

# Financial Statements

December/2021



**Banrisul**

# Press Release

This Press Release contains forward-looking statements, which not only relate to historic facts but also reflect the targets and expectations of the Company management. The terms “anticipate”, “desire”, “expect”, “project”, “plan”, “intend” and similar words are intended to identify statements that necessarily involve known and unknown risks.

Known risks include uncertainties which are not limited to the impact of competitive services and pricing, acceptance of services by the market, Banrisul’s and its competitors’ services transactions, regulatory approval, currency fluctuations, changes in the mix of the portfolio of services and other risks described in the Company’s reports. This Press Release is up to date and Banrisul may or may not update it with new information and/or future events.

## Economic and Financial Indicators

Main Income Statement Accounts - R\$ Million	2021	2020	4Q2021	3Q2021	2Q2021	1Q2021	4Q2020	2021/ 2020	4Q2021/ 3Q2021
Net Interest Income	4,845.6	5,262.8	1,173.3	1,215.8	1,249.1	1,207.3	1,462.4	-7.9%	-3.5%
Provisions for Expected Losses Associated with Credit Risk Expenses	787.8	1,501.5	155.7	284.5	217.8	129.8	401.3	-47.5%	-45.3%
Financial Income	8,212.2	8,233.2	2,533.8	2,446.7	1,291.7	1,939.9	1,510.6	-0.3%	3.6%
Financial Expenses	3,366.6	2,970.4	1,360.5	1,230.9	42.6	732.6	48.2	13.3%	10.5%
Income from Services and Fees	1,972.2	1,955.4	515.6	495.7	482.3	478.5	521.3	0.9%	4.0%
Adjusted Administrative Expenses <sup>(1)</sup>	3,665.7	3,599.0	976.5	930.9	888.5	869.7	905.0	1.9%	4.9%
Adjusted Other Expenses	1,041.3	891.0	279.5	300.5	209.0	252.3	230.1	16.9%	-7.0%
Adjusted Other Income	530.7	457.9	198.6	121.8	110.4	99.8	148.2	15.9%	63.1%
Adjusted Net Income	990.4	824.8	258.0	171.5	281.9	278.9	329.7	20.1%	50.5%
Net Income	948.5	727.5	247.8	156.6	265.2	278.9	232.3	30.4%	58.2%
Main Balance Sheet Accounts - R\$ Million	Dec 2021	Dec 2020	Dec 2021	Sep 2021	Jun 2021	Mar 2021	Dec 2021	Dec 2021/ Dec 2020	Dec 2021/ Sep 2021
Total Assets	104,575.8	91,822.9	104,575.8	101,648.6	98,063.0	95,432.1	91,822.9	13.9%	2.9%
Securities <sup>(2)</sup>	35,819.4	35,432.6	35,819.4	38,487.4	37,646.2	37,141.4	35,432.6	1.1%	-6.9%
Total Credit Portfolio	41,042.0	37,605.8	41,042.0	38,701.8	36,640.1	36,852.2	37,605.8	9.1%	6.0%
Loan Loss Provision	2,629.8	2,763.1	2,629.8	2,693.3	2,673.3	2,700.7	2,763.1	-4.8%	-2.4%
Past Due Loans > 90 Days	849.2	869.7	849.2	854.1	815.5	891.2	869.7	-2.4%	-0.6%
Funds Raised and Under Management	84,900.0	80,457.7	84,900.0	81,188.1	79,121.1	78,577.4	80,457.7	5.5%	4.6%
Shareholders' Equity	9,048.6	8,346.2	9,048.6	8,749.5	8,654.4	8,581.2	8,346.2	8.4%	3.4%
Prudential Conglomerate Reference Equity	9,021.8	6,821.2	9,021.8	6,831.2	6,697.1	6,694.2	6,821.2	32.3%	32.1%
