)	-	-	(27,595)
Santander Asset Management, S.A. SGIIC,	-	-	(1,126)
Fee and commission income (expense)	2,310	10,418	2,635,325
Banco Santander – Espanha	2,310	-	-
Banco RCI Brasil S.A.	-	10,201	-
Banco Santander International	-	-	35,294
Webmotors S.A.	-	217	-
Zurich Santander Brasil Seguros S.A.	-	-	231,920
Zurich Santander Brasil Seguros e Previdência S.A.	-	-	2,356,596
Key management personnel	-	-	343
Others	-	-	11,172
Gains (losses) on financial assets and liabilities (net) and exchange differences (net)	(724,169)	462	44,858
Banco Santander, S.A. – Espanha	(724,169)	-	-
Real Fundo de Investimento Multimercado Santillana Credito Privado	-	-	(598)
Santander Securities Services Brasil DTVM S.A. (2)	-	-	(2,297)
Zurich Santander Brasil Seguros e Previdência S.A.	-	-	43,858
Key management personnel	-	-	168
Others	-	462	3,727
Administrative expenses and Amortization	(153,332)	-	(1,283,788)
Banco Santander, S.A. – Espanha	(153,332)	-	-
ISBAN Chile S.A.	-	-	(28)
Aquanima Brasil Ltda,	-	-	(32,032)
TECBAN - Tecnologia Bancaria Brasil	-	-	(345,610)
Santander Securities Services Brasil DTVM S.A. (2)	-	-	(49,241)
Santander Global Technology, S,L,, SOCI	-	-	(336,952)

*values expressed in thousands, except when indicated.

Key management personnel	-	-	(482,852)
Others	-	-	(37,073)
Others Administrative expenses - Donation	-	-	(19,015)
Fundação Santander	-	-	(1,615)
Instituto Escola Brasil	-	-	(1,300)
Fundação Sudameris	-	-	(16,100)
Debt Instruments Eligible to Compose Capital	(692,551)	-	-
Banco Santander Espanha	(692,551)	-	-

Thousand of Reais

	Parent ⁽¹⁾	Joint-controlled companies	2018 Other Related-Party ⁽²⁾
Income	(972,799)	192,889	1,323,622
Interest and similar income - Loans and advances to customers	272,500	273,332	1,541
Key management personnel	-	-	461
Interest and similar income - Loans and amounts due from credit institutions	136,250	136,666	1,080
Banco Santander Espanha	136,250	-	-
Banco RCI Brasil S.A.	-	136,666	-
Abbey National Treasury Services Plc	-	-	157
Cibrasec	-	-	923
Interest expense and similar charges - Customer deposits	-	(92)	(23,146)
ISBAN Brasil S.A.	-	-	(90)
Santander Brasil Gestão de Recursos Ltda	-	-	(8,329)
Santander Cultural	-	-	(36)
Gestora de Inteligência de Crédito	-	-	(5,743)
Webmotors S.A.	-	(92)	-
Santander Brasil Tecnologia S.A. (current name of Produban Serviços de Informática S.A.)	-	-	(215)
Key management personnel	-	-	(8,707)
Others	-	-	(27)
Interest expense and similar charges - Deposits from credit institutions	(6,889)	(5,871)	(134,896)
Banco Santander – Espanha	(6,889)	-	-
Banco RCI Brasil S.A.	-	(5,871)	-
Santander Securities Services Brasil Participações S.A. (2)	-	-	(26,378)
SAM Brasil Participações	-	-	(47)
Real Fundo de Investimento Multimercado Santillana Credito Privado	-	-	(102,928)
Santander Securities Services Brasil DTVM S.A. (2)	-	-	(4,442)
Santander Asset Management, S.A. SGIIC,	-	-	(1,101)
Fee and commission income (expense)	6,213	32,960	2,653,014
Banco Santander – Espanha	6,213	-	-
Banco RCI Brasil S.A.	-	31,981	-
Banco Santander International	-	-	30,789
Webmotors S.A.	-	979	-
Zurich Santander Brasil Seguros S.A.	-	-	300,868
Zurich Santander Brasil Seguros e Previdência S.A.	-	-	2,302,295
Key management personnel	-	-	355
Others	-	-	18,707
Gains (losses) on financial assets and liabilities (net) and exchange differences (net)	(680,903)	29,226	(199,985)
Banco Santander, S.A. – Espanha	(680,903)	-	-
Real Fundo de Investimento Multimercado Santillana Credito Privado	-	-	(210,324)
Abbey National Treasury Services Plc	-	-	(17,726)
Banco RCI Brasil S.A.	-	29,226	-
Santander Securities Services Brasil DTVM S.A.	-	-	1,312
Zurich Santander Brasil Seguros e Previdência S.A.	-	-	40,305
Key management personnel	-	-	239
Others	-	-	(13,791)
Administrative expenses and Amortization	-	-	(952,432)
ISBAN Brasil S.A.	-	-	(14,210)
Santander Brasil Tecnologia S.A. (atual denominação da Produban Serviços de Informática S.A.)	-	-	(33,567)
ISBAN Chile S.A.	-	-	(24)
Aquanima Brasil Ltda,	-	-	(30,021)

*values expressed in thousands, except when indicated.

TECBAN - Tecnologia Bancaria Brasil	-	-	(313,433)
Santander Securities Services Brasil DTVM S.A.	-	-	(46,884)
Santander Global Technology, S.L., SOCI	-	-	(175,466)
Key management personnel			(289,612)
Others	-	-	(49,216)
Others Administrative expenses - Donation	-	-	(20,013)
Santander Cultural	-	-	(2,748)
Fundação Santander	-	-	(1,330)
Fundação Sudameris	-	-	(15,935)
Debt Instruments Eligible to Compose Capital		(427,470)	-
Banco Santander Espanha		(427,470)	-

(1) Banco Santander (Brasil) S.A. is indirectly controlled by Banco Santander Spain, through its subsidiary Grupo Empresarial Santander, S.L. and Sterrebeeck B.V.

(2) Refers to the Company's subsidiaries (Banco Santander, S.A. - Spain).

46. Risk management

Risk management at Banco Santander is based on the following principles:

- A. Independence of the management activities related to the business;
- B. Involvement of the senior management in decision-making;
- C. Consensus in the decision making on credit operations between the Risk and Business departments;
- D. Collegiate decision-making, which includes the branch network, aiming to encourage diversity of opinions and avoiding the attribution of individual decisions;
- E. The use of statistical tools to estimate default, which includes internal rating, credit scoring and behavior scoring, RORAC (Return on Risk Adjusted Capital), VaR (Value at Risk), economic capital, scenario assessment, among others;
- F. Global approach, which an integrated treatment of risk factors in the business departments and the concept of economic capital as a consistent metric for risk undertaken and for business management;
- G. Common management tools
- H. Organizational structure
- I. Scopes and responsibilities
- J. Risk limitation
- K. Recognition
- L. Effective information channel
- M. Maintenance of a medium-low risk profile, and low volatility by:
 - The portfolio diversification, limiting concentration in clients, groups, sectors, products or geographically speaking; the complexity level of market operations reduction; the analysis of social and environmental risks of businesses and projects financed by the bank; continuous follow up to prevent the portfolios from deteriorating.
 - Policies and procedures definition that are part of the Regulatory Framework Risk, which regulates the risk activities and processes. They follow the instructions of the Board of Directors, the regulations of the BACEN and the international best practices in order to protect the capital and ensure business' profitability.

At Banco Santander, the risk management and control process is structured using as reference the framework defined at corporate level and described according to the following phases:

- I. Adaptation of corporate management frameworks and policies that reflect Banco Santander's risk management principles.

Within this regulatory framework, the corporate risk management framework, regulates the principles and standards governing Banco Santander's risk activities, based on the corporate organization and a management models, meeting the necessary regulatory requirements for credit management.

The organizational model comprises the management map, which defines the risk function and governance, and the regulatory framework itself.

- II. Identification of risks through the constant review and monitoring of exposures, the assessment of new products, businesses and deals (singular transactions);

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III. Risks measurement using methods and models periodically tested.

IV. Preparation and distribution of a complete set of reports that are reviewed daily by the heads at all levels of Banco Santander management.

V. Implementation of a risk control system which checks, on a daily basis, the degree to which the Bank's risk profile matches the risk policies approved and the risk limits set. The most noteworthy corporate tools and techniques (aforementioned) already in use at Banco Santander are in different stages of maturity regarding the level of implementation and use in the Bank. For wholesale segment, these techniques are in line with the corporate level development. For local segments, internal ratings and scorings based models, VaR and market risk scenario analysis and stress testing were already embedded in risk management routine while Expected loss, Economic Capital and RORAC have been integrated in risk management.

VI. Internal ratings- and scorings-based models which, by assessing the various qualitative and quantitative risk components by client and transaction, making it possible to estimate, firstly, the probability of default and, subsequently, the expected loss, based on Loss Given Default (LGD) estimates.

VII. Economic capital, as a homogeneous measurement of the assumed risk and the basis for the measurement of the performance management.

VIII. RORAC, used both as a transaction pricing tool in the whole sale segment (more precisely in global ranking and markets - bottom-up approach) as for in the analysis of portfolios and units (top-down approach).

IX. VaR, which is used for controlling and setting the market risk limits for the various treasury portfolios.

X. Scenario analysis and stress testing to supplement the analysis market and credit risk in order to assess the impact of alternative scenarios, even over provisions and capital.

a) Corporate Governance of the Risk Function

The structure of Banco Santander's Risk Committee is defined in accordance with the highest standards of prudent management, while respecting local legal and regulatory environment.

Its main responsibilities are:

A. Integrate and adapt the Bank's risk to local level, further than the risk management strategy, tolerance level and predisposition to the risk, previously approved by the executive committee and board of directors, all matched with corporate standards of Banco Santander Spain;

B. Approve the proposals, operations and limits of clients and portfolio;

C. Regularly monitor all the risks inherent to the business, proving if your profile is adequate to what was established in the risk appetite.

D. Authorize the use of management tools and local risk models and being aware of the result of their internal validation.

E. Keeping updated, assessing and monitoring any observations and recommendations periodically formulated by the supervisory authorities regarding their functions.

The credit risk management structure is made up of departments that operate from the point of view of portfolio management and credit analysis and decision nuclei in an individualized way in Individuals, Companies and Wholesale. A specific area's mission is to consolidate portfolios and their respective risks, subsidizing management, as well as the Group's headquarters in Spain, with an integrated view of risks.

The credit risk management structure is made up of departments that operate from the point of view of managing the retail and wholesale portfolios. A specific area's mission is to consolidate portfolios and their respective risks, subsidizing management, as well as the Group's headquarters in Spain, with an integrated view of risks.

A specific structure is responsible for serving internal and external regulators, supervisors and auditors.

It has a core called ERM-Enterprise risk management, integrated by a set of functions, transversal to all risks, necessary for its adequate management. The areas of Methodology (development and parameterization of models) are part of this structure; Decision Engines; Credit Risk Control; Risk Control and Performance covering Risk Culture); Integrated management and Relationship with Supervisors and Local Provision & IFRS9.

b) Credit Risk

b.1) Introduction to the treatment of credit risk

The credit risk management provides subsidies to define strategies as risk appetite, to establish limits, including exposure analysis and trends as well as the effectiveness of the credit policy. The goal is to maintain a risk profile and adequate minimum profitability to offset the estimated default, both client and portfolio, as defined by the Executive Committee and Board of Directors. Additionally,

**values expressed in thousands, except when indicated.*

it is responsible for the risk management systems applied in the identification, measurement, control and reduction of exposure to risk in individual or clustered by similar operations.

The risk management is specialized according to each clients' characteristics, being segregated between individual clients (with the accompanied of dedicated analysts) and customers with similar characteristics (standardized).

- Individualized management: It is performed by a defined risk analyst, which prepares the analysis, and forwards it to the Risk Committee and monitors the client's progress. It covers the Wholesale segment clients (Corporate and GB&M), Retail (Companies 3 and Governments, Institutions and Universities);
- Standardized management: Aimed at individuals and companies not classified as individualized clients. Based on automated models of decision-making and internal risk assessment, complemented by commercial heave and analysts specialized teams to handle exceptions.

Macroeconomic aspects and market conditions, sectored and geographical concentration, as well as client profiling and economic prospects are also evaluated and considered in the appropriate measuring of credit risk.

b.2) Measures and measurement tools

Rating tools

The Bank uses proprietary internal rating models to measure the credit quality of a given customer or transaction. Each rating relates to a certain probability of default or non-payment, determined on the basis of the customer's historical experience, to predict default. Rating/Scores models are used in the Bank's loan approval and risk monitoring process.

The classification of loans into different categories is made according to the analysis of economic and financial situation of the client and any other registrated information updated frequently. New modes of operation are subject to credit risk evaluation, verification and adaptation to the controls adopted by the Bank.

Ratings assigned to customers are reviewed periodically to include any new financial information available and the experience in the Banking relationship. The frequency of the reviews is increased in case of customers that reach certain levels in the automatic warning systems and of customers classified as requiring special monitoring. The own rating tools are monitored and reviewed to qualifications by them awarded are progressively enhanced.

Credit risk parameters

The estimative of the risk parameters Probability of Default (PD) and Loss Given Default (LGD) are based on internal experience, i.e. on default observations and on the experience in defaulted loan recoveries during a defined credit cycle.

For low risk portfolios, such as banks, sovereign risk or global wholesale clients, the parameters are based on CDS market data and with global broadness, using Group Santander's world presence.

For the other portfolios, parameter estimative are based on the Bank's internal experience.

In addition to the Probability of Default (PD), the Bank is managing its credit portfolio, seeking to make loans to borrowers that have higher volumes of guarantees associated with the operations and also works constantly on strengthening its credit recovery department. These and other actions combined, are responsible for ensuring the adequacy of LGD parameters (Loss Given Default, the loss resulting from the borrower's default event to honor the principal and/or interest payments).

LGD calculation is based on net losses of non-performing loans, considering the guarantees associated with the transaction, revenues and expenses related to the recovery process and also the timing default.

Besides that, the Loss identification period, or "LIP," is also considered in the estimation of the risk parameters that is represented by the time period between the occurrence of a loss event and the identification of an objective evidence of this loss. In other words, it represents the time horizon from the credit loss occurrence until the effective confirmation of such loss.

The Bank use proprietary internal rating models to measure the credit quality of a given client or transaction. Each rating relates to a certain probability of default or non-payment, determined on the basis of the client's history, with the exception of certain portfolios classified as "low default portfolios". These ratings and models are used in loan approval and risk monitoring processes.

*values expressed in thousands, except when indicated.

The table shown in note 9.b shows the portfolio by the internal risk rating levels and their probability of default.

Thousand of reais	2020	2019	2018
By maturity			
Less than 1 Year	219,062,744	186,196,849	186,373,511
Between 1 and 5 years	147,013,817	117,841,564	99,309,551
More than 5 years	51,745,465	43,218,247	36,250,128
Loans and advances to customers, gross	417,822,026	347,256,660	321,933,190
By internal classification of risk			
Low (1)	347,315,356	257,133,115	240,440,294
Medium-low (1)	24,277,405	56,549,196	50,485,682
Medium (2)	26,231,871	11,754,806	11,967,262
Medium-High (2)	3,896,457	8,512,386	7,722,198
High (3)	16,100,937	13,307,156	11,317,754
Loans and advances to customers, gross	417,822,026	347,256,660	321,933,190

(1) Transactions classifieds on Stage 1

(2) Transactions classifieds on Stage 2

(3) Transactions classifieds on Stage 3

The expected credit losses, measured using sufficient and available historical data, are shown below.

	2020		
	Exposure	Probability of default(1)	Default loss
Commercial and industrial	191,281,653	5%	41%
Real Estate Credit - construction	45,791,869	3%	7%
Individual loans	178,652,145	9%	52%
Leasing	2,096,359	1%	31%

(1) Prior to Post model adjustment impacts.

	2019		
	Exposure	Probability of default	Default loss
Commercial and industrial	145,387,439	7%	40%
Real Estate Credit - construction	39,720,713	3%	10%
Individual loans	160,036,668	10%	64%
Leasing	2,111,840	2%	41%

	2018		
	Exposure	Probability of default	Default loss
Commercial and industrial	141,293,616	8%	42%
Real Estate Credit - construction	36,515,352	4%	12%
Individual loans	137,287,593	8%	64%
Leasing	1,836,629	5%	32%

The exposure above are related to the credit operations, The Bank understands that the exposure related to the avals and sureties and other financial assets at amortized cost have low risk,

b.3) Observed loss: measures of credit cost

The Bank periodically estimate losses related to credit risk and then we compare those estimates with actual losses of the month. Periodically conduct tests in order to monitor and maintain control over credit risk.

**values expressed in thousands, except when indicated.*

To complement the use of admission and rating, the Bank use other measures that supports the prudent and effective management of credit risk, based on the loss observed.

The cost of credit is measured by the sum of credit losses and to the average loans portfolio of the same year.

b.4) Credit risk cycle

Banco Santander has a global view of its credit portfolio throughout the various phases of the risk cycle, with a level of detail that allows us to evaluate the current situation of risk and any movements. This mapping is followed by the Board of Directors and the Executive Committee of the bank that not only sets policies and risk procedures, limits and delegates responsibilities. It also approves and supervises the activities of the area.

The risk management process consists of identifying, measuring, analyzing, controlling, negotiating and deciding on, as appropriate, the risks incurred in the Bank's operations and companies of the conglomerate. The risk cycle comprises three different phases:

- Pre-sale: this phase includes the risk planning and setting targets, determination of the Bank's risk appetite, approval of new products, risk analysis and credit rating process, and limit setting.
- Sale: this is the decision-making phase for both pre-classified and specific transactions.
- Post-sale: this phase comprises the risk monitoring, measurement and control processes and the recovery process.

Planning and setting risk limits

Risk limit setting is a dynamic process that identifies Banco Santander's risk appetite by assessing business proposals and its risk attitude. This process is defined through the risk appetite approved by the Bank's management and the units.

In the case of individualized risks, the most basic level is the customer, for which individual limits are set.

For GCB clients, a pre-classification model is used based on a system of measurement and monitoring of economic capital. In relation to the Corporate segment, the operational limit model is used in maximum nominal credit amounts.

To the risks of customers with standardized management, the limits of the portfolios are planned using credit management programs (SGP) agreed document for the areas of business and risks, and approved by the Executive Committee. This document contains the results expected for the business in terms of risk and return, beyond the limits which govern the activity and risk management. This client group has a more automated treatment in risks.

Risk analysis and rating process

Risk analysis is a pre-requisite for the approval of loans to clients by the Bank. This analysis consists of examining the counterparty's ability on meeting its contractual obligations to the Banco Santander, which involves analyzing the client's credit quality, its risk transactions, solvency, and sustainability of business and the return to be obtained in view of the risk assumed.

The risk analysis is conducted annually, at least, and can be held shortly when client profile indicates (through systems with centralized alerts, managers visits to clients or specific credit analysis), or when operations are not covered by pre-classification.

Decision-Making on Operations

The process of decision making on operations aims to analyze and adopt in accordance with pre-established policies, taking into account risk appetite and any elements of the operation that are important in assessing risk and return.

The Banco Santander uses, among others, the RORAC methodology (profitability on risk-adjusted capital), for risk analysis and pricing in the decision-making process on transactions and deals.

Risk monitoring and control

In Individual retail, customers are systematically reviewed through a daily credit rating process. This process allows for revaluations in credit exposure, allowing increases in exposure for customers with good credit quality. In case of detection of deterioration in the level of risk, actions are automatically generated to contain credit risk and preventive actions.

In the case of individualized management, the preventive detection of deterioration in the credit quality of the operation is the responsibility of the commercial manager in conjunction with the risk analyst. Additionally, risk monitoring is carried out through a permanent observation process for early identification of incidents that may occur in the evolution of operations, customers and their environment.

This monitoring process may result in the client's classification in SCAN. This is a system which allows the differentiation of the management level and the action to be taken case-by-case.

Risk control function

The control function is performed by assessing risks from various complementary perspectives, the main pillars are the control by geographical location, business area, management model, product and process, facilitating thus the detection of specific areas

**values expressed in thousands, except when indicated.*

requiring measures for which decisions should be taken. To obtain an overview of the bank's loan portfolio over the various phases of the credit cycle, with a level of detail that allows the assessment of the current risk situation and any movements.

Any changes in the Bank's risk exposure are controlled on an ongoing and systematic basis. The impacts of these changes in certain future situations, both of an exogenous nature and those arising from strategic decisions, are assessed in order to establish measures that place the profile and amount of the loss portfolio within the parameters set by Executive Commission.

b.5) Credit recovery

"Strategies and action channels are defined according to the days of past due loans and the amounts, that result in a Map of Responsibilities and always look as the first alternative, the client's recovery.

The Bank uses tools as behavioral scoring to study the collection performance of certain groups, in order to reduce costs and increase recoveries. These models seek to measure the probability of clients becoming overdue adjusting collection efforts so that clients less likely to recover, receive timely actions. In cases the payments is most likely to happen, the focus is given in maintaining a healthy relationship with clients. All clients with severe or rescheduled credits delays values have internal restrictions.

Clients with high risk index have a model of recovery, with a commercial follow-up and a recovery specialist.

b.6) Credit risk from other perspective

Certain areas and specific views of credit risk deserve a specialist's attention, complementary to global risk management.

Concentration risk

Concentration risk is an essential factor to be analyzed in the area of credit risk management. The Bank constantly monitors the degree of concentration of its credit risk portfolios, by economic sector, geographical area/country, product and client group.

The risk committee establishes the risk policies and reviews the exposure limits required to ensure adequate management of credit risk portfolio concentration.

From the sectorial standpoint, the distribution of the corporate portfolio is adequately diversified.

The Executive Vice-Presidence of Risks works closely with the Executive Vice-Presidence of Financial Strategic in the credit portfolio management, which includes reducing the concentration of exposures through several techniques, such as the arrangement of guarantees to mitigate the companies risk, credit derivatives for hedge purposes or the performance of securitization transactions, in order to optimize the risk/return ratio of the total portfolio.

Credit risk from financial market operations

This heading includes the credit risk arising in treasury operations with clients, mainly credit institutions. These operations are performed both via money market financing products with different financial institutions and via derivative instruments arranged for the purpose of serving our clients.

Risk control is performed using an integrated, real-time system that enables the Bank to know at any time the unused exposure limit with respect to any counterparty, any product and maturity and at any Bank unit.

Credit risk is measured at its current market value and its potential value (exposure value considering the future variation in the underlying market factors). Therefore, the equivalent credit risk (CRE) is defined as the sum of net replacement value plus the maximum potential value of the contracts in the future.

Environmental risk

The Banco Santander's Social and Environmental Responsibility Policy (PRSA), which follows the guidelines of CMN Resolution 3232/2014 and the SARB Regulation N°. 14 of Febraban, establishes guidelines and consolidates specific policies for socio-environmental practices in business and in relationships with stakeholders. These practices include the management of socio-environmental risks, impacts and opportunities related to topics such as adequacy in credit granting and use, supplier management and socio-environmental risk analysis, which is carried out through the analysis of clients' socio-environmental practices. and Varejo, of the Corporate segment 3 (one of the Corporate Retail segments of the Bank), which have limits or credit risk above R\$ 5 million and which are part of the 14 socio-environmental care sectors. In this case, the socio-environmental risk is analyzed in order to mitigate the issues of operational risk, capital risk, credit risk and reputational risk. Since 2009, Santander has been a signatory to the Equator Principles and this set of guidelines is used to mitigate socio-environmental risks in the financing of large projects.

The mitigation of socioenvironmental risks in financing large projects is carried out based on analyzes based on the guidelines of the Equator Principles, a set of socioenvironmental criteria referenced in the International Finance Corporation (IFC) Performance Standards on Social and Environmental Sustainability and the Environmental Guidelines, Health and Safety of the World Bank Group.

The commitments assumed in the PRSA are detailed in other Bank policies, such as the Anti-Corruption Policy, Supplier Relationships and Homologation Policies and Social and Environmental Risk Policies, as well as the Private Social Investment Policy, which aims to guide the strategy in this area. and to present guidelines for social programs that strengthen this strategy.

*values expressed in thousands, except when indicated.

b.7) Credit management - Main changes

The business trends observed in the year 2020 were consistent with the trends presented 2019, where in a challenging economic scenario. The Bank maintained the good quality of its business and did not presented major variances in its delinquency ratios. In December 2020, this ratio achieved 5.55% compared to 6.75% of December 2019 and 6.98%, of December, 2018.

Below is a table showing the evolution of the main credit indicators.

	2020	2019	2018
Credit risk exposure - customers (Thousand of Reais)	466,104,042	391,569,227	364,193,664
Loans and advances to customers, gross (note 9)	417,822,026	347,256,660	321,933,190
Contingent Liabilities - Guarantees and other sureties (note 43,a)	48,282,016	44,312,567	42,260,474
Non-performing loans ratio (%) - unaudited	5.55%	6.75%	6.98%
Impairment coverage ratio (%) - unaudited	110.64%	96.58%	102.42%
Specific credit loss provisions, net of RAWO (*) (Thousand of Reais) - unaudited	25,640,488	22,625,750	22,969,315
Cost of credit (% of risk) - unaudited	4.35%	3.93%	3.90%

Data prepared on the basis of management criteria and the accounting criteria of the controller unit.

(*) RAWO = Recoveries of Assets Derecognized.

The Bank incorporates information about the future both in its assessment if the credit risk of an instrument has increased substantially since the initial recognition and in its measurement of the expected credit losses. Based on guidance from its internal committees and economic experts and considering a range of actual and anticipated external information, the Bank develops a base scenario as well as other possible scenarios. This process involves the projection of two or more additional economic scenarios and considers the respective probabilities of each result. External information includes economic data and forecasts published by government agencies and monetary authorities and selected private sector analysts and academics.

The base case represents the most likely result and is in line with the information used by the Bank for other purposes, such as strategic planning and budgeting. The other scenarios represent more optimistic and pessimistic results. Periodically, the Bank conducts more extreme stress tests to adjust its determination of these other representative scenarios.

	12/31/2020					
	In Reais Million					
	Over-collateralized assets			Under-collateralized assets		
	Carrying value of the assets	Fair value of collateral	% collateral coverage	Carrying value of the assets	Fair value of collateral	% collateral coverage
Individuals (1)	57,633	182,430	317%	3,091	2,756	89%
Mortgages	45,746	100,201	219%	46	38	83%
Very small, small and middle-market companies, corporates and foreign loans (2)	41,428	143,168	346%	56,052	42,728	76%
Total	144,807	425,799	294%	59,188	45,522	77%

(1) Vehicles and others loans.

(2) Cayman and Luxemburgo.

Unsecured loans: 213,824.

	12/31/2019					
	In Reais Million					
	Over-collateralized assets			Under-collateralized assets		
	Carrying value of the assets	Fair value of collateral	% collateral coverage	Carrying value of the assets	Fair value of collateral	% collateral coverage
Individuals (1)	53,899	150,853	280%	2,762	2,592	94%
Mortgages	39,016	84,862	218%	3	3	86%
Very small, small and middle-market companies, corporates and foreign loans (2)	34,008	116,236	342%	33,140	26,587	80%
Total	126,923	351,951	277%	35,905	29,182	81%

(1) Vehicles and others loans.

(2) Cayman and Luxemburgo.

*values expressed in thousands, except when indicated.

Unsecured loans: 195,765.

c) Market Risk

Market risk is the exposure to risks such as interest rates, exchange rates, prices of goods, prices in the stock market and others values, according to the type of product, volume of operations, term and conditions of the agreement and underlying volatility.

The Bank operates according to global policies, within the Group's risk tolerance level, aligned with the objectives in Brazil and in the world.

With this purpose, it has developed its own Risk management model, according to the following principles:

- Functional independence;
- Executive capacity sustained by knowledge and proximity with the client;
- Global reach of the function (different types of risks);
- Collective decision-making, that evaluates a variety of possible scenarios and do not compromise the results with individual decision (including Brazil Executive Risk Committee - Comitê Executivo de Riscos Brasil). This Comitê delimits and approves the operations. The Asset and Liabilities Committee, which responds for the capital management and structural risks, including country-risk, liquidity and interest rates.
- Management and improvement of the equation risk/return; and
- Advanced methodologies for risk management, such as Value at Risk – VaR (historical simulation of 521 days with a confidence level of 99% and time horizon of one day), scenarios, financial margin sensibility, equity value and contingency plan.

The Market Risks structure is part of the Vice Presidency of Credit and Market Risks, an independent area that applies risk policies taking into consideration the guidelines of the Board of Directors and the Risks Division of Santander in Spain.

c.1) Activities subject to market risk

The measurement, control and monitoring of the market risk area comprises all operations in which net worth risk is assumed. This risk arises from changes in the risk factors –interest rate, exchange rate, equities, commodity prices and the volatility thereof– and from the solvency and liquidity risk of the various products and markets in which the Bank operates.

The activities are segmented by risk type as follows:

- I. Trading: this item includes financial services for clients, trading operations and positioning mainly in fixed-income, equity, foreign currency products and shares.
- II. Balance sheets management: A risk management assessment aims to give stability to interest income from the commercial and economic value of the Bank, maintaining adequate levels of liquidity and solvency. The risk is measured by the balance sheets exposure to movements in interest rates and level of liquidity.
- III. Structural risks:
 - Structural foreign currency risk/hedges of results: foreign currency risk arising from the currency in which investments in consolidable and non-consolidable companies are made (structural exchange rate). This item also includes the positions taken to hedge the foreign currency risk on future results generated in currencies other than the Real (hedges of results).
 - Structural equities risk: this item includes equity investments in non-consolidated financial and non-financial companies that give rise to equities risk.

The Financial management area is responsible for the balance sheet management risk and structural risks through the application of uniform methodologies adapted to the situation of each market in which the Bank operates. Thus, in the convertible currencies area, Financial management directly manages the Parent's risks and coordinates the management of the other units operating in these currencies. Decisions affecting the management of these risks are taken through the ALCO (Asset Liability Control committees) in the respective countries.

The Financial management goal is to ensure the stability and recurring nature of both the net interest margin of the commercial activity and the Bank's economic value, whilst maintaining adequate liquidity and solvency levels.

Each of these activities is measured and analyzed using different tools in order to reflect their risk profiles as accurately as possible.

Interest rate Risk

The following table aggregates by product the cash flows of the operations of our perimeter of companies that have interest income. The transactions are presented by the book balance at the closing date of the years 2020, 2019 and 2018. It is not associated with the risk management of changes in interest rates or indexer mismatches, which is done by monitoring metrics of Marketplace. However, it allows to evaluate the concentrations of term and possible risks and below it, the balances of the same products are presented at the redemption value at maturity, except for the line dealing with receivables and obligations linked to derivative contracts.

*values expressed in thousands, except when indicated.

Position of Accounts Subject to Interest Rate

Risk	0 to 30 days	31 to 180 days	181 to 365 days	1 to 5 years	Above 5 years	Total
Remunerated Assets:						
Financial assets measured at fair value in income						
Debt Instruments	-	153	50	250	1,747	2,200
Equity Instruments	-	153	50	250	1,747	2,200
Derivatives	-	-	-	-	-	-
Financial assets measured at fair value in profit or loss for trading						
Debt Instruments	15,635	18,487	4,867	57,091	17,707	113,788
Equity Instruments	3,480	11,789	3,150	47,287	14,078	79,784
Derivatives	1,164	-	-	-	-	1,164
Derivatives	10,992	6,698	1,717	9,804	3,629	32,840
Financial assets not intended for trading						
Mandatory measured at the fair value of the result						
Equity Instruments	439	-	-	-	-	439
Loans and Advances to Customers	439	-	-	-	-	439
Loans and Advances to Customers	-	-	-	-	-	-
Financial assets measured at fair value in other comprehensive income						
Debt Instruments	3,455	3,625	12,177	63,651	22,430	105,339
Equity Instruments	3,383	3,625	12,177	63,651	22,430	105,267
Equity Instruments	72	-	-	-	-	72
Financial assets measured at amortized cost						
Loans and Other Amounts with Credit Institutions	50,776	130,066	55,339	152,438	63,844	452,462
Loans and advances to customers	25,201	39,879	2,765	3,799	-	71,644
Loans and advances to customers	25,490	88,071	50,829	134,805	61,795	360,990
Debt Instruments	85	2,117	1,745	13,833	2,049	19,828
Total	70,305	152,331	72,433	273,429	105,728	674,227

Remunerated Liabilities:

Financial Liabilities Measured at Fair Value in Income Held for Trading						
Derivatives	55,313	7,878	2,088	12,629	3,515	81,424
Short Positions	10,160	7,878	2,088	12,629	3,515	36,270
Short Positions	45,153	-	-	-	-	45,153
Financial liabilities at amortized cost						
Deposits from the Central Bank of Brazil and deposits from credit institutions	174,848	100,497	91,433	131,589	16,667	515,035
Customer deposits	4,007	32,846	22,603	7,891	3,031	70,379
Bonds and securities	163,297	44,035	61,293	98,867	203	367,694
Debt Instruments Eligible to Capital	7,544	23,616	7,537	24,832	313	63,841
Debt Instruments Eligible to Capital	-	-	-	-	13,120	13,120
Total	230,161	108,376	93,521	144,218	20,182	596,458

Position of accounts subject to interest rate risk	2019					Total
	0 to 30 days	31 to 180 days	181 to 365 days	1 to 5 years	Above 5 years	

Interest-earning assets:

Financial assets measured at fair value through profit or loss						
Debt instruments	3,891	1,091	737	8,444	4,446	18,609
Equity instruments	-	3	140	188	889	1,220
Trading derivatives	171	-	-	-	-	171
Trading derivatives	3,720	1,088	597	8,256	3,557	17,218

*values expressed in thousands, except when indicated.

Other Financial Assets At Fair Value Through Profit Or Loss	4,261	802	3,981	16,737	7,075	32,856
Debt instruments	2,232	802	3,981	16,737	7,075	30,827
Equity instruments	2,029	-	-	-	-	2,029
Investments Held to Maturity	98	96	280	3,679	3,981	8,134
Reserves from Brazilian Central Bank	69,663	-	-	-	-	69,663
Financial Assets Measured at Amortized Cost	28,416	75,794	51,603	112,467	54,815	323,095
Total	106,329	77,783	56,601	141,327	70,317	452,357

Interest-bearing liabilities:

Deposits from credit institutions	224,610	62,181	69,277	70,882	2,556	429,506
Subordinated debts	-	-	-	10,077	-	10,077
Marketable debt securities	3,677	25,781	19,125	28,134	3,475	80,192
Trading derivatives	4,597	1,621	1,074	9,119	3,828	20,239
Short positions	23,501	-	-	-	-	23,501
Total	256,385	89,583	89,476	118,212	9,859	563,515

Position of accounts subject to interest rate risk						2018
	0 to 30 days	31 to 180 days	181 to 365 days	1 to 5 years	Above 5 years	In millions of Reais Total

Interest-earning assets:

Financial Assets Held For Trading	8,193	6,155	12,013	67,606	25,964	119,931
Debt instruments	5,359	5,192	8,294	58,363	23,460	100,668
Equity instruments	807	-	-	-	-	807
Trading derivatives	2,027	963	3,719	9,243	2,504	18,456
Other Financial Assets At Fair Value Through Profit Or Loss	677	9,091	368	16,702	3,577	30,415
Debt instruments	379	9,091	368	16,702	3,577	30,117
Equity instruments	298	-	-	-	-	298
Non-Current Assets Held For Sale	24	521	89	3,603	3,826	8,063
Reserves from Brazilian Central Bank	70,103	-	-	-	-	70,103
Loans and Receivables	27,387	101,441	35,900	85,318	60,966	311,012
Total	106,387	107,208	48,370	173,229	94,333	539,524

Interest-bearing liabilities:

Deposits from credit institutions	200,818	47,172	65,606	71,413	5,343	390,352
Subordinated debts	9,857	-	-	-	9,687	19,544
Marketable debt securities	13,353	20,875	14,612	30,138	9,715	88,693
Trading derivatives	1,104	1,370	3,257	9,673	3,322	18,726
Short positions	32,440	-	-	-	-	32,440
Total	257,572	69,417	83,475	111,224	28,067	549,755

Currency Risk

Asset:	2020			
	Dollar	Euro	Others	Total
Cash/Applications/Debt Instruments	42,860	1,870	569	45,299

*values expressed in thousands, except when indicated.