Average Shareholders' Equity	8,697.4	8,070.3	8,899.0	8,701.9	8,617.8	8,463.7	8,350.6	7.8%	2.3%
Average Total Assets	98,199.3	86,686.2	103,112.2	99,855.8	96,747.5	93,627.5	90,995.1	13.3%	3.3%
Average Profitable Assets	87,482.6	76,228.3	92,318.0	88,386.5	86,145.9	82,820.6	80,219.6	14.8%	4.4%
Stock Market Information - R\$ Million	2021	2020	4Q2021	3Q2021	2Q2021	1Q2021	4Q2020	2021/ 2020	4Q2021/ 3Q2021
Interest on Own Capital / Dividends <sup>(3)</sup>	382.2	218.2	58.7	105.1	125.4	93.1	117.2	75.2%	-44.2%
Market Capitalization	3,946.6	5,958.8	3,946.6	4,768.6	5,423.0	4,924.1	5,958.8	-33.8%	-17.2%
Book Value Per Share	22.13	20.41	22.13	21.39	21.16	20.98	20.41	8.4%	3.4%
Average Price per Share (R\$)	12.23	14.45	10.71	12.25	13.01	12.93	13.00	-15.4%	-12.6%
Earnings per Share (R\$)	2.32	1.78	0.61	0.38	0.65	0.68	0.57	30.4%	58.2%
Financial Indexes	2021	2020	4Q2021	3Q2021	2Q2021	1Q2021	4Q2020		
Adjusted ROAA (pa.) <sup>(4)</sup>	1.0%	1.0%	1.0%	0.7%	1.2%	1.2%	1.4%		
Adjusted ROAE (pa.) <sup>(5)</sup>	11.4%	10.2%	11.6%	7.9%	13.1%	13.2%	15.8%		
Adjusted Efficiency Ratio <sup>(6)</sup>	58.1%	53.0%	58.1%	54.5%	54.0%	53.5%	53.0%		
Net Interest Margin on Profitable Assets <sup>(7)</sup>	5.54%	6.90%	5.08%	5.50%	5.80%	5.83%	7.29%		
Adjusted Operating Cost	3.5%	3.9%	3.5%	3.5%	3.6%	3.7%	3.9%		
Default Rate > 90 Days <sup>(8)</sup>	2.07%	2.31%	2.07%	2.21%	2.23%	2.42%	2.31%		
Coverage Ratio 90 days <sup>(9)</sup>	309.7%	317.7%	309.7%	315.3%	327.8%	303.1%	317.7%		
Provisioning Index <sup>(10)</sup>	6.4%	7.3%	6.4%	7.0%	7.3%	7.3%	7.3%		
Basel Ratio (Prudential Conglomerate)	18.4%	15.8%	18.47%	14.5%	14.8%	14.8%	15.8%		
Structural Indicators	Dec 2021	Dec 2020	Dec 2021	Sep 2021	Jun 2021	Mar 2021	Dec 2020		
Branches <sup>(11)</sup>	497	507	497	499	500	502	507		
Service Stations	138	182	138	142	156	156	182		
Electronic Service Stations	427	418	427	414	418	426	418		
Employees	9,002	9,280	9,002	9,080	9,156	9,224	9,280		
Economic Indicators	2021	2020	4Q2021	3Q2021	2Q2021	1Q2021	4Q2020		
Effective Selic Rate	4.42%	2.76%	1.85%	1.23%	0.79%	0.48%	0.47%		
Exchange Rate (R\$/USD - end of period)	5.58	5.20	5.58	5.44	5.00	5.70	5.20		
Exchange Rate Variation (%)	7.39%	28.93%	2.59%	8.74%	-12.20%	9.63%	-7.87%		
IGP-M (General Market Price Index)	17.79%	23.14%	1.54%	0.80%	6.31%	8.27%	7.64%		
IPCA (Extended Consumer Price Index)	10.06%	4.52%	2.96%	3.02%	1.68%	2.05%	3.13%		

(1) Includes Adjusted Personnel Expenses and Other Administrative Expenses.

(2) Includes Derivatives, Interbank Deposits and Cash Equivalents and deduces Repurchase Obligations.

(3) Interest on Own Capital and Dividends paid credited and/or provisioned (before retention of income tax).

(4) Net Income / Average Total Asset. As of 2Q2020, the indicator for the year is obtained by multiplying the division quotient by the number of periods.