Loans and advances to customers	5,803	3,187	1,140	10,130
Investments in Foreign Subsidiaries and Dependence	57,914	215	-	58,129
Derivatives	125,495	10,451	2,795	138,741
Others	25,866	-	-	25,866
Total	257,937	15,723	4,504	278,164

Liabilities:	Dollar	Euro	Others	Total
Funding in foreign currency	61,173	384	-	61,557
Derivatives	147,911	14,449	2,854	165,214
Others	39,972	219	437	40,629
Total	249,057	15,052	3,291	267,400

2019
In millions of Reais

Asset:	Dollar	Euro	Others	Total
Cash/Applications/Debt Instruments	12,406	224	1	12,631
Loans and advances to customers	4,776	1,920	-	6,696
Investments in Foreign Subsidiaries and Dependence	50,193	3,557	-	53,750
Derivatives	150,538	13,053	9,712	173,303
Others	10,521	574	-	11,095
Total	228,434	19,328	9,713	257,475

Liabilities:	Dollar	Euro	Others	Total
Funding in foreign currency	59,416	925	49	60,390
Derivatives	169,136	20,184	8,515	197,835
Others	-	60	1,009	1,069
Total	228,552	21,169	9,573	259,294

2018
In millions of Reais

Asset:	Dollar	Euro	Others	Total
Cash/Applications/Debt Instruments	348,797	-	-	348,797

*values expressed in thousands, except when indicated.

Loans and advances to customers	4,505	155	-	4,660
Investments in Foreign Subsidiaries and Dependence	45,345	3,390	-	48,735
Derivatives	231,240	18,163	2,490	251,893
Others	23,619	1,974	42	25,635
Total	653,506	23,682	2,532	679,720

Liabilities:	Dollar	Euro	Others	Total
Funding in foreign currency	390,418	462	145	391,025
Derivatives	262,396	24,809	2,391	289,596
Others	1,007	-	-	1,007
Total	653,821	25,271	2,536	681,628

c.2) Methodologies

Trading

Banco Santander calculates minimum capital requirement for market risks using the internal model since approval by Bacen in May 2018.

The standard methodology for measuring and controlling market risks applied to financial intermediation activities by Banco Santander in 2020, 2019 and 2018 was Value at Risk (VaR), which measures the maximum expected loss with a certain level of confidence, in a certain period. This methodology is based on a standard historical simulation with a 99% confidence level and a one-day horizon. Statistical adjustments were made to efficiently incorporate the most recent events that condition the level of risk assumed.

Specifically, the Bank uses a time window of two years or 521 daily data obtained retrospectively from the reference date of the VaR calculation. Two figures are calculated each day, one by applying an exponential decline factor which gives a lesser weighting to more distant observations in time, and another with uniform weightings for all observations. The VaR reported is the higher of these two figures.

VaR is not the only measure available to determine the risk to which an institution is exposed. It is used for its ease of understanding calculation, good reference to the level of risk incurred by the Bank, but other metrics and methodologies are also used to allow the Bank to exercise greater risk control in all markets in which it operates.

Among these measures, scenario analysis stands out, which consists of defining behavior scenarios for several financial variables and determining the impact on results by applying them to the Bank's activities. These scenarios can replicate past events (crises, for example) or else determine plausible scenarios that are unrelated to past events. A minimum of three types of scenarios are defined (plausible, severe and extreme) which, together with VaR, make it possible to obtain a much more complete spectrum of the risk profile.

The positions are monitored daily through an exhaustive control of the variations of the portfolios in order to detect possible incidents and correct them immediately.

A daily income account is an excellent indicator of risk, as it allows observing and detecting the impact of changes in financial variables in portfolios.

Finally, in the control of credit management activities (credits actively traded - trading book) and derivatives, due to their atypical character, specific measures are evaluated. In the case of derivatives, these measures are assessed for sensitivity to price fluctuations in the underlying (delta and gamma), volatility (vega) and time (theta). In the case of credit management activities (actively traded) in the trading portfolios, the controlled measures include sensitivity to spread, jump-to-default and concentration of positions by rating level.

c.3) Balance-sheet management

Interest rate risk

The Bank analyses the sensitivity of the net interest margin and market value of equity to changes in interest rates. This sensitivity

**values expressed in thousands, except when indicated.*

arises from maturity and interest rate repricing gaps in the various balance sheets items.

On the basis of the balance-sheets interest rate position, and considering the market situation and outlook, the necessary financial measures are adopted to align this position with that desired by the Bank. These measures can range from the taking of positions on markets to the definition of the interest rate features of commercial products.

The measures used by the Bank to control interest rate risk in these activities are the interest rate gap, the sensitivity of net interest margin (NIM) and market value of equity (MVE) to changes in interest rates, the duration of capital, value at risk (VaR), the EaR (Earning At Risk) and scenario analysis.

Interest rate gap of assets and liabilities

The interest rate gap analysis focuses on the mismatches between the reevaluation deadlines of on-balance-sheets assets and liabilities and off-balance-sheets items. This analysis facilitates a basic snapshot of the balance sheet structure and enables concentrations of interest rate risk in the various maturities to be detected. Additionally, it is a useful tool for estimating the possible impact of potential changes in interest rates on the entity's net interest margin and market value of equity.

The flows of all the on and off-balance sheet headings must be broken down and placed at the point of repricing or maturity. The duration and sensitivity of contracts that do not have a maturity date they are analyzed and estimated using an internal model.

Net interest margin (NIM) sensitivity

The sensitivity of the net interest margin measures the change in the expected accruals for a specific period (12 months) given a shift in the interest rate curve.

The sensitivity of the net interest margin is calculated by simulating the margin both for a scenario of changes in the interest rate curve and for the current scenario. The sensitivity is the difference between the two margins calculated.

Market value of equity (MVE) sensitivity

The sensitivity of the market value of equity is a complementary measure to the sensitivity of the net interest margin.

This sensitivity measures the interest rate risk implicit in the market value of equity based on the effect of changes in interest rates on the present values of financial assets and liabilities.

Value at risk (VaR) and Earnings at Risk (EaR)

It is defined with 99% base points of the MVE's loss distribution function, calculated considering the market value of the positions, based on the payback obtained in the last two years and with degree of statistical certainty (level of trust) to a defined time horizon.

It is also applied a similar methodology to calculate the maximum loss in NII (EaR), in order to consider the interest rate risk even in economic value impact as in financial margin.

The unit sums the return vectors of the VAR with the return vectors of EaR, resulting the total return vector. The composition is made considering in the metric of EaR the losses in financial margin that occur between the initial moment (reference date) and the holding period of the not-trading portfolio. The losses in the economic value takes in consideration the impact of the ending positions after the holding period.

c.4) Liquidity risk

Liquidity risk is associated with the Bank's ability to finance purchase commitments at reasonable market prices and to carry out its business plans with stable sources of financing,

Liquidity management of Santander Bank

For the control and liquidity management, the Santander bank uses short and long-term metrics and stress metrics that are capable of measuring the safe liquidity buffer so that the bank comfortably honors its obligations to the market and shareholders.

Then, we can cite:

Short-term metrics and liquidity stress:

a. LCR

The Santander Bank uses the Liquidity Coverage Ratio (LCR) in its liquidity risk management. LCR is a short-term index for a 30 days stress scenario, results from the division of high quality assets and net outflows in 30 days.

The Total High Liquidity Assets – HQLA is composed mainly of Brazilian federal government bonds and compulsory returns. The net outflows are composed mainly of losses of deposits, offset in part by inflows, mainly loans.

b. Liquidity stress scenarios:

*values expressed in thousands, except when indicated.

The Liquidity management requires the analysis of financial scenarios in which potential problems whit liquidity are assessed, for which is necessary to construct and study scenarios in crisis situations. The model used for this analysis is the Stress Test

The stress test evaluate the financial structure of the institution and its capacity to resist and react to more extreme situations.

The purpose of the Liquidity Stress Test is to allow the simulation of adverse market conditions, making it possible to evaluate the impacts on the institution's liquidity and ability to payments, in order to anticipate the solutions or even avoid positions that excessively liquidity in stress scenarios.

The scenarios are define from the analysis of market behavior during previous crisis. Four crisis scenarios are develop, with different intensities.

From the stress models analysis, the concept of minimum liquidity was define, which is sufficient to support liquidity losses for a determined day horizon in all simulated crisis scenarios.

Long-term metrics

Its objective is to measure the stability of sources of financing against the assets committed. The NSFR metric developed by BIS and adapted by the local regulator, which objective through determined percentages, to verify if the institution has stable source of funding to sustain its assets. This metrics has different weights by term, client's segment and product type. It is calculated monthly by the institution.

c. Liquidity indicators

In order to help management, some liquidity indicators are calculated on a monthly basis, like ratios of concentration by counterparties and concentration by segments.

Clients Funding

The Bank has different funding sources, both in products and mix of clients, with a healthy distribution between the segments. The total of clients resources is currently in R\$ 78,6 billion and presented an increase comparing with 2019 amount, highlighting the increasing of time deposit funding and the keeping of financial letters inventory.

	2020			In millions of Reais 2019		
	0 a 30 days	Total	%	0 a 30 days	Total	%
Demand deposits	35,550	35,550	100%	29,524	29,524	100%
Savings accounts	62,210	62,210	100%	49,040	49,040	100%
Time deposits	77,298	279,778	28%	53,321	190,344	28%
Interbank deposit	818	5,145	16%	871	4,299	20%
Funds from acceptances and issuance of securities	7,544	70,628	11%	3,921	85,963	5%
Borrowings and Onlendings	3,189	67,760	5%	5,077	54,880	9%
Subordinated Debts / Debt Instruments Eligible to Compose Capital	-	13,120	0%	-	10,175	0%
Total	186,609	534,191	100%	141,754	424,225	33%

	In millions of Reais 2018		
	0 a 30 days	Total	%
Demand deposits	18,854	18,854	100%
Savings accounts	46,068	46,068	100%
Time deposits	49,771	190,971	26%
Interbank deposit	863	4,118	21%
Funds from acceptances and issuance of securities	3,681	70,110	5%
Borrowings and Onlendings	5,181	45,936	11%
Subordinated Debts / Debt Instruments Eligible to Compose Capital	9,857	19,666	50%
Total	134,275	395,723	34%

Assets and liabilities in accordance with the remaining contractual maturities, considering the undiscounted flows are as follows:

Future Cash Flows Except for Derivatives	2020					Total
	In millions of Reais					
	0 to 30 days	31 to 180 days	181 to 365 days	1 to 5 years	Above 5 years	

Remunerated Assets:

*values expressed in thousands, except when indicated.

Financial assets measured at fair value in income	-	174	98	667	2,900	3,839
Debt Instruments	-	174	98	667	2,900	3,839
Financial assets measured at fair value in profit or loss for trading	16,028	19,211	5,763	63,618	25,489	130,108
Debt Instruments	3,873	12,513	4,046	53,814	21,859	96,104
Equity Instruments	1,164	-	-	-	-	1,164
Derivatives	10,992	6,698	1,717	9,804	3,629	32,840
Financial assets not intended for trading Mandatory measured at the fair value of the result	439	-	-	-	-	439
Equity Instruments	439	-	-	-	-	439
Financial assets measured at fair value in other comprehensive income	5,000	3,874	13,850	75,849	35,538	134,110
Debt Instruments	4,928	3,874	13,850	75,849	35,538	134,038
Equity Instruments	72	-	-	-	-	72
Financial assets measured at amortized cost	53,147	145,280	69,004	208,295	135,783	611,509
Loans and Other Amounts with Credit Institutions	24,638	40,579	2,901	4,205	-	72,324
Loans and advances to customers	28,424	102,379	64,194	188,430	135,987	519,415
Debt Instruments	85	2,321	1,909	15,660	(205)	19,771
Total	74,615	168,538	88,715	348,429	199,709	880,005
Remunerated Liabilities:						
Financial Liabilities Measured at Fair Value in Income Held for Trading	55,313	7,878	2,088	12,629	3,515	81,424
Derivatives	10,160	7,878	2,088	12,629	3,515	36,270
Short Positions	45,153	-	-	-	-	45,153
Financial liabilities at amortized cost	176,223	101,111	93,103	145,931	16,471	532,838
Deposits from the Central Bank of Brazil and deposits from credit institutions	3,707	33,039	22,860	8,014	2,802	70,421
Customer deposits	165,171	44,571	62,606	110,809	215	383,372
Bonds and securities	7,345	23,502	7,637	27,109	333	65,925
Debt Instruments Eligible to Capital	-	-	-	-	13,120	13,120
Total	463,072	217,979	190,382	317,119	39,972	1,228,525

2019

Non-Discounted Future Flows Except Derivatives

In millions of Reals

	0 to 30 days	31 to 180 days	181 to 365 days	1 to 5 years	Above 5 years	Total
Interest-earning assets:						
Financial assets measured at fair value through profit or loss	3,766	1,103	802	8,894	6,157	20,722
Debt instruments	46	15	205	638	2,600	3,504
Trading derivatives	3,720	1,088	597	8,256	3,557	17,218
Other financial assets at fair value through profit or loss	2,642	1,160	4,853	23,638	15,502	47,795
Debt instruments	2,642	1,160	4,853	23,638	15,502	47,795
Investments Held to Maturity	99	111	327	4,066	6,030	10,633
Reserves from Brazilian Central Bank	69,663	-	-	-	-	69,663
Financial Assets Measured	32,417	89,335	65,395	159,615	110,607	457,369

*values expressed in thousands, except when indicated.

at Amortized Cost

Total	108,587	91,709	71,377	196,213	138,296	606,182
Interest-bearing liabilities:						
Deposits from credit institutions	218,883	61,461	71,953	79,666	2,660	434,623
Subordinated Debts / Debt Instruments Eligible to Compose Capital	-	-	-	12,673	-	12,673
Marketable debt securities	3,697	26,096	19,829	31,407	4,628	85,657
Trading derivatives	4,597	1,621	1,074	9,119	3,828	20,239
Short positions	23,501	-	-	-	-	23,501
Total	250,678	89,178	92,856	132,865	11,116	576,693

Non-Discounted Future Flows Except Derivatives						2018
	0 to 30 days	31 to 180 days	181 to 365 days	1 to 5 years	Above 5 years	In millions of Reais Total
Interest-earning assets:						
Financial Assets Held For Trading	7,388	6,199	12,162	80,590	52,584	158,923
Debt instruments	5,361	5,236	8,443	71,347	50,080	140,467
Trading derivatives	2,027	963	3,719	9,243	2,504	18,456
Available-For-Sale Financial Assets	379	9,230	379	18,666	6,037	34,691
Debt instruments	379	9,230	379	18,666	6,037	34,691
Non-Current Assets Held For Sale	24	558	126	3,904	5,119	9,731
Reserves from Brazilian Central Bank	70,103	-	-	-	-	70,103
Loans and Receivables	29,234	111,216	45,564	116,107	85,637	387,758
Total	107,128	127,203	58,231	219,267	149,377	661,206

Interest-bearing liabilities:

Deposits from credit institutions	198,259	46,926	67,142	79,161	8,819	400,307
Subordinated Debts / Debt Instruments Eligible to Compose Capital	9,857	-	-	-	9,687	19,544
Marketable debt securities	13,395	21,343	15,290	33,627	9,717	93,372
Trading derivatives	1,104	1,370	3,257	9,673	3,322	18,726
Short positions	32,440	-	-	-	-	32,440
Total	255,055	69,639	85,689	122,461	31,545	564,389

Scenario analysis / Contingency plan

Based on the results obtained in the Stress Test, the bank draws up the Liquidity Contingency Plan, which constitutes a formal set of preventive and corrective actions to be triggered in times of liquidity crisis. The activation of the Plan results from the monitoring of internal parameters related to the conditions of the market and the Bank's liquidity. These parameters serve identify different levels of crisis severity and, then, determine if there need to start the activation process.

**values expressed in thousands, except when indicated.*

After the crisis is identified, a communication is established between the internal areas capable of carrying out the corrective actions and mitigating the problems originated.

These corrective actions are measures capable of generating liquidity to solve or mitigate the effects of the crisis and are taken considering their complexities, implementation period and its liquidity impact.

The parameters and measures of this Plan are reviewed at any time, when necessary, however its minimum period of review is annual.

c.5) Structural foreign currency risk / Hedges of results / Structural equities risk

These activities are monitored by measuring positions, VaR and results.

c.5.1) Complementary measures

Calibration and test measures

Back-testing consists of performing a comparative analysis between VaR estimates and daily "clean" results (profit or loss on the portfolios at the end of the preceding day valued at following-day prices) and "dirty" (managerial income taking into account also the costs, intraday results and loading). The aim of these tests is to verify and provide a measure of the accuracy of the models used to calculate VaR.

Back-testing analyses performed at Banco Santander comply, at the very least, with the BIS recommendations regarding the verification of the internal systems used to measure and manage financial risks. Additionally, the Santander Bank also conducts hypothesis tests: excess tests, normality tests, Spearman's rank correlation, average excess measures, etc.

The assessment models are regularly calibrated and tested by a specialized unit.

c.6) Control system

Limit setting

The limit setting process is performed together with the budgeting activity and is the tool used to establish the assets and liabilities available to each business activity. Limit setting is a dynamic process that responds to the level of risk considered acceptable by management.

The limits structure requires a process to be performed that pursues, among others, the following objectives:

1. To identify and delimit, in an efficient and comprehensive manner, the main types of financial risk incurred, so that they are consistent with business management and the defined strategy.
2. To quantify and communicate to the business areas the risk levels and profile deemed acceptable by senior management so as to avoid undesired risks.
3. To provide flexibility to the business areas for the efficient and timely assumption of financial risks, due to changes in the market and business strategy, and within the risks level considered acceptable by the Bank.
4. To allow business makers to assume risks which, although prudent, are sufficient to obtain the budgeted results.
5. To delimit the range of products and underlying assets with which each Treasury unit can operate, considering features such as assessment model and systems, liquidity of the instruments involved, etc.

c.7) Risks and results in 2020

Financial Intermediation Activities

The average VaR from the Bank's trading portfolio in 2020 ended in R\$30,3 million. The dynamic management of this profile allows the Bank to change its strategy to capitalize the opportunities offered by a uncertain environment.

c.7.1) Asset and liability management

Interest rate risk

Convertible currencies

At 2020 year-end, the sensitivity of the net interest margin at one year to parallel increases of 100 basis points applied to Banco Santander portfolios was concentrated on the BRL interest rate curve was positive by R\$334 million.