(5) Net Income / Average Shareholders' Equity. As of 2Q2020, the indicator for the year is obtained by multiplying the division quotient by the number of periods.

(6) Efficiency Ratio for the last 12 months. Personnel Expenses + Other Administrative Expenses / Financial Margin + Income from Services and Fees + (Other Income - Other Expenses).

(7) As of 2Q2020, the indicator for the year is obtained by multiplying the division quotient by the number of periods.

(8) Past Due Loans > 90 days / Total Credit Portfolio.

(9) Provisions for Expected Losses Associated with Credit Risk/ Past Due Loans > 90 days.

(10) Provisions for Expected Losses Associated with Credit Risk/ Credit Portfolio.

(11) On June 9, 2021, the Board of Directors approved the voluntary termination of the activities of the Miami branch, started on June 30, 2021.

## BUSINESS SCENARIO

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Since the beginning of the Covid-19 pandemic, Banrisul has directed efforts to guarantee access to banking services to customers and non-customers, investing in technological improvements and adaptations, in compliance with the health and safety protocols established by the authorities.

Among numerous measures, Banrisul adopted work shift schedules, remote work and on-site service, adjusted the customer service model at the branches, initially scheduling appointments as a preferential way, and made it mandatory due to the worsening of the pandemic; with the evolution of scenario, it was possible to adhere to the hybrid service format. In the fourth quarter, Banrisul kept customer service by demand at branches, more dynamically, safe and comfortable. Employees in the administrative areas, beginning in October had staggered and safely returned to work in person.

Faced with the challenges of the year of 2021, the Bank invested in initiatives to expand the product portfolio and the relationship with customers, to promote administrative efficiency and the economic and social development. The effects of the pandemic and initiatives for the period are detailed in the Management Report, as well as in note to the financial statements.

Following the strategy of revenue diversification and business optimization related to the sale of security products, in January 2021, **Banrisul Corretora de Seguros S.A.** started operations, a wholly-owned subsidiary of the holding company Banrisul Seguridade Participações S.A., a company whose capital is wholly owned by Banrisul. Banrisul Corretora de Seguros gradually absorbed Banrisul's insurance operations.

Also in January 2021, Banrisul issued a **new subordinated debt**, in the amount of US\$300 million, with interest of 5.375% p.a. The Notes have a 10-year term, with a 5-year repurchase option. Subordinated Debt was authorized, to make up the Tier II Capital, by the Central Bank of Brazil on October 25, 2021.

Digital transformation through development of new business and technology models has been the path taken by Banrisul. In the year of 2021, initiatives were created, such as **BanriHub**, which supports actions and projects that boost the innovation ecosystem in Rio Grande do Sul, one of them was **BanriTech**, startup acceleration program; in November, at the end of the first acceleration cycle, were known the startups that had the best performance in the Program and were classified on Pitch Day to present their businesses for a board of specialists from Banrisul, Tecnopuc and the innovation ecosystem. In September, BanriTech's physical space, **Hub.Space**, was inaugurated, which will be a coworking for startups. Banrisul also participate in the inauguration and has been contributing as master sponsor to NAVI, a Hub that works promoting startups focusing on Artificial Intelligence and emerging technologies.

Regarding **Open Banking**, in January 2021, the Banrisul implemented Phase 1, referring to the sharing of data from the service channels, products and services available to customers. From August 2021, given the greater complexity, Phase 2 was staggered implemented, which enables the sharing, between Banrisul and other institutions, based on the client's consent, of registration and financial data, in accordance with the Central Bank of Brazil schedule. In October, during Phase 3, the staggered implementation of instant payment (PIX) began and, finally, Phase 4 is under development, with completion expected in March 2022, focusing on data on insurance, investments, exchange operations and accreditation.

Among the advances in **sustainability**, stand out in the period initiatives related to climate change, including the creation of the Sustainability Committee, adherence to the Brazilian GHG Protocol Program, with the official publication of the first greenhouse gas inventory and the receipt of Silver Stamp, as well as projects that contribute to the mitigation of greenhouse gas and contributing to the transition to a low carbon economy, such as the Renewable Energy Project and adherence to CDP - Carbon Disclosure Project. In the fourth quarter, Banrisul began to count on the services of a specialized consultancy to improve the strategic management of sustainability and mitigation of greenhouse gases.

## FINANCIAL HIGHLIGHTS

The summary of Banrisul's 2021 and 4Q2021 results are presented below. The Analysis of Performance, Management Report, Financial Statements and the Accompanying Notes are available on the Bank's website, [www.banrisul.com.br/ri](http://www.banrisul.com.br/ri).

### Key Items of the Income Statement - R\$ Million

	2021	2020	4Q2021	3Q2021	2Q2021	1Q2021	4Q2020	2021/ 2020	4Q2021/ 3Q2021
Net Interest Income	4.845.6	5.262.8	1.173.3	1.215.8	1.249.1	1.207.3	1.462.4	-7,9%	-3,5%
Loan loss provision expenses	787.8	1.501.5	155.7	284.5	217.8	129.8	401.3	-47,5%	-45,3%
Income from Services and Fees	1.972.2	1.955.4	515.6	495.7	482.3	478.5	521.3	0,9%	4,0%
Adjusted Administrative Expenses	3.665.7	3.599.0	976.5	930.9	888.5	869.7	905.0	1,9%	4,9%
Adjusted Operating Income	1.432.1	1.272.4	366.5	218.5	420.9	426.2	491.7	12,6%	67,7%
Adjusted Net Income	990.4	824.8	258.0	171.5	281.9	278.9	329.7	20,1%	50,5%
Net Income	948.5	727.5	247.8	156.6	265.2	278.9	232.3	30,4%	58,2%

**Net income** reached R\$948.5 million in the year of 2021, 30.4% or R\$221.1 million above the net income for the same period in 2020. Net income of 2021 was impacted by the adjustment of the provision for tax contingencies and the associated tax effect, events were treated, for the purposes of income analysis, as not recurrent.

**Adjusted net income** for non-recurring events reached R\$990.4 million in 2021, 20.1% or R\$165.5 million above the net income in 2020. In 4Q2021, adjusted net income totaled R\$258.0 million, a decrease of 21.7% or R\$71.6 million compared to 4Q2020 adjusted net income and an increase of 50.5% or R\$86.5 million from 3Q2021 adjusted net income.

The **adjusted performance** recorded by Banrisul in 2021 compared to 2020 reflects especially (i) lower loan loss provision expenses, (ii) decreased net interest income, (iii) increase in adjusted administrative expenses, and (iv) increase in other adjusted expenses net of other income. In comparison between 4Q2021 and 3Q2021, the adjusted performance reflects, in particular (i) lower loan loss provision expenses, (ii) higher flow in other adjusted income, net of other expenses, (iii) decrease in net interest income (iv) increase in administrative expenses, and (vi) consequent higher volume of income taxes.

**Net interest income** for 2021 reached R\$4,845.6 million, decreasing 7.9% or R\$417.1 million compared to 2020, mainly reflecting the increase in interest expenses, in a scenario of increase in Selic Rate. In 4Q2021, net interest income amounted to R\$1,173.3 million, a decrease of 3.5% or R\$42.5 million compared to 3Q2021, trend that reflects, in particular, a greater increase in interest expenses compared to the increase in interest income, in a context that associates increase in the Selic rate and increase in volume of credit loans.

**Loan loss provision expenses** reached R\$787.8 million in 2021, decreasing 47.5% or R\$713.7 million compared to 2020, reflecting, in particular, the rollover of the portfolio by risk rating, impacted by the economic scenario, and the decrease in volume of default credit. In 4Q2021, these expenses totaled R\$155.7 million, a decrease of 45.3% or R\$128.8 million compared to 3Q2021, due to the rollover of the portfolio by risk rating and the lower recovery of written off credit, which is fully provisioned.

**Income from services and banking fees** reached R\$1,972.2 million in 2021, stable from 2020. In 4Q2021, these revenues amounted to R\$515.6 million, increasing 4.0% or R\$19.9 million from 3Q2021, mostly due to increase in acquiring network's revenues.