Also at 2020 year-end, the sensitivity market value of equity to parallel increases of 100 basis points applied to the Banco Santander

*values expressed in thousands, except when indicated.

in the BRL interest rate curve was positive by R\$2,063 million.

Quantitative risk analysis

The interest rate risk in balance sheets management portfolios, measured in terms of sensitivity of the net interest margin (NIM) at one year to a parallel increase of 100 b.p. in the interest rate curve, was at the beginning of 2019 and 2018, reaching a maximum of R\$134 million in December 2019. The sensitivity value decreased R\$202 million during 2019, reaching a maximum of R\$2,342 million in October. The main factors that occurred in 2019 and influenced in sensitivity were the volatility of the exchange rate (convexity effect), portfolio's decayment update of implicit methodology on cash flow of the Bank's products and liquidity.

Million of Reais	2020	2019	2018
Sensibilities			
Net Interest Margin	432	334	200
Market Value of Equity	1,771	2,063	1,861
Value at Risk - Balance			
VaR	1,365	1,755	1,744

c.8) Sensitivity analysis

The risk management is focused on portfolios and risk factors pursuant to the requirements of regulators and good international practices.

Financial instruments are segregated into trading and Banking portfolios, as in the management of market risk exposure, according to the best market practices and the transaction classification and capital management criteria of the New Standardized Approach of regulators. The trading portfolio consists of all transactions with financial instruments and products, including derivatives, held for trading, and the Banking portfolio consists of core business transactions arising from the different Banco Santander business lines and their possible hedges. Accordingly, based on the nature of Banco Santander's activities, the sensitivity analysis was presented for trading and Banking portfolios.

Banco Santander performs the sensitivity analysis of the financial instruments in accordance with requirements of regulatory bodies and international best practices, considering the market information and scenarios that would adversely affect the positions and the income of the Bank.

The table below summarizes the stress amounts generated by Banco Santander's corporate systems, related to the Banking and trading portfolio, for each one of the portfolio scenarios as of December 31, 2020.

Trading portfolio

Risk Factor	Description	2020		
		Scenario 1	Scenario 2	Scenario 3
Interest Rate - Reais	Exposures subject to changes in interest fixed rate	(24,305)	(275,618)	(551,236)
Coupon Interest Rate	Exposures subject to changes in coupon rate of interest rate	(880)	(9,048)	(18,096)
Coupon - US Dollar	Exposures subject to changes in coupon US Dollar rate	(5,757)	(8,376)	(16,753)
Coupon - Other Currencies	Exposures subject to changes in coupon foreign currency rate	(109)	(5,593)	(11,187)
Foreign currency	Exposures subject to foreign exchange	(15,859)	(396,473)	(792,947)
Eurobond/Treasury/Global	Exposures subject to Interest Rate Variation on Papers Traded on the International Market	(1,653)	(1,359)	(2,718)
Inflation	Exposures subject to change in coupon rates of price indexes	(37,322)	(267,221)	(534,442)
Shares and Indexes	Exposures subject to change in shares price	(184)	(4,604)	(9,208)
Commodities	Exposures subject to change in commodities' prices	(52)	(1,288)	(2,575)
Total ⁽¹⁾		(86,122)	(969,581)	(1,939,161)

(1) Amounts net of taxes.

Scenario 1: a shock of +10 and -10 base points on the interest curves and 1% to price changes (currency and stocks);

Scenario 2: a shock of +25% and -25% in all risk factors, are considered the greatest losses per risk factor;

Scenario 3: a shock of +50% and -50% in all risk factors, are considered the greatest losses per risk factor.

*values expressed in thousands, except when indicated.

Portfolio Banking

Risk Factor	Description	2020		
		Scenario 1	Scenario 2	Scenario 3
Interest Rate - Reais	Exposures subject to changes in interest fixed rate	(24,638)	(639,741)	(1,870,133)
TR and Long-Term Interest Rate - (TJLP)	Exposures subject to changes in Exchange of TR in TJLP	(49,854)	(576,298)	(903,045)
Inflation	Exposures subject to change in coupon rates of price indexes	(42,424)	(286,671)	(585,067)
Coupon - US Dollar	Exposures subject to changes in coupon US Dollar rate	(2,803)	(60,177)	(109,050)
Coupon - Other Currencies	Exposures subject to changes in coupon foreign currency rate	(6,615)	(60,266)	(69,259)
Interest Rate Markets International	Exposures subject to changes in interest rate negotiated roles in international market	(14,660)	166,540	317,466
Foreign Currency	Exposures subject to Foreign Exchange	(655)	(16,371)	(32,742)
Total (1)		(141,649)	(1,472,984)	(3,251,830)

(1) Amounts net of taxes,

Scenario 1: a shock of +10bps and -10bps in interest rate curves and 1% price variance (currency and stocks); are considered the greatest losses per risk factor;

Scenario 2: a shock of +25% and -25% in all risk factors, are considered the greatest losses per risk factor;

Scenario 3: a shock of +50% and -50% in all risk factors, are considered the greatest losses per risk factor,

d) Bank's business is highly dependent on the proper functioning of information technology systems,

Our business is highly dependent on the ability of our information technology systems to accurately process a large number of transactions across numerous and diverse markets and products in a timely manner, and on our ability to rely on our digital technologies, computer and email services, software and networks, as well as on the secure processing, storage and transmission of confidential data and other information in our computer systems and networks. The proper functioning of our financial control, risk management, accounting, customer service and other data processing systems is critical to our business and our ability to compete effectively.

e) Independent Structure

The Operational Risk & Internal Control area, under the Executive Risk Vice-Presidency, acts independently as a second line of defense, supporting and challenging the first line of defense. Guidelines, policies and processes to ensure the conduct and adequacy of the Operational Risk Control and management Model.

One area adopts the definition of the Basel Committee, Central Bank of Brazil and other corporate instructions applicable locally for Operational Risk such as the possibility of loss of inadequacy or failure of operational processes, systems or by external events. In addition, Banco Santander's Board of Directors opted for the Alternative Standardized Approach (ASA) to calculate the portion of the Reference Equity (PR) related to Operational Risk.

e.1) Operational Risks & Internal Control

The Operational Risk & Internal Control area has a mission with Banco Santander: To support the fulfillment of strategic objectives and the decision-making process, in adapting and meeting mandatory requirements, maintaining soundness, reliability, reducing and mitigating losses due to risks operational, in addition to implementation, dissemination of the Operational Risk culture.

Additionally, the Operational Risk & Internal Control area works to prevent Operational Risks and supports the continuous strengthening of the Internal Controls system, meeting the requirements of the Regulatory Bodies, Basel Accord, resolutions of the National Monetary Council (CMN) and Applicable Regulators. This Model also follows the guidelines established by Banco Santander Spain based on the COSO - Committee of Sponsoring Organizations of the Treadway Commission - Internal Control - Integrated Framework 2013.

Control and management model

Santander Brasil has implemented a model based on lines of defense that aims to improve and continuously develop the management and control of operational risks, ensuring that structures can assess, monitor, control, mitigate, report and reduce the risks and losses to which they are exposed.

The attributions of this model include carrying out activities for the identification, evaluation, monitoring, control, mitigation and reporting of Operational Risk. Thus, different analyzes and follow-ups are carried out and reported. The main instruments that make up the Operational Risk Control and management Model are presented below:

*values expressed in thousands, except when indicated.

- Definition of the operational risk appetite;
- Capture and evaluation of loss events (internal and external);
- Training, Communication and Culture;
- Evaluation of products and services;
- Self-assessment of operational risks;
- Scenario analysis;
- Risk and Control Indicators;
- Internal controls.

Model Governance

The Model has the approval of the Executive Risk Committee and approval by the Board of Directors, integrating the Organization's corporate governance structure and responsibility. Periodically, the relevant matters of Operational Risks are communicated to senior management for awareness and deliberations.

As part of the Risk Governance system, the Senior Forum on Internal Controls and Operational Risks (CIRO) is also implemented, whose objective is to deliberate for the Risk Pro Officers (RPO), of the 1st Line of Defense, policies, processes, procedures, strategy and decisions on the topics to be applied in the business units, and has a bimonthly periodicity.

In order to ensure a structured process for disseminating the culture of Operational Risk management and control, the relevant topics are dealt with in specific Committees and Forums.

e.2) Responsibilities and duties of the Operational Risks and Internal Controls area

- Disseminate the Operational Risk and Internal Controls management-oriented culture and converge towards the prevention and reduction of Operational Risk events and losses, mitigating the financial, legal and reputational impacts.
- Improve risk analysis to reduce, consolidate and prioritize mitigation actions.
- Maintain the dynamics and control of operational risk exposure in line with risk appetite.
- Establish roles and responsibilities, with follow-up with those responsible in the lines of defense.
- Ensure business continuity and strengthen the Internal Controls environment.
- Provide adequate level of coverage in business units.
- Provide support for the Organization's strategic decisions based on the integrated Operational Risk profile and emerging trends.
- Implement the best practices for management and control of operational risks in the 1st and 2nd Lines of Defense.
- Identify the Operational Risk profile of the Organization.
- Provide continuous improvement of existing methodologies and deepening the culture of responsibility for Operational Risks and Internal Controls.

e.3) Differential factor

The Operational Risks & Internal Control area invests in the development, training and updating of its professionals so they can keep up with changes in the business environment, in addition to offering training programs for other professionals through the intranet and on-site courses. Among the personal course, we highlight the achievement of training aimed at increasing culture of RO management, training for the capture of operational losses, among others.

This has made a significant contribution to the Bank consistently achieve its strategic and operational goals, by providing knowledge of the exposure to assumed operational risks and the controlled environment, maintaining the Bank's low-risk profile and ensuring the sustainable development of its operations.

The Bank highlights:

- Mandatory training for all Banco Santander employees through e-learning ("NetCursos"), addressing the issue of operational risks;
- The creation, dissemination and maintenance of Instruction Manuals, promoting corporate values and commitment;
- Coordination of the annual process for projecting losses caused by operational risks, defining action plans to reduce these losses and for accountability;
- Development of key risk indicators, aiming to monitor the main operational risks;
- Composition of lines of defense for the role of ORM – Operational risk management networks: "RPO-Risk Pro Officer" whose

*values expressed in thousands, except when indicated.

function is to report to the executive the follow-up of the topics of Operational Risk at the strategic level of the Executive Board, "RPA-Risk Pro Agent" and "OR Assist" covering the perimeter of RO and "experts" in cases where the operational risk is transverse to the organization.

e.4) Communication Policy

The Operational Risks & Internal Control area is part of Santander's governance structure and produces a series of specific monthly reports for management through the Integrated Operational Risk Committee ("CIRO") and the "Forum RO", detailing events that occurred, the main activities undertaken, corrective, preventive action plans and follow-up, ensuring transparency and knowledge to the governance forums.

f) Reputation Risk

f.1) Reputation Risk

The reputation risk is defined as a risk of a negative economic impact, current and potential, due to a perception unfavorable of the Bank by its employees, clients, shareholders/investors and society in general.

The reputation risk may arise from multiple sources and, in many cases, is derived from other risk events. In general, these sources might be related to the business and other support activities that are realized by the Bank, the economic context, social or politic, or even by other events arising from other competitors that might affect the Bank.

f.2) Compliance

It is defined as legal risk, of regulatory sanctions, financial loss or reputation that an institution may suffer as a result of failures in the compliance with laws, rules, ethics and conduct codes and good bank practices. The compliance risk management has the goal of being preventive and includes the monitoring, educative processes, Consulting, risk evaluation and corporative communication related to the rules and legislation applicable to each business department.

f.3) Directives

a. Compliance principles – Ethics and Conduct in the Securities Markets

The Bank's ethical principles and conduct parameters are established in internal policies which are made available to all employees. Conduct Code in the Securities Markets and its formal acknowledgement is mandatory to all staff working close to securities markets. Proper communication channels are in place to clarify doubts and complaints from employees, the monitoring and controlling of these information are conducted in a way that adherence to the rules established is secured.

b. Preventing Money Laundering and Combating the Financing of Terrorism

The Bank's money Laundering Prevention policies and terrorism financing prevention are based on the knowledge and rigorousness of the acceptance of new clients, complemented by the continuous scrutiny of all transactions where the Bank are involved in. The importance given to the theme is reflected on the direct involvement of management, namely the Operational Money Laundering Prevention and Compliance Committee, which meets each month to deliberate on issues regarding the theme and to be directly involved with new clients acceptance and suspicious transactions reporting.

c. New products and services and suitability

All new products and services are analyzed internally by different technical areas, until their risks have been completely mapped, and subsequently resolved by the Local Marketing Committee (CLC), composed of Santander executives. After the analysis and approval of new products and services, follow-up is carried out to mitigate any risks of conduct in marketing.

g) Compliance with the regulatory framework

The Banco Santander has assumed a firm commitment to the principles underlying the "Revised Framework of International Convergence of Capital Measurement and Capital Standards" (Basel II). This framework allows entities to make internal estimates of the capital they are required to hold in order to safeguard their solvency against events caused by various types of risk. As a result of

*values expressed in thousands, except when indicated.

this commitment, the Bank has devoted all the human and material resources required to ensure the success of the Basel II implementation plan. For this purpose, a Basel II team was created in the past, consisting of professionals from the Bank's different departments: mainly Finance, Risks, Technology and Operations, Internal Audit –to verify the whole process, as the last layer of control at the entity–, and Business –particularly as regards the integration of the internal models into management. Additionally, specific work teams have been set up to guarantee the proper management of the most complex aspects of the implementation.

Supplementing the efforts of the Basel II operating team, the Bank management has displayed total involvement from the very beginning. Thus, the progress of the project and the implications of the implementation of the New Capital Accord by the Banco Santander have been reported to the management committee and to the board of directors on a regular basis.

In the specific case of credit risk, the implementation of Basel II entails the recognition, for regulatory capital purposes, of the internal models that have been used for management purposes.

The institution has applied the internal models based ratings methodology (AIRB) of Basel II in part of its portfolios, in compliance with regulatory requirements.

The additional capital requirements derived from the self-assessment process (Pillar II) should be compensated by the risk profile that characterizes the Bank's business activities (low average risk), due to its focus on Commercial Bank (small and medium-sized enterprises and Individuals) and the diversification of the business. The Pillar II which considers the impact of risks not addressed under Pillar I (regulatory capital) and the benefits arising from the diversification among risks, businesses and geographical locations.

Regarding the other risks addressed under Pillar I of Basel II, Banco Santander was approved for the use of internal models for market risk and will remain using the standardized method for operational risk, since it considers the premature use of advanced models (AMA) for this purpose. Regarding the Market Risk, Banco Santander was approved to the use of Internal Models in February 2018 and started to disclose the capital by this method from May 2018.

Pillar II is another significant line of action under the Basel Corporate Framework. In addition to the methodology supporting the economic capital model review and strengthening, the technology was brought into line with the platform supporting Pillar I, so that all the information on credit risk will come from this source.

Besides the Basel II implementations, Banco Santander complies with the new regulations of Basel III, according to the standards issued by Bacen.

According to the definition proposed by the Basel Committee (Basel III), Credit Valuation Adjustment (CVA) is an adjustment to the fair value of derivative financial instruments in order to measure the credit risk of a counterparty. Thus, the CVA depends on the credit spread of the counterparty, as well as the market risk factors that drives the values of the derivatives and, therefore, their exposure. In an analytical way, the CVA can be defined by the following expression:

$$CVA = EE * PD * DF * LGD \text{ (1)}$$

(1) EE=Expected Exposure; PD=Probability of Default; DF=Discount Factor; LGD=Loss Given Default

Expected Exposure (EE) is the future exposure of the derivative based on the counterparty's market risk. The probability of default (PD) is calculated based on credit spreads and is also marked to market. The discount factor (DF) is the factor that brings to the present value the projected exposure weighted by its respective probability of default. A Loss Given Default (LGD) is the estimated loss in the event of a credit.

g.1) Internal validation of risk models

Internal validation is an important stage of model life cycle besides of being a pre-requisite for the supervisory validation process by Basel II implementation. A specialized team of the Entity, with sufficient independence, obtains a technical opinion on the adequacy of the internal models for the intended internal or regulatory purposes, and concludes on their usefulness and effectiveness. This team must also assess whether the risk management and control procedures are adequate for the Entity's risk strategy and profile.

In addition to the regulatory requirement compliance, the internal validation department provides an essential support to the risk committee and management, since the internal validation area is responsible for providing a qualified and independent opinion so that the responsible authorities decide on the authorization of the use of models (for management purposes as well as regulatory use).

Internal model validation at Banco Santander encompasses credit risk models, market risk models, ALM, pricing models, stress test models, the economic capital model and other models related to the exercise of ICAAP. The scope of the validation includes not only the more theoretical or methodological aspects, but also the technology systems and the quality of the data they provide, on which their effective operation relies, and, in general, all the relevant aspects of advanced risk management (controls, reporting, uses, involvement of management, etc.). Therefore, the goal of internal validation is to review quantitative, qualitative, technological and corporate governance related to regulatory and management aspects concerning the model risk control.

Among the main functions of the Internal Model Validation department are the following:

*values expressed in thousands, except when indicated.

- i. Establish general validation principles, conducting an independent evaluation process including (I) data quality, (II) Methodology aspects (III) technological environment, (IV) performance and (V) use and government;
- ii. Evaluate the methodology and data used in the development of the model and challenge the model and its use, stating the implications and limitations of the model, as well as the associated risks;
- iii. Issue a technical opinion on the adequacy of internal models for the intended internal and regulatory effects, concluding on their usefulness and effectiveness; and
- iv. Provide essential support to risk committees and management of the Bank, through a qualified and independent opinion for responsible decision-making on the authorization of the use of models (for management purposes as well as regulatory use).

It is important to note that Banco Santander's internal validation function is fully consistent with the independent validation criteria for advanced approach issued by the Basel Committee, the European supervisor 'home regulator' (Banco de España and the European Central Bank) and the Bacen in compliance with the rules Circular 3,648 dated March 4, 2013 (Chapter III), Circular Letter 3,565 of September 6, 2012, Circular 3,547 of July 2011, and Circ. 3648 IRB, 3646 IMA of 4/3/13, and Res. 4.277 of 31/10/13 and 4389 of 18/12/14 fair value, Res. 4557 of 23/02/17 GIR and Circ. 3876 of 31/01/18 IRRBB.

In this case, the Bank maintains a Segregation of functions between internal validation and internal audit, which is the last layer of Bank control validation.