**Administrative expenses**, comprised of personnel and other administrative expenses, totaled R\$3,665.7 million in 2021, mostly stable from 2020. In 4Q2021, administrative expenses totaled R\$976.5 million, an increase of 4.9% or R\$45.5 million compared to 3Q2021. **Personnel expenses** totaled R\$1,906.6 million in 2021, a decrease of 3.2% or R\$63.3 million compared to the adjusted expenses of 2020, mostly reflecting the collective wage agreement and the resignation of employees within the Voluntary Termination Plan. In 4Q2021, personnel expenses totaled R\$506.5 million, an increase of 4.0% or R\$19.3 million compared to 3Q2021, mostly reflecting the collective wage agreement. **Other administrative expenses** totaled R\$1,759.1 million in 2021, an increase of 8.0% or R\$130.0 million compared to 2020, mainly influenced by the increase in expenses with specialized

technical services, third-party services and expenses with amortization and depreciation. In 4Q2021, other administrative expenses totaled R\$470.0 million, an increase of 5.9% or R\$26.2 million compared to 3Q2021, mainly influenced by the increase in expenses with third-party services, expenses with advertising, promotions and publicity and expenses with rentals and condominium fees.

**The reconciliation between reported and managerial net income** is presented below, and considers the non-recurring events. ROE, ROA and efficiency ratio are calculated based on adjusted net income.

#### Accounting Net Income Statement X Adjusted Net Income - R\$ Million and %

	2021	2020	4Q2021	3Q2021	2Q2021	1Q2021	4Q2020
Adjusted Net Income	990.4	824.8	258.0	171.5	281.9	278.9	329.7
Adjustments	(41.8)	(97.3)	(10.3)	(14.9)	(16.7)	-	(97.3)
Voluntary Termination Plan <sup>(1)</sup>	-	(177.0)	-	-	-	-	(177.0)
Provision for Tax Contingencies <sup>(2)</sup>	(76.0)	-	-	-	(76.0)	-	-
Tax Effects <sup>(3)</sup>	34.2	79.6	-	-	34.2	-	79.6
Tax Credits – CSLL Law No. 14,183/21 <sup>(4)</sup>	-	-	(10.3)	(14.9)	25.2	-	-
Net Income	948.5	727.5	247.8	156.6	265.2	278.9	232.4
Adjusted ROAA	1.0%	1.0%	1.0%	0.7%	1.2%	1.2%	1.4%
Adjusted ROAE	11.4%	10.2%	11.6%	7.9%	13.1%	13.2%	15.8%
Adjusted Efficiency Ratio <sup>(5)</sup>	58.1%	53.0%	58.1%	54.5%	54.0%	53.5%	53.0%

(1) Costs accounted for under the Voluntary Termination Plan refer to 901 employees; of this total, 97.1% or 875 employees had already left the Bank under the Voluntary Termination Plan by the end of December 2021.

(2) Provision arising from the review of parameters and progress of the lawsuit related to income tax and social contribution on the deduction of expenses from the settlement of the actuarial deficit at the Banrisul Social Security Foundation, evoked by the Federal Revenue Service for the period 1998 to 2005 (Note 19b).

(3) Refers to Voluntary Termination Plan and Provision for Tax Contingencies.

(4) Refers to the update of the installments to be realized of deferred tax credits and debts, due to the enactment of Law No. 14,183/21, which increases from 20% to 25% the CSLL rate for the financial sector, in the period between 07/01/2021 and 12/31/2021.

(5) Personnel Expenses + Other Administrative Expenses / Financial Margin + Income from Services and Fees + (Other Income – Other Expenses). Considers the last 12 months.

**Adjusted ROAE** reached 11.4% in 2021, 1.2 pp. above adjusted ROAE of 2020, reflecting particularly the lower flow of loan loss provision expenses, trend offset by decrease in net interest income, increase in other adjusted expenses net of other revenues and adjusted administrative expenses.

**Adjusted efficiency ratio** reached 58.1% in 2021 compared to 53.0% in 2020. The trajectory of the efficiency ratio reflects the decrease of the financial margin and stability in income from services and fees, as well as the increase in other adjusted expenses net of other income, compared to the increase in adjusted administrative expenses.