The Internal Audit is responsible for evaluating and reviewing the internal validation methodology and work and issues opinions with an effective level of autonomy. Internal Audit (third line of defense), as the ultimate control function in the Group, should (i) periodically assess the adequacy of policies, methods and procedures and (ii) confirm that they are effectively implemented in the management.

g.2) Capital management

Capital management considers the regulatory and economic aspects and its objective is to achieve an efficient capital structure in terms of cost and compliance, meeting the requirements of the regulatory authorities and supporting to accomplish the goals of the classification of rating agencies and investors' expectations.

h) Economic capital

h.1) Main objectives

The development of economic capital models in finance aims to solve a fundamental problem of regulatory capital, Sensitivity Risk.

In this context, the economic capital models are essentially designed to generate risk-sensitive estimative, allowing greater precision in risk management, as well as better allocation of economic capital by business units of Banco Santander.

The Banco Santander has directed efforts to build a model of robust and integrated economic capital to the business management.

The main objectives of the structure of economic capital of the Banco Santander are:

- 1 - Consolidate Pillar I and other risks which affect business in a single quantitative model, and determine estimates of capital by establishing correlations between different risks;
- 2 - Quantify and monitor different types of variations in risk;
- 3 - Distribute capital consumption between the different portfolios and manage the efficiency of return on capital (RORAC);
- 4 - Estimating the Economic Value Added for each business unit. Economic profit must exceed the cost of the Bank's capital;
- 5 - Accordance with the regulation in locations where the Bank operates in the review process of Pillar II by supervisors.

h.2) The Economic Capital Model

In calculating the economic capital, it is the Bank's definition of losses to be covered. Thus, it is used a confidence interval necessary to ensure business continuity. The risk profile in Brazil is distributed by Credit risk, Market, ALM, Business, Operations and materials assets. However, to successfully anticipate the changes proposed in Basel III, new risks have been incorporated to model: Intangibles, pension funds (defined benefit) and deferred tax assets, which allow the Bank to adopt a position even more conservative and prudent.

% Capital Risk Type	2020	2019	2018
Credit	69%	72%	72%
Market	2%	2%	2%
ALM	2%	5%	8%
Business	3%	3%	6%
Operational	6%	7%	5%
Fixed Assets	2%	2%	1%
Intangible Assets	5%	1%	0%

*values expressed in thousands, except when indicated.

Pension Funds	2%	4%	1%
Deferred Tax Assets	9%	5%	5%
TOTAL	100%	100%	100%

RoRAC

Banco Santander has used the RORAC, with the following objectives:

- 1 – Analyze and set a minimum price for operations (admission) and clients (monitoring).
- 2 – Estimate capital consumption of each client, economic groups, portfolio or business segment, in order to optimize the allocation of economic capital, maximizing the efficiency of the Bank.
- 3 – Measure and monitor business performance.

To evaluate the operations of global clients, the calculation of economic capital considers some variables used in the calculation of expected and unexpected losses.

Among these variables are:

- 1 – Counterparty rating;
- 2 – Maturity;
- 3 – Guarantees;
- 4 – Type of financing;

The economic value added is determined by the cost of capital. To create value for shareholders, the minimum return operation must exceed the cost of capital of Banco Santander.

47. Subsequent Events

Dividend Resolution

The Board of Directors, in a meeting held on February 2, 2021, approved the Executive Board's proposal, ad referendum of the Annual General Meeting, to be held until April 2021, for the distribution of dividends, in the gross amount of R\$512 million. Shareholders who are registered in the Bank's records on February 3, 2021 (inclusive) will be entitled to the Dividends. Accordingly, as of February 16, 2021 (inclusive), the Bank's shares will be traded "Ex-dividends". The dividend amount will be paid as of March 3, 2021, fully charged to the mandatory dividends to be distributed by the Bank, for the year 2020, without any monetary restatement. The decision was approved by the Fiscal Council, according to the meeting held on the same date, and is in compliance with the provisions of CMN Resolution No, 4,885/2020.

Getnet Adquirência e Serviços para Meios de Pagamentos S.A.

Further to the Material Facts disclosed on November 16, 2020 and February 2, 2021, the bank informed its shareholders and the market in general that Santander Brasil's Board of Directors, in a meeting held on February 25, 2021, their approval of the proposal to segregate Santander Brasil's equity interest in its wholly-owned subsidiary Getnet Adquirência e Serviços para Meios de Pagamentos S.A. ("Getnet" and, jointly with Santander Brasil, the "Companies"), by means of a spin-off from Santander Brasil ("Spin-off"), to be evaluated by the shareholders of Santander Brasil in an Extraordinary Shareholders' Meeting.

In addition, on February 25, 2021, the Fiscal Board of Santander Brasil opined in favor of the Spin-off proposal.

*values expressed in thousands, except when indicated.

APPENDIX I – RECONCILIATION OF STOCKHOLDERS' EQUITY AND NET INCOME - BRGAAP vs IFRS

The table below presents a conciliation of stockholders' equity and net income attributed to the parent between standards adopted in Brazil (BRGAAP) and IFRS, with the conceptual description of the main adjustments:

Thousand of Reais	Note	2020	2019	2018
Stockholders' equity attributed under to the Parent Brazilian GAAP		78,968,183	69,773,232	65,233,743
IFRS adjustments, net of taxes, when applicable:				
Reclassification of financial instruments at fair value through profit or loss	i	(882)	8,767	8,344
Reclassification of fair value through other comprehensive income	j	(522,107)	73,431	72,980
Impairment of financial assets measured at amortized cost	a	(635,194)	(23,589)	(1,483,043)
Remensurations, Debt instruments, due to reclassifications IFRS 9		907	-	26,274
Category transfers - IFRS 9	b	357,972	(206,984)	(619)
Deferral of financial fees, commissions and inherent costs under effective interest rate method	c	1,324,853	1,197,325	851,629
Reversal of goodwill amortization	d	27,527,699	26,933,892	26,764,529
Realization on purchase price adjustments	e	615,953	477,366	631,120
Recognition of fair value in the partial sale in subsidiaries	f	-	112,052	112,052
Option for Acquisition of Equity Instrument	g	(1,744,336)	(1,816,799)	(1,323,994)
Goodwill acquisition Santander Services (Santusa)	h	(209,285)	(239,182)	(269,158)
Tax Credit with realization over 10 years		-	184,005	322,539
Others		93,224	177,064	119,074
Stockholders' equity attributed to the parent under IFRS		105,776,987	96,650,580	91,065,470
Non-controlling interest under IFRS		312,885	558,581	529,990
Stockholders' equity (including non-controlling interest) under IFRS		106,089,872	97,209,161	91,595,460

*values expressed in thousands, except when indicated.

Thousand of Reais	Note	2020	2019	2018
Net income attributed to the Parent under Brazilian GAAP		13,469,380	14,180,987	12,166,145
IFRS adjustments, net of taxes, when applicable:				
Reclassification of financial instruments at fair value through profit or loss	i	(27,428)	422	(11,974)
Reclassification of fair value through other comprehensive income	j	68,960	451	28,419
Impairment of financial assets measured at amortized cost	a	(498,778)	1,872,553	140,557
Remensurations, Debt instruments, due to reclassifications IFRS 9		907	(16,659)	(5,360)
Category transfers - IFRS 9	b	(78,057)	6,437	(16,195)
Deferral of financial fees, commissions and inherent costs under effective interest rate method	c	185,478	346,298	187,425
Reversal of goodwill amortization	d	145,903	175,257	171,677
Realization on purchase price adjustments	e	(5,348)	(153,752)	(71,316)
Option to Acquire Own Equity Instrument	g	318,929	-	(143,194)
Goodwill acquisition Santander Services (Santusa)	h	29,898	29,898	29,820
Tax credit with realization over 10 years		(184,005)	(75,995)	260,000
Others		(7,311)	41,035	(153,527)
Net income attributed to the parent under IFRS		13,418,529	16,406,932	12,582,477
Non-controlling interest under IFRS		32,224	224,518	217,441
Net income (including non-controlling interest) under IFRS		13,450,752	16,631,450	12,799,918

a) Impairment on loans and receivables and financial assets measured at amortized cost:

Refers to the adjustment resulting from the estimate of the expected loss on the portfolio of assets subject to impairment, loan commitments to be released and financial guarantee contracts, calculated based on the criteria described in the accounting practice note and in accordance with provided for by IFRS 9 (in 2017 refers to the adjustment resulting from the estimated loss incurred in accordance with IAS 39, the then current norm). Such criteria differ in certain aspects from those adopted under BRGAAP, which uses the regulatory limits defined by the Central Bank (Bacen), in addition to the difference in the scope of the calculation basis for these losses, which for IFRS purposes considers assets other than those provided by Bacen.

b) Categories of financial assets

As detailed in the accounting practices note, IFRS9 provides for the definition of the business models associated with each portfolio, as well as the performance of the SPPI test - if the returns of that asset are exclusively principal and interest, for classification in the categories of financial assets. BRGAAP provides for certain differences in the categorization of these financial assets, as well as establishing as an indicator the management's intention for classification to be made. The criteria for reclassification between categories are also different between the two accounting practices.

c) Deferral of financial fees, commissions and other costs under effective interest rate method:

Under IFRS, financial fees, commissions and other costs that are integral part of effective interest rate of financial instruments measured at amortized cost are recognized in the income statement over the term of the corresponding contracts. Under BRGAAP these fees and expenses are recognized directly as income when received or paid.

d) Reversal of goodwill amortization:

Under BRGAAP, goodwill is systematically amortized over a period of up to 10 years, subject to the impairment test at least once a year or in a shorter period, in the event of any additional evidence. Under IFRS, in accordance with IAS 38 "Intangible Assets", goodwill is not amortized, but instead, is tested for impairment, at least annually, and whenever there is an indication that the goodwill may be impaired. The tax amortization of goodwill of Banco ABN Amro Real SA represents a difference between book and tax basis of a permanent nature and definitive as the possibility of future use of resources to settle a tax liability is considered remote by management, supported by the opinion of expert external advisors. The tax amortization of goodwill is permanent and definitive, and therefore does not apply to the recognition of a deferred tax liability in accordance with IAS 12, on temporary differences.

e) Realization on purchase price adjustments:

As part of the purchase price allocation in acquisitions of an entity, substantially, in the acquisition of Banco Real, following the

*values expressed in thousands, except when indicated.

requirements of IFRS 3, the Bank has recognized the assets and liabilities of the acquiree to fair value, including identifiable intangible assets with finite lives. Under BRGAAP, in a business combination, the assets and liabilities are kept at their book value. This purchase price adjustment relates substantially to the allocation related to the value of assets in the loan portfolio. The initial recognition of value of the loans at fair value, adjustment to the yield curve of the loan portfolio in comparison to its nominal value, which is recognized by its average realization period.

f) Recognition of fair value in the partial disposal of investments in subsidiaries

Under IFRS 10 "Consolidated Financial Statements" on partial disposal of a permanent investment when control is lost, the fair value is recognized over the remaining portion is remeasured at its fair value, the effect of this update being recognized in result (Webmotors). Under BRGAAP, this type of operation, ongoing participation is registered by its book value.

g) Option for Acquisition of Equity Instrument

Within the context of transaction, Banco Santander has granted to the members of Getnet S.A. and Banco Olé Consignado a put option over all shares of Getnet S.A. and Banco Olé Consignado held by them. The overall out in IAS 32, a financial liability was recognized for this commitment, with a specific charge in a heading in stockholders' equity in the amount of R\$950 million and R\$67 million, respectively. Subsequently, the options have been updated and their effect is recognized in income. On December 19, 2018, Banco Santander and the Minority shareholders of Getnet SA entered into an addendum to the Purchase and Sale Agreement for Shares and Other Covenants of Getnet SA, in which Banco Santander committed to acquire all the shares of the Minority Shareholders, corresponding to 11.5% of the share capital of Getnet SA, for the amount of R\$1,431,000. The acquisition was approved by BACEN on February 18, 2019 and concluded on February 25, 2019, so that Banco Santander now holds 100% of the shares representing Getnet SA's share capital. On March 14, 2019, the shareholder minority stake in Banco Olé Bonsucesso Consignado SA formalized its interest in exercising the put option provided for in the Investment Agreement, entered into on July 30, 2014, to sell its 40% stake in Olé Consignado to Banco Santander (Brazil) SA On December 20, 2019, the parties entered into a binding agreement for the acquisition, by Banco Santander, of all the shares issued by Bosan Participações SA, for the total amount of R\$1.6 billion, to be paid on the closing date of the Operation. On January 30, 2020, the name of Banco Olé from Banco Olé Bonsucesso Consignado SA was changed to Banco Olé Cosignado SA On January 31, 2020, the Bank and the shareholders of Bosan Participações SA concluded the final agreement and signed the purchase and sale of 100% of the shares issued by Bosan, through the transfer of Bosan's shares to the Bank and payment to sellers in the total amount of R\$1,608,772,783.47. As a result, the Bank became, directly and indirectly, the holder of 100% of Banco Olé's shares.

h) Santander Serviços goodwill (Santusa)

According to the IFRS 3 "Business Combination", when the owner acquires more shares or other equity instruments of an entity already controlled, it shall consider such amount as an equity reduction. According to the BRGAAP this amount shall be registered in the asset as goodwill or discount on the acquisition of the investment, which is the difference between the acquisition cost and the equity amount of the shares.

i) Reclassification of financial instruments at fair value through profit or loss

Under BRGAAP, all loans, financing and deposits are recorded at amortized cost. In IFRS, in accordance with IFRS 9 "Financial Instruments: Recognition and Measurement", financial assets may be measured at fair value and included in the category "Other financial assets at fair value through profit or loss", in order to eliminate or significantly reduce accounting mismatches (accounting mismatch) of recognition or measurement derived from the measurement of assets or liabilities or from the recognition of gains or losses on these assets / liabilities on a number of bases, which are managed and their performances valued at fair value. Accordingly, the Bank classified loans, financing and deposits that meet these parameters as "fair value through profit or loss", as well as certain debt instruments classified as "available for sale" in BRGAAP. The Bank opted for this classification base in IFRS, since it eliminates an accounting mismatch in the recognition of revenues and expenses.

j) Reclassification of financial assets measured at fair value through other comprehensive income

According to the BRGAAP, the Bank registers some investments, for example, debt instruments initially measured at amortized cost and equity instruments at cost. At the time of this balance sheet, the management reviewed the managing strategy of its investments and according to Bacen Circular 3.068, the debt instruments were reclassified to "trading" measured at fair value with changes in the income statement. According to the IFRS, the Bank is classifying this investments as financial assets measured at fair value through other comprehensive income them at fair value with changes in "other comprehensive income", in line with IAS 9 "Financial Instruments ", which does not allow the reclassification of any financial instrument to fair value with changes in the income statement after the initial recognition.

*values expressed in thousands, except when indicated.

APPENDIX II – STATEMENTS OF VALUE ADDED

The following Statements of value added is not required under IFRS but being presented as supplementary information as required by Brazilian Corporate Law for publicly-held companies, and has been derived from the Bank's consolidated financial statements prepared in accordance with IFRS.

	2020		2019		2018	
Thousand of Reais						
Interest and similar income	62,774,940	72,841,060	70,478,393			
Net fee and commission income	16,228,214	15,713,152	14,132,159			
Impairment losses on financial assets (net)	(17,450,188)	(13,369,905)	(12,713,435)			
Other income and expense	(5,012,403)	(4,025,384)	(6,861,406)			
Interest expense and similar charges	(18,332,228)	(28,519,953)	(28,557,051)			
Third-party input	(7,946,539)	(7,544,695)	(7,219,152)			
Materials, energy and others	(641,831)	(659,656)	(544,237)			
Third-party services	(6,424,755)	(6,047,498)	(5,572,127)			
Impairment of assets	(84,908)	(131,435)	(508,310)			
Other	(795,045)	(706,106)	(594,478)			
Gross added value	30,261,796	35,094,275	29,259,508			
Retention						
Depreciation and amortization	(2,579,127)	(2,391,857)	(1,739,959)			
Added value produced	27,682,669	32,702,418	27,519,549			
Added value received from transfer						
Investments in affiliates and subsidiaries	112,261	149,488	65,958			
Added value to distribute	27,794,930	32,851,906	27,585,507			
Added value distribution						
Employee	7,943,711	28.6%	8,457,212	25.7%	8,185,896	29.7%
Compensation	5,749,699		5,961,765		5,863,584	
Benefits	1,514,611		1,637,099		1,534,560	
Government severance indemnity funds for employees - FGTS	448,457		502,173		448,699	
Other	230,974		356,175		339,053	
Taxes	6,298,717	22.7%	7,674,704	23.4%	5,813,381	21.1%
Federal	10,088,318		6,571,450		4,864,176	
State	(830,771)		54		224	
Municipal	(2,958,830)		1,103,200		948,981	
Compensation of third-party capital - rental	101,749	0.4%	88,540	0.3%	786,312	2.9%
Remuneration of interest on capital	13,450,753	48.4%	16,631,450	50.6%	12,799,918	46.4%
Dividends and interest on capital	3,837,085		10,800,000		6,600,000	
Profit Reinvestment	9,581,444		5,606,932		5,982,477	
Profit (loss) attributable to non-controlling interests	32,224		224,518		217,441	
Total	27,794,930	100.0%	32,851,906	100.0%	27,585,507	100.0%

*Values expressed in thousands, except when indicated.

Management Report

Dear Stockholders:

We present the management report to the Consolidated Financial Statements of Banco Santander (Brasil) S.A. (Banco Santander or Bank) for the fiscal year ended December 31, 2020, prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), and the interpretations issued by the IFRS Interpretations Committee (Current name of International Financial Reporting Interpretations Committee (IFRIC)).

1) Macroeconomic Environment

The Santander considers that the international environment has continued to be influenced by developments regarding the COVID-19 pandemic, with the initial countries affected by the disease going through a "second wave" of contamination on the heels of easing in social distancing policies. Nonetheless, the Bank highlights the fast progress observed in the development of vaccines to fight the pandemic, with some countries having already launched an immunization campaign to their citizens and several nations mulling over the same initiative during the first months of 2021. Notwithstanding uncertainties brought by the pandemic, fiscal and monetary stimuli granted by the vast majority of countries continued to led the Bank to witness the release of activity indicators hinting at the extension of a recovery trend after the hit observed in the second quarter. The Bank assesses that these fiscal and monetary stimuli have helped to support financial asset prices. For instance, the S&P500 receded to the vicinity of 2,500 points in March 2020 from 3,200 points in December 2019, but it moved back close to 3,100 points in the end of June, then it climbed to 3,400 points in the end of third quarter and reached 3,700 points in the fourth quarter (a 11.7% expansion in the last three months of 2020).