## OPERATIONAL HIGHLIGHTS

**Total assets** reached R\$104,575.8 million in December 2021, an increase of 13.9% or R\$12,752.9 million compared to December 2020 and 2.9% or R\$2,927.2 million compared to September 2021. The main components of assets and liabilities will be discussed below.

#### Asset Evolution Statement - R\$ Million

	Dec 2021	Sep 2021	Jun 2021	Mar 2021	Dec 2020	Dec 2021/ Dec 2020	Dec 2021/ Sep 2021
Total Assets	104,575.8	101,648.6	98,063.0	95,432.1	91,822.9	13.9%	2.9%
Credit Operations	41,042.0	38,701.8	36,640.1	36,852.2	37,605.8	9.1%	6.0%
Securities <sup>(1)</sup>	35,819.4	38,487.4	37,646.2	37,141.4	35,432.6	1.1%	-6.9%
Funds Raised and Under Management	84,900.0	81,188.1	79,121.1	78,577.4	80,457.7	5.5%	4.6%
Shareholders' Equity	9,048.6	8,749.5	8,654.4	8,581.2	8,346.2	8.4%	3.4%

(1) Includes derivative financial instruments, interbank investments and cash equivalents, net of repo transactions.

**Credit assets** reached R\$41,042.0 million in December 2021, an increase of 9.1% or R\$3,436.2 million compared to December 2020, mainly influenced by the increase of R\$1,458.1 million in non-earmarked credit and of R\$1,444.5 million in rural loans. Compared to September 2021, the credit portfolio increased 6.0% or R\$2,340.2 million mostly influenced by the increase of R\$1,388.6 million in non-earmarked credit, of R\$424.6 million in rural loans and of R\$277.3 million in real estate loans.

## Statement of the Credit Portfolio - R\$ Million

	Dec 2021	% Total Crédito	Sep 2021	Jun 2021	Mar 2021	Dec 2020	Dec 2021/ Dec 2020	Dec 2021/ Sep 2021
Foreign Exchange	814.5	2.0%	639.6	518.7	502.4	510.4	59.6%	27.3%
Commercial	30,345.5	73.9%	28,956.9	28,059.4	28,136.2	28,887.4	5.0%	4.8%
Individuals	23,129.0	56.3%	22,164.0	21,861.8	21,873.5	22,278.0	3.8%	4.4%
Payroll <sup>(1)</sup>	18,443.1	44.9%	17,557.3	17,148.4	16,943.5	17,057.1	8.1%	5.0%
Other	4,685.9	11.4%	4,606.7	4,713.3	4,930.0	5,220.9	-10.2%	1.7%
Companies	7,216.4	17.6%	6,792.8	6,197.6	6,262.7	6,609.4	9.2%	6.2%
Working Capital	5,480.5	13.4%	5,073.2	4,563.7	4,527.8	4,873.7	12.4%	8.0%
Other	1,736.0	4.2%	1,719.6	1,633.8	1,734.9	1,735.6	0.0%	1.0%
Long-term Financing	610.3	1.5%	535.3	506.9	530.2	569.1	7.2%	14.0%
Real Estate Financing	4,319.8	10.5%	4,042.5	4,077.6	4,104.9	4,125.6	4.7%	6.9%
Agricultural Financing	4,836.7	11.8%	4,412.1	3,361.0	3,459.3	3,392.2	42.6%	9.6%
Other <sup>(2)</sup>	115.1	0.3%	115.4	116.5	119.2	121.1	-4.9%	-0.2%
<b>Total</b>	<b>41,042.0</b>	<b>100.0%</b>	<b>38,701.8</b>	<b>36,640.1</b>	<b>36,852.2</b>	<b>37,605.8</b>	<b>9.1%</b>	<b>6.0%</b>

(1) Credits linked to portfolio acquired in assignment.

(2) Includes leasing and public sector.

**Securities, included derivatives, interbank investments and cash availabilities** totaled R\$46,541.2 million in December 2021, which, deducted of repurchase agreements, presented a net balance of R\$35,819.4 million, an increase of 1.1% or R\$386.9 million compared to December 2020, mainly reflecting the direction of resources for the increase of 9.1% in the loan portfolio. Compared to September 2021, these investments recorded decrease of 6.9% or R\$2,668.0 million, reflecting, especially, the direction of resources for the increase of 6.0% in the loan portfolio, as well as the increase in the amount collected in compulsory deposits at Bacen, due to the increase in the rate of compulsory on time deposits.

**Funds raised and under management**, comprised of deposits, bank notes, subordinated debt and third-party funds, totaled R\$84,900.0 million in December 2021, an increase of 5.5% or R\$4,442.3 million in twelve months, influenced by the increase in deposits, subordinated debt, facing the foreign raising that took place in January 2021, and increase in funds under management, trend offset by the decrease in bank notes. In the last three months, funds under management increased 4.6% or R\$3,711.9 million influenced, mostly, by the balance of foreign funding, that took place in January 2021, that has been reclassified after the Bacen authorization to compose Tier II Capital, in October 2021.

**Shareholders' equity** reached R\$9,048.6 million in December 2021, an increase of 8.7% or R\$702.4 million compared to December 2020 and of 3.4% or R\$299.1 million compared to September 2021. The evolution of equity in both comparatives reflects, in particular, the incorporation of net income, the payment of interest on equity and payment and/or provisioning of dividends, the reassessment of actuarial liabilities on post-employment benefits pursuant to the procedures set forth by CPC 33 (R1) and exchange variation adjustments on the equity of foreign branches.

Banrisul paid and provisioned R\$1,010.9 million in **taxes and contributions** in 2021. Taxes withheld and paid, directly levied on financial intermediation and other payments, amounted to R\$915.2 million in the period.

### Other Indicators - %

	2021	2020	4Q2021	3Q2021	2Q2021	1Q2021	4Q2020
Net Interest Margin	5.54%	6.90%	5.08%	5.50%	5.80%	5.83%	7.29%
Basel Ratio (Prudential Conglomerate)	18.4%	15.8%	18.4%	14.5%	14.8%	14.8%	15.8%
Loan Portfolio Normal Risk / Total Credit	91.6%	89.9%	91.6%	90.9%	90.0%	89.9%	89.9%
Loan Portfolio Risks 1 and 2 / Total Credit	8.4%	10.1%	8.4%	9.1%	10.0%	10.1%	10.1%
Default Rate > 90 Days	2.07%	2.31%	2.07%	2.21%	2.23%	2.42%	2.31%
Cover Ratio > 90 Days <sup>(1)</sup>	309.7%	317.7%	309.7%	315.3%	327.8%	303.1%	317.7%
Provision Ratio <sup>(2)</sup>	6.4%	7.3%	6.4%	7.0%	7.3%	7.3%	7.3%

(1) Provisions for Expected Losses Associated with Credit Risk / Past Due Loans > 90 days.

(2) Provisions for Expected Losses Associated with Credit Risk / Credit Portfolio.

The **NIM** decrease from 2020 to 2021 reflects the increase in financial expenses and smaller representativeness in loan portfolio in volume of profitable assets in the period, in a context of increase in Selic Rate.

The **90-day default rate** reached 2.07% in December 2021, decreasing 0.24 pp. in twelve months and 0.14 pp. in three months. The balance of 90-day past due credit reached R\$849.2 million in December 2021, decreasing 2.4%

in twelve months and 0.6% in three months. The 90-day past due **coverage ratio** reached 309.7% in December 2021, compared to 317.7% in December 2020 and 315.3% in September 2021. From December 2020 to December 2021, the decrease of the 90-day coverage ratio reflects the proportionally bigger decrease in the balance of loan loss provisions, facing the decrease in overdue loans . In comparison with September 2021, the decrease in coverage ratio reflects, mainly, the decrease in balance of loan loss provisions.