On the domestic front, Santander thinks that the setbacks brought by the COVID-19 led the debate about structural reforms to play a secondary role, as measures aiming at fighting the impact of the pandemic have become the focus of market participants, especially those related to the most vulnerable part of the population as well as of corporate sector, which were heavily hit by the social distancing policy. According to Santander, these temporary measures were key to mitigate the impact of the health crisis, but they were also responsible for a significant expansion of public expenditures during 2020, which will translate into a hefty increase in the Brazilian public indebtedness. The Bank considers that this backdrop just reinforces the need for the resumption of discussions about structural reforms once the pandemic is over in order to prevent the public debt to enter into an unsustainable trajectory.

After a widespread wave of downward revisions in the forecasts for the GDP real change in 2020 as compared with those seen in the first quarter of 2020, the Bank observed incentives granted leading to a strong recovery in certain segments—markedly, retail sales. This more intense reaction than many had initially thought led market participants to start anticipating less severe drops of the Brazilian GDP this year. This trend has continued to prevail lately. The median forecast for the GDP real change this year indicated a 6.6% contraction for 2020 by the end of second quarter. Then, the median forecast moved up to a 4.36% decline for 2020 by the end of fourth quarter. The Bank judges that, albeit less intense than initially thought, the prospect for a strong contraction of the Brazilian GDP in 2020, which should be followed by a gradual recovery in the coming years — the median expectations for the GDP growth in 2021 and 2022 were 3.4% and 2.5%, respectively in the end of December 2020 — continued to justify the general perception that the IPCA change should converge towards the targeted levels set for the relevant time horizon for the monetary policy, notwithstanding the fact that it ended 2020 above the goal on the heels of temporary shocks—the IPCA annual change reached 4.5%, above the target of 4.0%. According to Santander's appraisal, the mix of gradual economic recovery and inflation readings compatible with targeted levels opened room for the Brazilian Central Bank to keep the base interest rate at 2.00% pa in the end of 2020 and it has allowed it to indicate the maintenance of this level for most of 2021.

In the Bank's view, the prospect of high public indebtedness and low growth has kept market participants skeptical in acquiring Brazilian financial assets. However, not even that skepticism was a hurdle for a favorable performance of the Brazilian 5-year CDS spread and the FX rate in fourth quarter. Regarding the former, the instrument to hedge the Brazilian insolvency risk ended the period at a level similar to the average observed in first quarter—i.e., before the pandemic—when this indicator was hovering around 150bps, thus below the 250bps observed in the end of third quarter. The Brazilian FX rate followed a similar pattern, as the USD/BRL pair receded to USD/BRL5.20 in December 2020 from USD/BRL5.60 in September 2020 and after having hovered reached as high as USD/BRL5.80 in fourth quarter. On both cases, the Santander understands that the trigger for the improvement observed in the period had to do with the diminution of uncertainties regarding the conduct of fiscal policy in the coming years on the heels of official statements that indicated the willingness to abide by the rules imposed by the legal framework of the public spending cap.

Therefore, the Bank considers that additional improvements in the performances of these indicators will require measures that indicate a stricter commitment of the Brazilian government with the reversal of the ascending trend of public spending in the coming years.

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In the Bank's view, this will only be possible with the resumption of structural reforms.

2) Performance

2.1) Net Income

CONSOLIDATED (R\$ Millions)	INCOME STATEMENTS	12M20	12M19	annual changes%	4Q20	3Q20	quarter changes %
Interest Net Income		44,442.7	44,321.1	0.3	11,196.7	40,024.7	(72.0)
Income from equity instruments		33.8	18.9	78.3	9.7	5.5	76.8
Income from companies accounted for by the equity method		112.1	149.5	(25.0)	31.7	31.0	2.4
Fees and Commission (net)		16,228.2	15,713.2	3.3	4,432.8	4,026.6	10.1
Gains (losses) on financial assets and liabilities (net) + Exchange differences (net)		(11,702.9)	(326.0)	3,489.9	4,824.8	(1,214.8)	(497.2)
Other operating expense (net)		(872.5)	(1,107.7)	(21.2)	(449.6)	15.8	(2,953.3)
Total Income		48,241.5	58,769.0	(17.9)	20,046.1	42,888.7	(53.3)
Administrative and personnel expenses		(17,115.0)	(16,941.5)	1.0	(4,485.2)	(4,340.9)	3.3
Depreciation and amortization		(2,579.1)	(2,391.9)	7.8	(666.9)	(665.3)	0.2
Provisions (net)		(1,656.5)	(3,681.6)	(55.0)	(284.7)	(388.2)	(26.7)
Impairment losses on financial assets and other assets (net)		(17,535.1)	(13,501.3)	29.9	(3,605.1)	(3,840.5)	(6.1)
Gains (losses) on disposal of assets not classified as non-current assets held for sale		230.7	10.6	2,067.1	11.1	(0.8)	(1,474.3)
Gains (losses) on non-current assets held for sale not classified as discontinued operations		77.5	9.8	687.0	40.9	8.8	366.5
Operating Profit Before Tax		9,664.0	22,273.1	(56.6)	11,056.2	33,661.7	(67.2)
Income taxes		3,786.8	(5,641.7)	(167.1)	(7,335.4)	(951.1)	671.3
Consolidated Net Income		13,450.8	16,631.4	(19.1)	3,720.9	32,710.6	(88.6)

For a better understanding of the results in IFRS, below is the Operating Profit Before Tax and Income taxes, disregarding the hedge effect according to item 1):

ADJUSTED ¹ (R\$ Millions)	OPERATING PROFIT BEFORE TAXES	12M20	12M19	annual changes%	4Q20	3Q20	quarter changes %
Operating Profit Before Tax		9,664.0	22,273.1	(56.6)	11,137.5	33,661.7	(66.9)
Income Tax and Social Contribution (hedge)		13,271.2	1,370.8	868.1	(4,248.0)	2,779.4	(254.0)
PIS/COFINS (hedge)		311.8	(106.5)	(392.8)	(460.4)	102.2	(550.5)
Adjusted Operating Profit Before Tax		23,247.0	23,537.4	(1.2)	6,397.1	36,543.3	(82.5)

INCOME (R\$ Millions)	TAXES	12M20	12M19	annual changes%	4Q20	3Q20	quarter changes %
Income taxes		3,786.8	(5,641.7)	(167.1)	(7,335.4)	(951.1)	671.3
Income Tax and Social Contribution (hedge)		(13,271.2)	(1,370.8)	868.1	4,280.0	(2,779.4)	(254.0)
PIS/COFINS (hedge)		(311.8)	106.5	(392.8)	460.4	(102.2)	(550.5)
Adjusted Income taxes		(9,796.2)	(6,906.1)	41.8	(2,595.0)	(3,832.7)	32.3

(1) This is non-gaap so suggest they footnote that and reference to non-gaap disclosures in the 20F.

The Bank's rapid adaptation to different scenarios, supported by a solid balance sheet position and a well-defined business model, made it possible to capture important opportunities in the period, always prioritizing customer needs. Accordingly, we offer a plan to extend installments of various types of financing granted to customers in order to provide greater financial capacity. In 2020, an additional provision of R\$3.2 billion was made, supported by assumptions based on stress scenarios. In addition, the Bank continued to evolve our risk models, which helped to maintain the quality of the credit portfolio at controlled levels. As a result of our actions in the period, we observed an increase in margins while reaching the best historical level of the efficiency index.

2.1.1) Foreign Exchange Hedge of the Grand Cayman Branch and the Subsidiary Santander Brasil EFC

Banco Santander operates branches in the Cayman Islands and Luxembourg and the subsidiary Santander Brasil Establecimiento Financiero de Credito, EFC, or "Santander Brasil EFC" which are used, mainly, to raise funds in the capital and financial foreign markets, providing credit lines that are extended to clients for trade-related financings and working capital. To protect the exposures to foreign exchange rate variations, the Bank uses derivatives. According to Brazilian tax rules, the

*Values expressed in thousands, except when indicated.

gains or losses resulting from the impact of appreciation or depreciation of the local currency (Real) in foreign investments are nontaxable to PIS/COFINS/IR/CSLL, while gains or losses from derivatives used as hedges are taxable or deductible. The purpose of these derivatives is to protect the after-tax net income.

Law 14.031/20, of July 28, 2020, determines that, as of January 2021, 50% of the foreign exchange variation of investments abroad must be computed in the determination of the real profit and in the calculation base of the Social Contribution on the Net Income (CSLL) of the investing legal entity domiciled in the country. As of 2022, the foreign exchange variation of investments abroad will be fully computed on the basis of the IRPJ and CSLL.

The different tax treatment of such foreign exchange rate differences results in a volatility on the operational earnings or losses and on the gross revenue tax expense (PIS/COFINS) and income taxes (IR/CSLL), as demonstrated below:

FOREIGN EXCHANGE HEDGE OF THE GRAND CAYMAN BRANCHES AND THE SUBSIDIARY SANTANDER BRASIL EFC							12M20	12M19	annual changes%	4Q20	3Q20	quarter changes %
(R\$ Million)												
Exchange Variation							16,791.9	1,512.3	1,010.4	(5,015.4)	2,449.4	(304.8)
Derivative Financial Instruments							(30,374.9)	(2,776.6)	994.0	9,723.8	(4,587.7)	(312.0)
Income Tax and Social Contribution							13,271.2	1,370.8	868.1	(4,248.0)	2,071.8	(305.0)
PIS/COFINS - Tax Expenses							311.8	(106.5)	(392.8)	(460.4)	66.5	(792.3)

2.1.2) Interest Net Income

For the period ended December 31, 2020, the increase compared to the same period last year was mainly due to the increase in the credit portfolio, mainly to individuals and consumption.

2.1.3) Other Events

a) Post-employment Benefit Plan

In the period ended on June 30, 2018, there was an increase in the cost contribution established in the Post-Employment Benefit Plan, which is calculated as a percentage of the total monthly compensation of members. The increase in the contribution resulted in a decrease in the past service cost, due to changes in the plan. The changes proposed in the Post-Employment Benefit imply a reduction in the present value of the obligations of the defined benefit plan, which is supported by actuarial valuations.

b) Recoverable Value Assessment

For the period ended December 2020, Banco Santander recognized impairment losses in the amount of R\$59 million (2019 109 million), on intangible assets in the system acquisition and development modality. The loss was recorded as a result of technical analysis, which showed a perspective of significant reduction in the expected future economic benefits on these assets.

Analysis of Income by Segment

The Bank has two segments, Commercial and the Global Wholesale Banking segment, which includes the Investment Banking and Markets operations, including departments cash and stock trades.

Below, the Bank presents table by segment:

OPERATING INCOME BEFORE TAXES BY SEGMENT (R\$ Millions)	12M20	% in profit before tax	12M19	annual changes %	4Q20	% in profit before tax	3Q20	quarter changes %
Commercial Bank (1)	4,666.4	48.3	18,375.1	(74.6)	10,061.4	91.0	3,405.7	(195.4)
Global Wholesale Banking	4,997.6	51.7	3,898.0	(28.2)	994.8	9.0	1,349.3	(26.3)
Operating Profit Before Tax	9,664.0	100.0	22,273.1	(56.2)	11,056.2	100.0	4,755.1	132.5

(1) On December 31, 2020 and 2019, includes in the Commercial Bank, the foreign exchange hedge of investment in US Dollar, and excluding this effect, the Operating Income before taxation Adjusted for this segment was R\$18,249.4 million and R\$19,639.4 million, respectively.

General Expenses - The variations in administrative expenses are mainly due to the higher expenses with specialized technical

*Values expressed in thousands, except when indicated.

services and third parties, with a large part directed to the hiring of technology services. In addition, there was an increase in advertising, promotions and publicity expenses arising from greater intensity in commercial actions, especially in the fourth quarter of 2019. Variations in personal expenses can be attributed to the growth of the benefits line and higher expenses with remuneration, aligned meritocracy and business performance.

GENERAL (R\$ Millions)	EXPENSES	12M20	12M19	annual changes%	4Q20	3Q20	quarter changes %
Other Administrative Expenses		(8,243.5)	(7,613.8)	8.7	(2,377.4)	(2,112.3)	12.6
Personnel Expenses		(8,871.5)	(9,327.7)	(4.6)	(2,167.0)	(2,228.6)	(2.8)
Total General Expenses		(17,115.0)	(16,941.5)	1.4	(4,544.4)	(4,340.9)	4.7

2.2) Assets and Liabilities

BALANCE (R\$ Millions)	SHEET	dec/20	dec/19	dec/19 vs, dec/20 changes %
Cash and Balances with the Brazilian Central Bank		20,148.7	31,716.3	(36.5)
Financial Assets Measured At Fair Value Through Profit Or Loss		60,900.4	32,342.3	88.9
Financial Assets Measured At Fair Value Through Profit Or Loss Held For Trading		98,466.2	57,020.9	71.2
Non-Trading Financial Assets Mandatorily Measured At Fair Value Through Profit Or Loss		499.8	171.5	191.5
Financial Assets Measured At Fair Value Through Other Comprehensive Income		109,740.4	96,120.2	13.8
Financial Assets Measured At Amortized Cost		554,924.8	417,478.7	33.0
Hedging Derivatives		743.5	339.9	118.7
Non-Current Assets Held For Sale		1,092.9	1,325.3	(17.5)
Investments in Associates and Joint Ventures		1,095.0	1,070.8	4.1
Tax Assets		41,063.8	33,599.2	22.2
Other Assets		7,222.4	5,061.3	42.7
Tangible Asset		9,537.1	9,782.0	(2.5)
Intangible Asset		30,766.4	30,595.8	0.6
TOTAL ASSETS		936,201.5	716,624.2	30.6
Financial Liabilities Measured At Fair Value Through Profit Or Loss Held For Trading		77,643.3	46,064.7	67.1
Financial Liabilities Measured At Fair Value Through Profit Or Loss		7,038.5	5,319.4	32.3
Financial Liabilities at Amortized Cost		707,288.8	575,230.4	23.0
Hedge Derivatives		144.6	201.0	(28.0)
Provisions		13,815.0	16,331.8	(15.4)
Tax Liabilities		10,130.2	10,960.1	(7.6)
Other Liabilities		14,051.2	10,920.9	28.7
TOTAL LIABILITIES		830,111.6	665,028.3	24.7
Total Equity		106,089.9	97,209.2	9.2
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY		936,201.5	762,237.5	22.7

Funding

Total funding (deposits of Brazil Central Bank and deposits of credit institutions, deposits from clients, marketable debt securities, subordinated liabilities and debt instruments eligible to compose capital) reached R\$647,552,1 million on December 31, 2020 and R\$519,664,4 on December 31, 2019, increasing 24,6% in the fiscal year.

FUNDING (R\$ Million)	dec/20	dec/19	dec/19 vs, dec/20 changes %
Deposits of Brazil Central Bank and Deposits of Credit Institutions	131,657.0	99,271.4	32.6
Deposits from Clients	445,814.0	336,514.6	32.5
Marketable Debt Securities	56,875.5	73,702.5	(22.8)
Debt Instruments Eligible to Compose Capital	13,119.7	10,176.0	28.9
Total Funding	647,466.1	519,664.4	24.6

*Values expressed in thousands, except when indicated.

2.3) Loan portfolio

LOANS (R\$ Million)	AND	RECEIVABLES	dec/20 vs.		
			dec/20	dec/19	dec/19 changes %
Loans and amounts due from credit institutions, gross			112,858.8	109,247.2	3.7
Impairment losses			(9.1)	(13.5)	(33.1)
Loans and amounts due from credit institutions, net			112,849.7	109,233.1	3.8
Loans and advances to customers, gross			417,822.0	347,256.7	20.3
Impairment losses			(24,054.0)	(20,557.2)	17.0
Loans and advances to customers, net			393,768.0	326,699.5	20.5
Debt instruments			49,945.2	40,857.7	22.2
Impairment losses			(1,577.4)	(2,055.0)	(23.2)
Debt instruments, net			48,367.8	38,802.6	24.7
Total Loans and Receivables			554,975.5	474,735.2	16.9

Impairment losses on financial assets (net)

The expenses for impairment losses, reduced by loans previously charged off, totaled R\$17,450.2 million and R\$13,369.9 million in the fiscal year ended on December 31, 2020 and 2019, respectively, increasing 30.5%.

2.4) Issuance of Debt Instruments Eligible to Compose Capital

On November 5, 2018, the Board of Directors approved the redemption of Level I and Level II Notes issued on January 29, 2014, in the total amount of US \$ 2,5 billion. The repurchase was approved by the Central Bank on December 18, 2018.

In conjunction with the approval of the redemption of the previous notes, the Board of Directors approved the issuance of the equity instruments, which was held on November 8, 2018. Such issuance took the form of notes issued abroad, in US dollars, in the amount of US\$2.5 billion, for payment in Level I and Level II of Reference Equity. The offering of these Notes was made outside of Brazil and the United States of America, for non-US Persons, based on Regulation S under the Securities Act, and was fully paid in by Santander España, controlling shareholder of Banco Santander Brasil.

On December 18, 2018, the Bank issued an approval for the Notes to comprise Level I and Level II of Banco Santander's Reference Equity as of such date. This approval led to the reclassification of these instruments from the line of Eligible Debt Instruments to Capital for Subordinated Debts.

Details of the balance of Debt Instruments Eligible to Compose Capital referred to the issuance of equity instruments for the composition of Tier I and Tier II of Regulatory Capital due to the Capital Optimization Plan are as follows:

Debt Instruments Eligible to Compose Capital		dec-20		dec-19	
Specific features	Tier I	Tier II	Tier I (1)	Tier II (1)	
Issuance	nov/18	nov/18	nov/18	nov/18	
Amount (Million)	US\$1,250	US\$1,250	US\$1,250	US\$1,250	
Interest Rate (p.a.) (2)	7.250%	6.125%	7.250%	6.125%	
Maturity	No Maturity (Perpetual)	nov/28	No Maturity (Perpetual)	nov/28	
Value	R\$6,554	R\$6,565	R\$5,092	R\$5,083	
Periodicity Payment	of semiannually, as of May 8, 2019	semiannually, as of May 8, 2019	semiannually, as of May 8, 2019	semiannually, as of May 8, 2019	

(1) Notes repurchased in 2019; As authorized by Bacen on December 18, 2018, as of the date of their issuance, Level I and II of PR must be excluded.

(2) The debts of January 2014 were made by Banco Santander in Brazil, therefore, as Income Tax at source assumed by the issuer, in the form of a corresponding exchange rate, is 8.676% and 7.059% for the instruments Level I and Level II, respectively. The emissions generated from November 2018 were made through the Cayman Agency and, consequently, there is no incidence of Income Tax at Source.

Notes issued in 2018 have the following common characteristics:

*Values expressed in thousands, except when indicated.

(a) Unit value of at least US\$150 thousand and in integral multiples of US\$1 thousand in excess of such minimum value

(b) The Notes may be repurchased or redeemed by Banco Santander after the fifth anniversary as of the date of issue of the Notes, at the sole discretion of the Bank or as a result of changes in the tax legislation applicable to the Notes; or at any time, due to the occurrence of certain regulatory events.

2.5) Stockholders' Equity

In December 31, 2020, Banco Santander consolidated stockholders' equity presented an increase of 9.7%, compared to December, 2019.

The variance of stockholders' equity is due, mainly, to the increase of other comprehensive income in the amount of R\$342,4 million and which includes as the main event the changes in fair value of certain operations, the net income of the fiscal year in the amount of R\$13,450,752 million and the highlight of Interest on Capital in the amount of R\$3,325,0 million and Interim Dividends in the amount of R\$512,0 million.

Treasury Shares

At a meeting held on February 2, 2021, the Board of Directors approved, in continuity with the repurchase program that expired on November 4, 2020, a new repurchase program for Units and ADRs issued by Banco Santander, either directly or on its own. Cayman branch, for maintenance in treasury or for subsequent sale.

The Buyback Program covers the acquisition of up to 36,956,402 Units, representing 36,956,402 common shares and 36,956,402 preferred shares, which, on December 31, 2020, corresponded to approximately 1% of the Bank's share capital. As of December 31, 2020, Banco Santander had 355,661,814 common shares and 383,466,228 preferred shares outstanding.

The repurchase aims to (1) maximize the generation of value for shareholders through an efficient management of the capital structure; and (2) enable the payment of administrators, management-level employees and other employees of the Bank and companies under its control, under the terms of the Long-Term Incentive Plans. The term of the Buyback Program is up to 18 months from February 3, 2021, ending on August 2, 2022.

	dec/20	dec/19
	Quantity	Quantity
	Units	Units
Treasury shares at beginning of the period	16,702	13,317
Shares Acquisitions	5,052	6,465
Payment - Share-based compensation	(2,925)	(3,080)
Treasury shares at end of the period	18,829	16,702
Subtotal - Treasury Shares in thousands of reais	R\$ 789,587	R\$ 679,364
Issuance Costs in thousands of Reais	R\$ 1,771	R\$ 1,771
Balance of Treasury Shares in thousands of reais	R\$ 791,358	R\$ 681,135
Cost/Share Price	Units	Units
Minimum cost	R\$ 7.55	R\$ 7.55
Weighted average cost	R\$ 33.24	R\$ 28.59
Maximum cost	R\$ 49.55	R\$ 43.84
Share Price	R\$ 44.83	R\$ 42.70

In the fiscal year ended on December 31, 2020 and 2019, there were highlights of Dividends and Interest on Capital, as below:

DIVIDENDS (R\$ Millions)	AND	INTEREST	ON	CAPITAL	09M20	12M19
Interest on capital					3,325.0	4,010.0
Intercalary Dividends					512.0	6,790.0
Total					3,837.1	10,800.0

2.6) Basel Index

Bacen determines that financial institutions maintain a Reference Equity (PR), PR Level I and Principal Capital compatible with the risks of their activities, higher than the minimum requirement of the Required Reference Equity, represented by the sum of the credit risk, risk market risk and operational risk.

*Values expressed in thousands, except when indicated.

As established in CMN Resolution No. 4,193 / 2013, the requirement for PR in 2019 was 10.5%, comprising 8.0% of Minimum Equity of Reference plus 2.5% of Additional Capital Conservation. Considering this surcharge, PR Level I increased to 8.5% and Minimum Principal Capital to 7.0%.

For the year 2020, the PR requirement is 10.25%, including 8.0% of Reference Equity Minimum, plus 1.25% of Capital Conservation Additional and 1.0% of Systemic Additional. PR Level I reaches 8.25% and Minimum Principal Capital 6.75%.

In view of the pandemic scenario, the Central Bank of Brazil has been monitoring the Brazilian market and defining a set of rules to minimize the impacts of the pandemic. In the case of capital, it reduces the reduction in the Additional Capital Conservation Additional from 2.5% to 1.25%, expanding the capacity to grant new credit operations.

The Basel ratio is calculated in accordance with the Financial Statements of the Prudential Conglomerate prepared in accordance with accounting practices adopted in Brazil, applicable to institutions authorized to operate by Bacen, as shown below:

BASEL INDEX %	dec/20	dec/19
Tier I Regulatory Capital	77,571.5	66,481.7
Principal Capital	71,006.3	61,389.5
Supplementary Capital	6,565.2	5,092.2
Tier II Regulatory Capital	6,554.5	5,083.8
Regulatory Capital (Tier I and II)	84,126.0	71,565.5
Credit Risk	478,303.5	407,786.2
Market Risk	15,846.3	20,235.2
Operational Risk	57,419.4	47,965.5
Total RWA	551,569.2	475,986.9
Basel I Ratio	14.06	13.97
Basel Principal Capital	12.87	12.90
Basel Regulatory Capital	15.25	15.04

2.7) Main Subsidiaries

The table below presents the balances of total assets, net assets, net income and credit operations for the fiscal year ended December 31, 2020 for the main subsidiaries of Banco Santander portfolio:

SUBSIDIARIES (R\$ Million)	Total Assets	Stockholders' Equity	Net. Income	Loan Ownership/Interest Portfolio (1)(%)	
Aymoré Crédito, Financiamento e Investimento S.A.	50,196.7	1,542.3	743.3	48,542.3	100%
Getnet Adquirência e Serviços para Meios de Pagamento S.A.	42,321.1	2,072.0	289.9	-	100%
Santander Leasing S.A. Arrendamento Mercantil	8,544.5	5,832.9	78.3	2,096.2	100%
Banco Bandepe S.A.	26,997.7	5,369.5	90.9	-	100%
Santander Brasil, Establecimiento Financiero de Credito, S.A.	420.6	1.30	(14.7)	-	100%
Santander Corretora de Seguros, Investimento e Serviços S.A.	6,684.9	3,597.0	574.6	-	100%
Santander Corretora de Câmbio e Valores Mobiliários S.A.	1,009.2	731.3	90.9	-	100%
Atual Companhia Securitizadora de Créditos Financeiros	1,792.9	1,758.6	88.8	-	100%

(1) also includes balances referring to leasing portfolio and other credits.

The financial statements of the Subsidiaries above were prepared in accordance with the accounting practices adopted in Brazil, established by the Brazilian Corporate Law, in conjunction with the CMN, Bacen rules and model of the document provided for in the Accounting Plan of Cosif Institutions, of CVM, in which they do not conflict with the rules issued by Bacen, without the elimination of transactions with related companies.

3) Other Events

During the year ended on December 31, 2020 and year ended on December 31, 2019, several corporate movements were implemented in order to reorganize the operations and activities of the entities in accordance with Banco Santander business plan.

For additional information, see the explanatory note to financial statements 3.

*Values expressed in thousands, except when indicated.

4) Strategy

For information regarding the Bank's strategy and rating at rating agencies, see the Results Report available at www.santander.com.br/ri.

5) Corporate Governance

The Board of Directors of Banco Santander has met and resolved:

On December 26, 2020, approve the proposal for declaration and payment of interest on own capital, in the gross amount of R\$665 million for payment as of February 1, 2021, without any remuneration as monetary restatement.

On December 18, 2020, approve the election of directors Adriana Marques Lourenço de Almeida, Francisco Soares da Silva Junior, Marilize Ferrazza Santinoni and Ricardo Olivare de Magalhães as Directors without a Specific Designation.

On October 26, 2020, approve the proposal to highlight and pay interest on own capital, in the gross amount of R\$1 billion paid on December 23, 2020, without any monetary restatement.

On October 26, 2020, to approve the Parent Company and Consolidated Condensed Interim Financial Statements of Banco Santander, prepared in accordance to the accountancy practices adopted in Brazil, applicable to the institutions authorized to operate by Bacen and Parent Company and Consolidated Condensed Interim Financial Statements prepared in accordance to the International Financial Reporting Standards (IFRS), both relative to the period ended in September 30, 2020.

On October 9, 2020, approve (i) the amendment to the Internal Rules of the Sustainability Committee and (ii) the election of Mr. Tasso Rezende de Azevedo as a member of the Sustainability Committee.

On September 22, 2020, approve the re-election of Ms. Monique Silvano Arantes Bernardes. as the Company's Ombudsman for a new 1 (one) year term.

On September 1, 2020, to re-ratify the resolutions at the Company's Board of Directors' Meeting held on May 21, 2020, which dealt with the election of the members of the Company's Audit Committee for a new term.

On August 28, 2020, to know the resignation of Mr. Rafael Bello Noya, Officer without specific designation of the Company.

On July 29, 2020, approve (i) the proposal for the merger of Bosan Participações S.A. by the Company; (ii) the proposal for the merger of Banco Olé Consignado S.A. by the Company; and (iii) the call of an Extraordinary General Meeting of the Company to be held on August 31, 2020, at 3 p.m., to resolve on the following Agenda: (a) to ratify the hiring of PricewaterhouseCoopers Auditores Independentes, a specialized company responsible for preparing the corresponding appraisal reports of the Merged Companies; (b) to approve the Appraisal Reports; (c) to approve the Protocol and Justification of Bosan; (d) to approve the merger of Bosan by the Company; (e) to approve the merger of Banco Olé by the Company; and (f) to authorize the managers of the Company to perform all necessary and/or convenient acts for the implementation of the Mergers.

On July 28, 2020, approve the Banco Santander Consolidated Financial Statements, prepared in accordance with accounting practices adopted in Brazil, applicable to institutions authorized to operate by Bacen and the Banco Santander Interim Consolidated Financial Statements, prepared in accordance with the International Financial Reporting Standards (IFRS), both referring to the semester ended June 30, 2020.

On July 28, 2020, to approve the proposal for declaration and payment of interest on equity, in the gross amount of R\$ 770 million, for paid in September 25, 2020, without any indexation.

On July 03, 2020, approve the election of Mr. João Marcos Pequeno De Biase as Executive Officer without specific designation of the Bank.

On June 29, 2020, approve (i) the departure of Mr. René Luiz Grande from the position of member of the Bank's Risk and Compliance

**Values expressed in thousands, except when indicated.*

Committee; and (ii) the election of Mr. René Luiz Grande to the position of member of the Bank's Audit Committee.

On June 12, 2020, approve the election of Ms. Virginie Genès-Petronilho as a member of the Bank's Risk and Compliance Committee.

On May 27, 2020, approve the amendment to the Internal Regulations of the Board of Directors, the Audit Committee and the Risks and Compliance Committee.

On May 21, 2020, approve the election of the members of the Bank's Audit Committee for a new term of officer: Ms. Deborah Stern Veitas, Mr. Luiz Carlos Nannini and Ms. Maria Elena Cardoso Figueira.

On April 28, 2020, approve the election of Mr. Pedro Augusto de Melo as a member and Coordinator of the Bank's Risk and Compliance Committee.

On April 27, 2020, to approve the proposal for declaration and payment of interest on equity, in the gross amount of R\$ 890 million, paid in of June 26, 2020, without any indexation.

On April 27, 2020, approve the Individual and Consolidated Financial Statements of Banco Santander, prepared in accordance with the accounting practices adopted in Brazil, applicable to institutions authorized to operate by Bacen and the consolidated Condensed Intermediate Financial Statements of Banco Santander, prepared in accordance with International Financial Reporting Standards (IFRS), both for the period ended March 31, 2020.

On April 23, 2020, (i) acknowledgment of the resignation presented by Mr. Celso Clemente Giacometti to the positions of member of the Board of Directors, Coordinator of the Nomination and Governance Committee and member of the Remuneration Committee of the Bank; (ii) approve the appointment of Mr. Álvaro Antonio Cardoso de Souza, current member of the Nomination and Governance Committee of the Bank, to the position of Coordinator of the referred Committee; (iii) approve the exoneration of Mr. Bernardo Parnes from the position of Coordinator of the Risk and Compliance Committee of the Bank; (iv) approve the appointment of Mr. Álvaro Antonio Cardoso de Souza, current member of the Risk and Compliance Committee of the Bank, to the position of Coordinator of the referred Committee; and (v) approve the exoneration of Mr. José Roberto Machado Filho, Executive Officer of the Bank.

On April 07, 2020, approve the election of Sr. Marcelo Augusto Dutra Labuto as Director with no specific designation.

On February 28, 2020, approve the resignation of Mr. Ulisses Gomes Guimarães, Director with no specific designation of the Bank; (ii) know the resignation of Mr. Gilberto Duarte de Abreu Filho, Director without a specific designation of the Bank; and (iii) approve the election of Mr. Sandro Rogério da Silva Gamba as an Officer without a specific designation of the Bank.

On February 3, 2020, approve the election of Sres. Sandro Kohler Marcondes, Vítor Ohtsuki and Geraldo José Rodrigues Alckmin Neto as Directors with no specific designation.

On January 28, 2020, approve Banco Santander Individual and Consolidated Financial Statements, prepared in accordance with accounting practices adopted in Brazil, applicable to institutions authorized to operate by Bacen for the year ended December 31, 2019.

The resolutions of the Board of Directors for the year 2019 are described in the management Report of the Individual and Consolidated Financial Statements of December 31, 2019.

6) Risk management

On February 23, 2017, Bacen published CMN Resolution No. 4,557, which provides for the structure of risk and capital management (GIRC), effective from the same year. The resolution highlights the need to implement an integrated risk and capital management structure, define an integrated stress test program and declare the Risk Appetite Statement (RAS - Risk Appetite Statement), set up a Risk Committee, define a disclosure policy of published information, appointment of director for risk management, director of capital and director responsible for information disclosure policy. Banco Santander develops necessary actions on a continuous and progressive basis, aiming at adhering to the resolution. No relevant impacts were identified as a result of this standard.

For further information, see explanatory note 46 of the Santander Brasil S.A. Financial Statements in accordance with IFRS-International Financial Reporting Standards.

**Values expressed in thousands, except when indicated.*

Structure of capital management

Banco Santander's structure of capital management has a robust governance framework that supports the process related to this theme and establishes the attributions of each teams involved. Furthermore, there is a clear definition that should be adopted to effective capital management. More details can be consult in "Structure capital and risk management", available on Investor Relations website.

Internal Audit

Internal Audit reports directly to the Board of Directors, whose activities are supervised by the Audit Committee.

Internal Audit is a permanent function, independent of any other functions or units, whose objective is to provide the management Body and the senior management with independent assurance on the quality and effectiveness of internal control, risk management (current or emerging) and governance processes and systems, thereby helping to protect the company's value, solvency and reputation. The Internal Audit has quality certificate issued by the Institute of Internal Auditors (IIA).

In order to perform its duties and reduce coverage risks inherent to Banco Santander's activities, the Internal Audit area has internally developed tools that are updated when necessary. These include the risk matrix, used as a planning tool, prioritizing each unit's risk level, considering, among others, its inherent risks, the last audit rating, level of compliance with recommendations and their size. The work programs, which describe the audit tests to be performed, are reviewed periodically.

The Audit Committee and the Board of Directors favorably reviewed and approved the work plan of the Internal Audit for the year 2020.

7) People

With the public health crisis triggered earlier this year, there has never been so much talk about care. Take care of yourself and the other. And at Santander, we continue to take care of our people, an essential element in the Company. After all, they are the ones who think, design, develop, interact and build what Banco Santander wants to be. This is why the Bank invests in each of the 38,531 employees here in Brazil.

In the Health theme, we designed our internal protocol for action to contain COVID-19, guided by sanitary organs and health agencies. We have the Telemedicine service in partnership with Hospital Albert Einstein, guaranteeing high quality medical care to 100% of employees and their dependents, in addition to the investment in the Emotional Health Program that has supported our people in adapting and facing social distance.

For the development of our people, the Corporate Academy - Academia Santander, works for a strong, transversal culture, providing that everyone, online and in person, can improve what they already know and explore new possibilities. From mandatory certifications for certain functions to Digital Leadership courses, the most important thing is to leave the comfort zone and invest in yourself by expanding knowledge and repertoire.

Banco Santander supports leaders and managers so that they are close and available. This performance is based on three pillars: Feedback, Open Chat and Personalized Recognition, making sure that there is alignment between everyone through recurring and frank conversations, career guidance and special moments to reward the growth of the teams.

Banco Santander values a diverse environment, where each competence and each difference is valued. An example is the Affinity Group, created to promote diversity and inclusion based on the 5 pillars: Female Leadership; Racial Equity; Disabled people; Diversity of Formations, Experiences and Generations and the LGBT + pillar. Another good example is the Talent Show. In it, Banco Santander opens space to get to know the most different performances and explore the universe of skills that exist in the Bank, allowing interaction and fraternization among colleagues.

Since 2007, the bank has held Santander Week, a week that aims to celebrate institutional culture and connect with the community, through initiatives that mobilize the more than 45 thousand employees. In the 2020 edition, the challenges posed by the pandemic motivated us to go beyond the borders of agencies and corporate buildings, inviting the whole society to participate even though remotely, but multiplying the effect of the campaign. The entire effort was invested in the "Mothers of the Favela" project, of the Central Única das Favelas (CUFA), more than R\$7,226 million distributed to mothers who are heads of families in more than 5,000 favelas throughout Brazil. The dissemination of #efeitosantander throughout Brazil!

The result of all these actions is the high level of engagement, proven through two surveys that are carried out annually and that bring excellent indicators. One of them points out that at least 90% of employees say they want to stay at Banco Santander for a long time. It is believed that this satisfaction reflects positively on interactions with Customers, generating greater loyalty, sustainable growth and investments in Society, which leads Banco Santander to be the best Bank for all stakeholders.