**Provision ratio** reached 6.4% of the credit portfolio in December 2021, 0.9 pp. below December 2020 and 0.6 pp. above September 2021. Loan loss provisions decreased 4.8% or R\$133.3 million in twelve months, due to the rolling over of risk rating levels, influenced by the economic scenario, and the decrease in volume of overdue loans. The portfolio of normal risk loans increased 1.7 pp. from December 2020. In the last quarter, the balance of loan loss provisions were decreased 2.4% or R\$63.5 million reflecting the rollover of the portfolio by rating levels; the credit portfolio classified as normal risk increased 0.7 pp. from September 2021.



## GUIDANCE

After a challenging period for the business, resulting from the Covid-19 pandemic, the scenario in 2021 was more favorable as vaccination progressed in the country. At Banrisul, credit origination was boosted, in particular, by the last quarter, not only due to the improvement in the economic situation, but also due to changes made in incentives regulation and commercial direction.

In this way, credit portfolio and non-direct lending to companies recorded growth in accordance with the expectations disclosed in the Financial Statements, in addition to growth above expectations for agricultural loans, thus offsetting the lower performance seen in the first half of 2021. Although non-direct lending to individuals has seen robust growth in the last quarter, it was still below the disclosed range due to the later reaction of payroll loans originated by banking correspondents. For 2022, expectations are for higher growth in the credit portfolio, in line with the new commercial direction in pace already observed in the last quarter, with a greater focus on credit to companies and rural producers.

Provision expenses in relation to balance of credit portfolio performed below expectations. With a lower default rate, projections for the next period indicate maintenance of the range for this indicator, as the expectation is that credit portfolio will continue to grow sustainably in collateralized lines, not implying an increase in risk.

In terms of funding, growth in 2021 was below the disclosed range, reflecting the resumption of repressed consumption due to the pandemic and low interest rates. However, the increase in the Selic rate, the main funding index, will reflect the increase in the growth expectation of this portfolio for 2022. For the next year, the indicator was adjusted to include Deposits and Banking Notes, excluding Interbank Deposits.

For the next year, Banrisul will disclose its projections for administrative expenses, which will increase as a result of the salary agreement approved in September 2021, with greater impact in the following year, and the investments necessary for the continuity and improvement of the business. This indicator replaces the Efficiency Ratio, which performed within the expected range, and its projection is discontinued as of 2022.

Likewise, the disclosure replaces the indicator related to the Financial Margin to contemplate the growth in this result line. With the start of the cycle of high interest rates in 2021 and which should be concluded in the first half of 2022, there will still be short-term pressure on the financial margin to be mitigated with the renewal of loan portfolio balance converging to new interest rates.

Return on Average Equity realized in 2021 was within the expected range. For 2022, net interest income and the increase in administrative expenses (with inflationary effects) will contribute to the relative stability of the expected profitability.

### Guidance

			2021	2022
	Projected <sup>(3)</sup>	Reviewed <sup>(4)</sup>	Accomplished	Projected
Credit Portfolio	10% to 15%	7% to 12%	9.1%	24% to 29%
Non-direct Lending – Individuals	10% to 15%	5% to 10%	3.8%	19% to 24%
Non-direct Lending – Companies	11% to 16%	8% to 13%	9.2%	33% to 38%
Agricultural Loans	22% to 27%	Maintained	42.6%	35% to 40%
Net Interest Income	-	-	-	4.5% to 8.5%
Provision Expenses / Credit Portfolio	3.5% to 4.5%	2% to 3%	1.9%	2% to 3%
Funding <sup>(1)</sup>	4% to 8%	Maintained	1.7%	8% to 12%
Administrative Expenses <sup>(2)</sup>	-	-	-	4% to 8%
Return on Average Equity	10% to 14%	Maintained	11.4%	9% to 13%
Efficiency Ratio	50% to 54%	54% to 59%	58.1%	Discontinued
Net Interest Income / Interest-Earning Assets	6% to 7%	Maintained	5.5%	Discontinued

(1) Funding: Deposits + Resources from bank notes and similar.

(2) Administrative Expenses excluded fee commissions on banking correspondents.

(3) Disclosed in 4Q2020 and maintained in 1Q2021.

(4) Reviewed in 2Q2021 and maintained in 3Q2021.

Porto Alegre, February 15, 2022.