*Values expressed in thousands, except when indicated.

8) Sustainable Development

Santander Brasil's Sustainability strategy is based on three pillars: (i) Strategic and efficient use of Environmental Resources, (ii) Development of Potentials and (iii) Resilient and Inclusive Economy. The Bank's vision, through these pillars, is to contribute to a better, more prosperous and fair society, maintaining excellence and responsibility in internal management, with ethical values as the basis and technology at the service of people and businesses.

The year 2020 will be marked by the transformation in ESG (environmental, social and governance) businesses with the launch of new products on the market; for the partnership with Itaú and Bradesco in making ten commitments to boost sustainable development in the Amazon region; and also for the social impact generated in the communities, mainly in supporting institutions to fight the COVID-19.

In total, it was possible generating R\$27 billion in ESG (Environmental, Social and Governance) businesses, an increase of more than 100% in relation to the previous year. Among the novelties of 2020 are the first ESG Linked Loan operation, which has interest rates linked to the achievement of strategic environmental commitments; the participation in the first issue of Green Bonds by a Brazilian company in the logistics sector in the international market; the issuance of the second operation carried out in the world of Sustainable Linked-Bond in the amount of US\$1.25 billion and the launch of a line of R\$5 billion to enable investments in sanitation. It was also the first bank to sell CBIOS, bonds issued by biofuel manufacturers to help distributors offset their carbon emissions, and launched a new financing model for agro cooperatives in the areas of solar energy and irrigation. The Bank relaunched the Ethical fund, one of the first with a sustainable theme and launched Santander Go Global Equity ESG, a fund that invests its resources in a variable income offshore with a diversified portfolio and that invests in high quality companies in the main countries of the world. and that present solid sustainability criteria. Among the main recognitions, we highlight the presence in the portfolio of B3's Corporate Sustainability Index (ISE) 2021, for the 11th consecutive year and the 1st Notable CNN 2020 Award, in the Social Responsibility category. The Bank also received the A- score on the Carbon Disclosure Project (CDP) and thus ranks among the 2% of companies with the best climate performance in Brazil and among the best 1.5% in Latin America.

In the social sphere, the Bank promoted a series of actions to support customers and society in the face of the global health crisis scenario, which totaled R\$100 million. Among the actions, we highlight the support to five hospitals that acted on the front line in combating the COVID-19, in which more than R\$7 million were collected, half of which was donated by employees and the other half doubled by the Bank. Through lives, employees also collected around 800 tons of food, in addition to clothes and hygiene products. The materials were donated to more than 500 institutions, impacting more than 170 thousand people in the country. In partnership with the Central Única de Favelas (CUFA), the Bank promoted a 12-hour festival, O Canal é Seu, broadcast on television and radio channels and raised more than R \$ 3 million for the project Mãe da Favela. Considering the Bank's donation, a total of R\$7 million was allocated to be distributed to 20 thousand families through SuperDigital. Finally, the Amigo de Valor program, in which employees and customers donate part of the income tax due to the Funds for the Rights of Children and Adolescents, allocated R\$15.7 million to 59 projects.

Among the main recognitions, we highlight the presence in the portfolio of B3's Corporate Sustainability Index (ISE) 2021, for the 11th consecutive year and the 1st Notable CNN 2020 Award, in the Social Responsibility category. The Bank also received the A- score on the Carbon Disclosure Project (CDP) and thus ranks among the 2% of companies with the best climate performance in Brazil and among the best 1.5% in Latin America.

9) Pandemic Effects - COVID-19

The Bank monitors the effects of COVID-19 pandemic that affect its operations and that may adversely affect its results. For more information, see Note 43.h to the Financial Statements in IFRS.

10) Independent Audit

Banco Santander's policy of including its subsidiaries in contracting services not related to the external audit of its independent auditors is based on Brazilian and international auditing standards that preserve the auditor's independence. This reasoning provides as follows: (i) the auditor should not audit his own work, (ii) the auditor should not perform managerial duties on his client, (iii) the auditor should not promote the interests of his client, and (iv) need for approval of any services by the Bank's Audit Committee.

In compliance with the Instruction of the Securities Commission 381/2003, Banco Santander informs that in the fiscal year ended December 31, 2020, PricewaterhouseCoopers Auditores Independentes did not provide services not related to the independent audit of the Financial Statements of Banco Santander and subsidiaries above 5% of total fees related to independent auditing services.

In addition, the Bank confirms that PricewaterhouseCoopers Auditores Independentes has procedures, policies and controls to ensure its independence, which include an evaluation of the work performed, covering any service that is not independent of the Financial

**Values expressed in thousands, except when indicated.*

Statements of Banco Santander and its subsidiaries. This evaluation is based on the applicable regulations and accepted principles that preserve the independence of the auditor. The acceptance and provision of professional services not related to the external audit in the fiscal year ended December 31, 2020 did not affect the independence and objectivity in conducting the external audits carried out in Banco Santander and other entities of the Group, since the above principles were observed.

The Board of Directors

The Executive

(Authorized at the Meeting of the Board of February 25, 2021).

*Values expressed in thousands, except when indicated.

Composition of management bodies

Board of Directors

Álvaro Antônio Cardoso de Souza – President (independent)
Sérgio Agapito Lires Rial - Vice-President
Deborah Patricia Wright - Counselor (independent)
Deborah Stern Vieitas - Counselor (independent)
Jose Antonio Alvarez Alvarez – Counselor
José de Paiva Ferreira – Counselor
José Maria Nus Badía – Counselor
Marília Artimonte Rocca - Counselor (independent)
Pedro Augusto de Melo - Counselor (independent)

Audit Committee

Deborah Stern Vieitas - Coordinator
Luiz Carlos Nannini - Qualified Technical Member
Maria Elena Cardoso Figueira - Member
René Luiz Grande – Member

Risk and Compliance Committee

Pedro Augusto de Melo - Coordinator
Álvaro Antonio Cardoso de Souza - Member
José de Paiva Ferreira - Member
Virginie Genès-Petronilho - Member

Sustainability Committee

Marília Artimonte Rocca - Coordinator
Carlos Aguiar Neto - Member
Carlos Rey de Vicente - Member
Mario Roberto Opice Leão - Member
Tarcila Reis Corrêa Ursini - Member
Tasso Rezende de Azevedo - Member

Nomination and Governance Committee

Álvaro Antonio Cardoso de Souza - Member
Deborah Patricia Wright - Member
Luiz Fernando Sanzogo Giogi – Member

Compensation Committee

Deborah Patricia Wright - Coordinator
Álvaro Antonio Cardoso de Souza - Member
Luiz Fernando Sanzogo Giogi – Member

Fiscal Council*

João Guilherme de Andrade So Consiglio - Effective Member (President)
Antonio Melchiades Baldisera - Effective member
Louise Barsi - Effective Member
Manoel Marcos Madureira - Substitute
Luciano Faleiros Paolucci - Substitute
Valmir Pedro Rossi – Substitute

* The Fiscal Council was installed at the Annual and Extraordinary Shareholders Meetings held on April 30, 2020, and the members were approved by the Central Bank of Brazil on July 10, 2020, the date on which they took office in their respective positions, with mandate until the 2021 Annual General Meeting.

**Values expressed in thousands, except when indicated.*

Executive Board**Chief Executive Officer**

Sérgio Agapito Lires Rial

Vice-President Executive Officer and Investor Relations Officer

Angel Santodomingo Martell

Vice-President Executive Officers

Alberto Monteiro de Queiroz Netto
Alessandro Tomao
Antonio Pardo de Santayana Montes
Carlos Rey de Vicente
Ede Ilson Viani
Jean Pierre Dupui
Juan Sebastian Moreno Blanco
Mário Roberto Opice Leão
Patrícia Souto Audi
Vanessa de Souza Lobato Barbosa

Officers without specific designation

Adriana Marques Lourenço de Almeida
Amancio Acúrcio Gouveia
Ana Paula Vitali Janes Vescovi
André de Carvalho Novaes
Carlos Aguiar Neto
Cassio Schmitt
Claudenice Lopes Duarte
Daniel Fantoni Assa
Elita Vechin Pastorelo Ariaz
Francisco Soares da Silva Junior
Franco Luigi Fasoli
Geraldo José Rodrigues Alckmin Neto
Germanuela de Almeida de Abreu
Gustavo Alejo Viviani
Igor Mario Puga
Jean Paulo Kambourakis
João Marcos Pequeno De Biase
José Teixeira de Vasconcelos Neto
Luis Guilherme Mattos de Oliem Bittencourt
Luiz Masagão Ribeiro Filho
Marcelo Augusto Dutra Labuto
Marilize Ferrazza Santinoni
Marino Alexandre Calheiros Aguiar
Ramón Sanchez Díez
Ramon Sanchez Santiago
Reginaldo Antonio Ribeiro
Roberto Alexandre Borges Fischetti
Robson de Souza Rezende
Sandro Kohler Marcondes
Sandro Rogério da Silva Gamba
Thomas Gregor Ilg
Vitor Ohtsuki

Accountant

Gilberto Cabeleira Alves - CRC N° PR040031/ O-7

*Values expressed in thousands, except when indicated.

Declaration of directors on the financial statements

For purposes of compliance with Article 25, § 1, VI, CVM Instruction 480, of December 7, 2009, the Executives' of Banco Santander (Brasil) S.A. (Banco Santander) state that they have discussed, reviewed and agreed with the Banco Santander's Financial Statements for the year ended December 31, 2020, prepared in accordance with International Financial Reporting Standards (IFRS) and the documents that comprise it, being: Consolidated balance sheets, consolidated income statements, consolidated statements of comprehensive income, consolidated cash flow statements, consolidated statements of changes in equity and notes to the consolidated financial statements, prepared according IFRS issued by the International Accounting Standards Board (IASB). These financial statements and the documents that comprise it, have been the object of an unqualified audit report of the Independent Auditors and the recommendation for approval issued by the Bank's Audit Committee to the Board of Directors and favorable opinion from the Bank's Fiscal Council.

Members of the Executive Board of Banco Santander on December 31, 2020:

Members of the Executive Board of Banco Santander on December 31, 2020:

Chief Executive Officer

Sérgio Agapito Lires Rial

Vice-President Executive Officer and Investor Relations Officer

Angel Santodomingo Martell

Vice-President Executive Officers

Alberto Monteiro de Queiroz Netto

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Marino Alexandre Calheiros Aguiar

Ramón Sanchez Díez

Ramon Sanchez Santiago

Reginaldo Antonio Ribeiro

Ricardo Olivare de Magalhaes

Roberto Alexandre Borges Fischetti

Robson de Souza Rezende

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Thomas Gregor Ilg

Vítor Ohtsuki

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Directors' Statement on Independent Auditors

For purposes of compliance with Article 25,§ 1, V,CVM Instruction 480, of December 7, 2009, the Executives of Banco Santander (Brasil) S.A. (Banco Santander) state that they have discussed, reviewed and agreed with Financial Statements prepared in accordance with International Financial Reporting Standards (IFRS) of Banco Santander which includes the Independent Auditors' Report for the year ended December 31, 2020, prepared in accordance with International Financial Reporting Standards (IFRS) and the documents that comprise it, being: Consolidated balance sheets, consolidated income statements, consolidated statements of comprehensive income, consolidated cash flow statements, consolidated statements of changes in equity and notes to the consolidated financial statements, prepared according IFRS issued by the International Accounting Standards Board (IASB). These financial statements and the documents that comprise it, have been the object of an unqualified audit report of the Independent Auditors and the recommendation for approval issued by Bank's Audit Committee to the Board of Directors and favorable opinion from the Bank's Fiscal Council.

Members of the Executive Board of Banco Santander on December 31, 2020:

Members of the Executive Board of Banco Santander on December 31, 2020:

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Vice-President Executive Officer and Investor Relations Officer

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Thomas Gregor Ilg

Vitor Ohtsuki

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Audit Committee Report

The Audit Committee of Banco Santander (Brasil) S.A. ("Santander"), lead institution of the Santander's Economic and Financial Conglomerate ("Conglomerate"), acts as single entity for all the institutions and companies part of the Conglomerate, including those entities under the supervision of the Superintendence of Private Insurance - SUSEP. In compliance with the U.S. Securities and Exchange Commission, the Audit Committee acts as the Audit Committee of Santander in accordance with the provisions of the Sarbanes-Oxley Act.

According to its Charter, available on Santander's Investors Relations website (www.ri.santander.com.br), the Audit Committee, among its attributions, advises the Board of Directors on the oversight of the reliability of the financial statements, its compliance with the applicable rules and legislation, the effectiveness and independence of the work performed by the internal and independent auditors, as well as on the effectiveness of the internal control system and operational risk management. Besides that, the Audit Committee also recommends amendments and improvements on policies, practices and procedures identified in the course of its duties, whenever deemed necessary.

The Audit Committee is currently composed of four independent members, elected according to resolutions taken at the meetings of the Board of Directors held on May 21, June 29 and September 1st, 2020. It acts through meetings with executives, auditors and specialists and conducts analyzes based on the reading of documents and information submitted to it, as well as taking initiatives in relation to other procedures deemed necessary. The Audit Committee's evaluations are primarily based on information received from management, internal and independent auditors and the areas responsible for monitoring internal controls and operational risks.

The Committee's reports are regularly sent to the Board of Directors, with which the Coordination of the Audit Committee met regularly on the second half of 2020.

With regard to its attributions, the Audit Committee performed the following activities:

I – Financial Statements

IFRS - The Audit Committee reviewed the financial statements of the institutions and companies that comprise the Conglomerate, confirming its adequacy, in compliance with Brazilian corporate law, accounting practices, the rules of the Brazilian Securities and Exchange Commission ("CVM") and the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board ("IASB") and, as listed on the NYSE, issued by the SEC and Sarbanes-Oxley Act. In this regard, it acknowledged the results recorded in the second half and the fiscal year ended December 31, 2020 of the Santander and the Conglomerate, in IFRS standard.

The Audit Committee held meetings with the independent auditors and professionals responsible for the accounting and preparation of the financial statements, prior to their disclosure.

II – Internals Controls and operational risks management

The Audit Committee received information and held meetings with the Executive Vice-Presidency of Risks - including attending meetings of the Risk and Compliance Committee, the Executive Vice-Presidency of Tactics, the Technology and Operations, the Compliance area and the relevant professionals responsible for the management, implementation and dissemination of the Conglomerate's internal controls and risk management culture and infrastructure. It also verified cases dealt by the "Canal Aberto" (Whistleblowing channel) and by the Information Security and Anti-Fraud areas. Such verifications were conducted in accordance with Resolutions CMN n.ºs. 2,554/98 and 4,557/17, Sarbanes-Oxley Act (SOX) and Circular Susep 249/04.

III – Internal Audit

The Audit Committee met formally with the Officer responsible for the area and with other Internal Audit representatives on several occasions during the second semester of 2020, in addition to had checked the reports about the work performed, the reports issued and their respective conclusions and recommendations, highlighting (i) the fulfillment of recommendations for improvements in areas which controls were considered "To be improved"; (ii) the results of the improvements applied to monitor and comply with the recommendations and their action plans for continuous progress; and (iii) the planning of areas for recommendations that eventually had delays due to the impact of the pandemic. In several other occasions, Internal Audit professionals attended the meetings of the

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Audit Committee, providing expert information.

IV – Independent Audit

Regarding the Independent Audit work performed by PricewaterhouseCoopers Auditores Independentes, the Audit Committee met formally on several occasions in the second half of 2020. At these meetings the following topics were highlighted: discussions involving the financial statements for the second semester and year ended December 31, 2020, accounting practices, the main audit matters (“PAA’s”) and eventual deficiencies and recommendations raised in the internal control report and detailed report on the revision of “Allowance for Doubtful Accounts”, in accordance with CMN Resolution nº 2.682/99. The Audit Committee evaluated the proposals submitted by PricewaterhouseCoopers Auditores Independentes for the performance of other services, in order to verify the absence of conflicts of interest or potential risk of loss of independence. The Committee also met with KPMG Auditores Independentes (KPMG), responsible for the audit of Banco RCI Brasil S.A., member of the Conglomerate.

V - Ombudsman

In accordance with Resolution CMN 4,433/15 and CNSP Resolution 279/13, specific works were carried out in the second half of 2020, which were presented to the Audit Committee that discussed and evaluated them. In addition to reporting the work, the Committee also took note of the Ombudsman's half-yearly report, both from Santander and its affiliates, and from the societies in the Conglomerate that have their own Ombudsman.

VI - Regulatory Bodies

The Audit Committee monitors and acts on the results of the inspections and notes of regulatory and self-regulatory bodies and the respective measures adopted by management to comply with such notes, accompanies the new regulations and holds meetings with regulators, whenever requested. In the case of the Central Bank of Brazil, it holds regular meetings with the supervisors of the Banking Supervision Department - Desup and the Conduct Supervision Department - Decon.

VII – Others Activities

Besides the activities described above, as part of the work inherent to its attributions, the Audit Committee met with senior management and several areas of the Conglomerate, furthering its analysis, with emphasis on the following topics: (i) monitoring of regulatory capital; (ii) monitoring inspections reports and notes from regulators, ongoing inspections and the correspondent action plans adopted to meet the requests; (iii) monitoring of cybersecurity themes; (iv) monitoring the implementation and impact of the PIX; (v) monitoring the evolution of Open banking; (vi) monitoring of topics related to conduct, PLD/CFT, policies and action plans for continuous improvements; (vii) monitoring of the activities of the customer relations department, its action plans and results; (viii) monitoring of tax, labor and civil litigation; (ix) review and approval of the Tax Credit Realization Technical Study; (x) adaptation to the specific regulation to meet the health and economic crisis; and (xi) monitoring of provisions and topics related to PCLD.

During the period, members of the Audit Committee also participated in training, lectures and programs on topics related to its activities, and on regulations of interest and impact to the Conglomerate.

VII – Conclusion

Based on the work and assessments carried out, and considering the context and scope in which it carries out its activities, the Audit Committee concluded that the work carried out is **appropriate** and **provides transparency** and **quality** to the Financial Statements of Santander and the Conglomerate, for the semester and fiscal year ended on December 31, 2020, recommending its approval by the Board of Directors of Santander.

São Paulo, February 24, 2021.

Audit Committee

Deborah Stern Vieitas – Coordinator
Luiz Carlos Nannini – Financial Expert
Maria Elena Cardoso Figueira
René Luiz Grande

